

Panuku Development Auckland



An Auckland Council Organisation

Board Report

Date

Wednesday, 29 November 2017

Time

Commencing at 1:00 pm

Venue

Panuku Development Auckland
Ground Floor, 82 Wyndham Street, Auckland



Board Agenda

Where: 82 Wyndham Street, Auckland

When: Wednesday, 29 November 2017 | 9.00 am – 2.00 pm

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

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

		Page #	Timing
1.	Directors only time		9.00 am
2.	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.		
3.	Confidential Board Papers (papers which are fully confidential) Decision Papers 3.1 10 Madden Street (Precinct Properties Land Value One Proposal) <i>Withheld from the public under S7(2)(i) of the LGOIMA</i> 3.2 Interim review engagement letter <i>Withheld from the public under S7(2)(h) of the LGOIMA</i> 3.3 Amendment of Board Committees <i>Withheld from the public under S7(2)(h) of the LGOIMA</i>		
	Morning Tea		10.15 am

4.	Confidential matters 4.1 Minutes of 25 October 2017 Board meeting 4.2 Board Action List 4.3 Discussion of confidential matters in CE Report <ul style="list-style-type: none"> • Leaderkit Report • Financial Dashboard • Health and Safety Report • Risk Update • Acquisitions Summary • Disposals Summary 		
5.	Information Papers 5.1 HR services at Panuku <i>Withheld from the public under S7(2)(h) of the LGOIMA</i>		
	Panuku rangatira ki rangatira hui		11.30 am
	Lunch		12.30 pm
6.	Opening of Public Meeting 6.1 Apologies 6.2 Directors' Interests 6.3 Directors' Board Meeting Attendance Register 6.4 Minutes of the 25 October 2017 Board meeting (public) 6.5 Public Deputation		1.00 pm
7.	Chief Executive's Report (public)		
8.	Decision Papers 8.1 Disposals Recommendation 8.2 Subsidiaries Annual General Meeting resolutions 8.3 Reinventing Cities C40 initiative		
9.	Information Papers 9.1 Panuku Quarter One report to Auckland Council 9.2 America's Cup 36 base location analysis and recommendations		
10.	General Business		1.50 pm

Note: Some information has been withheld from the public under the relevant sections of the Local Government Official Information and Meetings Act 1987 (LGOIMA). Where information is withheld, the relevant section of the LGOIMA is cited.

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.

Directors' Interests as at 20 November 2017

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

Member	Interest	Company / Entity	Conflicts pre-identified?
Richard I. LEGGAT	Director	Panuku Development Auckland Limited	
	Director	New Zealand Post Ltd	
	Deputy Chair	Tourism NZ	
	Director	Cycling NZ	
	Director	Education NZ	
	Member	Union Cycliste Internationale Ethics Commission	
	Chairman	NZ Cycle Trail Incorporated	
	Director	Snowsports NZ	
	Panel Member	NZ Markets Disciplinary Tribunal	
	Director	Trophy Metropolitan Ltd	
	Director	Mortleg Ltd	
	Director	Winter Games New Zealand	
	Advisor	MyMoneyFit Ltd	
	Paul F. MAJUREY	Director	Panuku Development Auckland Limited
Chair		Tūpuna Maunga o Tāmaki Makaurau Authority	
Chair		Tāmaki Makaurau Community Housing Ltd	
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		Hauraki Collective (12 iwi collective)	
Co-Chair		Sea Change Marine Spatial Plan Project	
Co-Chair		Tāmaki Healthy Families Alliance	
Director		Museum of New Zealand Te Papa Tongarewa	
Director		Pare Hauraki Asset Holdings Ltd	
Director		Taimoana Marine Farms Ltd	
Director		Tikapa Moana Enterprises Ltd	
Director		Pouarua Farm General Partner Ltd	
Director		Ngāti Maru Pouarua Farm Ltd	
Director		Half Moon Bay Venture Ltd	

Member	Interest	Company / Entity	Conflicts pre-identified?
	Director	Atkins Holm Majurey Ltd	
	Trustee	Crown Forestry Rental Trust	
	Trustee	Ngāti Maru Rūnanga Trust	
	Trustee	Hauraki Fishing Group	
	Mana Whenua Representative	Hauraki Gulf Forum	
	Tainui Waka Representative	Iwi Working Group (review of Te Ohu Kaimoana)	
	Chair	Whenuapai Housing General Partner Ltd	

Michael E. POHIO	Director	Panuku Development Auckland Limited	
	Director	National Institute of Water & Atmospheric Research Ltd	
	Director	NIWA Vessel Management Ltd	
	Director	KiwiRail Ltd	
	Chairman	BNZ Partners Waikato	
	Director	Te Atiawa Iwi Holdings	
	Director	Te Atiawa (Taranaki) Holdings Ltd	
	Director	TBFree	
	Director	Ospri New Zealand Ltd • National Animal Identification and Tracing Ltd	

C. Martin UDALE	Director	Panuku Development Auckland Limited	
	Director	Essentia Consulting Group Ltd	
	Director	Fleming Urban Ltd	Possible Onehunga development
	Director	Innovation Waikato Ltd	
	Director	Paparata Ltd	
	Director	Tall Wood Ltd	
	Director	Tall Wood Distribution Ltd	
	Director	Forest Group Ltd	
	Director	Tāmaki Redevelopment Company Ltd	Possible
	Director	Tāmaki Regeneration Ltd	
	Director	Waikato Innovation Park Ltd	

Member	Interest	Company / Entity	Conflicts pre-identified?
	Chair	Wairaka Land Company Ltd (Unitec land development subsidiary)	Possible
	Trustee	Cardinal Trustees Ltd	
	Director	TW Twenty Twenty Ltd	
	Director	Hobsonville GP Ltd	
	Director	New Ground Living (Hobsonville Point) Ltd	
	Director	Tall Wood Assembly Limited	



DIRECTORS' MEETING ATTENDANCE REGISTER – 2017 / 2018

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



MINUTES OF THE MEETING OF DIRECTORS OF DEVELOPMENT AUCKLAND LIMITED (PANUKU DEVELOPMENT AUCKLAND), HELD IN **PUBLIC** SESSION AT 82 WYNDHAM ST, AUCKLAND ON WEDNESDAY 25 OCTOBER 2017 COMMENCING AT 9.00 AM.

ATTENDING		<p>Board: Richard Aitken (Chair), Richard Leggat, Paul Majurey, Mike Pohio, Dr Susan Macken, Martin Udale and Anne Blackburn.</p> <p>Executive: Roger MacDonald (Chief Executive Officer), David Rankin (Chief Operating Officer), Angelika Cutler (Director Corporate Affairs), Carl Gosbee (Director Corporate Services), Rod Marler (Director Place and Design), Ian Wheeler (Director Portfolio Management), Allan Young (Director Development), Aaron Simperingham (Company Secretary)</p>
APOLOGIES	1 10/17	Evan Davies
CONFIDENTIAL DECISION PAPER 2.1 – BARROWCLIFFE PLACE	2 10/17	<i>Withheld from the public under S7(2)(i) of the LGOIMA</i>
OPENING OF THE PUBLIC MEETING	3 10/17	<p>The public meeting was opened at 10.10am</p> <p>There were no comments on the Director's interest's register, or the attendance register.</p> <p>The Board confirmed that the public minutes of the 27 September 2017 Board meeting were accurate.</p>
CHIEF EXECUTIVE'S REPORT (PUBLIC)	4 10/17	<p>The Board discussed the following matters:</p> <ul style="list-style-type: none"> - timing for the Panuku Board and Executive meeting with Councillors. The Board asked that the timing be clarified prior to the meeting. - 6 star homestar rating and additional cost required in achieving this. The Board queried whether this was consistent with our affordable housing aims. The Board requested that this be re-introduced as an agenda item. - Incubator kitchens. The Board asked about the relationship with ATEED and provided support for the incubator kitchens generally. - New office. The Executive mentioned that positive feedback had been received from staff and visitors. - The election was raised as an emerging risk including the impact of the new government on our High Level Project Plans, for example the impact on the East West link in Onehunga.
PUBLIC DECISION PAPER 7.1 – 30 JUNE 2017 ANNUAL REPORT	5 10/17	<p>It was RESOLVED that the Board:</p> <ol style="list-style-type: none"> a) adopt the Annual Report for the year ended 30 June 2017; b) authorises the Board Chair and the Audit and Risk Committee Chair to sign the Annual Financial Statements on behalf of the Board; and

