

Board Report

Public

Date

Wednesday,
18 November 2020

Venue

Panuku
82 Wyndham St



Board agenda

Where: Panuku, 82 Wyndham Street
When: Wednesday 18 November 2020 | 9.00 am – 4.00 pm
Board members: Adrienne Young-Cooper – Chair
 Victoria Carroll – Director
 John Coop – Director
 David Kennedy – Director
 Richard Leggat – Director
 Paul Majurey – Deputy Chair
Board observer: Mark Darrow
Liaison councillor: Cr Efeso Collins

Local Government Official Information and Meetings Act 1987 (LGOIMA) statement

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

- *would be likely unreasonably to prejudice the commercial position of a third party s7(2)(b)(ii);*
- *to maintain the effective conduct of public affairs through the free and frank expression of opinions s7(2)(f)(i);*
- *would be likely to prejudice or disadvantage the commercial position of council s7(2)(h); and*
- *would be likely to prejudice or disadvantage negotiations s7(2)(i).*

1.	Governance matters 1.1 Apologies 1.2 Director interests 1.3 Director meeting attendance 1.4 Minutes of 21 October 2020 board meeting
2.	Health and Safety report
3.	Chief Executive’s report
4.	Strategic reports 4.1 Long Term Plan FY22-31 4.2 Update on engagement work with mana whenua 4.3 Panuku Climate Change Strategy
5.	Business reports 5.1 30 June 2020 Annual Report 5.2 31 December 2020 results reporting to Auckland Council 5.3 Whitford Quarry

6. Urban regeneration reports

- 6.1 Portfolio Funding Review: Quarter one, Jul - Sep 2020
- 6.2 Panuku / Auckland Transport Transit Orientated Development Programme
- 6.3 Aotea Central over station development revised proposal
- 6.4 Transform Waterfront 44-56 Hamer Street
- 6.5 19 Jervois Road, Herne Bay

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.

Panuku Development Auckland (Panuku)

Panuku partners with the development sector, iwi and central government to facilitate redevelopment of selected areas across Auckland to promote quality-built environments and residential and commercial growth. Panuku will actively review the council group property portfolio for sites that are surplus to service requirements, require renewal or are underutilised and make land available for redevelopment. Panuku will continue to redevelop the city waterfront area and manage non-service properties on behalf of the Auckland Council Group. Panuku's subsidiary is Westhaven Marina Limited.

Our name

'Panuku' means 'to move forward' and that's exactly what we're helping Auckland to do.

Our vision

Shaping spaces for Aucklanders to love

Our mission

The mission of Panuku is to rejuvenate urban Auckland, from small projects that refresh a site or building, to major transformations of town centres or neighbourhoods. Panuku improves the uses of land and buildings that Auckland Council owns, attract private investment and together we unlock their potential to create spaces Aucklanders love.

Our purpose

The purpose of Panuku Development Auckland (Panuku) is to contribute to the implementation of the Auckland Plan and encourage economic development by facilitating urban redevelopment that optimises and integrates good public transport outcomes, efficient and sustainable infrastructure and quality public services and amenities.

Panuku will manage council's non-service property portfolio and provide strategic advice on council's other property portfolios. It will recycle or redevelop sub-optimal or underutilised council assets and aim to achieve an overall balance of commercial and strategic outcomes.

What we do

Panuku Development Auckland helps to redevelop parts of our city, we're working to improve the quality of urban living across Auckland.

To do this it's important to understand the communities in which we work. We manage around \$2 billion of land and buildings that Auckland Council owns, which we continuously review to find smart ways to generate income for the region, grow the portfolio or release land or properties that can be better used by others.



Opening

Whakataka te hau ki te uru
Whakataka te hau ki te tonga
Kia mākinakina ki uta
Kia mātaratara ki tai
E hī ake ana te atakura He tio
He huka
He hau hū
Tīhei mauri ora!

*Cease o winds from the west
Cease o winds from the south
Bring calm breezes over the land
Bring calm breezes over the sea
And let the red-tipped dawn come
With a touch of frost
A sharpened air
And promise of a glorious day*

Victoria Carroll is on a leave of absence.

Paul Majurey is appearing at the Supreme Court.

Director interests at 21 October 2020

Member	Interest	Company / Entity	Conflicts pre-identified?
Adrienne YOUNG-COOPER	Chair	Panuku Development Auckland Limited	
	Chair	Auckland Transport	
	Chair	Cornwall Park Trust Board Incorporated	
	Chair	Queenstown Airport Corporation Limited	
	Chair	Sir John Logan Campbell Residury Trust	
	Chair	Sir John Logan Campbell Medical Trust Incorporated	
	Director	Westhaven Marina Limited	
Victoria CARROLL	Director	Panuku Development Auckland Limited	
	Director	Kāinga Ora	Possible
	Director	Manawa Housing Limited	
	Director	Mediterrania Holdings Limited	
	Director	Mediterrania Limited	
	Trustee	Community Housing Aotearoa	
	Trustee	Mangatawa Papamoa Block Incorporation	
	Trustee	Nga Potiki a Tamapahore Treaty Settlement Trust	
John COOP	Director	Panuku Development Auckland Limited	
	Managing Director and Principal	Warren and Mahoney	Possible
David I. KENNEDY	Director	Panuku Development Auckland Limited	
	Director	525 Bienenheim Road Limited	

	Director	Cathedral Property Limited	
	Director	Good General Practice Limited	
	Director	Grantley Holdings Limited	
	Director	Hobsonville Development GP Limited	
	Director	New Ground Living (Hobsonville Point) Limited	
	Director	Ngāi Tahu Justice Holdings Limited	
	Director	Ngāi Tahu Property (CCC-JV) Limited	
	Director	Ngāi Tahu Property Joint Ventures Limited	Possible, Unlock Northcote
	Director	Ngāi Tahu Property Joint Ventures (No.2) Limited	
	Director	Ngāi Tahu Real Estate Limited	
	Director	NTP Development Holdings Limited	
	Director	NTP Investment Holdings Limited	
	Director	NTP Investment Property Group Limited	
	Director	Prestons Road Limited	

Richard I. LEGGAT	Director	Panuku Development Auckland Limited	
	Executive Chair	Kiwis for kiwi	
	Director	Hamilton Waikato Tourism	
	Director	Mortleg Ltd	
	Director	Snowsports NZ	
	Director	Trophy Metropolitan Ltd	
	Director	Warren and Mahoney	
	Director	Winter Games New Zealand	
	Panel Member	NZ Markets Disciplinary Tribunal	
	Member	Union Cycliste Internationale Ethics Commission	
	Director	Westhaven Marina Limited	

Paul F. MAJUREY	Deputy Chair	Panuku Development Auckland Limited
	Director	Iwi Commercial Property Limited
	Chair	Tāmaki Makaurau Community Housing Limited
	Chair	Puhinui Park Limited
	Chair	Whenuapai Housing Limited
	Director	Arcus Property Limited
	Chair	Marutūāhu Rōpū Limited
	Chair	Ngāti Maru Limited
	Chair	Marutūāhu Collective (5 iwi collective)
	Chair	Hauraki Collective (12 iwi collective)
	Chair	Te Pūia Tāpapa
	Chair	Impact Enterprise Fund
	Chair	Tūpuna Maunga Authority
	Co-Chair	Sea Change Tai Timu Tai Pari Ministerial Advisory Committee
	Mana Whenua Representative	Hauraki Gulf Forum
	Director	Pare Hauraki Kaimoana
	Trustee	Hauraki Fishing Group
	Director	Tikapa Moana Enterprises Limited
	Director	Pouarua Farms
	Trustee	Crown Forestry Rental Trust
Director	Atkins Holm Majurey Limited	

Director meeting attendance register – 2020 / 2021

	2020						2021					TOTAL
	28 Jul	21 Aug	23 Sep	21 Oct	18 Nov	16 Dec	Feb	Mar	Apr	May	Jun	
A.F. Young-Cooper	✓	✓	✓	✓								
V. Carroll	✓	✓	LOA	LOA								
J. Coop	✓	✓	✓	✓								
D.I. Kennedy	✓	✓	✓	✓								
R.I. Leggat	✓	✓	✓	✓								
P.F. Majurey	x	✓	✓	✓								

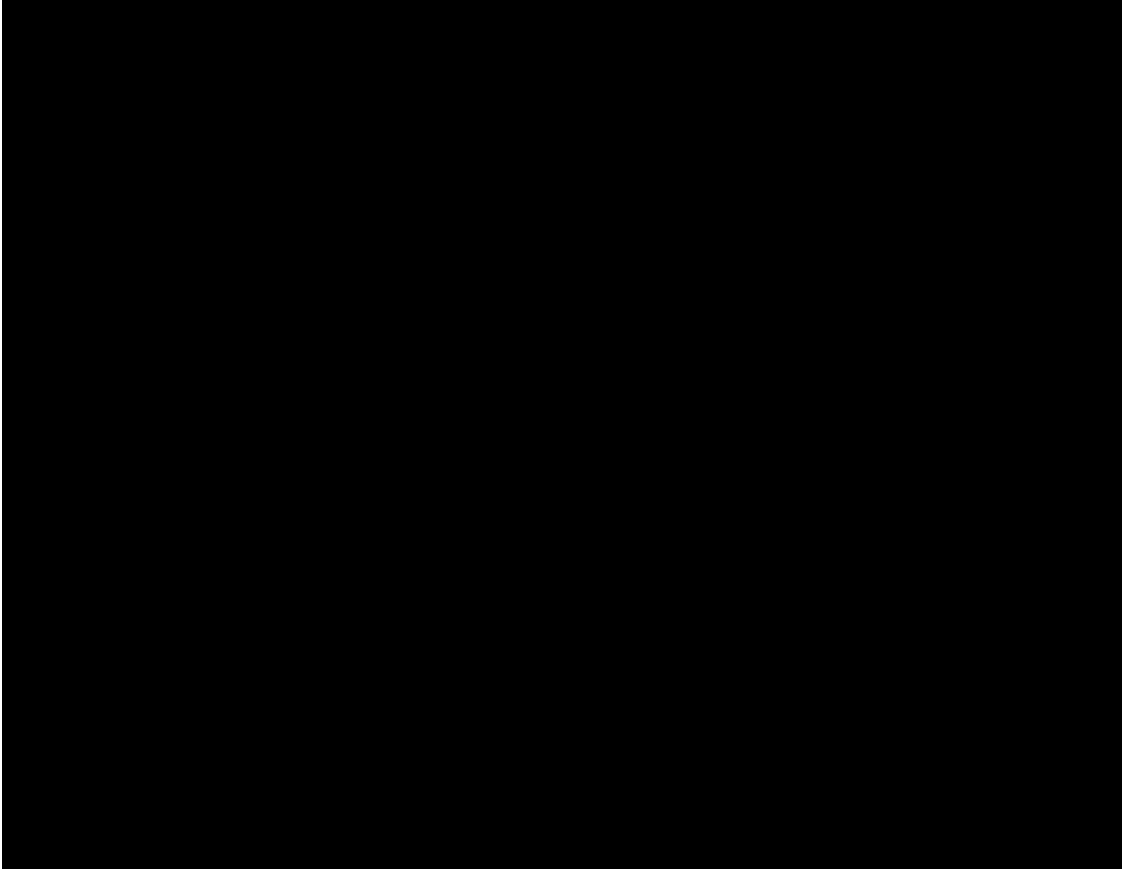
LOA – Leave of absence

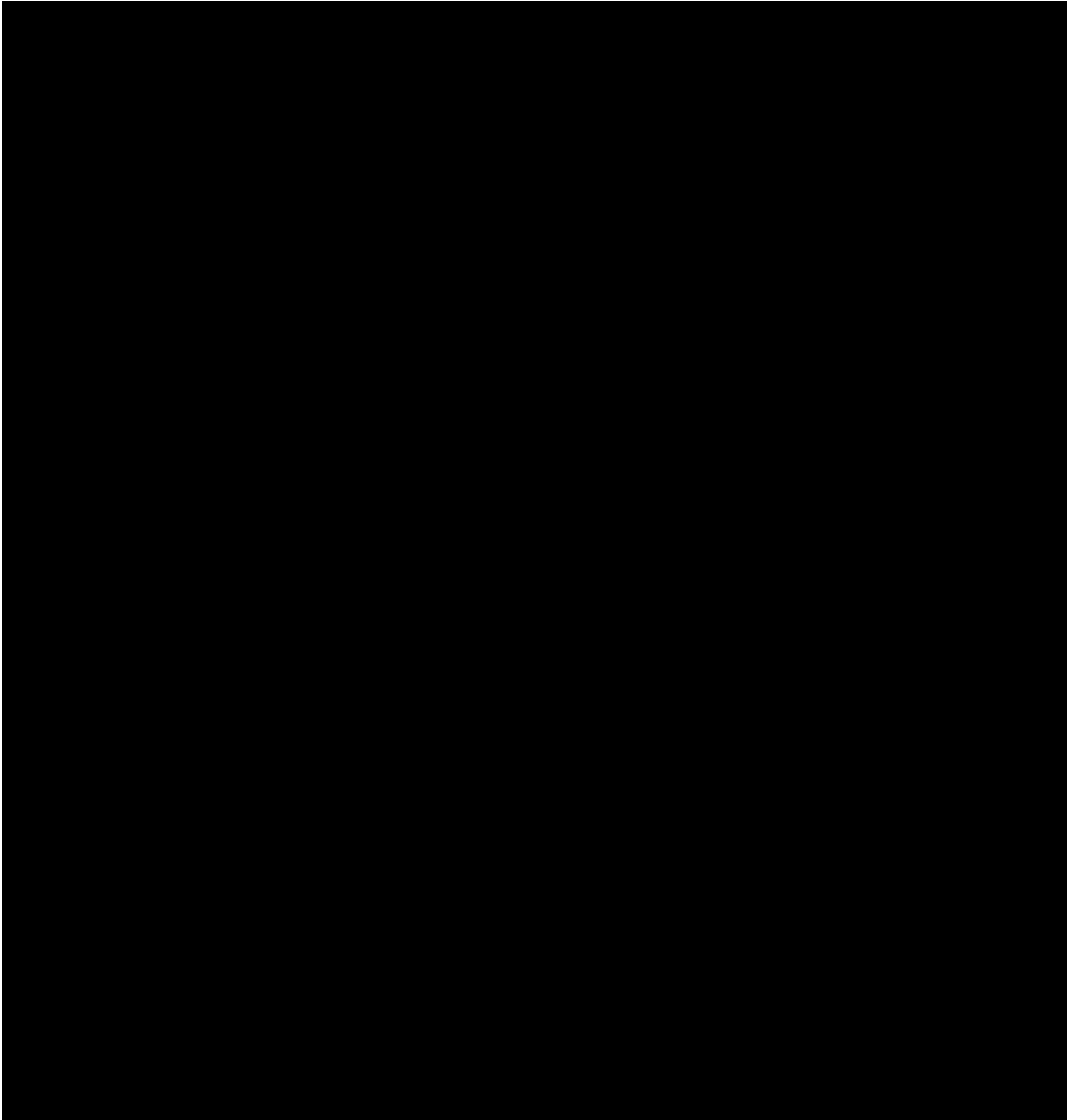
MINUTES OF THE MEETING OF DIRECTORS OF PANUKU DEVELOPMENT AUCKLAND LIMITED, HELD IN **CONFIDENTIAL** SESSION IN, AVONDALE ON WEDNESDAY 21 OCTOBER 2020 COMMENCING AT 11.00 AM.

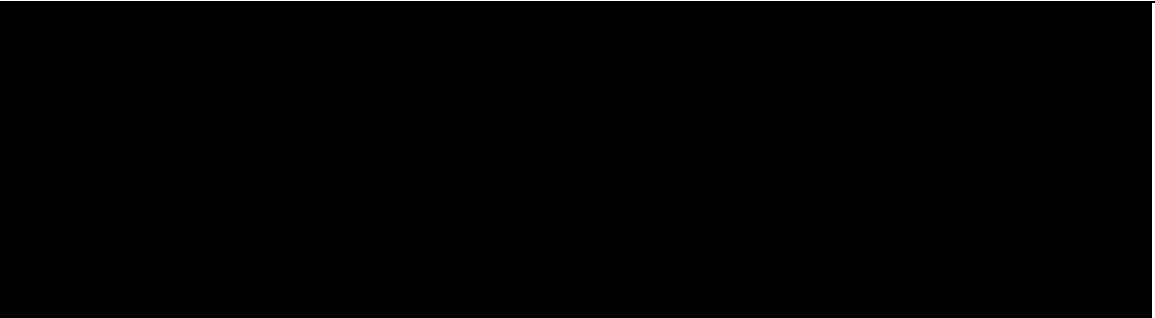
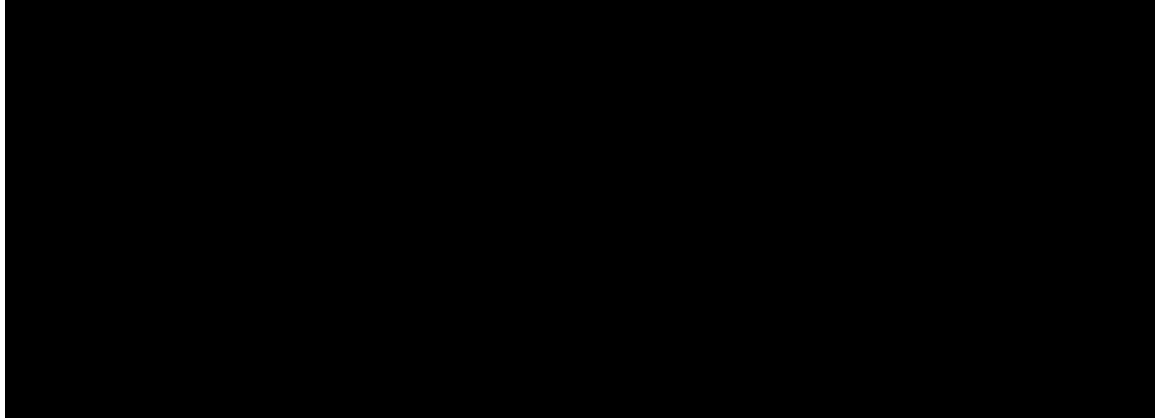

ATTENDING		<p>Board: Adrienne Young-Cooper (Chair), John Coop, David Kennedy, Richard Leggat, Paul Majurey (Deputy Chair).</p> <p>Executive: David Rankin – Chief Executive, Monica Ayers – GM People & Culture, Gyles Bendall – GM Design & Place, Jenni Carden – Executive Officer/Company Secretary, Angelika Cutler – GM Corporate Affairs, Carl Gosbee – Chief Financial Officer, Brenna Waghorn – GM Strategy and Planning, Marian Webb – GM Assets & Delivery, Ian Wheeler – Chief Operating Officer, Allan Young – GM Development.</p>
PROCEDURAL MOTION TO EXCLUDE THE PUBLIC	1 10/20	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.
OPENING REMARKS	2 10/20	The chair welcomed board members and executive to the meeting.
1.1 APOLOGIES CONFIDENTIAL GOVERNANCE MATTER	3 10/20	<p>Apologies were received from Victoria Carroll (leave of absence), Mark Darrow and Cr Efeso Collins.</p>
1.2 DIRECTORS' INTERESTS CONFIDENTIAL GOVERNANCE MATTER	4 10/20	<p>The Panuku Board reviewed and received the Register of Director's Interests and the identified interests for specific projects, noting the following:</p> <div style="background-color: black; height: 150px; width: 100%;"></div>
1.3 DIRECTORS' MEETING ATTENDANCE CONFIDENTIAL GOVERNANCE MATTER	5 10/20	<p>The Panuku Board noted the directors' meeting attendance.</p>

<p>1.4 MINUTES OF 23 & 24 SEPTEMBER 2020 BOARD MEETING</p> <p>CONFIDENTIAL GOVERNANCE MATTER</p>	<p>6 10/20</p>	<p>The Panuku Board reviewed and confirmed the Minutes of the Board Meeting 23 September 2020, with confidential information included, as a true and accurate record of the meeting.</p> <p>The Panuku Board reviewed and confirmed the Minutes of the Board Meeting 24 September 2020, with confidential information included, as a true and accurate record of the meeting.</p>
<p>1.5 BOARD ACTION LIST</p> <p>CONFIDENTIAL GOVERNANCE MATTER</p>	<p>7 10/20</p>	<p>The Panuku Board noted the board action list.</p>
<p>1.6 BOARD FORWARD WORK PROGRAMME</p> <p>CONFIDENTIAL GOVERNANCE MATTER</p>	<p>8 10/20</p>	<p>The Panuku Board noted the board forward work programme.</p>
<p>1.7 PRIORITY LOCATION COMMITTEE MEETINGS VERBAL UPDATE: 2 AND 9 OCTOBER</p>	<p>9 10/20</p>	<p>David Kennedy, Chair Priority Location Committee, provided a summary of the meetings held on 2 and 9 October:</p> <ul style="list-style-type: none"> • Reviewed and provided feedback on the Unlock Avondale and Unlock Papatoetoe programme business cases; • Meetings were working well, with further committee meetings scheduled for November. <p>The Board Chair noted a future discussion to be held regarding how the committee could be most effective in providing oversight to the board on projects.</p> <p>The Panuku Board received the verbal update.</p>
<p>2. HEALTH AND SAFETY REPORT</p>	<p>10 10/20</p>	<p>Blair McMichael, Health and Safety Manager, joined the meeting and introduced the report. The board discussed the following matters:</p> <ul style="list-style-type: none"> • Draft Health and Safety plan for FY21 was being presented to the executive for review; • Legal teams were working on the final incident report relating to the Viaduct fatality; • Steps taken by management to ensure duties regarding remote-working staff working were being fulfilled; • Marina management are reviewing the dockmaster services including assisting berthing;

		<ul style="list-style-type: none"> • Risk mitigation required for commissioning the new maritime building with a request for an update in a future report; • No outstanding actions relating to investigations and management approach to reporting high risk areas such as landfills. <p>Following the conclusion of discussions, the Panuku Board received the report.</p>
<p>3. CONFIDENTIAL CHIEF EXECUTIVE'S REPORT</p>	<p>11 10/20</p>	<p>David Rankin, Chief Executive (acting), introduced the report. The board discussed the following matters:</p> <div data-bbox="891 485 2085 1110" style="background-color: black; height: 392px; width: 100%;"></div> <p>Following the conclusion of discussions, the Panuku Board received the report.</p>
<p>4.1 FY21 TRANSACTION STRATEGY</p> <p>CONFIDENTIAL STRATEGIC REPORT</p>	<p>12 10/20</p>	<p>Allan Young, GM Development, introduced the report. The board discussed the following matters:</p> <div data-bbox="891 1262 2085 1409" style="background-color: black; height: 92px; width: 100%;"></div>

		<p>1. Following the conclusion of discussions, the Panuku Board noted:</p> <ul style="list-style-type: none">a. an individual go-to-market strategy will be prepared for each of the below properties for board approval in FY20/21: b. the strategy will outline the design and other strategic outcomes being sought for each property. <p>2. The Panuku Board</p>
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		<p>a. approved the sale of the following properties, which contribute to Panuku's Statement of Intent targets related to the council's general assets sales, to be transacted by the Chief Executive under delegation.</p> 
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		 <p>b. noted that design outcomes on the individual sites will be determined by Unitary Plan controls.</p> <p>3. The Panuku Board</p> <p>a. approved that the following sites are negotiated on an exclusive basis, as allowed by the Panuku Selection of Development Partners policy, and are transacted by the Chief Executive under delegation:</p> 
<p>5.1 UNLOCK AVONDALE PROGRAMME BUSINESS CASE</p> <p>CONFIDENTIAL URBAN REGENERATION REPORT</p>	<p>13 10/20</p>	<p>John Carter, Priority Location Director - West, joined the meeting. Ian Wheeler, Chief Operating Officer, introduced the report. The board discussed the following matters:</p> 



Following the conclusion of the discussions, the Panuku Board :

a. Approved the Programme Business Case for the Unlock Avondale priority location programme including the ongoing investment in the programme, noting that this is subject to Auckland Council Long Term Plan and confirmation of ongoing funding through reinvestment.

b. Approved the following projects and initiatives for the financial year to 30 June 2021:

i. Detailed design of the Avondale Town Square, with a TAG-approved reference design included as part of the go-to-market strategy, with close co-ordination with the design of the adjoining Auckland Council Community Facilities' multi-purpose community facility.

ii. Progress the sale of the Avondale Central site 


vii. Approve placemaking, engagement and communications relating to the enabling of the above development, acquisitions, public realm and capital investment projects which engages the community and builds resilience for change for the financial year to 30 June 2021.

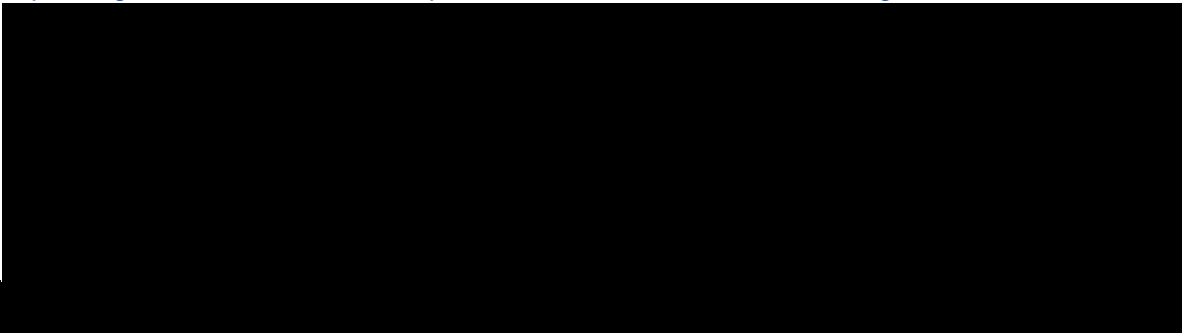
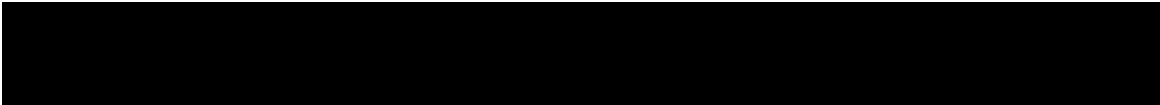
c. Noted that the investment requirements of \$4.6m CAPEX and \$640k OPEX and the baseline programme milestones for FY21 were approved as part of the July 2020 Portfolio Investment decision paper.

d. The Unlock Avondale Programme is subject to the following:

		<ul style="list-style-type: none"> • The annual programme funding and the programme milestones approved in June 2020, as part of Portfolio investment decision paper • Auckland Council Long-term Plan funding decisions for the FY22-24 period • Panuku Board decisions on proposed Development agreement terms for individual property transactions, as per delegations.
<p>5.2 UNLOCK PAPATOETOE PROGRAMME BUSINESS CASE</p> <p>CONFIDENTIAL URBAN REGENERATION REPORT</p>	<p>14 10/20</p>	<p>Richard Davison, Priority Location Director – South, joined the meeting. Ian Wheeler, Chief Operating Officer, introduced the report. The board discussed the following matters:</p> <p>[REDACTED]</p> <p>Following the conclusion of the discussions, the Panuku Board:</p> <p>a. Noted that the Unlock Papatoetoe programme has \$50k CAPEX and \$210k OPEX approved as part of the Portfolio Investment Funding Allocation 2020/21 to progress the programme, including completion of the Wallace Road carpark and sale of 3 St Georges St and 91 Cambridge Terrace.</p> <p>b. Endorsed the overall Programme Business Case refresh, enabling the programme and its projects to continue to plan and implement projects, noting that annual allocation of funding is subject to Auckland Council Long Term Plan (LTP) funding and annual Panuku Portfolio Investment:</p> <p>[REDACTED]</p> <p>i. A whole of programme life forecast of \$28.4m in gross site sales, of which \$12.0m had already been received by the end of FY20 against \$7.38m of costs incurred, including accounting for Strategic Development Fund repayments for transacted sites.</p>

		<ul style="list-style-type: none">ii. a forecast of \$17.5m of net programme proceeds of sale over the life of the programme. <p>c. Approved the following related projects and initiatives to continue to progress through FY21 and into FY22:</p> <ul style="list-style-type: none">• Site disposals, subject to Panuku Board approval of proposed development agreement terms<ul style="list-style-type: none">i. 91 Cambridge Terrace (The Depot)ii. 3 St George Street (St George's Lanes) <div data-bbox="954 437 2085 730" style="background-color: black; height: 184px; width: 505px;"></div> <ul style="list-style-type: none">• Public realm investment planning for <p>iii. Stadium Reserve Upgrade and Access Works project</p> <ul style="list-style-type: none">• Place-based activation, engagement and partnering<ul style="list-style-type: none">iv. Continuing to support the Papatoetoe Food Hubv. Tenant relocation supported where required due to site redevelopmentvi. Community garden supportvii. Redevelopment site gap filling as requiredviii. Interim Stadium Reserve activations <p>d. Noted the Unlock Papatoetoe Programme is subject to the following:</p> <ul style="list-style-type: none">• Confirmation of annual programme funding and the programme milestones in June 2021, as part of a future Portfolio investment decision paper• Auckland Council Long-term Plan funding decisions for the FY22-24 period• Panuku Board review of the programme during FY22 if required.
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		<p>[REDACTED]</p> <ul style="list-style-type: none"> • Panuku Board decisions on proposed development agreement terms for individual property transactions, as per delegations. <p>e. noted that the comments made by the Priority Location Committee (PLC) at its meeting on 9 October 2020 will be reflected in amendments of the Old Papatoetoe Masterplan as it continues to be refined over the coming months. The Masterplan will also include a review by the Panuku Technical Advisory Group (TAG) and seek stakeholder input. The PLC will be updated as the masterplan evolves.</p>
<p>5.3 TRANSFORM MANUKAU 9 OSTERLEY WAY</p> <p>CONFIDENTIAL URBAN REGENERATION REPORT</p>	<p>15 10/20</p>	<p>Richard Davison, Priority Location Director – South, joined the meeting. Ian Wheeler, Chief Operating Officer, introduced the report. The board discussed the following matters:</p> <p>[REDACTED]</p> <p>Following the conclusion of discussions, the Panuku Board:</p> <p>[REDACTED]</p> <ul style="list-style-type: none"> b. Approved the development to assist with the delivery of wider strategic outcomes as outlined in the Manukau High Level Project Plan (HLPP) through the inclusion of the following Essential Panuku Outcomes: <ul style="list-style-type: none"> i. Homestar 6 rated dwellings, with a minimum of 1.75 points under the 'universal design' criteria required ii. Minimum site density 6,400m2 GFA or 115 dwellings, whichever is the greater iii. Activated street frontages to Osterley and Amersham Way

		<p>iv. Quality design, including high quality facade treatment to create interest, especially on the lower levels onto Amersham and Osterley Way</p> <p>v. Presentation of Kāinga Ora's design and operation of the development to Priority Location Committee.</p> <p>c. Delegated authority to the Chief Executive to execute the sale and purchase agreement on terms and conditions generally in accordance with those outlined in this paper upon the satisfactory conclusion of the process.</p>
<p>5.4 UNLOCK NORTHCOTE ACQUISITIONS</p> <p>CONFIDENTIAL URBAN REGENERATION REPORT</p>	16 10/20	<p>Kate Cumberpatch, Priority Location Director - North, joined the meeting. Ian Wheeler, Chief Operating Officer, introduced the report. The board discussed the following matters:</p> 
<p>5.5 SUPPORTS PROGRAMME DELIVERY PLAN</p> <p>CONFIDENTIAL URBAN REGENERATION REPORT</p>	17 10/20	<p>Marian Webb, GM Assets & Delivery, introduced the report.</p> <p>Following the conclusion of the discussions, the Panuku Board:</p> <p>a. Approved:</p> <ul style="list-style-type: none"> ii. The Programme Delivery Plan for the Supports programme. iii. In principle, to the ongoing investment in the programme, noting that the programme compliments the assets sales programme, with funds generated contributing to council debt and council LTP projects, following Panuku costs of sale being netted off the sales proceeds. <p>b. Approved the following related projects and initiatives for the next twelve months:</p> <ul style="list-style-type: none"> • Site disposals, subject to Panuku Board approval of proposed go to market strategy and transactional terms 

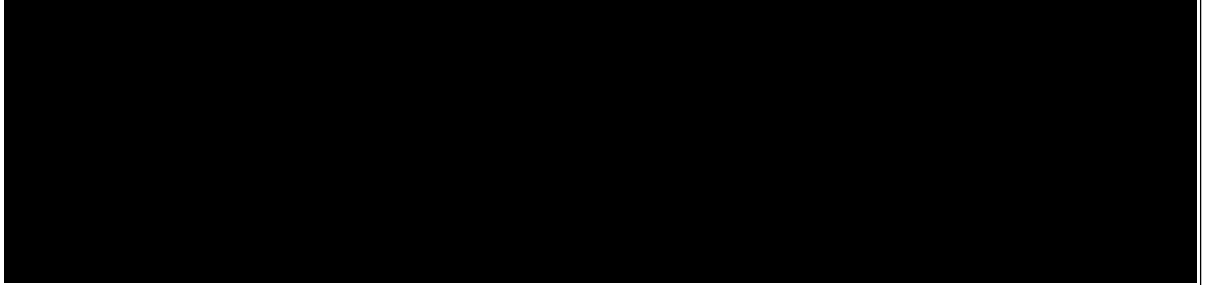
		<div data-bbox="891 151 2087 678" style="background-color: black; height: 330px; width: 100%;"></div> <p data-bbox="898 703 2033 762">c. Noted the following related projects have been previously approved by the Panuku Board and are in delivery:</p> <ul data-bbox="958 778 1646 997" style="list-style-type: none"><li data-bbox="958 778 1534 805">i. Lots 4 &5 Flat Bush School Road, Flat Bush<li data-bbox="958 826 1646 853">ii. 20 Link Crescent and D'Oyly Reserve, Whangaparoa<li data-bbox="958 874 1332 901">iii. Airfields Stage 2 - Avanda<li data-bbox="958 922 1646 949">iv. Civic Administration Building development agreement<li data-bbox="958 970 1377 997">v. 83B Godley Road, Green Bay. <div data-bbox="891 1005 2087 1109" style="background-color: black; height: 65px; width: 100%;"></div> <p data-bbox="898 1125 1668 1152">e. Noted that the Supports Programme is subject to the following:</p> <ul data-bbox="958 1173 1960 1279" style="list-style-type: none"><li data-bbox="958 1173 1646 1200">• Panuku Board review of the programme in 12 months.<li data-bbox="958 1220 1960 1279">• Panuku Board decisions on proposed transactional terms for individual property transactions, as per delegations.
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**5.6 SUPPORTS SITES C & D TOTARA AVE,
NEW LYNN**

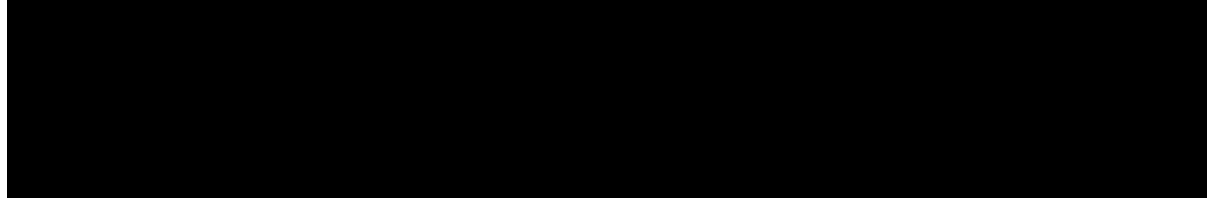
**CONFIDENTIAL URBAN REGENERATION
REPORT**

18 10/20

Allan Young, GM Development, introduced the report. The board discussed the following matters:



Following the conclusion of discussions, the Panuku Board:



iii. the delegation to the Chief Executive (acting) to execute the Development Agreements for the above sites.

b. Endorsed the essential outcomes as below for these sites:

i. Compliance with the Guiding Principles as recorded in the Joint Venture Development Agreement signed 28 October 2010, between the Auckland Council (council) and Infratil Infrastructure Property Limited (Infratil)

ii. The development to be undertaken in accordance with the Panuku New Lynn Merchant Quarter sites C & D Design Brief dated February 2020

iii. Remedial and preservation works to the heritage B Scheduled OAG's building that the OAG's façade (including not less than 2-metre return) is incorporated as part of the development

iv. the provision of at least 150 residential units across the two sites

v. completion of the projects within four years of settlement. November 2025 for site C and June 2027 for D

vi. minimum of Homestar 6 accreditation for all residential units.

<p>5.7 SUPPORTS 84-100 MORRIN ROAD, ST JOHNS</p> <p>CONFIDENTIAL URBAN REGENERATION REPORT</p>	<p>19 10/20</p>	<p>Paul Majurey left the meeting.</p> <p>Gavin Peebles, Manager Development, joined the meeting. Allan Young, GM Development, introduced the report. The board discussed the following matters:</p> <div style="background-color: black; height: 150px; width: 100%;"></div> <p>Following the conclusion of discussions, the Panuku Board:</p> <div style="background-color: black; height: 150px; width: 100%;"></div> <p>c. Delegated authority to the Chief Executive to select a preferred party and execute the required documentation to sell the site at or above market value to be determined by an independent registered valuation taking into account the outcomes that Panuku require as follows:</p> <ul style="list-style-type: none"> • A minimum of 90 dwellings • Homestar 6 star required minimum rating • Appropriate interpretation of the Essential Outcomes and Design Guidelines.
<p>6.1 GRANTS & DONATIONS RESULTS FOR FIRST QUARTER</p> <p>CONFIDENTIAL BUSINESS REPORT</p>	<p>20 10/20</p>	<p>Carl Gosbee, Chief Financial Officer, introduced the report.</p> <p>Following the conclusion of the discussions, the Panuku Board received the report.</p>

7. GENERAL BUSINESS	21 10/20	
CLOSE OF BOARD MEETING	22 10/20	The meeting closed at 3.20 pm.

READ AND CONFIRMED

_____ **Chair**

_____ **Date**

Information paper: Health and Safety

Document author: Blair McMichael, Health and Safety Manager

November 2020

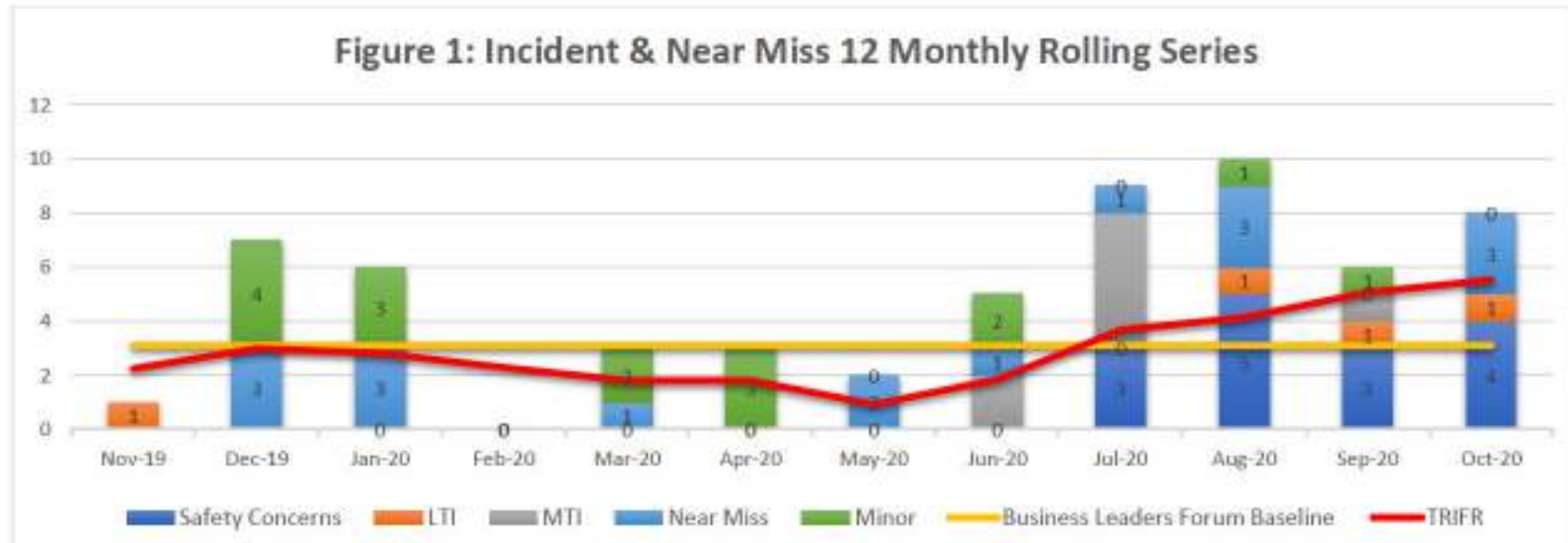
Whakarāpopototanga matua | Executive summary

1. The key performance indicators for the month show a gradual increase in incident reporting, above our comparator base line, the Business Leaders Forum, with a lost time injury recorded at Westhaven Marina. This has prompted a review of the manual handling activities within the marina. Health and safety are prompting our people leaders to complete timely reviews and close-out of all incidents and safety concerns.
2. The Panuku executive approved the annual health and safety plan targets for 2020/2021. The Health and Safety Annual Plan 2020/2021 is provided as Attachment A. The plan targets/actions are aimed to deliver incremental improvements in our safety culture.
3. Board members have been invited to attend health and safety site visits through several projects and Panuku will facilitate further visits on a regular basis. A health and safety governance workshop for our executive and the board has been proposed early in 2021.
4. The Panuku Health and Safety Committee met in October and are seeking four members following several departures from the organisation.

