

# Board Report

**Date**

Wednesday  
26 February 2025

**Time**

2.00pm

**Venue**

Eke Panuku Development Auckland  
Te Wharau o Tāmaki - Auckland House  
Level 29, 135 Albert Street  
Auckland



# Board Agenda

**Where:** L29 Boardroom, Te Wharau o Tāmaki Auckland House, 135 Albert Street, Auckland

**When:** Wednesday 26 February 2025 | 2.00pm – 4.00pm

**Board members:** David Kennedy, Chair; Kenina Court; Brett Ellison; Steve Evans; Aaron Hockly

		Time
	<b>Public meeting open</b>	<b>2.00pm</b>
<b>1.</b>	<b>Welcome / Acknowledgements</b> 1.1 Apologies	
<b>2.</b>	<b>Chief Executive’s report (open items)</b>	
<b>3.</b>	<b>Health and Safety report</b>	
<b>4.</b>	<b>Decision papers (open items)</b> 4.1 Northcote Programme Business Case Overview – Review 4.2 33 Manukau Station Road – Go to market strategy 4.3 Waste Disposal Services – Chairperson Appointment 4.4 Audit & Risk Committee – Terms of Reference and composition	
<b>5.</b>	<b>Information papers (open items)</b> 5.1 Quarterly Risk report 5.2 Eke Panuku Total Value Analysis – Overview 5.3 Property Market update 5.4 Portfolio, Programme and Project Management overview	
<b>6.</b>	<b>Governance matters (open items)</b> 6.1 Director interests 6.2 Director meeting attendance 6.3 Minutes meeting held – 11 December 2024	
	<b>Public meeting close and confidential meeting open</b>	
<b>7.</b>	<b>Chief Executive’s report (confidential items)</b>	
<b>8.</b>	<b>Decision papers (confidential items)</b> 8.1 33 Manukau Station Road – Go to market strategy 8.2 Waste Disposal Services – Chairperson Appointment 8.3 Avondale Central	
<b>9.</b>	<b>Governance matters (confidential items)</b> 9.1 Out of cycle decisions 9.2 Director interests’ projects 9.3 Board action list 9.4 Board work forward programme 2025 9.5 Minutes meeting held – 11 December 2024	
	<b>Meeting close</b>	<b>4.00pm</b>

At the time of publishing no apologies have been received.



## Chief Executive Report

Author(s): David Rankin

February 2025

### Whakarāpopototanga matua | Executive summary

*This is a public report which incorporates a range of material on current and emerging issues. Some information contained in this report should be treated as confidential. In terms of Section 7 of the Local Government Official Information and Meetings Act 1987, Eke Panuku is entitled to the withholding of information as necessary to:*

- *protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of a third party(s7(2)(b)(ii));*
- *enable any local authority holding the information to carry on, without prejudice or disadvantage commercial negotiations (s7(2)(i));*
- *maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to members or officers or employees of any local authority in the course of their duty (s7(2)(f)(i)); and*
- *maintain legal professional privilege (s7(2)(g)).*

### Matapaki | Discussion

#### Waterfront – Update on key projects and summer events and activities

1. It has been a busy time over the summer months with a range of successful activities and events reflecting the achievements of our work programme and operational teams, together with activities delivered by others.

#### Karanga Plaza Harbour Pool

2. The Harbour Pool was opened for public use on the 20th of December and was a great example of collaboration across the Council Whānau to deliver a successful project.
3. Eke Panuku worked with Council Leisure and Facilities team to get ready for opening and the provision of lifeguarding services.
4. Over the summer period the pool was well used and received good coverage across different social media platforms. The following data has been collated by pool lifeguard and security staff between 20 December 2024 and 21 January 2025:
  - overall number of patrons utilising the pool = 5,460 which equates to an average of 182 per day.
  - the pool was at its busiest in the weekend afternoons and on Saturday mornings, particularly with children enjoying being able to safely jump from the platform.



- the most popular activity is the utilisation of the open space followed by the jumping platform and finally the lane swimming facility.
  - wildlife incidents consisted of the presence of sting rays and jellyfish, so lifeguards closed jumping platform when these were observed.
  - security incidents were relatively minor and dealt with by the security contractor and Māori wardens.
5. The teams have met to undertake a debrief and to consider further operational and capital works that may be needed from a health, safety and user perspective. There have been some operational adjustments to ensure that the jump platform gate is locked at the same time as the pool is closed at dusk.
  6. Lifeguard services have now ceased with the completion of school holidays.
  7. As part of the Moana festival the Manu Competition will hold events over the weekends of the 16-17, 22-23 February and 1 March, with the pool closed to the public at these times. This event will use the current facilities and bring its own security during the events.
  8. Through the remainder of the summer period the area will be monitored by the security contractor and Māori wardens as part of the overall waterfront security contract.

## **New Years Eve 2024**

9. NYE 2024 was led by the Auckland Council City Centre Activations team.
10. Eke Panuku worked in collaboration with teams from across the Council Whānau and other organisations on a joined-up inter-agency approach, with the objective of maintaining a safe NYE and cementing a connected approach that can support growth of the event across successive years.
11. As well as feeding into the overall planning, Eke Panuku:
  - delivered on-the-ground support to the Council crowd-care station in Te Komititanga
  - supplied extra toilets, rubbish facilities and security in Queens Wharf and across the Wynyard Quarter
  - ran a light-touch programme in Karanga Plaza which contributed to the Waterfront maintaining a positive, family-friendly atmosphere across the night, and demonstrated the value of placemaking strategies to manage crowd behaviour.
12. The recently re-opened Wynyard Crossing Bridge operated smoothly with only minor glitches to move approximately 12,500 people across the night.
13. The coordinated City Centre approach proved very successful, with no significant incidents across the night, and any incidents dealt with quickly and effectively.
14. The NYE 2024 Operations Group debrief highlighted the value of inter-agency collaboration in managing a large-scale, unpromoted celebration. Data gathered will strengthen planning and delivery for NYE 2025.

## **SailGP**

15. The Wynyard Quarter was the land-side site of the Auckland leg of the SailGP 2025 season on the weekend of January 17-18 2025.

16. Eke Panuku collaborated closely with Tātaki Auckland Unlimited and the international event organiser:
  - to ensure that the site preparation was managed in a way that was safe on Wynyard Point, given its current status as a contaminated site and the location of a number of nesting seabirds;
  - to ensure seamless operations, maximise benefits to the Wynyard Quarter and deliver a positive experience for residents, visitors and businesses;
  - on crowd management and safety planning for natural viewing areas across the waterfront, including Westhaven;
  - engaging with berth holders, businesses, and residents to minimise disruptions through clear and effective communication.
17. The event made extensive use of infrastructure developed for the 36th America's Cup, with the team bases on Wynyard Wharf and Jellicoe Harbour proving to be a major success and a visual highlight for visitors.
18. Despite some logistical challenges, the use of Wynyard Point for grandstand viewing was highly successful, benefiting both the event and attendees.
19. This effort also provided opportunities to advance Te Ara Tukutuku initiatives, including:
  - enabling works on Wynyard Point;
  - onsite promotions with strong public engagement; and
  - a session featuring SailGP talent that helped strengthen connections with Live Ocean which is an ocean charity founded by SailGP's Black Foils team members Peter Burling and Blair Tuke.
20. Post event, Eke Panuku is working closely with Tātaki Auckland Unlimited on key considerations for future SailGP events in the Wynyard Quarter.

## **Moana Festival**

21. The Wynyard Quarter is hosting the Moana Auckland festival from 27 January to 9 March. This is a regional celebration of all things nautical, featuring a wide range of events.
22. Eke Panuku is collaborating closely with Tātaki Auckland Unlimited and individual event organisers to minimise disruptions and ensure an enjoyable experience for everyone.
23. To date, highlights have included the NZ Millennium Cup during Auckland Anniversary Weekend and the Moana Music Open Mic Session at Hobson Wharf on 9 February. Upcoming events include:
  - The Z Manu World Championships: Every weekend from 15 February to 1 March
  - Mermaid Parade (facilitated by Eke Panuku): 22 February 2025
  - Six60 performance at the Base Spaces: 1 March
  - Sustainability Expo at the Viaduct Events Centre: 22-23 February
  - PIC Harbour Classic: 28 February-2 March
  - Long Lunch Charity Event supporting KiwiHarvest in partnership with the Park Hyatt: 5 March

- Auckland Boat Show: 6–9 March
- Music Pop-Up Programme: Eastern Viaduct and Karanga Plaza (ongoing)

### **Completion of the Westhaven Seawall Project**

24. The major seawall upgrade along Westhaven’s northern reclamation, close to the base of the Harbour bridge was completed in January 2025.
25. The seawall upgrade, part of a wider marina enhancement programme was designed to protect people, buildings and boats from rising sea levels and more frequent and severe storms. The upgrade has also led to a more attractive and functional waterfront space for people to enjoy including wider pedestrian walkways with extended lookouts over the Waitematā, enhancing pedestrian connections around the entire Marina. In the upcoming planting season, new vegetation will be added to the tree pits.

### **Auckland Waitemata Harbour Crossing (AWHC) Site investigations**

26. Over the next 12-18 months, we understand that NZTA will progress geotechnical, environmental, and utilities investigations to gain a comprehensive understanding of ground and seabed conditions to inform the AWHC project.
27. This has been a specific request through the Minister of Transport.
28. Site works were undertaken on NZTA owned land near Northcote at the end of 2024.
29. The NZTA project team has been in touch with Eke Panuku as it needs to access landside at Westhaven Marina for site investigations. We understand at present that the testing sites will be near Swashbucklers and along Westhaven Drive. We also expect that there will be testing in the harbour and that the NZTA project team are applying for consents. We have requested a map and as much information they can provide in advance given potential effects on the marina and users.

### **Te Wero Wynyard Crossing Bridge**

30. The Wynyard Bridge returned to service on 13 December 2024. Since then the bridge operation has experienced a series of minor disruptions. These disruptions have had a very limited impact on service with the down time spanning from just 5 to 20 minutes a time. The faults arising are classified as post-commissioning teething issues. These are common during the early phases of normal operation of an asset.

31. [Redacted text block]

32. [Redacted text block]



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- 34. [Redacted]
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## Development Agreement - Management

### Tavern Lane - Old Papatoetoe

- 35. [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- 36. [Redacted]
- [Redacted]
- [Redacted]
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### 132 Green Lane East, Greenlane

- 39. [Redacted]
- [Redacted]
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- 40. [Redacted]
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- 43. [Redacted]
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**Ormiston Town Centre and 56 Brookview Drive Flat Bush**

- 44. [Redacted]
- [Redacted]
- 45. [Redacted]
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- 46. [Redacted]
- [Redacted]
- [Redacted]
- 47. [Redacted]
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- 48. [Redacted]
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**Hobsonville Lots 6 A and 6B**

- 49. [Redacted]
- [Redacted]
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- [Redacted]
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- 50. [Redacted]
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51. [REDACTED]  
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52. [REDACTED]  
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[REDACTED]

## Own you Own Home Portfolio

### 19 Tripoli Road, Panmure, Demolition

53. Henderson Demolition has commenced demolition to clear this site of its former OYOH village. with a contract duration of eight weeks. Asbestos testing has been undertaken. Potentially some 50 tonnes of contaminated material, primarily from a fire damaged unit, will be taken to an approved landfill. Air monitoring will be undertaken during the continuance of the contract to ensure no migration of airborne asbestos to adjoining residential properties.

54. Once demolition has been completed, market conditions will be assessed and if appropriate the site will be taken to the market. As noted in the December 2024 go to market strategy timing for the sale will be dependent on market conditions and developer sentiment.

### OYOH Refurbishment

55. A Supplier Recommendation Approval has been made to appoint Trak Ltd as the contractor for the refurbishment of 63 units across the 14 villages at a contract sum of [REDACTED]  
[REDACTED]  
[REDACTED]

56. The contract will be signed late February with completion of the works anticipated mid-June 2025.

57. The Eke Panuku Property Management team has taken over the management of the portfolio since 1 February 2025. The team has been in contact with the homeowners about the change in the management arrangement. The team is in the process of finding suitable tenants for the vacant properties once they are refurbished, [REDACTED]  
[REDACTED]

### CCO Reform - Transition

58. As the Board is aware, at its meeting on 12 December 2024, the Governing Body agreed to structural changes to be implemented no later than 1 July 2025 to support CCO Reform. This included the transfer of all the functions of Eke Panuku into council.

59. As the Board is also aware I was appointed Transition Director for the CCO Reform programme just before Christmas, alongside my Chief Executive role. As Transition Director, reporting to



Council CE Phil Wilson, my primary task is to develop and lead the implementation of a detailed integration programme, working to the draft shared with the Governing Body in December.

60. This relates specifically to the four core workstreams as detailed below:

- i. The structural integration of Eke Panuku and the economic development activities of Tātaki Auckland Unlimited. In addition, there are potentially some changes to council functions that have a synergy with property, economic development and urban development realms. This is a large time-driven workstream and involves structural changes for the functions of Eke Panuku and Tātaki Auckland Unlimited's economic development function to be incorporated into Auckland Council by no later than 30 June.
- ii. Strengthening the Group CCO model. This workstream will be led by the CCO/External Partnerships team.
- iii. Transport Reform. This change has a longer timeframe as a result of required legislative amendments, although there will be change required prior to legislative change. This has yet to be fully defined.
- iv. Group Shared Services. This component already has its own structure, reports to a Board made up of the Group CEs and will largely run on an agreed pathway.

## Objectives

- Achieve transfer of Eke Panuku functions and economic development functions of Tātaki Auckland Unlimited to council no later than 1 July 2025.
  - Enhanced ability to integrate planning and delivery to support growth and development in a place-based way i.e. priority areas, including regeneration and large-scale projects including in greenfield areas. Strengthened ability to work at pace and with flexibility on privately-led development opportunities.
  - Increase integration of economic development opportunities into urban regeneration delivery programmes including the ability to take innovative approaches to funding, financing and development agreements.
  - Increase the council's economic policy capability and integrate advice on economic development issues into broader decision-making.
  - Improved approach to the way the group buys, manages, and sells assets and improved collaboration between different parts of the council to achieve greater financial and strategic value from property assets by leveraging commercial expertise.
  - Ensure external governance capability and commercial and industry expertise for commercial and development issues is available.
  - Increased local board involvement in development activity in priority areas including improved support for service property optimisation.
  - Integration of functions that have natural synergies to create a critical mass of expertise.
61. The transition programme will have responsibility for some core/generic workstreams such as legal, communications and engagement, Māori outcomes and HR, and will ensure the PSA will be consulted throughout the process.

62. Work is well underway to meet the Governing Body's deadline of 30 June, with 1 July as 'day one' for changes in Workstream 1 relating to how Auckland Council delivers its growth and development. This is being led by workstream leads Brenna Waghorn (Eke Panuku) and Pam Ford (TAU). Consideration is being given to both how we work (operating model) and structural change. Governance, economic development, urban regeneration including city centre, large-scale projects and events sub-workstreams have been set up to provide input.
63. The primary objective is to implement the direction from Governing Body, and to do so in a way that maintains delivery momentum and retains talent. However we have also been asked to look at opportunities for this change to deliver a step change in how the council group supports positive growth.
64. We will be thinking through, and testing options to the extent possible in the constrained timeframe, and we will work with staff across the group to do that. Around 40 council group subject matter experts in the areas of urban development and economic development were invited to participate in a workshop last week, as were 30 members of Eke Panuku's senior leadership group, Hautū.
65. A working assumption we have been testing is the creation of a business unit, the Auckland Urban Development Office (working title) within the council. It would house the bulk of the Eke Panuku functions and at least some Tātaki Auckland Unlimited economic development functions. In addition, this could potentially include some council functions that have a synergy with property, economic development and urban development. As part of this thinking the council's governance team is looking at options which could support elected representatives with some degree of specialist commercial expertise.
66. The Governing Body has been clear this isn't about changing service levels but rather about how our services are delivered. To the extent possible, we are taking the approach of being transparent, collaborative and inclusive with staff throughout the process.
67. While uncertainty is inevitable, having Eke Panuku leaders oversee critical workstreams, and reinforcing messages of work continuing, has provided some reassurance to staff. Staff turnover has remained steady to date.
68. Internal and external support avenues for staff are communicated regularly. An anonymous staff survey has been developed to gather thoughts, needs and questions regarding the transition. Insights will help shape targeted interventions. Additionally, workshops are being scheduled to equip leaders and team members with practical tools to navigate change effectively.
69. More clarity around preferred options is expected in late February with a formal staff consultation process likely to begin in mid-March. This timeline is necessary if we are to meet the 30 June date for wind down of the Eke Panuku business and implementation of a new organisational model.
70. The first formal update to Governing Body on the CCO Reform will take place on 27 February.

## **CE Report – Q4 Media Analysis**

71. The volume of coverage including Eke Panuku rose 37% over the quarter to 213 reports, however our media impact score (MIS) dropped to 1.1. This was due mostly to a lower volume of

very positive reporting compared to previous quarters as most media focused was on the CCO Reform. Temporary closures of the Wynyard Crossing Bridge in late December due to post-opening technical issues also contributed to the drop.

72. Positive reporting during the quarter was strongly concentrated on project quality and good outcomes for communities, the environment, and the economy. Mostly these were in coverage about specific projects, such as the regeneration activity underway in Old Papatoetoe, Manukau, Onehunga, Pukekohe and Northcote. There was also some acknowledgement of our involvement in the Karanga Plaza pool.

73. This is the final quarter using Isentia as our media monitoring provider, as we now move to council's new provider Stream for the remainder of the financial year.

## **Ngā tāpirihanga | Attachments**

Attachment A 

Attachment B 



## Health and Safety report December 2024-January 2025

Author(s): Bernardo Vidal, Head of Health and Safety

February 2025

### Whakarāpopototanga matua | Executive summary

1. In December and January, 19 reports were logged in the Eke Panuku Noggin H&S reporting system. Of these, 12 were incidents, including four cases of property damage, three near misses, one non-work-related medical condition, one report of pain and discomfort, and three minor injuries that required first aid, two of them became Restricted Work Cases, none of the incidents escalated into serious conditions. Additionally, seven proactive reports were recorded, covering six unsafe conditions and one unsafe action. Of the 19 reports, six involved Eke Panuku employees, one involved a member of the public, and 12 related to contractors. All incidents were classified as low severity.
2. Security contractors and Māori wardens carried out 127 security observations in December and January. These involved members of the public and external factors beyond Eke Panuku's control.
3. Finally, there were a combined 41 recorded site visits and safety walks conducted by our project leads across 70% of the projects.

### Matapaki | Discussion

#### Notable events

##### 4. Incident 1

Date: 2 December 2024

Location: 10 East Street, Pukekohe, Auckland, 2120

Event: Suspected asbestos-containing material identified in a concrete slab.

Description: During the upgrade of public amenities project at Roulston Park, Pukekohe, while removing a concrete slab, contractors discovered a material suspected to contain asbestos.

Incident category: Near Miss

Actual Severity: Low

Potential Severity: Medium

Immediate action taken: Contractors have dampened the material, covered it, and secured the area.

Investigation needed: No

## 5. Incident 2

Date: 11 January 2025

Event: Charter Guest fell in water

Location: Z pier Charter base (Z50) Westhaven Marina

Description: While boarding the vessel, a charter guest stepped between the pier and the swim platform falling into the water.

Incident category: Near Miss

Actual Severity: Low

Potential Severity: High

Immediate action taken: The crew responded immediately, assisting the client out of the water without complications. The situation was swiftly managed, with no serious consequences. The Eke Panuku Dockmasters assisted and reported the incident.

Investigation needed? No

## 6. Incident 3

Date: 23 January 2024

Event: An employee fell while using the stairs between levels 22 and 21.

Location: Auckland Council Building, 135 Albert Street.

Description: An Eke Panuku employee lost their balance at the top of the stairs while descending from level 22 to level 21, falling approximately four steps before reaching the landing of the next stage of stairs.

Incident category: First Aid

Actual Severity: Low

Potential Severity: Critical

Immediate action taken: The employee received prompt first aid from one of Eke Panuku's first aiders before seeking further treatment at their local GP. The preliminary diagnosis indicated a sprained ankle and multiple bruises on the left arm, right leg, and ribs. A fracture was ruled out. Additionally, the person received four stitches on their shin.

Investigation needed? Yes

## 7. Incident 4

Date reported:	22 January 2025
Event:	An unoccupied property was found with clear indications of unauthorised entry.
Location:	Security Concern
Description:	During an inspection of multiple properties within the same building, two property managers conducted assessments together. However, for the final property, one manager chose to proceed alone. While inspecting the ground-floor unit and attempting to access the back of the building, they noticed a shattered window, removed wooden coverings from other windows, and a broken door lock.
Incident category:	Property damage / Security concern
Actual Severity:	<span>Low</span>
Potential Severity:	<span>High</span>
Immediate action taken:	The property manager chose not to enter the property alone and requested assistance from a colleague. The incident was reported in the system, and the property was later inspected safely, minimising the risks associated with working alone.
Investigation needed?	No

## Health, Safety and Wellbeing main actions

8. Improve HSW reporting including lead KPIs that test the performance of critical risks, such as:
  - a. Property inspections undertaken. Details in paragraph 9.
  - b. Capital Works inspections reporting. Details in paragraph 10.

### 9. Property risk assessment reporting

While the Property Portfolio team decides on the scope of property inspections and whether to continue with the provider that conducted the pilot inspections, our HS advisors have scheduled a series of random inspections at various properties. These inspections will follow the original format developed in 2022 by the HS and Facilities teams, with the participation of Facilities and Property Managers playing a key role in this process.

### 10. Capital Works Inspections (CWI) reporting

In December and January there were a combined 41 recorded site visits and safety walks conducted by our project leads across 70% of the projects with a total of 34 safety inspections performed by engineer to contract and contractors. This is an improvement to our health and safety assurance programme as part of monitoring the safety management plans. Additionally, there were a combined 8 out of a total of 14 projects, where site visits were undertaken by our Health and Safety Advisors.

There was a total of nine incidents reported between December and January with three incidents reported late for incidents in November. All corrective actions were immediately attended by the contractors and engineers to the projects.

The Capital project meetings are attended to by our Health and Safety advisers where incidents and wellbeing is discussed. Currently in discussion and to action, is an improvement to post contract performance reviews. This is to provide a holistic review of the contractor's health and safety performance after completion of capital works contracts.

#### 11. Wellbeing risk assessment plan

From July to December 2024, Umbrella Wellbeing conducted a comprehensive Psychosocial Risk Assessment (PRA) for Eke Panuku. The assessment evaluated psychosocial risks and overall wellbeing using the Umbrella 12-Factor Psychosocial Risk Model, aligned with WorkSafe NZ and ISO 45003 standards. The goal was to assess how effectively Eke Panuku's current health, safety, and wellbeing initiatives address psychosocial risk management in compliance with the Health and Safety at Work Act 2015 (HSWA).

The PRA had a 77% response rate from participants, which is considered greater than average. Our results showed 37% of employees are in the 'Thriving' group, 50% of people at Eke Panuku are at least 'managing well', with only 13% 'finding it tough'. This is considered a good position.

The results indicated that Eke Panuku is perceived as highly supportive of employee wellbeing, creating clear benefits for both the organisation and its people. Employees report strong overall wellbeing, resilience, and satisfaction with work-life balance, with relatively few intending to leave within the next six months. The organisation fosters a positive workplace culture, where employees feel psychologically safe within their teams. While work challenges exist, Eke Panuku employees are less likely to report issues related to change consultation or inadequate peer and managerial support compared to other organisations. These insights reinforce Eke Panuku's commitment to employee wellbeing and a thriving organisational environment.

However, the assessment also highlights many areas for continuous improvement. In the time left between now and transition into Auckland Council the ELT is focused on continuing and improving the 'supporting people through change' and 'maintaining a positive and supportive culture' areas of wellbeing.

#### 12. Transition to the Donesafe incident management platform

During December and January, the transition to the Donesafe incident and accident management platform saw no significant progress since Auckland Council decided to adopt a new approach. This approach involves creating new users within the existing Donesafe platform instead of developing multiple interconnected platforms. The familiarisation process for Eke Panuku using the assigned profile is ongoing without issues.

To ensure proper management and recording of incident and accident reports, the contract for Eke Panuku's current platform 'Noggin' has been extended until January 2026. This extension will allow for a smooth transition, with an overlap period starting in July 2025, when Donesafe is expected to go live.

#### 13. Lone Work Risk Assessment

The final draft of the procedure has been submitted to union representatives, who have already supported the document, and to the Health and Safety Committee for review and validation. The committee is expected to provide feedback by Friday 21 February 2025. Meanwhile, the document is being refined in collaboration with key team members from each business unit before its submission to the ELT for approval and dissemination in March.

#### 14. Health and safety key performance indicators

Health and safety key performance indicators (KPIs), featuring both lead and lag measures, are represented in table (Figure 1) and chart (Figure 2) format.

	Measure	Performance Dec 24 - Jan 25		Previous month (November)
		Low - Med Risk	Critical or high risks	
Employees	Safety Concerns / conditions	3	0	1
	Near Misses	0	0	1
	First Aid injuries	0	0	1
	Pain and Discomfort	1	0	0
	Restricted Work Case (RWC)	0	1	0
	Medical Treatment Injuries (MTI)	0	0	0
	Lost Time Injuries (LTI)	0	0	0
	Property Damages	0	0	1
	Security Concern	1	0	0
	<b>Total Events</b>	<b>5</b>	<b>1</b>	<b>4</b>
Contractors	Safety Concerns/conditions	1	0	0
	Near Misses	2	0	8
	First Aid injuries	1	0	3
	Restricted Work Case (RWC)	1	0	0
	Medical Treatment Injuries (MTI)	0	0	0
	Lost Time Injuries (LTI)	0	0	1
	Medical Condition (Non-Work Related)	1	0	0
	Property Damages	4	0	7
	Security Events	0	0	3
	Unsafe actions	2	0	0
	<b>Total Events</b>	<b>12</b>	<b>0</b>	<b>6</b>
Member of the public	Safety Concerns	0	0	0
	Near Misses	1	0	0
	First Aid injuries	0	0	0
	Serious Injuries	0	0	0
	Property Damages	0	0	1
	<b>Total Events</b>	<b>1</b>	<b>0</b>	<b>0</b>
<b>Total events</b>		<b>18</b>	<b>1</b>	<b>26</b>
<b>TRIFR (employees)</b>		<b>1</b>		<b>0</b>

Figure 1 - Health and Safety Key Performance Indicator Table

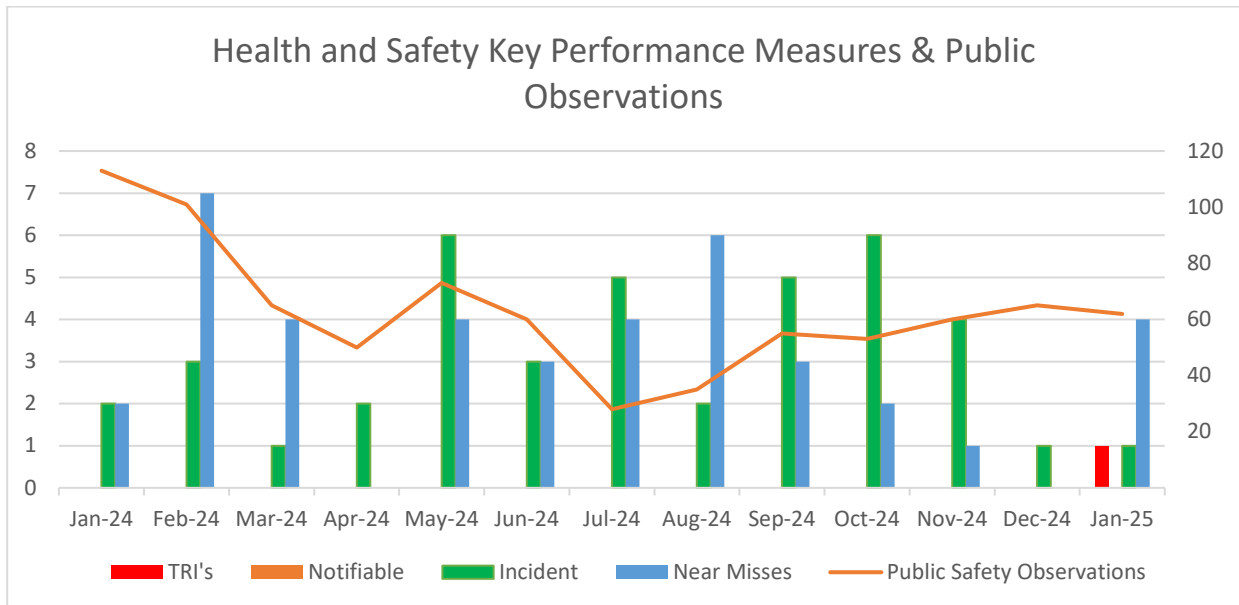


Figure 2 – 12 Month rolling H&S performance measures

TRI – Total Recordable Injuries includes lost time injuries and medical treatment injuries for employees only.

