

PUBLIC

**Panuku  
Development  
Auckland**



*An Auckland Council Organisation*



**Board  
Report**



**Date**

Wednesday, 28 March 2018

**Time**

Commencing at 12:00 noon

**Venue**

Panuku Development Auckland  
Ground Floor, 82 Wyndham Street, Auckland

## Local Government Official Information and Meetings Act 1987.

### 7 Other reasons for withholding official information

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

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

- (a) protect the privacy of natural persons, including that of deceased natural persons; or
- (b) protect information where the making available of the information—
  - (i) would disclose a trade secret; or
  - (ii) would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information; or
- (ba) in the case only of an application for a resource consent, or water conservation order, or a requirement for a designation or heritage order, under the [Resource Management Act 1991](#), to avoid serious offence to tikanga Maori, or to avoid the disclosure of the location of waahi tapu; or
- (c) protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information—
  - (i) would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied; or
  - (ii) would be likely otherwise to damage the public interest; or
- (d) avoid prejudice to measures protecting the health or safety of members of the public; or
- (e) avoid prejudice to measures that prevent or mitigate material loss to members of the public; or
- (f) maintain the effective conduct of public affairs through—

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

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

(g) maintain legal professional privilege; or

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

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

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

## Board Agenda

**Where:** 82 Wyndham Street, Auckland

**When:** Wednesday, 28 March 2018 | 9.00 am – 2.00 pm

**Board Members:** Richard Aitken – Chair  
David Kennedy – Director  
Richard Leggat – Director  
Dr Susan Macken – Director  
Paul Majurey – Director  
Mike Pohio – Director  
Martin Udale – Director

**In attendance:** Roger MacDonald – Chief Executive  
David Rankin – Chief Operating Officer  
Carl Gosbee – Director Corporate Services  
Angelika Cutler – Director Corporate Affairs  
Rod Marler – Director Design and Place  
Ian Wheeler – Director Portfolio Management  
Allan Young – Director Development  
Jenni Carden – Company Secretary

		Page #	Timing
1.	<p><b>Procedural Motion to Exclude the Public</b></p> <p>Put the motion that, pursuant to clause 12.3 of the Panuku Constitution, the public be excluded from the following proceedings of this meeting, so that commercially sensitive issues can be discussed in confidential session.</p>		9.00 am
2.	<p><b>Confidential Governance Matters</b></p> <p>2.1 Minutes of 28 February 2018 Board meeting <i>Withheld from the public under S7(2)(h) of the LGOIMA</i></p> <p>2.2 Board Action List <i>Withheld from the public under S7(2)(h) of the LGOIMA</i></p> <p>2.3 Minutes of Audit and Risk Committee 20 December 2017 <i>Withheld from the public under S7(2)(h) of the LGOIMA</i></p> <p>2.4 Verbal update from Audit and Risk Committee 14 March 2018</p>		
3.	<p><b>Confidential Strategic Papers (papers which are fully confidential)</b></p> <p>3.1 Haumaru Housing <i>Withheld from the public under S7(2)(h) of the LGOIMA</i></p>		
4.	<p><b>Confidential Decision Papers (papers which are fully confidential)</b></p> <p>4.1 Site 18 <i>Withheld from the public under S7(2)(l) of the LGOIMA</i></p> <p>4.2 2-6 Henderson Valley Road, Henderson <i>Withheld from the public under S7(2)(l) of the LGOIMA</i></p>		

	<b>Morning Tea</b>		
5.	<b>Confidential Chief Executive's Report (fully confidential)</b> <i>Withheld from the public under S7(2)(b)(ii) of the LGOIMA</i>		
6.	<b>Confidential Information Papers (papers which are fully confidential)</b> 6.1 Property Market Update <i>Withheld from the public under S7(2)(J) of the LGOIMA</i>		
7.	<b>General Business</b>		
8.	<b>Opening of Public Meeting</b> 8.1 Apologies 8.2 Directors' Interests 8.3 Directors' Board Meeting Attendance Register 8.4 Minutes of the 28 February 2018 Board meeting (public) 8.5 Public Deputation		12.00 pm
9.	<b>Health and Safety Report</b>		
10.	<b>Chief Executive's Report</b>		
11.	<b>Information Papers</b> 11.1 Panuku Quarter Two report to Auckland Council		
	<b>Lunch</b>		12.30 pm
	<b>Māori outcomes and engagement workshop</b>		

**Directors' Interests as at 19 March 2018**

Member	Interest	Company / Entity	Conflicts pre-identified?
<b>Richard H. AITKEN</b>	Chair	Panuku Development Auckland Limited	
	Chair	Te Punaha Matatini	
	Director	BGCF Trustee Ltd	
	Shareholder	Beca Group Ltd	
	Director	BGL Custodian Ltd	
	Director	BGLIR Trustee Ltd	
	Director	BGL Management Share Trustee Ltd	
	Director	BGL Nominees Ltd	
	Director	BGS Trustee Ltd	
	Director	Derceto Trustee Ltd	
	Director	Hopetoun Pitt Ltd	
	Director	Gands Plan Pty Ltd (Australia)	
	Director	John Scotts Investments Ltd	
	Director	Trust Power Ltd	
	Director	Te Punaha Matatini Advisory Board	
	Trustee	BAS Custodian Trust	
	Trustee	Beca Indemnity Fund Custodian Trust	
	Trustee	BGLIR Custodian Trust	
	Trustee	BGL Custodian Trust	
	Trustee	BGS Custodian Trust	
Trustee and Discretionary Beneficiary	The Glade Trust		
Trustee	The Sunnybrae Trust		
Trustee	The Waimarama Trust		
<b>Dr Susan C. MACKEN</b>	Deputy Chair	Panuku Development Auckland Limited	
	Chair	Kiwibank	
	Chair	Spa Electrics Ltd (Aust.)	
	Deputy Chair	Tāmaki Redevelopment Company Ltd	Possible
	Director	Blossom Bear Ltd	
	Director	STG Ltd	

Member	Interest	Company / Entity	Conflicts pre-identified?
<b>David I. KENNEDY</b>	Director	Panuku Development Auckland Limited	
	Director	525 Blenheim Road Limited	
	Director	Cathedral Property Limited	
	Director	Good General Practice Limited	
	Director	Grantley Holdings Limited	
	Director	Hobsonville Development GP Limited	
	Director	New Ground Living (Hobsonville Point) Limited	
	Director	Ngai Tahu Justice Holdings Limited	
	Director	Ngai Tahu Property (CCC-JV) Limited	
	Director	Ngai Tahu Property Joint Ventures Limited	
	Director	Ngai Tahu Property Joint Ventures (No.2) Limited	
	Director	Ngai Tahu Real Estate Limited	
	Director	NTP Development Holdings Limited	
	Director	NTP Investment Holdings Limited	
	Director	NTP Investment Property Group Limited	
	Director	Prestons Road Limited	
<b>Richard I. LEGGAT</b>	Director	Panuku Development Auckland Limited	
	Chairman	NZ Cycle Trail Incorporated	
	Deputy Chair	Tourism NZ	
	Director	Cycling NZ	
	Director	Education NZ	
	Director	Mortleg Ltd	
	Director	New Zealand Post Ltd	
	Director	Snowsports NZ	
	Director	Trophy Metropolitan Ltd	
	Director	Warren and Mahoney	
	Director	Winter Games New Zealand	
	Panel Member	NZ Markets Disciplinary Tribunal	
	Advisor	Busways Pty Ltd	
	Member	Union Cycliste Internationale Ethics Commission	

Member	Interest	Company / Entity	Conflicts pre-identified?
<b>Paul F. MAJUREY</b>	Director	Panuku Development Auckland Limited	
	Chair	Hauraki Collective (12 iwi collective)	
	Chair	Mana Whenua & Crown Working Group (proposed Hauraki Gulf / Tikapa Moana Recreational Fishing Park)	
	Chair	Marutūāhu Rōpū General Partner Ltd	
	Chair	Marutūāhu Collective (5 iwi collective)	
	Chair	Tāmaki Makaurau Community Housing Ltd	
	Chair	Tūpuna Maunga o Tāmaki Makaurau Authority	
	Chair	Whenuapai Housing General Partner Ltd	
	Co-Chair	Sea Change Marine Spatial Plan Project	
	Co-Chair	Tāmaki Healthy Families Alliance	
	Director	Atkins Holm Majurey Ltd	
	Director	Kaahui Rawa Limited	
	Director	Half Moon Bay Venture Ltd	
	Director	Museum of New Zealand Te Papa Tongarewa	
	Director	Ngāti Maru Pouarua Farm Ltd	
	Director	Pare Hauraki Asset Holdings Ltd	
	Director	Pouarua Farm General Partner Ltd	
	Director	Te Puia Tapapa GP Limited	
	Director	Tikapa Moana Enterprices Ltd	
	Trustee	Crown Forestry Rental Trust	
	Trustee	Hauraki Fishing Group	
	Trustee	Ngāti Maru Rūnanga Trust	
	Mana Whenua Representative	Hauraki Gulf Forum	
Tainui Waka Representative	Iwi Working Group (review of Te Ohu Kaimoana)		