		<p>c) authorises the Board Chair and the Audit and Risk Committee Chair to sign the Letter of Representation to Audit New Zealand.</p> <p><i>Moved: Mike Pohio Secoded: Richard Leggat CARRIED</i></p>								
PUBLIC DECISION PAPER 7.2 – DISPOSAL RECOMMENDATIONS	6 10/17	<p>It was RESOLVED that the Board approves the recommendation to the Finance and Performance Committee that 9 Hall Street, Pukekohe is surplus to council requirements and should be divested.</p> <p><i>Moved: Paul Majurey Secoded: Mike Pohio CARRIED</i></p>								
PUBLIC INFORMATION PAPER 8.2 – PROJECTED HOUSING SUPPLY	7 10/17	<p>The Board received the information paper.</p> <p>There was discussion about the total number of new houses, including HLC and HNZ houses and the comparison with the aspiration of the new government.</p>								
PUBLIC INFORMATION PAPER 8.3 – GRANTS AND DONATIONS QUARTERLY REPORT	8 10/17	<p>The Board received the information paper. They noted the rent reduction for the America's Cup.</p> <p>Board members queried the consistency of approach between the Maritime Museum and ETNZ.</p>								
PROCEDURAL MOTION TO EXCLUDE THE PUBLIC	9 10/17	<p>It was RESOLVED THAT, pursuant to the provisions of clause 12.3 of the Panuku Constitution, the public be excluded from the Meeting for the following proceedings; the subject matter, the reasons and specific grounds for exclusions being set out below:</p> <table border="1"> <thead> <tr> <th>General subject of matters to be considered</th> <th>Grounds under Section 48(1) for considering in private</th> </tr> </thead> <tbody> <tr> <td>Governance, Committee report</td> <td>Commercially sensitive issues</td> </tr> <tr> <td>Finance and Risk</td> <td>Commercially sensitive issues</td> </tr> <tr> <td>Management and operations</td> <td>Commercially sensitive issues</td> </tr> </tbody> </table> <p><i>Moved Susan Macken, 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									
CONFIDENTIAL STRATEGY PAPER 3.1 – AVONDALE HLPP	10 10/17	<i>Withheld from the public under S7(2)(f)(i) of the LGOIMA</i>								
CONFIDENTIAL STRATEGY PAPER 3.2 – STRATEGIC DEVELOPMENT FUND FOR ACQUISITIONS	11 10/17	<i>Withheld from the public under S7(2)(f)(i) of the LGOIMA</i>								
CONFIDENTIAL STRATEGY PAPER 3.3 – PANUKU BUSINESS STRATEGY	12 10/17	<i>Withheld from the public under S7(2)(f)(i) of the LGOIMA</i>								
AUCKLAND PLAN REFRESH – PRESENTATION BY JIM QUINN	13 10/17	Jim Quinn, Chief of Strategy, Auckland Council presented on the Digital Auckland Plan.								
CONFIDENTIAL INFORMATION PAPER 8.1 – LONG TERM PLAN	14 10/17	<i>Withheld from the public under S7(2)(f)(i) of the LGOIMA</i>								
CONFIDENTIAL MINUTES OF 27 SEPTEMBER 2017 BOARD MEETING	15 10/17	The Board reviewed and approved the Confidential Minutes of the Board Meeting of 27 September 2017, noting that a change from October to November at item number 22 09/17.								

BOARD ACTION LIST	16 10/17	The Board received the Board Action List.
CHIEF EXECUTIVE'S REPORT (CONFIDENTIAL)	17 10/17	<i>Withheld from the public under S7(b)(ii) of the LGOIMA</i>
CONFIDENTIAL INFORMATION PAPER 11.1 – PANUKU PRIORITY LOCATION MASTER PROGRAMME UPDATE	18 10/17	<i>Withheld from the public under S7(2)(f)(i) of the LGOIMA</i>
CONFIDENTIAL INFORMATION PAPER 11.2 – PANUKU STAFF ENGAGEMENT SURVEY ACTION PLAN	19 10/17	<i>Withheld from the public under S7(2)(f)(i) of the LGOIMA</i>
BRITOMART BOARD COMMITTEE	20 10/17	<i>Withheld from the public under S7(2)(f)(i) of the LGOIMA</i>
CLOSE OF BOARD MEETING	21 10/17	The meeting closed at 2:45pm

READ AND CONFIRMED_____ **Chairman**_____ **Date**

Chief Executive's report to the Board

Document Author	Roger MacDonald – Chief Executive
Contributors	David Rankin – Chief Operating Officer Rod Marler – Director Place and Design Allan Young – Director Development Ian Wheeler – Director Portfolio Management Carl Gosbee – Director Corporate Services Angelika Cutler – Director Corporate Affairs
Date	20 November 2017

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 Transform Manukau

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

2.1.2 Mana whenua engagement update

Panuku continued to lead engagement with Mana Whenua on AC36 over the past month. The work has progressed well despite the significant issues and compressed timeframes involved. Our leadership in this space will eventually merge into a whole of council whanau approach following Panuku's recommendations to Council's ELT for more streamlined Māori engagement across the city centre and waterfront programme.

Panuku recommended that council collaborate with the Mana Whenua Kaitiaki Forum and other key entities including central government representatives to ensure robust and agile engagement. Our advice included recommendations to:

- a) Develop and agree strategic Māori outcomes and objectives for the City Centre and Waterfront, including the America's Cup and legacy opportunities;
- b) Develop a mana whenua engagement strategy which considers mana whenua entities not involved in the Mana Whenua Kaitiaki Forum;
- c) Undertake further engagement on priority matters related to the City Centre and Waterfront work programme (including the America's Cup) such as the Treaty of Waitangi claims and Marine and Coastal Area (Takutai Moana) Act.

Panuku will play an ongoing leadership role both in the strategic and operational space as this work unfolds. The best practice approach will hopefully unlock some of the significant issues that have impacted on the Pile Mooring Project and will assist other projects we are leading such as the Dolphin.

2.1.3 Avondale high level project plan

Following its approval by the board, the draft high-level project plan was subsequently approved by the council's planning committee in early November, noting that it had been preceded by a workshop.

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

2.1.4 Expressions of Interest – Large Scale Development Partners Panel

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

2.1.5 Council and Crown partnership opportunities

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

2.1.6 Long-term Plan (LTP) Update

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

2.1.7 America's Cup 36

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

2.2 Project updates

2.2.1 Civic Administration Building

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

2.2.2 Unlock Takapuna

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

2.2.3 Britomart Development Deed

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

2.2.4 Onehunga

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

2.2.5 Northern Corridor Improvements – NZTA

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

2.2.6 Project Management Office

We have now received the best practice assessment of our project management office by Ernst and Young as part of the Panuku annual audit programme. This will be reported to the next meeting of the board's audit and risk committee. It has been helpful in shaping the programme to progressively evolve our PMO function, and associated organisational capability, to match our aspirations.

2.2.7 Housing NZ/HLC Auckland housing programme

As previously reported, the previous government had signed off on an ambitious programme to redevelop Housing New Zealand land in Auckland on a scale not seen for a long time in Auckland. Following the election, the new government has signalled but not yet shaped up plans to accelerate that programme and to incorporate the new government's flagship policy known as "Kiwibuild".

Panuku is working with the council's development programme office and other CCO's to work out a co-ordinated and effective council family response to this large-scale development programme. There has also been direct dialogue between the Chief Executives of HLC and Panuku.

2.2.8 Haumaru Housing Portfolio

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

2.2.9 Modular and Pre-fabricated Housing

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

2.3 Whitford Quarry and Landfill

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

2.4 Lease approved under delegation

In accordance with the Panuku Development Auckland delegations all new property leases over \$500k are required to be reported the Board. Please find below details of a new property lease which has recently been negotiated.

1 Levene Place, Mount Wellington

This property, in Auckland Transport's Fixed Asset Register, is vacant unused land never previously used commercially, which Panuku has marketed for commercial lease via leasing agents over a period of more than a year.

Over the period of marketing four to five enquiries were received; only this one proceeded to a formal offer.

The proposal received and refined by negotiation, reflects market demand for such a property.

Auckland Transport has required retaining the ability to terminate any lease without compensation after five years, should the site be required for transport projects. The constrained term and establishment cost on barren ground have limited tenant interest.

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

3. Panuku Leaderkit Project Summary

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

4. Financial Summary

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

5. Organisational Summary

5.1 Chief Executive's Networks

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

5.2 Health and Safety

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

5.3 Risk Management

Risk Management Framework

The Risk Management framework, based on the global ISO standard ISO 31000 'Risk management Principles and Guidelines' has been revised for Panuku Development Auckland and details the process and framework, the governance structures and the roles and responsibilities. The framework is being presented to the Audit and Risk Committee on 4 December for review before being rolled out within the directorates. A training programme is being developed with the Project Management Office for inclusion into all projects and programmes of work as part of normal business practice. The Risk Management framework formalises the approach to risk management into our business practices and decision making.

Business Continuity Plan

The Business Continuity Plan has been revised to following our move to 82 Wyndham St. It revises the Business Impact Assessment to include improved technology and our ability to work from remote sites without the need for fixed work stations. The new plan looks at formalising the Incident Management Teams, the Crisis Management Team, Governance and reporting structures.

The Plan is being presented to the Audit and Risk Committee on 4 December, and subject to approval, we will be rolling out the Business Continuity Plan early in the new year, in preparation for an exercise sometime in the first quarter 2018.

We will also be combining with any exercises that Auckland Emergency Management may be planning on carrying out.

Risk Register November 2017

The latest risk register and commentary is presented for information. Of current interest is the pending decision on where the Americas Cup bases are to be located and the repercussions for Panuku.

A copy of the risk register is included as Attachment D to this report.

5.4 Portfolio Management Update

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

5.5 Media and digital summary

In a new initiative for Panuku, we partnered with the free weekly magazine Paperboy to publish a tailored version of our quarterly e-newsletter with the aim to reach a new, younger audience. The Panuku page in Paperboy featured stories on Eastern Viaduct, the opening of GridAKL and the release of Panuku's annual report. It also mentioned four community events held in three different locations in late October – engagement sessions in Panmure, a family fun run/ walk event in Puhinui and a showcase of initial designs for a greenway in Northcote. These events were also covered by OurAuckland and generated good levels of engagement across our social media channels (Panuku Facebook and Twitter as well as the channels of our partners including local boards). The North Shore Times also wrote a very positive piece on the proposed design for the Northcote greenway that featured comment from Angelika Cutler.

Across our project areas, there has been a wealth of media coverage in the past month of significant project milestones. The Western Leader covered the first site in Henderson being made available for sale as part of our wider plan to regenerate the town centre, while OurAuckland and Scoop picked up our media release on the planning committee's approval of the overarching plan for Avondale. The Rodney Times carried a picture story on the opening of a new reserve and playground created as part of the Link Crescent housing development that Panuku is leading in Whangaparaoa.

The proposed change of use for 40 Anzac Street car park in Takapuna continues to be a top story for the North Shore Times who ran a preview story on the decision coming to planning committee, followed by a piece on the committee's decision to defer a change of use (NZ Herald also covered this story). The purchase of 30 Hurstmere Road back in June featured on the front page of the North Shore Times and the paper's editor Jodi Yeats has given the topic of 40 Anzac Street an airing in her weekly notes to readers. Stuff.co.nz published a highly positive piece on public engagement carried out on Eastern Viaduct to engage the public on how the space should be used once public parking is removed in March 2018. The story was also shared on OurAuckland and Paperboy.

