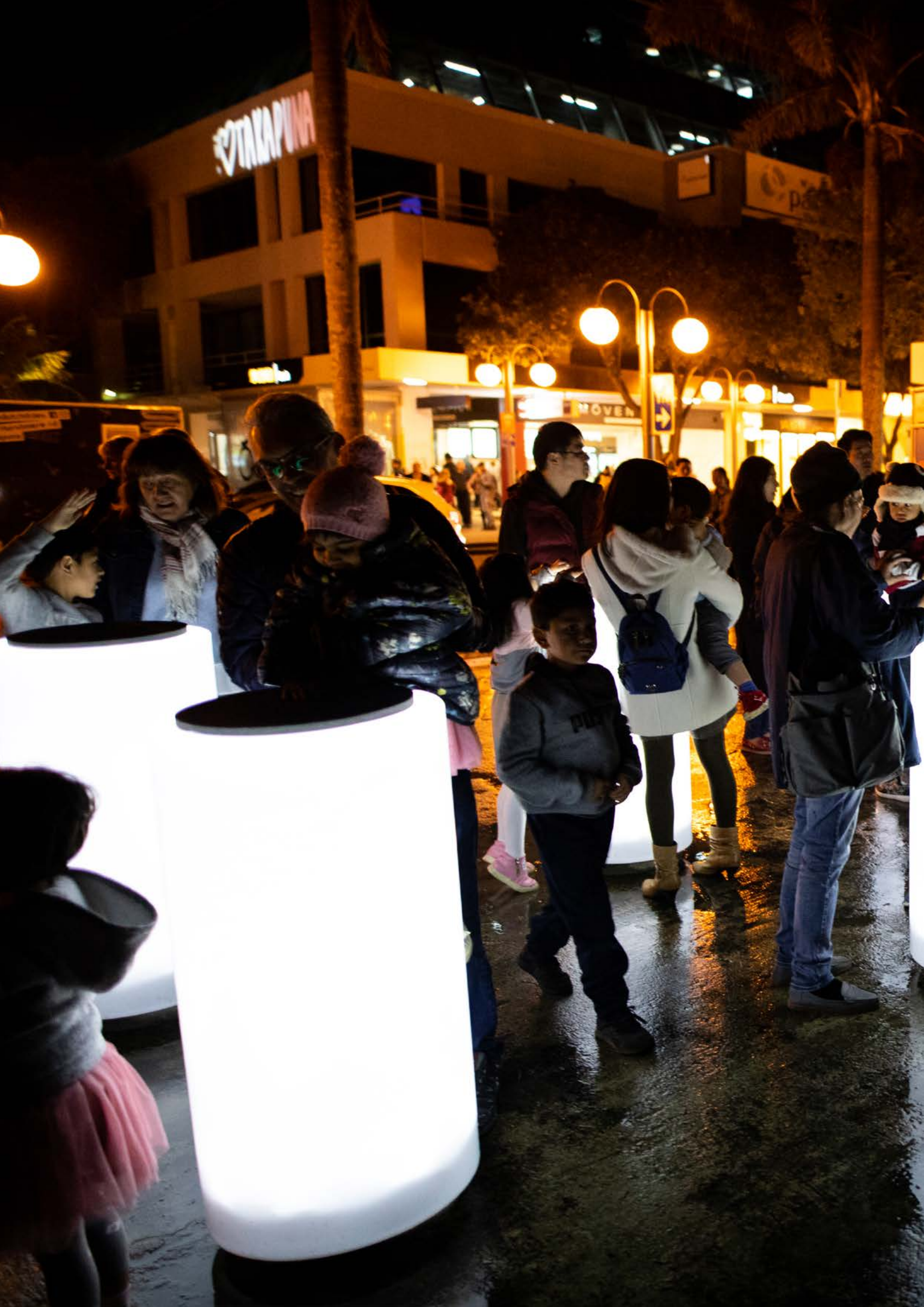
Annual Report 2018-19

Panuku Development Auckland
An Auckland Council Organisation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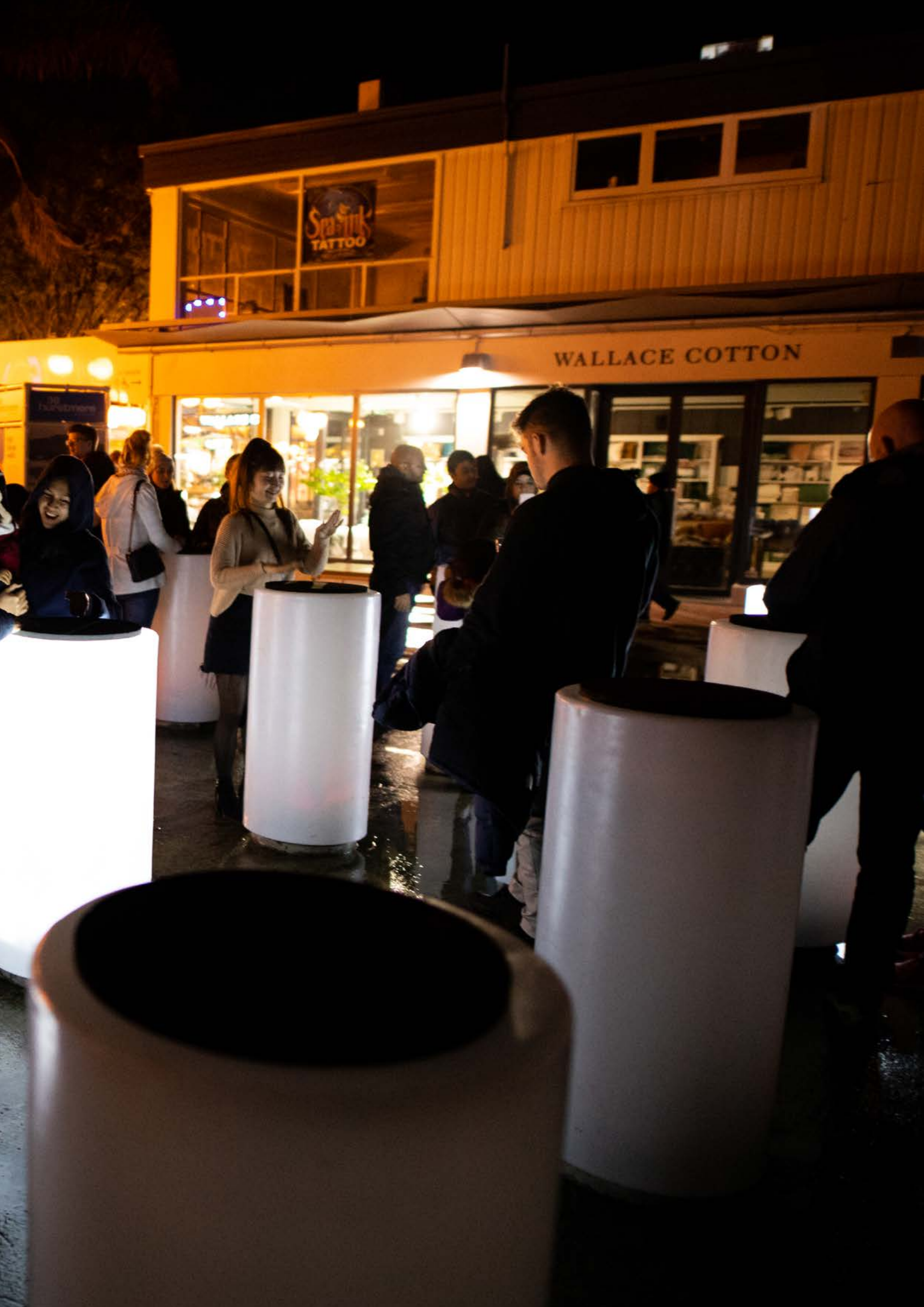
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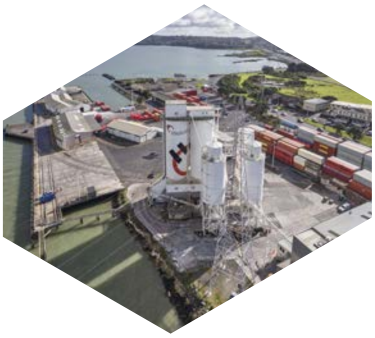
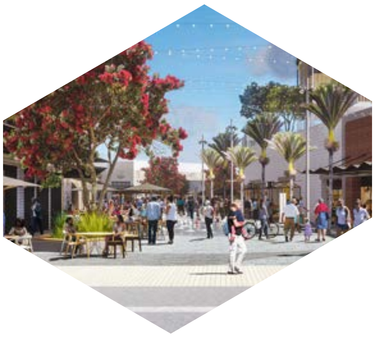
Highlights 2018



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).

