

STATEMENT OF INTENT

PANUKU DEVELOPMENT AUCKLAND

For the period 1 July 2016 to 30 June 2019



HE MIHI

Tēnā koutou ngā mana whenua me ngā iwi e noho nei ki raro i ngā maunga whakahii o Tāmaki Makaurau, tēnā koutou kātoa. Ki ngā tāngata nei e mahi ana kia tū a Tāmaki Makaurau hei tāone te pai me te whai rawa atu o te ao. Me mahi tahi nei tātou kia tūtuki ērā wawata mō te oranga o ngā iwi kātoa o te wāhi nei.

“To the people of the land and those residing under the sacred volcanic mountains of Auckland, greetings to you all. To all of you who are working hard to make Auckland the most liveable city in the world, we greet you. Let us all work together to fulfil our dreams so that we may all prosper in this beautiful city”.

‘Panuku’ means to ‘move on’ or ‘move forward’ and the name conveys the concept of dynamism, of building towards excellence. It has been likened to the motion of a waka that requires skill to navigate, and teamwork to propel.

Chairman and Interim CE's Foreword

This is the second Statement of Intent for Panuku Development Auckland (Panuku).

Catalysing urban redevelopment at scale that includes housing and creating value from property assets are our strategic foci.

Council approved Manukau and Onehunga as transform locations in December 2015. Panuku is now in the process of resourcing up to support the development of these locations together with unlock locations such as Takapuna and Northcote. Once the Location High Level Project Plans are endorsed by Council's Development Committee, Panuku Development Auckland's focus will shift to the planning phase followed by the implementation of development plans.

Through transform projects, Panuku will play a leading role in transforming selected parts of our region by working alongside others and using its custodianship of land, planning and engagement expertise. Panuku through its unlock projects will also facilitate developments using its relationships to break down barriers and influencing others, including the Council family to create development opportunities.

Panuku will maintain the momentum of positive change on current multiple year projects that include the development of Wynyard Quarter at the waterfront, Ormiston Town Centre, Papatoetoe Town Centre, Hobsonville and Tamaki Redevelopment.

Panuku will lead a number of areas that relate to its development activities such as its approach to moving forward with Māori, community engagement, housing affordability, urban design and sustainability. Panuku will formalise a policy and implement its approach to how, it will achieve balance between financial and non-financial outcomes, including in particular the achievement of economic growth outcomes.

Panuku will secure the mandate and funding for its transform and unlock projects via the High Level Project Plan approval process with Council. It will establish or enhance key relationships with the private sector, third sector, central government and others enabling the realisation of large scale opportunities.

Panuku will continue to create value from Council assets through the strategic and continuous review of Council's property portfolio, identifying opportunities that contribute to new development, disposal or property management activities. Part of this approach will include facilitating optimal use of Council service property assets while maintaining or improving levels of service.

Supporting the organisation to achieve these goals will be a high performance culture, which is supported by corporate and staff performance frameworks, high performing, skilled and competent staff and effective and efficient systems and processes.

Panuku will continue its commitment to work closely with Auckland Council and other CCOs to increase our collective response to dealing with the demands of our rapidly growing city and contributing to achieving the outcomes sought in the Auckland Plan and LTP.

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1. PURPOSE OF STATEMENT OF INTENT

In accordance with the Local Government Act 2002, this annual Statement of Intent (SOI) publicly states the activities and intentions of **Panuku Development Auckland (Panuku)** for the next three years, and the objectives that those activities will contribute to. This SOI also includes performance measures and targets as the basis of organisational accountability.

This SOI was adopted by the Panuku Board in June 2016.

2. ABOUT PANUKU

Panuku is a Council Controlled Organisation of Auckland Council, established on 1 September 2015. It is the result of a merger of two CCOs Waterfront Auckland and Auckland Council Property Limited.

Panuku is charged with leading urban redevelopment activities on behalf of the Council in key locations and in doing so significantly contributing to outcomes contained in the Auckland Plan. In normal course of events, Panuku will not build residential and/or commercial space in town centres on its own, but will facilitate and partner with the private sector to build. It will not undertake any construction, marketing or sales activity in its own right. It may in transform locations undertake development of an exemplar or catalytic nature.

Activities

The activities of Panuku cover four broad areas:

1. Redevelopment of urban locations and council owned land within the rural urban boundary
2. Redevelopment of council non-service property and where appropriate, review of council service property
3. Management of council non-service property and a range of other council owned commercial assets
4. Other property related services such as strategic property advice, acquisitions and disposals

Panuku is charged with balancing financial and non-financial outcomes in order to create sustainable and resilient places where people want to live, work, invest, learn and visit.