There has been extensive media coverage of the options put forward for the America's Cup by NZ Herald, Radio New Zealand, Stuff, Newshub, The Spinoff and TVNZ. Rod Marler represented Panuku at a media conference that followed a confidential briefing for councillors on the options, and again in an interview with Newstalk ZB's Tony Veitch on 19 November.

David Rankin has continued to provide comment on a number of stories on the proposed sale of council-owned land including Papakura and the proposed sale of parts of Westpark Marina (also known as Hobsonville Marina).

There was good coverage of Panuku's announcement that it has adopted the Homestar initiative across its Transform and Unlock locations, which included an interview by Newstalk ZB with our Head of Corporate Responsibility Miranda James and a double page spread in Building News' spring edition with comment from Roger MacDonald.

Panuku played a key role in supporting a suite of publicity and events planned to celebrate the opening of 12 Madden Street (part of the GridAKL Innovation Precinct on Wynyard Quarter) and received a number of mentions in the resulting coverage; most notably via our Panuku and Your Waterfront social media channels.

In late October, Rod Marler received the Property People Urban Design award in recognition of his role in the evolution of the waterfront. The award also identified him as a thought leader in the urban design field; a story that was picked up by the Property Council and shared extensively via social media following Facebook posts on the Panuku and Your Waterfront pages. We penned a blog from Rod after the award where he reflected on the upcoming milestone of the first residents moving into Wynyard Quarter. Panuku graduate Tessa Meyer was also a finalist for the Young Achiever of the Year Award.

Wynyard Quarter was used as an example of a good outcome in a piece by the NZ Herald assessing the success of the Super City seven years on. The Quarter also featured as a top place to visit in a British tabloid (The Express) travel writer's review of Auckland.

Panuku was part of the council family that featured in an initially inaccurate report by the NZ Herald about council spend on communications and engagement. Accurate figures

were provided to the media to bring balance to the story, and The Spinoff ran a valuable opinion piece that further supported the need for such teams across council, in particular at Panuku where the scope of our mandate has expanded greatly since we formed.

In the coming weeks there will be a story on the revitalisation of the Vos boatyard in the December edition of Boating New Zealand magazine, and we expect there will be good pick up of our media release on the first residents moving into Wynyard Quarter, which is expected to happen any day now.

Attachments

Attachment A – Leaderkit Project Summaries

Attachment B – Financial Dashboard

Attachment C – Health and Safety Report

Attachment D – Risk Update

Attachment E – Acquisitions Summary

Attachment F – Disposals Summary

Decision Paper: Disposals Recommendation

Document Author(s)	Anthony Lewis – Senior Advisor Portfolio Review
Date	2 November 2017

1. Proposal

This paper seeks approval from the Panuku Board to recommend to the Finance and Performance Committee:

- the disposal of two vacant council owned sites in Parnell and Freemans Bay; and
- the transfer to Housing New Zealand (HNZ) of council's covenanted option to buy back a privately owned property in Mt Wellington when the owner wishes to sell.

2. Executive summary

The first and second properties presented in this report, 41 Cheshire Street, Parnell and 108 Hepburn Street, Freemans Bay have been identified as potentially surplus to council requirements through a review process. Consultation with council and its CCOs, iwi authorities and the Waitematā Local Board about the subject sites has been undertaken. No alternative service uses were identified through the rationalisation process and the feedback received was supportive of the proposed disposals.

The third property presented in this report, 58/7 Rowlands Avenue, Mt Wellington is a privately owned unit with a covenanted option for council to purchase when the owners wish to sell. The unit is part of the council's "Own Your Own" scheme which provides for eligible people to purchase the unit from council for 20% less than market value on the proviso that it be sold back to council at the same discount. Council no longer wishes to maintain an interest in the unit, so Panuku has negotiated the transfer of the offer back obligations to HNZ subject to approval. The owner of the property has consented to having council's option to purchase the property transferred to HNZ. Consultation with council departments and its CCOs, iwi authorities and the Maungakiekie-Tāmaki Local Board has now taken place. No issues were raised regarding the proposed transfer through the rationalisation process.

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

3. Recommendations

It is **recommended** that the Board

1. Approves

- a. The recommendation to the Finance and Performance Committee that the following properties are surplus to council requirements and should be divested:
 - i. 41 Cheshire Street, Parnell;
 - ii. 108 Hepburn Street, Freemans Bay;

- b. The recommendation to the Finance and Performance Committee of the transfer of council's covenanted option to purchase 58/7 Rowlands Avenue, Mt Wellington to Housing New Zealand.

4. Prior Board and Council engagement and decisions

Previous Board / Council engagement and decisions		
Date and meeting	Document	Decision / Outcome
N/A		

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 potentially surplus to requirements and that may be suitable to sell. The subject properties were identified as potentially surplus through this review process.

Once a property has been identified as potentially surplus, Panuku engages with Council and its CCO's to establish whether the property must be retained for a strategic purpose or is required for a future funded project or public work. Once a property has been internally cleared of any 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.

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

6. Financial implications

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

7. Implementation

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

Document Sign-off

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

Appendix A – 41 Cheshire Street, Parnell

1. Summary

41 Cheshire Street, Parnell is a narrow, vacant site that was reviewed following an enquiry from Summerset Group Holdings Limited, the neighbouring property owner, seeking to purchase this site. The rationalisation process commenced in July 2017. Consultation with council and its CCOs, iwi authorities and the Waitematā Local Board has now taken place. No planned and funded alternative service uses were identified for this site through the rationalisation process. As such we recommend that the site be divested.

2. Background

41 Cheshire Street, Parnell comprises 348m². The site is vacant land remaining from land acquired by the former Auckland City Council as part of a larger 6,160m² block in 1925 for the purpose of a council works depot.

In 1955 approximately 4,490m² was removed for railway purposes, and in 1978 the residue was subdivided into three lots. One was formed as road, a second parcel sold, and the third, being the subject site, retained in council ownership.

In October 2016 following the enquiry from Summerset Group Holdings Limited, council's Community Facilities department reviewed 41 Cheshire Street, Parnell and found there were no future service use requirements for the site. The property was subsequently transferred to Panuku for rationalisation.

The Auckland Unitary Plan zoning is Public open space – informal recreation. It has a 2014 capital value of \$155,000.

41 Cheshire Street, Parnell is not subject to offer back obligations to the former owners under section 40 of the Public Works Act 1981.

3. Internal consultation

The internal consultation for this site commenced in July 2017. No alternative service uses were identified.

4. Local board views and implications

The Waitematā Local Board endorsed the proposed disposal of 41 Cheshire Street, Parnell at its 17 October 2017 business meeting, subject to the Finance and Performance Committee requesting council departments to include as part of the negotiations, pedestrian and cycling access for connections from Stanley Street through to the old Parnell rail tunnel; Parnell train station to the Domain; and Parnell Town Centre to Parnell train station.

Panuku staff have liaised with council departments to confirm there are discussions underway with the wider council group and Summerset Group Holdings Limited regarding an easement to provide access to the Parnell train station and pedestrian routes/cycle ways adjacent to the rail corridor. Panuku will work with Council's Stakeholder and Land Advisory team in any subsequent negotiations.

5. Iwi feedback

14 mana whenua iwi authorities were contacted regarding the potential sale of 41 Cheshire Street, Parnell. The following feedback was received.

a) Te Runanga o Ngāti Whatua

No site specific feedback received for this site, noting that as per earlier conversations with Te Runanga representatives, it is understood that any cultural significance considerations will be raised at hapū level and that all Ngāti Whatua hapū have been contacted about properties in their rohe.

b) Ngāti Whatua o Kaipara

No feedback received for this site.

c) Ngāti Whatua o Ōrakei

No feedback received for this site.

d) Ngai Tai ki Tamaki

No feedback received for this site.

e) Ngāti Tamaoho

No feedback received for this site.

f) Te ākitai - Waiohua

No feedback received for this site.

g) Ngāti Te Ata – Waiohua

No feedback received for this site.

h) Te Ahiwaru

No feedback received for this site.

i) Ngati Paoa

No feedback received for this site.

j) Ngaati Whanaunga

Ngaati Whanaunga advised that the site is of cultural significance and expressed potential commercial interest should the site be approved for disposal. Panuku have sought clarification from Ngaati Whanaunga regarding further 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 sites for disposal. No response has been received, so Panuku will follow up again if the site is approved for disposal.

k) Ngati Maru

No feedback received for this site.

l) Ngati Tamatera

No feedback received for this site.

m) Patukirikiri

No feedback received for this site.

n) Waikato Tanui

No feedback received for this site.

6. Implementation

The results of the rationalisation process are that this property is not required for current or future service requirements. As such, we recommend that 41 Cheshire Street, Parnell be divested. Due to the configuration of this property, it could likely only be sold to the adjoining property owner, Summerset Group Holdings Limited, who wish to purchase the land to include in its planned retirement village on the adjoining land. This can be explored further should the Finance and Performance Committee approve the proposed disposal.

7. Images



Appendix B – 108 Hepburn Street, Freemans Bay

1. Summary

108 Hepburn Street, Freemans Bay is vacant land that was reviewed following an enquiry from a neighbouring property owner seeking to purchase the site. The rationalisation process commenced in July 2017. Consultation with council and its CCOs, iwi authorities and the Waitemātā Local Board has now taken place. No planned and funded alternative service uses were identified for this site through the rationalisation process. As such we recommend that the site be divested.

2. Background

The 188m² site at 108 Hepburn Street, Freemans Bay is the residual land from property acquired by the former Auckland City Council during 1963-1969 for a subdivision/development. It is comprised of two lots; Lot 1, being more or less 22m² is subject to an easement in favour of The Auckland Electric Power Board. Lot 2, being more or less 166m² is vacant land.

108 Hepburn Street, Freemans Bay was reviewed by council's Parks and Recreation Policy team following the enquiry from the adjoining landowner. The Parks and Recreation Policy team found that the subject site does not support quality public open space provision in the area and while located adjacent to a private reserve, it does not provide links to public open space.