Matapaki | Discussion

Health and safety key performance indicators

5. Health and safety key performance indicators (KPIs) representing both lead and lag indicators are outlined below - see Figure 1.



Key: TRIFR - Total Recordable Incident Frequency Rate; MTI - Medical Treatment Injury; LTI - Lost Time Injury

6. Figure 1 represents the Panuku Total Recordable Incident Frequency Rate (TRIFR). Our result for Oct (5.6) sits above the NZ Business Leaders Health and Safety Forum benchmark TRIFR of 3.1.

Incidents and near misses

7. A Panuku staff member entering the office bike cage at 82 Wyndham St was locked inside the cage when the entry roller door closed behind them. The emergency release within the bike cage failed to work and the staff member remained trapped until the building property manager was able to manually remove the roller door. The cage door and emergency release have since been overhauled to working order and these two items are now included on the property managers preventative maintenance schedule.
8. A Panuku Karanga kiosk staff member was confronted by an agitated member of the public within the confines of the kiosk. The staff member carefully removed herself from the space and contacted the viaduct marina security to calm and manage the person. This person is known to staff and police with mental health challenges. Staff have since tested the safety alarm onsite and found this to be faulty. The alarm has been repaired and a coordinated emergency response plan, based on potential confrontation with aggressive persons has been

agreed with our marina team. Training has also been scheduled to guide our staff on how to deal with such persons. As this was not the first safety concern involving this individual, marina management have issued a trespass order to this person.

9. A fire started outside the Westhaven Marina offices following the disposal of a cigarette butt within an exterior recycling bin. The fire was extinguished by staff and the contractor's employee, linked to the cigarette, has been reprimanded by their employer.
10. A Westhaven staff member strained their lower back, possibly attributed to an earlier non-work related back aggravation, while stacking marina trolleys. The injury has resulted in three days of lost time with on-going physio and light duties.

Safety concerns

11. An unsafe condition involving electrical leads running across the Westhaven Marina's office floor has been resolved with leads redirected or taped down to reduce the potential trip hazard. Making the leads safe is an ongoing challenge for the office and will be resolved fully when the team move to their new location in the marine village early next year.
12. A Westhaven berth holder raised a safety concern based on a slippery walkway between Piers B and C. The marina's maintenance team washed and resurfaced the area with a non-slip adhesive.
13. Viaduct marina staff raised a safety concern with a Panuku contractor working on Wynyard Crossing when their crew left erected scaffolding unattended. They considered that the scaffolding was accessible by members of the public and created an unacceptable fall from height risk. The contractor completed the work and removed the scaffolding.
14. The Viaduct marina team also raised the issue of potholes within the asphalt surface of Bascule Bridge as public trip hazards. A Panuku maintenance contractor has since covered the holes with flush metal capping. A permanent reseal of the bridge surface, and other changes, are subject to agreement with the New Zealand Historic Places Trust.

Incident review

15. Westhaven marina have had a second lost time injury in the past two months, referenced in point 10, and as a result have addressed incident and safety concern recording with their teams. In addition, the marina manager, team leader, maintenance manager and health and safety manager have completed a review of the dockmaster roles. The marina is reconsidering manual handling activities associated with this role. Improvements under consideration by the team include a review of competencies for line handling and lifting, defining who is 'in control of a berthing vessel' (i.e. vessel skipper vs dockmaster control), and potentially facilitating skipper courses for berth holders to reduce the direct involvement of our dockmasters by increasing vessel operator competencies and confidence. This course would include

correct berthing techniques and use of 'high' lines. Other considerations are physical fitness as an essential part of the role. A program is to be finalised and delivered in the new year.

Safety in Design (SiD)

16. Following an enquiry by our board on the level of involvement of our Westhaven marina team into the design of the intended future workspace within the marine village (the marina office fitout). We can confirm that the marina team were regularly consulted to identify and participate in decision making during the project concept design phase of the fitout project to minimise H&S risks. This has included changing construction materials and working spaces and incorporating learnings from our earlier move into 82 Wyndham St. The marina team have approved both the concept design and detailed design with a fitout tenderer to be confirmed early in November. For continuity we have used the same architectural firm who designed the marine village and are aware of both H&S and SiD related risks on the project.

Annual business planning and delivery targets

17. Our Health and Safety Plan 2020/2021 has been approved by our executive. The annual plan links to our Health and Safety Strategic Plan 2017-2020 incrementally guiding the organisation to improve our safety culture year on year. The plan has been developed in consultation with our health and safety representatives (H&S Committee) and our executive and recognises the impact on the business of the Covid-19 pandemic, both on staff wellbeing and program delivery. The full plan has been attached as Attachment A.

18. The Panuku Health & Safety Committee met in October with a key focus around increasing the health and safety representation and involvement across each directorate. The reducing membership is a direct result of organisational structure changes with several existing representatives either moving outside of Panuku or taking on additional responsibilities making their involvement with the committee less effective. Two new representatives have since been appointed with two more pending. Health and safety representative training will be provided to support our new appointees.

Health and safety governance

19. The board were invited to attend health and safety walkovers for our current physical works projects. These included several Westhaven projects; the promenade stage two, marine village, and the pile berth project, with four members present together with our CE, COO, and related project managers. The purpose of the health and safety visit is to provide both our executive and our board the opportunity to review our approach to managing health and safety through our contract management framework and to consider how each of our professional service providers effectively manage each contractor's compliance against their site specific safety plan. The site visits were a great opportunity to highlight both safety and quality of the outcomes being achieved during a challenging year. The board will receive six monthly health and safety site invites, which can be increased as members require.

November 2020

20. Health and safety have proposed a governance workshop with Panuku's executive and our board early in 2021. The workshop will be based on a gap analysis created with information gathered through a questionnaire prior to the workshop. This will enable us to focus on key requirements for our business in health and safety and identify opportunities to improve understanding and performance, ensuring worker safety and wellbeing.

Ngā tāpirihanga | Attachments

A: Panuku Health and Safety Annual Plan 2020/2021 (resource centre)

Information paper: Chief Executive's report

Document author: David Rankin

November 2020

Whakarāpopototanga matua | Executive summary

1. This report provides the board with a summarised overview of the activities, opportunities and issues facing the organisation.
2. 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.

Matapaki | Discussion

Strategic matters

Direction of the new government

3. Key cabinet appointments that are relevant to Panuku and urban regeneration are as follows:

Minister of Housing Megan Woods	Minister for Climate Change James Shaw
Minister of Transport Michael Wood	Minister of Finance, Infrastructure Grant Robertson, Deputy PM

Minister for the Environment David Parker	Minister of Economic and Regional Development Stuart Nash
Minister of Local Government Nanaia Mahuta	Minister of Building and Construction Poto Williams

4. The top priority of the government remains the health and economic stability of New Zealand. A Government Policy Statement on Housing and Urban Development is soon to be released. We can expect a focus on the replacement of the RMA and changes to the Building Act, planning for light rail, the harbour crossing and the future of the port, ongoing delivery of the Auckland Housing Programme and support for new housing models such as shared equity ownership, development of the New Zealand Infrastructure Strategy by the NZ Infrastructure Commission and implementation of the shovel-ready projects, and an increasing focus on climate change across all policy making.

Ngāti Whātua Orakei High Court appeal on Westhaven Reclamation and Pile Mooring Project

5. In December 2018 Panuku was granted a resource consent by Auckland Council to extend the north-western breakwater and causeway (via land reclamation) at Westhaven Marina to connect to the north-eastern breakwater to create public open space, a car park area for public and private use. and access to new marina berths, including the replacement of existing pile moorings.
6. The decision was appealed by Ngāti Whātua Orakei for consent conditions that related to mana whenua engagement on this project. The Environment Court's preliminary decision on matters of jurisdiction was appealed by Ngāti Maru Runanga Trust.
7. The material question before the High Court was whether the Environment Court has jurisdiction to consider the relative strengths of hapū/iwi relationships in a resource consent application.
8. The High Court found that the Environment Court does not have jurisdiction under Part 2 of the RMA to confer, declare or affirm tikanga-based rights, powers or authorities. The Environment Court may, however, make evidential findings on these matters – insofar as it is relevant to discharge RMA obligations to Māori.
9. The High Court affirmed that the consent authority (which includes Auckland Council, or the Environment Court) has jurisdiction to determine the relative strengths of the hapū/iwi relationships in an area affected by a proposal, where relevant to claimed cultural effects of the application and wording of resource consent conditions.

10. The High Court judgment confirms that Ngāti Whātua Ōrākei's Environment Court appeal can proceed. The Court will be required to assess the strength of Ngāti Whātua Ōrākei's relationship with the waterfront area relative to other iwi and hapū, and whether Panuku's consent conditions require amending to reflect the strengths of those relationships. We anticipate a decision by the end of 2021.
11. The High Court judgement and the future Environment Court decision has implications on the way Panuku engages with iwi especially on the Waterfront.
12. Panuku is in the process of preparing several resource consents and plan changes in its Transform and Unlock locations that require iwi consultation and engagement. These projects have the potential to end up in the Environment Court with iwi challenging the engagement process, council's decision and conditions of consent (iwi engagement conditions) leading to additional costs and project delays.

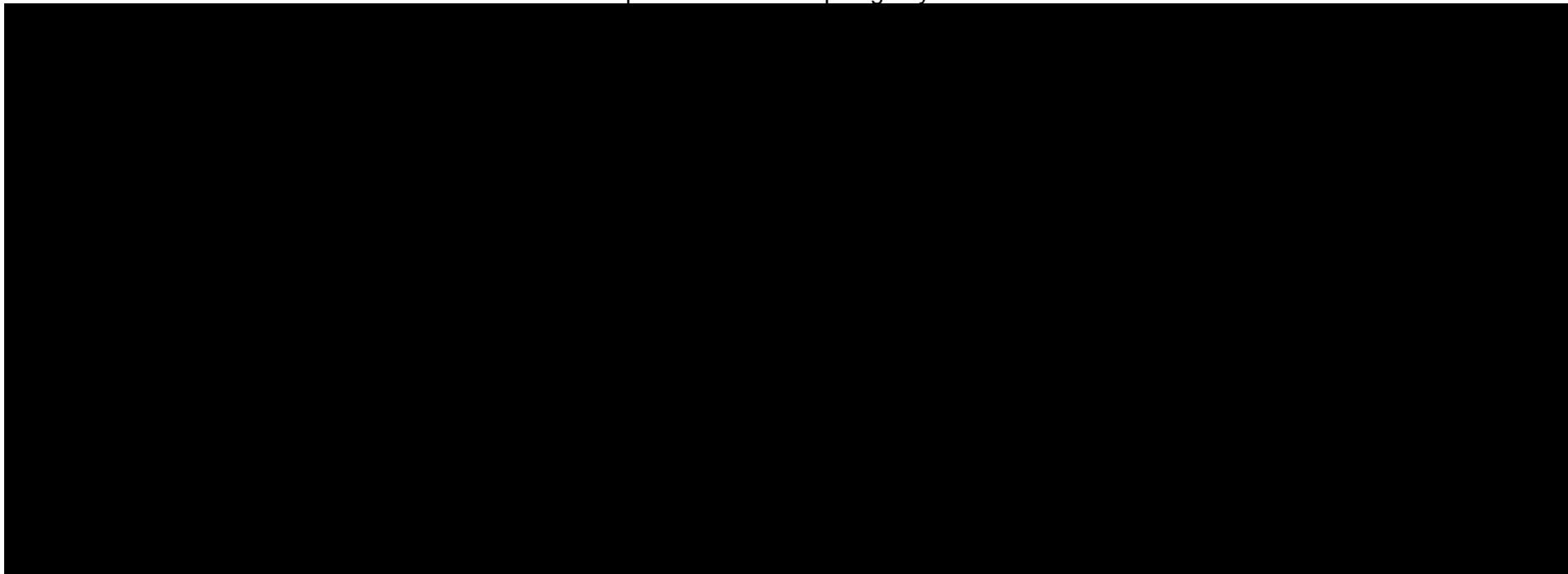
Mana whenua location waterfront

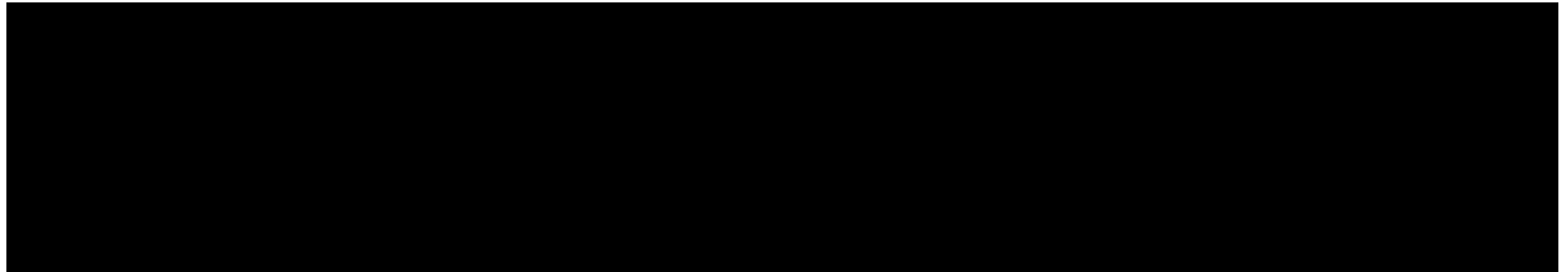
13. A feasibility study for an Auckland Cultural Centre was completed and received by the Mana Whenua Kaitiaki Forum (MWKF) in March 2020. The funding was a council group initiative, to which Panuku contributed part of the cost. The study identified that Auckland does not have a significant number of cultural experiences and certainly not at scale. The study outlined high-level costs, including initial exploration of the commercial viability of a cultural centre. While the report identified potential operating models and funding mechanisms it identified that there was much more work required on the various proposals including who, when and how they can be developed and managed.
14. In addition to the Auckland Cultural Centre study, the City Centre Masterplan (CCMP) identified key cultural infrastructure as a contribution to Transformational Move 1: Māori outcomes. The CCMP, endorsed by the Planning Committee in March 2020, identified a Whare Tāpere and Papa Kōkiri. The definition of these in the CCMP are:
 - A whare tāpere is traditionally a community house that facilitates a wide selection of entertainment forms - focal point of community enjoyment and entertainment which included dance, music, and storytelling. It would be sized to facilitate large kapa haka events through to smaller more intimate performances and will accommodate activities such as: Manaakitanga (hospitality); Kai (food); Whakangāhau (entertainment); Mahi a Rēhia (performing arts).
 - A papa kōkiri is literally a platform for gathering and facilitating positive engagement between groups of people. The papa kōkiri can deliver a wide range of functions with its design enabling flexible use so that on any given day the functions will vary - and will enable mana whenua to offer: Manaakitanga (hospitality); Kai (food); Whakangāhau (entertainment); Mahi a Rēhia (performing arts); Pōwhiri (formal welcomes); Hui (gatherings / meetings); Whakaatūranga (exhibitions); Rangahau (research); Puna- whai rawa (investment/business hub)
15. The Mana Whenua Kaitiaki Forum (MWKF) has expressed support and agreed in principle to advance further analysis on the Cultural Centre, Whare Tāpere and Papa Kōkiri.

16. At a recent meeting of the CE's group in October it was agreed with the Chief Executive of Auckland Unlimited that it would be the lead agency to progress an appropriate response to the need cultural facilities on the City Centre and Waterfront. Auckland Unlimited was logically seen as the lead agency to shape advice to the council on how its cultural budgets should be prioritised, along with the relative prioritisation and sequencing of places for Mana Whenua in the City Centre and Waterfront. This will include preparation of an LTP bid to secure sufficient funding for proper business case and feasibility work on the different concepts. Panuku staff will work closely with Auckland Unlimited on how this work progresses on a potential waterfront location.

Board strategy day

17. The Panuku board strategy day is scheduled for Wednesday 27 January 2021. Preparation will occur prior to the Christmas break. While the broader direction and strategy for Panuku and our priorities are not expected to change in the medium term, this is an opportunity to consider our external and internal challenges and opportunities, and how we deliver in a faster and smarter way. It is anticipated that the new board chair and new board members will be in attendance. In past workshops we have had guests including the Mayor, representatives of MOT, MHUD, Generation Zero and Greater Auckland. Topics for the agenda and some potential guests are suggested below, and feedback from the board is invited to ensure that this is a productive and inspiring day.



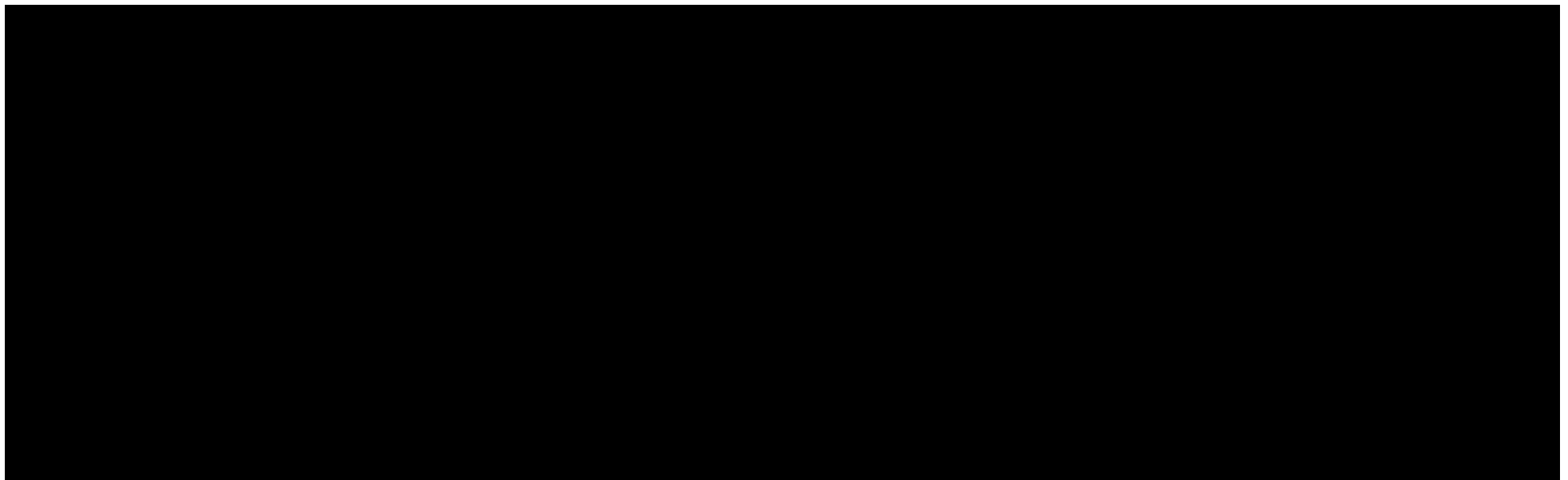


Stakeholder insights

21. Following the Stakeholder Insights information paper to the Panuku Board in September 2020, actions have been allocated to the executive leadership team and directorates to progress.

Urban regeneration

America's Cup 36



Vos Boat Shed

27. The Vos Boat Shed Stage 1 restoration achieved practical completion in October within the approved budget of \$6.3M. Provision for Stage 2 slipway renewal funding of \$4.1M has been included in the current LTP funding round.
28. The Panuku marina team is to occupy the Vos Boat Shed in the lead up to and during America's Cup (AC36) to assist with cup activity until May 2021.
29. Following previous board direction we are working with the Maritime Museum (part of Auckland Unlimited previously RFA) and the Percy Vos Shed Trust to establish the best way to manage this refurbished asset and ensure we achieve the agreed outcomes around supporting the wooden boat building and maintenance heritage of this place.
30. The team is working on a number of aspects over the next 6 months, which will be suitably documented and agreed with the board, including :
 - A set of agreed general principles which will guide all involved and ensure we meet our objectives including social, heritage and waterfront objectives
 - A governance structure to represent the interests of Panuku, Auckland Maritime Museum and Percy Vos Charitable Trust in the operations of the facility
 - A sustainable operating model addressing, ownership, asset management, funding and stake holder involvement including roles and responsibilities
 - How we provision for renewals works to reinstate an operating slipway and its impact on short term use and activation
 - Delivery of place making activities, restoration projects, community engagement and education programmes.

31. We anticipate Panuku staying involved and playing a lead role until a sustainable operating model is put in place. We will update the board on progress in February 2021.

Tram

34. In line with the Governing Body's November 2018 resolution, Panuku continues to work to get the Auckland Dockline Tram operational over the AC36 period.
35. [REDACTED] The majority of which was allocated to realigning the track to enable connection between the tram-shed located at 143 Beaumont Street (on the Willis Bond development site, West 2) and the track on Daldy Street.
36. In addition, work has been undertaken by both AT and developers to reinstate track and overhead lines that had been removed during streetscape and development projects.
37. The physical works on the track and overhead lines throughout the full tramline loop are now complete.
38. Works to enable recommencement of the tram have been prolonged as a result of concerns raised by AT around safety and integration with buses. A Safe System Assessment commissioned by Panuku has resulted in physical works including signage, line marking, intersection modifications and vegetation trimming.

39. The project has been significantly delayed by the impact of Covid-19, predominantly with regard to the selection of an operator to run the tram through an EOI process. The EOI process was paused in March and resumed in September following confirmation in the Emergency Budget that funding was available for the tram.

40. The outstanding works necessary to enable reinstatement of the full tramline loop and recommissioning of tram operations comprise:

- Confirmation of operators and operating model for the tram. [REDACTED]

- Implementation of necessary physical works identified within the Safe System Assessment [REDACTED]

Operational reporting

Quarter one report to Auckland Council

42. The Panuku quarter one report covers the company's performance for the quarter. A new section on progress of CCO review recommendations has been included as required by the council. Its contents align with the Chief Executive monthly reports to the board for the quarter.

43. The Executive Leadership Team (ELT) approved the quarter one report on 2 November and the report was submitted to Auckland Council on 4 November 2020. The report will form part of the presentation to the CCO Oversight Committee on 24 November.

44. The Q1 report is included as Attachment 1 which is withheld from the public under S7(2)(b)(ii) of the LGOIMA.

Celebrating our Westhaven Marina team

45. In early November, at the New Zealand Marina Operators Association awards, the Westhaven Marina team received the following awards

- highly commended in the Marina of the Year category

- Outstanding Initiative Award for the Westhaven 'Load'nGo' berth
- clean marinas accreditation.

46. Head of Marinas Kevin Lidgard received an award of outstanding individual contribution to the marina industry. The recognition is an acknowledgement of an innovating team focussed on delivering a world class marina for Auckland.

Panuku memberships

47. Panuku is considering becoming a member of the newly established industry group Urban Development Institute New Zealand (UDINZ). UDINZ's purpose is to be the champion for great urban development, providing a platform for collaboration in order to achieve resilient, affordable, healthy and sustainable communities for all New Zealanders.

48. Whilst new to New Zealand, the Australian model of Urban Development Institute (UDIA) has been operating since 1962 with over 4,500 members, it is also Australia's most broadly represented industry association.

49. Membership would cover all staff members at Panuku providing access to events, site visits and workshops. Topics to date have included election forums, real estate economic forecasting, local government workshops, residential development site visits, mixed residential tenure discussions, topical/controversial issues such as the Wellington Public Library and proposed major metropolitan Spatial Plans. Whilst the head office for UDINZ is in Wellington the bulk of membership is in the Auckland area. Accordingly, there are events taking place nationwide with a lot taking place in Auckland.

50. Who's involved:

- Chair – Dame Fran Wilde former Mayor of Wellington

51. Members:

- Richard McIntosh – Head of Design & Construction at Watercare Services
- Steve Evans – CE of Fletcher's Residential and Development Division
- Lisa Hinton – Founding Director of Context Architects
- Stephen Webster – Project Director at Kāinga Ora, Homes and Communities

- Andrew Crosby – Vice General Manager at Universal Homes
- Bernadette Pinnell – founder of Compass Housing Services NZ
- Tanya Neville –South Island, General Manager The Property Group Ltd
- Kerry Anderson – Partner at DLA Piper, one of the world's leading global business law firm

52. The list above is the current foundation board as UDINZ has been operating since the beginning of 2020. Board positions will be opened up next year with the opportunity for additional members to join the board.

Performance dashboards

54. The performance dashboards for October 2020 are included as Attachment 2 with some information withheld from the public under S7(2)(b)(ii) of the LGOIMA. In summary:

- The managed property portfolio surplus is \$5.9m ahead of YTD budget mainly due to properties held longer in the portfolio than planned. Covid-19 impact on the property portfolio revenue year to date is lower than budget.
- Capital spend is 78% of YTD budget, mainly due to timing of Waterfront contamination payments delayed by pre-leasing impact on construction schedules. A quarter review of the capital programme was completed in October to ensure Capex is on track for the year.
- Total unconditional sales completed by Panuku in the year to date is \$17.36m, comprising of 2 sales in September and one in October.
- We are continuing to work with Auckland Council's Finance team on the Asset Recycling and sales as part of the Emergency Budget. A further 23 properties with a provisional value of \$13.9m was approved for sale by the Finance and Performance Committee in October.

Risk management update

55. The full Panuku Risk Register is included as Attachment 3 which is withheld from the public under S7(2)(b)(ii) of the LGOIMA. The risk register reflects the current views of the ELT and Health & Safety Manager.

56. The draft Risk Management Strategy is currently with the ELT for comment. The strategy details risk management objectives for the financial year to mature the risk management practice within Panuku. This will include improving regular reporting at directorate, programme, and project levels to increase the quality of reporting. The draft Risk Management Strategy FY2020/2021 is included for information as Attachment 3, withheld from the public under S7(2)(b)(ii) of the LGOIMA.
57. The Privacy Act 2020 comes into force on the 1 December. This act repeals and replaces the Privacy Act 1993. Key changes include privacy breach notification where serious harm may have been caused; compliances notices; enforceable access directions; disclosing information overseas and withholding grounds for access requests. Affecting mainly our marina operations management will incorporate the new requirements into our business practices.

Media summary

58. The Rangitoto Observer gave a positive update about the changes to the Takapuna Town Square design presented to the Devonport-Takapuna Local Board following the recent public consultation.
59. Head of Corporate Responsibility Kristen Webster provided comment to [Architecture Now](#) on HomeStar ratings, outlining that we are doing our own monitoring at one of our locations to see the performance of homes built by our partners.
60. The Te Puna Market recently reopened in Henderson and market manager Jason Dodunski featured on [The Kiwi Foodcast](#) to talk about why the market is important addition for Henderson, the challenges of operating a click and collect system during lockdown and using underutilised public space to create community connections.
61. Coverage also continues across all outlets about preparations for AC36.

Ngā tāpirihanga | Attachments

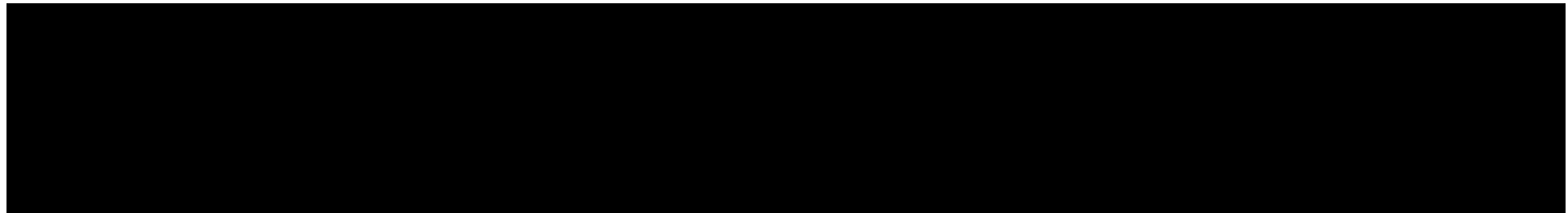
- Attachment 1 – Quarter one report to Auckland Council (resource centre)
- Attachment 2 – Performance dashboards – October
- Attachment 3 – Panuku Risk Register
- Attachment 4 – Risk Management Strategy FY2020/2021 - draft (resource centre)

Decision paper: Long Term Plan FY22-31

Author: Carl Gosbee, Chief Financial Officer

November 2020

Ngā tūtohunga | Recommendations

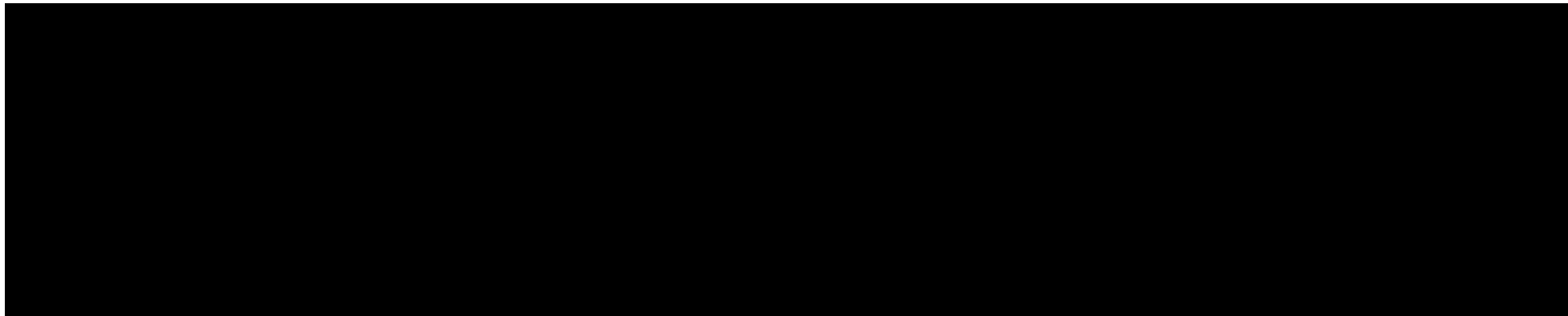


2. Note that actual funding is subject to the council budget process including public consultation.
3. Delegate the approval of any further changes to the Chair and Chief Executive (acting), prior to submission to Auckland Council.

Whakarāpopototanga matua | Executive summary

4. In September the Panuku Board approved the draft capital submission for the Long Term Plan (LTP). This report presents the draft Panuku Development Auckland 10-year budget summary including the operational budgets for the Panuku company and the Panuku Managed Portfolio - the Commercial Property Portfolio, Business Interests, Regeneration, Marinas and Public Space activities. The paper seeks approval for the draft LTP to be submitted to Auckland Council for the first draft of the FY22-31 Long Term Plan (LTP) to be included in the council consultation budget.

5. Panuku is aware of the Covid-19 impact on the council's financials and has consciously set the draft LTP conservatively with a view of the restricted funding environment.

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9. The overall combined operational result by Panuku and the Panuku Managed Portfolio has stayed stable over the 10-year period. The reduction in Portfolio surplus has been offset by the savings generated in the Panuku company, with the net position \$5 million ahead of the current envelope. Effectively this means Panuku operations are cost neutral across the LTP period.
 10. Capital expenditure summary that was approved by Panuku Board in September has not changed and is represented for context in this report.
 11. The LTP performance measures have been developed in consultation with Panuku management and council officers. These include housing units or dwelling numbers, commercial gross floor area, annual capital project milestones approved by the Panuku Board and property portfolio budget result and occupancy percentage.
 12. The performance targets for the 10 years of the LTP have also been developed and approved by management. These were developed using a conservative approach. This includes scheduling of housing outputs and commercial GFA based projects with high likelihood of delivery and provision of Covid relief in the calculation of property portfolio budget results. The percentage of annual capital project milestones that will be approved by the Panuku Board each year provides a more accurate performance measure on capital investment in the town centres.

Horopaki | Context

13. In preparing this budget the operational areas that make up the Panuku Managed Portfolio were reviewed to generate the 10-year operational budgets. The operational areas include the Commercial Property Portfolio, Facilities Management and the Marinas. We have made changes to income and expenditure based on timing of asset purchases/sales, timing of developments, changes in rental incomes and expenditure expectations in the context of FY20 actual costs.
14. Pressures on council revenue have increased markedly over the year due to impacts of Covid-19 as reflected in the 2020/21 Emergency budget. The savings required for this budget have been extrapolated, where possible, for the next 10 years and the draft LTP reflects the restricted funding environment.

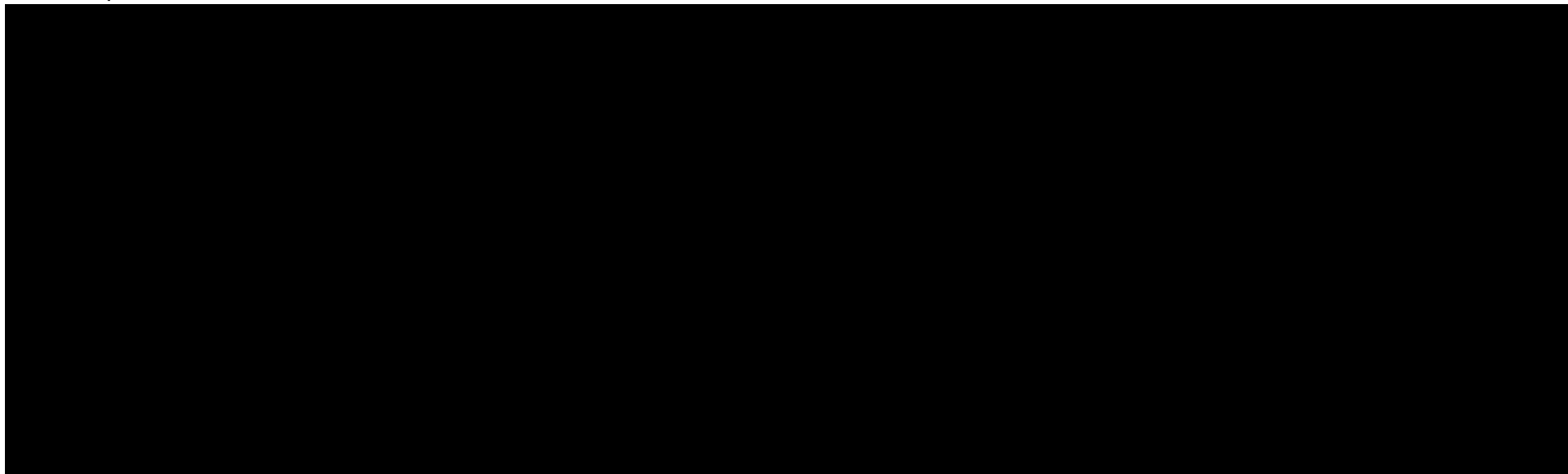
Previous Board / Council engagement and decisions		
Date and meeting	Document	Decision / Outcome
10 October 2019	Council Long term plan preliminary input - board paper	<p>Approved the preliminary budget advice to Auckland Council, noting that the board:</p> <p>Supported the recommendations to seek incremental additional resource for the organisation over the next 10 years consistent with a steady build up in our programme.</p> <p>Supportive of preferred option as entry point for further negotiations, noting increased delivery not realistic without a further injection of resources and agreement with Council on any revised scope for our work programme.</p>
23 September 2020	Long Term Plan FY22-31	Approved the FY22-31 Capital budget bid to Auckland Council

Matapaki | Discussion

15. This section details the current envelope for the LTP and the draft submission and outlines the major movements.


Panuku managed portfolio

16. Panuku manages a range of property and commercial assets on behalf of council:
 - a. Revenue generating activities - the Commercial Property Portfolio, Auckland Council owned non-service properties, including the Wynyard Quarter, Auckland Transport non-service properties. Business Interests, the largest being a Council joint venture with Waste Disposal services. Marinas (Westhaven, Silo and Viaduct North), and the two Marina Trusts at Westhaven.
 - b. Non-revenue generating public activities - the Wynyard Quarter (maintenance, Tram and Wynyard Crossing)
17. The table below shows the movement in Panuku Managed Portfolio net direct income (surplus) over the LTP - and the overall reduction in envelope of \$51.1 million.



18. The current envelope was drawn from the changes made in Emergency Budget which to date has only been to the FY28 year with 3 additional years FY29 to FY31 generated by council without input from Panuku. We have reviewed all the revenues and expenditures required for the Portfolio, and made changes based on assumptions on rent increases, timings of known development, asset purchases and the increased scale and pace of disposals.

19. The \$21.2 million reduction in revenue is largely due to:

- 
- the existing envelope included an expected surplus of \$13.2 million over 10 years. This includes \$20.8 million of revenue and \$7.8 million of expenses from the temporary new super yacht berths in the Wynyard Basin constructed for AC36 and changes in the Viaduct Marina that enabled super yachts to berth. We have removed both the revenues and expenses related to these berths, as the income and costs are contingent on Team NZ winning the cup, and hosting the next challenger in Auckland, otherwise the fishing fleet will be returning to this location and there will also be changes in the Viaduct Marina.
 - there have been increases in expected revenue within properties in the Wynyard Quarter of \$10 million due to new tenancies, rent reviews, changes in when tenancies are expected to terminate, as a result of the new development timelines, and the new long term leases.