Vision

The vision of Panuku is "Shaping spaces for Aucklanders to love".

Mission

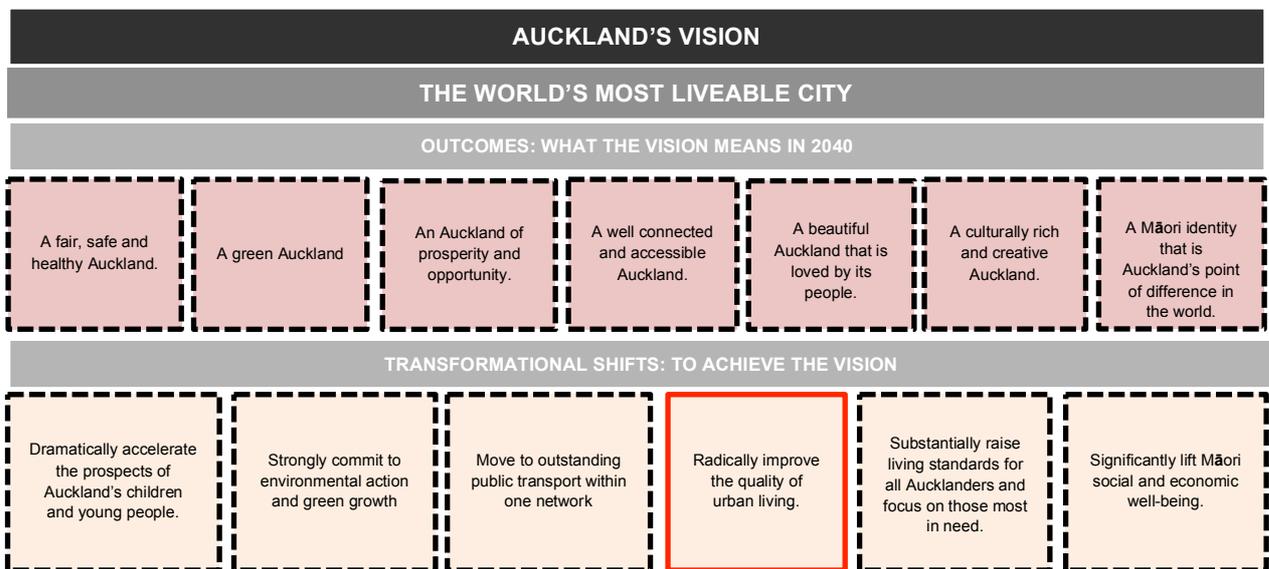
The mission of Panuku is to rejuvenate urban Auckland, from small projects that refresh a site or building, to major transformations of town centres or neighbourhoods. Panuku improves the uses of land and buildings that Auckland Council owns, attract private investment and together we unlock their potential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

3. CONTRIBUTION TO THE WORLD'S MOST LIVEABLE CITY

The Auckland Plan is the roadmap to deliver on Auckland's vision to be the most liveable city. This is a thirty year plan that is underpinned by a set of outcomes and transformational shifts to achieve this vision which help ensure we focus on the right things.

Auckland Plan sets the strategic direction and transformational shifts to achieve actions, targets and outcomes that are required to achieve the vision to be the world's most liveable city. Panuku plays a critical part in delivering on actions and targets across the Auckland Plan.

In particular, Panuku will play a significant role in the transformational shift to “**Radically improve the quality of urban living**” and in doing this, Panuku will contribute to all of the outcomes and other transformational shifts of the Auckland Plan, sometimes as a primary contributor and sometimes as a secondary contributor, depending on the urban redevelopment project.



Panuku is a primary contributor to this outcome



Panuku is a secondary contributor to these outcomes



Auckland Plan transformational shifts	Degree of contribution	How Panuku contributes
Quality urban living	Primary contribution	By developing quality inclusive and safe public spaces, and facilitating residential and commercial development in urban redevelopment locations; by adopting effective design review processes and leading integrative master planning to incorporate local community's unique identity, attributes and potential
Raised living standards	Secondary contribution	By increasing the supply of housing covering a range of price points and housing for disabled and older persons, working with partners, and improving the quality of urban centres; by enabling economic development opportunities and enhancing access to transport choices, in urban redevelopment projects.
Children and young people	The degree of contribution will depend on the nature of the urban redevelopment projects in the pipeline	By developing housing (with a range of price points) and safe and inclusive public spaces suitable for families, children and young people
Environmental action and green growth		By undertaking sustainable redevelopment of brownfield locations to create adaptable and resilient places and undertaking sustainable redevelopment in collaboration with development partners
Outstanding public transport		By undertaking transit-oriented development in brownfield and town centre locations that support the development of the passenger transport system by Auckland Transport
Māori social and economic wellbeing		By providing opportunities in urban redevelopment projects to enhance Māori social and economic wellbeing through engagement with mana whenua iwi and hapū and other Māori organisations.

