

PUBLIC



**Panuku
Development
Auckland**
An Auckland Council Organisation



**Board
Report**

Date

Wednesday, 21 September 2016

Time

Commencing at 9.00 am

Venue

Panuku Development Auckland
Level 2, Pier 21 Building,
11 Westhaven Drive, Freemans Bay

Board Agenda

Where: Level 2, Pier 21 Building, 11 Westhaven Drive, Freemans Bay, Auckland

When: Wednesday, 21 September 2016 – 9.00 am – 2:00 pm

Board Members: R.H. Aitken – Chair
Sir John Wells – Deputy Chair
M.A. Blackburn – Director
E.W. Davies – Director
R.I. Leggat – Director
Dr S.C. Macken – Director
P.F. Majurey – Director
M.E. Pohio – Director

Apologies: C.M. Udale – Director

In attendance: J.G. Dalzell – Interim Chief Executive
C. Gosbee – Director Corporate Services
D. Rankin – Director Strategy and Engagement
R. Marler – Director Place Shaping
A. Young – Director Development
I. Wheeler – Director Portfolio Management
J. Lindsey – Director Capital Partnerships
A. Cutler – Manager Governance Relationships
D. Gurney – Executive Officer/Company Secretary

		Page #	Timing								
1.	<p>Opening of Meeting</p> <p>1.1 Apologies</p> <p>1.2 Directors' Interests</p> <p>1.3 Directors' Board Meeting Attendance Register</p>		9.00 am								
2.	<p>Decision Papers - Public</p> <p>2.1 2015/16 Development Auckland Ltd Annual Report</p> <p>2.2 Panuku Corporate Responsibility Framework</p>		9.10 am								
3.	<p>Procedural Motion to exclude the public</p> <p>Put the motion that, pursuant to the provisions of Section 48(1)(a) of the Local Government Official Information & Meetings Act 1987, the public be excluded from the following proceedings of this meeting; the subject matter, the reasons and specific grounds for exclusions are set below:</p> <table border="1"> <thead> <tr> <th>General subject of matters to be considered</th> <th>Grounds under Section 48(1) for considering in private</th> </tr> </thead> <tbody> <tr> <td>Governance; Committee reports</td> <td>Commercially sensitive issues</td> </tr> <tr> <td>Finance & Risk</td> <td>Commercially sensitive issues</td> </tr> <tr> <td>Management & operations</td> <td>Commercially sensitive issues</td> </tr> </tbody> </table>	General subject of matters to be considered	Grounds under Section 48(1) for considering in private	Governance; Committee reports	Commercially sensitive issues	Finance & Risk	Commercially sensitive issues	Management & operations	Commercially sensitive issues		9.20 am
General subject of matters to be considered	Grounds under Section 48(1) for considering in private										
Governance; Committee reports	Commercially sensitive issues										
Finance & Risk	Commercially sensitive issues										
Management & operations	Commercially sensitive issues										

4.	Opening of confidential session 4.1 Minutes of the Development Auckland Board meeting of 31 August 2016 (Confidential) 4.2 Board Action List 4.3 Senior Leadership Team Interests Grounds under Section 48(1) for considering Opening of Confidential Session – Confidential Issues) in private: Commercially sensitive		9.20 am
5.	Chief Executive's Report (confidential) 5.1 Health and Safety Report 5.2 Risk Dashboard 5.3 Acquisitions Summary 5.4 Disposal Summary Grounds under Section 48(1) for considering Chief Executives Report – Confidential Issues in private: Commercially sensitive		9.30 am
6.	Financial Board Report Grounds under Section 48(1) for considering Financial Board Report in private: Commercially sensitive		10.00 am
	Morning Tea		10.15 am
7.	Decision Papers 7.1 Analysis of Willis Bond West One LV1 7.2 Britomart Development Grounds under Section 48(1) for considering Decision Papers Confidential Issues) in private: Commercially sensitive		10.30 am
8.	Information Papers 8.1 Draft Briefing to the Incoming Mayor 8.2 Wynyard Quarter High Level Project Plan and transport planning update Grounds under Section 48(1) for considering Information Papers in private: Commercially sensitive		11.15 am
9.	Committee and Subsidiary Reports <ul style="list-style-type: none"> • Minutes of the Britomart Advisory Committee of 8 September 2016 • Minutes of the Business Interests Committee of 7 September 2016 • Minutes of the Audit and Risk Committee of 24 August 2016 • Minutes of the Health and Safety Steering Group of 17 August 2016 Grounds under Section 48(1) for considering Committee and Subsidiary Reports in private: Commercially sensitive		11.30 am
10.	General Business		11.40 am
11.	Directors only session		11.45 am
	Lunch		12.15 pm
	Onehunga Board Workshop		1.00 pm
	Meeting close		1.30 pm

Directors' Interests at 14 September 2016

Member	Interest	Company/Entity	Conflicts pre-identified?
Sir John Wells	Deputy Chairman	Development Auckland Limited	
	Trustee	Auckland Grammar School Foundation Trust	
	Chairman	Bancorp Group Ltd	
	Chairman	Bancorp Holdings Corporation Ltd	
	Chairman	Bancorp New Zealand Ltd	
	Director	Bancorp Strategic Investments Ltd	
	Chairman	Bancorp Treasury Services Ltd	
	Chairman	CBL Insurance Ltd	
	Chairman	CBL Corporation Ltd	
	Chairman	Fisher Funds Management Ltd	
	Chairman	Greenpark Holdings Ltd	
	Advisory Board Member	Marsh Ltd	
	Chairman	Martin Jenkins and Associates Ltd	Potential
	Chairman	Sheffield North Island Ltd	Supplier
	Trustee	Wadhurst Trust	
	Trustee	Wells Family Trust	
	Chairman	World Masters Games 2017 Ltd	
	Member	Committee for Auckland – Chairman's Advisory Group	
	Director	CBLNZ Ltd	
	Chairman	Assetinsure Pty Ltd (Australia)	
Chairman	Asssetinsure Holdings Pty Ltd (Australia)		
Richard H Aitken	Chairman	Development Auckland Limited	
	Director	Beca AMEC Ltd	
	Chairman and Employee	Beca Group Ltd	Supplier
	Director	Beca Group Holdings Ltd	
	Director	BGCF Trustee Ltd	
	Director	BGL Custodian Ltd	
	Director	BGL Depository No. 2 Ltd	
	Director	BGL Finance Ltd	
	Director	BGLIR Trustee Ltd	
	Director	BGL Management Share Trustee Ltd	
	Director	BGL Nominees Ltd	
	Director	BGS Trustee Ltd	
	Director	Derceto Trustee Ltd	

Member	Interest	Company/Entity	Conflicts pre-identified?
	Director	Hopetoun Pitt Ltd	
	Director		
Richard H Aitken (continued)	Director	Gands Plan Pty Ltd (Australia)	
	Director	John Scotts Investments Ltd	
	Director	TrustPower Ltd	
	Chair	Te Punaha Matatini Advisory Board	
	Trustee	BAS Custodian Trust	
	Trustee	Beca Indemnity Fund Custodian Trust	
	Trustee	BGLIR Custodian Trust	
	Trustee	BGL Custodian Trust	
	Trustee	BGS Custodian Trust	
	Trustee and discretionary beneficiary	The Glade Trust	
	Trustee	The Sunnybrae Trust	
	Trustee	The Waimarama Trust	
M Anne Blackburn	Director	Development Auckland Limited	
	Member	Commercial Operation Advisory Board to the Treasury	
	Director	New Zealand Venture Investment Fund Limited	
	Director	NZVIF Investments Limited	
	Director	Warren & Mahoney Limited	Supplier
	Director	Warren & Mahoney Architects Limited	Supplier
	Director	Committee for Auckland Limited	
	Director	Fidelity Life Assurance Company Limited	
	Chair	Royal District Nursing Service NZ Limited	
	Director	RDNS Group Limited (Australia)	
	Director	Fisher Funds Management Limited	
	Director	TSB Bank Limited	
	Director	TSB Group Capital Limited	
	Director	TSB Group Investments Limited	
	Director	Ten Gracie Square Limited	
	Director	Wairaka Land Company Limited (Unitec land development subsidiary)	Possible

21 September 2016 Panuku Board Meeting - Public Meeting - Opening of Meeting

Member	Interest	Company/Entity	Conflicts pre-identified?
Evan W Davies	Director	Development Auckland Limited	
	Director	Welch Securities Ltd	
	Director	Paris Magdalinos Architects Ltd	
	Director	Kokako Fames Ltd	
	Director	Todd Property Group Limited and Subsidiaries	
	Director	Todd Property Ormiston Town Centre Ltd	J/V with Panuku
	Trustee	Melanesian Mission Trust	
	Trustee	Anglican Trust for Women and Children	
	Chair	Capital Investment Committee, Nation Health Board	
	Chair	Christchurch Hospital Redevelopment Partnership Board	
Richard I Leggat	Director	Development Auckland Limited	
	Director	New Zealand Post Ltd	
	Deputy Chair	Tourism NZ	
	Director	Education NZ	
	Director	Cycling NZ	
	President	Union Cycliste Internationale Ethics Commission	
	Chairman	NZ Cycle Trail Incorporated	
	Director	Snowsports NZ	
	Panel Member	NZ Markets Disciplinary Tribunal	
	Director	Trophy Metropolitan Limited	
	Director	Mortleg Ltd	
	Advisor	Busways PTY Ltd	
	Director	Winter Games New Zealand	
Dr Susan C Macken	Director	Development Auckland Limited	
	Director	Treasury Advisory Board	
	Director	Blossom Bear Limited	
	Director	Fertility Associates Trustee Ltd and Associates	
	Director	STG Ltd	
	Deputy Chair	Tāmaki Redevelopment Company Limited	Possible
	Director	Spa Electrics Ltd (Aust)	
	Director	FA Ventures One Limited	

Member	Interest	Company/Entity	Conflicts pre-identified?
Paul F Majurey	Chair	Tūpuna Maunga o Tāmaki Makaurau Authority	
	Chair	Tāmaki Makaurau Community Housing Limited	
	Chair	Mana Whenua & Crown Working Group (Proposed Hauraki Gulf / Tikapa Moana Recreational Fishing Park)	
	Chair	Marutūāhu Rōpū General Partner Limited	
	Chair	Marutūāhu Collective (5 iwi collective)	
	Chair	Hauraki Collective (12 iwi collective)	
	Co-Chair	Sea Change Marine Spatial Plan Project	
	Co-Chair	Tāmaki Healthy Families Alliance	
	Director	Museum of New Zealand Te Papa Tongarewa	
	Director	Development Auckland Limited	
	Director	Pare Hauraki Asset Holdings Limited	
	Director	Taimoana Marine Farms Limited	
	Director	Tikapa Moana Enterprises Limited	
	Director	Pouarua Farm General Partner Limited	
	Director	Ngāti Maru Pouarua Farm Limited	
	Director	Half Moon Bay Venture Limited	
	Director	Atkins Holm Majurey Limited	
	Trustee	Crown Forestry Rental Trust	
	Trustee	Ngāti Maru Rūnanga Trust	
	Trustee	Hauraki Fishing Group	
Mana Whenua Representative	Hauraki Gulf Forum		
Tainui Waka Representative	Iwi Working Group (Review of Te Ohu Kaimoana)		
Michael E Pohio	Director	Development Auckland Limited	
	Director	National Institute of Water & Atmospheric Research Limited	
	Director	NIWA Vessel Management Limited	
	Director	KiwiRail Limited	
	Chairman	BNZ Partners Waikato	
	Director	Te Atiawa Iwi Holdings	

Member	Interest	Company/Entity	Conflicts pre-identified?
C Martin Udale	Director	Development Auckland Limited	
	Director	Urban Canvas Limited	
	Director	Essentia Consulting Group Limited	
	Director	Fleming Urban Limited	Possible Onehunga development
	Director	Innovation Waikato Limited	
	Director	Paparata Limited	
	Director	Peterborough Quarter Limited	
	Director	Tall Wood Limited	
	Director	Tamaki Redevelopment Company Limited	Possible
	Council member	Unitec Institute of Technology	
	Director	Waikato Innovation Park Limited	
	Chair	Wairaka Land Company Limited (Unitec land development subsidiary)	Possible
	Member	McConnell Property Advisory Committee	Possible
	Trustee	Cardinal Trustees Limited	
	Director	Hobsonville GP Ltd	
	Director	New Ground Living (Hobsonville Point) Limited	

DIRECTORS' MEETING ATTENDANCE REGISTER – 2016-17

	2017					
	27 Jul	31 Aug	21 Sep	26 Oct	30 Nov	14 Dec
Sir John Wells	A	✓				
R H Aitken	✓	✓				
M A Blackburn	✓	✓				
E W Davies	✓	✓				
R I Leggat	✓	✓				
Dr S C Macken	✓	✓				
P F Majurey	✓	✓				
M E Pohio	✓	✓				
C M Udale	✓	✓				



Decision Paper: Adoption of 2016 Annual Report

Document Author(s)	David Gurney – Executive Office / Company Secretary
Reviewer(s)	Carl Gosbee – Director Corporate Services
Date	9 September 2016

1. Proposal

It is proposed that the Panuku Development Auckland Board review and approve the Annual Report (including Statement of Service Performance and Consolidated Financial Statements) and the letter of representation for the year ended 30 June 2016.

2. Executive summary

Panuku is required under the Local Government Act 2002 to provide a report of its operations each year. The Annual Report includes the consolidated financial statements, a report against the performance targets set in the Statement of Intent and the audit report on these items.

The Statement of Service Performance and the Consolidated Financial Statements have been audited by Audit New Zealand. They were reviewed by the Audit and Risk Committee at their meeting on 24 August 2016. The Auditors will issue the final audit report after the Board adopts the Annual Report and signs the Consolidated Financial Statements.

The draft Annual Report is enclosed as attachment A.

Panuku is required to provide a letter of representation to Audit New Zealand. This has been reviewed by the Audit and Risk Committee and is enclosed as attachment B. The Interim CEO and Director Corporate Services have provided a letter of representation to the Board enclosed as attachment C. This letter is identical in content to the representation letter being provided by the Board to Audit New Zealand.

3. Recommendations

It is **recommended** that the Board:

- a) **adopts** the Annual Report for the year ended 30 June 2016;
- b) **authorises** the Board Chair and the Audit and Risk Committee Chair to sign the Consolidated Financial Statements on behalf of the Board; and

- c) **authorises** the Board Chair and the Audit and Risk Committee Chair to sign the Letter of Representation to Audit New Zealand.

Why approval is required		Companies Act 1993 and Local Government Act 2002	
Policy reference		Governance Policy Financial Governance “ <i>The Board will review and approve the full year financial statements and reports</i> ”	
Previous Board engagement and decisions			
Date	Engagement	Document	Decision
24 August 2016	Audit and Risk Committee	Draft Financial Statements and Statement of Service Performance	<p>The Committee RESOLVED TO recommend the Statement of Service Performance and the Consolidated Financial Statements to the Board for adoption.</p> <p>The Committee RESOLVED TO recommend to the Board the Letter of Representation to Audit New Zealand for signature by the Board Chair and the Chair of the Audit and Risk Committee, subject to the letter of representation from the Panuku Executive.</p>
Shareholder engagement			

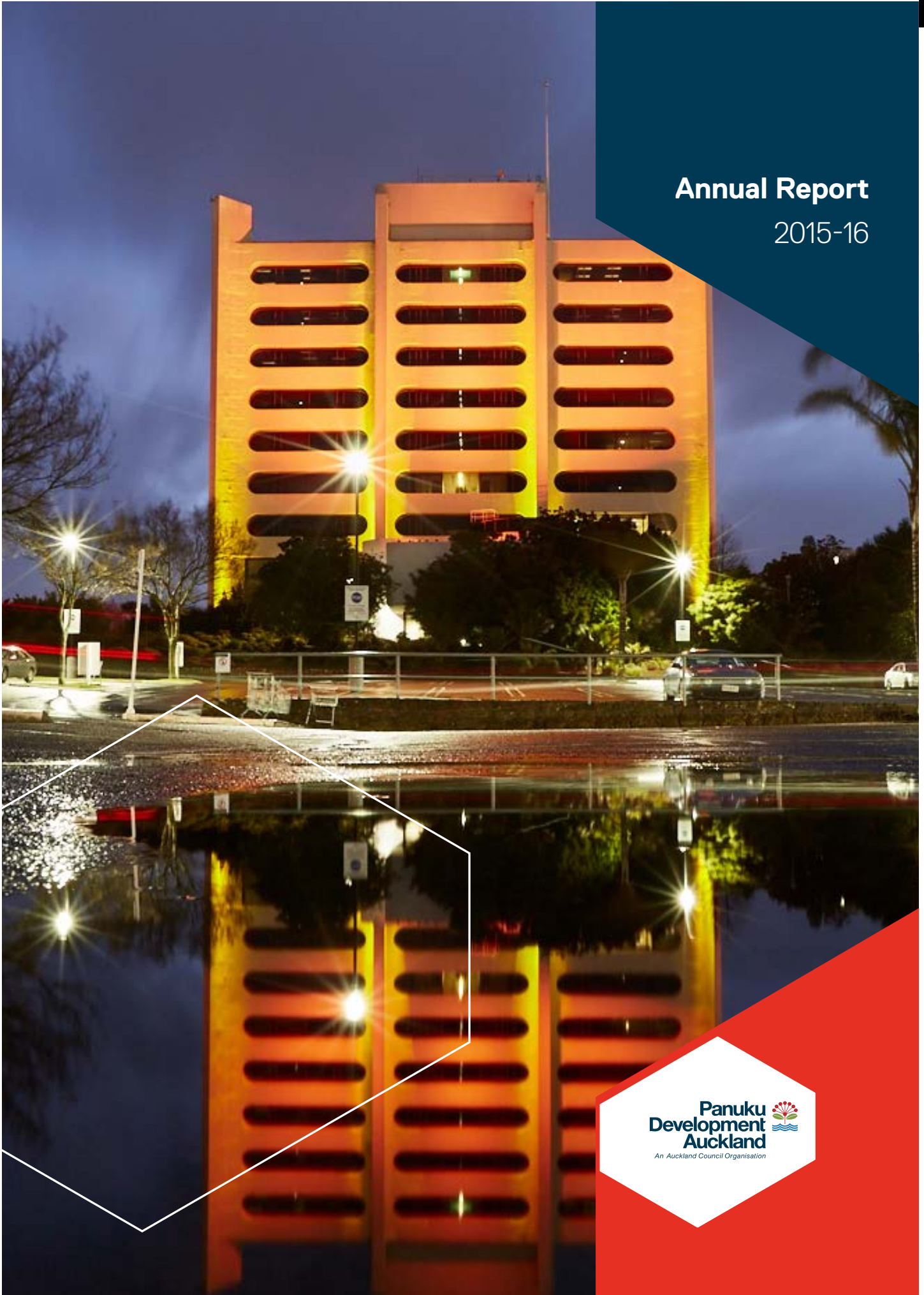
4. Implementation

The Annual Report will be provided to Auckland Council by the statutory deadline of 30 September 2016 (three months after balance date) and made available to the public on our website.

