

Board Report

P u b l i c

Date
Wednesday,
28 November 2018

Time
2:30 pm

Venue
Panuku
Development
Auckland
82 Wyndham St



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 November 2018 | 9.00 am – 4.00 pm

Board Members: Adrienne Young-Cooper – Chair
 David Kennedy – Director
 Richard Leggat – Director
 Dr Susan Macken – Director
 Paul Majurey – Director
 Mike Pohio – Director
 Martin Udale – Director

In attendance: Roger MacDonald – Chief Executive
 David Rankin – Chief Operating Officer
 Jenni Carden – Executive Officer / Company Secretary
 Monica Ayers – Director People and Culture
 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

		Page #	Timing
	Whakatau / Welcome new chair		
	Morning tea with guests		
	Rangatira Hui		
	Break		
1.	Procedural Motion to Exclude the Public 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.		
2.	Confidential Governance Matters 2.1 Minutes of 24 October 2018 Board meeting <i>Withheld from the public under S7(2)(h) of the LGOIMA</i> 2.2 Board Action List <i>Withheld from the public under S7(2)(h) of the LGOIMA</i> 2.3 Board Forward Work Programme <i>Withheld from the public under S7(2)(h) of the LGOIMA</i>		

3.	<p>Confidential Strategic Papers (papers which are fully confidential)</p> <p>3.1 Decision: Board Delegated Authority Policy <i>Withheld from the public under S7(2)(h) of the LGOIMA</i></p> <p>3.2 Decision: Unlock Northcote <i>Withheld from the public under S7(2)(h) and S7(2)(i) of the LGOIMA</i></p> <p>3.3 Decision: Unlock Avondale <i>Withheld from the public under S7(2)(h) and S7(2)(i) of the LGOIMA</i></p> <p>3.4 Information: America's Cup 36 <i>Withheld from the public under S7(2)(h), S7(2)(i) and S7(2)(b)(ii) of the LGOIMA</i></p> <p>3.5 Decision: Legal Ownership Structure of Waterfront Land <i>Withheld from the public under S7(2)(h) and S7(2)(b)(ii) of the LGOIMA</i></p>		
Lunch			
4.	<p>Confidential Decision Papers (papers which are fully confidential)</p> <p>4.1 Unlock Takapuna <i>Withheld from the public under S7(2)(h) and S7(2)(i) of the LGOIMA</i></p> <p>4.2 Director appointment Westhaven Marina Limited and Downtown Marinas Limited <i>Withheld from the public under S7(2)(h) of the LGOIMA</i></p> <p>4.3 Civic Administration Building <i>Withheld from the public under S7(2)(h) and S7(2)(i) of the LGOIMA</i></p>		
5.	<p>Confidential Chief Executive's Report (fully confidential) <i>Withheld from the public under S7(2)(b)(ii) of the LGOIMA</i></p>		
6.	<p>Confidential Information Papers (papers which are fully confidential)</p> <p>6.1 Projected Housing Supply <i>Withheld from the public under S7(2)(b)(ii) of the LGOIMA</i></p>		
7.	General Business		

2.30 pm Public meeting

		Page #	Timing
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<p>8.</p>	<p>Opening of Public Meeting</p> <p>8.1 Apologies</p> <p>8.2 Health and Safety Moment</p> <p>8.3 Directors' Interests</p> <p>8.4 Directors' Board Meeting Attendance Register</p> <p>8.5 Minutes of the 24 October 2018 Board meeting (public)</p> <p>8.6 Public Deputation</p>		<p>2.30 pm</p>
<p>9.</p>	<p>Auckland Council</p> <p>9.1 CCO Accountability Review: Strategic Direction</p> <p>9.2 Revised CCO Accountability Policy</p>		
<p>10.</p>	<p>Strategic Papers</p> <p>10.1 Policy on Housing Mix</p>		
<p>11.</p>	<p>Decision Papers</p> <p>11.1 Disposals Recommendation</p> <p>11.2 Subsidiaries Annual General Meeting Resolutions</p> <p>11.3 770R Great South Road</p>		
<p>12.</p>	<p>Health and Safety Report</p>		
<p>13.</p>	<p>Chief Executive's Report</p>		
<p>14.</p>	<p>Information Papers</p> <p>14.1 Disposals Programme</p> <p>14.2 Panuku Quarter One Report to Auckland Council</p>		

Directors' Interests as at 1 November 2018

Member	Interest	Company / Entity	Conflicts pre-identified?
Adrienne YOUNG-COOPER	To be declared to the meeting		
Dr Susan C. MACKEN	Deputy Chair	Panuku Development Auckland Limited	
	Chair	Kiwibank	
	Chair	Spa Electrics Ltd (Aust.)	
	Deputy Chair	Tāmaki Redevelopment Company Ltd	Possible
	Director	Blossom Bear Ltd	
	Director	STG Ltd	
David I. KENNEDY	Director	Panuku Development Auckland Limited	
	Director	525 Blenheim Road Limited	
	Director	Cathedral Property Limited	
	Director	Good General Practice Limited	
	Director	Grantley Holdings Limited	
	Director	Hobsonville Development GP Limited	
	Director	New Ground Living (Hobsonville Point) Limited	
	Director	Ngai Tahu Justice Holdings Limited	
	Director	Ngai Tahu Property (CCC-JV) Limited	
	Director	Ngai Tahu Property Joint Ventures Limited	Possible, Transform Manukau (MIT)
	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	

Member	Interest	Company / Entity	Conflicts pre-identified?
Richard I. LEGGAT	Director	Panuku Development Auckland Limited	
	Chairman	NZ Cycle Trail Incorporated	
	Director	Cycling NZ	
	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 F. MAJUREY	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	Puhinui Park Limited	Possible
	Chair	Tāmaki Makaurau Community Housing Ltd	
	Chair	Te Puia Tapapa	
	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	Arcus Property Limited	
	Director	Atkins Holm Majurey Ltd	
	Director	Museum of New Zealand Te Papa Tongarewa	
	Director	Ngāti Maru Ltd	
	Director	Pare Hauraki Asset Holdings Ltd	
	Director	Pouarua Farm General Partner Ltd	
	Director	Tikapa Moana Enterprises Ltd	
	Trustee	Crown Forestry Rental Trust	
	Trustee	Hauraki Fishing Group	
	Mana Whenua Representative	Hauraki Gulf Forum	

Michael E. POHIO	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 • National Animal Identification and Tracing Ltd
	Director	TBFree
	Director	Te Atiawa Iwi Holdings
	Director	Te Atiawa (Taranaki) Holdings Ltd
	Director	The Rees Management Limited

Member	Interest	Company / Entity	Conflicts pre-identified?
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C. Martin UDALE	Director	Panuku Development Auckland Limited	
	Director	Accessible Properties New Zealand Limited	
	Director	Cardinal Trustees Ltd	
	Director	Essentia Consulting Group Ltd	Possible, with Transform Manukau (MIT)
	Director	Fleming Urban Ltd	
	Director	Forest Group Ltd	
	Director	Hobsonville Development GP Ltd	
	Director	New Ground Living (Hobsonville Point) Ltd	
	Director	Tall Wood Ltd	
	Director	Tallwood Assembly Limited	
	Director	Tallwood Design Limited	
	Director	Tallwood Holdings Limited	
	Director	Tallwood Projects Limited	
	Director	Tāmaki Redevelopment Company Ltd	Possible
	Director	Tāmaki Regeneration Ltd	
	Director	THA GP Limited	
	Director	TW Twenty Twenty Ltd	
Member	Kiwi Rail Property Committee		

MINUTES OF THE MEETING OF DIRECTORS OF PANUKU DEVELOPMENT AUCKLAND LIMITED, HELD IN **CONFIDENTIAL** SESSION AT 82 WYNDHAM ST, AUCKLAND ON WEDNESDAY 24 OCTOBER 2018 COMMENCING AT 9.00 AM.

ATTENDING		<p>Board: Richard Aitken (Chair), David Kennedy, Richard Leggat, Dr Susan Macken, Paul Majurey, Mike Pohio and Martin Udale.</p> <p>Executive: Roger MacDonald – Chief Executive, David Rankin – Chief Operating Officer, Monica Ayers – Director People and Culture, 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>								
BOARD DIRECTORS AND CHIEF EXECUTIVE		The Board held a session with the Chief Executive prior to the board meeting commencing.								
APOLOGIES	1 10/18	There were no apologies. All board and executive were present.								
1 PROCEDURAL MOTION TO EXCLUDE THE PUBLIC	2 10/18	<p>It was RESOLVED THAT, pursuant to the provisions of Section 48(1)(a) of the Local Government Official Information & 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" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">General subject of matters to be considered</th> <th style="text-align: left;">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><i>Moved Paul Majurey, seconded Mike Pohio. CARRIED</i></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									
2.1 MINUTES OF 26 SEPTEMBER 2018 BOARD MEETING CONFIDENTIAL GOVERNANCE MATTER	3 10/18	<i>Withheld from the public under S7(2)(h) of the LGOIMA</i>								
2.2 BOARD ACTION LIST CONFIDENTIAL GOVERNANCE MATTER	4 10/18	<i>Withheld from the public under S7(2)(h) of the LGOIMA</i>								
2.3 BOARD FORWARD WORK PROGRAMME CONFIDENTIAL GOVERNANCE MATTER	5 10/18	<i>Withheld from the public under S7(2)(h) of the LGOIMA</i>								
2.4 VERBAL UPDATE FROM TRANSFORMATION COMMITTEE 11 OCTOBER 2018	6 10/18	<i>Withheld from the public under S7(2)(h) of the LGOIMA</i>								

CONFIDENTIAL GOVERNANCE MATTER		
3.1 REPUTATION CONFIDENTIAL STRATEGIC DISCUSSION	7 10/18	<i>Withheld from the public under S7(2)(f)(i) of the LGOIMA</i>
DISCUSSION ITEM: TERMS OF REFERENCE	8 10/18	<i>Withheld from the public under S7(2)(h) and S7(2)(b)(ii) of the LGOIMA</i>
4.1 PANUKU MĀORI ENGAGEMENT STRATEGY CONFIDENTIAL STRATEGY PAPER	9 10/18	<i>Withheld from the public under S7(2)(f)(i) of the LGOIMA</i>
4.2 UNLOCK PAPATOETOE TAVERN LANE DEVELOPMENT UPDATE CONFIDENTIAL STRATEGY PAPER	10 10/18	<i>Withheld from the public under S7(2)(b)(ii) of the LGOIMA</i>
DISCUSSION ITEM: HOUSING MIX POLICY	11 10/18	<i>Withheld from the public under S7(2)(h) and S7(2)(b)(ii) of the LGOIMA</i>
4.3 FUTURE OF AUCKLAND DOCKLINE TRAM CONFIDENTIAL STRATEGY PAPER	12 10/18	<i>Withheld from the public under S7(2)(b)(ii) of the LGOIMA</i>
DISCUSSION ITEM: PILE MOORING PROJECT	13 10/18	<i>Withheld from the public under S7(2)(h) and S7(2)(b)(ii) of the LGOIMA</i>
DISCUSSION ITEM: NORTHCOTE	14 10/18	<i>Withheld from the public under S7(2)(j), S7(2)(h) and S7(2)(b)(ii) of the LGOIMA</i>
5.1 UNLOCK PANMURE COMMERCIAL PRECINCT CONFIDENTIAL DECISION PAPER	15 10/18	<i>Withheld from the public under S7(2)(h) of the LGOIMA</i>
5.2 SERVICE PROPERTY OPTIMISATION – 22 TAHAPA CRESCENT, MEADOWBANK CONFIDENTIAL DECISION PAPER	16 10/18	<i>Withheld from the public under S7(2)(b)(ii) and S7(2)(h) of the LGOIMA</i>
5.3 SERVICE PROPERTY OPTIMISATION –4 VICTORIA AVENUE, REMUERA CONFIDENTIAL DECISION PAPER	17 10/18	<i>Withheld from the public under S7(2)(b)(ii) and S7(2)(h) of the LGOIMA</i>

5.4 21 HENDERSON VALLEY ROAD, HENDERSON CONFIDENTIAL DECISION PAPER	18 10/18	<i>Withheld from the public under S7(2)(h) of the LGOIMA</i>
6 CONFIDENTIAL CHIEF EXECUTIVE'S REPORT	19 10/18	<i>Withheld from the public under S7(2)(b)(ii) of the LGOIMA</i>
7.1 LEADERSHIP TEAM OBJECTIVES 2018/19 CONFIDENTIAL INFORMATION PAPER	20 10/18	<i>Withheld from the public under S7(2)(b)(ii) of the LGOIMA</i>
7.2 SITE 18 CONFIDENTIAL INFORMATION PAPER	21 10/18	<i>Withheld from the public under S7(2)(h) of the LGOIMA</i>
8 GENERAL BUSINESS	22 10/18	<i>Withheld from the public under S7(2)(h) of the LGOIMA</i>

DRAFT

MINUTES OF THE MEETING OF DIRECTORS OF PANUKU DEVELOPMENT AUCKLAND LIMITED,
HELD IN **PUBLIC** SESSION AT 82 WYNDHAM ST, AUCKLAND ON WEDNESDAY 24 OCTOBER 2018
COMMENCING AT 2.00 PM.

9.1 APOLOGIES	23 10/18	There were no apologies. All board and executive were present.
9.2 HEALTH AND SAFETY MOMENT	24 10/18	Chair, Richard Aitken, led the health and safety moment, discussing e-scooters.
9.3 DIRECTORS' INTERESTS	25 10/18	The Board reviewed and received the Register of Directors' Interests noting amendments for Mike Pohio.
9.4 DIRECTORS' BOARD MEETING ATTENDANCE REGISTER	26 10/18	The Board received the Board Attendance Register.
9.5 MINUTES OF THE 26 SEPTEMBER 2018 BOARD MEETING	27 10/18	The Board reviewed and approved the Minutes of the Board Meeting of 26 September 2018, with confidential information redacted.
9.6 PUBLIC DEPUTATION	28 10/18	Kristen Webster, Principle Advisor Corporate Responsibility, joined the meeting. Ms Sarah Thomson and Dr Grant Hewison from Waitemata Low Carbon Network made a public deputation regarding performance against Panuku's Statement of Intent 2017/18. The Board thanked Ms Thomson and Dr Hewison for their attendance.
10 HEALTH AND SAFETY REPORT PUBLIC INFORMATION PAPER	29 10/18	The Board received the report noting the first iteration of the dashboard.
11 CHIEF EXECUTIVE'S REPORT PUBLIC INFORMATION PAPER	30 10/18	The Board received the public report, with confidential information redacted.
12.1 30 JUNE 2018 ANNUAL REPORT PUBLIC DECISION PAPER	31 10/18	Carl Gosbee, Director – Corporate Services, introduced the report. The Board received the report.
12.2 DISPOSALS RECOMMENDATION PUBLIC DECISION PAPER	32 10/18	David Rankin, Chief Operating Officer, introduced the report. The Board received the report. It was RESOLVED THAT the Board: 1. Approves the recommendation to the Finance and Performance Committee to divest the property at 34 Moore Street, Howick, subject to appropriate controls to ensure strategic outcomes in line with the Panuku SOI development objectives and the Howick Village Centre Plan. <i>Moved Mike Pohio, seconded Richard Leggat. CARRIED</i>
13.1 CORPORATE PROPERTY DISPOSALS PROGRAMME	33 10/18	David Rankin, Chief Operating Officer, introduced the report. The Board received the report.

PUBLIC INFORMATION PAPER		
CLOSE OF BOARD MEETING	34 10/18	Susan Macken cast a vote of thanks on behalf of the Board to acknowledge the departing Chair, Richard Aitken, and thanked him for his service to Panuku and Auckland Council Property Limited (ACPL). The meeting closed at 3.15pm.

READ AND CONFIRMED

_____ **Chairman**

_____ **Date**

DRAFT

Memorandum

25/07/2018

To: CCO Chief Executives

Subject: CCO Accountability Review: Strategic Direction

From: Alastair Cameron, Manager CCO Governance & External Partnerships

Purpose

1. To inform CCOs on work underway to improve the strategic direction setting for council and CCOs and principles that have been developed to help guide this process.

Context/Background

2. The Accountability Review programme for CCOs, approved by the Governing Body in February 2017 aims to improve the strategic alignment, accountability and responsiveness of CCOs using existing accountability mechanisms.
3. A key workstream in the review has been assessing council's strategic direction setting, which specifies the outcomes it wants from CCOs and determines whether CCOs are delivering to these outcomes. We want to ensure council is as clear as possible what it expects CCOs to deliver.
4. The primary role of Auckland Council is to develop policies, strategies, plans and regulations that drive the city forward. CCOs have an important role in providing information on how the strategies and plans are best implemented and in implementing the strategies and plans. However, it is not the role of CCOs to set the strategic direction for the Council or for Auckland.
5. The legislative context for CCOs to be held accountable for implementing council's strategy and plans is provided for in the Local Government Auckland Council Act section 92, where CCOs are required:
 - to 'give effect' to the Long-term Plan (LTP), and
 - to act consistently with the relevant aspects of any other plan or strategy of the council to the extent specified in writing by the governing body of council.

Discussion

6. The council's substantive strategic documents are the Auckland Plan, the LTP and Local Board Plans. Alongside the substantive plans, there are a suite of 'second-tier' strategies, policies and plans. These are a mix of place-based plans (for example the City Centre Masterplan), topic-based plans (e.g. Auckland Economic Development Strategy) and policies (e.g. Public Art Policy and the Smoke free Policy).
7. In reviewing the directives to CCOs in council's strategic framework, several issues have emerged that relate to the governance and roles and responsibilities in developing and implementing strategies / plans that need to be addressed. It is acknowledged that greater clarity is required in council's strategies and plans on the role that our CCOs are expected to play.
8. With the adoption of Auckland Plan 2050, there is now work underway to clarify the status of the second-tier strategies and whether any update is required to reflect the new Auckland Plan. This work provides an opportunity to help address the concerns raised in the accountability review. This work will also include a high-level alignment exercise to determine whether there
 - is a role for CCOs
 - are gaps in the direction given to CCOs, and whether these gaps need to be addressed.
9. If gaps are identified, staff will focus on ensuring that the CCOs' responsibilities in terms of governance, roles and funding of these strategies is clarified. The principles outlined in the next

section will be used to guide this process. The principles outline how the council and CCOs should work together in strategy and policy development and review, as well as the decision-making process, and will be included in the soon to be revised Governance Manual for Substantive CCOs.

10. The outcomes of this work will be used to guide the 2019 Letter of Expectation and 2019-2020 Statement of Intent process.

Next steps

11. Staff will be in touch with the CCO Board secretaries to identify what would be the best way to communicate the Auckland Plan implementation programme, strategy alignment review and the principles for strategy development.

Attachments

Attachment 1: Principles for council and CCO strategy development

Attachment 1: Principles for council and CCO strategy development

The principles identify how the council and CCOs work together in strategy and policy development and review, as well as the decision-making process. Strategy development and advice cannot be carried out in isolation. It involves team work and collaboration with a range of internal and external stakeholders and experts. Implementation considerations are fundamental inputs to its development.

These principles relate to strategy development that is not solely specific to the CCO's service delivery.

Commissioning

- Council leads the commissioning of strategies for Auckland and the Auckland Council group, unless a CCO is explicitly delegated this activity by the Governing Body
- Where a CCO identifies a strategy or policy gap, the CCO talks to council staff in the first instance to seek an agreed approach
- Council staff, in collaboration with relevant CCOs and other interested parties, assess the need for a strategy
- If a strategy is required, council staff and CCO jointly seek council committee agreement to proceed in strategy development and to agree strategy lead.

At the completion of the commissioning process the council and CCOs should have a clear understanding of the issue to be addressed; what council's involvement in this issue should be; which department will lead the work; how CCOs will be involved; and the broad programme of work.

Analysis, engagement and advice process

- In developing a strategy council staff need to consider the overall strategic framework and how the strategy will contribute to the outcomes of the Auckland Plan.
- Early engagement with key stakeholders is desirable. The communications and engagement plan should be agreed at the commencement of the strategy development process.
- Council and CCO staff will work collaboratively within the organisation and with external agencies and stakeholders.
- The council will not develop strategies without considering the relevant CCOs' implementation plans.
- Council will not develop strategies which require CCOs to deliver activity where funding for implementation has not been considered or identified.

Seek and obtain decision

- Council staff should write the covering report to any CCO report seeking a decision on a strategy.
- Council staff should ensure that contestable, evidence-based advice is provided, where appropriate, to decision-makers.

3.7 CCO Accountability Policy

This policy sets out the council's expectations for its substantive council-controlled organisations¹ in accordance with section 90 of the Local Government (Auckland Council) Act 2009 (LGACA). This policy is designed to be read in conjunction with the Governance Manual for Substantive Council-Controlled Organisations (CCOs). The Governance Manual brings together key policies and documents relating to the governance of CCOs, and provides further detail about how this policy should be implemented. It provides guidance for boards, executives and senior staff on the effective governance of the substantive CCOs².

1. The council's expectations for CCO's contribution to the council's objectives and priorities

Section 90(2) of the LGACA sets out the requirements of the accountability policy, and states that:

“(2) The policy must—

- a) include a statement of the Council's expectations in respect of each substantive council-controlled organisation's contributions to, and alignment with, the Council's objectives and priorities.*
- b) include a statement of the Council's expectations in respect of each substantive council-controlled organisation's contributions to, and alignment with, any relevant objectives and priorities of central government.”*

Central government departments have been involved in the development of plans and strategies of the council, including the Auckland Plan and the Auckland Transport Alignment Plan. Therefore, the objectives and priorities of central government are reflected in the expectations set out in this policy.

1.1 Common expectations

Auckland Council has a number of expectations of each of its substantive council-controlled organisations in respect of their contribution to, and alignment with, the council's objectives and priorities. Each substantive CCO is to meet the common expectations set out below and the specific expectations for each.

1.1.1 Build public trust and confidence in the council group

Each substantive CCO is to be responsible for building public trust and confidence in itself and the council group. This is to be achieved by:

- Acting in the interests of all Aucklanders, both current and future.
- Recognising that the services and assets it may own or manage are public services and assets, which should be managed in the best interests of Aucklanders.
- Meeting the public's expectation of transparency and accountability, and always considering the council group's reputation.
- Improving the public's perception of transparency and accountability by tracking and reporting investment and performance data in a clear and accessible manner.

¹ The Governing Body resolved on 31 May 2018 to disestablish council-controlled organisation Auckland Council Investments Limited and transfer all of its assets, liabilities and obligations to Auckland Council on 1 July 2018. Therefore, Auckland Council Investments Limited has not been explicitly included in this Policy.

² The Governance Manual for Substantive CCOs can be accessed at:

<http://temp.aucklandcouncil.govt.nz/EN/AboutCouncil/representativesbodies/CCO/Documents/governancemanualforsubstantiveccos.pdf>

- Operating under a no surprises policy, which means informing the Mayor, councillors or local boards (as appropriate) well in advance of any events, transactions or issues that could attract public interest, whether positive or negative.
- Ensuring excellent customer service, including understanding the communities it serves.
- Ensuring that any conflicts of interest or potential conflicts of interest (whether actual or perceived) are declared and managed appropriately.
- Providing transparent information about the activities and services it provides to the community.
- Including customers and communities in decision-making where appropriate, using the principles in the Significance and Engagement Policy.
- Being aware, as a public entity, of the need to be especially prudent around sensitive expenditure such as travel and entertainment, and ensuring that it only occurs where there is a justifiable business purpose.
- Engaging with central government on central government policy through the council parent. Engagement on operational matters does not need to be carried out through the council parent.
- Improving the recognition of ratepayer funding for public services and assets through the use of consistent, group-wide branding in accordance with the council's Brand Navigation Guidelines.
- Ensuring that it acts as a good employer.