Notifiable refers to incidents and injuries reportable to the health and safety regulator.

## Workplace incident themes and trends

15. In December and January, 19 events were recorded on the Noggin incident and accident management platform, including five retrospective reports. Only one of these incidents occurred several months ago, while the other four took place in the previous month. The continued reporting of past events by employees, along with the detailed information in the reports and the fact that 40% of incidents recorded during this period relate to unsafe conditions and behaviours, supports the ongoing positive evolution of our safety culture, as noted in the previous report.
16. In January, a high-risk incident occurred that deserves our attention. An Eke Panuku team member fell while descending the stairs from Level 22 to Level 21, tumbling down four steps uncontrollably. Thankfully, they did not sustain serious injuries and are now in our work recovery program, receiving care for minor bruises on their legs and arms and for the stiches received on their shin. Recognising the potential severity of this event, our Health and Safety team has taken a proactive approach—shifting from traditional reactive investigations to a deeper learning and improvement process. Our focus is not just on understanding why this happened, but on identifying the most effective ways to prevent similar incidents in the future.  
Beyond processes and policies, we see this as an opportunity to engage both the minds and hearts of our team members, enhancing risk awareness and fostering a culture where safety becomes a natural and integral part of everyday life.
17. This proactive approach to learning from high-risk events demonstrates our commitment to continuous improvement, by fostering open communication, addressing risks effectively, and prioritising wellbeing, we are strengthening our safety culture and creating a workplace where everyone feels empowered to contribute to a safer environment. Moving forward, we will continue to build on these efforts, ensuring that safety remains an integral part of our daily operations and decision-making.

## Public health, safety and wellbeing events

		Performance January	Performance December	Previous Month (November)
Public Realm	Security and Māori Warden observations	62	65	60
	Public injuries	0	0	0
	Public incidents or observations	1	0	0

Figure 3 - Public realm incident and observation table

Data provided for information purposes and are not key performance indicators as Eke Panuku has very little influence or control over the outcome of these events.

18. There were 128 observations raised by security guards and Māori Wardens during December and January. All the observations occurred in the public realm and were outside the direct influence or control of Eke Panuku. All issues were also reported through to other agents, responsible for dealing with the identified issues, such as New Zealand Police and emergency services, Auckland Transport and parking enforcement.
19. The security guards patrol the waterfront seven days a week. The Māori Wardens patrol the waterfront on Friday and Saturday nights.

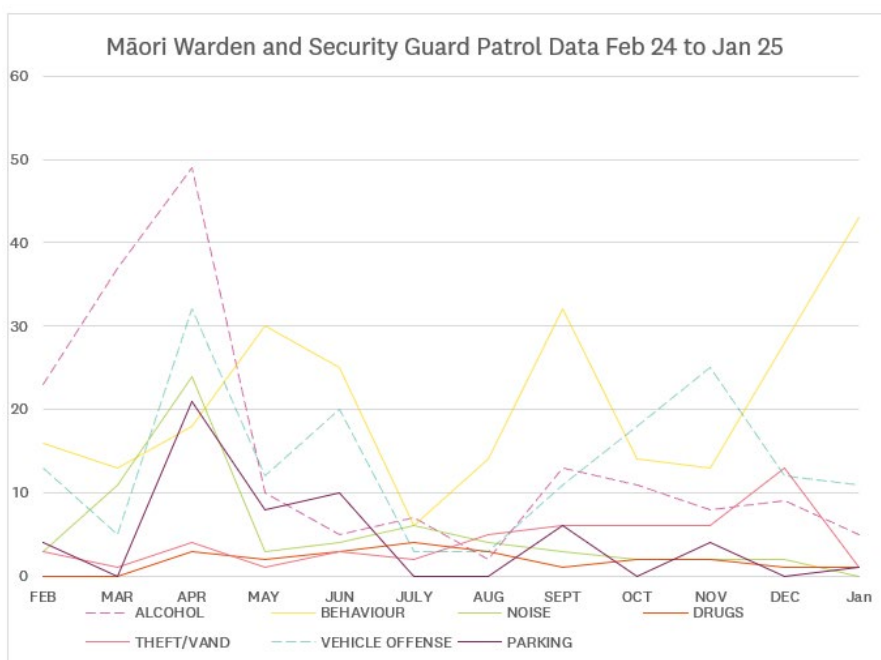


Figure 4 - Combined public observation data by category

20. The top three most common observations are highlighted below

Rank	January		December	
	Issue	No. of observations	Issue	No. of observations
1	Behaviour	28	Behaviour	43
2	Vehicle offence	12	Vehicle offence	11
3	Damage/Vandalism	13	Alcohol	5

Figure 5 - Top three issues raised through Waterfront Patrols in December 2024 and January 2025

21. All Noggin events, including those commented on above, including the events retrospectively reported (ERR)<sup>1</sup>.
- a. Twelve events involved contractors.
    - i. During the upgrade of public amenities project at Roulston Park, contractors discovered concrete slabs that may contain asbestos. The slabs were covered, the area was secured and isolated, and an asbestos professional was engaged to confirm the presence of the substance.
    - ii. During the upgrade of public amenities project at Roulston Park, the site storage container was broken into overnight, and several tools were stolen. The incident was reported to the police, and the site storage lock was reinforced.
    - iii. During the tree transplantation process for the Roulston Park upgrade of public amenities project, minor damage occurred to an overhead traffic light. The issue was reported to the responsible department, and the traffic light has been repaired. (ERR)
    - iv. During the upgrade the public amenities project at Roulston Park, a subcontractor sustained a minor hand injury while using a hammer to remove a canopy. The contractor received first aid, and no major injuries were identified. (ERR)
    - v. Due to groundwater erosion, a sidewall built as part of the Westhaven Seawall project partially collapsed. The contractor promptly controlled the situation and stabilised the area without major issues. (ERR)
    - vi. During a safety inspection of the works at 157 Great South Road, Otahuhu, the Project Manager identified that the warehouse work area was not properly isolated, posing a risk of unauthorised entry into an unsafe zone. After contacting the contractor responsible, the issue was addressed and mitigated.
    - vii. During the deconstruction project at 113-115 Valley Road, a contractor reported that the demolition contractor failed to follow safety measures, including the use of basic Personal Protective Equipment (PPE) and the implementation of dust suppression measures, leading to dust contamination in the area. After the Project Manager contacted the responsible contractor, the issues were addressed and mitigated.
    - viii. During the contractor's work at 17 St George St, Auckland, a member of the public informed the Project Manager about damage to their signage board. The contractor was contacted to verify their responsibility.
    - ix. During a site visit to the works at Rata Vine Drive, Wiri, a consultant experienced a non-work medical issue and became unwell. It took the consultant a few minutes to recover . An ambulance was initially called but later cancelled, and the consultant was escorted home. They recovered and returned to work two days later.
    - x. During the installation of Electric/Hybrid Ferry infrastructure at Queens Wharf, a

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<sup>1</sup> ERR: (Events Retrospectively Reported) refers to health and safety reports registered by Eke Panuku employees in the Noggin platform after the month in which the event originally occurred. These reports are crucial as they ensure incidents are documented regardless of the time elapsed, improving record accuracy, supporting trend analysis, identifying recurring issues, and enhancing risk management efforts.



project led by Auckland Transport, a lithium-ion battery for hands tool caught fire at the charging station. Contractors quickly contained the fire using the extinguisher located in the room.

- xi. During the works at Boundary Road, Hobsonville, related to the wastewater upgrade project, a civil engineer responsible for quality assurance and safety inspections identified a substandard and risky concrete pouring methodology used to accelerate the process. Despite being questioned by their supervisor and asked to delete the photos—under the claim that such practices are standard in the industry—the engineer chose to escalate the issue. The practice was halted, and the contracting company reported the incident and launched an internal investigation. (ERR)
  - xii. A contractor working on the Westhaven Seawall project suffered a minor finger pinch while retrieving a dropped tool from between the rock armor. The contractor received first aid treatment and continued working in a restricted capacity, focusing on supervision duties. (ERR)
- b. Six events involved employees.
- i. An Eke Panuku employee on Level 22 reported pain and discomfort in their right thumb, hand, and lower elbow.
  - ii. An Eke Panuku employee fell in the stairwell between Level 22 and Level 21.
  - iii. An unoccupied property was found by property manager with clear indications of unauthorised entry.
  - iv. A Property Manager visiting the Northcote Lab Test Building Site reported a trip hazard.
  - v. Visiting high-risk areas in branded Auckland Council vehicles has been reported as a safety hazard due to potential threats from the public.
  - vi. Property managers have reported visiting pest-infested properties as a potential biological risk.
- c. One event involved member of the public/guest.
- i. While boarding the vessel, a charter guest stepped between the pier and the swim platform falling into the water.

## Ngā tāpirihanga | Attachments

There are no attachments.

## Northcote Programme Business Case Overview

Author(s): Kate Cumberpatch, Priority Location Director

February 2025

### Ngā tūtohunga | Recommendations

That the Eke Panuku Board:

- a. approves the reviewed Programme Business Case Overview for the Northcote priority location programme.
- b. approves the expected benefits to be realised for the Northcote programme being:
  - i. Site sales of \$39.4 million
  - ii. 605 dwellings
  - iii. 16,500sqm of commercial space
  - iv. 22,700sqm of new or improved public realm.
- c. approves a programme life cost, projected to end in 2036, of \$73.5 million nett, being expenditure of \$112.9 million, including opex, capex and acquisition costs, less projected site sales of \$39.4 million.

### Whakarāpopototanga matua | Executive summary

1. This paper seeks formal approval of the reviewed Programme Business Case Overview for the Northcote priority location programme.
2. The programme commenced in 2016. The projected end date of this programme is 2036.
3. The vision for the Northcote programme is to “create a growing community, with a lively and welcoming heart that celebrates culture, and where business thrives and everyone’s needs are met.”
4. The goals of the Northcote programme, as set out in the High Level Project Plan, are:
  - a. A range of appropriate and functional housing
  - b. More useable open space
  - c. An accessible place for everybody
  - d. A strong sense of community
  - e. A busy, pleasant town centre.
5. The total anticipated investment in the programme is \$112.9 million. Spend to date on the programme has been \$56.5 million.
6. The financial benefits of this programme are projected to be in the region of \$39.4 million based on current market values. No actuals have been received to date.
7. Unlocking the transformation of Northcote is important. The essential first step was to acquire all the fee simple property titles in the town centre to address fragmented ownership and enable

transformation. The acquisition project is complete with Auckland Council now owning all properties and Eke Panuku managing the entire town centre.

8. Northcote has received significant investment in recent years by both central and local government. Kāinga Ora is managing a large scale project in the area surrounding the town centre and is converting 350 social homes into over 1,700 social, affordable and market homes. Over 1,000 of these have been built to date. The Ministry of Education has completely upgraded Onepoto Primary School in readiness for increased school roll. Auckland Transport upgraded Lake Road, the main arterial route in Northcote, with a safe cycle path.
9. The cost benefit ratio for Northcote is 1.22:1, with a net economic benefit of \$74 million. The most significant economic benefit is new homes and improved economic viability. This cost benefit ratio does not fully capture the benefits of urban regeneration, including the catalytic impact of the investment, as some benefits are unable to be monetised.
10. The programme is focused on:
  - a. The delivery of the new extended Ernie Mays Street which will accommodate the public transport network and stormwater overland flows within the town centre to enable town centre development.
  - b. The delivery of a renovated and enlarged integrated community hub. Significant work has been done to ensure the scope of this project remains within forecast budgets.
  - c. The daylighting of the Awataha Street creating a public connection of open recreation space that also mitigates the flooding risks within Northcote. We have already invested funding into the delivery of other components of this project with the final component being delivered by us in conjunction with the above two projects. This last component will complete the Te Ara Awataha project which creates amenity for the community, maximises stormwater management and remove flood risks for development for the town centre.
11. Demand is currently low to seek private sector investment and a market process undertaken in 2023-2024 seeking a development partner for the whole town centre at acceptable land value was unsuccessful. This was not a surprise given the very stressed state of the property development market. As a result, we are taking on a master developer role and creating smaller development opportunities which can be staged to match market demand and property market conditions, ensuring outcomes are still realised. We anticipate that with new strategy and staging the release of sites over time we should realise higher revenue which should reduce net cost with an aim to get to a point where sales exceed cost of acquisitions.

## Horopaki | Context

12. The below table sets out previous relevant decisions.

<b>Previous Board / Auckland Council engagement and decisions</b>		
Date and meeting	Document	Decision / Outcome
24 February 2016	Eke Panuku Board	Approved Northcote High Level Project Plan
10 March 2016	Auckland Planning Committee	Approved Northcote High Level Project Plan

## Previous Board / Auckland Council engagement and decisions

Date and meeting	Document	Decision / Outcome
27 November 2018	Auckland Planning Committee	Approved a boundary change to Northcote High Level Project Plan
26 June 2019	Eke Panuku Board	Approved Northcote Programme Business Case 2019

## Nga whiringa me te taatai | Options and analysis

### Kua whakaarohia nga whiringa | Options considered

13. Our approach to delivering the strategic outcomes for the Northcote programme is frequently reviewed and updated to reflect changing circumstances.
14. The delivery of all projects and how they are realising the benefits for Northcote have been considered in this Programme Business Case Overview review.
15. The Programme Business Case Overview is attached to this report for reference (**Attachment A**).

### Northcote programme to date

16. Since its inception in 2016, we have delivered a range of projects within the Northcote programme. These are set out in more detail in the Programme Business Case Overview.
17. Projects delivered to date include acquisitions of 38 properties to create fee simple titles and enable development, supporting delivery of significant components of Te Ara Awataha and delivering the upgrade of Jessie Tonar Reserve and getting approval for the concept design of the Northcote Community Hub and subsequently lodging resource consent.
18. Benefits realised to date are 10,140sqm of public realm and completing 38 acquisitions (enabling works).

### Northcote programme

19. During FY25 we closed out the unsuccessful market process to seek a development partner for the whole town centre. We have board agreement to focus on smaller development sites seeking interest directly from parties such as a supermarket operator and a community housing provider. We commenced deconstruction of properties within the town centre that will enable construction of capital delivery projects in FY26. To date two properties have been deconstructed and another three will be deconstructed by the end of FY25. We also lodged resource consent for the Northcote Community Hub and are progressing towards resource consent lodgement for Ernie Mays Street.
20. Two capital delivery projects commence construction in FY26.
  - a. Northcote Community Hub and upgraded Puāwai Cadness Reserve.
  - b. Extension and realignment of Ernie Mays Street, including the town centre edge, and final section, of Te Ara Awataha. This will enable the public transport network to shift and not be an ongoing risk for development opportunities in the town centre. It will also accommodate stormwater overland flow paths, reducing the flood risk and stormwater requirements for development in the town centre.

## Programme changes

21. The main changes to the Northcote programme since 2019 are:
  - a. updated delivery timeframes for individual projects
  - b. acquisitions completed and actuals were well below forecasts due to good negotiations and many willing buyer agreements
  - c. public realm benefit GFA now includes streetscape improvements
  - d. community hub now a renovation and extension of existing library building
  - e. lower dwellings, commercial GFA and sale receipts following feedback during market process
  - f. timeline extended due to downturn in property market and delayed shareholder decisions on community hub brief.
22. A summary of the reasons for changes between the 2016 High Level Project Plan, the 2019 Programme Business Case and the 2025 Programme Business Case Overview are attached to this document (**Attachment B**).

## Ngā ritenga ā-pūtea | Financial and resourcing impacts

23. The overall financial cost of this programme is forecast to be \$73.5 million nett over the period 2016 - 2036.
24. This \$73.5 million nett cost is the result of gross costs of \$112.9 million and projected site sales of \$39.4 million at current values.
25. The net cost is a combination of costs primarily driven by community hub, public realm, road infrastructure and acquisitions combined with a sales revenue that is at a very low point in the cycle.
26. The most significant costs are for the acquisitions and the delivery of the community hub and Ernie Mays Street. These costs are all required to enable the redevelopment of the town centre. The Ernie Mays Street project ensures the public transport network maximises the development feasibility and town centre attractiveness by moving this street and the public transport routes are adjacent to key development sites. The street also enables development as it accommodates overland flow paths currently running across the development site. The community hub project delivery is to meet our urban renewal criteria under the Public Works Act, a requirement for our compulsory acquisitions.
27. The programme has a net economic benefit of \$74 million with the most significant economic benefit being new homes and improved economic viability. This results from the redevelopment of the town centre we will deliver.
28. The programme costs have slightly decreased since the initial High Level Project Plan 2016 expected cost. This is due to the actual acquisition costs being lower than forecast due to successful negotiations and willing buyer agreements. Acquisition outlay to address fragmented ownership was an essential part of enabling transformation. Significant work has been done over the last couple of years to ensure the scope for the community hub doesn't expand and therefore require more funding. The community hub is a refurbishment and extension, rather than a complete new build to keep costs within budget. The public space surrounding the community hub is larger as a result of Auckland Transport requirements for the adjacent Ernie Mays Street project shifting the street to realign with other side streets in Northcote.

29. The programme makes the following financial assumptions:
- a. That the property market will support sales of property in a timeframe that supports reinvestment, and that sufficient capital funds through reinvestment remain available.
  - b. That there is sufficient operational expenditure available to support ongoing change initiatives in the location.
  - c. Partner funding and/or support from Auckland Council and Auckland Transport is available to support community services and public transport initiatives.

## **Ngā raru tūpono me ngā whakamaurutanga | Risks and mitigations**

30. The most significant risk to this programme is the market. Development and sales times are slowing and values decreasing, although the market cycle will change in due course and increase site values. This is coupled with increased construction costs. This continues to slow progress and realisation of benefits in the programme. We have refreshed the development strategy in Northcote to maximise the demand for smaller sites and are currently progressing with three negotiations. We anticipate that with new strategy and staging the release of sites over time we should realise higher revenue which should reduce net cost with an aim to get to a point where sales exceed cost of acquisitions.
31. Delivery risks are actively managed through the risk register and monitoring of projects.
32. Reputation and stakeholder expectation risks are mitigated by regularly engaging with stakeholders to understand priorities and communicate constraints.
33. This cost benefit analysis of the programme will require review every three years to confirm that all planned projects should continue.

## **Ngā whakaaweawe mō te hunga whaipānga | Stakeholder impacts**

34. The Kaipātiki Local Board is supportive of the Northcote programme and would like delivery to take place quickly. There were many workshops held over a two-year process to finalise the brief for the community hub, ensuring that all the outcomes were delivered but the project scope, and therefore budget, was not over-extended to a point of not being deliverable. This has created a great outcome and lots of support from the local board. However, did add a lot of time and some cost to the project.
35. The Northcote Business Association is supportive of the Northcote programme and supports us in the delivery of projects, placemaking, communications and engagement. Noting the business association is very conscious of risks to businesses in the town centre due to the significant level of change and construction over the coming years.
36. Our tenants in the town centre are regularly informed through email correspondence.
37. The community is informed of the programme through communications and stakeholder events.

## **Tauākī whakaaweawe Māori | Māori outcomes impact**

38. Mana whenua had direct involvement in the creation of the cultural narrative for the Northcote programme. Mana whenua were integral to the stream daylighting of the Awataha Stream through Te Ara Awataha. Through a number of hui, mana whenua discussed the intention and wording of the vision, goals, principles and strategic moves for the High Level Project Plan and 2019 Programme Business Case.

39. Annual updates on the programme, with opportunities for feedback, are undertaken with mana whenua.
40. Each project looks for opportunities for mana whenua collaboration, design opportunities, and/or procurement and economic advancement opportunities.
41. To date projects that have included direct input from mana whenua, either design and/or procurement opportunities, include Te Ara Awataha and Northcote Community Hub and Puāwai Cadness Reserve. We also have strong collaboration with mana whenua regarding Para Kore Zero Waste, wayfinding and deconstruction in the town centre.

## **Tauākī whakaaweawe āhuarangi | Climate change impact**

42. Increasing the density of housing in Northcote will result in reduced carbon emissions through improved utilisation of existing infrastructure and transit-oriented development.
43. Eke Panuku has adopted a minimum standard of a Homestar 6 rating for all homes, resulting in warmer, drier and more energy efficient buildings.
44. All public realm projects consider green infrastructure and water sensitive design for increased flood resilience, ecological and biodiversity benefits and provision of increased shade and shelter for storm events and hotter days. Future capital projects will include carbon impact assessments. We also follow sustainable procurement targets and will use deconstruction approaches to reuse materials and reduce waste to landfill, where appropriate.

## **Ngā koringa ā-muri | Next steps**

45. The focus in Northcote is on implementing individual projects. This will involve preparing development sites to take to market, constructing public realm improvements and continuing placemaking activities.
46. This Programme Business Case Overview will be reviewed again in three years.

## **Ngā tāpirihanga | Attachments**

Attachment A – Northcote Programme Business Case Overview 2025

Attachment B – Programme change summary

## **Ngā kaihaina | Signatories**

Ian Wheeler, Chief Operating Officer

David Rankin, Chief Executive



# Northcote

## Programme Business Case Overview PBCO 2025

January 2025 |





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## Reviewed and signed by:

Kate Cumberpatch  
Priority Location Director



Date: January 2025

# Purpose

The purpose of this Programme Business Case Overview is to provide an up-to-date summary of the agreed urban regeneration programme for Northcote. This document illustrates the vision, goals and key moves of the Northcote High Level Project Plan 2016, The Northcote Framework Plan, the Benchmark Masterplan and the achievements to date. It outlines the direction and outcomes for the future, the key projects, timelines, investment and benefits, and captures programme changes that respond to the changing context and environment over recent years.

We reassess our programmes every three years in response to the changing context, and recalibrate our approach accordingly.

Some key changes that have affected all locations include:

- 1. Economic pressures** mean it is more difficult to achieve development than we had originally planned. Development programmes are being delayed, our housing numbers and property sales have decreased and construction cost increases are significant.
- 2. Post-covid socio-economic changes** and how local neighbourhoods are used.
- 3. Auckland Council and Auckland Transport changing budgets and priorities.** We are taking more of a lead agency approach to bring effect to things that are within our control.
- 4. Climate change and flooding** the significant impacts of flooding in 2023/24.
- 5. Changing priorities** of significant government-led infrastructure projects.

## References

Eke Panuku, Unlock Northcote High Level Project Plan 2016

Eke Panuku, Unlock Northcote Framework Plan 2016

Eke Panuku, Benchmark Masterplan (2020) and Benchmark Masterplan Refresh (2022)

Eke Panuku, Unlock Northcote Programme Business Case 2019

Eke Panuku, Approved Project Business cases and Change Requests - various



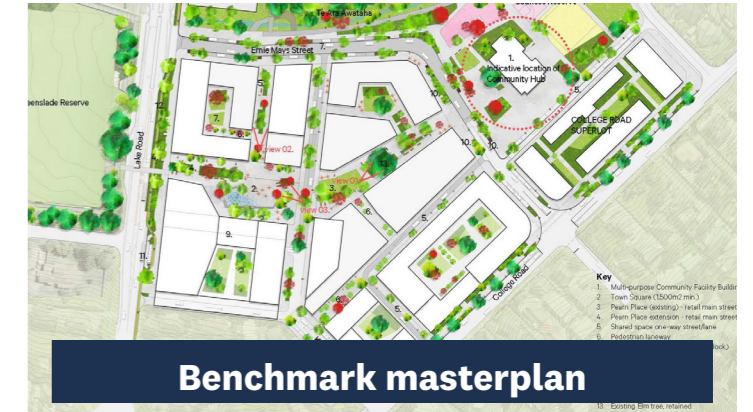
# What we have achieved so far...

The last few years have seen a focus on Northcote seeking development partners and preparing for construction of significant public good projects. Important achievements include completing all acquisitions and delivery of Papa Ki Awataha Jessie Tonar Scout Reserve, Te Ara Awataha and Te Kaitake Greenslade Reserve.

Northcote is also seeing a lot of change from investment by Kāinga Ora, Ministry of Education, Haumaru, Auckland Council and Auckland Transport. See details on page 5.