Member	Interest	Company / Entity	Conflicts pre-identified?
<b>Michael E. POHIO</b>	Director	Panuku Development Auckland Limited	
	Chairman	BNZ Partners Waikato	
	Director	KiwiRail Ltd	
	Director	National Institute of Water & Atmospheric Research Ltd	
	Director	NIWA Vessel Management Ltd	
	Director	Ospri New Zealand Ltd	
	Director	<ul style="list-style-type: none"> <li>National Animal Identification and Tracing Ltd</li> </ul>	
	Director	TBFree	
	Director	Te Atiawa Iwi Holdings	
	Director	Te Atiawa (Taranaki) Holdings Ltd	
<b>C. Martin UDALE</b>	Director	Panuku Development Auckland Limited	
	Chair	Wairaka Land Company Ltd (Unitec land development subsidiary)	Possible
	Director	Essentia Consulting Group Ltd	
	Director	Fleming Urban Ltd	Possible Onehunga development
	Director	Hobsonville GP Ltd	
	Director	New Ground Living (Hobsonville Point) Ltd	
	Director	Paparata Ltd	
	Director	Tall Wood Ltd	
	Director	Tall Wood Distribution Ltd	
	Director	Forest Group Ltd	
	Director	Tall Wood Assembly Limited	
	Director	Tāmaki Redevelopment Company Ltd	Possible
	Director	Tāmaki Regeneration Ltd	
	Director	TW Twenty Twenty Ltd	
	Trustee	Cardinal Trustees Ltd	



**DIRECTORS' MEETING ATTENDANCE REGISTER – 2017 / 2018**

	2017							2018					TOTAL
	26 Jul	30 Aug	27 Sep	25 Oct	29 Nov	25 Jan	28 Feb	28 Mar	26 Apr	30 May	27 June		
R.H. Aitken	✓	✓	✓	✓	✓	✓	✓						
Dr S.C. Macken	✓	✓	✓	✓	✓	✓	✓						
M.A. Blackburn	✓	✓	X	✓									
E.W. Davies	✓	✓	✓	X									
D.I. Kennedy					✓	X	✓						
R.I. Leggat	✓	✓	✓	✓	✓	✓	✓						
P.F. Majurey	✓	✓	✓	✓	✓	✓	✓						
M.E. Pohio	✓	✓	✓	✓	✓	✓	X						
C.M. Udale	✓	✓	✓	✓	✓	✓	✓						

MINUTES OF THE MEETING OF DIRECTORS OF PANUKU DEVELOPMENT AUCKLAND LIMITED (PANUKU DEVELOPMENT AUCKLAND), HELD IN **PUBLIC** SESSION AT 82 WYNDHAM ST, AUCKLAND ON WEDNESDAY 28 FEBRUARY 2018 COMMENCING AT 9.00 AM.

<b>ATTENDING</b>		<p><b>Board:</b> Richard Aitken (Chair), David Kennedy, Richard Leggat, Dr Susan Macken (by phone, departed at 12.15pm), Paul Majurey and Martin Udale.</p> <p><b>Executive:</b> Roger MacDonald – Chief Executive, David Rankin – Chief Operating Officer, Angelika Cutler – Director Corporate Affairs, Carl Gosbee – Director Corporate Services, Rod Marler – Director Design and Place, Ian Wheeler – Director Portfolio Management, Allan Young – Director Development, Jenni Carden – Company Secretary.</p>								
<b>APOLOGIES</b>		Mike Pohio.								
<b>WORKSHOP ON RISK</b>	1 02/18	<p>Sara Rogers, Director Advisory EY, Paul Roberts, Partner Advisory EY and David Middleton, Risk Manager joined the meeting.</p> <p>The board discussed the significant strategic risks associated with Panuku's strategic goals.</p> <p>EY will provide a report that describes the strategic risks, mitigations and what else needs to be done to address the risks.</p>								
<b>1 PROCEDURAL MOTION TO EXCLUDE THE PUBLIC</b>	2 02/18	<p>It was <b>RESOLVED THAT</b>, pursuant to the provisions of Section 48(1)(a) of the Local Government Official Information &amp; Meetings Act 1987, the public be excluded from the Meeting for the following proceeding, the subject matter, the reasons and specific grounds for exclusions being set out below:</p> <table border="1"> <thead> <tr> <th>General subject of matters to be considered</th> <th>Grounds under Section 48(1) for considering in private</th> </tr> </thead> <tbody> <tr> <td>Governance; Committee report</td> <td>Commercially sensitive issues</td> </tr> <tr> <td>Finance and Risk</td> <td>Commercially sensitive issues</td> </tr> <tr> <td>Management and operations</td> <td>Commercially sensitive issues</td> </tr> </tbody> </table> <p>Moved Paul Majurey, seconded Richard Aitken <b>CARRIED</b></p>	General subject of matters to be considered	Grounds under Section 48(1) for considering in private	Governance; Committee report	Commercially sensitive issues	Finance and Risk	Commercially sensitive issues	Management and operations	Commercially sensitive issues
General subject of matters to be considered	Grounds under Section 48(1) for considering in private									
Governance; Committee report	Commercially sensitive issues									
Finance and Risk	Commercially sensitive issues									
Management and operations	Commercially sensitive issues									
<b>2.1 MINUTES OF 25 JANUARY 2018 BOARD MEETING CONFIDENTIAL GOVERNANCE MATTER</b>	3 02/18	<i>Withheld from the public under S7(2)(h) of the LGOIMA</i>								
<b>2.2 BOARD ACTION LIST CONFIDENTIAL GOVERNANCE MATTER</b>	4 02/18	<i>Withheld from the public under S7(2)(h) of the LGOIMA</i>								
<b>3.1 UNLOCK PANMURE HLPP CONFIDENTIAL STRATEGY PAPER</b>	5 02/18	<i>Withheld from the public under S7(2)(h) of the LGOIMA</i>								
<b>4.1 AMERICA'S CUP 36 CONFIDENTIAL DECISION PAPER</b>	6 02/18	<i>Withheld from the public under S7(2)(b)(ii) of the LGOIMA</i>								

<b>4.2 HR AT PANUKU CONFIDENTIAL DECISION PAPER</b>	7 02/18	<i>Withheld from the public under S7(2)(h) of the LGOIMA</i>
<b>4.3 DRAFT STATEMENT OF INTENT CONFIDENTIAL DECISION PAPER</b>	8 02/18	<i>Withheld from the public under S7(2)(b)(ii) of the LGOIMA</i>
<b>4.4 33 HENDERSON VALLEY ROAD - DEVELOPMENT CONFIDENTIAL DECISION PAPER</b>	9 02/18	<i>Withheld from the public under S7(2)(h) of the LGOIMA</i>
<b>5 CONFIDENTIAL CHIEF EXECUTIVE'S REPORT</b>	10 02/18	<i>Withheld from the public under S7(2)(b)(ii) of the LGOIMA</i>
<b>6.1 TRANSFORM MANUKAU CONFIDENTIAL INFORMATION PAPER</b>	11 02/18	<i>Withheld from the public under S7(2)(h) of the LGOIMA</i>
<b>6.2 AUCKLAND COUNCIL GROUP CHARTER – MONEY AND ASSETS CONFIDENTIAL INFORMATION PAPER</b>	12 02/18	<i>Withheld from the public under S7(2)(h) of the LGOIMA</i>
<b>7 GENERAL BUSINESS</b>	13 02/18	<i>Withheld from the public under S7(2)(f)(i) of the LGOIMA</i>
<b>8 OPENING OF PUBLIC MEETING</b>	14 02/18	The public meeting opened at 1.15pm.
<b>8.1 APOLOGIES</b>	15 02/18	Apologies were received from Mike Pohio and Susan Macken.
<b>8.2 DIRECTORS' INTERESTS</b>	16 02/18	The Board reviewed and received the Register of Directors' Interests.  Paul Majurey advised one addition to his interests. He is now a director of Te Puia Tapapa GP Limited.  Martin Udale advised changes to his interests.
<b>8.3 DIRECTORS' BOARD MEETING ATTENDANCE REGISTER</b>	17 02/18	The Board received the Board Attendance Register.
<b>8.4 MINUTES OF THE 25 JANUARY 2018 BOARD MEETING (PUBLIC)</b>	18 02/18	The Board reviewed and approved the Minutes of the Board Meeting of 25 January 2018, with amendments and confidential information redacted.
<b>8.5 PUBLIC DEPUTATION</b>	19 02/18	Mr G Penrose from LifeMark made a public deputation regarding universal design and accessibility.  The Board thanked Mr Penrose for his attendance.