4. PANUKU STRATEGIC OBJECTIVES

Panuku has the following set of strategic objectives, derived from the purpose and role set out in the Accountability Framework. These are supported by three core strategic activities of Panuku which are catalyse urban redevelopment, strategically create value from assets and demonstrate business leadership. Internally Panuku supports these through activities driving business performance and business growth.

STRATEGIC FRAMEWORK

Strategic objectives

Facilitate vibrant development

Panuku will facilitate the creation of adaptable and resilient places that inspire wellbeing, 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.

Panuku objectives

Catalyse urban redevelopment

Enable high quality urban redevelopment, creating vital and viable places that increase housing quality and choice

Strategically create value from assets

Unlock and realise commercial and strategic value from Panuku and Council assets

Demonstrate business leadership

Identify and deliver leadership opportunities that build our brand and deliver superior strategic outcomes

Drive business performance

High performance, outcome focussed, culture that delivers excellence without compromise

Ensure business growth

Identify the opportunities, generate ideas, focus our effort, differentiate our offer, partner outcomes and build financial sustainability

Panuku development projects will deliver financial and non-financial public good outcomes. The financial and non-financial outcomes, including trade-offs between the two types of outcomes will be assessed and articulated in a transparent manner in our communication with Council. This supports Panuku Development Auckland's purpose of contributing to outcomes contained in the Auckland Plan.

Some of the non-financial outcomes that Panuku will deliver include sustainable design and accessibility, housing affordability, placemaking and economic development, which are leadership opportunities that are beyond what the market can deliver.

5. THREE YEAR WORKPLAN TO DELIVER ON STRATEGIC DIRECTION

The following are the key initiatives/projects to deliver on Panuku strategic objectives:

Key project and initiatives		Description	Panuku Strategic goal	Contribution to strategic role
Catalyse urban development				
1	Rolling programme of High Level Projects	A rolling programme of High Level Projects will result in new housing, commercial, place shaping and other projects at different scales.	Catalyse Urban Development	Radically improve quality of urban living for all
Strategically create value from assets				
2	Ongoing programme of identifying and assessing opportunities	The ongoing portfolio review programme mandated by Auckland Council with the support of CCOs and business units, will identify opportunities for future development, property disposals and enhanced property management. This includes taking a strategic perspective when undertaking rent reviews.	Strategically create value from assets	Strategically create value from assets
Demonstrate business leadership				
3	Process and approach to assessing financial and non-financial outcomes will be delivered.	Develop and formalise a process for assessing financial and non-financial outcomes, including value trade-offs. The final process will be approved by the Council CFO.	Provide business leadership	Radically improve quality of urban living for all
4	Housing for older people network (HfOP)	Deliver a re-development programme for the 'Housing for Older People Network' with a development partner. Significant matters relating to the HfOP redevelopment programme will be included in our discussions with and our reporting to Council.	Catalyse Urban Development Provide business leadership	Radically improve quality of urban living for all
5	Local board engagement plan and master planning with local boards	Develop Local Board engagement plans, and in conjunction with Local Board Services develop a framework for working with individual local boards in redevelopment locations. Implement local board engagement plans.	Provide business leadership	High performing council
Transform projects				
6	Waterfront development	Planning and design of key redevelopment projects in relation to Westhaven Marina, Wynyard Point, Wynyard Crossing and the facilitation of the commercial and residential development in Wynyard Central, as well as public realm and community development projects.	Catalyse Urban Development	Radically improve quality of urban living for all