1.1.2 Provide value for money

Each substantive CCO is to ensure that it provides value for money for Aucklanders, which means achieving the outcomes and levels of service specified by the council in an efficient and effective way. This is to be achieved by:

- Being accountable for decisions about spending and the use of council group resources and assets.
- Ensuring that all activities and services are underpinned by prudent use of resources and assets.
- Ensuring that there is a high degree of transparency in financial planning, budgeting, and sources of revenue.
- Informing the council well in advance of entering into any commitments or obligations that may:
 - have financial impacts which are outside of approved funding; or
 - negatively affect the group's prudential ratios³ through a significant increase in group debt or reduction in revenue.
- Providing transparent information to Aucklanders on financial and non-financial performance to demonstrate value for money.
- Ensuring that there is a justifiable business purpose for all spending.
- Ensuring that investment is supported by robust business cases which meet the standards of any relevant group policies and provide a clear and strategic rationale for investment.
- Ensuring that the delivery of activities and services is as efficient as possible, and that corporate spending is kept to a minimum.

³ The council monitors prudential debt ratios (which can include things such as lease commitments) to ensure group borrowings remain sustainable relative to revenue. These are set out in the Financial Strategy (Part 1.4 Volume 2 of the 10-year Budget).

1.1.3 Building a group approach to achieve outcomes for Aucklanders

The substantive CCOs are to work with the council and with each other to achieve outcomes for Aucklanders. This is to be achieved by:

- Working together to align and achieve group strategies as set out in the Auckland Plan and prioritised through the Long-term Plan.
- Building and maintaining a culture of collaboration across the group to achieve the objectives and priorities of the council and to provide value for money.
- Open and transparent sharing of information where that is required to achieve outcomes for Aucklanders.
- Presenting a unified front with the parent and with other CCOs on key issues facing Auckland.
- Implementing agreed group policies such as those on Treasury, Insurance and Procurement⁴, and participating in the development of any further group policies, for example 'Our Charter', which includes foundation principles and standards for staff behaviours.
- Participating proactively and constructively in efforts to achieve efficiencies and savings for the council group and make the most of its size and scale, including group procurement and the use of shared services.
- Acknowledging the council's wider policy settings in its own decision-making and considering issues from the perspective of the council.

1.1.4 Improve outcomes for Māori

The substantive CCOs are to give effect to the council's Māori responsiveness framework and foster more positive and productive relationships between the council group and Māori, develop the ability of the council group and its people to respond more effectively to Māori and contribute to Māori wellbeing by developing strong Māori communities in Tāmaki Makaurau. This is to be achieved by:

- Ensuring that the principles of te Tiriti o Waitangi, such as shared decision-making, partnership and mutual benefit, are applied consistently in activities and decision-making.
- Fulfilling statutory obligations to Māori under the Local Government (Auckland Council) Act 2009, Local Government Act 2002 and other statutes.
- Enabling Māori outcomes.
- Valuing te ao Māori – the Māori world view.
- In addition, the substantive CCOs are to contribute to achieving a collaborative and aligned approach across the council group to working with mana whenua and matāwaka.

1.1.5 Health and safety

Each substantive CCO is to give effect to the group Health, Safety and Wellbeing Policy and Behaviours Statement. This sets out principles and behaviours to give effect to the health and safety vision of the group.

1.1.6 Manage risk appropriately

Each substantive CCO is to proactively manage all their risks including strategic, financial, operational, and reputational risks (including the risk of fraud and/or corruption). Each CCO must:

- Manage, monitor and report on their risk management activities undertaken in accordance with either the council's Enterprise Risk Management Policy and Framework, or the CCO's own risk management framework.
- Actively report on the effectiveness of their risk management processes and outcomes.
- Proactively report on all significant risks and issues and their management to ensure no surprises, transparency and that the significant risks are being appropriately managed.

⁴ The group policies on insurance and procurement were approved by the Finance and Performance Committee on 19 September 2017 (Resolution FIN/2017/121). The same committee approved the policy on treasury management subject to receipt of a signed service level agreement between Watercare Services Limited and Auckland Council on 21 November 2017 (Resolution FIN/2017/161).

Section 2.5 contains specific reporting requirements relating to these provisions, including quarterly reporting and appearing before the Audit and Risk Committee for the purpose of addressing risk management and risks.

1.1.7 Understanding and giving effect to Auckland's shared governance

Both the governing body and the local boards are responsible and democratically accountable for the decision making of Auckland Council.

The governing body has, among other decision-making roles, decision-making in relation to the governance of the council's CCOs. Therefore the substantive CCOs are directly accountable to Auckland Council through the governing body, and the board of each CCO has a direct governance relationship with the governing body. The substantive CCOs should:

- Understand the role of the governing body.
- Proactively build and maintain good relationships with members of the governing body.
- Actively engage with the relevant ward councillors on projects and issues within their ward.

Local boards make decisions on local activities and services, and play an important role in representing local communities. The activities of CCOs are very important in local communities, and each CCO must ensure that it works effectively with local boards. The substantive CCOs should:

- Understand the role of local boards, both their role as local decision-makers and their responsibility to identify and communicate the views and preferences of the communities in its local board area.
- Proactively build and maintain good relationships with each local board.
- Consult with local boards genuinely and early in a way that allows them to influence decisions that may:
 - affect a local board's governance role.
 - have a significant local impact (taking into account any mitigation measures).
 - require a CCO to undertake local or regional community consultation.

Substantive CCOs will need to recognise local interests while ensuring that regional priorities and strategies are achieved.

1.1.8 Climate change and reducing carbon emissions

Each substantive CCO is to contribute towards reducing carbon emissions and contributing towards a climate resilient future. This is to be achieved by:

- Working with the council in the review and update of Low Carbon Auckland to deliver an integrated approach to climate change, addressing both emissions reduction and climate resilience.
- Implementing actions identified in the current and future iterations of the plan as appropriate for each CCO.
- Embedding climate change considerations into decision-making, planning and policies regarding both emissions reduction and addressing the impacts of current and on-going climate change.

1.2 Auckland Tourism, Events and Economic Development

A. Objectives of Auckland Tourism, Events and Economic Development

The objectives of Auckland Tourism, Events and Economic Development (ATEED) are⁵:

- To lift Auckland's economic wellbeing.
- To support and enhance Auckland's performance as a key contributor to the New Zealand economy.
- To support and enhance Auckland's ability to compete internationally as a desirable place to visit, live, work, invest and do business.

B. The council's expectations of ATEED in relation to its objectives and priorities

ATEED is to give effect to the objectives and priorities of the council in the Auckland Plan, and the Auckland Economic Development Strategy, and in particular by:

Opportunities and prosperity

- Creating the conditions for a resilient economy, innovation, and employment growth, and raising productivity
- Attracting and retaining skills, talent and investment
- Developing skills and talent for the changing nature of work and life-long achievement

Māori identity and wellbeing

- Promoting Māori success, innovation and enterprise
- Showcasing Auckland's Māori identity and vibrant Māori culture

ATEED is to contribute to other relevant outcomes in the Auckland Plan, including:

- Belonging and Participation

In doing so, ATEED is to:

- Advance Māori employment and create the environment for Māori business and iwi organisations to be a powerhouse in Auckland's economy
- Leverage Auckland's position to support growth in exports and a competitive New Zealand economy
- Increase ongoing learning and training in new and emerging areas, with a focus on those most in need

C. Methods

ATEED is to meet these expectations by:

- Ensuring that its funding, policies and activities are directed towards achieving the council's objectives and priorities.
- Collaborating with the council, council-controlled organisations and the relevant central government agencies to maximise benefits for Aucklanders and ensure value for money.

⁵ ATEED company constitution

1.3 Auckland Transport

A. Purpose of Auckland Transport

The purpose of Auckland Transport is to contribute to an effective, efficient, and safe Auckland land transport system in the public interest⁶.

B. The council's expectations of Auckland Transport in relation to its objectives and priorities

Auckland Transport is to give effect to the objectives and priorities of the council in the Auckland Plan, and in particular by:

- Better connecting people, places, goods and services
- Increasing genuine travel choices for a healthy, vibrant and equitable Auckland
- Maximising safety and environment protection

In doing so, Auckland Transport is to:

- Make better use of existing transport networks.
- Target new transport investment to the most significant challenges.
- Maximise the benefits from transport technology.
- Make walking, cycling and public transport preferred choices for many more Aucklanders.
- Better integrate land-use and transport.
- Move to a safe transport network, free from death and serious injury.
- Develop a sustainable and resilient transport system.

Auckland Transport is to contribute to other relevant outcomes in the Auckland Plan, including:

- Māori Identity and Wellbeing
- Belonging and Participation
- Homes and Places
- Environment and Cultural Heritage

C. Methods:

Auckland Transport is to meet these expectations by:

- Ensuring that its capital and operating expenditure, policies and plans are directed towards achieving these objectives and priorities.
- Implementing, through its role as a provider of infrastructure critical to urban development, the Development Strategy set out in the Auckland Plan. The Development Strategy sets out how Auckland will change and grow over the next 30 years, through a quality compact approach.
- Engaging early with the council to ensure any proposed major investment decisions, city-shaping projects or significant policies align with the council's objectives and priorities, in accordance with the policy on Strategic Assets in Section 5.
- Working with the council, other council-controlled organisations and infrastructure providers to achieve the council's objectives and priorities in an efficient and effective way, including in particular the integration of transport infrastructure with land use.
- Aiming to secure co-funding from the New Zealand Transport Agency for all eligible investments which are aligned with the council's priorities to maximise value for money for Aucklanders.

⁶ Section 39, Local Government (Auckland Council) Act 2009.

1.4 Panuku Development Auckland

A. Purpose⁷

The purpose of Panuku Development Auckland (Panuku) is to contribute to the implementation of the Auckland Plan and encourage 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 will manage council's non-service⁸ property portfolio and provide strategic advice on council's other property portfolios. It will recycle or redevelop sub-optimal or underutilised council assets and aim to achieve an overall balance of commercial and strategic outcomes.

B. The council's expectations of Panuku in relation to its objectives and priorities

Panuku is to give effect to the objectives and priorities of the council in the Auckland Plan, and in particular by:

1. Facilitating redevelopment of urban locations

Panuku is to facilitate private sector, third sector⁹, iwi and government investment and collaboration into the sustainable redevelopment of brownfield urban locations consistent with the Development Strategy in the Auckland Plan. It will also co-ordinate the provision of the council's infrastructure and other investment in these locations.

2. Accommodating urban growth through redevelopment

Panuku is to contribute to accommodating residential and commercial growth through facilitating the quality redevelopment of urban locations with excellent public infrastructure and services. Redevelopment of the overall portfolio should offer a range of residential choices and price points to cater for diverse households.

3. Facilitating vibrant places

Panuku is to facilitate the creation of adaptable and resilient places that contribute to wellbeing, promote health and safety and are fully accessible to people with disabilities and older people. It will harness and incorporate the local community's unique identity, attributes and potential to create vibrant communities.

4. Developing the Auckland waterfront

Panuku is to continue to lead the development of the Auckland waterfront in a way that is consistent with the Waterfront Plan 2012, and which balances commercial and public good objectives, including high quality urban design.

5. Strategically create value from assets

In partnership with the council group, Panuku is to use its commercial expertise and knowledge of land and property markets to:

- Facilitate quality redevelopment of underutilised council landholdings within current urban boundaries.
- Manage the council group's non-service properties in a way that optimises the returns to the council group.
- Acquire land consistent with the council's specifications.
- Optimise returns from the disposal and development of land in a commercially robust way¹⁰.

6. Promoting Māori identity and wellbeing

Panuku is to promote Māori identity and wellbeing by:

- Showcasing Auckland's Māori identity and vibrant Māori culture.

⁷ Panuku Development Auckland company constitution

⁸ Non service properties are defined in the Local Government (Tamaki Makaurau Reorganisation) Council-controlled Organisations Vesting Order 2010 as property that is not infrastructure or used to deliver services.

⁹ The third sector refers to organisations that are not for profit or non-government organisations.

¹⁰ The council has set targets for the return from disposals of assets and land in the Long-term Plan.

- Recognising te Tiriti o Waitangi and supporting mana whenua in their unique role as kaitiaki of Tāmaki Makaurau.

C. Methods

Panuku is to meet these expectations by:

- Ensuring that its capital and operating expenditure, policies and plans (including locally-specific development plans) are directed towards achieving these objectives and priorities.
- Working with the council, other council-controlled organisations and infrastructure providers to facilitate urban redevelopment.

1.5 Regional Facilities Auckland Limited

A. Purpose

The purpose of Regional Facilities Auckland Limited (RFA) is to engage the communities of Auckland through cultural, heritage, and lifestyle opportunities. This will be done primarily by operating, administering and developing various regional facilities on a prudent, commercial basis¹¹.

B. The council's expectations of RFA in relation to its objectives and priorities

Through its activities and the facilities and venues it operates, Regional Facilities Auckland is to contribute to several of the outcome areas in the Auckland Plan. These include:

- Belonging and participation, and specifically to recognise the value of arts, culture, sport and recreation to quality of life, and providing opportunities and spaces for people to meet, connect, participate in and enjoy community and civic life.
- Environment and cultural heritage, and specifically ensuring Auckland's cultural heritage is valued and cared for.
- Showcasing Auckland's Māori identity and talent, and specifically celebrating Māori culture and supporting te reo Māori to flourish.

In addition, Regional Facilities Auckland is to give effect to the relevant objectives and priorities set out in council strategies including:

- Toi Whitiki: Arts and Culture Strategic Action Plan.
- The Auckland Sport & Recreation Strategic Action Plan.

C. Methods

Regional Facilities Auckland is to meet these expectations by:

- Ensuring that its planning and investment in, and management of, regional venues and facilities is aligned to these objectives and priorities.
- Taking a regional perspective to the provision of facilities for Aucklanders, including working closely with the council to ensure that plans for regional venues and facilities and plans affecting national-level venues and facilities are aligned with the network of local and community facilities.
- Ensuring that the development of significant plans and strategies to achieve its aims are carried out in collaboration with the council.
- Recognising central government as a strategic partner, and aligning, where appropriate, with its policy for and investment in facilities providing cultural, heritage, and lifestyle opportunities.

¹¹ Regional Facilities Auckland deed of trust

1.6 Watercare Services Limited

A. Purpose of Watercare Services Limited

The purpose of Watercare Services Limited (Watercare) is to provide Auckland's integrated water supply and wastewater services.¹²

B. The council's expectations of Watercare in relation to its objectives and priorities

Watercare is to give effect to the objectives and priorities of the council in the Auckland Plan, and in particular by:¹³

Environment and cultural heritage:

- Ensuring Auckland's natural environment and cultural heritage is valued and cared for
- Applying a Māori world view to treasure and protect our natural environment (taonga tuku iho)
- Using growth and development to protect and enhance Auckland's natural environment
- Ensuring Auckland's infrastructure is future-proofed

Homes and places:

- Developing a quality, compact urban form to accommodate Auckland's growth

Māori identity and wellbeing:

- Advance mana whenua rangatiratanga in leadership and decision-making and provide for customary rights.

C. Methods:

Watercare is to meet these expectations by:

- Ensuring that its capital and operating expenditure, policies and plans are directed towards achieving these objectives and priorities.
- Implementing, through its role as a provider of infrastructure critical to urban development, the Development Strategy set out in the Auckland Plan. The Development Strategy sets out how Auckland will change and grow over the next 30 years through a quality compact approach.
- Working with the council, other council-controlled organisations and infrastructure providers to achieve the council's objectives and priorities in an efficient and effective way, including in particular the optimisation and integration of water, wastewater and stormwater (the three waters) outcomes for the benefit of current and future Aucklanders.
- Actively facilitating the participation of Māori in the management of natural resources.

¹² Constitution of Watercare Services Limited

¹³ Watercare also has specific statutory obligations as the 'Auckland water organisation', which are set out in sections 57 and 58 of the LGACA.

2. Additional reporting requirements

Section 90(2) of the LGACA states that:

“(2) *The policy must—*

- c) specify any reporting requirements that each substantive council-controlled organisation must undertake in addition to those required under Part 5 of the Local Government Act 2002 or this Act.”*

2.1 Statutory requirements

Sections 66 to 68 of the Local Government Act 2002 (LGA) set out requirements for CCOs to provide half-yearly and annual reports on their operations to the council.

The half-yearly report must be provided within two months after the end of the first half of each financial year. The annual report must be delivered to the council no later than three months after the end of the financial year, and must be publicly available on the CCO’s website, with a hard copy available to any member of the public upon request. The release of the half-yearly and annual reports are required to be managed in accordance with the New Zealand Stock Exchange (NZX) continuous disclosure requirements as noted under Section 2.4.

In addition to the statutory requirements, each substantive CCO is to provide additional reporting as set out below.

2.2 Quarterly reporting

In addition to the statutory requirements for half-yearly and annual reports, the council requires all substantive CCOs to provide a quarterly report on their performance to the council, no later than 1 month after the end of the first and third quarter of each financial year¹⁴ or as per the instructions of the Group Financial Controller.

The quarterly report must report against the performance targets set out in its SOI, and must be in the format required by the council.

2.3 Attendance at council committee meetings

The chair and chief executive of each substantive CCO are expected to appear before the relevant council committee when it meets to consider the CCO’s performance against its SOI.

The board of each substantive CCO may be required to appear before the relevant council committee when it meets to consider its annual report and/or fourth quarter report.

2.4 New Zealand Stock Exchange requirements

Substantive CCOs must adhere to the New Zealand Stock Exchange (NZX) requirements and work with the council on the timing of public release of financial information. In particular, CCO and group information must remain confidential until the group interim report and full Auckland Council annual report have been adopted by the council and released to the NZX at the end of February and September, respectively.

Substantive CCOs must also comply with the requirements of the continuous disclosure policy.

¹⁴ As provided for in s91(1)(b) of the LGACA.

2.5 Audit and risk reporting requirements

Each substantive CCO is to:

- Provide a risk report and top risks register (as presented to its own audit and risk committee, board or equivalent) to council staff on a quarterly basis. This information will be reported to the council's Audit and Risk Committee as a confidential item.
- Ensure relevant board members (or their delegates) attend the meeting of the council's Audit and Risk Committee as requested by the council. This will be every six months or as the Committee requires.
- As part of end of financial year processes, report all Audit New Zealand findings through council staff to the council's Audit and Risk Committee.

2.6 Provide information as required

Each substantive CCO is required to provide information on any aspect of a CCO's performance against its statement of intent if required to by a resolution of the relevant council committee.

3. Additional planning requirements

Section 90(2) of the LGACA states that:

“(2) The policy must—

- d) specify any planning requirements that each substantive council-controlled organisation must undertake in addition to those required under Part 5 of the Local Government Act 2002 or this Act.”*

3.1 Inputs to Long-term Plan and Annual Plan

Each substantive CCO is to have asset management plans, activity plans, performance frameworks and supporting financial information as inputs to the council's Long-term Plan and Annual Plan in accordance with the timeframes and other requirements specified by the council.

3.2 Further requirements

Each substantive CCO must:

- Use the council's asset management framework, or obtain the council's approval for an alternative framework.
- Use accounting policies and standards that are consistent with the council group's accounting policies and standards.
- Comply with council tax initiatives and policies.
- Follow any other planning requirements specified by the council and notified to CCOs.
- Prepare a Māori Responsiveness Plan, and work with the council to monitor and report against it.
- Prepare a local board engagement plan in accordance with the framework set out in the Governance Manual for Substantive CCOs.

4. Management of strategic assets by council-controlled organisations

Section 90(2) of the LGACA states that:

“(2) The policy must—

...

- e) *identify or define any strategic assets in relation to each substantive council-controlled organisation and set out any requirements in relation to the organisation’s management of those assets, including the process by which the organisation may approve major transactions in relation to them.*”

4.1 Definition and identification of strategic assets

Strategic assets are defined in section 5 of the LGA as assets that a local authority needs to retain if it is to maintain its capacity to achieve or promote any outcome that it determines to be important to the current or future well-being of the community. This includes:

- a) any asset or group of assets listed in the local authority’s Significance and Engagement Policy; and
- b) any land or building owned by the local authority and required to maintain the local authority’s capacity to provide affordable housing as part of its social policy; and
- c) any equity securities held by the local authority in—
 - a) a port company;
 - b) an airport company.

For the purposes of this policy, the council considers that the “current or future well-being of the community” means the economic, social, environmental and cultural well-being, and the health and safety of communities.

The strategic assets owned and/or managed by the council’s CCOs are any scheduled heritage buildings or structures and the assets set out in table 1.

Table 1 – Strategic assets owned or managed by substantive CCOs

Council-controlled organisation	Strategic assets owned and managed by the CCO	Strategic assets owned by the council and managed by the CCO
Auckland Tourism, Events and Economic Development Limited	none	none
Auckland Transport	The public transport network including Britomart	The roading network
Regional Facilities Auckland	Auckland Art Gallery (including the arts collections owned by Regional Facilities Auckland) Auckland Zoo Aotea Centre Civic Theatre Viaduct Events Centre North Harbour Stadium (known as QBE Stadium) The council’s contractual rights and interest in Auckland City Arena (known as Spark Arena) Mt Smart Stadium	

Council-controlled organisation	Strategic assets owned and managed by the CCO	Strategic assets owned by the council and managed by the CCO
Panuku Development Auckland Limited	The freehold interests in central Auckland waterfront land	none
Watercare Services Limited	The wastewater network The water supply network	none

4.2 Requirements in relation to the management of strategic assets by CCOs

4.2.1 Principles for the management of strategic assets

Each substantive CCO must manage the strategic assets set out in Table 1 in a way that:

- maximises the long-term benefit of the strategic assets to Auckland.
- gives effect to the expectations set out in Part 1 of this policy and the performance measures set out in this long-term plan.
- enables the CCO to achieve the objectives and performance measures set out in its statement of intent.

In making a decision about a strategic asset that may affect the council's long-term interest in that asset or the associated service delivery to Aucklanders, each substantive CCO must consider the following factors in relation to the proposal, in addition to any of its own considerations:

- the contribution of the issue or proposal to meeting the expectations set out in this policy and in the statement of intent.
- any impacts on the council's other objectives or priorities (both positive and negative).
- its consistency with the council's other plans and strategies, including area-specific plans.
- the likely financial impacts of the proposal, noting the opportunity cost of any investment or expenditure.

4.2.2 Shareholder oversight of strategic assets and major transactions

The table below sets out the approach to shareholder oversight of decisions about strategic assets and major transactions. Even if a decision does not require shareholder approval, CCOs must ensure that they comply with the no surprises policy, and engage with ward councillors and local boards on issues of local significance (as set out in Section 1.1.7).

Table 2 – Shareholder oversight of strategic assets and major transactions

Where a CCO proposes to	Examples	The shareholder must be involved in the following way
<ul style="list-style-type: none"> • Carry out a <i>major transaction</i> (defined below) • Undertake an action or make a decision which may affect the council's long-term interest in a strategic asset or the associated service delivery to Aucklanders and: <ul style="list-style-type: none"> ○ which represents or may represent a departure from an agreed strategy of the council; or 	<ul style="list-style-type: none"> • The sale of any part of Britomart • A 20-year lease on waterfront land 	Approval of the governing body of Auckland Council is required except where it is already provided for in the Long-term Plan. Note that some major transactions must be set out in the Long-term Plan. ¹⁵

¹⁵ Some decisions must be included in the long-term plan: section 97 of the Local Government Act 2002 requires that (a) a decision to alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the local authority, including a decision to commence or cease any such activity and (b) a decision to transfer the ownership or control of a strategic asset to or from the local authority must be explicitly provided for in the long-term plan, and must have been consulted on during the development of the long-term plan.