The Auckland Unitary Plan zoning is Residential -Terrace Housing and Apartment Buildings Zone and it has a 2016 capital value of \$120,000.

108 Hepburn Street, Freemans Bay is not subject to offer back obligations to the former owners under section 40 of the Public Works Act 1981.

3. Internal consultation

The internal consultation for this site commenced in July 2017. No expressions of interest were received during the internal consultation process and no issues were raised.

4. Local board views and implications

The Waitemātā Local Board endorsed the proposed disposal of 108 Hepburn Street, Freemans Bay at its 17 October 2017 business meeting.

5. Iwi feedback

14 mana whenua iwi authorities were contacted regarding the potential sale of 108 Hepburn Street, Freemans Bay. The following feedback was received.

a) Te Runanga o Ngāti Whatua

No site specific feedback received for this site, noting that as per earlier conversations with Te Runanga representatives, it is understood that any cultural significance considerations will be raised at hapū level and that all Ngāti Whatua hapū have been contacted about properties in their rohe.

b) Ngāti Whatua o Kaipara

No feedback received for this site.

c) Ngāti Whatua o Ōrakei

No feedback received for this site.

d) Ngai Tai ki Tamaki

No feedback received for this site.

e) Ngāti Tamaoho

No feedback received for this site.

f) Te ākitai - Waiohua

No feedback received for this site.

g) Ngāti Te Ata – Waiohua

No feedback received for this site.

h) Te Ahiwaru

No feedback received for this site.

i) Ngati Paoa

No feedback received for this site.

j) Ngaati Whanaunga

Ngaati Whanaunga advised that the site is of cultural significance and expressed potential commercial interest should the site be approved for disposal. Panuku have sought clarification from Ngaati Whanaunga regarding further 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 sites for disposal. No response has been received, so Panuku will follow up again if approved for disposal.

k) Ngati Maru

No feedback received for this site.

l) Ngati Tamatera

No feedback received for this site.

m) Patukirikiri

No feedback received for this site.

n) Waikato Tanui

No feedback received for this site.

6. Implementation

The results of the rationalisation process are that this property is not required for current or future service requirements. As such, we recommend that 108 Hepburn Street, Freemans Bay be divested. Should a resolution be obtained from the Finance and Performance Committee approving the divestment of this site, we will undertake a disposals process for this site that provides an optimal return to council.

Due to the size and shape of this property, it could only be sold to an adjoining land owner, who has registered interest in acquiring this site. This can be explored further should the Finance and Performance Committee approve the proposed disposal.

7. Images



Appendix C – 58/7 Rowlands Avenue, Mt Wellington

1. Summary

58/7 Rowlands Avenue, Mt Wellington is a privately owned unit which has a covenanted option for council to purchase when the owners wish to sell. Council no longer wishes to maintain an interest in the unit, so Panuku has negotiated the transfer of the covenant to purchase to HNZ subject to approval. The owner of the property has consented to council transferring its covenant rights to HNZ.

The rationalisation process commenced in July 2017. Consultation with council departments and its CCOs, iwi authorities and the Maungakiekie-Tāmaki Local Board has now taken place. No issues were raised regarding the proposed transfer through the rationalisation process. Due to this, Panuku recommends the transfer of the option to purchase the property to HNZ.

2. Background

58/7 Rowlands Avenue, Mt Wellington is a privately owned single story residential dwelling with a one seventh share of a 1581m² site.

In total, seven units are on the cross-leased site of which HNZ currently owns the freehold and leasehold interests of five. Unit 55/7 and Unit 58/7 are both still in private ownership.

The units were all part of a council portfolio of residential dwellings known as the “Own Your Own” scheme. This scheme provided eligible people with the ability to purchase the units from the former Auckland City Council for 20% less than market value on the proviso that the dwellings be sold back to council at the same discount. Council no longer wishes to maintain an interest in the units and has recently sold five dwellings on this site to HNZ. It is councils desire that it’s covenanted option to purchase in the remaining two units also be transferred to HNZ.

There is no indication that the remaining private owners intend to sell in the foreseeable future, so Panuku has negotiated the transfer of its covenanted option to purchase with HNZ, subject to Finance and Performance Committee approval. The owner of 58/7 Rowlands Avenue, Mt Wellington has given its consent to the transfer.

The Auckland Unitary Plan zoning is Terrace Housing and Apartment Buildings. 58/7 Rowlands Avenue, Mt Wellington has a 2014 capital value of \$310,000.

58/7 Rowlands Avenue, Mt Wellington, is exempt from offer back requirements in accordance with section 40 of the Public Works Act 1981.

3. Internal consultation

The internal consultation for this site commenced in July 2017. No issues were raised regarding the proposed transfer of the option to purchase the property to HNZ.

4. Local board views and implications

The Maungakiekie-Tāmaki Local Board endorsed the recommendation to transfer council’s covenanted option to acquire 58/7 Rowlands Avenue, Mt Wellington to HNZ at its 24 October 2017 meeting.

5. Iwi feedback

15 mana whenua iwi authorities were contacted regarding the transfer of the option to purchase the property from council to HNZ for 58/7 Rowlands Avenue, Mt Wellington. The following feedback was received.

a) Te Runanga o Ngāti Whatua

No site specific feedback received for this site, noting that as per earlier conversations with Te Runanga representatives, it is understood that any cultural significance considerations will be raised at hapū level and that all Ngāti Whatua hapū have been contacted about properties in their rohe.

b) Ngāti Whatua o Kaipara

No feedback received for this site.

c) Ngāti Whatua o Ōrakei

No feedback received for this site.

d) Te Kawerau a Maki

No feedback received for this site.

e) Ngāti Tamaoho

No feedback received for this site.

f) Te ākitai - Waiohua

No feedback received for this site.

g) Ngāti Te Ata – Waiohua

No feedback received for this site.

h) Te Ahiwaru

No feedback received for this site.

i) Ngati Paoa

No feedback received for this site.

j) Ngaati Whanaunga

Ngaati Whanaunga expressed interest in the property as a cultural/social opportunity. Should the transfer from council to HNZ be approved, Panuku can provide advice to Ngaati Whanaunga to facilitate subsequent discussions with HNZ.

k) Ngati Maru

No feedback received for this site.

l) Ngati Tamatera

No feedback received for this site.

m) Patukirikiri

No feedback received for this site.

n) Waikato Tanui

No feedback received for this site.

6. Implementation

The results of the rationalisation process are that there are no issues regarding the proposed transfer of council's option to acquire the property. As such, we recommend the transfer of council's covenanted option to buy back 58/7 Rowlands Avenue, Mt Wellington to HNZ.

At the date of settlement, council and HNZ have agreed to a transfer value of 20% of the agreed property valuation.

A resolution from the Finance and Performance Committee approving the transfer of council's covenanted option to acquire to HNZ is required.

7. Images



Figure 1: Geomaps aerial of property; Unit 58/7 - subject property is highlighted in light green; Units 52/7, 53/7, 54/7, 56/7 and 57/7 are owned by HNZ – in red; Unit 55/7 - privately owned highlighted in light blue.



Decision Paper: Subsidiaries Annual General Meeting resolutions

Document Author(s)	Michele Harpham – Finance Manager
Approver	Carl Gosbee – Director Corporate Services
Date	16 November 2017

1. Proposal

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 2016/2017 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: Reinventing Cities C40 initiative

Document Author(s)	Miranda James
Approver	David Rankin
Date	20 November 2017

1. Proposal

This paper seeks the Board's endorsement of the required outcomes for the Falls and Alderman sites in Henderson, which have been nominated to the C40 Reinventing Cities programme for low carbon development.

2. Executive summary

As a member of the C40 Low Carbon Districts Network, Auckland was invited to take part in the 'Reinventing Cities' programme to accelerate low carbon development.

Unlock Henderson was identified as the most appropriate area within Panuku's priority locations due to its 'urban eco-centre' principles. The Falls and Alderman carparks within Henderson were then identified as particularly well-suited sites, and have been nominated to C40.

The nomination was formalised by a letter from Mayor Goff's office to the Mayor Hidalgo of Paris, C40 Chair. The announcement of participating cities was made via media release on 16 November.

Reinventing Cities requires two outcomes: an aim for carbon neutral development, and a commitment to transfer site ownership (sale or lease). Further to these, Panuku needs to set and communicate its own required development outcomes. In line with the Henderson HLPP objectives, these outcomes are focused on medium-density development that will attract families.

A low carbon development would be likely to deploy solutions that minimise the use of energy, water and waste, promote non-fossil fuel based transport choices, and integrate on-site vegetation. This could highlight and foster best practice, giving Auckland an exemplar of enduring benefit to the city.

Reinventing Cities' low carbon requirements will necessitate innovative solutions, and can be expected to come at some cost to developers. This means that when final bids are received, it may be that a value trade-off is required to realise low carbon aspirations. The sites have a combined indicative market value of \$4.4 million.

A programme business case for Unlock Henderson will be presented to the Board in March 2017.

Both sites are being managed by AT as paid-for carparks. Their release for sale is subject to a parking management plan being agreed. Panuku has briefed AT on the Reinventing Cities submission, and they are supportive.

In parallel, Panuku is collaborating across the Council family to investigate the feasibility of waste-heat recapture from the adjacent Westwave pool. If positive, this will inform the development requirements.

3. Recommendations

It is **recommended** that the Board...

1. **Approves** Panuku's recommended required outcomes for the Falls and Alderman carpark sites, for inclusion in the Expressions of Interest document to be submitted to the C40 Reinventing Cities.
2. **Notes** that the sites have a combined indicative value of \$4.4m, and that a value trade off may be required to implement low carbon ambitions.
3. **Notes** that a programme business case will be presented to the Board in March 2018 outlining the recommendations for Unlock Henderson sites.

4. Prior Board and Council engagement and decisions

Previous Board / Council engagement and decisions		
Date and meeting	Document	Decision / Outcome
N/A	N/A	N/A

5. Discussion

Auckland's Low Carbon commitments

Auckland has a commitment to reduce greenhouse gas emissions by 40% by 2040. This target is contained in the Low Carbon Auckland plan, which supports the broader objectives of the Auckland Plan.