**Community hub consent lodged**



**Benchmark masterplan**



**Deconstruction underway**



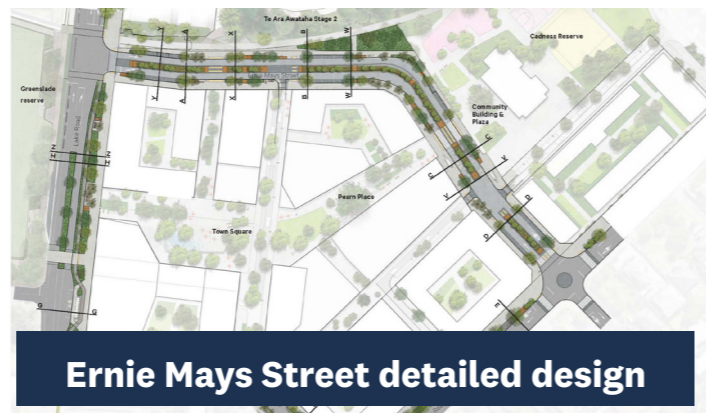
**Te Ara Awataha - schools edge (supported delivery by Kāinga Ora)**



**Papa Ki Awataha Jessie Tonar Scout Reserve**



**Town centre acquisitions (27) to create fee simple titles and enable development**



**Ernie Mays Street detailed design**



**Temporary community hub**



**Northcote intermediate workshop**



**Placemaking and activations**



**Te Kaitake Greenslade Reserve (supported deliver by Healthy Waters and Kāinga Ora)**



**Para Kore Zero Waste**



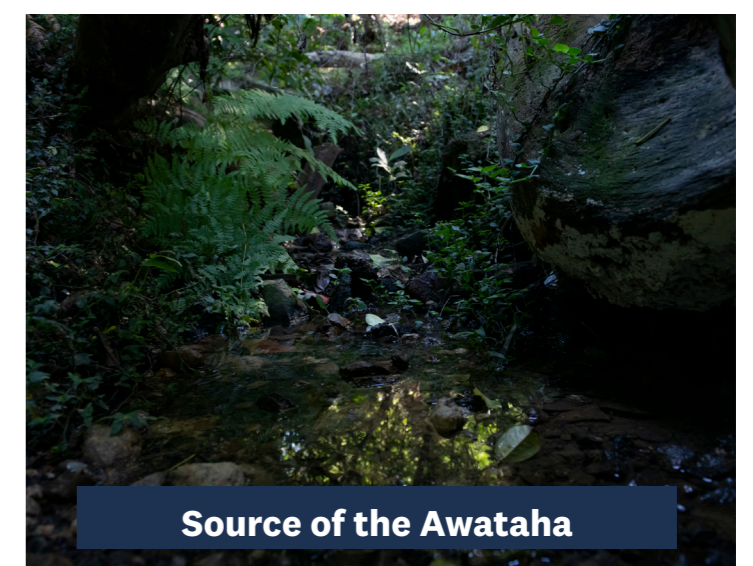
# Pūrākau: Cultural Narrative Summary

According to the region's kōrero tuku iho, a disagreement between Matakamokamo and his wife Matakerepō led to punishment by Mataoho, the deity associated with earthquakes and volcanic activity. Mataoho sank their mountain home, leaving Pupuke Moana in its wake, along with the formation of Rangitoto.

The couple fled to Rangitoto with their maid Tukiata, but in their panic left their twin children behind. When ordered to rescue the children, Tukiata disobeyed her instruction not to look back at Rangitoto, and the twins Hinerei and Matamiha were turned to stone at the southern end of Takapuna Beach. The parents attempted to return to Te Whenua Roa o Kahu, (the North Shore) angered Mataoho, and they were turned to stone at Awataha (Shoal Bay). Volcanic eruptions sank the stones, resulting in two distinctive craters named after them, Te Kōpua o Matakamokamo (Onepoto Crater) and Te Kōpua o Matakerepō (Tuff Ring).

These craters are still seen today, as are the rock formations of their children at Takapuna Beach, and their maid as the rock pinnacle Te Toka a Tukiata near Rangitoto Beacon.

*This pūrākau is a summary only of key landscape features common to mana whenua iwi with a connection through this area. For more detailed stories of the place engagement with individual mana whenua representatives is critical.*





# Context Location area

Northcote is centrally located on the North Shore, close to Takapuna and only 7km from down town Auckland.

The geographical scope of the programme covers the 88-ha neighbourhood, but is focused on the 5ha Northcote town centre

Northcote town centre is much loved by its community, but has had little significant investment since its construction in 1959.

## Location has been changing in recent years.

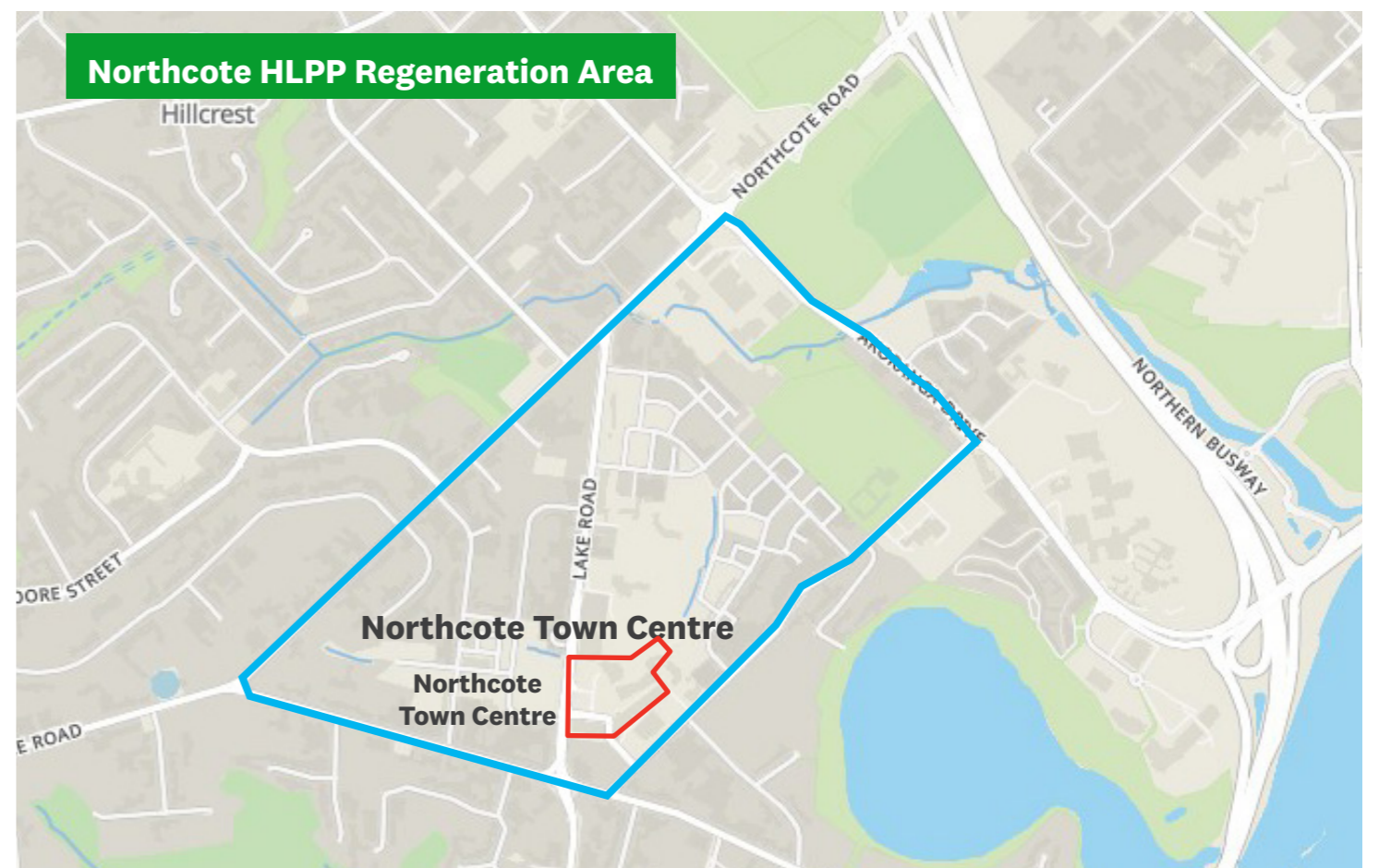
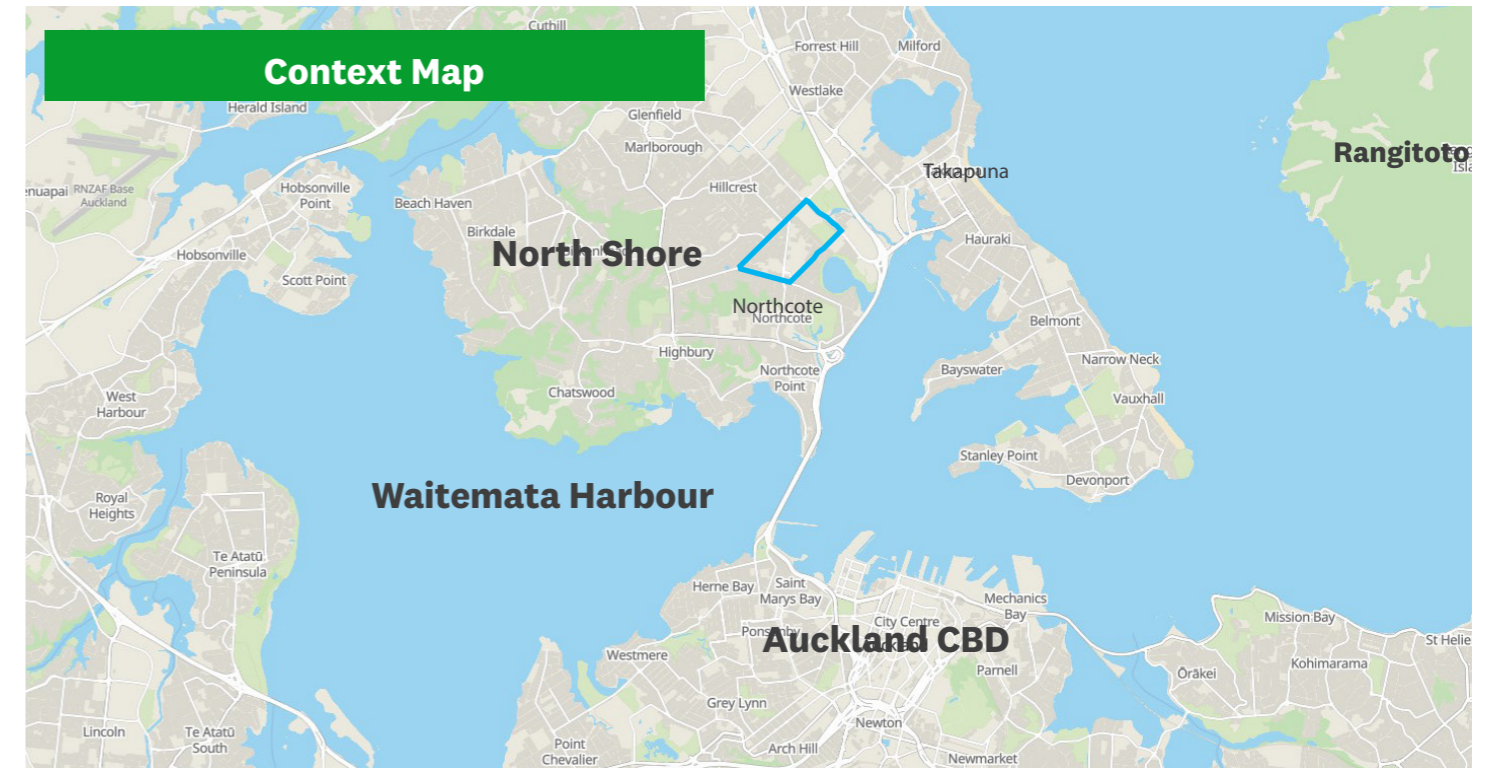
There has been significant investment and changes in the Northcote area by central and local government. This includes:

- + 1,700 homes planned by Kāinga Ora with 1,000 constructed to date
- + Upgrades and creation of small parks in local area
- + Safe cycle lane created along Lake Road by Auckland Transport
- + Realignment of street networks in surrounding area
- + Significant upgrade of Onepoto Primary School in readiness for increased roll
- + Haumarū Housing under construction on Greenslade Crescent

## Why Northcote?

Northcote was chosen as an Eke Panuku Regeneration location due to a number of key attributes:

	+ Scale & Impact
	+ Key Land Holdings
	+ Commercially viable & market attractive
	+ Partnership Opportunities
	+ Leverage off previous investment
	+ Proximity to Public Transport





# Northcote High Level Project Plan (HLPP)

This vision supported by five goals was approved on 10 March 2016 by resolution of the Auckland Council Auckland Development Committee. The committee endorsed the 2016 Northcote High Level Project Plan (HLPP), Eke Panuku as the lead delivery agency for Northcote, and approved the disposal of council owned properties for the project.

In November 2016 the Northcote Framework Plan further refined the strategic moves to what is used today. The 2024 Programme Business Case approves the slight amendment to strategic move 2 to 'Creating a great urban street network' to reflect the importance of extending Ernie Mays Street through the town centre.

## Vision

“Creating a growing community, with a lively and welcoming heart that celebrates culture, and where business thrives and everyone’s needs are met”

## Goals



**Goal One - A range of appropriate and functional housing.**



**Goal Two - More useable open space.**



**Goal Four - An accessible place for everybody**

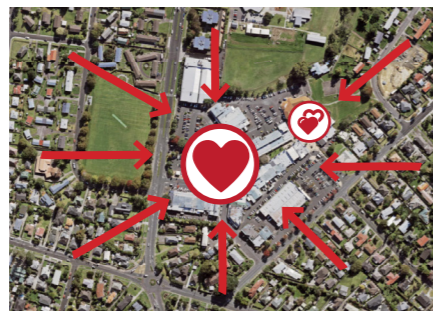


**Goal Three - A strong sense of community**



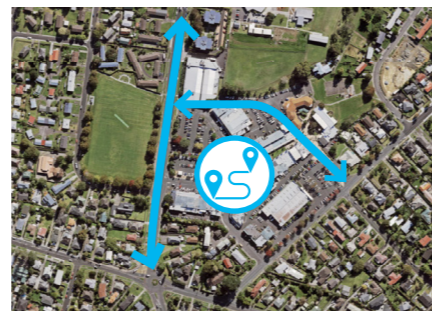
**Goal Five - A busy, pleasant town centre**

## Strategic Moves



**KEY MOVE 1: Town centre - creating a vibrant heart**

- The previous HLPP Strategic Move 2 was 'Revitalising the centre'.



**KEY MOVE 2: Creating a great urban street network**

-Previous HLPP/PBC this was focused on Lake Road. We are now including Ernie Mays Street extension into this strategic move.



**KEY MOVE 3: blue green way - A network of public open space.**

- In previous HLPP this was part of Strategic Move 3 'Reconnecting the centre'.



**KEY MOVE 4: Housing - increasing density, choice and tenure mix**

- The previous HLPP Strategic Move 4 was 'Developing the centre'.

*Note: The previous HLPP strategic move 1 'Partnering for desired outcomes' is integral to all work done in Northcote.*

# Problem Definition Challenges & response

## Problem Definition

The key problems facing Northcote are:

1. Aged buildings and poor layout causing economic decline and an unsafe town centre.
2. Town centre is disconnected from surroundings such as Te Kaitaka Greenslade Reserve and housing.
3. Community facilities are scattered, isolated and hard to find with no clear town square.
3. Flooding has been mitigated by the construction of Te Ara Awataha and Greenslade reserve, but localised flooding and overland flow still has to be addressed.



Lake Road is hard to cross. At grade car parks isolate main shopping area.



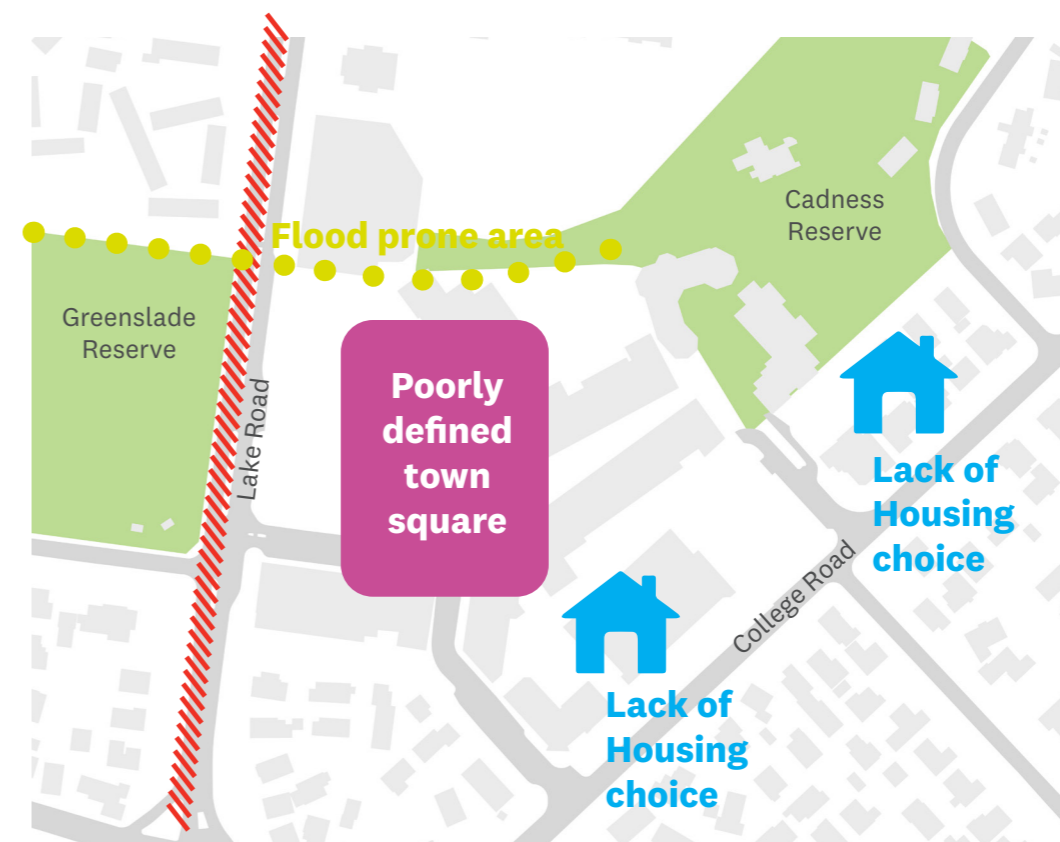
No housing within the town centre.



Overland flow of stormwater and flood prone areas are a constraint



Poorly defined town square. Civic buildings are scattered at rear of town centre.



## Response

In response to the identified challenges the priority is supporting a thriving town centre, acquiring the fee simple titles for the town centre and delivering public infrastructure to enable development.



New residential/retail/commercial mixed use development to bring vitality to town centre.



Te Ara Awataha improved connections and stormwater resilience.



New town square, community hub and upgraded reserve.



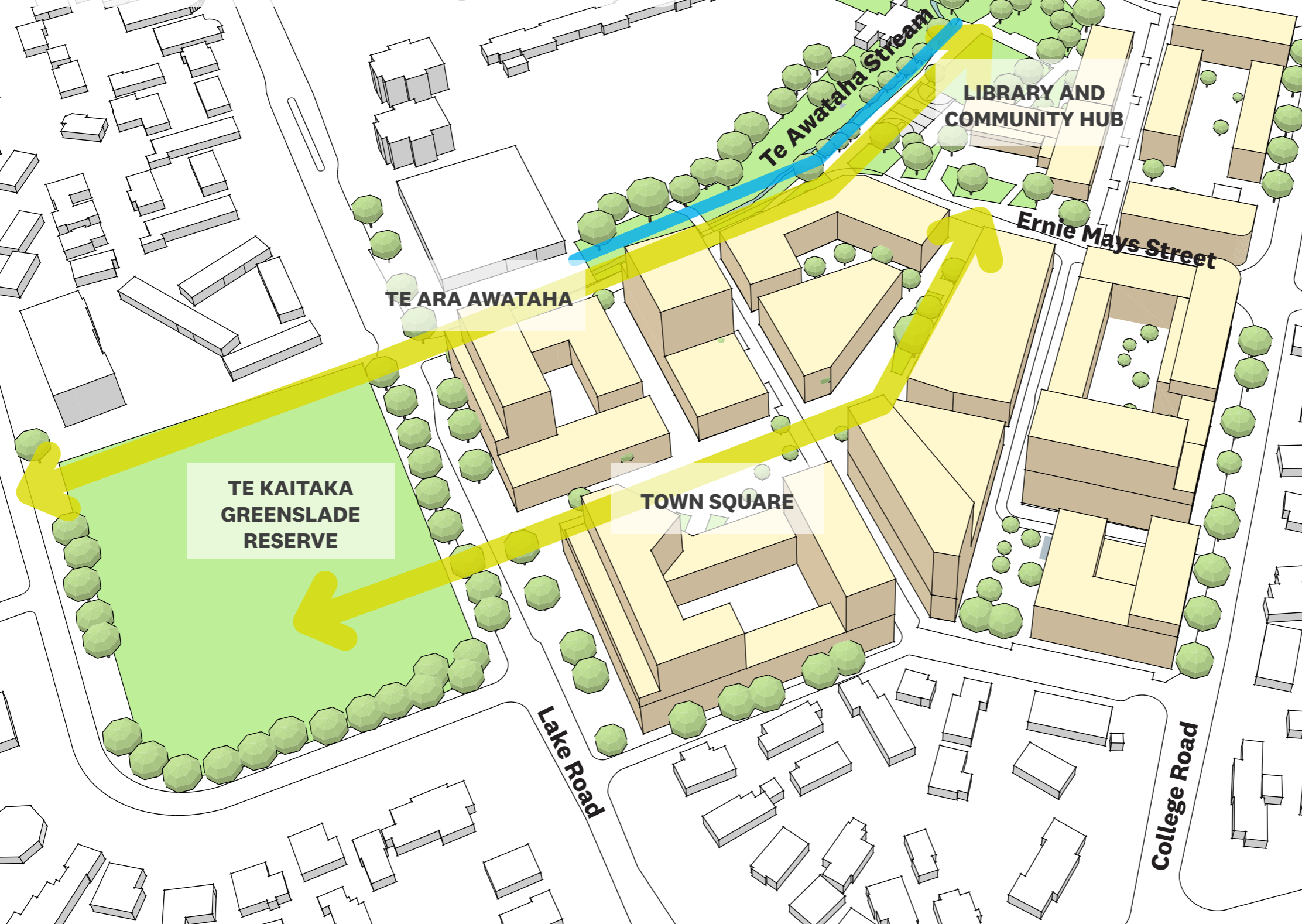
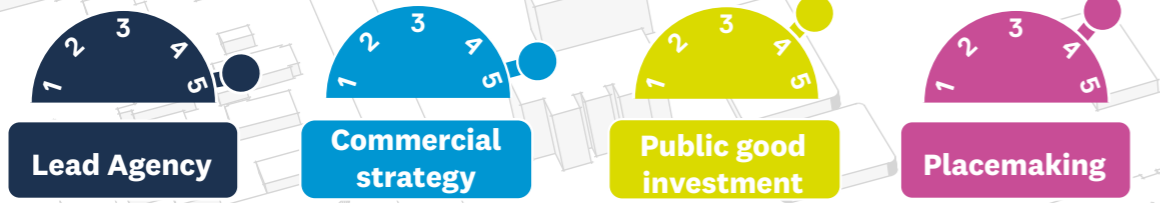
Ernie Mays St to provide public transport links and manage stormwater





# Preferred Regeneration Approach Summary

## Strategic Levers



**LEGEND**

- Proposed Indicative Development Blocks
- Other buildings
- Proposed public realm & cycle path projects

Northcote’s regeneration approach will be to complete the public good projects we have underway, including the Community hub and Puāwai Cadness reserve upgrade, Ernie Mays Street and complete the last link of Te Ara Awataha. We will focus on engaging with the private sector on smaller development blocks to increase the pool of potential partners. This could include a new supermarket, and residential development along College Road.

# The Commercial Plan

## Market Conditions

### Retail/Commercial

Supporting the existing retailers throughout the redevelopment is essential in maintaining Northcote’s reputation as an authentic food destination, providing developer holding income and a retail tenant base for the new development.

The current retail / commercial offering is predominately strip retail, with multiple medium – large format retail offerings. Market feedback is that a more condensed fine grain retail offering would likely meet feasibility thresholds for the existing tenants, and therefore developers.

The delivery of a new supermarket is considered a desirable first move commercially given the foot traffic generation.

### Residential

Auckland’s residential redevelopment sector is struggling to maintain momentum. The downturn in the economy is exacerbated by weakening residential property values, soaring construction costs and tightened lending criteria.

Auckland Council has notified its intention to significantly increase development contributions across Auckland in early 2025. In Northcote, development contributions are anticipated to have a comparatively modest increase of c.\$10k. This is likely to enhance Northcote’s development viability.

Northcote Central benefits from momentum created by neighbouring large-

scale projects, contributing to continued private sector interest in the suburb:

Construction by Kāinga Ora of approximately 1,700 homes, with approximately 1,000 completed at the end of 2024;

An Eke Panuku / Haumaru Housing / Kāinga Ora collaboration will deliver a 6 level, 52 apartment building for social housing adjacent to Greenslade Reserve;

Hato Petera continue to advance their master planning and programming for the redevelopment of their neighbouring 13ha site.

### Market Feedback

Feedback from the 2024 Request for Development Proposals for a master-developer led redevelopment of Northcote Central, echoed by market commentators, is that:

- + Current economic conditions are making apartment deliveries unfeasible. 2 – 3 level walk-ups are currently more viable.
- + Modern strip retail offerings are difficult to let as price points become too high for independent retailers. A more condensed retail / hospitality offering in the form of a food precinct provide rent price points that are feasible for family run businesses.
- + Large, complex brownfield redevelopment constrained by delivery timeframes generates material risk pricing.
- + In the New Zealand development market, there are a small number of developers with the capability to deliver the urban regeneration outcomes desired for Northcote Central.
- + Research shows that supermarket led development can provide the critical mass to make a town centre thrive.

## Commercial Plan Response

- 1) Deliver public realm projects to support the thriving town centre and encourage private sector investment.
- 2) Betterment of development parcels by re-routing buses and creating stormwater solution via new Ernie Mays.
- 3) Act as Master Developer and target superlot sized development opportunities to reduce complexity, maintain momentum and ensure outcomes realised
- 4) Stage construction to ensure town centre remains a vibrant food focused destination.



As a response to this feedback and current economic conditions, we are taking on a master developer role. We will stage development in smaller areas, and take sites to market at appropriate times to ensure some higher density housing is delivered later, when the market lifts.



# The Financial Plan

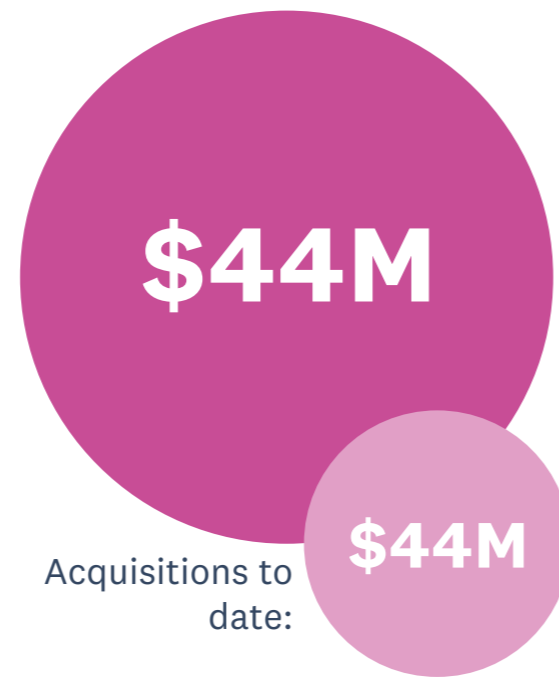
Total programme financials with spend to date stated.