Where a CCO proposes to	Examples	The shareholder must be involved in the following way
<ul style="list-style-type: none"> ○ where there is no agreed strategy of the council 		
<ul style="list-style-type: none"> • Undertake an action or make a decision which may affect the council's long-term interest in a strategic asset or the associated service delivery to Aucklanders which is consistent with an agreed strategy of the council 	<ul style="list-style-type: none"> • Feasibility studies of a significant activity or investment • The development of a water efficiency strategy 	<p>Provide information to the governing body through a workshop or memorandum.</p> <p>Engage with relevant local boards in accordance with Section 1 of this policy and the Governance Manual for Substantive CCOs.</p>
<ul style="list-style-type: none"> • Undertake any operational actions that are part of day-to-day business, or which implement agreed decisions 	<ul style="list-style-type: none"> • Entering into a contract for the provision of food and beverage services at Mt Smart Stadium 	<p>No governing body oversight is required.</p>

Where it is not clear if the proposed action or decision is consistent with an agreed strategy of the council, a CCO should engage with council staff.

4.2.3 Definition of major transaction

For the purposes of this accountability policy, a “major transaction¹⁶” is:

- a) Any acquisition, disposal or replacement of a strategic asset, other than ongoing asset renewal in accordance with a CCO’s asset management plan
- b) Any transaction or dealing in relation to a strategic asset:
 - Reducing control over the asset (whether directly or indirectly)
 - Reducing or materially affecting the asset’s value
 - Granting any legal interest in the asset to a third party
 - Affecting the CCO’s or council’s ownership of the asset
- c) Any long-term contracts for the development or operation of a strategic asset (being a contract binding the CCO to a term exceeding fifteen (15) years, including any renewals at the contractor’s option)
- d) Any matters covered by Section 3.4 (rights and securities issues) or Section 3.5 (takeover offers, mergers and capital restructuring) of the Auckland Airport Shareholding Policy.

In relation to network infrastructure, a transaction only qualifies as a major transaction if it relates to any part of a network which:

- is integral to the functioning of the network as a whole, or
- substantially affects the level of service provided to the community.

A lease granted by a CCO on a strategic asset is not a major transaction if the lease:

- i. is granted in the ordinary course of the CCO’s business on arms-length terms; and
- ii. does not exceed fifteen (15) years in duration (including any renewals at the lessee’s option); and
- iii. does not exceed \$500,000 in rent per annum.

¹⁶ Note that this is a different definition of “major transaction” to that provided for in the Companies Act 1993, which has different requirements associated with it.

4.2.4 Situations where the council's approval may not be required

Where a proposal requires the approval of the shareholder according to Table 2 above, but is not material to the council's long-term interest in the strategic asset and the associated service delivery to Aucklanders, approval from the council may not be required. This can be granted at the discretion of the Mayor, Chair of the Finance and Performance Committee and the council's Chief Executive, according to the criteria in the council's Significance and Engagement Policy.

4.2.5 Process where the council's approval is required

Where approval of the council is required, it will be assessed against the following criteria:

- The contribution of the proposal to meeting the expectations set out in this policy and in the statement of intent, and other plans and strategies of council.
- The financial impacts of the decision.
- Whether the relevant CCO's Board has considered all of the relevant information which would influence the decision, including the risks and mitigations; and
- Any other factor that the council considers to be relevant.

Decision Paper: Policy on Housing Mix

Document Author(s)	Brenna Waghorn, Manager Strategic Planning
Approver	David Rankin
Date	12 November 2018

1. Purpose

The purpose of this report is to approve the Panuku policy on housing mix.

2. Executive summary

This report informs the Panuku Board of the outcomes of the Planning Committee workshop on 6 November and recommends approval of the policy, subject to the endorsement of the policy by the Planning Committee on 27 November 2018. A verbal update on this will be provided at the meeting

The board provided feedback on the draft policy at the September meeting. The draft policy was subsequently edited and circulated to the board. Further board feedback led to additional changes to make the policy itself clearer from the preamble (context and background) and recognition that Panuku is reliant on partners to facilitate social and affordable housing.

At the workshop with the Planning Committee on 6 November, the feedback to the draft policy was largely positive. There was broad support for the policy approach including:

- Council's role, though Panuku, in enabling some social and affordable housing on surplus council land
- The principle of diverse, inclusive communities and ensuring regeneration, not gentrification
- Taking a mixed tenure approach in key locations where Panuku is facilitating the delivery of a large number of housing units
- The proposed 30% social, 30% affordable, 40% market housing mix being a "starting assumption", on the basis suggested in the policy, but with flexibility to consider context and work with partners
- An upper limit of 30% social housing as a working assumption and acknowledged rule of thumb
- Continuing to work with HNZ and Community Housing Providers (CHPs) to deliver the mixed tenure model and ensure social and affordable housing is included in the mix and facilitated where possible and appropriate
- Ensuring that any affordable housing is "retained".

There was discussion about whether Panuku could be expected to facilitate affordable housing in all locations including the areas with high land values like central Takapuna and the waterfront. The consensus was that this was probably not realistic, or a sound use of limited resources. It was also acknowledged that any land value trade-offs would impact on the reinvestment programme in the Transform and Unlock locations. It was noted that Panuku does not have a mandate to systemically trade-off land value.

The final policy (attached) incorporates some minor edits shown in italics to address issues raised during the engagement process.

3. Recommendations

It is **recommended** that the board:

1. **Approves** the Panuku policy on housing mix.

4. Prior Board and Council engagement and decisions

Previous Board / Council engagement and decisions		
Date and meeting	Document	Decision / Outcome
27 June 2018	11.1 Information Paper Proposed policy on housing mix	<ul style="list-style-type: none"> Decision to develop a policy based on the recommended scope
26 Sept 2018	5.1 Information Paper Policy for determining housing mix	<ul style="list-style-type: none"> Board feedback and subsequent changes to policy noted in section 5.
6 Nov Planning Committee workshop	Presentation and draft policy	<ul style="list-style-type: none"> Supportive of policy intent (further detailed in section 5) Requested to seek formal endorsement of policy Requested to engage with IMSB and MW?
27 Nov Planning Committee	Formal report seeking endorsement of Panuku Policy on housing mix	<ul style="list-style-type: none"> To be advised at board meeting on 28 November

5. Discussion

Background

Facilitating a range of residential choices and price points to cater for diverse households is a core mandate of Panuku.

The purpose of the policy for determining housing mix is to set the framework for Panuku Development Auckland to establish the desired housing mix for development sites and priority development locations.

A report to the board in June 2018 set out the issues, current practice in terms of determining housing outcomes, a summary of recent studies, local case studies and policy options. Board feedback supported the development of a policy to guide decision making on housing mix noting:

- While the right mix and proportion of social housing will depend on the context, a maximum of 20-30% social housing feels about right and is supported by the evidence and local experience
- Getting the mix right is challenging and will impact on the social fabric of areas of Auckland, the policy should be the subject to ongoing review
- The policy is not intended to cover all housing outcomes such as density, typology, size and design quality. Processes are already in place to ensure good practice.
- The need to define terms e.g. social housing, affordable housing.

The draft policy was discussed by the board at the September meeting. The draft policy was revised to reflect the discussion. The key changes were

- New principles regarding diverse communities and density, to support Auckland Plan
- Change in emphasis from Panuku not required to deliver social and affordable housing, to Panuku required to facilitate residential choices, which will include social and affordable housing in some locations
- Reference to mixed tenure approach (third social/third affordable/third market) being a typical approach and 30% a maximum share of social housing
- Inclusion of a mixed tenure target of a third social/third affordable/ third market housing, as the starting assumption for priority locations
- Reference to the fact that affordable housing often requires trade-offs with land value or similar indirect subsidy
- Acknowledgement that Panuku does facilitate social and affordable housing working with partners (CHPs, HNZ) and is working with KiwiBuild.

Council engagement

Auckland Council is responsible for the setting of strategy and policy and provides strategic direction to the CCOs. Housing is of significant political interest. The draft policy was widely circulated and discussed with council staff during September.

Panuku presented the draft policy for discussion at the Planning Committee workshop on 6 November 2018. Sixteen of twenty-three members were in attendance, including the Mayor. In terms of the feedback there was broad support for:

- The draft policy approach
- Council's role, though Panuku, in enabling some social and affordable housing on surplus council land
- The principle of diverse inclusive communities and ensuring regeneration not gentrification

- Taking a mixed tenure approach in key locations where Panuku is facilitating the delivery of a large number of housing units
- The proposed 30% social, 30% affordable, 40% market housing mix being a “starting assumption”, on the basis suggested in the policy, but with flexibility to consider context and work with partners
- An upper limit of 30% social housing as part of that mix as a working assumption and acknowledged rule of thumb
- Continuing to work with HNZ and CHPs to deliver the mixed tenure model and ensure social and affordable housing is included in the mix
- Ensuring that any affordable housing is “retained”.

There was discussion about whether Panuku could be expected to facilitate affordable housing in all locations including the areas with high land values like central Takapuna and the waterfront. The consensus was that this was probably not realistic, or a sound use of limited resources. It was also acknowledged that any land value trade-offs would impact on the reinvestment programme in the Transform and Unlock locations. It was noted that Panuku does not have a mandate to systemically trade-off land value.

The use of financial analysis to illustrate the housing construction costs and the level of subsidy required to support affordable housing was suggested as a way to advance discussion of this issue.

The importance of “accessible design” of housing was also raised and is currently only a design criterion for Haumaru Housing. This is included in our current work programme.

Maori Engagement

We have sought feedback on the draft policy from IMSB.

The draft policy has not been presented to Mana Whenua as the development of the Maori Outcomes Action Plan, during the next few months, provides a good opportunity to agree on housing outcomes, including to discuss housing mix. The policy is sufficiently flexible to accommodate a range of outcomes. The policy specifically refers to the Panuku Mana Whenua Outcomes Framework and action plan noting that we will need to engage with Mana Whenua on housing mix, on a project by project basis. In addition to this the Selecting Development Partners Policy enables direct negotiation with some parties including iwi and Maori organisations and the pipeline of site disposals is shared with Mana Whenua on a quarterly basis.

6. Financial implications and risks

Panuku is charged with balancing strategic and commercial outcomes. The policy does not have any financial implications as working with partners to achieve a mix of housing has been built into the programme. Facilitating affordable housing is likely to require some level of land value trade-off over time which will be balanced by achieving full value on other sites. Land value trade-offs will impact on the available funding for reinvestment for broader public good outcomes in our locations.

There is a programme of work underway to look at how council can further support delivery of affordable housing. There is a small risk that this could impact our mandate and therefore the reinvestment budget.

Document Sign-off

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

Panuku policy for determining housing mix

File No.: CP2018/21605

Te take mō te pūrongo / Purpose of the report

1. The purpose of this report is to endorse the Panuku policy on housing mix.

Whakarāpopototanga matua / Executive summary

2. In facilitating urban redevelopment Panuku is required to provide a range of residential choices and price points to cater for diverse households.
3. To support the Homes and Places outcome of the Auckland Plan 2050 and the development of diverse and inclusive communities, Panuku has developed a policy to guide decision making in regard to the appropriate mix of housing for individual development sites and priority development locations.
4. The policy recognizes that to achieve a mix of housing including social, affordable and market housing, Panuku partners with Community Housing Providers (CHPs), crown agencies, Iwi and the private sector. The appropriate mix will be considered at the neighbourhood scale with a broad aim to achieve a mix of 30% social, 30% affordable and 40% market housing, in key locations, but with flexibility to reflect local conditions. The town centre vision and outcomes, the existing housing typologies and tenure mix, commercial feasibility and market demand, proposed development typology/s, development partners and community expectations, all need to be considered.
5. Panuku presented the draft policy to a workshop of the Planning Committee on 6 November. The feedback to the draft policy was largely positive and there was broad support for the policy approach including:
 - Council's role, though Panuku, in enabling some social and affordable housing on surplus council land
 - The principle of diverse, inclusive communities and ensuring regeneration, not gentrification
 - Taking a mixed tenure approach in key locations where Panuku is facilitating the delivery of a large number of housing units
 - The proposed 30% social, 30% affordable, 40% market housing mix being a "starting assumption", on the basis suggested in the policy, but with flexibility to consider context and work with partners
 - An upper limit of 30% social housing as a working assumption and acknowledged rule of thumb
 - Continuing to work with HNZ and Community Housing Providers (CHPs) to deliver the mixed tenure model and ensure social and affordable housing is included in the mix and facilitated where possible and appropriate
 - Ensuring that any affordable housing is "retained".
6. There was discussion about whether Panuku could be expected to facilitate affordable housing in all locations including the areas with high land values like central Takapuna and the waterfront. The consensus was that this was probably not realistic, or a sound use of limited resources. It was also acknowledged that any land value trade-offs would impact on the reinvestment programme in the Transform and Unlock locations.

Ngā tūtohunga / Recommendation/s

That the Planning Committee:

- a) Endorse the Panuku policy on determining appropriate housing mix, noting that this is consistent with Panuku mandate to provide residential choices and with the Auckland Plan 2050.

Horopaki / Context

7. The Homes and Places outcome of the Auckland Plan 2050 sets out the vision that Aucklanders live in secure, healthy and affordable homes, and have access to a range of inclusive public places. The Panuku programme contributes to developing a compact urban form and accommodating growth, accelerating the construction of homes to meet changing needs and preferences and providing quality public spaces. The primary focus is town centre revitalization and unlocking value.
8. Facilitating a range of residential choices and price points to cater for diverse households is a core mandate of Panuku. We do this by facilitating private sector, third sector, iwi and government investment into the sustainable redevelopment of the priority locations.
9. Auckland Council is responsible for the setting of strategy and policy and provides strategic direction to the CCOs. Housing is of significant political and public interest.
10. The purpose of the Panuku policy for determining housing mix is to set the framework for Panuku to establish the desired housing mix for individual development sites and priority development locations, in advance of engaging with prospective development partners.
11. The term housing mix used by Panuku is intended to refer to both tenure mix and the range and balance of housing choices in any project or wider location.
12. Panuku has been exploring the question of housing mix and housing outcomes, diverse communities and mixed tenure models for some time. The appropriate share of social housing has been considered.
13. While not a social housing provider, Panuku has and continues to partner with both social and affordable housing providers, in order to provide for a mix of housing in our projects.

Tātaritanga me ngā tohutohu / Analysis and advice

Literature review and case studies

14. A report to the Panuku Board in June 2018 set out the issues, current practice in terms of determining housing outcomes, a literature review and summary of recent studies, local case studies and policy options.
15. The key findings of that research included:
 - Promoting the development of communities that are socioeconomically diverse is an often-stated goal of planning policy.
 - Heterogeneity in a community is considered positive in the research literature.
 - While it is good practice in urban regeneration to have a mix of housing typologies and tenure, there is limited research around what spatial configurations work best and the optimal social mix including the precise proportion of a neighborhood in social housing that generates either beneficial or problematic outcomes.
 - Housing mix aspirations vary globally based on political priorities, community preference and the level of public-private partnership in housing development.
 - The optimal share of social housing suggested in reports ranges from 20%-50% with the lower share associated with inclusionary zoning rules and private sector-led development and developer concerns about the saleability of private homes. Policy positions of 30-50% social housing are largely driven by government social housing agencies aiming to meet demand.

- The disadvantages of high concentrations (for example 60-70%) of social housing, particularly in apartment typologies (with the exception of the elderly), seem to be well established noting that it is often not just the proportion of social rental that is the issue, but also tenancy management, allocation policy, building quality and maintenance and access to services, and other factors such as the level of poverty.
- Very high concentrations of social housing can impact on the ability to revitalize the town centre, the value of future sites and ability to find development partners.
- A share of 30% social housing as an upper limit is a “rule of thumb” widely used both in New Zealand and overseas. Testing with industry colleagues has confirmed this.
- Social mix should be considered at the neighbourhood scale not at the project or redevelopment site scale.
- Auckland Community Housing Providers Network (ACHPN) members work on the basis that no one tenure should be dominant using the rule of thumb that a new housing development should roughly have a housing tenure mix that provides social rental housing (20-30%), affordable housing options (30-40%) and competitively priced market housing (20-40%).
- Mixed tenure approaches are more successful where neighbourhoods are well designed and housing standards are consistent (blind tenure), private owners are aware of the mix, community hubs (schools, parks, cafes) bring different social groups together and there is ongoing placemaking activities and sufficient on-going management.

The Policy Approach

16. The key elements of the policy approach are:

- Facilitating diverse, mixed tenure communities, at the neighbourhood scale, in key locations where Panuku is facilitating a large number of housing units. A target mix will be developed for each location based on the starting assumption of a 30/30/40 social/affordable/market mix.
- The desired housing outcomes being determined on a site-by-site basis in other locations where Panuku is facilitating fewer homes on fewer sites. This will be based on a range of considerations:
 - Town centre vision, outcomes and key moves, as set out in the approved High-Level Project Plan
 - Existing housing typologies and tenure mix in and around the centre
 - Locational factors such as facilities and amenities
 - Commercial feasibility and market demand
 - Type of development, including typology
 - Development counterparty/s.
 - Shareholder and community expectations.
 - Opportunity for demonstration, innovation, leadership, partnership.
- A maximum of 30% social housing, however with some flexibility to enable higher proportions where appropriate in the context of the project location.
- Facilitating residential choices relies on working with the third sector, government, Iwi and private development partners and will be impacted by their priorities, interests and balance sheets.

- Panuku needs flexibility to balance social and commercial outcomes across the portfolio and to work effectively with a diversity of development partners.
- The desired housing outcomes, including housing mix, will be conveyed to potential development partners at the outset, by inclusion in the EOI or RFP documentation.

17. In supporting the development of a policy to guide decision making on housing mix, the Panuku Board noted that because getting the mix right is challenging and will impact on the social fabric of areas of Auckland, the policy will be subject to ongoing review.

Council engagement

18. The draft policy was widely circulated and discussed with council staff during September.

19. Panuku presented the draft policy for discussion at the Planning Committee workshop on 6 November 2018, at which there was very good attendance. In terms of the feedback there was broad support for:

- The draft policy approach
- Council's role, though Panuku, in enabling some social and affordable housing on surplus council land
- The principle of diverse, inclusive communities and ensuring regeneration, not gentrification
- Taking a mixed tenure approach in key locations where Panuku is facilitating the delivery of a large number of housing units
- The proposed 30% social, 30% affordable, 40% market housing mix being a "starting assumption", on the basis suggested in the policy, but with flexibility to consider context and work with partners
- An upper limit of 30% social housing as part of that mix as a working assumption and acknowledged rule of thumb
- Continuing to work with HNZ and CHPs to deliver the mixed tenure model and ensure social and affordable housing is included in the mix
- Ensuring that any affordable housing is "retained", i.e. remains affordable for the duration of the house and is not lost to the open market once affordability restrictions are removed after a set period.

20. There was discussion about whether Panuku could be expected to facilitate affordable housing in all locations including the areas with high land values like central Takapuna and the waterfront. The consensus was that this was probably not realistic, or a sound use of limited resources. It was also acknowledged that any land value trade-offs would impact on the reinvestment programme in the Transform and Unlock locations. It was noted that Panuku does not have a mandate to systemically trade-off land value.

21. The use of financial analysis to illustrate the housing construction costs and the level of subsidy required to support affordable housing was suggested as a way to advance discussion of this issue.

22. The importance of "accessible design" of housing was also raised and is currently only a design criterion for Haumaru Housing. This is included in the current Panuku work programme and will involve working with the Auckland Design Office to identify appropriate standards.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe / Local impacts and local board views

23. Local Boards have a strong interest in housing outcomes and have had significant input to the Auckland Plan 2050 outcomes and Development Strategy. The Auckland Plan 2050

supports a quality compact urban form that allows opportunities for more intensive housing development, as well as the benefits of diverse communities.

24. This policy will have local impacts where Panuku is leading development, i.e in the priority development locations. It will ensure Panuku is taking a considered approach to housing mix while working with a range of development partners.
25. Panuku works closely with Local Boards in the priority locations. Housing outcomes are discussed and included in the High-Level Projects Plans that have been endorsed by the Planning Committee. In regular meetings with Local Boards there is an opportunity to ensure they are aware of how site development processes are progressing and of potential development partners and will have the opportunity to provide ongoing input on housing mix.
26. The draft policy has not been discussed with Local Boards.

Tauākī whakaaweawe Māori / Māori impact statement

27. Like all Aucklanders, Māori want to live in warm and secure homes. Māori want their homes to support the way they live and the activities they associate with a prosperous quality of life, especially education and employment. Connectivity in terms of transport and communications are equally as important.
28. Māori have experienced particular housing stresses over many years. An Auckland Plan focus area is to invest in and support Māori to meet their specific housing aspirations.
29. Many Māori in Auckland live in homes that do not meet these aspirations. Housing choices can be limited by employment options and income, access to savings and intergenerational equity and not being able to access services, support, and bank lending on an equitable basis.
30. This policy will deliver increased housing choices including social and affordable housing in the Priority Locations which generally have good access to services and transport. The commitment to diverse communities and a mixed tenure approach will ensure that opportunities for social and affordable housing and for innovative housing projects, are facilitated by Panuku on suitable sites.
31. This policy specifically refers to the Panuku Mana Whenua Outcomes Framework and an action plan which will be developed during the next few months. This provides a good opportunity to discuss housing outcomes, housing mix and opportunities for Iwi. The policy is sufficiently flexible to accommodate a range of outcomes.
32. We have sought feedback on the draft policy from IMSB.

Ngā ritenga ā-pūtea / Financial implications

33. Panuku is charged with balancing strategic and commercial outcomes. The policy does not have any financial implications as working with partners to achieve a mix of housing has been built into the programme. Facilitating affordable housing is likely to require some level of land value trade-off over time which will be balanced by achieving full value on other sites. Land value trade-offs will impact on the available funding for reinvestment for broader public good outcomes in the priority locations.

Ngā raru tūpono / Risks

34. Implementation of this policy is subject to the ongoing participation of the private sector, third sector, iwi and government to deliver housing on council surplus sites
35. Market conditions impact on the commercial feasibility of housing projects, on the revenue from site sales and on the nature and scale of projects that the development sector will deliver.

Ngā koringa ā-muri / Next steps

36. Panuku Board approval of the policy on 28 November.

DRAFT

37. Continue to engage with local boards in priority locations on housing outcomes.
38. Continue to engage with Government to ensure alignment of housing aspirations (Auckland Housing Programme, KiwiBuild, HLC) and identify opportunities to partner.
39. Present the policy and development opportunities pipeline to CHPs in 2019.
40. Over the next financial year 2019/20, develop housing target mix for the key locations, working with Auckland Council and stakeholders.

