



# **Panuku Development Auckland**

## **Quarterly Report**

**Quarter ended 31 December 2016**

**CCO Governance and Monitoring Committee**

## Table of Contents

1. Executive Summary .....	3
2. Strategic issues and focus areas .....	3
3. Highlights for the quarter.....	4
4. Future outlook.....	5
5. Key Deliverables .....	6
5.1 Key deliverables for next quarter .....	8
6. Development Budget and Strategic Development Fund .....	10
7. Financial Performance .....	11
8. Key performance measures.....	14
9. Annual performance measures.....	15
10. Contribution to Māori outcomes .....	17
11. Key Local Board issues .....	20
12. Risk Management.....	20

## **1. Executive Summary**

This report summarises the performance of Panuku Development Auckland in the second quarter of 2016/17.

Panuku has a clear programme of work in its major Transform and Unlock locations. A key focus moving forward will be on delivery of smaller projects that can be delivered quickly on the ground.

This quarter saw some important development agreements signed for sites in the City Centre and in Flat Bush. These projects will deliver over 250 residential units for Auckland.

Panuku is making good progress to achieving its key performance indicators, as outlined in Section 8 of this report.

Financially, Panuku's net surplus is in line with budget and capital expenditure is forecast to be below budget. More explanation of the financial performance is provided in Section 7 of this report.

## **2. Strategic issues and focus areas**

Good progress has been made in Panuku's priority development areas, with High Level Project Plans being worked on for Onehunga, Papatoetoe, Avondale and Henderson. In Manukau and Northcote, leading on from the Council's approval of the HLPP, Framework Plans (which are more detailed plans on the development of the locations, including reference plans for each development site) have been developed.

Often it is the smaller projects that can make a huge difference in a community over a relatively short period – the placemaking activities, the development of public space, or the optimisation of Council properties. Panuku is identifying these projects, and a key focus will be on delivering more of these projects within the locations that we work.

### 3. Highlights for the quarter

- Sir John Wells ended his term as Chair in November. Sir John has had a long association with the Council family, including being Chair of ACPL prior to its amalgamation into Panuku. Richard Aitken was appointed Chair to replace Sir John.
- Roger MacDonald was appointed as the Chief Executive of Panuku, and he started in the role in November. Roger originates from the United Kingdom, and has delivered large scale urban redevelopment projects across the world, in Africa, the Middle East and in the UK.
- Panuku started working with New Zealand Housing Foundation and mana whenua in a consortium to investigate the development of a 220 home residential site at Barrowcliffe Place in Manukau. The site presents an opportunity to develop good quality affordable housing in partnership with iwi.
- The first tenants have moved into the Mason Brothers building in the Wynyard Quarter. The building is part of stage one of Precinct Properties' programme of developing the commercial sites in the Wynyard Quarter. The development of 12 Madden Street, which ATEED have taken the head lease for the establishment of Grid AKL, will be completed in July 2017.
- Stage Two of the Hobsonville Airfields Development was tendered, and a preferred tenderer has been selected after a number of tenderers submitted strong bids. The due diligence process is underway. The 9.9ha site will see 500 homes of mixed typology constructed.
- Lot 1, 187 Flat Bush Road was also tendered and a development agreement has been signed. 30 homes will be constructed on the 1.9 hectare site, with construction commencing within a year of the sale.
- The ASB Waterfront Theatre was opened on 22 September 2016. Panuku (on behalf of Council) provided the site, contributed to the funding and provided design review and oversight for the project. The theatre is a key component of the activation of the Wynyard Quarter.
- The Water Edge Symposium was held in November, with invited waterfront experts attending from the USA, Asia, Europe and the Pacific. As well as discussing international case studies, the symposium workshopped ideas about how to develop the Onehunga/Manukau harbour water edge, and this thinking is feeding into the planning for the Onehunga Transform project.
- The Silo Park Summer Programme has seen thousands of people visit the waterfront over the summer period, to enjoy the night markets, catch movies at the Silo cinema,

and enjoy the various forms of entertainment on offer, cementing the waterfront as the *place to be* in Auckland over summer.




- After an audit of Panuku against ACC's Workplace Safety Management Practices external accreditation, Panuku attained Tertiary standard, reflecting its commitment to continual improvement in health and safety.