## Site Sales



Sales revenue expected to be achieved over the life of the programme. This figure includes the resale of sites acquired using the Strategic Development Fund.

## Acquisitions



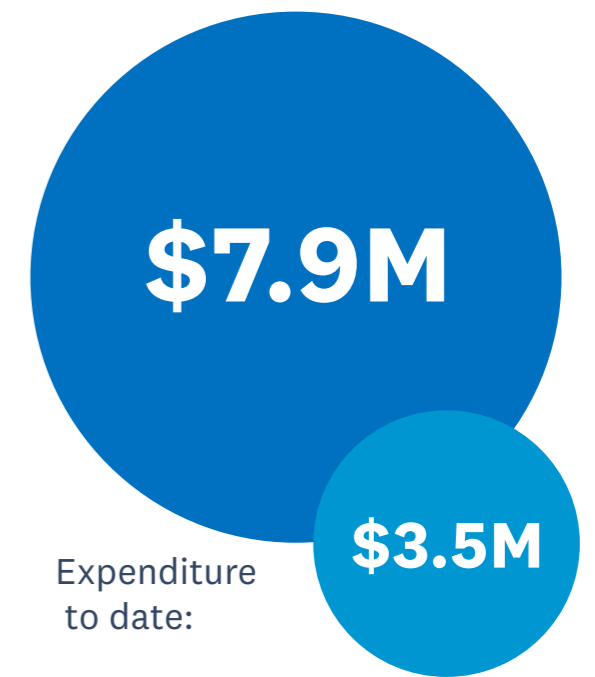
Funds used to acquire property for future development and sale, public realm and/or infrastructure.

## Capital investment



Funds used over the life of the programme to upgrade, and/or build longterm assets; such as property, infrastructure or public realm. This figure excludes acquisitions.

## Operational expenditure



Funds used to support the preparation and roll out of the programme; such as placemaking, planning, investigations, communications and engagement.

# The Benefits Plan What success looks like?

The total value assessment (TVA) quantifies the estimated economic benefits beyond the financial case and enables human and environmental resources to be put to best use for societies collective benefit.

A BCR (Benefit Cost Ratio) over 1.0 suggests a programme is economically successful. The BCR for this programme is 1.22:1

### Key benefits include:

- Accelerated housing for Auckland, Eke Panuku ‘unlocks’ brownfield development sites before they would otherwise be developed.
- New job opportunities for construction and expansion of labour force.
- Energy efficient homes, reduced vehicle use, and construction waste minimisation initiatives.

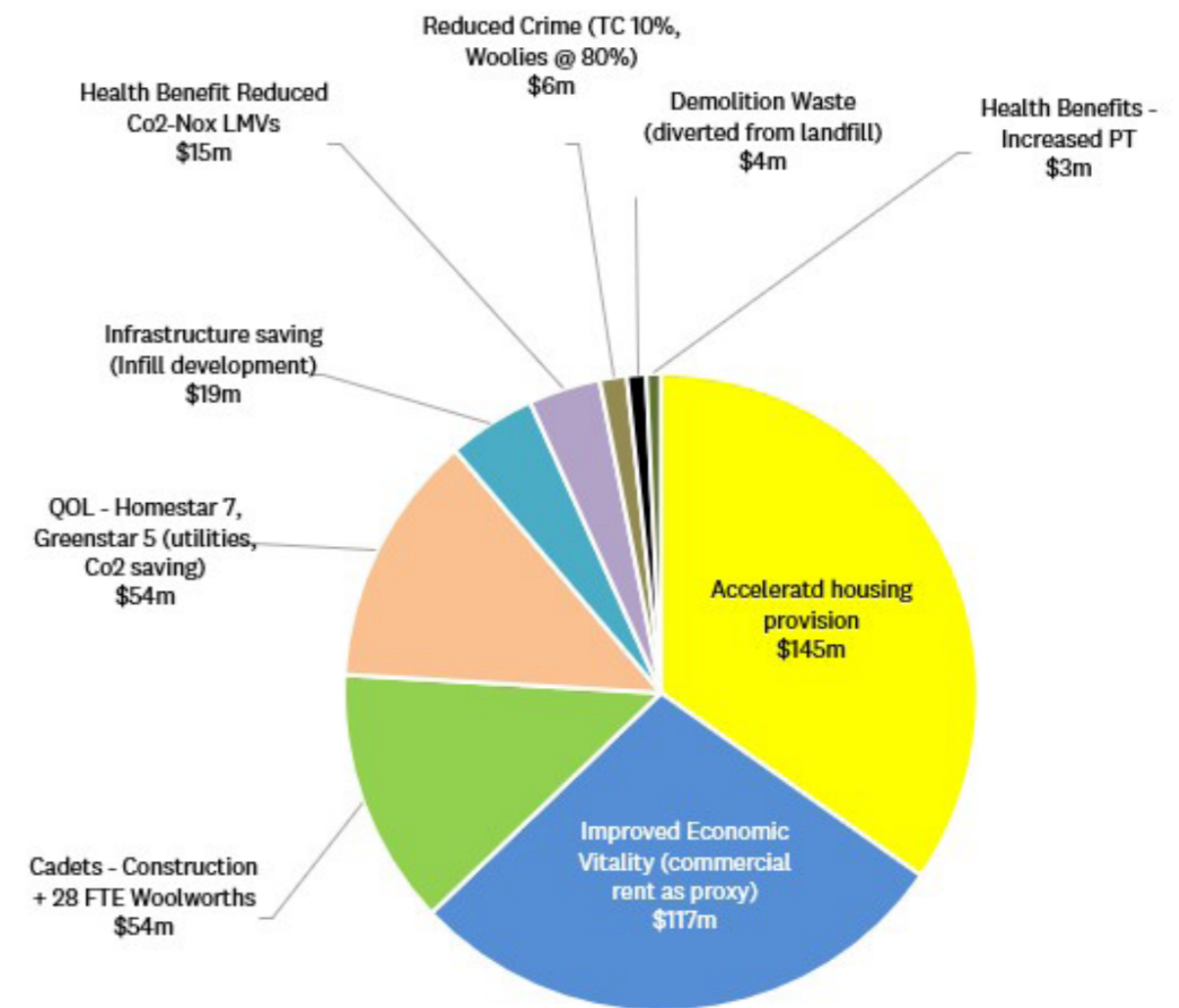
### Non-monetised benefits include:

- Catalyst effect: improved public amenity may prompt private developments within the vicinity of the project area.
- Increased resilience to climate change and flooding events.
- Improving cultural health - completing Te Ara Awataha
- New community hub, open space and connections that increase town centre main street footfall.
- Residents reduced health risk and carbon emissions through increased public transport use.
- New supermarket will increase town centre activity and reduce crime

The Northcote PBC economic analysis details \$343m of economic cost, \$417m of benefits, and net benefit of \$74m.

The BCR (Benefit To Cost Ratio) is 1.22:1

### Northcote PBCO 24 \$417m economic benefit breakdown



\* This estimated new homes figure is a conservative minimum number of homes expected from the programme based on approved business cases and the minimum required from essential outcomes as represented in development agreements. It does not represent the highest and best use enabled under the Unitary Plan, however a development partner may deliver more than the minimum homes required.

**1.22:1**  
BENEFIT COST RATIO  
NORTHCOTE

# Spatial Delivery Plan for Northcote

## PROJECTS COMPLETED

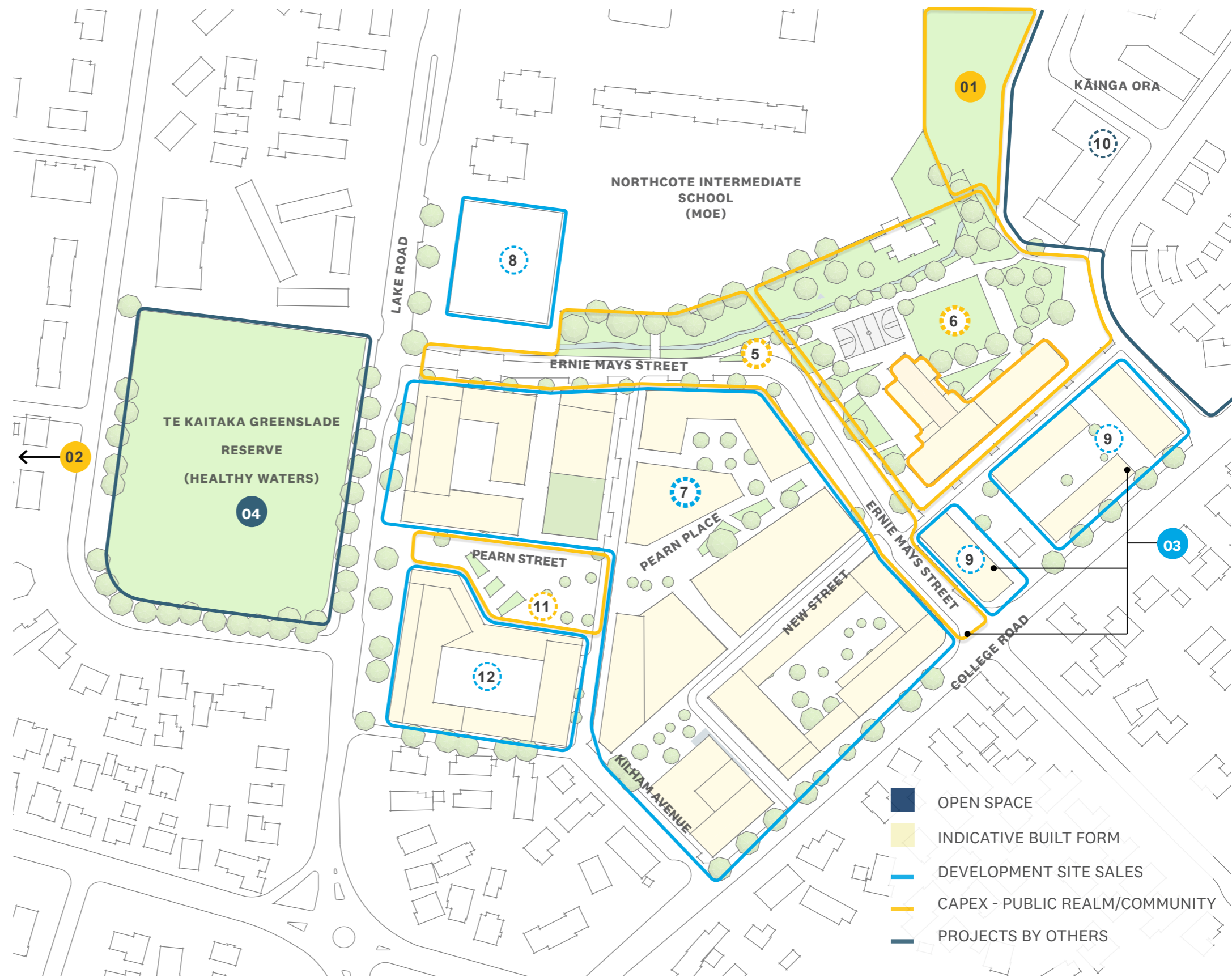
- 01 TE ARA AWATAHA - SCHOOLS EDGE
- 02 PAPA KI AWATAHA RESERVE UPGRADE
- 03 ACQUISITIONS
- 04 TE KAITAKA GREENSLADE RESERVE (HEALTHY WATERS)

## MEDIUM TERM: FY 2026

- 5 ERNIE MAYS STREET EXTENSION TOWN CENTRE EDGE
- 6 COMMUNITY HUB AND PUĀWAI CADNESS RESERVE UPGRADE
- 7 NORTHCOTE CENTRAL (115LAKE ROAD)

## LONG-TERM PROJECTS: (FY 2027+)

- 8 123 LAKE ROAD DEVELOPMENT (WOOLWORTHS SITE)
- 9 COLLEGE ROAD DEVELOPMENT
- 10 KĀINGA ORA DEVELOPMENT
- 11 TOWN SQUARE
- 12 111 LAKE ROAD (SUPERMARKET DEVELOPMENT)



# Delivery Programme

Throughout the life of the programme we will be undertaking masterplanning, placemaking, engagement and communications in Northcote.

Project Name	Delivered to date	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034+
<b>Public Realm Projects</b>											
01	Te Ara Awataha Stage 1	DELIVERED									
01, 02, 04	Te Ara Awataha; Greenslade Reserve and Jesse Tonar Scout Reserve upgrades	DELIVERED									
5	Northcote Town Centre - Streets enhancements	PLAN	CONSTRUCTION								
6	Northcote Community Facility and Puāwai Cadness Reserve upgrade	PLAN	CONSTRUCTION								
11	Northcote Town Square			PLAN	CONSTRUCTION						
<b>Site Sales/Development Sites</b>											
03	Northcote Acquisitions	COMPLETE									
8	123-127 Lake Rd - Woolworths NZ Development Site		PLAN				CONSTRUCTION				
7	115 Lake Rd, Northcote - Northcote Central	PLAN		PLAN	CONSTRUCTION	PLAN	CONSTRUCTION				
12	111 Lake Road (supermarket site)		PLAN	CONSTRUCTION							
9	1 Ernie Mays Street and 36-42 College Road		PLAN	CONSTRUCTION		PLAN	CONSTRUCTION				

**Delivery Risks:** The programme outlined above is indicative only and subject to a number of risks and dependencies including construction delivery risks, funding risks, resourcing and property market dynamics.



# Summary of Northcote Programme Changes

**Note on definitions:** Not all figures are directly comparable as working definitions of key benefits such as sales, housing (highest and best use vs minimum required) and acquisitions(SDF vs Capital Acquisitions) have evolved over time.



	2016 High Level Project Plan	2020 Programme Business Case	2025 Programme Business Case Overview
<b>Site sales</b>	\$50M	\$50.9M	\$39.4M
<b>Dwellings</b>	500	750	605
<b>Commercial GFA</b>	20,000sqm	20,000 sqm	16,500 sqm
<b>Public realm GFA</b>	11,800sqm	11,800 sqm	25,700 sqm
<b>TVA</b>	-	1.35:1	1.22:1
<b>Cost - Capex</b>	\$53M	\$53M	\$61.4M
<b>Cost - Opex</b>	\$14M	\$10.4M	\$7.9M
<b>Cost- Acquisitions</b>	\$58M	\$58.3M	\$44M
<b>End date</b>	2030	2033	2036
<b>Key reasons for changes:</b>	<ul style="list-style-type: none"> <li>+ Focus on upgrading Lake Road and building a new community hub and retail also fronting Lake Road.</li> <li>+ Te Ara Awataha is a joint programme of work between mana whenua, Auckland Council, Eke Panuku and Kāinga Ora.</li> </ul>	<ul style="list-style-type: none"> <li>+ Similar to 2016 with masterplan now completed.</li> <li>+ Refinement of design and highest and best use calculations increased housing.</li> </ul>	<ul style="list-style-type: none"> <li>+ Acquisitions complete and actuals below forecasts due to good negotiations and higher number of willing sellers.</li> <li>+ Public realm benefit now includes streetscape improvements.</li> <li>+ Lower dwellings, commercial GFA and sale receipts following market process.</li> <li>+ Timeline extended following feedback during market process and current property market conditions.</li> </ul>



*Vision: Creating a growing community, with a lively and welcoming heart that celebrates culture, and where business thrives and everyone's needs are met.*

# *ngā mihi*





## Northcote Programme Changes – High Level Project Plan to Programme Business Case overview 2024

	High Level Project Plan 2016	Programme Business Case 2019	Programme Business Case Overview 2025
<b>Strategic case</b>			
Programme goals	5 goals: <ul style="list-style-type: none"> <li>- A range of appropriate and functional housing</li> <li>- More useable open space</li> <li>- An accessible place for everybody</li> <li>- A strong sense of community</li> <li>- A busy, pleasant town centre</li> </ul>	No change	No change
Key moves	4 key moves: <ul style="list-style-type: none"> <li>- Partnering for desired outcomes</li> <li>- Revitalising the centre</li> <li>- Reconnecting the centre</li> <li>- Developing the centre</li> </ul>	4 key moves - changed: <ul style="list-style-type: none"> <li>- Creating a vibrant heart</li> <li>- Lake Road – create a great urban street</li> <li>- A greenway – a network of public open space</li> <li>- Housing – increasing density, choice and tenure mix</li> </ul>	4 key moves - one changed: <ul style="list-style-type: none"> <li>- Creating a vibrant heart</li> <li>- Creating a great urban street</li> <li>- A greenway – a network of public open space</li> <li>- Housing – increasing density, choice and tenure mix</li> </ul>
<b>Economic case – Key benefits</b>			
New homes	<b>500</b>	<b>750</b> <i>Bulk and locations, refined designs and reforecast expectations to highest and best use increased housing numbers.</i>	<b>605</b> <i>Reduced density and change of typology from apartments to walk-ups on some sites and some sites to only be retail rather than mixed use.</i>
Commercial	<b>20,000m<sup>2</sup></b>	<b>20,000m<sup>2</sup></b>	<b>16,500m<sup>2</sup></b> <i>Retail studies showed that Northcote town centre would benefit from more condensed retail footprint.</i>
Public realm	<b>11,800m<sup>2</sup></b> <i>Te Ara Awataha with reserve upgrades included. Does not include improved or new streetscapes as this was not reported as a benefit at this time.</i>	<b>11,800m<sup>2</sup></b>	<b>25,700m<sup>2</sup></b> <i>Benefits record upgrading public spaces and streets, in addition to building new.</i>
Financial return (sales receipts)	<b>\$50M</b>	<b>\$50.9M</b>	<b>\$39.4M</b> <i>Site sale forecasts decreased as a result of the downturn in the property market as well as lower density due to demand for walk-up typology rather than apartments.</i>
Total Value Analysis (benefits to cost ratio)	- <i>Total value analysis not undertaken in 2016</i>	<b>1.35:1</b>	<b>1.22:1</b> <i>Decreased due to lower housing numbers.</i>

	High Level Project Plan 2016	Programme Business Case 2019	Programme Business Case Overview 2025
<b>Financial case</b>			
Acquisition costs	<b>\$58M</b>	<b>\$58.3M</b>	<b>\$44M</b> <i>Final acquisition costs were lower than forecast due to negotiations, many willing buyer agreements being reached and timing of acquisitions being undertaken during challenging pandemic time.</i>
Capital expenditure	<b>\$53M</b>	<b>\$53 M</b>	<b>\$61.4M</b> <i>Increase costs largely due to higher construction costs. In addition, further stormwater overland flow path requirements in Ernie Mays Street to enable town centre development.</i>
Operating expenditure	<b>\$14M</b>	<b>\$10.4M</b>	<b>\$7.9M</b> <i>Refined and tightened programme opex requirements over life of programme.</i>
Programme income	<i>Refer benefits above</i>	<i>Refer benefits above</i>	<i>Refer benefits above</i>
<b>Management case</b>			
Programme completion	<b>2030</b>	<b>2033</b> <i>Extended timeline due to refreshing individual project timeframes &amp; priorities.</i>	<b>2036</b> <i>Timeline extended due to:</i> 1) <i>downturn in economic conditions and property market pushing out site sale forecasts, amplified by need to take on master developer role.</i> 2) <i>delayed decisions from local board on community hub brief extended time frame. This was required to ensure significant project cost increases were not necessary.</i>
Summary of programme focus key	<ul style="list-style-type: none"> <li>- Focus on upgrading Lake Road and building a new community hub fronting Lake Road with retail coming forward towards Lake Road also.</li> <li>- Te Ara Awataha is a joint programme of work between mana whenua, Auckland Council, Eke Panuku and Kāinga Ora.</li> </ul>	<ul style="list-style-type: none"> <li>- Similar to 2016 with masterplan now completed.</li> <li>- Refinement of drawings and highest and best use calculations increased housing.</li> <li>- Main vehicle and public transport street now going through middle of town centre site, adjacent to new community hub and central town square.</li> </ul>	<ul style="list-style-type: none"> <li>- Reduced the scope and land area for road network through the town centre.</li> <li>- Acquisitions completed and actuals were well below forecasts due to good negotiations and many willing buyer agreements.</li> <li>- Community hub now a renovation and extension of existing library building creating more developable land that carries less risk to developers.</li> <li>- Slightly reduced dwellings and commercial GFA following market feedback from unsuccessful marketing process over 2023-2024.</li> </ul>



## Decision paper

### 33 Manukau Station Road, Manukau - Go to Market Strategy

Author(s): Grant Massey, Development Manager

February 2025

*Some information in this report should be treated as confidential, as releasing it would prejudice the commercial position of Eke Panuku Development Auckland or Auckland Council. In terms of Section 7 of the Local Government Official Information and Meetings Act 1987, Eke Panuku Development Auckland is entitled to withhold information where making available the information:*

- *would affect the commercial interest of a third party (s7(2)(b)(ii)); and*
- *would be likely to prejudice or disadvantage the commercial position of Council (s7(2)(h)).*

### Ngā tūtohunga | Recommendations

That the Eke Panuku Board:

- approves the disposal of 33 Manukau Station Road, Manukau by way of an open market sales process to achieve urban renewal.
- delegates authority to the Chief Executive to execute the required documentation to sell the property at a price at or above the current market valuation when taking account of the required essential outcomes.
- notes the key points of the Essential Outcomes and Design Guidelines are:
  - activated road frontages
  - quality design responding to key observation points
  - potentially a staged development, designed to create a consistent architectural language and connectivity between stages
  - environmental sustainability measured by achieving a Greenstar 5 rating for commercial use or targeting Homestar 7 rating for any residential components
  - Māori outcomes to be achieved as part of section 6.2 of the Eke Panuku Development Auckland Selecting Development Partners Policy will form a minimum 15% of the criteria for assessing developer proposals.

### Whakarāpopototanga matua | Executive summary

- 33 Manukau Station Road is a high profile 5,513m<sup>2</sup> site flanking the southern boundary of the Manukau Bus Terminal and fronting Davies Avenue, Osterley Way and Manukau Station Road. The site has 175m frontage to Manukau Station Road and is 36m deep. It is zoned Metropolitan Centre and is within 200m of the town square and Westfield Shopping Centre.
- The Transform Manukau High-level Project Plan (HLPP) and Framework Plan in 2016 and 2017 identified the site as a transformative development opportunity to energise public life and strengthen Manukau's reputation as the meeting place for the south.

3. Due to its location abutting the bus terminal and on the busy Manukau Station Road, the site is not favoured for residential development, due to noise, light and air quality issues. It is however the most sought-after location for commercial office due to its proximity to public transport, the Westfield Shopping Centre, Hayman Park and having high exposure to Manukau Station Road.
4. [Redacted]
5. [Redacted]
6. Going forward this site provides an excellent opportunity for office accommodation. Manukau has exceptional public transport and amenities for staff.
7. [Redacted]
8. [Redacted]
9. [Redacted]
10. The property was approved for sale by the Finance and Performance Committee in 2016 subject to agreement with Auckland Transport on the transport outcomes for the site. Auckland Transport has released the site for sale.

## Horopaki | Context

11. 33 Manukau Station Road is a long narrow site with 175m frontage to Manukau Station Road. The north side of the site backs on to the Manukau bus terminal.
12. [Redacted]
13. [Redacted]
14. [Redacted]
15. [Redacted]

16. An Essential Outcomes and Design Guidelines document has been produced by Eke Panuku Development Auckland to assist purchasers to understand the development outcomes we are seeking. Refer to **Attachment A**.

<b>Previous Board / Council engagement and decisions</b>		
<b>Date and meeting</b>	<b>Document</b>	<b>Decision / Outcome</b>
19 May 2016 Auckland Council Finance & Performance Committee	Minute FIN/2014/51	That the Finance and Performance Committee: a) That subject to the satisfactory conclusion of any required statutory processes, the Finance and Performance Committee approves the disposal of the land at: ii. 31-33 Manukau Station Road, Manukau comprised of an estate in fee simple, containing 9767.27m2 more or less being part of Section 1 Survey Office Plan 435724 contained in certificate of title CFR 582667; b) agree that final terms and conditions to be approved under the appropriate delegations.
18 March 2020 Eke Panuku Board meeting	Board Minute 21 03/20 Decision: Transform Manukau: 31 -33 Manukau Station Road Confidential Priority Location Report	[Redacted content]

**Previous Board / Council engagement and decisions**

Date and meeting	Document	Decision / Outcome
		<p>[Redacted text block]</p>
<p>24 March 2021 Eke Panuku Board meeting</p>	<p>Board Minute 10 03/21 Decision: Transform Manukau Programme Business Case</p>	<p>Following the conclusion of discussions, the Panuku Board:</p> <p>a) Approved:</p> <ul style="list-style-type: none"> <li>i. The revised Programme Business Case for the Transform Manukau priority location programme into Financial Year 2022 (FY22) identifying an overall \$134m in total site sales and \$123m in total forecast capital spend to FY31.</li> <li>ii. In principle, to the ongoing investment of \$10.3m CAPEX in FY22 into the programme, noting that this is subject to Auckland Council Long-term Plan and confirmation of ongoing funding through reinvestment.</li> </ul>

## **Nga whiringa me te taatai | Options and analysis**

### **Kua whakaarohia nga whiringa | Options considered**

17. The preferred option is to market the whole property to a developer who will commit to actively market a scheme and pursue tenants for the site. Upon tenant commitment we would require the developer to purchase the whole property and develop it in stages over 10 years. Auckland Council would have a call option to reacquire the balance of the land if the developer has not made sufficient progress toward development.
18. The alternative is to sell a portion of the property to suit a specific tenancy requirement. This will remain a potential backup option although it is not preferred. Vehicle access to the overall site is restricted to a limited portion of Manukau Station Road and continuity of design and public connection on the long street frontage will be difficult to control with multiple developers.

### **Ngā ritenga ā-pūtea | Financial and resourcing impacts**

19. [REDACTED]
20. The property will continue to be used as a carpark by Auckland Council until a sale of all or part of the site is transacted. This will provide a modest income and an interim use for the property.
21. The usual cost of sale expenditure on real estate fees, marketing and legal fees will be required. Internal staff costs to negotiate the development agreement, review the design, and monitor the development agreement will be incurred.

### **Ngā raru tūpono me ngā whakamaurutanga | Risks and mitigations**

22. Due to current economic factors affecting property development, the sale of the site could be delayed. Timing the marketing of the site following informal market soundings can help to mitigate this risk along with generally developer favourable terms on conditionality and settlement.
23. Eke Panuku Development Auckland intends to seek developers for Manukau sites in April 2025. Although early soundings indicate that there are unsatisfied tenants in Manukau the current feasibility gaps between rentals, yields and cost, indicate small margins and may preclude some experienced developers being interested in even competing for development in Manukau.

### **Ngā whakaaweawe mō te hunga whaipānga | Stakeholder impacts**

24. The Local Board supports the sale of the site and will be kept informed on progress.
25. Auckland Transport has released the site to Eke Panuku Development Auckland and does not have further interest in the site.
26. Eke Panuku Development Auckland will work with Auckland Council on its relocation and/or incorporation of its car spaces into a development should the site sell.