<b>9 HEALTH AND SAFETY REPORT</b>	20 02/18	The Board received the report noting the agreement with ATEED for hosting the Volvo Ocean Race.
<b>10 CHIEF EXECUTIVE'S REPORT (PUBLIC)</b>	21 02/18	The Board received the public report, with confidential information redacted.
<b>11.1 DISPOSALS RECOMMENDATION PUBLIC DECISION PAPER</b>	22 02/18	<p>David Rankin, Chief Operating Officer, introduced the report. The Board received the report.</p> <p>It was <b>RESOLVED THAT</b> the Board</p> <p>1. <b>Approves</b></p> <p>a. The recommendation to the Finance and Performance Committee that the following properties are surplus to council requirements and should be divested:</p> <ul style="list-style-type: none"> <li>i. 570 Great South Road, Papatoetoe</li> <li>ii. 139 Kolmar Road, Papatoetoe</li> <li>iii. 22R Clyde Road, Ōtara</li> <li>iv. 66R Hallberry Road, Mangere East</li> <li>v. 156 Blockhouse Bay Road, Avondale</li> </ul> <p><i>Moved Martin Udale, seconded David Kennedy</i> <b>CARRIED</b></p>
<b>12.1 GRANTS AND DONATIONS QUARTERLY UPDATE PUBLIC INFORMATION PAPER</b>	23 02/18	Carl Gosbee, Director Corporate Services, introduced the report. The Board received the report.
<b>CLOSE OF BOARD MEETING</b>	24 02/08	The meeting closed at 1.34pm

READ AND CONFIRMED

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 Chairman

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 Date

## Health and Safety Monthly Reporting – March 2018

<b>Document Author</b>	Blair McMichael – Health and Safety Manager
<b>Contributors</b>	David Rankin – Chief Operating Officer
<b>Date</b>	12 March 2018

### 1. Purpose

This paper informs on progress against the annual health and safety plan, and on significant health and safety risks, incidents, and the monitoring and management of risk.

### 2. Executive Summary

Health and Safety objectives within the Health and Safety Plan 2017/2018 are progressing.

Panuku continues its implementation of its Asbestos programme in line with legislative requirements coming into effect in April 2018, in accordance with the Health and Safety at Work (Asbestos) Regulation 2016. Current technical advice following a meeting with the regulator, WorkSafe, confirms that the programme meets WorkSafe expectations.

Risk Manager, Panuku's health and safety reporting software, continues to evolve through the stage two implementation of the software. This includes auditing of critical risk activities online, the pending upload of asbestos surveys and controls, and the uploading of portfolio properties to be linked to site hazards. This work will continue for the remainder of this financial year, yet will exclude the implementation of a module for contractor management, representing real-time reporting. The contractor module was part of our continual improvement in health and safety management systems and will not affect health and safety compliance. This module was dependent on Auckland Council which manages the software 'configurations', who are in turn waiting for the software provider to update the module. No alternative date has been determined.

Initial discussions have been held with EY in preparation for the pending internal audit of Panuku's health and safety management in April as part of the Panuku audit program.

In February training was provided to Panuku staff dealing with physical or verbal violence. The training provides staff with the tools to assess and evaluate their environment and respond accordingly to ensure the safety of themselves and their colleagues.

Cycleway improvements, in relation to the Panuku tramway in Wynyard Quarter, continue in consultation with Auckland Transport. Auckland Transport will be releasing an extensive communications plan for the Wynyard Quarter during March to promote the clear separation of the cycling routes and the safety risks posed by tramlines.

Panuku commissioned critical risk activity audits in February. Critical risk activities include landfill, quarry, and forestry operations. The first audit was completed on the Blackwell Quarry, Great Barrier Island, and identified that the site quarry management plan is no longer current. This is a requirement within the Mining Operations and Quarry Operations Regulation 2016, and is being updated by the site contractor.

### 3. Discussion

#### a) Health and Safety Plan 2017/2018 Update

Panuku continues to implement its health and safety plan for 2017/2018. Areas of progress since last month as discussed below.

##### **Asbestos Management**

Panuku continues its implementation of its Asbestos programme in line with legislative requirements coming into effect in April 2018, in accordance with the Health and Safety at Work (Asbestos) Regulations 2016. To obtain technical advice in relation to legislative requirements and to project management this programme of work we have appointed external advisors, Greencap. Current technical advice following a meeting with WorkSafe by Greencap, confirms that the programme meets WorkSafe expectations. Update below:

- Given the size of the portfolio it is a large programme of work. We have taken a risk based approach and focused on property more likely to contain asbestos based on an agreed set of criteria. To date we have undertaken 130 surveys which cover the majority of properties considered a high risk of containing asbestos. We are working with our consultants to finalise these outputs.
- Panuku requires an overarching asbestos policy. This now complete and subject to staff consultation, and will be in place by the end of March.
- Panuku also requires an asbestos framework which outlines in detail how we manage asbestos across our various business activities. This is also subject to staff consultation and will be finalised by the end of March.

##### **H & S reporting software, Risk Manager**

Risk Manager is Panuku's health and safety reporting software. Stage two improvements to Risk Manager include the tracking of incidents and accidents, hazards and mitigations, audits and monitoring, and staff training, and the implementation of a contractor management module allowing contractors to input safety plan data directly. Progress during February included the uploading of 300+ properties reflecting the property portfolio, the first online auditing of critical risk activities and the planned uploads of asbestos surveys completed for 130 sites.

Of the items intended for implementation in stage two, Panuku will be delaying the Risk Manager module, contractor management. The module is part of our management systems continual improvement with not direct impact on health and safety compliance. This approach is based on Auckland Council's decision not to implement before June as the software provider is updating the module and Council's role as the owners of the software configuration. No alternative date for implementation of this module has been suggested.

##### **Safety in Design (for Workplaces)**

Training on the Panuku Safety in Design framework was completed with our design and planning people in February. The safety in design framework is Panuku's approach to how staff and design contractors will manage the 'upstream' design concept and planning health and safety risk where the design may incorporate a potential workplace.

##### **Marina Safety Improvements**

Within the Marina's, the Health and Safety Representatives completed 'train the trainer' to deliver the marina safety improvements including the marina safety manual and safe operating procedures. Training has been provided to marina management and relevant staff on the Panuku Contract Management Framework (CMF), specifically addressing how the CMF will apply to marina contracts and agreements.

## **b) Significant Health and Safety Issues**

Marina staff updated the Risk Management Plan in relation to Site 18. Site 18, Beaumont Street, is a potential development site with existing tenants. Sections of the seawall and its structural integrity continue to be reviewed regularly both by engineering and technical reviews and through staff site monitoring. The Risk Management Plan stipulates the hazards, risk rating, and associated controls which need to be managed by the marinas team as part of the plan, formalising its approach to ensuring public and worker safety until such time as a decision is made on the future development of the site.

## **c) Significant Incidents**

Following on from last month's report on cycle incidents involving tram tracks around Jellicoe Street, Wynyard Quarter; Auckland Transport is providing a communications plan for the Quarter.

The communications plan will include a four week media promotion stipulating specific bike routes, separating cyclists from tracks. The consultative group, which includes AT, Panuku, Tram operations and local businesses, is meeting in March and will consider other site improvements.