#### **4. Future outlook**

- The joint venture between the Council and The Selwyn Foundation (JVCo) to manage the Housing for Older People portfolio and tenants is being formalised with legal agreements being negotiated and Community Housing Provider registration being prepared. JVCo will take over the management of the Housing for Older People portfolio in July 2017.
- The lease of Panuku's office accommodations expires in mid-2017. Options are being considered, and it is likely that it will be more cost effective for Panuku to move to a modest-quality building in the CBD rather than remaining in its current building.
- Tawera Group is marketing residential apartments to gather pre-sales for the redevelopment of the Civic Administration Building, which is part of the Civic Quarter development. This follows on from the signing of the Development Agreement between Panuku and the Tawera Group.
- Panuku is working on a refresh of the Waterfront Strategy, which will frame future development within the CBD waterfront area. This work will be reported to the Council in March 2017.
- Panuku has been reviewing how to improve the transparency of its Board meetings and interactions with the media. Panuku will hold as many of its monthly board meetings in the open as possible. A public-excluded session will be held at each meeting to discuss confidential matters. Agendas for each meeting will continue to be posted on the Panuku website ([panuku.co.nz](http://panuku.co.nz)) prior to the meeting. Board papers (with confidential information redacted) will also be posted online. Members of the public will be invited (via the Panuku website) to present to the Board on issues relevant to Panuku.  
All media enquiries will be responded to in a timely fashion and all information is shared with the media unless it is of a confidential nature. Panuku's major projects are outlined on our website and all key documents (such as our Annual Report and the project plans for our development locations) are available online.

## 5. Key Deliverables

The key projects currently being delivered are:

Deliverable	\$'000 YTD CAPEX/ OPEX Actual	Completed/ carry over to next quarter/ deferred	Status	Comments
<b>TRANSFORM</b>				
<b>Transform Manukau –</b>	\$747k (OPEX)	carry over to next quarter		<ul style="list-style-type: none"> <li>The Manukau Framework Plan was approved by the Panuku Board in December 2016.</li> <li>Panuku continues to make progress with a consortium led by New Zealand Housing Foundation (a community housing provider) and involving mana whenua to deliver an affordable housing pilot project at Barrowcliffe Place for around 220 dwellings.</li> </ul>
Barrowcliffe Place	\$126k (CAPEX)			
<b>Transform Onehunga</b>	\$350k (OPEX)	carry over to next quarter		<ul style="list-style-type: none"> <li>The Onehunga High Level Project Plan (HLPP) was approved by the Panuku Board in November 2016.</li> <li>In September 2016, Auckland Council's Chief Executive entered into an agreement in principle to sell Onehunga wharf to New Zealand Transport Association (NZTA) for the duration of the East West Link project. The agreement is that NZTA will sell the wharf back to Auckland Council, via Panuku. Project timeframes indicate that the Wharf could be realised back to Panuku by 2022.</li> </ul>
<b>Transform Wynyard Quarter – (Public Project)</b>	\$4,628k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> <li>Pakenham Street (between Beaumont and Daldy streets) opened 22 December 2016.</li> <li>The construction of Pakenham Street (between Beaumont and Halsey) is progressing on track despite the rescheduling of program due to significant delays in the Auckland Transport led Halsey and Gaunt street roading project.</li> </ul>
Madden & Pakenham St Upgrade				

Westhaven Marine Centre	\$ 6k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> <li>The Board approved a revised scheme for the northern portion of the site in August 2016. This includes ground floor commercial space of 1,400 m<sup>2</sup>, office of 700 m<sup>2</sup> along with associated landscape works. A project manager has been assigned.</li> </ul>
Hobson Wharf remediation	\$ 785k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> <li>Stage 1 repairs to the concrete beams and piles lying underneath Hobson Wharf now completed with one concrete pour left to do.</li> <li>The work has paused to allow commercial tenancies operating time over summer. Remaining works to commence in April 2017.</li> </ul>
<b>UNLOCK</b>				
<b>Takapuna –</b> Gasometer Site, Northcroft St. and 40 Anzac St.	\$285k (OPEX)	carry over to next quarter		<ul style="list-style-type: none"> <li>Auckland Transport has commenced work to assess the long term parking needs of central Takapuna. The key to unlocking the development potential of the Anzac car park and Gasometer car park is by agreeing with Auckland Transport the number of car parks to be accommodated on the two sites as part of their development.</li> </ul>
The Airfields, Hobsonville Point	\$6,337k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> <li>The marketing of Airfields Residential Mega Lots 2, 3, 4 to find a development partner have concluded and the evaluation and due diligence process is underway.</li> <li>The construction of the first stage of the roading network for residential Mega Lot 1 continues. Practical completion for Roads D &amp; E was received on the 25 November. This will enable the stage one subdivision incorporating 102 homes to be built by AV Jennings.</li> </ul>
Northcote Town Centre	\$538k (OPEX)	carry over to next quarter		<ul style="list-style-type: none"> <li>The Northcote Framework Plan was approved by the Panuku Board in November 2016.</li> </ul>