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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

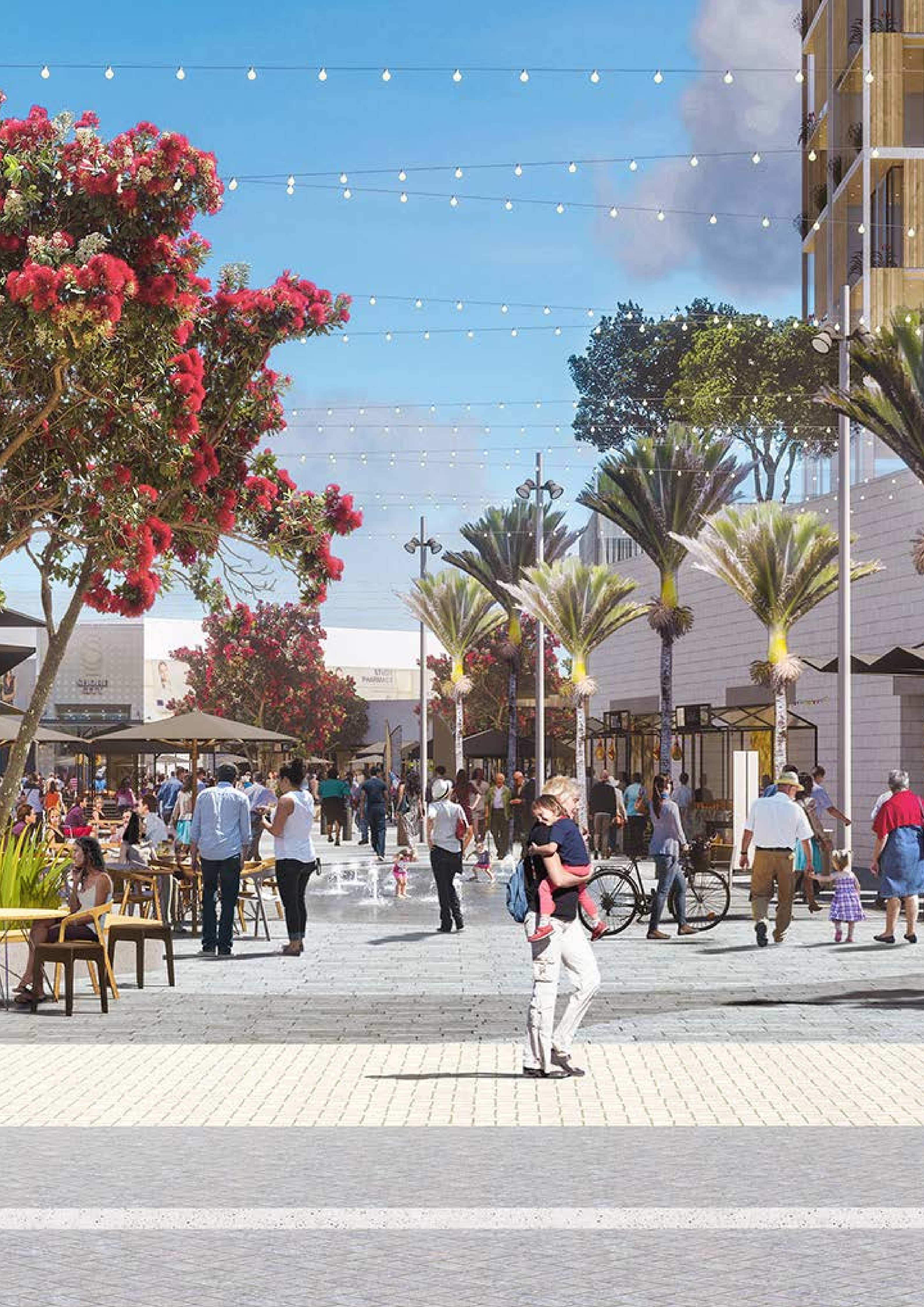
Our name shows the unique relationship we have with the kaitiaki of Tāmaki Makaurau and the opportunity we have to reconnect Auckland with its Māori heritage through our projects.

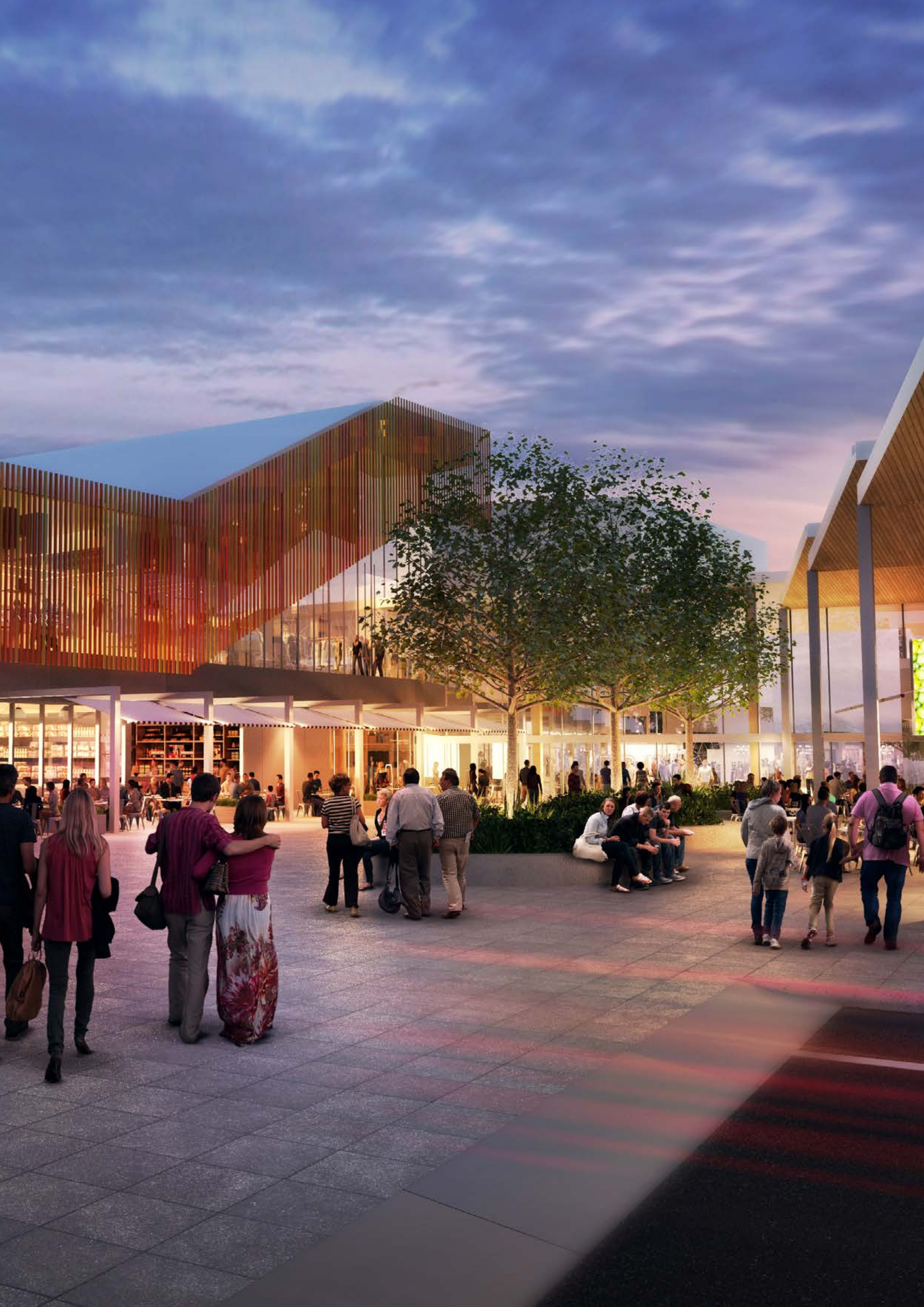
Our commitment to Māori falls into three categories:

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.