### **Tauākī whakaaweawe Māori | Māori outcomes impact**

27. Eke Panuku Development Auckland recognises the commitment to enable commercial opportunities for mana whenua as part of a wider commitment to achieving Māori outcomes in an open market sale process. The outcomes to be assessed as part of the sale process will include a 15% weighting for Māori outcomes.

28. Eke Panuku Development Auckland will provide advance notification of this opportunity to Mana Whenua before advertising the property for developer interest.

### **Tauākī whakaaweawe āhuarangi | Climate change impact**

29. Eke Panuku Development Auckland's climate objectives are supported by the requirement for the developer to provide a Greenstar 5 building rating. If a development proposal is received for apartment typologies a minimum 7 star rating will be targeted, or 6 star rating for walk-up typologies.
30. The location of the site within an existing town centre close to existing infrastructure, including public transport routes, supports sustainable outcomes.

### **Ngā koringa ā-muri | Next steps**

31. Eke Panuku Development Auckland will undertake informal market sounding to confirm developer interest in the site.
32. Dependent on the market soundings Eke Panuku Development Auckland will either hold the site until there is sufficient developer appetite or procure a real estate agent to market the site.
33. After undertaking the sale process Eke Panuku Development Auckland will select a preferred development partner and execute a development agreement to enable the redevelopment of the site.

### **Ngā tāpirihanga | Attachments**

Attachment A – Essential Outcomes and Design Guidance

### **Ngā kaihaina | Signatories**

Allan Young, GM Development

David Rankin, Chief Executive



33 Manukau  
Station Road

# *Manukau*

## Essential Outcomes and Design Guidance

February 2025 | Revision A







# Contents

**Site Address**  
33 Manukau Station Road, Manukau

**Essential Outcomes and Design Guidance**  
Prepared by Eke Panuku Development Auckland

**Document Control**

**Prepared by:**  
Michael Nettleship | Principal Urban Designer

**Reviewed and Approved by:**  
Maria Walker | Team Leader Urban Design and Masterplanning

**Contact**

Eke Panuku Development Auckland  
135 Albert Street,  
Auckland CBD,  
Auckland 1010 New Zealand  
09 336 8820

REVISION	DATE	DESCRIPTION
A	2025-02-12	

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# INTRODUCTION AND PURPOSE

This document has been prepared to help shape design responses and to identify the key requirements for the site that would help in achieving Eke Panuku's vision for the area.

This document includes five key sections that should be taken into account when designing in this location:

- + Eke Panuku and Council's vision for the site
- + Eke Panuku review process
- + site characteristics
- + essential outcomes
- + design guidance + precedents

This material will form part of Eke Panuku's Development Agreement with the selected development partner.

## THE OPPORTUNITY

The site at 33 Manukau Station Road is one of the key development sites in the Manukau City Centre, as part of Eke Panuku's Transform Programme. It is a prominent site along Manukau Station Road adjacent to the Manukau train and bus stations.

The site is currently used as a car park. It is located across Osterley Way from the recently renovated Manukau Civic Centre, and less than 200m from the Westfield shopping mall.

The site is well connected to all key areas of Manukau Central and will form an important part of the townscape.

The site is ideal for a development that incorporates activation to public realm at ground level and offices, apartments or other accommodation above.



33 Manukau Station Road site outlined in red



# THE EKE PANUKU DESIGN REVIEW PROCESS

As Tāmaki Makaurau Auckland’s urban regeneration agency, we have a bold ambition to create amazing places and thriving town centres through high-quality developments, place-based programmes, and in-depth partnerships.

We do this by working collaboratively with a variety of external organisations and experts, as well as our communities – after all, when we work closely with others, we achieve better outcomes than we would alone.

A huge part of our mahi is working closely with development partners to ensure the best results for each town centre and community. All of our developments must meet our high standards around design and sustainability, as well as adhering to our social, environmental, cultural and economic values.

Upon selecting the right development partner for this project, we provide them with a set of rules and parameters. Including creating buildings and space between them that benefit neighbourhoods. Our standards require all buildings are healthy, energy-efficient and better for the environment.

## COLLABORATING WITH EKE PANUKU

- + We require a collaborative process around design to enable a productive and open dialogue on site outcomes from inception through the resource consent stage and beyond.
- + A complete design package is to be provided to Eke Panuku at stages outlined in the Development Agreement - including Preliminary Concept, Project Masterplan, Resource Consent and Building Consent stages. Eke Panuku approval must be obtained prior to lodging resource consent and building consent for review and approval.
- + The Development partner is required to obtain approval from Eke Panuku as a landowner. Our main focus is to ensure the proposal meets our Essential Outcomes, Design Guidance and PWA obligations. Eke Panuku does not provide resource consent approval.
- + The Eke Panuku Design Team will prepare a design review stating our recommendations and assessment in relation to the Essential Outcomes and Design Guidance document at each stage.
- + As part of our review process the proposal will be presented to the Technical Advisory Group (TAG) as outlined below. Final approvals are provided by Eke Panuku. Eke Panuku will refer to TAG’s recommendations as a guidance for our memo. Eke Panuku prefer to engage with TAG early in the design process.
- + No resource consent pre application discussions should be held with Council without prior review and agreement from Eke Panuku.

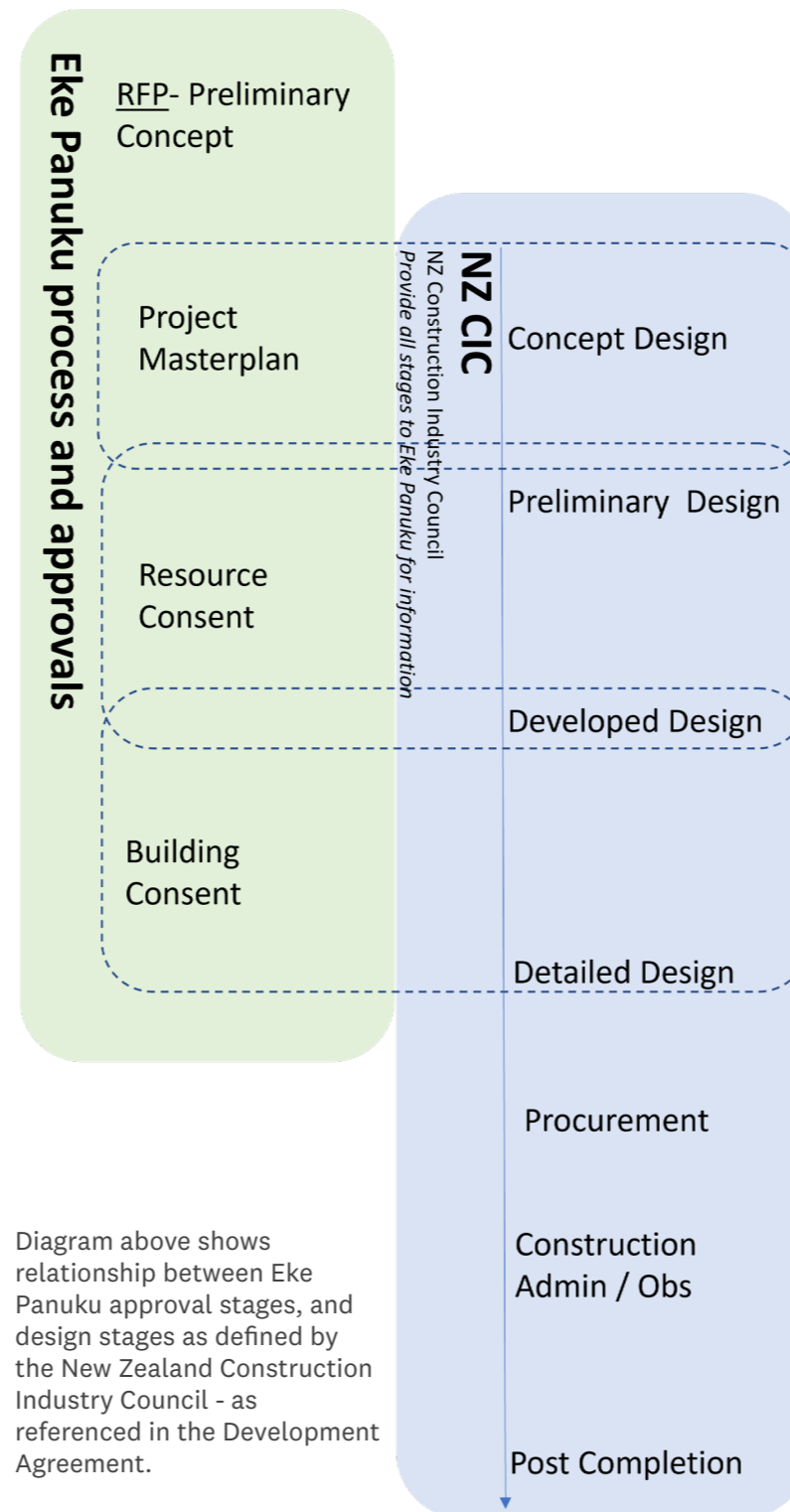


Diagram above shows relationship between Eke Panuku approval stages, and design stages as defined by the New Zealand Construction Industry Council - as referenced in the Development Agreement.

## THE TECHNICAL ADVISORY GROUP (TAG)

- + The Technical Advisory Group (TAG) is the independent design review panel made up of industry professionals working within the disciplines of Architecture, Urban Design and Landscape Architecture which provides advice on projects to Eke Panuku.
- + TAG is involved at each stage of our regeneration programme from masterplanning, concept design, through to resource consent stages.
- + TAG review will be required at multiple stages, including masterplan, concept design for buildings and open space, and prior to obtaining Resource Consent to ensure the proposal has taken the correct direction.
- + The Alliancing Framework Agreement between Eke Panuku and Auckland Council means that the TAG review prior to resource consent will be combined with Council review in the regulatory process. TAG is used for regulatory review by Council as an equivalent to the AUDP. Council staff will be part of the review process, and will be increasingly involved as the project enters the pre-application and consenting process.
- + If at a later stage a proposal has material design changes, Eke Panuku may require additional panel review.





# STRATEGIC CONTEXT

The Manukau Framework Plan (2017) builds on the High Level Project Plan (HLPP) which was approved in April 2016. The Framework sets out a shared vision and describes how Council will achieve the regeneration of the Transform Manukau area over the next years to 2040.

## STRATEGIC DOCUMENTS

Manukau Framework Plan highlights that a high-quality public realm is important for transforming Manukau. It will energise public life and strengthen the area's reputation as the meeting place for the south.

Investment in the walkability of Manukau (e.g. through street upgrades and site developments) will improve connectivity, attractiveness, ease and safety for walking within the project area.

The Manukau Framework Plan outlines initial ideas that provide direction for future development on Osterley and Amersham Ways, as quoted below:

## MANUKAU STATION ROAD TRANSFORMATION

Manukau Station Road is lined by a significant number of Eke Panuku-controlled development sites, provides a key arrival point into Manukau Central and is a vital component of the framing avenues. However, at the moment it feels car-dominated and acts as a barrier to the areas south of the road.

Since State Highway 20 opened, traffic volumes on Manukau Station Road have reduced significantly. While it will continue to have an important movement role (e.g. for public transport), there is significant scope to rethink Manukau Station Road as part of the fabric of Manukau Central, as well as removing it as a barrier for pedestrians.

Over time, through a major street upgrade led by NZTA Waka Kotahi and AT, Manukau Station Road will become a treelined avenue and business address, becoming a celebrated civic street for people on buses and bikes. Development of sites along Manukau Station Road will play their part in creating a better city street.

## DAVIES AVENUE - AIRPORT TO BOTANY RAPID TRANSIT

The Airport to Botany Rapid Transit project will deliver a new public transport route between the airport, Manukau and Botany. Two new rapid transit stations in Manukau will improve access to planned town centre developments, offices and housing, encouraging economic growth and urban regeneration. Davies Ave to the west of the site will be closed to general vehicle traffic.



**Future of Manukau - Plan view**

*Key*

- - - Project area
- Potential development (council, Crown entities and public institutions)
- Future Airport to Botany (A2B) rapid transit route



# SITE DESCRIPTION

The site is located on Manukau Station Road in Manukau Central. It is within the Manukau Central Metropolitan zone and is adjacent to key facilities and services for the area.

<b>Site address:</b>	33 Manukau Station Road
<b>Site area:</b>	5,569sqm
<b>AUP Zoning:</b>	Business - Metropolitan Centre Zone
<b>Permitted Uses:</b>	High-density residential, commercial/office and visitor accommodation activities.
<b>Historic Use:</b>	Car park
<b>Building Height:</b>	72.5m - Subject to Aircraft Noise Notification Area
<b>Carparking:</b>	The AUP sets maximum rather than minimum car parking requirements.
<b>Other Features:</b>	Infrastructure: Aircraft Noise Overlay - Aircraft noise notification area (ANNA), Auckland Airport - aircraft noise notification area

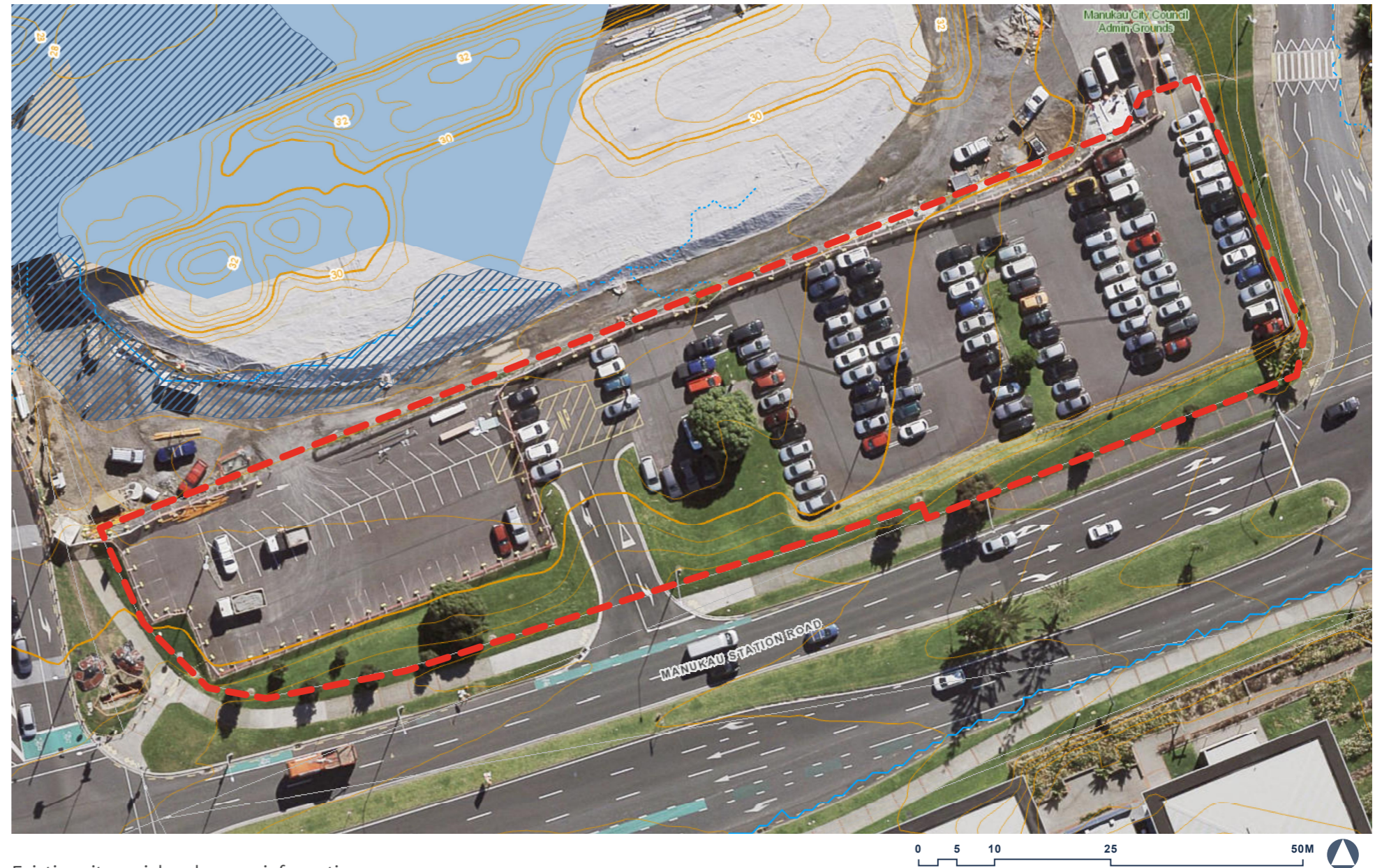
Note: Refer to the Auckland Unitary Plan for a summary of all provisions, including full detail on applicable standards.

## OPPORTUNITIES

- + Central location, very close to the Manukau Civic Centre, Westfield Mall, Manukau Square and well connected to amenity of Hayman Park.
- + Prominent site with three public street frontages.
- + Well located for public transport - located next to the new Manukau Bus Interchange and Manukau Train Station.
- + Close to Hayman Park, 100m away along Davies Avenue.

## CONSTRAINTS

- + Interface with the bus terminal to the north of the site needs careful consideration.
- + The site is highly visible on all sides which will require an architectural response seen all around.



Existing site aerial and survey information

 INDICATIVE BOUNDARY



# ESSENTIAL OUTCOMES

The following design outcomes must be achieved in the proposal. These Essential Outcomes should be read in conjunction with the Design Guidance and Design Review Process sections.

These outcomes and guidelines do not encompass detailed aspects that are otherwise covered through planning consent requirements.

**1. Implementing the Plan:** Proposal must demonstrate how it fits the vision for the Manukau regeneration programme, and consider how it enhances the community through analysis of the Manukau Framework Plan and other Eke Panuku plans, specifically the ‘key moves’.

**2. Appropriate Use:** Proposal must deliver a vibrant development with active tenancy/tenancies provided on the ground floor. The building use must be suitable to the context and the zoning.

**3. Street Activation:** Provide activated street frontages to Davies Avenue, Osterley Way, and Manukau Station Road.

- a. Ensure public entrances to the buildings have a legible connection with the street. Davies Ave entry to be identifiable as an entry from the MIT / Manukau Station building exit. Osterley Way entry to be identifiable as an entry from Manukau Square.
- b. Address the street edges by bringing the buildings forward to engage with the street and minimising setbacks.
- c. Canopy must be provided to entrances of buildings.

**4. Parking and Access:** Demonstrate a considered approach to vehicle circulation and parking for the site. Vehicle entrance to the site must take into account the planned closure to vehicles on Davies Avenue for the planned Airport to Botany rapid transit route. A singular vehicle entrance for the whole site to be provided off Manukau Station Road.

**5. Built Form:** The proposed building must:

- a. Be of a scale and form appropriate for the Business Metropolitan Centre Zone and the immediate site context.
- b. Create a strong built form edge to Manukau Station Road, Osterley Way and Davies Avenue (no or minimal setback).
- c. If the project is staged, the developer shall ensure future stages are consistent with the design of the first stage to provide a consistent architectural language and connectivity between all stages.

**6. Design Quality:** The proposal must demonstrate high quality architectural design which includes:










- a. Due to the shape of the site, the building is likely to have a long facade facing Manukau Station Road and the Bus Station. These facades must be articulated and varied, with a considered and coherent design for the building.
- b. The northern boundary facade is highly visible from the bus station. The facade must incorporate vertical landscaping elements or architectural detailing that provides visual interest & reduces the scale of any solid walls.
- c. Use of suitably high-quality materials (ideally low-carbon) in a coherent composition.
- d. Architectural detail at lower levels and on the corners is particularly important.
- e. Sensitive response to site and context and contribution to a high quality public realm.
- f. No solid, blank walls on the east and west facades.

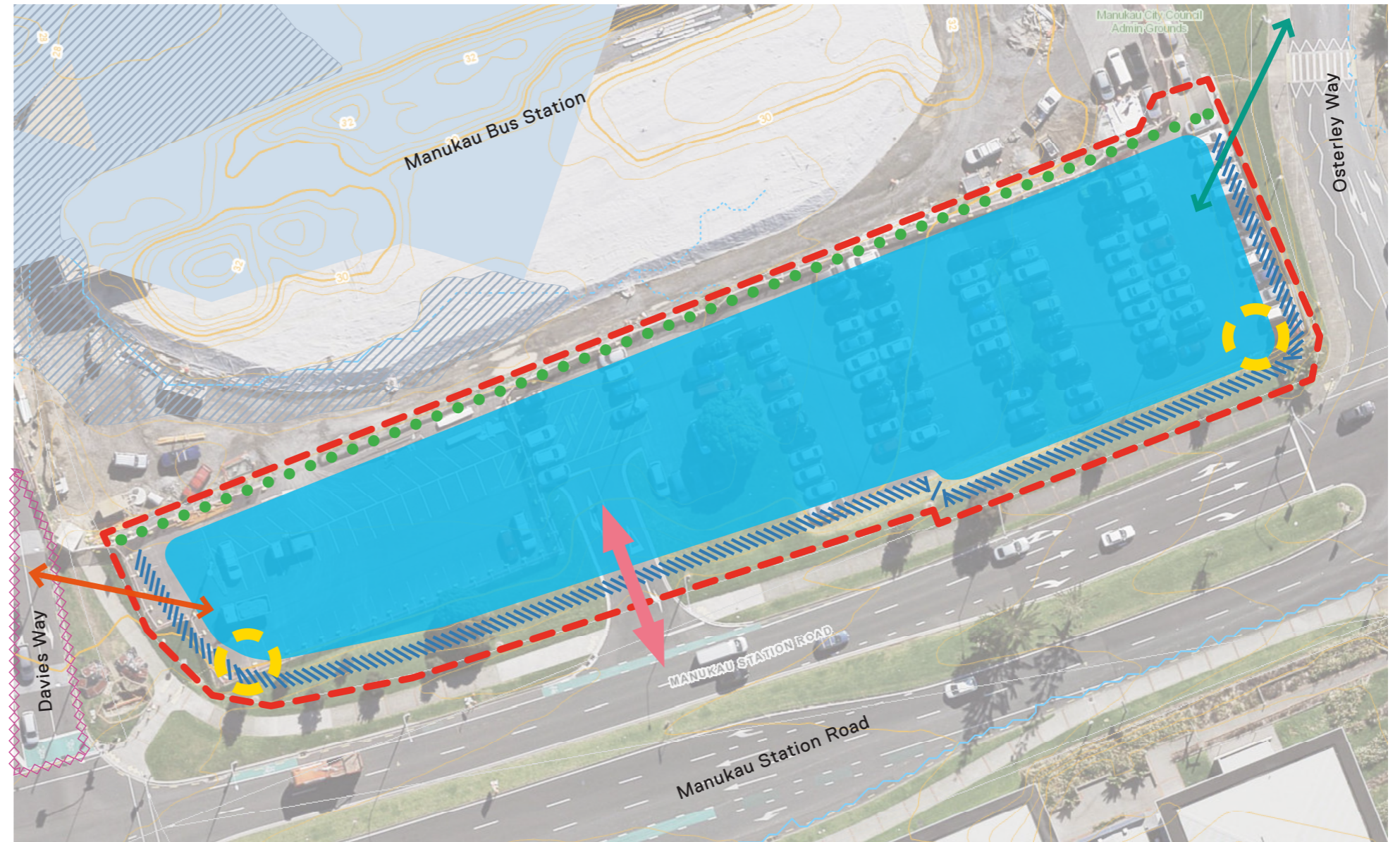
**7. Environmental sustainability** Provide New Zealand Green Building Council (NZGBC) certification: minimum Five Green Star rating for commercial uses over 1,000sqm and target 7 Homestar rating certification for residential units. Green Star and Homestar ratings must conform with the Eke Panuku curated pathway of credits.

**8. Design Guidance:**

The proposal must demonstrate how it takes into account the Design Guidance (next section) in the proposed design.

# ESSENTIAL OUTCOMES

-  SITE BOUNDARY
-  POTENTIAL BUILDING FOOTPRINT / FOOTPRINTS
-  ACTIVE/GLAZED FRONTAGE WITH PRINCIPAL ENTRIES. STRONG BUILT FORM EDGE TO MANUKAU STATION ROAD, OSTERLEY WAY AND DAVIES AVENUE (NO OR MINIMAL SETBACK)
-  CORNER EMPHASIS / ARCHITECTURAL RESPONSE
-  NO VEHICLE ACCESS FROM DAVIES AVENUE. THIS ROUTE WILL BE CLOSED TO GENERAL TRAFFIC AS PART OF THE AIRPORT TO BOTANY RAPID TRANSIT PROJECT.
-  THE NORTHERN BOUNDARY FACADE IS HIGHLY VISIBLE FROM THE BUS STATION. THE FACADE MUST INCORPORATE VERTICAL LANDSCAPING ELEMENTS OR ARCHITECTURAL DETAILING THAT PROVIDES VISUAL INTEREST & REDUCES THE SCALE OF ANY SOLID WALLS
-  DAVIES AVENUE ENTRY MUST BE IDENTIFIABLE AS AN ENTRY FROM THE MIT / MANUKAU TRAIN STATION BUILDING EXIT.
-  OSTERLEY AVE ENTRY MUST BE IDENTIFIABLE AS AN ENTRY FROM MANUKAU SQUARE
-  PREFERRED VEHICLE ENTRANCE FOR WHOLE SITE



Indicative diagram of site layout only (not to scale)



# DESIGN GUIDANCE

This Design Guidance section further explains potential ways to achieve the preceding Essential Outcomes, and offers additional guidance which can enhance and enrich a proposal.

## a. Contextually Responsive

- i. Development should respond to the challenges and opportunities of the site - and be forward thinking in defining the future vision of Manukau as a mixed use transport oriented development.
- ii. Future development on the neighbouring sites, whether planned or potential should be taken into consideration.
- iii. The design proposal should include a context analysis and design response, and refer to the work that has been undertaken in the Manukau High Level Project Plan.
- iv. 'Sense of place' is very important, and a considerable challenge in the current built environment. The development will need to demonstrate how the design adds to creating a consistent sense of place for the Manukau Central area. This could consider recent building developments and landscape upgrades in the immediate area. Note: The building design response should be seeking cultural identity for the area.

## b. Mana Whenua approach

- i. Mana whenua aspire to see themselves reflected in the urban landscape of their ahi ka (homeland). To ensure this happens, the development partner should engage with the 19 iwi and hapu (collectively known as mana whenua) to express their values, principles, and aspirations within the development. If needed, Eke Panuku can support the developer to engage with mana whenua.
- ii. Development partners should acknowledge and celebrate the rich cultural narratives of mana whenua in the area through the development either in the public realm/landscape or built form, or both.
- iii. In order to appropriately represent Mana Whenua in the proposal, the development partner should

appoint a design team who has the expertise to engage with mana whenua on Māori design outcomes. Mana whenua can provide advice on who is considered appropriate to develop narrative representation, and Eke Panuku can assist to facilitate an EOI process to appoint a mana whenua artist to support the project. The developer should consider how these can be integrated into the proposal.

