

# Board Report

**P u b l i c**

**Date**  
Wednesday,  
24 October 2018

**Time**  
2:00 pm

**Venue**  
Panuku  
Development  
Auckland  
82 Wyndham St



# Local Government Official Information and Meetings Act 1987.

## 7 Other reasons for withholding official information

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

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

(a) protect the privacy of natural persons, including that of deceased natural persons; or

(b) protect information where the making available of the information—

(i) would disclose a trade secret; or

(ii) would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information; or

(ba) in the case only of an application for a resource consent, or water conservation order, or a requirement for a designation or heritage order, under the [Resource Management Act 1991](#), to avoid serious offence to tikanga Maori, or to avoid the disclosure of the location of waahi tapu; or

(c) protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information—

(i) would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied; or

(ii) would be likely otherwise to damage the public interest; or

(d) avoid prejudice to measures protecting the health or safety of members of the public; or

(e) avoid prejudice to measures that prevent or mitigate material loss to members of the public; or

(f) maintain the effective conduct of public affairs through—

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

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

(g) maintain legal professional privilege; or

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

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

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

# Board Agenda

**Where:** 82 Wyndham Street, Auckland

**When:** Wednesday, 24 October 2018 | 9.00 am – 4.00 pm

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

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

	<b>Board Director and Chief Executive only</b>
<b>1.</b>	<b>Procedural Motion to Exclude the Public</b> Put the motion that, pursuant to clause 12.3 of the Panuku Constitution, the public be excluded from the following proceedings of this meeting, so that commercially sensitive issues can be discussed in confidential session.
<b>2.</b>	<b>Confidential Governance Matters</b> 2.1 Minutes of 26 September 2018 Board meeting <i>Withheld from the public under S7(2)(h) of the LGOIMA</i> 2.2 Board Action List <i>Withheld from the public under S7(2)(h) of the LGOIMA</i> 2.3 Board Forward Work Programme <i>Withheld from the public under S7(2)(h) of the LGOIMA</i> 2.4 Verbal update from Transformation Committee 11 October 2018 <i>Withheld from the public under S7(2)(h) of the LGOIMA</i>
<b>3.</b>	<b>Confidential Strategic Discussion</b> 3.1 Reputation <i>Withheld from the public under S7(2)(f)(i) of the LGOIMA</i>
	<b>Morning Tea</b>

<p>4.</p>	<p><b>Confidential Strategic Papers (papers which are fully confidential)</b></p> <p>4.1 Panuku Māori Engagement Strategy <i>Withheld from the public under S7(2)(f)(i) of the LGOIMA</i></p> <p>4.2 Unlock Papatoetoe Tavern Lane Development Update <i>Withheld from the public under S7(2)(b)(ii) of the LGOIMA</i></p> <p>4.3 Future of Auckland Dockline Tram <i>Withheld from the public under S7(2)(b)(ii) of the LGOIMA</i></p>
<p>5.</p>	<p><b>Confidential Decision Papers (papers which are fully confidential)</b></p> <p>5.1 Unlock Panmure Commercial Precinct <i>Withheld from the public under S7(2)(h) of the LGOIMA</i></p> <p>5.2 Service Property Optimisation – 22 Tahapa Crescent, Meadowbank <i>Withheld from the public under S7(2)(b)(ii) and S7(2)(h) of the LGOIMA</i></p> <p>5.3 Service Property Optimisation – 4 Victoria Avenue, Remuera <i>Withheld from the public under S7(2)(b)(ii) and S7(2)(h) of the LGOIMA</i></p> <p>5.4 21 Henderson Valley Road, Henderson <i>Withheld from the public under S7(2)(h) of the LGOIMA</i></p>
<p>6.</p>	<p><b>Confidential Chief Executive’s Report (fully confidential)</b> <i>Withheld from the public under S7(2)(b)(ii) of the LGOIMA</i></p> <p>A. Priority Location Portfolio Update Q1</p> <p>B. Gateway Dashboard Q1</p> <p>C. Financial Update Q1</p> <p>D. Property Management Portfolio Update Q1</p> <p>E. Acquisitions Summary</p> <p>F. Disposals Summary</p>
<p><b>Lunch</b></p>	
<p>7.</p>	<p><b>Confidential Information Papers (papers which are fully confidential)</b></p> <p>7.1 Leadership team objectives 2018/19 <i>Withheld from the public under S7(2)(b)(ii) of the LGOIMA</i></p> <p>7.2 Site 18 <i>Withheld from the public under S7(2)(h) of the LGOIMA</i></p>
<p>8.</p>	<p><b>General Business</b></p>

## 2.00 pm Public meeting

<b>9.</b>	<b>Opening of Public Meeting</b> 9.1 Apologies 9.2 Health & Safety moment 9.3 Directors' Interests 9.4 Directors' Board Meeting Attendance Register 9.5 Minutes of the 26 September 2018 Board meeting (public) 9.6 Public Deputation
<b>10.</b>	<b>Health and Safety Report</b>
<b>11.</b>	<b>Chief Executive's Report</b>
<b>12.</b>	<b>Decision Papers</b> 12.1 30 June 2018 Annual Report 12.2 Disposals Recommendation
<b>13.</b>	<b>Information Papers</b> 13.1 Corporate Property Disposal Programme

## Directors' Interests as at 26 September 2018

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

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



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

<b>Michael E. POHIO</b>	Director	Panuku Development Auckland Limited	
	Chairman	BNZ Partners Waikato	
	Director	KiwiRail Ltd	
	Director	National Institute of Water & Atmospheric Research Ltd	
	Director	NIWA Vessel Management Ltd	
	Director	Ospri New Zealand Ltd	
	Director	<ul style="list-style-type: none"> <li>National Animal Identification and Tracing Ltd</li> </ul>	
	Director	TBFree	
	Director	Te Atiawa Iwi Holdings	
	Director	Te Atiawa (Taranaki) Holdings Ltd	

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



MINUTES OF THE MEETING OF DIRECTORS OF PANUKU DEVELOPMENT AUCKLAND LIMITED, HELD IN **CONFIDENTIAL** SESSION AT 82 WYNDHAM ST, AUCKLAND ON WEDNESDAY 26 SEPTEMBER 2018 COMMENCING AT 9.00 AM.

<b>ATTENDING</b>		<p><b>Board:</b> Richard Aitken (Chair), David Kennedy, Richard Leggat (by phone), Dr Susan Macken, Paul Majurey, Mike Pohio and Martin Udale.</p> <p><b>Executive:</b> Roger MacDonald – Chief Executive, David Rankin – Chief Operating Officer, Angelika Cutler – Director Corporate Affairs, Rod Marler – Director Design and Place, Ian Wheeler – Director Portfolio Management, Allan Young – Director Development, Jenni Carden – Company Secretary.</p>								
<b>APOLOGIES</b>	1 09/18	Monica Ayers – Director People and Culture, Carl Gosbee – Director Corporate Services								
<b>1 PROCEDURAL MOTION TO EXCLUDE THE PUBLIC</b>	2 09/18	<p>It was <b>RESOLVED THAT</b>, pursuant to the provisions of Section 48(1)(a) of the Local Government Official Information &amp; Meetings Act 1987, the public be excluded from the Meeting for the following proceeding, the subject matter, the reasons and specific grounds for exclusions being set out below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">General subject of matters to be considered</th> <th style="text-align: left;">Grounds under Section 48(1) for considering in private</th> </tr> </thead> <tbody> <tr> <td>Governance; Committee report</td> <td>Commercially sensitive issues</td> </tr> <tr> <td>Finance and Risk</td> <td>Commercially sensitive issues</td> </tr> <tr> <td>Management and operations</td> <td>Commercially sensitive issues</td> </tr> </tbody> </table> <p><i>Moved Paul Majurey, seconded David Kennedy. <b>CARRIED</b></i></p>	General subject of matters to be considered	Grounds under Section 48(1) for considering in private	Governance; Committee report	Commercially sensitive issues	Finance and Risk	Commercially sensitive issues	Management and operations	Commercially sensitive issues
General subject of matters to be considered	Grounds under Section 48(1) for considering in private									
Governance; Committee report	Commercially sensitive issues									
Finance and Risk	Commercially sensitive issues									
Management and operations	Commercially sensitive issues									
<b>2 CONFIDENTIAL PRESENTATION</b>	3 09/18	<i>Withheld from the public under S7(2)(b)(ii) of the LGOIMA</i>								
<b>3 DIRECTOR ONLY TIME</b>	4 09/18	<i>Withheld from the public under S7(2)(b)(ii) of the LGOIMA</i>								
<b>4.1 MINUTES OF 29 AUGUST 2018 BOARD MEETING</b> <b>CONFIDENTIAL GOVERNANCE MATTER</b>	5 09/18	<i>Withheld from the public under S7(2)(h) of the LGOIMA</i>								
<b>4.2 BOARD ACTION LIST</b> <b>CONFIDENTIAL GOVERNANCE MATTER</b>	6 09/18	<i>Withheld from the public under S7(2)(h) of the LGOIMA</i>								
<b>4.3 BOARD FORWARD WORK PROGRAMME</b> <b>CONFIDENTIAL GOVERNANCE MATTER</b>	7 09/18	<i>Withheld from the public under S7(2)(h) of the LGOIMA</i>								
<b>5.1 POLICY FOR DETERMINING DESIRED HOUSING MIX</b> <b>CONFIDENTIAL STRATEGIC DISCUSSION</b>	8 09/18	<i>Withheld from the public under S7(2)(f)(i) of the LGOIMA</i>								
<b>6.1 UNLOCK NORTHCOTE</b>	9 09/18	<i>Withheld from the public under S7(2)(i) of the LGOIMA</i>								

<b>CONFIDENTIAL STRATEGY PAPER</b>		
<b>6.2 PUKEKOHE CONFIDENTIAL STRATEGY PAPER</b>	10 09/18	<i>Withheld from the public under S7(2)(b)(ii) of the LGOIMA</i>
<b>6.3 UNLOCK HENDERSON: CROWN UPDATE CONFIDENTIAL STRATEGY PAPER</b>	11 09/18	<i>Withheld from the public under S7(2)(b)(ii) of the LGOIMA</i>
<b>7.1 R78 AND 72A HURSTMERE ROAD, TAKAPUNA CONFIDENTIAL DECISION PAPER</b>	12 09/18	<i>Withheld from the public under S7(2)(i) of the LGOIMA</i>
<b>7.2 CIVIC ADMINISTRATION BUILDING CONFIDENTIAL DECISION PAPER</b>	13 09/18	<i>Withheld from the public under S7(2)(i) of the LGOIMA</i>
<b>8 CONFIDENTIAL CHIEF EXECUTIVE'S REPORT</b>	14 09/18	<i>Withheld from the public under S7(2)(b)(ii) of the LGOIMA</i>
<b>9.1 PROPERTY MARKET UPDATE CONFIDENTIAL INFORMATION PAPER</b>	15 09/18	<i>Withheld from the public under S7(2)(f)(i) of the LGOIMA</i>
<b>9.2 PANUKU QUARTER FOUR REPORT TO AUCKLAND COUNCIL CONFIDENTIAL INFORMATION PAPER</b>	16 09/18	<i>Withheld from the public under S7(2)(b)(ii) of the LGOIMA</i>
<b>10 GENERAL BUSINESS</b>	17 09/18	<i>Withheld from the public under S7(2)(b)(ii) of the LGOIMA</i>

MINUTES OF THE MEETING OF DIRECTORS OF PANUKU DEVELOPMENT AUCKLAND LIMITED,  
HELD IN **PUBLIC** SESSION AT 82 WYNDHAM ST, AUCKLAND ON WEDNESDAY 26 SEPTEMBER 2018  
COMMENCING AT 2.30 PM.

<b>11.1 APOLOGIES</b>	18 09/18	Richard Leggat, Monica Ayers – Director People and Culture, Carl Gosbee – Director Corporate Services.
<b>11.2 DIRECTORS' INTERESTS</b>	19 09/18	The Board reviewed and received the Register of Directors' Interests noting amendments for Richard Leggat and Paul Majurey.
<b>11.3 DIRECTORS' BOARD MEETING ATTENDANCE REGISTER</b>	20 09/18	The Board received the Board Attendance Register.
<b>11.4 MINUTES OF THE 29 AUGUST 2018 BOARD MEETING</b>	21 09/18	The Board reviewed and approved the Minutes of the Board Meeting of 29 August 2018, with one minor amendment and confidential information redacted.
<b>11.5 PUBLIC DEPUTATION</b>	22 09/18	Paula Koller, Development Manager, Connie Clarkson, Manager Commercial Place Operations, and Joanne Perry, Manager Communication & Marketing, joined the meeting.
		Mr J Grobбен made a public deputation regarding Auckland Dockline Tram. The Board thanked Mr Grobбен for his attendance.
		Mr P Dhall made a public deputation regarding Auckland Dockline Tram. The Board thanked Mr Dhall for his attendance and noted a response will be provided by Wednesday 10 October.
<b>12 HEALTH AND SAFETY REPORT PUBLIC INFORMATION PAPER</b>	23 09/18	Blair McMichael, Health & Safety Manager, joined the meeting. The Board received the report and discussed moving to metrics based reporting with lead & lag indicators on a dashboard. David Kennedy offered to connect the Panuku H&S Manager with the Ngai Tahu H&S Manager. The Board agreed to include a Health & Safety moment at future board meetings and to undertake a deep-dive into H&S risks twice a year.
<b>13 CHIEF EXECUTIVE'S REPORT PUBLIC INFORMATION PAPER</b>	24 09/18	The Board received the public report, with confidential information redacted. The Board noted that Mike Pohio, Chair Audit and Risk Committee, and Carl Gosbee attended the Finance and Performance Committee on Tuesday 18 September in relation to the end of year accounts.
<b>CLOSE OF BOARD MEETING</b>	25 09/18	The meeting closed at 3.29pm.

READ AND CONFIRMED

\_\_\_\_\_ Chairman

\_\_\_\_\_ Date

## Health and Safety Monthly Reporting – September 2018

<b>Document Author(s)</b>	Blair McMichael – Health and Safety Manager
<b>Approver</b>	David Rankin – Chief Operating Officer
<b>Date</b>	10 October 2018

### 1. Purpose

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

### 2. Executive Summary

This report includes an overview of health and safety performance since the introduction of the incident reporting software Risk Manager. The overview, produced with significant assistance by Deloitte, trends our health and safety performance based on recorded incidents (and near misses), monitoring and review of our activities, critical health and safety risk, corrective action completion, and training and competencies of staff. The health and safety performance overview and benchmark indicators are a key action from the Health and Safety Plan 2018/19. The report is an opportunity for our Executive Leadership Team and the Board to consider our health and safety lead and lag indicators while recognising that Panuku operates across a hybrid of work types without clear, comparable industry associations. We have also been advised by Deloitte that benchmark type data is relatively immature in New Zealand.

The report provides the Board with information pertaining to stop work instructions issued by Panuku staff, and is a follow-up to a discussion held with the Board of such instances. The commentary provided addresses concerns raised by the Board on when Panuku should act to stop unsafe work or unsafe behaviours. It also notes that it is timely that staff is reminded that stop work instructions are supported by management and that such instructions form part of our health and safety escalation process.

The Board previously queried the completeness of a Corporate Health and Safety Risk Register. The Corporate Health and Safety Register has been separated from our Corporate Risk Register and reviewed by the Executive Leadership Team. It is accessible to the Board in the Board Books, Resource Centre. The Corporate Health and Safety Register will be reviewed regularly as part of our commitment to test corporate health and safety mitigations through our Executive Leadership Team.

The Board report comments on training by staff with particular reference to the construction industry standard and competency assessment tool under development by CHASNZ (Construction Health and Safety New Zealand). The assessment tool will replace previous training by the training provider SiteSafe. The report commentary recognises that staff may not pass the competency assessment and may be subject to further training, which would form part of the Panuku Health and Safety Plan 2018/19 deliverables.

### 3. Health and Safety Plan 2018/2019

#### Health and Safety Performance overview

During September Panuku engaged business analytics advisors from Deloitte to develop monthly reporting, drawing incident and risk data from the incident reporting tool, Risk Manager. See attached **Appendix A - (Health and Safety Overview – 1 July 2017 - 28 September 2018)**.

Deloitte note that our business has limited reporting data to draw on. This is due to our size and risk profile generally. It means that each individual month there is a relatively small volume of fresh data. As such Deloitte has used all data available from the inception of Risk Manager in July 2017.

The indicators represent incident reporting, monitoring and review, critical risk and hazards, corrective actions, and training completion. Based on the Business Leaders' Health and Safety Benchmarking Report, last published in April 2017, it is clear that Panuku's core business functions do not correlate neatly with any one industry group. Nor do they correlate with Auckland Council functions. This is due to the hybrid of work undertaken by Panuku from development client, marinas operator, and property manager for example. Deloitte advised that health and safety benchmarking data is generally produced internationally by the regulator. In New Zealand's case another logical leader would be the Accident Compensation Corporate, specifically in relation to medical treatment injuries. It advises this problem is due to the immature nature of health and safety comparative data on a national and industry basis in New Zealand, at this point.

The reporting data has initial limitations as Panuku consider the entry of critical risk into the reporting software Risk Manager and the uploading of development auditing. The completeness of data, based on the existing template fields, will continue to be subject to the ongoing upskilling of staff in the use of Risk Manager.

Within the data sets provided, the 'audits' section states a large number of audits, 52, which remain open. A majority of these are asbestos audits, which increased prior to April 2018 to ensure we achieved compliance with the asbestos regulations. A large number of the asbestos audits remain open due to a requirement to continually monitor and review asbestos where no remedial work is required. Each audit references multiple sources of identified asbestos each with a separate corrective action. By undertaking audits and keeping them open, based on monitoring and reviews, we are unable to pinpoint specific health and safety management issues. As such we will be working with the software provider to review how such actions will be reported going forward.

Appendix A will be further developed following feedback by our Executive Leadership Team and the Board.

### 4. Incidents, accidents and hazards

As supporting narrative to the attached health and safety dashboard (Appendix A: Health and Safety Overview, 1 July 2017-28 September 2018), no lost time injuries were reported during the month. There were no notifiable events, as defined under the Health and Safety at Work Act. One near miss and one medical treatment injury were reported during the month. Four new hazards were raised and entered into the reporting software Risk Manager by the Property Portfolio Team. These incidents and all new hazard recorded during the month are referenced below:

- Near Miss – Marinas. A contractor laying cables along the pontoon was walking backwards and stepped off the edge of the pontoon and into the water. The contractor's safety plan has been reassessed and life vests instructed for work around the water edge. The worker was not working on their own which is consistent with their site safety plan.
- Medical Treatment injury – A Panuku staff member strained their lower back when twisting to collect their bag. Chiropractic treatment has been completed. Unrelated to this incident, Panuku has circulated information relating to the proper lifting and manual techniques as part of the wellness communications within the internal newsletter, Korero.
- Hazard – Stairs within the stairwell of 82 Wyndham Street (Panuku Main office) have had repeated instances of the edging crumbling, creating a potential trip hazard. The area was



initially isolated and the remedial work completed by the landlord to repair the damage and provide a protective edge.

- Hazard – Silo 7 Viewing Platform, located next to silo wharf is showing signs of metal fatigue around the waterline and fastenings next to the hand rail have sheared away. The affect is that the metal sheets next to the hand rails flex with the potential to entrap the fingers of a member of the public. The area has been cordoned off and a design and engineering solution is pending.
- Hazard – Exterior wall tiles on a commercial property have been identified as failing. The area has been cordoned off and the repair works are pending.
- Hazard – The turning circle on a residential property has been identified as inadequate forcing the tenant to reverse onto a main street. A turn 'pad' has been designed and construction to be completed shortly.

## 5. Significant Health and Safety Issues

During the September board meeting a query was raised in regards to whether Panuku had issued 'stop work' instructions due to significant health and safety concerns.

As a follow-up to that discussion our records show three examples, since Feb 2016, where Panuku staff have been involved in the issuing of a stop-work instruction. For context each stop work notification has been outlined below:

- Feb 2016 – Development Team – Hawkins construction had been contracted to construct the Madden/Pakenham Roads. Hawkins had struck an underground service (400 Kv power supply). Two early strikes had also been recorded with limited improvement in safety methodology. Panuku requested an immediate stop work which was issued through our consultant Engineer, MPM. MPM had been engaged to manage the contracted works which included health and safety. Following agreement on the site improvements the notice was removed.
- October 2017 –Portfolio Team – Panuku contracted a roofing contractor for property remedial work. Panuku issued a stop work instruction where the contractor was observed to be working at height without adequate edge protection. Consequently edge protection was installed and the stop work instruction withdrawn.
- Feb 2018 – Portfolio Team, Marinas – Panuku had signed a 'license to access' Silo Wharf with ATEED. Under that license, for the Volvo Ocean Race enabling works, Panuku had instructed the licensee that their planned construction of a Pavilion on the Wharf may exceed the structural integrity of the wharf. This assessment was based on calculations previously provided to Panuku by Beca consultancy services. Although work had not commenced, Panuku suggested ATEED and its contractor undertake further investigation to ensure that the construction work would be within safe working and loading tolerance of the existing wharf structure. ATEED's contractor reviewed its Safe Work Methodology. This review was completed with Beca, and the contractor was able to demonstrate a safe live loading and construction to satisfy concerns raised by Panuku.

Each of the above examples has involvement of management support. As part of our continual improvement, Panuku will provide a communication to all staff to ensure they continue to exercise their right to stop work in the event of an unsafe action or activity.

## 6. Management, monitoring and review of critical risk

### Health and Safety Governance Risk

This report references the recent review of corporate health and safety risk, and our mitigations, as approved by our ELT. As part of our commitment health and safety, corporate health and safety risk has been separated from the broader Panuku Corporate Risk Register into its own register.

The corporate health and safety register will be reviewed regularly by ELT and can be referenced by the Board within Board Book, Resource Centre.

The register focuses on corporate level health and safety risk and does not attempt to cover off project specific critical health and safety risks. Project and contract specific risk is tracked under the Panuku Contract Management Framework, CMF. Each project manager is responsible for health and safety risk identification, monitoring and reporting under the CMF.

### Critical Risks Activities: Quarries, Landfills and Transfer Station

Quarterly monitoring of quarries, landfills, and a transfer station is scheduled in October. Actions raised as an outcome of our auditing programme, are implemented through the party with the management contract. The close-out of the audit corrective actions are tracked through the reporting software Risk Manager.

Site Details	Contractor
Blackwells Quarry Great Barrier Island	Fulton Hogan
Whitford Quarry	Fulton Hogan
Whitford Land Fill	Waste Disposal Services (Waste Management Ltd)
Hoporata Quarry Waiheke Island	Origin Quarries Ltd
East Tamaki Transfer Station	Waste Disposal Services East Tamaki

Findings for the above audits will be included in November board reporting.

## 7. Staff health and wellbeing, training and development

### Training and Development

Two new employees completed the induction programme, and a further staff member completed first aid refresher training.

Refresher training pending for the month includes fire warden and extinguisher training, and incident causation investigation training.

A number of Panuku staff holds 'site safe' passports which have reached the two year review date. These passports are intended to be replaced by the more relevant CHASNZ (Construction Health and Safety New Zealand) Tier 5 competency assessment. This assessment tool is under development and intended for use by 'Client' organisations such as Panuku. Should the competency tool remain incomplete by the end of November then we will consider the Tier 4 training competency, applicable to 'Supervisors'. Based on either assessment, further training may be required.

Panuku continues to run a series of wellness awareness communications. Additional communications planned during October include the pending 'NZ Shakeout', 18 October.