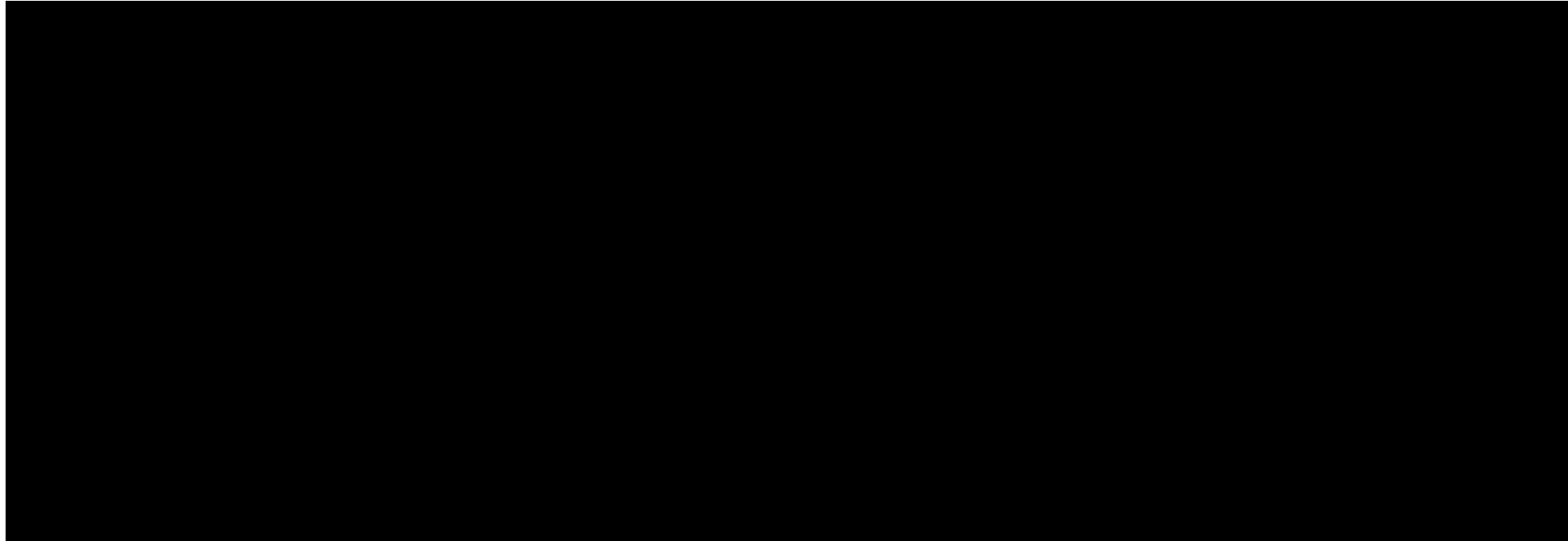
20. The \$29.8 million additional expenditure is largely due to:

- An increase in operational funding for Priority Locations to \$13 million per annum, in line with current budget, approved by the Panuku Board in September. This is a \$41.1 million increase in expenditure over the 10 years.
- The \$7.8 million reduction in expenses for Wynyard Basin super yachts (per above).

Panuku

21. Panuku consists of the staff costs and other corporate costs for running the company that manages the Portfolio on behalf of council and undertakes regeneration in the Priority Locations. Panuku generates revenue when staff complete timesheets and charge opex or capex projects within the Priority Locations, or other council projects, and through recharges for staff costs of the marinas, and also a small income in the Viaduct South Marina which is owned by Panuku. The company is managed to breakeven, i.e. a net zero surplus figure, using operational grant funding from council.

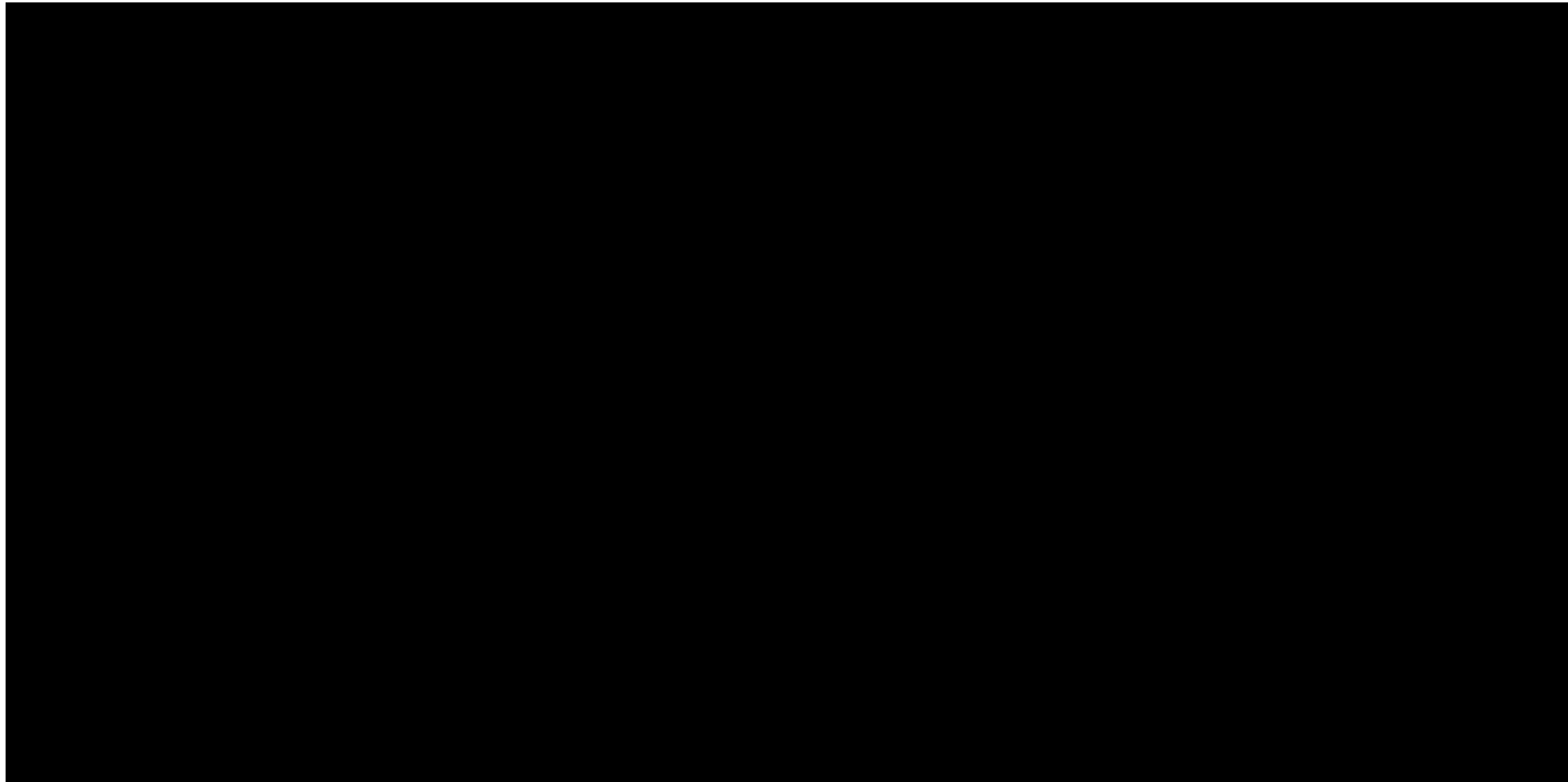
22. The below table shows that for Panuku there has been a reduction in expenditure \$56 million over the LTP, a \$60.8 million decrease in direct revenue and a small \$4.9 million increase in Council Funding.



23. In the Emergency Budget Panuku was asked to make significant savings in its operating budget and we undertook to make these savings predominantly in people costs. The subsequent restructure has resulted in a decrease in the level of staff through disestablishment or through removing the budget for a vacant growth position. We now have a targeted staffing number of 230 FTE and this is the level of staff we have carried forward in the LTP. This has resulted in a \$4.5 to \$6 million saving annually over the 10 years. Other expenditure savings in travel, consultants and marketing expenses make up the rest of the \$56 million saving. This is a direct cash saving to council.
24. Direct revenue consists of \$7.8 million of berthage revenue at the Viaduct South Marina and \$157.7m in recharge revenue. Recharge revenue is a non-cash transfer between Panuku and the council for work undertaken in Priority Locations and for staff costs at the marina. The reduction in staff numbers has a direct effect of reducing the amount of overall time that can be charged to council projects and revenue has reduced overall by \$60.8 million.

Capital and sales revenue

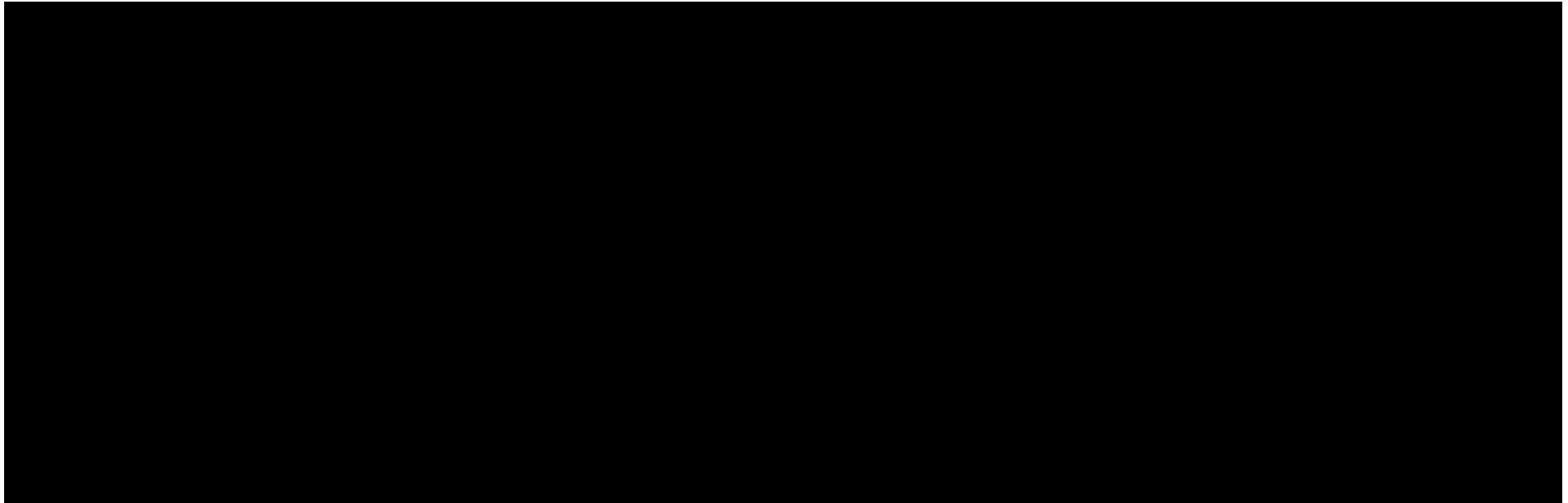
25. Capital spend of \$912.7 million as approved by the Panuku Board in September has remained unchanged, sales and long lease income reduced by \$51.4million to \$435 million due to a correction to sales data in Panmure and a timing change in long lease income at the Waterfront and Onehunga. The Northcote sales expectation was previously all in FY31 and this has now been phased over the 10 years. The below table was included in the September report and all changes have been highlighted.



Performance measures and targets

26. The Executive Leadership Team approved five performance measures to be included in the LTP document. These performance measures relate to areas of material investment in the LTP which are town centre regeneration and property portfolio management. The performance measures took into account council officers' feedback on audit requirements and consistency of performance measures across the group. The LTP performance measures are contained in table 1 below.

27. We have taken a conservative approach in calculating performance targets for the LTP performance measures:



LTP Performance measures and targets (table 1)

No	Performance measure	Year 3 (3yr target)	Year 6 (3yr target)	LTP Year 10 (4yr target)	Target notes
1	Dwelling/Housing Units	909	2,200	1,795	Recognition – CCC/ Occupied/Used
2	Commercial/ Retail GFA/ Net lettable area (square meter)	30,000m2	126,350	94,250	Recognition – CCC/ Occupied/Used

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
3	Capital project milestones approved by the Panuku Board each year	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	Consistent with the SOI
4	Property Portfolio net budget result	\$22.8m	\$17.7m	\$16.2m	\$16.8m	\$16.1m	\$18.2m	\$18.2m	\$17.5m	\$15.5m	\$15.7m	Excludes: >Business Interests >Waterfront public space maintenance
5	Property Portfolio Occupancy: Commercial Property occupancy %	85%	85%	85%	90%	90%	90%	90%	90%	90%	90%	Covid-19 Impact factored in the first 3 years of Commercial occupancy %.
	Residential Property occupancy %	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	

28. The LTP performance measures and targets will be included in the council LTP consultation document.

Hīraunga | Implications

Ngā ritenga ā-pūtea | Financial implications

29. Although this budget reduces the net surplus generated for council by \$51.1 million this has been offset by a \$56.0 million saving in direct expenditure within Panuku so the overall impact on council is positive.

Ngā raru tūpono me ngā whakamaurutanga | Risks and mitigations

30. Key risks and mitigations include:

- a. The other CCO's and council departments draft LTP submissions may have significant increases which when consolidated may affect group affordability and require a group wide reprioritisation. Telling our story to council and councillors in a concise and considered way.

Tauākī whakaaweawe Māori | Māori impact

31. Improved outcomes for Māori are delivered via our projects and programmes. Continued funding and flexibility as to how this funding is allocated is important in allowing Panuku to continue to deliver on the Mana Whenua Outcomes Framework.

Ngā whakaaweawe rauemi | Resourcing impacts

32. The forward work programme, and associated funding profile, will be phased to ensure it remains deliverable, within the current resource.

Ngā koringa ā-muri | Next steps

33. The current budget submission will form part of the Mayor's consultation budget.

34. Any feedback from the Mayoral office will lead to a further refinement of costs and cashflows.

35. The FY22-31 budget will be adopted by the Governing Body in June 2021.

November 2020

Ngā tāpirihanga | Attachments

No attachments

Ngā kaihaina | Signatories

Carl Gosbee, Chief Financial Officer

David Rankin, Chief Executive (acting)

Information paper: Update on engagement work with mana whenua

Document author: Angelika Cutler, GM Community & Stakeholder Relations

November 2020

Whakarāpopototanga matua | Executive summary

1. The report provides an update about our work with mana whenua and background for the Panuku Board before its Rangatira ki te Rangatira hui before the November 2020 board meeting.
2. The engagement work with mana whenua was unaffected by the Covid-19 social distancing requirements. During the lockdown, our meetings continued online via Zoom, and since then, we continue to maintain in-person and online options. Panuku practices a thorough engagement schedule with mana whenua – meeting each week with mana whenua to seek their views on our projects. Since November 2019, Panuku has hosted more than 150 meetings with our mana whenua partners.
3. Panuku has launched the Mana Whenua Outcomes Framework and the business is confident that the actions will be unaffected by our new financial environment. Auckland Council has recently adopted Kia Ora Tāmaki Makaurau – an outcomes framework for the Auckland Council Group. The focus switches from internal capability building to creating meaningful outcomes for Māori.
4. Panuku continues to engage with 19 iwi and hapū on projects across Tāmaki Makaurau. If, however, Panuku creates a single opportunity for mana whenua (i.e. one name for a project), it has the potential to create a difficult environment for Panuku staff and mana whenua representatives. This is most evident with the recent High Court proceedings between mana whenua groups. Panuku will update our engagement practices following any future legal outcomes.

Matapaki | Discussion

Mana Whenua-Panuku Outcomes Framework

5. The Mana Whenua-Panuku Outcomes Framework (MWOFF) is effective from 1 July 2020. The MWOFF took two years to develop and is the agreement with our mana whenua partners.
6. Panuku has agreed to undertake 72 existing and new actions over the next three years, with 53 of the actions starting in year one. As a result of Covid-19, Panuku intends to start 80% of the year-one actions by 30 June 2021.
7. Panuku is measuring the delivery of the MWOFF. Each month, the people responsible for each action are required to provide ongoing reporting.
8. Panuku hosted a meeting with mana whenua to prioritise the actions in the outcomes framework, but they said all the actions were important. The Panuku Executive Leadership Team (ELT) has confirmed it is confident it can undertake work on the actions.
9. Some of the actions will require work between the Panuku board and mana whenua at a Rangatira ki te Rangatira level. These are:
 - a. The Panuku Board and mana whenua to work together to develop value statements that underpin the relationship between Panuku and mana whenua at all levels
 - b. Facilitate a working relationship between each Panuku Board member and mana whenua representatives
 - c. Twice-yearly host Rangatira hui at marae or another appropriate venue
 - d. Hui with mana whenua to develop and agree on principles of partnership, co-governance, and formalise a partnership framework.
10. These actions have been added to the agenda for the Rangatira ki te Rangatira hui.

The role of the High Court to determine the relative strength of hapū/iwi in a resource consent

11. In *Ngāti Maru Trust v Ngāti Whātua Ōrākei Whaia Maia Limited* [2020] NZHC 2768 21 October 2020, the High Court has recently considered whether the Environment Court has jurisdiction to consider the relative strengths of hapū/iwi relationships in a resource consent application.
12. The Court found that the Environment Court does not have jurisdiction under Part 2 of the RMA to confer, declare or affirm tikanga-based rights, powers or authorities. The Environment Court may, however, make evidential findings on these matters – insofar as it is relevant to discharge RMA obligations to Māori.

13. The Court affirmed that a consent authority has jurisdiction to determine the relative strengths of the hapū/iwi relationships in an area affected by a proposal, where relevant to claimed cultural effects of the application and wording of resource consent conditions.
14. The judgment confirms that Ngāti Whātua Ōrākei's Environment Court appeal can proceed. The Court will be required to assess the strength of Ngāti Whātua Ōrākei's relationship with the waterfront area relative to other iwi and hapū, and whether Panuku's consent conditions require amending to reflect the strengths of those relationships.
15. Panuku has adopted a neutral position on the High Court appeal and will continue this position in the Environment Court. The proceedings will require Iwi to provide evidence to the Environment Court to demonstrate their relationship with the area. Panuku will play a facilitative role and will assist the Court in developing an appropriate set of conditions.
16. Panuku intends to engage with mana whenua on the following projects:
 - Wynyard Point and Hobson wharf plan changes
 - Onehunga Wharf plan change
 - Wynyard Crossing Bridge consent 2023 onwards, if funded
 - Passive discharge consent – across Wynyard Quarter, from 2024.
17. In summary, the recent Court decision has the potential to disrupt our current engagement practices with iwi.

Statement of Intent commitments

18. Auckland Council requires Panuku deliver two Statement of Intent (SOI) actions for Māori Outcomes. First, Panuku must deliver 40 significant initiatives for Māori. Second, Panuku must maintain or increase mana whenua satisfaction.

Significant initiatives

19. Panuku will deliver the significant initiatives by undertaking business as usual activities and delivering the actions in the MWOFF. As of 2 November 2020, Panuku has delivered 28 Māori Outcomes initiatives. At the end of the financial year, these will be moderated to ensure Panuku is only reporting significant initiatives.
20. Since the last report to the board, highlights include:

- Completion of the design for Wiri Playground
- Approval of the Panuku Climate Action Plan
- Several post-construction karakia whakawātea for Ūranga Plaza, syndicate bases F and G, and the pou affixed to the Park Hyatt
- Engagement on the Westhaven Berth Mooring Redevelopment works
- Creating exclusive commercial opportunities for iwi to purchase property

Mana whenua satisfaction

21. In April 2020, Panuku engaged Buzz Channel, an independent research company, to engage mana whenua on behalf of Panuku. Between 28 April 2020 and 8 May 2020, during the Covid-19 lockdown, Buzz Channel conducted twelve interviews with mana whenua via Teams or Zoom (as elected) and three interviews were conducted via phone. In total, 15 interviews were conducted with mana whenua, an increase of five compared to the ten interviews in 2019.
22. Overall, the survey results show a -4.1% decrease in satisfaction. The greatest decrease was listening effectively (-19.4%) and the greatest increase was satisfaction with the Māori Outcomes team (+6.2%).
23. The qualitative comments from mana whenua are organised into seven themes:
 - i. governance versus management
 - ii. meeting hygiene
 - iii. empowered decision-makers
 - iv. improving engagement protocols
 - v. understanding mana whenua aspirations
 - vi. alignment across the Auckland Council Group, and
 - vii. creating commercial opportunities.

November 2020

24. Following the survey, Panuku met with mana whenua to discuss the results and agree to the actions.

25. A memo about the engagement survey results is available at Attachment C.

An update following the Mana Whenua-Panuku Governance forum in July 2020

26. On 20 July 2020, Panuku and mana whenua had their quarterly governance hui. The agenda included:

- An update from the CEO about his vision for Panuku
- An update from the COO and his team of Priority Location Directors (PLDs) about their work
- An update on the recruitment of the Head of Māori Outcomes
- A discussion about the annual mana whenua satisfaction survey results
- A discussion about the Climate Change Strategy
- A discussion about the properties identified for sale through the Auckland Council Emergency Budget 2020/2021.

27. Panuku is responding to the actions following the meeting. The next proposed governance meeting is 7 December 2020.

Māori Outcomes staff changes

Panuku, Māori Outcomes team

28. On 2 March 2020, at a Mana Whenua-Panuku Governance Forum, Panuku met with mana whenua to discuss the vacant Head of Māori Outcomes role. Panuku and mana whenua agreed to a recruitment process to fill the vacancy.

29. Panuku undertook a recruitment process internal to the Auckland Council Group and six candidates applied for the role. Panuku, alongside two mana whenua representatives, interviewed a shortlist of candidates and appointed acting incumbent Daniel Haines into the role.

30. In October 2020, the Māori Outcomes Coordinator accepted an unsolicited job offer from Te Waipareira Trust. In response, Panuku is undertaking an internal and external recruitment process and intends to have the role filled by December 2020.

31. ELT has recently approved filling a vacant Senior Advisor Māori Outcomes role in the team and recruitment is underway. Another Māori Outcomes Advisor role is proposed in addition to deliver the Mana Whenua Outcomes Framework, and ELT is considering this in line with current headcount restrictions and competing priorities.

Auckland Council, Ngā Mātārae

32. Tania Winslade, General Manager Ngā Mātārae, has accepted a role as Deputy Chief Executive at Te Pūkenga. Simone Anderson is acting until a replacement is recruited.

Independent Māori Statutory Board

33. The Independent Māori Statutory Board (IMSB) has appointed Leesah Murray as the new CE effective 24 November 2020. Panuku and the IMSB intend to organise a meeting between their respective CEs and boards.

Update on the Mana Whenua Kaitiaki Forum

34. In September 2020, the Mana Whenua Kaitiaki Forum facilitated its elections and Karen Wilson of Te Ākitai Waiohūa and Ngarimu Blair of Ngāti Whātua Ōrākei were elected as co-chairs for a three-year term.
35. The forum has undergone rename and is called the Tāmaki Makaurau Mana Whenua Forum.
36. The forum has agreed to a 2020/2021 funding agreement with Auckland Council.
37. Mana whenua representatives have signalled an interest to bring the work programmes of the Mana Whenua-Panuku Governance Forum and the Tāmaki Makaurau Mana Whenua Forum together. Staff at Panuku are supportive, but do not believe there is willingness from mana whenua to undertake the merger.

Update on Kia Ora Tāmaki Makaurau

38. On 26 August 2020, Auckland Council informed Panuku that the Parks, Arts, Community and Events Committee (PACE) adopted the Māori Outcomes Performance Measurement Framework, known as Kia Ora Tāmaki Makaurau, subject to refine through the Long-Term Plan (LTP) process.

39. Kia Ora Tāmaki Makaurau intends to align the Māori outcomes activities across the Auckland Council Group. Panuku participated in work to prepare Kia Ora Tāmaki Makaurau, and our current Mana Whenua Outcomes Framework, will support the activities described in the measurement framework.
40. Kia Ora Tāmaki Makaurau will have a close relationship with the Māori Outcomes Steering Group (MOSG) – the Māori Auckland Council Group leadership team. MOSG is responsible for making allocation recommendations for the \$150,000,000 in the LTP. Now that Kia Ora Tāmaki Makaurau has been adopted, funding decisions in the LTP can be aligned with our strategic priorities.

Update on creating development and disposal opportunities for mana whenua

41. During the consultation on the Emergency Budget 2020/2021, Panuku invited mana whenua to express an interest in commercial development and disposal sites. Mana whenua identified several sites and Panuku will seek permission from the Panuku Board to engage in a period of exclusive negotiations with iwi partners where appropriate.
42. The Panuku Board has already approved a period of exclusive negotiations with iwi on St Georges Lanes in Old Papatoetoe, and it is possible we will offer the opportunity to an iwi partner. This outcome is aligned with our strategy to grow intergenerational wealth for iwi.

Ngā tāpirihanga | Attachments

- A Issues, risks, and opportunities
- B Mana whenua engagement summary (resource centre)
- C Memo on the annual mana whenua satisfaction survey (resource centre)

Decision paper: Panuku Climate Change Strategy

Author: Kristen Webster, Head of Corporate Responsibility

November 2020

Ngā tūtohunga | Recommendations

That the Panuku Board approve the Panuku Climate Change Strategy for publication.

Whakarāpopototanga matua | Executive summary

1. Auckland Council declared a Climate Emergency in 2019. As a Council Controlled Organisation, Panuku is committed to responding to the Climate Emergency and taking prompt, meaningful action to address climate change. A Climate Change Strategy has been developed, led by the Corporate Responsibility team but with input from across the business and in line with the Auckland Council document Auckland's Climate Plan. The strategy is Panuku's response to Auckland's Climate Plan and delivery will be via a more detailed action plan that has been developed in parallel but is an internal document, not intended to be published.
2. The draft strategy was presented to the Panuku Board in June and was endorsed for engagement with mana whenua. The contents of the strategy, including the priority actions identified, was generally supported, however there was a request for a more ambitious vision statement. A new proposed vision has been included in the final document; "A city of resilient, connected, and sustainable neighbourhoods where urban regeneration demonstrates climate leadership". Other changes made to the draft document include an added reference to a just transition, a reformatted introduction that underscores how climate action is integral to our urban regeneration work, greater reference made to our collaborative work with mana whenua and delivery of the Mana Whenua Outcomes Framework and a conclusion section that looks to our future work.
3. The draft strategy was discussed with mana whenua in August and while there was significant interest with some issues identified for further focus, no major changes were sought to the document. The work programme and priority actions were also presented to and discussed with

the Auckland Council Environment and Climate Change Committee in September. The presentation was well received, and the committee demonstrated support for Panuku's approach to climate action.

Horopaki | Context

4. As a member of the C40 network of cities, Auckland has a commitment to plan for zero emissions by 2050, and to set emission targets consistent with a 1.5° global temperature rise. To achieve these targets the Auckland Council has developed Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan (ACP) which addresses both mitigation (reducing CO2e emissions) and adaptation (planning for resilience in response to climate change impacts).
5. Panuku has been involved in the development of ACP at both working and steering group levels. Panuku is seen as a key delivery partner for Council's emission reduction targets due to our role in urban regeneration and the associated transport emission reductions that a compact urban form and Transit-Oriented Development can deliver.
6. Development of a Climate Change Strategy to consolidate and extend Panuku's existing sustainability and climate change work programme was considered and supported by the board in December 2019.

Previous Board / Council engagement and decisions		
Date and meeting	Document	Decision / Outcome
18 December 2019 Board Strategy Day	Presentation given on Panuku Climate Change work programme	Continue to progress work programme and bring Strategy to board in 2020.
17 June 2020 Panuku Board meeting	Draft Climate Change Strategy presented.	That the Board endorse the draft Panuku Climate Change Strategy, for further engagement, and notes that the final strategy will be brought to the Board for approval.

Matapaki | Discussion

7. Delivery of the strategy will be via a more detailed action plan that has been developed in parallel. The intention is for the action plan to be an internal document. Actions are grouped by objective and theme and classified as either ongoing, planned or potential.
8. Actions have been collated from a number of sources including: Panuku carbon reduction management plan which was developed in 2019 with assistance from Toitu Envirocare and covers actions to reduce our carbon emissions from corporate operations, Panuku Climate Change Working Group input, SMEs across different parts of the organisation, Panuku Māori Outcomes Framework and Auckland's Climate Plan.
9. One of the principles of the Panuku Climate Change Strategy and associated work programme is that action on climate change is the responsibility of the whole organisation and is embedded. Actions will be delivered across various directorates with support and leadership provided by the Corporate Responsibility team and Strategy & Planning directorate.
10. The Development and Design & Place teams will be instrumental in facilitating the delivery of low carbon developments. Piloting the use of Life Cycle Assessment on Panuku projects, with a future aim to have carbon reduction targets for all developments, is one of our key workstreams. Another significant leadership opportunity is to further develop our processes around sustainable procurement and Corporate Services, Design & Place, Assets & Delivery and the Portfolio Management Office will be key contributors to this work. Significant opportunities also exist in our work with Auckland Transport regarding redevelopment of underutilised transport sites as well ensuring that our neighbourhoods promote and facilitate use of sustainable transport modes through urban design and provision of infrastructure.
11. Work initiated or substantially progressed in the first part of this financial year includes adoption of sustainable procurement objectives for Panuku and a work programme to roll these out across the business. The objectives are:
 - a. Increase direct and indirect spend with Māori/Pasifika-owned businesses and Social Enterprises
 - b. Increase delivery of local projects by local suppliers
 - c. Create quality employment and development opportunities for targeted communities
 - d. Minimise waste
 - e. Reduce carbon emissions.

12. Priority workstreams to be progressed this financial year include piloting carbon assessment and adopting standards for commercial buildings and public realm.

Hīraunga | Implications

Ngā ritenga ā-pūtea | Financial implications

13. There are no significant financial implications that will arise from adopting the Climate Change Strategy.

Ngā raru tūpono me ngā whakamaurutanga | Risks and mitigations

14. Adopting the Climate Change Strategy for Panuku is not considered to present any significant risks to the organisation. However, not having a strategy in place that both articulates what Panuku is currently and intending to do presents reputational risk and would not align with the approach taken by Auckland Council and the commitment to delivering Auckland's Climate Plan that is expected of Council Controlled Organisations. Further, the approval and implementation of the Panuku process to consider climate adaptation in our priority location planning will help to mitigate future physical, legal and reputational risks associated with climate change.

Tauākī whakaaweawe Māori | Māori impact

15. In developing the Climate Change Strategy and Panuku's associated work programme, relevant actions in the Panuku Māori Outcomes Framework have been incorporated. Our wider climate change work programme has been presented to the mana whenua governance forum and feedback provided as to some identified priorities for forum members. Feedback from mana whenua forum members included a request for Panuku to continue to raise its standards in relation to sustainability (e.g. building standards) and for Panuku to do more work in relation to reducing construction and demolition waste. Engagement with mana whenua on the draft strategy document was undertaken in August and no significant changes were sought.

Ngā whakaaweawe mō te hunga whaipānga | Stakeholder impacts

16. The strategy is fully consistent with council's Auckland's Climate Plan (ACP). Panuku staff have been involved with the development of ACP and have worked closely with Auckland Council and Council Controlled Organisation staff as part of both ACP working and steering groups.
17. Adoption of the strategy will not have any significant impacts on other stakeholders. The continued implementation of our climate change work plan will have impacts on our development partners as there will continue to be requirements for minimum standards within our

developments. It is also anticipated that there will be positive impacts on the communities within Panuku neighbourhoods through the delivery of the Climate Change Strategy.

Ngā whakaaweawe rauemi | Resourcing impacts

18. There are no significant resourcing impacts that would result from approval of the Climate Change Strategy. Approval of the strategy represents a continuation of existing work programmes.

Tauākī whakaaweawe āhuarangi | Climate change impacts

19. Implementation of the strategy actions will ensure that Panuku contributes to delivery of Auckland Council and central government targets and that mitigation and adaptation of climate change are considered and addressed in delivering Panuku's functions.

Ngā koringa ā-muri | Next steps

20. Following approval by the board, some minor formatting and design work will be undertaken prior to publishing online with a limited run produced in hard copy.

Ngā tāpirihanga | Attachments

Panuku Climate Change Strategy, November 2020 (resource centre)

Ngā kaihaina | Signatories

Brenna Waghorn - GM Strategy & Planning

David Rankin - Chief Executive (acting)

Panuku Climate Change Strategy

November 2020



Contents

Introduction	1
Vision, objectives and principles	2
Priority actions	3
Strategic context	5
Targets and standards	8
COVID-19 issues and opportunities	9
Auckland’s emissions	11
Auckland climate risks, impacts and vulnerabilities	13
Te Tāruke-ā-Tāwhiri – Auckland’s Climate Plan	18
Delivering our climate objectives	20
Leading by example	23
Beyond our strategy	25

Introduction

Panuku has made a commitment to respond to the climate emergency and take prompt, meaningful action to address climate change.

Climate response is at the heart of the work we do. By delivering urban regeneration and quality housing in town centres that are well served by public transport, Panuku enables Aucklanders to live a low carbon lifestyle. Transport and buildings are significant contributors to Auckland's emissions. By encouraging a change in the way we build homes and travel, Panuku can contribute to lowering these emissions. We can enable people to live, work and play in their neighbourhood through more density near good transport connections, reducing the reliance on cars. Enabling quality housing means people live in warmer, dryer homes that result in reduced emissions.

Through our partnership and collaboration with mana whenua we are working to move beyond sustainability and incorporate truly regenerative approaches to our work. In delivering our placemaking and engagement activities we are also working to build cohesive and resilient communities.

Climate change creates uncertainties that communities will need to come together to overcome. In the wake of the COVID-19 pandemic and the ensuing economic downturn, we have all seen the need to foster more resilient communities. Panuku, like many other organisations, has had to make some major re-assessments to our mode of operation. New Zealand's exceptional response has however highlighted the nation's capacity and willingness to co-operate on a grand scale, reflecting the attitudes and commitment needed to meaningfully address our climate emergency.

This strategy provides context to our activities and sets out our approach to deliver co-ordinated steps across the two functional areas of our business – urban regeneration and portfolio management, as well as our corporate operations. It also aims to articulate what climate action means to Panuku and sets out our vision, objectives, principles, and priorities.

A key goal of this strategy is to identify, extend and accelerate work programmes that are already underway; raise awareness of relevant climate change drivers and impacts; guide climate mitigation and adaptation activities across Panuku and lay the foundations for more detailed work plans across our organisation.



Vision, objectives and principles

Vision:

A city of resilient, connected, and sustainable neighbourhoods where urban regeneration demonstrates climate leadership.

Strategic objectives:

Panuku has outlined two objectives for its climate work programme.

1. New communities in Panuku neighbourhoods are designed and developed to be low carbon and climate resilient
2. Panuku leads by example, reducing climate impacts across its own operations and asset management function

Strategic Principles:

The Panuku Climate Change Strategy is underpinned by four overarching principles:

Partnership – To achieve its objectives, Panuku must work in close partnership with key stakeholders. These partners include central government agencies, Council, Council Controlled Organisations, mana whenua groups, developers, industry peers, and local communities.

Leadership – Panuku takes opportunities to demonstrate leadership and try innovative new approaches for delivering its climate change response. Our role in Auckland gives us a unique opportunity to enable piloting of new approaches and initiatives and support industry to innovate. As best practice evolves, we will continue to raise our standards over time and champion and share best practice

Embedded – Climate change is the responsibility of the whole organisation. Successful implementation will rely on input from a wide range of functions: design, development, property management, placemaking, engagement and corporate services. This should be reflected in teams' business plans and KPIs.

Balanced – Panuku takes a balanced approach to strategic and commercial outcomes. In relation to climate change response this includes weighing the cost to Council and industry, with the likely environmental and social benefit. Solutions that are replicable and scalable are preferred.

Priority actions

Working across the business, we have developed a comprehensive list of actions to deliver on our objectives. Many of the actions are ongoing but our work programme will look to extend, accelerate or scale up existing actions where possible and necessary. We plan to work with our Council and Council Controlled Organisation colleagues and other organisations including Kāinga Ora, BRANZ and the New Zealand Green Building Council to deliver our actions. Our partnerships with mana whenua and developers are also hugely important to the way we deliver our urban regeneration projects.

Priority actions identified in the strategy include:

- **Setting sustainability standards** to reduce carbon impacts and waste and increase resource efficiency and comfort for all Panuku facilitated residential, commercial, and public realm projects and requiring our partners to meet these standards.
- **Piloting the use of Life Cycle Analysis** to measure and better understand the carbon impact of Panuku developments and to drive improved outcomes.
- Undertaking an **assessment of future climate impacts, risks and vulnerabilities** for all priority locations.
- Accelerating **sustainable procurement** activity.
- Delivering a work programme to **address climate impact across our asset management** function.
- **Developing a process to undertake climate compatibility assessments** at the business case stage for all new developments and infrastructure. This will be to assess the degree a proposal supports or conflicts with our climate change goals over its lifecycle.
- Continuing to **build sustainability awareness and action** into Panuku culture and increase staff engagement and sustainability literacy
- **Working with Auckland Transport to explore mixed use development** options on underutilised transport sites.
- **Engaging with our development partners** and investors to share knowledge and learnings and explore their aspirations for responding to climate change

CASE STUDY:

Measuring the carbon impacts of our buildings

New Zealand's Climate Change legislation sets a target to reduce the emissions of our greenhouse gases to zero by 2050*. The built environment is a large contributor to New Zealand's greenhouse gas (GHG) emissions, with buildings alone contributing up to 20%**.

This impact includes more than just the energy and water used to operate buildings. It includes 'embodied carbon' which represents the manufacturing of materials, ongoing building maintenance, and construction/demolition waste. The way we measure this total impact is called building Life Cycle Assessments (LCA).

Homes and buildings that are built today will be part of New Zealand's net-zero carbon world in 2050, and Panuku is working to deliver projects that support this.

In 2020 we will be collaborating with our industry development partners to pilot the use of a Whole Building Life Cycle Assessment tool to design buildings with reduced carbon emissions across their lifecycle; including embodied carbon. The aim of the pilot is to work through the practical implementation challenges involved with constructing low-carbon developments. These efforts mirror a growing and global movement among other C40 member cities who innovate and collaborate to address climate change adaptation and mitigation in urban communities.

* Excluding methane from plants and animals
** Vickers, J., & Fisher, B. (2018, May). The carbon footprint of New Zealand's built environment; hotspot or not? thinkstep Ltd.