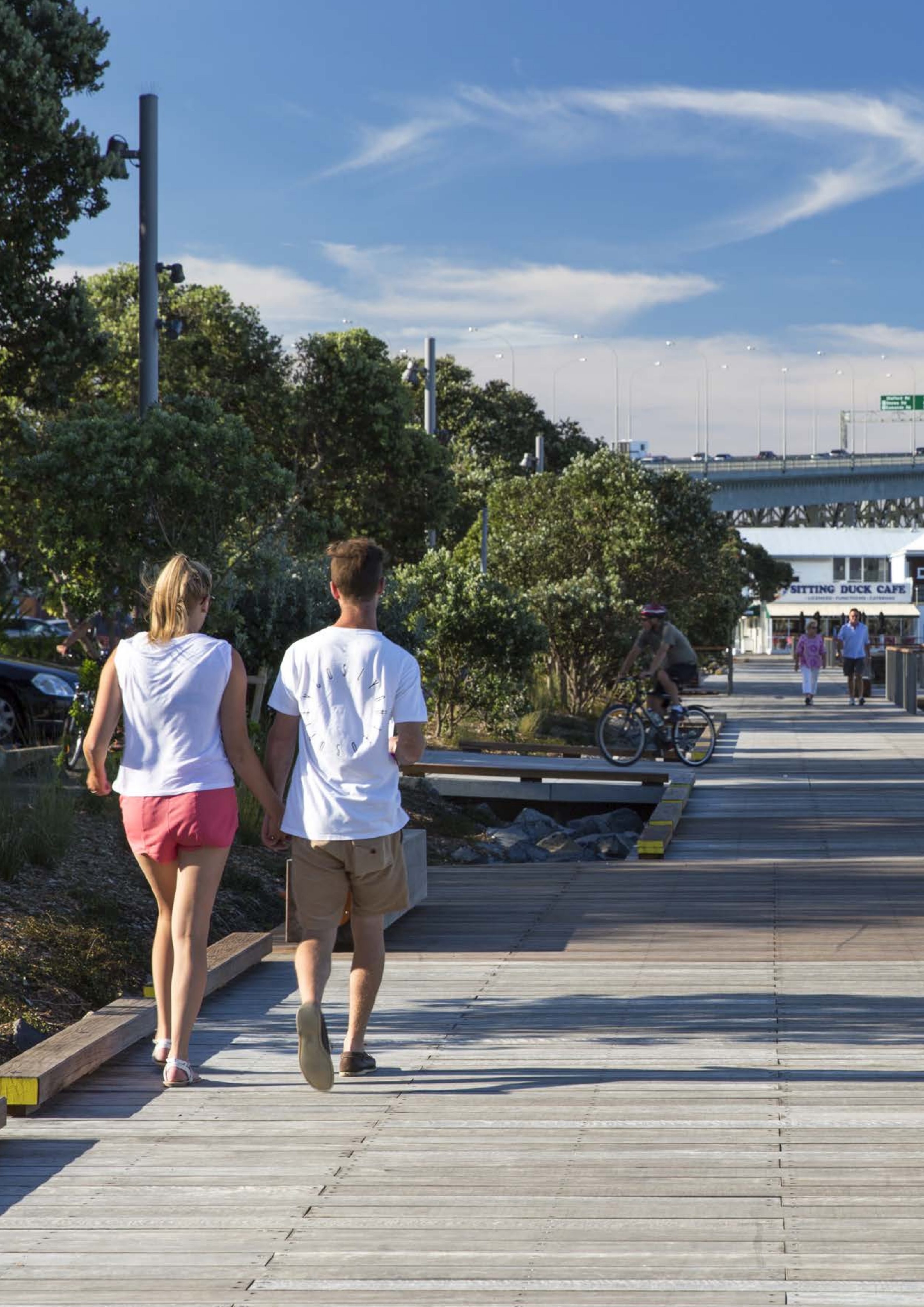
In partnership with the council, we continuously review its property portfolio. This includes recognising when properties may no longer be required.

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

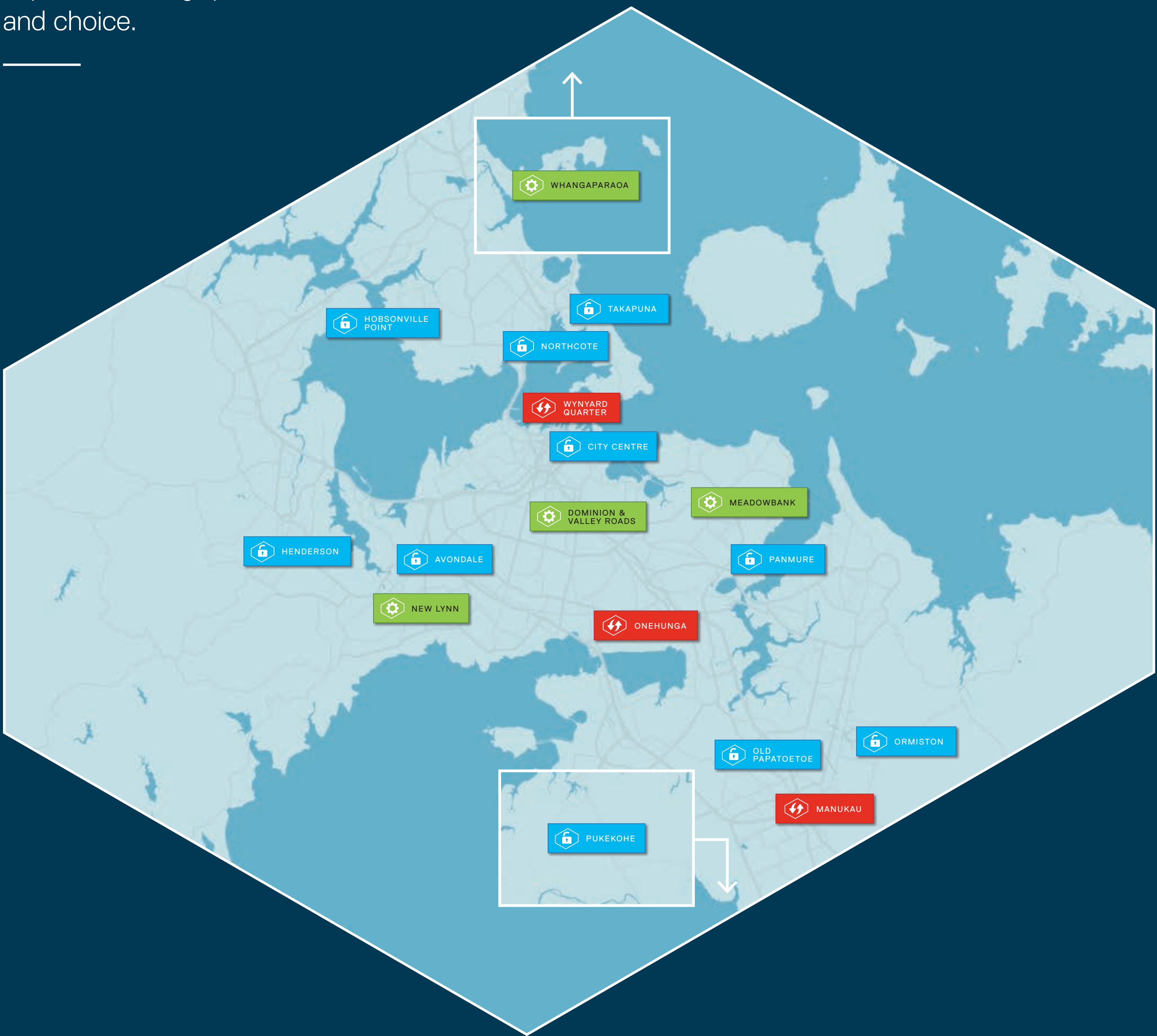
Where we use council land to build more houses, such as Link Crescent in Whangaparaoa.