Document Sign-off

Role	Name	Sign-off Date	Signature
Director Corporate Services	Carl Gosbee		
Interim Chief Executive	John Dalzell		

Annual Report 2015-16



**Panuku
Development
Auckland**
An Auckland Council Organisation

2015-2016

Our highlights

2015



September

Auckland Council creates urban regeneration agency Panuku Development Auckland.



November

Wynyard Quarter stage two plans honoured with prestigious international award.



December

19 urban locations identified for Panuku to develop, with Manukau and Onehunga named as the flagships.



December

The Selwyn Foundation announced as new community housing partner for the portfolio of homes for older Aucklanders.

2016



January

Queens Wharf Village opens - a pop-up container village offering dining, services and entertainment.



March

Over-arching plans for both the redevelopment of the Northcote Town Centre and two key sites in Takapuna are approved.



March

Prime Minister breaks ground for \$200 million five star Park Hyatt Hotel in Wynyard Quarter.



April

Plans to transform the Manukau metropolitan centre, on a similar scale to Wynyard Quarter, are approved.



May

Designs unveiled for the new headland on Westhaven Marina's northern reclamation – a culmination of 18 months of consultation with iwi.



June

Resource consent granted for Stanmore Bay development of 60 houses and a public reserve led by McConnell Property.



May

The first homes completed in the Ormiston Town Centre development, a joint venture between Todd Property Group and Auckland Council.



June

Revenue from the properties we manage was nearly \$9 million ahead of budget, totalling \$64.7 million.



April

AV Jennings confirmed as developer for the first stage (102 homes) of the Airfields precinct at Hobsonville Point.



June

Key deal signed in the upgrade of Old Papatoetoe mall which will allow the expansion of the existing supermarket.



For more information on these milestones please visit www.panuku.co.nz





Contents

Chairman's report	2
Chief Executive's report	3
What we do	4
2015-16 highlights	6
Financial summary	10
Board of Directors	12
Risks and opportunities	22
Independent Auditor's report	24
Statement of service performance	27
Annual financial statements	33

Chairman's report

Panuku Development Auckland (Panuku) was established in September 2015 from the merging of Auckland Council Property Limited with Waterfront Auckland. Establishing a new organisation from a merger of two organisations is challenging at the best of times. I am pleased that the establishment of Panuku has gone extremely well. Panuku continues to do the good work of its forerunner agencies, and now has the critical mass it needs to have an even greater impact on urban development in Auckland.

In our first Statement of Intent, we specified three focus areas for our first year.

The first focus was bedding in the new organisation, bringing the Board and Executive up to speed on the business, including the accountability framework, strengthening the key relationships and implementing the priorities for the first three years. The aim is to ensure the newly established organisation is performing well with key processes, systems and people in place. The transition has been a seamless one, with all the core systems working well. The workload of Panuku has increased exponentially over the first year and the challenge moving forward will be to ensure that the resources Panuku has are balanced with the demands on its time.

The second focus was to maintain the momentum on key projects including the development of Wynyard Quarter, Ormiston Town Centre, Papatoetoe Town Centre, Hobsonville and Tamaki. As you will read in the Highlights section, momentum on these key projects has been maintained.

The third focus was the confirmation of new development locations for Panuku from the shortlist provided by council. 19 locations have been identified for Panuku to develop, with Manukau and Onehunga joining the Wynyard Quarter as locations for transformative change, and Northcote and Takapuna being approved as locations where development will unlock the potential of the centres.

Panuku has met all its Statement of Intent performance measures and targets this year. Some notable achievements include the unconditional sale of \$55.5 million worth of properties against the target of \$50 million, annual net surplus on the property portfolio of \$32 million against budget of \$27.5 million, and a survey result of 93% visitor satisfaction with their experience of the public spaces on the city centre waterfront.

It has been a very successful first year, and a solid foundation has been laid for Panuku to make a real difference catalysing urban development across Auckland.

I would like to thank the Board of Directors and the staff of Panuku for a very productive first year. I would also like to acknowledge Sir John Wells, who chaired Panuku's Board for the majority of the year. He has set Panuku down a very clear path to success.



Richard Aitken

Richard Aitken
Chairman



Chief Executive's report

This is the first Annual Report for Panuku. Ten months into its journey, Panuku is leading transformational change and unlocking the potential of town centres across the city.

What has become apparent very quickly is the importance of story-telling to our work. Panuku is striving to shape places that Aucklanders love – to do this we must lead development which is authentic, reflecting mana whenua, the people, and the history of each place. We start by listening to the stories of the people and the place, and then we develop plans that are rooted in these stories.

Panuku is benefiting from developing a strong relationship with Auckland's mana whenua. Working alongside mana whenua, Panuku benefits from the wealth of stories that have been passed from generation to generation, and from the kaitiakitanga collectively held by mana whenua. It's been quite a transition for the people of Panuku from an organisation that involved Maori, to one that now embraces Maori.

Auckland's housing supply challenge is one that needs action from a wide range of players. Panuku has developed strong relationships with partners across the central government sector, the private sector, and the community. It is in the unique position to be able to bring these partners together so that, collectively, we can all work to provide the urban redevelopment that Auckland needs to thrive.

Stories have played an important role in establishing Panuku. To be able to develop authentic spaces for Auckland, we too need to be authentic and understand what makes Panuku special. Over the year we have been telling stories, about who we already are, what success looks like for us, and who we want to be. Already, people can feel the Panuku way when working with us.

We have created robust systems and processes that are the foundation of all good organisations. However, what I am most proud of is the time we have spent on the intangible good stuff which makes organisations great – the people, the stories, and a commitment to make a real difference.

As Maori navigators did often during their momentous waka journeys, this Annual Report is our first check of the stars to ensure that our direction is sound and our reflection on the currents that are influencing our path. Together with mana whenua and the people of Auckland, we are tracking well in our mission to shape places that Aucklanders will love.



John Dalzell
Interim Chief Executive



What we do

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.

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. Panuku has a major role to play in addressing the housing and infrastructure challenges in Auckland.

To do this it's important to understand the communities in which we work. We manage around \$1.9 billion of land and buildings that Auckland Council owns, which we continuously review to find smart ways to generate income for the region, grow the portfolio or release land or properties that can be better used by others.

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 a step change in urban redevelopment and intensification of town centres and brownfields.

Panuku is involved throughout the lifecycle of property, from buying, managing and selling property on behalf of council and

Council Controlled Organisations, through 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.

We operate in a commercial way, but with good public outcomes. We make a profit and deliver 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 the Interim Chief Executive John Dalzell. Approximately 160 staff work for Panuku, across five Directorates.

Our Strategy and Engagement Directorate, led by David Rankin, articulates Panuku's vision through a strategic framework and a performance monitoring framework. It is the team which identifies opportunities for Panuku to add value through the use of council's considerable property assets. These opportunities are summarised in High Level Project Plans, which provide mandates to act with appropriate shareholder engagement and helps bring everyone on the journey through communications and marketing.

Our Place Shaping Directorate, led by Rod Marler, expands on the High Level

Project Plans, developing integrated and implementable Framework Plans. Framework Plans ensure high quality regeneration and redevelopment design outcomes, optimise commercial opportunities, and balance economic, social, cultural and environmental considerations.

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

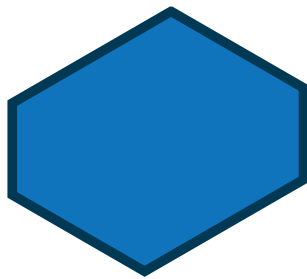
Our Portfolio Management Directorate, led by Ian Wheeler, is responsible for the management and performance of Panuku's property portfolio, including land, buildings and marinas. It provides the council with a range of property services and advice on matters such as asset development and renewal, statutory processes, acquisitions and disposals.

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, health and safety, administration and shared services.



Strategically creating value from assets

The Panuku property cycle

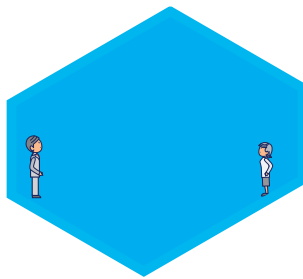


Acquisitions

We buy property on behalf of Auckland Council for development, roads, infrastructure projects and other service needs.

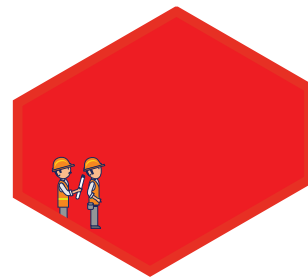


Property transferred back to service portfolio and used for the purpose it was acquired for.



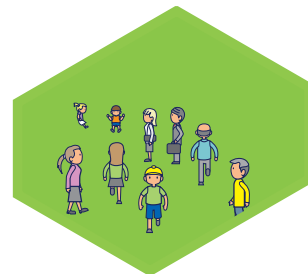
Portfolio management

We manage non-service* property on behalf of Auckland Council and Auckland Transport. This property (open space, commercial and residential) is either waiting to be used, or is no longer required for the purpose it was purchased.



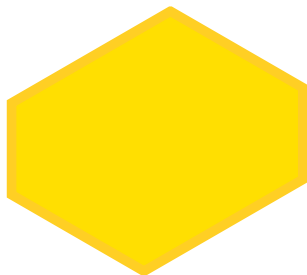
Development

We utilise property owned by Auckland Council to catalyse urban development that will deliver significant community benefits. These developments may involve partnerships with central government, iwi and the private sector.



Place shaping

We work with the local community to ensure that developments reflect the character and needs of the area.



Disposals

We manage the sale of properties that are surplus to requirements. These properties may be sold with or without contractual requirements for development.



*Non-service refers to properties that are not used for community purposes such as libraries and community centres.

2015-16 highlights

Panuku was established in September 2015, and got off to a flying start. Not only was the momentum of the work of the predecessor organisations (Auckland Council Property Ltd and Waterfront Auckland) maintained, but significant progress was made identifying and then planning for development locations.



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 Tamaki Regeneration Company on the transformation of Tamaki.



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, Hobsonville, City Centre, Old Papatōetoe, Ormiston and Flat Bush 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, Avondale, New Lynn, Mt Eden, Stonefields, Otahuhu, Howick and Pukekohe.



Priority development locations

Over the year, Panuku identified the areas where it will facilitate significant urban redevelopment.

Manukau, and Onehunga, in addition to Wynyard Quarter and Tamaki, were selected as **Transform** locations, where Panuku will transform locations by creating change through urban regeneration. Wynyard Quarter is undergoing rapid change, which is summarised below. For Manukau, Councillors agreed a High Level Project Plan, and a more detailed Framework Plan is now being finalised.

Northcote, Takapuna, Hobsonville, Papatoetoe, Henderson, the City Centre and Ormiston were selected as **Unlock** locations, where Panuku will unlock development potential for others.

In Takapuna, Auckland Council owns nearly four hectares of land focused around the Anzac Street carpark and the Gasometer site, which are ripe for new residential and public space developments.

In Northcote, Panuku has an opportunity to upgrade the town centre. It is also advocating for an integrated redevelopment plan for the surrounding Housing New Zealand land, which has the potential to create a significant increase in housing.

In Hobsonville, Panuku will facilitate the development of the 20ha Airfields site, which will deliver 400 homes over 16ha with the remaining 4ha being used for mixed use development. The first stage, comprising 1.6ha, will be developed by A V Jennings. At least 50 houses will be developed alongside a family centre and landscaped reserve.

In Papatoetoe, Panuku is leading the renewal of the Old Papatoetoe mall, a 2.5ha block of land, which will see the area opened up with a new plaza space, reconfigured shops, upgraded car park and a revamped New World supermarket.

The first stage of the Ormiston town centre was completed by Todd property in December 2015. The first major commercial building, the Pak n Save supermarket, opened in February 2016. The first tranche of 63 homes on Haddington Drive is being built and several have already been completed and sold. The entire Ormiston Town Centre development is expected to be finished by 2023. It will eventually include approximately 500 to 700 apartments and townhouses.

Initial thinking is also underway on how we can unlock the potential of Henderson. This includes the Waitakere City Council building site and surrounding land, and potentially converting the former council building into a mixture of new homes, business and retail space.

Panuku is also working on a number of **Support** locations, where it ensures that council is making the most of what it already has. These smaller projects are adding to Auckland's much needed housing supply.

For example, Panuku signed a deal with McConnell Property to develop 50 houses at 20 Link Crescent in Whangaparaoa.

While in Avondale, Panuku is working with Ockham Residential on a housing development on Racecourse Parade. The development will provide 72 well designed medium to high density apartments.



Projects we're working on

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

Transforming Auckland's waterfront

The Wynyard Quarter provides 37ha of prime land for regeneration. Already, 500 metres of award-winning places alongside the water's edge have been delivered including North Wharf, Silo Park and the Daldy Street Linear Park. Thousands of Aucklanders love this space every week.

In March 2016, Prime Minister John Key and Fu Wah Chair Madam Chang Laiwa broke the ground for the \$200 million, 190-room Park Hyatt Hotel which is being constructed next to Karanga Plaza. This hotel will be the first international standard five-star hotel in New Zealand.

Willis Bond is constructing the first stage of its residential developments which will eventually see 800 apartments of various types and sizes built. The first stage, alongside Daldy Street Linear Park and in Halsey Street, will include 164 apartments and will be completed by 2018.

Precinct Properties is also constructing the first stage of its commercial developments which will eventually see approximately 46,000m² of commercial space built. Stage 1 is underway with the refurbishment of the Mason Brothers building and the construction of 10 Madden Street, which will house GridAKL, the centrepiece of Wynyard Quarter's Innovation Precinct.

The cranes towering above the Wynyard Quarter are evidence of the substantial regeneration that is underway.

Housing for Older People

Auckland Council currently owns 1452 units to house older people. In December 2015, council selected The Selwyn Foundation as its new Community Housing Partner. Together with Selwyn, Panuku will work to intensify and redevelop the portfolio. Not only will at least the current number of units for older people be retained, but redevelopment will provide at least double the number of homes (affordable and market priced) on the sites.

Property management

Panuku manages approximately \$1.9 billion of the council's non-service property. This includes managing a diverse range of rental properties, including residential, commercial and business interests (quarries, waste disposal and forestry). In 2015-16, Panuku's rental portfolio delivered an annual net surplus of \$32 million, compared to a budgeted net surplus of \$27.5 million.

Marinas

Panuku's three marinas, Westhaven, Viaduct, and Silo, have continued to thrive through 2015-16 as successful marina operations and vibrant public destinations.

Westhaven, long established as the heart of boating in Auckland, remains operating at full capacity. The marina team is diligently working to increase capacity and to raise Westhaven's status as an exemplar, world-class marina with water quality a major focus.

This year marked the opening of the new sales pier, creating a unique destination for boat sales in Auckland. We also worked with Auckland's 19 iwi to design a precious new headland for the Waitemata Harbour. The headland is associated with the pile berth redevelopment project that will convert under-utilised berths to 107 new modern serviced berths and cater for customers on the marina's growing waitlist.

Viaduct Marina continues to operate as Auckland's premier CBD marina for recreational vessels, and is currently the site of a major remediation project at Hobson Wharf. Following its recent reconfiguration, Silo Marina, which has 10 berths catering for boats from 60m-116m in length, has quickly established itself as a significant contributor to Auckland's economy with 107 vessel visits in five years.

Property acquisition and disposals

Panuku manages property acquisition and disposals on behalf of council.

In 2015-16, Panuku acquired 29 properties worth \$39.5 million. These properties will help the council to deliver important projects including the City Rail Link, open space and stormwater projects.

Disposing of council properties gives council 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 sales of property. In 2015-16, Panuku recommended \$53.8 million of sales to council (above the SOI target of \$40 million). Panuku also completed unconditional sales worth \$55.5 million (above the SOI target \$50 million).



Financial summary

Financially, for the year ended 30 June 2016 a net surplus of \$44.9 million was achieved, \$31.1 million more than the full year budget. The favourable surplus compared to budget was mainly due to a fair value increase in investment properties of \$33 million, reflecting the impact of the Wynyard Central programme progression and general increase in property values.

The capital expenditure for the year was \$22.1 million; \$36.5 million lower than full year budget. The underspend was mainly due to the delay in applying for resource consent as result of longer than expected project consultation process for the Pile Mooring Redevelopment at Westhaven (\$18.0 million) and the Westhaven Marine Village Stage 1 project (\$11.3 million) which has been under Board review and a new scaled down version is now being designed. The remaining budgets of both projects have been deferred to the 2016-17 financial year.

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.





Board of Directors

Panuku is governed by a Board of nine directors with a range of experiences and knowledge.

Initially, over July and August 2015, the organisation was Waterfront Auckland. Waterfront Auckland's Board was made up of six directors for those two months, including:

- Richard Leggat (Chair)
- Ngarimu Blair
- Christine Caughey
- Evan Davies
- Terry Kayes
- Dr Susan Macken.

On Panuku's establishment on 1 September 2015, Ngarimu Blair, Christine Caughey and Terry Kayes retired from the Board. Sir John Wells, Richard Aitken, Anne Blackburn, Paul Majurey, Mike Pohio and Martin Udale joined the Board.

The new Panuku Board was chaired by Sir John Wells. In May 2016 Sir John stepped down as the Chair, and Richard Aitken became the Chair.

Development Auckland Ltd 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 Panuku's 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 were the following committees:

- *Audit and Risk Committee* – to provide assurance and assistance to the Board on Panuku's risk, control and compliance framework and its external accountability responsibilities.
- *Remuneration Committee* – to monitor the Chief Executive's performance and approving remuneration for the Chief Executive and the Senior Leadership Team.
- *Conflicts Committee* – to report to and advise the Board, in conjunction with the Senior Leadership Team, by providing governance overviews where land transactions may occur which create actual or perceived conflicts of interest with members of the Panuku Board.