Ormiston Town Centre <i>(Partner: Todd Property)</i>	\$87k (CAPEX)	carry over to next quarter	●	66 Flat Bush School Rd (Ormiston SHA) <ul style="list-style-type: none"> <li>The Master plan has been approved and the development agreement has been declared unconditional. Resource consent for stage 1 lodged.</li> </ul> Ormiston Town Centre <ul style="list-style-type: none"> <li>Construction of residential Blocks A &amp; B are continuing.</li> </ul>
Papatoetoe Town Centre	\$219k (CAPEX)	carry over to next quarter	●	Shopping Mall <ul style="list-style-type: none"> <li>Construction has commenced on the Papatoetoe mall refurbishment. The work will be undertaken in two stages for a total duration of 12 months.</li> </ul> Supermarket <ul style="list-style-type: none"> <li>The land title for the Supermarket is going through regulatory approval and is expected to be issued next quarter. The car park works is also awaiting engineering plan approval.</li> </ul> Tavern Lane <ul style="list-style-type: none"> <li>The site was marketed through a tender process. No acceptable Tenders have been received to date. Discussions with interested parties are continuing.</li> </ul>

### 5.1 Key deliverables for next quarter

Deliverable	Comments
<b>TRANSFORM</b>	
<b><i>Transform Manukau –</i></b> Barrowcliffe Place	<ul style="list-style-type: none"> <li>Analysis of the offer presented by New Zealand Housing Foundation and report to the Board on the feasibility of the offer and a recommendation on a way forward.</li> <li>Undertake an assessment of the Barrowcliffe consortium process to identify key lessons to be applied to future opportunities.</li> </ul>
<b><i>Transform Onehunga</i></b>	<ul style="list-style-type: none"> <li>Onehunga HLPP to be presented to council's Governing Body for endorsement in March 2017.</li> <li>The Panuku Executive is awaiting a draft Memorandum</li> </ul>



	<p>of Understanding (MOU) from NZTA.</p> <ul style="list-style-type: none"> <li>• A potential acquisition within the town centre to be reported to the Board and ongoing progress on the implementation plan and business case.</li> </ul>
<b>Transform Wynyard Quarter - Madden &amp; Pakenham Street Upgrade</b>	<ul style="list-style-type: none"> <li>• Pakenham Street (between Daldy and Halsey) forecast to be opened 31 March 2017.</li> </ul>
Westhaven Marine Centre	<ul style="list-style-type: none"> <li>• Undertake pre-leasing and cost testing for the revised scheme to secure final tenant requirements and proceed with work on the resource consent.</li> </ul>
<b>UNLOCK</b>	
<b>Takapuna – Gasometer, Northcroft St. and 40 Anzac St</b>	<ul style="list-style-type: none"> <li>• Panuku is working with AT to reach agreement on Takapuna central carparks.</li> <li>• Continue with implementation planning which envisages commencing with the development of the Gasometer Site. We are anticipating commencing the EOI/RFP process later in 2017. The same process will follow for the Anzac Street site once certainty on the delivery of replacement car parks is in place.</li> </ul>
The Airfields, Hobsonville Point	<ul style="list-style-type: none"> <li>• Residential Mega Lot 2, 3, 4 – Complete evaluation and due diligence process and to conclude a development agreement.</li> <li>• Continue construction of key roading infrastructure network.</li> <li>• Project team to work through the vesting process for Roads D &amp; E.</li> </ul>
Ormiston Town Centre <i>(Partner: Todd Property)</i>	<ul style="list-style-type: none"> <li>• Continue construction of residential Blocks A &amp; B</li> <li>• 66 Flatbush Road – Resource consent for stage one lodged awaiting issue of consent, expected March 2017.</li> </ul>
Papatoetoe Town Centre	<ul style="list-style-type: none"> <li>• Shopping mall – continue Papatoetoe Mall refurbishment over the next 12 months.</li> <li>• Supermarket – commence car park works next quarter.</li> <li>• Tavern Lane – continue marketing for a purchaser / developer.</li> <li>• Papatoetoe HLPP to be presented to the Panuku Board for approval next quarter.</li> </ul>