Key project and initiatives		Description	Panuku Strategic goal	Contribution to strategic role
7	Tamaki Redevelopment	Continue our shareholder representation, development and project support roles contributing to regeneration outcomes.	Catalyse Urban Development	Radically improve quality of urban living for all
8	Manukau and Onehunga Transform locations and Takapuna and Northcote Unlock locations.	<p>Complete High Level Project Plan deliverables such as framework, engagement and implementation plans.</p> <p>Panuku will formulate and test the planning methodology by using Transform Manukau as a pilot. This approach to planning will be utilised across transform, unlock and support locations according to their scale and complexity.</p>	Catalyse Urban Development	Radically improve quality of urban living for all
Unlock projects				
9	Hobsonville	Formalise and implement a development agreement.	Catalyse Urban Development	Radically improve quality of urban living
10	Ormiston Town Centre	Monitor and proactively manage the Development Agreement with Todd Properties and help facilitate the provision of community facilities within the Town Centre	Catalyse Urban Development	Radically improve quality of urban living
11	Papatoetoe Town Centre	Facilitate the upgrade of the retail component and residential developments to allow for redevelopment of the supermarket site and construction of approximately 80 housing units.	Catalyse Urban Development	Radically improve quality of urban living

Specific projects delivering on Māori outcomes

Key project and initiatives	Description	Contribution to Māori outcomes
Achieving better outcomes for and with Māori	<p>Implement the Panuku Māori Responsiveness Plan (MRP) that focuses on achieving better outcomes for and with Māori.</p> <p>Panuku will be responsive to both mana whenua and other Māori in giving effect to the MRP.</p> <p>Continued input to Te Toa Takitini (led by Te Waka Angamua) where Panuku can contribute to delivery of priority projects.</p>	<p>Internal effectiveness and capacity</p> <p>Recognition of Māori values and perspectives</p> <p>Significantly lift Māori social and economic wellbeing</p>
Mana whenua Engagement Forum establishment	<p>Manage a robust inclusive monthly mana whenua Forum to enable relationship with Panuku and facilitate input to Panuku projects.</p> <p>Identify mana whenua interested in Panuku projects and facilitate input.</p> <p>Coordinate efficient engagement with Council family to streamline engagement with mana whenua and other Māori.</p> <p>Continue to share information with the Independent Māori Statutory Board (IMSB). Panuku will contribute information required for Te Tiriti Audit and will take account of IMSB's Schedule of Issues of Significance, The Māori Plan and the suite of statutory provisions relevant to our activities.</p>	<p>Foster positive and productive relationships between Council and Māori</p>
Māori Development Opportunities	<p>Engagement with mana whenua and other Māori organisations on commercial and housing developments, partnering opportunities in urban redevelopment projects and opportunities to purchase properties surplus to council requirements.</p> <p>Explore any means to improve the coordination and efficient engagement with mana whenua and other Māori organisations around potential disposal properties and properties that may become available for development.</p>	<p>Significantly lift Māori social and economic wellbeing</p>
Recognition and celebration of Māori cultural values and heritage	<p>Panuku will facilitate cultural expression opportunities through Te Aranga Design application in early planning in Transform and selected Unlock locations. This work flows down to implementation of cultural expression opportunities in public realm projects.</p> <p>Māori identity will be recognised through promotion of te reo Māori such as naming new streets, laneways, buildings, signage, other communications, art and landscaping.</p> <p>Placemaking will support Māori-focussed events at the waterfront and other selected locations.</p>	<p>Promote Māori identity as Auckland's point of difference in the world</p>

6. PERFORMANCE OUTLOOK

Panuku has an agreed set of performance measures and targets which form the basis for accountability to delivering on council's strategic direction, priorities and targets. These are reported on a quarterly basis, in accordance with the CCO Governance Manual.

The Strategic Framework for Panuku including the LTP activities, SOI goals and performance measures agreed as part of the Long-term Plan 2015-2025, are illustrated on the next page.

Auckland Plan	Vision – the world’s most liveable city				Strategic Framework
Key Transformational Shift: Radically improve the quality of urban living					
LTP Activities	Catalyse urban redevelopment		Strategically create value from assets		
Lead waterfront redevelopment		Facilitate metro and town centre redevelopment	Manage non-service properties & other assets of Council family	Optimise returns from development and disposals	Lead strategic property advice and acquisitions
SOI Goals	Develop and activate public spaces on waterfront, metro and town centre development areas		Optimise returns from the managed property portfolio	Manage assets to attract private investment	Acquire properties
Facilitate private development of waterfront, metro, and town centre selected sites				Dispose agreed surplus properties	Identify and propose opportunities across AC Group portfolios
Manage marinas	Facilitate housing development to increase housing supply				
Performance Measures	1. HLPP Programme		2. Significant Master Programme Deliverables/Outputs		
3. Development agreements submitted		4. Project achieves outturn			
14. % visitors satisfied with experience of public spaces (LTP)					
15. % Aucklanders who visited the waterfront in the past year (LTP)					
16. % of attendees satisfied with key Waterfront place programmes & activities					
17. % customers satisfied overall with marina facilities and services (LTP)					
18. # significant Māori initiatives implemented or active per annum (LTP)					
19. % Māori groups satisfied with quality of engagement.					
5. Written evidence of opportunities			6. Property portfolio net surplus achieves the annual budget		
7. Improvement in gross rental income			8. Rolling average % occupancy at month end (LTP)		9. ROI on like for like properties (LTP)
10. Return on Equity on commercial assets and services (LTP)					
11. Stakeholder input obtained / List of properties recommended for disposal submitted to Council					
12. Achieves total forecast net sales for the financial year					
13. Satisfaction with Acquisitions service delivery					