- *Business Interests Advisory Committee* – to report to, and support the Board, in conjunction with the Senior Leadership Team, by providing governance overviews for subsidiary and joint venture businesses.
- *Wynyard Central Advisory Committee* – to report to, and support the Board, in conjunction with the Senior Leadership Team, on governance with respect to Wynyard Central implementation.
- *Britomart Advisory Committee* – to report to, and support the Board, in conjunction with the Senior Leadership Team, to provide governance direction in respect of negotiations related to the Development Agreement between Britomart Group and Auckland City Council.

In addition to these committees the company had two subsidiaries:

- *Downtown Marinas Ltd*, which owns and operates 23 berths at Hobson Wharf. Terry Kayes and Richard Leggat are Directors of Downtown Marinas Limited.
- *Westhaven Marina Ltd* 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 Ltd, and Terry Kayes and Richard Leggat are Directors.

Profiles of current Directors



Richard Aitken – Chair (Deputy Chair from September 2015 – April 2016)

Richard Aitken is currently Executive Chairman of Beca Group Ltd - New Zealand's largest employee-owned professional services consultancy, with around 1000 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 Chair of Te Punaha Matatini, a centre of research excellence at the University of Auckland, and is the current Chair of the Project Alliance Board for the Waterview Motorway Project in Auckland.



Sir John Wells – Deputy Chair (Chair from September 2015 – April 2016)

Following a merchant and investment banking career, Sir John Wells and others established Bancorp, of which he is Chairman, in 1987. John also chairs and directs a number of other companies, including Fisher Funds, Sheffield, Marsh and Martin Jenkins and is the current chair of the World Masters Games.

Sir John takes an active interest in matters relating to sport. When the Crown Entity for Sport and Physical Recreation (SPARC) was formed in June 2001, he was appointed Chairman - a position he held until June 2009. John was also a member of the Rugby World Cup 2011 Bid Committee, responsible for successfully gaining New Zealand the hosting rights for the 2011 Rugby World Cup. John was awarded a Distinguished Companion of The New Zealand Order of Merit (DCNZM) for his services to business and sport in the New Year Honours 2009, and subsequently invested with a Knighthood.



Anne Blackburn - Director

Anne Blackburn has a background in banking, governance and strategic advice. In the mid 1990s she returned to New Zealand after 15 years working in international investment banks in New York and London.

Concurrently with senior positions in Corporate and Institutional Banking in BNZ, including Head of Capital Markets and Business Risk Manager, she took up a number of commercial board appointments. Anne currently holds directorships on TSB Bank, Fidelity Life, Eastland Group, RDNS NZ Limited, New Zealand Venture Investment Fund, UNITEC and Forsyth Barr.



Evan Davies - Director

Evan Davies is Managing Director of Todd Property Group Limited a subsidiary of Todd Corporation. From 1996 until 2007 Evan was the founding Managing Director of gaming and entertainment company SKYCITY Entertainment Group Limited. While at SKYCITY Evan oversaw the purchase, design and development of several casinos in New Zealand and Australia including Auckland's Sky Tower and associated SKYCITY Casino complex.

A qualified planner, Evan has widespread interests in property development, city planning and urban issues as well as other business interests in farming and viticulture. Evan sits on the board of two charitable trusts and is Chair of the Capital Investment Committee in the Ministry of Health and of the Christchurch Hospital Redevelopment Partnership Group.



Richard Leggat - Director

Richard Leggat brings to the board 30 years of experience across manufacturing, sales and marketing, and financial management in a range of industries. For the past three years Richard has been a full time director with positions on a number of government and sporting organisations. Amongst his positions Richard is a Director of Tourism NZ, Education NZ, NZ Post, Chair of the NZ Cycle Trail, Director of Cycling NZ and Director of SnowSports NZ.



Dr Susan Macken - Director

Dr Susan Macken has BSc and BCom degrees from Auckland University, and a PhD in Economics from Cambridge University. Dr Macken 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.

Dr Macken's current directorships include New Zealand Treasury, Fertility Associates and the Tamaki Redevelopment Company.



Paul Majurey - Director

Paul Majurey is a senior law partner at Atkins Holm Majurey, and prior to its establishment in 2009 was a senior partner at Russell McVeagh. Paul has extensive governance experience, chairing statutory entities and companies and is a director on many company boards. He also has wide-ranging Maori leadership experience, including chairing three separate iwi/hapū collectives comprising 30 iwi/hapū.



Mike Pohio - Director

Mike Pohio is an independent director on the boards of KiwiRail, NIWA and Te Atiawa Iwi Holdings. Mike is also Chairman of BNZ Partners, Waikato Region. His executive career has spanned a wide 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. Mike gained an MBA from IMD Business School in 1999 and is a Chartered Member of the New Zealand Institute of Directors.



Martin Udale - Director

Martin Udale has more than 30 years' experience in commercial and residential property development and investment in UK, Australia and New Zealand. Before moving to New Zealand in 2003, Martin spent 22 years working in the Australian property markets holding senior roles in a number of organisations.

Martin's interests lie in the areas of business and how property works for it; urban strategy and city development; urban regeneration and major projects; developing successful partnership models for public and private sector participation; and, institutional transformation.

From 2003 - 2009 Martin led McConnell Property as a general manager and then CEO.

Martin holds a number of board and governance roles and is a current or past member of The Auckland Mayoral Taskforce on Urban Design; Tamaki Transformation Programme, Committee for Auckland; Property Council of New Zealand Urban Issues and Infrastructure Committee; Auckland City Urban Design Panel; New Zealand Government Taskforce on Urban Intensification; Sustainable Urban Development Unit working group; and NSW Urban Taskforce.



Directors' attendance at Panuku board meetings

The following table summarises Directors' attendance at Panuku (and previously Waterfront Auckland) Board meetings during the 2015-16 year.

	No. of meetings	
	Attended	Total
Sir John Wells	8	9
R H Aitken	8	9
M A Blackburn	8	9
E W Davies	10	11
R I Leggat	9	11
Dr S C Macken	6	11
P F Majurey	7	9
M E Pohio	7	9
C M Udale	8	9
N A H Blair (retired 31 August 2015)	2	2
C M Caughey (retired 31 August 2015)	2	2
T J Kayes (retired 31 August 2015)	2	2

Directors' interests at 22 August 2016

Member	Interest	Company/Entity	Conflicts pre-identified?
Richard H Aitken	Chairman	Development Auckland Limited	Supplier
	Director	Beca AMEC Ltd	
	Chairman and Employee	Beca Group Ltd	
	Director	Beca Group Holdings Ltd	
	Director	BGCF Trustee Ltd	
	Director	BGL Custodian Ltd	
	Director	BGL Depository No. 2 Ltd	
	Director	BGL Finance 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	TrustPower Ltd	
	Chair	Te Punaha Matatini Advisory Board	
	Trustee	BAS Custodian Trust	
	Trustee	Beca Indemnity Fund Custodian Trust	
Trustee	BGLIR Custodian Trust		

Member	Interest	Company/Entity	Conflicts pre-identified?
Richard H Aitken (continued)	Trustee	BGL Custodian Trust	
	Trustee	BGS Custodian Trust	
	Trustee and discretionary beneficiary	The Glade Trust	
	Trustee	The Sunnybrae Trust	
	Trustee	The Waimarama Trust	
Sir John Wells	Deputy Chairman	Development Auckland Limited	
	Trustee	Auckland Grammar School Foundation Trust	
	Chairman	Bancorp Group Ltd	
	Chairman	Bancorp Holdings Corporation Ltd	
	Chairman	Bancorp New Zealand Ltd	
	Director	Bancorp Strategic Investments Ltd	
	Chairman	Bancorp Treasury Services Ltd	
	Chairman	CBL Insurance Ltd	
	Chairman	CBL Corporation Ltd	
	Chairman	Fisher Funds Management Ltd	
	Chairman	Greenpark Holdings Ltd	
	Advisory Board Member	Marsh Ltd	
	Chairman	Martin Jenkins and Associates Ltd	Potential
	Chairman	Sheffield North Island Ltd	Supplier
	Trustee	Wadhurst Trust	
	Trustee	Wells Family Trust	
	Chairman	World Masters Games 2017 Ltd	
	Member	Committee for Auckland – Chairman's Advisory Group	
Director	CBLNZ Ltd		
Chairman	Assetinsure Pty Ltd (Australia)		
Chairman	Assetinsure Holdings Pty Ltd (Australia)		
M Anne Blackburn	Director	Development Auckland Limited	
	Member	Commercial Operation Advisory Board to the Treasury	
	Director	New Zealand Venture Investment Fund Limited	
	Director	NZVIF Investments Limited	Supplier
	Director	Warren & Mahoney Limited	Supplier
	Director	Warren & Mahoney Architects Limited	
	Director	Committee for Auckland Limited	
	Director	Fidelity Life Assurance Company Limited	
	Chair	Royal District Nursing Service NZ Limited	
	Director	RDNS Group Limited (Australia)	
	Director	Fisher Funds Management Limited	
	Director	TSB Bank Limited	
	Director	TSB Group Capital Limited	
	Director	TSB Group Investments Limited	
	Director	Ten Gracie Square Limited	
	Director	Wairaka Land Company Limited (Unitec land development subsidiary)	Possible

Member	Interest	Company/Entity	Conflicts pre-identified?
Evan W Davies	Director	Development Auckland Limited	J/V with Panuku
	Director	Welch Securities Ltd	
	Director	Paris Magdalinos Architects Ltd	
	Director	Kokako Fames Ltd	
	Director	Todd Property Group Limited and Subsidiaries	
	Director	Todd Property Ormiston Town Centre Ltd	
	Trustee	Melanesian Mission Trust	
	Trustee	Anglican Trust for Women and Children	
	Chair	Capital Investment Committee, Nation Health Board	
	Chair	Christchurch Hospital Redevelopment Partnership Board	
Richard I Leggat	Director	Development Auckland Limited	
	Director	New Zealand Post Ltd	
	Deputy Chair	Tourism NZ	
	Director	Education NZ	
	Director	Cycling NZ	
	President	Union Cycliste Internationale Ethics Commission	
	Chairman	NZ Cycle Trail Incorporated	
	Director	Snowsports NZ	
	Panel Member	NZ Markets Disciplinary Tribunal	
	Director	Trophy Metropolitan Limited	
	Director	Mortleg Ltd	
	Advisor	Busways PTY Ltd	
	Director	Winter Games New Zealand	
Dr Susan C Macken	Director	Development Auckland Limited	Possible
	Director	Treasury Advisory Board	
	Director	Blossom Bear Limited	
	Director	Fertility Associates Trustee Ltd and Associates	
	Director	STG Ltd	
	Deputy Chair	Tāmaki Redevelopment Company Limited	
	Director	Spa Electrics Ltd (Aust)	
	Director	FA Ventures One Limited	
Paul F Majurey	Chair	Tūpuna Maunga o Tāmaki Makaurau Authority	
	Chair	Tāmaki Makaurau Community Housing Limited	
	Chair	Mana Whenua & Crown Working Group (Proposed Hauraki Gulf / Tikapa Moana Recreational Fishing Park)	
	Chair	Marutūāhu Rōpū General Partner Limited	
	Chair	Marutūāhu Collective (5 iwi collective)	
	Chair	Hauraki Collective (12 iwi collective)	
	Co-Chair	Sea Change Marine Spatial Plan Project	
	Co-Chair	Tāmaki Healthy Families Alliance	
	Director	Museum of New Zealand Te Papa Tongarewa	
	Director	Development Auckland Limited	
	Director	Pare Hauraki Asset Holdings Limited	
	Director	Taimoana Marine Farms Limited	

Member	Interest	Company/Entity	Conflicts pre-identified?
Paul F Majurey (continued)	Director	Tikapa Moana Enterprises Limited	
	Director	Pouarua Farm General Partner Limited	
	Director	Ngāti Maru Pouarua Farm Limited	
	Director	Half Moon Bay Venture Limited	
	Director	Atkins Holm Majurey Limited	
	Trustee	Crown Forestry Rental Trust	
	Trustee	Ngāti Maru Rūnanga Trust	
	Trustee	Hauraki Fishing Group	
	Mana Whenua Representative	Hauraki Gulf Forum	
	Tainui Waka Representative	Iwi Working Group (Review of Te Ohu Kaimoana)	
Michael E Pohio	Director	Development Auckland Limited	
	Director	National Institute of Water & Atmospheric Research Limited	
	Director	NIWA Vessel Management Limited	
	Director	KiwiRail Limited	
	Chairman	BNZ Partners Waikato	
	Director	Te Atiawa Iwi Holdings	
C Martin Udale	Director	Development Auckland Limited	
	Director	Urban Canvas Limited	
	Director	Essentia Consulting Group Limited	
	Director	Fleming Urban Limited	Possible Onehunga development
	Director	Innovation Waikato Limited	
	Director	Paparata Limited	
	Director	Peterborough Quarter Limited	
	Director	Tall Wood Limited	
	Director	Tamaki Redevelopment Company Limited	Possible
	Council member	Unitec Institute of Technology	
	Director	Waikato Innovation Park Limited	
	Chair	Wairaka Land Company Limited (Unitec land development subsidiary)	Possible
	Member	McConnell Property Advisory Committee	Possible
	Trustee	Cardinal Trustees Limited	
	Director	Hobsonville GP Ltd	
	Director	New Ground Living (Hobsonville Point) Limited	

Shaping spaces for Aucklanders to love



Facilitate vibrant development

Panuku will facilitate the creation of adaptable and resilient places that inspire well-being, promote health and safety and are fully accessible to disabled people and older adults. It will harness and incorporate the local community's unique identity, attributes and potential to create vibrant communities.



Facilitate redevelopment of urban locations

Consistent with the urban form and infrastructure objectives of the Auckland Plan, Panuku will facilitate private sector, third sector, iwi and government investment and collaboration into the sustainable redevelopment of brownfield urban locations. It will co-ordinate the provision of council's infrastructure and other investment in these locations.



Accommodate growth

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



Waterfront development

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



Optimisation of council's property portfolio

Panuku may facilitate quality redevelopment of underutilised council landholdings within current urban boundaries.



Contribute to the management of non-service properties

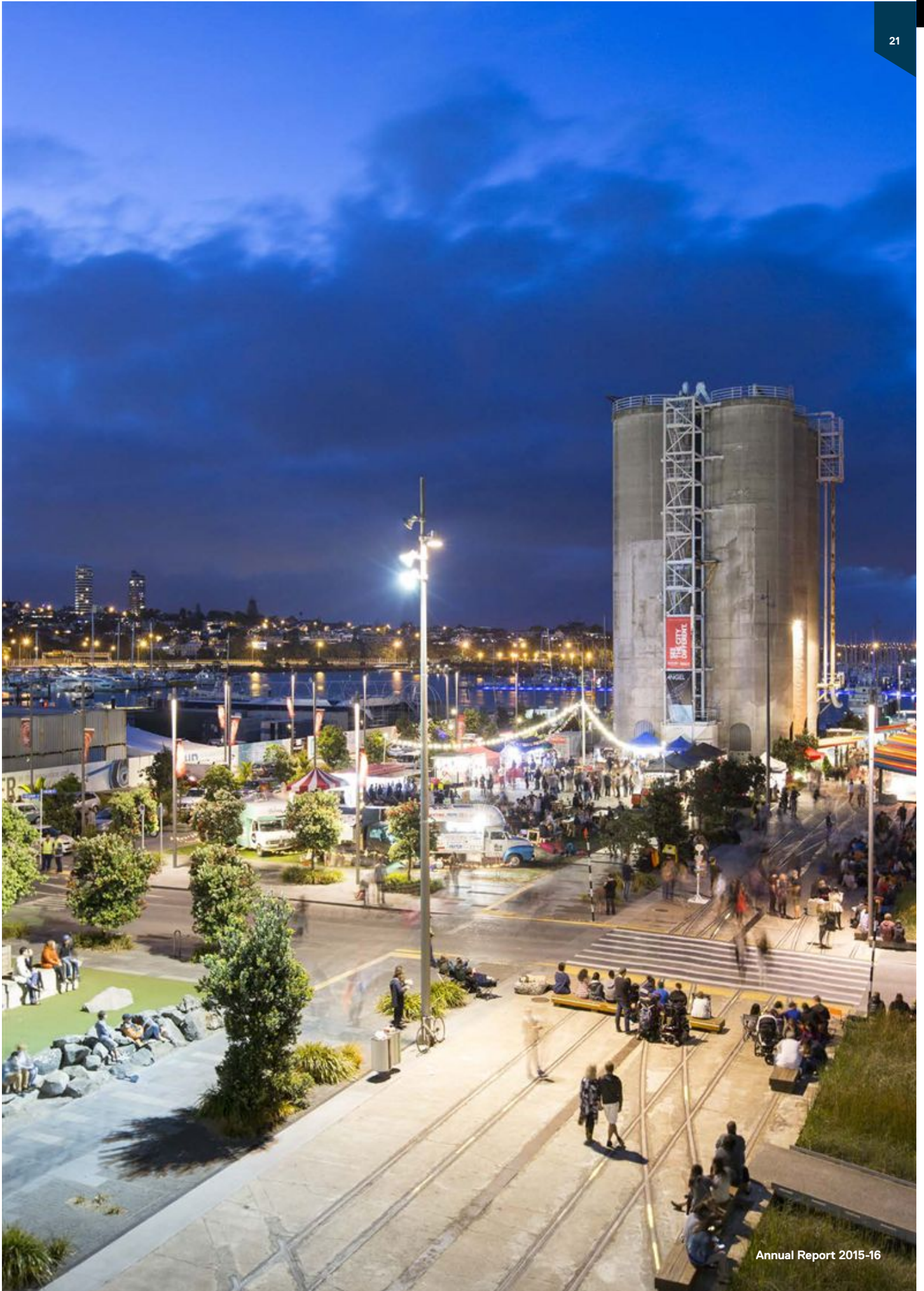
Panuku will also manage council's non-service properties in partnership with the council group.

Our mission

The mission of Panuku is to rejuvenate urban Auckland, from small projects that refresh a site or building, to major transformations of town centres or neighbourhoods.

Panuku improves the uses of land and buildings that Auckland Council owns, attracts private investment and together we unlock their potential to create spaces Aucklanders love.





Risks and opportunities

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

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

The significant risks to the company are:

- Impact of economic changes such as the housing market on operational activities and projects
- Funding for significant Transform and Unlock projects
- Health and safety of public and workers across our areas of control
- Significant cost of remediating contaminated land across the Wynyard Quarter
- Delivery of programme and projects
- Reputation and public perception about the work we do, and how we are doing it.