## **d) Monitoring and Inspection**

Health and safety monitoring included:

- Critical Risk Activities including landfill and quarry operations began in February, and will be completed during March. These reviews are completed quarterly and reported directly into Risk Manager. Corrective actions from each audit will be tracked in Risk Manager and a Panuku property manager assigned to each action. The first audit, Blackwell Quarry, Great Barrier Island has identified that the Quarry Management Plan (QMP) requires a review to maintain its currency. As the QMP is a specific requirement within the Quarry and Mining Regulations, Portfolio staff have alerted the contractor, Fulton Hogan, and requested that they urgently update the QMP.
- An internal EY audit scheduled by the Audit and Risk Committee in health and safety is planned for late April. Panuku have met with EY. The purpose of the meeting was to discuss the scope of work, assign a date for the review in April, and plan for the requests of health and safety supporting documentation.

## **e) Staff health and wellbeing, training and development**

The Panuku Health and Safety Committee met in February. The Committee will review the Health and Safety Policy, ensuring it aligns with Auckland Council's overarching health and safety policy. The draft Policy will be provided to all staff for comment before sign-off by the CE. The committee will be meeting in March to review this year's health and safety plan progress in preparation for developing the Plan for 2018/2019. This will include the development of a three-year Strategic Plan incorporating work progressed in 2017/2018.

Training completed during February in health and safety included:

- Group health and safety inductions were provided to Panuku new starters with 100% attendance. Another session will be provided in six months ensuring awareness and compliance with site safety requirements
- Contract Management Framework training was completed by marina management
- Safety in Design training was completed by Design and Planning staff
- Health and Safety representative training was provided to two new Health and Safety Representatives within the Portfolio team
- Frontline staff were trained in 'situational safety and tactical communications'. This training was provided as a direct outcome of safety concerns raised by staff relating to threatening behaviour from members of the public.



## Chief Executive's report to the Board

<b>Document Author</b>	Roger MacDonald – Chief Executive
<b>Contributors</b>	David Rankin – Chief Operating Officer Angelika Cutler – Director Corporate Affairs Carl Gosbee – Director Corporate Services Rod Marler – Director Place and Design / Business Owner AC36 Allan Young – Director Development Ian Wheeler – Director Portfolio Management Monica Ayers – HR Business Partner Jenni Carden – Executive Officer/Company Secretary
<b>Date</b>	19 March 2018

### 1. Overview

This report provides the Board with a summarised overview of the opportunities and the issues facing the organisation.

This report is a public report, however confidential information is redacted. Information that has been redacted is indicated in **blue font**. Where redacted information exists, a reference to the section of the Local Government Official Information and Meetings Act 1987 (LGOIMA) will be cited in the publicly available version of the report.

### 2. Key issues

This section outlines issues that are not otherwise covered by a Decision or Information Paper elsewhere in the agenda and are either:

- Strategically significant issues;
- Emerging and developing issues; or
- Project updates.

#### 2.1 Strategically significant issues

##### 2.1.1 Council Long-term Plan and additional tools for Urban Redevelopment

*Withheld from the public under S7(2)(i) of the LGOIMA*

##### 2.1.2 America's Cup 36

*Withheld from the public under S7(2)(f)(i) of the LGOIMA*

##### 2.1.3 Working with the Crown

*Withheld from the public under S7(2)(f)(i) of the LGOIMA*

#### **2.1.4 Draft CCO Accountability Policy**

*Withheld from the public under S7(2)(f)(i) of the LGOIMA*

#### **2.1.5 Mana whenua engagement update**

Panuku has initiated implementation of the 'Mana Whenua resource consent engagement plan' as proposed by the legal counsel for Mana Whenua. This involves working with their nominated technical specialists on the consenting details of the proposal. There are currently four consents where this approach is being implemented: original consent for AC36, pile mooring redevelopment, Westhaven Marina promenade stage 2, and the cruise ship dolphin. Mana Whenua have nominated legal and planning specialists for these proposals. Mana Whenua who have opted out of the Panuku collective forums are also able to nominate specialists to meet with the project teams and discuss details of the consent proposals.

Mana Whenua involvement in AC36 remains a challenging area for engagement, especially given the governance relationship sits with central government and council. Panuku continues to provide support and advice to MBIE and council, and updates to Mana Whenua on the consent proposal. MBIE and council representatives attended the Panuku Mana Whenua Governance Forum on 20 February. Mana Whenua directed MBIE and council to prepare a draft engagement approach for their review – we understand this is currently being drafted.

## **2.2 Emerging or developing issues**

### **2.2.1 Volvo Ocean Race**

The Volvo Ocean Race boats departed Sunday 18 March at 1300hrs on their way to Brazil. This will be followed by a five-day pack out of structures etc. on Halsey extension wharf.

It has been estimated that there has been over 500,000 people through the village across the 22 days of operation. There have been no major health and safety incidents (some minor theft and disorderly behaviour).

The organisers have provided feedback that the Auckland stop-over has been the best yet. This has been confirmed by the race crews. A terrific recognition of the hard-work of the marina crew and Te Wero bridge operators.

## **2.3 Project updates**

### **Transform**

#### **2.3.1 Manukau**

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

#### **2.3.2 Onehunga**

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

#### **2.3.3 Wynyard Quarter**

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

### **Unlock**

#### **2.3.4 City Centre – Britomart**

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

**2.3.5 City Centre – Civic Administration Building**

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

**2.3.6 Henderson**

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

**2.3.7 Ormiston**

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

**2.3.8 Takapuna**

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

**2.3.9 Haumaru Housing**

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

**3. Operations Reports**

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

**4. Financial Summary**

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

**5. Organisational Summary**

**5.1 Chief Executive's Networks**

*Withheld from the public under S7(2)(f)(i) of the LGOIMA*

**5.2 Risk Management Update**

**Board Risk Workshop**

The Board had a successful risk workshop on the 28<sup>th</sup> February where a number of strategic and operational risks were discussed. EY facilitated the risk workshop and we await their final report.

**Current Top Five risks:**

1. America's Cup
2. Resources
3. The Auckland property market
4. LTP funding
5. Cyber security

**Overview**

1. The America's Cup (AC36) infrastructure procurement phase is progressing with the appointment of a contracting team and the design team to be announced shortly. The final location option is still to be decided and the risks relating construction times are increasing due to the tight time frames.

2. Staff retention and the employment market remain a risk through natural attrition and AC36 drawing resources with positions having to be back filled. The employment market for specialised skill sets remain competitive.
3. The domestic markets continue to be affected by government's measures to curb prices in the housing market. House prices are remaining relatively stable and there is a strong commitment from Auckland Council and central government to increase house stocks in the region. Long term mortgage rates are predicted to rise slightly and the LVR lower to attract buyers into the market.
4. The LTP funding project continues, with the public consultation beginning later this month. The current draft has restricted public-good budgets for Panuku, but discussions are continuing to work on the reinvestment argument for Transform and Unlock Areas.
5. A recent meeting with Auckland Council ICT team to discuss cyber-security provided a level of confidence in the steps being taken to protect Council (and Panuku) systems from unauthorised access. Council, in conjunction with third party providers, will scan servers to ensure an acceptable level of system security is provided to protect data integrity by third party providers.

#### **Emerging Risks**

6. Media - Panuku will continue to experience media coverage especially over AC36. The location of the bases is still to be decided and whichever location is chosen, it will provoke media attention.
7. LGOIMA requests may increase as a result as interested parties are affected by future decisions relating to location of the bases.

A copy of the top 5 risks are included as Attachment D to this report.

### **5.3 Portfolio Management Update**

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

### **5.4 Media and digital summary**

Radio NZ ran a Checkpoint and online story about tour operators on Queens Wharf who said the relocation of the iSite Visitor Information Centre to Princes Wharf is hurting their businesses. Checkpoint stated it would follow up the story with a report on the outcome of a meeting between the operators and Ateed, but this is yet to emerge.

As part of a LGOIMA request, Panuku along with the rest of the council family was criticised for its executives' travel expenses in coverage led by the Herald and Radio NZ.

Wynyard Quarter has been regularly praised as an excellent host in coverage of the Auckland stopover of the Volvo Ocean Race, with several reporters likening the event to how the next America's Cup could run. Likewise Silo Park, which this year is the new host of the Auckland Arts Festival Playground, has been regularly noted as an exciting and innovative choice of venue for a well-established event. A blog by events specialist Simon van Praag about what makes Silo Park a sought-after space was published on the Panuku and Wynyard Quarter websites and social media channels and was well received.

A second blog written by Panuku Place Making Manager Frith Walker on the importance of achieving a balance of social and commercial outcomes in regeneration was posted on Frith's personal LinkedIn account and received more than 500 views, 250 of which were overnight. It also sparked a meaningful debate between experts and industry thought-leaders in the space.