Performance Measures

Service Level Statement	Measure	Actual 2014/15	Annual Plan 2015/16	SOI Targets			
				2016/ 2017	2017/ 2018	2018/ 2019	
Catalyse urban development							
Develop and activate town centre and Waterfront development areas	1	<p>The Board approves the rolling HLPP programme.</p> <p>(The quarterly rolling HLPP programme will contain individual HLPPs that will be approved by the Panuku Board and Council, where appropriate).</p> <p>The programme will be communicated to Council.</p>	Not available	New performance measure	The quarterly rolling HLPP programme is approved by the Board.	The quarterly rolling HLPP programme is approved by the Board.	The quarterly rolling HLPP programme is approved by the Board.
	2	<p>Significant Master programme deliverables are completed as planned.</p> <p>(The main Master programme deliverables for Transform and Unlock Locations include the Engagement, Framework and Implementation Plans approved by the Panuku Board and by Council, where appropriate).</p>	Not available	New performance measure	Number of Significant Master programme deliverables completed within the Board approved timeline.	Number of Significant Master programme deliverables completed within the Board approved timeline.	Number of Significant Master programme deliverables completed within the Board approved timeline.

Service Level Statement	Measure		Actual 2014/15	Annual Plan 2015/16	SOI Targets		
					2016/ 2017	2017/ 2018	2018/ 2019
	3	Development agreements are submitted to the Panuku Chief Executive, Board and/or Council for approval. (Housing and urban regeneration)	Three year target progressing. Two joint venture or agreements with third parties including community housing organisations were entered into out of a three year target of Five.	Three year target Twenty six development agreements with third parties including community housing organisations to be entered into.	Three year target 15 development agreements with third parties including community housing organisations to be entered into.		
	4	On completion, the project achieves the financial and non-financial outturn in the business cases. (Housing and urban regeneration combined)	Target progressing. There were no housing development projects completed during this financial period.	All projects completed this year achieve business case financial and non-financial outturn	All projects completed this year achieve business case financial and non-financial outturn	All projects completed this year achieve business case financial and non-financial outturn	All projects completed this year achieve business case financial and non-financial outturn
Strategically create value from assets							
Identify and propose opportunities across Auckland Council Group portfolios	5	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 6 opportunities has been exceeded.	At least 50 opportunities identified and assessed	At least 50 opportunities identified and assessed	At least 50 opportunities identified and assessed	At least 50 opportunities identified and assessed

Service Level Statement	Measure		Actual 2014/15	Annual Plan 2015/16	SOI Targets		
					2016/ 2017	2017/ 2018	2018/ 2019
Facilitate private development of waterfront, metro and town centre selected sites	6	The net surplus on the property portfolio achieves the annual budget agreed with Council.	Net surplus on the property portfolio was \$6.8m ahead of budget (actual surplus of \$29.8m against budget of \$23m).	Net Surplus achieves budget for 2015/16	Net Surplus achieves budget for 2016/17	Net Surplus achieves budget for 2017/18	Net Surplus achieves budget for 2018/19
Optimise returns from the managed property portfolio	7	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	Actual of 6.2% against baseline of 4.0%.	The annualised % movement in gross rental income of properties with rent reviews during the financial period is equal to or greater than the CPI movement.	The annualised % movement in gross rental income of properties with rent reviews during the financial period is equal to or greater than the CPI movement.	The annualised % movement in gross rental income of properties with rent reviews during the financial period is equal to or greater than the CPI movement.	The annualised % movement in gross rental income of properties with rent reviews during the financial period is equal to or greater than the CPI movement.
	8	For those properties available for rent: The rolling average over a 12 month period, of % occupancy at each month end (LTP).	New performance measure	The average of monthly % occupancy for the year is 95% or more.	The average of monthly % occupancy for the year is 95% or more.	The average of monthly % occupancy for the year is 95% or more.	The average of monthly % occupancy for the year is 95% or more.
	9	Maintain or improve the baseline established at the end of the 2012/13 financial year. ROI on properties on a like for like basis (LTP) Panuku is committed to continuously review and	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	Greater than or equal to 2.1%	Greater than or equal to 2.2%	Greater than or equal to 2.2%	Greater than or equal to 2.3%