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



Independent Auditor's report

To the readers of Development Auckland Limited and group's financial statements and performance information for the year ended 30 June 2016

The Auditor General is the auditor of Development Auckland Limited (the company) and its New Zealand domiciled subsidiaries (the 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, consisting of Development Auckland Limited and its subsidiaries and other controlled entities, on her behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the company and group on pages 34 to 75, that comprise the statement of financial position as at 30 June 2016, 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 28 to 31.

In our opinion:

- the financial statements of the company and group:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2016; and
 - its financial performance and cash flows for the year ended on that date;
 - comply with generally accepted accounting practice in New Zealand and are consistent with PBE International Public Sector Accounting Standards.
- the performance information of the company and group presents, 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 2016.

Our audit was completed on 21 September 2016, which is the date on which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and in the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company and group's financial statements and performance information 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.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the appropriateness of the reported performance information within the company and group's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and in the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and fair presentation of financial statements for the company and group that comply with generally accepted accounting practice in New Zealand and PBE's International Public Sector Accounting Standards. The Board of Directors is also responsible for preparation of the performance information for the company and group.

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

The Board of Directors is responsible for such internal control as is necessary to enable the preparation of financial statements and the performance information that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out the audit, we follow the independence requirements of the Auditor General, which incorporate the independence requirements of the External Reporting 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 2015 to Auckland Council, which is compatible with those independence requirements.

Other than the audit and the review engagement, 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



Panuku Development Auckland



Statement of service performance

Statement of service performance

Auckland Council carried out a review of Council Controlled Organisations last year resulting in the joining of the two organisations, Auckland Council Property Limited (ACPL) and Waterfront Auckland, to create Panuku. The two legacy organisations' Statement of Intent (SOIs) were merged and a new SOI was created with effect from 1 September 2015.





The performance measures were combined, 12 months for Waterfront Auckland and 10 months for ACPL. This reflects the fact that ACPL merged with Waterfront Auckland two months into the 2015-16 financial year.

Key performance achievements

Panuku has met all SOI performance measures and targets this year, one measure was substantially met. Some notable achievements this year include a 93% visitor's satisfaction with their experience of the public spaces on the city centre waterfront, achieving \$55.5 million of net property sales for the year, \$53.8 million worth of properties recommended to council for approval to sell, returning a net surplus on the property portfolio of \$32 million to council and achieving a private to public investment ratio of 2.36 for the waterfront development area. This means for every dollar of public money spent, Panuku attracts over two dollars' worth of investment from the private sector.

Criteria for performance measures

We have used a grading system to rate performance for each measure. The criteria used to allocate these grades are as follows:

Status	Criteria	Rating
	100% or more of target	Met target
	80%-100% of target	Substantially met target
	50%-80% of target	Partially met target
	50% or less of target	Not met target

Results for SO1 2015-18: Non-financial performance measures

Service level statement	Measure	Actual 2014-15	Target 2015-16	Actual 2015-16		Commentary
				Status	Result	
Develop and activate public spaces on waterfront, metro and town centre development areas	1 Percentage of visitors surveyed satisfied with their experience of the public spaces on the city centre waterfront (Long Term Plan (LTP))	New measure	75%	✓	93%	Met target The survey was conducted on visitors to the waterfront over four major events during the year by TouchPoll.
	2 Percentage of Aucklanders surveyed who have visited the city centre waterfront in the past year (LTP)	New measure	73%	✓	74%	Met target This survey was facilitated by Auckland Council as part of the Residents Survey 2016. The survey was conducted by Colmar Brunton.
	3 Percentage of attendees surveyed satisfied with key waterfront place programmes and activities	New measure	83%	✓	80%	Substantially met target The survey was conducted on visitors to the waterfront over four major events during the year by TouchPoll.
	4 Number of significant Māori initiatives implemented per annum (LTP)	New measure	42	✓	50	Met target
Manage marinas	5 Percentage of customers surveyed satisfied overall with marina facilities and services (LTP)	74%	73%	✓	89%	Met target The survey was conducted via online and telephone interviews for marina customers by TNS.
Facilitate private development of waterfront, metro and town centre selected sites	6 Ratio of private vs. public investment	1.2	0.81	✓	2.36	Met target The result reflects the ratio of private sector investment for every dollar of public money spent.
Facilitate effective engagement with mana whenua and mataawaka	7 % mana whenua and mataawaka satisfied with quality of engagement	New measure	Establish Baseline	✓	The baseline has been established. 40% of mana whenua survey respondents were satisfied with the quality of engagement, 40% of respondents were neither satisfied nor dissatisfied and 20% were dissatisfied.	Met target The survey was facilitated by council on behalf of CCOs.
Optimise returns from the managed property portfolio	8 The net surplus on the property portfolio achieves the annual budget agreed with council.	Net surplus on the property portfolio was \$6.8 million ahead of budget (actual surplus of \$29.8 million against budget of \$23 million).	Net surplus achieves budget for 2015-16	✓	Actual net surplus on the property portfolio for the 12 months ended 30 June 2016 is \$4.5 million ahead of budget (actual surplus of \$32 million against budget of \$27.5 million). Actual net surplus on the property portfolio for the 10 months since the formation of Panuku, 1 September 2015 is \$3.7 million ahead of budget (actual surplus of \$29.6 million against budget of \$25.9 million).	Met target

Service level statement	Measure	Actual 2014-15	Target 2015-16	Actual 2015-16		Commentary
				Status	Result	
Optimise returns from the managed property portfolio	9 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	New measure	The annualised % movement in gross rental income of properties with rent reviews during the financial period is equal to or greater than the Consumer Price Index (CPI) movement.	✓	Achieved 7.04% improvement in gross rental income on properties that are available for rent and on a like for like basis against two year CPI movement 0.9%.	Met target
	10 For those properties available for rent: The rolling average over a 12 month period, of % occupancy at each month end (LTP).	98.4%	The average of monthly % occupancy for the year is 95% or more.	✓	The average of monthly % occupancy for the year is 98.25% against the target of 95%.	Met target
	11 Maintain or improve the baseline established at the end of the 2012/13 financial year. Return on Investment (ROI) on properties on a like for like basis (LTP) Panuku is committed to continuously review and improve the ROI target over the term of the SOI.	The ROI calculated on this year's property valuation on a like for like basis is 2.5% against the 2.7% baseline established in 2012-13.	Greater than or equal to 2.1%	✓	The ROI calculated on this year's property valuation on a like for like basis is 2.83% against the 2.1% target.	Met target
	12 Return on Equity on commercial assets and services (LTP)	New measure	8.8%	✓	13.5%	Met target
Dispose agreed surplus properties	13 Stakeholder input is obtained prior to council committee approval for disposal being sought. List of properties recommended for disposal submitted to council The disposal target for the next financial period will be agreed with council in the current financial period.	Recommended a total of \$89 million worth of properties to council seeking approval to dispose for the 2014-15 financial period. The target of \$30 million has been exceeded.	A list of recommended properties totalling \$40 million gross value will be submitted to council seeking approval to dispose for 2015-16 financial period. A recommended for disposal target for 2016-17 will be agreed with council in the 2015-16 financial period.	✓	A total of \$53.8 million worth of properties was recommended to council seeking approval to dispose for the 2015-16 financial period. A total of \$44.8 million worth of properties was recommended to Council seeking approval to dispose for the 10 months since the formation of Panuku, 1 September 2015 (the target for 10 months is \$33.3 million).	Met target
Dispose agreed surplus properties	14 Achieve total forecast net sales for the financial year.	Achieved actual net sales of \$48.3 million for the financial year. The target of \$30 million has been exceeded.	Meet or exceed financial forecasts. Property disposal target of \$50 million (net value of unconditional sales). Property disposal target (net value of unconditional sales) for 2016-17 financial period will be agreed with Council in 2015-16	✓	Achieved actual net sales of \$55.5 million for the financial year. The target of \$50 million has been exceeded. Achieved actual net sales of \$46.2 million for the 10 months since the formation of Panuku, 1 September 2015 (the target for 10 months is \$41.6 million).	Met target
Acquire properties	15 Acquisitions are delivered within the timeline agreed with Auckland Council and Auckland Transport.	New measure	75% satisfaction against agreed service performance measure	✓	87.5% of acquisitions are delivered within agreed timeline	Met target Auckland Transport (AT) acquisitions were transferred back to AT after 1 September 2015. The results for the year only reflect Auckland Council acquisitions.

Service level statement	Measure	Actual 2014-15	Target 2015-16	Actual 2015-16		Commentary
				Status	Result	
Identify and propose opportunities across Auckland Council group portfolios	16 Written evidence that opportunities have been identified and assessed, to be progressed or not. (Housing and urban regeneration combined)	Eleven opportunities have been identified during the year and are at different stages of assessment. The target of six opportunities has been exceeded.	At least 50 opportunities identified and assessed	✓	50 opportunities have been identified and assessed during the year.	Met target
Develop and activate public spaces on waterfront, metro and town centre development areas	17 Business cases are developed for housing or urban regeneration projects and are submitted for approval by the Panuku Board and/or council. (Three year targets) (Housing and urban regeneration combined)	Completed two business cases for the intensive use of sites for Housing for Older People. This is against a three year target of at least three Housing for Older People sites.	Three year target Business cases are prepared for at least three Council Housing for Older People sites to endeavour to achieve more intensive use of the sites for housing while retaining at least the current number of Council Housing for Older People units. (2015-2017)	✓	Three business cases for the intensive use of sites for Housing for Older People have been completed to date against a three year target of three business cases.	Met target
		Presented five business cases to the Board or Auckland Council for approval to use the Strategic Development Fund for housing development projects. This is against a three year target of seven housing development projects.	Three year target Business cases to be prepared for 10 housing development projects with an affordable housing component which will include private and other sector partners and may involve the Strategic Development Fund. (2016-2018)	✓	Ten business cases have been prepared for housing development projects against a three year target of 10.	Met target
	18 Development agreements are submitted to the Panuku Board and/or council for approval. (Housing and urban regeneration combined)	Completed two joint venture agreements with third parties. This is against a three year target of five joint ventures agreements with third parties.	Three year target Five joint venture or agreements with third parties including community housing organisations to be entered into. (2015-2017)	✓	Eight agreements with third parties have been completed against a three year target of five agreements.	Met target
		New measure	Three year target Twenty six development agreements with third parties including community housing organisations to be entered into. (2016-2018)	Three year target progressing	Six development agreements have been entered into with third parties against a three year target of 26 development agreements.	Target is on track
19 On completion, the project achieves the financial and non-financial outturn in the business cases. (Housing and urban regeneration combined)	There were no housing development projects or place shaping projects completed during this financial period.	All projects completed this year achieve business case financial and non-financial outturn	Target progressing	There were no projects completed during this financial period.	-	



Panuku Development Auckland



Annual financial statements

Statement of comprehensive revenue and expense

For the year ended 30 June 2016

	Note	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Revenue					
Rental and other revenue	3	58,848	35,816	60,782	37,531
Interest income		498	12	589	112
Other gains / (losses)	4	32,971	52,132	32,971	52,132
Total income		92,317	87,960	94,342	89,775
Expenses					
Personnel	5	14,135	6,680	15,318	7,721
Depreciation and amortisation	14,15	8,718	8,649	9,042	8,973
Interest expense		1,174	1,172	1,174	1,172
Other operating expenses	6	24,332	20,330	24,992	22,514
Total expenditure		48,359	36,831	50,526	40,380
Surplus / (deficit) before tax		43,958	51,129	43,816	49,395
Income tax (benefit) / expense	7	(1,041)	(1,247)	(1,093)	(1,295)
Surplus / (deficit) after tax		44,999	52,376	44,909	50,690
Other comprehensive revenue and expense					
Gains on revaluation of property, plant and equipment		14,632	6,647	14,632	6,647
Tax on revaluation gains	8	(1,559)	(1,861)	(1,559)	(1,861)
Total other comprehensive income		13,073	4,786	13,073	4,786
Total comprehensive income		58,072	57,162	57,982	55,476
Surplus is attributable to:					
Auckland Council		44,999	52,376	44,909	50,690
		44,999	52,376	44,909	50,690
Total comprehensive revenue and expense is attributable to:					
Auckland Council		58,072	57,162	57,982	55,476
		58,072	57,162	57,982	55,476

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

Statement of changes in equity

For the year ended 30 June 2016

	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Equity at the beginning of the year	584,323	402,161	586,410	405,934
Total comprehensive revenue and expense				
Surplus / (deficit) for the year	44,999	52,376	44,909	50,690
Other comprehensive revenue and expense	13,073	4,786	13,073	4,786
Total comprehensive revenue and expense	58,072	57,162	57,982	55,476
Transactions with owners				
Share issue	-	128,000	-	128,000
Dividend expense	(1,800)	(3,000)	(1,800)	(3,000)
Total transactions with owners	(1,800)	125,000	(1,800)	125,000
Equity at the end of the year	640,595	584,323	642,592	586,410

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

Statement of financial position

As at 30 June 2016

	Note	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
ASSETS					
Current assets					
Cash and cash equivalents	9	3,273	3,278	5,712	5,133
Debtors and other receivables	10	37,739	22,928	35,387	20,712
Tax receivables	12	9	-	28	19
Total current assets		41,021	26,206	41,127	25,864
Non-current assets					
Debtors and other receivables	11	2,013	1,080	2,013	1,080
Other non-current assets	13	1,753	1,436	-	-
Property, plant and equipment	14	271,141	266,917	274,376	270,476
Intangible assets	15	24	82	24	82
Investment properties	16	401,254	344,458	401,254	344,458
Investments in subsidiaries	17	446	446	-	-
Total non-current assets		676,631	614,419	677,667	616,096
Total assets		717,652	640,625	718,794	641,960
LIABILITIES					
Current liabilities					
Creditors and other payables	19	28,234	13,868	26,451	12,285
Employee entitlements	21	1,584	834	1,584	834
Other current liabilities	22	-	-	1,327	960
Borrowings	23	23,000	-	23,000	-
Total current liabilities		52,818	14,702	52,362	14,079
Non-current liabilities					
Creditors and other payables	20	21,599	16,478	21,153	16,032
Borrowings	23	-	23,000	-	23,000
Other non-current liabilities	24	-	-	39	246
Deferred tax liabilities	8	2,640	2,122	2,648	2,193
Total non-current liabilities		24,239	41,600	23,840	41,471
Total liabilities		77,057	56,302	76,202	55,550
Net assets		640,595	584,323	642,592	586,410
EQUITY					
Contributed equity	25	468,489	468,489	470,722	470,722
Accumulated funds	26	117,496	74,451	115,852	72,897
Reserves	27	54,610	41,383	56,018	42,791
Total equity		640,595	584,323	642,592	586,410

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)
21 September 2016

Mike Pohio (Chair of Audit and Risk Committee)
21 September 2016

Statement of cash flows

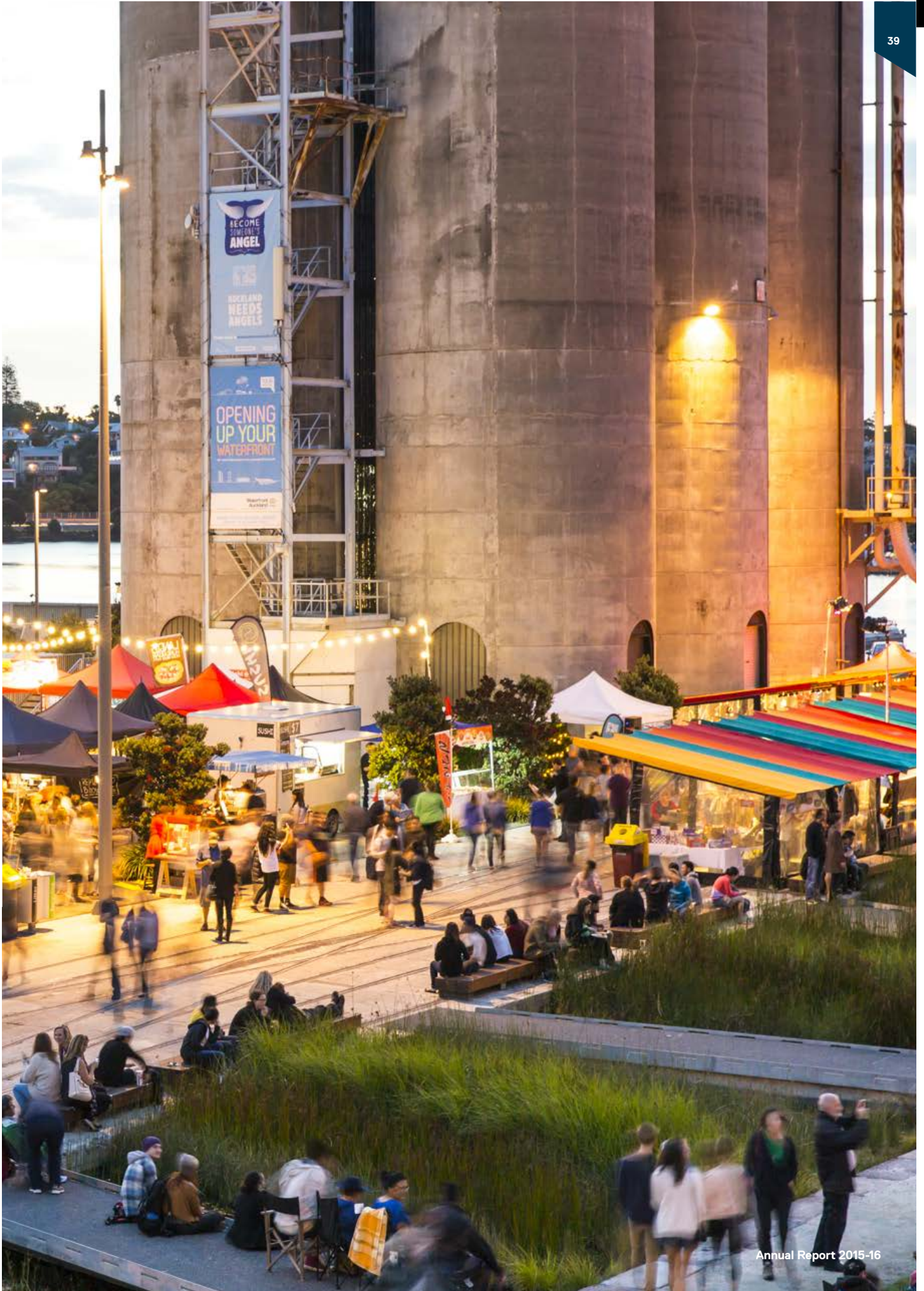
For the year ended 30 June 2016

	Note	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Cash flows from operating activities					
Receipts from customers		51,900	30,863	53,768	33,086
Interest received		36	9	126	110
Grant funding from Auckland Council		15,313	7,139	15,313	7,139
Payments to suppliers and employees		(44,552)	(36,992)	(45,915)	(40,419)
Interest paid		(1,174)	(1,172)	(1,174)	(1,172)
Income tax received / (paid)		(9)	-	(20)	3
Goods and services tax received from / (paid to) IRD		2,722	5,489	2,722	5,489
Net cash from operating activities	28	24,236	5,336	24,820	4,236
Cash flows from investing activities					
Cash acquired on acquisition		376	-	376	-
Capital expenditure on property, plant & equipment and investment properties		(20,506)	(23,196)	(20,506)	(23,196)
Net cash from investing activities		(20,130)	(23,196)	(20,130)	(23,196)
Cash flows from financing activities					
Advances (to) / from Auckland Council		(7,135)	59,518	(7,135)	59,518
Repayment of advances from Auckland Council		(10,228)	(42,339)	(10,228)	(42,339)
Capital expenditure funding from Auckland Council		15,052	4,751	15,052	4,751
Dividends paid		(1,800)	(3,000)	(1,800)	(3,000)
Net cash from financing activities		(4,111)	18,930	(4,111)	18,930
Net (decrease) / increase in cash and cash equivalents		(5)	1,070	579	(30)
Cash and cash equivalents at the beginning of the year		3,278	2,208	5,133	5,163
Cash and cash equivalents at the end of the year	9	3,273	3,278	5,712	5,133