Ngā tāpirihanga / Attachments

No.	Title	Page
A	Policy for determining desired housing mix	

Ngā kaihaina / Signatories

Authors	Brenna Waghorn - Manager Strategic Planning, Panuku Development Auckland
Authorisers	David Rankin - Chief Operating Officer, Panuku Development Auckland Jim Quinn - Chief of Strategy

POLICY FOR DETERMINING DESIRED HOUSING MIX

(For endorsement by Planning Committee, 27 November 2018)

Preamble – Context

1 Policy purpose

1.1 *The purpose of this policy is to set the framework for Panuku Development Auckland to establish the desired housing mix for development sites and priority development locations.*

2 Strategic alignment

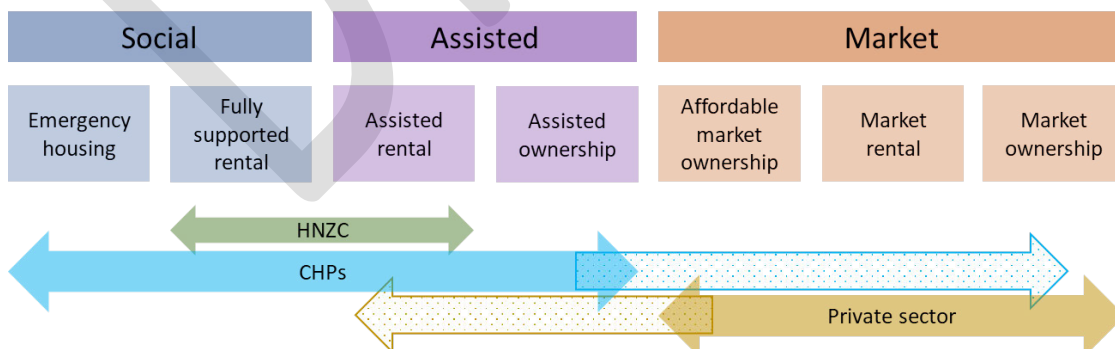
2.1 *Panuku plays a critical part in delivering the Auckland Plan 2050 outcomes, specifically in relation to Homes and Places and Belonging and Participation:*

- *Direction 1: develop a quality compact urban form to accommodate growth*
- *Direction 2: accelerate the construction of homes that meet Aucklanders' changing needs and preferences.*
- *Direction 3: Shift to a housing system that ensures secure and affordable homes for all.*
- *Direction 4: provide sufficient public places and spaces that are inclusive, accessible and contribute to urban living.*

3 Definitions

3.1 **Housing mix:** *There is no universally agreed definition of social mix or housing mix both of which may be used to refer to income mix, ethnic mix or tenure (owner occupation and rental mix). Most attention is given to the mix of tenants receiving public housing assistance and owner occupiers.*

3.2 *The term housing mix used by Panuku is intended to refer to both tenure mix and the range and balance of housing choices in any project or wider location, with reference to the housing continuum, illustrated below (based on Auckland Plan 2050).*



- 3.3 **Social housing:** *Subsidised rental accommodation usually funded by the Income Related Rent Subsidy and provided by the government (through Housing New Zealand) or community housing providers (CHPs), with support services, as needed.*
- 3.4 *Panuku is not a social housing provider, except in relation to our role as development facilitator for Haumarū Ltd (social housing for older people). Haumarū Ltd is responsible for social elderly housing services including tenancy management. Panuku is responsible for rationalisation and redevelopment of villages and determining the appropriate housing mix for each site in consultation with Haumarū Ltd.*
- 3.5 *Panuku has, and does, sell sites to social housing providers including HNZ and the New Zealand Housing Foundation. Other Community Housing Providers are also partners in our developments.*
- 3.6 **Affordable housing:** *There are a variety of definitions typically low to middle income households spending no more than 30% of their gross income on rent or mortgage costs and other essential household costs. Types of affordable housing include Assisted Rental and Assisted Affordable Ownership, provided by CHPs and the government and some Market Affordable programmes. Retained affordable housing means that it remains affordable for the duration of the house and is not lost to the open market once affordability restrictions are removed after a set period.*
- 3.7 *Affordable and assisted housing models often rely on trade-offs with land value or similar indirect subsidy or payments. When referring to **affordable housing** we mean housing that is delivered at or below the KiwiBuild price points as well as assisted housing delivered by our partners such as CHPs to households that are not eligible for social housing or KiwiBuild and cannot afford more expensive market priced housing.*
- 3.8 **KiwiBuild Affordable Home Ownership scheme** *is a market affordable programme open to first home owner-occupiers who meet eligibility criteria and receive that right to purchase a home through a ballot. Housing units to be sold in Auckland at the following price caps: studio/one bedroom \$500k, two bedroom \$600k, three bedroom \$650k. It is noted that such homes will only be affordable to households in the top half of incomes.*
- 3.9 **Progressive home ownership** *schemes include rent-to-buy, shared-equity, assisted ownership, leasehold arrangements as a means of enabling lower-income households, and key workers, to progress towards home ownership. These may be provided by the government or CHPs and potentially by the private sector.*

4 Scope

- 4.1 *This policy covers principles and processes to establish the desired housing mix for development sites and Panuku locations in advance of engaging with prospective development partners. It sets out how housing mix will be determined regarding the desired proportion of social, affordable and market housing, with reference to the housing continuum.*
- 4.2 *This policy does not specifically cover design and sustainability outcomes¹ or developer selection, provided under other policies and processes.*

¹ *Design quality is critically important to Panuku. Essential design outcomes are set out in development briefs and an internal and independent design review process is in place. The Corporate Responsibility team provides leadership and specialist advice on integrating sustainability into the business, including the development of specific actions and standards and localised sustainability strategies in redevelopment areas.*

5 Background

- 5.1 *The basis for this policy is set out in the Information Report to Board dated 27 June 2018.*
- 5.2 *Over the next 30 years, Auckland's population is expected to increase by up to a million people. Auckland must ensure an adequate supply of housing to meet this demand or face growing housing shortages, continued soaring house prices and a fall in home ownership, growing unaffordability of rents, and increased homelessness.*
- 5.3 *Auckland Council is seeking to develop diverse communities. Mixed tenure communities² reduce spatial inequality and bring about wider benefits such as de-stigmatisation of an area, social cohesion and better health outcomes. These have positive multiplier effects that:*
- Help enhance the sense of belonging*
 - Induce positive, participatory actions*
 - Improve access and connectivity*
 - Create opportunities for sustained prosperity.*
- 5.4 *Council's expectations of Panuku, set out in the Accountability Framework (2018), include that redevelopment of the overall portfolio should offer a range of residential choices and price points to cater for diverse households. Panuku is tasked with finding the right balance between strategic and commercial outcomes, as well as facilitating private sector, third sector, iwi and government investment into the sustainable redevelopment of brownfield urban locations and promoting Māori identity and wellbeing.*
- 5.5 *As set out in our Business Strategy, Panuku aims to facilitate a range of housing typologies, sizes and price points in the priority development locations. Panuku has facilitated the development of both social and affordable housing by working with CHPs and HNZ as development partners. We are working with KiwiBuild in a number of locations and will deliver housing at similar affordable price points in several locations.*
- 5.6 *It is good practice in urban regeneration to have a mix of housing typologies and tenure. Panuku has considered this on a site-by-site basis, based on our development and regeneration experience and in discussion with our development partners.*
- 5.7 *Applying mixed tenure to the regeneration of areas is intended to do two things: one to integrate private ownership and rental in areas where a high concentration of low-income households have existed, largely through state rental housing. The other is to create new or replacement affordable and social housing as part of the redevelopment project.*
- 5.8 *To date Panuku has set out a desired housing mix (in terms of proportions of market, social and affordable housing, tenure and typology), based on a range of considerations:*
- Town centre vision, outcomes, key moves in the High-Level Project Plan (HLPP)/Framework Plan*
 - Existing housing typologies and tenure mix in and around the centre*
 - Locational factors such as facilities and amenities*
 - Commercial feasibility and market demand*
 - Opportunity for demonstration and leadership*
 - Opportunity for partnership.*
- 5.9 *Specific analysis of community need has not generally been undertaken.*
- 5.10 *The policy settings and legislative frameworks for housing, as well as determining the spatial demand for social housing is the role of Central Government.*

² Auckland Plan 2050, June 2018

- 5.11 *Social housing is, by its nature, allocated to households with highest need. Determining the appropriate quantum of social housing within any development schemes is of significant interest to potential development partners, Local Boards and the community.*
- 5.12 *A review of the literature has found that there is limited evidence around the precise proportion of a neighbourhood in social housing that generates either beneficial or problematic outcomes. Reports range from an optimal of 20% social housing (largely driven by developer assumptions around saleability of private houses) through to policy positions of 30-50% social and affordable housing (driven by Government agencies aiming to meet demand).*
- 5.13 *The disadvantages of high concentrations (for example 60-70%) of social housing, particularly in apartment typologies (with the exception of the elderly), seem to be well established noting that it is often not just the proportion of social rental that is the issue, but also tenancy management, allocation policy, building quality and maintenance and access to services. A high concentration of social housing is likely to be mixed with low quality private rental and boarding houses and is unlikely to support quality market housing and homeownership, impacting on town centre revitalization potential.*
- 5.14 *A maximum of 20-30% social housing is often applied as a rule of thumb, based on observation and experience, and has come to represent international and local best practice. Similarly, it is common practice in large urban regeneration projects to include affordable housing options in the mix. A mixed tenure model of a third social, a third affordable and a third private market housing is typical and is the approach being taken by urban development agencies in Auckland where public land is being redeveloped and intensified.*
- 5.15 *The Auckland Community Housing Provider Network (ACHPN) members work on the basis that no one tenure should be dominant using the rule of thumb that a new housing development should roughly have a housing tenure mix that provides social rental housing (between 20% to 30%), affordable housing options (30% to 40%) and competitively priced market housing (20% to 40%). The final split of tenures is determined by the household cohort needs and the project context.*
- 5.16 *Panuku needs flexibility to determine the appropriate housing mix based on the local context. Where there is already a predominance of social housing (e.g. Manukau) we are looking for more market and affordable housing in the mix as well as other housing choices like student and hotel accommodation. Where there is a predominance of higher income home ownership and 3-bedroom houses (e.g. Takapuna) we are looking for different housing choices through intensive typologies and more affordable options. Where the aspirations are about changing community and market perceptions of a location we are generally looking for market housing and home ownership with the assumption that greater disposable income will support revitalisation. In some cases, we are looking to emulate the wider area or recent past (e.g. family housing in Henderson).*
- 5.17 *The Government plans to significantly increase the supply of social housing through the intensification of housing on HNZ land often with the intention to deliver a mix of social, affordable and market housing. On some sites social housing is being redeveloped at much greater concentrations.*
- 5.18 *In the priority locations Panuku will work closely with the crown to ensure alignment of objectives and a good overall housing mix arising from land sales and swaps with HNZ and our own development programmes.*
- 5.19 *To attract development partners Panuku will need to consider private sector considerations as to demand and the appropriate marketable mix. There is also a need to have a long-term view on the revitalization of the centre and the impact of any development scheme on the likelihood of attracting private development partners to develop future sites.*

- 5.20 *Panuku is also required by Auckland Council to work closely with Local Boards and their views of the future of their centres, development and housing outcomes, need to be considered.*
- 5.21 *In implementing the (Draft) Panuku Mana Whenua Outcomes Framework – Action Plan 2018-2020, Panuku will need to engage with Mana Whenua on housing opportunities and mix, on a project by project basis. The mix will be dependent on the agreed project outcomes.*
- 5.22 *The scale of the housing affordability issues in Auckland, and the direction of the Auckland Plan to shift to a housing system that ensures secure and affordable homes for all, suggest that Panuku needs to be open to innovative approaches, including demonstration projects and proactively identify sites to support affordable housing. These may take the form of:*
- *Progressive home ownership options*
 - *New citizen-driven and community-involved housing development models – with varying titles - Co-housing, “break even development”³, “Deliberative development”⁴ which is where a group of intending owner occupiers becomes the proponent of an apartment development in place of the developer.*
 - *Intergenerational, papakāinga-style development – whānau oriented or led co-housing*
 - *Construction and development models*
- 5.23 *In many locations in Auckland this will require the provision of sites at below-market value and therefore needs to be balanced with achieving a good commercial return from other sites.*
- 5.24 *The housing mix for any site has been determined at that time we take the site to the market. This still seems appropriate in many of our locations where we are only delivering a few hundred housing units, rather than driving long term urban regeneration with broad social and economic outcomes. Greater consideration of housing needs and demand may be appropriate in Panuku locations where the largest number of houses will be facilitated, e.g. Manukau, Panmure, where the housing outcomes are not fully explored in the HLPP or Framework Plan.*
- 5.25 *It is worth noting that often a development agreement is not enduring post completion, so Panuku does not have ultimate control of the outcomes, given that it could change following the release of our encumbrance (i.e. developer could manage sales to get around our requirements if they really wanted to).*

³ The “missing middle” refers the gap between non-profit fully subsidized housing (emergency and social housing) and full profit, speculative housing and the potential for “break even” development.

⁴ An example of architect-led deliberative development is the Nightingale model in Melbourne, Perth and Sydney.

6 Policy objectives

6.1 To achieve:

- A diversity of housing choices in terms of typologies, sizes, price points and tenure.
- A successful and appropriate housing mix in town centres supporting revitalisation
- Greater clarity for community, stakeholders and development partners
- A clear rationale for Panuku approach to housing mix
- The flexibility to balance strategic and commercial outcomes across the Panuku portfolio and to work effectively with a diversity of development partners.

7 Policy approach

7.1 Panuku will determine housing mix with reference to the housing continuum including social, affordable and market housing.

7.2 The **general principles** are:

- a) Responding to the housing crisis requires, scale, speed, innovation and partnerships. With design quality in mind we will encourage the highest densities that the market can deliver, in town centre locations where there is good access to transport and amenities.
- b) Diverse communities are an essential element of sustainable cities and successful urban regeneration. Panuku will aim to facilitate mixed tenure communities. A mix of tenure is not required on all individual development sites⁵.
- c) The appropriate mix of housing tenure, typology, size and price points is context specific and will depend on the site characteristics, including size and constraints, locational characteristics and market demand.
- d) Panuku is required to facilitate a range of residential choices. To facilitate social and affordable housing in some locations, we will partner with the third sector, government, iwi and private development partners.

Priority Development Locations

7.3 For **Priority Development Locations where less than 500 housing units are forecast** (i.e. Papatoetoe, Henderson, Avondale, Takapuna), a site-by-site approach may be taken. The desired housing outcomes will be based on a range of considerations:

⁵ A mix of tenure, typology, size and price points is likely to be more feasible where there are several housing blocks on a site, rather than within a single apartment building. Careful thought needs to be given to apartments, given that there is a greater concentration of people in one place. Housing mix is principally considered at the neighbourhood scale.

- Town centre vision, outcomes and key moves sought for the centre, as set out in the approved High-Level Project Plan/Framework Plan
 - Existing housing typologies and tenure mix in and around the centre
 - Locational factors such as facilities and amenities
 - Commercial feasibility and market demand
 - Type of development, including typology
 - Development counterparty/s.
 - Shareholder and community expectations.
 - Opportunity for demonstration, innovation and leadership
 - Opportunity for partnership.
- 7.4 For **Priority Development Locations where more than 500 housing units are forecast** (i.e. Manukau, Panmure, Northcote, Onehunga)⁶, we will establish an overall target mix for those locations taking a 30/30/40 (social/affordable/market) mixed tenure approach as the starting assumption. To establish the final split of tenures for these locations we will work with stakeholders and undertake fuller analysis of the following:
- Population and demographic projections
 - Community housing need (available analysis)
 - Government and council housing objectives and initiatives for the area.
- 7.5 The housing strategy for these priority development locations will ensure that decisions on individual sites will be made in the context of an overall target, working towards an end goal.
- 7.6 Panuku will continue to engage with social and affordable housing providers including HNZ, HLC and CHPs to understand their housing aspirations and plans in Panuku locations and policies regarding mix, concentration, design, allocation and tenancy management.
- 7.7 Outside of the Transform and Unlock locations, Panuku may take into account the same considerations as 7.4 above in determining housing outcomes for a site, however noting that the focus is more on commercial outcomes.
- Social housing**
- 7.8 To support diverse communities and achieve an appropriate housing mix, Panuku will facilitate **social housing** through direct engagement with CHPs and the government (HNZ, HLC, MSD) on suitable sites and will facilitate social housing for the elderly through our partnership in Haumaru Ltd.
- 7.9 To avoid large concentrations of social housing, Panuku will work with our social housing partners to support them to incrementally improve the social housing stock and add affordable and market housing to the mix.
- 7.10 In the Transform and Unlock locations, the optimal share of social housing of up to 30% is the working assumption for Panuku projects, where social housing is part of the development scheme. Panuku has the flexibility to place further restrictions on concentrations in large developments.
- 7.11 It is expected that social housing will be indistinguishable in terms of design quality in a large-scale development and be well integrated and managed, long-term.

⁶ More than 500 housing units are forecast in Wynyard Quarter, Hobsonville, Flatbush/Ormiston however the housing outcomes have largely been determined or there is a policy on housing mix in place.

Affordable housing

- 7.12 To support diverse communities and achieve an appropriate housing mix, Panuku will facilitate **affordable housing** through engagement with CHPs and private developers delivering KiwiBuild and innovative housing solutions (such as long-term rental) on suitable sites. A focus will be on supporting affordable housing that is retained.

Mana whenua housing outcomes

- 7.13 As part of implementing the Maori Responsiveness Framework, Panuku will facilitate Maori housing outcomes through engagement with Mana Whenua Iwi on suitable sites with reference to the Mana Whenua Outcomes Framework.

Sustainable Design and implementation

- 7.14 A minimum Homestar 6 standard has been agreed for building performance, which is complimentary to this policy. There is flexibility within this tool to cater for local conditions. The inclusion of social and affordable housing can attract innovation points and contribute to the Homestar rating. Homestar 6 will reduce household running costs contributing to affordability.
- 7.15 Panuku will proactively identify sites for pilot and demonstration projects and invite expressions of interest for innovative models (such as progressive home ownership and affordable housing, key worker housing, co-housing etc).
- 7.16 The desired housing outcomes, including housing mix, will be conveyed to potential development partners at the outset, by inclusion in the EOI or RFP documentation.

8 Associated policies

- 8.1 The following strategies, policies and guidelines are also relevant to determining housing mix and ensuring quality housing outcomes:
- Auckland Plan 2050
 - Approved High Level Project Plans
 - Panuku sustainable design requirements
 - Any Council Housing Strategies
 - Selecting Development Partners Policy
 - Council Procurement Policy
 - Panuku design review processes
 - Panuku Corporate Responsibility Framework
 - Panuku Mana Whenua Outcomes Framework

9 Responsibilities and approvals

- 9.1 The Director Development is responsible for the implementation of this policy. Housing outcomes will be included in every EOI or RFP. The Chief Operating Officer is responsible for monitoring and ongoing review of the policy. This will be supported by long-term monitoring of outcomes in town centres and reporting on benefits realisation of projects and programmes.
- 9.2 All Panuku staff selecting development partners and negotiating agreements with developers must adhere to this Policy.
- 9.3 This policy will be publicly available once approved.

10 Approval and review of this Policy

Business Owner	Strategy and Operations		
Policy date	November 2018		
Frequency of review	Three yearly (or earlier if context or mandate changes)		
Last reviewed	New	Approved by Panuku Development Auckland Board	November 2018

Decision Paper: Disposals Recommendation

Document Author(s)	Anthony Lewis – Senior Advisor Portfolio Review
Reviewer(s)	David Rankin – Chief Operating Officer
Date	31 October 2018

1. Purpose

This paper seeks approval from the Panuku Board for five council owned properties to be recommended to the Finance and Performance Committee for disposal.

2. Executive summary

The first two properties presented in this report, 26-32 O’Shannessey Street, Papakura and 36 Coles Crescent, Papakura are off-street car parks no longer required for transport service purposes. The rationalisation process for the sites commenced in August 2015 and November 2017 respectively. Consultation with council departments and CCOs, iwi authorities and the Papakura Local Board has now taken place.

At the request of the Papakura Local Board, Panuku assessed the development potential of both sites and considers the properties suitable for development for housing purposes in line with the council-approved Panuku SOI development objectives.

Panuku staff have informed the local board of the potential to enter into development agreements for both sites with adjacent landowners to achieve mixed use developments with housing outcomes. 26-32 O’Shannessey Street provides the potential to achieve a mixed use development with a social housing for the older persons or a possible Kiwibuild component. 36 Coles Crescent provides the potential for a mixed use development that would preserve the existing access-way and parking for the adjacent pre-school facility.

The Papakura Local Board resolved at its 18 October 2018 business meeting to oppose a disposal on the basis that it wishes to retain both sites to allow further strategic planning to be undertaken. Panuku staff have provided advice to the local board that both sites offer opportunities for strategic development as requested by the local board. As such, it is recommended that the Panuku Board approves the recommendation to the council’s Finance and Performance Committee that both sites be divested for development purposes, with appropriate controls to ensure strategic outcomes in line with the Panuku SOI development objectives.

The third and fourth properties in this report, 22 and 28A Waipuna Road, Mt Wellington are residential properties that were acquired for transport purposes. The properties are no longer required for this purpose. Housing New Zealand has expressed an interest in acquiring 22 and 28A Waipuna Road if they are approved for disposal by council. Both properties have been identified by Panuku as suitable for disposal for residential development purposes. The rationalisation process for both properties commenced in September 2018. Consultation with council and its CCOs and iwi authorities has now taken place.

The Maungakiekie-Tāmaki Local Board will formally consider the proposed disposal of both properties at its 28 November 2018 business meeting. Informal feedback received is that it is supportive of the proposed disposal of 22 and 28A Waipuna Road. As no current or future council service use has been identified for both properties through the rationalisation process, it is recommended that the Panuku Board approves the recommendation to the council's Finance and Performance Committee that 22 and 28A Waipuna Road be divested.

The final property in this report, 5Z Butler Avenue, Papatoetoe is a vacant site that was reviewed following a purchaser enquiry from the adjoining land owner. The site is a Local Purpose (Service Lane) Reserve subject to the Reserves Act 1977. The rationalisation process commenced in September 2018. Consultation with the council's departments and CCOs and iwi authorities has now taken place. The Ōtara-Papatoetoe Local Board has provided informal feedback that is supportive of a disposal and will formally resolve on the matter at its 20 November 2018 business meeting. As no current or future council service use has been identified for the site through the rationalisation process and the feedback received has been supportive, it is recommended that the Panuku Board approves the recommendation to the council's Finance and Performance Committee that the reserve status be revoked and that the site be divested.

The consultation process undertaken for the subject sites and a technical summary of each property is attached as *Appendix A to D* of this report.

3. Recommendations

It is **recommended** that the board:

Approves the recommendation to the Finance and Performance Committee that the following properties are surplus to council requirements and should be divested:

- i. 26-32 O'Shannessey Street, Papakura
- ii. 36 Coles Crescent, Papakura
- iii. 22 Waipuna Road, Mt Wellington
- iv. 28A Waipuna Road, Mt Wellington
- v. 5Z Butler Avenue, Papatoetoe

4. Prior Board and Council engagement and decisions

Previous Board / Council engagement and decisions		
Date and meeting	Document	Decision / Outcome
20 September 2017 Papakura Local Board	Disposal recommendations report	The Papakura Local Board did not endorse a disposal on the basis of the site's importance within the Papakura Town Centre. The local board requested that any subsequent disposal be subject to appropriate controls to ensure that the site's future redevelopment contributes positively

		<p>to the role of Papakura as an emerging metropolitan centre.</p> <p>The local board also requested that feedback from the Papakura Commercial Project Group be considered as part of the decision making process; and that a disposal be considered within Panuku's optimisation or reinvestment policy framework.</p>
<p>18 October 2018 Papakura Local Board</p>	<p>Disposal recommendations report - 26-32 O'Shannessey Street, Papakura and 36 Coles Crescent, Papakura</p>	<p>The Papakura Local Board did not endorse a disposal of both sites on the basis that it requires additional time to consider the type of development it seeks for the Papakura town centre and for an Auckland Transport operational review of parking behaviour in the Papakura town centre to be completed.</p> <p>The local board also requested deferring the disposal of both sites pending the completion of a joint council Governing Body and local board political working party review of the council property disposal process.</p>

5. Discussion

Panuku and the Auckland Council Stakeholder and Community Facilities Land Advisory team jointly work on a comprehensive review of council's property portfolio. One of the outcomes of the review process is to identify properties in the council portfolio that are no longer required for council service purposes and may be suitable for sale, and development if appropriate. The subject sites were identified as no longer required for council service purposes through this review process.