To give effect to its climate change aspirations, Auckland has joined the international C40 group of cities that demonstrate leadership on climate change action. A key part of Panuku's engagement with C40 is through the Low Carbon Districts Network, which provides opportunities to innovate and draw on international expertise.

Reinventing Cities

As a member of the C40 Low Carbon Districts Network, Auckland was invited to take part in the 'Reinventing Cities' programme. This initiative aims to accelerate low carbon development by inviting innovative design proposals from international bidding teams.

Reinventing Cities gives Auckland the ability to access world-leading expertise in low carbon design and development, including the resources of the C40 organisation. Panuku will receive significant technical support from C40 in preparing EOI documentation and assessing bids. This initiative highlights Auckland's low carbon aspirations in an international forum. Long-term, Reinventing Cities has the potential to develop an exemplar of sustainable design in Auckland, creating a significant asset for the city.

A low carbon development can be expected to include high levels of embedded energy efficiency; on-site renewable energy; rainwater and / or greywater capture and re-use; high targets for waste reduction and recycling in construction and operation; design for sustainable (non-fossil fuel) travel choices; and integration of on-site vegetation. As such it has the potential to highlight and foster leading practice in Auckland, and provide replicable examples for other projects.

Reinventing Cities requires two broad outcomes: that the development should aspire to be carbon neutral, and the city agrees to transfer ownership (via sale or long-term lease). Further to these, it is

up to the submitting authority (i.e. Panuku) to determine the desired outcomes for its sites, including type of development and financial return.

Unlock Henderson principles

The Unlock Henderson High Level Project Plan (approved March 2017) has as its guiding vision, '*an urban eco-centre – enhancing the Mauri of the Twin Streams Wai o Panuku and Wai Horotiu*'. A strong environmental ethos is central to the regeneration approach in Henderson. How this vision will be realised on each site will necessarily vary depending on local factors, land value and identified potential.

Henderson was identified as an ideal location for a Reinventing Cities nomination, due to this ethos. There are nine potentially developable council-controlled properties within Unlock Henderson. The Falls and Alderman carparks were identified as particularly well-suited to low carbon opportunities, and have been nominated to C40.

On-site renewable energy potential

The Falls and Alderman carparks are in close proximity to the Westwave pool. A joint project has been initiated between Panuku, Auckland Council's Community Facilities team and Watercare, to investigate the feasibility of capturing and using waste heat from the pool to provide a renewable energy source. This could potentially meet energy demand in an adjacent residential development.

While widely deployed in industrial settings in New Zealand, such an energy-sharing scheme would be innovative for residential development.

The feasibility study has been commenced and is due to report in early 2018. Should this research determine that a scheme is feasible the technical requirements can be worked into the Reinventing Cities project brief for bidding teams.

Although this energy potential was key to the selection of the Falls and Alderman sites, there are other factors supporting its suitability for low carbon development, including proximity to planned cycleway development and significant biodiversity. The realisation of low carbon objectives is not contingent on the feasibility of an energy-sharing scheme.

Key stakeholders within Auckland Council

As C40 is a Mayoral initiative, the invitation and acceptance for Auckland's involvement has been handled through the Mayor's office. The announcement of the cities taking part, including Auckland, was made via media release from C40 on 16 November to coincide with the COP23 Bonn Climate Change talks.

Both sites are currently operated by AT as paid-for carparks. Panuku is negotiating a Comprehensive Parking Management Plan to facilitate their release for sale. AT has been briefed on the Reinventing Cities nomination, and is supportive.

Panuku is working in close collaboration with Watercare and the Community Facilities team to progress the Westwave feasibility project.

Panuku's required outcomes for the Falls and Alderman sites

The Falls and Alderman Carparks have been earmarked as mixed-use residential. The following desired outcomes have been identified for the sites, in line with the objectives of the Henderson HLPP. Given the emphasis on fostering innovation, it is important to determine outcomes that achieve Panuku's objectives, while leaving sufficient scope for bidding teams to innovate.

Panuku will require the following outcomes.

- Medium density residential development: between 70 and 140 units between both sites. An emphasis on catering for families, with a mix of typologies to foster a diverse community.

- Potential inclusion of up to 1,500 sq m of non-residential development.
- Consideration of the natural environment, particularly the Wai Horotiu stream bordering the Alderman site. This could take the form of a stream set-back or esplanade.
- Sensitivity to the Falls Hotel, an existing establishment bordering the Falls site.
- Ability to incorporate energy services design that will accommodate a shared renewable energy scheme.
- Inclusion of capability-building to enhance local sector understanding of low carbon development.
- Consideration of monitoring and reporting on-going energy and water consumption, with performance communicated regularly.
- Adherence to Te Aranga design principles.

The sites have been nominated separately, but there is potential for them to be developed by the same party with a coherent design approach. This option will be highlighted to potential bidders.

The required outcomes will be included in the Expression of Interest documents submitted to C40 in December 2017.

Features of low carbon design

Managing down carbon emissions in residential development will involve consideration of energy, water, waste, transport and on-site vegetation. Fundamental is passive design principles, to maximise use of sunlight and natural air. Over and above this, a design proposal may be expected to include the following:

- High energy efficiency, including on-site controls and automation
- Energy monitoring and real-time reporting
- Selection of sustainable and carbon zero-certified materials
- On-site renewables such as photo voltaic (solar) systems and battery storage
- Electric vehicle and bike chargers
- Water management including rainwater capture and non-potable re-use, and/or greywater recycling
- A living roof
- Food grown on site
- Innovative on-site organic waste management, e.g. biodigester.

Any development proposal through Reinventing Cities will comprise aspirational elements, and may require a value trade-off for Panuku. When balancing priorities for the sites, Panuku will need to be mindful of the need for homes in Henderson to be priced at a relatively modest point that the market will tolerate.

Social outcomes / affordability

The Reinventing Cities opportunity offers significant scope to expand capability and exposure of local industry to innovative low carbon methodologies and technologies. Affordability is a key objective on other Panuku sites, including within Henderson.

In this instance, the potential for an environmental flagship that provides an inspirational model for sustainable development can be expected to achieve operational affordability for occupants via reduced energy, water and transport costs. The addition of an explicit affordability component to the sites' required outcomes has been discounted for this reason.

6. Financial implications

Until final bids are received, it is not possible to establish how the market will value the Falls and Alderman sites. But given the high sustainability requirements, it may be assumed that there will be some value trade-off between commercial return and environmental objectives.

The Falls site is 7,200 sq m with a potentially developable area of 3,900; the Alderman site is 5,300 with a potentially developable area of 3,500 sq m. The sites have a combined CV of \$4 million, and an indicative commercial value of \$4.4 million. This is based on the recent market response to the sale by tender of 33 Henderson Valley Road, which valued the site at around \$600 / sq m.

Indicative land values for Unlock Henderson sites are continually being updated and revised as more analysis becomes available. Financial modelling is updated accordingly. A valuation for 2-4 Henderson Valley Road is expected in late November, and will feed into this analysis.

A programme business case for Unlock Henderson will be presented to the Board in March 2018.

7. Implementation

Subject to Board approval for the high-level outcomes for the sites, Panuku will compile the Expression of Interest document and submit it to C40 for promotion through the Reinventing Cities network. The following timeframes apply to Reinventing Cities:

- December 2017 to March 2018 - open call for Expressions of Interest.
- 30 March 2018 – deadline for EOIs
- April – May 2018 – three shortlisted teams selected
- June 2018 – November 2018 - Final proposals prepared and submitted by shortlisted teams
- Nov – Dec 2018 – winning teams selected.

Parallel to milestones associated with Reinventing Cities, Panuku will undertake a full design and development brief, along with site due diligence and valuations, between December and April 2018. Our usual processes will run alongside this initiative.

Key to the success of Reinventing Cities will be attracting expressions of interest and bids from high-calibre international and local teams. The technical capability and experience of these teams will be central to selection criteria.

Panuku will work alongside Council family, the community, local stakeholders, industry professionals, development sector and sustainability networks to promote and publicise Reinventing Cities.

Document Sign-off

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

Figure 1: The Alderman Carpark – potentially developable area



Figure 2: The Falls Carpark – potentially developable area



Figure 3. Aerial view of the Falls & Alderman Carparks, showing proximity to the Wai Horotiu Stream



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	13 November 2017

1. Purpose

The Panuku Quarter 1 Report to Council is provided to the Board for information.

2. Executive summary

The Quarter 1 Report to Council notes that Panuku has made a good progress in the first quarter against performance measures and targets in the SOI. It also highlights three strategic issues for the company which are securing LTP Funding, working closely with the crown and change in the property market.

3. Discussion

Panuku has made a good progress in the first quarter against performance measures and targets in the SOI.

The key strategic issues for the company noted in the Quarter 1 report include securing funding for the 10 year capital programme via the LTP process, identifying opportunities to work closely with the crown on strategic issues such as housing and monitoring the effect of property market changes to projects and business activities.

The key highlights included in the Quarter 1 report include the approval of the Avondale High Level Project Plan by the Board and the Auckland Council Planning Committee, the opening of the Innovation Precinct in Wynyard Quarter (five-floor building at 12 Madden Street), Council's planning committee approving the City Centre and Waterfront refresh plan in September and the completion of the Panuku office move to its new locations at 82 Wyndham Street in early September.

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

4. Attachments

Attachment 1 - Panuku Quarter 1 Report to Auckland Council.



Panuku Development Auckland

Quarterly Report

Quarter ended 30 September 2017

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1. Executive summary

The Quarter 1 report shows that Panuku is making good progress on achieving its financial and non-financial performance targets in the SOI.

The activities happening in the next three quarters of the year will have the potential to enhance Panuku's ability to deliver on its objectives at scale and speed. These include the opportunity to work closely with Central Government on key strategic issues such as housing and securing certainty of funding for Transform and Unlock projects through the LTP process.