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

Notes to the financial statements

1. Statement of accounting policies	40	22. Other current liabilities	59
2. Critical accounting estimates and judgments	45	23. Borrowings	60
3. Rental and other revenue	46	24. Other non-current liabilities	60
4. Other gains / (losses)	46	25. Contributed equity	61
5. Personnel costs	46	26. Accumulated funds	61
6. Other expenses	47	27. Reserves	62
7. Income tax	47	28. Reconciliation of net surplus / (deficit) after tax to net cash flow from operating activities	63
8. Deferred tax liabilities	48	29. Capital commitments and operating leases	64
9. Cash and cash equivalents	49	30. Related party transactions	66
10. Debtors and other receivables - Current	49	31. Contingencies	66
11. Debtors and other receivables - Non-current	50	32. Events occurring after balance date	66
12. Tax receivables	51	33. Remuneration	67
13. Other non-current assets	51	34. Financial risk management	71
14. Property, plant and equipment	52	35. Capital management	74
15. Intangible assets	54	36. Explanation of major variances to budget	75
16. Investment properties	55		
17. Investment in subsidiaries	56		
18. Business combinations	57		
19. Creditors and other payables - Current	58		
20. Creditors and other payables - Non-current	58		
21. Employee entitlements	59		



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

Auckland Waterfront Development Agency Limited (trading as Waterfront Auckland) amalgamated with Auckland Council Property Limited on 1 September 2015 and changed its name to Development Auckland Limited (trading as Panuku Development Auckland).

The comparative data included in these financial statements is for Waterfront Auckland only.

Development Auckland is a Council-controlled organisation (CCO) of the Auckland Council and is domiciled in New Zealand.

Development Auckland's principal address is Level 2, 11 Westhaven Drive, Auckland Central, Auckland 1010.

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

Development Auckland 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. Development Auckland 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 Development Auckland and group do not have the primary objective of

making a financial return, Development Auckland 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 Development Auckland and group are for the year ended 30 June 2016. The financial statements were authorised for issued by the Board of Directors on the date they were signed.

ii) Statement of compliance

The financial statements of Development Auckland 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 Development Auckland and group financial statements have been prepared on a 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 Development Auckland 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 Development Auckland 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 2015-2018, and are consistent with the accounting policies adopted by the Company for the preparation of the financial statements.

vii) Standards, amendments and interpretations that are not yet effective and have not been early adopted

In 2015, the External Reporting Board issued Disclosure Initiative (Amendment to PBE IPSAS 1), 2015 Omnibus Amendments to PBE Standards, and Amendments to PBE Standards and Authoritative Notice as a Consequence of XRB A1 and Other Amendments. These amendments apply to PBEs with reporting periods beginning on or after 1 January 2016. Development Auckland will apply these amendments in preparing its 30 June 2017 financial statements. Development Auckland expects there will be no effect in applying these amendments.

b) Consolidation

The group financial statements consolidate all entities where Development Auckland 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 Development Auckland. They are deconsolidated from the date that control ceases.

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

c) Associate

Development Auckland 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 Development Auckland. An associate is an entity over which Development Auckland 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 Development Auckland.

There are no transactions in New Lynn Central Limited for the period ended 30 June 2016.

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 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 Development Auckland 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, Development Auckland 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 off-cycle asset classes are revalued.

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 Development Auckland 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.

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 the specific software. 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 Development Auckland 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 Development Auckland 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 Development Auckland 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 Development Auckland 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 uncollectable 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.

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 Development Auckland 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 Development Auckland 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 Development Auckland 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 Development Auckland 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.

Development Auckland 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 Development Auckland and Auckland Council.

vi) Interest income

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

s) Leases

i) Development Auckland as Lessee

Development Auckland 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 Development Auckland 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) Development Auckland 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 Development Auckland 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 independent reports from independent consultancies. The cost for removing and containing different levels of contaminated soil within landfill sites has a range of prices. The estimates from Beca reflect these at current market costs.

Useful lives of property, plant and equipment

If useful lives do not reflect the actual consumption of the benefits of the assets, then Development Auckland 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 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Revenue from exchange transactions				
Rental revenue	11,107	9,191	11,064	9,149
Berthage hire	10,726	9,553	10,726	9,553
Other income	5,662	6,644	7,882	8,365
Amortisation of redeemable preference shares (note 24)	-	-	(243)	36
Services provided	3,825	-	3,825	-
Revenue from non-exchange transactions				
Funding from Auckland Council - for operating expenditure	15,300	10,428	15,300	10,428
Funding from Auckland Council - for capital expenditure	11,868	-	11,868	-
Other income	360	-	360	-
Total rental and other revenue	58,848	35,816	60,782	37,531

4. Other gains/(losses)

	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Fair value increase / (decrease) on investment property (note 16)	32,973	52,135	32,973	52,135
Net foreign exchange (losses) / gains	(2)	(3)	(2)	(3)
Total other gains/(losses)	32,971	52,132	32,971	52,132

5. Personnel costs

	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Salaries and wages	13,419	6,293	14,527	7,262
Increase / (decrease) in employee entitlements	97	57	102	67
Defined contribution plan employer contributions *	302	149	327	172
Other	317	181	362	220
Total personnel costs	14,135	6,680	15,318	7,721

* Employer contributions to defined contribution plans includes contributions to Kiwisaver.

6. Other expenses

	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Fees paid to Audit NZ for audit of the financial statements and statement of service performance	200	143	231	176
Fees paid to Audit NZ for review of the half year financial reporting pack to Auckland Council	16	12	16	12
Directors' fees and expenses	561	404	563	404
Lease payments under operating leases	1,099	698	1,106	707
Professional services	6,164	3,764	5,881	3,557
Repairs and maintenance	4,402	3,554	5,727	6,623
Utilities and occupancy	3,534	4,109	4,387	4,944
Impairment of receivables	33	(50)	33	(50)
Amortisation of redeemable preference shares (note 13)	133	114	-	-
Other operating expenses	8,190	7,582	7,048	6,141
Total other expenses	24,332	20,330	24,992	22,514

7. Income tax

	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Components of income tax:				
Current tax	-	-	11	15
Deferred tax	(1,041)	(1,247)	(1,104)	(1,310)
Income tax (benefit) / expense	(1,041)	(1,247)	(1,093)	(1,295)
Relationship between income tax and accounting surplus / (deficit):				
Surplus / (deficit) before tax	43,958	51,129	43,816	49,395
Less net (surplus) / deficit from non-taxable activities	-	-	(135)	1,495
Taxable surplus / (deficit) before tax	43,958	51,129	43,681	50,890
Prima facie income tax at 28%	12,308	14,316	12,231	14,249
Prior period adjustment	87	(303)	97	(287)
Taxation effect of permanent differences	(12,131)	(14,517)	(12,131)	(14,517)
Loss offset *	(1,305)	(743)	(1,290)	(740)
Income tax	(1,041)	(1,247)	(1,093)	(1,295)

* Development Auckland and its subsidiaries are part of a tax group with its shareholder Auckland Council and other subsidiaries of Auckland Council.

8. Deferred tax liabilities

	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Deferred tax assets				
Deferred tax assets to be recovered after more than 12 months	8,079	4,546	8,079	4,546
Deferred tax assets to be recovered within 12 months	367	184	367	184
Deferred tax assets	8,446	4,730	8,446	4,730
Deferred tax liabilities				
Deferred tax liabilities to be recovered after more than 12 months	(11,086)	(6,852)	(11,094)	(6,923)
Deferred tax liabilities to be recovered within 12 months	-	-	-	-
Deferred tax liabilities	(11,086)	(6,852)	(11,094)	(6,923)
Deferred tax assets / (liabilities)	(2,640)	(2,122)	(2,648)	(2,193)

	Property, plant and equipment \$000	Other \$000	Total \$000
Parent			
Balance at 1 June 2014	(6,282)	4,774	(1,508)
Charged to surplus/(deficit) component of statement of comprehensive income	1,291	(44)	1,247
Charged to other comprehensive income	(1,861)	-	(1,861)
Balance at 30 June 2015	(6,852)	4,730	(2,122)
Balance at 1 June 2015	(6,852)	4,730	(2,122)
Charged to surplus/(deficit) component of Statement of Comprehensive Income	1,007	34	1,041
Charged to other comprehensive income	(1,559)	-	(1,559)
Balance at 30 June 2016	(7,404)	4,764	(2,640)
Group			
Balance at 1 June 2014	(6,464)	4,822	(1,642)
Charged to surplus / (deficit) component of statement of comprehensive income	1,348	(38)	1,310
Charged to other comprehensive income	(1,861)	-	(1,861)
Balance at 30 June 2015	(6,977)	4,784	(2,193)
Balance at 1 June 2015	(6,977)	4,784	(2,193)
Charged to surplus / (deficit) component of statement of comprehensive income	1,064	40	1,104
Charged to other comprehensive income	(1,559)	-	(1,559)
Balance at 30 June 2016	(7,472)	4,824	(2,648)

9. Cash and cash equivalents

	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Cash at bank and in hand	3,273	3,278	5,712	5,133
Total cash and cash equivalents	3,273	3,278	5,712	5,133

10. Debtors and other receivables - current

	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Debtors	2,371	1,978	2,371	1,978
Less provision for doubtful debts	(47)	(17)	(47)	(17)
Net debtors	2,324	1,961	2,324	1,961
Accrued receivables *	362	276	362	276
Sundry receivables	26	-	26	-
Related party receivables	32,510	18,326	32,510	18,326
Goods and services tax	-	49	-	49
Prepayments *	2,517	2,316	165	100
Total debtors and other receivables - current	37,739	22,928	35,387	20,712
Receivables from exchange transactions	27,879	19,871	25,527	17,655
Receivables from non exchange transactions	9,860	3,057	9,860	3,057
Total debtors and other receivables - current	37,739	22,928	35,387	20,712

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

a) Impairment of debtors

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

	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Current	1,957	604	1,957	604
Past due 1 - 60 days	292	1,348	292	1,348
Past due 61+ days	75	9	75	9
Balance at 30 June	2,324	1,961	2,324	1,961

At each period end, all overdue receivables are assessed for impairment and appropriate provisions applied. A doubtful debts provision of \$47,000 has been recognised at 30 June 2016 (2015: \$17,000).

Movements in the provision for impairment of receivables are as follows:

	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Balance at 1 July	17	83	17	83
Additional provisions made during the year	30	-	30	-
Unused provisions reversed during the year	-	(54)	-	(54)
Receivables written off during the period	-	(12)	-	(12)
Balance at 30 June	47	17	47	17

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 35 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 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Accrued receivables	639	453	639	453
Prepayments	1,374	627	1,374	627
Total debtors and other receivables - non-current	2,013	1,080	2,013	1,080
Receivables from exchange transactions	2,013	1,080	2,013	1,080
Receivables from non exchange transactions	-	-	-	-
Total debtors and other receivables - non-current	2,013	1,080	2,013	1,080

12. Tax receivables

	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Excess of tax paid for current period over amount due	9	-	28	19
Total current tax receivable	9	-	28	19

13. Other non-current assets

	Parent Actual 2016 \$000	Parent Actual 2015 \$000
Balance at 1 July	1,436	1,350
Purchased during the year	450	200
Amortisation expense	(133)	(114)
Balance at 30 June	1,753	1,436

This balance represents the value of the redeemable preference shares that Panuku Auckland 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 20 of the available 23 berth shares (2015: 18).

14. Property, plant and equipment

Parent

	1 July 2015			Current year movements					30 June 2016		
	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	62,825	-	62,825	-	-	(4,783)	-	9,063	67,105	-	67,105
Buildings	18,054	(755)	17,299	-	-	188	(801)	1,617	18,303	-	18,303
Works of art	791	-	791	-	-	-	-	-	791	-	791
Plant and machinery	11,635	(3,794)	7,841	-	-	-	(968)	-	11,635	(4,762)	6,873
Computer equipment	2,092	(2,091)	1	-	-	-	(1)	-	2,092	(2,092)	-
Furniture, fittings and equipment	1,105	(876)	229	4	-	20	(55)	-	1,129	(931)	198
Wharves	66,376	-	66,376	-	-	-	(2,373)	-	66,376	(2,373)	64,003
Marinas	60,971	(1,918)	59,053	-	-	579	(1,731)	3,952	61,853	-	61,853
Drainage	3,083	(145)	2,938	-	-	-	(43)	-	3,083	(188)	2,895
Civil structures	54,165	(7,029)	47,136	-	-	2,041	(2,688)	-	56,206	(9,717)	46,489
Capital work in progress	2,428	-	2,428	22,072	-	(21,869)	-	-	2,631	-	2,631
Total Parent property, plant and equipment	283,525	(16,608)	266,917	22,076	-	(23,824)	(8,660)	14,632	291,204	(20,063)	271,141

	1 July 2014			Prior year movements					30 June 2015		
	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	62,825	-	62,825	-	-	-	-	-	62,825	-	62,825
Buildings	18,054	-	18,054	-	-	-	(755)	-	18,054	(755)	17,299
Works of art	615	-	615	-	-	176	-	-	791	-	791
Plant and machinery	11,635	(2,826)	8,809	-	-	-	(968)	-	11,635	(3,794)	7,841
Computer equipment	2,092	(2,006)	86	-	-	-	(85)	-	2,092	(2,091)	1
Furniture, fittings and equipment	1,105	(779)	326	-	-	-	(97)	-	1,105	(876)	229
Wharves	65,786	(4,001)	61,785	-	-	-	(2,056)	6,647	66,376	-	66,376
Marina	58,860	-	58,860	-	-	2,111	(1,918)	-	60,971	(1,918)	59,053
Drainage	3,083	(102)	2,981	-	-	-	(43)	-	3,083	(145)	2,938
Civil structures	29,412	(4,515)	24,897	2,227	-	22,526	(2,514)	-	54,165	(7,029)	47,136
Capital work in progress	18,147	-	18,147	20,870	-	(36,589)	-	-	2,428	-	2,428
Total Parent property, plant and equipment	271,614	(14,229)	257,385	23,097	-	(11,776)	(8,436)	6,647	283,525	(16,608)	266,917

* Net transfers to / (from) property, plant and equipment, intangible assets 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.

Group

	1 July 2015			Current year movements					30 June 2016		
	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	62,825	-	62,825	-	-	(4,783)	-	9,063	67,105	-	67,105
Buildings	18,054	(755)	17,299	-	-	188	(801)	1,617	18,303	-	18,303
Works of art	791	-	791	-	-	-	-	-	791	-	791
Plant and machinery	11,635	(3,794)	7,841	-	-	-	(968)	-	11,635	(4,762)	6,873
Computer equipment	2,092	(2,091)	1	-	-	-	(1)	-	2,092	(2,092)	-
Furniture, fittings and equipment	1,105	(876)	229	4	-	20	(55)	-	1,129	(931)	198
Wharves	66,376	-	66,376	-	-	-	(2,373)	-	66,376	(2,373)	64,003
Marina	65,501	(2,889)	62,612	-	-	579	(2,055)	3,952	65,088	-	65,088
Drainage	3,083	(145)	2,938	-	-	-	(43)	-	3,083	(188)	2,895
Civil structures	54,165	(7,029)	47,136	-	-	2,041	(2,688)	-	56,206	(9,717)	46,489
Capital work in progress	2,428	-	2,428	22,072	-	(21,869)	-	-	2,631	-	2,631
Total Group property, plant and equipment	288,055	(17,579)	270,476	22,076	-	(23,824)	(8,984)	14,632	294,439	(20,063)	274,376

	1 July 2014			Prior year movements					30 June 2015		
	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	62,825	-	62,825	-	-	-	-	-	62,825	-	62,825
Buildings	18,054	-	18,054	-	-	-	(755)	-	18,054	(755)	17,299
Works of art	615	-	615	-	-	176	-	-	791	-	791
Plant and machinery	11,720	(2,911)	8,809	-	-	-	(968)	-	11,635	(3,794)	7,841
Computer equipment	2,092	(2,006)	86	-	-	-	(85)	-	2,092	(2,091)	1
Furniture, fittings and equipment	1,105	(779)	326	-	-	-	(97)	-	1,105	(876)	229
Wharves	65,786	(4,001)	61,785	-	-	-	(2,056)	6,647	66,376	-	66,376
Marina	63,390	(647)	62,743	-	-	2,111	(2,242)	-	65,501	(2,889)	62,612
Drainage	3,083	(102)	2,981	-	-	-	(43)	-	3,083	(145)	2,938
Civil structures	29,412	(4,515)	24,897	2,227	-	22,526	(2,514)	-	54,165	(7,029)	47,136
Capital work in progress	18,147	-	18,147	20,870	-	(36,589)	-	-	2,428	-	2,428
Total Group property, plant and equipment	276,229	(14,961)	261,268	23,097	-	(11,776)	(8,760)	6,647	288,055	(17,579)	270,476

* Net transfers to / (from) property, plant and equipment, intangible assets 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.