Once a property has been identified as no longer required for current council service purposes, Panuku engages with the council and its CCOs to establish whether the property must be retained for a strategic purpose or is required for a future funded council service use. Once a property has been internally cleared of any council service requirements, Panuku then consults with local boards, mana whenua and relevant ward councillors. All sale recommendations must be approved by the Panuku Board before a final recommendation is made to Auckland Council's Finance and Performance Committee. The committee has the delegated authority to approve any proposed disposal.

Detailed information about the subject properties is provided in *Appendix A to D* of this report.

5 Financial implications

Detailed information about the subject properties is provided in *Appendix A to D* of this report.

6 Implementation

Information about the implementation of the subject properties is provided in *Appendix A to D* of this report.

Document Sign-off

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

Appendix A – 26-32 O’Shannessey Street, Papakura

1. Summary

26-32 O’Shannessey Street, Papakura is an off-street car park released by AT as it was not required for its future service needs and having no strategic purpose to retain. The rationalisation process commenced in August 2015. Consultation with council departments and its CCOs, iwi authorities and the Papakura Local Board about the site has been undertaken. Given that no council service use requirement has been identified by the council, we recommend the disposal of this site with appropriate legal controls to achieve predetermined development outcomes in line with the Panuku SOI urban renewal and housing development objectives.

2. Background

26-32 O’Shannessey Street is a 809m² council owned site that was acquired by the former Papakura City Council in 1983 for parking purposes. The site is subject to a right of way obligation providing access to the adjoining property at 22 O’Shannessey Street.

26-32 O’Shannessey Street was managed by AT as part of its car parking network. In 2015, the AT Board resolved that it was no longer required for AT’s infrastructure purposes. 26-32 O’Shannessey Street was subsequently transferred from AT to council for rationalisation purposes.

The Auckland Unitary Plan zoning of 26-32 O’Shannessey Street is Metropolitan Centre. It has a 2017 capital value of \$580,000.

3. Internal consultation

The internal consultation with all council business units and CCOs for this site commenced in August 2015. No alternative council service uses were identified.

4. Local board views and implications

Panuku first engaged with the Papakura Local Board in November 2015 resulting in the local board providing informal advice that it was opposed to the proposed disposal of 26-32 O’Shannessey Street and questioned AT’s decision to release the site from service. The local board later requested in 2017 the site also be investigated as an off street bus layover.

Panuku raised these concerns with AT, which confirmed that it does not require 26-32 O’Shannessey Street for current or future transport infrastructure purposes. AT also advised that the evaluation criteria used was in terms of catchment, utilisation and access to public transport consistent with the Auckland Parking Strategy 2015.

In April 2017, the local board requested that that the site be considered in the context of the Manurewa – Takanini – Papakura Area Spatial Plan as part of the rationalisation process. Staff confirmed with Council’s Central/South Planning team that individual sites such as 26-32 O’Shannessey Street are not reviewed as part of the Area Spatial Plan for the Manurewa – Takanini – Papakura area. Central/South Planning confirmed its previous assessment that it does not see a need to retain the subject site in council ownership.

The Papakura Local Board formally opposed the proposed disposal of 26-32 O’Shannessey Street at its 20 September 2017 meeting on the following basis:

- the site’s importance within the Papakura Town Centre, with any subsequent disposal being subject to appropriate planning and design controls / covenants to ensure that its future redevelopment contributes positively to the role of Papakura as an emerging metropolitan centre;
- feedback from the Papakura Commercial Project Group, which has developed a conceptual development plan for the Papakura Town Centre as a metropolitan centre be considered as part of the decision making process;
- requested that a disposal be considered within Panuku’s optimisation or reinvestment policy frame work;

- the local board will address council's Finance and Performance Committee opposing the disposal of this site.

Panuku staff advised the local board that 26-32 O'Shannessey Street does not meet the reinvestment policy framework criteria as the Papakura town centre is not a Panuku priority development location. Therefore, no sale proceeds can be reinvested in the specific area in order to deliver on certain public realm projects. Furthermore, the property does not meet the service property optimisation criteria as it does not provide a current council service. However, Panuku has agreed to seek urban renewal and housing development outcomes under its "support" development category which will support the revitalisation of the town centre.

At a workshop held in May 2018, the local board was informed of the potential to enter into a development agreement with the adjacent landowner to achieve a mixed use development with housing outcomes comprising social housing for the older person or a possible Kiwibuild component. The local board provided informal feedback that indicated it was not supportive of further social housing development in Papakura and that both disabled and short term public car parking be incorporated in any private development at 26-32 O'Shannessey Street.

At the request of the local board, Panuku staff undertook further investigations and advised the local board at a workshop held in October 2018 that should the property be sold the adjacent landowner to be incorporated into his development proposal outlined above the potential to achieve mixed use development outcomes was still achievable. However, public parking would not form part of any desired development outcomes as AT does not require parking at this site. The local board was also advised that AT had confirmed that an operational review to understand existing parking behaviour in the Papakura town centre has been included in its 2018-19 work programme, but 26-32 O'Shannessey Street will not be included in the scope of the review.

Panuku staff advised that should the local board wish to include additional feedback from the Papakura Commercial Project Group as part of the local board's formal feedback, Panuku will report on this as part of the decision making process.

The Papakura Local Board resolved at its 18 October 2018 business meeting to oppose a disposal on the basis that it wishes to retain the site to allow further strategic planning work and an operational parking review to be undertaken, to allow a council political working party review of the role of local boards in the property disposal process, and that the local board chair address council's Finance and Performance Committee opposing the disposal of this site.

5. Iwi feedback

Ten mana whenua iwi authorities were contacted regarding the potential sale of 26-32 O'Shannessey Street, Papakura. The following feedback was received:

a) **Te Kawerau-ā-Maki**

No feedback was received for this site.

b) **Ngāi Tai ki Tāmaki**

Ngāi Tai ki Tamaki advised it had commercial interest in the site and signalled an increased interest in council owned property that may come available for sale in their rohe. Panuku will follow up with Ngāi Tai ki Tamaki should the property be approved for disposal.

c) **Ngāti Tamaoho**

Ngāti Tamaoho advised that Papakura is of high cultural significance to Ngāti Tamaoho, who occupied the area for centuries. It is currently the single location with the highest population of those who identify with Tamaoho. Panuku responded and advised Ngāti Tamaoho that the information would be considered by council's Finance and Performance Committee when making a decision on the future of the site.

Ngāti Tamaoho also expressed commercial interest, as the site enables it to partly provide a presence in the community and also to provide a base from which to promote economic activity and if possible, support community service delivery. If approved for disposal, Panuku will follow up with Ngāti Tamaoho on potential cultural and commercial opportunities.

d) **Te Akitai Waiohua**

Te Akitai Waiohua advised it had commercial interest in the site. Panuku will follow up with Te Akitai Waiohua should the property be approved for divestment.

e) **Ngāti Te Ata Waiohua**

No site specific feedback received for this site; however Ngāti Te Ata has expressed general cultural interest across Tāmaki Makaurau, has potential commercial interest in any council owned land that comes available for sale in their rohe and notes specific association with the south western area of Auckland, focusing around Manukau and the western coastline. Panuku will follow up with Ngāti Te Ata Waiohua should the site be approved for disposal.

f) **Ngāti Paoa**

No feedback was received for this site.

g) **Ngaati Whanaunga**

No feedback was received for this site.

h) **Ngāti Maru**

No feedback was received for this site.

i) **Ngāti Tamaterā**

No feedback was received for this site.

j) **Waikato-Tainui**

Waikato-Tainui advised that as a matter of principle all lands are culturally important to Waikato-Tainui should they fall within their tribal rohe and would look at acquiring the property in the future should an opportunity arise. Panuku will follow up with Waikato-Tainui should the site be approved for divestment.

6. Implementation

There is interest from a number of iwi authorities that have expressed a cultural or commercial interest in the site and from the adjoining landowner in acquiring 26-32 O'Shannessey Street for development purposes.

Should the Finance and Performance Committee approve the proposed disposal of 26-32 O'Shannessey Street, Panuku will explore disposal options, including a development agreement with the adjoining landowner or interested iwi authorities to ensure outcomes in line with the Panuku SOI development objectives, specifically town centre regeneration and housing outcomes.

7. Images



Appendix B – 36 Coles Crescent, Papakura

1. Summary

36 Coles Crescent, Papakura is an off-street car park that has been identified through the rationalisation process with development potential for urban renewal and housing development. The rationalisation process commenced in November 2017. Consultation with council departments and CCOs, iwi authorities and the Papakura Local Board has now taken place. Given that no council service use requirement has been identified by the council, Panuku recommends the disposal of this site with appropriate legal controls to achieve predetermined urban renewal and housing outcomes in line with the Panuku SOI development objectives.

2. Background

36 Coles Crescent, Papakura is a 3,586m² site that comprises of five separate parcels that are local purpose (parking) reserves, and two that are local purpose (service lane) reserves subject to the Reserves Act 1977.

The seven parcels were acquired by the former Papakura Borough Council and former Papakura District Council between 1953 and 1983 for parking and service lane purposes.

Another service lane reserve adjoins the northern boundary of the site. That 97m² site is also included as part of the council rationalisation process, as the service lane provides access to the rear of three privately owned properties and it would not be appropriate to remove that access unless it is provided by other means.

Following an enquiry from a member of the public seeking to purchase the site, a review established there is no requirement to use the site for transport purposes. Panuku subsequently commenced the rationalisation process for 36 Coles Crescent.

The Auckland Unitary Plan zoning of 36 Coles Crescent and the adjoining service lane is Metropolitan Centre. The combined parcels have a 2017 capital valuation of \$1.7 million.

The entirety of 36 Coles Crescent is subject to the Reserves Act 1977. Accordingly the reserve status of the parcels will need to be revoked under section 24 of the Reserves Act 1977 before any proposed disposal could be completed.

3. Internal consultation

The internal consultation with all council business units and CCOs for this site commenced in November 2017. No alternative council service uses were identified.

4. Local board views and implications

In response to the concerns raised by the Papakura Local Board regarding the proposed disposal of 26-32 O'Shannessey Street, Papakura, Panuku agreed in November 2017 to explore potential development options for the site at 36 Coles Crescent in conjunction with the development investigations at 26-32 O'Shannessey Street. This would potentially align with the outcomes of the planning work currently being undertaken by the Papakura Commercial Group.

At a workshop held in May 2018, Panuku staff informed the local board of the potential to enter into development agreements with a development partner on this site which has the potential to deliver approximately 16 residential units on site while maintaining the existing access way and informal parking arrangements. The local board provided informal feedback that supported preserving the existing access-way and parking for the adjacent pre-school facility. It also indicated that it was not opposed to the proposal for 16 residential units.

At the request of the local board, Panuku staff undertook further investigations and advised the local board at a workshop held in October 2018 that the potential to achieve mixed use development outcomes was still achievable.

The Papakura Local Board resolved at its 18 October 2018 business meeting to oppose a disposal on the basis that it wishes to retain the site to allow further strategic planning work and an operational

parking review to be undertaken, to allow a council political working party review of the role of local boards in the property disposal process, and that the local board chair address council's Finance and Performance Committee opposing the disposal of this site.

5. Iwi feedback

Ten mana whenua iwi authorities were contacted regarding the potential sale of 36 Coles Crescent, Papakura. The following feedback was received.

a) **Ngāi Tai ki Tāmaki**

No feedback was received for this site.

b) **Ngāti Tamaoho**

Ngāti Tamaoho advised that Papakura is of high cultural significance to Ngāti Tamaoho, who occupied the area for centuries. It is currently the single location with the highest population of those who identify with Tamaoho. Panuku responded and advised Ngāti Tamaoho that the information would be considered by council's Finance and Performance Committee when making a decision on the future of the site.

Ngāti Tamaoho also expressed commercial interest, as the site enables it to partly provide a presence in the community and also to provide a base from which to promote economic activity and if possible, support community service delivery. If approved for disposal, Panuku will follow up with Ngāti Tamaoho on potential cultural and commercial opportunities.

c) **Te Akitai - Waiohua**

No feedback was received for this site.

d) **Ngāti Te Ata - Waiohua**

No feedback was received for this site.

e) **Te Ahiwaru**

No feedback was received for this site.

f) **Ngāti Paoa**

No feedback was received for this site.

g) **Ngaati Whanaunga**

No feedback was received for this site.

h) **Ngāti Maru**

No feedback was received for this site.

i) **Ngāti Tamatera**

No feedback was received for this site.

j) **Waikato-Tainui**

No feedback was received for this site.

6. Implementation

There is interest from one iwi authority that has expressed a cultural or commercial interest in the site and from the adjoining landowner in acquiring 36 Coles Crescent for development purposes.

Should the Finance and Performance Committee approve the proposed disposal of 36 Coles Crescent, Panuku will explore disposal options, including a development agreement with the adjoining landowner or the interested iwi authority to ensure outcomes in line with the Panuku SOI development objectives, specifically town centre regeneration and housing outcomes.

7. Images

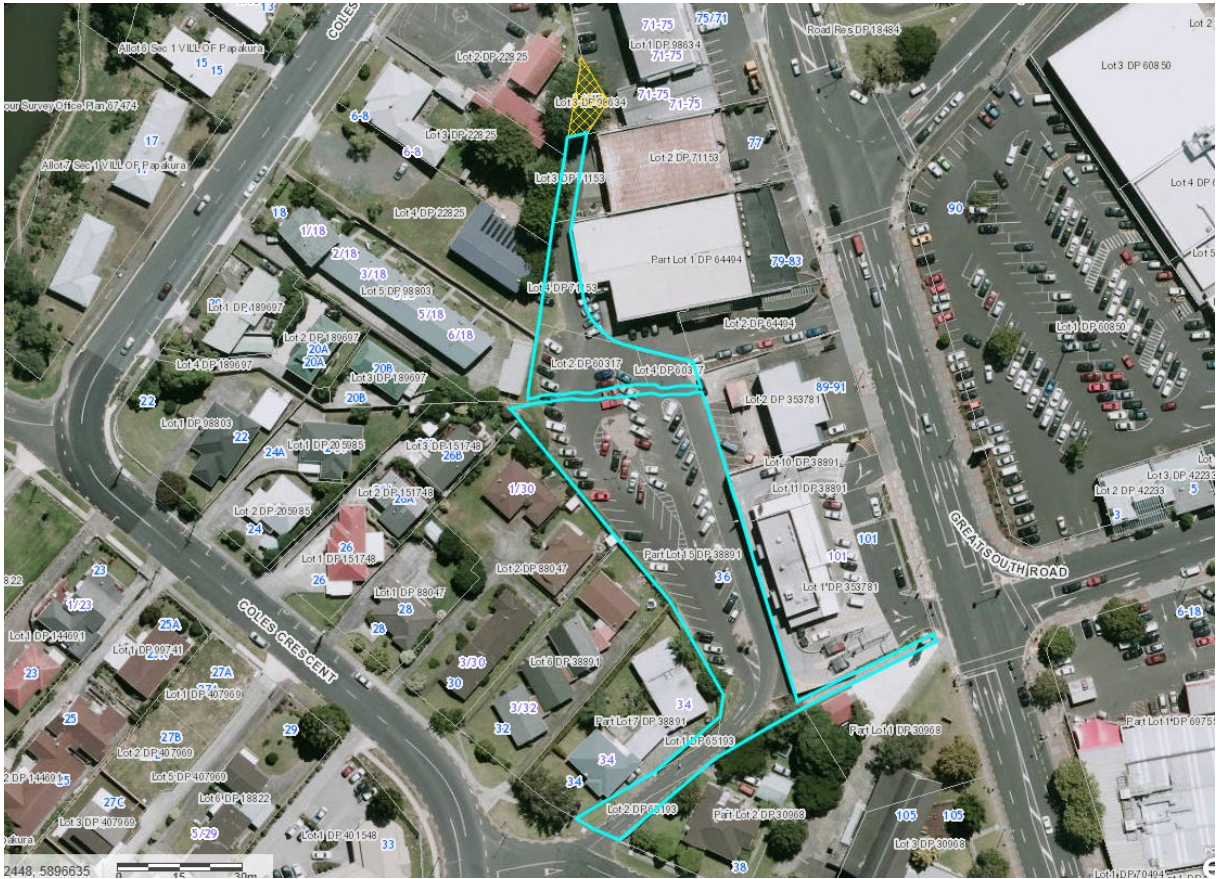


Figure 1: GIS aerial of property; subject area is highlighted in light-blue. **Yellow-grid - adjoining service lane (97m²).**



Appendix C – 22 and 28A Waipuna Road, Mt Wellington

1. Summary

22 and 28A Waipuna Road, Mt Wellington are residential properties that were acquired for transport purposes. The properties are no longer required for this purpose. Housing New Zealand has expressed an interest in acquiring both properties if approved for disposal by council. Both properties have been identified by Panuku as suitable for disposal with residential development outcomes. The rationalisation process commenced in September 2018. Consultation with council and its CCOs and iwi authorities has now taken place. The Maungakiekie-Tāmaki Local Board has provided informal advice that is supportive and will formally consider the proposed disposals at its 28 November 2018 business meeting. The local board's formal position will be included in reporting to the council's Finance and Performance Committee. As no current or future council service use has been identified for the properties through the rationalisation process, it is recommended that the Panuku Board approves the recommendation to the council's Finance and Performance Committee that 22 and 28A Waipuna Road be divested.

2. Background

The former Auckland City Council acquired 22 and 28A Waipuna Road for the Auckland Manukau Eastern Transport Initiative. However the route was not designated and Auckland Council and AT subsequently decided not to proceed with the Mt Wellington Highway/Waipuna Road route.

In 2018 AT advised that the properties were no longer required for its current or future transport or infrastructure purposes. Both were subsequently transferred to council and were subject to the Panuku led rationalisation process.

22 Waipuna Road is a 675m² site with two single story residential units located on it. The Auckland Unitary Plan zoning is Residential - Terrace House and Apartment Building. It has a rating valuation of \$910,000.

28A Waipuna Road is a single story residential unit held as a crosslease with a ½ share in the fee simple title of the 726m² site. The Auckland Unitary Plan zoning is Residential - Terrace House and Apartment Building. It has a rating valuation of \$650,000.

22 and 28A Waipuna Road are not subject to offer back obligations to the former owners in accordance with section 40 of the Public Works Act 1981.

3. Internal consultation

The rationalisation process for both properties commenced in September 2018. No alternative council service uses were identified through the internal consultation. 22 and 28A Waipuna Road have been identified by Panuku as suitable for development, specifically to deliver housing outcomes.

4. Local board views and implications

Panuku staff attended a workshop with the Maungakiekie-Tāmaki Local Board in October 2018. The local board provided informal feedback that it was supportive of the proposed disposal of 22 and 28A Waipuna Road. The Maungakiekie-Tāmaki Local Board will formally consider the proposed disposal of both properties at its 28 November 2018 business meeting. The local board's formal position will be included in reporting to the council's Finance and Performance Committee.

5. Iwi feedback

15 mana whenua iwi authorities were contacted regarding the potential sale of 22 and 28A Waipuna Road, Mt Wellington. The following feedback was received.

- a) **Te Runanga o Ngāti Whatua**
No feedback was received regarding the properties.
- b) **Ngāti Whatua o Kaipara**
No feedback was received regarding the properties.

- c) **Ngāti Whatua Ōrākei**
No feedback was received regarding the properties.
- d) **Te Kawerau a Maki**
No feedback was received regarding the properties.
- e) **Ngāi Tai ki Tāmaki**
No feedback was received regarding the properties.
- f) **Ngāti Tamaoho**
No feedback was received regarding the properties.
- g) **Te Ākitai - Waiohū**
No feedback was received regarding the properties.
- h) **Ngāti Te Ata - Waiohū**
No feedback was received regarding the properties.
- i) **Te Ahiwaru**
No feedback was received regarding the properties.
- j) **Ngāti Paoa**
No feedback was received regarding the properties.
- k) **Ngaati Whanaunga**
Ngaati Whanaunga advised that the properties are located in a place of cultural significance, specifically as 'kaainga mahinga kai'. Panuku replied to Ngaati Whanaunga confirming its interests had been noted on the property file and that the information would be considered by council's governing body when the properties are recommended for disposal. Panuku sought further clarification regarding site-specific issues, including kaitiaki recommendations around future management of the land, acknowledgements or other outcomes that council needs to consider as part of a decision to approve the properties for disposal. At the time of this report being written, no further response has been received. If approved for disposal, Panuku will follow up with Ngaati Whanaunga.
- l) **Ngāti Maru**
No feedback was received regarding the properties.
- m) **Ngāti Tamatera**
No feedback was received regarding the properties.
- n) **Te Patukirikiri**
No feedback was received regarding the properties.
- o) **Waikato-Tainui**
No feedback was received regarding the properties.

6. Implementation

The Crown has expressed interest in acquiring both 22 and 28A Waipuna Road should they be approved for disposal. The adjacent property at 28B Waipuna Road, Mt Wellington was acquired from private ownership by Panuku under delegation using its strategic development fund. Should the Finance and Performance Committee approve the proposed disposal of 22 and 28A Waipuna Road, Panuku staff intend to package the subject properties with 28B Waipuna Road and the previously approved 24 and 26 Waipuna Road, Mt Wellington together to form a larger block of land with a view to creating a significant opportunity to partner Housing New Zealand who own the adjacent block of properties to achieve greater residential development outcomes.

7. Images



GIS aerial

Subject properties, 22 and 28A Waipuna Road, Mt Wellington crosshatched in yellow.

28B Waipuna Road, Mt Wellington crosshatched in red.

Previously approved for disposal 24 and 26 Waipuna Road, Mt Wellington crosshatched in blue.

Adjacent Crown owned properties on Rowlands Avenue, Mt Wellington crosshatched in coral.



22 Waipuna Road, Mt Wellington.



28A Waipuna Road, Mt Wellington.

Appendix D – 5Z Butler Avenue, Papatoetoe

1. Summary

5Z Butler Avenue, Papatoetoe is a vacant site that was reviewed following a purchaser enquiry from the adjoining land owner. The site is a Local Purpose (Service Lane) Reserve subject to the Reserves Act 1977. The rationalisation process commenced in September 2018. Consultation with the council's departments and CCOs and iwi authorities has now taken place. The Ōtara-Papatoetoe Local Board has provided informal feedback that is supportive of a disposal and will formally resolve on the matter at its 20 November 2018 business meeting. The local board's formal position will be included in reporting to the council's Finance and Performance Committee. As no current or future council service use has been identified for the site through the rationalisation process and the feedback received has been supportive, it is recommended that the Panuku Board approves the recommendation to the council's Finance and Performance Committee that the reserve status be revoked and that the site be divested.