# Appendix A: Health and Safety Overview (1 July 2017 – 28 Sept 2018)

## Events: Recorded Incidents and Near Misses (1 July 2017- 28 Sept 2018)

### Critical Risks related to Incidents



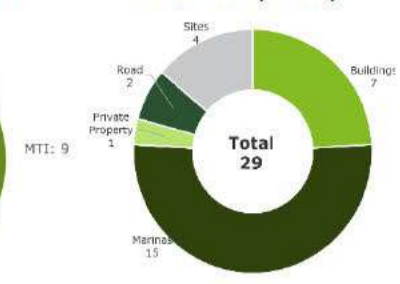
### Top Key Risks related to Incidents



### Reported LTI, RWC, MTI

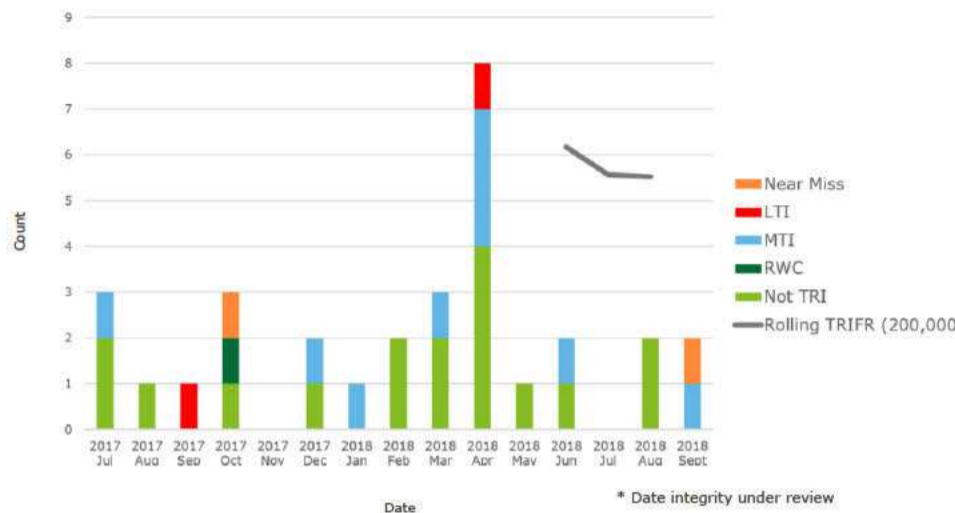


### Incidents by Group



Incidents: **29**  
Near Miss: **2**  
Rolling TRIFR August 2018 (200,000 hrs): **5.52**  
Rolling LTIFR August 2018 (200,000 hrs): **1.1**

### Incident and Near Miss Time Series (including TRIFR) \*



Panuku has recorded 29 incidents (TRIs) since 1 July 2017. Of the total number of incidents recorded, over 50% occurred at Marinas and just under 50% relate to the 'Slip, Trip or Fall' key risk.

Note:  
TRI: Total Recordable Incidents  
LTI: Lost Time Incidence  
MTI: Medically Treated Injury  
RWC: Restricted Work Case

## Risks and Hazards

Panuku will include a phased introduction of hazard and risk data

## Audits: Continuing Improvement through Monitoring and Review (1 July 2017- 28 Sept 2018)

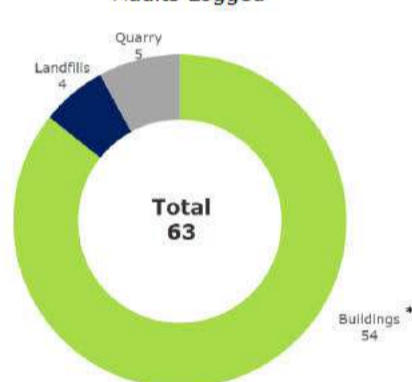
Audits Logged: **63**

Audits Closed Out: **11**

Audits Remaining Open: **52\***

\* Audits remaining open includes incomplete data fields.

### Audits Logged



\* Buildings include (but not limited to) Residential and Commercial property managed by Panuku

Panuku has logged 63 audits within the Portfolio Directorate since 1 July 2017, with an additional 52 audits remaining open.

Of the total 11 audits closed out, 5 occurred at quarry sites, 4 at landfill sites, and 2 at building sites.

## Corrective Actions: related to incidents and audits (1 July 2017- 28 Sept 2018)

Incident Actions Completed: **19**

Audit Actions Completed: **18**

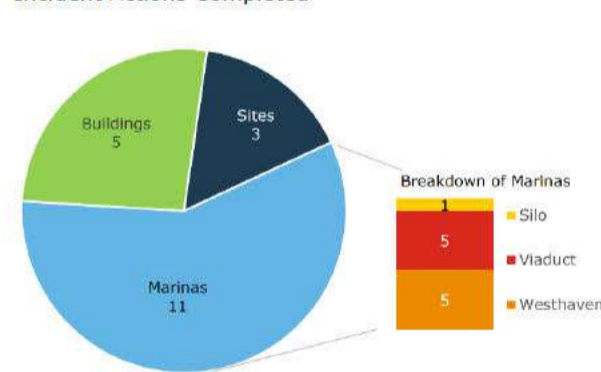
Incident Actions in Progress and Scheduled: **1**

Audit Actions in Progress and Scheduled: **190**

Incident Actions Overdue: **0**

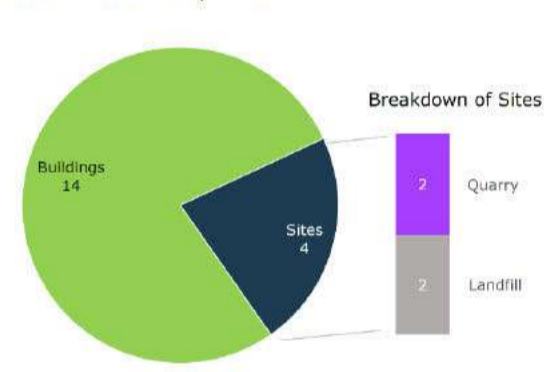
Audit Actions Overdue: **13**

### Incident Actions Completed



Corrective Actions are recorded against incidents and audits reported.

### Audit Actions Completed



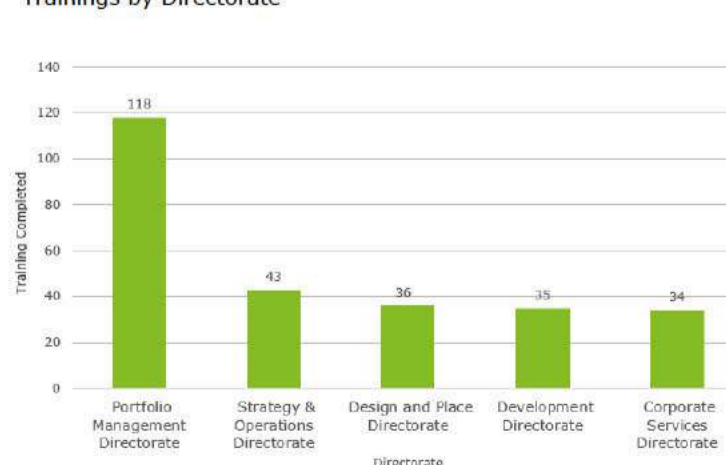
Audit actions relates to our Portfolio Directorate. Other audits completed will be logged as part of the phased implementation and training of the Risk Manager reporting software.

## Training: Competent and Engaged People (1 July 2017- 28 Sept 2018)

### Trainings by Course



### Trainings by Directorate



Panuku staff have completed 297 H & S trainings since 1 July 2017.

The most commonly completed training was the Panuku H&S New Starter Induction (115), followed by the H&S Online Induction (57).

\* Other includes (but is not limited to) Defensive Driver Training, H&S Rep Training, Contract Management Framework Training, Fire Warden Training, Site Safe Foundation Passport Training

## Appendix A.1: Health & Safety Definition List:

<b>Health &amp; Safety Incident</b>	Any unplanned event that resulted in injury or ill health of people.
<b>Near Miss</b>	An unplanned event that did not result in any injury, illness, or damage although had the potential to do so. Merely a fortunate break in the chain of events prevented an injury, fatality or damage.
<b>LTI</b>	Lost Time Injury - event that results in a fatality, permanent disability or time lost from work. One day or one or more shift off work.
<b>MTI</b>	<p>Medically Treatment Injury - an injury or disease that resulted in treatment from a professional physician or qualified paramedic. It does not include on the job first aid treatment.</p> <p>The following are not considered medical treatments and are NOT an MTI (as per OSHA Business Leaders' H&amp;S Forum ):</p> <ul style="list-style-type: none"> <li>• visits to a doctor or health care professional solely for observation or counselling;</li> <li>• diagnostic procedures, including administering prescription medications that are used solely for diagnostic purposes; and</li> <li>• any procedure that can be labelled first aid</li> </ul>
<b>RWC</b>	Restricted Work Case - an event that has resulted in the injured being unable to perform their routine duties. No time is lost due to the assignment of temporary tasks or light duties until the individual is able to resume normal duties.
<b>TRI</b>	<p>Total Recordable Incident - an incident that has resulted in a LTI, MTI, RWC, or a combination of the three.</p> <p>Note: if an incident has resulted in both a MTI and LTI, the single incident will be counted as one TRI.</p>
<b>TRIFR (Total Recordable Incident Frequency Rate)</b>	<p>Total Recordable Incident Frequency Rate:  <math>(\text{Number of TRIs} / \text{Hours Worked}) * 200,000</math></p> <p>Note: TRIFR is calculated as a rolling 12 month average</p>
<b>LTIFR (Lost Time Incident Frequency Rate)</b>	<p>Lost Time Incident Frequency Rate:  <math>(\text{Number of LTIs} / \text{Hours Worked}) * 200,000</math></p> <p>Note: LTIFR is calculated as a rolling 12 month average</p>
<b>Critical Risk</b>	A risk identified by Panuku as serious and potentially life threatening regardless of the frequency.
<b>Key Risk</b>	A risk that may cause serious harm but is not identified as a Critical Risk by Panuku.

## Chief Executive's report to the Board

<b>Document Author</b>	Roger MacDonald – Chief Executive
<b>Contributors</b>	David Rankin – Chief Operating Officer Monica Ayers – Director People and Culture Angelika Cutler – Director Corporate Affairs Carl Gosbee – Director Corporate Services Rod Marler – Director Place and Design Allan Young – Director Development Ian Wheeler – Director Portfolio Management Jenni Carden – Executive Officer/Company Secretary
<b>Date</b>	17 October 2018

### 1. Overview

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

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

### 2. Key issues

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

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

#### 2.1 Strategically significant issues

##### 2.1.1 Policy on housing mix

The revised draft policy on housing mix has been circulated to the Board for further review and input. The policy includes a new principle in regard to diverse communities and commitment to the mixed tenure approach as discussed at the last meeting. There is also a change in emphasis from Panuku not required to deliver social and affordable housing, to Panuku required to facilitate residential choices, which will include social and affordable housing in some locations. The draft policy will be workshopped with Planning Committee on 6 November. The Board will be advised of any issues raised in regard to policy direction. As requested by the Chair of the Planning Committee, Cr Darby, a report to Planning Committee will seek endorsement of draft policy on 27 November. The Panuku Board will consider and approve the policy on 28 November. The Panuku policy is being debated as part of a broader discussion and work programme around the council's role in urgently enabling more affordable housing to be built for Auckland's workers.

## 2.1.2 KiwiBuild

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

## 2.1.3 America's Cup 36

Discussions are on-going regarding budget for the AC36 programme. Work continues to prepare the report for the Auckland Council Governing Body.

### Tenant Relocation

Work continues on tenant relocation, much of which is needed before construction starts. The construction programme has moved to accommodate design changes, however Panuku is working to get tenants moved as soon as possible so we don't contribute to any delays.

- 100 carparks for ASB have been relocated successfully to Site 18. This site is now up and running and was delivered on programme on 8 October.

The move of the remaining ASB carparks to Downtown Carpark has not yet occurred.

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

## 2.1.4 Mana whenua engagement update

Panuku has invited the 19 Mana Whenua to provide input into the development of the America's Cup Kaitiaki Engagement Plan as per the conditions of the resource consent. Panuku is required to submit the Plan to council within 10 working days from the commencement of the consent. The Wynyard Edge Alliance (WEA) has also been engaging with Mana Whenua on the various management plans – again this is a condition of the consent, and Panuku as the consent holder has ultimate responsibility for ensuring the conditions are met. Mana Whenua have also identified their technical specialists to work with Panuku and WEA.

The Panuku Mana Whenua Outcomes Framework was endorsed by the Mana Whenua Kaitiaki Forum hui on 20 September. Further, the Forum adopted a work programme that includes an intention to work with the council group to develop similar Māori Outcomes Frameworks for each CCO and key council areas. The Forum is also taking a wider benefits approach that is inclusive of all Māori, rather than a single focus on Mana Whenua. The Panuku board and ELT will have an opportunity to review the Framework, with a Rangatira and board hui to be scheduled at a later date to discuss, potentially in November. A stronger focus on a Māori outcomes approach aligns with the direction of council. Priority outcomes identified by council include Marae Development, Kaitiakitanga (wai), Reo Māori and Māori Business, Tourism and Employment. This is in addition to capacity building and effective engagement.

## 2.2 Emerging or developing issues

### 2.2.1 Letter from Mayor Phil Goff

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

### 2.2.2 Deputations to the Auckland Council Governing Body – 27 September

The Auckland Council Governing Body meeting on Thursday, 27 September, heard a petition from Puneet Dhall in relation to the Auckland Dockline Tram. Auckland Council have requested a report from Panuku and Auckland Transport for their November meeting on this matter.

The same meeting received a public input presentation from Hon John Tamihere, Chief Executive of National Urban Māori Authority (NUMA) and Bill Rayner, President Grey Power regarding:

- i) social and affordable housing
- ii) performance of Panuku Development Auckland

### 2.2.3 Engaging with Mana Whenua on Waterfront developments

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

## 2.3 Priority location project updates

The Priority Location Portfolio comprehensive report covering Q1 is attached as Attachment A which is withheld from the public under S7(2)(b)(ii) of the LGOIMA.

### Transform

#### 2.3.1 Manukau

##### 52-54 Manukau Station Road and MIT

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

##### Marketing of Central Manukau Development Sites

The EOI process for five Panuku sites and the council corporate property sale and development commenced on 15 October. The marketing process is being led by Colliers International.

A copy of the sales brochure is included in the Resource Centre in Board Books. The EOI process and campaign will run for 4 weeks. The subsequent competitive dialogue process will be shaped once we see the number and quality of respondents.

In parallel to the market process we are continuing discussions with the MoHUD KiwiBuild unit and HNZC regarding opportunities related to our sites.

##### Lot 3 59B Manukau Station Road

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

##### 20 Barrowcliffe Place (Kotuitui Place)

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

##### Te Papa Manukau

Discussions are continuing with Te Papa to develop the design concept for the Te Papa Manukau facility in Hayman Park in a way that minimises potential adverse impact on the park environment. The impact on the park is a major concern for the Local Board.

These design discussions include MIT as it has a 10-year development option on land at the rear of its existing building over the rail station. MIT is unlikely to develop its option land to its full extent and a collaborative approach to land use with Te Papa would be an ideal outcome.

Te Papa is currently preparing an indicative business case to support its funding discussions on funding.

#### 2.3.2 Onehunga

The settlement of Onehunga Port occurred at the beginning of October. Management systems and controls are largely in place for the ongoing management. Initial remediation works to the port are currently being scoped.

Given the lwi sensitivities around the coastal marine environment an engagement approach is to be agreed with mana whenua prior to the master planning of the port commencing. This may include a Panuku Board and mana whenua governance workshop and / or site visit.

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

#### 2.3.3 Waterfront

##### Vos Shed Restoration

Tender valuation was completed on 2 October and a preferred supplier identified. Tender pricing clarification is in progress and contractor response deadline is 15 October. Contract award will follow subject to final tender review. The preferred supplier indicated they can commence works immediately once the contract is awarded. Projected project completion is August 2019.

Building consent uplift is still expected to coincide with construction contract award.



### **30 Madden Street (West 1 Site)**

The overhead wires and tramlines were removed from the West 1 site by 21 September 2018. Panuku has completed the lease commencement documentation for this site. Willis Bond are intending to meet all of their feasibility conditions by mid-October to allow construction to commence. A key outstanding matter is the issuing of the building consent. [REDACTED]

[REDACTED] It is intended that these residential construction works will take approximately two years to complete.

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

### **10 Madden Street (Site 5B)**

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

### **Auckland Dockline Tram**

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

The 'Keep The Dockline Tram Running Citizens Movement' made a public deputation to Governing Body on 27 September 2018. Following this deputation, Panuku were asked to prepare a report considering the tram's future. A decision paper has therefore been prepared on this issue for Board consideration. See agenda item 5.3.

### **Site 18**

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

### **Wynyard Crossing**

The temporary Wynyard Crossing bridge is reaching the end of its design life, requiring increasing costs to keep it operational and safe, and with decreasing reliability. With high profile waterfront events for AC36 due to start in spring 2020, it is important to have a safe, reliable pedestrian and cycle connection from the city centre to Wynyard Quarter.

A new bridge will also provide a permanent connection to the city centre that caters for the future growth of the Quarter and the growing demand for walking and cycling.

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

### **Pile Mooring Redevelopment**

The resource consent hearing for this project is on 23 October. The hearing is set down for three days. Panuku's experts have completed and exchanged their evidence, with evidence from submitters (if any) to be received by 12 October.

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

### **Silo Marina**

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

## Unlock

### 2.3.4 Avondale Avondale Racecourse

The review of the NZ racing industry has recommended that racing ceases at Avondale racecourse and that a sale process commences in 2020/21. [REDACTED]

[REDACTED] Panuku has made a submission supporting the strategic approach to racing infrastructure contained within the report and acknowledging the future value of the racecourse for open space and residential development. The submission highlights the significant investment made by council as part of the Unlock Avondale project and a need for development within the racecourse to support the regeneration of the town centre.

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

### 2.3.5 City Centre

#### Civic Administration Building

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

#### Britomart – Over Site Development Opportunities – Station Plaza

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

### 2.3.6 Northcote

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

The Awataha Greenway project is nearing the end of developed design following the completion of six months of comprehensive stakeholder engagement and co-design. This culminated in a successful public open day attended by Dan Bidois MP & Cllrs Darby and Hills. Local Board and mana whenua have both stated that it sets a precedent for best practise engagement.

Greenway land is being acquired from the MOE and earthworks should begin October 2019. We are galvanising a community led restoration project at the source of the Awataha to build community momentum and respond to the cultural significance of the puna.

### 2.3.7 Panmure

A separate report has been provided for the board. See agenda item 5.2.

### 2.3.8 Papatoetoe

A separate report has been provided for the board. See agenda item 5.1.

### 2.3.9 Takapuna

The construction contract with Argon Construction Limited to build the Gasometer car park has been executed. Argon commenced site establishment and proof drilling for the piles on 8 October 2018 with construction commencing in full in late October. Construction will be completed in May 2020.

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

### 2.3.10 Haumaru

#### 33 Henderson Valley Road

Alaska Construction is making solid progress on site and has achieved the critical milestone of completing ground floor structures. The team will be advancing with the floor structures for upper levels in the coming month to complete second floor structures by December. Critical sub-trades for upcoming months have been confirmed to ensure good continuity of work flow on site. The construction programme is tracking well to reach practical completion by 30 June 2019.

### **2.3.11 Meadowbank Community Centre**

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

## **3. Quarter One reporting**

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

### **3.1 Financial**

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

### **3.2 Risk Management**

Top five organisation risks for Q1 ending 30 September 2018:

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

The period under review is 1 July 2018 to 30 September 2018.

#### **Organisational Risks**

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

#### **Operational Risks**

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

## **4. Portfolio Management**

### **4.1 Property Management Portfolio**

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

### **4.2 Acquisitions and Disposals Summary**

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

## **5. Organisational Summary**

### **5.1 Chief Executive's Networks**

Since the Board met on 26 September, the Chief Executive has continued to build relationships with stakeholders, mana whenua and the local community, within both the political and community arenas. He has also attended various Auckland Council meetings, including the City Centre and Waterfront Executive's Steering Group, CCO CEO's Regular Catch-up with Stephen Town and regular AC36 JCEG (Joint Chief Executive Group) meetings. *Withheld from the public under S7(2)(b)(ii) of the LGOIMA*

### **5.2 Delegations of Authority**

The Board Delegated Authority Policy was approved on 1 September 2015 and last reviewed in July 2017. In line with the annual review frequency, management have commenced a process to review the policy to ensure it continues to be clear, practical and easy to use while supporting more streamlined and efficient decision-making within Panuku. It is expected the review will be completed and the policy presented to the Board for consideration at the November meeting.

### **5.3 Enhancing Our Matrix Style of Working**

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

## 5.4 Regional Aotearoa Placemaking Week

Local and international Placemaking experts are participating in the inaugural Regional Aotearoa Placemaking Week from 11 – 21 October. The week is an undertaking that has been led by Panuku, in collaboration with Christchurch City Council, Palmerston North City Council, and Project for Public Spaces (PPS). The concept is to build relationships and further conversations – including some excellent international and local superstars like our very own Lucy Tukua as a guest speaker.

Project for Public Spaces (PPS) is a not for profit organisation based in New York dedicated to creating and sustaining public places that build communities. PPS created regional placemaking weeks after years of talking with members of the national placemaking community about the need for a friendly network of like minds at grass roots levels. Regional placemaking week boasts activities that support and transforms community-driven public spaces in the host location.

Placemaking is built on the ethos of looking at, listening to, and asking questions of the people in a community to discover their needs and aspirations. As one of our three development pillars, it is extremely important to Panuku and we are very proud of the work we have achieved to date. This event will provide us with wonderful opportunities to build both our practice and our position within a very complex landscape – here in Tāmaki Makaurau, across New Zealand, and out to the world.

## 5.5 Media and digital summary

Newsroom ran a favourable piece on the removal of a cluster of tanks from Wynyard Wharf to make way for the America's Cup bases, with comment from Rod Marler on the revitalisation of the Point into a regional destination park that completes the green spine between Wynyard Quarter and Victoria Park.

In Takapuna, we continue to work with local publications to proactively share positive news on the town centre redevelopment. For example, we provided the North Shore Times with a story on the construction of the Gasometer car park getting underway and supplied Channel magazine with a myth busting piece to dispel common misconceptions about the project.

Stuff and the New Zealand Herald both reported on resource consent being publicly notified for the Queens Wharf mooring dolphin. The Herald followed this up with a series of stories that overall present a balanced picture, with comment from opposition groups such as Stop Stealing Our Harbour and opinion pieces from cruise industry advocates.

Following a breakdown in relations with Panuku over the level of social housing in the Tavern Lane development in Old Papatoetoe, Waipareira Trust CE John Tamihere directly attacked Panuku in a series of news and comment pieces run by the Herald in which he accused us of “social engineering” and claimed it as the reason why he may consider running for mayor.

When the story broke, Panuku provided a statement to the Herald that outlined the Trust's assertion that the Tavern Lane development include 70% social housing and, that while Panuku is not a social housing provider, we try to strike a balance between ensuring commercial support for our developments and are responding to the expectations of the communities we serve across Auckland.

As the story progressed, most of the coverage regained balance and focused on a speculative Goff v Tamihere mayoralty race with mentions of Panuku fading, particularly in comments from the public on social media and the Herald website which instead focused on Tamihere's fitness for mayor.

The Herald refreshed its interest in the latest on the Civic Administration Building development. Clive Fuhr outlined the complex reasons behind the delays in confirming the development agreement with Civic Lane Ltd.

Stuff reported on the closure of a Mt Wellington kart track and was critical of Panuku despite Ian Wheeler confirming that the club's lease finished in 2012 and since then Panuku has been helping them to relocate to new premises.

Ian Wheeler was also interviewed by Three News in a balanced segment about the suspension of the tram alongside Puneet Dhall, who is a member of the group 'Keep the Dockline Tram Running' that has long petitioned for the tram's full 1.5km loop to be reinstated. Ian gave a full and empathetic explanation that the tram was always intended as a temporary placemaking activity in the Quarter and that there is no funding available to keep it running.

Panuku featured in a column by Northland economic development agency CE David Wilson on Housing Minister Phil Twyford's desire for an Urban Development Authority. Wilson describes us as having a "fit-for-purpose board" and that we are "a doer not a policy maker".

Along with the rest of the council family, Panuku published its annual report 2017-18, which is also available online.

### **Digital highlights**

As part of continual review of our engagement approach, a new online tool – Social PinPoint – aimed at engaging with new, younger audiences has launched in Panmure. Within the first three days of going live the site received almost 400 unique visitors who on average spent more than nine minutes on the site, which far exceeds the average of 59 seconds.

In the last month views of the Panuku Facebook page have nearly doubled (42% increase). Our most popular post was an animation on the purchase of the Onehunga Wharf which reached almost 34,000 people.

## **Attachments**

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

# Decision Paper: 30 June 2018 Annual Report

<b>Document Author(s)</b>	Michele Harpham, Finance Manager Kingsha Changwai, Manager Business Planning and Reporting
<b>Reviewer(s)</b>	Carl Gosbee, Director Corporate Services
<b>Date</b>	15 October 2018

## 1. Purpose

The purpose of the report is to present the 30 June 2018 Annual Report for the Board to consider as part of the requirements of the Local Government (Auckland Council) Act 2009.

## 2. Background

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.

Generally, the second meeting is held in September 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 Board adopted the Annual Report in the confidential section of its September 2018 meeting but it is now being made public and being considered in the public section of the Board meeting. The Annual Report is included as **attachment A**.

## 3. Recommendations

It is **recommended** that the Board:

- a) **receives** the report.