A planning committee on 6 March proved highly successful for Panuku, with the High Level Project Plan for Panmure getting the go ahead and resulting in positive coverage in the East & Bays Courier, which took the angle of the sale of local sites required to achieve the project. The North Shore Times' coverage of the approved change of use of 40 Anzac Street led with a quote from a local activist who has lodged a High Court appeal against the council to block the sale of assets, and called the decision a 'theft of democracy'. Both media releases about the project

milestones were shared online on OurAuckland and via Panuku's Facebook and Twitter channels. In particular Panuku's tweet about Panmure received good engagement, driving traffic to the news page and new Panmure project page of the Panuku website.

The New York Times followed up its '36 Hours in Auckland' feature that first ran in 2013 and this year it included a number of favourable mentions of Wynyard Quarter; noting its extensive food and drink offerings and ASB Waterfront Theatre as the home of Auckland Theatre Company. The story was shared on Your Waterfront's Facebook page, reaching more than 6000 people and receiving 72 likes and a number of shares.

As public submissions on a plan for an America's Cup base proposed by the council and agreed with Team New Zealand in December last year drew to a close, a new fourth plan proposed by the Government and council attracted headlines across all main digital, print and broadcast media.

David Rankin provided balance to a story by the National Business Review about some Local Boards who had expressed discontent at their relationship with Panuku. A comment contributed by Henderson-Massey Local Board chair Shane Henderson provided an example of the positive partnerships Panuku has with other Local Boards.

## **Attachments**

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

## Information Paper: Panuku quarter two report to Auckland Council

<b>Document Author(s)</b>	Kingsha Changwai, Planning and Reporting Manager
<b>Reviewer(s)</b>	David Rankin, Chief Operating Officer
<b>Date</b>	12 March 2018

### 1. Purpose

The Panuku quarter two report to Auckland Council is provided to the Board for information.

### 2. Executive summary

The Quarter two report to Council has been prepared from information presented to the Board in Quarter two. A copy of the Quarter two report is presented to the Board for information.

### 3. Discussion

Panuku has made good progress in the second quarter against performance measures and targets in the SOI. The key strategic issues for the company noted in the Quarter two report include working through the LTP process to secure funding for Panuku's development programme by agreeing with Council the reinvestment of asset sale proceeds in Transform and Unlock locations, investigating options in partnering with the private sector and central government and supporting the Council in its interactions with central government on increasing the housing supply.

A copy of the detail Quarter two report to Council is included as **attachment 1** to this report.

### 4. Attachments

**Attachment 1** - Panuku Quarter two report to Auckland Council.



# **Panuku Development Auckland**

## **Quarterly Report**

### **Quarter ended 31 December 2017**

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## 1. Executive summary

The Quarter two report shows that Panuku is making good progress on achieving its financial and non-financial performance targets in the SOI. The company's current focus is on securing adequate funding through the LTP and other sources to implement its regeneration programme.

## 2. Strategic issues and focus areas

### Funding of development programme

Through the Long Term Plan process, Panuku is working to ensure there is credible funding to support public good parts of regeneration in Transform and Unlock locations. An agreed way forward will be reported to the Finance Committee in March 2018. Due to funding constraints, Panuku is also investigating reinvestment across Transform and Unlock projects and options on partnering with the private sector and central government.

### Central Government

Panuku will continue to support the Council in its interactions with Central Government on the issue of accelerating the increase of housing supply and usage of an Urban Development Agency (UDA) to facilitate this goal. Panuku will also continue to promote regeneration as an integral component of housing supply interventions.

## 3. Highlights

Key highlights are:

- The first residents to call Wynyard Quarter home began moving in from December 2017 marking a major milestone in the redevelopment of the waterfront location. Panuku has partnered with Willis Bond to deliver a total of 500 homes in Wynyard Quarter over several stages, the first of which – Wynyard Central Pavilions – is now complete. The first stage of the new precinct offers a mix of 113 residencies comprising 25 free-stranding pavilions, 8 townhouses and 80 apartments with retail space on the ground floor. Willis Bond is also leading the delivery of 51 apartments at 132 Halsey, which is expected to be completed by early to mid-next year. Works will then begin on 30 Madden where construction of 90 more homes is expected to get underway around the middle of 2018.
- The first of 102 homes has been completed at the Airfields, Hobsonville Point. The property on Glidepath Road is the first completed home to be developed in the precinct by AV Jennings and designed and built by GJ Gardner.

- The reserve and playground in the new subdivision at Link Crescent in Stanmore Bay opened in October and the construction of the first homes started in January 2018. Panuku is working with McConnell Property on the Mariner Rise subdivision which will deliver 60 housing units, comprised of two, three and four-bedroom terrace and standalone homes on what was an empty site.
- Emerging food entrepreneurs in west Auckland can now apply for The Kitchen Project, a local initiative that offers affordable kitchen space for product development as well as a mentoring programme. Through the delivery of The Kitchen Project, Panuku has an opportunity to make the spaces being regenerated reflect the people that make up the communities. The programme will be piloted in Henderson and will be based out of dedicated space in the Central One building on Henderson Valley Road. The pilot intake begins in March 2018.
- Leading property executive and company director David Kennedy has been appointed to the Panuku board for a three-year term from 1 November 2017 until 31 October 2020. Mr Kennedy brings strong governance, strategic and operational experience to the board of Panuku. He is currently Chief Executive of Ngāi Tahu Property, the property development and investment arm of Ngāi Tahu Group and has had previous executive roles at the Eden Park Trust, SKYCITY Entertainment Group and St Lukes Group (Westfield NZ).
- Panuku Design and Place Director Rod Marler collected the Urban Design Award at the Auckland Property People Awards. Rod was nominated for his unique ability to articulate a vision and champion the transformation of Wynyard Quarter.

## 4. Future outlook

### America's Cup 36

Panuku continues to support Council's discussion with Central Government on the Wynyard basin and Wynyard Point America's Cup options, including a hybrid option.

For the Council approved Wynyard basin option agreed in December 2017, a significant milestone was achieved with the lodgement of two resource consents on 15<sup>th</sup> January 2018, one for the base infrastructure, and the second for the relocation of the Sealink Ferry and Fishing fleet. A public notification period commences on 30<sup>th</sup> January in which parties will be able to make submissions. It is anticipated that Council processing is scheduled to be completed by April with the consent then being lodged with the Environment Court, commencing the hearing process. The Court has indicated a decision late July, early August allowing construction to commence.



Council and Panuku are continuing to work with the Crown on a solution to provide a world class America's Cup village.





Panuku and the DPO are also working to develop a procurement strategy for the coordinated delivery of Council's waterfront projects in the City Centre and Downtown areas prior to the AC36 event. These projects are in addition to the AC36 base




infrastructure, include the Queens Wharf Dolphin; the Quay St seawall; the new Queens Basin ferry infrastructure and the new public space to be created between Queens and Princes Wharves.


## 5. Key deliverables

The key projects currently being delivered are:

Deliverable	\$'000 YTD CAPEX/ OPEX Actual	Completed/ carry over to next quarter/ deferred	Status	Comments
<b>TRANSFORM</b>				
<i><b>Transform Manukau</b></i>	\$435k (OPEX)  \$62.7k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> <li>Putney Way: Auckland Transport commenced the tender process for street works on behalf of Panuku. This will improve public amenity through widen footpaths , street furniture and tree planting.</li> <li>Regular place activation activities have continued both in Karoro Place as well as around events such as the Puhinui Challenge.</li> <li>Agreement has been reached with Manukau DHB regarding extending public access along the Puhinui stream to enhance community activity and connection to a green network.</li> </ul>
<i><b>Transform Onehunga</b></i>	\$368k (OPEX)	carry over to next quarter		<ul style="list-style-type: none"> <li>Negotiations are continuing regarding the development of a carpark site adjacent to Dressmart. This may include a public space upgrade.</li> </ul>