## 6. Development Budget and Strategic Development Fund

### 6.1 Development Budget

In 2014/15 Council approved a \$5m annual 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 2016/17 budget has been split between \$5.6m for operational expenditure (includes inflation) and \$3.6m for capital expenditure.

\$000	Full year Budget	Forecast	*Committed to projects	Actual Expenditure	
<b>Development Expenditure</b>					RAG *
Development capital expenditure	3,644	3,644	2,604	1,438	
Development operating expenditure	5,616	5,616	6,188	2,434	

The committed capital expenditure relates to value add activities for 23 projects. These include site decontamination, building demolition, subdivision, preliminary design, vendor due diligence and infrastructure such as water reticulation.

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	
<b>Strategic Development Fund</b>				RAG *
Development capital expenditure	24,358	186	The majority of the annual budget was planned for the purchase of the Onehunga Wharf from Ports of Auckland Limited. This land will be used by NZTA to complete the East West motorway. At the completion of the roading project the remaining site will be on sold to Panuku for redevelopment.	

			The Strategic Development Fund will potentially be used in other Panuku projects. There are a number of potential purchases subject to approval through business cases.	
--	--	--	---	--

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 an increased financial and non-financial outcome.

## 7. Financial Performance

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

### 7.1 Operational

For the quarter ended 31 December 2016

\$'m	Budget YTD	Actuals YTD	Variance YTD	Full year budget	Full year forecast	Variance
<b>Operational</b>						RAG*
Revenue/External funding	18.9	20.6	1.7	37.7	39.4	1.7
AC funding	17.9	14.0	(3.9)	37.0	32.3	(4.7)
Expenditure excluding depreciation	26.6	22.7	3.9	51.9	49.0	2.9
Fair value decrease / (increase) on investment property						
Depreciation	5.6	4.4	1.2	11.2	11.0	0.2
Tax						
Net Surplus/(Deficit) After Tax	4.6	7.5	2.9	11.6	11.7	0.1

\*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 \$2.9m higher than budget at the end of the second quarter.

Revenue and External funding is \$1.7m ahead of budget due to the following;

- a. \$0.3m in additional interest revenue, received from Fu Wah as interest on the hotel lease prepayment, which is scheduled for payment after practical completion of the construction project. Interest will continue to be charged and the forecast reflects \$0.7m of additional income in year.
- b. \$0.5m in additional car parking revenue
- c. \$0.3m in utility and rates recharges
- d. \$0.4m additional revenue from Wynyard Wharf fees
- e. \$0.3m additional event income from Queens Wharf
- f. \$0.3m additional property rental and maintenance income
- g. \$0.1m received from EECA for sustainability projects, and
- h. \$0.4m in additional berthage revenue, through greater occupancy at Westhaven, Viaduct and Silo Marinas.
- i. Offset by \$0.9m less recharges for property acquisitions as we have acquired less properties than budgeted.

AC funding is (\$3.9m) unfavourable compared to budget. This is due to the Madden/Packenham Street capital project being behind budgeted phasing, resulting in a slower than anticipated draw down of funding from Council.

Expenditure excluding depreciation is \$3.9m favourable compared to phased budget due to the following;

- a. \$0.4m permanent saving in rates expense as a number of sites within the Wynyard Quarter have been turned over to our development partners and they are now responsible for rates.
- b. \$1.1m permanent saving in interest expense as there was less debt drawn in the FY15/16 year, and thus ongoing interest costs are less than budgeted.
- c. \$0.6m permanent saving in consultants cost in relation to the acquisition and disposal of properties on behalf of Auckland Council.
- d. The \$1.8m remaining is a timing difference over a number of expense categories and should be corrected by year end.