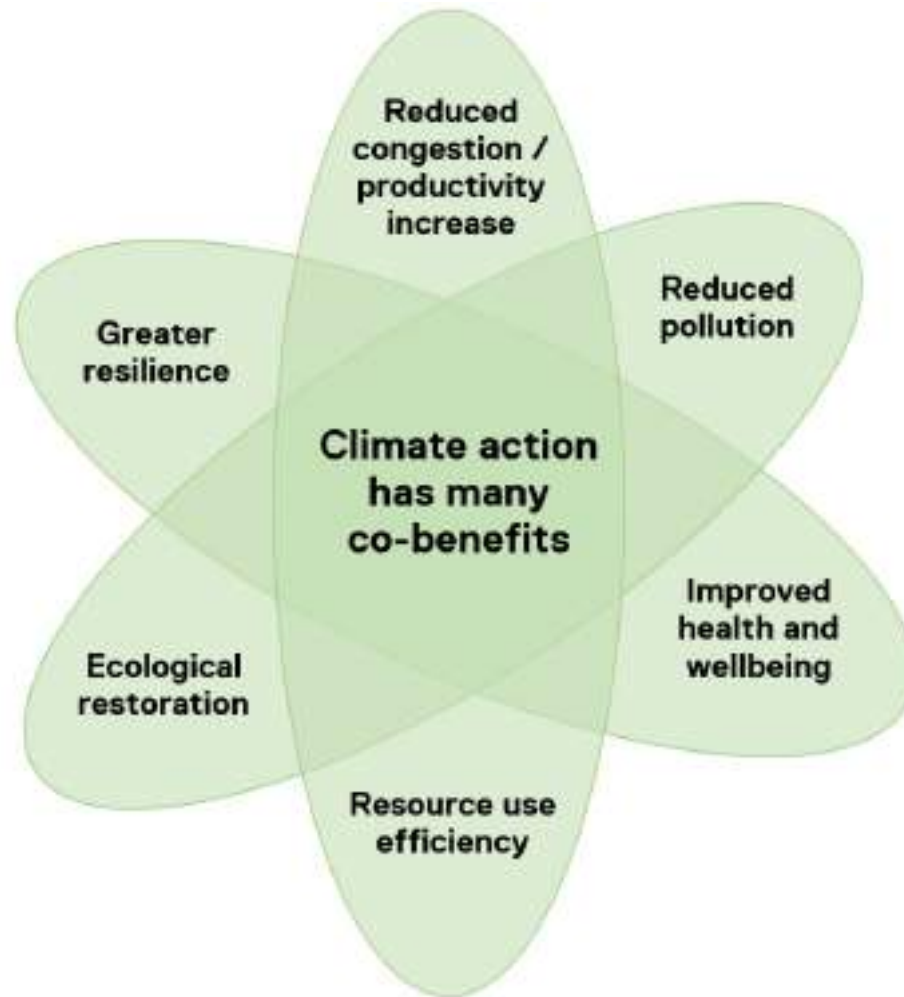


Figure 1. Climate action co-benefits

Strategic context

Locally and internationally awareness is growing of the need for urgent climate action. In 2019 the Auckland Council declared a Climate Emergency, the government passed the Climate Change Act and we saw thousands of people across the world attending climate strikes.

As a member of the C40 network of cities, Auckland has a commitment to plan for zero emissions by 2050, and to set emission targets consistent with a 1.5° global temperature rise. To achieve these targets the Auckland Council has developed Te Tāruke-ā-Tāwhiri: The Auckland Climate Action Plan which addresses both mitigation (reducing CO2 equivalent emissions) and adaptation (planning for resilience in response to climate change impacts).

Along with Auckland Council, Watercare and Auckland Transport, Panuku joined the Climate Leader's Coalition in 2018. This involves a commitment for Panuku to take climate change seriously in its business and to: measure greenhouse gas emissions and publicly report on them; set a public emissions reduction target consistent with keeping within 2° of warming; and work with suppliers to reduce their greenhouse gas emissions.

Sustainability has been an ongoing focus for Panuku since its inception. Waterfront Auckland, a predecessor organisation, set out clear sustainability aspirations for the Auckland waterfront within the Waterfront Plan and Sustainable Development Framework 2013. This included sustainability requirements for the design and construction of buildings and infrastructure and the adoption of mandatory Homestar and Green star ratings for the Wynyard Quarter buildings. The approach taken at Wynyard Quarter has been hugely successful.

The Panuku strategic framework is captured in the following diagram which illustrates our vision, core functions, strategic outcomes, and business objectives. Sustainability is identified as a cross-cutting theme in recognition of its importance to the work we do.

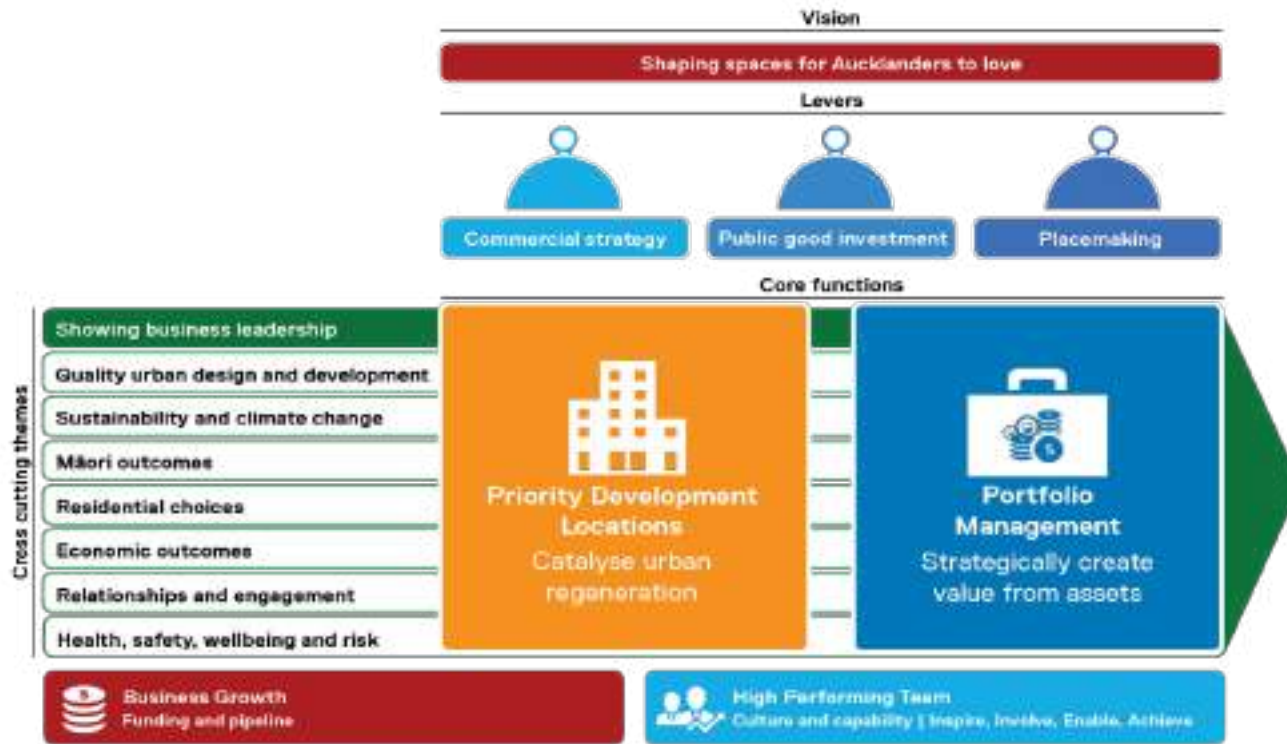


Figure 2. Panuku Strategic Framework

In addition to our strategic framework, mana whenua and Panuku have co-developed the Mana Whenua-Panuku Outcomes Framework which includes a number of actions that relate to climate change and sustainability and form a key part of Panuku's climate action work programme. The Mana Whenua-Panuku Outcomes Framework seeks to improve mauri o te taiao and mauri o te wai. This includes activities to implement Take Mauri Take Hono, to measure, monitor and report on environmental wellbeing; Mana Whenua fulfil their role as kaitiaki; Support for environmental protection and enhancement initiatives; Support for climate resilience; Promote and support waste management and reduction.

The work of Panuku in delivering intensive mixed-use developments, public realm improvements, integrating land use and transport and incorporating sustainable building approaches is a critical contribution to the transition to a low carbon city that will mitigate against climate change. However, there is more that we can do and Panuku will seek to keep raising the bar. We also recognise the climate is already changing and we must ensure future development is resilient and future proofed.

We also acknowledge the issue of climate justice and the importance of ensuring a just transition to a low-carbon economy. Through our urban regeneration work Panuku has opportunities to help address these issues. Key mechanisms we have are using sustainable procurement and proactive and inclusive engagement with our stakeholders and communities to reduce social and economic inequity.

CASE STUDY:

Wynyard Quarter: Clear aspirations from the outset

In 2012 the Waterfront Plan was adopted, setting out a clear vision for the waterfront to be a 'resilient place where integrated systems and innovative approaches are taken to enhance the marine and natural ecosystems, conserve natural resources, minimise environmental impacts, reduce waste, build sustainability and respond to climate change'.

A Sustainable Development Framework (2013) expanded upon this setting a vision for the waterfront to be **the leading location of sustainable urban transformation and renewal across Auckland and New Zealand.**

The Wynyard Central Sustainability Standards were then developed to provide development partners with clear expectations and set minimum standards for how sustainability should be incorporated. Particular focus areas included delivering high performance green buildings, delivering exemplar projects, addressing risk and resilience to climate change, working on travel demand management, and promoting sustainable transport to achieve a 70/30 modal split of sustainable travel versus car trips.

The use of green building rating tools was required to ensure standards were met, with residential developments to meet Homestar 7 ratings and Green star 5 ratings for commercial developments.

In the public realm sustainability has also been a key consideration with extensive use of water sensitive design approaches and native plantings.

The use of clear standards for our development partners has been successful in delivering high performance outcomes and establishing the reputation of the Wynyard Quarter precinct where sustainability is integral. The first phases of development have produced some outstanding buildings renowned for their design and performance. As the rest of the precinct continues to be developed, we will look to keep raising our standards and delivering exemplar projects.



Targets and standards

The Panuku Climate Change work programme will contribute to achievement of a number of higher-level targets set by Central Government, Auckland Council and Council Controlled Organisations. Panuku also has some standards set for our own business operations and those that we require our development partners to meet.

Government, Council and CCO

New Zealand achieves **net zero emissions by 2050** (Climate Change Act)



Auckland achieves **zero waste to landfill by 2040** (Auckland Council Waste Management and Minimisation Plan)



Auckland's average rate of **water consumption reduced 15% by 2025** from 2004 levels, (Watercare Water Efficiency Strategy)



Auckland's emissions reduced **50% by 2030** and achieve **net zero emissions by 2050** (ACP)



Panuku neighbourhoods

All **masterplans** consider future **climate impacts, risks, vulnerabilities, and responses.** (Panuku SOL)



Length of **cycleway** increased across Panuku neighbourhoods (Outcomes Monitoring Framework)



Tree canopy cover increased across Panuku neighbourhoods (Urban Ngahere Strategy, Outcomes Monitoring Framework)



Minimum **Homestar 7 rating** and **Green star 5 rating** for developments in Wynyard Quarter (Wynyard Central Sustainability Standards)



All housing to achieve **minimum Homestar 6 rating** and Commercial developments to meet sustainability requirements. (Panuku internal policy)



Panuku operations

Increase percentage of Panuku staff that **commute by sustainable transport modes.** (Totiu Carbonreduce management plan)



Maintain **5-star NABERNZ** energy efficiency rating for Panuku head office. (Totiu Carbonreduce management plan)



Reduce Panuku office **waste to landfill** (Totiu Carbonreduce management plan)



COVID-19 issues and opportunities

During 2020, the global COVID-19 pandemic and associated lockdown brought about a disruption to our way of living on an unprecedented scale. This disruption has shown us some of the vulnerabilities in our systems and economy but also the scale and pace of behaviour change that can occur when united by a common purpose. Now the challenge is to embed some of the positive changes and define a new normal.

For Panuku the pandemic has demonstrated that building community resilience and delivering the urban regeneration work we do in our neighbourhoods is critical.

Over the lockdown, many people have rediscovered their communities; they have pulled bikes out of sheds and found the joy of active travel on streets not dominated by cars, and the simplicity of being able to walk to a local shop to buy groceries. People have connected with their neighbours and communities sometimes ironically having more interactions – from an appropriate physical distance – than before.

Many people have had to abandon a lengthy commute by car, and instead embrace remote working, with significant reductions in transport emissions.

Embedding some of the changes that will help meet our climate goals are possible in a neighbourhood that has been designed to facilitate low-carbon living – well-designed, energy efficient homes, quality public spaces with safe and attractive ways to get around by foot or bike and a range of amenities within walking distance.

The post-COVID reset gives Panuku the opportunity to be part of the solution, continuing our programme of urban regeneration to help stimulate our economy, using insights that came out of the lockdown and working to embed some of the positive changes to help deliver a new normal.

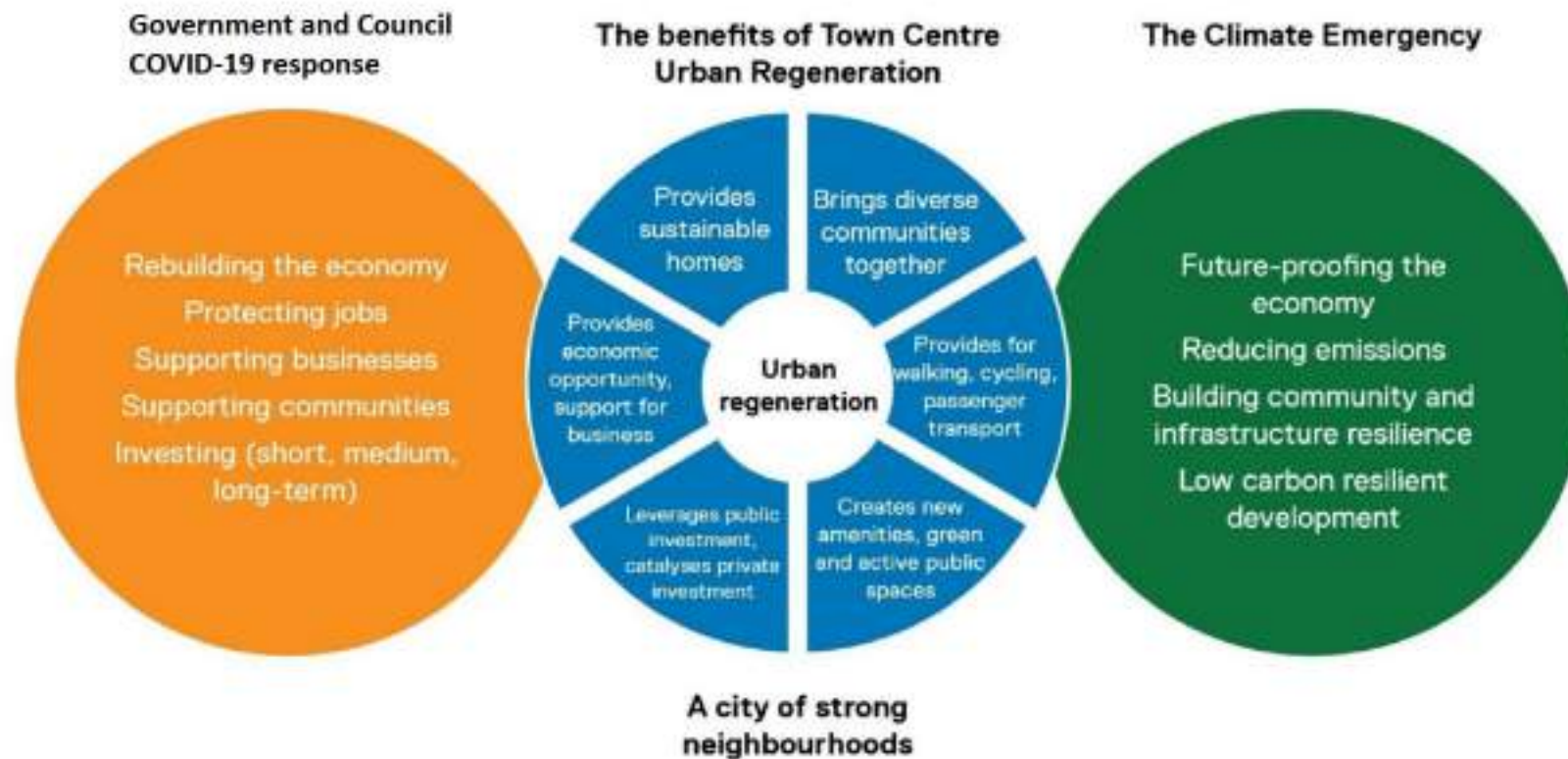


Figure 3: The co-benefits of town centre urban regeneration.

Auckland's emissions

Emissions in the Auckland region are rising. Between 2009 and 2016 Auckland's overall emissions increased by more than 5 per cent. If this trend continues, Auckland's emissions will increase by 27 per cent by 2050.

Auckland Council has a commitment to halve emissions by 2030 and dramatically reduce emissions to net zero by 2050. The most significant sources of emissions are related to transport and energy use which together account for around 70 per cent of Auckland's emissions.

Under a business as usual scenario without additional action to reduce emissions, Auckland's net green house gas emissions are expected to increase by around 19% by 2050 which is clearly at odds with Auckland's climate goal of net zero emissions by 2050.

Panuku has a role to play in delivering on Auckland Council's emission reduction targets through its urban regeneration activities. Our core business is to deliver urban regeneration in town centre locations which can have a significant impact on reducing Auckland's transport and energy emissions.

Auckland's greenhouse gas emissions profile (2016)

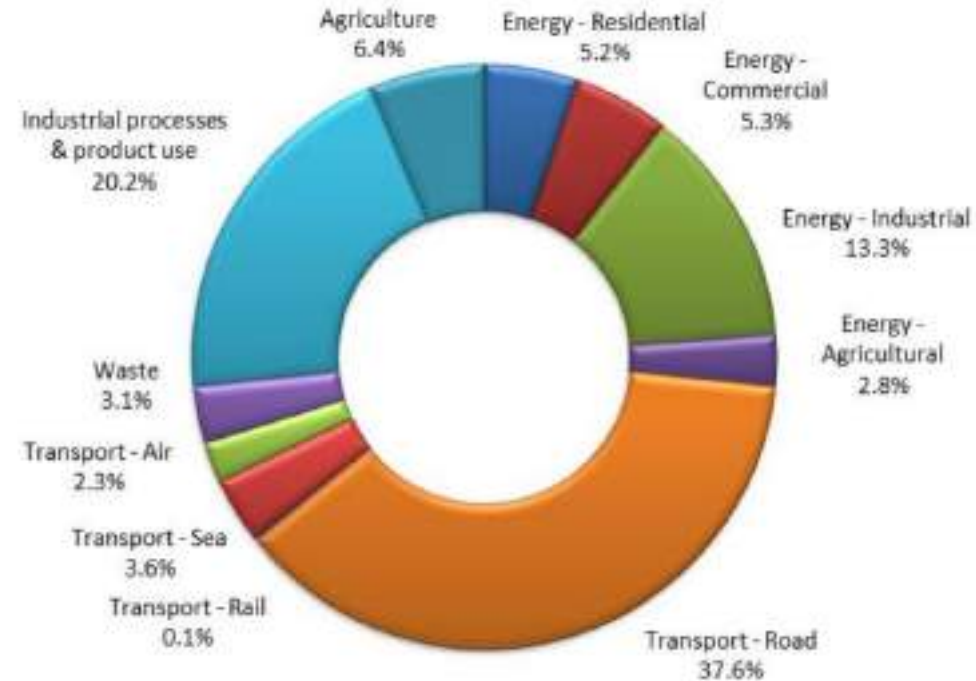


Figure 4: Auckland emissions profile 2016 (Auckland Council))

CASE STUDY:

Reducing carbon through Town Centre Transport-Orientated Residential Development in Henderson

As part of Henderson's vision to create an "Urban Eco-centre", Panuku undertook a planning exercise in 2018 to identify which urban blocks within 400m of the Henderson Train Station made the most sense to develop for residential housing.

The study, in partnership with Crown Housing providers (now Kāinga Ora) looked at 29 sites and analysed their potential for development based on access to sustainable transport, stream amenity, and regeneration potential.

The workstream has resulted in a Business Case as well as subsequent land consolidation and concept design for up to 350 additional homes for families located in the town centre. Auckland-based studies by RCG Ltd have shown that town centre transit orientated suburbs and brownfields developments like Henderson can reduce fuel spending and associated transport emissions by up to 75% when compared with greenfield development. For every new household residing closer to public transport, shops and local town centre amenities, average household expenditure on fuel drops from \$8300 per year to under \$2000 per year. Panuku is working to provide households everything they need within close proximity, whilst helping families save money and reduce their environmental footprint.



Auckland climate risks, impacts and vulnerabilities

New Zealand's National Institute of Water and Atmospheric Research (NIWA), undertook a comprehensive study in 2018 on behalf of Auckland Council, Council Controlled Organisations and District Health Boards to assess climate change projections and impacts.

The study found that future climate changes are likely to be significant and will impact the entire Auckland Region. The main climatic changes anticipated are increased temperatures, with more heat-wave days; changing rainfall patterns resulting in both drought and extreme rainfall events becoming more common; and continued sea level rise.

Auckland's temperature is projected to increase by between 1.5 and 3.75 degree Celsius by the end of the century, depending on the amount of global emissions.

Warmer temperatures drive a climatic shift. As temperature increases, extreme weather events such as storm surges and droughts will become more common and increasingly severe.

As our average temperature increases, so does the probability of more extreme weather events. This means that an extreme weather event today, becomes more normal in a hotter climate.

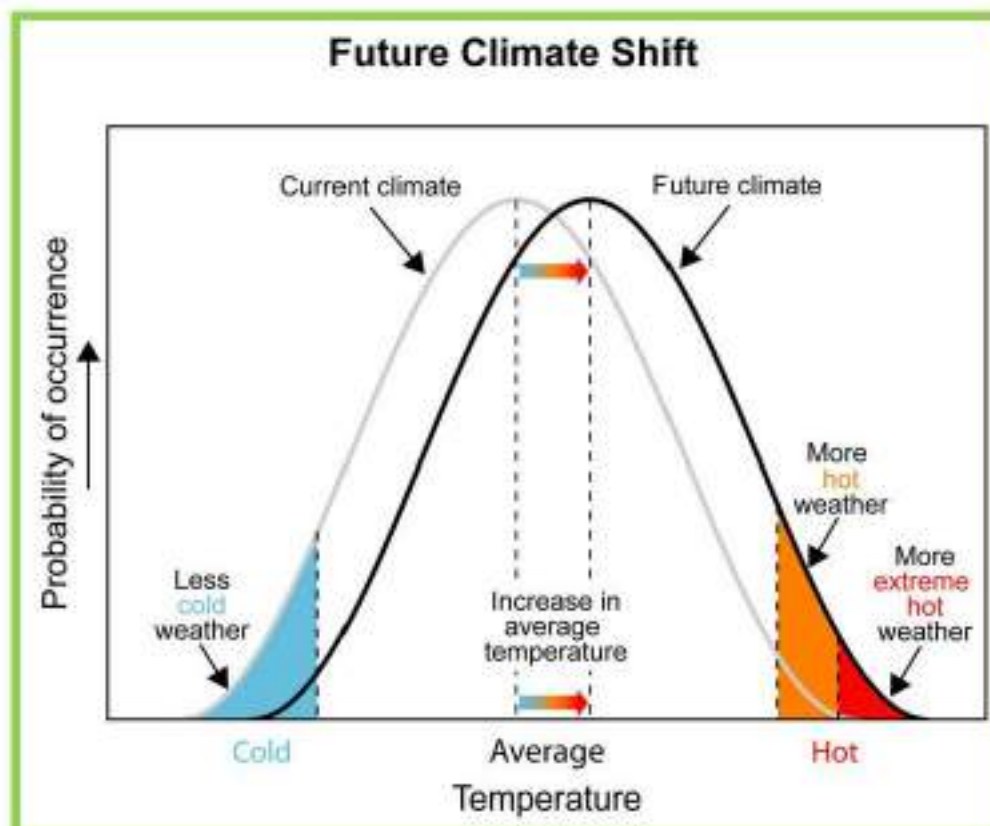


Figure 5: Future climate shift (ACP)



Figure 6: Impacts on the Auckland region (Auckland Council)

The climate projections undertaken by NIWA, set out how Auckland's climate will likely change by 2120.




 <p>Temperature changes</p>	<p>The Auckland region is projected to warm considerably into the future. Over the past century, Auckland's mean annual temperature has increased by about 1.6 degrees Celsius. It is projected to increase by between 1.5 and 3.75 degrees Celsius by the end of the century.</p> <p>We're likely to have four times as many 'hot days' per year. That is 80 days above 25 degrees.</p>
 <p>Rainfall changes</p>	<p>Annual total rainfall and seasonal rainfall patterns are likely to change in the Auckland region. Rainfall in spring is likely to decrease by 15 per cent in some parts of the region. Rainfall intensity is projected to increase, because a hotter atmosphere can hold more moisture. The intensity of short-duration events is projected to increase by 14 per cent per degree of warming. This could mean more intense flooding, affecting our infrastructure, property, health and safety, as well the local economy. Auckland is projected to be more drought prone. An increase in the number of dry days is expected. This will add more than 21 dry days per year by 2110. Drier periods will bring water shortages for residential, agricultural and industrial use.</p>
 <p>Marine and coastal changes</p>	<p>The Auckland region is starting to feel the effects of sea level rise. If global emissions remain unchecked, they're projected to rise by a metre, by the end of this century. However, we know that glaciers and ice sheet melting is accelerating so the change could be even greater. In a region with 3,200 kilometres of coastline, this means serious threats of coastal erosion, storm surges and flooding. Before the end of this century, approximately 1.5 to 2.5 per cent of Auckland's land area, may be exposed to sea level rise. This covers 0.3 per cent of buildings, 80 per cent of coastal ecosystems and six per cent of dairy land. Storm surges will bring more devastation to coastal towns and infrastructure. Marine ecosystems are highly susceptible to climate change. Ocean acidification will threaten the condition and survival of some marine species. This will affect the economy, food availability and recreational activities.</p>
<p>Other factors and combined effects</p>	<p>Climate change doesn't happen separately from other changes like population growth, changes in land use, changes to food and energy security, and rising inequality. In fact, climate change may make many of these challenges even more difficult to solve or may make related impacts on people and communities even more severe. It is also true that our climate change effects aren't isolated from other regions and countries. Migration related to climate is already happening across the world. Auckland will need to be part of the solution to support these displaced people.</p>

Figure 7: Summary of effects on Auckland by 2120 (ACP)

Panuku works across Auckland undertaking urban regeneration in a number of locations as shown in the map.



Figure 8. Panuku transform and unlock neighbourhoods

The majority of the anticipated impacts from climate change will be broadly similar across the Auckland region but the risks and vulnerabilities to the changes in climate may differ. For each of our neighbourhoods we will consider future climate impacts, risks and vulnerabilities and respond to these through our masterplanning, public realm developments and design briefs.

For our coastal locations; Onehunga and the Auckland Waterfront, we need to carefully consider the future impacts of sea level rise whereas in Manukau we have different considerations. Manukau is one of the areas in Auckland predicted to experience the greatest number of heatwave days (between 23-25 days per year over 25degrees by 2040). The area sits within the two local board areas having the lowest tree canopy cover in the Auckland region. We need to consider how our planning will help to reduce the severity of these heat events on individuals and communities through the provision of green infrastructure, well-designed buildings and working with partners to build community resilience.

CASE STUDY:

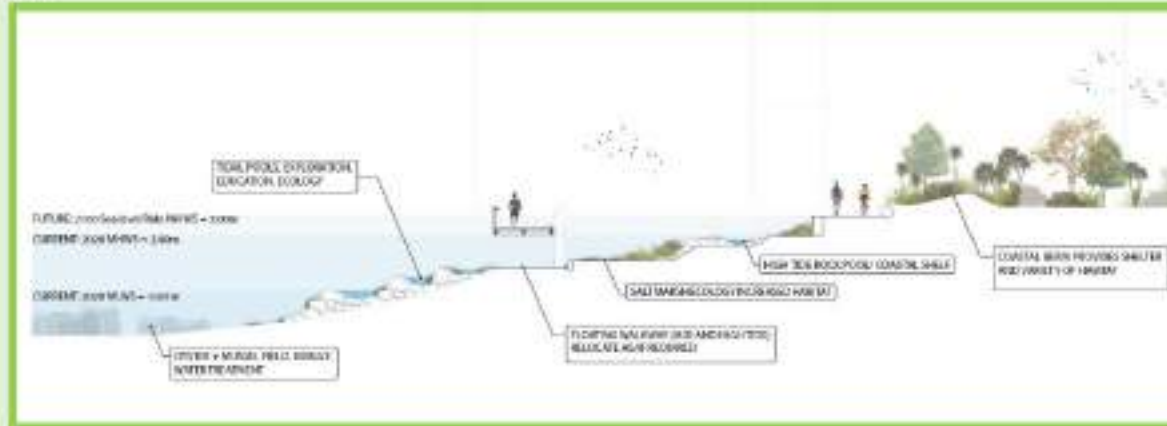
Climate Adaptation and the regeneration of the Onehunga Wharf

As part of an ongoing commitment to restore and reconnect the Manukau Harbour with the Onehunga Town Centre, Panuku has undertaken a comprehensive masterplanning process to develop and protect Onehunga Wharf.

With regenerative design practice at its core, the masterplanning process enabled Panuku, right from early project planning, to clearly understand the implications of sea level rise and coastal inundation on any future development.

Panuku have committed to a process of dynamic adaptive pathway planning alongside mana whenua, community representatives and other agencies.

This will ensure we front load difficult decisions related to coastal adaptation over the course of the site's redevelopment and habitation life. The result of this is that not only are buildings being positioned and designed with coastal changes at the forefront, but the entire naturalised edge of site is being designed to absorb, retreat and transition with changing sea levels over time.



Te Tāruke-ā-Tāwhiri – Auckland’s Climate Plan

In 2019 Auckland Council declared a Climate Emergency, and part of the Council’s response involves the development and adoption of Te Tāruke-ā-Tāwhiri – Auckland’s Climate Plan (ACP). This has been developed with Council Controlled Organisations, mana whenua, central government and other key stakeholders across Tāmaki Makaurau.

Auckland’s Climate Plan has two core goals:

- To reduce Auckland’s emissions, by 50% by 2030 and achieve net zero emissions by 2050
- To prepare for climate change, taking a precautionary approach to plan for our current emissions pathway

To deliver these goals the Council has identified eight priorities for action, focussing on the areas that will have the greatest impact in reducing our emissions and adapting to climate change. Panuku has been involved in the development of the Plan with staff involved in the natural environment, built environment and food priority actions.

Panuku’s activities are seen as a key delivery mechanism for the Plan. The biggest impact that Panuku can have to reduce Auckland’s emissions is through the delivery of our urban regeneration projects, and through this increasing density in town centre locations that are well served by public transport and have good amenities. Our core business is a critical component of a low carbon city that values and respects natural systems and contributes to some of Auckland Council’s key actions identified within the Plan:

- Planning for a quality compact urban form that supports low carbon, resilient development
- Establishing and rapidly scaling low carbon, resilient precincts across Auckland
- Developing masterplans that demonstrate and promote the opportunity for zero carbon, transit-oriented development that builds climate resilience
- Accelerating the uptake of sustainable design and construction for new buildings
- Increasing tree planting in road corridors, parks and open spaces
- Increasing uptake of nature-based solutions within council family projects and develop supporting tools for decision making.
- Enhancing, extending and connecting Auckland’s blue-green networks, for example the Puhinui Stream Restoration programme.
- Utilising green infrastructure to provide multiple benefits with low carbon footprint
- Increasing the resilience of public spaces to the impacts of climate change and prioritise low carbon infrastructure and buildings.

Panuku has an estimated pipeline of around 11,000 dwellings over 10 years in existing, transport oriented urban centres. The delivery of these dwellings will play a significant role in reducing transport emissions which make up the largest proportion of emissions in the Auckland region. Additionally, we require our developments to incorporate sustainable design and construction principles which further reduces potential emissions as well as providing the health and wellbeing benefits from warm, dry housing and well-designed commercial spaces.

Another key project within the Council family is our collaboration with Auckland Transport. AT Park and Ride Redevelopment is a joint venture between AT and Panuku aimed at providing an appropriate strategy to accommodate transport service requirements at designated council owned park and ride sites while simultaneously exploring mixed use development options with positive urban regeneration and urban design outcomes. The sites on which AT operated park and rides are underutilised, single use land with untapped potential in which large amounts of capital is locked up. These sites provide opportunities to undertake integrated transit orientated developments (TODs) close to amenities with links to reliable and frequent public transport, opportunities which the Council Group has not progressed.

A critical component of delivering climate action is ensuring that climate impacts are a key consideration in decision-making systems.

One way Council intends to advance its response is by undertaking climate compatibility assessments for all new developments and infrastructure, starting at the business case stage. This will identify how the proposal supports or conflicts with Council's climate goals over its lifecycle. Panuku will follow Council's approach in ensuring that decision-making considers climate impacts.



Delivering our climate objectives

In delivering on our objectives we have a work programme that addresses both mitigation and adaptation of climate change across Panuku's two functions – urban regeneration and portfolio management, as well as our corporate operations.

Mitigation of climate change involves reducing the carbon emissions that contribute to climate change, this is largely achieved by reducing energy, water and fuel use and reducing waste to landfill.

Adaptation to climate change involves planning for the changes to our climate and associated impacts that are already happening or are projected to happen, including sea level rise, hotter temperatures, extreme weather events, flooding, and droughts.

Key workstreams and activities

- Climate Change Strategy development
- Green Star - Communities rating tool pilots
- Minimum standards using building performance rating tools (Homestar, Green Star)
- Bespoke Panuku standards (commercial buildings and public realm)
- Climate change impacts, risk and vulnerability analysis for our locations – using NIWA and Auckland Council technical information and site-specific commissioned analysis where needed
- Involvement with Auckland Council's ACAP and membership of C40 and Climate Leader's Coalition
- Toitū Envirocare carbon reduce certification
- Mana whenua engagement, implementing the Mana Whenua Outcomes Framework
- Placemaking
- Engaging with local businesses and communities on sustainability initiatives
- Sustainable procurement
- Staff engagement
- Climate impacts considered in decision making

Outcomes for our town centres

- Low carbon design and delivery of development:
 - Less emissions, waste and energy and lower running costs
 - Warm, dry homes
- Future proofed development for a changing climate:
 - Use of green infrastructure and water sensitive design for increased flood resilience, ecological and biodiversity benefit
 - Increased shade and shelter for storm events and hotter days
- Urban regeneration approach that enables a low carbon lifestyle by reducing reliance on private car travel and supporting sustainable modes:
 - People can live, work and play near their home
 - Town centres that are easy, safe and attractive to walk around with good cycling and public transport infrastructure
- Engaged, connected and resilient communities with an awareness of climate issues

ADAPTATION: Panuku process to ensure climate change adaptation is embedded in our planning

Panuku recognises that the climate is already changing due to the emissions already in the atmosphere. Combined with future emissions, we will continue to see changes. A significant increase in the impacts and risks we are already facing for our region is anticipated by scientists, including natural hazards like flooding, heatwaves, drought and sea level rise.

For each of our neighbourhoods we are compiling a summary of anticipated impacts, risks, vulnerabilities and responses to inform our masterplanning and high level strategies for sites. In doing this we draw on technical research undertaken by NIWA on climate impacts for Auckland as well as the various technical reports developed by Auckland Council looking at climate change risks and vulnerabilities across various topics including flooding and vulnerability to heat.

To address identified risk, impacts, vulnerabilities, and responses we ensure that at the site and project level more detailed planning is undertaken that addresses particular issues, with technical input provided when needed.

It is now common for our design briefs to include a reference to climate impacts and requirements for these to be considered. Particular issues present in the area are identified, for example any known risks associated with flood plains.

Panuku recognises we need to plan for uncertainty, particularly for our coastal locations. Adapting to climate change does not mean taking every action now or designing for an extreme scenario but requires making the right decision at the right time.

Comprehensive planning, with clear timelines set for when decisions must be made can avoid unnecessary investment or the risk of locking in design solutions that are not fit for purpose into the future. A process that uses this approach is called Dynamic Adaptive Policy Pathways (DAPP), which is recognised as best practice in New Zealand. Panuku is piloting this approach first with the Onehunga wharf redevelopment.

CASE STUDY:

Henderson Town Centre Walking and Cycling demonstration network for climate resilience

One of the simplest contributions a town centre regeneration agency can make is to replace high-carbon and polluting short vehicular trips with zero-emission trips, where people are empowered to walk or cycle instead.

In Henderson, Panuku is working closely with Auckland Transport on delivering a demonstration network of best practice walking and cycling improvements.

A preliminary economic assessment suggests that by delivering just 7km of safe protected cycling facilities, this project may return up to \$22,000 worth of carbon reductions every year for 40 years due to local mode shift away from polluting vehicles. While this philosophy is being applied across the board in all of our infrastructural upgrades, this demonstration network provides a unique opportunity to prove practicality, viability and community value of these principles.



CASE STUDY:

Regenerative Design Practice

Panuku is Auckland's urban regeneration agency. The term "regeneration" is deliberate, intended to move beyond the idea of sustainable development and strive for a future that is richer, healthier, and more abundant through the evolution of natural, social, cultural and economic systems. By treating these systems as nested together, and inextricably linked, we can ensure the delivery of a high-density Auckland where our environment, communities, and economy thrive.

Our Regenerative design approach has a synergy with mātauranga Māori (indigenous knowledge) and has been shaped in collaboration with mana whenua.

In te ao Māori, the notion of whakapapa is especially relevant, as it infers the interconnectivity of people and place; past, present and future.

Panuku, in partnership with mana whenua has the potential to stand as an exemplar council agency, showing how an integrated and interdisciplinary design approach can deliver true regeneration in our unique locations. Since 2017 Panuku have been actively training staff in Regenerative Design Practice and with the support of mana whenua have embedded regenerative techniques in several of its projects and locations; including the Puhinui Regeneration Strategy, Te Ara Awataha, Unlock Northcote, and the Panuku Placemaking Strategy.



Leading by example

We have made significant gains in reducing the emissions associated with our corporate activity. Our staff engagement in sustainable behaviours has also increased, including the successful establishment of informal champions group, Nga Toa Manaaki.

In 2019 Panuku achieved our first Toitū Envirocare carbon reduce certification. This involved working with Toitū Envirocare to measure our operational greenhouse gas emissions, set reduction targets and develop a management plan. Areas of assessment included energy use, travel, and waste disposal across the business. Measuring our greenhouse gas emissions means we can understand the sources of our direct emissions and put energy into the reduction efforts that matter most. We have set a target to reduce our corporate emissions by 35% by 2030 which will require engagement and action from all areas of the business.

Prior to measuring our carbon footprint, significant work has been undertaken to reduce the emissions associated with Panuku's corporate operations, with considerable reductions achieved in emissions from energy use and waste to landfill. Panuku has improved our Wyndham Street Office's NABERSNZ energy rating to 5-Stars and has reduced landfill waste during 2019 by 30%. Both results illustrate the importance of continuous improvement, building on our 4-Star Green Star Interiors rating.

We've also promoted sustainable travel and supported staff to use our two new fleet e-bikes, including safety training and free bike tours. Our secure e-bike storage and charging facilities have been expanded and we are planning a buddy-system to support new e-bike riders navigate their commute.

CASE STUDY:

Reducing our emissions with Toitū Envirocare certification

In 2019 Panuku achieved our first Toitū carbon reduce certification. This involved working with Toitū Envirocare to measure our operational greenhouse gas emissions, set targets and develop a management plan. Areas of assessment included electricity use, travel, and waste disposal across the business.

David Rankin, Panuku's Chief Executive, says "Achieving this certification is a significant milestone for Panuku in our carbon reduction journey.

As a member of the Climate Leaders Coalition we're committed to taking climate action seriously and undertaking our first emissions inventory is a key step for our business."

Measuring our greenhouse gas emissions means we can understand the sources of our emissions and put energy into the reduction efforts that matter most. It will require engagement and action from all areas of the business with the ultimate goal of reducing our emissions by 35% by 2030.