2. Background

5Z Butler Avenue is a 246m² vacant site acquired by the former Papatoetoe City Council in 1986 as Local Purpose (Service Lane) Reserve, subject to the Reserves Act 1977. Although the former Papatoetoe City Council District Plan and the former Manukau City Council District Plan included a service lane designation for the adjacent properties at 294 and 302 Great South Road, the intended service lane was never completed.

5Z Butler Avenue effectively bisects the adjoining property at 286 Great South Road, Papatoetoe. Following a purchaser enquiry from the adjoining land owner, a council review confirmed that the site serves no council service use. AT advised that the service lane serves no purpose, as it does not provide access to any other property except 286 Great South Road.

5Z Butler Avenue has a 2017 capital valuation of \$80,000. The Auckland Unitary Plan zoning is Road, however AT advised that the zoning is incorrect. The site is not legal road and will require a plan change as a correction.

The site is likely to be subject to offer back obligations to the adjoining owner as the successor in title in accordance with section 40 of the Public Works Act 1981. Due to the size and configuration of the site, it is likely that it could only be disposed of to the adjoining land owner.

3. Internal consultation

The rationalisation process commenced in September 2018. No alternative council service uses were identified through the internal consultation.

4. Local board views and implications

The council's Local Board Services department advise that the Ōtara-Papatoetoe Local Board discussed the proposed disposal of 5Z Butler Avenue at its 16 October 2018 business meeting when considering the Panuku Development Auckland Local Board six-monthly update 1 March – 31 August 2018 report. The local board discussion occurred prior to formal engagement with Panuku staff being scheduled. Advice to Panuku staff is that the local board is supportive of the proposed reserve revocation and disposal and that no separate local board workshop discussion regarding the site is required.

The Ōtara-Papatoetoe Local Board will formally consider the proposed reserve revocation and disposal of 5Z Butler Avenue at its 20 November 2018 business meeting. The local board's formal resolutions relating to the site will be available to the Panuku Board at its 28 November 2018 meeting if required.

5. Iwi feedback

11 mana whenua iwi authorities were contacted regarding the potential sale of 5Z Butler Avenue. The following feedback was received.

- a) **Te Kawerau a Maki**
No feedback was received for the site.
- b) **Ngāi Tai ki Tāmaki**
No feedback was received for the site.
- c) **Ngāti Tamaoho**
No site-specific feedback was received.
- d) **Te Ākitai - Waiohua**
No feedback was received for the site.
- e) **Ngāti Te Ata - Waiohua**
No site-specific feedback was received.
- f) **Te Ahiwaru**
No feedback was received for the site.
- g) **Ngāti Paoa**
No feedback was received for the site.
- h) **Ngaati Whanaunga**
No feedback was received for the site.
- i) **Ngāti Maru**
No feedback was received for the site.
- j) **Ngāti Tamatera**
No feedback was received for the site.
- k) **Waikato-Tainui**
No feedback was received for the site.

6. Implementation

There is interest from the adjoining land owner in acquiring 5Z Butler Avenue. This will be explored further should the Finance and Performance Committee approve the proposed reserve revocation and disposal.

5Z Butler Avenue is a Local Purpose (Service Lane) Reserve subject to the Reserves Act 1977. Accordingly the reserve status will need to be revoked under section 24 of the Reserves Act 1977 before any proposed disposal could be completed.

7. Images of 5Z Butler Avenue, Papatoetoe



Decision Paper: Subsidiaries Annual General Meeting resolutions

Document Author(s)	Michele Harpham – Finance Manager
Approver	Carl Gosbee – Director Corporate Services
Date	16 November 2018

1. Purpose

To authorise the Chief Executive Officer of Panuku to execute written resolutions, in lieu of holding annual shareholders' meetings, for:

- Westhaven Marina Limited,
- Downtown Marinas Limited; and
- New Lynn Central Limited.

2. Executive summary

Section 120 of the Companies Act 1993 (the Act) requires the board of a company to call an annual meeting of shareholders to be held not later than six months after the balance date of the company.

Section 122(1) of the Act permits shareholders to pass written resolutions on various matters, instead of holding an annual meeting, provided such resolution is signed by not less than 75 per cent of shareholders' entitled to vote on it. Panuku is the sole shareholder of Westhaven Marina Limited and Downtown Marinas Limited. Panuku owns 42% of New Lynn Central Limited along with Infratil. Infratil as the largest shareholder will draft the resolutions for New Lynn Central Limited.

Due to the administrative nature of the business conducted at the annual 2017/2018 shareholders' meetings, this report recommends that the Board authorise the Chief Executive Officer of Panuku to execute written resolutions instead of holding annual shareholders' meetings.

3. Recommendations

That the board **authorise** the Chief Executive Officer to act as Panuku's shareholder representative to execute a written resolution instead of holding an annual shareholders' meeting for:

- Westhaven Marina Limited;
- Downtown Marinas Limited; and
- New Lynn Central Limited.

Document Sign-off

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

Decision Paper: 770R Great South Road

Document Author	Clive Fuhr – Project Development Director
Approver	Allan Young – Director Development
Date	16 November 2018

1. Purpose

The purpose of this report is to seek Board approval to enable the proceeds from selling reserve land at 770R Great South Road, Manukau to be reapplied to fund capital works to upgrade a reserve within the Manurewa Local Board area.

2. Executive summary

In 2017 the Vodafone Event Centre 'Second Nature Charitable Trust' (SNCT) approached council with a proposition for council to sell part of the reserve land leased to the Trust, so that the Trust could in turn enter into a development agreement to enable a hotel and residential development to be constructed adjacent to the Event Centre and Te Wero white-water park.

The council agreed to this transaction and Panuku assisted the council to negotiate the commercial terms of the sale of a freehold interest to SNCT who in turn on sold to Safari Group. Safari group has subsequently commenced a hotel and residential development. The hotel is branded as a Ramada.

The Council received \$1.035 million plus GST from this sale. Less \$4,750 cost of sale, this achieved net proceeds of \$1.03 million.

The Manurewa Local Board has consistently believed that the proceeds of this sale should be reapplied for reserve purposes within its Board area. Specifically, it would like to use these sales proceeds to upgrade netball courts in Manuwera adjacent to the Transform Manukau area. The proceeds of the sale of Reserve land should be reapplied for Reserve purposes in accordance with the Reserves Act 1977.

The Local Board wishes to use these funds at the Browns Road Netball and Community Centre. Re-surfacing the courts would be part of the multi stage plans for the complex. The courts are on Council owned reserve land. The grounds fall almost within the Transform Manukau boundary, as they on the corner of Dalgety Drive and Browns Road.

This is a practical and appropriate use of the funds. However, for the funds to be applied to this project the Board must agree to this expenditure and the transfer of funds to enable them to be spent for this purpose. This project and the expenditure of \$1.03 million was not included in the FY19 Programme Business Case for Transform Manukau, hence the need for the Panuku Board to approve this action.

3. Recommendation

It is recommended that the Panuku Board:

1. Approves that \$1.03 million received from the sale of Reserve land at 770R Great South Road be applied for Reserve purposes, namely the repair and upgrading of the netball facilities at the Browns Road Netball and Community Centre.

Document Sign-off

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

Health and Safety Monthly Reporting – October 2018

Document Author(s)	Blair McMichael – Health and Safety Manager
Approver	David Rankin – Chief Operating Officer
Date	12 November 2018

1. Purpose

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

2. Executive Summary

A key objective within the Health and Safety Plan 2018/19, underway for October, is training of staff in the Contract Management Framework (CMF) within our portfolio team, design and place-making teams, and incorporating planned refresher training and updates to our development team. The CMF represents our approach to managing H&S in contracts and agreements and was introduced through our Development team in 2017.

Other objectives planned include a review of the project health and safety risk registers and the development of communications to staff on the hierarchy of health and safety risk registers within the business. This work aligns to findings from the EY review in June, and aims to provide greater clarity to staff of the existence and purpose of our H&S Risk register hierarchy.

Further health and safety initiatives include the planned health and safety committee terms of reference review, which is intended to be finalised in November; critical risk activity audits for both Great Barrier (Blackwell) and Whitford Quarries which have been completed with no significant findings; and the investigation arising from a stop work in proximity to our overhead tram lines.

3. Health and Safety Plan 2018/2019

Contract Management Framework (CMF) – Health and Safety

In accordance with our Health and Safety Plan 2018/19 work continued in the deployment of our CMF. The objective within our plan is to ensure all areas of the business that deliver contracts and agreements are fully versed in the CMF. This objective continues the CMF work completed last year with our Development team.

The CMF has been designed to ensure Panuku as a PCBU (Person Conducting a Business or Undertaking), under the Health and Safety at Work Act, fully discharges its duties. The CMF includes guidance, role clarity, supporting documentation, and training for staff, professional services consultancies acting on our behalf, and our physical works contractors to maintain a consistent outcome. When applied consistently the CMF gives those involved a tool to avoid both overreaching and under-reaching.

In October the CMF work began with the facilities management team. In November this work will include the portfolio management office, and design and place-making teams. It will include refresher training for our development team.

This programme of work will continue until Christmas.

4. Incidents, accidents and hazards

During the October Board meeting there was board feedback on the quarterly health and safety dashboard. Our 2018 quarterly report was the first-time health and safety reporting has been presented in a dashboard format presenting incidents, audits, corrective actions, risks, and training from our reporting data drawn from Risk Manager. To improve the reliability and validity of our data we will be refreshing staff training in the use of Risk Manager, with communication around business rules when entering data.

During October incident reporting indicated no notifiable events, as defined under the Health and Safety at Work Act, with a near miss incident and a lost time injury reported. Each is described below:

- **Near Miss – Tram Operations.** A stop work instruction was issued to a contractor of a Hiab truck who had attempted to unloading near the overhead tram lines. The contractor failed to follow Panuku's proximity permit system, known to the contractor. An incident investigation established that the contractor was familiar with the zero-energy isolation requirement. However, it had taken the view that as the trams were not operating the energy had been isolated. Health and safety corrective actions applied by the business include retraining the contractor, recommunicating the energy isolation and permit system to existing waterfront suppliers, refresher training for our Placemaking and Waterfront staff, and planned training for our Waterfront developers and contractors/suppliers.
- **Lost time injury – Westhaven Marina.** While retrieving a mooring line, which had an attached oyster shell, a marina's staff member lacerated two right hand fingers. An investigation identified that gloves had been provided yet were not always worn. An alternative glove type has been sourced and will be risk assessed and use by staff monitored.

5. Health and safety risk management, monitoring and review of critical risk

Last month our executive leadership team reviewed the health and safety corporate risk register as part of a quarterly review. This overview by our executive, together with corrective actions identified during the June Ernest Young internal audit, signalled the need for greater transparency of health and safety risk register information and clarity around Panuku's hierarchy of risk registers including our business corporate, directorate and project risk registers.

As part of this work the executive highlighted the need to ensure health and safety risk was clearly articulated within the portfolio management framework, as an extension of the existing risk assessment provided within the CMF. This work is planned for November and will ensure our existing risk workshops adequately cover health and safety risk including all critical risk. These improvements will extend to all risk register related communications.

Critical Risks Activities: Quarries, Landfills and Transfer Station

An audit for the final quarter of 2018 was completed on Blackwell's Quarry which is managed by Fulton Hogan. Rock crushing was being undertaken at the time, with Fulton Hogan sending the mobile crusher and additional plant and workers to Great Barrier Island to undertake these works.

Crushing activity is undertaken on an annual basis. The audit identified several internal improvements that had been made on site. Site activities had been risk assessed, and controls implemented with monitoring well established. There were no major issues or concerns raised.

A further audit was undertaken on the Whitford Quarry, currently under the management of Fulton Hogan. At the time of the audit there was minimal activity on site, with the quarry operation currently inactive, and subcontractors completing vegetation clearance and bolting of the quarry face. Fulton Hogan workers were on site, however the risk from the activities was minimal (site maintenance, cleaning etc).

While the quarry is quiet now, workers are continuing to ensure the risk associated with their activities is being assessed, plant is maintained, and process and procedures reviewed accordingly. This is in line with the requirements specified within the Quarry Management Plan. There were no major concerns or issues identified.

6. Staff health and wellbeing, training and development

Training and Development

During October our Health and Safety Committee was tasked with reviewing the committee's health and safety terms of reference including the functions associated with the health and safety representative roles. This work is included as part of the Health and Safety Plan 2018/19 and is an identified corrective action from the EY review. The terms of reference will be finalised in November with approval to be sought through the executive.

Training during the month included manual handling training completed by Westhaven marinas staff and the same training planned with the team at the Viaduct and Silo marinas.

We maintained our focus on health and wellness working with Auckland Council toward free Mole map education and awareness presentations. These sessions align to our review of personal protective equipment for all outdoor roles considering sunhats, full length torso clothing, safety sun glasses (for water-related glare), and sun screen accessibility.

Chief Executive's Report

Document Author	Roger MacDonald – Chief Executive
Contributors	<p>David Rankin – Chief Operating Officer</p> <p>Monica Ayers – Director People and Culture</p> <p>Angelika Cutler – Director Corporate Affairs</p> <p>Carl Gosbee – Director Corporate Services</p> <p>Rod Marler – Director Place and Design</p> <p>Allan Young – Director Development</p> <p>Ian Wheeler – Director Portfolio Management</p> <p>Jenni Carden – Executive Officer/Company Secretary</p>
Date	20 November 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 Panuku Operating Model

Auckland Council Finance and Performance Committee have been considering the legal ownership structure of waterfront land. They had a confidential workshop on Wednesday 14 November, and a public report was to be made available on 16 November informing a public discussion on the Finance and Performance Committee meeting on 20 November. These considerations may impact the asset ownership structures for both Panuku and Ports of Auckland. Any decision to change asset ownership structure will need public consultation in line with changes to the Long Term Plan, as waterfront land is classified as Strategic Assets.

Panuku currently operates two different models of property management and development.

1. We manage the property in the Wynyard Quarter and along the Waterfront (including Marinas and Wharves) that we own, and we develop this land and the waterspace assets in accordance with the Waterfront Plan.
2. We also manage property on behalf of council (the non service property portfolio), and we are redeveloping council owned land within the Transform and Unlock locations.

If the council decide to change the legal ownership structure of the Panuku owned waterfront land, this will simplify the operating model, but Panuku will continue to manage the assets as we currently do – i.e. with the existing Marina and Property Management staff, and to develop the sites in accordance with the Waterfront Plan – i.e. the existing development team. Thus, we do not expect to see any changes in our staffing structure or roles and responsibilities if the ownership of the Panuku Waterfront land transfers to Auckland Council.

Due to upcoming changes in Taxation laws, any change to asset ownership structures would be implemented before 30 June 2019, to mitigate against tax implications.

2.1.2 Working with the Crown

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

2.1.3 Light Rail Transit

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

2.1.4 America's Cup 36

Auckland Council, Government and ETNZ negotiations and optimisation process

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

Tenant Relocation

Work continues on tenant relocation, much of which is needed before construction starts. The construction programme has moved to accommodate design changes as noted above, however Panuku is working to get tenants moved as soon as possible so we don't contribute to any delays. An information paper is attached to this board report – see agenda item 3.4.

2.1.5 Mana whenua engagement update

The America's Cup Resource Consent requires Panuku as the consent holder to prepare an America's Cup Kaitiaki Engagement Plan (ACKEP) with assistance from a Forum of 19 mana whenua entities. The Plan enables mana whenua to fulfil their role as kaitiaki in relation to the infrastructure build. Development of the ACKEP has required robust engagement at both the governance and kaitiaki level. Mana whenua have provided Panuku provisional endorsement for the ACKEP but noting that whilst endorsement has been provisional, it has also been acknowledged that mana whenua will continue to engage constructively in the Forum. It is also important to note that the ACKEP is intended to be a living document. We would like to acknowledge the important kōrero that is taking place in the ACKEP Forum regarding mana whenua kaitiakitanga and the aspiration to deliver work that we all feel proud to have contributed to with the potential to lead the way as "best practice" in Tāmaki Makaurau and beyond.

Panuku acknowledges the significance of the enduring relationship between Mana Whenua and the Manukau Harbour. The recent purchase of the Onehunga Wharf has prompted

early thinking that we should work with Mana Whenua and look at the Wharf as a potential strategic priority project in terms of Māori Outcomes. Naturally this is a long-term project with a variety of opportunities available, including:

- Planning
- Commercial development
- Business opportunities
- Expression of cultural identity
- Tourism
- Housing
- Environmental enhancement

The harbour based project offers us the opportunity to apply the lessons learnt we have gained from the Waitematā projects in other projects and this year. We discussed the early thinking for this project at the Panuku-Mana Whenua Governance Hui in November and will be discussing it with Rangatira governance in November.

Lastly, we have been engaging at both the governance and kaitiaki level regarding the Promenade project. Applying lessons learnt and running a much more informed engagement process meant we were able to lodge the consent with a clear indication from all mana whenua that they were in support or at least neutral on the project.

2.2 Emerging or developing issues

2.2.1 Gulf Harbour Marina

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

2.2.2 Audit New Zealand Half Year Engagement Letter

Due to Auckland Council's bond listing on the NZX, Audit New Zealand are required to undertake a half year audit review of Panuku's financial accounts up to 31 December 2018. The audit review work is mostly completed in January 2019.

Audit New Zealand require an engagement letter to be signed before the start of the audit work, however due to uncertainty in the Audit Director (David Walker is scheduled to cycle off of the Panuku audit), they have been unable to send through the engagement letter in time for the Panuku November board meeting. To facilitate the audit review, and provide the necessary acceptance for Audit New Zealand it is recommended the board delegate to the Audit and Risk committee authority to review and sign the audit review engagement letter at their 14 December Committee meeting.

2.2.3 Deputations to the Auckland Council Governing Body – 22 November

The Auckland Council Governing Body meeting on Thursday, 22 November heard public input from Puneet Dhall and separately from Jef Grobben in relation to the Auckland Dockline Tram. The input was received by Auckland Council as they were considering the report from Panuku and Auckland Transport on this matter. A verbal update will be provided at the meeting on the outcome.

2.3 Priority location project updates

Transform

2.3.1 Manukau

Crown and Council Joint Business Case

In March 2018, the Mayor and Minister of Housing and Urban Development agreed to work together on a joint crown/council programme business case for Transform Manukau, to deliver on the vision of “Manukau is the thriving heart and soul of the south”. Panuku is leading the council family involvement, with MBIE (now HUD) leading the crown input. Governance is provided by a Joint Steering Group (JSG), alternately chaired by Panuku and MBIE/HUD, with membership including HNZC, AT, NZTA, Ministry of Education, Counties Manukau DHB, The Southern Initiative and mana whenua representatives.

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

Kotuitui Place Manukau (20 Barrowcliffe Place)

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

Site Sales Campaign

As previously reported, the EOI process for five Panuku sites and the council corporate property sale and development commenced on 15 October. The campaign was deliberately intended to gain developer attention in the potential of opportunities within central Manukau. The 5 sites taken to market through this process are 8 and 14 Davies Avenue, 9 Osterley Way, 31-33 Manukau Station Road (lot59A), and 50 Wiri Station Road. The one-month EOI process, managed for Panuku by Colliers International, closed on 15 November 2018. A total of 24 submissions were received in respect of five council sites as well as for the purchase of Kotuku House - a council office building. The EOI also allows interest to be registered relating to the opportunity to extend office space on the site of the current Civic Building.

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

Removing Restrictive Covenants

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

52-54 Manukau Station Road

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

Te Papa Manukau

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

2.3.2 Onehunga

The initial mana whenua forum discussion on the port in early November with was well received. The discussion demonstrated a willingness of both parties to work closely and agree principles of engagement followed by location specific principles for the port. The principles will need to be agreed prior to starting a master planning process. Initial remediation works at the Onehunga Port have commenced with the larger items including a partial electrical system replacement planned for early next year.

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

2.3.3 Waterfront

Vos Shed Restoration

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

30 Madden Street (West 1 Site)

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

10 Madden Street (Site 5B)

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

Site 18

Governing Body Approval was given for the transaction at the extraordinary Governing Body meeting on 18 October 2018. The final drafting of the Development Agreement is being agreed.

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

132 Halsey Street (Site 7)

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

Park Hyatt Hotel

The Park Hyatt Hotel is due to be complete by June/July 2019. The civils construction work is underway on the Madden Plaza and Hotel Promenade.

Auckland Dockline Tram

Following the Panuku Board's decision to permanently cease the operation of the Auckland Dockline Tram, a paper has been prepared for the Governing Body on 22 November 2018. This paper has been prepared in consultation with AT. A workshop presentation was made to the Waitematā Local Board on 13 November 2018 which went through the four options considered and responded to local board concerns. A copy of the paper is in the resource centre.

Queens Wharf Cruise Ship Mooring Dolphins

The Mooring Dolphin project is funded by Auckland Council. The consent application is managed by Panuku, while delivery will be part of the Downtown Infrastructure Program managed by AT. Submissions on the Mooring Dolphin consent application closed on 8 October 2018.

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

Wynyard Bridge Crossing

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

Westhaven Pile Mooring Redevelopment

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

Kestrel

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

Unlock

2.3.4 Avondale

A separate report has been provided for the board. See agenda item 3.3.

2.3.5 City Centre

Civic Administration Building

A separate report has been provided for the board. See agenda item 4.3.

2.3.6 Henderson

2-6 Henderson Valley Road

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

C40 Falls and Alderman carparks

The Request for Development Proposals (RFDP) was launched on 3 October. A Hui took place on the subject sites with Mana Whenua and the bidding teams to understand the cultural landscape and the story of place. This was followed by a site walkaround and presentations. The nearby stream was cleaned in anticipation of the event and the Falls container village was operational and in use for the site walkaround.

Opanuku Link

The Henderson-Massey Local Board have approved the concept designs for this project. A cost, schedule and design review are now taking place prior to moving to detailed design and consenting phases.

City Rail Link (CRL) at Henderson

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

Community and Commercial Place Making

October/November has been a busy month for placemaking with the Bravehearts exhibition, the launch of the pop up youth art gallery and the transfer of placemaking infrastructure from the council site to the Falls carpark. In addition, a temporary greenway has now been installed on the council site and a range of activations have recently taken place including a silent disco, a zen garden experience and a 3x3 basketball tournament. The Kitchen Project is now working with the six new entrepreneurs and planning for the third intake. A Fair Foods initiative and containers are being planned for the Falls container village and consents are underway. A partnership with a range of community groups are also being progressed.

Council Partnerships

Panuku are working closely with Ateed to progress two key priority and joint projects within Henderson. The first is the Green Incubator and the second in exploring how to support Corban's Estate and Māori and Pasifika outcomes within the programme. Panuku are continuing their positive relation with Auckland Transport on the cycling programme, a joint safety and intersection upgrade and a placemaking and engagement project.

Crown Partnering

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

Engagement

Unlock Henderson is enabling and sponsoring a six part speaking series called the “eco centre speakers series” with the first event taking place at the end of November entitled “Women in Urbanism”. In addition, Panuku, through the above crown partnering project and the City Rail link project, have progressed relationships with the Minister of Housing. To this end Panuku have been invited to speak at the Ministers “West Auckland’s Urban Future” event on 24 November. Flyers for both events are attached as Attachment D.

2.3.7 Hobsonville

The official launch of stage one of the Avanda development took place on Sunday 18 November. Stage one is for the development of 138 homes, of which, 10% are affordable. The opening was well attended with the Chief Executive providing some remarks.

2.3.8 Northcote

A separate report has been provided for the board. See agenda item 3.2.

2.3.9 Ormiston

Construction has commenced on blocks F&J which is the main retail block for Ormiston Town Centre.