## c. Pedestrian access and street activation

- i. The design should take into account Crime Prevention Through Environmental Design CPTED principles for safety.
- ii. In addition to primary active frontage along Manukau Station Road and the corners, secondary active frontage should be considered for the rest of the building frontages. This could include pedestrian entries, lobby areas with windows, any commercial or services use at ground with windows facing the street, any residential living spaces with windows facing the street.
- iii. A canopy along the ground level should be provided for shelter. Apart from canopy above entrances, they should also be considered across the rest of the building for shelter and sun protection. The canopy is to relate in height and extent to the existing canopies along the street.
- iv. The design of the building, especially the lower levels should consider the night time activity, and be lit up at night.
- v. The ground floor should include active uses, preferably retail /food and beverage or any uses that can allow some level of visibility of the activities inside the building through a glazed facade with minimal amount of screening or advertising.

## d. Architectural response

- i. Maximise height opportunity to enhance Manukau's skyline and enhance the sense of arrival along Manukau Station Road.
- ii. There should be a strong architectural expression on the the corners of Manukau Station Road with extra height or differentiation in material / architectural treatment.
- iii. If a tower building is considered, recognition of design 'in the round' is important. All elevations should be considered together. This applies to both short and long distance views.
- iv. Consider materiality and modulation of building form to provide facade variation and visual interest.
- v. Consider variation of the roof line to provide a visually interesting building or series of buildings.
- vi. Design of service plants, air conditioning units and machinery should be considered to screen or concealed from view from the public realm, and minimise noise emissions.
- vii. Consider integrating rooftop plant, including PV panels into the design of the roof rather than allowing it to appear as an applied afterthought.

## e. Parking

- i. Car parking on the site should be limited to a minimum, given the proximity to the public transport options and public carpark building in central Manukau.
- ii. Bicycle Parking should be in alignment with Green Star standard 17.4 - Secure bicycle parking for occupants should be provided at 1 bicycle park for every 1 unit and secure bicycle parking should be provided for 5% of dwellings.
- iii. Consideration should be given to car share schemes as alternatives to traditional private car parking.
- iv. Loading or parking entries should be minimised and screened.

## f. Environmental response

- i. Eke Panuku NZGBC Green Star 5 and Homestar 7 Mandatory Credits can be provided. They have been developed to facilitate the integration of both rating systems and to align with Eke Panuku ambitions for building sustainability and performance.
- ii. A document that outlines sustainability measures and initiatives should be provided at concept stage, so that Eke Panuku are able to understand the intent for the proposal.
- iii. Eke Panuku Corporate Responsibility Team can assist in the streamlining of achieving a Homestar 7 rating through the use of the Eke Panuku Homestar checklist.
- iv. A 5 Green Star rating is a requirement. Eke Panuku is open to using additional or alternative environmental sustainability certification, subject to achieving the same or better environmental outcomes.
- v. Consider the environmental sustainable design (ESD) principles including potential for low embodied material use, water conservation and waste management, including construction waste. Eke Panuku can provide a list of accredited deconstruction providers, if required.
- vi. Consider water sensitive design solutions on site to improve water quality and reduce stormwater runoff.

Eke Panuku uses the Auckland Design Manual as a reference document to guide design quality. Visit <http://www.aucklanddesignmanual.co.nz> for further guidance.



# PRECEDENTS

The following precedents are examples of different residential, commercial, residential and retail designs, each illustrating a different facade treatment that provide sufficient interest in the urban scale, and responses to the character of Manukau.

Each is an example of the expected standard of design and construction, and each reflects some quality relevant to the development opportunity: be it scale, use, response to context and environment, architectural treatment, sustainable design or historical and cultural expression.



**NZI Centre, Auckland**  
Commercial Office building



**Te Kupenga (155 Fanshawe Street) Auckland**  
Commercial Office building



**Bowen Street, Wellington**  
5-star Greenstar commercial building



**Merchant Quarter, Auckland**  
Soft landscape surrounds and pedestrian accessways, modulation of building facade and variation to roofline



**The Crossing Highbrook, Auckland**  
Commercial building with ground floor retail



# Waste Disposal Services – Chairperson Appointment

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

February 2025

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

- *would likely prejudice or disadvantage the commercial position of Council (s7(2)(h)).*

## Ngā tūtohunga | Recommendations

That the Eke Panuku Board:

- a. approves the delegation of the appointment of the Chairperson of the Waste Disposal Services Joint Venture Board to the Eke Panuku Board Chair, in consultation with the Chief Executive, and together with Waste Management NZ Limited.

## Whakarāpopototanga matua | Executive summary

1. Waste Disposal Services (WDS) is an unincorporated Joint Venture (JV) between Auckland Council and Waste Management NZ Limited (WAM). Each party holds an equal share in the JV and shares profits equally.
2. WDS is governed by an Executive Committee (Exco), comprising two representatives from each JV partner and an independent chairperson. For the last ten years the chair has been Steve Reindler. He gave notice prior to Christmas of his wish to retire from the role this month.
3. The two Auckland Council representatives are Paul Bishop and Allison Sarginson. Paul was first appointed in 2016 and cannot be reappointed on the expiry of his final three-year term on 31 October 2025. Allison Sarginson was appointed on 1 April 2018 and is now in her third term – 1 April 2024-31 March 2027. Evan Maehl, Managing Director, Waste Management NZ and Brent McKenzie are the Waste Management NZ representatives.
4. Council has supplied an experienced resource who has handled the recruitment for other board appointments, who will run a suitable process for both parties to the joint venture.
5. In consultation with the board chair, we are recommending appointment be delegated to the chair to agree with WAM.

## Horopaki | Context

6. Waste Disposal Services is an unincorporated Joint Venture and deemed a Council Controlled Trading Organisation under the Local Government Act 2002. Auckland Council and Waste Management NZ Ltd each hold an equal share as the Joint venture parties. Eke Panuku manages the council's interest in WDS.

7. This business venture was formed to manage, redevelop and operate the Whitford Landfill and ancillary activities and to provide economic and environmentally safe disposal of solid waste generated across the Auckland region.
8. Waste Management is the Joint Venture manager, responsible for the day to day management of the operation of the joint venture and for carrying out the business in accordance with the Joint Venture Agreement.
9. The Nature and Scope of the Activities of WDS:
  - Redevelopment, operation and management of the Whitford Landfill
  - The management and marketing of East Tamaki Transfer Station
  - The marketing of solid waste disposal for waste generated within Auckland
  - Undertaking such other measures as the Joint Venture Parties may from time to time agree will enhance the efficiency of the operations at Whitford Landfill and any ancillary activity relating thereto.

## **Nga whiringa me te taatai | Options and analysis**

### **Kua whakaarohia nga whiringa | Options considered**

10. Not applicable.

### **Ngā ritenga ā-pūtea | Financial and resourcing impacts**

11. Auckland Council will provide a suitable resource to manage the process with will result in a lower cost than the alternative which is to outsource this process to a recruitment agency.

12. [Redacted]

### **Ngā raru tūpono me ngā whakamaurutanga | Risks and mitigations**

13. [Redacted]

14. [Redacted]

15. [Redacted]

### **.Ngā whakaaweawe mō te hunga whaipānga | Stakeholder impacts**

16. There are no adverse impacts on key stakeholders resulting from the recruitment of a new chairperson.

### **Tauākī whakaaweawe Māori | Māori outcomes impact**

17. Not applicable.




## **Tauākī whakaaweawe āhuarangi | Climate change impact**

18. Not applicable.

## **Ngā koringa ā-muri | Next steps**

19. Council has supplied a resource who will run a suitable process for both parties to the joint venture.



## **Ngā tāpirihanga | Attachments**

There are no attachments for this report.

## **Ngā kaihaina | Signatories**

Marian Webb, GM Assets & Delivery

David Rankin, Chief Executive

### **Avondale Central**

This report in its entirety is treated as confidential, as releasing it would prejudice the commercial position of Eke Panuku or Auckland Council.

In terms of Section 7 of the Local Government Official Information and Meetings Act 1987, Eke Panuku is entitled to withhold information where making available the information:

- *would affect the commercial interest of a third party (s7(2)(b)(ii)); and*
- *maintains legal professional privilege (s7(2)(g)); and*
- *would likely prejudice or disadvantage the commercial position of Council (s7(2)(h)).*

## Audit and Risk Committee – Terms of Reference and Composition

Author(s): Alice Newcomb, Governance Manager

February 2025

### Ngā tūtohunga | Recommendations

That the Eke Panuku Board:

- a. approves the revised Terms of Reference.
- b. approves that the Audit and Risk Committee composition is amended from four to three members, with a quorum of two, and that the current membership is Kenina Court - Chair, David Kennedy and Steve Evans.
- c. notes John Coops' term ended on 31 January 2025.

### Whakarāpopototanga matua | Executive summary

1. Current Audit and Risk Committee (Committee) members are Kenina Court, Chair; David Kennedy; Steve Evans and John Coop.
2. John Coop's board term concluded on 31 January 2025, reducing the ARC's composition to three members and leaving a vacant seat.
3. The current Terms of Reference (ToR) state the Committee must have at least four members. One of these members may be the Board Chair, unless the total number of Board members falls below four, in which case the Committee will consist of all Board members. The Committee ToR are attached as **Attachment A**.
4. Due to the disestablishment of Eke Panuku on 1 July 2025, the role of the ARC has diminished, and there is no need to appoint any new members. Directors Aaron Hockly and Brett Ellison, who joined the Eke Panuku board on 1 October 2024, are still settling into their roles.
5. The Chief Executive has discussed the Committee composition with the Board Chair and is satisfied the Committee has the appropriate mix of skills, experience, and expertise to fulfil its functions as required by the Terms of Reference until disestablishment as at 30 June 2025.

### Horopaki | Context

Previous Board / Council engagement and decisions		
Date and meeting	Document	Decision / Outcome
August 2024	Decision: Audit and Risk Committee – Terms of Reference	The Eke Panuku Board: a. approves the revised Audit and Risk Committee Terms of Reference.

## Previous Board / Council engagement and decisions

Date and meeting	Document	Decision / Outcome
August 2024	Decision: Audit and Risk Committee – Appointment and Composition	The Eke Panuku Board: a. notes that the terms of Paul Majurey and Jennifer Kerr will conclude on 31 August 2024. b. approves the appointment of Steve Evans to the Audit and Risk Committee, effective 01 September 2024. c. approves the appointment of John Coop to the Audit and Risk Committee, effective 01 September 2024. d. notes David Kennedy becomes an ex-officio member of the Audit and Risk Committee, effective 01 September 2024. e. notes the composition of the Audit and Risk Committee will be reassessed when new board members are appointed by Auckland Councils Appointments & Remuneration Committee.
September 2023	Decision Paper: Audit and Risk Committee recommendations	The Eke Panuku Board: a. approved the revised terms of reference for the Audit and Risk Committee.

## Nga whiringa me te taatai | Options and analysis

### Kua whakaarohia nga whiringa | Options considered

6. Not applicable.

### Ngā ritenga ā-pūtea | Financial and resourcing impacts

7. Not applicable.

### Ngā raru tūpono me ngā whakamaurutanga | Risks and mitigations

8. There is minimal risk associated with the membership of the ARC decreasing to three members. Due to the disestablishment of Eke Panuku as a company, the ARC's workload has diminished.

### Ngā whakaaweawe mō te hunga whaipānga | Stakeholder impacts

9. There are no stakeholder impacts associated with the current composition of the Committee.



## **Tauākī whakaaweawe Māori | Māori outcomes impact**

10. There are no Māori impacts relating to the current composition of the Committee.

## **Tauākī whakaaweawe āhuarangi | Climate change impact**

11. There are no environmental or climate change related impacts to the current composition of the Committee.

## **Ngā koringa ā-muri | Next steps**

12. It is intended that following board approval, the composition of the Committee is three members.

## **Ngā tāpirihanga | Attachments**

Attachment A – Audit and Risk Committee Terms of Reference

## **Ngā kaihaina | Signatories**

Carl Gosbee, Chief Financial Officer

David Rankin, Chief Executive

## Audit and Risk Committee - Terms of Reference

### 1. Policy purpose and objectives

- 1.1. The Audit and Risk Committee (the Committee) has been established by the Board of Directors (the Board) of Eke Panuku Development Auckland Limited to assist the Board in fulfilling its oversight responsibilities relating to financial reporting, internal controls, risk management, and compliance with applicable laws and regulations.
- 1.2. The objectives of the Committee are:
  - Integrity of financial reporting and accounting policies and compliance with best practice;
  - The risk management and assurance framework and monitoring compliance with the framework;
  - Internal and external audit.; and
  - Compliance with applicable laws, regulations, and standards.
- 1.3. The Committee will have responsibility for other matters not listed above as delegated from the Board from time to time.
- 1.4. The Committee acts in this capacity by monitoring, reviewing, endorsing, and advising on the above matters as set out in these Terms of Reference.
- 1.5. The Committee has the ability to make recommendations on the above matters to the Board for subsequent approval.

### 2. Authority

- 2.1. The Committee has delegated authority from the Board in respect of the functions and powers set out in these Terms of Reference.
- 2.2. The Committee has the authority to:
  - Investigate any matter relevant to its purpose;
  - Seek any information it requires from the Chief Executive (CE), executive and senior management, any other Eke Panuku staff, or external parties; and
  - Obtain, at Eke Panuku's expense, external legal or other professional advice, as considered necessary to fulfil its responsibilities.

### 3. Membership and Terms of Appointment

- 3.1. The Board shall only appoint Board directors to the Committee.
- 3.2. The Committee will have at least ~~four~~three members, one of whom may be the Board Chair, unless the number of Board members is less than ~~three~~four, in which case the Committee will consist of all Board members.
- 3.3. The Board Chair will be an ex-officio member of the committee and may not be the Committee Chair.
- 3.4. The Board will appoint and remove the Chair of the Committee.

- 3.5. The composition of the Committee will be reviewed at such a time as, and when the composition of the Board changes. The Board may appoint and remove members of the Committee at any time.
- 3.6. If the Committee Chair is unable to attend a meeting, the members present will elect one of themselves to chair the meeting.

#### **4. Meetings**

- 4.1. It is intended that the Committee will meet at least three times a year, with authority to convene additional meetings as circumstances require.
- 4.2. At least half of the total number of Committee members shall form a quorum.
- 4.3. Directors who are not members of this Committee are entitled to receive copies of the papers and minutes of this Committee and attend any meeting without further invitations (unless they are precluded due to conflicts of interest).
- 4.4. The Eke Panuku Chief Financial Officer, Manager Corporate Risk and Reporting and Finance Manager (or their nominees) are expected to attend all meetings.
- 4.5. The Governance Manager or their nominee will act as Secretary to the Committee and will attend all meetings.
- 4.6. The Secretary will record the proceedings and decisions of the Committee meetings and the minutes will be circulated to all members and attendees, as appropriate, considering any conflicts of interest that may exist.

#### **5. Responsibilities**

The Committee will carry out the following responsibilities:

##### **5.1. Financial Reporting**

- Review the Annual Report, including the Statement of Service Performance and Financial Statements, and consider whether it is complete, consistent with information known to Committee members, reflects appropriate accounting treatments and adequately discloses Eke Panuku's financial performance and position;
- Recommend the adoption of the Annual Report to the Board;
- Review, and approve on behalf of the Board, the half and full year financial information, prior to submission to Auckland Council for its consolidation purposes, along with any letter of representation required by Auckland Council; in the case of the half year financial information and representation letter, the Committee may sub delegate approval of these to the Chief Executive and Chief Financial Officer; and
- Understand strategies, assumptions, and estimates that management has made in preparing financial statements.

##### **5.2. Risk Management**

- Monitor Eke Panuku's risk management framework and the internal controls instituted to reduce risk;
- Monitor Eke Panuku's risk profile – its on-going and potential exposure to risks of various types;

- Receive reports on management's implementation and maintenance of the risk management framework to ensure that appropriate policies and practices are in place to manage the risks considered to be the most material for Eke Panuku, and that regular risk reviews are undertaken by management;
- Review at least annually all insurance cover and supporting documentation for insurance renewals; and
- Review the approach to business continuity planning arrangements, including whether business continuity and disaster recovery plans have been regularly updated and tested.

### **5.3. Internal Controls including Fraud Prevention**

- Review the adequacy and effectiveness of key policies, systems, and controls for providing a sound internal control environment;
- Review of the delegated authority policies of the company;
- Oversight of the company's legislative compliance framework;
- Review Eke Panuku's fraud prevention policies and controls, and awareness programmes; and
- Receive reports from management about actual or suspected instances of fraud or corruption including analysis of the underlying control failures and action taken to address each event.

### **5.4. Sustainability**

- Oversight of the reporting of climate-related risks in line with regulatory obligations;
- Review climate-related risk management processes and controls;
- Ensure the climate-related risk management processes and controls reflect material changes in Eke Panuku's business strategy, external environment, and knowledge about climate-related risks; and
- Oversight of independent assurance of Eke Panuku's climate related reporting including climate disclosure statements.

### **5.5. Internal Audit**

- Approve the internal audit programme;
- Review reports on internal audit reviews and monitor management's actions to implement recommendations for improvement;
- Review the effectiveness of the internal audit function and ensure that it has appropriate authority within Eke Panuku and has no unjustified limitations on its work;
- Review of the independence of the internal auditors including by meeting with the internal auditors without management present at least annually; and
- Review the appointment and performance of the internal auditor.

### **5.6. External Audit**

- Review the proposal and engagement letters of the external auditor and their fees;



- Review the annual audit and reports over the Annual Report, assessing the findings and recommendations, and seeking confirmation that management has responded appropriately to the findings and recommendations;
- Discuss with the external auditor any audit issues encountered in the normal course of audit work, including any restriction on scope of work or access to information; and
- Ensure that significant findings and recommendations made by the external auditor, and management’s responses to them, are appropriate and are acted upon in a timely manner.

## 6. Conflicts of Interest

6.1. The Chair shall ascertain, at the beginning of each meeting, any potential, perceived or actual Conflicts of Interest and the Secretary shall minute them accordingly.

## 7. Report to the Board

- 7.1. Minutes of each Committee meeting recording recommendations and proposals approved will be provided to the following Board meeting.
- 7.2. Annually, the Committee shall conduct a self-assessment of its performance and effectiveness. The Committee will prepare a report to the Board indicating how the Committee has discharged its responsibilities as set out in these Terms of Reference for the previous year; and include a description of significant issues dealt with by the Committee and any recommendations for areas of improvement.

## 8. Review of Terms of Reference

8.1. The Committee will review and assess the adequacy of the Terms of Reference biennially and recommend revisions and improvements to the Board.

<b>Business Owner</b>	Chief Financial Officer	
<b>Document date</b>	<del>20 August 2024</del> xx February 2025	
<b>Date for review</b>	<del>August 2026</del> February 2026	
<b>Version</b>	<b>Date</b>	<b>Approver</b>
1.0	25 August 2021	Eke Panuku Board
2.0	27 September 2023	Eke Panuku Board
3.0	28 August 2024	Eke Panuku Board
<u>4.0</u>	<u>xx February 2025</u>	<u>Eke Panuku Board</u>

## Quarterly Risk Report

Author(s): Kingsha Changwai, Manager Corporate Risk and Reporting

February 2025

### Whakarāpopototanga matua | Executive summary

1. The Corporate Risk Register was updated by the ELT on 11 February 2025.
2. The risk report is provided to the Board for information.
3. The updated Corporate Risk Register included as **Attachment A** of this report reflects current risks and control measures.

### Matapaki | Discussion

#### Summary of the Corporate Risk update

4. **Risk Identification** - no new risks were identified during the latest risk review and update process.
5. **Risk Management during Transition or change process** - Processes are in place to manage risks arising from changes in the operating model, following the governing body decision on 12 December 2024. These risks are being addressed through the CCO reform programme, EP & TAU workstream activities.
6. **Staff Retention Risk** - the risk of staff retention requires close monitoring as the transition process progresses.
7. **Asset Management and Funding** - The Council Group has provided greater clarity and commitment to improving Asset Management Planning. Efforts are underway to enhance the quality of information that will support asset programme and budgets for the 2027-37 LTP.
8. **Climate Risk and Opportunity Management** - Progress continues in embedding climate risk and opportunity considerations into business activities and projects. These efforts support council climate commitments and help manage climate impacts on business operations.

#### Detail risk and control changes.

##### **Risk 1 - Delivery of development outcomes is affected by the slow property market and economic factors**

9. The challenging property market, compounded by broader economic factors continue to pose a risk to the business. Our unconditional sales and new dwelling unit targets for 30 June 2025 are at risk of not being met. Economic conditions are forecast to start improving second half of 2025 but the impact of this will take time to flow through to the property market. We will continue to monitor and discuss terms and conditions with our development partners in order to enable development sales.
10. The draft policy to increase development contributions by council to help recover new development infrastructure costs which fall on council is creating uncertainty for developers. If implemented, it will have a significant impact on current development contribution charges in many areas and will also significantly impact land values in some locations. The policy will become effective 1 July 2025.

## **Risk 2 - Change to operating model can impact future service delivery and programme momentum**

11. The decision to disestablish Eke Panuku was made 12 December by the Governing body. The Eke Panuku and Tataki Auckland Unlimited workstream (EP&TAU) is one of the 4 workstreams under the CCO reform programme. Other workstreams are Transport Reform, Group Shared Service and Strengthen the Group Model.
12. Sub workstreams under the EP&TAU workstream have been formed to manage the implementation of a new operating model. Issues such as people change process, systems and processes (day 1 expectations), legal, governance and other. Some of these sub-workstreams have already initiated activities, while others will commence or adjust their outputs once the final operating model is confirmed. It is important to note that any delay in the approval of the operating model could have a cascading impact on the outputs of these sub-workstreams.

## **Risk 3 - Failure or prolonged unavailability of infrastructure assets**

13. The risk of infrastructure asset failure is being actively managed through short-term controls and long-term initiatives.
14. Short term controls include asset inspections, maintenance, and renewals to manage immediate risks. Long-term initiatives include collaborating with the Council Group Asset Management Committee (CGAMC) to review and update of Asset Management Plans (AMPs). These updated plans will guide long term renewal and maintenance programmes and inform funding decisions in the 2027-37 LTP.
15. **Audit findings and Action Plan** - the council group is improving the process for developing and reviewing its AMPs. The Council Asset Management Steering Group (AMSG) at its second meeting 29 January 2025 agreed two actions that support the improvements:
  - a. **Assessment of Asset Management Maturity**

An independent external review will assess the asset management maturity of the Council departments and CCO. This assessment will provide the AMSG with a comprehensive understanding of current practices and highlight key areas for improvement, thereby informing future planning. The review is scheduled to begin in February and conclude on 30 June 2025. We carried out a similar review in 2023 that identified areas of improvements. We will prepare updated information for the AMSG led review and provide evidence to support actions completed since the 2023 review.
  - b. **Completion of draft AMPs**

The AMSG has established a timeline for completing the council group AMPs that support the budgets and funding decisions for LTP 2027-37. A key milestone is the **completion of draft AMPs by 31 January 2026**, after which it will be reviewed by the AMSG. This timeline aligns with our internal programme for updating our four AMPs (Queens Wharf; Waterfront (include Onehunga); Portfolio and Marinas), which is already underway with clearly defined key activities and deadlines.



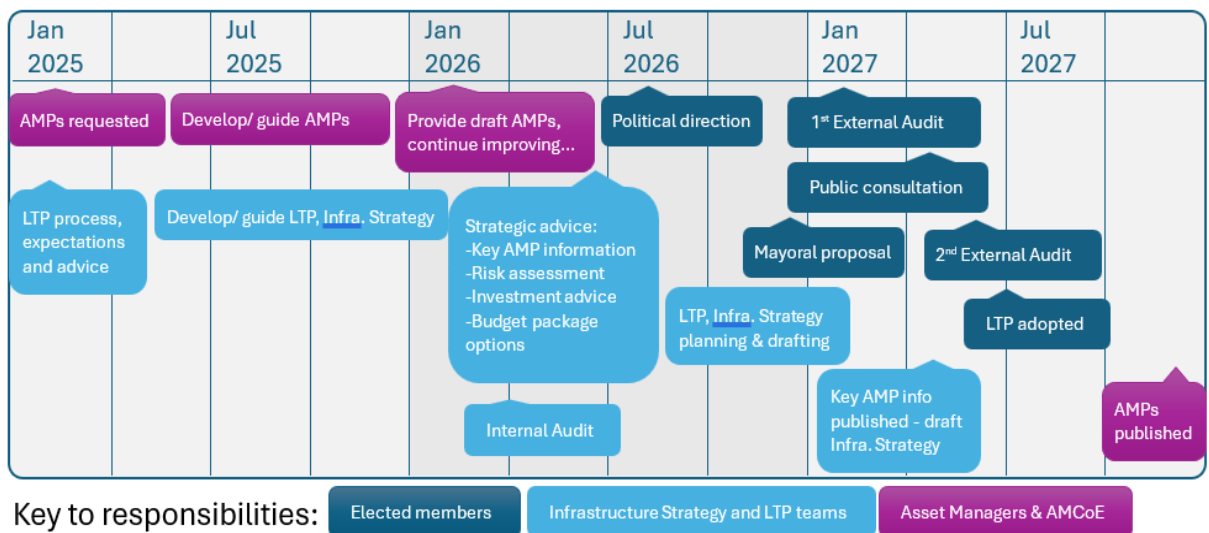


Figure 1: Standard procedure for development of AMPs to support data-driven and risk informed Long Term Plan

The Wynyard Crossing Bridge renewal works was completed 13 December 2024. This follows nine months of extensive work on the electrical, mechanical and structural parts of the bridge. This work will extend the life and use of the bridge, beyond its expired design life.

Insurance is a key risk control to manage financial impact of events on assets. We are going through the **FY26 insurance renewal process** with the Council Insurance team. This includes updating valuation of some of the assets for insurance cover, confirming properties and projects for FY26 that will be covered and ensure the types of insurance required by the business in place.

#### Risk 4 - Capacity to retain and recruit staff

16. The risk of staff retention during the transition period remains high; however, mitigations have been effective so far. These include active staff engagement and timely communication about the change process and its progress. Continuous monitoring is essential at each phase of the transition. Additionally, the likelihood of staff departures is indirectly influenced by rising unemployment and limited job opportunities in the current market.

#### Risk 7 - Eke Panuku does not adequately prepare for and manage the risks of climate change on its business.

17. The two parts of this risk include:

a. **Climate change disclosures were completed for the FY25**

Given that we are progressing the transition of business activities and programmes back to the council, we are working closely with Council sustainability team to confirm if there is value in completing climate-related disclosure for FY25. Including the completion of a Toitu Audit given that Eke Panuku will cease to exist post 30 June and logistics of supporting an audit process. Our carbon output makes up a small percentage of the overall Council group carbon output and can be easily absorbed into the Council climate disclosure programme.

b. **Embedding climate change in key business activities**

We are working with the Council sustainability team on group climate change transition planning, this involves group workshops to identify key activities or actions for the council group to transition to net zero carbon. We are also working internally to implement findings

from an external review last year, formalising processes and guidance for key business areas to consider climate change risks and opportunities as part of project management and business activities. This is enduring work that will help the business meet its climate requirements.