Our experience during COVID-19 has also accelerated many staff members' ability and desire to work from home. We may expect to see more staff members working remotely, therefore saving unnecessary travel-related emissions. This was an area previously identified for improvement.

Areas that require further effort include:

- Advocating for our fleet's full transition to electric vehicles
- Establishing a building monitoring system for Wyndham Street Office
- Increasing our sustainable procurement of office consumables
- Supporting our Marinas team with e-bike travel, waste minimisation and energy management

CASE STUDY:

Westhaven Marina Leading Sustainability Practices

In 2020, Westhaven Marina received its Blue Flag Accreditation for the 14th year in a row. Westhaven Marina is an asset that is managed by Panuku, and our operating team are proud to be one of just three Marinas in New Zealand to have received a Blue Flag accolade.

Blue Flag is a globally recognised certification that is awarded for strict environmental, educational, safety, and access related criteria and the team at Westhaven Marina are dedicated to the promotion of environmental stewardship. To decarbonize their operations, they're planning a trial of electric motors on their patrol fleet and have undertaken one of the world's largest-of-its-kind retrofits to include metered and efficient electrical plinths (saving 13% of their energy use).

They also run stewardship campaigns to engage with their customers and received special praise on how they manage waste. General, recycling, and compost waste from private and commercial vessels are collected in several locations,

including a fish waste partnership with local marae called *kai ika*. The team are working to expand on these waste systems with the long-term vision of diverting all waste from landfill.



Beyond our strategy

This strategy sets out our immediate priorities for action and signals our objectives and approach. We recognise that more is required to achieve New Zealand's targets for net zero emissions by 2050 and to ensure temperatures do not increase more than 1.5 degrees.

For Panuku, quantifying and reducing carbon in our developments will be critical. We will need to ensure emissions across the whole development life cycle are addressed, considering materials, construction, operation and end of life. Central to our approach will be engaging with the Ministry of Business Innovation and Employment's Building for Climate Change programme.

In addition to taking action on emission reductions we need to make sure that our neighbourhoods are future-proofed to the changes to come. Addressing risk and resilience needs to be fundamental to our approach and we will work to address the risks and issues raised in the Ministry for the Environment's National Climate Change Risk Assessment.

We will continue to work towards raising our standards and affecting greater change. We acknowledge that as a society we need to live differently, build differently and travel differently because the trajectories of growth, consumption and environmental degradation are untenable. We need to be bold and consider future generations. We need to be a part of the solution and be the change that Auckland needs.

Decision paper: 30 June 2020 Annual Report

Author: Michele Harpham, Finance Manager

November 2020

Ngā tūtohunga | Recommendations

1. That the Panuku Board receives the Annual Report.

Whakarāpopototanga matua | Executive summary

2. Under the Local Government (Auckland Council) Act 2009, all Auckland Council CCO's must hold two meetings in public each year. The first must be held before 30 June each year for the purpose of considering comments from shareholders on the organisation's draft Statement of Intent for the following financial year. The second meeting must be held after 1 July each year for the purpose of considering the organisation's performance under its Statement of Intent in the previous financial year.
3. Generally, the second meeting is held in conjunction with the approval of the Panuku Annual Report. However, for Panuku this is deferred until after Auckland Council releases its results to the NZX, due to requirements arising from NZX rules on continuous disclosure. The Panuku Board adopted the Annual Report in the confidential section of its 23 September 2020 meeting, but it is now being made public and being considered in the public section of the November board meeting. The Annual Report is included as attachment A.

Horopaki | Context

Previous Board / Council engagement and decisions		
Date and meeting	Document	Decision / Outcome
23 September 2020 Board meeting	Annual Report 2019-2020	Following the conclusion of the discussions, the Panuku Board approved the Annual Report, including Statement of Service Performance and Annual Financial Statements, and the letter of representation to Audit New Zealand for the year ended 30 June 2020, subject to any subsequent significant changes required by Audit New Zealand being discussed with the Board Chair and Chair of Audit and Risk Committee as required.

Matapaki | Discussion

4. The auditors required some changes to the Annual Report which will be discussed at the Audit and Risk Committee on 17 November 2020. A verbal update of the changes will be given at the Board meeting.
5. The performance for the year to 30 June 2020 against targets identified in Panuku's Statement of Intent is detailed in the Statement of Service Performance on pages 47 to 54 of the Annual Report. There were 17 measures in total. 12 of the measures were assessed as achieved, two performance targets had significant progress made and three were not achieved.
6. The financial results for the year 30 June 2020 are detailed in the Financial Statements on pages 55 to 80 of the Annual Report. These financial statements only show the performance of Panuku as a company and do not include the financial performance or financial position related to the portfolio of assets and developments that Panuku controls on behalf of Council.
7. Since the majority of its assets were transferred to Auckland Council on 26 June 2019, Panuku operates on a cost recovery basis with its funding from council being set at a level which covers the shortfall of operating costs less other revenue from Viaduct Marina South and recharges for staff time on council projects.

8. An adjustment has been made in the financial statements to reduce the value of Viaduct Marina South by \$2.6m. When the asset transfer took place, a portion of Viaduct Marina remained with Panuku. The value of Viaduct Marina at that time was split between Auckland Council and Panuku, based on the number of berths in the area owned by each entity. The apportionment of value has now been recalculated based on the forecast cash flow for the berths owned by each entity, instead of being based on the number of berths as the berth sizes and revenue generated are not uniform. There has been no change to the operation of the marina although the forecast cash flow used for the valuation has been negatively impacted by Covid-19.

Hīraunga | Implications

9. This section outlines all relevant implications for Panuku.

Ngā ritenga ā-pūtea | Financial implications

10. There are no financial implications.

Ngā raru tūpono me ngā whakamaurutanga | Risks and mitigations

11. There are no risks.

Tauākī whakaaweawe Māori | Māori impact

12. There is no impact on Māori.

Ngā whakaaweawe mō te hunga whaipānga | Stakeholder impacts

13. The Annual Report will be provided to Auckland Council and released to the public by 30 November 2020.

Ngā whakaaweawe rauemi | Resourcing impacts

14. There are no resourcing impacts.

Tauākī whakaaweawe āhuarangi | Climate change impacts

November 2020

15. There are no climate change impacts.

Ngā koringa ā-muri | Next steps

16. The Annual Report will be provided to Auckland Council and released to the public by 30 November 2020.

Ngā tāpirihanga | Attachments

A - Annual Report 30 June 2020 (resource centre)

B - Audit New Zealand report to the board (resource centre)

Ngā kaihaina | Signatories

Carl Gosbee, Chief Financial Officer

David Rankin, Chief Executive (acting)

Decision paper: 31 December 2020 results reporting to Auckland Council

Author: Michele Harpham, Finance Manager

November 2020

Ngā tūtohunga | Recommendations

1. That the Panuku Board delegates approval of the 31 December 2020 reporting pack and representation letter to Auckland Council to the Chief Executive Officer (acting) and the Chief Financial Officer.

Whakarāpopototanga matua | Executive summary

2. Panuku is required to deliver a reporting pack with the 31 December 2020 half year financial statements to Auckland Council by 28 January 2021 and a letter of representation by 16 February 2021. Auckland Council requires sign-off of the numbers in the reporting pack by either the Panuku Board or the Audit and Risk Committee. As there is no Panuku Board meeting or Audit and Risk Committee meeting scheduled between 31 December 2020 and 16 February 2021, and the low risk involved in the financial statements of Panuku, the executive recommend that this sign-off is delegated to the CEO and CFO.

Matapaki | Discussion

3. Auckland Council is required to release its 31 December interim financial results to the New Zealand Stock Exchange. To support the preparation of the group interim financial statements, Panuku needs to provide a financial reporting pack to Auckland Council by Thursday 28 January.
4. Auckland Council engages Audit New Zealand to review the group interim financial statements. Audit New Zealand has advised that a review for the reporting pack from Panuku is not required for this period.

5. Auckland Council requires either the Panuku Board or Audit and Risk Committee to sign off the reporting pack and representation letter by 16 February. As there is no board meeting in January, and the interim financial statements are not expected to include any significant items, the executive recommend that this is delegated to the CE and CFO.

Hīraunga | Implications

6. This section outlines all relevant implications for Panuku.

Ngā ritenga ā-pūtea | Financial implications

7. There are no financial implications.

Ngā raru tūpono me ngā whakamaurutanga | Risks and mitigations

8. There are no risks.

Tauākī whakaaweawe Māori | Māori impact

9. There is no impact on Māori.

Ngā whakaaweawe mō te hunga whaipānga | Stakeholder impacts

10. The reporting pack and representation letter to Auckland Council will be approved by the CEO and CFO.

Ngā whakaaweawe rauemi | Resourcing impacts

11. There are no resourcing impacts.

Tauākī whakaaweawe āhuarangi | Climate change impacts

12. There are no climate change impacts.

November 2020

Ngā koringa ā-muri | Next steps

13. The 31 December 2020 half year financial statements reporting pack is signed by the Chief Executive and Chief Financial Officer, as per recommendation, then submitted to Auckland Council by 28 January 2021

Ngā tāpirihanga | Attachments

None

Ngā kaihaina | Signatories

Carl Gosbee, Chief Financial Officer

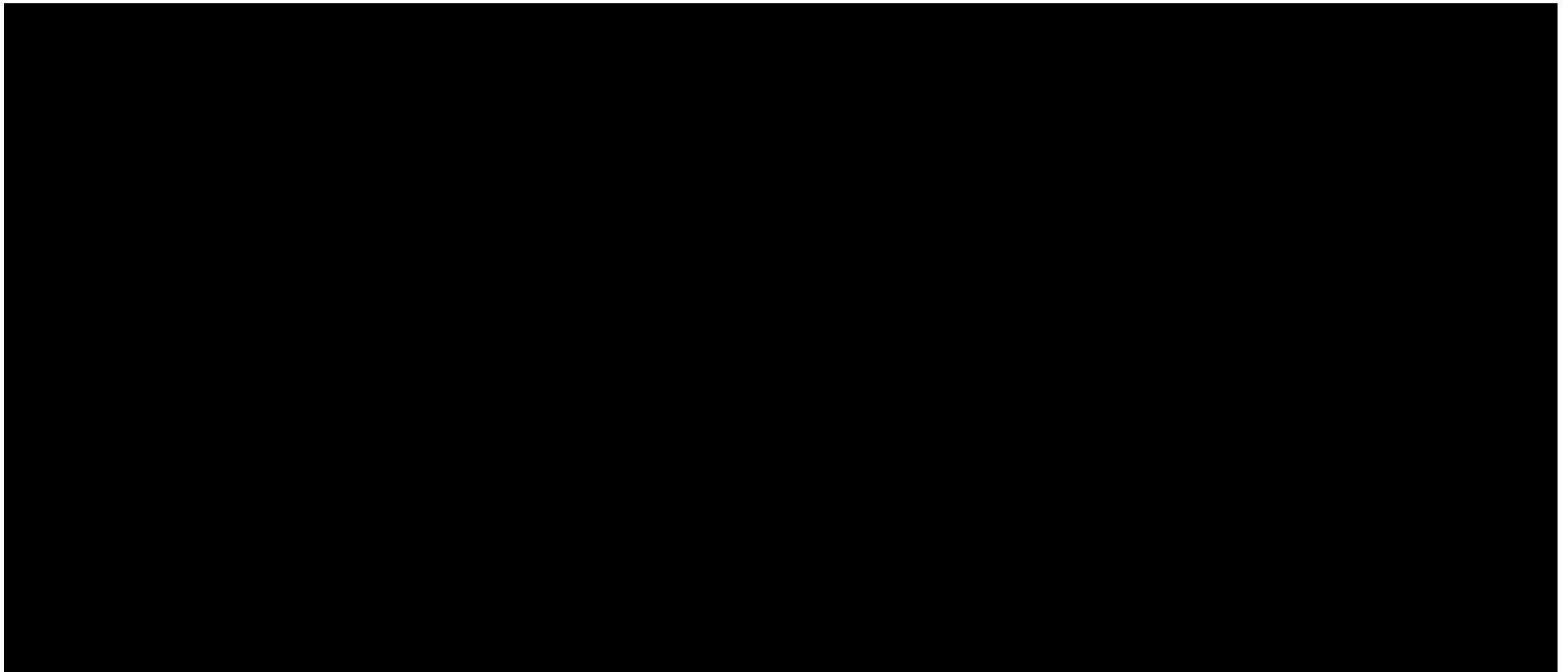
David Rankin, Chief Executive (acting)

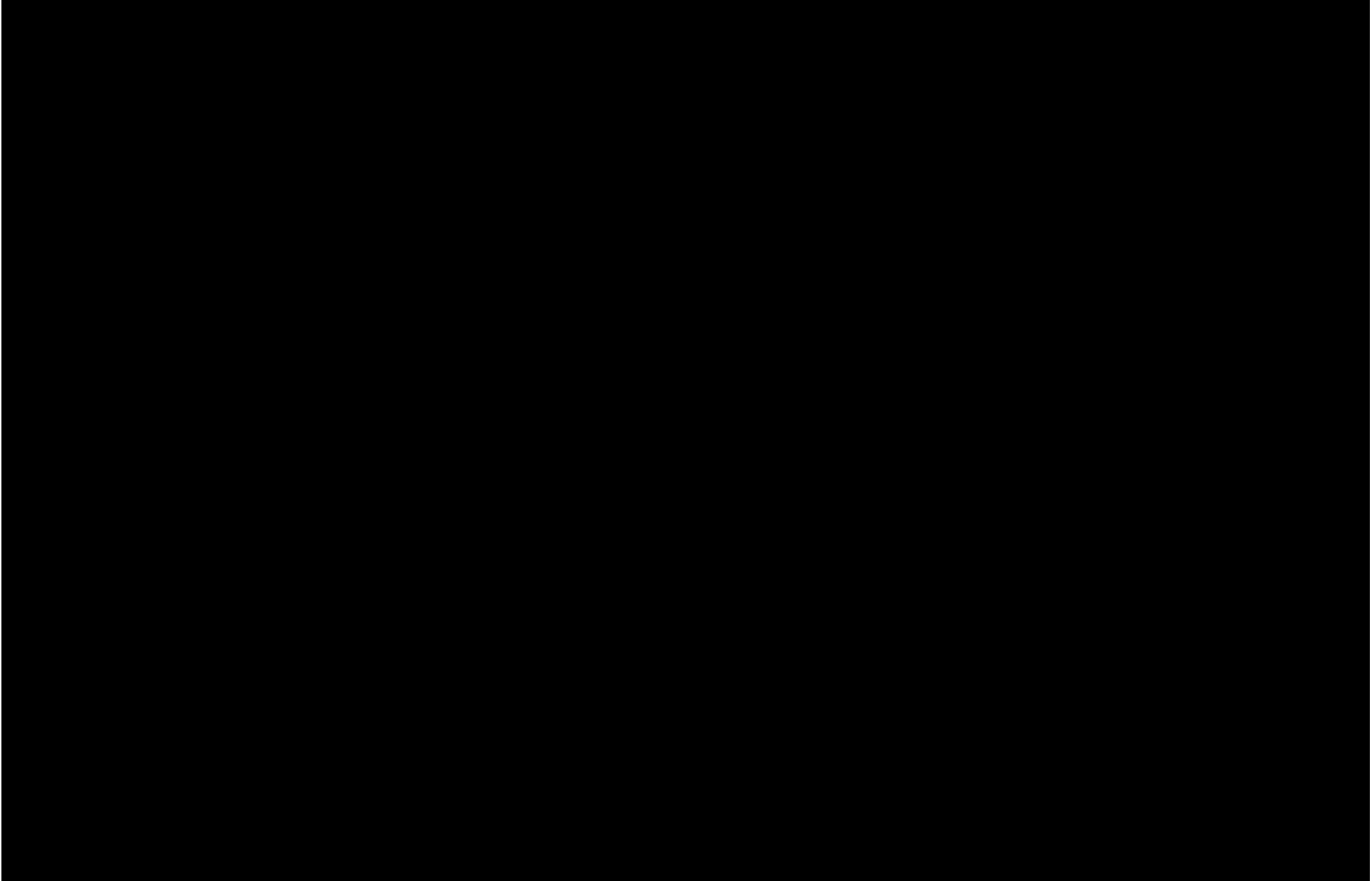
Information paper: Whitford Quarry

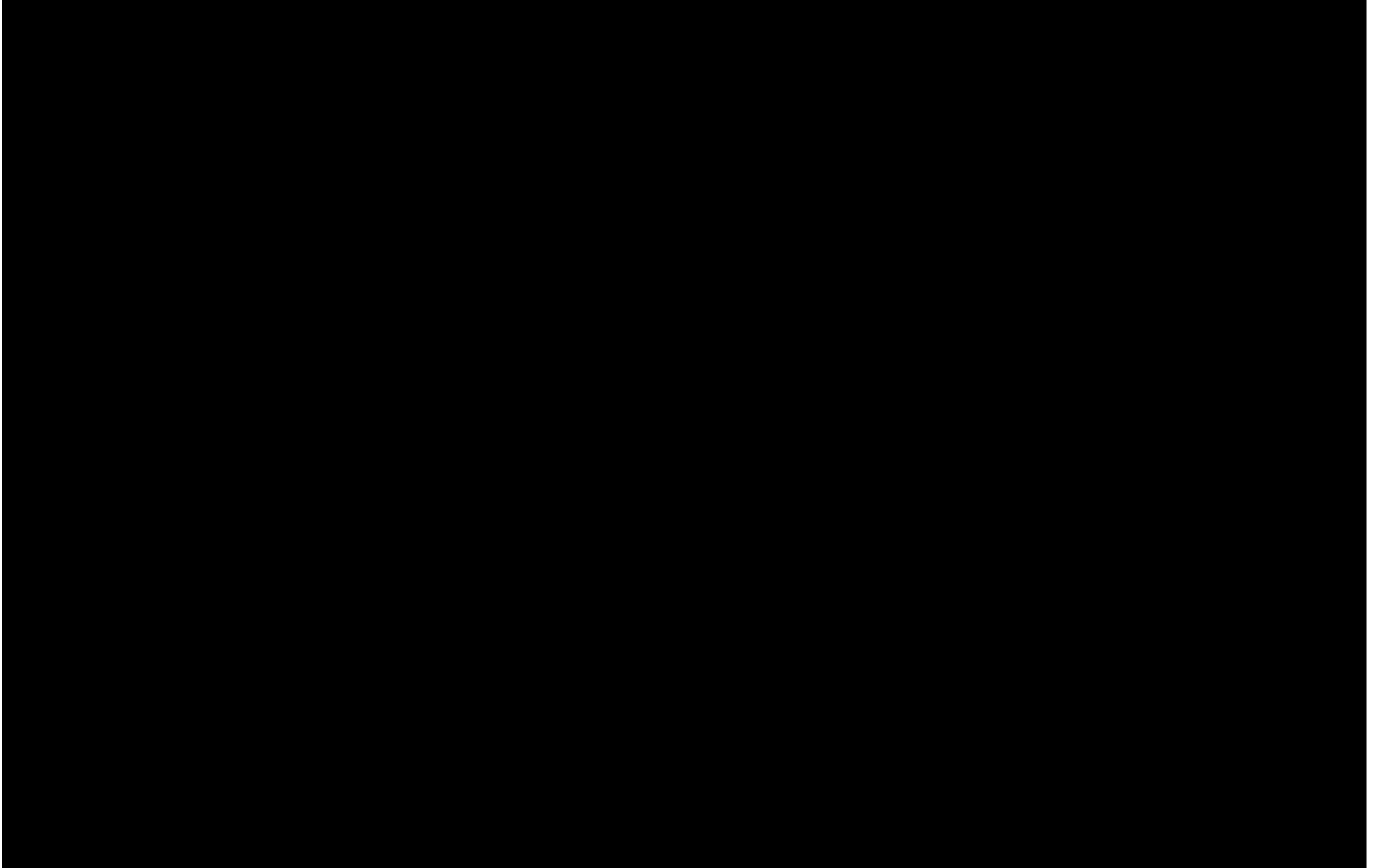
Document author: Marian Webb, GM Assets and Delivery (acting)

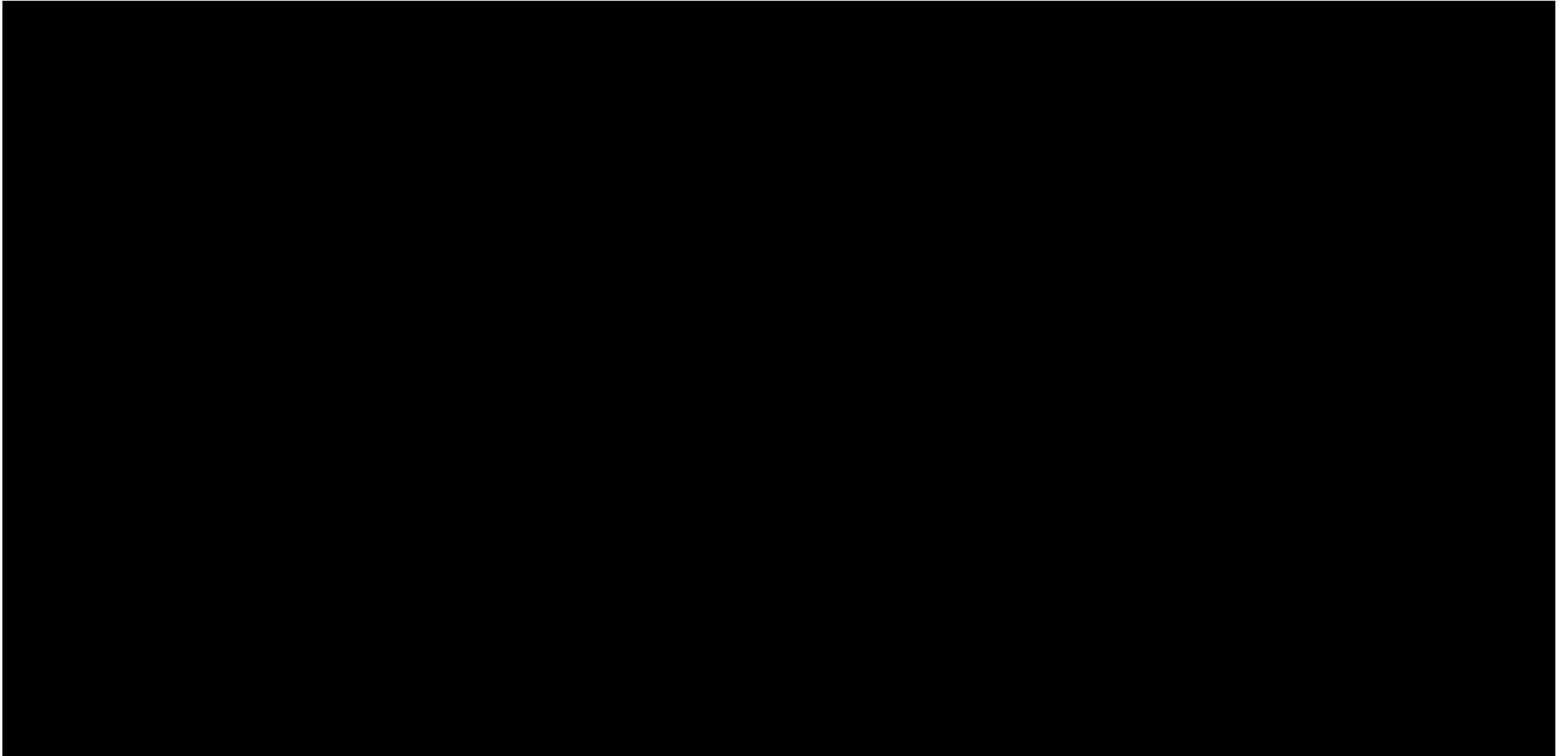
November 2020

Whakarāpopototanga matua | Executive summary





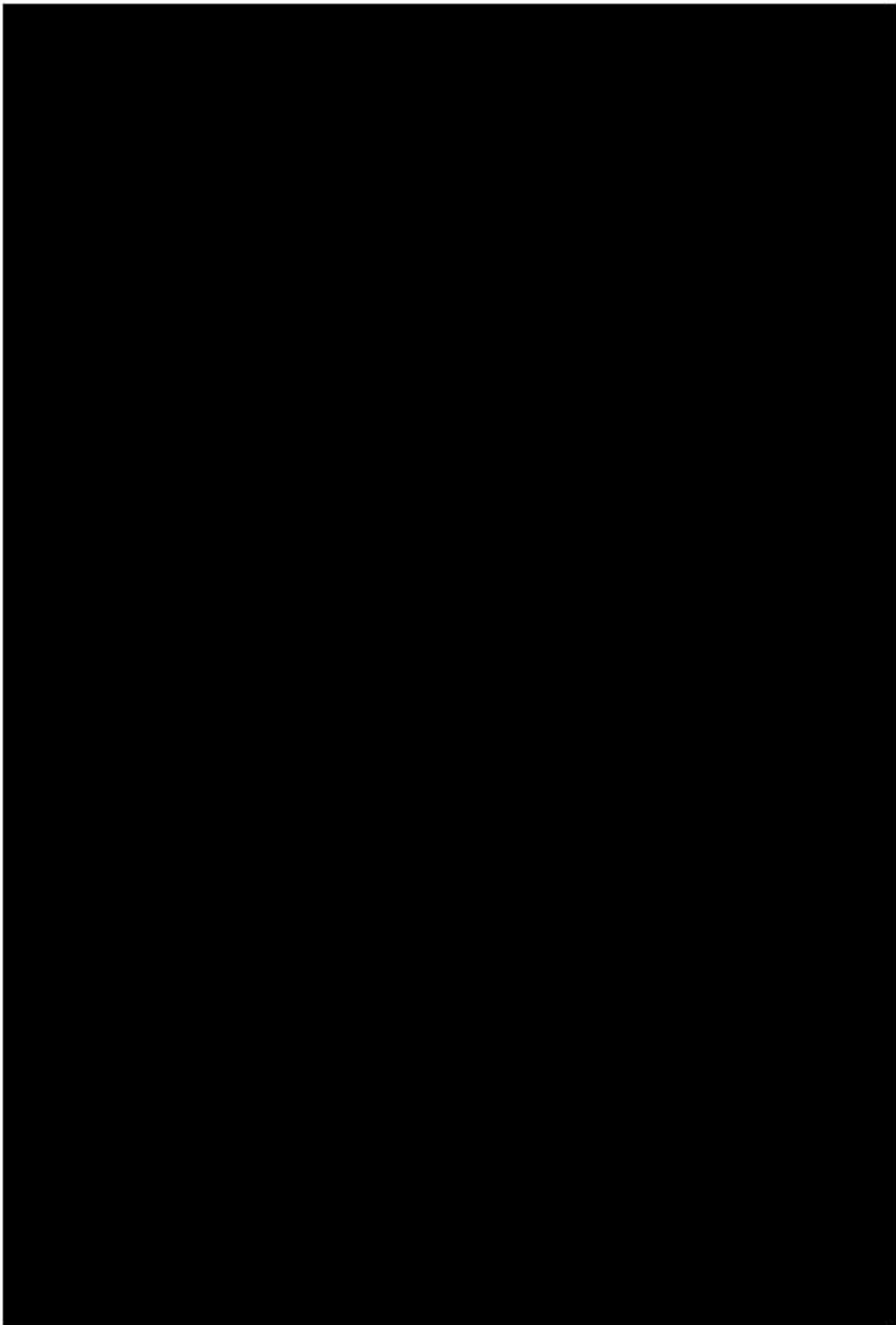


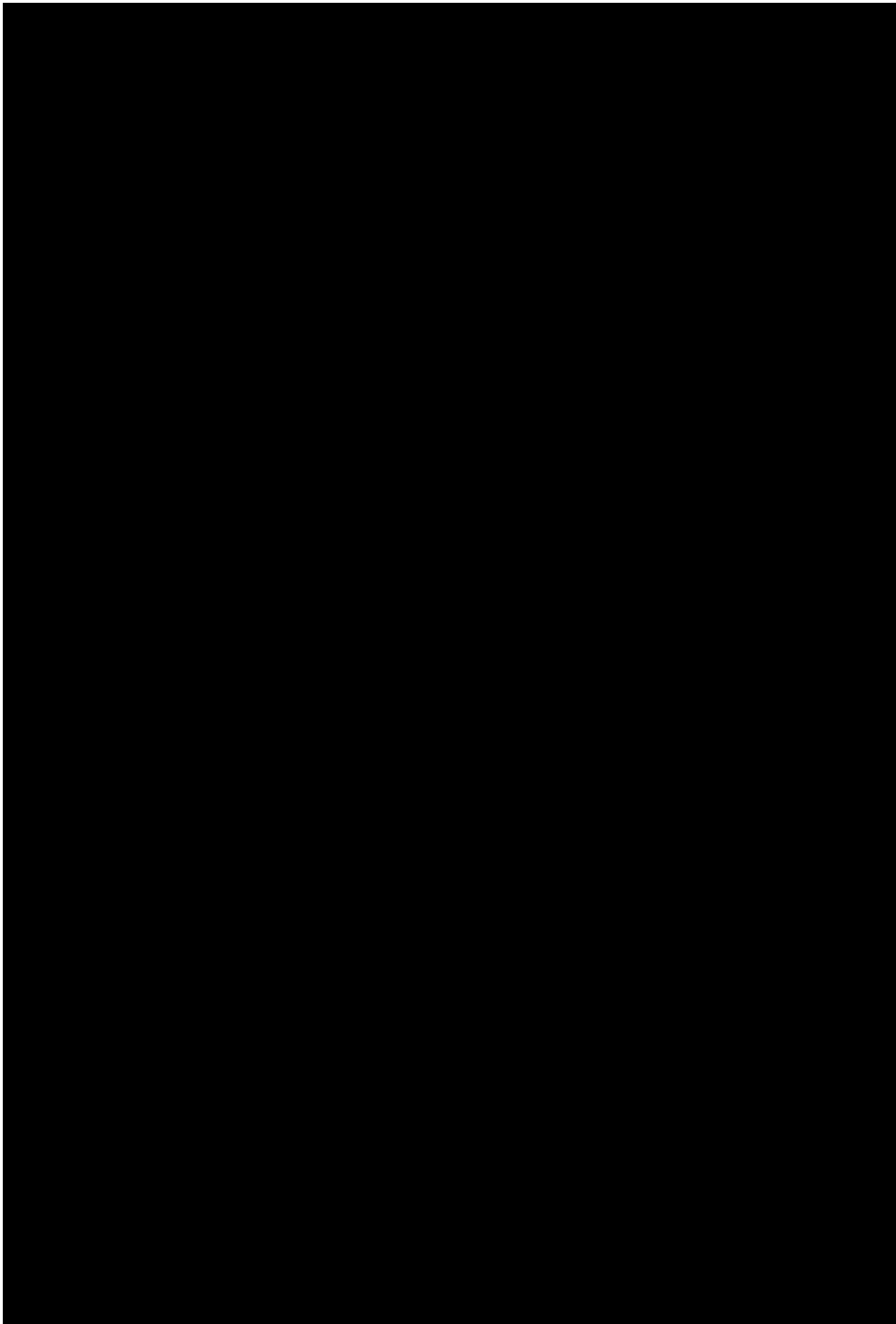


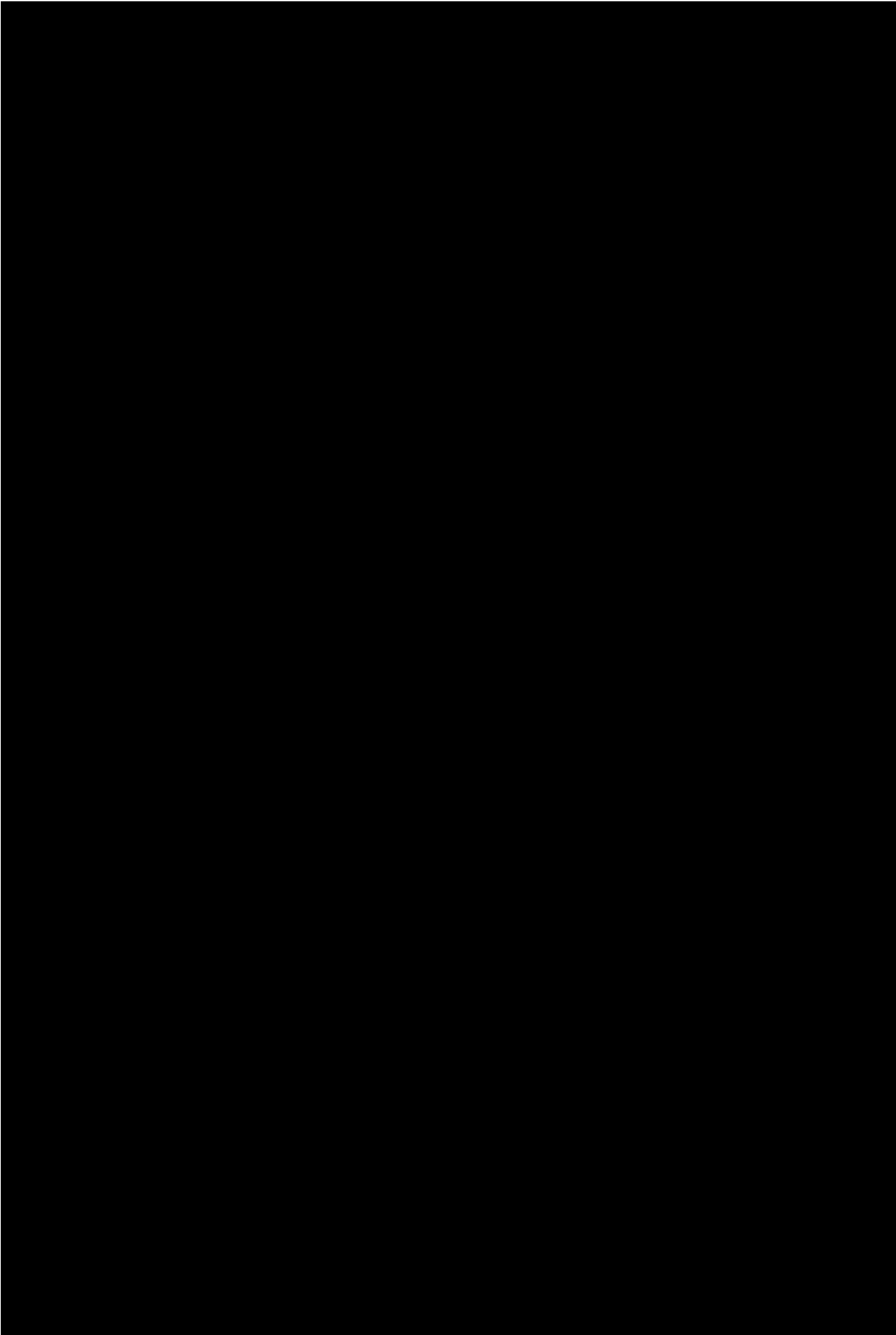
Ngā tāpirihanga | Attachments

Attachment A- location map of Whitford Quarry

Attachment B- current status







Decision paper: Portfolio Funding Review: Quarter one, Jul - Sep 2020

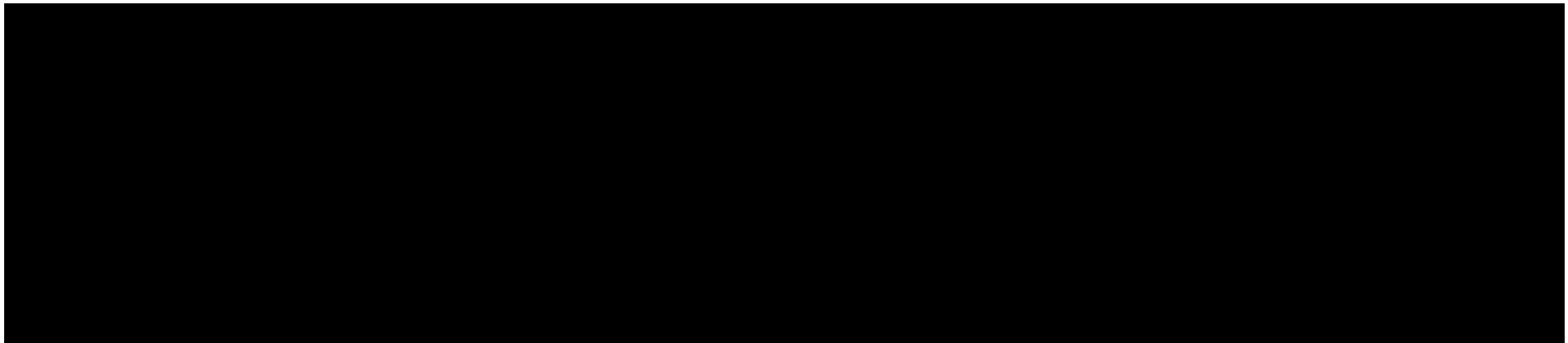
Author: Martha Tong, Head of PfMO

November 2020

Ngā tūtohunga | Recommendations

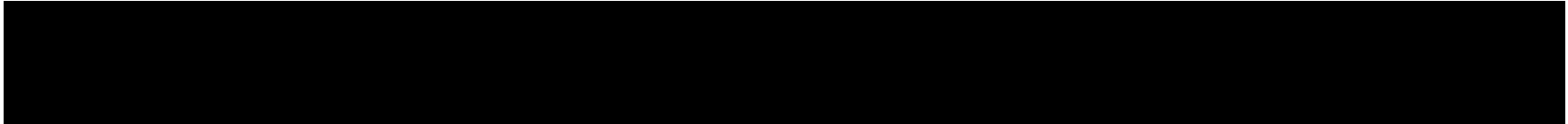
That the Panuku Board...