Depreciation is \$1.2m favourable compared to budget, this is due to slower than anticipated capitalisation of assets from both the prior and current years. This is a timing difference and should mostly correct by year end.

## 7.2 Capital

For the quarter ended 31 December 2016




\$'m	Budget YTD	Actuals YTD	Variance YTD	Full year budget	Full year forecast	Variance
<b>Capital</b>						
<b>Expenditure</b>	23.2	10.7	12.5	49.3	33.0	16.3
<b>AC funding</b>	10.0	6.0	4.0	21.1	16.4	4.7
<b>External funding</b>	13.2	4.7	8.5	28.2	16.6	11.6



Year to date capital spend is \$12.5m behind phased budget due to the following:

- a. AC Funded spend is \$4.0m behind phased budget, the major AC Funded (Public) project underway is the Madden and Pakenham street upgrade. This project started in August 2015 and it is expected to be completed in April 2017, there has been a \$2.1m timing difference in spend this year, this is expected to correct by the end of the financial year. There are a number of other projects that have been delayed in starting and due to timing a potential savings in year of \$4.7m has been forecast.
- b. External funded/commercial projects \$8.5m saving to phased budget. \$4.5m in decontamination of the Wynyard central sites (Willis Bond and Precinct), these payments are made when requested by the developer and depend on the construction progress on their sites, we expect the total payments in year to be \$1.0m less than budget by the end of the year. There are a number of other capital projects that have timing differences to phased budget, \$0.3m for the Marina Pile Redevelopment as there has been delays in obtaining resource consent, construction in this project is not expected to start until FY17/18 and a \$5.2m saving in year is forecast. \$0.3m Westhaven Marine Village, this project is still in the design stage with construction expected to start FY17/18 and a forecast \$4.6m saving in year. \$1.5m Superyacht/Site 18, this is a timing difference and is expected to correct by year end.

## 8. Key performance measures

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

Measure	Year-end target	Achieved? (RAG Status)	Last Actual
<p><b>1. Property Portfolio Net Surplus</b></p> <p>The net surplus on the property portfolio achieves the annual budget agreed with Council.</p>	Net Surplus achieves budget for 2016/17		Net surplus on the property portfolio is \$13.78m, \$1.38m above YTD budget as at 31 December 2016.
<p><b>2. Occupancy percentage</b></p> <p>For those properties available for rent:</p> <p>The rolling average over a 12 month period, of % occupancy at each month end (LTP).</p>	The average of monthly % occupancy for the year is 95% or more.		The average monthly occupancy percentage for the quarter is 98%.
<p><b>3. Recommended Property Disposals</b></p> <p>Stakeholder input is obtained prior to Council Committee approval for disposal being sought.</p> <p>List of properties recommended for disposal submitted to Council,</p> <p>The disposal target for the next financial period will be agreed with Council in the current financial period.</p>	<p>A list of recommended properties totalling \$75 million gross value will be submitted to Council seeking approval to dispose for 2016/17 financial period.</p> <p>A recommended for disposal target for 2017/18 will be agreed with Council in the 2016/17 financial period.</p>		Properties to the value of \$23.5 million have been recommended to the governing body for clearance at the end of December 2016.

Measure	Year-end target	Achieved? (RAG Status)	Last Actual
<p><b>4. Net Property Sales</b></p> <p>Achieve total forecast net sales for the financial year.</p>	<p>Meet or exceed financial forecasts</p> <p>Property disposal target of \$50 million (net value of unconditional sales).</p> <p>Property disposal target (net value of unconditional sales) for 2017/18 financial period will be agreed with Council in 2016/17.</p>		<p>Net property sales of \$55.67m have been achieved to the end of December 2016 against the target of \$50m.</p>
<p><b>5. Development Opportunities</b></p> <p>Written evidence that opportunities have been identified and assessed, to be progressed or not. (Housing and urban regeneration combined)</p>	<p>At least 50 opportunities identified and assessed</p>		<p>Target is on track and progressing</p> <p>25 opportunities have been assessed to date.</p>

## 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
Rolling HLPP programme – approved by Board	The quarterly rolling HLPP programme is approved by the Board.	Annual Target
Implementation process Transform/Unlock projects are completed as planned. (Master Programme to the Board)	Number of significant Master programme deliverables completed	Annual Target