2. Strategic issues and focus areas

Long Term Plan 2018-2028

The 2015-25 LTP was adopted before the establishment of Panuku in November 2015. It did not contain any funding for Panuku's regeneration and redevelopment locations apart from the Waterfront. Panuku has put forward a proposal for the new 2018-28 LTP for funding its Transform and Unlock development programme covering its locations, excluding America's Cup budget. The proposed Panuku LTP budget will have a significant impact on the extent and speed of achieving Council's regeneration and redevelopment objectives.

Panuku is currently part of the Council LTP process which includes other CCOs. In September, Panuku facilitated a workshop for the Finance and Performance Committee on investment in locations. Panuku also participated at the LTP infrastructure work stream presentation to the Councillors on the Council group LTP capital programme and borrowing requirements.

Working with the Crown

After the recent change in government, Panuku is looking at opportunities to further evolve its partnership with the crown and collaborative approach, ensuring that we contribute to the government's housing supply plans in an effective way.

Panuku is currently working with the Crown at some of its Transform and Unlock locations. This involves, as appropriate, joint planning (Framework, Master Planning or Town Centre Planning) and exchange/sale of sites to the crown for housing development. Hard and soft infrastructure planning is critical to accommodate for growth.

Changes in the Property Market

Recent property data has shown that the residential property market has experienced a change in dynamics. Sales volumes are down by a third and available listings are higher than they have been for some time. Property's time on the market has moved

out, before a sale is secured. Values have yet to reflect the changed dynamic with little change to values being achieved.

Demand is subdued, as the main trading banks are becoming increasingly conservative in their approach to lending. This trend looks likely to continue for some time. Panuku will continue to monitor the property market changes and its impact on its projects and business activities.

3. Highlights

Key highlights are:

- The opportunity to revitalise Avondale has been given the green light in November with the approval of the over-arching plan for its regeneration by the Council's Planning Committee. The vision for Avondale will be enabled through a number of key moves. Panuku will work closely with the local board and community to implement a retail strategy that attracts new businesses, increasing diversity of products and services. The train station, upgraded bus network and new cycleways offer great transport options and we will continue to strengthen connections between these activity hubs and the town. A focus for the regeneration of Avondale is working with developers to build quality residential neighbourhoods that offer a mix of housing types, including terraces and apartments. A number of significant developments are already underway in the area.
- The Council's planning committee voted in September to advance the City Centre and Waterfront refresh plan to the next stage which focuses on unlocking the city's public transport potential, improving cycle and pedestrian flows and making the waterfront more accessible. A package of proposed potential projects will help cater for the increasing number of people arriving into Auckland including plans for a new ferry terminal and new public space along the water's edge. Options for delivery and funding of the proposed projects will be explored as the council works through its 10-year LTP. Panuku will also work with council family and the crown on America's Cup location options.
- The Innovation Precinct in Wynyard Quarter has expanded with the newly opened five-floor building at 12 Madden Street. The purpose-built home for entrepreneurs offers the latest in flexible co-working spaces. This milestone marks two years since the GridAKL initiative was launched by ATEED, partnering with Panuku and Precinct Properties to develop the commercial space to house ambitious companies and connecting technologists, designers, digital content makers, product designers and start-ups.
- Panuku staff settled into a refurbished office at 82 Wyndham Street in early September, moving from Pier 21 in Westhaven. The new location is closer to the main council offices, as well as many other stakeholder locations and has been designed to meet the needs of Panuku.
- The Devonport-Takapuna Local Board resolved to progress with a 20 year lease for the Takapuna Beach Holiday Park after a Reserves Act consultation process, hearings and a set of recommendations from an independent commissioner. The holiday park has been in existence since the 1930s, and years of community

conversation shows there is a desire to retain the holiday park. Panuku is undertaking a two stage process to find development and operator partners to undertake a redevelopment and management of the holiday park. The aim is to have a confirmed operator by April 2018.

- In early August a plan to develop 40 new homes for older people in Henderson was given the go ahead with resource consent for the project granted. The new development at 33 Henderson Valley Road (previously known as Wilsher Village). This forms part of a wider remit Panuku has to redevelop the network of HFOP villages to better meet the needs of tenants. Detailed design is now underway, with construction due to start in mid-2018 and the first tenants expected to move in by late 2019.

4. Future outlook



Future outlook for the next quarter include:

- America's Cup (AC36) creates a great opportunity for the continued revitalisation of Auckland's waterfront and a catalyst for innovation and development in the city. Panuku has setup an America's Cup project team to provide planning and technical advice. The location analysis is underway and includes consideration of location options and infrastructure costs. A short list has been developed based on current assumptions and a resource consent strategy has been developed. Engagement is underway with key stakeholders, including Emirates Team NZ and Mana Whenua. The timeline for Auckland Council decision making on the location and funding is the Governing Body meeting 23 November 2017. Timing for the Government decision is likely to be early 2018.
- Public consultation has been completed and the Hearings Committee has recommended a change of use for the Anzac Car Park in Takapuna. Panuku plans for a mixed use development emphasising housing, as well as public amenity. This recommendation was presented to the council's planning committee in November. The committee decided to defer making a decision on the change of use, to give Panuku more time to consult with the local board. Panuku will then report back to the planning committee on the recommendations. The vision for the Anzac Street car park is to create a mix of homes, businesses and well-designed public spaces, with laneways linking to Hurstmere Road, Hurstmere Green and the beach.
- Panuku has adopted a requirement of at least 6 Homestar rating for houses built across its Transform, Unlock and Support locations to deliver healthier, more energy efficient homes for Auckland. Homestar is New Zealand's rating tool for residential sustainability, with above Building Code standards for insulation, ventilation, warmth and efficiency.
- Panuku is leading an ATEED-Panuku-The Southern Initiative co design Incubator Kitchen programme which will be launched in Auckland at the end of November 2017. The programme delivers low cost commercial kitchen space for product




development and a three year curriculum that supports business establishment and growth. These businesses are start-ups that have ideas and desire, but lack the know-how and support to succeed. The programme is initially aimed at businesses or individuals in the Henderson and Manukau areas with a view to expand into other areas if successful.

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>	\$260k (OPEX) \$42.5k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> • Tenders closed on the Barrowcliffe Place housing development proposal at end of September. A recommendation as to a preferred party will be made to the Panuku Board prior to a Development Agreement being entered into. • Discussions with the Crown on development of an inter-agency strategic business case, focussed on Manukau, are continuing. • Putney Way Street improvements are being tendered by AT, on behalf of Panuku.
<i>Transform Onehunga</i>	\$197k (OPEX)	carry over to next quarter		<ul style="list-style-type: none"> • Framework Planning and Programme Business case process is underway. • MOU agreement have been approved for negotiation of terms for 3 Paynes Lane and 45 Waller Street (a co-design agreement). • Negotiations to acquire the Onehunga wharf land are ongoing. • A project that considers future development options of the wharf has commenced.

Transform Wynyard Quarter – (Public Projects)	\$923k (CAPEX)	carry over to next quarter	●	<ul style="list-style-type: none"> The Karanga Plaza kiosk/project lumens is scheduled for completion in December 2017. Madden/Pakenham St upgrade project was completed September 2017. Vos shed Stage 1 will commence in the New Year. Promenade Stage 2 procurement for design and delivery is underway Improving the Gateway, the project to remove parking for Te Wero Island has commenced, with delivery planned for FY19.
Transform Wynyard Quarter – (Capital Projects)		carry over to next quarter	●	<ul style="list-style-type: none"> Westhaven marine centre leasing has been slow, and a decision on proceeding or not proceeding with the project is planned this quarter.
Transform Tamaki – Panmure Town Centre	\$35k (OPEX)	Carry over to next quarter	●	<ul style="list-style-type: none"> Work has commenced on planning for Panmure Town Centre in partnership with Tamaki Regeneration Company. (High level project plan preparation).
UNLOCK				
Takapuna	\$142k (OPEX) \$19k (CAPEX)	carry over to next quarter	●	<ul style="list-style-type: none"> The Anzac Street carpark site has been through statutory consultation to change its use, and the hearing committee has recommended the change. The Gasometer carpark funding has been approved and project is progressing.
Hobsonville	\$1,501k (CAPEX)	carry over to next quarter	●	<ul style="list-style-type: none"> The first houses (43 out of a total of 102 homes) in the AV Jennings development area are currently under construction.

Northcote	\$223k (OPEX)	carry over to next quarter		<ul style="list-style-type: none"> The refresh of the Awataha Greenway masterplan is complete. This was shared with the public at an open day on 28 October 2017. The refresh of the Northcote town centre masterplan is close to completion. Negotiations for the acquisition of strategic leasehold interests in the town centre are ongoing. Two more strategic leasehold interests have been acquired recently, 7 out of 32 leasehold interests are now owned by council.
Ormiston Town Centre <i>(Partner: Todd Property)</i>	\$26k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> Construction due to commence on residential and medical block in October. Civil works have started on two Blocks to prepare for 66 terraced homes. Once complete, this will take the total number of completed homes in the project area to 129.
Papatoetoe Town Centre	\$994k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> Shopping mall – the Papatoetoe Mall refurbishment is continuing. This is a two stage project with completion targeted for March 2018. Tavern Lane – project scope is to create approximately 80 residential units. Negotiations continuing with potential development partners.

5.1 Key deliverables for next quarter

Deliverable	Comments
TRANSFORM	
Transform Manukau	<ul style="list-style-type: none"> A development agreement for 20 Barrowcliffe Place, if terms can be agreed. Putney Way street improvements in conjunction with the new bus station is targeted for completion by May 2018 when the bus station opens. Progress on work with the Crown on a Strategic Business case to evaluate the merits and form of a geographically coordinated approach to investment and service delivery.