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

2.3.10 Panmure

Commercial Precinct

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

3 Mountwell Crescent

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

2.3.11 Papatoetoe

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

2.3.12 Takapuna

A separate report has been provided for the board. See agenda item 4.1.

2.3.13 Haumaru

33 Henderson Valley Road

Alaska Construction is making solid progress on site and has achieved the critical milestone of completing first floor structures. The team is well advanced into second floor structures and is on target to achieve this milestone by mid-December. Critical sub-trades for upcoming months have been confirmed to ensure good continuity of work flow on site. The construction programme is tracking well to reach practical completion by 30 June 2019.



2.3.14 Supports

198 Dominion Road

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

3. Performance reporting

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

3.1 2018/2019 Budget movements

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

3.2 Risk Management Update

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

4. Portfolio Management

4.1 Property Management Portfolio

Kiosk Operations

The Panuku Kiosk Operations have confirmed a collaboration agreement with AT to implement and run a way-finding programme as an extension of the service already being provided by the team. The objective is to assist Cruise Ship passengers leaving Queens and Princes Wharves to navigate the extensive works planned for Queens Wharf and along Quay Street. The Programme will run for the duration of the 2018/2019 and 2019/2020 Cruise Seasons. Additional resources include another seven part-time ambassadors. All costs will be covered by AT on an hourly basis. The service commences at the start of December 2018.

The Kitchen Project

The first Henderson cohort (H1) has graduated. The five entrepreneurs are selling in 15 different markets across Auckland. Two entrepreneurs are now working full time on their businesses, one has discharged her overdraft and we are assisting one to locate brick and mortar premises in the West.

H2 is underway and we have begun recruitment for H3. Community Facilities have agreed to the use of the kitchen in the Henderson Civic Building so that we can shift the container kitchen to Manukau in the new year. We are confirming premises in Manukau with a view to begin recruiting in December 2018 for the first Manukau cohort kick off in March 2019.

Board Notification: Lease approved under delegation – 11 Madden Street

In accordance with the Panuku Development Auckland delegations, all property lease transaction over \$500k are required to be reported to the board. Please see below details of a renewed property lease that has recently been transacted.

This property at 11 Madden Street, in Panuku's waterfront portfolio, is a ground lease to Sanford Limited and is one of four ground leases to Sanford in the block bounded by Jellicoe, Daldy and Madden Streets that collectively form the site for Sanford's main office and processing facility.

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

Board Notification: Lease approved under delegation – 39 Tainui Road, Mt Wellington

In accordance with Panuku Development Auckland's delegations, all property lease transaction over \$500,000 are required to be reported to the board. Please see below details of a new property lease that has recently been agreed.

The property at 39 Tainui Road, Mt Wellington is a 1.85ha site that is part of the Auckland Transport AMETI portfolio.

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

4.2 Acquisitions and Disposals Summary

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

5. Organisational Summary

5.1 Enhancing Our Matrix Style of Working

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

5.2 Chief Executive and Chief Operating Officer accountability

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

5.3 Panuku Portfolio Investment Management Framework

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

5.4 Political reference group on divestment issues

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

5.5 Property improvement opportunities steering group

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

5.6 Optimisation of selected Auckland Transport Park and Ride sites

In March 2018, the Finance and Performance Committee approved the extension of the existing optimisation policy to Auckland Transport where it is working in partnership with Panuku to progress urban development opportunities of strategic transport service sites.

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

5.7 Chief Executive's Networks

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

He has also attended various Auckland Council meetings, including the City Centre and Waterfront Executive's Steering Group, CCO CEO's Regular catch-up with Stephen Town, Shane Ellison, Nick Hill, Raveen Jaduram, Chris Brooks and regular AC36 JCEG (Joint Chief Executive Group) meetings.

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

5.8 Media and digital summary

Wynyard Quarter attracted global attention as the destination of choice for the Duke and Duchess of Sussex who visited Auckland as part of their tour of New Zealand in late October/ early November. Thousands of people flocked to the waterfront to catch a glimpse of the couple who walked along North Wharf with the Prime Minister Jacinda Arden and Mayor Phil Goff. All major local and Australian television, radio and print news crews turned out to capture the moment, which was syndicated internationally due to high levels of public interest in the couple's first overseas tour. The event also provided this month's digital highlight, with 1700 people watching the Your Waterfront Facebook live video stream of the visit.

Stuff ran an upbeat piece on the transformation of Auckland's waterfront, the downtown programme and City Rail Link ahead of the America's Cup. The article featured video of the removal of tanks provided by Panuku and an interview with planning committee chairman councillor Chris Darby. The New Zealand Herald ran a similar story on the development of the city centre, downtown and waterfront areas, this time focusing on funding for projects planned in the next ten years.

A LGOIMA detailing the 24 green spaces that have been approved for sale in the last two years was released to the Western Leader, resulting in a positive, balanced story that put pay to the unfounded public fear that open space in Auckland is being haphazardly flogged off. The article featured quotes from Portfolio Strategy Manager Marian Webb and councillor Penny Hulse which explained how the spaces in question are not suitable for public use and funds raised from their sale are used to buy parks and open spaces that are.

The same publication ran a story on local people dumping rubbish at a Panuku-owned site in Avondale, which Panuku had arranged a clean-up of a week prior to its publication.

At their request, Radio New Zealand was provided with an update on progress with the development of the Dominion and Valley Roads site – i.e. that mediation is underway between Panuku and Auckland Council to address the planning commissioners' concerns. As the matter is still before the Environment Court, no further details were provided.

The New Zealand Herald published a story about on alleged complaints by yacht crews and a berth holder at Viaduct Marina of dust from nearby construction. A week later it followed up with an article about fears of rising costs of berths as the America's Cup approaches.

Community magazine Ponsonby News' October issue included a column by councillor Mike Lee in which he reiterates his support for the Auckland Dockline Tram to continue. Cllr Lee also criticises Panuku for our involvement in two other projects – the mooring dolphin for which Panuku lodged resource consent on behalf of Auckland Council, and the

privately-owned Kestrel, which is currently berthed in one of our marinas until its owners find a more suitable location for its refurbishment.

A new shared working space launched by The Southern Initiative (TSI) in Manukau and supported by Panuku enjoyed an excellent reception when announced, with Newsroom giving it airtime as part of an article summarising the breadth of work underway by TSI in south Auckland. The initiative continues to generate a positive buzz across a number of social media channels.

Both project teams in Henderson and Panmure are preparing for visits by the Minister of Housing and Urban Development Phil Twyford in the coming weeks. Both visits will incorporate tours of the project areas, with a focus on the place-based activities already underway in Henderson as part of the Unlock programme. Interest in Social PinPoint, the new interactive engagement tool launched in Panmure, has continued to grow, with more than 1000 people visiting the site since it launched just over a month ago.

Prominent food writer Anna King Shah is due to meet with new The Kitchen Project candidates by way of launching its second cohort and showcasing the success of its first who successfully graduated from the programme earlier this year.

Information Paper: Disposals Programme

Document Author(s)	Letitia Edwards, Team Leader Portfolio Review Marian Webb, Manager Portfolio Strategy
Reviewer(s)	David Rankin, Chief Operating Officer
Date	13 November 2018

1. Purpose

The purpose of this paper is to update the Board at a programme level on the current activities related to the portfolio review, the property clearance process and the development and disposals programme. This paper also confirms achievement against the 2017/18 'recommended for sale' and 'net unconditional sales' SOI targets, and reports on progress to date towards the 2018/19 targets.

2. Executive summary

The council approved a recommended for sale target of \$30 million and a net unconditional sales target of \$24 million for general disposals as part of the Panuku SOI for 2018/19.

To date, the Portfolio Strategy team has achieved \$4.8 million against the \$30 million recommended for sale SOI target. The Portfolio Strategy team is currently progressing an additional [REDACTED] of properties through the rationalisation process and is on track to meet the SOI target this financial year.

The Portfolio Strategy team continues to progress the optimisation concept with various local boards with progression and investigation of a number of optimisation projects. This includes working in partnership with Auckland Transport to progress urban development opportunities of transport service sites.

The Development and Disposals teams have exceeded its \$24 million net unconditional sales SOI target, achieving net unconditional sales of \$37.9 million to date.

There have been no sales this financial year to date within the Transform and Unlock reinvestment programme. The Development team is progressing work on the Transform and Unlock projects, with [REDACTED] of sales anticipated in 2018/19, which aligns with approved project business cases.

No Strategic Development Fund (SDF) sales have been completed this financial year to date. \$13 million of sales are currently projected for 2018/19 to commence repayment of the SDF, which is essentially a revolving credit facility.

3. Discussion

Portfolio Review

For 2018/19, Panuku recommended a SOI target of \$30 million, which was approved by council. To date, the Portfolio Strategy team has recommended for sale six properties with a total value

of \$4.8 million, all of which were approved for sale by the Finance and Performance Committee. These properties include three vacant sites in single house zones which can each accommodate a residential dwelling, and a larger site which has the potential to achieve a mixed use development.

The Portfolio Strategy team is progressing [REDACTED] of properties through the rationalisation process to meet the 2018/19 recommended for sale SOI target, and contribute towards the pipeline for future financial years. This involves taking each property through a multi-stage consultation process with a range of stakeholders including the council group, local boards and iwi. The purpose of this process is to ascertain if each property is surplus to council requirements and may be disposed of.

[REDACTED]

[REDACTED]

The work undertaken by the Portfolio Strategy team investigating council's property interests in Westpark Marina and Gulf Harbour Marina for a possible future recommendation for sale has been put on hold, pending completion of council's marina's strategy.

Despite the ongoing challenges in recommending properties for sale, the Portfolio Strategy team is confident it will achieve its \$30 million recommended for sale target this financial year.

The Portfolio Strategy team continues to proactively and reactively review council owned properties to identify properties that are not required by the council and can be transferred to Panuku to be considered for development, disposal or optimisation in future financial years. The Portfolio Strategy team is also actively working with Auckland Transport (AT) to progress the transfer of AT sites that are no longer required for transport infrastructure service use, [REDACTED]

[REDACTED]

Optimisation

The optimisation of service property policy is a development approach and funding model, approved in 2015, which aims to enable the upgrade of community assets at no cost to the ratepayer while also releasing sites for development and delivering town centre outcomes. In July 2018, local boards were given decision-making powers with respect to the 'optimisation of service assets' provided all policy criteria are met. As a result, several local boards across the region have requested that Panuku assess council owned properties within their respective local board areas as potential candidates.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Property Disposal Overview

For 2018/19, Panuku assessed and recommended an SOI target of \$24 million net unconditional sales for general disposals to the council. This target was approved by the council. This target does not include sales within the Transform and Unlock reinvestment programme.

The Development and Disposals teams have exceeded the net unconditional sales SOI target of \$24 million by achieving net unconditional sales to date of \$37.9 million. These unconditional sales include 61-117 Clark Road, Hobsonville which was sold to HLC for development purposes, an at grade car park at 19 Anzac Road, Browns Bay which was sold to a neighbouring supermarket and land required by NZTA as part of its Northern Corridor Improvements work.

The Development and Disposals team are continuing to progress work on an additional \$32.1 million of property which will contribute further to the 2018/19 net unconditional sales target, or will be counted against the 2019/20 net unconditional sales target.

In addition to ongoing work on the net unconditional sales SOI, the Development and Disposals teams will also be transacting the individual properties which were approved for sale as part of the Corporate Accommodation strategy. The proceeds of sales from these properties will be reinvested by council into its Corporate Accommodation network. These sales do not form part of our sales targets. [REDACTED]

There have been no sales this financial year to date within the Transform and Unlock reinvestment programme. The Development team is progressing work on the Transform and Unlock projects, with [REDACTED] of sales anticipated in 2018/19, which more closely aligns with approved project business cases.

[REDACTED]



LGOIMA Status

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

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

Document Sign-off

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

Information Paper: Panuku quarter one report to Auckland Council

Document Author(s)	Kingsha Changwai, Planning and Reporting Manager
Reviewer(s)	David Rankin, Chief Operating Officer
Date	5 November 2018

1. Purpose

The Panuku Quarter One report to Auckland Council is provided to the Board for information.

2. Executive summary

The Quarter One report was approved by the Executive Leadership Team (ELT) in October and was submitted to Auckland Council on 26 October.

The report summarises progress on key strategic issues such as working with the Central Government on KiwiBuild opportunities and the process of getting endorsement from the Planning Committee on the draft policy on housing mix.

3. Discussion

The Quarter One report was submitted to Auckland Council on 26 October 2018. The report was presented at the Finance and Performance Committee meeting on 14 November 2018.

One of the key SOI performance measures has been achieved; this is the general asset sales target of \$24m.

Capital spend has been slower than planned on some of the projects in the Waterfront, mainly due to external dependencies such as delays in receiving resource consents for the Promenade stage 2 due to iwi consultation, Pile mooring redevelopment consent delay due to consent hearing and berth holder consultation on car parking relating to the Westhaven Marine Centre.

Key highlights this quarter include the approval of the resource consent for the America's Cup a month earlier than scheduled, the signing of a contract with Argon Construction to build the Gasometer car park in Takapuna and the starting of construction on the Haumaru apartment development in Henderson.

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



Panuku Development Auckland

Quarterly Report

Quarter ended 30 September 2018

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1. Executive summary

The Quarter 1 report shows progress on the location programme, progress on company strategic issues and SOI targets.

A number of programme activities have been progressed that includes project deliverables to be met.

2. Strategic issues and focus areas

Policy on housing mix

The Panuku policy on housing mix is being debated as part of a broader discussion and work programme around the council's role in urgently enabling more affordable housing to be built for Aucklanders on moderate incomes.

The draft policy on housing mix has been approved by the Panuku Board as a basis for discussion and input by the Council before finalisation. The policy affirms a clear commitment to the mixed tenure approach across our locations.

This means that Panuku facilitates residential choices, which will include social and affordable housing, wherever possible.

The draft policy will be workshopped with the Planning Committee, as requested by the Chair of the Planning Committee. A report will go to the Planning Committee seeking endorsement of the policy. The Panuku Board will then consider and approve the policy.

KiwiBuild

Since March 2018 Panuku has met with the KiwiBuild team on a monthly basis to put in front of them a pipeline of opportunities, for their review, that could include KiwiBuild outcomes. The KiwiBuild team (including both "Buying off the plans" and "Land for Housing") has been established and moved into the Ministry of Housing and Urban Development (MoHUD).

Panuku is working with KiwiBuild to agree working protocols on how KiwiBuild opportunities will be integrated with the marketing and selection of development partners.

In the recent marketing of the opportunities in Manukau for example, we agreed in advance to include a clear indication that KiwiBuild could be part of the picture and that the Government was interested in KiwiBuild outcomes in this area. We are looking to do this elsewhere.

3. Highlights

Key highlights are:

America's Cup - Environment Court Decision

The Environment Court approved the resource consent for the 36th America's Cup a month earlier than scheduled. The work was led by Panuku's consenting and development team. The hearing, which was originally set down by the Court for two weeks, concluded in roughly seven hours over the span of one and a half days.

This early decision means the Wynyard Edge Alliance (WEA), formed to consent, design and construct the infrastructure for the Cup, can now progress with the building of the stage for AC36. Works expect to start at Wynyard Wharf, Wynyard Point, Halsey Wharf and Hobson Wharf.

Unlock Takapuna

Gasometer car park

A significant milestone for Unlock Takapuna is the signing of a contract with Argon Construction to build the Gasometer car park at 14 Huron Street. The construction will begin in October 2018. The multi-level car parking building will replace the car parks at 40 Anzac Street which is being turned into a mixed use development including significant public spaces. The modern building will be five storeys and will include 420 car parks as well as electric car and bike charging stations, motorbike parking, accessibility parking and bike storage with end-of-trip facilities including changing rooms and lockers. Completion is expected in mid-2020.

Anzac street site

Panuku will seek expressions of interest from potential development partners for parts of the site and design work on the town square will continue to be worked on. This follows public consultation and a representative survey both showing support for a new town square as part of a mixed use development on the central Takapuna car park at 40 Anzac Street.

Unlock Henderson - Falls and Alderman car parks

Henderson's future as an 'urban eco-centre' has received a boost with five high-calibre teams shortlisted in a global design competition to re-develop two car parks into housing.

Last year, two Henderson sites – the Falls and Alderman car parks – were nominated for Reinventing Cities, an international contest to inspire world-leading sustainable design. Reinventing Cities is run by C40, a group of cities around the world working together on climate change. Both sites have been identified for future residential development as part of plans to revitalise Henderson.

After a robust screening and selection process, these five design teams will be invited to respond to the Request for Proposal that gets underway in late September 2018. Under the Reinventing Cities rules, bidding teams had to respond to ten challenges

central to sustainable precincts – including solutions for energy, water, waste, movement, ecology and greener lifestyles.

Haumaru - Apartment construction

Construction has started on the apartment development at 33 Henderson Valley Road as part of a new housing development for older people in Henderson. The four-storey building will provide 40 one-bedroom, wheelchair accessible homes with a floor area of 45sqm. The new village is expected to be completed by mid-2019 with residents moving in shortly after. We are seeking a development partner to build houses on the balance of the site.

Transform Manukau

Joint business case

Panuku is working with Ministry of Housing and Urban Development (MoHUD) to prepare a joint business case with the Crown on the merits of increasing levels of investment to accelerate the development of the Transform Manukau area. This work should be completed later in 2018. Panuku is working closely with ATEED and The Southern Initiative (TSI) to coordinate the work of the three agencies as they impact on Manukau.

Barrowcliffe Place

The Barrowcliffe Place residential development for 330 homes is progressing with earthworks underway and new roads close to formation. This project involves NZ Housing Foundation and Te Akitai as our development partners.

Putney Way

The upgrade of Putney Way has been completed after undergoing a series of improvements to make it a more pedestrian friendly main street for the Manukau city centre. The construction was carried out by Auckland Transport on behalf of Panuku Development Auckland. As part of the upgrade, 10 artworks designed by local students with support from the Roots Collective have been installed on lamp posts along Putney Way to illustrate the melting pot of cultures that make up the Manukau community. The finely detailed artworks on the lamp posts depict cultural symbols and patterns specific to ten different cultures (Māori, Samoan, Niue, Chinese, Fijian, European, Tongan, Cook Island, Indian, Tokelau).

More detail information on the priority location programme is contained in **section 5** of this report.

4. Future outlook

Future outlook for the next quarter include:

New Chair of Panuku Development Auckland

Auckland Council has appointed Adrienne Young-Cooper as the chair of Panuku Development Auckland. She brings 30 years of public sector experience and an in-depth knowledge about Auckland's housing and growth challenges. Her background in urban regeneration, property development and planning will be invaluable to the board and will complement Panuku Development Auckland's focus on rejuvenating and transforming our city centres while providing sound commercial returns for Aucklanders. The appointment will be for a three year term commencing 1 November 2018.

Transform Manukau - Marketing of Development Sites

A sales campaign to attract market interest in a number of central Manukau sites commenced in mid-October. This campaign is also assisting the council with the execution of its corporate property strategy that seeks to consolidate staff in a new southern hub in Manukau. The marketing process is being led by Colliers International. The EOI process and campaign will run for 4 weeks. The subsequent competitive dialogue process will be shaped once we see the number and quality of respondents. In parallel to the market process we will continue discussions with the Ministry of Housing and Urban Development (MoHUD) KiwiBuild unit and Housing New Zealand (HNZC) regarding opportunities related to our sites.

America's Cup - Tenant Relocation

The construction programme has moved to accommodate design changes, however Panuku is working to get tenants moved as soon as possible to avoid any delays.

- ASB has relocated 100 carparks successfully to Site 18. This site is now up and running and was delivered on programme in October.
- The William.C.Daldy Tug, will be moved by 1 November, to Princes Wharf West as a two year proposition.
- Rapaki, which is a Maritime Museum asset, needs to be moved from Hobson Wharf by 15 November 2018.
- Consent has been lodged for SeaLink to enable its move to 38 Hamer Street. Commercial agreements will be finalised over the next month.
- The Fishing Fleet is scheduled to move in September 2020. Further discussions have been held recently on an earlier exit to outside of Auckland which could free up the space for construction and also enable earlier construction for superyacht berthage.

Silo Marina

In October, contractors started phase 1 of the works to relocate pontoons within the Silo Marina and Site 18 water space. The phase 1 works include the relocation of one


75m pontoon away from Silo in readiness for its installation as part of the AC36 works and final installation on the Halsey extension. Another 90m pontoon has been removed from the Site 18 water space and installed on the south side of Silo Marina in a position to maximise Silo's useable water space. Phase 2 includes the extension of two finger berths in Silo with the pontoons being cast shortly with the installation likely at the end of Q1 2019.





City Centre - Civic Administration Building

The developer, Civic Lane Limited, and Panuku are working with the proposed project funders to finalise the basis of funding that will enable the project to proceed to construction. The funders have several conditions attached to their funding offer that will be addressed as they work through their due diligence processes on the transaction.

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
TRANSFORM				
<i>Transform Manukau</i>	\$414k (OPEX) \$419k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> Putney Way stage 1 completed. Te Haa innovation space opened. In negotiation with CMDHB to obtain an easement to construct a walkway and cycleway along the Puhinui stream. Assisting Council to assess options for the development of the Sports Bowl. Commenced sales campaign for a number of central Manukau sites. Commenced a tender to secure a central Manukau hotel development. Preparing a joint Business Case with MoHUD on the merits of increased investment in this area. Supporting Te Papa in progressing designs and a business case to support the

				Te Papa Manukau.
Transform Onehunga	\$152k (OPEX)	carry over to next quarter		<ul style="list-style-type: none"> • Onehunga Port settlement occurred on 1 October 2018. • The business case for Laneways was approved in July 2018. Landscape design for stage one of the project is being finalised prior to procuring for construction. • Waiapu Lane precinct project has been initiated. Plans are to proceed with Countdown and Auckland Transport on the precinct.
Transform Waterfront (Public Projects)	\$1,521k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> • Continue to support integration with the America's Cup programme. • Pump Station partnership agreement is being finalised. • Karanga Kiosk opening completed in August. Staff have completed training and it is open to the public. • The amber indicator relates to capex tracking behind budget mainly due to projects delay in getting resource consent. More details are contained in financial section 7.2.
Transform Waterfront (Capital Projects)	\$230k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> • Site 18 ASB car parking completed • West 1 Tramline removal works completed
UNLOCK				
Panmure	\$33k (OPEX) \$68k (CAPEX)	Carry over to next quarter		<ul style="list-style-type: none"> • 3 Mountwell Crescent site sale - Business case approved in September. Agent has been appointed to prepare site to go to market in November 2018. • Project initiated for Community Precinct, Transport Precinct, Basin View Precinct, and Streetscape Upgrade. • Community Hub and Streetscape Upgrade projects – Social PinPoint website for community engagement completed and launched early October. The site will be open

				till 5 December 2018 to invite ideas from the local community into these two projects.
Avondale	\$151k (OPEX) \$18k (CAPEX)	carry over to next quarter	●	<ul style="list-style-type: none"> • 24-26 Racecourse Parade (Ockham): first two buildings were completed by August 2018. • The third building is due to be completed at the end of November 2018
Henderson	\$157k (OPEX) \$47k (CAPEX)	carry over to next quarter	●	<ul style="list-style-type: none"> • Auckland Transport confirmed its endorsement to transfer five car parks to Panuku for optimisation and development. • An art project was initiated in August.
Takapuna	\$210k (OPEX) \$478 (CAPEX)	carry over to next quarter	●	<ul style="list-style-type: none"> • The contract for the construction of the Gasometer car park was executed on 21 September. Car park construction commenced 8 October 2018. • A business case for site sale on Hurstmere road was approved in September.
Hobsonville	\$3,902k (CAPEX)	carry over to next quarter	●	<ul style="list-style-type: none"> • The Mixed Use Area has now been subdivided into 4 Lots in accordance with the approved masterplan. • Avanda is currently on schedule to deliver key roading infrastructure in accordance with its development agreement.
Northcote	\$156 (OPEX) \$15.6M (Total SDF spend on ground leases)	carry over to next quarter	●	<ul style="list-style-type: none"> • Continuing with scoping and development concepts as well as ongoing engagement with key partners and stakeholders. • The design for Greenslade Reserve stormwater retention and the 'schools edge' green way components are well advanced, and construction planning is about to commence.