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	Valuer name
Land	30-Jun-16	46,050	Adjusted urban fringe	Jones Lang LaSalle	Arthur Harris, registered valuer
Land	30-Jun-16	21,055	Discounted cash flow	Seagar and Partners	Chris Seagar, registered valuer
Buildings	30-Jun-16	17,008	Optimised depreciated replacement cost	Jones Lang LaSalle	Arthur Harris, registered valuer
Buildings	30-Jun-16	1,295	Optimised depreciated replacement cost	Seagar and Partners	Chris Seagar, registered valuer
Marinas	30-Jun-16	61,853	Discounted cash flow	Seagar and Partners	Chris Seagar, registered valuer
Wharves	30-Jun-15	59,366	Optimised depreciated replacement cost and Sales comparison	Beca Valuations	Peter Erceg, registered valuer
Wharves	30-Jun-15	7,010	Discounted cash flow	Jones Lang LaSalle	Arthur Harris, registered valuer

15. Intangible assets

Group and Parent

	1 July 2015			Current year movements		30 June 2016		
	Cost / revaluation	Accumulated amortisation & impairment charges	Carrying amount	Transfers	Amortisation	Cost / revaluation	Accumulated amortisation & impairment charges	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Computer software	1,007	(925)	82	-	(58)	1,007	(983)	24
Total intangible assets	1,007	(925)	82	-	(58)	1,007	(983)	24

	1 July 2014			Prior year movements		30 June 2015		
	Cost / revaluation	Accumulated amortisation & impairment charges	Carrying amount	Transfers	Amortisation	Cost / revaluation	Accumulated amortisation & impairment charges	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Computer software	1,007	(712)	295	-	(213)	1,007	(925)	82
Total intangible assets	1,007	(712)	295	-	(213)	1,007	(925)	82

There are no restrictions over the title of the company's intangible assets nor are any intangible assets pledged as security for liabilities.

16. Investment properties

	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Opening balance	344,458	280,546	344,458	280,546
Transfers from Property Plant and Equipment (land class)	4,800	-	4,800	-
Transfers from Property Plant and Equipment (work in progress)	19,023	11,777	19,023	11,777
Book value prior to revaluation	368,281	292,323	368,281	292,323
Values per independent valuations	380,822	328,715	380,822	328,715
Prepaid rental income	20,432	15,743	20,432	15,743
Fair value as at 30 June	401,254	344,458	401,254	344,458
Fair Value increase/(decrease)	32,973	52,135	32,973	52,135
Rental revenue	13,312	9,504	13,312	9,504
Expenses	4,478	3,544	4,478	3,544

Development Auckland'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 and/or reviewed Tonkin and Taylor Limited, MPM Projects Limited and Beca Limited.

The CBRE valuations include land which is the subject of development agreements and agreements to lease between Development Auckland 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 2016 \$000	Value 2015 \$000
Seagar and Partners (Auckland) Limited	276,830	216,905
CBRE Limited	103,992	99,900
Jones Lang LaSalle	-	11,910
Total valuation	380,822	328,715

17. 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 % 2015	Control % 2016
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
Development Auckland 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 2016 \$000	Parent Actual 2015 \$000
Westhaven Marina Limited	446	446
Downtown Marinas Limited	-	-
Westhaven (Existing Marina) Trust	-	-
Westhaven (Marina Extension) Trust	-	-
Total investment in subsidiaries	446	446
Investments in subsidiaries have been tested for impairment. No adjustment was required.		

18. Business combinations

During 2015, Auckland Council undertook a review of the existing CCOs to determine whether there was a need for change to better align the CCO's activities to the goals of Council. In June 2015, following the review and public consultation during the 2015-2025 Long-term Plan process, the Auckland Council Governing Body resolved to amalgamate Auckland Waterfront Development Agency Limited (Waterfront Auckland) and Auckland Council Property Limited (ACPL) into one entity to take effect from 1 September 2015.

For legal purposes, the merger took the form of a short-form amalgamation under the Companies Act 1993. Waterfront Auckland was the surviving entity and changed its name to Development Auckland Limited on 1 September 2015. As most of the activities undertaken by ACPL were done on behalf of Auckland Council, the assets, liabilities and equity of ACPL as a separate company are not material and had minimal impact on the Statement of Financial Position of Development Auckland.

	Fair Value at acquisition date (1 September 2015) \$000
Assets	
Cash and cash equivalents	376
Trade receivables	2,441
Total Assets	2,817
Liabilities	
Trade payables	2,817
Total Liabilities	2,817
Total identifiable net assets at fair value	-
Purchase consideration transferred	-

19. Creditors and other payables - current

	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Creditors	3,494	1,998	3,492	1,996
Accrued expenses *	16,895	4,228	16,926	4,259
Deposits and bonds	13	5	13	5
Related party payables	5,634	6,343	1,707	2,653
Goods and services tax	431	-	431	-
Revenue in advance	1,767	1,294	3,882	3,372
Total creditors and other payables - current	28,234	13,868	26,451	12,285
Payables from exchange transactions	16,691	13,868	14,908	12,285
Payables from non exchange transactions	11,543	-	11,543	-
Total creditors and other payables - current	28,234	13,868	26,451	12,285

* The 2016 accrued expenses includes a one-off amount for settlement of legal action as disclosed in note 31 Contingencies.

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.

20. Creditors and other payables - non-current

	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Related party payables	446	446	-	-
Revenue in advance *	21,153	16,032	21,153	16,032
Total creditors and other payables - non-current	21,599	16,478	21,153	16,032
Payables from exchange transactions	21,599	16,478	21,153	16,032
Payables from non exchange transactions	-	-	-	-
Total creditors and other payables - non-current	21,599	16,478	21,153	16,032

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 29 (c).

21. Employee entitlements

	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Accrued salaries and wages	623	304	623	304
Annual leave	961	530	961	530
Total employee entitlements	1,584	834	1,584	834

22. Other current liabilities

		Group Actual 2016 \$000	Group Actual 2015 \$000
Balance at 1 July		960	792
Contributions during the year		367	351
Utilised during the year		-	(183)
Balance at 30 June		1,327	960

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.

23. Borrowings

	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Secured loans - current	23,000	-	23,000	-
Secured loans - non-current	-	23,000	-	23,000
Total borrowings	23,000	23,000	23,000	23,000

Development Auckland's borrowings of \$23 million is fixed rate debt from Auckland Council.

Development Auckland's borrowings are secured by a security interest over all of the personal property and a fixed charge over all of the non-personal property subject to a general security deed.

Development Auckland has entered into a Credit Facility Agreement with Auckland Council. At balance date the debt consists of two tranches, each subject to different repayment terms and interest rates which are disclosed below.

	Fixed Interest Rate			Total \$000
	1 Year or Less \$000	1 and 2 Years \$000	2 to 3 Years \$000	
2016 Parent and Group				
Secured loans	23,000	-	-	23,000
Weighted average interest rate	5.10%	0.00%	0.00%	
2015 Parent and Group				
Secured loans	-	23,000	-	23,000
Weighted average interest rate	0.00%	5.10%	0.00%	

24. Other non-current liabilities

	Group Actual 2016 \$000	Group Actual 2015 \$000
Balance at 1 July	246	482
Purchased by Development Auckland therefore no longer a group liability	(450)	(200)
Amortisation revenue	243	(36)
Balance at 30 June	39	246

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. Development Auckland owns 20 of the available 23 berth shares (2015: 18).

25. Contributed equity

a) Share capital

	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Balance at 1 July	468,489	340,489	470,722	342,722
Shares issued during the year	-	128,000	-	128,000
Balance at 30 June	468,489	468,489	470,722	470,722

b) Movements in ordinary shares

	Parent Actual 2016 # of shares	Parent Actual 2015 # of shares	Group Actual 2016 # of shares	Group Actual 2015 # of shares
Opening balance of ordinary shares issued	1,100	1,000	1,100	1,000
Share issue	-	100	-	100
Closing balance of ordinary shares issued	1,100	1,100	1,100	1,100

26. Accumulated funds

	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Balance at 1 July	74,451	25,229	72,897	25,361
Surplus/(deficit) for the year	44,999	52,376	44,909	50,690
Net transfer to maintenance reserves	(154)	(154)	(154)	(154)
Dividends paid	(1,800)	(3,000)	(1,800)	(3,000)
Balance at 30 June	117,496	74,451	115,852	72,897
Dividend per share	\$1,636.36	\$2,727.27	\$1,636.36	\$2,727.27

27. Reserves

	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Asset revaluation reserves	53,590	40,517	54,998	41,925
Maintenance reserves	1,020	866	1,020	866
Total reserves	54,610	41,383	56,018	42,791

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

	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Asset revaluation reserves				
Balance at 1 July	40,517	35,731	41,925	37,139
Revaluation gains/(losses)	14,632	6,647	14,632	6,647
Deferred tax on revaluation	(1,559)	(1,861)	(1,559)	(1,861)
Transferred to surplus or deficit	-	-	-	-
Balance at 30 June	53,590	40,517	54,998	41,925

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.

	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Maintenance reserves				
Balance at 1 July	866	712	866	712
Net transfer from accumulated funds	154	154	154	154
Balance at 30 June	1,020	866	1,020	866

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 in 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.

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

	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Surplus / (deficit) after tax	44,999	52,376	44,909	50,690
Add / (less) non-cash items:				
Depreciation and amortisation expense	8,718	8,650	9,042	8,973
Amortisation of redeemable preference shares	133	114	242	(35)
Fair value (increase) / decrease on investment property	(32,973)	(52,135)	(32,973)	(52,135)
Movement in deferred tax through surplus/(deficit)	(1,041)	(1,247)	(1,104)	(1,310)
Add/(less) items classified as investing or financing activities				
Capital expenditure funding from Auckland Council recognised as revenue	(11,868)	(1,966)	(11,868)	(1,966)
Add / (less) movements in working capital items:				
Debtors and other receivables (excluding related party)	(1,556)	(537)	(1,420)	(564)
Investing activities included in debtors and other receivables	23	-	23	-
Inventories	-	29	-	29
Creditors and other payables (excluding related party)	20,194	(274)	20,232	(303)
Investing activities included in creditors and other payables	(2,832)	106	(2,832)	106
Related party receivables and payables	(14,893)	(107,718)	(15,130)	(107,373)
Financing activities included in related party receivables and payables	14,591	107,828	14,591	107,828
Current tax	(9)	-	(9)	18
Other current liabilities	-	-	367	168
Employee entitlements	750	110	750	110
Net cash inflow / (outflow) from operating activities	24,236	5,336	24,820	4,236

29. Capital commitments and operating leases

a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Investment property	16,933	3,688	16,933	3,688
Property, plant and equipment	2,631	2,953	2,631	2,953
Total capital commitments	19,564	6,641	19,564	6,641

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.

b) Operating leases as lessee

The Group leases two properties & 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 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Less than one year	1,248	970	1,248	970
Between one and five years	1,376	2,041	1,376	2,041
More than five years	1,706	2,031	1,706	2,031
Total non-cancellable operating leases as lessee	4,330	5,042	4,330	5,042

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 Development Auckland 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 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Less than one year	8,641	7,819	8,641	7,819
Between one and five years	30,416	25,540	30,416	25,540
More than five years	42,628	41,741	42,628	41,741
Total non-cancellable operating leases as lessor	81,685	75,100	81,685	75,100

No contingent rents have been recognised in the statements 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 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Less than one year	508	236	508	236
Between one and five years	2,533	943	2,533	943
More than five years	18,620	15,089	18,620	15,089
Total non-cancellable operating leases as lessor (prepaid)	21,661	16,268	21,661	16,268

30. Related party transactions

The group contains subsidiaries as set out in note 17. Auckland Council is the ultimate parent of the Group as outlined in note 1. Auckland Council has other CCOs that Development Auckland has transacted with during the period including Auckland Transport, Regional Facilities Auckland, Auckland Tourism Events and Economic Development Limited and Watercare Limited. In addition Development Auckland 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 Interim 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 Development Auckland would have adopted in dealing with the party at arm's length in the same circumstances.

31. Contingencies

At 30 June 2015, Development Auckland disclosed a contingency regarding legal action with a former tenant. In August 2015 the Court of Appeal found in favour of Development Auckland and in October 2015 Development Auckland received the agreed compensation, including costs, of \$11.1m from the former tenant. The former tenant appealed the decision to the Supreme Court and in July 2016 the Supreme Court found in favour of the former tenant. The amount repayable to the former tenant of \$11.5m is shown as an accrued expense in note 19 Creditors and other payables - current.

32. Events occurring after balance date

The investment property fair values included in these financial statements are based on the planning regime in place at 30 June 2016. On 22 July 2016 the Auckland Unitary Plan Independent Hearings Panel handed its recommendations on the Proposed Unitary Plan to Auckland Council. These recommendations included a change to the planning controls within the Wynyard Quarter, which would reduce the height and floor area allowance across the land, and reduce the development potential of the sites. The estimated impact of these recommendations to the investment property is a decrease in fair value of approximately \$75 million. On 17 August 2016 Auckland Council chose to adopt an alternative to the proposed plan for Wynyard Quarter in line with the regime in place at 30 June 2016. This alternative plan is now open to Environment Court appeals.

33. Remuneration

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

	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Key management personnel remuneration				
Senior Leadership Team (7 FTE)	2,317	1,747	2,317	1,747
Board of Directors - Development Auckland Limited (2.25 FTE) *	529	347	529	347
Board of Directors - Westhaven Marina Limited	21	-	21	-
Board of Directors - Downtown Marinas Limited	-	-	2	-
Total key management personnel remuneration	2,867	2,094	2,869	2,094

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

a) Senior Leadership Team Remuneration

	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Salary and other short-term employee benefits	2,317	1,747	2,317	1,747
Total Senior Leadership Team remuneration	2,317	1,747	2,317	1,747

b) Board of Directors Remuneration - Development Auckland Limited

	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Current directors				
Richard Aitken (appointed 1 Sep 2015 - Chair from May 2016)	63	-	63	-
Sir John Wells (appointed 1 Sep 2015 - Chair Sep 2015 to Apr 2016)	82	-	82	-
Richard Leggat (appointed 1 Nov 2014 - Chair Jul 2015 to Aug 2015)	63	28	63	28
Anne Blackburn (appointed 1 Sep 2015)	50	-	50	-
Evan Davies (appointed 6 Dec 2010)	57	41	57	41
Susan Macken (appointed 1 Nov 2014)	52	26	52	26
Paul Majurey (appointed 1 Sep 2015)	50	-	50	-
Mike Pohio (appointed 1 Sep 2015)	45	-	45	-
Martin Udale (appointed 1 Sep 2015)	44	-	44	-
Directors now retired				
Sir Robert Harvey (retired 30 June 2015)	-	83	-	83
Ngarimu Blair (retired 31 Aug 2015)	7	41	7	41
Christine Caughey (retired 31 Aug 2015)	8	47	8	47
Terry Kayes (retired 31 Aug 2015)	8	47	8	47
Adrienne Young-Cooper (retired 31 Oct 2014)	-	17	-	17
Kerry Stotter (retired 31 Oct 2014)	-	17	-	17
Total Board remuneration - Development Auckland	529	347	529	347

b) Board of Directors Remuneration - Westhaven Marina Limited

	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Stephen Mills (appointed 4 Sep 2014)	15	18	15	18
Terry Kayes (appointed 1 Nov 2010)	6	-	6	-
Richard Leggat (appointed 1 Jul 2015)	-	-	-	-
Adrienne Young-Cooper (retired 31 Oct 2014)	-	-	-	-
Total Board remuneration - Westhaven Marina Limited	21	18	21	18

Remuneration for directors of Westhaven Marina Limited is paid by Development Auckland Limited.

c) Board of Directors Remuneration - Downtown Marinas Limited

	Parent Actual 2016 \$000	Parent Actual 2015 \$000	Group Actual 2016 \$000	Group Actual 2015 \$000
Terry Kayes (appointed 1 Nov 2010)	-	-	2	-
Richard Leggat (appointed 1 Jul 2015)	-	-	-	-
Adrienne Young-Cooper (retired 31 Oct 2014)	-	-	-	-
Total Board remuneration - Downtown Marinas Limited	-	-	2	-

d) Employee Remuneration

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

This table shows remuneration paid to staff members in the year. Waterfront Auckland merged with Auckland Council Property Limited on 1 September 2015, therefore 13 staff included below who joined the company from the merger are represented with 10 months of their annual salary and they are not included in the 2015 comparatives. If the remuneration paid to staff in July and August 2015 while employed by Auckland Council Property Limited was taken into account, the total number of staff disclosed in this table for 2016 would increase from 39 to 46.

Amount received	Number of Employees	
	2016	2015
\$100,000-\$109,999	6	5
\$110,000-\$119,999	4	1
\$120,000-\$129,999	4	1
\$130,000-\$139,999	4	3
\$140,000-\$149,999	3	1
\$150,000-\$159,999	2	1
\$160,000-\$169,999	-	1
\$170,000-\$179,999	4	1
\$180,000-\$189,999	3	1
\$190,000-\$199,999	1	1
\$200,000-\$209,999	-	-
\$210,000-\$219,999	1	-
\$220,000-\$229,999	-	-
\$230,000-\$239,999	-	-
\$240,000-\$249,999	-	-
\$250,000-\$259,999	1	-
\$260,000-\$269,999	-	2
\$270,000-\$279,999	-	-
\$280,000-\$289,999	-	-
\$290,000-\$299,999	1	-
\$300,000-\$309,999	1	1
\$310,000-\$319,999	-	1
\$320,000-\$329,999	2	-
\$330,000-\$339,999	-	-
\$340,000-\$349,999	1	-
\$450,000-\$459,999	-	1
\$580,000-\$589,999	1	-
Total employees who received \$100,000 or more	39	21

34. Financial risk management

Development Auckland 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. Development Auckland'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	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Financial assets				
Cash and cash equivalents	3,273	3,278	3,273	3,278
<i>Loans and receivables</i>				
Debtors and other receivables	35,861	21,016	35,861	21,016
Total financial assets	39,134	24,294	39,134	24,294
Financial liabilities				
<i>Financial liabilities at amortised cost</i>				
Creditors and other payables	26,482	13,020	26,482	13,020
Borrowings	23,000	23,000	23,000	23,000
Total financial liabilities	49,482	36,020	49,482	36,020
Net financial assets / (liabilities)	(10,348)	(11,726)	(10,348)	(11,726)

ii) Carrying amount and fair value of financial assets and liabilities of the Group

	Carrying amount		Fair value	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Financial assets				
Cash and cash equivalents	5,712	5,133	5,712	5,133
<i>Loans and receivables</i>				
Debtors and other receivables	35,861	21,016	35,861	21,016
Total financial assets	41,573	26,149	41,573	26,149
Financial liabilities				
<i>Financial liabilities at amortised cost</i>				
Creditors and other payables	22,138	8,913	22,138	8,913
Borrowings	23,000	23,000	23,000	23,000
Total financial liabilities	45,138	31,913	45,138	31,913
Net financial assets / (liabilities)	(3,565)	(5,764)	(3,565)	(5,764)

b) Liquidity risk

Contractual maturity analysis of financial assets and liabilities.