## 4. Prior Board and Council engagement and decisions

<b>Why approval is required</b>	Companies Act 1993, Local Government Act 2002, Local Government (Auckland Council) Act 2009
<b>Policy reference</b>	Board Delegated Authority   Strategy, planning and governance Authorities & Approvals Reserved by the Board - Annual Report

Previous Board engagement and decisions			
Date	Engagement	Document	Decision
29 August 2018	Board Meeting	30 June 2018 Annual Report	<p>Michele Harpham, Finance Manager, and Kingsha Changwai, Manager Business Planning &amp; Reporting, joined the meeting for this item.</p> <p>Carl Gosbee, Director Corporate Services, introduced the report and advised a change to the Service Level Statement, Measure 12, % Mana Whenua groups satisfied with quality of engagement (page 60). Percentages should be 18%, 27% and 55% respectively.</p> <p>The Board received the report, noting the deferred tax adjustment.</p> <p>The Board noted the feedback from the auditors who were very complementary of Finance Manager, Michele Harpham, and congratulated Panuku on completing the end of year reporting a month earlier than previous years.</p> <p>It was <b>RESOLVED THAT</b> the Board:</p> <ul style="list-style-type: none"> <li>a) <b>adopts</b> the Annual Report for the year ended 30 June 2018, noting the typos to be corrected;</li> <li>b) <b>authorises</b> the Board Chair and the Audit and Risk Committee Chair to sign the Annual Financial Statements on behalf of the Board; and</li> <li>c) <b>authorises</b> the Board Chair and the Audit and Risk Committee Chair to sign the Letter of Representation to Audit New Zealand.</li> </ul> <p><i>Moved Mike Pohio, seconded Susan Macken. <b>CARRIED</b></i></p>

## 5. Performance Targets

The performance for the year to 30 June 2018 against targets identified in Panuku's Statement of Intent is detailed in the Statement of Service Performance on pages 34 to 41 of the Annual Report.

There were 21 measures in total, some focusing on Panuku's owned portfolio of assets on the waterfront and others aimed at the portfolio of assets and developments that Panuku controls on behalf of Council.

19 of the 21 measures were assessed as achieved where the performance result for the year is either equal to or above the target. One measure was substantially achieved and one measure was not achieved. These were the percentage of Aucklanders surveyed who have visited the city centre waterfront in the past year and % of Mana Whenua groups satisfied with quality of engagement respectively.

## 6. Financial Results

The financial results for the year 30 June 2018 are detailed in the Annual Financial Statements on pages 43 to 82 of the Annual Report. These financial statements only show the performance of Panuku as a company and therefore do not show the financial performance or financial position related to the portfolio of assets and developments that Panuku controls on behalf of Council.

For the year ended 30 June 2018, Panuku achieved a net surplus of \$10.2 million. Due to the way Auckland Council funds the capital expenditure of Panuku, this was less than budget, however if we remove capital funding, and the non-cash impact of investment property revaluations, the net surplus was \$9 million ahead of the budget. \$3.6m of this came from not having to pay interest as the loans were repaid to Auckland Council in June 2017 after the budget was agreed for this financial year.

Capital expenditure for the year was \$12.3 million. Major projects progressed this year include the upgrades of Madden and Pakenham streets in Wynyard Quarter, the new public information kiosk located in Karanga Plaza and the build of Tiramarama public laneway located between the Precinct and Willis Bonds developments in Wynyard Quarter.

### Document Sign-off

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









# Highlights 2017

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## July

A regeneration plan for Old Papatoetoe is given the go ahead by the Auckland Council Planning Committee.



## August

Resource consent is granted to build 40 new homes in central Henderson as part of the Haumaru Housing portfolio of homes for older people.



## October

Panuku commits to new homes built across Transform and Unlock locations to be 6 Homestar ensuring high standards for energy efficiency.



## November

A plan to redevelop Avondale as a quality residential neighbourhood with new open spaces is approved by the Planning Committee.



## December

The first residents as part of the Panuku-led revitalisation of Wynyard Quarter move into their new homes.



## December

Designs are invited to redevelop two Henderson carparks as part of the global C40 initiative to encourage low carbon development.

# Highlights 2018

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## January

The first of 102 homes are completed at the Airfields precinct in Hobsonville Point.



## February

The upgrade of Putney Way into a pedestrian-friendly main street for central Manukau gets underway.



## March

A plan to revitalise Panmure town centre is given the green light by the Planning Committee.



## March

Carparks are removed from the Eastern Viaduct allowing the area to be better used as a public space.



## May

A new residential neighbourhood is announced for the Barrowcliffe site in Manukau, with at least half of the 300 homes to be affordable.



## June

More than two million people visited the city waterfront throughout the year.



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## 1. Chair's report

My term as chair finishes in a couple of months, and the end of a chapter always brings with it a chance to reflect. It's a time to reflect on my two years as Panuku chair as well as my time on the boards of both Panuku and its predecessor Auckland Council Property Limited.

It's been a stimulating, exciting and challenging time looking at many complex issues and deciding with my fellow directors and management the best ways forward. We must always be conscious of the importance of budget constraints, stakeholder expectations and achieving both social outcomes and quality urban redevelopment.

I think we have now reached a point where Panuku is making a real difference. Our expertise is incredibly valuable to the council family and plays an important part in helping our city face the challenges of phenomenal growth.

We must continually look to the future so that our redevelopment activities are catalysts for others. As we move into

the outcomes phase for many of our developments, there is a wide variety of projects that will not only make a difference to these communities in the short to medium term but will leave a legacy for their long-term futures.

I am impressed with the sustainability initiatives that we're driving and the purchase of strategic assets like Onehunga Wharf as well as something as simple as ensuring we deliver open spaces in the right place.

It's certainly been a time of change in my two years as chair. Not long after I took the role the city voted in a new mayor who immediately announced housing alongside transport as his top two priorities.

A year later we had a new coalition Government who also stated housing would be one of their top priorities. We've witnessed this housing focus in recent months with KiwiBuild announcements alongside the Crown's long-held desire to bolster their role in urban regeneration.

Most importantly the new Government has expressed a keen interest in some of our locations, with an eagerness to deliver more than our initial plans. We look forward to turning this eagerness into action and tapping into the significant resources the Crown has at its fingertips.

I expect the relationship between ourselves and the Crown to strengthen and grow in importance as we deliver on the outcomes both parties are seeking.

More communities are looking to us for regeneration in their neighbourhoods. In theory it would be nice to expand our list of priority locations, but I'm always conscious of our responsibilities to ensure we deliver on the commitments we have made. That is why partnerships are so critical to our business be it with Government, the private sector or iwi.

On a personal note I have thoroughly enjoyed being part of the Panuku whānau and I feel I've helped Auckland in a small way to face the challenges ahead.

I'd like to thank my fellow board members, CE Roger MacDonald, the Executive Leadership Team, our incredibly hard working staff and all our partners that we work hand in hand with. I wish everyone a successful future as they make an increasing difference to Auckland.



*Richard Aitken*

**Richard Aitken**  
Chair



## 2. Chief Executive's report

As we head towards our third birthday, we have built a strong platform, enabling Panuku to move from planning to implementation in most of our priority locations.

With the move to the delivery phase across our Transform and Unlock locations comes rising expectations, from both elected members and our communities who want to see some of the Panuku outcomes that have won us awards in Wynyard Quarter applied in their neighbourhood.

Like most public sector agencies, we have to deliver more with less. Our challenge is to 'think outside the box' to deliver innovative ways of implementing our comprehensive programmes and public good works (walking and cycling promenades, town squares and green spaces).

Kiwi nuclear physicist Ernest Rutherford once said "We haven't got the money, so we'll have to think" and that's exactly what we are doing at Panuku.

A new strategy we developed to support our programme was to consider a reinvestment approach, where any funds from sales could be ring fenced and used to fund those public good projects.

What this means is that money from property sales in our Transform and Unlock development locations can be used to fund our work across any of those priority locations. This approach has now been endorsed, providing Panuku with the ability to target the greatest need and opportunity.

It's incredibly important that Panuku strikes the right balance to support redevelopment across Auckland. A three-year reinvestment package was agreed and incorporated into the council's Long-term Plan.

A growing focus of our work is partnering with the Government to advance shared urban development and housing objectives, such as enabling KiwiBuild homes and the Auckland Housing Programme.

We are looking to work more closely together with the government in our Manukau Transform location, using lessons learnt in other locations.

Another successful partnership is with mana whenua iwi to enable them to seize commercial opportunities with us.

An important milestone in our Onehunga location was to reach agreement with Ports of Auckland to acquire the Onehunga Wharf land. This will provide a huge opportunity to help regenerate the Onehunga town centre and foreshore.

A core tenet of redevelopment done well, is ensuring new neighbourhoods are healthy and resilient – making sustainability a key consideration.

This year Panuku became the first organisation globally to be pre-awarded credits on a volume basis under Green Star Communities, an international rating tool to guide sustainable precinct planning and design.

Our commitment to 6 Homestar for all our Transform and Unlock locations continues, with Avanda becoming the first developer to achieve 6 Homestar using a bespoke Panuku tool, for designs at the Airfields in Hobsonville Point. This quality-assurance mark ensures good energy and water efficiency, among other outcomes.

Another project where we're striving for international best practice is the building of the team bases for the America's Cup in 2021. This will be delivered through a public-private partnership approach by Wynyard Edge Alliance.



Ngā mihi mahana

**Roger MacDonald**  
Chief Executive

### 3. What we do

Panuku Development Auckland is a Council Controlled Organisation (CCO) of Auckland Council. It was established in September 2015 as a result of the merger of two CCOs. Panuku helps to rejuvenate parts of our city – from small projects that refresh a site or building, to major transformations of town centres or neighbourhoods.

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Auckland is facing rapid growth, and as a result of this is experiencing significant housing and infrastructure pressures. Around 800 people move to Auckland each week, and current projections suggest the population could reach two million by 2033 - an increase of more than 500,000 people within the next two decades.

We manage around \$2 billion of land and buildings that Auckland Council and Panuku own, 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.

We identify development opportunities and plan and prepare the ground to attract private investment and make it easier for others to take on the development of houses and commercial buildings. Together with our partners we unlock the full potential of this land to create spaces for Aucklanders to love.

To cater for this growth there is a need for more urban redevelopment and intensification of town centres and brownfields.

Panuku is involved throughout the life cycle of property, from buying, managing and selling property on behalf of council and CCOs, through to identifying when property is no longer required or when it can be used to better meet community needs.

This involvement means we are in a good position to make smart decisions and add value to council property assets.

Our funding streams are a mix of council funding (through the Long-term Plan), revenue from commercial operations, and from the reinvestment of funds gained from property sales into new urban developments within Transform locations.

We operate in a commercial way, but with good public outcomes. We deliver financial returns to council, but at the same time ensure developments and community outcomes are positive and sustainable.

Reporting to the Board, Panuku is led by Chief Executive Roger MacDonald. Approximately 200 staff work for Panuku across seven directorates.

## Strategy and Operations

Our Strategy and Operations Directorate, led by Chief Operating Officer David Rankin, articulates our vision and key strategies through a strategic framework. The team focuses on identifying property opportunities to progress our vision, and then prioritises and mandates those opportunities, particularly in our key locations. The team is also responsible for the Panuku programme management function, which supports all our teams to deliver our programme of projects.

## Design and Place

Our Design and Place Directorate, led by Rod Marler, expands on the High Level Project Plans, developing integrated and implementable Framework Plans. Framework Plans outline how we will ensure high quality regeneration and redevelopment design outcomes, optimise commercial opportunities, and balance economic, social, cultural and environmental considerations.

## Development

Our Development Directorate, led by Allan Young, then takes these opportunities and directs the delivery of selected redevelopment projects. This team works with stakeholders over the life of projects to ensure that we achieve best value outcomes for Aucklanders.

## Portfolio Management

Our Portfolio Management Directorate, led by Ian Wheeler, is responsible for the management and performance of the property portfolio, including commercial property, residential homes, quarries, landfills, marinas and holiday camp grounds.

Panuku ensures this portfolio is managed in line with its strategic objectives, it is well cared for and fit for purpose for people to work, live and play in; and that Panuku achieves optimal return from the portfolio.

The directorate also provides the council with a range of property services and advice on matters such as asset development and renewal, statutory processes, acquisitions and disposals.

## Corporate Affairs

Our Corporate Affairs Directorate, led by Angelika Cutler, focuses on how the organisation can work with the communities in our priority locations, key partners from central Government, mana whenua, and the private sector, locally and internationally, to generate urban regeneration at speed and at scale.

## Corporate Services

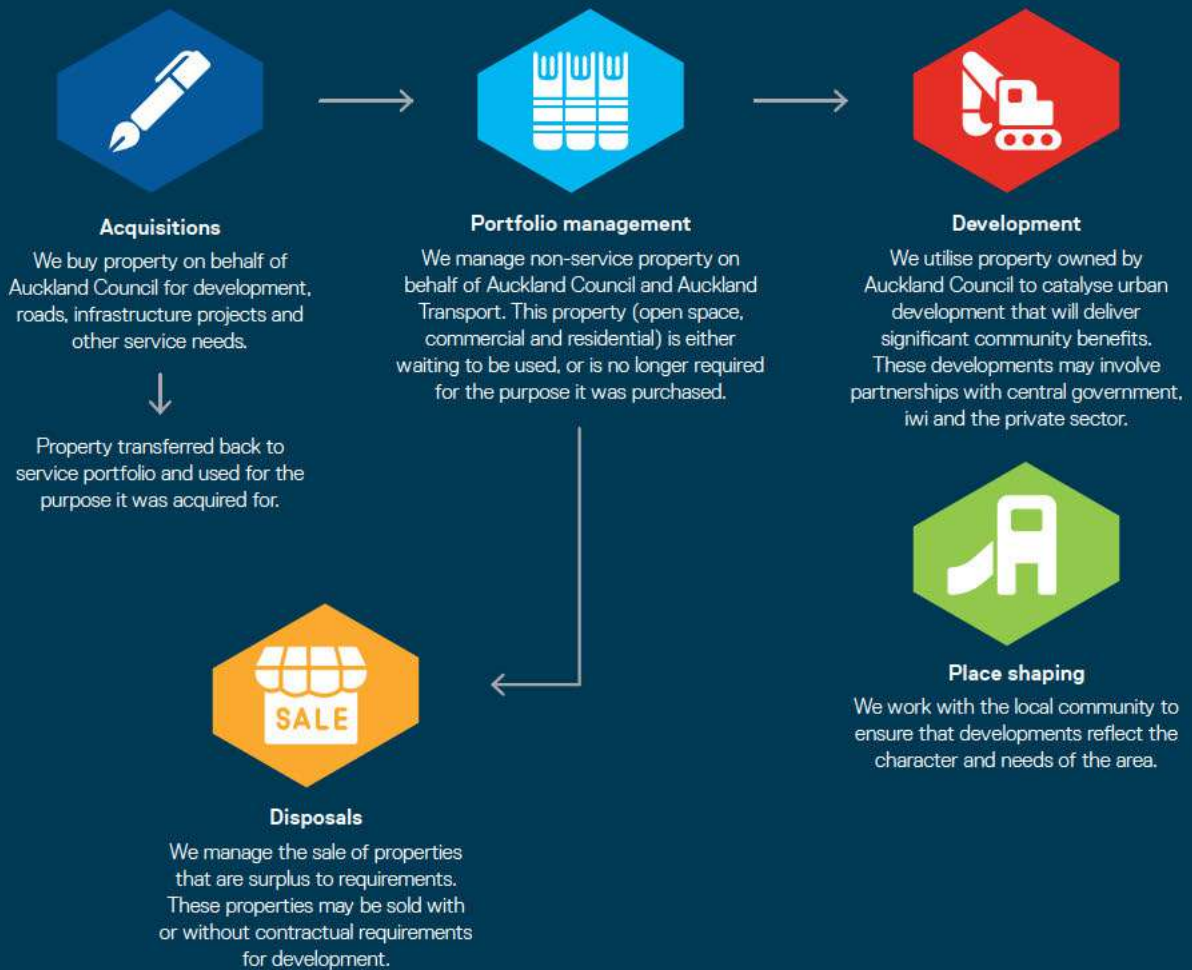
Our Corporate Services Directorate, led by Carl Gosbee, ensures Panuku has effective and efficient internal control systems to support the safe delivery of projects and business functions. It provides budgeting, financial reporting, procurement, administration and other services that support the organisation.

## People and Culture

Our People and Culture Directorate, led by Monica Ayers, drives business performance through strategic human resources activity. This starts with effective workforce planning, followed by a focus on talent attraction and retention to keep pace with business growth. Organisation development initiatives are designed to improve culture, engagement, leadership and employee capability in line with our strategic objectives. Panuku leverages Auckland Council's shared services including payroll and recruitment.

## The Panuku property cycle

Strategically creating value from assets



## 4. How we do it

The broad approach at Panuku to achieving development outcomes is captured by three categories - Transform, Unlock and Support.



### Transform

Transform locations where Panuku will lead the transformation of select parts of our region; working alongside others and using our custodianship of land and planning expertise. The catalytic work at Wynyard Quarter is a great example of the transformation of urban locations. Our transform projects are Manukau, Onehunga and Wynyard Quarter, and we also work with the Tāmaki Regeneration Company on the transformation of Tāmaki.



### Unlock

Unlock locations where Panuku acts as a facilitator; using relationships to break down barriers and influence others, including our council family, to create development opportunities. Our current unlock projects are Northcote, Takapuna, Avondale, Hobsonville, City Centre, Old Papatoetoe, Ormiston Town Centre, Panmure and Henderson.



### Support

Support projects where our role is to ensure council is making the most of what it already has. Intensification is a key driver in the Auckland Plan. Panuku will support housing demands by enabling development of council-owned land. Our current support projects are located in Whangaparaoa, New Lynn, Mt Eden, Stonefields, Ōtāhuhu, Howick and Pukekohe.

## 5. Where we're working

From Whangaparaoa in the north to Pukekohe in the south, Panuku is working to give Aucklanders better connected neighbourhoods, safer places, improved housing and more access to the coastline.

These locations have been selected based on:

- Where Auckland Council owns land
- Where there is an opportunity to work with other partners such as government and iwi
- And where there is the greatest community need.



**Transform**  
Significant long-term regeneration



**Unlock**  
Creating development opportunities with others



**Support**  
Enabling housing development on council-owned land







## 6. Priority development locations

### Transform

Great progress has been made in the last 12 months across all three Transform locations.

In **Manukau**, a major new housing development was announced for a five hectare site in Barrowcliffe Place. With 300 homes, the new neighbourhood called Kōtuitui Place will be an important contribution to the area's redevelopment providing a new residential community close to the city centre. Importantly, at least half of the homes will be part of an affordable housing scheme with a range of purchase models including rent-to-buy and shared equity ensuring a mixed and diverse community.

Panuku has entered into agreements with Te Ākitai Waiohau and the Puhinui Park Ltd partnership of the New Zealand Housing Foundation, Te Tumu Kainga and CORT Community Housing, to build the neighbourhood. Earthworks started in February and construction is expected to begin later in 2018 with completion of the homes required within five years.

The journey to create a thriving heart for Manukau also stepped up a gear in the financial year with the upgrade of Putney Way transforming the road into more of a pedestrian-friendly main street with native planting, safer lighting and artworks designed with local community input. The new Manukau Bus Station was also unveiled in early 2018. With room for 23 buses and handling around 5500 passengers a day, the new transport hub will make Manukau more connected than ever to the rest of the region.

In central Auckland, the ongoing transformation of **Wynyard Quarter** took a major symbolic step forward with the first residents moving into 28 homes in Wynyard Central in December. The homes are the first of about 350 dwellings being built by our development partner, Willis Bond. Another 139 homes are expected to be completed in September.

On the eastern edge of the Quarter, the five-star Park Hyatt hotel overlooking Viaduct Harbour is taking shape with the façade of the 195-room hotel being wrapped around the seven-storey building. The hotel is due to be completed in May 2019.

Meanwhile, an agreement was reached with leading marine services company Orams to develop a new marine refit facility on the western edge of the Quarter. The proposed development will feature a superyacht haul out facility for vessels up to 620 tonnes and is part of the ongoing commitment to retain a vibrant marine industry in the area.

In the third transform location, **Onehunga**, the wharf was acquired by Auckland Council right at the end of the financial year in a move that will be critical to the revitalisation of Onehunga over the next 30 years.

The vision for the wharf is that it will be transformed into a new community with homes, cafes, retail and public space, while retaining its seafaring history and spirit.

Public events or development on the site are up to five years away, as there is a lot of behind-the-scenes work to do including negotiating usage with other key players such as NZTA and undertaking maintenance.

Also in Onehunga work continues behind the scenes with key local stakeholders and major property owners to identify opportunities as part of the area's redevelopment. Early placemaking initiatives led by Panuku are having a positive impact, with the set-up of the 312 Hub – an art gallery, creative studio and shared space for youth, budding artists and musicians.



## Unlock

In March 2018 a “change of use” for 40 Anzac Street in **Takapuna** was granted by Auckland Council’s Planning Committee, meaning the site can be used for purposes other than car parking. The decision is a critical one for unlocking the potential of the rapidly growing seaside suburb and paves the way for the site to be developed into a town square in the heart of Takapuna. Extensive engagement continues to help identify development outcomes that are beneficial to the wider community including business and residents.

In the east, the plan to revitalise the **Panmure** town centre was given the green light. This step gives Panuku the mandate to reinvigorate Panmure’s main street, reconnect the community with its surrounding natural features and work with Auckland Transport to improve connections to and from the town centre. It will also ensure any revitalisation of Panmure complements what’s already underway in the nearby suburbs of Point England and Glen Innes led by the Tāmaki Regeneration Company.

Further west the redevelopment plan for the **Avondale** town centre was also approved, allowing Panuku to work closely with the local board and community to plan for new homes, retail and eateries, a community facility and to implement a retail strategy to attract new businesses. The successful purchase of a strategic site in the town centre in May is also expected to help unlock development opportunities. Construction is nearly complete at a 72-apartment development in Racecourse Parade helping to create a new residential catchment to activate the town centre. Thirty three new homes in Trent Street were completed in early 2018 through a partnership with New Zealand Housing Foundation, including 22 homes offered to first home buyers under its affordable equity or affordable rental programme.

In **Henderson**, Panuku has attracted strong global interest from designers and architects with plans to develop two under-used car parks into Auckland’s most innovative low-carbon residential development as part of the global C40s Reinventing Cities Competition.

First designs were revealed for at least 50 new homes to be built at Henderson Valley Road on adjacent land to a new village of homes for older people that is underway (see below section on Housing for Older People). The creation of new public spaces for the area received a boost with Henderson-Massey Local Board allocating \$2.5 million of discretionary funds for the Opanuku Link Project. The initiative is part of the over-arching plan to transform Henderson into an urban eco-centre and will connect Opanuku Reserve, Henderson Park and Corban Estate Arts Centre to the town centre through walking and cycling infrastructure.

In the north-west, the first of 102 homes has been completed at the Airfields precinct in **Hobsonville Point**, developed by AV Jennings and designed and built by GJ Gardner. Development of stage two with Avanda is underway, with works expected to be started in the next few months.

In the south, a number of tenants have moved into the upgraded **Old Papatoetoe** Mall which is almost complete. The refreshed mall has new spaces for retailers and a medical hub.

## Support

A 2700sqm public reserve and children’s playground in the new subdivision at Link Crescent in **Stanmore Bay** opened and the construction of the first homes got underway in January. Panuku is working with development partner McConnell Property on the 60 lot Mariner Rise subdivision.



## 7. Property management and other key projects

### Property management

Panuku manages non-service properties on behalf of Auckland Council and Auckland Transport. It also manages a portfolio of assets in the city centre waterfront which it owns. These may be properties that have been purchased for a future use such as transport infrastructure upgrades but aren't currently required, or they may be properties that council intends to hold indefinitely.

Our current property portfolio consists of more than 900 properties worth around \$2 billion and includes:

- industrial sites and buildings
- retail tenancies
- cafes and restaurants
- offices
- residential property
- land
- campgrounds
- quarries and landfills

Panuku manages around 1000 leases, which generate about \$60 million annually. There are 877 leases managed on behalf of council that deliver \$44.9 million in revenue, while there are 83 leases of Panuku-owned property generating \$13.7 million.

We also manage relationships with external landlords when council itself is the tenant.

Our aim is to manage these properties in a smart way, to generate income for council and offset its costs, and add value to council property assets.

### Marinas

At Westhaven, three significant projects are approaching construction: the Westhaven Marine Village, a project to increase capacity at Westhaven and create a new public headland, and the second and final stage of the Westhaven Promenade. Planning has also begun for the Skypath enabling works which will include reconfiguration of the park and road to the west of the Harbour Bridge, and remediation of the sea wall on the northern side to prevent inundations due to climate change.

The water quality at St Mary's Bay has also been a key focus and Auckland Council's St Marys Bay-Masefield Beach Water Quality Improvement Project is in the resource consent process.

Meanwhile, all three marinas (Westhaven, Viaduct and Silo) remain at operational full capacity, revenue is strong, and the team continues to deliver excellent and improving customer satisfaction results. At Westhaven, ongoing engagement with berth holders and a wide range of stakeholders remains a focus to ensure that the marina can perform highly both as a world class marine hub, and as a public space that is enjoyed by more Aucklanders each year.

## Property acquisitions and disposals

Panuku manages property acquisitions and disposals on behalf of council with the exception of properties that need to be acquired for Auckland Transport projects. In 2017-18 Panuku acquired 25 properties worth \$38.7 million on behalf of council. These properties will help the council deliver important projects including open space and stormwater.