	<ul style="list-style-type: none"> • Progress on discussions with Scentre Group to explore how this shopping mall's future development could relate to and interface with the balance of the town centre. • Project commencement for Public realm projects including Puhinui Stream and Barrowcliffe Bridge, and minor capital improvements around Manukau Town Centre
<i>Transform Onehunga</i>	<ul style="list-style-type: none"> • Progress on co-design and commercial terms - 3 Paynes Lane and 45 Waller Street, two sites in Onehunga Town Centre redevelopment . • Agree a comprehensive Parking Management Plan (CPMP) with Auckland Transport. • Progress work on the future development of Onehunga Wharf
<i>Transform Wynyard Quarter</i>	<ul style="list-style-type: none"> • Completion of Karanga plaza/kiosk/project lumens. • Decision on Westhaven Marine Centre (based on lease threshold) • Vos Shed project commencement • America's Cup base location decision
UNLOCK	
<i>Takapuna</i>	<ul style="list-style-type: none"> • Commencement of the sale process for the Gasometer development site. • Commencement of carpark design for Gasometer site.
<i>Hobsonville</i>	<ul style="list-style-type: none"> • Continue construction of key infrastructure (Roads in the Avanda and mixed use area) to enable further subdivision.
<i>Northcote</i>	<ul style="list-style-type: none"> • Completion of town centre masterplan and Indicative Business Case for redevelopment targeted for completion December 2017. • Continue with acquisition of strategic leasehold interests in the town centre.
<i>Ormiston Town Centre</i> <i>(Partner: Todd Property)</i>	<ul style="list-style-type: none"> • Todd Property to commence with construction of Retail Blocks and complete acquisition of the site from Panuku.
<i>Papatoetoe Town Centre</i>	<ul style="list-style-type: none"> • The first stage of the Papatoetoe Mall refurbishment is targeted for completion by end of next quarter. • Tavern Lane site (residential) is anticipated to become unconditional later this year.

6. Development budget and Strategic Development Fund

6.1 Development budget

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

\$000	Full year Budget	Forecast	*Committed to projects	Actual Expenditure	
Development Expenditure					RAG *
Development capital expenditure	3,987	3,740	3,740	181	
Development operating expenditure	7,344	7,151	7,151	1,081	

The committed capital expenditure of \$3.74m relates to value add activities for 16 projects. These include site decontamination, building demolition, subdivision, preliminary design, vendor due diligence and infrastructure such as water reticulation. The under spend to date mainly relates to timing differences from the carpark project in Avondale (\$1.5m) expecting to start January/February 2018 and Unlock Takapuna (\$1m) starting in March 2018.

Committed operating expenditure to date relates to 26 projects and includes High Level Project Plans and Framework plans work which is not capitalisable.

6.2 Strategic Development Fund

\$000	Full year Budget	Actual YTD	Comments	
Strategic Development Fund				RAG *
Development capital expenditure	36,764	1,251	The Panuku Board approved the acquisition of strategic properties / sites in Northcote and Avondale that will contribute to the activation of the areas and support regeneration of the town centres.	

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 2017

\$'m	Budget YTD	Actuals YTD	Variance YTD	Full year budget	Full year forecast	Variance
Operational						RAG*
Revenue/External funding	9.4	8.7	(0.7)	38.4	38.4	-
AC funding	7.6	5.8	(1.8)	44.1	41.9	(2.2)
Expenditure excluding depreciation	14.0	11.6	2.4	50.8	47.0	3.8
Fair value decrease / (increase) on investment property	-	-	-	-	-	-
Depreciation	2.8	1.9	0.9	11.1	11.1	-
Tax	-	-	-	-	-	-
Net Surplus/(Deficit) After Tax	0.2	1.0	0.8	20.6	22.2	1.6

*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 \$0.8m higher than budget year to date.

Revenue and External funding was (\$0.7m) behind budget due to the following;

- a. (\$0.8m) less in recharges of Panuku staff to capital budgets, acquisitions and disposals of Council properties and development opportunities. There are a number of budgeted positions currently vacant.
- b. Marina income ahead of budget \$0.1m due to additional occupancy and an increase in rates.

AC funding is (\$1.8m) unfavourable compared to budget. This is due to a number of capital projects being behind budget resulting in a slower than anticipated draw down of funding from Council.

Expenditure excluding depreciation is \$2.4m favourable compared to budget due to the following;

- a. \$0.9m saving in interest expense Council undertook a debt for equity swap in June 2017 and we repaid all outstanding debt, this is not reflected in the budget. At this stage of the year interest has been reforecast close to zero.
- b. \$0.3m saving in consultancy cost, this is a timing difference and will be corrected by year end.
- c. \$0.5m 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.
- d. \$0.6m saving in repairs and maintenance costs, this is a timing difference and will be corrected by year end
- e. \$0.3m saving in marketing and communications, this is a timing difference and will be corrected by year end.
- f. (\$0.2m) additional rates expense we are currently querying the change of land use on one site where rates have increased 350% at a cost of \$0.2m.

Depreciation is \$0.9m 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 2017

\$'m	Budget YTD	Actuals YTD	Variance YTD	Full year budget	Full year forecast	Variance
Capital						
Expenditure	4.7	2.1	2.6	43.4	41.2	2.2
AC funding	3.1	1.3	1.8	26.2	24	2.2
External funding	1.6	0.8	0.8	17.2	17.2	0

Year to date capital spend was \$2.6m behind budget due to the following:

- a. AC Funded spend was \$1.8m behind budget, the major AC Funded (Public) project in the year is the Madden and Pakenham street upgrade. It is currently

\$0.7m behind phased budget, the project is nearing completion and it is anticipated that a \$1.8m saving will be made compared to budget.

Other points to note are the Tiramarama Way project which started construction in September has also had its cost reforecast with a saving of \$0.4m now expected. There are a number of projects where there are currently timing differences to phased budget, examples of these projects are Westhaven Promenade Stage 2 \$0.4m, Public Space Renewals \$0.4m, Headland Park \$0.1m, Kiosk upgrade \$0.1m.


- b. External funded/commercial projects is currently \$0.8m behind phased budget. \$0.7m 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.

Vos Shed restoration \$0.1m, this project will now get underway in the next quarter as the Heritage funds have been released to Panuku in October to complete stage 1.

8. Key performance measures

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

Measure	Year-end target	Achieved? (RAG Status)	Last Actual
13. Written evidence that opportunities have been identified and assessed, to be progressed or not.	At least 100 opportunities identified and assessed		10 opportunities have been assessed to date.
14. The net surplus on the property portfolio achieves the annual budget agreed with Council.	Net Surplus achieves budget for 2017/18		A net surplus of \$3.5 million was achieved to the end of September (\$1.08m ahead of YTD budget).
16. For those properties available for rent: The rolling average over a 12 month period, of % occupancy at each month end (LTP).	The average of monthly % occupancy for the year is 95% or more.		Achieved 98% occupancy at the end of September (against target 95%).
19. List of properties recommended for disposal submitted to	A list of recommended properties with a total		\$21 million of recommended

Measure	Year-end target	Achieved? (RAG Status)	Last Actual
Council. The disposal target for the next financial period will be agreed with Council in the current financial period.	value agreed by the Board the prior year totalling \$60 million gross value will be submitted to Council seeking approval to dispose for 2017/18 financial period.		properties have been presented to date (on track to meet annual target).
20. Achieve total forecast net sales for the financial year through unconditional agreements.	Meet or exceed financial forecast Property disposal target of \$100 million (net value of unconditional sales).		\$2.85 million net property disposals have been achieved 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. Achieve ten key deliverables in the Board approved Master programme.	Master programme deliverables completed within the Board approved timeline.	Annual Target
2. Number of net new dwelling units is calculated in accordance with agreed criteria.	Projected number of net new dwelling units is approved by the Board at least annually.	Annual Target
3. Development agreements are submitted to the Panuku Chief Executive, Board and/or Council for approval	Three year target Twenty six development agreements with partners including community housing organisations to be entered into.	Annual Target
4. On completion of the project or each key stage of the project, the project achieves the financial and non-financial outturn in the business cases. (Housing and urban regeneration combined)	All projects completed this year achieve business case financial and non-financial outturn	Annual Target

Measure	Year-end target	Last Actual
5. Percentage of visitors surveyed satisfied with their experience of the public spaces on the city centre waterfront (LTP)	75%	Annual Target
6. Percentage of Aucklanders surveyed who have visited the city centre waterfront in the past year (LTP)	73%	Annual Target
7. Percentage of attendees surveyed satisfied with key Waterfront place programmes and activities	84%	Annual Target
8. Number of event days per year at the Waterfront	350 days	Annual Target
9. Number of visitors per year at the Waterfront	1.9 million	Annual Target
10. Percentage of customers surveyed satisfied overall with marina facilities and services (LTP)	74%	Annual Target
11. Number of significant Māori initiatives implemented or active per annum (LTP)	47	Annual Target
12. % Mana whenua groups satisfied with quality of engagement	Maintain or Improve	Annual Target
15. Improvement in gross rental income on those properties that are available for rent and have been held in the portfolio for at least two years prior to the end of the reporting period.	The annualised % movement in gross rental income of properties with rent reviews during the financial period is equal to or greater than the CPI movement.	Annual Target
17. Maintain or improve the baseline established at the end of the 2012/13 financial year. ROI on properties on a like for like basis (LTP). Panuku is committed to continuously review and improve the ROI target over the term of the SOI.	Greater than or equal to 2.2%	Annual Target
18. Return on Equity on commercial assets and services (LTP) at Waterfront.	8.4%	Annual Target
21. Acquisitions are delivered within the timeline agreed with Auckland Council.	80% satisfaction against agreed service performance measure	Annual Target