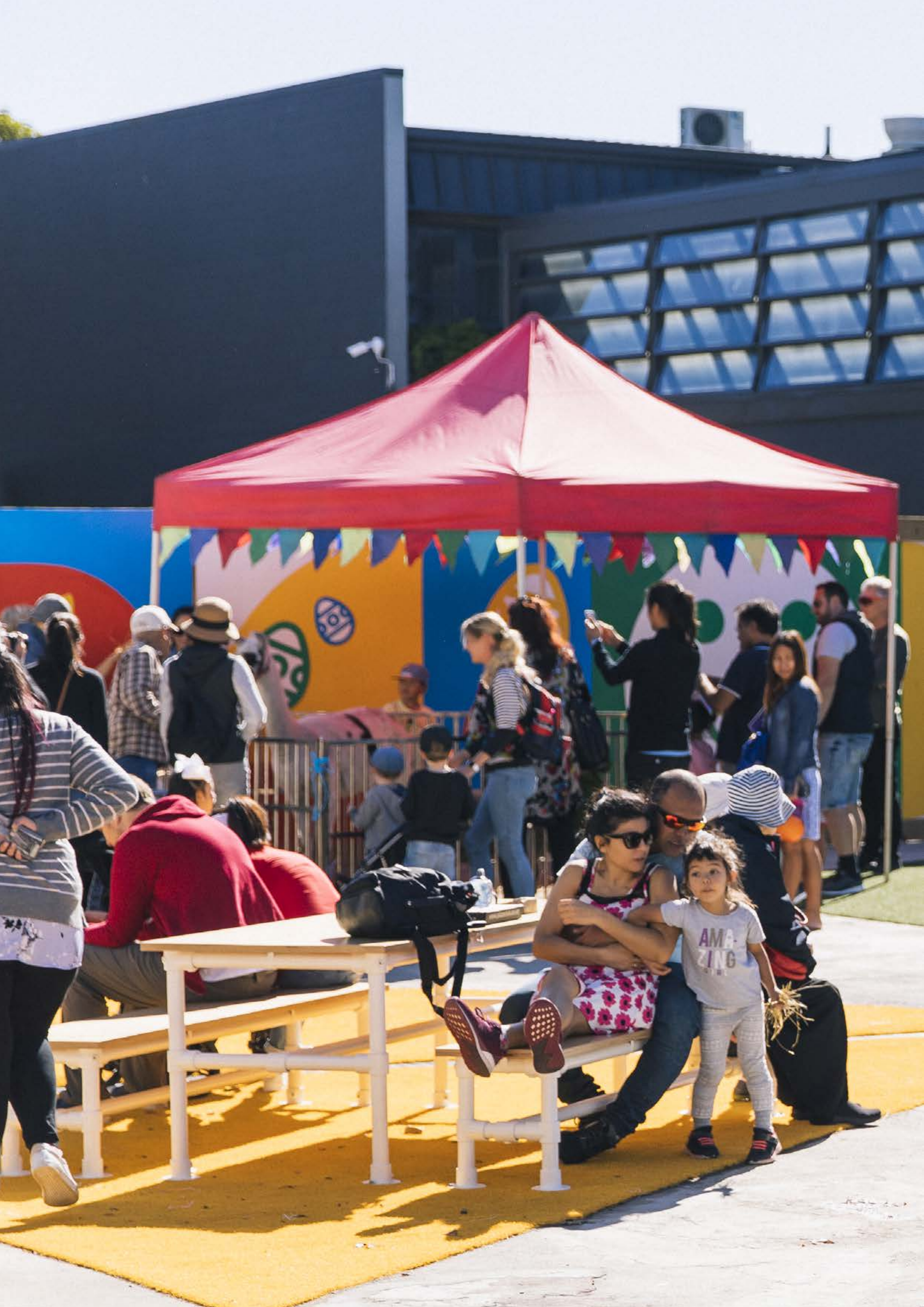
Where we're working

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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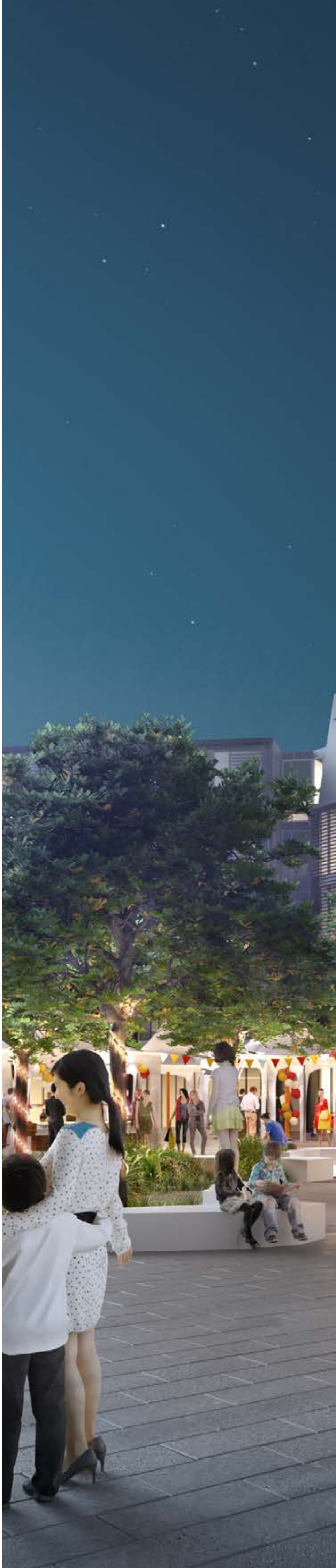


Governance

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.

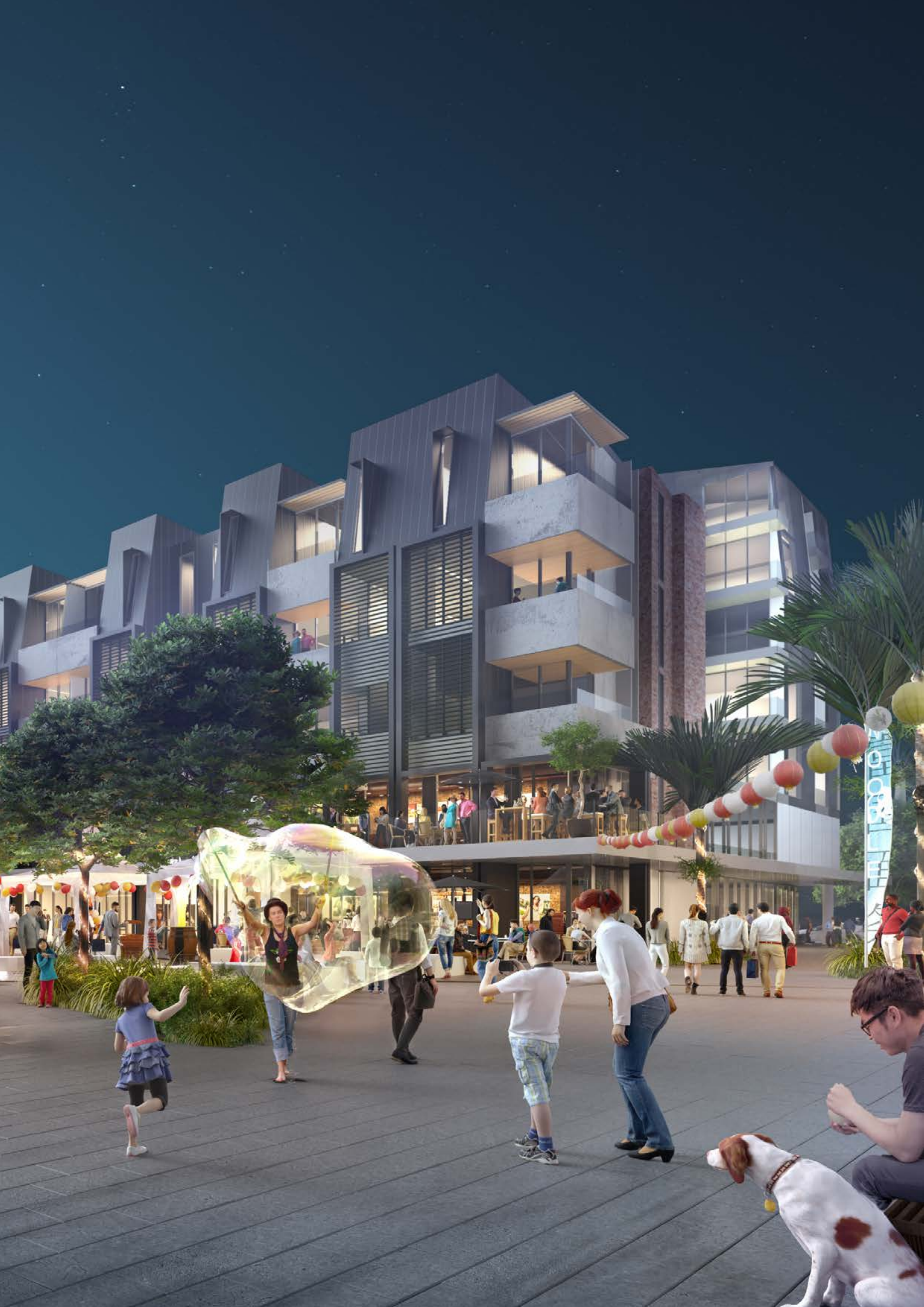
It represents the shareholder, Auckland Council, in everything Panuku does and through a set of delegations sets out the powers and duties of the Panuku executive team.

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.

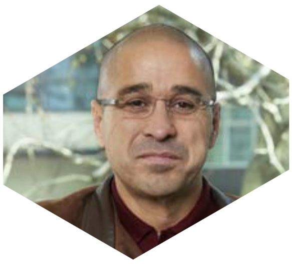
For the past seven years, Richard has been a full-time director, with positions on a range of public, private and sporting organisations. He is currently a director of Warren and Mahoney, Chair of Kiwis for Kiwi, Chair of the NZ Cycle Trail, a director of Winter Games NZ and a director of SnowSports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

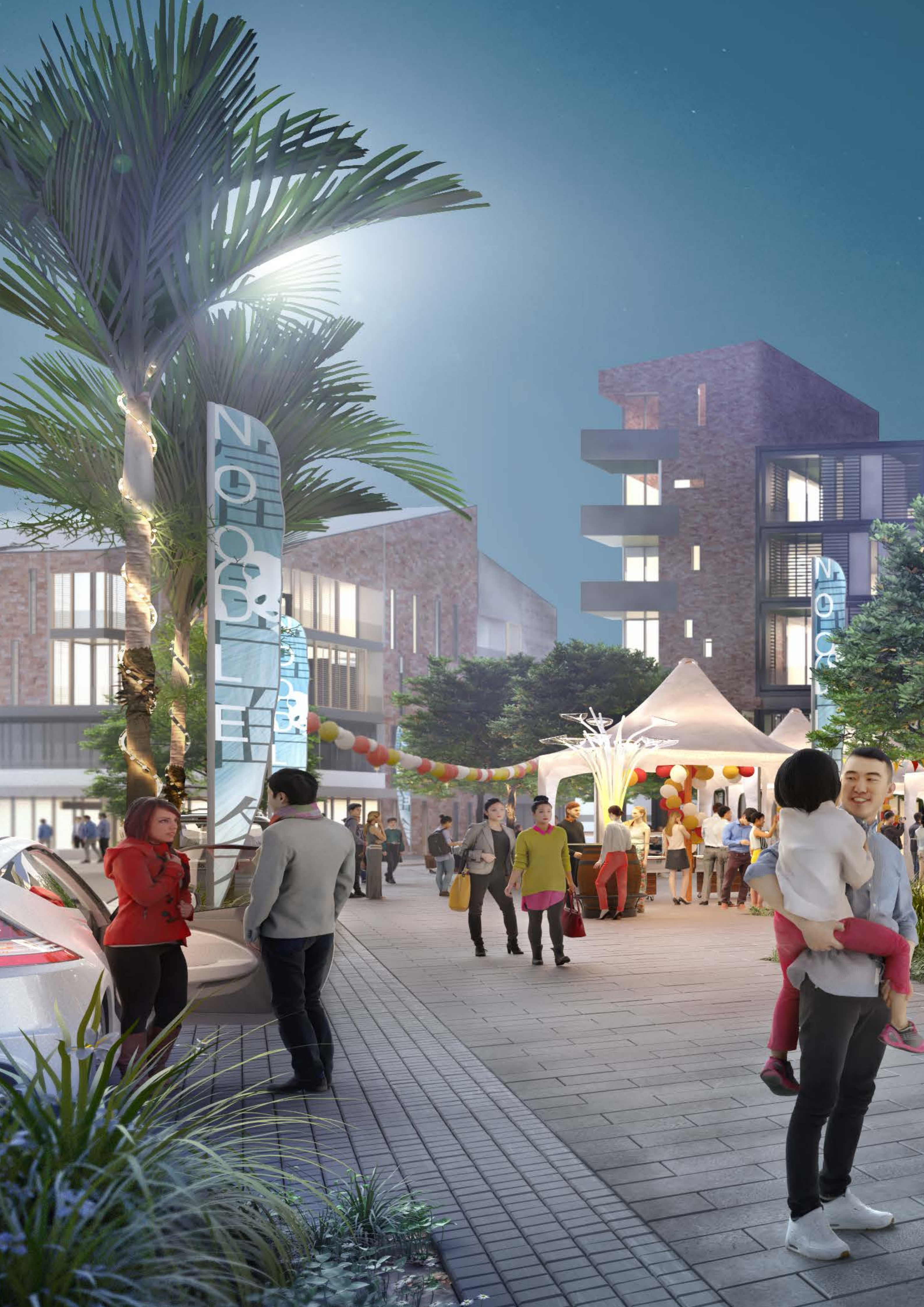
Ian has 30 years' experience in the property industry. Prior to joining Panuku Ian held senior property management and development roles at Auckland Council and Housing New Zealand Corporation. At Auckland Council, his role as General Manager, Property covered the management of a large and diverse multi-billion 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.”