1. Notes that management has reviewed all project costs and forecast expenditure and has reallocated funding. Funding has been allocated slightly over the council approved budget for both capex and opex, which will help to optimise delivery of the programme and fully utilise budgets. This over-allocation will be reviewed and modified at the end of Quarter 2 and Quarter 3, so that Panuku stays within the council approved budget at year end.
2. Approves the project change requests summarised below, noting that the total value of these projects and associated delivery contracts, are above CE delegation:

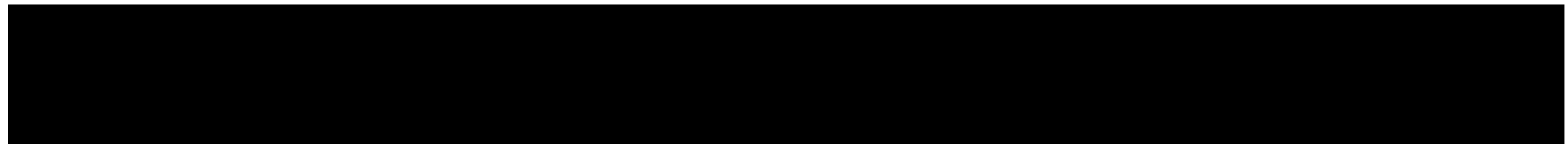


3. Approves the following changes to the approved portfolio budget:

- a. Addition of Waka Kotahi NZTA Innovating Streets regional projects in Henderson, Manukau, Pukekohe and Takapuna locations as follows:



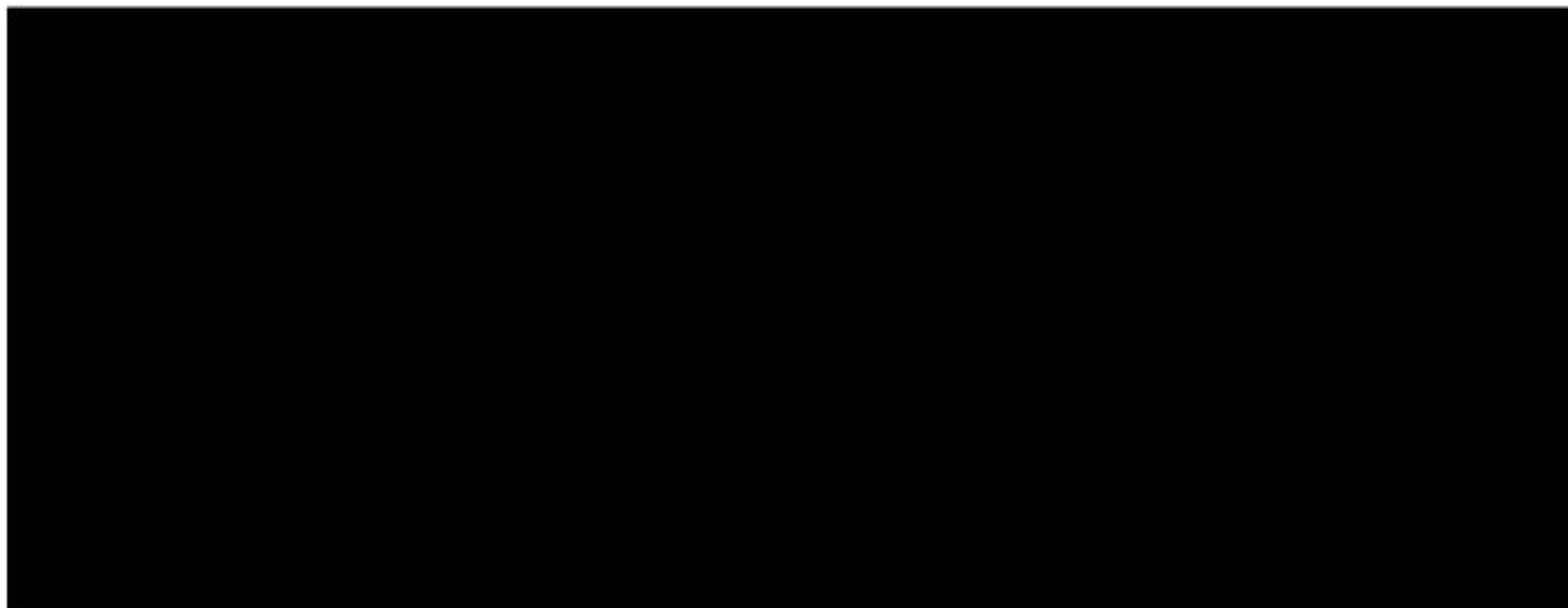
- b. Increase in the FY21 budget allocation following the quarter one reprioritisation of all projects (including the funds requested in the above change requests):



4. Notes that the projected revenue from site sales remains at \$97.2m.

Horopaki | Context

5. In July 2020, Panuku received a confirmed allocation of capital funding totalling \$100m, and opex allocation for the Panuku programme of \$13.1m. The Programme Steering Group (PSG) worked with Priority Location Directors to review all projects and agreed on project allocations based on the draft Panuku Investment Prioritisation Framework. This was later approved by the Portfolio Governance Group (PGG) and is identified as the July baseline.
6. To allow close management of capital spend for FY21, capital budgets are held and managed by PSG and only allocated to projects via the approved project management processes. At the end of each quarter, progress is reviewed, and funding reallocated where necessary. This allows budget allocations to be monitored over the financial year and adjustments made as required.
7. We have now undertaken our first quarter review of our funding allocations. The purpose of this report is to inform the board of the adjustments that have been made across the portfolio and to seek approval for the two projects that require additional funding which falls outside of the original project approvals, and is above CE delegation, as well as the Innovating Streets funding arrangement between Panuku and Waka Kotahi | NZTA.
8. The graphics below provide a summary of the baseline changes for each of the locations:



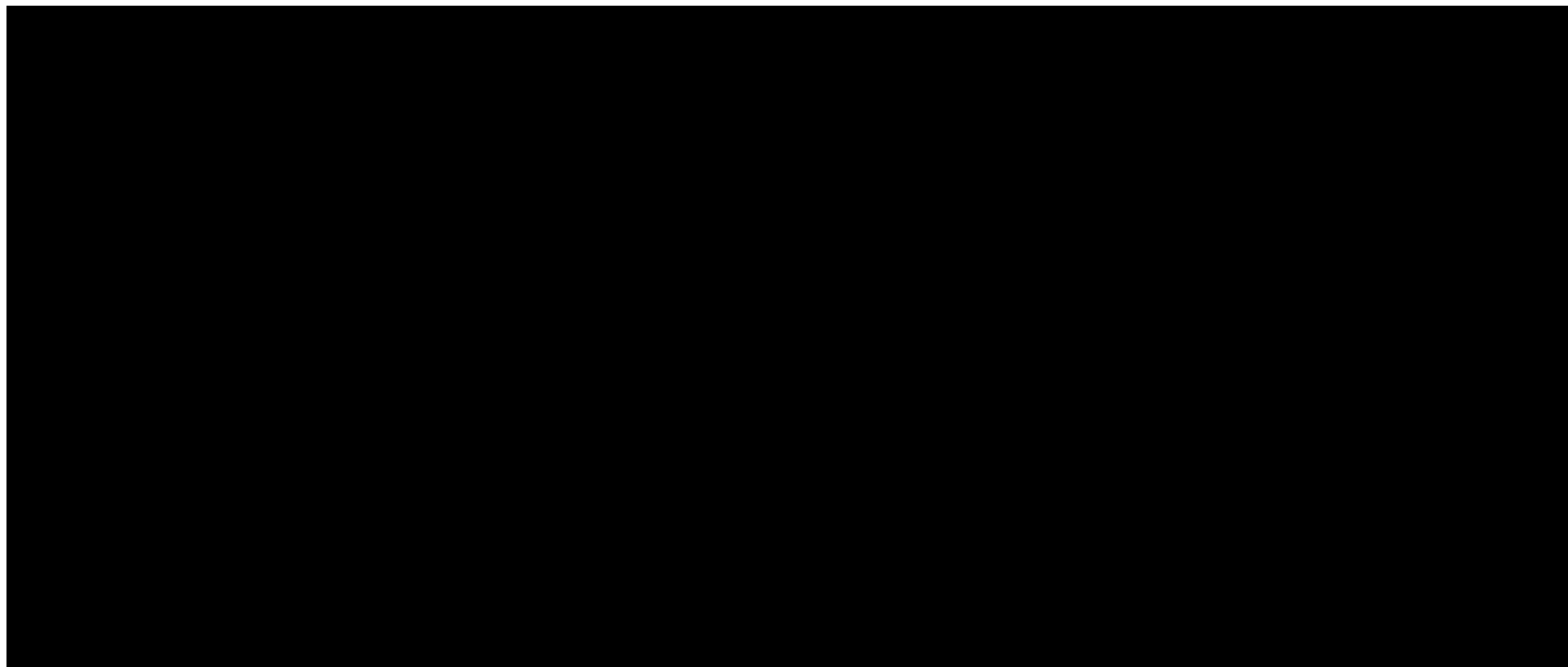
Previous Board / Council engagement and decisions		
Date and meeting	Document	Decision / Outcome
28 July 2020	Board decision paper Statement of Intent 2020-2023, Business Plan, Budget, and Funding Allocation for 2020/2021 Attachment 5: 2020/2021 Panuku projects and budgets	Approved
31 July 2020	Priority Location Committee information paper Portfolio Management Office Prioritisation Framework – Draft	Endorsed

Matapaki | Discussion

11. This report provides an overview of performance of the priority location, regional and renewals programmes, and summarises the updated funding allocations to each programme. It seeks board approval for changes to the approved portfolio budget, programme funding allocations, and specific project changes, where project values are outside the CE delegation.
12. The report also provides progress against baselined programme milestones.

Portfolio performance and change

13. At the end of Q1, capital spend was at \$28.72m, opex spend at \$1.9m, and revenue, as unconditional sales, at \$6.1m.



Programme changes

21. The tables below provide a summary of capex, opex and revenue by each location. This indicates the reallocation of funding between locations. These funding allocations are baselined for each project and reviewed monthly. Baselines are updated quarterly. Programme funding allocations are in attachment 1 to this report.

Table 1: Capex by location

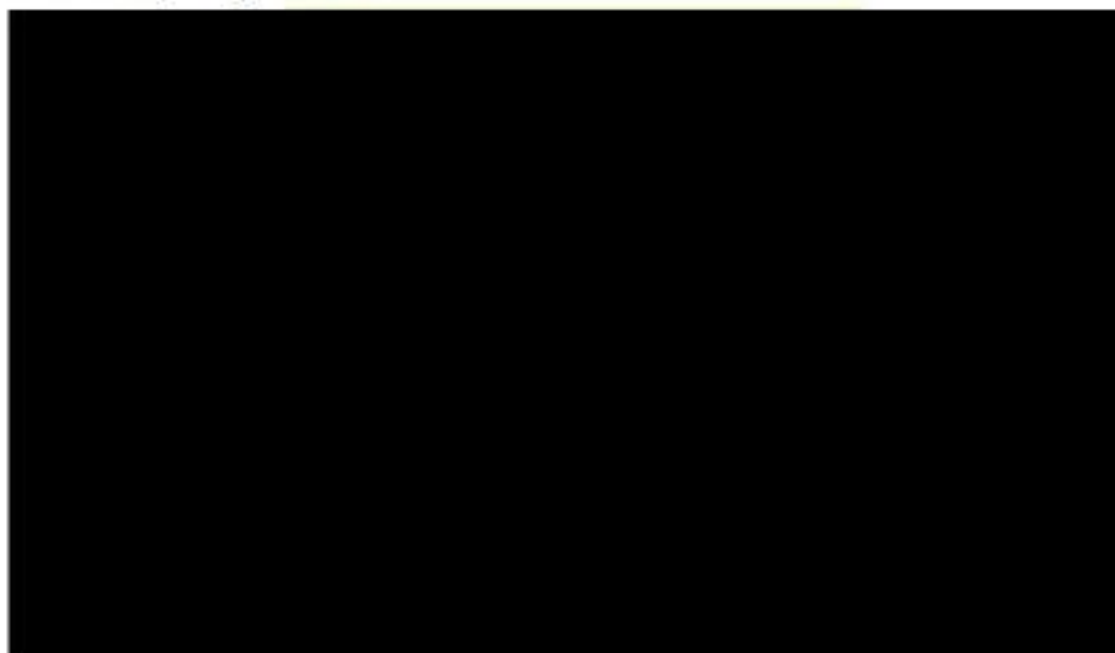


Table 2: Opex by location


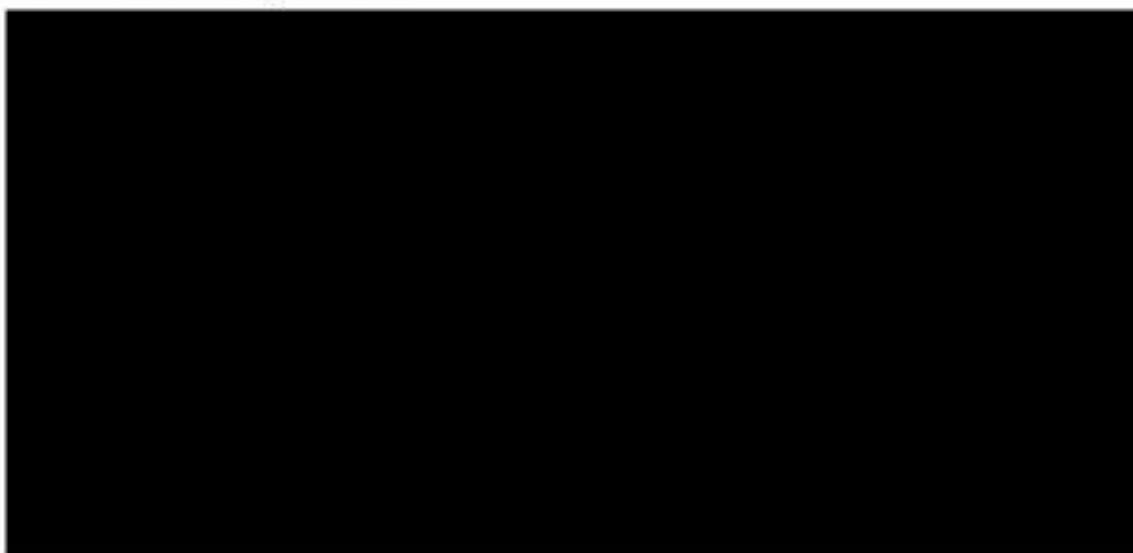
A large black rectangular redaction box covering the content of Table 2.

Table 3: Revenue by location


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Project changes

22. The projects detailed below require Panuku Board approval for additional funding. Both projects are expected to be completed in Q2 and funding is required to settle final contract claims.

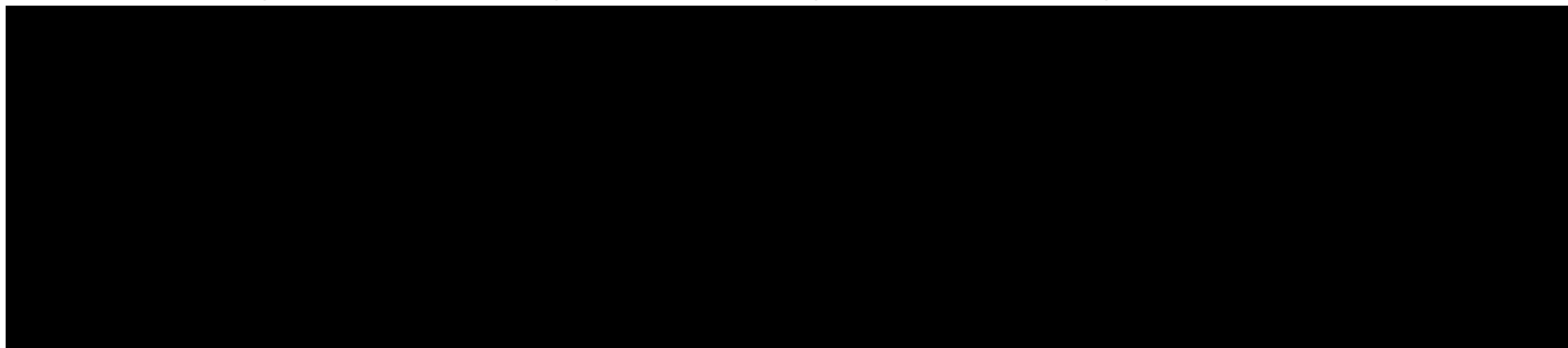
Westhaven Promenade Stage 2 construction

23. The Westhaven Promenade Stage 2 project forms part of the waterfront / Westhaven revitalisation plans and it is a key Panuku delivery objective for increasing public connectivity and amenities within Westhaven. The promenade extends and connects the existing waterfront boardwalks and provides a link to the future Northern pathway.



Gasometer car park construction

25. The Gasometer car park project forms part of the Takapuna programme and it is a key Panuku delivery objective to unlock a number of key sites in central Takapuna which are surface car parks to enable redevelopment into new homes, shops, office accommodation and eateries.



Milestones

29. This financial year a series of standard milestones were applied to all projects, and these were baselined at programme, providing improved oversight of progress. A total of 201 milestones were baselined over the programmes. Of these, 29 milestones are also reported through to Auckland Council in support of the Statement of Intent. Table 4 below provides an overview of our baselined programme milestones.
30. At Q1 no changes were made to milestones, recognising that some milestones which have not been met are likely to be complete in Q2. The tables below provide an overview of progress to date against agreed milestones by project type.
31. In instances where one of the agreed standard project milestones was not forecast to be achieved, for instance, where the project is due to start but go-to-market will not be achieved within the same financial year, a bespoke milestone is being tracked. The milestones are specific to the project type and phase.
32. Of the 201 programme milestones that we are tracking for this financial year, a total of 22 were forecast to be met in the first quarter. A completion rate of 73% was achieved. Of note were the unconditional development agreements at 82 Manukau Road, Pukekohe, a conditional agreement on Lots 4 and 5 187 Flat Bush School Road, Ormiston and the settlement of 1817 Great North Road, Avondale. This quarter also saw a number of capital works begin construction phase including the waterfront's Tiramarama Way Art Display Case project and Tiramarama Way Stage 2.

Table 4: Programme Milestones

Hīraunga | Implications

Ngā ritenga ā-pūtea | Financial implications

Ngā raru tūpono me ngā whakamaurutanga | Risks and mitigations

34. The table below details key risks and mitigations associated with the budget allocation and ongoing management of approved funds.

Risk	Mitigation
<ul style="list-style-type: none"> A perception that spend is inequitable with large sums being invested in the waterfront programme 	<ul style="list-style-type: none"> Proactive communications internal and external about existing commitments

<ul style="list-style-type: none">• Inability to spend all funds, or overspending available funding	<ul style="list-style-type: none">• Overallocation of budgets to ensure pipeline of projects is created• Confirmation of allocation of programme spend via work packages• Tracking of spend, with in-depth quarterly review of progress and potential reallocation• Deployment of additional resource to project delivery teams
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Tauākī whakaaweawe Māori | Māori impact

35. Although some projects where mana whenua have been closely engaged may have been deferred or had elements of delivery deferred to later years, these are minor given that the majority of deferrals are related to contamination payments or site acquisitions. Where there are any impacts these will be managed on a case by case basis by the project teams concerned.

Ngā whakaaweawe rauemi | Resourcing impacts

36. The decreased allocation of funding for acquisition projects in Northcote and contamination payments to development partners on the waterfront, and reallocation to multiple renewals projects has an impact on the capital projects delivery team; the number of staff required to scope and deliver a capital project are far greater than monitoring developer progress related to a development agreement. The reallocation of funds to the renewals programme increases demand for resources. In the short-term resources are being identified from within the delivery team and the PfMO to provide support to this team. If necessary, contractor resource may be required, noting that this has impacts on staff headcount and positions may need to be freed up in other parts of the business in order to resource this team.

Ngā koringa ā-muri | Next steps

37. All projects will be reviewed in January, based on performance at the end of Q2. Reallocation of funding will be undertaken, and any changes reported to the board in February 2021.

Ngā tāpirihanga | Attachments

Attachment 1: Programme funding allocation

November 2020

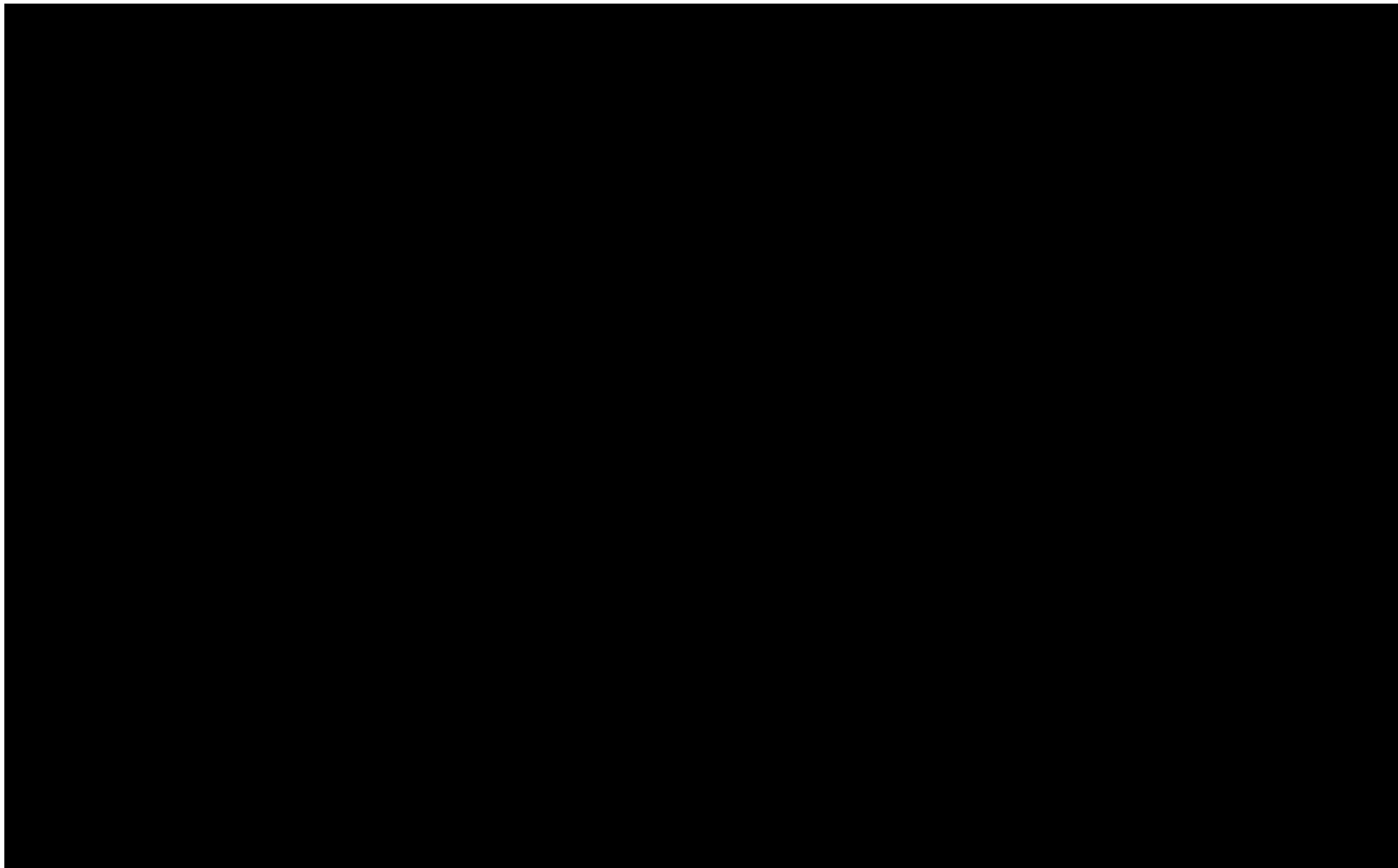
Attachment 2. Quarter 1 Baseline vs Actuals

Ngā kaihaina | Signatories

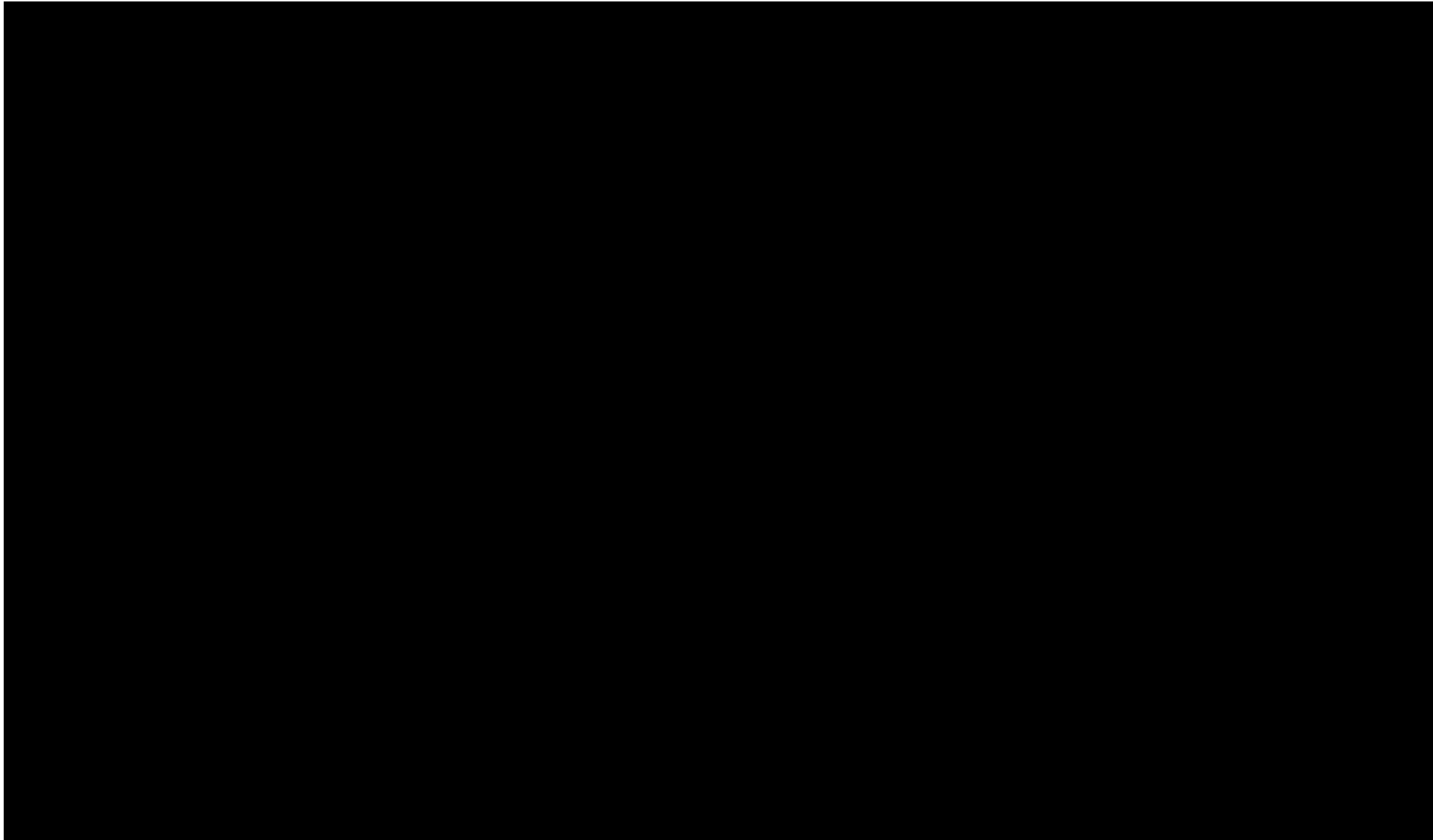
Ian Wheeler, Chief Operating Officer

David Rankin, Chief Executive (acting)

Attachment 1: Programme funding allocation



Attachment 2: Q1 Baseline vs Actuals



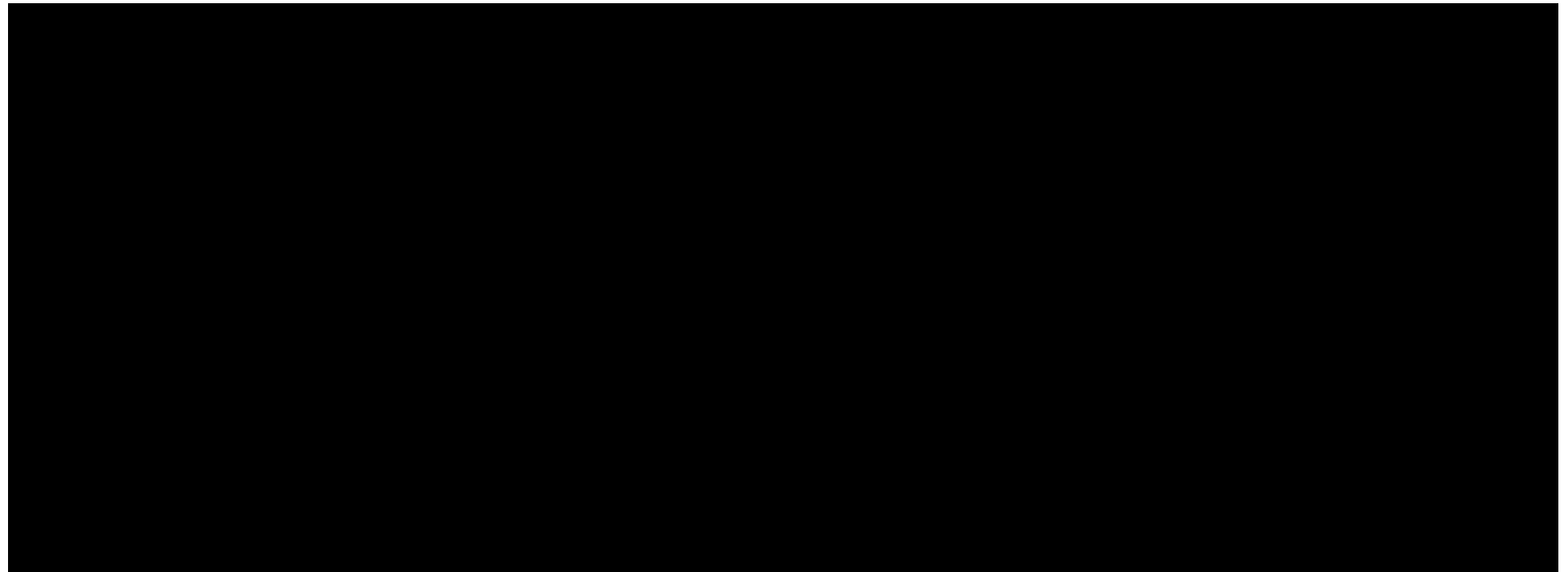
Decision paper: Panuku / Auckland Transport Transit Orientated Development Programme

Author: Marian Webb, GM Assets & Delivery (acting)

November 2020

Ngā tūtohunga | Recommendations

1. That the Panuku Board...



Whakarāpopototanga matua | Executive summary

2. This paper seeks formal approval of the Programme Business Case for the Panuku / Auckland Transport Transit Orientated Development Programme that is described in the attached supporting overview summary and full programme business case which is available in the resource centre.
3. Transit Orientated Developments (TODs) aim is to maximise the amount of urban development that falls within the primary walking catchment of frequent and rapid public transport services, and not allow car access to dominate the needs of pedestrians, cyclists, and public transport users. They typically incorporate a mix of land uses, such as residential, employment, leisure, and service activities.
4. An Auckland Plan transformational shift is to 'radically improve the quality of urban living'. A key aspect of improving the quality of urban living is the delivery of high-quality integrated development, and initiatives that support policies that enable and encourage growth into areas within walking distance of rapid transit stations and stops. Auckland Transport (AT) and Panuku Development Auckland (Panuku) have the ability to partner and collaborate to deliver transport infrastructure that is integrated with high-quality development on properties in the AT fixed asset register.
5. As identified in our respective Statement of Intent (SOI), Panuku and AT are primary contributors to improving the quality of urban living. Panuku and AT have complementary roles to play in this area, with the opportunity to align priorities and deliver high-quality integrated development on the site, or within the catchment, of transport infrastructure.
6. To this end, Panuku and AT have been progressing an integrated asset redevelopment strategy since 2018 that centres around TODs. Our proposed strategy seeks to integrate transport service requirements at designated council owned park and ride sites with mixed use development to create transit-orientated developments (TODs). The focus is on current park and ride sites which have the potential for the airspace above the site to be sold for development or another disposal component, while the underlying transport asset is retained in council ownership and will continue to be maintained and operated by AT.
7. The capital receipts generated by unlocking and releasing the latent value of selected sites by enabling the commercial development of the airspace or partial sale will be optimised and reinvested back into regional transport priorities. Service property optimisation previously

applied to Auckland Council's community assets, not properties on the AT fixed asset register. The Finance and Performance Committee resolved the extension of the Optimisation of Service Property approach to Auckland Transport managed assets in March 2018 to enable reinvestment of net proceeds from AT managed assets into transport priorities.

8. The non-financial outcomes of this programme are anticipated to include increased public transport patronage and strong urban regeneration and urban design outcomes at selected park and ride sites. This programme seeks to increase density and intensification around transport nodes and provide the Auckland regional with additional housing supply, with the potential for over 200,000m² of new commercial space or up to 2,100 new apartments.
9. The objectives of the Panuku / Auckland Transport Transit Orientated Development Programme are:
 - increased public transport patronage, active modes and safe access
 - strong urban regeneration and urban design outcomes
 - increasing density and intensification around transport nodes
 - increasing housing supply and delivery of a range of housing typologies as a priority
 - the delivery of parking as part of a mix of uses
 - the ability to partner with developers capable of delivery
 - the release of capital / latent value from park and ride sites, and
 - future proofing for imminent strategic transport requirements.
10. The concept design for each site will be captured in Essential Outcomes and Design Guidance and reflect quality urban design outcomes. Whilst not all of the sites that form the scope of this programme will be suitable to provide all of the urban design outcomes listed, these outcomes will be considered for each development site.
11. To achieve a positive urban design outcome the design of each site will need to consider providing:
 - Enhanced local character and identity

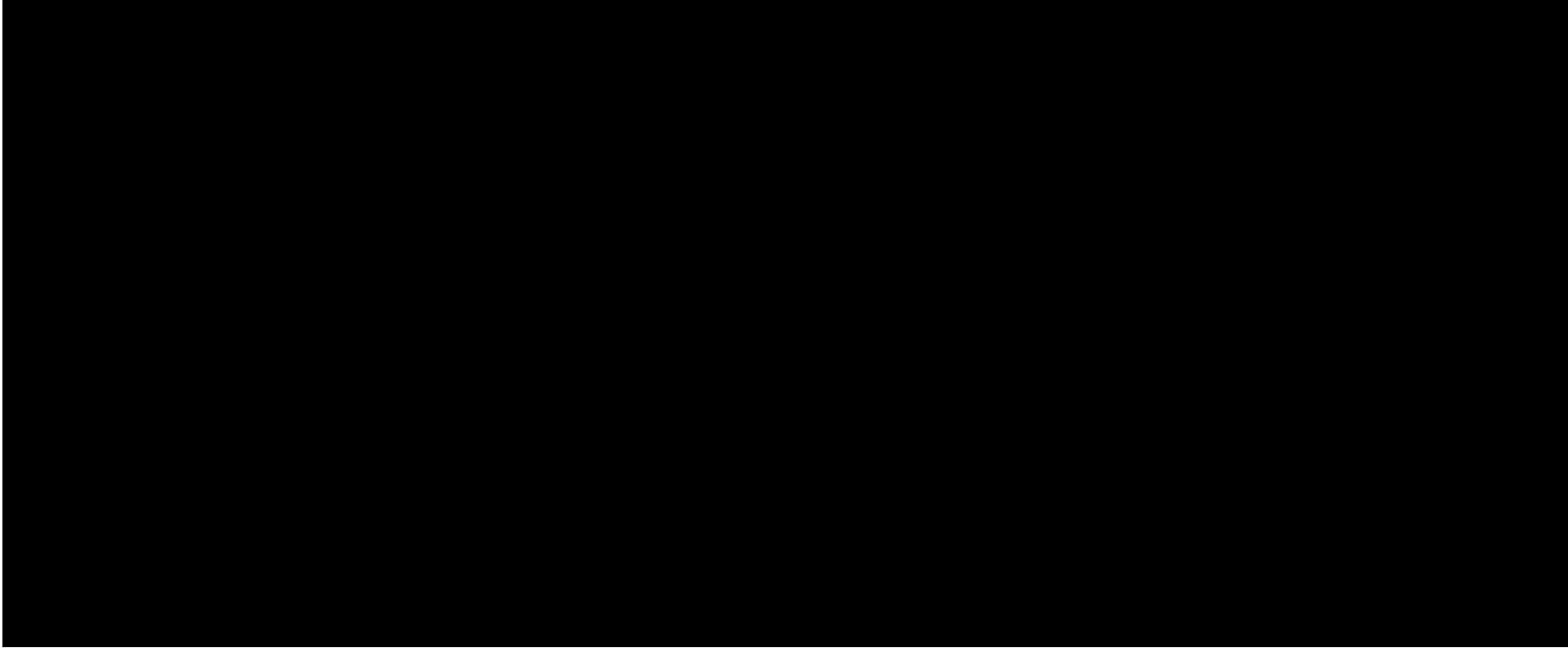
November 2020

- Improved connectivity, access and accessibility
- Activation and high-quality public realm
- A safe environment
- Sustainable design
- High quality parking design and layout
- Future proofed park and ride.

12. The overall benefits of this programme are:

- Catalysing development in a location
- positive urban design outcomes
- Quality development by the private sector that will be actively promoted through Panuku having direct influence over site redevelopment encompassing strategic and commercial outcomes
- Intensification of land use, particularly residential
- Freeing up of a wide range of undercapitalised development opportunities, either on full sites or in part.

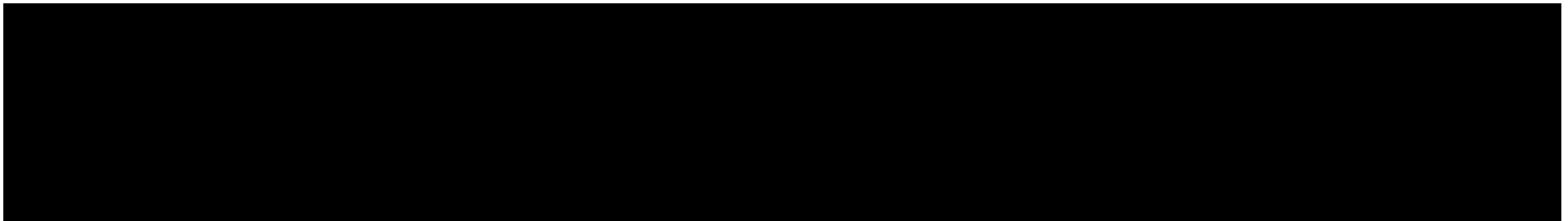
Horopaki | Context

- 
21. The development outcomes for each site will be identified in their respective project business case and be largely driven by the development opportunity, market demand, Auckland Unitary Plan zone, site-specific designations, transport service requirements and good urban design.
 22. As a base principle council will retain some form of ownership of the service component. Ownership tenure will be confirmed at the individual business case level and development partner stage on a proposal by proposal basis.
 23. To ensure development can be achieved in a holistic and integrated manner the programme proposes early engagement with the development sector to identify suitable large-scale developers who share the long-term vision and investment interests and have the capability to undertake this type of development. This approach can help ensure:
 - alignment with the stated programme vision

- alignment with AT's strategic outcomes and Panuku's objectives
- earlier engagement with key stakeholders on the masterplan / development.

24. Panuku commissioned PwC to prepare a commercial development strategy for this programme. That commercial development strategy considered the highest and best use, known transport constraints and dependencies, market analysis, high level feasibility, and modelling to rank the opportunities by materiality of value released, transport benefits, urban regeneration, and wider benefits, as well as market attractiveness.

25. Panuku and AT considered that commercial development strategy and propose to deliver the programme in three tranches, with a considered view taken on the delivery of Tranche 3 following the completion of Tranche 2:



26. The aim of this programme is to facilitate the development of mixed use, transit-oriented opportunities that will enhance integrated land use and transport investment for the customer.

27. The vision of this programme is to build a fit for purpose park and ride asset portfolio that integrates transport with quality housing and urban regeneration, maximises land use outcomes and provides financial value from Auckland Council owned land.

28. There are a number of principles that guide this programme of work including:

- facilitating development through the controlled sale of land, or by removing constraints and barriers that the private sector might otherwise struggle to overcome
- leveraging off council owned land and working with external development partners
- generating latent value from the sale of assets deemed surplus to requirements

- facilitating housing and /or urban regeneration.