Service Level Statement	Measure		Actual 2014/15	Annual Plan 2015/16	SOI Targets		
					2016/ 2017	2017/ 2018	2018/ 2019
		improve the ROI target over the term of the SOI.	2012/13.				
Optimise return from assets	10	Return on Equity on commercial assets and services (LTP) at Waterfront.	New performance measure	8.8%	8.4%	8.1%	7.5%
Dispose agreed surplus properties	11	<p>List of properties recommended for disposal submitted to Council</p> <p>The disposal target for the next financial period will be agreed with Council in the current financial period.</p>	A total of \$69m worth of properties was recommended to Council seeking approval to dispose for the 2014/15 financial period. The target of \$30m has been exceeded.	<p>A list of recommended properties totalling \$40 million gross value will be submitted to Council seeking approval to dispose for 2015/16 financial period.</p> <p>A recommended for disposal target for 2016/17 will be agreed by the Board in the 2015/16 financial period.</p>	<p>A list of recommended properties with a total value agreed by the Board the prior year totalling \$75 million gross value will be submitted to Council seeking approval to dispose for 2016/17 financial period.</p> <p>A recommended for disposal target for 2017/18 will be agreed by the Board in the 2016/17 financial period.</p>	<p>A list of recommended properties with a total value agreed by the Board the prior year will be submitted to Council seeking approval to dispose for 2017/18 financial period.</p> <p>A recommended for disposal target for 2018/19 will be agreed by the Board in the 2017/18 financial period.</p>	<p>A list of recommended properties with a total value agreed by the Board the prior year will be submitted to Council seeking approval to dispose for 2018/19 financial period.</p> <p>A recommended for disposal target for 2019/20 will be agreed by the Board in the 2018/19 financial period.</p>
Dispose agreed surplus properties	12	Achieve total forecast net sales for the financial year.	Actual net sales of \$48.3m were achieved for the financial year. The target of \$30m has been exceeded.	Meet or exceed financial forecasts Property disposal target of \$50 million (net value of unconditional sales).	Meet or exceed financial forecast Property disposal target of \$50 million (net value of unconditional sales).	Meet or exceed financial forecasts Property disposal target approved by the Board in the prior year (net value of unconditional sales).	Meet or exceed financial forecasts Property disposal target approved by the Board in the prior year (net value of unconditional sales).

Service Level Statement	Measure		Actual 2014/15	Annual Plan 2015/16	SOI Targets		
					2016/ 2017	2017/ 2018	2018/ 2019
					Property disposal target (net value of unconditional sales) for 2017/18 financial period will be agreed by the Board in 2016/17.	Property disposal target (net value of unconditional sales) for 2018/19 financial period will be agreed by the Board in 2017/18.	Property disposal target (net value of unconditional sales) for 2019/20 financial period will be agreed by the Board in 2018/19.
Acquire properties	13	Acquisitions are delivered within the timeline agreed with Auckland Council.	New performance measure	75% satisfaction against agreed service performance measure	75% satisfaction against agreed service performance measure	75% satisfaction against agreed service performance measure	75% satisfaction against agreed service performance measure.
Demonstrate business leadership							
Develop and activate public spaces on waterfront, metro and town centre development areas	14	Percentage of visitors surveyed satisfied with their experience of the public spaces on the city centre waterfront (LTP)	New performance measure	75%	75%	75%	75%
	15	Percentage of Aucklanders surveyed who have visited the city centre waterfront in the past year (LTP)	New performance measure	73%	73%	73%	73%
	16	Percentage of attendees surveyed satisfied with key Waterfront place programmes and activities	New performance measure	83%	84%	85%	85%

Service Level Statement	Measure		Actual 2014/15	Annual Plan 2015/16	SOI Targets		
					2016/ 2017	2017/ 2018	2018/ 2019
	17	Percentage of customers surveyed satisfied overall with marina facilities and services (LTP)	New performance measure	73%	74%	75%	76%
Facilitate effective engagement with Māori	18	Number of significant Māori initiatives implemented or active per annum (LTP)	New performance measure	42	47	52	54
	19	% Māori groups satisfied with quality of engagement	New performance measure	Establish Baseline	Maintain or Improve	Maintain or Improve	Maintain or Improve

7. SUMMARY OF FINANCIALS

Table one of the financial information outlines the budgets for Panuku in the Council Annual Plan and LTP for funding its activities in the next three years. This excludes the commercial portfolio activities Panuku manages on behalf of Council, which is outlined separately. The budgets also do not include funding for any new projects. New urban redevelopment projects will be chosen by Panuku (in consultation with Auckland Council) and they will need to be funded through budget reallocation; specific business case to council or through alternative funding streams.