Disposing of council properties provides an important funding stream and also optimises the property portfolio that council has. Every year, the council sets Panuku two targets: one for the value of property that it should recommend to council for disposal; the second, the value of unconditional net sale proceeds achieved from actual property sales. In 2017-18 Panuku recommended \$88 million of sales to council (above the Statement of Intent target of \$60 million). Panuku also completed 24 unconditional sales generating net proceeds of \$231 million (above the SOI target of \$100 million).

In addition to the acquisitions and disposals referred to above, Panuku completed the negotiations on behalf of council of the Three Kings land exchange. This exchange will deliver a much improved Three Kings Reserve, and facilitate the comprehensive redevelopment of the Three Kings Quarry for housing by Fletcher Residential.

Panuku also acted for council in the negotiation of compensation for land required by the Crown (NZTA) at Constellation Reserve, Rosedale to improve the motorway interchange between SH18 and SH1.

## Transforming Auckland's waterfront

Panuku is helping to progress the next stage of the development to enhance Auckland's city centre and waterfront. A package of proposed projects advanced by Auckland Council in September last year will help cater for the increasing number of people arriving into Auckland and includes plans for a new ferry terminal, new cruise ship infrastructure and a new public space along the water's edge.

Panuku has also led the transformation of Eastern Viaduct from a public car park to a new piece of public space, prioritising it for pedestrians and cyclists. This prime piece of the waterfront connects Quay Street to Te Wero Island and has quickly become a popular new public space to test urban design ideas with a range of activations from a BMX pump track to a gigantic dining table for public use.

With Auckland confirmed as the venue for the next America's Cup regatta in 2021, early planning is underway for a range of works including an extension of Hobson Wharf, and five additional syndicate team bases adjacent to Wynyard Wharf. Panuku is working closely with other agencies involved to ensure longer term benefits beyond Auckland's hosting of the regatta. This includes helping to ensure the works contribute positively to the transformation of Wynyard Point into a signature public space and that the water space occupied by the syndicates can have on-going future use for other maritime events such as dragon boats and waka ama.

Ongoing maintenance and improvement of our historic wharves remains a focus, with significant remediation of both Hobson Wharf and Te Wero Wharves completed.





## Haumarū Housing for older people

Construction has begun on a new village in Henderson that will take the Haumarū Housing portfolio of homes for older people to 1452 across the region. The village is located at 33 Henderson Valley Road and consists of 40 one-bedroom units within a single four-storey building underpinned by a bespoke architectural design approach. The redevelopment of the wider Henderson site also includes the creation of at least 50 terraced houses suitable for families with returns from the development being reinvested back into the village for older people.

Panuku continues to work with Haumarū Housing for future redevelopment opportunities across the portfolio.

## Sustainability

Panuku continued to demonstrate a commitment to sustainable residential development in the past financial year, making 6 Homestar a requirement in all Transform and Unlock areas. To smooth the transition, Panuku developed a customised Homestar checklist in partnership with the New Zealand Green Building Council, which included input from across the council family.

The first Homestar rating under this bespoke tool was achieved by Avanda Group at the Airfields in Hobsonville.

Panuku was pleased to achieve 7 Homestar for a 40-unit development in Henderson, the first time Homestar has awarded innovation points for social housing and Te Aranga design. This project for older residents will be managed by Haumarū, the joint venture between Panuku and the Selwyn Foundation.

In May, Panuku became the first organisation internationally to be volume assessed under Green Star Communities, a rating tool for sustainable precincts. This is a valuable endorsement of the Panuku approach to planning, design and engagement across its locations.

Panuku has also explored opportunities for innovation, most notably through taking part in C40's Reinventing Cities initiative. C40 is a network of global cities which collaborate on responses to climate change. Under Reinventing Cities, Auckland nominated two sites in Henderson for international bids to design and develop them with a zero carbon aspiration. Around 11 bids were received from local and international design teams. At the end of 2017-18 these were being shortlisted, prior to the Request for Proposals stage opening in September.



Rod Marler (left)  
John Carter (right)

## Panuku wins...

**Design and Place Director Rod Marler won the Urban Design Award at the Auckland Property People Awards in October 2017.**

Nominated for his unique ability to articulate a vision and champion the transformation of Wynyard Quarter, the Urban Design Award identifies Rod as a thought leader in the urban design space.

Panuku graduate Tessa Meyer was a finalist for the Young Achiever of the Year Award.

**Senior Project Planning Leader John Carter won a prestigious award in March 2018 for his work on the rejuvenation of Avondale.**

The Best Practice Award: District/Strategic Planning and Guidance Award was given by the New Zealand Planning Institute for the overarching plan he wrote for the area.

## 8. Financial summary

For the year ended 30 June 2018, Panuku achieved a net surplus of \$10.2 million. Due to the way Auckland Council funds the capital expenditure of Panuku, this was less than budget, however if we remove capital funding and the non-cash impact of investment property revaluations, the net surplus was \$9 million better than budget. Further explanation of the variances between our actual and budget financial performance are explained in the notes to the financial statements.

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The Panuku capital expenditure for the year was \$12.3 million. Major projects progressed this year include the upgrades of Madden and Pakenham streets in Wynyard Quarter, the new public information kiosk located in Karanga Plaza and the build of Tiramarama public laneway located between the Precinct and Willis Bonds developments in Wynyard Quarter.

The mandate of Panuku requires a balance between optimising value through long-term leases and driving design-led outcomes, with energy efficient buildings and increased public open space and amenity. As such, some of the leases Panuku enters into may not meet values which would be achieved under a highest and best use valuation.

## 9. Governance

Panuku is governed by a Board of seven directors with a range of experiences and knowledge. There were eight Panuku Board members until 30 October 2017, when Anne Blackburn and Evan Davies' terms expired. David Kennedy joined the board on 1 November 2017.

Panuku Development Auckland Limited is a limited liability company under the Companies Act 1993. Consequently, the Board's first duty is to the future well-being of the company. Directors ensure that all legal requirements under the relevant statutes and regulations are met and that the company is protected from harmful situations and circumstances in the interests of current and future stakeholders.

The Board plays a number of important roles. First, it sets the strategic direction for Panuku. To do this it identifies corporate priorities, monitors progress against strategic outcomes, and approves annual business plans and budgets. Secondly, it ensures the financial integrity and viability of Panuku. It oversees financial processes and systems of control, reviews financial results, and approves the financial plan and financial announcements. Thirdly, it identifies and evaluates the principal risks faced by Panuku and ensures that appropriate risk management systems are in place.

Supporting the Board are the following committees:

- *Audit and Risk Committee* – to provide assurance and assistance to the Board on Panuku risk, control and compliance framework; health and safety including strategy, culture and processes; internal and external audit; and its external accountability responsibilities.
- *Remuneration Committee* – to monitor the Chief Executive's performance and approving remuneration for the Chief Executive and the Executive Leadership Team.
- *Transformation Committee* – to provide governance direction to the Executive Leadership Team with respect to matters arising from the Transform and Unlock priority location areas.

In addition to these committees the company had two subsidiaries:

- *Downtown Marinas Limited*, which owns and operates 23 berths at Hobson Wharf. Terry Kayes and Richard Leggat are Directors of Downtown Marinas Limited.
- *Westhaven Marina Limited* acts as a Corporate Trustee for the Westhaven (Existing Marina) Trust, and the Westhaven (Marina Extension) Trust, which control and licence 1162 and 345 marina berths respectively to third parties and to Panuku for rental purposes. Stephen Mills QC chairs Westhaven Marina Limited, and Terry Kayes and Richard Leggat are Directors.

## Profiles of current directors



**Richard Aitken**  
Chair

Richard stepped down as Executive Chairman of Beca Group Limited on 31 March 2017. Beca is New Zealand's largest employee-owned professional services consultancy, with around 1100 employee shareholders throughout New Zealand, Australia and Asia. His career at Beca has spanned more than 40 years, covering various senior executive positions and directorships within the company.

Richard is a Director of TrustPower and he is a member of the Construction Strategy Group - a high-level strategy group addressing industry-wide issues. He is currently Chair of the Centre of Research Excellence, Te Punaha Matatini, the Centre for Complex Systems and Networks, established by the University of Auckland.



**Dr Susan Macken**  
Deputy Chair

Susan has BSc and BCom degrees from Auckland University, and a PhD in Economics from Cambridge University. Susan held various high level roles at Fletcher Challenge before becoming CEO of the Problem Gambling Foundation, then CEO of the Auckland Regional Economic Development Strategy. Since then she has been a Company Director and Business Consultant.

Susan is currently Chair of Kiwibank and Deputy Chair of the Tāmaki Redevelopment Company.





**David Kennedy**  
Director

David is Chief Executive of Ngāi Tahu Property, the property company of South Island's Ngāi Tahu Group. He has had significant experience in property, government policy, entertainment industry, strategy development and organisational development and has consulted to industry, particularly with regard to retail and property development. He has also had governance roles in significant commercial joint venture and public companies.

David has had community involvement through his roles as Chair of Counties Manukau Sport and Sportnet, and as a Minister of Social Development-appointed Chair of the Auckland Central Community Response Forum.



**Richard Leggat**  
Director

Richard brings to the board 30 years of experience across manufacturing, sales and marketing, and financial management in a range of industries.

For the past five years Richard has been a full time director with positions on a number of private sector, government and sporting organisations. Amongst his positions Richard is a Director of Tourism NZ, Education NZ, Warren and Mahoney, Chair of the NZ Cycle Trail, Director of Cycling NZ and Director of SnowSports NZ.



**Mike Pohio**  
Director

Mike is an independent director, serving the boards of KiwiRail, NIWA, OSPRI and Te Atiawa Iwi Holdings. Mike is also Chairman of BNZ Partners, Waikato Region. His executive career has spanned a range of industries and roles, most recently as CEO of Tainui Group Holdings.

In 2013 he was awarded a Fellowship by Chartered Accountants Australia + New Zealand, gained an MBA from IMD in 1999 and is a Chartered member of the New Zealand Institute of Directors.



**Paul Majurey**  
Director

Paul has extensive governance experience. He chairs several statutory entities and companies, and is a director on many company boards. He also has extensive experience chairing three separate iwi/hapū collectives comprising 30 iwi/hapū.

Paul is a senior partner at Atkins Holm Majurey, and has been a lawyer for 33 years.



**Martin Udale**  
Director

Martin has more than 30 years' experience in commercial and residential property development and investment in Australia and New Zealand. Martin has been an active participant in and contributor to the urban development and housing debates in New Zealand, in particular in Auckland, and an advisor to both central and local government around these issues.

Martin holds a number of board and governance roles. He is a member of the Property Council of New Zealand and Chair of its Residential Development Council.

## 9. Governance (cont.)

### Directors' attendance at Panuku Board meetings

The following table summarises Directors' attendance at Panuku Development Auckland Board meetings during the 2017-18 year.

Director	No. of meetings	
	Attended	Total
R.H. Aitken	11	11
Dr S.C. Macken	11	11
M.A. Blackburn	3	4
E.W. Davies	3	4
D. I. Kennedy	6	7
R.I. Leggat	11	11
P.F. Majurey	10	11
M.E. Pohio	10	11
C.M. Udale	11	11



## Directors' Interests at 27 June 2018

Member	Interest	Company / Entity	Conflicts pre-identified?
Richard H. Aitken	Chair	Panuku Development Auckland Limited	
	Chair	Te Punaha Matatini Advisory Board	
	Director	BGCF Trustee Ltd	
	Shareholder	Beca Group Ltd	
	Director	BGL Custodian Ltd	
	Director	BGLIR Trustee Ltd	
	Director	BGL Management Share Trustee Ltd	
	Director	BGL Nominees Ltd	
	Director	BGS Trustee Ltd	
	Director	Derceto Trustee Ltd	
	Director	Hopetoun Pitt Ltd	
	Director	Gands Plan Pty Ltd (Australia)	
	Director	John Scotts Investments Ltd	
	Director	Trust Power Ltd	
	Trustee	BAS Custodian Trust	
	Trustee	Beca Indemnity Fund Custodian Trust	
	Trustee	BGLIR Custodian Trust	
	Trustee	BGL Custodian Trust	
	Trustee	BGS Custodian Trust	
	Trustee and Discretionary Beneficiary	The Glade Trust	
Trustee	The Sunnybrae Trust		
Trustee	The Waimarama Trust		

## 9. Governance (cont.)

### Directors' Interests at 27 June 2018

Member	Interest	Company / Entity	Conflicts pre-identified?
Dr Susan C. Macken	Deputy Chair	Panuku Development Auckland Limited	Possible
	Chair	Kiwibank	
	Chair	Spa Electrics Ltd (Aust.)	
	Deputy Chair	Tāmaki Redevelopment Company Ltd	
	Director	Blossom Bear Ltd	
	Director	STG Ltd	
David. I Kennedy	Director	Panuku Development Auckland Limited	Possible
	Director	525 Blenheim Road Limited	
	Director	Cathedral Property Limited	
	Director	Good General Practice Limited	
	Director	Grantley Holdings Limited	
	Director	Hobsonville Development GP Limited	
	Director	New Ground Living (Hobsonville Point) Limited	
	Director	Ngai Tahu Justice Holdings Limited	
	Director	Ngai Tahu Property (CCC-JV) Limited	
	Director	Ngai Tahu Property Joint Ventures Limited	
	Director	Ngai Tahu Property Joint Ventures (No.2) Limited	
	Director	Ngai Tahu Real Estate Limited	
	Director	NTP Development Holdings Limited	
	Director	NTP Investment Holdings Limited	
	Director	NTP Investment Property Group Limited	
Director	Prestons Road Limited		
Richard I. Leggat	Director	Panuku Development Auckland Limited	
	Chairman	NZ Cycle Trail Incorporated	
	Deputy Chair	Tourism NZ	
	Director	Cycling NZ	
	Director	Education NZ	
	Director	Mortleg Ltd	
	Director	Snowsports NZ	
	Director	Trophy Metropolitan Ltd	
	Director	Warren and Mahoney	
	Director	Winter Games New Zealand	
	Panel Member	NZ Markets Disciplinary Tribunal	
	Member	Union Cycliste Internationale Ethics Commission	

## Directors' Interests at 27 June 2018

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

## 9. Governance (cont.)

### Directors' Interests at 27 June 2018

Member	Interest	Company / Entity	Conflicts pre-identified?
Michael E. Pohio	Director	Panuku Development Auckland Limited	
	Chairman	BNZ Partners Waikato	
	Director	KiwiRail Ltd	
	Director	National Institute of Water & Atmospheric Research Ltd	
	Director	NIWA Vessel Management Ltd	
	Director	Ospri New Zealand Ltd	
		National Animal Identification and Tracing Ltd	
	Director	TBFree	
	Director	Te Atiawa Iwi Holdings	
	Director	Te Atiawa (Taranaki) Holdings Ltd	
C. Martin Udale	Director	Panuku Development Auckland Limited	Possible
	Director	Accessible Properties New Zealand Limited	
	Director	Cardinal Trustees Ltd	
	Director	Essentia Consulting Group Ltd	
	Director	Fleming Urban Ltd	
	Director	Forest Group Ltd	
	Director	Hobsonville Development GP Ltd	
	Director	New Ground Living (Hobsonville Point) Ltd	
	Director	Tall Wood Ltd	
	Director	Tallwood Assembly Limited	
	Director	Tallwood Design Limited	
	Director	Tallwood Holdings Limited	
	Director	Tallwood Projects Limited	
	Director	Tāmaki Redevelopment Company Ltd	
	Director	Tāmaki Regeneration Ltd	
	Director	THA GP Limited	
	Director	TW Twenty Ltd	
	Member	KiwiRail Property Committee	



## 10. Risk management

Panuku has a comprehensive risk management framework based on the world class standard ISO 31000:2018 'Risk Management Guidelines'. This provides a structured approach to identifying, assessing and managing uncertainties relating to its business objectives.

The significant risks to the company are project funding, property market changes, tighter lending requirements and political decision making, along with the construction and employment markets.

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





## 11. Independent Auditor's report

### To the readers of Panuku Development Auckland Limited's group financial statements and performance information for the year ended 30 June 2018

The Auditor-General is the auditor of Panuku Development Auckland Limited (the Company) and Group. The Auditor-General has appointed me, David Walker, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the Company and Group, on his behalf.

#### Opinion

We have audited:

- the financial statements of the Company and Group on pages 43 to 82, that comprise the statement of financial position as at 30 June 2018, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Company and Group on pages 34 to 41.

In our opinion:

- the financial statements of the Company and Group on pages 43 to 82:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2018; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with PBE International Public Sector Accounting Standards; and
- the performance information of the Company and Group on pages 34 to 41 presents fairly, in all material respects, the Company and Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Company and Group's objectives for the year ended 30 June 2018.

Our audit was completed on 29 August 2018. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

#### Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Responsibilities of the Board of Directors for the financial statements and the performance information**

The Board of Directors is responsible on behalf of the Company and Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the Company and Group.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Company and Group for assessing the Company and Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Company and Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

## **Responsibilities of the auditor for the audit of the financial statements and the performance information**

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Company and Group's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the Company and Group's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Company and Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible solely for the direction, supervision and performance of the Company and Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify in our audit.

Our responsibilities arise from the Public Audit Act 2001.

## Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 to 28, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

## Independence

We are independent of the Company and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1(Revised): Code of Ethics for Assurance Practitioners, issued by New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have carried out a review engagement in respect of the Company and Group's six monthly reporting as at 31 December 2017 to Auckland Council, which is compatible with those independence requirements.

Other than the audit, we have no relationship with, or interests in, the Company and Group.



### David Walker

Audit New Zealand  
On behalf of the Auditor-General  
Auckland, New Zealand

## 12. Statement of service performance

### Activities and key performance achievements

Panuku carries out two categories of activities. The first category is Panuku-funded activities. The second category is activities it carries out on behalf of Auckland Council using council funds and assets.

### Some of the performance highlights for the year

**Panuku activities** - a return on equity on commercial assets and services of 11.2% (2.8% above target) and a 90% visitor satisfaction with their experience of the public spaces on the city centre waterfront (15% above target).

**Activities carried on behalf of council** - include \$231 million worth of property sold during the year (\$131 million above target), \$88 million worth of properties recommended to council for approval to sell (\$28 million above target) and returning a net surplus on the property portfolio of \$31 million to council (\$3.9 million above target).

The full list of performance results against annual targets is included in the table below.

### Criteria for performance measures

We have used the following criteria to rate each performance measure:

#### Performance Assessment Criteria



**Achieved**

Where the performance result for the year is either equal to or above the target, then the performance measure target was met (or achieved).



**Not achieved but progress made**

Where the performance result for the year is below the target (with a margin of more than 2%) but the result is better than the previous year.



**Substantially achieved**



Where the performance result for the year is below the target, but has not been achieved by a slim margin (of around 2%).



**Not achieved**

Where the performance result for the year is below the target (with a margin higher than 2%) and the result is lower than the result achieved in the previous year.







## Results for Statement of Intent 2017-2020: Non-financial performance measures

Service Level Statement	Measure	Actual 2016-17	Target 2017-18	Actual 2017-18		Commentary	Footnote
				Status	Result		
<b>Catalyse urban development and demonstrate business leadership</b>							
Develop and activate town centre and waterfront development areas	1 Achieve 10 key deliverables in the Board approved Master programme.  (The main Master programme deliverables for Transform and Unlock Locations include the Engagement, Framework and Implementation Plans approved by the Panuku Board and by council, where appropriate). It also includes key implementation milestones.	New performance measure	Master programme deliverables completed within the Board approved timeline.		Achieved	All 10 master programme deliverables were completed within the financial year. This is the last group of planning documents completed giving Panuku mandate on sites in the remaining priority development locations. Going forward the company's focus is on delivering projects contained in the plans.	
	2 Number of net new dwelling units is calculated in accordance with agreed criteria.	New performance measure	Projected number of net new dwelling units is approved by the Board at least annually.		Achieved	The Board approved the projected number of net new dwelling units as being 11,300 units over the next decade for the 2017-18 year as calculated in accordance with the agreed criteria.	




## Results for Statement of Intent 2017-2020: Non-financial performance measures

Service Level Statement	Measure	Actual 2016-17	Target 2017-18	Actual 2017-18		Commentary	Footnote
				Status	Result		
3	Development agreements are submitted to the Panuku Chief Executive, Board and/or council for approval.  (Housing and urban regeneration)	<ul style="list-style-type: none"> <li>The three year target is progressing (2016 to 2018). To date, 15 agreements have been completed and 11 agreements remain to be achieved.</li> <li>The three year target is progressing (2017 to 2019). To date, nine agreements have been completed and six agreements remain to be achieved.</li> </ul>	<b>Three year target</b> <ul style="list-style-type: none"> <li>26 development agreements with partners including community housing organisations to be entered into. (Period 2016 to 2018)</li> <li>15 development agreements with partners including community housing organisations to be entered into. (Period 2017 to 2019)</li> </ul>		Achieved	Actual  30 agreements were achieved against the June 2018 target of 26 agreements  24 agreements were achieved against the June 2019 target of 15 agreements	1
4	On completion of the project or each key stage of the project, the project achieves the financial and non-financial outturn in the business cases.  (Housing and urban regeneration combined)	There were no projects fully completed during this financial period.	All projects completed this year achieve business case financial and non-financial outturn.		Achieved	Financial and non-financial outturn for the 1 Trent Street project. 33 houses were completed by the New Zealand Housing Foundation, 22 of which were affordable.	2

## Results for Statement of Intent 2017-2020: Non-financial performance measures






Service Level Statement	Measure	Actual 2016-17	Target 2017-18	Actual 2017-18		Commentary	Footnote	
				Status	Result			
Develop and activate public spaces on waterfront, metro and town centre development areas	5	Percentage of visitors surveyed satisfied with their experience of the public spaces on the city centre waterfront (LTP)	93% satisfied	75%		Achieved	Actual 90%	3
	6	Percentage of Aucklanders surveyed who have visited the city centre waterfront in the past year (LTP)	73% visited the Waterfront	73%		Substantially Achieved	Actual 72%	4
	7	Percentage of attendees surveyed satisfied with key waterfront place programmes and activities	80% satisfied. The satisfaction rate was maintained despite a higher target set compared to the previous year and the effect of disruptions during the year caused by physical works projects in the area.	84%		Achieved	Actual 89%	3
	8	Number of event days per year at the waterfront	New performance measure	350 days		Achieved	Actual 952 event days	
	9	Number of visitors per year at the waterfront	New performance measure	1.9 million		Achieved	Actual 2,177,078 visitors	
	10	Percentage of customers surveyed satisfied overall with marina facilities and services (LTP)	93% Satisfied	74%		Achieved	Actual 92%	5

## Results for Statement of Intent 2017-2020: Non-financial performance measures




Service Level Statement	Measure	Actual 2016-17	Target 2017-18	Actual 2017-18		Commentary	Footnote
				Status	Result		
Facilitate effective engagement with Māori	11 Number of significant Māori initiatives implemented or active per annum (LTP)	48 Māori initiatives have been implemented this year.	47		Achieved	Actual 49 Māori initiatives have been implemented this year.	
	12 % of mana whenua groups satisfied with quality of engagement	25% of mana whenua survey respondents were satisfied with the quality of engagement, 42% of respondents were neither satisfied nor dissatisfied and 33% were dissatisfied.  The small sample size makes it difficult to make a statistical finding. Satisfied respondents represents only 15% of the total survey sample (3 out of 19).	Maintain or Improve		Not Achieved	18% of mana whenua survey respondents were satisfied with the quality of engagement, 27% of respondents were neither satisfied nor dissatisfied and 55% were dissatisfied.	6
<b>Strategically create value from assets</b>							
Identify and propose opportunities across Auckland Council Group-owned properties.	13 Written evidence that opportunities have been identified and assessed, to be progressed or not.  (Housing and urban regeneration combined)	To date, 341 opportunities have been identified and assessed.	At least 100 opportunities identified and assessed		Achieved	203 opportunities have been identified and assessed this year.	7



## Results for Statement of Intent 2017-2020: Non-financial performance measures

Service Level Statement	Measure	Actual 2016-17	Target 2017-18	Actual 2017-18		Commentary	Footnote
				Status	Result		
Optimise returns from the managed property portfolio	14 The net surplus on the property portfolio achieves the annual budget agreed with council.	Actual net surplus on the property portfolio for the 12 months ended 30 June 2017 is \$1.1 million ahead of budget (actual surplus of \$32.3 million against budget of \$31.2 million).	Net surplus achieves budget for 2017/18		Achieved	Actual net surplus on the property portfolio for the 12 months ended 30 June 2018 is \$3.9 million ahead of budget (actual surplus of \$31 million against budget of \$27.1 million).	
	15 Improvement in gross rental income on those properties that are available for rent and have been held in the portfolio for at least two years prior to the end of the reporting period	Achieved 5.6% improvement in gross rental income on properties that are available for rent and on a like-for-like basis against two year CPI movement 0.8%.	The annualised % movement in gross rental income of properties with rent reviews during the financial period is equal to or greater than the CPI movement.		Achieved	Achieved 8.05% improvement in gross rental income on properties that are available for rent and have been held in the portfolio for at least two years prior to the end of the reporting period against CPI movement 2.93%.	8
	16 For those properties available for rent:  The rolling average over a 12 month period, of % occupancy at each month end (LTP).	The average of monthly % occupancy for the year is 97.8% against the target of 95%.	The average of monthly % occupancy for the year is 95% or more.		Achieved	The average of monthly % occupancy for the year is 97.5% against the target of 95%.	
	17 Maintain or improve the baseline established at the end of the 2012-13 financial year.  ROI on properties on a like for like basis (LTP)  Panuku is committed to continuously review and improve the ROI target over the term of the SOL.	The ROI calculated on this year's property valuation on a like for like basis is 3.1% against the 2.2% target.	Greater than or equal to 2.2%		Achieved	The ROI calculated on this year's property valuation on a like for like basis is 3.06% against the 2.2% target.	9
Optimise return from assets	18 Return on Equity on commercial assets and services (LTP) at Waterfront.	Actual ROE of 12.7%	8.4%		Achieved	Actual ROE of 11.2%	10

## Results for Statement of Intent 2017-2020: Non-financial performance measures

Service Level Statement	Measure	Actual 2016-17	Target 2017-18	Actual 2017-18		Commentary	Footnote
				Status	Result		
Dispose agreed surplus properties	<p>19 List of properties recommended for disposal submitted to council.</p> <p>The disposal target for the next financial period will be agreed with Council in the current financial period.</p>	A total of \$76.9 million worth of properties was recommended to council seeking approval to dispose for the 2016-17 financial period. The target of \$75 million has been exceeded.	<p>A list of recommended properties with a total value agreed by the Board the prior year totalling \$60 million gross value will be submitted to council seeking approval to dispose for 2017/18 financial period.</p> <p>A recommended for disposal target for 2018/19 will be agreed by the Board in the 2017/18 financial period.</p>		Achieved	<p>\$88 million of recommended properties have been presented to council for approval to dispose.</p> <p>A recommended for disposal target for 2018-19 was agreed by the Board in June 2018.</p>	
	20 Achieve total forecast net sales for the financial year through unconditional agreements.	Achieved actual net sales of \$76.8 million for the financial year. The target of \$50 million has been exceeded.	<p>Meet or exceed financial forecast</p> <p>Property disposal target of \$100 million (net value of unconditional sales).</p> <p>Property disposal target (net value of unconditional sales) for 2017-18 financial period will be agreed by the Board in 2016-17.</p>		Achieved	Achieved actual net sales of \$231 million for the financial year. The target of \$100 million has been exceeded.	
	21 Acquisitions are delivered within the timeline agreed with Auckland Council.	96.5% of acquisitions are delivered within agreed timeline	80% satisfaction against agreed service performance measure		Achieved	100% of the acquisitions were delivered within the timeline agreed with Auckland Council. 20 acquisitions for council were completed this year.	