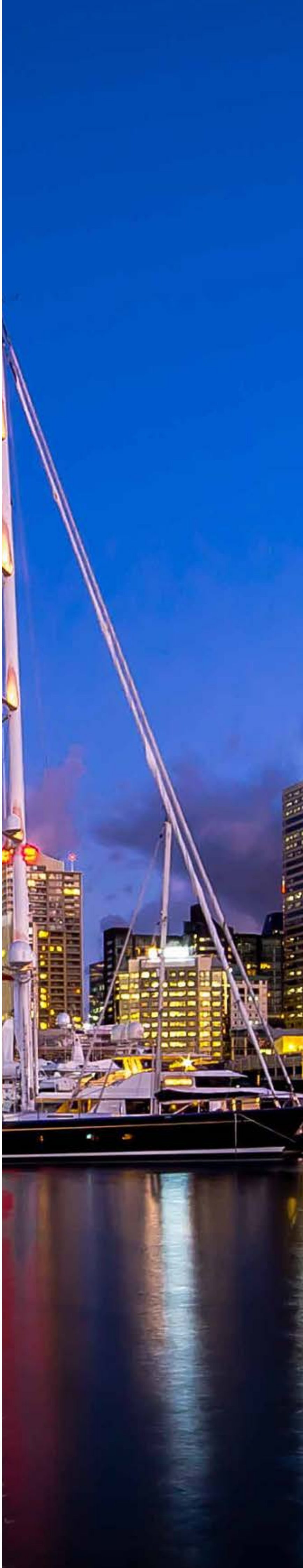
Frith Walker,

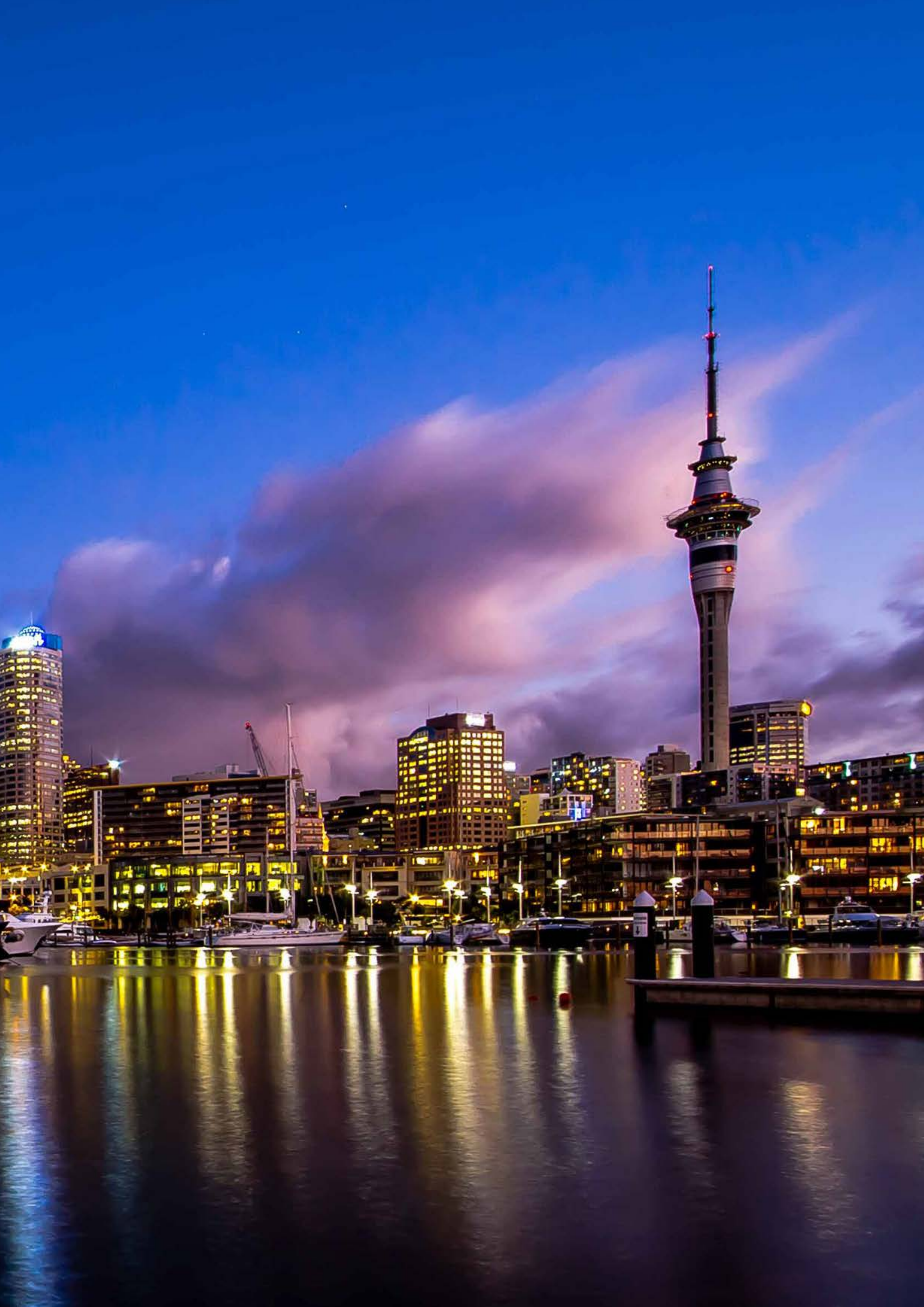
Manager - Placemaking

“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)