SOI Financial Overview

Panuku Development Auckland (Excluding Commercial Portfolio)

\$000	Budget 2017	Budget 2018	Budget 2019
Financial year ending 30 June			
Revenue			
Operating funding from Auckland Council	15,931	16,618	17,112
Capital funding from Auckland Council	20,234	23,929	3,336
Fees and user charges	37,699	38,820	41,400
Total revenue	73,865	79,367	61,848
Expenditure			
Employee benefits	19,875	20,100	20,420
Depreciation and amortisation	11,182	11,216	12,188
Grants, contributions and sponsorship	67	68	70
Other operating expenses	28,701	30,316	29,817
Total expenses	59,825	61,699	62,495
Finance income	63	63	63
Finance expense	3,300	3,629	3,380
Net operating income	10,802	14,101	(3,964)
Dividend returned to Council	1,800	1,500	1,500
CAPITAL EXPENDITURE			
Total capital expenditure	62,360	37,446	12,222
Comprised of:			
Growth	43,240	22,519	8,619
Improve level of service	15,222	12,895	1,926
Renewals	3,898	2,031	1,677
Total application of capital funding	62,360	37,446	12,222
Sources of capital funding:			
Funded depreciation and operating surplus	1,021	474	3,883
Capital funding from Auckland Council	20,234	23,929	3,336
Loans from Auckland Council	40,805	13,043	5,002
Subsidies and grants	300	0	0
Total capital funding funding	62,360	37,446	12,222
Capital funding surplus / (deficit)	0	0	0
Prepaid ground leases cashflow	5,250	6,210	40,390
Net funding surplus/(deficit)	5,250	6,210	40,390

Capital funding for public space activities are funded by grants from Auckland Council. Commercial property and marina operational activities are funded through commercial income with any shortfall covered by debt funding. Cash surpluses generated from commercial operational activities, not used to reduce debt or fund capital works for commercial activities, over a threshold to be agreed annually, may be returned to the shareholder. Overheads will be allocated across each of the public, commercial, marina areas of activities. Capital expenditure is mainly made up of capital funding and loans from Council.

Table 2

Prospective statement of comprehensive income

Panuku Development Auckland - Commercial Property Portfolio

\$000	Budget 2017	Budget 2018	Budget 2019
Financial year ending 30 June			
Revenue			
Operating funding from Auckland Council	0	0	0
Capital funding from Auckland Council	28,701	0	0
Fees and user charges	45,031	39,578	37,796
Other revenue	1,443	1,462	1,501
Total revenue	75,174	41,040	39,297
Expenditure			
Other operating expenses	28,396	21,685	19,915
Total expenses	28,396	21,685	19,915
Net operating income	46,778	19,356	19,382
CAPITAL EXPENDITURE			
Total capital expenditure	69,291	25,179	40,060
Comprised of:			
Growth	33,531	6,730	6,674
Improve level of service	31,050	14,740	9,584
Renewals	4,710	3,709	23,802
Total application of capital funding	69,291	25,179	40,060
Sources of capital funding:			
Operating funding surplus	18,078	19,356	19,385
Capital funding from Auckland Council	28,701	0	0
Subsidies and grants - capex	22,513	15,200	43,242
Total capital funding funding	69,291	34,556	62,627
Capital funding surplus / (deficit)	0	9,377	22,568

Table 2 of the financial information outlines the budgets of the Commercial Portfolio managed by Panuku on behalf of the Auckland Council Group. The Commercial Portfolio includes the property portfolio and business interests such as quarries and forests.

Revenue includes portfolio rental income and is offset by operating cost recoveries and direct operating expenses such as repairs and maintenance but excludes depreciation from the property portfolio assets under management and control of Panuku.

Capital expenditure is funded from Council, capital expenditure subsidies, grants and operating surplus.