**Notes:**

1. Development agreements are defined as any agreements with developers, third parties, crown and other which results in future development outcomes.
2. Development projects take more than one year to complete. Outturn is assessed by comparing actual project outcomes to those in the original project business cases.
3. This survey was conducted on visitors to the waterfront over six major events during the year by TouchPoll NZ. Survey methodology is via email invitation from intercepted visitors at the events. The number of people surveyed was 1379 with 658 responses. The average margin of error for the six surveyed events is  $\pm 8\%$  with a 90% confidence level based on visitor numbers of approximately 27,000 on the days surveyed at the various events.
4. This survey was facilitated by Auckland Council as part of the annual Auckland Residents Survey 2018. The survey was conducted by Colmar Brunton NZ using a mix of online, phone and face-to-face interviews. The population used to select respondents was Auckland residents aged 15 and over. Demographic quotas were set by age, gender, ethnicity and local board area. The sample size was 4475 with a margin of error of  $\pm 1.57\%$ .
5. This survey was conducted by Kantar TNS on Westhaven marina customers via online and telephone interviews. The number of people surveyed was 1465 leaseholders and renters with 588 responses (579 online, 9 telephone). The margin of error is  $\pm 3.1\%$  at 95% confidence level. The result is calculated on a scale of 1 to 7, where all results above the mid-point of 4 is considered 'satisfied'.
6. The survey was facilitated by Auckland Council on behalf of CCOs. Arapai Limited surveyed mana whenua organisations across the region, to measure satisfaction with the council's (including CCOs) engagement on key issues. The research was undertaken either online as an electronic written survey, or by phone discussion or face to face with mana whenua representatives who have been involved with engagement activities with council and or CCOs. Eleven of 19 mana whenua organisations participated in the research. The margin of error is not useful for the small sample.
7. Panuku carries out reviews of council's property assets to identify opportunities for redevelopment, asset sales or urban regeneration outcomes. This involves assessing the viability of an opportunity by investigating planning constraints, legal issues and geotechnical issues. Viable opportunities progress to a business case for development of asset sales.
8. The CPI movement is sourced from Statistics NZ.
9. (Like for Like) Return on Investment (ROI) is calculated as 'EBITDA divided by valuation'. Like for like basis relates to the comparison of tenanted properties held in the portfolio as at 30 June of the reporting period, compared to the same properties tenanted at 30 June two years prior.  
  
Valuation data is sourced from Council valuation for each property. The Council re-values properties every three years for rating purposes. Properties excluded from the measure calculation include those that are no longer in the portfolio, are vacant at one or both points in time, or un-tenantable properties or properties undergoing maintenance or capital works, properties comprising bare land, or properties where there is no separate valuation attributable to them or with a disproportional valuation compared to return, such as a house on a large reserve where value is disproportionate to the rent received.
10. Return on Equity (ROE) is calculated as '(Ending valuation less beginning valuation less capital expenditure plus EBITDA) divided by (beginning valuation plus 0.5 (capital expenditure less EBITDA))'. This is the Property Council of NZ ROE formula. Shareholder equity includes all Panuku owned Investment Property and any Public Realm property generating a commercial income. EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation. Data is collected from internal sources using information from SAP and valuation reports. The purpose is to achieve an optimal return on shareholder equity on commercial assets, ensuring assets are managed efficiently, return a long-term value to Auckland and increase non-rates revenue for Auckland Council.





## Panuku Development Auckland Limited

### Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2018

	Note	Parent Actual 2018 \$000	Parent Actual 2017 \$000	Group Actual 2018 \$000	Group Actual 2017 \$000
<b>Revenue</b>					
Rental and other revenue	3	61,540	57,995	63,417	59,608
Interest income		619	643	697	719
Other gains / (losses)	4	(1,639)	29,607	(1,639)	29,607
<b>Total income</b>		<b>60,520</b>	<b>88,245</b>	<b>62,475</b>	<b>89,934</b>
<b>Expenses</b>					
Personnel	5	20,820	18,614	22,096	19,792
Depreciation and amortisation	13	7,609	8,366	7,939	8,696
Interest expense		-	993	-	993
Other operating expenses	6	22,250	22,227	22,976	22,771
<b>Total expenditure</b>		<b>50,679</b>	<b>50,200</b>	<b>53,011</b>	<b>52,252</b>
Surplus / (deficit) before tax		9,841	38,045	9,464	37,682
Income tax (benefit) / expense	7	(711)	(277)	(714)	(342)
Surplus / (deficit) after tax		10,552	38,322	10,178	38,024
<b>Other comprehensive revenue and expense</b>					
Gains on revaluation of property, plant and equipment		27,282	-	27,282	147
Tax on revaluation gains	8	(2,175)	-	(2,175)	(41)
<b>Total other comprehensive income</b>		<b>25,107</b>	<b>-</b>	<b>25,107</b>	<b>106</b>
<b>Total comprehensive income</b>		<b>35,659</b>	<b>38,322</b>	<b>35,285</b>	<b>38,130</b>
Surplus is attributable to:					
Auckland Council		10,552	38,322	10,178	38,024
		<b>10,552</b>	<b>38,322</b>	<b>10,178</b>	<b>38,024</b>
Total comprehensive revenue and expense is attributable to:					
Auckland Council		35,659	38,322	35,285	38,130
		<b>35,659</b>	<b>38,322</b>	<b>35,285</b>	<b>38,130</b>

The notes to the financial statements form part of, and should be read in conjunction with, these financial statements.

## Panuku Development Auckland Limited Statement of Changes in Equity

For the year ended 30 June 2018

	Parent Actual 2018 \$000	Parent Actual 2017 \$000	Group Actual 2018 \$000	Group Actual 2017 \$000
Equity at the beginning of the year	690,337	638,815	692,142	640,812
<b>Total comprehensive revenue and expense</b>				
Surplus / (deficit) for the year	10,552	38,322	10,178	38,024
Other comprehensive revenue and expense	25,107	-	25,107	106
<b>Total comprehensive revenue and expense</b>	<b>35,659</b>	<b>38,322</b>	<b>35,285</b>	<b>38,130</b>
<b>Transactions with owners</b>				
Share issue	-	15,000	-	15,000
Dividend expense	(1,500)	(1,800)	(1,500)	(1,800)
<b>Total transactions with owners</b>	<b>(1,500)</b>	<b>13,200</b>	<b>(1,500)</b>	<b>13,200</b>
<b>Equity at the end of the year</b>	<b>724,496</b>	<b>690,337</b>	<b>725,927</b>	<b>692,142</b>

The notes to the financial statements form part of, and should be read in conjunction with, these financial statements.

## Panuku Development Auckland Limited Statement of Financial Position

As at 30 June 2018

	Note	Parent Actual 2018 \$000	Parent Actual 2017 \$000	Group Actual 2018 \$000	Group Actual 2017 \$000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	9	2,651	2,369	5,263	5,142
Debtors and other receivables	10	38,984	15,078	36,409	12,639
Tax receivables		-	9	-	9
<b>Total current assets</b>		<b>41,635</b>	<b>17,456</b>	<b>41,672</b>	<b>17,790</b>
<b>Non-current assets</b>					
Debtors and other receivables	11	3,087	1,840	3,087	1,840
Other non-current assets	12	1,582	1,774	-	-
Property, plant and equipment	13	296,137	266,294	298,859	269,346
Investment properties	14	443,474	443,601	443,474	443,601
Investments in subsidiaries	15	446	446	-	-
<b>Total non-current assets</b>		<b>744,726</b>	<b>713,955</b>	<b>745,420</b>	<b>714,787</b>
<b>Total assets</b>		<b>786,361</b>	<b>731,411</b>	<b>787,092</b>	<b>732,577</b>



	Note	Parent Actual 2018 \$000	Parent Actual 2017 \$000	Group Actual 2018 \$000	Group Actual 2017 \$000
<b>Liabilities</b>					
<b>Current liabilities</b>					
Creditors and other payables	16	10,916	13,875	9,061	11,867
Employee entitlements	18	2,617	1,976	2,617	1,976
Other current liabilities	19	-	-	1,496	1,692
<b>Total current liabilities</b>		<b>13,533</b>	<b>15,851</b>	<b>13,174</b>	<b>15,535</b>
<b>Non-current liabilities</b>					
Creditors and other payables	17	42,725	21,080	42,279	20,634
Other non-current liabilities	20	-	-	124	139
Deferred tax liabilities	8	5,607	4,143	5,588	4,127
<b>Total non-current liabilities</b>		<b>48,332</b>	<b>25,223</b>	<b>47,991</b>	<b>24,900</b>
<b>Total liabilities</b>		<b>61,865</b>	<b>41,074</b>	<b>61,165</b>	<b>40,435</b>
<b>Net assets</b>		<b>724,496</b>	<b>690,337</b>	<b>725,927</b>	<b>692,142</b>
<b>Equity</b>					
Contributed equity	21	483,489	483,489	485,722	485,722
Accumulated funds	22	160,683	151,937	158,367	149,995
Reserves	23	80,324	54,911	81,838	56,425
<b>Total equity</b>		<b>724,496</b>	<b>690,337</b>	<b>725,927</b>	<b>692,142</b>

The notes to the financial statements form part of, and should be read in conjunction with, these financial statements.

For and on behalf of the Board:



**Richard Aitken (Chair)**  
29 August 2018



**Mike Pohio (Chair of Audit and Risk Committee)**  
29 August 2018

## Panuku Development Auckland Limited

### Statement of Cash Flows

For the year ended 30 June 2018

	Note	Parent Actual 2018 \$000	Parent Actual 2017 \$000	Group Actual 2018 \$000	Group Actual 2017 \$000
<b>Cash flows from operating activities</b>					
Receipts from customers		49,815	27,685	52,377	32,571
Interest received		10	297	88	373
Grant funding from Auckland Council		18,058	14,326	18,058	14,326
Payments to suppliers and employees		(47,005)	(48,590)	(49,808)	(53,234)
Interest paid		-	(1,283)	-	(1,283)
Income tax received / (paid)		9	-	11	16
Goods and services tax received from / (paid to) IRD		1,215	1,750	1,215	1,750
<b>Net cash from operating activities</b>	24	<b>22,102</b>	<b>(5,815)</b>	<b>21,941</b>	<b>(5,481)</b>
<b>Cash flows from investing activities</b>					
Capital expenditure on property, plant & equipment and investment properties		(11,683)	(18,634)	(11,683)	(18,634)
<b>Net cash from investing activities</b>		<b>(11,683)</b>	<b>(18,634)</b>	<b>(11,683)</b>	<b>(18,634)</b>
<b>Cash flows from financing activities</b>					
Advances (to) / from Auckland Council		(19,696)	21,163	(19,696)	21,163
Repayment of loans from Auckland Council		-	(23,000)	-	(23,000)
Repayment of capital advances from Auckland Council		(3,800)	(8,359)	(3,800)	(8,359)
Capital expenditure funding from Auckland Council		14,859	20,541	14,859	20,541
Issue of shares		-	15,000	-	15,000
Dividends paid		(1,500)	(1,800)	(1,500)	(1,800)
<b>Net cash from financing activities</b>		<b>(10,137)</b>	<b>23,545</b>	<b>(10,137)</b>	<b>23,545</b>
Net increase / (decrease) in cash and cash equivalents		282	(904)	121	(570)
Cash and cash equivalents at the beginning of the year		2,369	3,273	5,142	5,712
Cash and cash equivalents at the end of the year	9	2,651	2,369	5,263	5,142

The notes to the financial statements form part of, and should be read in conjunction with, these financial statements.

# Panuku Development Auckland Limited

## Notes to the financial statements

For the year ended 30 June 2018

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## 1. Statement of accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied unless otherwise stated.

### a) Basis of preparation

#### i) Reporting entity

Panuku Development Auckland Limited (Panuku) is a Council controlled organisation (CCO) of the Auckland Council and is domiciled in New Zealand. Panuku's principal address is Ground floor, 82 Wyndham Street, Auckland 1010.

The Group consists of the parent, Panuku, and its subsidiaries, Westhaven Marina Limited, Westhaven (Existing Marina) Trust, Westhaven (Marina Extension) Trust and Downtown Marinas Limited.

Panuku will 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.

As Panuku and Group do not have the primary objective of making a financial return, Panuku and Group are designated as public benefit entities and apply New Zealand Tier 1 Public Benefit Entity accounting standards (PBE Accounting Standards).

The financial statements of Panuku and Group are for the year ended 30 June 2018. The financial statements were authorised for issue by the Board of Directors on the date they were signed.

#### ii) Statement of compliance

The financial statements of Panuku and Group have been prepared in accordance with the requirements of section 69 of the Local Government Act 2002 and the Companies Act 1993, which includes the requirement to comply with New Zealand generally accepted accounting practice ("NZ GAAP").

These financial statements have been prepared in accordance with NZ GAAP. They comply with PBE Accounting Standards.

#### iii) Measurement base

The Panuku and Group financial statements have been prepared on an historical cost basis, modified by the revaluation of investment property, land, buildings, wharves, marinas and certain financial assets. The values of assets and liabilities that were vested in Panuku on 1 November 2010 represented the historical cost for those assets.

#### iv) Going concern

The financial statements have been prepared on a going concern basis, with the Company reliant on the shareholder (Auckland Council) continuing to support its operations as set out in the Company's Statement of Intent (SOI) and Auckland Council's Long Term Plan.

#### v) Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated. The functional currency of Panuku and Group is New Zealand dollars.

#### vi) Budget figures

The budget figures have been prepared in accordance with NZ GAAP, included in the Company's Statement of Intent for 2017-2020, and are consistent with the accounting policies adopted by the Company for the preparation of the financial statements.

### b) Consolidation

The Group financial statements consolidate all entities where Panuku has the capacity to control their financing and operating policies.

The Group financial statements are prepared by adding together like items of assets, liabilities, equity, income, and expenses of entities within the Group on a line by line basis. All intragroup balances, transactions, revenues and expenses are eliminated on consolidation.

Subsidiaries are fully consolidated from the date on which control is transferred to Panuku. They are deconsolidated from the date that control ceases.

In Panuku's financial statements, investment in subsidiaries are carried at cost less any accumulated impairment.

**c) Associate**

Panuku has a 42% shareholding (420 shares fully paid with nominal \$1 value) in New Lynn Central Limited. New Lynn Central Limited was incorporated in October 2012 in New Zealand and has a 30 June balance date.

New Lynn Central Limited is an associate of Panuku. An associate is an entity over which Panuku has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investment in an associate is accounted for using the equity method.

New Lynn Central Limited is the general partner of New Lynn Central Limited Partnership (Limited Partnership), in which Auckland Council has a 42% interest in the Limited Partnership. New Lynn Central Limited is the agent for the Limited Partnership and has responsibility for the management of the business and affairs of the Limited Partnership.

Auckland Council is entitled to all profit distribution arising from the business of the Limited Partnership. There are no tax implications for Panuku.

There are no transactions in New Lynn Central Limited for the period ended 30 June 2018 or 30 June 2018.

**d) Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities are recognised in the Statement of Comprehensive Revenue and Expense.

**e) Property, plant and equipment**

Property, plant and equipment consists of land, buildings, wharves, marinas, plant and machinery, computer equipment, furniture fittings and equipment and motor vehicles.

*i) Initial recognition*

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses, if any. In the case of the assets acquired by Panuku on establishment at 1 November 2010, cost was the carrying value of the asset by the disestablished Council or disestablished CCO.

*ii) Subsequent measurement*

Land, buildings, marinas and wharves are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every 3 years. All other classes of assets are measured at historical cost less accumulated depreciation and accumulated impairment except for public art which is measured at historical cost and accumulated impairment. Each year, Panuku and Group considers the adequacy of the valuation of its assets to ensure the carrying value reflects fair value. If there is a material difference, then the asset classes are revalued off-cycle.

Revaluations of property, plant and equipment are accounted for on a class of asset basis.

Net revaluation results are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve in equity for that class of assets. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the

surplus or deficit in the Statement of Comprehensive Revenue and Expense. If a revaluation increase reverses a decrease previously recognised in the surplus or deficit in the Statement of Comprehensive Revenue and Expense, the increase is recognised first in the surplus or deficit in the Statement of Comprehensive Revenue and Expense to reverse previous decreases. Any residual increase is then recognised in other comprehensive income.

*iii) Additions*

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to Panuku and Group and the cost of the item can be measured reliably.

Property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

*iv) Disposals*

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit in the Statement of Comprehensive Revenue and Expense. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

## 1. Statement of accounting policies (cont.)

### v) Depreciation

Depreciation on all property, plant and equipment, apart from land, is provided on a straight line basis at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The residual value and remaining useful life of an asset is reviewed, and adjusted if applicable, at each financial period end. The useful lives of major classes of assets have been estimated as follows. The estimated remaining useful lives of some assets is only one year due to the age of the assets when they were acquired from the disestablished councils.

Class of asset depreciated	Estimated useful life
Buildings	1-50
Plant and machinery	1-50
Computer equipment	1-3
Furniture, fittings and equipment	1-35
Wharves	10-60
Marina	1-35
Drainage	1-90
Civil structures	1-100

### vi) Capital work in progress

Capital work in progress is recognised at cost less impairment and is not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

### vii) Carrying amount

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

### f) Intangible assets

Intangible assets are initially recorded at cost. Where acquired in a business combination, the cost is their fair value at the date of acquisition. The cost of an internally generated intangible asset represents expenditure incurred in the development phase only.

Subsequent to initial recognition, intangible assets with finite useful lives are recorded at cost, less any amortisation and impairment losses and are reviewed annually for impairment losses. Assets with indefinite useful lives are not amortised but are tested, at least annually, for impairment and are carried at cost less accumulated impairment losses.

Realised gains and losses arising from the disposal of intangible assets are recognised in the surplus or deficit in the Statement of Comprehensive Revenue and Expense in the period in which the disposal occurs.

Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Impairment losses resulting from impairment are reported in the surplus or deficit in the Statement of Comprehensive Revenue and Expense.

### i) Computer software

Acquired computer software licences are capitalised based on the costs incurred to acquire and bring to use. Costs are amortised using the straight line method over their estimated useful lives (3 to 8 years).

Costs directly associated with the development of identifiable and unique software products for internal use are recognised as an intangible asset to the extent it is probable such costs are expected to be recoverable.

Computer software development costs recognised as assets are amortised using the straight line method over their estimated useful lives (not exceeding 3 years).

### g) Investment property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation. Investment property is measured initially at its cost, including transaction costs. After initial recognition, all investment property is measured at fair value as determined annually by an independent valuer. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit in the Statement of Comprehensive Revenue and Expense. Investment property is not depreciated.

### h) Impairment of non financial assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment, the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the service potential of the asset is not primarily dependent on the asset's ability to generate net cash inflows and where Panuku or Group would, if deprived of the asset, replace its remaining service potential. The value in use for cash generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit in the Statement of Comprehensive Revenue and Expense.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit in the Statement of Comprehensive Revenue and Expense, a reversal of the impairment loss is also recognised in the surplus or deficit in the Statement of Comprehensive Revenue and Expense.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit in the Statement of Comprehensive Revenue and Expense. For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit in the Statement of Comprehensive Revenue and Expense.

#### **i) Financial assets**

Financial assets are initially measured at fair value plus transaction costs.

Purchases and sales of financial assets are recognised at trade date, this being the date on which Panuku and Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Panuku and Group has transferred substantially all the risks and rewards of ownership.

The Group's financial assets consists of loans and receivables. Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance date, which are included in non current assets. After initial recognition loans and receivables are carried at amortised cost using the effective interest rate method less impairment if any. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit in the Statement of Comprehensive Revenue and Expense.

#### **j) Impairment of financial assets**

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit in the Statement of Comprehensive Revenue and Expense.

Impairment is established when there is evidence that Panuku and Group will not be able to collect amounts due according to the terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of a provision for doubtful debts. When the receivable is uncollectible, it is written off against the allowance account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the surplus or deficit in the Statement of Comprehensive Revenue and Expense.

#### **k) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held on call with financial institutions, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, and bank overdrafts.

#### **l) Debtors and other receivables**

Debtors are amounts due from customers. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

When a receivable for which the provision for impairment has been recognised becomes uncollectible in a subsequent period, it is written off against the provision for impairment of receivables. Subsequent recoveries of amounts previously written off are credited to 'other income' in the surplus or deficit in the Statement of Comprehensive Revenue and Expense.

## 1. Statement of accounting policies (cont.)

### m) Creditors and other payables

Creditors and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non current liabilities.

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

### n) Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and amortised cost is recognised in the surplus or deficit in the Statement of Comprehensive Revenue and Expense over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless Panuku and Group have an unconditional right to defer settlement of the liability for at least 12 months after the year end date.

### o) Current and deferred income tax

Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by balance date. Income tax expense is charged or credited to the surplus or deficit in the Statement of Comprehensive Revenue and Expense, except when it relates to items charged or credited directly to equity or other comprehensive income.

Current tax is the amount of income tax payable based on the taxable surplus for the current period, plus any adjustments to income tax payable in respect of prior periods.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses.

Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which Panuku and Group expect to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surplus will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting surplus nor taxable surplus.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where Panuku and Group can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

### p) Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for debtors and other receivables and creditors and other payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related expense or asset.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

### q) Employee entitlements

#### i) Short term employee entitlements

Employee benefits that Panuku and Group expects to be settled within 12 months of balance date are measured at accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retirement gratuities and long service entitlements expected to be settled within 12 months, and sick leave.

Panuku and Group recognise a liability for sick leave to the extent that absences in the coming period are expected to be greater than the sick leave entitlements earned in the coming period. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Group anticipates it will be used by staff to cover those future absences.

#### ii) Superannuation schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit in the Statement of Comprehensive Revenue and Expense when they are incurred.



**r) Revenue recognition**

Revenue is measured at the fair value of consideration received or receivable. The specific accounting policies for significant revenue items are explained below:

*i) Rental revenue*

Rental revenue from operating leases is recognised as income on a straight line basis over the lease term.