Measure	Year-end target	Last Actual
	within the Board approved timeline.  [Reported through the Master programme]	
Percentage of visitors surveyed satisfied with their experience of the public spaces on the city centre waterfront (LTP)	75%	Annual Target
Percentage of Aucklanders surveyed who have visited the city centre waterfront in the past year (LTP)	73%	Annual Target
Percentage of attendees surveyed satisfied with key Waterfront place programmes and activities	84%	Annual Target
Number of significant Māori initiatives implemented per annum (LTP)	47	Annual Target
Percentage of customers surveyed satisfied overall with marina facilities and services (LTP)	74%	Annual Target
Percentage % of mana whenua and mataawaka satisfied with quality of engagement	Maintain or improve baseline established in 2016	Annual Target
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
ROI on properties on a like for like basis (LTP) Maintain or improve the baseline established at the end of the 2012/13 financial year 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
Return on Equity on commercial assets and services (LTP)	8.4%	Annual Target



Measure	Year-end target	Last Actual
Acquisitions are delivered within the timeline agreed with AC and AT.	75% satisfaction against agreed service performance measure	Annual Target
Development Agreements	Three year target  Twenty six development agreements with third parties including community housing organisations to be entered into. (for the period 2016 - 2018)	Annual Target
Development Agreements	Three year target  Fifteen development agreements with third parties including community housing organisations to be entered into. (for the period 2017- 2019)	Annual Target
On completion, the project achieves the financial and non-financial outturn in the business cases.	All projects completed this year achieve business case financial and non-financial outturn.	Annual Target

## 10. Contribution to Māori outcomes

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

Key project and initiatives	Description	Progress
Achieving better outcomes for and with Māori	Implement the Panuku Māori Responsiveness Plan (MRP) that focuses on achieving better outcomes for and with Māori.	A Maori Responsiveness Action Plan was adopted by the Panuku Board in June 2016. The plan puts structure to work-stream ownership, priority actions and reporting for activities underway across

Key project and initiatives	Description	Progress
	<p>Panuku will be responsive to both mana whenua and other Māori in giving effect to the MRP.</p> <p>Continued input to Te Toa Takitini (led by Te Waka Angamua) where Panuku can contribute to delivery of priority projects.</p>	<p>the business. The focus being on ensuring a comprehensive approach that is embedded business-wide.</p>
<p>Mana whenua Engagement Forum establishment</p>	<p>Manage a robust inclusive monthly mana whenua Forum to enable relationship with Panuku and facilitate input to Panuku projects.</p> <p>Identify mana whenua interested in Panuku projects and facilitate input.</p> <p>Coordinate efficient engagement with Council family to streamline engagement with mana whenua and other Māori.</p> <p>Continue to share information with the Independent Māori Statutory Board (IMSB).</p> <p>Panuku will contribute information required for Te Tiriti Audit and will take account of IMSB's Schedule of Issues of Significance, The Māori Plan and the suite of statutory provisions relevant to our activities.</p>	<p>Panuku has continued strong positive feedback from mana whenua on the progress and evolution of the Forum overall.</p> <p>Our October Forum bedded in our high level reporting protocol, and provided governance decision-making on mana whenua input into the Transform Onehunga High Level Project Plan, and Framework Plans for Transform Manukau and Unlock Northcote.</p> <p>Other items discussed were the East West Link Board of Inquiry process, Unlock Old Papatoetoe project initiation, Queens Wharf Mooring Dolphin infrastructure update and 20 Barrowcliffe Place pilot. This is a Panuku pilot for mana whenua third sector housing consortium for affordable housing delivery in Transform Manukau.</p> <p>The monthly Forum is proposed to move to bi-monthly in the new year now that reporting and process has gained efficiency.</p>
<p>Māori Development Opportunities</p>	<p>Engagement with mana whenua and other Māori organisations on commercial and housing developments, partnering opportunities in urban redevelopment projects</p>	<p>Panuku in the last quarter discussed with three mana whenua entities their interest and potential desired role(s) in the 20 Barrowcliffe Pilot project. Potential structures are being worked through based on interests expressed for those</p>