### **Risk 12 - Staff wellbeing**

18. Despite positive results from the staff engagement survey end of 2024, we continue to monitor staff sentiment during key phases of the change process.

### **Additional Risk**

19. The legal risks relating to the company disestablishment will be included under the EP&TAU work stream risk management activities.

## **Nga whiringa me te taatai | Options and analysis**

### **Kua whakaarohia nga whiringa | Options considered**

20. N/A.

### **Ngā ritenga ā-pūtea | Financial and resourcing impacts**

21. N/A.

### **Ngā raru tūpono me ngā whakamaurutanga | Risks and mitigations**

22. Corporate risks are included in the risk register.

### **Ngā whakaaweawe mō te hunga whaipānga | Stakeholder impacts**

23. N/A.

### **Tauākī whakaaweawe Māori | Māori outcomes impact**

24. Risk management is a process that contributes to managing uncertainties to objectives and goals including Māori outcomes.

### **Tauākī whakaaweawe āhuarangi | Climate change impact**

25. Risk management contributes to projects and operational parts of the business identifying climate threats and opportunities that require management or realisation respectively.

### **Ngā koringa ā-muri | Next steps**

26. N/A.

## **Ngā tāpirihanga | Attachments**

Attachment A – Eke Panuku Corporate Risk Register

Note:  
Red text - marks changes

11/02/2025

Kingsha Changwai

Ref ID #	Risk Description and Cause	Impact	Current Assessment (Controlled)				Risk Owner	Risk change (QTR)	
			Existing Mitigations						
			Likelihood	Consequence	Risk Score	Risk rating			
1	<p>Delivery of development outcomes is affected by the slow property market and economic factors such as high inflation and cost of debt and tighter lending requirements. This affects the delivery of SOI asset sale targets and regeneration outcomes including new dwelling units.</p> <ul style="list-style-type: none"> <li>It is taking longer to attract development partners with capacity to meet Eke Panuku's outcomes, especially for town centre developments.</li> <li>Development partners with existing development agreements are delaying development until financial viability improves due to current market conditions.</li> <li>Interest and inflation rates are reducing but there is a lag before the impact flows through to the property market. Business confidence is low, there is disincentive to spend. These affect feasibility for building new stock.</li> <li>Developers are seeking longer conditional periods to obtain resource consent and acceptable level of presale.</li> <li>Potential increase in development contributions by council to fund for infrastructure costs can have an impact on our development partner's project feasibility.</li> </ul>	<ul style="list-style-type: none"> <li>Planned delivery of current commitments/ targets (SOI and LTP).</li> <li>Current market condition / demand impacts delivery of programme and the Asset Sales targets.</li> <li>Increase cost of development from construction and funding costs make development feasibility less viable.</li> <li>Delay in the delivery of existing development agreements with partners, affected by the property market slow down and lack of pre-sales.</li> <li>Potential development partner default on debt payments.</li> <li>Delay in delivering outcomes or delivering reduced outcomes can impact our reputation e.g. number of dwellings.</li> </ul>	<ul style="list-style-type: none"> <li>We will monitor and discuss terms and conditions with our development partners in order to enable presales, funding and resource consent in slower market conditions.</li> <li>Active engagement with potential and current development partners</li> <li>Ongoing feedback and relationship building - selection of development partners, annual research to understand partners' perceptions of Eke Panuku to address any issues</li> <li>Regular updating and review of divestment strategy, carefully chosen to suit market</li> <li>Monitoring and reviewing market conditions in respect of partnership opportunities with developers for mutually beneficial outcomes, anticipated 12-18 months rebalancing of the market</li> <li>Policy and process for selecting development partners.</li> <li>Development partner due diligence at partner selection process and Eke Panuku working with certain development partners with track record.</li> <li>Development negotiation process (including arbitration)</li> <li>Development monitoring and enforcement of development agreement terms and conditions, and renegotiating settlement period, monitoring to include quality outcomes such as Homestar and Green star, including reporting.</li> <li>DA terms - Eke Panuku taking land back after partner breach of agreement and loss of partner deposit.</li> <li>For multistage developments, rights of cancellation if milestones or sunset dates are not met, settling the land in stages on separate titles as development progresses.</li> <li>Tripartite agreement terms and conditions. Lender screening process, some reliance is placed on lender's tighter screening of development partners under the current environment when seeking finance and the property title does not pass until funding is approved.</li> <li>Monthly PSG monitoring, covering when developments commence and monitoring development programme.</li> </ul>	4	4	16		Allan Young	→



Ref ID #	Risk Description and Cause	Impact	Current Assessment (Controlled)				Residual Rating				Risk Owner	Risk change (QTR)
			Existing Mitigations				Likelihood	Consequence	Risk Score	Risk rating		
2	<p><b>Eke Panuku Change:</b> The process of changing the <b>operating model</b> following the council's decision 12 December 2024 to disestablish the Eke Panuku and transition business activities and projects to the council, may impact both current and future service delivery and programme momentum.</p> <p>The main causes include:</p> <ul style="list-style-type: none"> <li>•The significant workload required to manage both transition activities and ongoing business-as-usual operations simultaneously.</li> <li>•The short timeframe available to design, consult on, and implement the new operating model.</li> <li>•The broad scope of change, which introduces new areas such as Economic development and Greenfields and also the changes affects more than one organisation, including Eke Panuku, Tataki Auckland Unlimited and Departments of Auckland Council.</li> </ul> <p><b>Council and other CCO changes:</b> <b>Impact on programme delivery momentum -</b> Changes to other CCOs and Council department's key personnel can affect agreements or arrangements in place to progress regeneration in town centres. (If the level of change is significant within the allowed timeframe, momentum could be affected).</p>	<p>Eke Panuku:</p> <ul style="list-style-type: none"> <li>• Loss of programme momentum or inability to deliver targets due to disruptions.</li> <li>• Decline in Stakeholder confidence.</li> <li>• Loss of critical staff due to uncertainty</li> <li>• Decline in staff morale, engagement and well being affects programme momentum.</li> </ul> <p><b>Council and other CCO changes:</b></p> <ul style="list-style-type: none"> <li>• Time required to re-establish agreements or approaches and build relationships cause delays to projects and programmes.</li> <li>• Council has completed its review and may take time to implementing or embedding rest of changes.</li> <li>•Our focus is continuing to stay in touch with the changes and focus on reconnecting with those that works with us on our regeneration and property activities.</li> </ul>	<p><b>Eke Panuku change:</b></p> <ul style="list-style-type: none"> <li>• CCO Reform Programme led by Transition Director includes the Eke Panuku /Tataki Auckland Auckland Unlimited workstream that will consider service and programme momentum as part of the new operating model design and implementation.</li> <li>• Bulk of activities and projects are expected to transfer across to the new operating model, contributing to continuity of services and projects.</li> <li>• Sub-workstreams such as systems and processes, governance and delegations and other have been formed to support the operation of the new operating model from 1 July 2025.</li> <li>• Backup arrangements for any issues that arise post implementation.</li> <li>• Effective and timely staff and stakeholder engagement and communication during the change process</li> </ul> <p><b>Council and other CCO changes</b></p> <ul style="list-style-type: none"> <li>• Re-establish contacts and maintain existing agreements and arrangements with CCOs and council departments going through change to minimise impact on delivery momentum.</li> </ul>	4	4	16			Workstream Lead - Brenna and Pam.	→		
3	<p><b>Failure of, or prolonged unavailability of infrastructure/ public assets</b> such as bridges, wharves and seawalls due to the age, asset wear and tear and impact of weather or hazard events. Uncertainty in funding for significant renewals or asset replacement beyond the 10 year LTP.</p> <p>(Excludes residential and commercial properties.). **</p> <p><b>**ARC Note 26 02 2024:</b> "In the failure of infrastructure/ public assets, management and the board are aligned, if there is critical health and safety risk the asset or activity will be closed or stopped until the risk or issue is resolved".</p>	<ul style="list-style-type: none"> <li>• Asset service level disruption.</li> <li>• Reputation impact</li> <li>• Levels of services decrease as assets age.</li> <li>• Outage of critical assets impact services and Eke Panuku reputation due to wider user and stakeholder impacts</li> <li>• Serious injury</li> <li>• Poor reputation</li> <li>• Legal consequences</li> <li>• Financial, increase cost of maintenance</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Council Group Asset Management Plan (AMP) development timeline and process informing LTP 2027-37 Renewal and Maintenance Programme and Budgets.</b></li> <li>• <b>Group Asset Management Maturity assessment and improvements.</b></li> <li>• Delivery of funded maintenance and renewals programme in the 2024-34 LTP.</li> <li>• Preventative maintenance of mechanical assets or high wear and tear assets at the Waterfront.</li> <li>• Identification of critical assets that deliver significant levels of service, have wider user/ key stakeholder impacts.</li> <li>• <b>Eke Panuku's own programme of continuous review and update of asset information and planning. This includes a programme of condition surveys undertaken on a cyclical basis to ensure currency of asset information informing AMPs. Also ongoing, structural and engineering reviews/ assessments are undertaken as needed.</b></li> <li>• <b>Insurance renewal process.</b></li> </ul>	4	4	16			Marian Webb	→		

Ref ID #	Risk Description and Cause	Impact	Current Assessment (Controlled)				Residual Rating				Risk Owner	Risk change (QTR)
			Existing Mitigations				Likelihood	Consequence	Risk Score	Risk rating		
4	<p><b>Ability to Retain and Attract Talent is impacted by:</b></p> <ul style="list-style-type: none"> <li>Increased uncertainty due to the organisation change may lead to higher staff turnover. Employees may also be dissatisfied with the new operating model.</li> <li>Skilled professionals may be less inclined to join an organization undergoing significant transformation, perceiving it as unstable.</li> <li>Despite an improving employment market, a shortage of specific skills persists due to increasing outward migration, making it harder to recruit the right talent.</li> <li>The inability to offer salaries that match the competitive job market may further limit our ability to attract and retain skilled employees.</li> </ul> <p><i>Staff leaving the organisation due to increased uncertainty due to the change. Skilled workforce are not attracted to an organisation going through change. Staff may not like the new operating model.</i></p> <p><i>Shortage of certain skills in the labour force despite the improving employment market as a result of increasing trend on outward migration making it more difficult to find staff with right skills. Also inability match competitive market salaries.</i></p>	<ul style="list-style-type: none"> <li>Delivery of commitments - disruption to programme delivery</li> <li>Operational capability reduced</li> <li>Employment brand is impacted by publicised changes to CCOs, Boards, management and budgets.</li> <li>Difficulty recruiting staff with required skills</li> <li>Time and cost of employing new staff</li> <li>Expectation around salary increases at review time</li> <li>Internal inequality of salaries</li> <li>Staff leaving for stability, better opportunities and benefits</li> <li>Loss of intellectual knowledge</li> <li>Downtime/ lost momentum due to replacement of key staff that depart.</li> </ul>	<ul style="list-style-type: none"> <li>New operating model development, consultation and approval process led by the Eke Panuku and Tataki Auckland Unlimited workstream of the Auckland CCO Reform Programme.</li> <li>Effective staff engagement and timely communication on change and progress.</li> <li>Leadership maintaining delivery focus during time of change.</li> <li>Talent and succession planning, led by people and culture team.</li> <li>Initiatives to improve retention include staff engagement survey and feedback</li> <li>Wellbeing support for staff including financial wellbeing webinar</li> <li>Initiatives to improve employee experience; total rewards and continued focus on organisational culture.</li> </ul> <p><i>Overall, despite the impact of organizational change, worsening economic conditions and rising unemployment have indirectly reduced the probability of this risk.</i></p>	4	3	12		Alaina Cutfield	→			
5	<p><b>Low number of projects in the future pipeline ready for delivery impacts our programme (sales, renewals and capital works).</b></p> <p>Development sales - there are <b>less properties</b> cleared by council for sale or development, properties in the pipeline or identified by the council group have issues that take time to clear including.</p> <p><i>Council has included a group target of \$300m assets sales target in the draft LTP which Eke Panuku will contribute to.</i></p> <p>Capital project stakeholder inputs, design, consent and other issues taking longer to resolve for projects to reach delivery stage.</p>	<ul style="list-style-type: none"> <li>Delivery of commitments due to reduced projects in the pipeline, affects the momentum of the programmes.</li> <li>Future performance targets may not be met.</li> <li>Underutilisation of existing resources.</li> </ul>	<ul style="list-style-type: none"> <li>Working with the Council and the group on the \$300m target identified in the draft LTP including Eke Panuku's share of the target and timing of unconditional sales.</li> <li>Working with the Council on property review including our role, and clearing of assets for sale</li> <li>Opportunities with other CCOs and Council group for sales</li> <li>Long term story of significant development areas such as Port Land, CRL developments, Eastern Busway and Northcote.</li> <li>Property renewal pipeline - property information validation and project briefing.</li> <li>Detail planning and managing risks relating to capital project delivery phases.</li> <li>Paper for the ELT on future properties cleared for sale.</li> <li>Some indirect impacts of the property review around clarity of roles e.g. lead role for property clearance, principles on holding property and other aspects of the property framework that can improve efficiency.</li> </ul>	3	4	12		Marian Webb/ Ian	→			

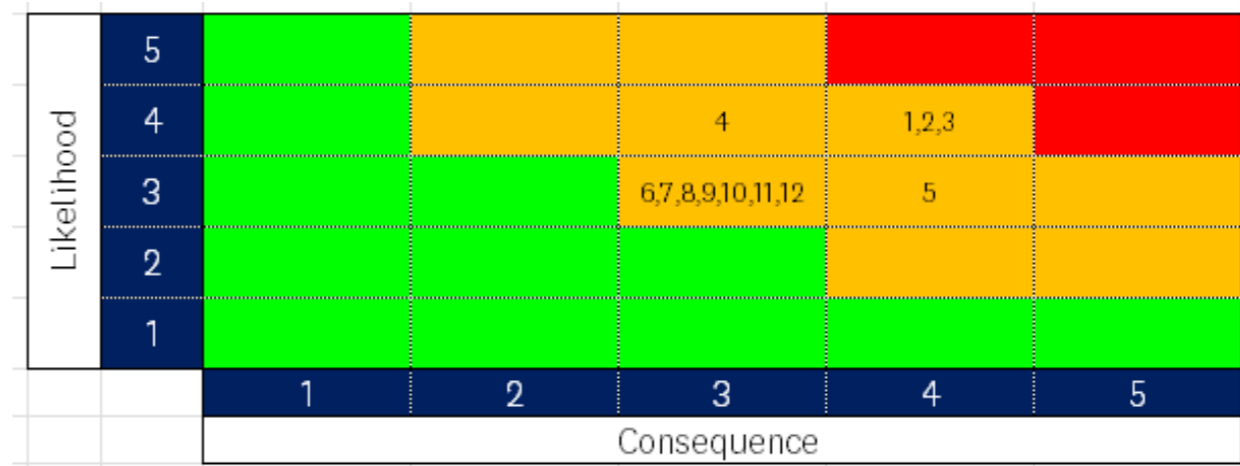
Ref ID #	Risk Description and Cause	Impact	Current Assessment (Controlled)	Residual Rating				Risk Owner	Risk change (QTR)
			Existing Mitigations	Likelihood	Consequence	Risk Score	Risk rating		
6	<p><b>Delivery of programmes, including infrastructure, on time, cost, quality and to expectations</b></p> <p>The effective conversion of strategic outcomes into well-defined packages of work that can be reliably delivered to achieve programme outcomes in line with scope, time and budget parameters in a rapidly changing economic environment affecting council group funding and finances.</p>	<ul style="list-style-type: none"> <li>• Delivery of commitments and services.</li> <li>• Not achieving Priority location outcomes.</li> <li>• Not meeting scheduled / expected delivery dates.</li> <li>• Negative impact on Eke Panuku's reputation and loss of trust with stakeholders.</li> <li>• Reduced scope or components of projects.</li> <li>• Legal challenge to our PWA process slows down acquisitions.</li> </ul>	<ul style="list-style-type: none"> <li>• Due diligence and monitoring.</li> <li>• Building a culture of achieving delivery outcomes.</li> <li>• Improved quality of overall planning, reliable project pipeline and enhanced programme and project management monitoring.</li> <li>• Consolidated Centre of Excellence in procurement and project management.</li> <li>• Developing people capability through Community of Practice, training, and sharing of lessons learnt.</li> <li>• Prioritisation resulting from more careful planning</li> <li>• Focus on programme and projects external dependency management (heightened because of financial constraints in the LTP and change) through PSG including quarterly review.</li> <li>• Improved standards, documentation and processes to ensure fit for purpose enabling work process.</li> <li>• Smart procurement</li> <li>• Better utilisation of internal resources and contractors and new Sentient Resources Module roll-out</li> <li>• Enhancing requirement for project scheduling to support project planning and training.</li> <li>• Inflight project reviews to enhance efficiencies</li> <li>• Support by Council legal for the challenge of our PWA process. Any improvements/ learnings to be incorporated into future process improvement.</li> <li>• Reporting on current urban regeneration programmes to Planning, Environment and Parks Committee of the Council.</li> <li>• PfMO frameworks and process improvements.</li> <li>• Improving project delivery via completing initiatives identified from an external independent review of projects in flight.</li> </ul>	3	3	9		Ian Wheeler	→



Ref ID #	Risk Description and Cause	Impact	Current Assessment (Controlled)		Residual Rating		Risk Owner	Risk change (QTR)	
			Existing Mitigations	Likelihood	Consequence	Risk Score			Risk rating
7	<p><b>Eke Panuku does not adequately prepare for and manage the risks of climate change on its business.</b></p> <p>Climate change means Auckland will face increasing extreme weather events, drought, sea level rise, more hotter days and more days of heavy rainfall.</p> <p>Auckland Council is committed to</p> <ul style="list-style-type: none"> <li>reducing our greenhouse gas emissions by 50 per cent by 2030 and achieve net zero emissions by 2050.</li> <li>adapting to the impacts of climate change by ensuring we plan for the changes we face under our current emissions pathway.</li> </ul> <p>Auckland Council is increasing its expectations of CCOs in relation to setting climate change targets, governance, risk assessment and reporting. The council group has to comply to Climate Standard 1 (CS1) issued by the External Standards Board or XRB 30 June 2024.</p> <p>In relation to the managed portfolio, we have delegated authority to manage and plan for these assets on behalf of council. We are responsible for assessing climate risks and mitigations and undertaking appropriate actions, advising council where necessary.</p>	<ul style="list-style-type: none"> <li>Natural and Built environment</li> <li>Property and assets are damaged.</li> <li>Increased costs, but inadequate funding for asset renewal, maintenance and repair.</li> <li>Potential for stranded assets – we need to retain and operate but they have climate risks.</li> <li>Services are disrupted, e.g. marinas, business tenants.</li> <li>Development projects are delayed</li> <li>Capital delivery projects are delayed</li> <li>Capital delivery projects cost more in terms of resilient design.</li> <li>Events and placemaking are disrupted making it harder to test ideas and build community engagement and support.</li> <li>Eke Panuku fails to meet shareholder, community and government expectations, to play a leadership role in demonstrating low carbon and climate resilient development.</li> <li>Carbon reductions targets missed and Toitu status downgraded from carbon reduce to measurement only.</li> <li>Membership of Climate Leaders Coalition may be forfeited.</li> <li>Fail to implement or sufficiently address the climate reporting requirements.</li> </ul>	<p><b>A) Managing climate change risk to the business:</b></p> <p><b>Setting sustainability policies/ standards and monitoring progress.</b></p> <ul style="list-style-type: none"> <li>We have adopted a climate change strategy, performance standards for residential, commercial and mixed-use development and sustainable design guidance for our capital projects, and sustainable procurement targets (supporting waste minimisation and supplier diversity) consistent with our role in leading urban regeneration on behalf of council. Our key impact is enabling intensification of housing around transport nodes. Policy setting will be kept under review.</li> <li>Annual Corporate Business Plan Climate identify initiatives that will be delivered annually.</li> </ul> <p><b>Understanding and managing risk:</b></p> <ul style="list-style-type: none"> <li>Working with council to understand impacts from recent flooding and cyclones to incorporate into our planning ( e.g. working with Healthy Water on using the climate modelling for flood events).</li> <li>We will work with the new Council Coastal assets team that is taking the lead on Shoreline Adaptation Plans for the Auckland region and interventions. Also working with the council Infrastructure Strategy team on future levels of service (LOS) and future funding options.</li> <li>Specifically identifying and managing climate risks in our asset management planning.</li> <li>Implementing EY recommendation on embedding processes for managing climate risks and opportunities in key business areas.</li> <li>Council group transition planning and our own transition planning.</li> </ul> <p><b>B) Meeting the Climate Financial Disclosure requirements for the business:</b></p> <ul style="list-style-type: none"> <li>A plan for meeting TCFD requirements including resourcing. Key areas covered in the plan include Governance and management, strategy, risk management and performance measures and targets.</li> </ul>	3	3	9		Brenna Waghorn / Carl	→
8	<p><b>Extreme weather events disrupting development, property and marina management activities.</b></p> <p>The greater frequency of extreme weather events leads to increased risk of serious damage to property and land, and a revised use of land for development / regeneration.</p>	<ul style="list-style-type: none"> <li>Natural and Built environment, damage to property and land</li> <li>Reputation</li> <li>Repair costs and lost income</li> <li>Significant value loss to land due to change of use from vulnerability or inability to insure, and associated reputational risks</li> </ul>	<ul style="list-style-type: none"> <li>Business continuity plans and CMT Plan</li> <li>Stormwater assessment, a mandatory requirement for projects.</li> <li>Natural Hazards analysis for properties and planning.</li> <li>Further work progressing with the Council Group on risk assessment relating to more frequent and severe weather events that will affect assets (sites) and activities such as properties in flood prone areas.</li> <li>Partnering with developers to achieve beneficial outcomes to mitigate impacts from flooding and inundation.</li> <li>Response maintenance contracts and renewal contracts for damaged properties.</li> <li>Insurance cover for properties.</li> <li>BCPs and alignment with CDEM.</li> <li>Learnings/ experience from sites affected by inundation and flooding, including diligent research of developmental areas.</li> </ul>	3	3	9		Marian Webb/	→

Ref ID #	Risk Description and Cause	Impact	Current Assessment (Controlled)	Residual Rating				Risk Owner	Risk change (QTR)
			Existing Mitigations	Likelihood	Consequence	Risk Score	Risk rating		
9	<p><b>Cyber attack on computer systems</b></p> <p>Cyber attack on council's servers from external agencies, increase in phishing emails and texts especially at senior management level.</p>	<ul style="list-style-type: none"> <li>Operational capability reduced</li> <li>Restriction of access to information on servers</li> <li>Loss of data</li> <li>Inconvenience and downtime</li> <li>Cost of recovery</li> <li>Temporary loss of productivity</li> <li>Breach of proprietary information.</li> </ul>	<ul style="list-style-type: none"> <li>Cyber security under the control of Auckland Council</li> <li>Staff information on cyber security risks and compliance testing</li> <li>Very high levels of security and firewalls</li> <li>Back up server sites/ data centres (cloud)</li> <li>Marina project on system replacement and backup</li> <li>Cyber - Self Insurance Fund</li> <li>Cyber security training during induction</li> <li>Phishing awareness exercises run through Council IT team</li> <li>Continued work by Council ICT team on security measures</li> <li>Business continuity plan</li> </ul>	3	3	9		Carl Gosbee	→
10	<p><b>Pressure of unbudgeted new work</b></p> <p>Unbudgeted work arising from our external environment, such as <b>changes in political direction</b>, priorities and partnerships, Council or government.</p> <p>This could be via projects, priorities, policy or legislative changes. This impacts Eke Panuku resources, priorities and ability to deliver agreed programmes.</p> <p><b>Organisation change or transition activities to be delivered on top of Business as Usual (BAU).</b></p>	<ul style="list-style-type: none"> <li>Delivery of existing Commitments - resulting in work delays and rephasing.</li> <li>Impact on reputation with stakeholders or communities. If unable to deliver/manage new work or delays to other work; or if the new work is perceived to be outside current role/mandate</li> <li>Staff H&amp;S</li> <li>Stakeholder pressures do not reduce even though budgets are reduced</li> <li>Future programme and funding model may not be satisfactorily resolved, due to other council priorities and workload pressures</li> <li>Staff wellbeing and higher stress levels including loss of focus</li> <li>New work identified as part of new central government policy, projects or legislative changes.</li> <li><b>Due to the timing of the change, staff may have to do change related work on top of existing work.</b></li> </ul>	<ul style="list-style-type: none"> <li>Review list of potential legislative / policy changes and potential implications.</li> <li>Staying in touch on Central government changes and working through council on legislative, policy and key project changes and respond as part of the council family, redeploying resources to focus on new projects or policy areas in response to central government changes.</li> <li><b>CCO reform programme and workstreams.</b></li> <li>Corporate Business Planning process. A new business plan will be developed after the Service delivery model is confirmed.</li> <li>Ensure consistent and aligned responses to requests via Mayoral office and council</li> <li>Full review of Eke Panuku programmes as part of the annual and business planning process.</li> <li>Planning for new priorities of the Council as part of the business planning process.</li> <li>New work identified in the Letter of Expectation to go via project planning process including resource and budget assessment, prioritisation and Corporate Business Plan and programme approval.</li> <li>Measures and actions to manage staff wellbeing impacts are covered by mitigations under Staff Wellbeing Risk</li> <li>Separate Governance, management and resourcing of transition activities via the CCO Reform Programme.</li> <li>More detail planning of new areas of work e.g. green fields post change including resourcing and budgets.</li> </ul>	3	3	9		Brenna Waghorn / Marian	→
11	<p><b>New programme of acquiring storm damaged properties</b> for Auckland Council puts pressure on existing resources and programmes. This is a new programme of work funded by council as part of the Auckland Recovery Plan.</p> <p>Dependencies include council decisions and information we rely on. Contractor capacity to deliver and performance.</p> <ul style="list-style-type: none"> <li>Increase requests for specialist staff to support the next stages of the programme.</li> <li>Council has yet to decide future use of properties acquired.</li> </ul>	<ul style="list-style-type: none"> <li>Delivery of existing Commitments - resulting in work delays and rephasing.</li> <li>Significant work required to complete acquisitions</li> <li>Sensitive issue with affected communities and high reputation risk</li> <li>Timing is critical due to frustrated property owners</li> <li>Clarity on our role and nature of activity needed</li> <li>Potential impact on external resources</li> <li>Impact on reputation due to time taken to reach agreement.</li> <li>Impact on Eke Panuku resources carrying out business as usual.</li> </ul>	<ul style="list-style-type: none"> <li>Council plan and key decisions.</li> <li>Working closely with the Auckland Recovery Office (ARO) on activities/ programme, resourcing and budgets.</li> <li>All communications is via the ARO.</li> <li>Communication with affected parties to be led by the ARO.</li> <li>Legal/delegations to Eke Panuku.</li> <li>Budget for external and additional internal resource.</li> <li>Optional/ Voluntary process - it must be noted that this is an "optional process", voluntary from the homeowner's perspective.</li> <li>Scoping - reconfirm scope and project resource requirements as project reaches next stages.</li> </ul>	3	3	9		Allan Young	→