<b>Transform Wynyard Quarter – (Public Projects)</b>	\$2,632k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> <li>• Council and Central Government continue discussions on the America's cup option. The timing of the decision will have a significant impact on the completion of the project in time for the event.</li> <li>• Auckland Council agreed in December 2017 for the Wynyard Basin option as the location of the America's Cup Base. Resource consent was lodged in January 2018 and open for public submissions.</li> <li>• Skypath enabling works: Design of the Curran Street sewer line upgrade is complete and will go out to Tender in February 2018. The seawall upgrade detailed design underway.</li> <li>• The Queens Wharf Dolphin was approved by Council in December 2017; delivery is likely to be as part of the Central Wharves work programme.</li> <li>• Public Art Plan: Work has progressed with Auckland Council public art team on the delivery of the first tranche of sites along Madden and Daldy.</li> <li>• Madden and Pakenham Street upgrade: Completed January 2018.</li> </ul>
<b>Transform Wynyard Quarter – (Capital Projects)</b>	\$1,791k	carry over to next quarter		<ul style="list-style-type: none"> <li>• Precinct Stage 1 office buildings : Final Project Completion was achieved 31 August 2017. Panuku is expecting a profit payment in March 2018.</li> </ul>
<b>UNLOCK</b>				
<b>Panmure – Town Centre</b>	\$176k (OPEX)	Carry over to next quarter		<ul style="list-style-type: none"> <li>• Work continues on High level project plan (HLPP) and programme business case for Panmure Town Centre.</li> </ul>
<b>Takapuna</b>	\$184k (OPEX) \$37k	carry over to next quarter		<ul style="list-style-type: none"> <li>• The recommendation of the Hearings Panel to change the use of 40 Anzac Street for mixed use development (including a town</li> </ul>

	(CAPEX)			square) was presented for approval at the November 2017 Planning Committee meeting. The committee deferred the decision to enable Panuku to consult further with the Local Board on how this project can proceed. A report is expected back to the Planning Committee by March 2018.
<b>Hobsonville</b>	\$2,916k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> <li>• AV Jennings (Stage 1 – 102 dwellings) Three of the seven Superlots settled in December 2017 - earlier than originally anticipated.</li> <li>• Avanda (Stage 2 – 510 dwellings): Tier 1 Roads (Wallace Road / Waka Moana Drive / Commanders Avenue) - commenced construction in December 2017.</li> </ul>
<b>Northcote</b>	\$498k (OPEX)  \$13.2M (Total SDF spend on ground leases)	carry over to next quarter		<ul style="list-style-type: none"> <li>• The Masterplan / Reference Design Guide for the Awataha Greenway is complete and has been endorsed by the Local Board (December 2017).</li> <li>• The refresh of the Northcote town centre masterplan is also complete.</li> <li>• Negotiations for the acquisition of strategic leasehold interests in the town centre are ongoing. Eight ground leases out of thirty two have been acquired.</li> </ul>
<b>Ormiston Town Centre</b> <i>(Partner: Todd Property)</i>	\$85k (CAPEX)	carry over to next quarter		<p>Ormiston Town Centre</p> <ul style="list-style-type: none"> <li>- Residential Block Stages 1A to 3C completed (63 housing units).</li> <li>- Residential (66 housing units) and Medical Block (Block E) – commencement of residential construction February 2018</li> </ul> <p>66 Flat Bush School Road</p> <ul style="list-style-type: none"> <li>- Todd has settled on Stage 1 December 2017. (There are 369 housing units for the entire site; 91 are</li> </ul>

				stage 1 housing units)
<b>Papatoetoe Town Centre</b>	\$2,047k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> <li>The Shopping Mall refurbishment Stage 1 was completed in December. The Pharmacy, which is the first tenancy in the refurbished mall, is now open.</li> </ul>

## 5.1 Key deliverables for next quarter

Deliverable	Comments
<b>TRANSFORM</b>	
<b><i>Transform Manukau</i></b>	<ul style="list-style-type: none"> <li>Conclude discussions with Scentre Group that enables the redevelopment of the existing shopping mall.</li> <li>Work closely with the Crown on how it may support Transform Manukau and develop Kiwibuild opportunities.</li> <li>Support MIT in its objective to relocate part of its campus from Otara to Manukau.</li> <li>Commence work on the commercial property strategy.</li> <li>Commence planning for the Puhinui Stream project</li> </ul>
<b><i>Transform Onehunga</i></b>	<ul style="list-style-type: none"> <li>Framework Planning and Programme Business case process is targeted for Board approval April 2018.</li> <li>Site adjacent to Dressmart to progress the site design and development agreement.</li> </ul>
<b><i>Transform Wynyard Quarter</i></b>	<ul style="list-style-type: none"> <li>America's Cup: <ul style="list-style-type: none"> <li>Resource consent expected to lodge at Environment Court April 2018</li> <li>Major physical works are expected to start July 2018</li> <li>Contractor appointment will be underway in order to meet construction timeframes and procurement options are being worked through with Council</li> <li>Await final decision from government.</li> </ul> </li> <li>Willis Bond Stage 1 – Wynyard Central (Site East 2): The apartments and townhouses are expecting to reach completion in March 2018.</li> <li>Vos Shed: Building consent expected in April 2018 followed by construction.</li> <li>Promenade Stage 2 – Westhaven Marina Walkway:</li> </ul>

	<p>Resource Consent submission is scheduled for March 2018.</p> <ul style="list-style-type: none"> <li>• Westhaven Marine Village: The leasing campaign concludes in February 2018 and amendment to the resource consent to be progressed.</li> <li>• Wynyard Central East-West Pedestrian Street: The anticipated completion is June 2018.</li> <li>• Fu Wah / Park Hyatt Hotel: Construction progressing with steel structure almost complete. Practical completion expected in March 2019.</li> </ul>
<b><i>Transform Tamaki – Panmure Town Centre</i></b>	<ul style="list-style-type: none"> <li>• Panmure HLPP to be presented to the Panuku Board to seek approval February 2018.</li> <li>• Panmure HLPP to be presented at the Finance &amp; Performance Committee and Planning Committee in March 2018.</li> <li>• Panmure Programme Business Case to be presented to the Panuku Board to seek approval April 2018.</li> </ul>
<b>UNLOCK</b>	
<b><i>Takapuna</i></b>	<ul style="list-style-type: none"> <li>• 40 Anzac Street: The hearings panel recommendation on the change of use will be re-presented to the Planning Committee in March 2018. A decision in favour is required to advance this project.</li> </ul>
<b><i>Hobsonville – Airfields</i></b>	<ul style="list-style-type: none"> <li>• We are investigating a mixed use development on the balance of the Hobsonville site (10 ha).</li> <li>• Continue construction of key infrastructure (Roads in the Avanda and mixed use area) to enable further subdivision.</li> </ul>
<b><i>Northcote</i></b>	<ul style="list-style-type: none"> <li>• The Town Centre Design Guide and reference design for first super lot is to commence this quarter.</li> <li>• Continue with acquisition of strategic leasehold interests in the town centre.</li> </ul>
<b><i>Ormiston Town Centre</i></b> <i>(Partner: Todd Property)</i>	<p>Ormiston Town Centre</p> <ul style="list-style-type: none"> <li>- Residential Block (Block HL) Civil works underway started April 17, with estimated completion in 2018.</li> <li>- Town Centre Block (Block F&amp;J) estimated settlement date mid-2018. (This is the main retail block for Ormiston Town Centre. It does not have a residential component.)</li> </ul>
<b><i>Papatoetoe Town Centre</i></b>	<ul style="list-style-type: none"> <li>• The Shopping Mall refurbishment - Stage 2 completion is due in May 2018 (Two remaining tenancies).</li> <li>• Foodstuffs are expecting to start supermarket construction April 18.</li> <li>• Wallace Road carpark construction start April 18 in line</li> </ul>

	with the supermarket redevelopment.
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## 6. Development budget and Strategic Development Fund

### 6.1 Development budget

Annually council approves a budget (before deferrals) sourced from property sale proceeds to cover investigatory activities and value-adding capital works on properties prior to development or sale. The 2017/18 budget has been split between \$7.3m for operational expenditure (includes inflation) and \$4.0m for capital expenditure.

\$000	Full year Budget	Forecast	*Committed to projects	Actual Expenditure	
<b>Development Expenditure</b>					RAG *
Development capital expenditure	3,987	2,995	2,995	370	
Development operating expenditure	7,344	6,991	7,321	2,162	

The committed capital expenditure of \$3.0m relates to value add activities for 16 projects. These include site decontamination, building demolition, subdivision, preliminary design, vendor due diligence and infrastructure such as water reticulation. The under spend to date mainly relates to the carpark project in Avondale (\$1.5m) expecting to start late 2018 and Unlock Takapuna (\$1m) starting in March 2018.