Ormiston <i>(Partner: Todd Property)</i>	\$7k (CAPEX)	carry over to next quarter	●	<ul style="list-style-type: none"> Residential Block (Block HL) Civil works underway with estimated completion in late 2018.
Haumarū	\$24k (OPEX) \$2,086k (CAPEX)	carry over to next quarter	●	<ul style="list-style-type: none"> 33 Henderson Valley Road development – Construction of a new 40 unit apartment is tracking on programme. Achieved October 2018 milestone of completing ground floor structures. 21 Henderson Valley Road site sale – Property was marketed in September through open tender process and due to close on 17 October. 81A Godley Road – Conceptual redevelopment scheme presented to Whau Local Board and received positive support for new housing for older people on the site. Greenslade Court – Project initiated to assess redevelopment options to improve the provision of social housing for older people on the site.
Papatoetoe	\$21k (OPEX) \$79k (CAPEX)	carry over to next quarter	●	<ul style="list-style-type: none"> Car park upgrading works were tendered on 16 July with work to commence shortly. Physical works for 63-65 George street, Papatoetoe (Shopping Mall) have been completed.

5.1 Key deliverables for next quarter

Deliverable	Comments
TRANSFORM	
<i>Transform Manukau</i>	<ul style="list-style-type: none"> • Continue with the Joint Programme Business Case with the Crown. • Developing a regeneration strategy for Puhinui Stream with Healthy Waters. • Developing a refreshed development plan for Hayman Park with Community facilities and Healthy Waters.
<i>Transform Onehunga</i>	<ul style="list-style-type: none"> • Final design for Laneways to be approved by Mana Whenua. • Mana Whenua engagement plan confirmation by the end of October.
<i>Transform Waterfront</i>	<ul style="list-style-type: none"> • Start procurement of civil works contract and marina pontoons for marina project. • Commence contract works for the Vos Shed Restoration Stage 1. • Signing of Development Agreement for Site 18. • Works for Willis Bond's West 1 (30 Madden street) development site commence in October. • Signing of partnership agreement for Pump Station.
UNLOCK	
<i>Panmure</i>	<ul style="list-style-type: none"> • 3 Mountwell Crescent site sale – confirm preferred development partner to reach a conditional agreement. • Community Hub – Review community engagement feedback. Collaborate with Community Facilities team to progress the Community Needs Assessment. • Streetscape Upgrade – Review community engagement feedback. Progress Indicative Business Case for the Streetscape upgrade project. • 1 and 3 Kings Road – Project to be initiated to assess redevelopment options for both sites in collaboration with the local board and Community Facilities team.
<i>Takapuna</i>	<ul style="list-style-type: none"> • Business case for the Anzac street site expected to be approved by the end of October.
<i>Avondale</i>	<ul style="list-style-type: none"> • Avondale Central: 1909-1949 Great North Road expected to go to market in February 2019.
<i>Hobsonville – Airfields</i>	<ul style="list-style-type: none"> • The Mixed Use Area “Go to Market” sales strategy to create employment outcomes will be developed with HLC (Homes Land Community).
<i>Northcote</i>	<ul style="list-style-type: none"> • Continue process of progressing a commercial partnership opportunity for comprehensive, integrated town centre redevelopment.

	<ul style="list-style-type: none"> To obtain resource consent for the greenway.
Haumaru	<ul style="list-style-type: none"> 33 Henderson Valley Road development - Continue to closely monitor the construction programme and critical milestones to reach practical completion by mid-2019. 81A Godley Road – Progress with business case. Greenslade Court – Assess redevelopment options to improve the provision of social housing for older people on the site.
Papatoetoe	<ul style="list-style-type: none"> Initiation of The Depot is scheduled in October. Business case for Town Square, Bowling Green and Tavern Lane to be presented to the Project Sponsors group in October.

6. Development budget and Strategic Development Fund

6.1 Development budget

On an annual basis, 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 2018/19 budget has been split between \$6.1m for operational expenditure and \$2.8m for capital expenditure.

\$000	Full year Budget	Forecast	Actual Expenditure	
Development Expenditure				RAG*
Development capital expenditure	\$2,762	\$2,762	\$300	
Development operating expenditure	\$6,132	\$9,269	\$1,448	

The forecast capital expenditure of \$2.8m relates to value add activities across our priority locations. These include site decontamination, building demolition, subdivision, preliminary design, vendor due diligence.

Forecast operating expenditure relates to detailed programme business cases prepared for all of the priority locations. This is \$3.1m higher than the budget and as part of the FY 17/18 deferral process we have requested an opex carry forward of \$3.1m.

6.2 Strategic Development Fund

\$000	Full year Budget	Actual YTD	Comments	
Strategic Development Fund				RAG*
Development capital expenditure	\$54,750	(590)	\$2.1m of the fund was repaid in September. In the first week of October the Onehunga Port purchase from Ports of Auckland Limited (POAL) for \$17.8m was made.	

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 30 September 2018

\$'m	Budget YTD	Actuals YTD	Variance YTD	Full year budget	Full year forecast	Variance
<u>Operational</u>						RAG*
Revenue/External funding	8.5	8.6	0.1	35.4	35.5	0.1
AC funding	6.0	5.8	(0.2)	48.2	48.2	0.0
Expenditure excluding depreciation	12.7	12.1	0.6	46.6	46.7	(0.1)
Fair value decrease / (increase) on investment property						

Depreciation	2.1	2.0	0.1	8.5	8.5	0.0
Tax						
Net Surplus/(Deficit) After Tax	(0.3)	0.3	0.6	28.5	28.5	0.0

*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 \$0.6m higher than budget year to date.

Revenue and External funding was \$0.1m ahead of budget due to the property rental income for several properties that were expected to be vacant and changes in the Wynyard Quarter as a result of America's Cup 36 still being tenanted for the 1st quarter.

AC funding is (\$0.2m) unfavourable compared to budget. This is due to small number of capital projects being behind budget resulting in a slower than anticipated draw down of funding from Council.

Expenditure excluding depreciation is \$0.6m favourable compared to budget due to the following;

- a. (\$0.2m) increase in rates costs, due to increases in valuation. The rates in the Wynyard Quarter have increased more than the budgeted 3.5%.
- b. \$0.3m saving in consultancy cost, this is a timing difference and will be corrected by year end.
- c. \$0.2m saving in placemaking and marketing costs, this is a timing difference and will be corrected by year end.
- d. \$0.3m 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.

Depreciation is \$0.1m favourable compared to budget; this is due to slower than anticipated capitalisation of assets from both the prior and current years.

7.2 Capital

For the quarter ended 30 September 2018

\$'m	Budget YTD	Actuals YTD	Variance YTD	Full year budget	Full year forecast	Variance
Capital						
Expenditure	5.3	1.8	3.5	57.2	44.2	(13.0)

AC funding	1.7	1.5	0.2	30.2	23.2	(7.0)
External funding	3.6	0.3	3.3	27.0	21.0	(6.0)

Year to date capital spend was \$3.5m behind budget due to the following:



- a. AC Funded spend was \$0.2m behind budget, this is made up of a number of projects. The most notable being \$0.1m timing difference in the Vos Shed redevelopment, a contractor is being appointed this month. We have forecast down the Westhaven Promenade Stage 2 (\$7m) as the resource consent will not be lodged until November and we anticipate extended consultation with a possible construction start date of May 2019.
- b. External funded/commercial projects is currently \$3.3m behind phased budget. \$1.5m is in relation to Contamination costs paid to Development Partners in the Wynyard central sites (Willis Bond 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. Construction is starting to get underway so we anticipate payments in quarter 2.





The Pile Mooring redevelopment project has applied for resource consent, and there is a hearing at the end of October 2018 (\$1.0m behind phased budget). Assuming the results of the hearing are in our favour, construction will start in the second half of the year. The Viaduct Wave Attenuation project is \$0.9m behind phased budget, this project will now be delivered by the AC36 Alliance.

The Westhaven Marine Centre project requires further consultation with Marina Berth Holders as the development impacts on their car parking and the current consent expires in November 2018. The re-application process could cause this project to be further delayed with a possible construction start date in April 2019 as a result we have reduced the forecast by \$6m.

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
8. Written evidence that opportunities have been identified and assessed, to be progressed or not.	At least 100 opportunities identified and assessed		24 opportunities have been identified and assessments completed.
9. The net surplus on the property portfolio achieves the annual budget agreed	Net Surplus achieves budget for 2018/19		Actual net surplus to date is \$6.9m (\$0.3m)

Measure	Year-end target	Achieved? (RAG Status)	Last Actual
with council.			above budget).
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 95% or more		The average monthly occupancy is 97%.
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.	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.		\$4.8m worth of properties have been recommended to date.
14.Achieve total forecast net sales for the financial year through unconditional agreements. (Annual actual asset sales may fluctuate between years)	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		\$24.5m unconditional sales have been achieved in the year to date.
15.Acquisitions are delivered within the timeline agreed with Auckland Council.	80% satisfaction against agreed service performance measure		100% of acquisitions were delivered within agreed timeline. Seven acquisitions in the year to date.

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. Transform and Unlock location initiatives completed.	90% or more of planned Transform and Unlock initiatives completed/ achieved. A list of location initiatives for the 2019/20 year will be agreed by the Board in the 2018/19 financial period.	Annual Target
2. Percentage of attendees surveyed satisfied with key Transform and Unlock place programmes and activities	Set baseline	Annual Target
3. Percentage of visitors surveyed satisfied with their experience of the public spaces on the city or town centres (LTP)	80%	Annual Target
4. Percentage of Aucklanders surveyed who have visited the city or town centres in the past year (LTP)	73%	Annual Target
5. Percentage of customers surveyed satisfied overall with marina facilities and services (LTP)	88%	Annual Target
6. Number of significant Māori initiatives implemented or active per annum (LTP)	50	Annual Target
7. % Mana whenua groups satisfied with quality of engagement	Set Baseline	Annual Target
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.	Greater than or equal to 2.25%	Annual Target
12. Return on Equity on commercial assets and services (LTP) at Waterfront.	8.25%	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
<p>1. Achieving better outcomes for and with Māori</p>	<p>Collaborate with Māori to identify priority outcomes, agree shared strategic objectives, and develop a way forward through the Māori outcomes framework approach by end of Quarter one. Following endorsement of the Mana Whenua Outcomes Framework an implementation plan will be developed.</p> <p>Continue to work with the council whānau to optimise the governance for engaging with Māori across the council group.</p> <p>Develop and implement a work programme which responds to the findings of the IMSB 'Assessment of expenditure incurred by Auckland Council to deliver Māori outcomes'.</p> <p>Develop and implement a work programme which responds to the findings of the 2018 IMSB Treaty audit.</p> <p>Support and develop initiatives which strengthen relationships with Māori, including engagement opportunities through governance forums that will significantly lift Māori social and economic wellbeing. Foster positive and productive relationships between Council and Māori 17 kaitiaki.</p> <p>Work with the council whānau to streamline engagement and provide an improved approach which reflects the preference of Mana Whenua.</p> <p>Include KPIs and appropriate measures, as included in the Māori outcomes framework, or align with recommendations in the IMSB</p>	<p>In working towards our first commitment of shared strategic outcomes we have co-designed a Mana Whenua Outcomes Framework ("the Framework") with the Mana Whenua Kaitiaki Forum (MWKF). The Framework provides a key milestone in understanding where Mana Whenua see the potential to leverage Panuku opportunities.</p> <p>It identifies outcomes desired by both Mana Whenua iwi, hapu and Panuku. It also includes measures to enable monitoring and reporting against progress and outcomes achieved.</p> <p>The Framework was endorsed by the MWKF hui on 20 September. Further, the Forum adopted a work programme that includes an intention to work with the council group to develop similar Māori Outcomes Frameworks for each CCO and key council areas. The Forum is also taking a wider benefits approach that is inclusive of all Māori, rather than a single focus on Mana Whenua. The Panuku board and ELT will have an opportunity to review the Framework, with a Rangatira and board hui to be scheduled at a later date, potentially in November.</p> <p>Panuku is making considerable effort to ensure we have a strong outcomes focus in order to align with the direction of council.</p> <p>Priority outcomes identified by council include Marae Development, Kaitiakitanga (wai), Reo Māori and Māori Business, Tourism and Employment. These priorities are in addition to capacity building and effective engagement.</p>

Key project and initiatives	Description	Progress
	<p>expenditure and Treaty audit. Reports to identify progress across the organisation in delivering positive outcomes for Māori.</p> <p>Reaffirm our commitment to Te Toa Takitini, noting that council has taken a lead role to refine the programme and will seek support across the council family to deliver.</p>	<p>Panuku is mindful of the stretch on mana whenua resources so is looking to streamline our engagement to be responsive to this korero. As well as internal business improvement efficiencies we are working through Te Hoanga towards an effective integrated model of mana whenua engagement.</p>
<p>2. Enabling Māori commercial development opportunities</p>	<p>Understand and develop the spectrum of Māori commercial development opportunities available across the organisation.</p> <p>Collaborate with Māori to enable investment in commercial and housing opportunities.</p> <p>Collaborate with Mana Whenua to identify priority development opportunities based on Panuku 1-3 year programme business cases.</p>	<p>A focus this quarter was for us to work with Mana Whenua to better understand how we can actively 'enable' commercial opportunities, rather than just offer them through a business as usual approach. We are looking specifically at when and to what extent we can use our levers to directly influence an uplift in Māori social and economic well-being.</p> <p>We looked across the whole business to better understand where we could enable commercial opportunities. Direct and social procurement emerged as a potentially significant lever that Panuku can use. Work began to review the current procurement policy framework and processes with a view to driving broader value-added outcomes. The aim is to ensure that Māori businesses are enabled to participate in our processes, and that the Panuku team understand how to consider and incorporate Māori business into their day to day mahi.</p> <p>Secondly we also looked to our "Selection of Development Partners Policy" to see how we can enable specific development or disposal projects that engage Māori interests.</p> <p>Lastly we identified the need to work on organisational targets and measures to monitor and drive strategic outcomes over the next quarter.</p> <p>We held a governance workshop in August to share information on what commercial development opportunities we have in our 12 month pipeline. The proactive line of</p>

Key project and initiatives	Description	Progress
		sight is a simple yet effective improvement in how we work with Maori in this space.
3. Celebrating the Māori cultural footprint in design, the natural and urban environment, and broader social outcomes	<p>Continue to facilitate Māori identity innovations and opportunities through priority location and public realm projects.</p> <p>Work with the council whānau to implement the Te Reo Policy in 2018-19, including developing a work programme which includes tangible actions within existing project budgets.</p> <p>Panuku will report on opportunities across housing, rangatahi and kaitiaki outcomes in the quarterly reports.</p> <p>Promote Māori identity 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. Placemaking have developed a Rangatahi programme with Mana Whenua which will be implemented in Quarter one.</p>	<p>Panuku’s remit provides a significant vehicle to celebrate Maori culture across the region. Work continues with Mana Whenua and matawaka to help create a distinctly South Pacific city with a Maori identity.</p> <p>Panuku has been collaborating with Mana Whenua to complete the “Panuku Placemaking Guidelines”, to help guide our practice in placemaking across Panuku Transform and Unlock sites. Going forward, our placemaking approach will work from a kaupapa Māori foundation to deliver positive outcomes for Tamaki Makarau and importantly Māori across the region, as well as supporting a place-led approach based in indigenous knowledge for Panuku placemaking areas. The Guidelines and specifically the Values/Nga Pou Herenga have provided the basis for a short form “Panku Placemaking Handout” which is now being actively used to communicate and inform our approach. This document has been well received by local collaborators, internal staff and international leaders alike.</p> <p>Our Rangatahi Pilot project – He Pia He Taura, has proven very fruitful in terms of being a basis to explore best practice placemaking processes alongside, and in collaboration with, the Panuku Project Steering Group. Recently our nominated Rangatahi had the opportunity to attend a workshop with Matua Rereata on the growing practise of working with the Maramataka in terms of both our working and personal lives. We have decided to extend the programme out to 2021, to both ensure a robust period of development for the project as well as to align potential AC36</p>

Key project and initiatives	Description	Progress
		placemaking opportunities with our Rangatahi activity and learning.

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	\$65	\$323
Maori technical/specialist advice	Ensures that public spaces and developments respect and reflect Maori culture and history.	\$46	\$250
Development Projects	Maori related expenditure spent on Panuku's development projects	\$46	
Maori koha		-	\$5
Commercial Advisory Fund		-	\$100
Total		\$157	\$678

11. Key Local Board issues

Local Board

Requests to add new town centres

As our work to shape spaces for Aucklanders to love grows we are asked to add new locations to our work programme by Local Boards. Following a specific request from the Finance and Performance Committee in March to consider additional centres and areas for inclusion in the overall Transform area. We commenced an internal review process to assess our current programme and commitments, with a particular focus on development opportunities in certain town centre locations. Whilst there are many town centres across Auckland that are worthy of investment we need to manage specific requests and expectations carefully as our work programme and confirmed three year budget is already full.

We are committed to working openly and transparently with the local boards on this topic and invited the Local Board chairs to discuss this topic with the Planning Committee in July. We also attended a number of Local Board cluster workshops to

provide clarity over our review process and conclusions based on what are essentially a new set of drivers since we were established in 2015, such as:

- Government's Urban Growth Agenda – new Ministry and Housing Commission etc
- Auckland Housing Programme – HNZC land
- KiwiBuild Affordable Home Ownership Programme
- ATAP - \$28 billion of investment in transport – including LRT
- Unitary Plan adopted
- Updated Auckland Plan Development Strategy – Implementation Plan to be developed
- Council LTP 2018-2028 adopted and Panuku 3 year budget set.

Given this changing context we consider that decisions on our programme should be based on new criteria as follows:

- The location is a government priority (years 1-10) and we have been invited to partner
- Alignment with Auckland Plan Development Strategy
- Council (or Crown) land holdings of a sufficient scale to make an impact
- Crown funding is available (for acquisitions, amenity or place-making), if limited Council
- Surplus land for redevelopment
- Demonstrable market interest and demand.
- Aligned with public transport and planned investment.

Questions about Reinvestment

A discussion emerged over this period regarding the Council approved reinvestment approach for our Priority Location programme. We are working hard to ensure we work in a no surprises environment with the Local Boards as they query the mechanics of this approach. Simply put we know that without reinvestment Panuku cannot advance the significant regional programme to help implement the Auckland Plan development strategy and this is a transparent and ongoing conversation with Local Boards.

The recent conversations reinforced the continued need for Panuku and Local Boards to strike a delicate balance between strategic and financial outcomes. We remain transparent that the reinvestment of sales proceeds within Transform and Unlock is enabled to fund the urban regeneration programme for years 1-3 LTP, provided sales target are met which is increasingly challenging in the changing market environment

We also look forward to consulting with Local Boards on what new funding tools (for all locations) can be advanced in the future.

Takapuna

We reached a significant milestone for Unlock Takapuna in September with the decision to proceed with the change of use for the 40 Anzac Street carpark. The decision followed a period of consultation and a hearings panel to independently analyse the submissions received and to hear from any submitters that wished to speak.

A working group is being set up with the local ward Councillors and Chair and Deputy Chair of the Devonport-Takapuna Local Board to work on the design of the town square and development of the residual areas of 40 Anzac Street and 30-38 Hurstmere Road.

The significant feedback provided through the consultation period for the future plans will be incorporated as the plans for the site are progressed.

As we look forward to the next chapter for this project we are looking to work productively and collaboratively with the Devonport-Takapuna Local Board. One of the tools we will use to crystallise our partnership with these local governors is to agree a Terms of Reference (TOR) that will guide our collaboration. We are looking to get our board to ratify the TOR and seek closer governor to governor relationships going forward.

Improving relationships

The focused action plan, designed to help us improve our working relationships with boards across the region was firmed up this quarter. The plan looks to mitigate the constant challenges we face with local boards to ensure momentum is maintained across our work programme, to recap the challenges include:

- Building trust and confidence as a relatively new organisation
- Being the change agent in established communities
- Asset sales

The business wide action plan will be taken to the Local Board Services lead team for their input in November.

12. Risk management

Top five organisation risks for quarter 1 ending 30 September 2018:

Rank	Risk	Risk Level and Movement
1	<p>America's Cup (AC36)</p> <p>Risks relate to the relocation of key tenants e.g. SeaLink, Sanfords;</p> <p>Awaiting approval of additional budgets at 17 October Auckland Council Finance and Performance Committee.</p>	No change to last quarter
2	<p>Information Security</p> <p>There has been an increase in phishing emails within council and global increase in information-attacks/scams. The procurement for a council wide exercise relating to phishing emails will be completed shortly.</p> <p>The Information Awareness Training Module will be released shortly to provide e-learning.</p> <p>Heightened awareness follows further media coverage of cyber-attacks.</p>	No change to last quarter
3	<p>Interdependencies and stakeholder management</p> <p>Project misalignment with key stakeholders including council, AT, Mana Whenua and Iwi.</p>	No change to last quarter

	Improvement on interdependencies has been offset with specific relationship stress points with some stakeholders.	
4	<p>Resources</p> <p>The resource market remains tight with a shortage of skill sets in the property, development and project management fields. Recruitment currently underway for 20 roles, roughly 10% of our staff base.</p>	No change to last quarter
5	<p>Construction environment</p> <p>The recent financial collapse and woes of some building contractors has highlighted some fragility in the market and the need for greater due diligence in the tender processes.</p> <p>Over the last quarter, the property market has continued to harden but this has not be sufficient to raise the risk level at this stage.</p>	No change to last quarter

Organisational Risks

Key movements from quarter 4 FY2017/2018

A positive aspect of quarter 1 was the Environmental Court's granting of consents for the team bases for AC36. This has been a major achievement for the Panuku team and key stakeholders.

Much progress has been made in the relocation of tenants to alternate sites including parking for ASB. Difficulty is being experienced with the moving of the 'William C Daldy', the 'Kestrel' and 'Rapaki' in particular due to their poor seaworthy condition.

Physical works programme has started on Site 18 (ASB car park) from 3 September. Panuku is working closely with the Wynyard Edge Alliance in managing risks going into the construction phase.

The AC36 projects also impacts on the Wynyard Quarter projects and involve Auckland Transport (AT). Panuku are coordinating the risk management with AT and Western Edge Alliance to ensure that interdependent risks are managed and mitigated.

Information security remains high with Council's ICT Security team reporting a number of phishing email attacks on council email users. An article has been published on the council intranet site warning of phishing emails, and Panuku is taking further measures to inform and train staff.

Workforce planning and a People Strategy are objectives for FY2018/2019. This will ensure a skilled workforce by recruiting the right skillsets and providing further training from within the workforce. The strategy includes having performance and development plans and midterm performance and development reviews.

The construction environment remains cautious following the demise of construction companies and poor financial performance of others. Additional due diligence is being exercised as we procure contractor services.