10. Contribution to Māori outcomes

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

Key project and initiatives	Description	Progress
1. Achieving better outcomes for and with Māori	<p>Support and develop initiatives which create strong relationships with Māori, including engagement opportunities through governance forums and with kaitiaki.</p> <p>Include KPIs and appropriate measures to identify progress across the organisation in delivering positive outcomes for Māori.</p> <p>Undertake engagement with Māori to increase understanding of priority outcomes, agree shared strategic objectives, and develop a way forward.</p>	<p>Panuku continues to engage with Mana Whenua on identifying priority outcomes including promotion of te reo, Te Aranga outcomes, design and naming opportunities.</p> <p>Engagement with mana whenua on the Westhaven Marina reclamation has highlighted priority issues that need to be addressed at a council level. This forms ongoing discussions with mana whenua around opportunities from the city centre and waterfront programme.</p> <p>Panuku has also initiated an engagement review with mana whenua to identify how processes can be improved and shared outcomes prioritised.</p>
2. Enabling Māori commercial development opportunities	<p>Understand and develop the spectrum of Māori commercial development opportunities available across the organisation.</p> <p>Working in partnership with Māori to enable investment in commercial and housing opportunities.</p>	<p>Panuku have a clearer understanding of the spectrum of commercial opportunities across the business of Panuku.</p> <p>Iwi participation in two commercial tender opportunities commenced in the quarter and the outcomes will be reported once these processes are completed.</p>
3. Celebrating the Māori cultural footprint in design, the natural and urban environment, and broader	<p>Facilitate Māori identity innovations through priority location and public realm projects.</p> <p>Foster Māori identity and te reo Māori through initiatives such as naming new streets, laneways, buildings, signage, communications, art and</p>	<p>The progress of projects into delivery and implementation are starting to offer a number of tangible opportunities to deliver Māori identity outcomes. The team leading the Henderson Haumaru Housing development has been working closely with Mana Whenua on the</p>

Key project and initiatives	Description	Progress
social outcomes	landscaping. Placemaking will work from a kaupapa Māori foundation to deliver positive outcomes for Māori across the region.	design of the buildings and is strongly influenced on the twin streams cultural narrative. Mana Whenua are also providing input into the design outcomes for the Westhaven marine village, and work is progressing on the greenway in Northcote. Panuku is also implementing professional development opportunities for Mana Whenua around urban design, placemaking and development. This will support Mana Whenua to provide responsive and informed direction on projects and design outcomes. The Wynyard Quarter team continues to support Māori art work installations and te reo naming of laneways.

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	\$13	\$ 93
Maori technical/specialist advice	Ensures that public spaces and developments respect and reflect Maori culture and history.	\$119	\$ 341
Development Projects	Maori related expenditure spent on Panuku's development projects	\$31	
Maori koha		-	\$ 5
Commercial Advisory Fund		-	\$100
Total		\$163	\$539

11. Key Local Board issues

Local Board Plans

The Local Board Plan consultation period has now closed. Local Boards are analysing feedback from their communities. The local boards we have worked closely with in our Transform and Unlock locations are sharing some of the information with us. This information is very valuable as it serves as another way to validate our planning work as we head into delivery. The transparency and willingness to share this information is more evidence of a maturing and genuine relationship with our Local Board partners.

Panuku as Lead Agency

The role of Panuku as “lead council agency” and how that fits with Local Board decision-making across our work programme continues to be a live conversation. The issue becomes more focused as we head into delivery.

Despite the perceived ambiguity with regard to allocated decision making on some key areas of our mandate, we have managed to maintain momentum across the priority location work programme. This governance issue has not halted progress due to our collaborative approach to working individually with each local board and the deliberate investment of time early on to build trust and confidence with Panuku staff.

A proactive ‘whole of council’ approach is being applied to this issue so we can work through it positively. Local board Services, Panuku and CCO monitoring will meet in November to ensure appropriate accountability systems and support are in place to enable effective governance across our Transform, Unlock and Support locations.

12. Risk management

The programme and project risk management awareness is increasing as the risk management discipline improves, project managers improve their content quality in the risk registers and as we embed risk management disciplines into the business units.

We are beginning to see the influences of the new government as the strategies and policies are released, especially regarding economic housing supply. The 3-year programme that Panuku has in place for economic housing in development areas compliments the government’s comments.

We continue to improve our risk management alignment to our business objectives, to ensure we have clear line of sight of risks related to each business unit.

Information Paper: America's Cup 36 base location analysis and recommendations

Document Author(s)	Kristen Webster
Reviewer(s)	Matthew Twose, Rod Marler
Date	22 November 2017

1. Purpose

The purpose of this paper is to update the board on the work undertaken by Panuku in relation to the America's Cup 36 base location, infrastructure and funding.

2. Executive Summary

Panuku was appointed by the Chief Executive of Auckland Council to be the lead agency to develop a process and provide a recommendation on a potential location for the team bases and village overlay. Technical work around location options commenced in August 2017. This work assessed a long list of potential locations around the Auckland region and following a criteria based evaluation arrived a shortlist of five locations. All of the five shortlisted options are located in the CBD waterfront area. They are; Halsey Wharf extension, Captain Cook wharf (two variants East and West), and a Dispersed Option centred on the Halsey, Hobson wharves with two variants (Wynyard Wharf or Westhaven).

Panuku consider the Halsey Wharf extension is the option that can best deliver overall on the criteria that have been established for the location analysis assessment. The Halsey, Hobson, Wynyard Wharf East (Dispersed option) also has some merits. Halsey wharf extension also performs the best of these two if solely considering the event requirements.

Auckland Council, the Crown and Emirates Team New Zealand (ETNZ) are the key partners in hosting the event in 2021. Further negotiations are required on the location and funding allocation. The Panuku report recommended that the Mayor and Auckland Council's Chief Executive negotiate on the basis of either the Halsey Wharf Extension option or the Dispersed Halsey Option (Halsey Wharf Extension/Hobson Wharf Extension/Wynyard Wharf East Extension).

Following a thorough process of option development and analysis, Panuku was due to report a recommendation to the Governing Body for consideration at their meeting on 23 November. Prior to the meeting, following Mayoral input and discussions with Auckland Council staff it was decided that Council would provide the report to the governing body utilising the Panuku report as a basis. The original Panuku report intended for the Governing Body is attached to this paper.

3. Discussion

Context

The America's Cup was won by ETNZ on the 27th of June 2017. Early conversations between Auckland Council and Government officials started in July in relation to hosting the 36th America's Cup (AC36) event in Auckland.

Should Auckland be the host city, the anticipated arrival dates of syndicates is mid-to-late 2019. A decision on the location and funding is needed by December 2017 to enable work to progress.

Any delay in this timeframe will have impacts on the ability to design, consent, procure and construct infrastructure in time for the arrival of the syndicates. ETNZ has stated a strong preference to hold the event in Auckland, but reserves the right to hold the event in Italy or elsewhere in New Zealand if suitable infrastructure is not available in Auckland.

Indicative work to date, has shown that based on the medium scenario (eight syndicates participating), the value add to the economy of hosting the event would be a total of \$763m to New Zealand (\$699m value add in Auckland and \$94m across the rest of NZ).

Process

A framework was developed to ensure a robust and thorough review of the critical elements essential to delivering a successful AC36.

The attached report describes the technical work that has been undertaken to develop and review the options for team base locations, indicative costs and associated event infrastructure. This work has been overseen by the cross-Council city centre and waterfront executive group, including Auckland Council, Auckland Transport, Panuku, Auckland Tourism Events and Economic Development and Ports of Auckland, to ensure alignment with waterfront and city centre plans previously approved by Council.

Initially a long list of potential location options was developed and evaluation criteria outlined. The long list was populated from options that have been raised in the past (during the AC35 event), suggestions from stakeholders and ideas and sites that have been tabled through the development and refresh of the City Centre Masterplan and Waterfront Plan.

All options considered were required to have some form of existing wharf, marina, or water access at a minimum, as well as an existing road access for servicing and public access.

In assessing the options, the objective was to determine the location that is able to:

- Be fit for purpose and deliver on the event requirements for AC36 (eight syndicate bases);
- Be designed, consented and constructed by mid- late 2019;
- Can best deliver on the strategic plans for Auckland's waterfront; and
- Offer the best opportunity for legacy for Auckland and New Zealand.

Several options in the long list failed a number of criteria in the evaluation, key reasons for which included not being able to obtain the site in sufficient time to complete the development of the base infrastructure and not being able to provide sufficient land area to serve as the primary base location for eight bases.

All of the regional Auckland options failed for the reasons noted above. Additionally, these options generally performed poorly on access, event or legacy criteria. This left five possible locations within the city centre waterfront.

Options

The five locations in the city centre waterfront were Captain Cook West, Captain Cook East, Halsey Wharf and Westhaven, Halsey Wharf extension, Halsey Wharf/Hobson Wharf/Wynyard Wharf.

The Halsey Wharf extension is the option that can best deliver on the criteria that have been established for the location analysis assessment. The Halsey, Hobson, Wynyard Wharf East (Dispersed option) also has some merits.

The Halsey Wharf extension option also best delivers for the event requirements, for public access and consolidating activities on one location to support the operation of the Village, and is the one that is supported by ETNZ. In particular it provides the sheltered water space to team bases required for launching the boats. It also provides additional berthage for supporting vessels (race officials, media, harbour masters) super yachts (which are a good source of revenue) in one location.

The dispersed option goes some way to deliver on the event requirement for public access. Activities are spread out and there is an uneven distribution of those bases with access to sheltered water space. The option does provide some additional berthage for supporting vessels (race officials, media, harbour masters) and super yachts. Due to its dispersed nature it is likely that running costs for the village (security, operations) will increase.

Once a location is agreed on detailed design work can progress. This will be needed to support the resource consent application to be lodged in January 2018. Further design analysis, including urban design, visual impacts and environmental impact will be needed. The new pieces of infrastructure need to be an appropriate fit within Wynyard Quarter and to be delivered and used to the high standards that the Council and public have come to expect in this area of the waterfront.

Financial considerations

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

Stakeholder engagement

Key stakeholders have been engaged with as this technical work has progressed, including the Stop Stealing our Harbour interest group. Engagement with Mana Whenua has begun and has canvassed opportunities and issues around the locations and the consent approach. Panuku is providing independent experts as a resource to assist mana whenua. In more general terms, the positivity and excitement for the return of the Cup to Auckland and New Zealand is evident, as is the strong desire by all to see a social, environmental, cultural and economic legacy that will be both meaningful and intergenerational.

Attachment A

Confidential Governing Body report (as submitted by Panuku)

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