Committed operating expenditure to date relates to 26 projects and includes High Level Project Plans and Framework plan work not capitalised.

### 6.2 Strategic Development Fund

\$000	Cumulative SDF spend to date	Full year Budget	Actual YTD	Comments	
<b>Strategic Development Fund (SDF)</b>					RAG *
Development capital expenditure	48,400	36,764	14,227	The Panuku Board approved the acquisition of strategic properties and sites in Northcote, Avondale and Onehunga that will contribute to the regeneration.	



The Strategic Development Fund is available for land acquisition and capital improvements for sites which will benefit from short to medium term investment and return both financial and non-financial outcomes.

## 7. Financial performance

The following tables and section provides an overall financial summary covering all Panuku Development Auckland's activities.

### 7.1 Operational

For the quarter ended 31 December 2017

\$'m	Budget YTD	Actuals YTD	Variance YTD	Full year budget	Full year forecast	Variance
<b>Operational</b>						RAG*
Revenue/External funding	19.2	18.6	(0.6)	38.4	36.4	(2.0)
AC funding	17.7	11.5	(6.2)	44.1	36.9	(7.2)
Expenditure excluding depreciation	26.0	21.9	4.1	50.8	46.6	4.2
Fair value decrease / (increase) on investment property	-	(5.2)	5.2	-	5.2	5.2
Depreciation	5.6	3.9	1.7	11.1	8.3	2.8
Tax	-	-	-	-	-	-
Net Surplus/(Deficit) After Tax	5.3	9.5	4.2	20.6	23.6	3.0

\*RAG Status:

- Green** - Performance on target or better
- Amber** - Target may not be met, corrective action taken
- Red** - Target may not be met, action required

The Net Surplus After Tax is \$4.2m higher than budget year to date.

Revenue and External funding was (\$0.6m) behind budget due to the following;

- a. (\$1.5m) less in recharges of Panuku staff to capital budgets, acquisitions and disposals of Council properties and development opportunities. This is linked to reduced acquisition and disposal costs and delayed capital projects.
- b. Marina income is ahead of budget \$0.4m due to additional occupancy and an increase in rates.
- c. Release of a 2015 revenue provision and Maritime Museum revenue to fund capital project at Hobson Wharf \$0.5m

AC funding is (\$6.2m) unfavourable compared to budget. This is due to a number of public outcome capital projects being behind budget resulting in a slower than anticipated draw down of funding from Council.

Expenditure excluding depreciation is \$4.1m favourable compared to budget due to the following;

- a. \$1.8m saving in interest expense, Council undertook a debt for equity swap in June 2017, this was not reflected in the budget. At this stage of the year interest has been reforecast close to zero.
- b. \$0.3m saving in consultancy cost, this is a timing difference and will be corrected by year end.
- c. \$0.8m saving in people costs, there are a number of vacancies that have either been recruited in the last month or there is still ongoing recruitment. The current saving is expected to be held until year end.
- d. \$0.8m saving in repairs and maintenance costs, this is a timing difference and will be corrected by year end
- e. \$0.6m saving in marketing and communications, this is a timing difference and will be corrected by year end.
- f. (\$0.2m) additional electricity expense at the Silo Marina, additional recoveries revenue will offset this.

Depreciation is \$1.7m favourable compared to budget; this is due to slower than anticipated delivery of capital projects from both the prior and current years. The current trend is forecast to continue with \$2.8m saving by year end.

## 7.2 Capital

### For the quarter ended 31 December 2017

\$'m	Budget YTD	Actuals YTD	Variance YTD	Full year budget	Full year forecast	Variance
<b>Capital</b>						
<b>Expenditure</b>	13.2	4.4	8.8	43.4	23.5	19.9
<b>AC funding</b>	8.9	2.6	6.3	26.2	14.3	11.9
<b>External funding</b>	4.3	1.8	2.5	17.2	9.2	8.0

Year to date capital spend was \$8.8m behind budget due to the following:

- a. Madden and Pakenham street upgrade is practically complete resulting in a saving of \$2.6m. Sky Path Landing related works are \$0.9m, Central Park (Panuku contribution to a Healthy Waters Pumping Station in the Wynyard Quarter) \$0.9m behind phased budget and currently forecast to be on budget by year end, replacement of the Karanga Kiosk construction underway and a \$0.3m timing difference will be corrected this quarter. Public space renewals \$0.9m under budget spent year to date.

Other points to note are the Tiramarama Way project which started construction in September 2017 and has been progressing well. Its cost reforecast is expecting a saving of \$0.5m.

There are a number of projects which are still in the pre resource consent stage where savings are now forecast in the year as construction is either expected to start towards the end of the last quarter or in the next financial year. They include the Promenade Stage 2 \$3.8m saving in year and cruise ship infrastructure (The Dolphin) \$2.6m. Public space renewals are forecast to be \$1.2m under spent in year, there are a number of other smaller projects which are underway and will not be completed until the new financial year \$1.4m.






- b. External funded/commercial projects is currently \$2.5m behind phased budget. \$1.4m is in relation to Contamination costs paid to Development Partners in the Wynyard central sites (Willis Bond, Fu Wah and Precinct). These payments are made when requested by the developer after decontamination work is completed and depend on the construction progress on their sites. Due to construction programmes being delayed we expect there to be a \$0.7m under spend in year.

Vos Shed restoration \$0.3m, this project will now get underway in the next quarter as the Heritage funds were released to Panuku in October 2017 to complete stage 1. This project will continue into FY 18/19 with \$0.7m expected to be unspent in year.

The Pile Mooring redevelopment project will apply for resource consent in March 2018, but this process is expected to be extensive and \$1.3m of costs are forecast to be deferred to FY 18/19. The Westhaven Marine Village project is delayed as we are working with a realtor to confirm 50% tenancy pre-let prior to construction starting. We forecast construction will start in June with a \$4.0m deferral to FY 18/19.

## 8. Key performance measures

The table below shows the result of Panuku's key SOI performance measures for the quarter.

Measure	Year-end target	Achieved? (RAG Status)	Last Actual
13. Written evidence that opportunities have been identified and assessed, to be progressed or not.	At least 100 opportunities identified and assessed		151 opportunities have been assessed to date.
14. The net surplus on the property portfolio achieves the annual budget agreed with Council.	Net Surplus achieves budget for 2017/18		A net surplus of \$13.9 million was achieved to the end of December 2017 (\$2.4m ahead of YTD budget).
16. 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 95% or more.		Achieved 97% occupancy at the end of December 2017 (against target 95%).
19. 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.	A list of recommended properties with a total value agreed by the Board the prior year totalling \$60 million gross value will be submitted to Council seeking approval to dispose for 2017/18 financial period.		\$28 million of recommended properties have been presented to date (on track to meet annual target).
20. Achieve total forecast net sales for the financial year through unconditional agreements.	Meet or exceed financial forecast  Property disposal target of \$100 million (net value of unconditional sales).		\$84 million net property disposals have been achieved against the target of \$100 million. (Ahead of YTD budget)

## 9. Annual performance measures

The table below details Panuku's other SOI performance measures that are reported annually at the end of the financial period.

Measure	Year-end target	Last Actual
1. Achieve ten key deliverables in the Board approved Master programme.	Master programme deliverables completed within the Board approved timeline.	Annual Target
2. Number of net new dwelling units is calculated in accordance with agreed criteria.	Projected number of net new dwelling units is approved by the Board at least annually.	Annual Target
3. Development agreements are submitted to the Panuku Chief Executive, Board and/or Council for approval	<b>Three year target</b> Twenty six development agreements with partners including community housing organisations to be entered into.	Annual Target
4. On completion of the project or each key stage of the project, the project achieves the financial and non-financial outturn in the business cases. (Housing and urban regeneration combined)	All projects completed this year achieve business case financial and non-financial outturn	Annual Target
5. Percentage of visitors surveyed satisfied with their experience of the public spaces on the city centre waterfront (LTP)	75%	Annual Target
6. Percentage of Aucklanders surveyed who have visited the city centre waterfront in the past year (LTP)	73%	Annual Target
7. Percentage of attendees surveyed satisfied with key Waterfront place programmes and activities	84%	Annual Target
8. Number of event days per year at the Waterfront	350 days	Annual Target
9. Number of visitors per year at the Waterfront	1.9 million	Annual Target
10. Percentage of customers surveyed satisfied overall with marina facilities and services (LTP)	74%	Annual Target
11. Number of significant Māori initiatives implemented or active per annum (LTP)	47	Annual Target
12. % Mana whenua groups satisfied with quality of engagement	Maintain or Improve	Annual Target

Measure	Year-end target	Last Actual
15. Improvement in gross rental income on those properties that are available for rent and have been held in the portfolio for at least two years prior to the end of the reporting period.	The annualised % movement in gross rental income of properties with rent reviews during the financial period is equal to or greater than the CPI movement.	Annual Target
17. 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.	Greater than or equal to 2.2%	Annual Target
18. Return on Equity on commercial assets and services (LTP) at Waterfront.	8.4%	Annual Target
21. Acquisitions are delivered within the timeline agreed with Auckland Council.	80% satisfaction against agreed service performance measure	Annual Target

## 10. Contribution to Māori outcomes

The table below shows Panuku's progress on SOI projects and initiatives contributing to Māori outcomes.