Development Budget

Panuku development operating expenditure includes the costs of investigatory work to seek out and develop development opportunities. This includes preparation of feasibility studies and business cases and will be funded from extra property sales generated. Panuku development capital expenditure is the cost of developing properties for sale and will be funded from the sale of those properties.

\$0	2014/15 Actual	2015/16 Annual Plan	2016/17 LTP	2017/18 LTP	2018/19 LTP
Total development expenditure	-	6,673	7,582	5,879	6,024
Development operating expenditure	-	4,116	5,616	3,190	3,262
Development capital expenditure	-	2,557	1,966	2,690	2,762
Funded by:					
Property disposals	-	6,673	7,582	5,879	6,024

Strategic Development Fund Budget

Council's Strategic Development Fund (SDF) will be utilised to fund development projects. This will not have an impact on rates as sales from developments will cover all development costs including funding costs. Performance against the Development Budget and the SDF will be reported as part of regular Quarterly Reporting to the CCO Governance and Monitoring Committee.

\$0	2014/15 Actual	2015/16 Annual Plan	2016/17 LTP	2017/18 LTP	2018/19 LTP
Development Capital Revenue	-	-	-	-	-
Development Capital Expenditure	-	23,277	24,358	13,850	9,888
Surplus/ (deficit)	-	(23,277)	(24,358)	(13,850)	(9,888)

Specific expenditure towards Māori outcomes

Initiative	2014/15 Actual	2015/16 Annual Plan	2016/17 LTP	2017/18 LTP	2018/19 LTP
Māori engagement	0.217	0.088	0.242	0.245	0.248
Māori technical/specialist advice	0.081				
Koha	0	0.005	0.005	0.005	0.006
Enabling iwi involvement in the remediation and environmental enhancement of the waterfront		0.072	0.072	0.076	0.088
Increasing internal Māori capacity			0.005	0.005	0.005
Support for Māori-focused events at the waterfront		0.1	0.1	0.1	0.1
Iwi Investment Fund		0.1	0.1	0.1	0.1
Total	0.298	0.365	0.524	0.531	0.547

Other financial information

Current value of assets	The projected value of Panuku total assets as at: 30 June 2017: \$2,008 million 30 June 2018: \$2,070 million 30 June 2019: \$2,127 million	
Shareholder equity ratio	The projected shareholder equity ratio for Panuku as at: 30 June 2017: 93% 30 June 2018: 94% 30 June 2019: 95%	
Accounting Policies	Panuku Development Auckland's accounting policies are consistent with those of the Auckland Council group policies.	
Financial Reporting	Panuku Development Auckland's financial reporting will be in accordance with requirements of the CCO Governance Manual.	
Asset sales (\$ million)	2013/14 Actual	\$20.6m
	2014/15 Annual Plan	\$30.0m
	2015/16 LTP	\$50.0m
	2016/17 LTP	\$50.0m
	2017/18 LTP	The property disposal target (net value of unconditional sales) for 2017/18 financial period will be agreed in 2016/17.

Panuku intends to distribute to Auckland Council funds from commercial activities that are surplus to requirement. We envisage paying a dividend of \$1.8 million a year during the period of this SOI.

Auckland Council confirms that they will not seek repayment from Panuku of the current loans for \$11.3m and \$11.7m totalling \$23m before 30 September 2017. Panuku will obtain

authorisation from the shareholder before the purchase or acquisition of shares in any company.

8. IMPORTANT SHAREHOLDER ISSUES

Value for Money

Panuku applies a value for money approach across its business and will continue to review its business operations, processes, practices and systems for efficiencies, effectiveness and economy. Panuku will also continue greater use of shared services provided by Auckland Council and participate in Council's Alternative Financing project.

Signage and Communications

Panuku is an active member of the Brand Navigation Group and is committed to the group's objectives to improve public understanding of the use of rate payer funds through the use of the Panuku Council group logo.

9. APPROACH TO GOVERNANCE

Auckland Council works in partnership with its CCOs and the agreed approach to governance is outlined within the CCO Governance Manual. The Governance Manual sits alongside this SOI and Panuku will act in accordance with the Governance Manual.

Auckland Council CCOs are required to hold two public meetings a year (Local Government (Auckland Council) Act 2009). The schedule of Panuku Development Auckland for year 1 of this SOI is as follows:

Purpose	Date	Form of Public Notification
Consider shareholder comments on draft SOI	Wednesday 29 June 2016	Advertisement in NZ Herald at least two weeks prior to meeting and on Panuku website five working days prior.
Consider performance against SOI targets	Wednesday 21 September 2016	