Previous Board / Council engagement and decisions		
Date and meeting	Document	Decision / Outcome
3 June 2020	Decision paper: Panuku / Auckland Transport Park and Ride integrated development programme	Approved
6 November 2020	Panuku / Auckland Transport Park and ride integrated development programme business case	Presentation to the Priority Location Committee

Matapaki | Discussion

Portfolio context

29. The development outcomes for each individual site will be identified in the respective project business case and will largely be driven by the development opportunity, market demand, Auckland Unitary Plan zone and site-specific designations.
30. The concept design for each site will be captured in Essential Outcomes and Design Guidance and reflect the quality urban design outcomes. The purpose of Essential Outcomes and Design Guidance is to articulate the site-specific transport requirements and urban design outcomes. It will form the basis of negotiations with a potential developer of the site and be included in any future Development Agreement.
31. A development manager and design lead will be assigned to each project and seek to ensure the identified development and design outcomes are realised.
32. Dependent on the degree of complexity of the development and design outcomes being sought, and the level of stakeholder support, the development of a site may take between one to three years to deliver including statutory clearance. Similarly, development of transport assets will be highly dependent on both the prevailing market forces and the overall commercial attractiveness of the site to the market.

33. The programme will follow Panuku policies, strategies and guidelines as agreed by the Panuku Board.

34. Panuku investment in this programme is resource only and the level of input will vary depending on the development outcomes being sought. The table below details the investment profile over the planned life of the programme.

Investment type	Description	✓✓✓
Unlock	Investment that has to happen to unlock development opportunities on Panuku sites. This includes: infrastructure essential to make a site more marketable infrastructure to service future growth in the area	✓✓✓
Catalyse	Investment that is important to stimulate/advance change in a location by others and is expected to bring about significant change that would not happen within desired timeframes without this project	✓✓✓
Support	Creates additional non-financial (social, environmental, cultural, economic) value by creating new or significantly improved community assets to support a growing population	✓✓✓
Lead	Demonstrates leadership in relation to strategic outcomes and innovation. We expect some value trade-off. The project seeks to influence practice and outcomes in the wider market and has some element of replicability. This investment is often a property value write-down	✓✓
Critical	Urgently required to address risks such as maintaining level of service delivery, harm to people due to H&S issues, negative environmental impact or other or required due to legislative, regulatory, contractual and other requirements	
Growth	Facilitates business growth by providing new, expanded facilities	✓✓
Reputation	Significant public and political interest and support for the project, with significant reputation impact if the project is not carried out	✓✓✓

Progress to date

35. In January 2019, Panuku commissioned PricewaterhouseCooper (PwC) to produce a Commercial Development Strategy for this programme of work. The Commercial Development Strategy proposed adopting a phased approach to delivery. We accepted this proposal and divided the ten sites into three tranches based on their respective marketability, timing and effect on transport objectives.
36. In February 2020, the AT Board approved in principle the optimisation of the park and ride sites with the overriding condition that current and future transport operations can be maintained and controlled by Auckland Transport. The AT Board noted that approval will be sought on a site by site basis before expressions of interest are sought from the development community for TODs to be progressed on selected park and ride sites.
37. In September 2020, the Finance and Performance Committee approved the sale of the airspace for development or another disposal component for the 10 sites subject to a site-specific detailed business case.
38. The key deliverables in FY21 are:
 - Approval of the generic transport requirements by the AT Board
 - Agreement on the Ōrākei train station park and ride site transport requirements
 - Approval of the Ōrākei train station park and ride business case
 - Approval of the go to market strategy for the Ōrākei train station park and ride site.

Hīraunga | Implications

39. This section outlines all relevant implications for Panuku.

Ngā ritenga ā-pūtea | Financial implications

40. Service property optimisation is a tool that aims to deliver improved community outcomes with no impact on rates. It involves the sale or redevelopment of under-performing service property, with proceeds reinvested into eligible projects. It previously only applied to Auckland Council's community assets, not properties on the AT fixed asset register. On 20 March 2018, the Finance and Performance Committee

resolved the extension of the Optimisation of Service Property approach to Auckland Transport assets. This enables the net proceeds from the redevelopment of the selected park and ride sites to be reinvested into regional transport priorities.

41. The delivery of this programme will provide AT with an additional funding stream for reinvesting into regional transport priorities which is not derived from rates.

42. The programme makes the following financial assumptions:

- The property construction market and housing development remains a strong investment proposition in the current market
- There is sufficient operational expenditure (Opex) available to support this programme until it can be offset by the cost of sale.

Ngā raru tūpono me ngā whakamaurutanga | Risks and mitigations

43. Key risks to the programme are:

Risk	Mitigation
The commercial and / or residential property market may drop off deterring the private sector from looking to develop AT operated assets made available	Adopt a tranching approach to taking sites to the market and gauge appetite through an EOI process
The development of AT assets may not generate the level of financial return anticipated by AT	Emphasise this programme was intended to be cost neutral Temper AT's expectations and share independent market valuations with them at the earliest opportunity
The transport service outcomes of AT may be overly ambitious and not able to be met	Determine AT's site- specific transport service outcomes before taking sites to the market and align to the commercial strategy
The site valuations may fall short of AT's expectations and / or own determination of their value on the open market	Employ an independent valuer on a site by site basis. Work with AT to find an agreed price

The commercial and / or residential property market may drop off deterring the private sector from looking to develop AT operated assets made available	Get the designation process initiated by AT with a clear process outlined detailing steps and timeframe for completion before going to market
The designation over the Park and Ride at 240 Ōrākei Road may not be removed until late 2020.	Work with AT to ensure that the tranche 1 assets all have defined and agreed transport requirements before they are taken to the market
AT may not be able to determine the site-specific transport requirements to enable sites to be taken to the market	Keep the development community apprised of progress and keep them warm
Continued delay in getting sites to the market may erode private sector interest and appetite in the programme	Adopt a tranching approach to taking sites to the market and gauge appetite through an EOI process

Tauākī whakaaweawe Māori | Māori impact

44. The importance of effective communication and engagement with Māori on the subject of land is understood. As a first step, AT and Panuku have jointly attended three hui with mana whenua to discuss the proposed Park and Ride Integrated Development programme. The purpose of attending the three hui was to engage early with mana whenua so that they are informed about the proposal.
45. The hui sought feedback on our proposed framework for working with mana whenua on site specific opportunities, should the Park and Ride Integrated Development programme be approved. Our proposed approach is to understand if there are any historical issues of significance or sites of cultural significance for mana whenua for any of the sites. Following this, we propose contacting each mana whenua group independently and requesting feedback on the specific proposal.
46. This engagement will seek to understand any potential issues of cultural significance the group would like to formally express and any preferred outcomes that the group would like considered. We will also invite mana whenua to express potential commercial interest in the subject properties. We will also seek input into, and collaboration on, any related public realm design.

Ngā whakaaweawe mō te hunga whaipānga | Stakeholder impacts

47. The Programme Business case will be delivered in conjunction with the following partners:

- Māori and Mataawaka
- Central Government agencies such as Waka Kotahi and KiwiRail
- Council Group partners: CCO/ External Partnership teams
- Development partners.

Ngā whakaaweawe rauemi | Resourcing impacts

48. The programme anticipates utilising a minimum of 40% of 4 FTE of internal resource over the next 12 months, comprising development and project managers, and expertise from Panuku's centres of excellence.

Tauākī whakaaweawe āhuarangi | Climate change impacts

49. The Panuku and AT Park and Ride Integrated Development programme seeks to integrate transport service requirements at designated council owned park and ride sites with mixed use development. This programme is intended to help address the some of the issues the Auckland region faces due to climate change by:

- creating density in and around transport nodes;
- helping to create walkable communities;
- increasing public transport accessibility;
- providing communities with more options to be less reliant on traditional forms of transport such as cars; and
- reducing transport related emissions.

50. Subject to Programme Business Case approval, analysis will be undertaken on a site by site basis of the climate change impact, with potential risks, such as if the site is in flood plains and the potential for coastal inundation, considered and mitigation strategies formed if necessary.

51. We recognise that any form of construction and development can increase emissions. Emissions associated with any potential redevelopment could be reduced through development standards agreed through a future development agreement, utilisation of our Homestar 6 policy and requirements to reduce carbon emissions in commercial developments.
52. The long-term benefits of there being a reduced reliance on private motor vehicles is also anticipated to offset construction related emissions by the creation of density in and around transport nodes. This will contribute to helping to create walkable communities, improving access to public transport and reducing transport related emissions.

Ngā koringa ā-muri | Next steps

53. Implementation will continue in line with the approved programme, with progress reported to the Board quarterly and monthly oversight by the management assurance functions: Portfolio Governance Group (PGG) and Programme Steering Group (PSG).

Ngā tāpirihanga | Attachments

A Programme Business Case Overview

B Full programme business case (resource centre)

Ngā kaihaina | Signatories

Marian Webb, GM Assets & Delivery

Ian Wheeler, Chief Operating Officer

David Rankin, Chief Executive (acting)

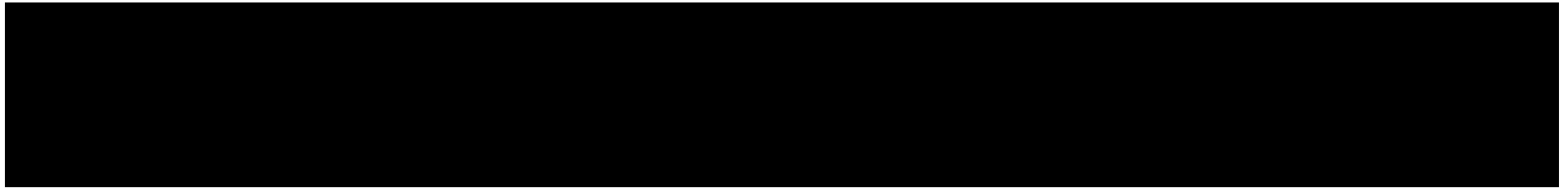
Decision paper: Aotea Central over station development revised proposal

Author: Grant Massey, Development Manager

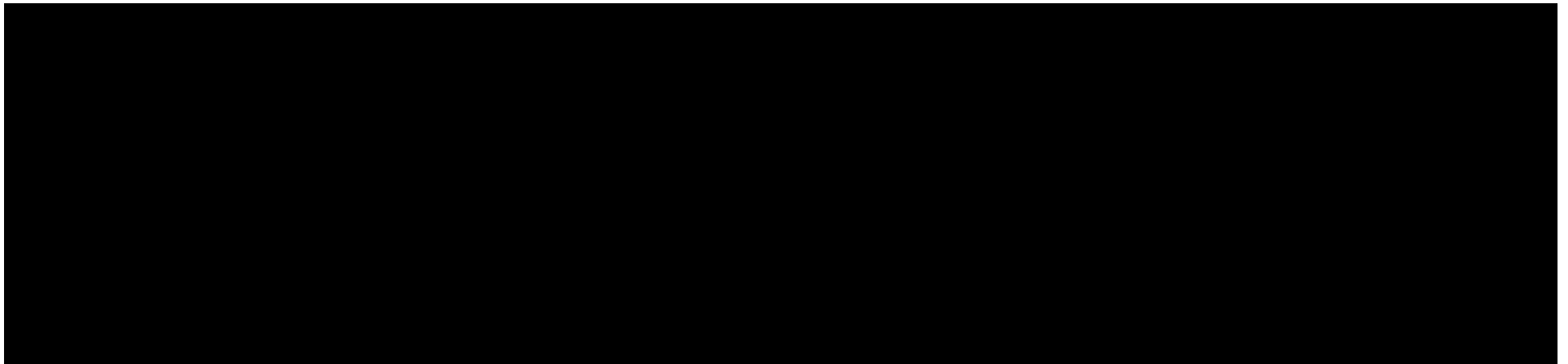
November 2020

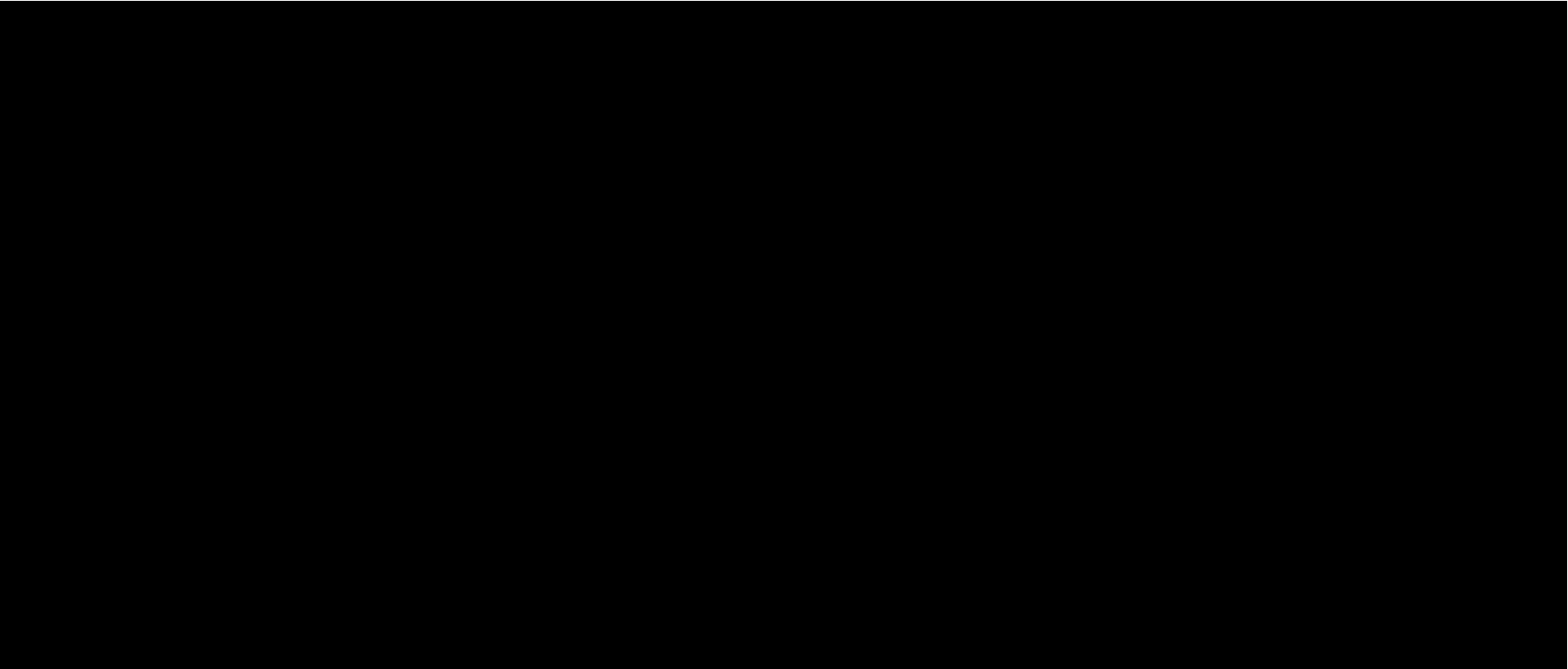
Ngā tūtohunga | Recommendations

That the Panuku Board...



Whakarāpopototanga matua | Executive summary





Horopaki | Context

11. Aotea Central is a strategic site in the context of both Auckland's CBD and leveraging the benefits of the CRL and council's significant public infrastructure investment.
12. Aotea Central was approved for sale by council's Finance and Performance Committee on 15 May 2018 as part of the council's Corporate Property Portfolio Strategy. In November 2018 the council resolution was amended to delegate authority to the Panuku Board to approve the final terms of the sale.

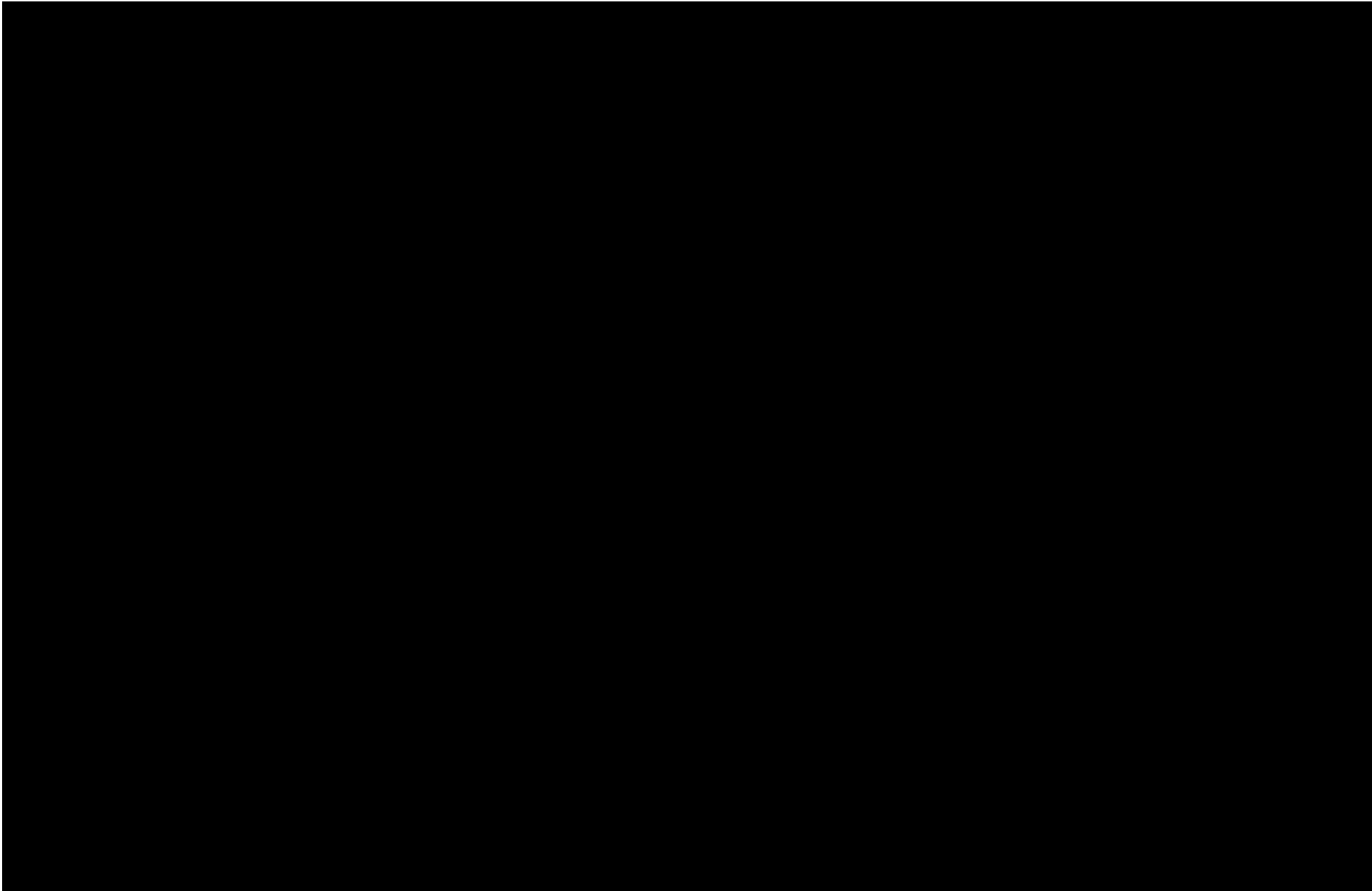
Previous Board / Council engagement and decisions		
Date and meeting	Document	Decision / Outcome
18 March 2020	Aotea Central over station development	<p>Approved the negotiation of a development agreement (DA) with MRCB Australian Holding Company Pty Ltd (MRCB) for the sale and development of the Aotea Central Over Station Development (OSD) site by way of 125 year pre-paid lease (comprised in computer freehold registers NA 1589/36, NA75B/323, NA 1193/78, and NA485/235).</p> <p>Delegated authority to the Chief Executive to enter into a DA with MRCB on terms that:</p> <ul style="list-style-type: none"> provide for a pre-paid lease payment being not less than \$46,000,000 plus GST (if any) in prepaid rental. reflect the objectives of the Request for Development Proposal (RFDP) process reflect in principle the outcomes as outlined in the MRCB proposal and includes not less than 17,000 sqm of commercial accommodation. include the divestment of approximately 140 sqm being part Lot 17 and part Lot 21 DP 21520, subject to Auckland Council's Finance and Performance Committee approval of the sale being obtained. <p>Noted that the standard approach to design reviews through Technical Advisory Group will be part of the development agreement.</p>

24 July 2019	Information Paper: 4-10 Mayoral Drive and 32-42 Wellesley Street West	Received
20 November 2018	Disposal of Corporate Accommodation, Corporate Property Portfolio Strategy	<p>FIN/2018/188</p> <p>Amend resolution number FIN2018/73 by delegating authority to Panuku Development Auckland Limited to approve the final terms and conditions of sale, and to enter into the required sale documentation, for the following properties in accordance with Panuku Development Auckland Limited's internal delegations and subject to the satisfactory conclusion of any required statutory processes:</p> <p>i) approximately 4,691m² (subject to survey) of land at 4-10 Mayoral Drive and the balance of 32-42 Wellesley Street West, Auckland which is not to be transferred to City Rail Link Limited, comprised of an estate in fee simple more or less being the following:</p> <p>4-8 Mayoral Drive, Auckland being Lot 15, Lot 18 and Lots 23-25 DP 21520 and Part Lot 21 DP 212520, contained in computer freehold register NA1589/36;</p> <p>10 Mayoral Drive, Auckland being Section 1 Survey Office Plan 54203, contained in computer freehold register NA75B/323;</p> <p>10A Mayoral Drive, Auckland being Allotment 26-27 Section 31 City of Auckland, contained in computer freehold register NA1193/78; and</p> <p>the balance of 32-42 Wellesley Street West, Auckland being Lot 19 DP 21520 contained in computer freehold register NA485/235 which is not to be transferred to City Rail Link Limited;</p>

<p>15 May 2018</p>	<p>Corporate Accommodation Disposal Recommendation, Corporate Property Portfolio Strategy</p>	<p>Approve the disposal of the following sites identified in Option 2 – Optimise (as referenced later in this report and the info-graphic attached) that forms the Corporate Property Portfolio Strategy, subject to the satisfactory conclusion of any required statutory processes:</p> <p>i) approximately 4,238m² (subject to survey) of land at 4-10 Mayoral Drive, Auckland comprised of an estate in fee simple more or less being the following:</p> <p>4-8 Mayoral Drive: Lot 15, Lot 18 and Lots 23-25 DP 21520 and Part Lot 21 DP 212520, contained in computer freehold register NA1589/36.</p> <p>10 Mayoral Drive: Section 1 Survey Office Plan 54203, contained in computer freehold register NA75B/323.</p> <p>10A Mayoral Drive: Allotment 26-27 Section 31 City of Auckland, contained in computer freehold register NA1193/78.</p>
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Matapaki | Discussion

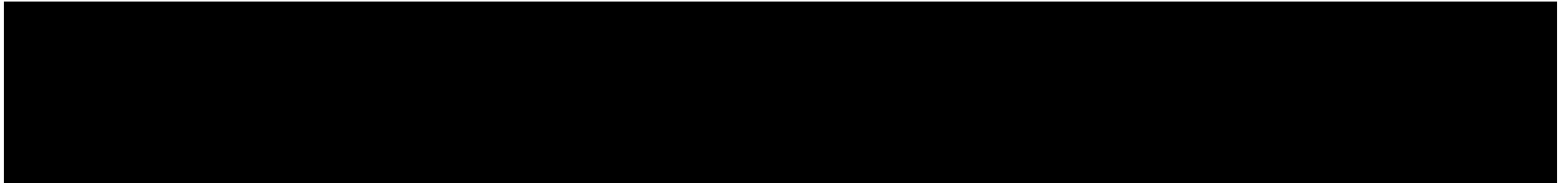




Tauākī whakaaweawe Māori | Māori impact

26. Engagement with iwi commenced in the CRLI mana whenua forum at a hui on 4 August 2020 and at the Panuku Development Governance Workshop on 28 September 2020. Further engagement will focus on potential design opportunities for the development.

Ngā whakaaweawe mō te hunga whaipānga | Stakeholder impacts



Ngā whakaaweawe rauemi | Resourcing impacts



Tauākī whakaaweawe āhuarangi | Climate change impacts

30. The essential requirements require 5 GreenStar design and built rating for the OSD office and 6 Homestar or equivalent rating for the apartments.

Ngā koringa ā-muri | Next steps

- a. Development agreement executed
- b. Progression through the design phases
- c. Lease commencement requirements

Ngā tāpirihanga | Attachments



Ngā kaihaina | Signatories

Rod Aitken - Head of Corporate Property

Allan Young, GM Development

David Rankin, Chief Executive (acting)

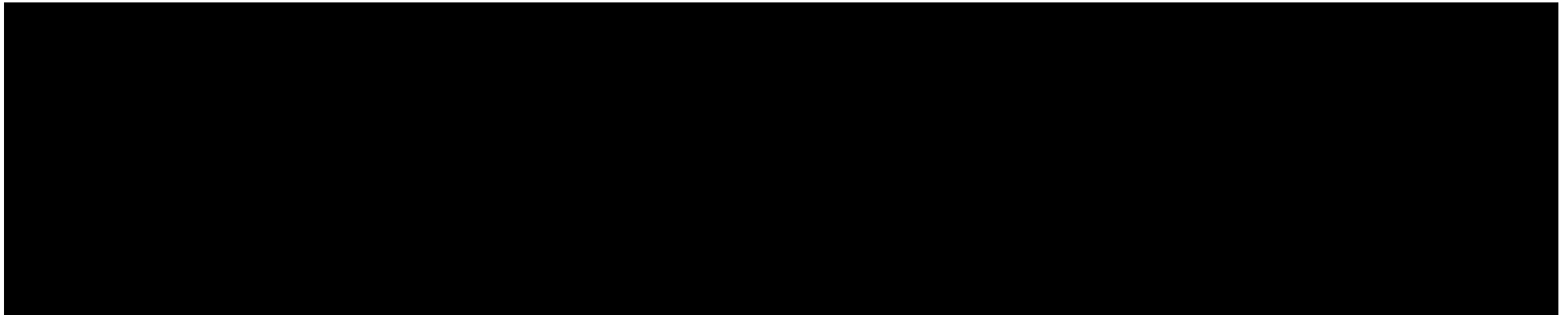
Decision paper: Transform Waterfront 44-56 Hamer Street

Author: James Woods, Assistant Development Manager

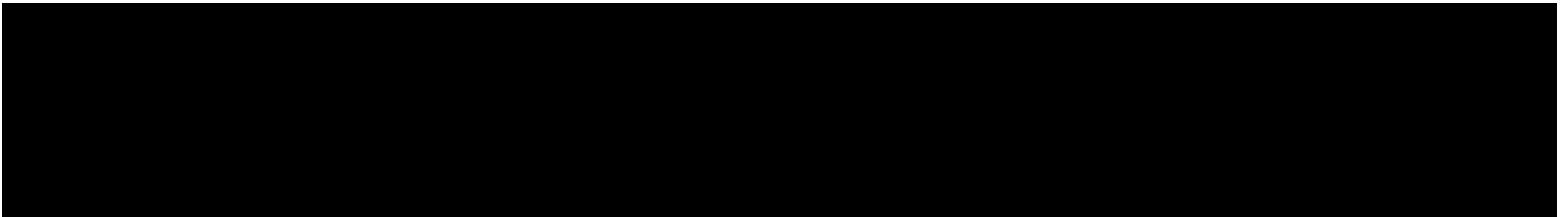
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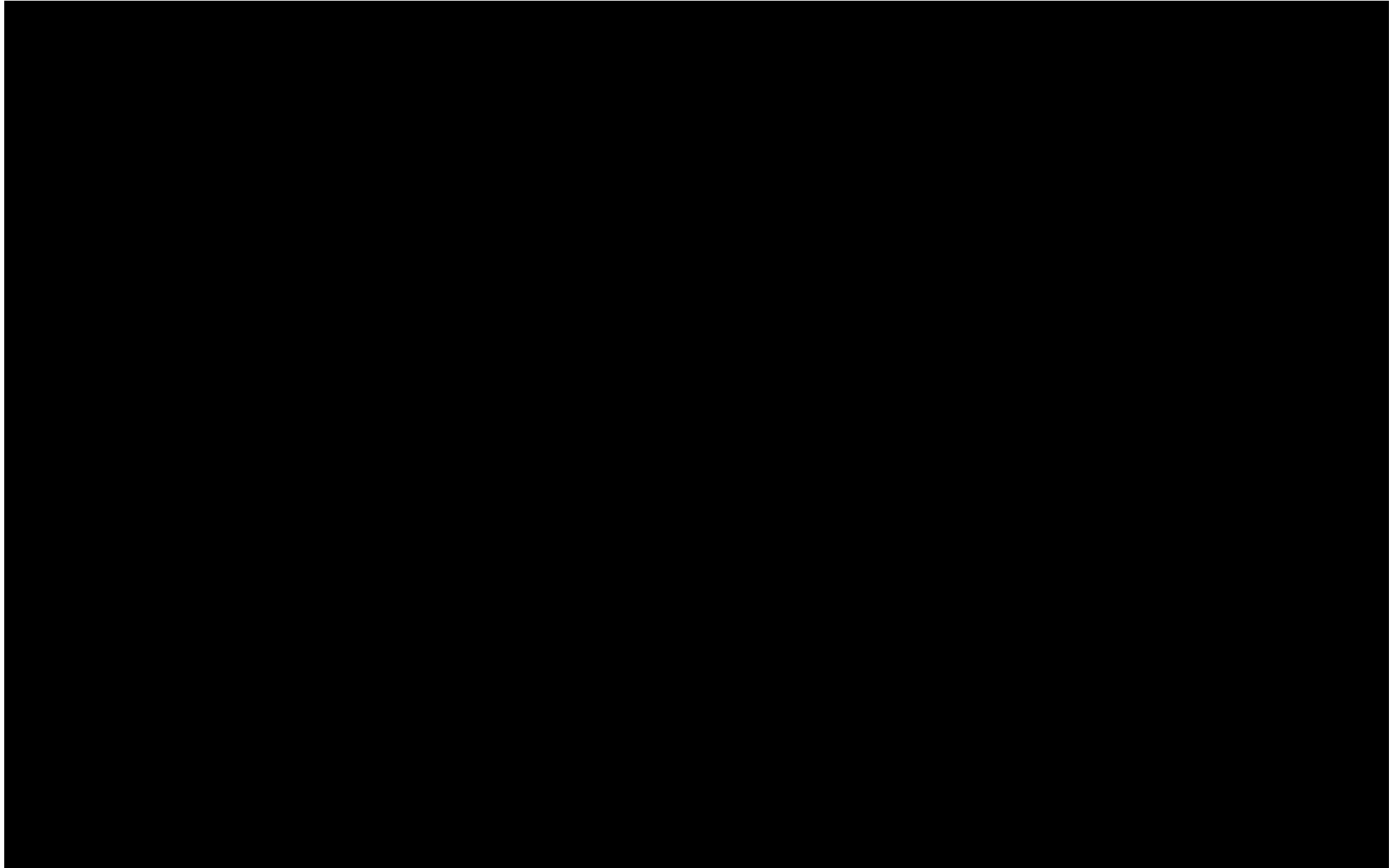
Ngā tūtohunga | Recommendations

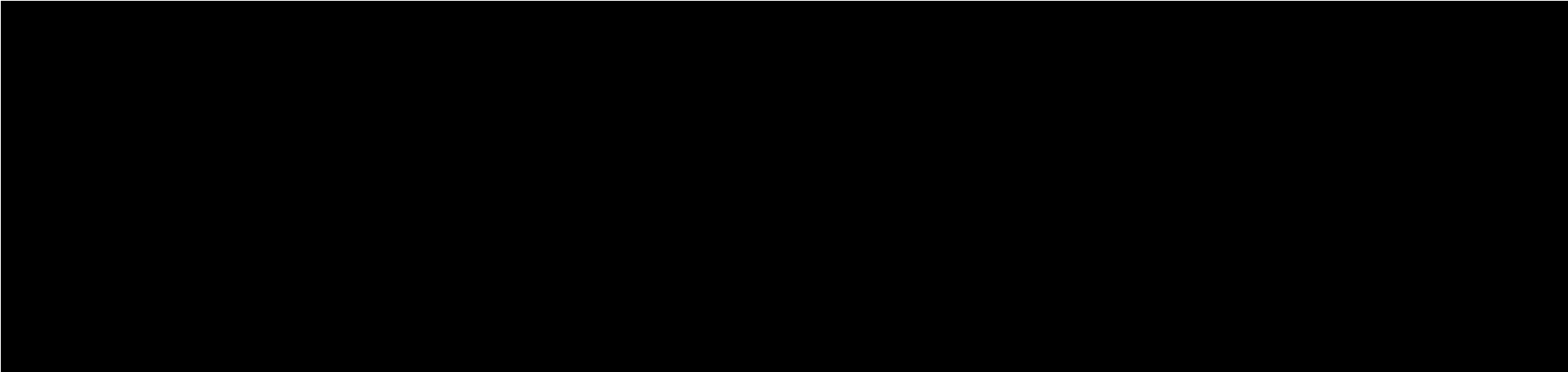
That the Panuku Board:



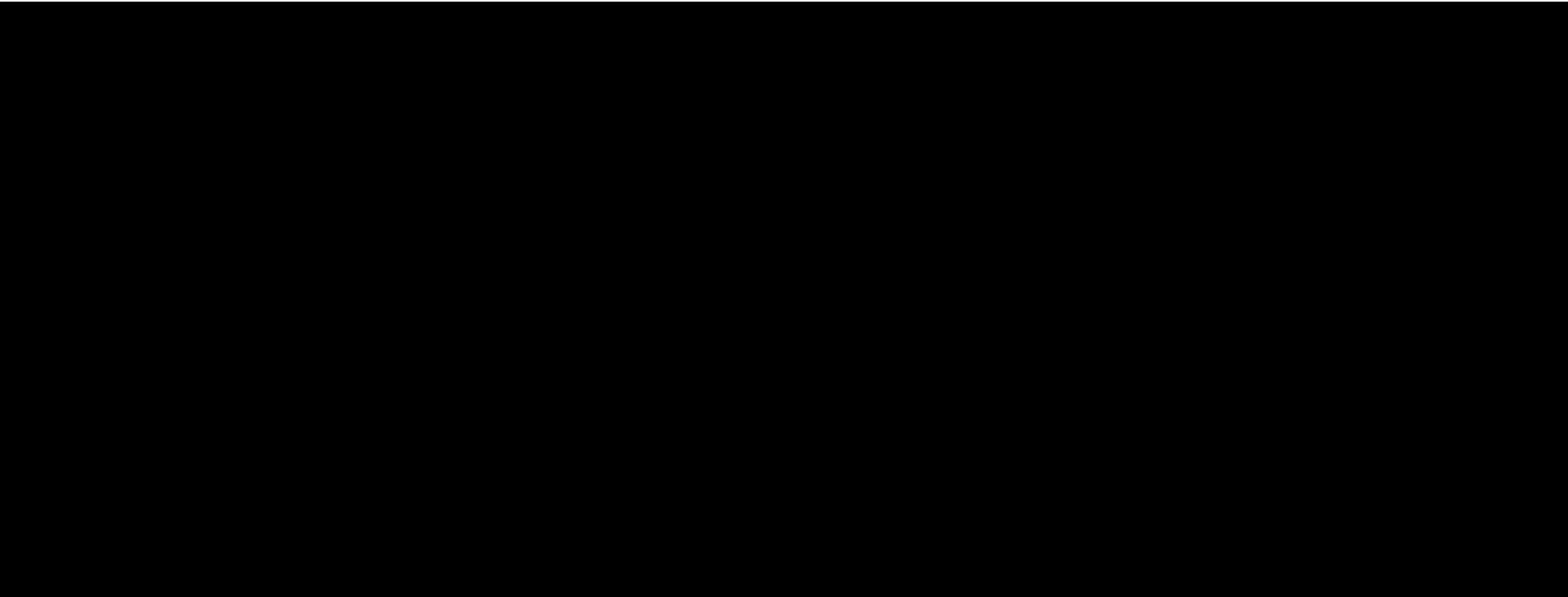
Whakarāpopototanga matua | Executive summary