*ii) Berthage hire*

Berthage hire from marina berths is recognised as income on a straight line basis over the hire term.

*iii) Provision of services*

Provision of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

*iv) Income from services provided*

Income from the rendering of services to Council Group entities is recognised when the service is provided. These services include development projects, business interests and Council Group property acquisitions and disposals. The income from services provided is calculated based on direct costs and staff time incurred or allocated to specific projects.

Income from services provided is classified as 'Other Revenue' in the profit or loss.

*v) Funding from Auckland Council*

Funding is recognised as revenue upon entitlement based on the eligibility of expenditure in accordance with the Statement of Intent between Panuku and Auckland Council.

*vi) Interest income*

Interest income is recognised on a time proportion basis using the effective interest method.

**s) Leases***i) Panuku as Lessee*

Panuku leases certain property, plant and equipment.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the surplus or deficit in the Statement of Comprehensive Revenue and Expense on a straight line basis over the period of the lease.

Leases of property, plant and equipment, where Panuku has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. The leased assets (the leased properties) and corresponding liabilities (the lease payments) are recognised in the Statement of Financial Position. Interest on finance leases is charged to the surplus or deficit in the Statement of Comprehensive Revenue and Expense over the lease period. Leased assets are depreciated over the period the Group is expected to benefit from their use or the lease term if ownership at the end of the lease is uncertain.

*ii) Panuku as Lessor*

Assets leased to third parties under operating leases are included in investment property in the Statement of Financial Position. Rental income (net of any incentives given to lessees) is recognised on a straight line basis over the lease term.

## 2. Critical accounting estimates and judgements

In preparing the consolidated financial statements Panuku and Group made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates, judgements and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year have been included below.

### Valuation of investment property

The valuation of investment property is based on market expectations for forecast future cash inflows from existing and anticipated new tenants and is net of remediation costs for contaminated land. The timing and amount of cash inflows from new tenants is based on current property and market conditions. If market conditions change then it is possible that the future cash flows may vary, in timing or amount, from those included in the valuation. The assumptions for remediation costs are based on reports from independent experts. The cost for removing and containing different levels of contaminated soil within landfill sites has a range of prices and depends on the scope of the development.

### Useful lives of property, plant and equipment

If useful lives do not reflect the actual consumption of the benefits of the assets, then Panuku could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense. Asset inspection, deterioration, and condition modelling are also carried out regularly as part of asset management activities, which provides further assurance over useful life estimates.



### 3. Rental and other revenue

	Parent Actual 2018 \$000	Parent Actual 2017 \$000	Group Actual 2018 \$000	Group Actual 2017 \$000
<b>Revenue from exchange transactions</b>				
Rental revenue	9,541	11,226	9,497	11,183
Berthage hire	12,486	11,937	12,486	11,937
Other income	7,139	6,850	9,060	8,506
Services provided	6,271	4,880	6,271	4,880
<b>Revenue from non-exchange transactions</b>				
Funding from Auckland Council - for operating expenditure	17,880	14,077	17,880	14,077
Funding from Auckland Council - for capital expenditure	8,003	9,025	8,003	9,025
Other income	220	-	220	-
<b>Total rental and other revenue</b>	<b>61,540</b>	<b>57,995</b>	<b>63,417</b>	<b>59,608</b>

### 4. Other gains / (losses)

	Parent Actual 2018 \$000	Parent Actual 2017 \$000	Group Actual 2018 \$000	Group Actual 2017 \$000
Fair value increase / (decrease) on investment property (note 14)	(1,640)	29,608	(1,640)	29,608
Net foreign exchange (losses) / gains	1	(1)	1	(1)
<b>Total other gains</b>	<b>(1,639)</b>	<b>29,607</b>	<b>(1,639)</b>	<b>29,607</b>

### 5. Personnel costs

	Parent Actual 2018 \$000	Parent Actual 2017 \$000	Group Actual 2018 \$000	Group Actual 2017 \$000
Salaries and wages	19,767	17,643	20,944	18,733
Increase / (decrease) in employee entitlements	95	55	104	63
Defined contribution plan employer contributions *	437	386	465	412
Other	521	530	583	584
<b>Total personnel costs</b>	<b>20,820</b>	<b>18,614</b>	<b>22,096</b>	<b>19,792</b>

\* Employer contributions to defined contribution plans includes contributions to KiwiSaver.  
At 30 June 2018 there were 184 full time equivalent (FTE) employees (30 June 2017: 170)

## 6. Other expenses

	Parent Actual 2018 \$000	Parent Actual 2017 \$000	Group Actual 2018 \$000	Group Actual 2017 \$000
Fees paid to Audit NZ for audit of the financial statements and statement of service performance	209	207	242	238
Fees paid to Audit NZ for review of the half year financial reporting pack to Auckland Council	18	16	18	16
Fees paid to Audit NZ for other assurance services	-	-	12	-
Directors' fees and expenses	532	595	534	597
Lease payments under operating leases	2,600	1,739	2,608	1,748
Professional services	4,575	4,499	4,287	4,203
Repairs and maintenance	4,458	4,931	6,478	6,658
Utilities and occupancy	3,157	3,310	3,892	4,051
Impairment of receivables	27	-	27	-
Amortisation of redeemable preference shares	192	179	-	-
Other operating expenses	6,482	6,751	4,878	5,260
<b>Total other expenses</b>	<b>22,250</b>	<b>22,227</b>	<b>22,976</b>	<b>22,771</b>

## 7. Income tax

	Parent Actual 2018 \$000	Parent Actual 2017 \$000	Group Actual 2018 \$000	Group Actual 2017 \$000
Components of income tax:				
Current tax	-	-	-	-
Deferred tax	(711)	(277)	(714)	(342)
<b>Income tax (benefit) / expense</b>	<b>(711)</b>	<b>(277)</b>	<b>(714)</b>	<b>(342)</b>
Relationship between income tax and accounting surplus / (deficit):				
Surplus / (deficit) before tax	9,841	38,045	9,464	37,682
Less net (surplus) / deficit from non-taxable activities	-	-	91	132
Taxable surplus / (deficit) before tax	9,841	38,045	9,555	37,814
Prima facie income tax at 28%	2,755	10,653	2,675	10,588
Taxation effect of permanent differences	(620)	(10,673)	(620)	(10,673)
Loss offset (refer note a)	(2,846)	(257)	(2,769)	(257)
<b>Income tax</b>	<b>(711)</b>	<b>(277)</b>	<b>(714)</b>	<b>(342)</b>

\* Panuku Development Auckland and its subsidiaries are part of a tax group with its shareholder Auckland Council and other subsidiaries of Auckland Council. Tax losses from other entities are shared within the group resulting in tax loss offsets for the Panuku group. Subvention payments are generally not required under group arrangements.

## 8. Deferred tax liabilities

	Parent Actual 2018 \$000	Parent Actual 2017 \$000	Group Actual 2018 \$000	Group Actual 2017 \$000
<b>Deferred tax assets</b>				
To be recovered after more than 12 months	9,135	9,201	9,154	9,217
To be recovered within 12 months	586	428	586	428
<b>Deferred tax assets</b>	<b>9,721</b>	<b>9,629</b>	<b>9,740</b>	<b>9,645</b>
<b>Deferred tax liabilities</b>				
To be recovered after more than 12 months	(15,328)	(13,772)	(15,328)	(13,772)
To be recovered within 12 months	-	-	-	-
<b>Deferred tax liabilities</b>	<b>(15,328)</b>	<b>(13,772)</b>	<b>(15,328)</b>	<b>(13,772)</b>
<b>Net deferred tax assets / (liabilities)</b>	<b>(5,607)</b>	<b>(4,143)</b>	<b>(5,588)</b>	<b>(4,127)</b>

	Property, plant and equipment \$000	Other \$000	Total \$000
<b>Parent</b>			
Balance at 1 June 2016	(9,184)	4,764	(4,420)
Charged to surplus/(deficit)	298	(21)	277
Charged to other comprehensive income	-	-	-
<b>Balance at 30 June 2017</b>	<b>(8,886)</b>	<b>4,743</b>	<b>(4,143)</b>
Balance at 1 June 2017	(8,886)	4,743	(4,143)
Charged to surplus/(deficit)	634	77	711
Charged to other comprehensive income	(2,175)	-	(2,175)
<b>Balance at 30 June 2018</b>	<b>(10,427)</b>	<b>4,820</b>	<b>(5,607)</b>
<b>Group</b>			
Balance at 1 June 2016	(9,252)	4,824	(4,428)
Charged to surplus / (deficit)	357	(15)	342
Charged to other comprehensive income	-	(41)	(41)
<b>Balance at 30 June 2017</b>	<b>(8,895)</b>	<b>4,768</b>	<b>(4,127)</b>
Balance at 1 June 2017	(8,895)	4,768	(4,127)
Charged to surplus / (deficit)	693	21	714
Charged to other comprehensive income	(2,175)	-	(2,175)
<b>Balance at 30 June 2018</b>	<b>(10,377)</b>	<b>4,789</b>	<b>(5,588)</b>

## 9. Cash and cash equivalents

	Parent Actual 2018 \$000	Parent Actual 2017 \$000	Group Actual 2018 \$000	Group Actual 2017 \$000
Cash at bank and in hand	2,651	2,369	5,263	5,142
<b>Total cash and cash equivalents</b>	<b>2,651</b>	<b>2,369</b>	<b>5,263</b>	<b>5,142</b>

## 10. Debtors and other receivables – current

	Parent Actual 2018 \$000	Parent Actual 2017 \$000	Group Actual 2018 \$000	Group Actual 2017 \$000
Debtors	12,336	2,047	12,336	2,047
Less provision for doubtful debts	-	-	-	-
Net debtors	12,336	2,047	12,336	2,047
Accrued receivables *	813	884	813	884
Sundry receivables	1	2	1	2
Related party receivables	23,081	9,412	23,081	9,412
Goods and services tax	-	138	-	138
Prepayments *	2,753	2,595	178	156
<b>Total debtors and other receivables - current</b>	<b>38,984</b>	<b>15,078</b>	<b>36,409</b>	<b>12,639</b>
Receivables from exchange transactions	16,681	8,624	14,106	6,185
Receivables from non exchange transactions	22,303	6,454	22,303	6,454
<b>Total debtors and other receivables - current</b>	<b>38,984</b>	<b>15,078</b>	<b>36,409</b>	<b>12,639</b>

\*Refer to note 11 for the non-current portions of these receivables.

## 10. Debtors and other receivables – current (cont.)

### a) Impairment of debtors

The ageing of debtors (net of the provision for doubtful debts) is as follows:

	Parent Actual 2018 \$000	Parent Actual 2017 \$000	Group Actual 2018 \$000	Group Actual 2017 \$000
Current	1,246	805	1,246	805
Past due 1 - 60 days	10,965	1,191	10,965	1,191
Past due 61+ days	125	51	125	51
<b>Balance at 30 June</b>	<b>12,336</b>	<b>2,047</b>	<b>12,336</b>	<b>2,047</b>

At each period end, all overdue receivables are assessed for impairment and appropriate provisions applied. A doubtful debts provision of \$0 has been recognised at 30 June 2018 (2017: \$0).

The increase in 1 - 60 days debtors in 2018 is due to one-off invoices issued in late May and June. After balance date Panuku agreed to receive the payment for these invoices by the end of August 2018.

	Parent Actual 2018 \$000	Parent Actual 2017 \$000	Group Actual 2018 \$000	Group Actual 2017 \$000
Balance at 1 July	-	47	-	47
Additional provisions made during the year	-	-	-	-
Unused provisions reversed during the year	-	(5)	-	(5)
Receivables written off during the period	-	(42)	-	(42)
<b>Balance at 30 June</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### b) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

The Group has no exposure to credit risk or foreign exchange risk in respect of debtors and other receivables at balance date.

The Group does not hold any collateral as security. Refer to note 33 for more information on the risk management policy of the Group.

### c) Accrued and sundry receivables

These amounts relate to either accrued income or arise from transactions outside the usual operating activities of the Group.

Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

### d) Foreign exchange and interest rate risk

The Group has no exposure to foreign exchange and interest rate risk in relation to debtors and other receivables at balance date.

## 11. Debtors and other receivables – non-current

	Parent Actual 2018 \$000	Parent Actual 2017 \$000	Group Actual 2018 \$000	Group Actual 2017 \$000
Accrued receivables	2,024	622	2,024	622
Prepayments	1,063	1,218	1,063	1,218
<b>Total debtors and other receivables - non-current</b>	<b>3,087</b>	<b>1,840</b>	<b>3,087</b>	<b>1,840</b>
Receivables from exchange transactions	3,087	1,840	3,087	1,840
Receivables from non-exchange transactions	-	-	-	-
<b>Total debtors and other receivables - non-current</b>	<b>3,087</b>	<b>1,840</b>	<b>3,087</b>	<b>1,840</b>

## 12. Other non-current assets

	Parent Actual 2018 \$000	Parent Actual 2017 \$000
Balance at 1 July	1,774	1,753
Purchased during the year	-	200
Amortisation expense	(192)	(179)
<b>Balance at 30 June</b>	<b>1,582</b>	<b>1,774</b>

This balance represents the value of the redeemable preference shares that Panuku owns in its subsidiary, Downtown Marinas Limited. The fair value of redeemable preference share is cost less amortisation and impairment. The shares are being amortised over the useful life until their redemption date (29 September 2026). Panuku owns 21 of the available 23 berth shares (2017: 21).



## 13. Property, plant and equipment

### Parent

	1 July 2017			Current year movements					30 June 2018		
	Cost / revaluation	Accumulated depreciation & impairment charges	Carrying amount	Additions	Disposals	Transfers *	Depreciation	Revaluations	Cost / revaluation	Accumulated depreciation & impairment charges	Carrying amount
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land	67,105	-	67,105	-	-	(17,500)	-	19,515	69,120	-	69,120
Buildings	18,303	(794)	17,509	-	-	(1,269)	(705)	978	16,513	-	16,513
Works of art	791	-	791	-	-	-	-	-	791	-	791
Plant and machinery	11,635	(5,230)	6,405	-	-	3,223	(562)	-	14,858	(5,792)	9,066
Computer equipment	2,092	(2,092)	-	-	-	-	-	-	2,092	(2,092)	-
Furniture, fittings and equipment	1,129	(983)	146	-	-	-	(41)	-	1,129	(1,024)	105
Wharves	66,376	(4,746)	61,630	-	-	3,335	(2,391)	6,789	69,363	-	69,363
Marinas	61,853	(1,916)	59,937	-	-	19,924	(1,958)	-	81,884	(3,981)	77,903
Drainage	3,083	(232)	2,851	-	-	-	(43)	-	3,083	(275)	2,808
Civil structures	56,206	(12,412)	43,794	-	-	81	(1,909)	-	56,295	(14,329)	41,966
Capital work in progress	6,126	-	6,126	12,274	(591)	(9,307)	-	-	8,502	-	8,502
<b>Total Parent property, plant and equipment</b>	<b>294,699</b>	<b>(28,405)</b>	<b>266,294</b>	<b>12,274</b>	<b>(591)</b>	<b>(1,513)</b>	<b>(7,609)</b>	<b>27,282</b>	<b>323,630</b>	<b>(27,493)</b>	<b>296,137</b>

	1 July 2016			Prior year movements					30 June 2017		
	Cost / revaluation	Accumulated depreciation & impairment charges	Carrying amount	Additions	Disposals	Transfers *	Depreciation	Revaluations	Cost / revaluation	Accumulated depreciation & impairment charges	Carrying amount
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land	67,105	-	67,105	-	-	-	-	-	67,105	-	67,105
Buildings	18,303	-	18,303	-	-	-	(794)	-	18,303	(794)	17,509
Works of art	791	-	791	-	-	-	-	-	791	-	791
Plant and machinery	11,635	(4,762)	6,873	-	-	-	(468)	-	11,635	(5,230)	6,405
Computer equipment	2,092	(2,092)	-	-	-	-	-	-	2,092	(2,092)	-
Furniture, fittings and equipment	1,129	(931)	198	-	-	-	(52)	-	1,129	(983)	146
Wharves	66,376	(2,373)	64,003	-	-	-	(2,373)	-	66,376	(4,746)	61,630
Marinas	61,853	-	61,853	-	-	-	(1,916)	-	61,853	(1,916)	59,937
Drainage	3,083	(188)	2,895	-	-	-	(44)	-	3,083	(232)	2,851
Civil structures	56,206	(9,717)	46,489	-	-	-	(2,695)	-	56,206	(12,412)	43,794
Capital work in progress	2,631	-	2,631	16,234	-	(12,739)	-	-	6,126	-	6,126
<b>Total Parent property, plant and equipment</b>	<b>291,204</b>	<b>(20,063)</b>	<b>271,141</b>	<b>16,234</b>	<b>-</b>	<b>(12,739)</b>	<b>(8,342)</b>	<b>-</b>	<b>294,699</b>	<b>(28,405)</b>	<b>266,294</b>

\*Net transfers to / (from) property, plant and equipment and investment properties. There are no assets held in property, plant and equipment under finance leases. There are no restrictions over the title of the Company's property, plant and equipment nor are any assets pledged as security for liabilities.

## 13. Property, plant and equipment (cont.)

### Group

	1 July 2017			Current year movements					30 June 2018		
	Cost / revaluation	Accumulated depreciation & impairment charges	Carrying amount	Additions	Disposals	Transfers *	Depreciation	Revaluations	Cost / revaluation	Accumulated depreciation & impairment charges	Carrying amount
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land	67,105	-	67,105	-	-	(17,500)	-	19,515	69,120	-	69,120
Buildings	18,303	(794)	17,509	-	-	(1,269)	(705)	978	16,513	-	16,513
Works of art	791	-	791	-	-	-	-	-	791	-	791
Plant and machinery	11,635	(5,230)	6,405	-	-	3,223	(562)	-	14,858	(5,792)	9,066
Computer equipment	2,092	(2,092)	-	-	-	-	-	-	2,092	(2,092)	-
Furniture, fittings and equipment	1,129	(983)	146	-	-	-	(41)	-	1,129	(1,024)	105
Wharves	66,376	(4,746)	61,630	-	-	3,335	(2,391)	6,789	69,363	-	69,363
Marinas	62,989	(2,246)	62,989	-	-	19,924	(2,288)	-	85,266	(4,641)	80,625
Drainage	3,083	(232)	2,851	-	-	-	(43)	-	3,083	(275)	2,808
Civil structures	56,206	(12,412)	43,794	-	-	81	(1,909)	-	56,295	(14,329)	41,966
Capital work in progress	6,126	-	6,126	12,274	(591)	(9,307)	-	-	8,502	-	8,502
<b>Total Group property, plant and equipment</b>	<b>295,835</b>	<b>(28,735)</b>	<b>269,346</b>	<b>12,274</b>	<b>(591)</b>	<b>(1,513)</b>	<b>(7,939)</b>	<b>27,282</b>	<b>327,012</b>	<b>(28,153)</b>	<b>298,859</b>

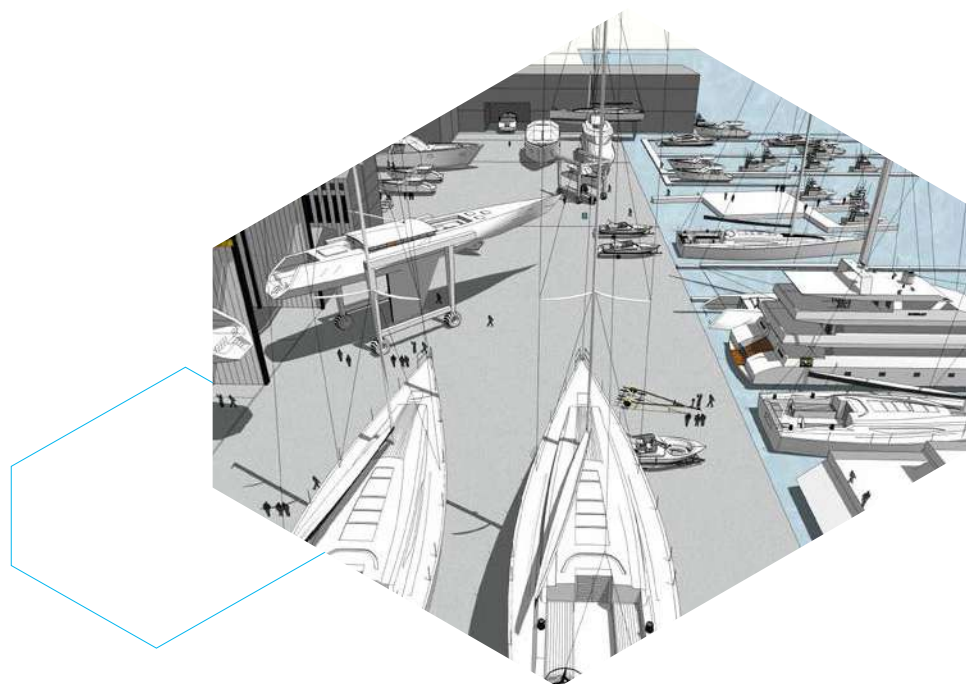
	1 July 2016			Prior year movements					30 June 2017		
	Cost / revaluation	Accumulated depreciation & impairment charges	Carrying amount	Additions	Disposals	Transfers *	Depreciation	Revaluations	Cost / revaluation	Accumulated depreciation & impairment charges	Carrying amount
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land	67,105	-	67,105	-	-	-	-	-	67,105	-	67,105
Buildings	18,303	-	18,303	-	-	-	(794)	-	18,303	(794)	17,509
Works of art	791	-	791	-	-	-	-	-	791	-	791
Plant and machinery	11,635	(4,762)	6,873	-	-	-	(468)	-	11,635	(5,230)	6,405
Computer equipment	2,092	(2,092)	-	-	-	-	-	-	2,092	(2,092)	-
Furniture, fittings and equipment	1,129	(931)	198	-	-	-	(52)	-	1,129	(983)	146
Wharves	66,376	(2,373)	64,003	-	-	-	(2,373)	-	66,376	(4,746)	61,630
Marinas	65,088	-	65,088	-	-	-	(2,246)	147	62,989	(2,246)	62,989
Drainage	3,083	(188)	2,895	-	-	-	(44)	-	3,083	(232)	2,851
Civil structures	56,206	(9,717)	46,489	-	-	-	(2,695)	-	56,206	(12,412)	43,794
Capital work in progress	2,631	-	2,631	16,234	-	(12,739)	-	-	6,126	-	6,126
<b>Total Group property, plant and equipment</b>	<b>294,439</b>	<b>(20,063)</b>	<b>274,376</b>	<b>16,234</b>	<b>-</b>	<b>(12,739)</b>	<b>(8,672)</b>	<b>147</b>	<b>295,835</b>	<b>(28,735)</b>	<b>269,346</b>

\*Net transfers to / (from) property, plant and equipment and investment properties. There are no assets held in property, plant and equipment under finance leases. There are no restrictions over the title of the Group's property, plant and equipment nor are any assets pledged as security for liabilities.

## 13. Property, plant and equipment (cont.)

This table details the revaluations that have been undertaken by the Group.

Asset Class	Date of revaluation	Valuation amount (\$000)	Basis of revaluation	Valuer company
Land	30-Jun-18	69,120	Market value	Bayleys Valuations
Buildings	30-Jun-18	16,513	Depreciated replacement cost	Bayleys Valuations
Marinas	30-Jun-16	61,853	Discounted cash flow	Seagar and Partners
Wharves	30-Jun-18	69,363	Depreciated replacement cost	Beca Valuations



## 14. Investment properties

	Parent Actual 2018 \$000	Parent Actual 2017 \$000	Group Actual 2018 \$000	Group Actual 2017 \$000
Opening balance	443,601	401,254	443,601	401,254
Transfers (to) Property Plant and Equipment (land)	(600)	-	(600)	-
Transfers from Property Plant and Equipment (work in progress)	2,113	12,739	2,113	12,739
Book value prior to revaluation	445,114	413,993	445,114	413,993
Values per independent valuations	401,424	425,390	401,424	425,390
Prepaid and accrued rental income	42,050	18,211	42,050	18,211
Fair value as at 30 June	443,474	443,601	443,474	443,601
<b>Fair value increase / (decrease)</b>	<b>(1,640)</b>	29,608	<b>(1,640)</b>	29,608
Rental revenue	13,075	12,729	13,075	12,729
Expenses	3,793	3,489	3,793	3,489

Panuku's investment properties are valued at fair value each balance date.

The fair value of investment property has been determined using the discounted cash flow method or the comparative sales approach as may be appropriate to the individual assets. This method is based upon assumptions including future rental income and appropriate discount rates.

In arriving at their valuation for the Wynyard Quarter investment property, Seagar and Partners (Auckland) Limited and CBRE Limited have relied on inputs regarding expected expenditure for remediation of contaminated land, which have been independently assessed by Tonkin and Taylor Limited.