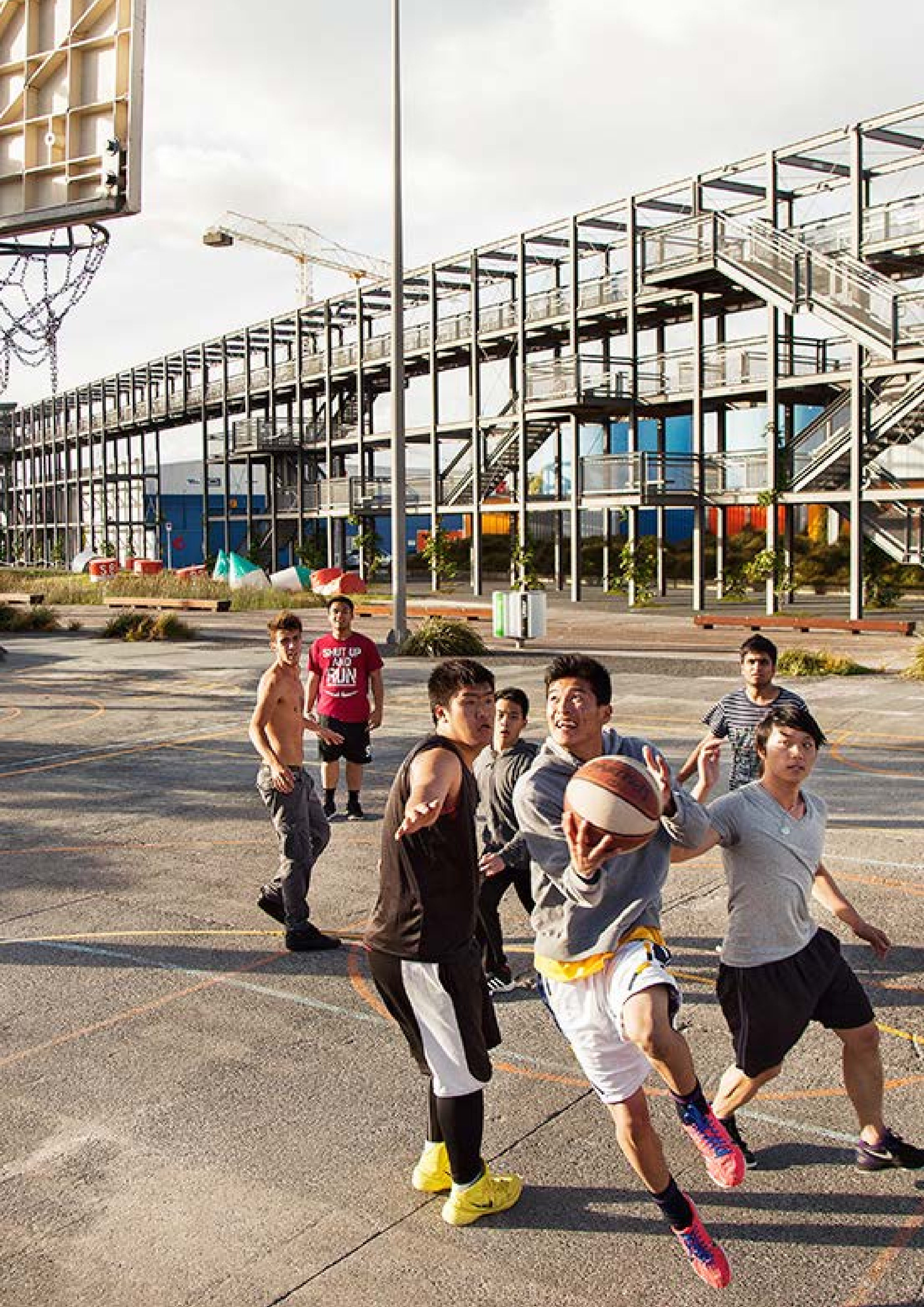
Member	Interest	Entity
Richard Leggat	Director	Panuku Development Auckland Limited
	Chairman	NZ Cycle Trail Incorporated
	Executive Chair	Kiwis for kiwi
	Director	Hamilton Waikato Tourism
	Director	Mortleg Ltd
	Director	Snowsports NZ
	Director	Trophy Metropolitan Ltd
	Director	Warren and Mahoney
	Director	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

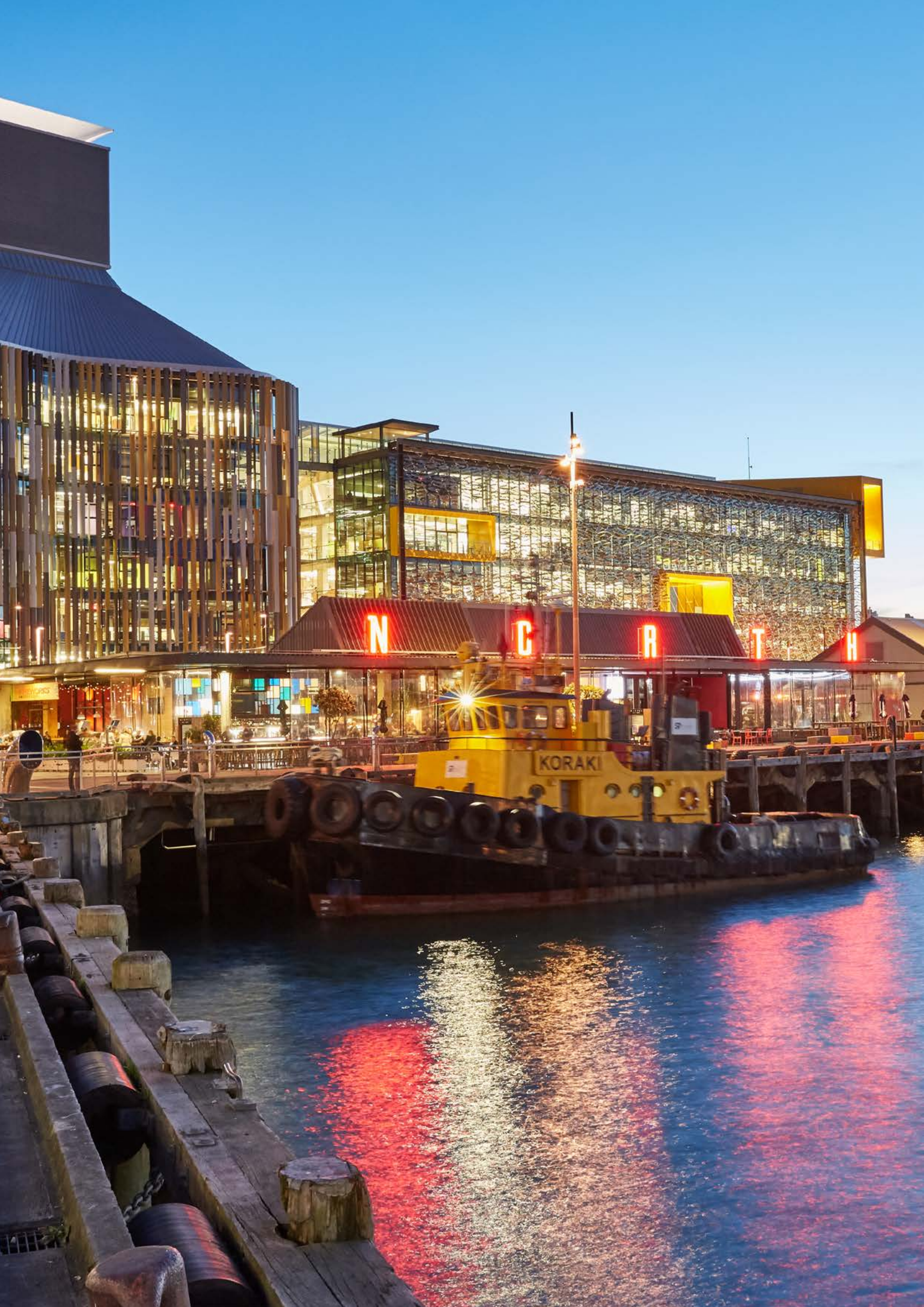
We are independent of the company and group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners, issued by New Zealand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



N C R T H
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	**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	**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 Status	Actual 2018/19 Result	Commentary	Footnote
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

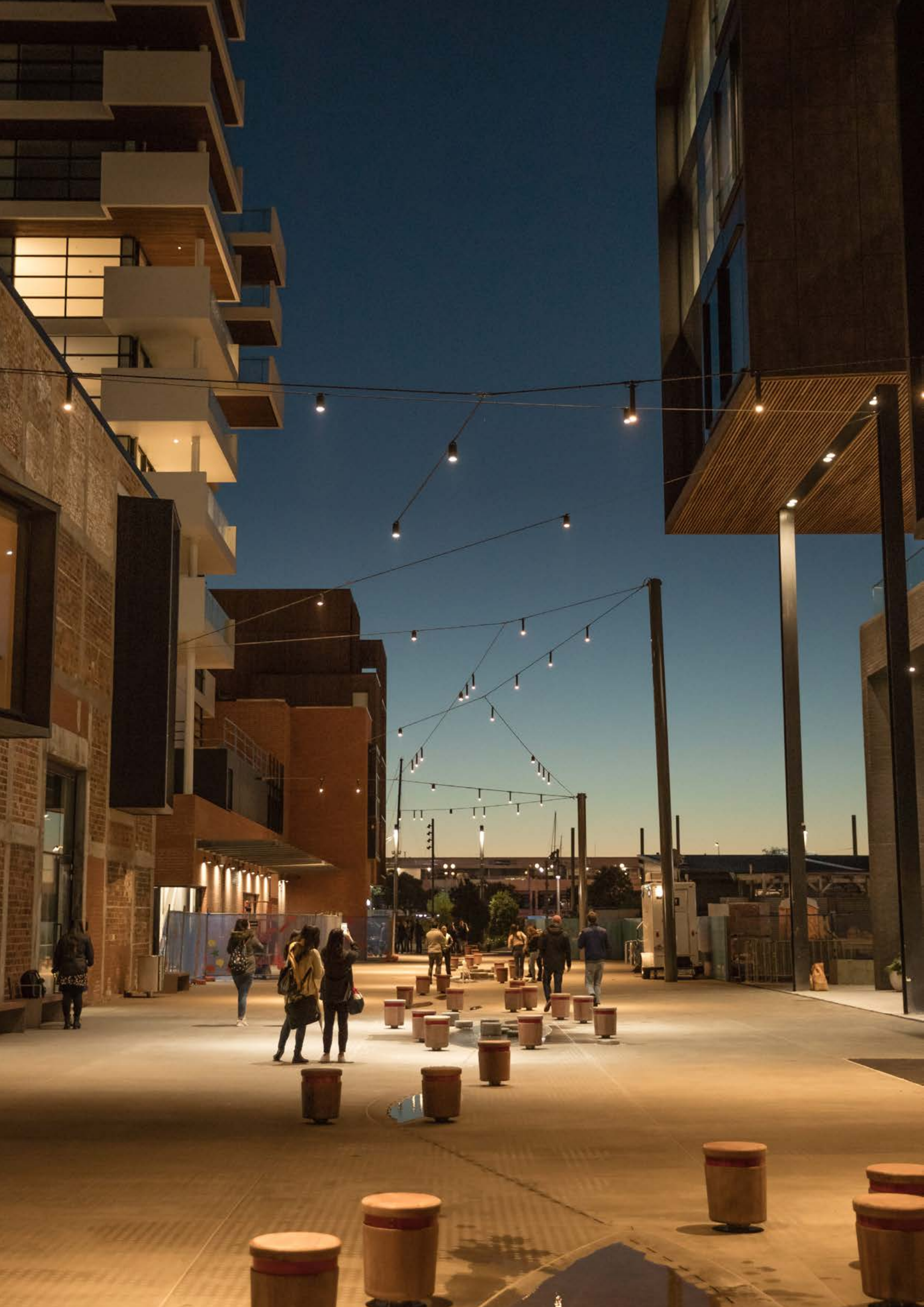
Results for SOI 2018-2021: Non-financial performance measures

Service Level Statement	Measure	Actual 2017/18	Target 2018/19	Actual 2018/19 Status	Actual 2018/19 Result	Commentary	Footnote
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.