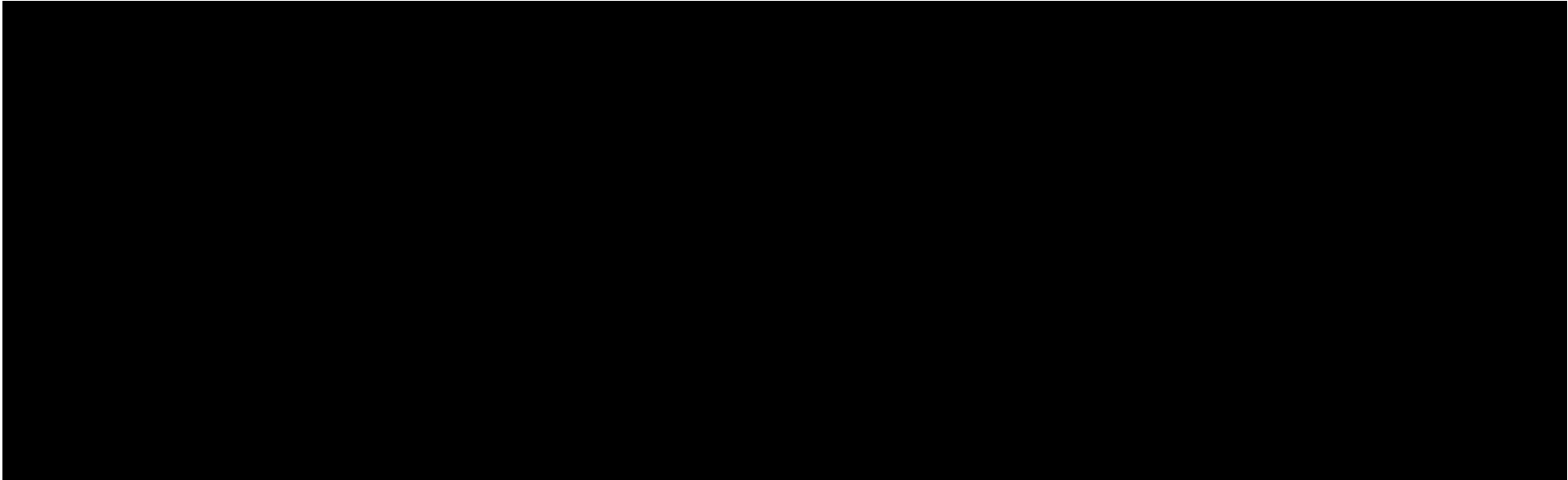




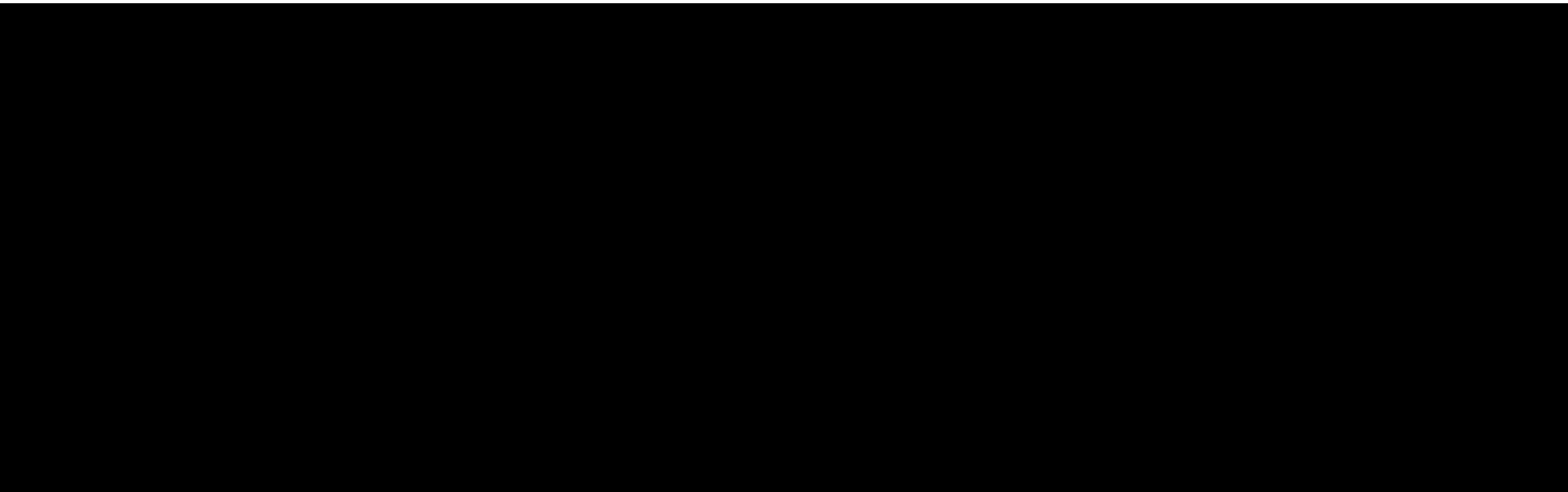


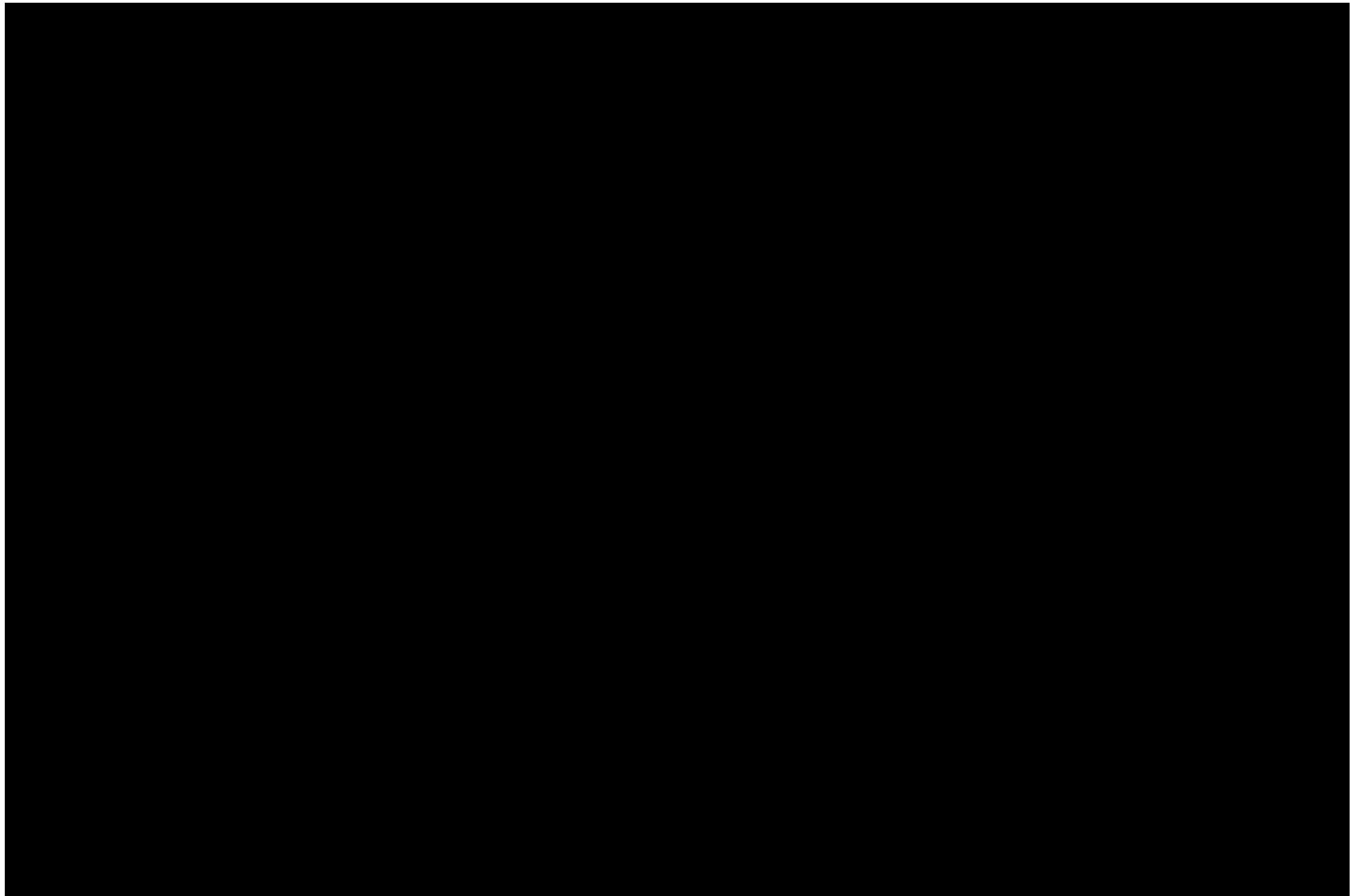
Horopaki | Context

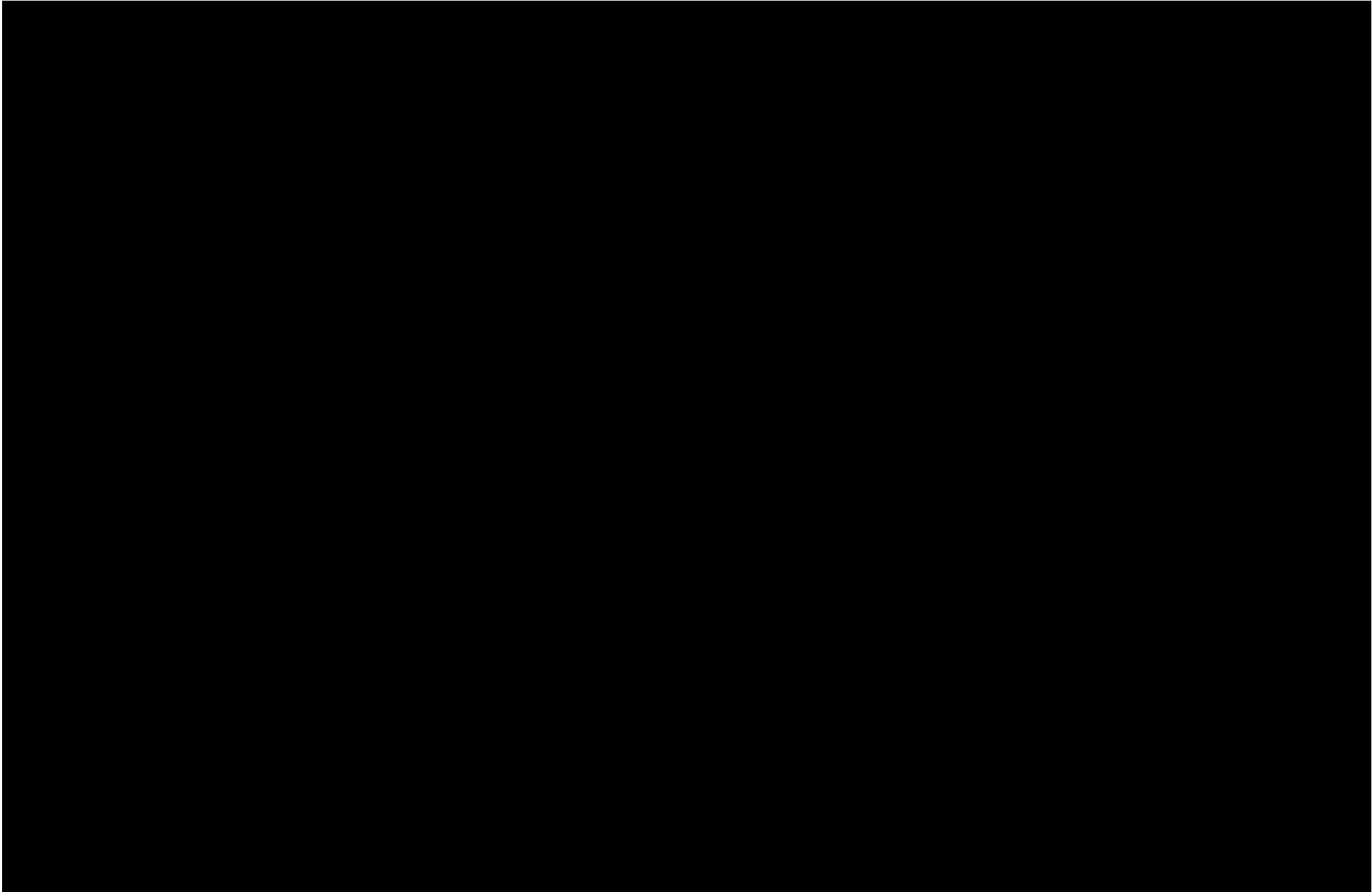


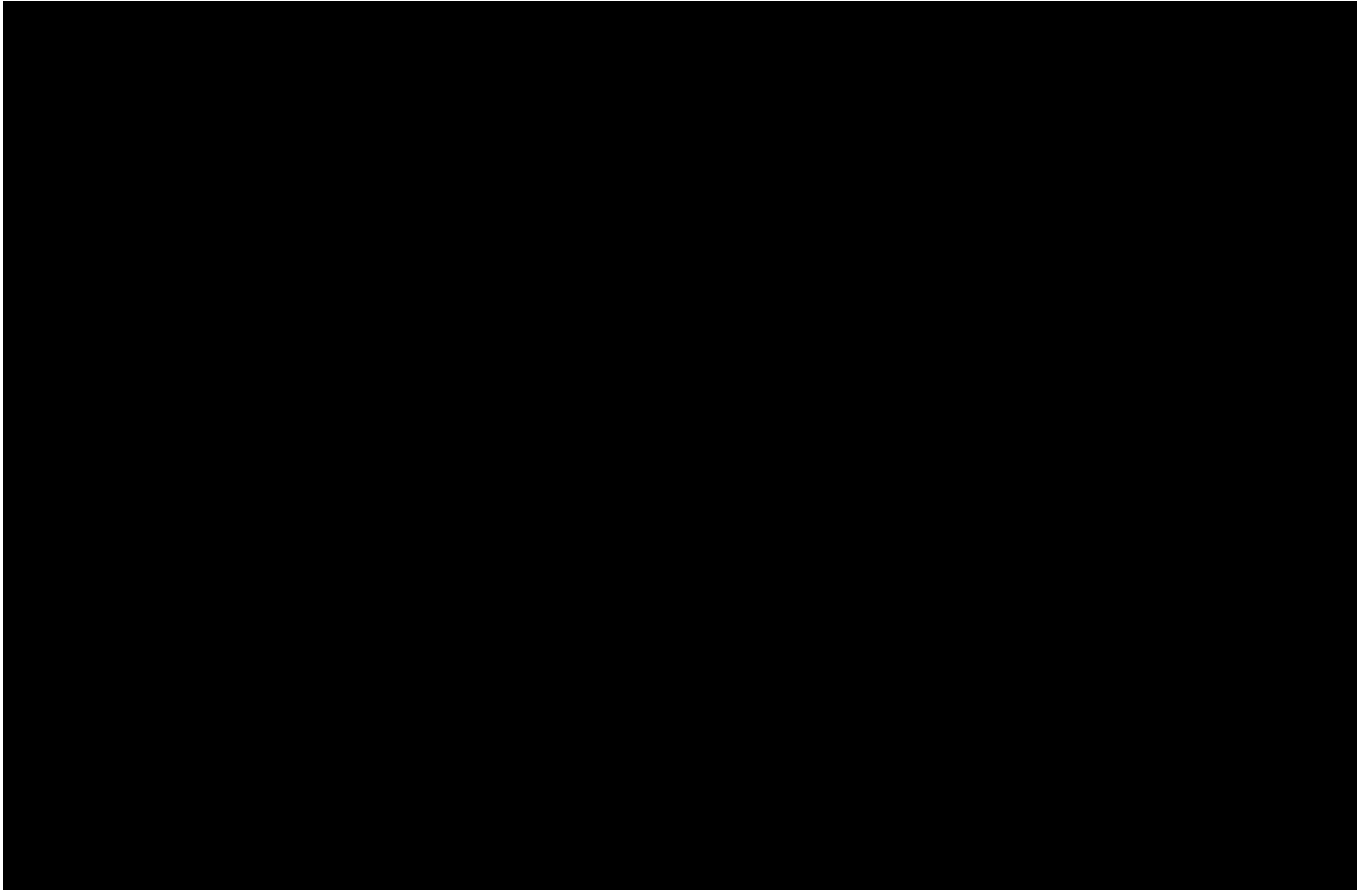


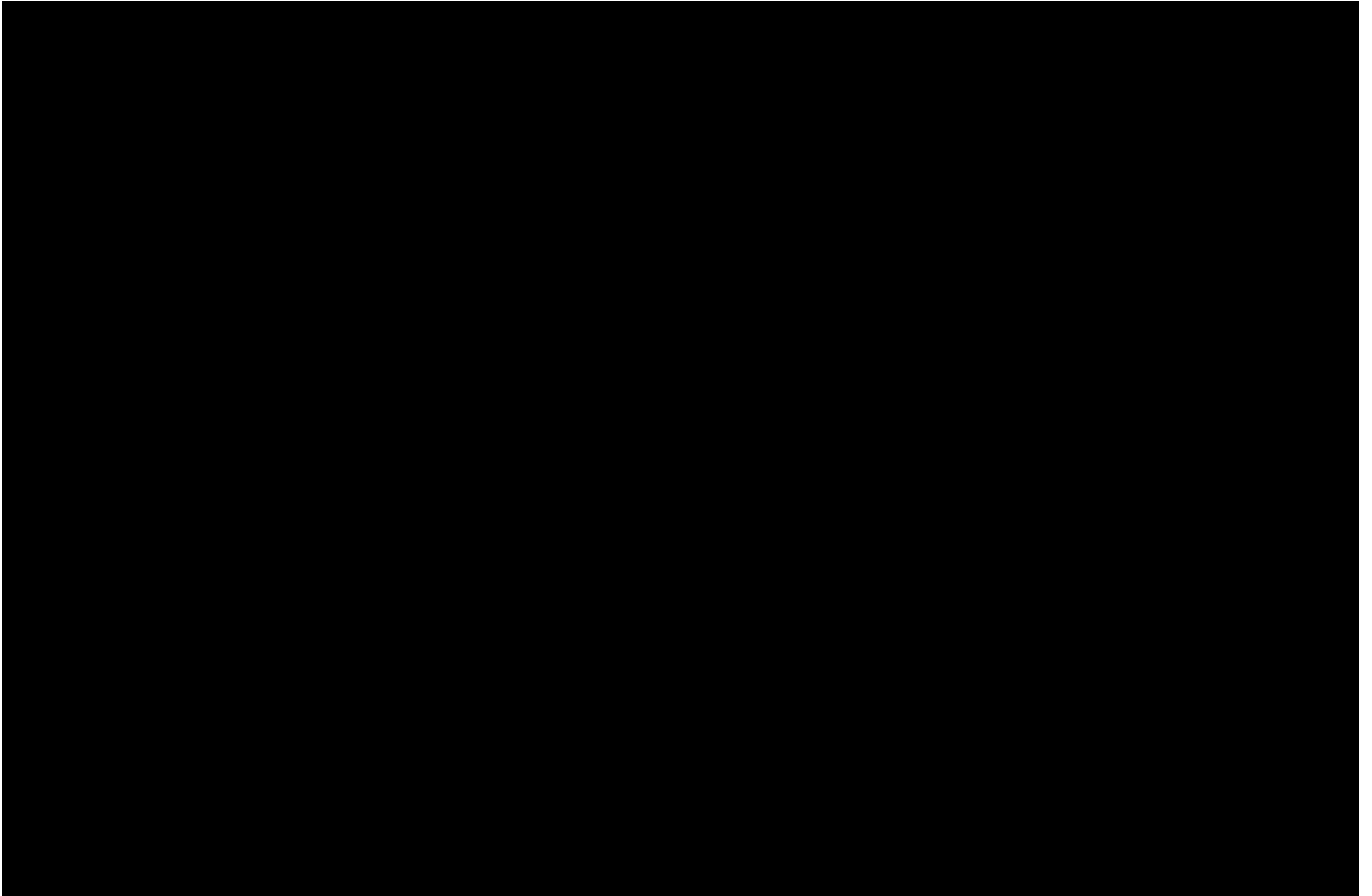
Matapaki | Discussion











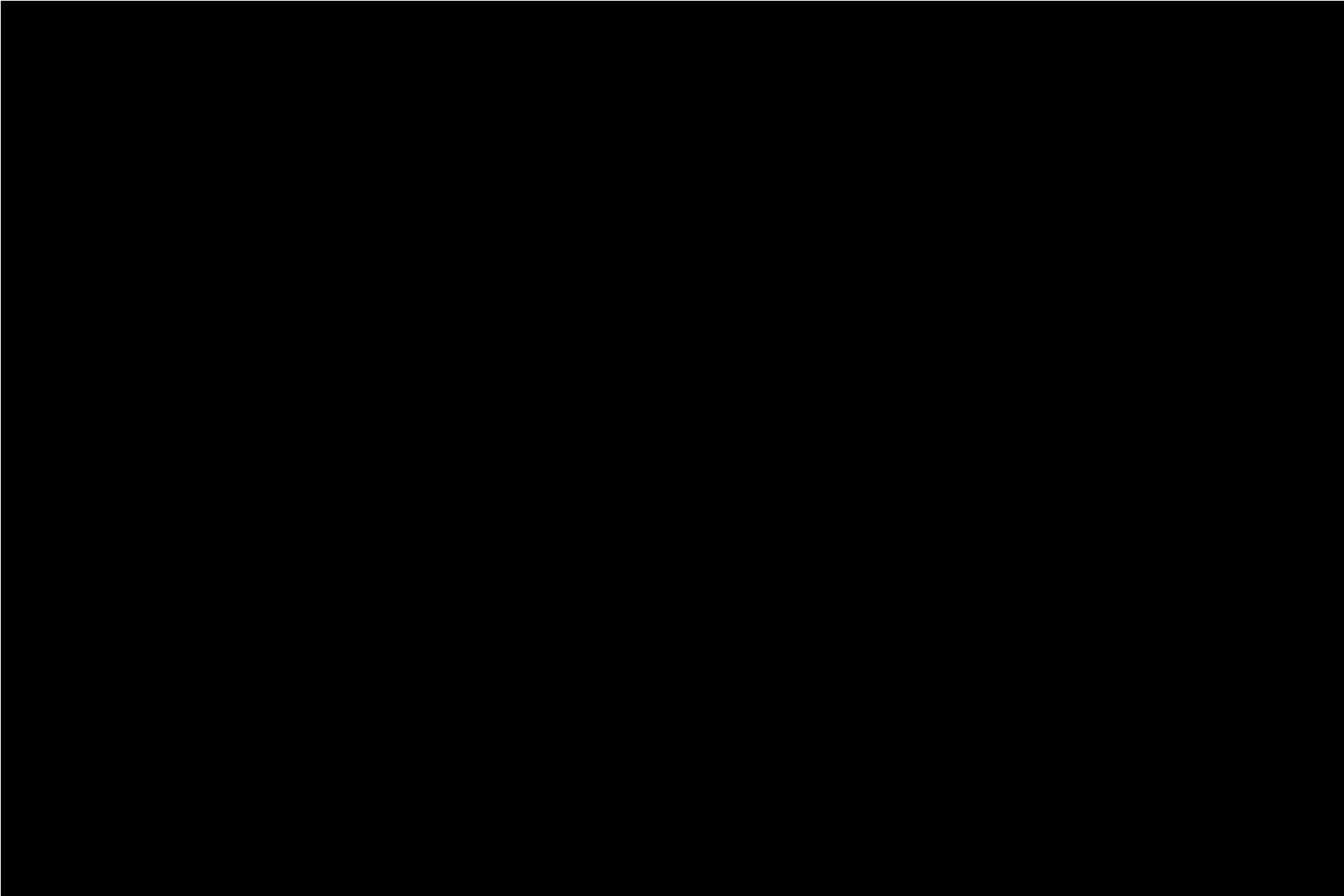
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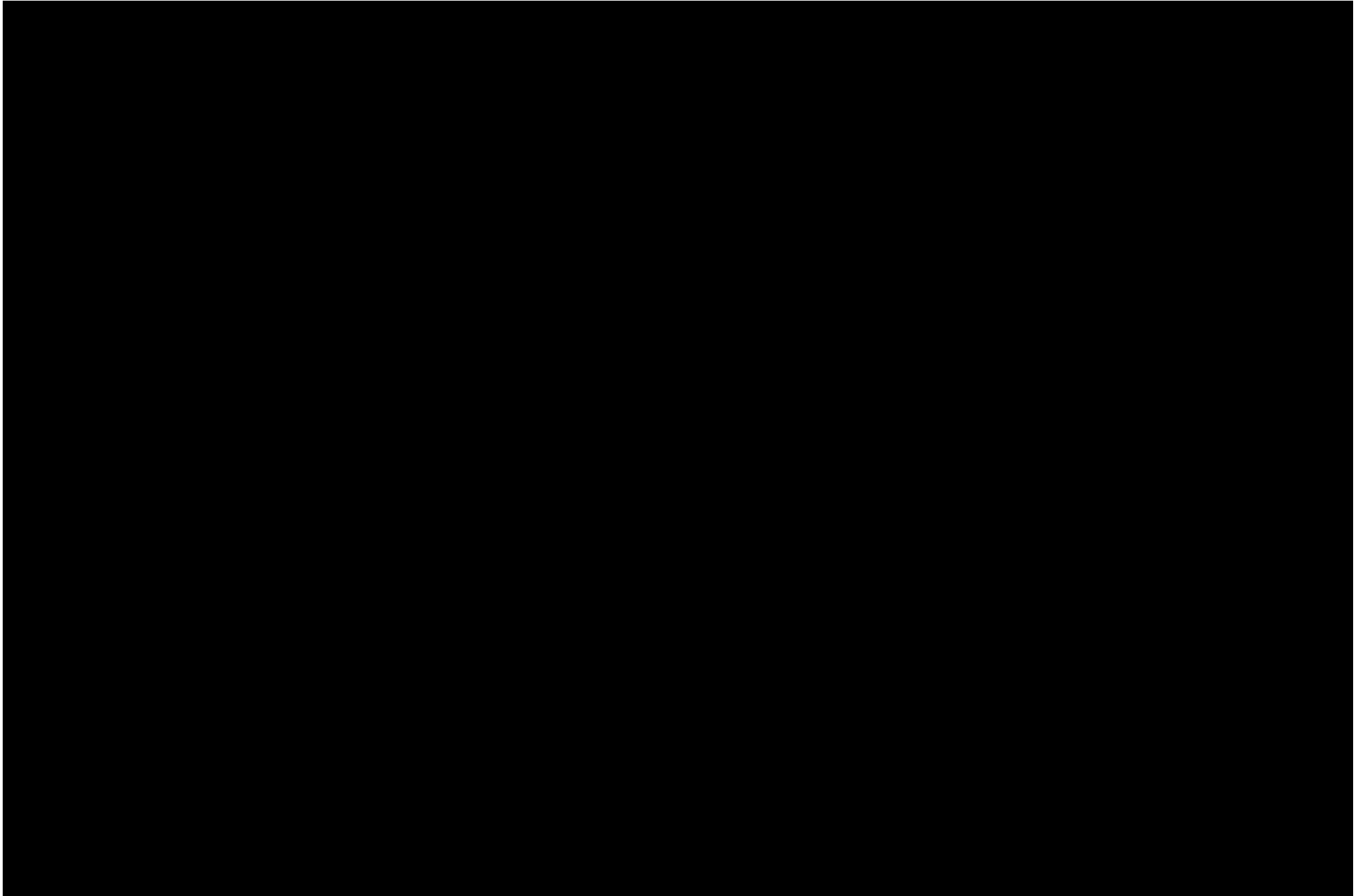
Ngā kaihaina | Signatories

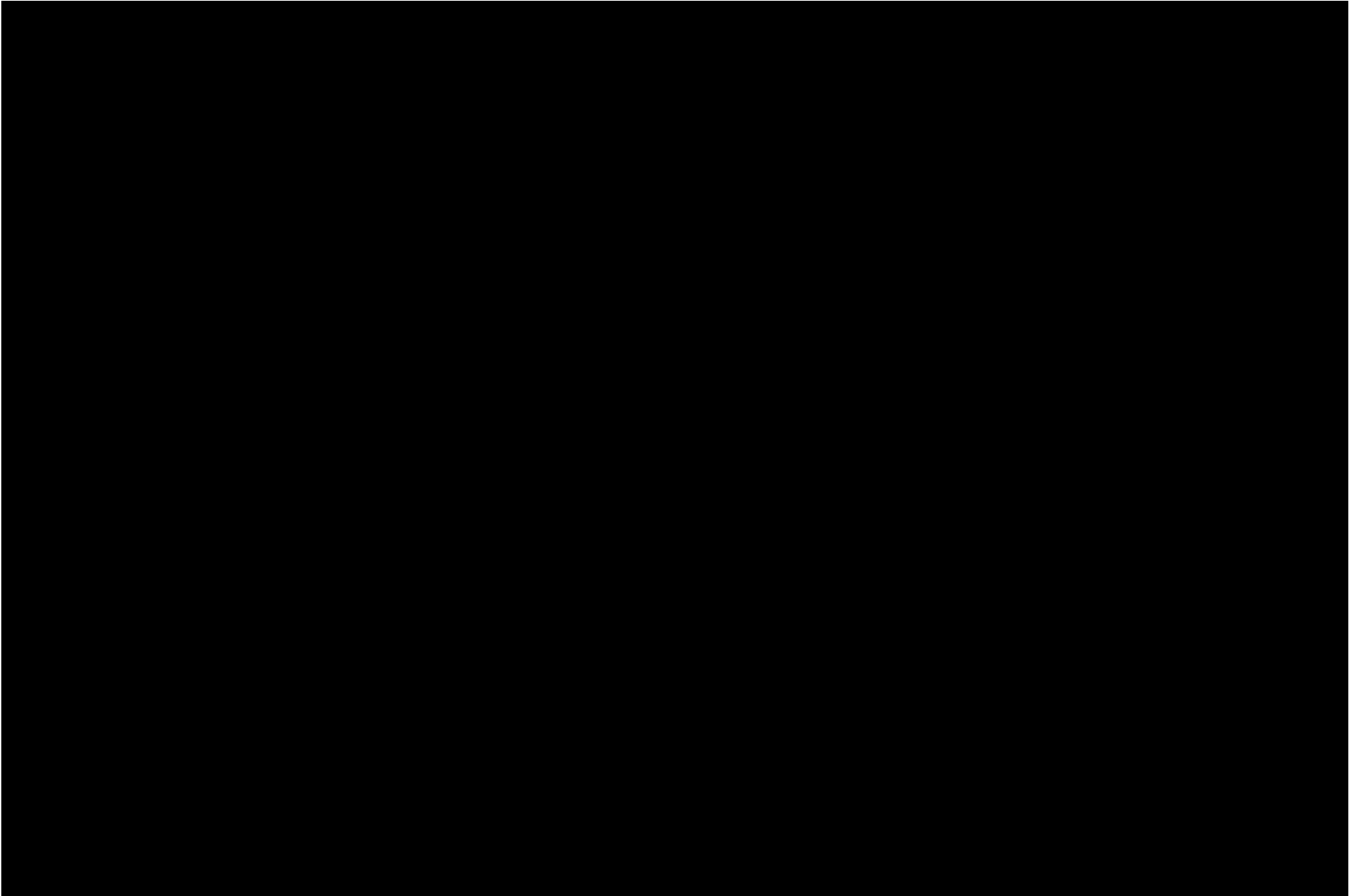
Fiona Knox, Priority Location Director - Waterfront

Allan Young, GM Development

David Rankin, Chief Executive (acting)







Decision paper: 19 Jerois Road, Herne Bay - service property optimisation

Author: Rachel Hume, Portfolio Specialist

November 2020

Ngā tūtohunga | Recommendations

1. That the Panuku Board approves:
 - a. The recommendation to the Waitematā Local Board to sell the service property at 19 Jerois Road, Herne Bay using the service property optimisation policy subject to:
 - i. Proceeds of sale to be reinvested in the proposed restoration of the Leys Institute Library and Gymnasium at 20 St Marys Road, Ponsonby, should that project proceed; or
 - ii. Should the project to restore the Leys Institute not proceed, an alternative eligible project to receive the proceeds of sale from 19 Jerois Road to be approved under delegated authority by the Waitematā Local Board prior to sale.
 - b. That final terms and conditions for the sale of 19 Jerois Road be approved under the appropriate delegations.

Whakarāpopototanga matua | Executive summary

2. The service property optimisation policy approved by the Finance and Performance Committee in March 2015 enables underperforming service assets to be sold, subject to meeting policy criteria, with the proceeds of sale able to be reinvested in eligible local service projects.
3. The property at 19 Jerois Road, Herne Bay is currently used to deliver community services; Plunket, women's public toilets and the Ponsonby Toy Library. The property has a 2017 rating valuation of \$2 million capital value.

4. The property has been assessed by Panuku as meeting the principles and criteria set out in the optimisation policy. Council community services recommends that the services currently delivered from the property can be relocated (Plunket and toy library) and closed (toilets).
5. The executive recommends the services be relocated or closed and the property sold to realise the best value from the site, providing reinvestment for improved service outcomes.
6. The proposed reinvestment project identified for proceeds of sale from 19 Jervois Road is the restoration of the Leys Institute Library and Gymnasium at 20 St Marys Road, Ponsonby. Panuku has assessed this project against the optimisation policy and confirm it meets the criteria for an eligible project. The Waitematā Local Board endorsed an indicative business case for this project in September 2020 based on an indicative total funding requirement of \$15 to \$21 million. A detailed business case will be developed by council staff in 2021/2022.
7. The Waitematā Local Board has final decision-making authority on service property disposal and reinvestment under the service property optimisation policy, providing all policy criteria have been met; no further approval from the Finance and Performance Committee is required. All sale recommendations must be approved by the Panuku Board before a final recommendation is made to the local board.
8. This report recommends that the Panuku Board approve the recommendation to the Waitematā Local Board that 19 Jervois Road be sold using the service property optimisation policy with proceeds of sale to be reinvested in the Leys Institute restoration project, or an alternative eligible project should that project not proceed.


Horopaki | Context

9. Through the service property optimisation policy and redevelopment programme, Panuku works with the council's community services and local boards to identify and release value from underperforming service assets in order to fund local services while supporting urban regeneration.
10. Previous council and local board engagement and decisions related to optimisation are included at Attachment A.

Matapaki | Discussion

11. The property at 19 Jervois Road is a 328m² site that is currently used to deliver community services; Plunket, a toy library and women's public toilets. A site location map, plan and images of the property are included at Attachment A.

12. The site is zoned Business Town Centre and is subject to a Special Character Area overlay. There is a height variation control of 13 metres. The property has a 2017 rating valuation of \$2 million capital value.

- 
14. As an underperforming service asset with latent unrealised value, this property presents an optimisation opportunity.
 15. Council community services recommends that the services currently delivered from the property can be relocated (Plunket and toy library) and closed (toilets). This enables a sale of the property with proceeds able to be reinvested in an eligible project.
 16. The proposed reinvestment project identified for proceeds of sale is the restoration of the Leys Institute Library and Gymnasium at 20 St Marys Road, Ponsonby. Panuku has assessed this project against the optimisation policy and confirm it meets the criteria for an eligible project. The Waitematā Local Board endorsed an indicative business case for this project in September 2020 based on an indicative total funding requirement of \$15 to \$21 million. A detailed business case will be developed by council staff in 2021/2022.
 17. Funding of around \$7 million from the proceeds of sale of four properties, including 19 Jervois Road, will form part of the funding package proposed in the detailed business case for the restoration of the Leys Institute. The other three properties being considered for sale are not service property optimisation opportunities but are endowment and trust properties with specific requirements for the use of proceeds of sale. These three properties will be reported to the Panuku Board separately before being recommended for disposal.

Hīraunga | Implications

18. By providing advice, facilitating and recommending the sale of 19 Jervois Road using the service property optimisation policy with proceeds reinvested in the Leys Institute restoration project, Panuku is achieving its objective of strategically creating value from assets.
19. Releasing the value in this underperforming service asset situated on an undercapitalised site meets the optimisation policy principals and criteria and means the proceeds of sale can be applied to improving the service outcome for the Leys Institute.
20. Although it is not proposed to include development outcome conditions on the sale of 19 Jervois Road, releasing the site to the market will enable it to be redeveloped in a way that represents the highest and best use of the site and the Business Town Centre zone rules, which contributes to the Panuku objective of catalysing urban redevelopment.

Ngā ritenga ā-pūtea | Financial implications

21. A key element of service property optimisation is that the sale proceeds are locally reinvested to advance approved projects and activities on a cost neutral basis.
22. By combining the proceeds from service property optimisation with proceeds from the proposed disposal of three other properties, Panuku will, subject to approvals, facilitate around \$7 million of funding for the restoration of the Leys Institute, a project that has strong community and local board support but that is currently unfunded.

Ngā raru tūpono me ngā whakamaurutanga | Risks and mitigations

23. Risk that the proposal is not supported by the local board. Mitigated by providing quality advice in collaboration with council staff and addressing any concerns that are raised through the workshop.
24. Risk that market conditions are unfavourable at the time the property is ready for sale, resulting in less proceeds of sale available for reinvestment. Mitigated by considering timing of sale in the disposal strategy, ensuring the market valuation is current and any changes are communicated to the council staff leading the development of the detailed business case for the Leys Institute restoration.
25. Risk that the Leys Institute restoration project does not proceed and that the sale of 19 Jervois Road under the service optimisation policy is approved with no eligible project identified and approved for reinvestment of proceeds of sale. Mitigated by including in the recommendations that, if the Leys Institute restoration project does not proceed, an alternative eligible project must be identified and approved by the local board before 19 Jervois Road is sold.

Tauākī whakaaweawe Māori | Māori impact

26. Panuku has engaged with 19 mana whenua entities on the proposed disposal of 19 Jervois Road seeking feedback on any cultural interest. The closing date for feedback from mana whenua entities is 13 November 2020. Any feedback received will be incorporated in the report and recommendation to the Waitemātā Local Board meeting on 8 December 2020.
27. If 19 Jervois Road is approved for disposal, all mana whenua entities will be alerted first of the decision and again once the property comes on the market. Note that this property is subject to offer back obligations under section 40 of the Public Works Act 1981 (s40 PWA) and may not go to market if the former owner wishes to purchase.

Ngā whakaaweawe mō te hunga whaipānga | Stakeholder impacts

November 2020

28. Panuku consulted with the following council departments and CCOs on the proposed disposal of 19 Jervois Road; Customer & Community Services, Heritage, Infrastructure & Environmental Services, Closed Landfills & Contaminated Land Response, Community Facilities, Arts Community & Events, Libraries & Information, Plans & Places, Healthy Waters, Parks Sports & Recreation, Community & Social Policy, Corporate Property, Watercare, Auckland Transport.
29. The closing date for feedback is 6 November 2020. All feedback received will be incorporated in the report and recommendation to the Waitemātā Local Board meeting on 8 December 2020.

Ngā whakaaweawe rauemi | Resourcing impacts

30. Strategic Asset Optimisation and Disposals resource is required, which will be funded from the proceeds of sale if the property is approved for sale.

Tauākī whakaaweawe āhuarangi | Climate change impacts

31. The recommendations in this report have no direct climate impacts.

Ngā koringa ā-muri | Next steps

32. Panuku and council community services staff will seek feedback from the Waitemātā Local Board at a workshop on 10 November 2020.
33. Should the Panuku Board approve the recommendation to the Waitemātā Local Board to sell 19 Jervois Road using the service property optimisation policy, the property will be reported to the 8 December 2020 local board meeting for a decision.
34. The recommendation to the local board will be subject to the proceeds of sale from 19 Jervois Road being reinvested in the restoration of the Leys Institute, or an alternative project that meets the optimisation eligibility criteria.
35. Because the timeframe for the Leys Institute restoration detailed business case is 2021/2022, it is likely that even if 19 Jervois Road is approved for sale by the local board on 8 December 2020, the property would not actually be sold until 2022 following approval of the detailed business case. Seeking local board approval for the sale of 19 Jervois Road now gives certainty for that part of the funding in the Leys Institute business case.

November 2020

36. Should the Waitemātā Local Board approve the proposed disposal of 19 Jervois Road, staff will undertake all required statutory actions in accordance with relevant legislation. Following this, staff will seek to dispose of this property in a manner which provides an optimal return to our shareholder.

Ngā tāpirihanga | Attachments

Attachment A: Previous council engagement and decisions

Attachment B: 19 Jervois Road, Herne Bay - location map, plan and images

Ngā kaihaina | Signatories

Marian Webb, GM Assets & Delivery

David Rankin, Chief Executive (acting)

Attachment A - Previous engagement and decisions

Previous council and local board engagement and decisions		
Finance and Performance Committee 19 March 2015	Resolution number FIN/2015/16	That the Finance and Performance Committee: a) agree: i) that the Council's Revenue and Finance Policy be amended to allow for sales proceeds resulting from optimisation of service property assets to be reinvested into eligible local projects ii) that eligible reinvestment projects would be those contemplated in current or future years of the Long-term Plan (LTP) and/or those noted in the relevant Asset Management Plan (AMP) or be consistent with qualifying business strategies or plans formally adopted to guide council's future service provision and to inform LTP/AMP processes (e.g. The Community Facility Network Plan) b) note that the ongoing asset sales program, based on the sale of non-service property, provides the Governing Body with funds towards LTP projects and also frees up development sites.
Governing Body 28 September 2017	Resolution number GB/2017/118	That the Governing Body: Part 2: funding and finance - Service property optimisation v) approve the current 'optimisation of service assets' policy being strengthened by delegating the final decisions on local asset disposal and reinvestment to local boards, providing all policy criteria have been met. w) request that appropriate support be provided to local boards to enable them to utilise the policy.
Waitematā Local Board 15 September 2020	Resolution number WTM/2020/204	That the Waitematā Local Board: d) endorse the development of a detailed business case for the restoration, modernisation, and seismic remediation of Leys Institute based on:

	(relevant parts only)	<ul style="list-style-type: none">i) the preferred option, option two: restore Leys Institute as soon as practicable.ii) an indicative funding investment of \$15.3 to \$21.2 millioniii) the inclusion of service property optimisation, including sales, and ringfenced council funds as a source of funding for up to \$7.4 millioniv) investigating alternative sources of funding including community fundraising, philanthropic donations, and targeted rates <p>d) endorse the development of a detailed business case for the restoration of Leys Institute be included as a priority action in the Community Facilities Network Plan Action Plan.</p>
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Attachment B - 19 Jervois Road, Herne Bay - location map, plan and images



Location map and aerial plan, 19 Jervois Road outlined in blue.



Site images