The table below analyses Development Auckland'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
30 June 2016								
Financial assets								
Cash and cash equivalents	3,273	-	-	-	-	-	3,273	3,273
Debtors and other receivables	-	35,474	36	59	172	120	35,861	35,861
Total financial assets	3,273	35,474	36	59	172	120	39,134	39,134
Financial liabilities								
Creditors and other payables	-	26,482	-	-	-	-	26,482	26,482
Borrowings	-	591	23,340	-	-	-	23,931	23,000
Total financial liabilities	-	27,073	23,340	-	-	-	50,413	49,482
30 June 2015								
Financial assets								
Cash and cash equivalents	3,278	-	-	-	-	-	3,278	3,278
Debtors and other receivables	14,725	5,832	36	72	174	177	21,016	21,016
Total financial assets	18,003	5,832	36	72	174	177	24,294	24,294
Financial liabilities								
Creditors and other payables	446	12,574	-	-	-	-	13,020	13,020
Borrowings	-	591	585	23,931	-	-	25,107	23,000
Total financial liabilities	446	13,165	585	23,931	-	-	38,127	36,020

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
30 June 2016								
Financial assets								
Cash and cash equivalents	5,712	-	-	-	-	-	5,712	5,712
Debtors and other receivables	-	35,474	36	59	172	120	35,861	35,861
Total financial assets	5,712	35,474	36	59	172	120	41,573	41,573
Financial liabilities								
Creditors and other payables	-	22,138	-	-	-	-	22,138	22,138
Borrowings	-	591	23,340	-	-	-	23,931	23,000
Total financial liabilities	-	22,729	23,340	-	-	-	46,069	45,138
30 June 2015								
Financial assets								
Bank deposits	5,133	-	-	-	-	-	5,133	5,133
Debtors and other receivables	14,725	5,832	36	72	174	177	21,016	21,016
Total financial assets	19,858	5,832	36	72	174	177	26,149	26,149
Financial liabilities								
Creditors and other payables	-	8,913	-	-	-	-	8,913	8,913
Borrowings	-	591	585	23,931	-	-	25,107	23,000
Total financial liabilities	-	9,504	585	23,931	-	-	34,020	31,913

35. Capital management

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

Development Auckland 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.

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

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

	Parent 2016 \$000	Parent 2015 \$000
Equity	640,595	584,323
Total assets	717,652	640,625
Equity to total assets	89%	91%

36. Explanation of major variances to budget

As a CCO, Development Auckland 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.

Statement of Comprehensive Revenue and Expense

	Group Actual 2016 \$000	Group Budget 2016 \$000	Favourable / (unfavourable) variance \$000	Notes
Revenue				
Rental and other revenue	60,782	70,760	(9,978)	1
Interest income	589	60	529	
Other gains / (losses)	32,971	-	32,971	2
Total income	94,342	70,820	23,522	
Expenses				
Personnel	15,318	15,087	(231)	
Depreciation and amortisation	9,042	10,678	1,636	
Interest expense	1,174	2,609	1,435	
Other operating expenses	24,992	28,609	3,617	3
Total expenditure	50,526	56,983	6,457	4
Surplus / (deficit) before tax	43,816	13,837	29,979	
Income tax (benefit) / expense	(1,093)	-	1,093	2
Surplus / (deficit) after tax	44,909	13,837	31,072	
Other comprehensive revenue and expense				
Gains on revaluation of property, plant and equipment	14,632	-	14,632	2
Tax on revaluation gains	(1,559)	-	(1,559)	2
Total other comprehensive income	13,073	-	13,073	
Total comprehensive income	57,982	13,837	44,145	

Notes

- Capital expenditure funding was budgeted at \$21.535m for the year. The actual revenue recognised was \$11.868m as some capital expenditure projects are deferred to future years.
- Development Auckland does not budget for non-cash revaluations of investment property, revaluations of property, plant and equipment and related movements in deferred tax.
- The budget assumed that interest would be paid on some of the capital expenditure funding from Council. This funding was instead offset by amounts receivable from Auckland Council and no interest was charged.
- The budget does not eliminate intra-entity transactions between Development Auckland and its subsidiaries. If these were eliminated, the actual operating expenses would be \$0.9m lower than budget.





23 September 2016

David Walker
 Director
 Audit New Zealand
 PO Box 1165
 Auckland 1140

Dear David

Letter of representation for the year ended 30 June 2016

This representation letter is provided in connection with your audit, carried out on behalf of the Auditor-General, of the financial statements and performance information of Development Auckland Limited (the company) and group, comprising the company and its subsidiaries for the year ended 30 June 2016.

We understand that your audit was carried out in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the International Standards on Auditing (New Zealand). We also understand that your examination was (to the extent that you deemed appropriate) for the objective of:

- providing an independent opinion on whether the company and group's financial statements:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2016; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with PBE International Public Sector Accounting Standards; and
- providing an independent opinion on whether the performance information of the company presents fairly, in all material respects, the company and group's achievements measured against the performance targets adopted for the year ended 30 June 2016; and
- reporting on other matters relevant to the company and group's financial and other management systems that come to your attention and are material (for example, compliance with statutory obligations or probity).

General responsibilities

We acknowledge the following responsibilities, and to the best of our knowledge and belief:

P + 64 9 336 8820
 www.panuku.co.nz

Development Auckland
 Level 2, Pier 21 Building,
 11 Westhaven Drive, Freemans Bay.

PO Box 90343, Victoria Street West,
 Tamaki Makaurau | Auckland 1142,
 New Zealand

- the resources and activities under our control have been operating effectively and efficiently;
- we have complied with our statutory obligations including laws, regulations and contractual requirements;
- we have carried out our decisions and actions with due regard to minimising waste;
- we have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector (that is, we have carried out our decisions and actions with due regard to probity); and
- any decisions or actions have been taken with due regard to financial prudence.

We also acknowledge that we have responsibility for designing, implementing, and maintaining internal control (to the extent that is reasonably practical given the size of the company) to prevent and detect fraud.

Responsibilities for the financial statements and performance information

We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements and performance information, and that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have fulfilled our responsibilities for preparing and presenting the financial statements and performance information as required by:
 - Local Government Act 2002; and
 - Companies Act 1993;
- we have appropriately considered the implications of public benefit entity (PBE) accounting standards and the company is correctly classified as a Tier 1 reporting entity;
- we consider the company and group's financial statements:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2016; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with PBE International Public Sector Accounting Standards;
- we consider the performance information of the company presents fairly, in all material respects, the company and group's achievements measured against the performance targets adopted for the year ended 30 June 2016;

- we believe the significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable;
- we have appropriately accounted for and disclosed related party relationships and transactions in the financial statements and performance information;
- all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and performance information have been disclosed to you and have been accounted for and disclosed in accordance with generally accepted accounting practice;
- we have adjusted or disclosed all events subsequent to the date of the financial statements and performance information that require adjustment or disclosure;
- we are aware that you have not identified any misstatements to the financial statements and performance information during the course of your audit that have not been adjusted; and
- we are aware that you have not identified any disclosures that have been omitted from the financial statements and performance information during the course of your audit that have not been adjusted.

Responsibilities to provide information

We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have provided you with:
 - all information, such as records and documentation, and other matters that are relevant to preparing and presenting the financial statements and performance information; and
 - unrestricted access to persons within the company from whom you determined it necessary to obtain audit evidence;
- we have disclosed to you the results of our assessment of the risk that the financial statements and performance information may be materially misstated as a result of fraud;
- we have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the company and group and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements and performance information;
- we have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the company and group's financial statements and performance information communicated by employees, former employees, analysts, regulators, or others;

- we have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements and performance information; and
- we have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware.

Going concern

We confirm that, to the best of our knowledge and belief, the company and group has adequate resources to continue operations at their current level for the foreseeable future. For this reason, the Board continues to adopt the going concern assumption in preparing the financial statements and performance information for the year ended 30 June 2016. We have reached this conclusion after making enquiries and having regard to circumstances that we consider likely to affect the company during the period of one year from date of signing the financial statements, and to circumstances that we know will occur after that date which could affect the validity of the going concern assumption.

We consider that the financial statements and performance information adequately disclose the circumstances, and any uncertainties, surrounding the adoption of the going concern assumption by the company and group.

Throughout the year, the company has conformed with the requirements of its banking arrangements, debenture trust deeds, or negative pledge agreements, including those relating to its net tangible assets ratios.

Publication of the financial statements and performance information and related audit report on a website

The Board accepts that it is responsible for the electronic presentation of the audited financial statements and performance information.

The electronic version of the audited financial statements and performance information and the related audit report presented on the website are the same as the final signed version of the audited financial statements and performance information and audit report.

We have clearly differentiated between audited and unaudited information on the website and understand the risk of potential misrepresentation without appropriate controls.

We have assessed the security controls over the audited financial statements and performance information and the related audit report and are satisfied that procedures are adequate to ensure the integrity of the information provided.

Where the audit report on the full financial statements and performance information is provided on a website, the financial statements and performance information are also provided in full.

Sign-off on these representations

The representations in this letter are made at your request, and to supplement information obtained by you from the records of the company and to confirm information given to you orally.

Yours sincerely

Richard Aitken
Chair

Sir John Wells
Deputy Chair

21 September 2016

Board of Directors
Development Auckland Limited
Po Box 90343
Victoria Street West
Auckland 1142

Dear Directors

Letter of representation for the year ended 30 June 2016

This representation letter is provided in connection with the audit, carried out by David Walker of Audit New Zealand on behalf of the Auditor-General, of the financial statements and performance information of Development Auckland Limited (the company) and group, comprising the company and its subsidiaries for the year ended 30 June 2016.

We understand that the audit was carried out in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the International Standards on Auditing (New Zealand). We also understand that the auditors examination was (to the extent that the auditors deemed appropriate) for the objective of:

- providing an independent opinion on whether the company and group's financial statements:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2016; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with PBE International Public Sector Accounting Standards; and
- providing an independent opinion on whether the performance information of the company presents fairly, in all material respects, the company and group's achievements measured against the performance targets adopted for the year ended 30 June 2016; and
- reporting on other matters relevant to the company and group's financial and other management systems that come to the auditors attention and are material (for example, compliance with statutory obligations or probity).

General responsibilities

We acknowledge the following responsibilities, and to the best of our knowledge and belief:

P + 64 9 336 8820
www.panuku.co.nz

Development Auckland
Level 2, Pier 21 Building,
11 Westhaven Drive, Freemans Bay.

PO Box 90343, Victoria Street West,
Tamaki Makaurau | Auckland 1142,
New Zealand

- the resources and activities under our control have been operating effectively and efficiently;
- we have complied with our statutory obligations including laws, regulations and contractual requirements;
- we have carried out our decisions and actions with due regard to minimising waste;
- we have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector (that is, we have carried out our decisions and actions with due regard to probity); and
- any decisions or actions have been taken with due regard to financial prudence.

We also acknowledge that we have responsibility for designing, implementing, and maintaining internal control (to the extent that is reasonably practical given the size of the company) to prevent and detect fraud.

Responsibilities for the financial statements and performance information

We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements and performance information, and that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have fulfilled our responsibilities for preparing and presenting the financial statements and performance information as required by:
 - Local Government Act 2002; and
 - Companies Act 1993;
- we have appropriately considered the implications of public benefit entity (PBE) accounting standards and the company is correctly classified as a Tier 1 reporting entity;
- we consider the company and group's financial statements:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2016; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with PBE International Public Sector Accounting Standards;
- we consider the performance information of the company presents fairly, in all material respects, the company and group's achievements measured against the performance targets adopted for the year ended 30 June 2016;

- we believe the significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable;
- we have appropriately accounted for and disclosed related party relationships and transactions in the financial statements and performance information;
- all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and performance information have been disclosed to the auditors and have been accounted for and disclosed in accordance with generally accepted accounting practice;
- we have adjusted or disclosed all events subsequent to the date of the financial statements and performance information that require adjustment or disclosure;
- we are aware that the auditors have not identified any misstatements to the financial statements and performance information during the course of the audit that have not been adjusted; and
- we are aware that the auditors have not identified any disclosures that have been omitted from the financial statements and performance information during the course of the audit that have not been adjusted.

Responsibilities to provide information

We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have provided the auditors with:
 - all information, such as records and documentation, and other matters that are relevant to preparing and presenting the financial statements and performance information; and
 - unrestricted access to persons within the company from whom the auditors determined it necessary to obtain audit evidence;
- we have disclosed to the auditors the results of our assessment of the risk that the financial statements and performance information may be materially misstated as a result of fraud;
- we have disclosed to the auditors all information in relation to fraud or suspected fraud that we are aware of and that affects the company and group and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements and performance information;
- we have disclosed to the auditors all information in relation to allegations of fraud, or suspected fraud, affecting the company and group's financial statements and performance information communicated by employees, former employees, analysts, regulators, or others;

- we have disclosed to the auditors all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements and performance information; and
- we have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware.

Going concern

We confirm that, to the best of our knowledge and belief, the company and group has adequate resources to continue operations at their current level for the foreseeable future. For this reason, the Board continues to adopt the going concern assumption in preparing the financial statements and performance information for the year ended 30 June 2016. We have reached this conclusion after making enquiries and having regard to circumstances that we consider likely to affect the company during the period of one year from date of signing the financial statements, and to circumstances that we know will occur after that date which could affect the validity of the going concern assumption.

We consider that the financial statements and performance information adequately disclose the circumstances, and any uncertainties, surrounding the adoption of the going concern assumption by the company and group.

Throughout the year, the company has conformed with the requirements of its banking arrangements, debenture trust deeds, or negative pledge agreements, including those relating to its net tangible assets ratios.

Publication of the financial statements and performance information and related audit report on a website

The Board accepts that it is responsible for the electronic presentation of the audited financial statements and performance information.

The electronic version of the audited financial statements and performance information and the related audit report presented on the website are the same as the final signed version of the audited financial statements and performance information and audit report.

We have clearly differentiated between audited and unaudited information on the website and understand the risk of potential misrepresentation without appropriate controls.

We have assessed the security controls over the audited financial statements and performance information and the related audit report and are satisfied that procedures are adequate to ensure the integrity of the information provided.

Where the audit report on the full financial statements and performance information is provided on a website, the financial statements and performance information are also provided in full.

Sign-off on these representations

The representations in this letter are made at the auditors request, and to supplement information obtained by the auditors from the records of the company and to confirm information given to the auditors orally.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'John Dalzell', with a large, sweeping flourish underneath.

John Dalzell
Interim CEO

A handwritten signature in blue ink, appearing to read 'Carl Gosbee', with a large, sweeping flourish underneath.

Carl Gosbee
Director Corporate Services



Decision Paper: Corporate Responsibility Framework

Document Author(s)	Viv Heslop – Senior Advisor Sustainability Brenna Waghorn – Acting Manager Strategic Planning
Reviewer(s)	David Rankin – Director Strategy and Engagement Rod Marler – Director Place Shaping
Date	14 September 2016

1. Proposal

It is proposed that the Panuku Development Auckland Board adopts the Corporate Responsibility Framework.

2. Executive summary

The intention to develop a Corporate Responsibility Framework was signalled in the 2015-18 Business Strategy adopted in November 2015 and discussed at the Board strategy workshop on 19th April. The Draft Panuku Corporate Responsibility Framework seeks to articulate in one document the strategic outcomes that were identified in the Business Strategy and defines what they mean for Panuku.

The content for our first Corporate Responsibility Framework is based on input from the Board, including through the Direction Setting Paper – reaching clarity on strategic outcomes, discussed at the 25th May 2016 Board meeting, and input from senior staff.

The document defines in more detail the strategic outcomes which will then be incorporated into various planning, procurement, partnering and reporting mechanisms. Importantly, the level of ambition for each of the strategic outcomes for each of the priority development locations will be discussed, debated and decided through various stages of the planning process – ultimately resulting in the development of criteria that will be incorporated into any bidding for development partners and the like. The document acknowledges that decisions need to be made based on robust evidence as to the costs and benefits associated with delivering the range of possible strategic outcomes across the full spectrum of development projects – from transform to unlock to support.

In compiling this Corporate Responsibility Framework, we acknowledge that we do not have all the answers on the Panuku approach. Some issues such as strategic partnerships with Māori are subject to further work and testing, however this Corporate Responsibility Framework represents a point in time, stake in the ground and as such we will review and develop it further over time. Once adopted, it is intended that the Corporate Responsibility Framework will form the basis of an integrated report for Panuku for 2016/17.

The document has been discussed with the shareholder. Jim Quinn, Chief of Strategy, noted that the document was high level and endorsed the statement in the Framework which notes that we will refine and expand our understanding over the next year to allow us to be more specific. The shareholder noted that it would be useful to have measures included in the next iteration of the framework.

3. Recommendations

It is **recommended** that the Board:

- a) **adopts** the Corporate Responsibility Framework
- b) **authorises** the Corporate Responsibility Framework being made public on the Panuku website and circulated to partners and stakeholders

Why approval is required		The Corporate Responsibility Framework is a strategy document which requires Board sign-off
Previous Board engagement and decisions		
Date	Document	Decision/Outcome
19 April 2016	Presentation	Board workshop – actions
25 May 2016	Direction Setting Paper – Reaching clarity on strategic outcomes	Articulation of direction in Panuku Corporate Responsibility Framework
27 July 2016	Direction Setting Paper – Draft Corporate Responsibility Framework	It was noted that transparency is needed around the costs imposed by strategic outcomes that are sought, and that these need to be outlined to provide a more rounded presentation of the Panuku approach. It was agreed that the Corporate Responsibility Framework be amended to incorporate a more rounded presentation, and be resubmitted to the Board in August 2016.
31 August 2016	Direction Setting Paper – Draft Corporate Responsibility Framework	Endorsed direction set out in the document and noted that the document would be shared with shareholder before bringing back to September meeting for adoption.
Shareholder engagement		Draft document was circulated to the shareholder and meeting was held with Jim Quinn, Chief of Strategy, to seek their input.

4. Implementation

Once adopted, the Corporate Responsibility Framework will be uploaded to the Panuku website and shared with key partners and stakeholders.