The CBRE valuations include land which is the subject of development agreements and agreements to lease between Panuku and development partners including Willis Bond and Precinct Properties. These agreements include specific design requirements, environmental standards and contributions to public works. Each of these factors within the development agreement have a financial impact on the overall market value of the sites with the agreements in place.

Accounting standards require that the restrictions under the development agreements are reflected within the fair value assessment of the land. CBRE has adopted a weighting system between the highest and best use of the land should the development agreements be broken, and the value of the land with the

development agreements in place. As property market values increase across Auckland, the difference between the highest and best use, and use under the development agreements, widens. When a site becomes subject to lease, the fair value moves directly to the value under the lease terms, without any link back to highest and best use. Thus a value reduction is registered upon the commencement of a long-term lease. Individual site value reductions under leases are not disclosed as the investment property valuations are held under a portfolio basis. Increases in the value of properties not subject to development agreements have compensated for the reductions upon entering into long-term leases under the development agreements, with an overall net increase in investment property value for the year.

Valuer	Value 2018 \$000	Value 2017 \$000
Seagar and Partners (Auckland) Limited	305,224	303,490
CBRE	96,200	121,900
Total valuation	401,424	425,390

## 15. Investment in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b). All subsidiaries are incorporated in New Zealand.

	Control %	
	2018 %	2017 %
- Westhaven Marina Limited - corporate trustee of Westhaven (Existing Marina) Trust and Westhaven (Marina Extension) Trust	100	100
- Downtown Marinas Limited - owns and operates Hobson West Marina	100	100
Panuku controls the following Trusts:		
- Westhaven (Existing Marina) Trust - owns and operates berths within Westhaven Marina	100	100
- Westhaven (Marina Extension) Trust - owns and operates berths within Westhaven Marina	100	100

	Parent Actual 2018 \$000	Parent Actual 2017 \$000
Westhaven Marina Limited	446	446
Downtown Marinas Limited	-	-
Westhaven (Existing Marina) Trust	-	-
Westhaven (Marina Extension) Trust	-	-
<b>Total investment in subsidiaries</b>	<b>446</b>	<b>446</b>

Investments in subsidiaries have been tested for impairment. No adjustment was required.

## 16. Creditors and other payables – current

	Parent Actual 2018 \$000	Parent Actual 2017 \$000	Group Actual 2018 \$000	Group Actual 2017 \$000
Creditors	2,759	3,204	2,755	3,203
Accrued expenses	2,006	3,510	2,052	3,541
Deposits and bonds	243	240	243	240
Related party payables	4,334	4,974	152	777
Goods and services tax	87	-	87	-
Revenue in advance	1,487	1,947	3,772	4,106
<b>Total creditors and other payables - current</b>	<b>10,916</b>	<b>13,875</b>	<b>9,061</b>	<b>11,867</b>
Payables from exchange transactions	10,916	13,262	9,061	11,254
Payables from non exchange transactions	-	613	-	613
<b>Total creditors and other payables - current</b>	<b>10,916</b>	<b>13,875</b>	<b>9,061</b>	<b>11,867</b>

Creditors and other payables are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their fair value. Included in accrued expenses is retentions on construction contracts. The payment terms for these vary depending on the contract. The Group has minimal exposure to foreign exchange risk and no interest rate risk in respect of creditors and other payables at balance date.

## 17. Creditors and other payables - non-current

	Parent Actual 2018 \$000	Parent Actual 2017 \$000	Group Actual 2018 \$000	Group Actual 2017 \$000
Related party payables	446	446	-	-
Revenue in advance *	42,279	20,634	42,279	20,634
<b>Total creditors and other payables - non-current</b>	<b>42,725</b>	<b>21,080</b>	<b>42,279</b>	<b>20,634</b>
Payables from exchange transactions	42,725	21,080	42,279	20,634
Payables from non-exchange transactions	-	-	-	-
<b>Total creditors and other payables - non-current</b>	<b>42,725</b>	<b>21,080</b>	<b>42,279</b>	<b>20,634</b>

The fair value of creditors and other payables is equal to their carrying value.

\*Revenue in advance is lease income that has been prepaid by lessors. The timing of when this income will be recognised is shown in note 25 (c).

## 18. Employee entitlements

	Parent Actual 2018 \$000	Parent Actual 2017 \$000	Group Actual 2018 \$000	Group Actual 2017 \$000
Accrued salaries and wages	1,434	946	1,434	946
Annual leave	1,183	1,030	1,183	1,030
<b>Total employee entitlements</b>	<b>2,617</b>	<b>1,976</b>	<b>2,617</b>	<b>1,976</b>

## 19. Other current liabilities

	Group Actual 2018 \$000	Group Actual 2017 \$000
Balance at 1 July	1,692	1,327
Contributions during the year	394	365
Utilised during the year	(590)	-
<b>Balance at 30 June</b>	<b>1,496</b>	<b>1,692</b>

This liability is accumulated from a charge to Berth Entitlement Unit holders of the Westhaven (Existing Marina) Trust and Westhaven (Marina Extension) Trust and Berth Share holders of Downtown Marinas Limited based on 10% of the annual operating expenditure budget as set out in the berth licence. It is used to contribute to future significant repairs, renovations, replacements and maintenance.

## 20. Other non-current liabilities

	Group Actual 2018 \$000	Group Actual 2017 \$000
Redeemable preference shares in subsidiary	124	139
<b>Balance at 30 June</b>	<b>124</b>	<b>139</b>

The redeemable preference shares are treated as debt rather than equity on the basis that the preference shareholders do not share in the residual assets of the company (Downtown Marinas Limited) and are entitled to a redemption of \$1 per share on 29 September 2026. The shares are being amortised over the useful life until their redemption date. Panuku owns 21 of the available 23 berth shares (2017: 21).

## 21. Contributed equity

<i>(a) Share capital</i>	Parent Actual 2018 \$000	Parent Actual 2017 \$000	Group Actual 2018 \$000	Group Actual 2017 \$000
Balance at 1 July	483,489	468,489	485,722	470,722
Shares issued during the year	-	15,000	-	15,000
<b>Balance at 30 June</b>	<b>483,489</b>	<b>483,489</b>	<b>485,722</b>	<b>485,722</b>

<i>(b) Movements in ordinary shares:</i>	2018 Shares	2017 Shares	2018 Shares	2017 Shares
Opening balance of ordinary shares issued	1,101	1,100	1,101	1,100
Share issue	-	1	-	1
<b>Closing balance of ordinary shares issued</b>	<b>1,101</b>	<b>1,101</b>	<b>1,101</b>	<b>1,101</b>

## 22. Accumulated funds

	Parent Actual 2018 \$000	Parent Actual 2017 \$000	Group Actual 2018 \$000	Group Actual 2017 \$000
Balance at 1 July	151,937	115,716	149,995	114,072
Surplus/(deficit) for the year	10,552	38,322	10,178	38,024
Net transfer (to) / from maintenance reserves	(306)	(301)	(306)	(301)
Dividends paid	(1,500)	(1,800)	(1,500)	(1,800)
<b>Balance at 30 June</b>	<b>160,683</b>	<b>151,937</b>	<b>158,367</b>	<b>149,995</b>
Dividend per share	\$1,362.40	\$1,636.36	\$1,362.40	\$1,636.36



## 23. Reserves

	Parent Actual 2018 \$000	Parent Actual 2017 \$000	Group Actual 2018 \$000	Group Actual 2017 \$000
Asset revaluation reserves	78,697	53,590	80,211	55,104
Maintenance reserves	1,627	1,321	1,627	1,321
<b>Total Reserves</b>	<b>80,324</b>	<b>54,911</b>	<b>81,838</b>	<b>56,425</b>

The movements in each type of reserve are disclosed as follows:

### Asset revaluation reserves

Balance at 1 July	53,590	53,590	55,104	54,998
Revaluation gains/(losses)	27,282	-	27,282	147
Deferred tax on revaluation	(2,175)	-	(2,175)	(41)
<b>Balance at 30 June</b>	<b>78,697</b>	<b>53,590</b>	<b>80,211</b>	<b>55,104</b>

The asset revaluation reserves records the revaluation of property, plant and equipment on an asset class basis. Any revaluation decrease will first be written off against the balance in asset revaluation reserve. Any decrease over and above the amount recorded will be transferred to the other gains / (losses) section of the surplus / (deficit) within the Statement of Comprehensive Revenue and Expense.

### Maintenance reserves

Balance at 1 July	1,321	1,020	1,321	1,020
Net transfer from / (to) accumulated funds	306	301	306	301
<b>Balance at 30 June</b>	<b>1,627</b>	<b>1,321</b>	<b>1,627</b>	<b>1,321</b>

Included in other income in the surplus / (deficit) within the Statement of Comprehensive Revenue and Expense are contributions from some tenants towards the costs of maintenance on properties. The maintenance reserve records the accumulated unspent contributions. When costs are incurred on the properties this spend is recorded in other operating expenses section of the surplus / (deficit) within the Statement of Comprehensive Revenue and Expense and a transfer is recorded from the maintenance reserve to accumulated funds.

## 24. Reconciliation of net surplus / (deficit) after tax to net cash flow from operating activities

	Parent Actual 2018 \$000	Parent Actual 2017 \$000	Group Actual 2018 \$000	Group Actual 2017 \$000
Surplus / (deficit) after tax	10,552	38,322	10,178	38,024
<i>Add / (less) non-cash items:</i>				
Depreciation and amortisation expense	7,609	8,365	7,939	8,695
Amortisation of redeemable preference shares	192	179	(15)	300
Fair value (increase) / decrease on investment property	1,640	(29,608)	1,640	(29,608)
Movement in deferred tax through surplus	(711)	(277)	(714)	(342)
<i>Add/(less) items classified as investing or financing activities</i>				
Capital expenditure funding from Auckland Council recognised as revenue	(8,003)	(9,025)	(8,003)	(9,025)
<i>Add / (less) movements in working capital items:</i>				
Debtors and other receivables (excluding related party)	(11,484)	(263)	(11,348)	(175)
Investing activities included in debtors and other receivables	-	-	-	-
Creditors and other payables (excluding related party)	19,326	(14,218)	19,464	(14,175)
Investing activities included in creditors and other payables	-	2,000	-	2,000
Related party receivables and payables	(14,309)	22,438	(14,294)	22,169
Financing activities included in related party receivables and payables	16,640	(24,120)	16,640	(24,120)
Current tax	9	-	9	19
Other current liabilities	-	-	(196)	365
Employee entitlements	641	392	641	392
Net cash inflow / (outflow) from operating activities	22,102	(5,815)	21,941	(5,481)

## 25. Capital commitments and operating leases

### a) Capital commitments

	Parent Actual 2018 \$000	Parent Actual 2017 \$000	Group Actual 2018 \$000	Group Actual 2017 \$000
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:				
Investment property	2,996	5,533	2,996	5,533
Property, plant and equipment	1,687	2,645	1,687	2,645
Total capital commitments	4,683	8,178	4,683	8,178

The above balances have been committed in relation to future expenditure on capital projects. Amounts already spent are included in investment property or property, plant and equipment.

## 25. Capital commitments and operating leases (cont.)

### b) Operating leases as lessee

The Group leases two properties and some equipment in the normal course of its business. The future aggregate minimum lease payments payable under non cancellable operating leases are as follows:

	Parent Actual 2018 \$000	Parent Actual 2017 \$000	Group Actual 2018 \$000	Group Actual 2017 \$000
Less than one year	2,283	2,135	2,283	2,135
Between one and five years	9,052	9,086	9,052	9,086
More than five years	3,285	5,544	3,285	5,544
<b>Total non-cancellable operating leases as lessee</b>	<b>14,620</b>	<b>16,765</b>	<b>14,620</b>	<b>16,765</b>

Leases can be renewed at the group's discretion, with rents set by reference to current market rates for items of equivalent age and condition. There are no restrictions placed on Panuku and Group by any of the leasing arrangements.

### c) Operating leases as lessor

The Group leases out investment property and some commercial property. The leases contain non cancellable periods ranging from 1 month to 90 years. Subsequent renewals are negotiated with the lessee. The future aggregate minimum lease payments to be collected under non cancellable operating leases are as follows:

	Parent Actual 2018 \$000	Parent Actual 2017 \$000	Group Actual 2018 \$000	Group Actual 2017 \$000
Less than one year	8,125	7,919	8,125	7,919
Between one and five years	27,056	30,199	27,056	30,199
More than five years	30,260	35,638	30,260	35,638
<b>Total non-cancellable operating leases as lessor</b>	<b>65,441</b>	<b>73,756</b>	<b>65,441</b>	<b>73,756</b>

No contingent rents have been recognised in the Statement of Comprehensive Income during the period.

Not included in the table above are operating leases that have been prepaid by lessees and are held on the statement of financial position within revenue in advance. The lease revenue will be recognised as follows:

	Parent Actual 2018 \$000	Parent Actual 2017 \$000	Group Actual 2018 \$000	Group Actual 2017 \$000
Less than one year	552	513	552	513
Between one and five years	2,234	2,051	2,234	2,051
More than five years	40,045	18,583	40,045	18,583
<b>Total non-cancellable operating leases as lessor (prepaid)</b>	<b>42,831</b>	<b>21,147</b>	<b>42,831</b>	<b>21,147</b>

There is an increase in prepaid operating lease income as Panuku completed two long-term prepaid leases for land sites within the Wynyard Quarter during the year.

## 26. Related party transactions

The group contains subsidiaries as set out in note 15. Auckland Council is the ultimate parent of the Group as outlined in note 1. Auckland Council has other CCOs that Panuku has transacted with during the period including Auckland Transport, Regional Facilities Auckland, Auckland Tourism Events and Economic Development Limited and Watercare Limited. In addition Panuku has also transacted with Ports of Auckland Limited, which is a subsidiary of Auckland Council Investments Limited, another CCO of the Auckland Council.

Related parties include subsidiaries, associates, joint ventures, key management personnel, the Directors of the Board and their close family members and entities controlled by them. Key management personnel are the Chief Executive and the executive leadership team. Close family members include spouses or domestic partners, children and dependants.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect Panuku would have adopted in dealing with the party at arm's length in the same circumstances.

## 27. Contingencies

There are no contingent liabilities or contingent assets.

## 28. Events occurring after balance date

There are no events occurring after the balance date that should be disclosed.

## 29. Remuneration

Key management personnel includes the Board of Directors and the Executive Leadership Team. The Executive Leadership Team consists of the Chief Executive and direct reports to the Chief Executive.

	<b>Parent Actual 2018 \$000</b>	Parent Actual 2017 \$000	<b>Group Actual 2018 \$000</b>	Group Actual 2017 \$000
<b>Key management personnel remuneration</b>				
Executive Leadership Team (8 FTE)	<b>2,729</b>	2,788	<b>2,729</b>	2,788
Board of Directors - Panuku (1.75 FTE) *	<b>489</b>	453	<b>489</b>	453
Board of Directors - Westhaven Marina Limited	<b>23</b>	21	<b>23</b>	21
Board of Directors - Downtown Marinas Limited	-	-	<b>3</b>	-
<b>Total key management personnel remuneration</b>	<b>3,241</b>	3,262	<b>3,244</b>	3,262

\*The Board Directors FTE is based on the assumption that each of the Directors work an average of one week in each month preparing for, and attending, Board and sub committee meetings.

## 29. Remuneration (cont.)

	Parent Actual 2018 \$000	Parent Actual 2017 \$000	Group Actual 2018 \$000	Group Actual 2017 \$000
<i>a) Executive Leadership Team Remuneration</i>				
Salary and other short-term employee benefits	2,729	2,788	2,729	2,788
<b>Total Executive Leadership Team remuneration</b>	<b>2,729</b>	<b>2,788</b>	<b>2,729</b>	<b>2,788</b>
<i>b) Board of Directors Remuneration - Panuku</i>				
<u>Current directors</u>				
Richard Aitken (Chair)	108	107	108	107
Susan Macken (Deputy Chair)	67	57	67	57
David Kennedy (appointed 01 Nov 2017)	36	-	36	-
Richard Leggat	62	61	62	61
Paul Majurey	57	62	57	62
Mike Pohio	62	62	62	62
Martin Udale	57	53	57	53
<u>Directors now retired</u>				
Anne Blackburn (retired 31 Oct 2017)	20	61	20	61
Evan Davies (retired 31 Oct 2017)	20	61	20	61
Sir John Wells (retired 30 Nov 2016)	-	28	-	28
<b>Total Board remuneration - Panuku</b>	<b>489</b>	<b>552</b>	<b>489</b>	<b>552</b>
<i>b) Board of Directors Remuneration - Westhaven Marina Limited</i>				
Stephen Mills	15	15	15	15
Terry Kayes	8	8	8	8
Richard Leggat	-	-	-	-
<b>Total Board remuneration - Westhaven Marina Limited</b>	<b>23</b>	<b>23</b>	<b>23</b>	<b>23</b>
Remuneration for directors of Westhaven Marina Limited is paid by Panuku.				
<i>c) Board of Directors Remuneration - Downtown Marinas Limited</i>				
Terry Kayes	-	-	3	3
Richard Leggat	-	-	-	-
<b>Total Board remuneration - Downtown Marinas Limited</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>3</b>

## 29. Remuneration (cont.)

### d) Employee Remuneration

The table below shows the number of employees or former employees who received remuneration of \$100,000 or more during the year within specified \$10,000 bands.

	Number of Employees	
	2018	2017
\$100,000-\$109,999	10	7
\$110,000-\$119,999	8	5
\$120,000-\$129,999	7	9
\$130,000-\$139,999	7	9
\$140,000-\$149,999	6	4
\$150,000-\$159,999	7	2
\$160,000-\$169,999	1	4
\$170,000-\$179,999	1	1
\$180,000-\$189,999	2	1
\$190,000-\$199,999	-	1
\$200,000-\$209,999	3	3
\$210,000-\$219,999	-	1
\$220,000-\$229,999	3	2
\$230,000-\$239,999	1	2
\$240,000-\$249,999	1	-
\$250,000-\$259,999	1	-
\$260,000-\$269,999	-	2
\$270,000-\$279,999	1	1
\$280,000-\$289,999	-	-
\$290,000-\$299,999	1	2
\$300,000-\$309,999	1	1
\$310,000-\$319,999	-	-
\$320,000-\$329,999	1	1
\$340,000-\$349,999	1	-
\$380,000-\$389,999	-	1
\$390,000-\$399,999	1	-
\$420,000-\$429,999	-	1
\$440,000-\$449,999	1	-
\$540,000-\$549,999	-	1
\$560,000-\$569,999	1	-
Total employees who received \$100,000 or more	66	61

## 30. Financial risk management

Panuku and the group's activities expose it to a variety of financial risks: market risk, liquidity risk and credit risk. The Group's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Panuku's treasury management is carried out under a shared service agreement by Auckland Council. The treasury management policy incorporates a liability management policy and an investment policy. These policies do not allow any transactions that are speculative in nature to be entered into.

i) Carrying amount and fair value of financial assets and liabilities of the Parent	Carrying Amount		Fair Value	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Financial assets</b>				
Cash and cash equivalents	2,651	2,369	2,651	2,369
<i>Loans and receivables</i>				
Debtors and other receivables	38,255	12,967	38,255	12,967
<b>Total financial assets</b>	<b>40,906</b>	<b>15,336</b>	<b>40,906</b>	<b>15,336</b>
<b>Financial liabilities</b>				
<i>Financial liabilities at amortised cost</i>				
Creditors and other payables	9,788	12,374	9,788	12,374
<b>Total financial liabilities</b>	<b>9,788</b>	<b>12,374</b>	<b>9,788</b>	<b>12,374</b>
	<b>31,118</b>	<b>2,962</b>	<b>31,118</b>	<b>2,962</b>
<b>Net financial assets / (liabilities)</b>				

ii) Carrying amount and fair value of financial assets and liabilities of the Group	Carrying Amount		Fair Value	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<b>Financial assets</b>				
Cash and cash equivalents	5,263	5,142	5,263	5,142
<i>Loans and receivables</i>				
Debtors and other receivables	38,255	12,967	38,255	12,967
<b>Total financial assets</b>	<b>43,518</b>	<b>18,109</b>	<b>43,518</b>	<b>18,109</b>
<b>Financial liabilities</b>				
<i>Financial liabilities at amortised cost</i>				
Creditors and other payables	5,202	7,761	5,202	7,761
<b>Total financial liabilities</b>	<b>5,202</b>	<b>7,761</b>	<b>5,202</b>	<b>7,761</b>
<b>Net financial assets / (liabilities)</b>	<b>38,316</b>	<b>10,348</b>	<b>38,316</b>	<b>10,348</b>

## 30. Financial risk management (cont.)

### b) Liquidity risk

Contractual maturity analysis of financial assets and liabilities

The table below analyses Panuku's financial assets and liabilities into relevant maturity groupings based on the period remaining at balance date until the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

#### i) Contractual maturity analysis of financial assets and liabilities of the Parent

	On demand	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash inflow / (outflow)	Carrying amount (assets) / liabilities
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>30 June 2018</b>								
<b>Financial assets</b>								
Cash and cash equivalents	2,651	-	-	-	-	-	2,651	2,651
Debtors and other receivables	36,127	62	37	1,549	366	114	38,255	38,255
<b>Total financial assets</b>	<b>38,778</b>	<b>62</b>	<b>37</b>	<b>1,549</b>	<b>366</b>	<b>114</b>	<b>40,906</b>	<b>40,906</b>
<b>Financial liabilities</b>								
Creditors and other payables	7,174	2,614	-	-	-	-	9,788	9,788
<b>Total financial liabilities</b>	<b>7,174</b>	<b>2,614</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,788</b>	<b>9,788</b>
<b>30 June 2017</b>								
<b>Financial assets</b>								
Cash and cash equivalents	2,369	-	-	-	-	-	2,369	2,369
Debtors and other receivables	11,010	420	107	882	221	327	12,967	12,967
<b>Total financial assets</b>	<b>13,379</b>	<b>420</b>	<b>107</b>	<b>882</b>	<b>221</b>	<b>327</b>	<b>15,336</b>	<b>15,336</b>
<b>Financial liabilities</b>								
Creditors and other payables	12,374	-	-	-	-	-	12,374	12,374
<b>Total financial liabilities</b>	<b>12,374</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,374</b>	<b>12,374</b>



## 30. Financial risk management (cont.)

ii) Contractual maturity analysis of financial assets and liabilities of the Group

	On demand	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash inflow / (outflow)	Carrying amount (assets) / liabilities
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>30 June 2018</b>								
<b>Financial assets</b>								
Cash and cash equivalents	5,263	-	-	-	-	-	5,263	5,263
Debtors and other receivables	36,127	62	37	1,549	366	114	38,255	38,255
<b>Total financial assets</b>	<b>41,390</b>	<b>62</b>	<b>37</b>	<b>1,549</b>	<b>366</b>	<b>114</b>	<b>43,518</b>	<b>43,518</b>
<b>Financial liabilities</b>								
Creditors and other payables	2,546	2,656	-	-	-	-	5,202	5,202
<b>Total financial liabilities</b>	<b>2,546</b>	<b>2,656</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,202</b>	<b>5,202</b>
<b>30 June 2017</b>								
<b>Financial assets</b>								
Bank deposits	5,142	-	-	-	-	-	5,142	5,142
Debtors and other receivables	11,010	420	107	882	221	327	12,967	12,967
<b>Total financial assets</b>	<b>16,152</b>	<b>420</b>	<b>107</b>	<b>882</b>	<b>221</b>	<b>327</b>	<b>18,109</b>	<b>18,109</b>
<b>Financial liabilities</b>								
Creditors and other payables	7,761	-	-	-	-	-	7,761	7,761
<b>Total financial liabilities</b>	<b>7,761</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,761</b>	<b>7,761</b>

## 31. Prior period adjustment

During the financial year, Panuku reviewed its tax fixed asset register. In doing so it was identified that deferred tax for assets financed through local government grants was incorrectly calculated. Due to the magnitude of the change this has necessitated adjustments to the prior year comparatives as shown below.