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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

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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

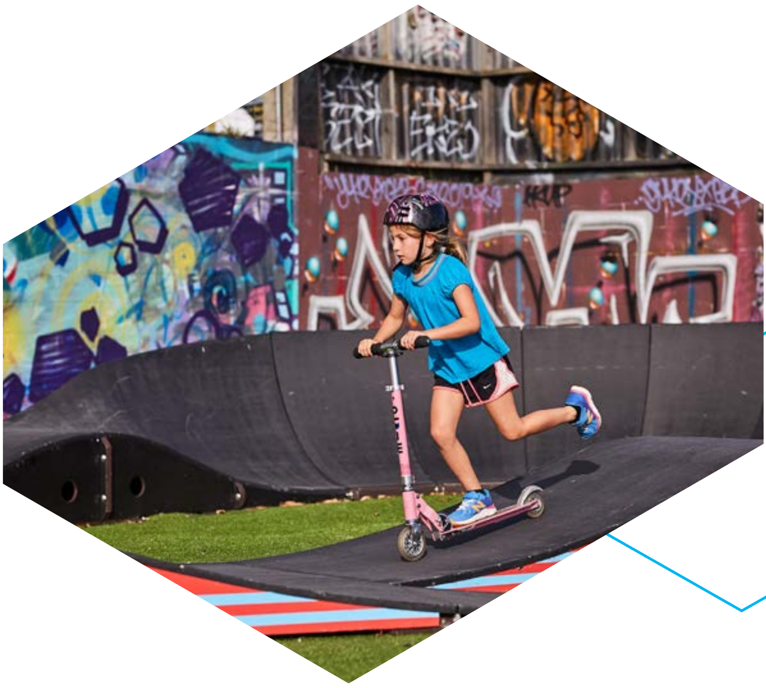
In preparing the consolidated financial statements Panuku and Group made estimates and assumptions concerning the future. These estimates and judgements may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other 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.

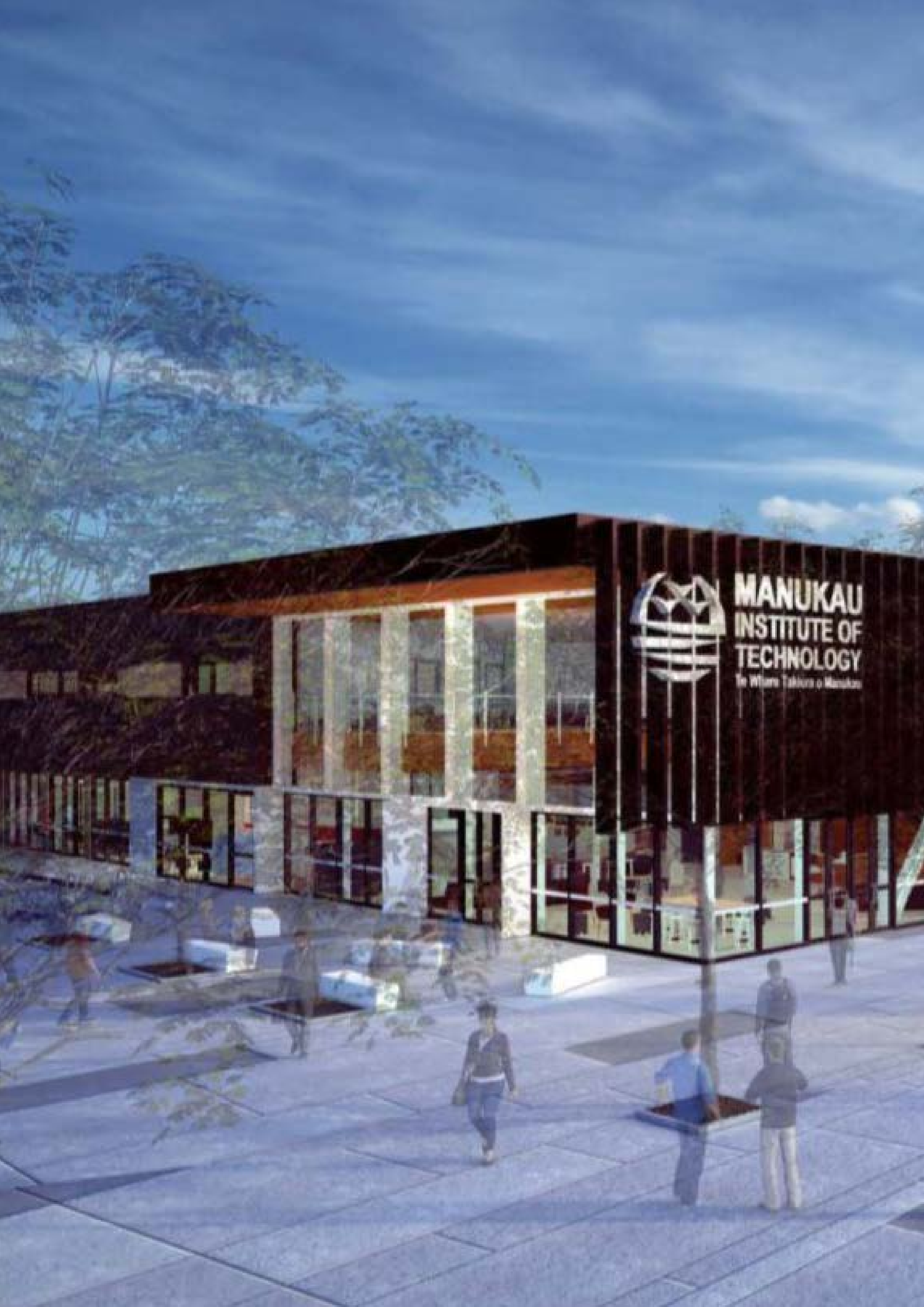
14. Property, plant and equipment (continued)

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

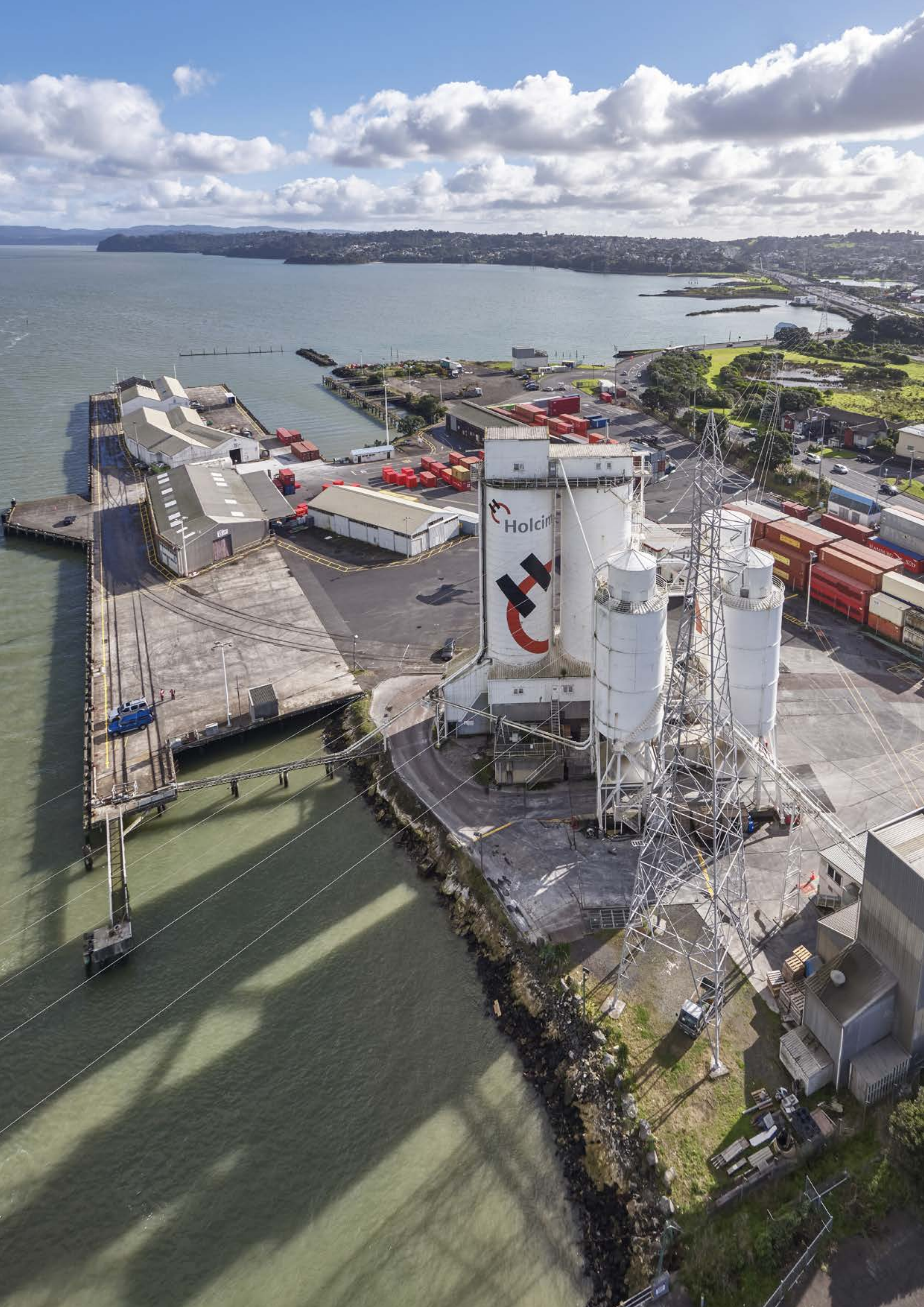
As a CCO, Panuku agrees its budget each year with the shareholder Auckland Council and publishes the budget in the Statement of Intent. The following table shows a high level comparison of actual financial performance to budget.