Document Sign-off

Role	Name	Sign-off Date	Signature
Director Strategy and Engagement	David Rankin		

Corporate Responsibility Framework

September 2016







Contents

About us	02
Purpose of this Document	04
Our Approach to Balancing Outcomes	06
Corporate Responsibility Framework	08
What We Do	10
How We Do It	14
Who We Are	18

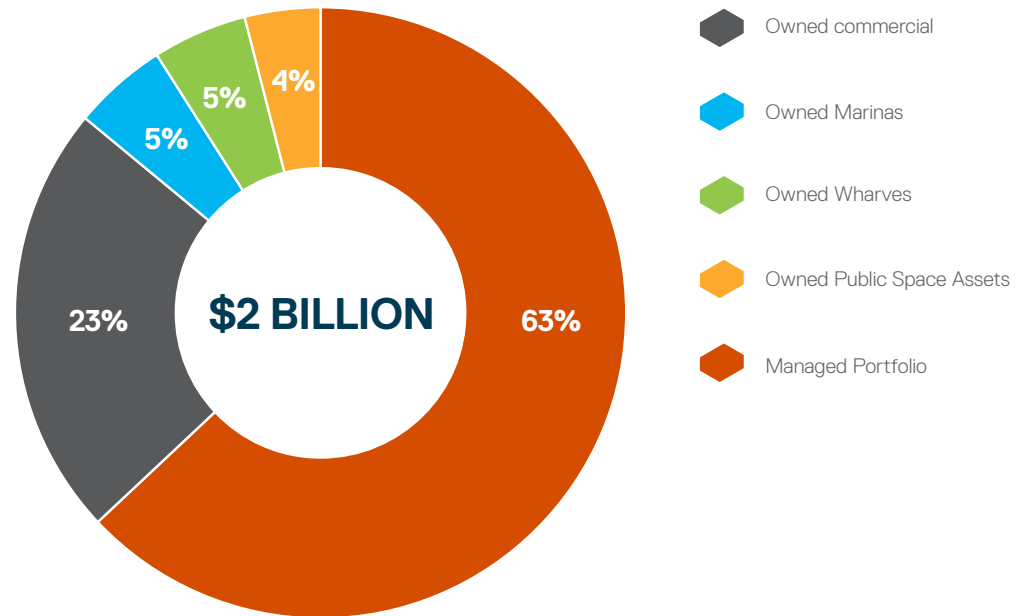
About us

Panuku Development Auckland – Auckland Council’s urban regeneration agency - helps to rejuvenate parts of our city – from small projects that refresh a site or building, to major transformations of town centres or neighbourhoods.

Understanding the communities in which we work, we manage land and buildings that Auckland Council owns, we 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 partners we unlock the full potential of this land to create spaces for Aucklanders to love.

Panuku manages around \$2 billion of council’s diverse asset portfolio, 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.

Visit panuku.co.nz for further information.







Corporate Responsibility Framework

Purpose of this Document

The responsibility Panuku has to rejuvenate the city through development projects, and optimise Council's property portfolio is significant and we are up for the challenge. As an organisation we are committed to balancing commercial outcomes with strategic public good outcomes.

The purpose of this Corporate Responsibility Framework, a first for us, is to clearly define our strategic outcomes and be clear on the mechanisms by which these will be integrated into the operation of the business and the delivery of urban regeneration across the range of development types.

We are a new and dynamic organisation and we anticipate that over the next year we will refine and expand our understanding of corporate responsibility and the commitments we are prepared to make. One aspect of our business where we know we need to do more work is around our portfolio, so we have kick-started a project to better understand what the issues and opportunities might be for us. In light of all this, it is important that we review this document annually.

Our Approach to Balancing Outcomes

Given the diversity of our development projects, we do not adopt a one-size-fits-all approach to the balancing of commercial and strategic outcomes:

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 Tamaki Regeneration Company on the transformation of Tamaki.



For Transform projects Panuku is a place-led regeneration agency, where we are seeking to achieve longer term social, economic, cultural and environmental outcomes as well as built form and financial outcomes. This is a holistic and integrated approach, which requires a high level of community and stakeholder engagement. This means that the plans for these areas include objectives or goals around social and cultural wellbeing, economic prosperity and environmental enhancement.

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, Hobsonville, City Centre, Old Papatotoe, Ormiston and Flat Bush and Henderson.



For Unlock and Support projects Panuku applies a narrower property-led redevelopment approach where the focus is on accommodating growth (residential, commercial, mixed use). The achievement of these outcomes will be through development projects by private partners. A relatively simple transactional and co-ordinating function over a shorter period of time is envisaged. These projects are likely to include a lower level of master planning and community engagement.

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, Avondale, New Lynn, Mt Eden, Stonefields, Otahuhu, Howick and Pukekohe.



Corporate Responsibility Framework

Funding: It is also useful to note that strategic outcomes may be funded in a variety of ways – via land value trade-off to fund strategic objectives on individual sites, reinvestment of sales proceeds and value created within Transform locations, or specific business cases to be taken to Auckland Council. It is recognised that investment needs to be made in transformational initiatives which will provide demonstration, leverage existing investment, ignite activity by others, and are able to be copied and followed.

We acknowledge that we need to make decisions based on robust evidence as to the costs and benefits associated with delivering the range of possible strategic outcomes across the full spectrum of development projects – from transform to unlock to support.

To this end, we are developing a structured and systematic evaluation system which will enable us to consistently measure the broader community benefits likely to be generated from our investments. Adopting this total value analysis approach will provide us with rigorous decision guidance on the best social dividend which can be derived from development whilst delivering commercial outcomes.

The system comprises three tests:

- **Strategic Fit** – the extent to which the investment will advance policy objectives. This will be done through a combination of quantitative and qualitative appraisal, drawing on multi-criteria analysis.
- **Net Community Benefit** – this is a quantitative assessment of the overall impact of the investment taking into account environmental, social, cultural and economic effects which might lie outside the normal commercial costs and revenues. This would be done through standard cost benefit analysis and will report a project's worth via a range of measures including benefit cost ratio, net present value and social return on investment.

- **Financial Performance** – this is measurement of the project's anticipated financial performance, using standard commercial investment appraisal techniques based on discounted cash flow analysis.

Whilst all projects will be subjected to the three part test, the evaluation process for more straightforward investments will be less extensive and may rely on rules of thumb or standard reference rates. More complex and capital hungry projects are likely to require more exhaustive and customised analysis across all three parts of the test.



Corporate Responsibility Framework



Corporate Responsibility Framework



01

What **we do**

We lead the development of well-designed, diverse, resilient, exciting places where people want to work, learn and play.

02

How **we do it**

We work with others to create residential and commercial spaces and high quality public places.

03

Who **we are**

Shaping spaces for Aucklanders to love needs a team of dedicated and passionate people and we have a team that encompasses these traits and shares a vision for Auckland's future.

What we do



Corporate Responsibility Framework

We lead the development of well-designed, diverse, resilient, exciting places where people want to work, learn and play and deliver this through:

01

A focus on quality place-led design

Panuku is committed to high quality design outcomes and we deliver this through a place-led design approach based on the principles articulated in the Auckland Design Manual of:

Identity

Landscape and ecology, heritage, built form, people and communities together establish the context for Auckland's unique sense of place. Good design must recognise and respond to this context, with development enriching the character, quality, legibility and sense of place.

Diversity

Places should accommodate a rich mix of uses, activities, urban form and architecture, which support variety, vibrancy, chance exchange, safety and choice. Good design must encourage and embed flexibility and adaptability, to ensure continues support for our changing communities, culture, built form and environments.

Efficiency

The benefits and efficiencies of urban system need to be maximised, delivering quality places where transactions and exchange are encouraged and resources optimised. Good design must ensure that development focuses on benefits and positive effects, and optimises the full potential of a site's intrinsic qualities. This includes site shape, relationship to the street landform, outlook and proximity to services, amenities and infrastructure.

Integration

Developments should support uses, activity centres, energy systems and movement networks which are well connected, and provide convenient and universal access to a range of services and amenities. Good design must ensure that development supports existing and/or creates integrated urban form (including streets and spaces), to facilitate well-being, movement and access.

02

Place-led engagement

Panuku is committed to place-led engagement where we tailor our approach in each community to best harness the local identity, attributes and aspirations. A place is an assembly of elements, characteristics and experiences that together define the identity of a particular location.

Built places are born of communities, culture, economics and technology, and over time and in turn, built environments shape culture and particular events that take place here gradually form a history of each and every place. It with an appreciation of the importance of this, that Panuku has established a place-led approach to engagement.

We recognise that valuable engagement uses several disciplines including:

- Place making
- Communications
- Marketing
- Stakeholder engagement

For Panuku, the place making approach seeks to ensure that the creativity, energy and enthusiasm of the local community within the project area is tapped. The aim in the first instance is to develop deeper networks of people who can contribute to place-based planning and to identifying and delivering early activation. This early activation is aimed at testing ideas and assumptions, as well as creating and enhancing vibrancy which in turn grows community support and involvement. This will, in turn, assist in attracting private sector interest and investment. Identifying and supporting cheerleaders and champions within the community and key stakeholder organisations will assist Panuku in driving transformational change.

Another way in which Panuku is creating vibrant communities is to work with community groups and not-for-profit organisations to see how we can use our assets in our portfolio to support them and their work.

03

Integrating sustainability

In order to actively respond to the predicted impacts of climate change, improve environmental quality, and design and deliver infrastructure to support long-lasting behaviour change we will consider the following range of sustainability outcomes in our projects:

Low Carbon

Taking action to reduce greenhouse gas emissions and energy use through design and delivery of urban developments

Green Infrastructure

Integrating green infrastructure into design and delivery of urban development in order to mitigate climate change affects, create a healthier environment and encouraging a greater respect and value for biodiversity

Sustainable Movement

Creating movement systems to make it simple for people to make sustainable transport choices

Built Form Quality and Performance

Integration of sustainable design into buildings and infrastructure in order to conserve natural resources, reduce operating costs, improve workplace productivity and improve energy security

Conserving Resources

Urban development will take account of environmental quality and minimise the impact on, and where possible enhance the natural systems of which it is a part

Sustainable Lifestyles

Spaces and places will be designed to actively encourage people to make sustainable lifestyle decisions, from how people move around to the ways in which the community organises itself.



These sustainability outcomes not only apply to our development projects, but are also relevant to our property portfolio. In recognition of this we have started a process to review our property portfolio to identify opportunities so that we can be clear on our commitments when we refresh this Corporate Responsibility Framework.

04

A commitment to accessible design

Accessible design has wide benefits for the elderly, disabled, households with your children, large-bodied people and people faced with temporary injuries.

Panuku is committed to working with persons with disabilities and seniors and their organizations to further identify the opportunities and mechanisms to deliver on their accessibility aspirations and to establishing a baseline requirement for all development projects – public and private – that Panuku is involved in.

Panuku recognises that this is an area where leadership is required in the development market as only 1% of homes are defined as “accessible” and we need appropriate housing for the diverse population. Universal design elements are far more cost effective to incorporate in the design of new homes than in the retrofit of existing homes. This is about future-proofing the housing stock and is a focus internationally as a response to population aging.

Panuku will ensure that all public realm projects are designed to be inclusive and accessible and will refer developers to the Auckland Design Manual Universal Design hub.

05

Contributing to housing affordability

Panuku will require some diversity of housing sizes and therefore prices in projects and will ensure the delivery of residential choices across the portfolio.

Panuku is committed to identifying some sites in the portfolio for Community Housing Providers to deliver affordable housing products, including shared equity and affordable rentals. The rules of engagement will be made clear for the sector. An approach which is based on agreed valuation, a non-contested process and deferred payment, has enabled Community Housing Provider participation to date, but there may be other approaches to enable their involvement.

Panuku will identify some exemplar opportunities and invite innovation in regard to delivering liveable homes that are cheaper to design and construct (for example, prefab and modular options), and in terms of affordable housing products.

06

Working with others to support local economic development

Panuku is committed to working with other agencies including Auckland Tourism, Events and Economic Development (ATEED) to ensure that redevelopment of areas incorporate the elements necessary to support local economic development.

Panuku will look for opportunities to support training and employment through development projects, and will seek to prioritise local procurement for Transform project.

Panuku will use a range of tools to support implementation including:

- Set design, sustainability and housing outcomes in sales terms and development agreements with the private sector and other development partners
- Establish geographically specific targets in Framework plans
- Collaborate with Crown and Community Housing Providers and other stakeholders to deliver retained affordable and accessible homes and housing opportunities for key workers and first home buyers
- Incorporate design review requirements through the various stage of design

How we do it

We work with others to create residential and commercial spaces and high quality public places and deliver this through:

01

Facilitating partnerships with the Crown, Iwi and the private sector

Panuku is aware that in order to substantially increase the momentum of urban development in Auckland we will need to work in partnership with the Crown, Iwi and the private sector.

To work successfully together we need to:

- Place the community as the centre of focus as regeneration is best implemented at a neighbourhood and district level.
- Provide the opportunity for partnership with various Crown entities, including those which are mandated in the social, economic and regional transport aspects of regeneration.
- Have delegations driven off an aligned vision, set of objectives and outcomes which achieve a holistic and integrated approach.
- Have a division of responsibility that focuses the Governing Body and Government Ministers on the strategic imperatives with a high level Executive team responsible for completing the necessary planning to enable and expedite delivery.

And have:

- A clear mandate for action, based on clear, stated outcomes on what is to be achieved
- Clarity of roles
- Clear delegation to make decisions about planning, implementation and resource allocation
- Clear escalation processes for issues which cannot be resolved

Panuku currently has joint working arrangements with the Crown in Manukau, Onehunga and Northcote.

Panuku will not generally take the lead in building developments so private investment will be critical and we need to work in partnership with the development community to deliver projects. We take a number of sites to the markets, which vary considerably in terms of size and value, complexity, strategic importance and level of community interest. It is important for us that we have in place agreed processes to choose development partners in a transparent manner and in order to enhance development sector interest and participation in Panuku sites.

02

A collaborative partnership approach to relationships with mana whenua, mataawaka and urban Māori of Tāmaki Makaurau

Whatungarongaro te tangata, toitū te whenua. Panuku is a steward and developer of land on behalf of the Auckland Council and the population of Tāmaki Makaurau. Tāmaki Makaurau mana whenua are the indigenous Māori population and acknowledged kaitiaki of the land. Panuku acknowledges through the principles of Te Tiriti o Waitangi and the importance of land to Māori, that our particular relationship with these 19 iwi is therefore one of partnership in management and development of this essential element.

Panuku is committed to a collaborative partnership approach to relationships with the mana whenua, mataawaka and urban Māori of Tāmaki Makaurau. Through deepening these relationships Panuku has the potential to materially uplift our contribution to Māori outcomes across social, cultural and economic wellbeing.

At a local project level, Panuku works in collaboration with mana whenua across the following key areas:

Kaitiakitanga

Working in partnership with mana whenua kaitiaki officers towards best care for land and people in our development planning and implementation across all levels of the Panuku work programme. This work is understood to enable protection of waahi tapu and the optimum health of the mauri (life force) of the natural environment.

Visible presence

Collaboration with mana whenua to anchor and build on a Māori identity that is Auckland's point of difference.

Application of Te Aranga Design Principles at master-planning level across Transform and Unlock projects.

Strategic relationships

Working towards shared strategic goals.

Enabling commercial investment, including partnership in commercial and housing opportunities.





16

Corporate Responsibility Framework

03

Engaging regularly with key stakeholders from across the public, private and community sectors

Based on the belief that effective collaboration will regularly out-perform individual or siloed approaches, Panuku is committed to engaging regularly with key stakeholders to ensure that urban regeneration in Auckland takes place in a cohesive way. This approach has proven to offer the best chance for resolving different and complex issues. Collaboration requires a close partnership between the public, private and community sectors across key platforms to achieve an integrated urban strategy.

The strategic pillars that underpin the approach to all engagement with individuals, communities and groups of interest are:

- Be generous with information and ideas by engaging individuals, communities and groups of interest proactively and early to agree the vision and desired outcomes.
- Be open to take feedback on board and active in telling people what has happened.
- Be realistic by underselling and over delivering by highlighting the challenges and complexity of the task at hand and providing measured commentary around expectations for immediate success.
- Be savvy to supporters who can help mitigate risks of negative discussion by providing positive support.
- Expect negativity around aspects of our work. Plan for how to deal with it.
- Demonstrate empathy by tailoring engagement activities for the audience. Understand how different communities work through conducting place-based research that one size does not fit all.
- Engender trust and pride amongst staff that enables them to be advocates on behalf of Panuku.

04

Working in partnership with the Auckland Council family

Panuku understands that the successful delivery of urban regeneration requires us to work in partnership with the Auckland Council family, in particular where there is shared interest in outcomes and assets which may contribute to the outcomes being sought. So we work closely with the Auckland Council family and aim to take an integrated approach to our work in the priority locations.



Who we are





Eke Panuku, Eke Tangaroa!

This whakataukī acknowledges and tributes the unseen energies from the realm of the land and sea. These energies are often called upon through Māori oratory traditions to help invigorate, inspire and manifest success, excellence and progress within groups or for an individual.

‘Panuku’ means to ‘move on or move forward in a deliberate and measured manner – all parts in unison, integrated and synchronised’, and so conveys the concept of dynamism, of building towards an end-goal. It has been likened to the motion of a waka that requires skill to navigate, balance to ride smoothly and teamwork to propel.

Panuku Development Auckland is committed to achieve success and excellence at an individual and collective level. It plans for the future in a co-ordinated way – and is characterised by governance working well with the executive and all team members working closely with stakeholders.

As a new organisation we feel it is important to take the time to define our organisational values and behaviours – and this work is well underway. We will be able to share this with you when we release our next Corporate Responsibility Framework.

In addition to our people, we have a high level of accountability to our shareholder, Auckland Council, and have in place a number of processes to support us in delivering on our mandate:

- A robust policy framework that assists us to make insightful decisions, to work effectively in complex environments and to meet statutory and legal requirements.
- A range of strategies to guide the business including Governance, Health and Safety, Risk Management, Human Resources, Conflict of Interest, Procurement, Programme Management Framework and other operational and financial policies.
- An integrated performance management framework which includes:
 - Reporting on our Statement of Intent measures, our Annual Business Plan measures, departmental targets and responsibilities
 - Long term monitoring of strategy outcomes including the Waterfront Plan, Sustainable Development Framework (using Wynyard Quarter Smart) and the Westhaven Plan
 - Establishing new performance measures for our projects, including the establishment of objectives and measures for each development/group of development around the strategic outcomes identified in this Corporate Responsibility Framework



panuku.co.nz



facebook.com/developmentakl



twitter.com/DevelopmentAKL