Key project and initiatives	Description	Progress
	<p>and opportunities to purchase properties surplus to council requirements.</p> <p>Explore any means to improve the coordination and efficient engagement with mana whenua and other Māori organisations around potential disposal properties and properties that may become available for development.</p>	<p>desiring to participate in the consortium at a partner level.</p> <p>The Maori Commercial Relationships action plan was approved at the June Board meeting. The action plan is now in implementation phase. Early advice has been provided to mana whenua for the Hobsonville Airfields development and the Old Papatoetoe Tavern Lane development.</p>
<p>Recognition and celebration of Māori cultural values and heritage</p>	<p>Panuku will facilitate cultural expression opportunities through Te Aranga Design application in early planning in Transform and selected Unlock locations. This work flows down to implementation of cultural expression opportunities in public realm projects.</p> <p>Māori identity will be recognised through promotion of te reo Māori such as naming new streets, laneways, buildings, signage, other communications, art and landscaping.</p> <p>Placemaking will support Māori-focussed events at the waterfront and other selected locations.</p>	<p>Implementation of Project Charters for High Level Project Plan and Framework Plan mana whenua engagement is providing anchoring material to contribute to our delivery of recognition of Maori Cultural Value and Heritage in Panuku projects and place-activation programmes.</p> <p>This process is streamlining mana whenua conversations, providing structure to gaining content more effectively and efficiently, with strong and clear buy-in at the outset.</p> <p>Recommended content for Manukau and Northcote Framework Plans and Onehunga High Level Project Plan was confirmed in the October Forum, Takapuna Framework plan was confirmed in December. Work has begun on the Henderson HLPP and Old Papatoetoe.</p> <p>Implementation level work continues in Wynyard Central. Mana whenua artist design work is bringing strong contemporary Maori design into the Innovation Precinct. Concepts support a theme also expressed through anchoring naming in the central lane 'Tiiramarama Way'.</p>

<b>Initiative</b>	<b>How it contributes to Maori outcomes</b>	<b>Spend to date \$000</b>	<b>Forecast total spend \$000</b>
<b>Maori engagement</b>	Improves public space and activities through input from Iwi	\$64	\$ 92
<b>Maori technical/specialist advice</b>	Ensures that public spaces and developments respect and reflect Maori culture and history.	\$154	\$ 327
<b>Maori koha</b>		\$ 3	\$ 5

## 11. Key Local Board issues

Building and maintaining strong relationships with elected members is an essential component of our success. We put a significant amount of effort into building relationships, particularly with Local Boards over 2016, to ensure robust and smooth decision making processes that enable programme momentum. Panuku worked closely with Local Board Services to ensure a smooth transition period pre and post elections. Swearing in the new elected members provided us with an opportunity to once again highlight our purpose and work programme for the next trimester. We capitalised on this opportunity immediately post-election with a number of individual and cluster briefings to local boards. We also provided the boards with a Panuku information pack that contained relevant background material on our objectives, work programme and overall property services we provide. We continued to work with Local Board Services over November and December to prepare for the February 2017 formal induction process. Recruitment for the Engagement Team was finalised in December and as of February 2017 we will have a Senior Engagement Advisor working exclusively on a geographically focused portfolio of seven local boards. The engagement advisors are now well placed to embed themselves in relationships and communities at a reasonable level of intensity.

## 12. Risk Management

Panuku has a comprehensive risk management framework based on AS/NZS ISO 31000: 2009 Risk Management Standard. This provides a structured approach to identifying and managing uncertainties relating to achievement of its objectives. Some of the key risk activities and processes include:

- The Board and Senior Leadership Team reviewing key organisation risks on a monthly basis

- Board subcommittees and groups that provides direction on risk management or key risk areas such as the Audit and Risk Committee and Health and Safety Advisory Group
- Policies that provide guidance and direction to the management of organisation risks such as the H&S Policy and Conflict of Interest Policy and Protocol
- A thorough internal decision-making process that involves risk assessments, for example business case proposals supported by cost benefits analysis
- Special reviews such as due diligence on financial viability of development partners
- Real time reviews, internal audit programme and other activities providing assurance on the effectiveness of controls for managing risks
- An annual independent audit completed by Audit New Zealand.

Current significant risks to the company are:

- Pipeline of sites for future development
- Funding for significant Transform and Unlock projects
- Health and Safety of public and workers across our areas of control
- Integrated planning across Council group

To achieve shareholder outcomes, Panuku will continue to take and manage risks in a calculated and responsible way.