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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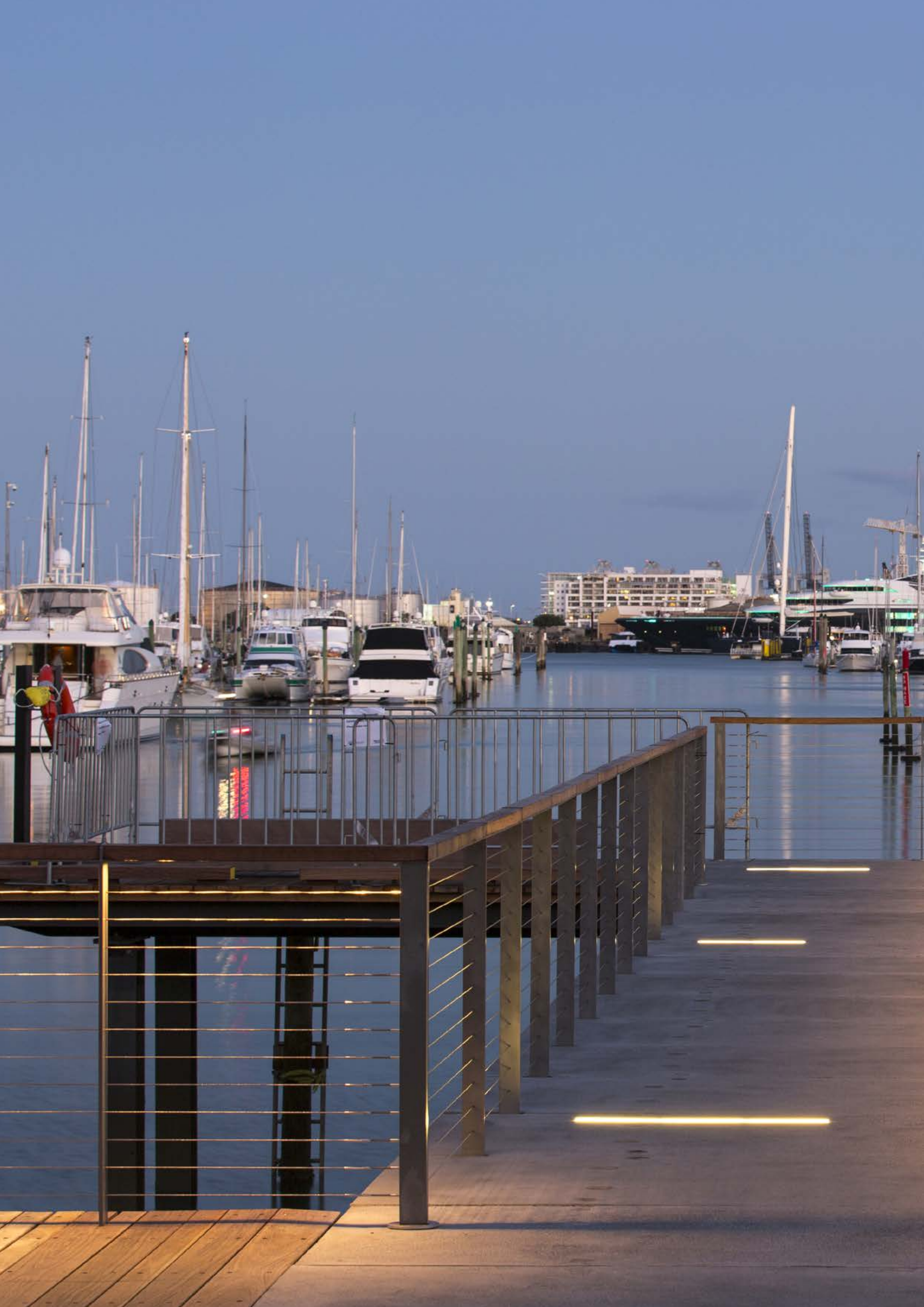

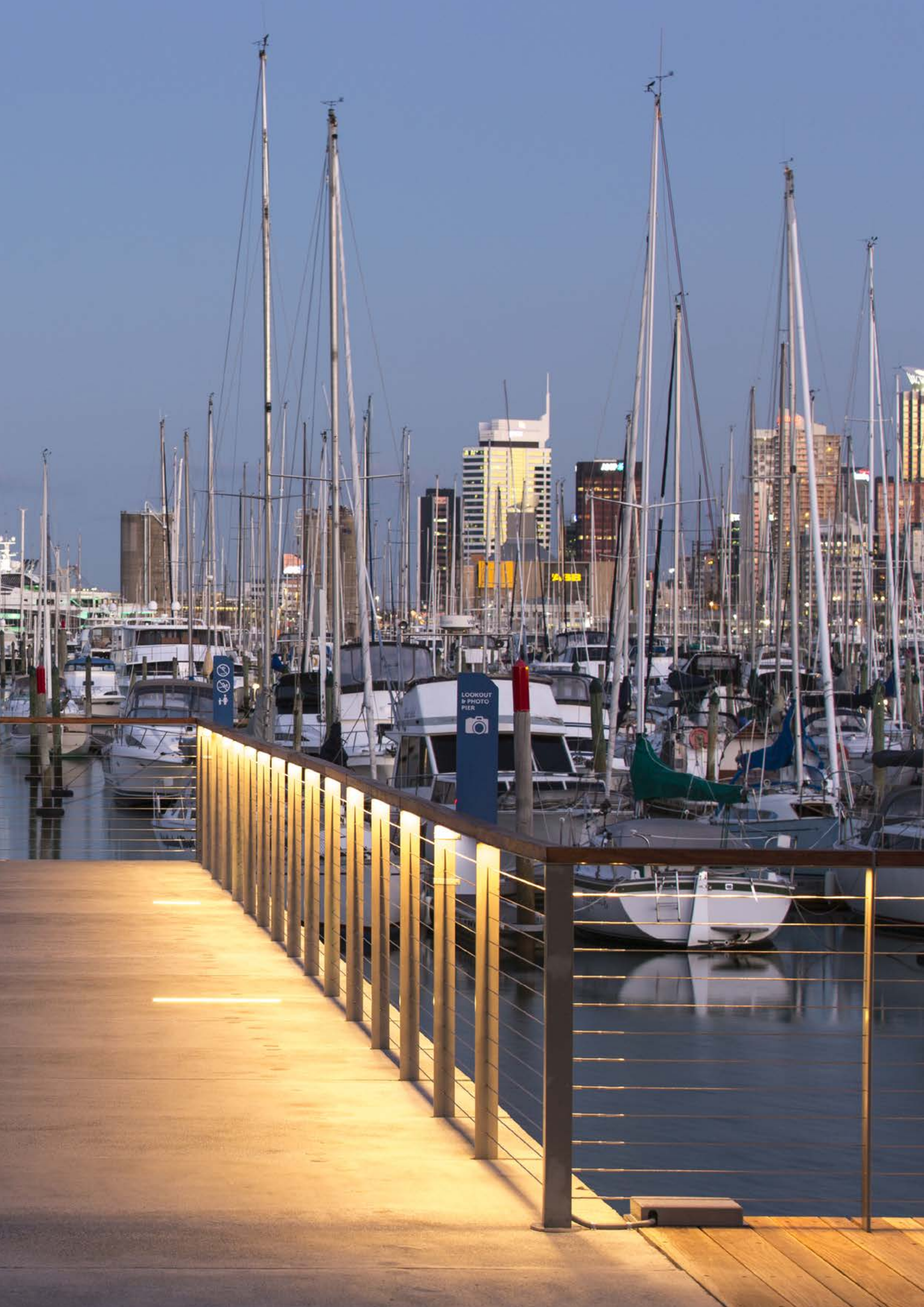
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