	Parent - 30 June 2017 (\$000)			Group - 30 June 2017 (\$000)		
	As reported	Adjustment	Revised	As reported	Adjustment	Revised
<b>Statement of Comprehensive Revenue and Expense</b>						
Surplus / (deficit) before tax	38,045	-	38,045	37,682	-	37,682
Income tax (benefit) / expense	(1,430)	1,153	(277)	(1,495)	1,153	(342)
Surplus after tax	39,475	(1,153)	38,322	39,177	(1,153)	38,024
<b>Statement of Changes in Equity</b>						
Equity at the beginning of the year	640,595	(1,780)	638,815	642,592	(1,780)	640,812
<i>Total comprehensive revenue and expense</i>						
Surplus / (deficit) for the year	39,475	(1,153)	38,322	39,177	(1,153)	38,024
Other comprehensive revenue and expense	-	-	-	106	-	106
Total comprehensive revenue and expense	39,475	(1,153)	38,322	39,283	(1,153)	38,130
<i>Transactions with owners</i>						
Share issue	15,000	-	15,000	15,000	-	15,000
Dividend expense	(1,800)	-	(1,800)	(1,800)	-	(1,800)
Total transactions with owners	13,200	-	13,200	13,200	-	13,200
Equity at the end of the year	693,270	(2,933)	690,337	695,075	(2,933)	692,142
<b>Statement of Financial Position</b>						
Current assets	17,456	-	17,456	17,790	-	17,790
Non-current assets	713,955	-	713,955	714,787	-	714,787
Total assets	731,411	-	731,411	732,577	-	732,577
Current liabilities	15,851	-	15,851	15,535	-	15,535
<i>Non-current liabilities</i>						
Creditors and other payables	21,080	-	21,080	20,634	-	20,634
Other non-current liabilities	-	-	-	139	-	139
Deferred tax liabilities	1,210	2,933	4,143	1,194	2,933	4,127
Total non-current liabilities	22,290	2,933	25,223	21,967	2,933	24,900
Total liabilities	38,141	2,933	41,074	37,502	2,933	40,435
Net assets	693,270	(2,933)	690,337	695,075	(2,933)	692,142
Contributed equity	483,489	-	483,489	485,722	-	485,722
Accumulated funds	154,870	(2,933)	151,937	152,928	(2,933)	149,995
Reserves	54,911	-	54,911	56,425	-	56,425
Total equity	693,270	(2,933)	690,337	695,075	(2,933)	692,142

## 32. Capital management

Panuku's capital is its equity which comprise accumulated funds. Equity is represented by net assets.

Panuku manages its revenues, expenses, assets, liabilities and general financial dealings prudently to meet its long term objective and in a way that promotes the current and future interests of the community. Equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities and general financial dealings.

Panuku is implementing asset management plans for major classes of assets detailing renewal and maintenance programmes.

Panuku is required by Auckland Council to maintain an 'equity to total assets' ratio of not less than 60%.

	<b>Parent 2018 \$000</b>	Parent 2017 \$000
Equity	<b>724,496</b>	693,270
Total assets	<b>786,361</b>	731,411
Equity to total assets	<b>92%</b>	95%



### 33. Explanation of major variances to budget

As a CCO, Panuku agrees its budget each year with the shareholder Auckland Council and publishes the budget in the Statement of Intent. The following table shows a high level comparison of actual financial performance to budget.

	Group Actual 2018 \$000	Group Budget 2018 \$000	Favourable / (unfavourable) Variance \$000	Note
<b>Revenue</b>				
Rental and other revenue	63,417	94,568	(31,151)	1
Interest income	697	671	26	
Other gains / (losses)	(1,639)	-	(1,639)	2
<b>Total income</b>	<b>62,475</b>	<b>95,239</b>	<b>(32,764)</b>	
<b>Expenses</b>				
Personnel	22,096	22,660	564	
Depreciation and amortisation	7,939	11,149	3,210	3
Interest expense	-	3,629	3,629	4
Other operating expenses	22,976	25,720	2,744	5
<b>Total expenditure</b>	<b>53,011</b>	<b>63,158</b>	<b>10,147</b>	
Surplus / (deficit) before tax	9,464	32,081	(22,617)	
Income tax (benefit) / expense	(714)	-	714	2
<b>Surplus / (deficit) after tax</b>	<b>10,178</b>	<b>32,081</b>	<b>(21,903)</b>	
Other comprehensive revenue and expense				
Gains on revaluation of property, plant and equipment	27,282	-	27,282	2
Tax on revaluation gains	(2,175)	-	(2,175)	2
<b>Total other comprehensive income</b>	<b>25,107</b>	<b>-</b>	<b>25,107</b>	
<b>Total comprehensive income</b>	<b>35,285</b>	<b>32,081</b>	<b>3,204</b>	

#### Notes

- Capital expenditure funding from Auckland Council was budgeted at \$37.4m for the year. The actual revenue recognised was \$8.2m as some capital expenditure projects are deferred to future years.
- Panuku does not budget for non-cash revaluations of investment property, revaluations of property, plant and equipment and related movements in deferred tax.
- Capital expenditure in the previous year was lower than expected which has affected depreciation.
- The budget had interest for loans and capital expenditure funding from Auckland Council for certain projects. The loans were repaid to Auckland Council in June 2017 after the budget was agreed for this financial year. The capital expenditure funding was not required as Panuku had sufficient funds to finance the projects.
- Panuku transferred one of its business activities to another Auckland Council CCO from 1 July 2017. The budget included \$1.4m of expenditure for this activity which was not incurred by Panuku. Travel was under budget by \$400k as less overseas travel was required.

# WYNYARD QUARTER

Informational counter with brochures and product samples.

- Brochures: "The Wynyard Quarter", "A Wynyard Quarter Project" (with "A Wynyard Quarter Project" sub-heading)
- Product samples: jars of nuts, bags of snacks, cans of drinks.
- Counter features: four white compartments with colored circular icons (yellow, red, red, green).

Vertical digital display wall with a black metal frame.

- Colors: Blue, Yellow, Orange, Red, Green.
- Text on blue panel: "RELATE" and "NE".
- Logo: "A public waterfront" with a stylized building icon.

Open-plan dining area with tables and chairs.

- Tables: wooden and glass-topped.
- Chairs: metal-framed stools and wooden chairs.
- View: Large glass windows overlooking an outdoor area with a car and other buildings.









## Decision Paper: Disposals Recommendation

<b>Document Author(s)</b>	Anthony Lewis – Senior Advisor Portfolio Review
<b>Reviewer(s)</b>	David Rankin – Chief Operating Officer
<b>Date</b>	2 October 2018

### 1. Purpose

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

### 2. Executive summary

34 Moore Street, Howick is a commercial property that Auckland Council has advised is not required to deliver a public work.

The rationalisation process for the property commenced in 2011. Following internal consultation and consultation with iwi authorities, the property was reported to the ACPL Board in February 2013. The ACPL Board approved that the property be recommended to the council for disposal. Although the Howick Local Board did not endorse the proposed disposal, the property was recommended to the council for disposal in July 2013 and again in April 2014. A decision on the proposed disposal was deferred in both cases, firstly for a heritage assessment to be completed and secondly for completion of the Howick Village Centre Plan. The heritage assessment and the Howick Village Centre Plan have both now been completed.

The council's Heritage team advised that 34 Moore Street is not considered to be a heritage building and is unlikely to meet the criteria for scheduling in the Auckland Unitary Plan. An archaeological assessment reported that there are no recorded archaeological or other historic heritage sites located within 80 metres of the property.

The Howick Village Centre Plan, adopted by the local board in 2017, recognises the future development of 34 Moore Street as an opportunity to support and enhance the village atmosphere by offering improved connections, additional retail and residential, and well-integrated public spaces. A key action set out in the plan is for the local board to work with Panuku on the development of 34 Moore Street.

To capture the work undertaken since 2013, Panuku staff attended a local board workshop on 27 September 2018. Various options for the property, such as retaining the property for a public work, have been investigated and were discussed at the workshop. No current or future public work that is funded or can realistically be funded in the future has been identified by the council for the property through the rationalisation process.

Panuku will report to the 15 October 2018 local board business meeting to enable the local board to formalise its views. There continues to be strong opposition among some local board members to any disposal of 34 Moore Street. It is possible that the local board will again resolve to oppose the disposal of this property. However, for the reasons set out in the body of this report, it is recommended that the Panuku Board approves the recommendation to the council that the property be divested.

### 3. Recommendations

It is recommended that the Board:

**Approves** the recommendation to the Finance and Performance Committee to divest the property at 34 Moore Street, Howick, subject to appropriate controls to ensure strategic outcomes in line with the Panuku SOI development objectives and the Howick Village Centre Plan.

### 4. Prior Board and Council engagement and decisions

Previous Board / Council engagement and decisions		
Date and meeting	Document	Decision / Outcome
26 February 2013 ACPL Board	Disposal recommendation: monthly report	The ACPL Board approved that 34 Moore Street be recommended to council's Strategy and Finance Committee to consider for disposal.
10 June 2013 Howick Local Board	34 Moore Street, Howick report	The Howick Local Board did not endorse a disposal, considering the property to be of strategic importance to the Howick Village, consideration of its future be part of the proposed Howick Village Master Plan and that it be transferred to a council department to deliver a council service use.
4 July 2013 Auckland Council Strategy and Finance Committee	Disposal recommendation report	The Strategy and Finance Committee resolved that a decision be deferred pending further discussions between ACPL staff and the Howick Local Board on the future of the property and requested that a heritage assessment be undertaken before the property is considered for disposal.
16 April 2014 Auckland Council Finance and Performance Committee	Disposal recommendation report	The Finance and Performance Committee deferred a decision on the disposal of 34 Moore Street until the Howick Local Board's Howick Village Centre Plan is completed, and requested that ACPL keep the Howick Local Board informed of development plans for the property.

### 5. Discussion

#### 5.1 General

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

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

## 5.2 Background

34 Moore Street, Howick is a vacant commercial property located on a 3754m<sup>2</sup> site. The property was acquired in the 1970's for the purpose of accommodating the former Howick Borough Council offices. In 1995 the property was no longer required for this purpose and was leased out on a commercial basis.

NZ Police vacated the main building in mid-2012, continuing with a ground lease for the rear part of the property to accommodate the Howick community constable. The property was subsequently used as decant space while the refurbishment of Uxbridge Arts Centre was occurring. It has been vacant since 2016 and would require extensive refurbishment for a new tenant.

The Auckland Unitary Plan zoning is Business – Mixed Use. The property has a 2017 capital valuation of \$4.67 million.

34 Moore Street is not subject to offer back obligations to the former owner in accordance with section 40 of the Public Works Act 1981.

## 5.3 Internal consultation

Internal consultation with council business units and CCOs for this property commenced in 2011 and has been revisited in 2013, 2017 and 2018. No alternative public work uses have been identified.

The council's Heritage team advised that 34 Moore Street is not considered to be a heritage building and is unlikely to meet the criteria for scheduling in the Auckland Unitary Plan. An archaeological assessment reported that there are no recorded archaeological or other historic heritage sites located within 80 metres of the property.

The council's Community Leasing team advised there is no requirement for the property in its leasing portfolio. The Community Leasing team undertook an expressions of interest process for potential community use of 34 Moore Street in March 2017. No expressions of interest were received from the community as part of that process.

The councils' Community Places team advised there is no requirement for 34 Moore Street for casual bookable space. The 2017 Howick Information Centre Review and Community Needs Assessment Report explored the requirements for and availability of casual and permanent community space in the Howick (and slightly wider) area. The report included a key finding that there is not a shortage of community facilities in the Howick area for community groups seeking casual (including regular) bookings. Other community spaces in the Howick area are operating well below capacity.

In 2018, at the request of the local board, council's Corporate Property team assessed the suitability of 34 Moore Street as a local board office and concluded that due to its size, configuration and extensive fit out costs the property is not suitable for a local board office.

Panuku has identified Howick as being a "Support" development category within its development programme. Given that no public work requirement has been identified by the council for 34 Moore Street, The Development Directorate assessed the development potential of the property and considers it suitable for development for housing purposes in line with the SOI development objectives.

## 5.4 Local board views and implications

The Howick Local Board resolved in June 2013 to oppose the disposal of 34 Moore Street on the basis that it views the property as being of strategic importance to the Howick Village and considers that the property should be held for an as yet unidentified strategic purpose or used to deliver a community service.

In 2013 the local board submitted a business case to support retention of the property. An assessment by the Portfolio Review Steering Group (PRSG) declined the business case, advising it lacked sufficient financial analysis and evidence-based rationale to support retention of the property. A further PRSG review of the business case confirmed the conclusion of the previous assessment.

In 2014, at the request of the local board, the Finance and Performance Committee agreed to defer its decision on the property pending completion of the Howick Village Centre Plan in order to identify the highest and best future use of the property.

The Howick Village Centre Plan was adopted by the local board in June 2017. The plan describes 34 Moore Street as a key site in a strategic location, the future development of which presents an opportunity to support and enhance the village atmosphere by offering improved connections, additional retail and residential, and well-integrated public spaces. A key action set out in the plan is for the local board to work with Panuku on the development of 34 Moore Street.

To capture the work undertaken since 2013, Panuku attended a local board workshop on 27 September 2018. Various options for the property, such as retaining the property for a public work use, have been investigated and were discussed. Previous advice from council business units was reiterated; the property is not required by the council for a current or future public work that is funded or can realistically be funded in the future.

At the workshop, Panuku staff set out the reasons the property is considered suitable for development and would be recommended to the council for disposal for this purpose. If approved for disposal, development of the property would be controlled by a development agreement, ensuring high quality design and outcomes in line with the Howick Village Centre Plan and Panuku SOI development objectives. Local board members requested involvement in any urban design brief. Staff agreed that constructive input from the local board into a design brief could be accommodated.

Although consistent advice from council business units is that the property is not required for a public work, local board members provided feedback that they consider there is a need for community space at this property. Staff advised that if the local board secures funding for a community space, consideration can be given to how this could be incorporated in a new development.

There continues to be strong opposition among some local board members to any disposal of 34 Moore Street. It is possible that the local board will again resolve to oppose the disposal of this property at its 15 October 2018 business meeting. However, for the reasons set out above, this report recommends that the Panuku Board approves the recommendation to the council that the property be divested.

## 5.5 Iwi feedback

Eleven iwi authorities were contacted regarding the potential sale of 34 Moore Street, Howick. The following feedback was received.

**a) Ngāti Whatua Orakei**

Ngāti Whatua Orakei advised there are no cultural significance issues regarding the property and registered a commercial interest. If approved for disposal, Panuku will follow up with Ngāti Whatua Orakei on potential commercial opportunities.

**b) Te Kawerau a Maki**

Te Kawerau a Maki advised the property has general cultural relevance to their iwi and registered a commercial interest. Following receipt of the advice in 2013, the council's Maori Strategy and Relations team agreed to work through concerns directly with Te Kawerau a Maki and would inform ACPL of any outstanding issues. No further advice is on record, so Panuku will follow up with Te Kawerau a Maki again if this property is approved for disposal.

**c) Ngāi Tai ki Tāmaki**

No feedback was received regarding the subject property.

**d) Ngāti Tamaoho**

Ngāti Tamaoho advised it has no site specific feedback regarding the subject property.

**e) Te Akitai – Waiohua**

No feedback was received regarding the subject property.

**f) Ngāti Te Ata Waiohua**

Ngāti Te Ata Waiohua did not provide site specific feedback but did request ACPL clarify council processes/policies regarding the disposal of council-owned land, as opposed to the treaty settlement process for crown-owned land. ACPL provided a response in 2013 advising that council-owned property is not subject to right of first refusal provisions in accordance with treaty settlements. No further advice is on record, so Panuku will follow up with Ngāti Te Ata Waiohua again if this property is approved for disposal.

**g) Ngāti Paoa**

Ngāti Paoa advised there are no cultural significance issues regarding the property and registered a potential commercial interest. If approved for disposal, Panuku will follow up with Ngāti Paoa on potential commercial opportunities.

**h) Ngaati Whanaunga**

No feedback was received regarding the subject property.

**i) Ngāti Maru**

No feedback was received regarding the subject property.

**j) Ngāti Tamatera**

No feedback was received regarding the subject property.

**k) Patukirikiri**

No feedback was received regarding the subject property.

## 6 Financial implications

To retain a non-service property for an undefined strategic purpose is contrary to the council's Revenue and Financing Policy and would require support from the Finance and Performance Committee given the impact of not realising the sale of a non-service property, and to allocate the operational budget required to hold the property.

## 7 Implementation

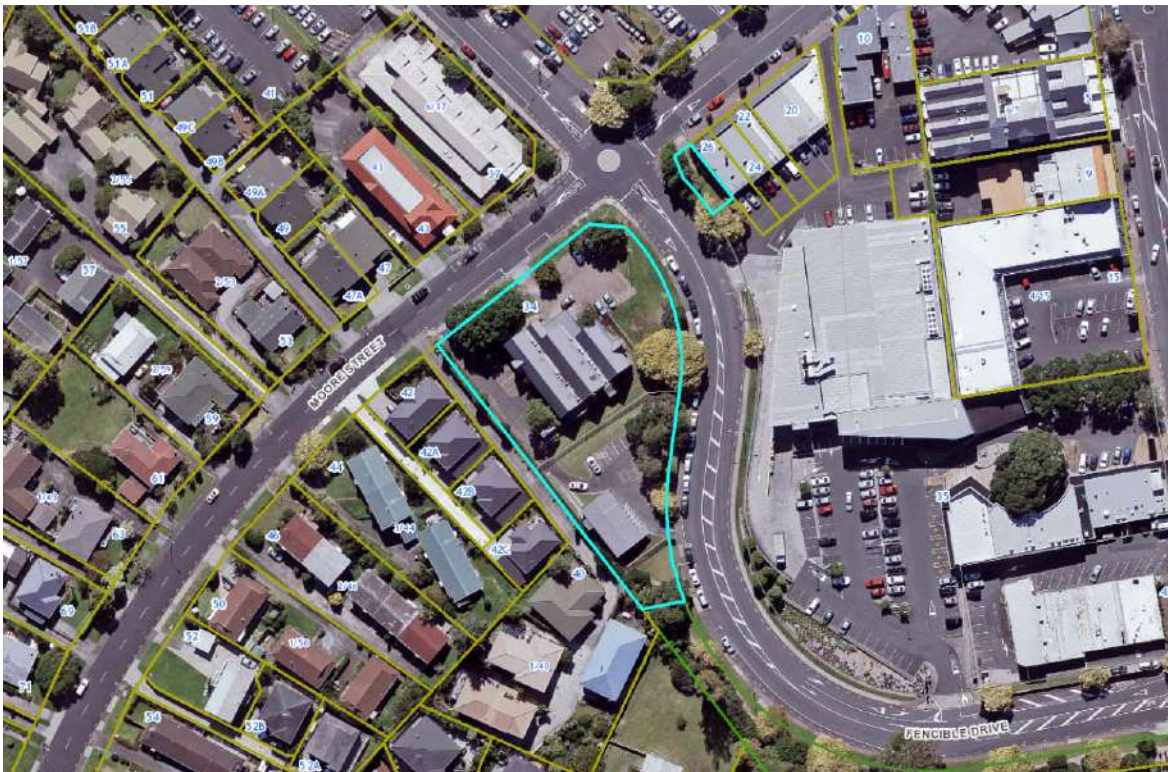
Should the Finance and Performance Committee approve the proposed disposal of 34 Moore Street, Panuku will explore disposal options to ensure outcomes in line with the Howick Village Centre Plan and the Panuku SOI development objectives, specifically town centre regeneration and housing outcomes.

There has been historical interest from iwi groups and developers in acquiring the property. This will be explored further should the Finance and Performance Committee approve the proposed disposal.

### Document Sign-off

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

# Images



# Information Paper: Corporate Property Disposal Programme

<b>Document Author(s)</b>	Marian Webb, Manager Portfolio Strategy and Business Development
<b>Reviewer(s)</b>	David Rankin, Chief Operating Officer
<b>Date</b>	8 October 2018

## 1. Purpose

The purpose of this information paper is to update the Panuku Board at a programme level on the disposal of the seven surplus council-owned corporate accommodation sites by Panuku.

## 2. Executive summary

With assistance from Panuku, Auckland Council's Corporate Property team has developed a Corporate Property Portfolio Strategy which was approved by Auckland Council's executive leadership team in February 2018.

The strategy involves a self-funding programme of works, which utilises the capital receipts from the divestment of properties that are no longer required for the Corporate Property office network and reinvests the sale proceeds back into the corporate property network to deliver a more efficient service.

In May 2018, the Finance and Performance Committee approved the sale of seven surplus corporate accommodation buildings across the region.

Panuku has agreed to provide property transaction services to Auckland Council, leading a programme of work that will enable the delivery of the approved Corporate Property Portfolio Strategy. This will include the development and delivery of a development framework and disposal strategy for each site, integrating with priority location programme objectives in Transform, Unlock and Support locations.

The executive has commenced this programme of work aligning where possible the sale of each asset with the overall reported corporate strategy and corporate accommodation programme. The timeframe for the programme extends through to 2021.

## 3. Strategic context

The corporate property strategy is an opportunity to align with the Panuku initiatives and strategic objectives, including

- Catalyst for redevelopment and new activities in priority locations, in particular Transform Manukau and Unlock Henderson, with possible further opportunities in other centres such as Pukekohe
- Strategically creating value from assets. The executive will actively consider how it contributes to housing, commercial and non-commercial outcomes as it progresses in more detail across each surplus site
- The provision of housing at most locations
- Demonstration of business leadership, best practice in council initiatives such as Māori responsiveness, sustainability, urban design, and social procurement where appropriate.



## 4. Discussion

Council has approved a Corporate Property Portfolio Strategy to create a fit-for-purpose and future-proofed corporate property network. The proposed property portfolio will be better aligned to council's service to local communities, and will deliver safe, healthy and more productive work environments for staff.

The business case for the rationalisation of the corporate property network noted that outside of the city centre, council largely operates from fragmented pre-amalgamation locations, with inconsistent customer service delivery and inefficient buildings. By releasing unnecessary space, council can focus its efforts only on what is needed, and channel resources to what is required.

As part of the rationalisation of the property portfolio, in May 2018 Council's Finance and Performance Committee approved the disposal of seven sites that formed part of the pre-amalgamation legacy council operations. These sites are:

- Mayoral Drive ('Bledisloe carpark')
- Graham Street
- Henderson 'admin' building
- Manukau (Kotuku House)
- Orewa
- Papakura
- Pukekohe

Capital receipts from the sale of these properties will be reinvested into a programme of works to create a fit-for-purpose corporate property network.

Panuku staff have made a material contribution to the corporate property strategy and Panuku has now been engaged to manage the disposals programme on behalf of the Corporate Property team, and to ensure the Corporate Property Portfolio strategy aligns with other regeneration and strategic initiatives.

The corporate strategy notes specific objectives for the property disposals, namely:

- Sell properties early in the programme, with short-term leases in place. This is not only more attractive to potential buyers, but can also generate significantly greater return
- Property development and disposal workstreams within the overall programme are required to be 'self-funding' so this also dictates early disposal, to avoid funding other works from debt
- Strategic alignment with other council programmes, in particular the city rail link project within the City Centre and Henderson, Transform Manukau and Unlock Henderson
- Specific requirements for each site have been reported to the Finance and Performance Committee as part of the proposal, including local board expectations and mana whenua commercial opportunities

Aligned with the corporate property programme goals, Panuku has specific responsibilities and objectives through this programme of work:

Programme	Responsibilities	Objectives
Disposal strategy and delivery	<ul style="list-style-type: none"> <li>• Develop disposal strategy, taking into account the development brief for each site</li> <li>• Programme for due diligence, go-to-market and disposal for each site</li> <li>• Procurement of specialist advisers for due diligence and asset disposal</li> </ul>	<ul style="list-style-type: none"> <li>• Return value to council</li> <li>• Comply with statutory obligations</li> <li>• Use a robust commercial process</li> </ul>
Leasing assistance	<ul style="list-style-type: none"> <li>• Prepare leasing strategy and programme for each disposal site</li> <li>• Contribute to management of non-service properties where required</li> </ul>	<ul style="list-style-type: none"> <li>• Provide objective and useful leasing advice</li> </ul>

Programme	Responsibilities	Objectives
Development framework	<ul style="list-style-type: none"> <li>Lead preparation of development framework for Bledisloe site, in collaboration with council family and CRL</li> <li>Prepare development frameworks for sites in Transform/Unlock locations</li> </ul>	<ul style="list-style-type: none"> <li>Development briefs that deliver on objectives for sustainable urban centres</li> <li>Agreement across council family on development briefs</li> <li>Confirmation on minimum standards and effect on market value</li> </ul>
Transform/Unlock integration	<ul style="list-style-type: none"> <li>Ensure development brief and site marketing align with Transform/Unlock objectives</li> </ul>	<ul style="list-style-type: none"> <li>Development briefs that deliver on objectives for sustainable urban centres</li> <li>Compliance with social procurement and other goals</li> </ul>
Engagement	<ul style="list-style-type: none"> <li>Manage iwi engagement through existing Panuku channels</li> <li>Contribute to stakeholder engagement, including local boards</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with mana whenua commercial outcomes</li> <li>Consistent and accurate messages and information across Panuku and council stakeholders</li> </ul>

[REDACTED]

[REDACTED]

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

The due diligence and development briefs for Mayoral Drive ('Bledisloe carpark'), Orewa, Papakura and Pukekohe are underway. The development strategies will be based on initial industry dialogue and will incorporate the council group requirements outlined in the corporate property strategy.

The market strategies for Manukau (Kotuku House) and the Henderson 'admin' building have been agreed with the Corporate Property team. These sites have been incorporated into the overall Panuku strategy to the Transform Manukau and Unlock Henderson as close alignment with the Panuku priority development locations is critical.

The executive will continue to develop and implement the programme and will report progress at a programme level to the Board on a quarterly basis.