Key project and initiatives	Description	Progress
1. Achieving better outcomes for and with Māori	<p>Support and develop initiatives which create strong relationships with Māori, including engagement opportunities through governance forums and with kaitiaki.</p> <p>Include KPIs and appropriate measures to identify progress across the organisation in delivering positive outcomes for Māori.</p> <p>Undertake engagement with Māori to increase understanding of priority outcomes, agree shared strategic objectives, and develop a way forward.</p>	<p>Panuku is implementing a range of improvements to our engagement approach with Mana Whenua.</p> <p>In addition to the engagement review, relationship managers and an SLT representative have been appointed to each individual Mana Whenua entity.</p> <p>Work on the Māori outcomes framework has been initiated with the involvement of nominated Mana Whenua representatives. This work will identify priority outcomes and how these can be progressed in partnership with Mana Whenua and</p>

Key project and initiatives	Description	Progress
		<p>Panuku, and will include measures to identify progress.</p> <p>Several Mana Whenua entities have indicated strong interest in developing MOUs to formalise their relationship with Panuku. The organisation currently has MOUs with three Mana Whenua entities.</p> <p>Panuku is leading preparation and lodgement of resource consent applications for the America's Cup base location, the Westhaven pile mooring reclamation and the cruise ship dolphin. Some Mana Whenua representatives have requested a 'combined' approach to the consents that ensures better use of time and resources - an engagement approach is being developed to facilitate this request.</p>
2. Enabling Māori commercial development opportunities	<p>Understand and develop the spectrum of Māori commercial development opportunities available across the organisation. Working in partnership with Māori to enable investment in commercial and housing opportunities.</p>	<p>The Barrowcliffe development in Manukau is progressing positively with one Mana Whenua entity successful with their proposal for a superlot development. The development agreement is to be finalised.</p> <p>A draft development agreement for the Tavern Lane site in Old Papatoetoe has been issued subject to commercial conditions being finalised. This development proposal involves a Mana Whenua entity and a mataawaka agency.</p>
3. Celebrating the Māori cultural footprint in design, the	<p>Facilitate Māori identity innovations through priority location and public realm projects. Foster Māori identity and te reo</p>	<p>The Priority Location programmes offer a number of opportunities to incorporate Māori identity in public realm projects. Panuku currently has</p>

Key project and initiatives	Description	Progress
natural and urban environment, and broader social outcomes	<p>Māori through initiatives such as naming new streets, laneways, buildings, signage, communications, art and landscaping.</p> <p>Placemaking will work from a kaupapa Māori foundation to deliver positive outcomes for Māori across the region.</p>	<p>either commissioned or will be shortly commissioning appropriate consultants to work with Mana Whenua on development concepts.</p> <p>Placemaking are initiating a rangatahi based programme which will focus on building the visible cultural identity from a youth focus. The purpose of this programme would be to grow the capability of both Panuku and rangatahi to work collaboratively in the uplifting and creation of meaningful places, to develop leadership skills, and to explore opportunities by connecting and learning in shared learning environment through tikanga, reo and kawa. This work is in conjunction with the creation of Placemaking Values for Panuku, which draw directly from Matauranga Maori and Mana Whenua values and knowledge.</p> <p>Opportunities around the council whānau City Centre and Waterfront projects are of high interest to Mana Whenua, and present a range of opportunities to showcase the Māori identity of Tāmaki Makaurau. Discussions are currently focused on the America's Cup legacy opportunities and the resource consenting for the AC36 base locations. The Māori outcomes framework which will be developed by council with the Kaitiaki Forum provides a significant base for identifying initiatives.</p>



Initiative	How it contributes to Maori outcomes	Spend to date \$000	Full Year Budget \$000
Maori engagement	Improves public space and activities through input from Iwi	\$32	\$ 93
Maori technical/specialist advice	Ensures that public spaces and developments respect and reflect Maori culture and history	\$255	\$ 341
Development Projects	Maori related expenditure spent on Panuku's development projects	\$41	
Maori koha		-	\$ 5
Commercial Advisory Fund		-	\$100
<b>Total</b>		<b>\$328</b>	<b>\$539</b>

## 11. Key Local Board issues

### Decision mapping project

As previously reported some issues have been raised about the local board decision-making role in our transform and unlock locations. Following a number of cross council workshops in 2017 it was agreed that whilst the decision-making roles are clear we need to agree and embed a best practice process into the Panuku project management framework to ensure that local board and governing body input and decision-making is sought at the right time. There is a collective acknowledgment and willingness between Panuku and Local Board Services to develop a common and agreed understanding of how Auckland Council elected representatives will be involved in the planning and delivery of transform and unlock locations. A cross council project team will work together to refine a best practice approach to provide certainty to staff and governors that the necessary touch points for local board and governing body input and decision-making will take place. We are confident that our relationships with local boards and governing body will be enhanced once this process is embedded into our project management framework. The project is anticipated to commence in March 2018.

### Health and Safety

Sometimes our front line staff have to deal with important and emotionally charged issues like asset sales and community change. Sometimes these contentious issues means our staff are subjected to inappropriate treatment from some local board members or the public. We have taken steps to ensure that staff are supported when they are made to feel unsafe, threatened or abused. As always we want to work

collaboratively with the public and local boards to work constructively on important issues such as clarifying our role in asset sales.

### **Asset sales**

The majority of Panuku engagement with local boards across the region is focused on the disposal of assets within their areas without a strategic regeneration plan. Predominantly, this is perceived as a negative interaction as Local Boards do not wish to lose their assets and Panuku is often seen as the cause of this asset loss. The issue seems to be even more acute as we head into the LTP consultation process coupled with the reality that as the asset sales pipeline runs dry we can expect to face more and more opposition from local boards to divest a shrinking pool of land. In addition to asset sales, Panuku is heading into regeneration implementation across a significant number of areas. As intensity increases we can expect much more critical public and media commentary. Even where local boards have been positive to date, we can expect more debate on the scale and implications of regeneration. We are proactively working on a number of measures to mitigate this issue, including:

- Focused sessions with local board members to understand their views.
- Collaborating with the local board services lead team to look at possible refinement of some of our processes.

## **12. Risk management**

Quarter two 2017/18 has seen the approvals of the Risk Management Framework and the Crisis and Business Continuity Plan, by the Senior Leadership Team, the Audit and risk Committee and the Board of the Panuku Development Auckland. These will be rolled out within the directorates during Quarter 3 to embed better risk management practices.

More emphasis is being given to directorate business objectives and the associated risks to achieve the targeted directorate outcomes. Good input has been received by all teams in completing the individual directorate risk registers with key risks identified across the teams.

Programme and project risk management is maturing well with project managers participating in regular risk workshops and actively managing risks with their teams. This will continue to improve as project teams become more familiar in embedding risk management into business as usual.

### **Key Risk Movements**

The last quarter has seen a softening in the Auckland property market through measures by the government to ease housing affordability and housing shortage. If

the market softens there is a risk to the market values of the land holdings Panuku is looking to redevelop which may negatively impact the timing of the redevelopments and regeneration.

The America's Cup (AC36) programme is a developing priority; procurement aspects are being finalised and delivery models progressed (alliance model). Awareness of the interdependencies among the council family are critical to ensure programme and project risks are carefully managed.

Cyber security is a continual threat to the Council and Panuku's ICT systems that could cause a loss of confidential data. This risk is managed by using ICT security firewalls, technical safeguards and having a ICT Disaster Recovery Plan.

Panuku Development Auckland has received increased media coverage over the last quarter and this is likely to increase as the America's Cup programme sees the infrastructure physical works programme commence.