Ref ID #	Risk Description and Cause	Impact	Current Assessment (Controlled)				Risk Owner	Risk change (QTR)	
			Existing Mitigations						Residual Rating
			Likelihood	Consequence	Risk Score	Risk rating			
12	<p><b>Staff wellbeing</b></p> <p>The transition to a new operating delivery model approved by the council has created uncertainty and impacted staff wellbeing.</p> <p>Increasing pressure on staff wellbeing due to stretched resources, health issues and personal circumstances resulting from higher cost of living (e.g. mortgage interest rates), scrutiny by public on staff e.g. public meetings.</p>	<ul style="list-style-type: none"> <li>Threat to staff engagement as a result of change.</li> <li>Delivery of commitments and services.</li> <li>Individual stress compounded by other factors such as higher cost of living</li> <li>Staff burn out</li> <li>Personal impacts on physical health</li> <li>Potentially higher sick leave</li> <li>Loss of productivity</li> <li>Loss of staff</li> <li>Higher underlying stress levels</li> <li>Winter may bring a higher number of infections</li> </ul>	<ul style="list-style-type: none"> <li>Wellbeing actions in the Health Safety &amp; Wellbeing Plan Year 2</li> <li>Staff feedback from Engagement surveys and resultant action planning started</li> <li>Staff one on one meetings and leave monitoring.</li> <li>Increased use of 'Instep' and other support services</li> <li>Promotion of mental health awareness</li> <li>More training on stress management for line managers</li> <li>Promoting Council's total benefits scheme</li> <li>Promoting resilience training</li> <li>Proactive focus on staff wellbeing by ELT and Hautu People Leaders</li> <li>Better overall programme planning and prioritisation decisions</li> <li>Hybrid working arrangement to ease travelling and transition concerns</li> <li>Wellness working group established and strategy being developed</li> <li>Financial wellbeing Webinar</li> <li>Wellbeing survey and Psycho social assessment completion.</li> <li>Engagement survey end of October 2024.</li> <li>Effective staff engagement and timely communication on change and progress.</li> <li>Management support for staff at public meetings</li> <li>Conflict management training</li> <li>BCP and work from home arrangements.</li> </ul>	3	3	9		Carl Gosbee	→





## Total Value Analysis - Overview

Author(s): Brenna Waghorn, GM Strategy & Planning

February 2025

### Whakarāpopototanga matua | Executive summary

1. During discussion of the Onehunga Programme Business Case in October 2023 the Board asked for a refresher on the Total Value Analysis (TVA) which is part of the economic case in project and programme business cases. This report provides a background to the methodology, purpose, application and use of TVA at Eke Panuku.
2. Urban regeneration is complex and offers many possible investments over multiple decades. To assist us identify the best way forward in a capital constrained environment, we use TVA to model and evaluate options and to quantify a programme's overall likely contribution to the region.
3. The TVA cost benefit approach was developed together with industry experts [SGS Economics and Planning](#) and [Sapere Research Group](#) in 2016. Consultants were Marcus Spiller and Preston Davies. It is a spreadsheet-based model that we can use in-house.
4. The purpose of TVA is to assess and compare the costs and benefits of investment options at the 'societal' level. It is termed TVA as the intent is to try and capture more of the benefits to society than might be included in a traditional Cost Benefit Analysis. It is a tool to support decision making on investment options and a framework for thinking to help maximise the full 'community benefit' that Eke Panuku creates from its projects versus the cost of resources deployed to achieve those outcomes. Consistent with Council and Treasury advice, a programme or project is expected to deliver more benefits than costs with a Benefit to Cost ratio over 1.01:1.
5. Over time we have tailored and integrated TVA into our business activities and developed a standardised approach using a baseline list of monetised benefits. Our data and methods were peer reviewed by Council's Chief Economist in 2018. We also refer to the NZ Treasury CBAX 2025 Model Inputs-drivers list/and relevant NZTA MCBM (Monetised cost & benefits manual, Nov-24) data. We view our TVA journey as one of continuous improvement.
6. TVA informs and improves our decision making. We use it to support the optioneering processes that are integral to our business cases. Working with project teams we use the TVA's value for money perspective alongside other methods such as Multi Criteria Assessments (MCA) and commercial appraisals. TVA helps us compare multiple scenarios and test sensitivities and assumptions.
7. We apply TVA mainly to community wide programmes such as Transform Manukau urban regeneration programme, and precincts such as Waiapu Precinct and Onehunga. We also use it for complex projects where differences between different options are unclear or where there is a large element of public good, for example Public Art Strategy, Manukau. As projects evolve, and if scope, timing and costs change significantly, we remodel our TVAs.
8. The benefits library includes the following key benefits:
  - Accelerated housing for Auckland by unlocking brownfield opportunities
  - Increased economic activity through construction jobs and expansion of labour market

- New sustainable energy efficient homes via Homestar
  - New sustainable energy efficient commercial buildings via Greenstar
  - Reduced vehicle use using reduced greenhouse gases calculations
  - Increased use of council services and amenities with health and social wellbeing benefits
  - Reduced crime via CPTED
9. In addition, there are some benefits of our urban regeneration programmes that in some cases can be measured but not monetised and in some cases are hard to measure. Examples include catalysed private investment attracted by the Eke Panuku project and investment, increased public transport use and associated health and environmental benefits, increased climate resilience through blue and green networks. These benefits are described but not included in the TVA assessment.
10. Since 2017 we have undertaken more than forty TVA assessments, mostly for urban regeneration locations assessing programme-level options and benefits and establishing the net benefit of the preferred programme. This is included in the benefits section of the Programme Business Case Overview.
11. It is important to recognise that TVA does not provide ‘the answer’. It is an input to the economic case in a business case. A proposed investment may have huge benefits and a strongly positive TVA, but it may be unaffordable, that is the required funding is not available or undeliverable due to contractor availability, expertise, supplies etc.
12. Council is seeking increased use of Cost Benefit Analysis (CBA) to support larger investment decisions and ensure ‘value for money’. Eke Panuku is well placed, already has this as an established discipline and is sharing our approach and expertise with the council group.

## Matapaki | Discussion

### Nga whiringa me te taatai | Options and analysis

#### Kua whakaarohia nga whiringa | Options considered

13. Other models and economic assessment approaches were considered in 2016 as part of the procurement of consultants. We chose the TVA model approach being used by SGS Economic and Planning as it worked well for the scale and nature of urban regeneration programmes, could be undertaken in-house with ongoing expert review and did not require a new technology platform.
14. The basis of the TVA model, the key elements, limitations etc is described in detail in the Guidance Booklet **attached**.
15. We continue to strengthen our practice through ongoing review of benefits and their values and increasing our evidence base even where we cannot monetise a benefit. This was part of the SGS/Sapere approach. Even if it is not possible to monetise and include in the TVA we can use quantitative and qualitative evidence alongside to demonstrate expected benefits or outcomes. An example would be evidence of the increase in biodiversity and improved water quality in an area that has deployed similar environmental approaches planned for Te Ara Tukutuku such as seeding native plants, marine modules, mussel and oyster ropes. This helps build out the story and support the case for investment.
16. A recent example, the TVA for Waiapu Precinct, a key development opportunity for enhanced retail and residential opportunities in the Onehunga town centre area, is attached as **Appendix C**. It tests

the preferred masterplan and the different sensitivities for catalysing increased employment opportunities and quantum of housing development. Results show a positive total value of benefits for the preferred option, estimated to be \$150m over 40 years, breaking even after 16 years.

### **Ngā ritenga ā-pūtea | Financial and resourcing impacts**

17. We have a small team of Eke Panuku practitioners who undertake TVA as a small part of their work programmes. In-house TVA assessment avoids having to commission external experts and builds internal capability. Funding is provided through programme and project budgets.
18. Where the benefit cost ratio resulting from a TVA analysis of a programme is somewhat marginal, we undertake more sensitivity testing and increased care is taken in managing the investment costs and reviewing project scope and priority over time.

### **Ngā raru tūpono me ngā whakamaurutanga | Risks and mitigations**

19. TVA methodology is subject to limitations. In general, assessments can overemphasise the benefits with little discussion of the costs of proposals. There are often data limitations necessitating assumptions, which can drive the results of the modelling. Often some of the most significant benefits are difficult to quantify and monetise and are therefore omitted from the studies and reported results. There can be the potential for duplication and optimism bias. In this sense, the TVA methodology is as much as an art as a science. We continue to invite expert review and input and to evolve the methodology and benefits assessment.
20. Sensitivity testing of assumptions is undertaken to stress test the results and to understand the critical elements driving the results.
21. The TVA is not relied on as the 'answer' but as an input to business cases.

### **Ngā whakaaweawe mō te hunga whaipānga | Stakeholder impacts**

22. Use of TVA improves decision making and therefore has positive benefits for Auckland Council and for the community of Tamaki Makaurau including ratepayers. There are no specific stakeholder impacts.

### **Tauākī whakaaweawe Māori | Māori outcomes impact**

23. Eke Panuku investment proposals often have positive outcomes for Māori including cultural, environmental and kaitiaki outcomes and commercial opportunities. Māori outcomes are not specifically captured in the TVA methodology. Māori individuals and communities would benefit from projects where there is a positive TVA.

### **Tauākī whakaaweawe āhuarangi | Climate change impact**

24. Some elements of climate change impact is included in the TVA methodology such as the benefits of sustainable building, reduced carbon and increased passenger transport use. Some benefits and costs need to be described as we cannot monetise them (e.g. financial, environmental and health benefits of reduced flooding and increased shade or shelter).



## **Ngā tāpirihanga | Attachments**

Attachment A – Sapere / SGS Guidance Booklet

Attachment B - TVA Monetised Benefits List 2025

Attachment C – TVA Summary Waiapu Precinct Onehunga



# Total Value Analysis

## Understanding cost-benefit analysis

Panuku Development Auckland

November 2016



1991-2016  
**25** years of Independent  
Insight.





in association with



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# 1 INTRODUCTION

## 1.1 Purpose

This document is designed to supplement the training components of the Total Value Analysis (TVA) advisory services project being undertaken for Panuku by SGS Economics & Planning Pty Ltd (SGS) and Sapere Research Services (Sapere).

The intent of this document is twofold. Firstly, it is a source of reference material both for practitioners (i.e. to assist those users who will undertake the analysis) and wider stakeholders (i.e. those parties whose decisions are contingent upon or influenced by the results of the analysis). Thus, the paper deals with the 'how' and 'why' questions around TVA.

In addition, the paper acts as a record of the underlying thinking and principles driving Panuku's activities. That is, it provides documentation explaining the decision calculus of Panuku and the articulation, measurement and monetisation of non-commercial benefits and costs likely to arise as a result of Panuku investment decisions.

As alluded to above, the focus of this paper is cost-benefit analysis (CBA). The material in the document is a guide, rather than a treatise or textbook. As such, we emphasise accessibility and relevance, as opposed to arcane or highly technical treatment of the major topic areas. The material is summary in nature, and further detail is contained in the various documents referenced throughout the paper.

## 1.1 What is CBA?

CBA is commonly understood as a discrete technique or tool used to inform decisions with an economic focus. However, CBA is perhaps better characterised as a framework for thinking that is actually used widely in everyday decisions, though possibly not as deliberately as the case of an investment appraisal. For instance, when deciding to cross the road at a place or time that is not controlled by signals, a pedestrian weighs the benefits of doing so (e.g. convenience) against the costs of doing so (e.g. the potential for harm, effects on motorists, possibility of a fine).

This paper formalises such intuition, with a particular focus on measuring the full 'community benefit' Panuku creates from its projects versus the cost of resources deployed to achieve those outcomes. 'Community benefit' includes both commercially transacted outcomes, for which a market price can be observed (for example, the value of land released for housing development) and 'external' impacts, that is, consequences which are valued by citizens but are not necessarily considered or captured in market prices- meaning they are likely to be under-provided in normal market settings. External benefits could include:

- Better access to appropriate affordable housing;
- Improved access to high quality public domain and parklands;
- Better health outcomes through more engagement with active transport;
- Retained or restored ecological and landscape values; and
- Iwi economic and cultural growth.

## 1.2 The why and when of CBA

CBA systematically compares the costs associated with undertaking a policy option with the anticipated benefits, relative to the 'base case.' The 'base case' or status quo is the expected costs and benefits if the policy option is not pursued. The comparative exercise determines whether the policy is expected to deliver net benefits to society.

CBA is valued by decision-makers as it produces a clear understanding of the economic (resource) costs and benefits of particular proposals (i.e. whether society will be better off from the proposal). In addition, the results of CBAs are readily comparable across a range of policy and industry areas, enabling comparison (and prioritisation) of initiatives in a manner that is consistent and coherent.

The relevant perspective taken in a CBA is that of society as a whole, as opposed to particular groups or individuals or entities. This means that transfers (of costs and/or benefits) with no change to the underlying level of costs or benefits are not 'counted' in the analysis. What CBA does count is the extent to which society is made better off (well-being/welfare is improved) as a result of a policy proposal or action.

A distributional analysis is often undertaken in addition to a CBA. Distributional analysis focuses on the financial impacts across various stakeholder groups, such as local government, producers, retailers and consumers. Such analysis considers in more detail the transfers between parties. The clear separation of efficiency and distributional issues is important for ensuring that stakeholder perspectives are not confused with implications for society as a whole.

Investments or other proposals in Panuku's ambit often generate a flow of costs and benefits across time. Thus, there are both present and future considerations that need to be factored into decision-making. CBA weights the costs and benefits over time (using discounting techniques discussed below) to produce a common unit of measure – today's dollars, allowing for comparison of proposals with different timeframes and/or size.

In summary, CBA helps inform decision makers in regards to:

- whether a proposal would result in net benefit (i.e. its total benefits exceed its total costs);
- which proposal from a range of alternatives provides the greatest net benefit; and
- how the outcomes from the proposal compare to the status quo.

In terms of where CBA fits in the investment decision cycle, CBA follows the assessment of relevant intervention logic for the Panuku investment in question. That is, CBA takes place after a particular problem (or opportunity) has been identified and it has been determined that Panuku action will address the problem or provide a means of exploiting the opportunity available. We have called this stage preceding CBA the 'strategic fit' element of the overall TVA.<sup>1</sup>

## 1.3 Underlying principle

Efficiency is one of the key objectives of policy, planning and many other activities relevant to Panuku. Allocative efficiency is a state where the social surplus is maximised. That is, goods and services are produced up to the point where the last unit provides a marginal benefit to consumers equal to the marginal costs of production. At an overall level, allocative efficiency is achieved when it is not possible to make any single person better off without making someone else worse off (i.e. resources are allocated in a Pareto optimal fashion). Proposals are assessed in terms of their contribution to overall welfare- all

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<sup>1</sup> See SGS Economics and Planning and Sapere "Total Value Analysis- Specification for Implementation in Panuku" October 2016.



else equal the proposal/option that generates the greatest net community benefit (as measured by CBA) is preferred to alternatives. Thus, CBA is applied welfare analysis.<sup>2</sup>

### **Some limitations and caveats**

CBA is also subject to limitations. A review of cost-benefit studies in the electricity industry provides the following generalisable insights:<sup>3</sup>

- Assessments often overemphasised the benefits with little discussion of the costs of proposals.
- Models are gross simplifications of the complexity of markets and make simple and at times misleading assumptions about market and consumer behaviour.
- There are often data limitations necessitating assumptions, which can drive the results of the modelling. Sensitivity analysis of assumptions made is important.
- Often some of the most significant benefits are difficult to quantify (and monetise) and are therefore omitted from the studies (and reported results).
- CBA is almost exclusively undertaken on a prospective basis, which means that some kind of foresight or prediction of future states is necessary. This introduces uncertainty.
- CBA is 'first-round' (partial equilibrium) in nature and as such does not routinely capture feedback loops (i.e. general equilibrium effects) and also assumes that downstream markets clear (i.e. are perfectly competitive).

The key message from that review is that the criteria for decision-making should in most cases be broader than the quantified information available from the CBA. In other words, CBA is a useful (and very often necessary) input into decision-making, but should not be the sole determinant.

<sup>2</sup> Economic welfare refers to the overall wellbeing of society as a result of the allocation or distribution of an economy's resources.

<sup>3</sup> The Electric Energy Market Competition Task Force (2006) Report to Congress on Competition in Wholesale and Retail Markets for Electric Energy.

# 2 ANATOMY OF CBA

## 2.1 Key concepts

As described above, CBA is a measurement technique used to assess the contribution of alternatives to overall welfare. All else equal, the option that produces the greatest societal net benefit (i.e. benefits minus costs) than alternatives, including the status quo, is preferred.

CBA involves a number of concepts that determine the approach taken and ultimately results produced by the tool. The major concepts are outlined briefly below:

- *Additionality*- TVA measures the extra or incremental effects of proposals relative to a 'base case.' That is, the TVA impact measure accounts for and nets off effects that have or would have happened regardless of the proposal.
- *Societal perspective*- TVA is undertaken from the standpoint of society as a whole, as opposed to that of a particular individual or group (e.g. of investors). The key question driving TVA is "to what extent does the proposal make society better off?"
- *Broad welfare measure*- the impacts on society include environmental, economic, cultural and social considerations.
- *Resource focus*- TVA is concerned with the impacts on the total volume and allocation of available resources in society. This focus excludes wealth or financial transfers between parties. Importantly it includes consideration of externalities (i.e. impacts, both positive and negative that are often overlooked or ignored in normal market-driven/commercial activities)
- *Net benefit gauge*-value is expressed in net benefit terms (i.e. benefits minus costs)
- *Secondary consideration of impact distribution*- TVA also includes supplementary analysis of how impact are distributed among society (i.e. it identifies the 'winners' and 'losers')

## 2.2 Steps in CBA

In essence, there are nine high-level steps to undertake CBA (see Figure 1).

**FIGURE 1 HIGH LEVEL STEPS IN CBA**

1	Specify the set of alternative projects
2	Decide whose benefits and costs count
3	Identify the effects and select measurement indicators
4	Predict the effects over the life of the project
5	Monetise impacts
6	Discount the costs and benefits
7	Calculate decision criteria
8	Perform sensitivity analysis
9	Make a recommendation

Source: Auckland Council Cost Benefit Analysis Primer

### Establish base case and project alternatives

Having established the rationale for intervention by Panuku, the next thing to do is to clearly define the proposal, alternative solutions and the counterfactual, including reference. The counterfactual is the situation that would exist if the decision is not made, if the proposal does not go ahead. It is sometimes described as the “do nothing” or as the “do minimum” scenario. It is important to characterise the counterfactual accurately and to use it consistently, as the benefits and costs of the proposal and alternatives are measured against the counterfactual. This is often not straightforward, in particular where the “do nothing” or the “do minimum” scenarios are likely to evolve over the evaluation period. In those situations it will be necessary to forecast the evolution of behaviour and technologies.<sup>4</sup> At least three options should be identified:

1. The proposal
2. The status quo (do nothing) option
3. An alternative proposal (at least one).

Finding the best alternatives is an art rather than a science, but it is almost impossible to conceive of an investment proposal that has no alternatives. Finding alternatives requires creativity and innovative thinking, and should include alternatives that may not be consistent with decision-makers’ objectives. It is important for decision-makers to know what alternative policies or solutions they are rejecting.<sup>5</sup>

#### *Establishing the relevant scope and timing*

Important dimensions in the specification process are the geographical and temporal scope of the proposal and alternatives (including the base case or status quo). Geographical scope refers to the physical boundaries within which impacts are to be measured. While economic CBA is concerned with societal effects (i.e. the relevant perspective is national), inevitably the activities of Panuku are focussed more narrowly on regional goals and outcomes.

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<sup>4</sup> Treasury (2015) “Guide to Social Cost Benefit Analysis”, p.10.

<sup>5</sup> *Ibid.*



Applying a 'top down' approach that starts from the national level and cascades down to more geographically narrow focus areas allows both perspectives to be illuminated. The key factor to bear in mind is the potential for locational transfer effects to exist. From a national perspective, a proposal that results in a transfer of resources from one area to another has no 'real' national impact (i.e. one locality benefits at the expense of another locality and the net effect is nil nationally). Further discussion on this point is contained below.

The temporal scope of a proposal and alternatives (including the base case or status quo) refers to the timeframe over which relevant costs and benefits are measured. It is important due to the process of discounting (discussed below) and the propensity of benefits to accrue over longer periods of time while costs are often concentrated towards earlier time periods.

In general, a proposal should be evaluated over its projected life, which often corresponds to its estimated physical life. Where the evaluation period adopted is shorter than the estimated projected life, to reflect the full extent of costs and benefits, the residual or terminal value must be included in the analysis. Three general methods are used in everyday practice (i.e. in financial modelling of investment options):<sup>6</sup>

- *Liquidation value*- essentially either the accounting (book) value or the earning power of the assets available at the end of the evaluation period, given expected life and inflation.
- *Multiple approach*- using a simple multiple of expected earnings or revenue at the end of the evaluation period, often using comparable industry or market benchmarks.
- *Stable growth model*- involves assuming a stable growth rate in terms of cash flows (i.e. benefits) in perpetuity and dividing the future cash flows by the cost of capital (discount rate) minus the assumed growth rate.

The first approach basically looks to calculate what someone would pay to achieve the returns that are available from the proposal at the end of the evaluation period, while the other two approaches take the perspective of a going concern. Clearly, for physical assets such as buildings, bridges or machines, the terminal value is reasonably straightforward to calculate. However, determining appropriate terminal values for things like parklands, ecological systems and improved health benefits for residents is much more difficult.

For Panuku investment proposals, the recommended method for calculating residual values (i.e. where benefits would continue after the evaluation period) is to capitalise the benefits that would arise in future time periods into the benefit values for the last year in the evaluation period. To do this, we require a capitalisation rate, which is basically the ratio of net operating income to asset value.<sup>7</sup> In essence this treats the benefits as a perpetuity and the relevant formula for doing so (where TV equals terminal value) is:

$$TV = \frac{\text{Benefits in last period} * (1 + \text{Longterm benefit growth rate})}{\text{Discount rate} - \text{Longterm benefit growth rate}}$$

The simplest approach for the purposes of calculating residual values for benefits such as environmental enhancement is to assume the long-term growth rate for the particular benefit is zero, which reduces the equation for terminal value down to the estimated benefits in the last period divided by the discount rate. For example, consider a situation where cash flows (i.e. benefits) from an investment are expected to continue in perpetuity but the evaluation period is 25 years. In the final year the expected cash flow/benefit is \$100,000. For a given capitalisation rate (proxied by the discount rate in this instance) of 6%, the capitalised value of the flow of benefits would be \$1.67 million.

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<sup>6</sup> [http://pages.stern.nyu.edu/~adamodar/New\\_Home\\_Page/valquestions/termvalapproaches.htm](http://pages.stern.nyu.edu/~adamodar/New_Home_Page/valquestions/termvalapproaches.htm)

<sup>7</sup> For our purposes, we use the discount rate value as the capitalisation rate.

This figure would be included in the analysis at year 25 and then discounted further to calculate present values. It is important to treat costs in the same way. That is, if there are associated costs incurred to provide the cash flows/benefits, and they extend beyond the evaluation period, they should be treated in the same manner as benefits. That is, terminal or residual values are expressed in 'net' terms.

In addition, alternative options may have different life cycles or relevant time periods. Where this is the case, techniques to equilibrate the respective time periods are needed. Various techniques are available, but the simplest and most readily understood option is the 'shortest common timeframe' approach. Consider two options (A and B) where whole years are the relevant unit of and the options have life cycles of 10 years and 15 years respectively. The shortest common time frame would be 30 years, which is three times the investment for option A and two times the investment for option B.

### **Establish affected groups**

In general, CBA is undertaken from a whole-of-society perspective. That is, all people in New Zealand who are affected by the proposal should be included in the analysis. By implication, impacts on people from outside New Zealand (e.g. tourists who might visit a parkland) are not included in the analysis. Obviously, the geographical scope provides initial guidance on the catchment of people affected by a particular proposal. To the extent that the relevant scope is regional, the possibility of 'transfers' between regions is possible (e.g. if jobs are created in Auckland that might otherwise have been created in Hamilton, then from the national perspective these impacts offset each other and there is no net change to economic resources).

However, setting aside the possibility of diversion (sometimes termed displacement) even within a region there will often be 'winners' and 'losers' and identifying these groups is useful to the analysis. This identification is largely expositional and often undertaken towards the end of the CBA process. CBA is based on the principle that a positive net community benefit (i.e. benefits outweigh cost) could enhance efficiency if it is possible (in theory) for gainers to compensate those who are identified as suffering from the proposal.<sup>8</sup> There does not need to be actual compensation for the proposal to be efficiency (welfare) enhancing.

This will assist in:

- improving understanding about the potential impacts of the options, including unintended consequences;
- identifying key stakeholders; and
- gathering information on the costs of the options.

The primary groups that should be considered are business, consumers/individuals and government. These groups may be broken down into sub-groups where there are likely to be differential effects from a proposed measure – for example, there may be differences between the impact on consumers in urban and rural areas, or for small firms relative to large firms.<sup>9</sup>

### **Identify costs and benefits**

CBA seeks to capture all the relevant direct and indirect benefits and costs regardless of to whom they accrue. It should include all social, environmental, cultural and economic impacts to people and businesses in the relevant study scope.

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<sup>8</sup> This is known as Kaldor-Hicks efficiency.

<sup>9</sup> Department of Treasury and Finance (2014) "Victorian Guide to Regulation; Toolkit 2 cost-benefit analysis." State Government Victoria.

Analysis should focus on the identification of material costs and benefits during this stage. These are the costs and benefits that have significant impact relative to the full range of effects, defined by the interests and priorities of key stakeholders.

*Categories of costs and benefits*

To assist with identifying relevant cost and benefits, categories of costs and benefits that could potentially occur in the impacts of a policy or proposal are outlined below. The examples refer to a local government proposal to improve a reserve park’s facilities by construction of a camping site. Typically monetary effects are quantitative but non-monetary effects can be either qualitative or quantitative; the effects can overlap between the categories in the following page.<sup>10</sup>

**FIGURE 2 TAXONOMY OF COSTS AND BENEFITS**

Categories	
<p><b>Monetary</b> Definition: An impact which is directly derived from the market.</p> <p>Examples:</p> <ul style="list-style-type: none"> <li>• The fee charged to use the camping site</li> <li>• The cost per kg of the concrete used during construction</li> </ul>	<p><b>Non-monetary</b> Definition: An impact which is not directly derived from the market.</p> <p>Examples:</p> <ul style="list-style-type: none"> <li>• The increase in the traffic flow around the roads surrounding the reserve</li> </ul>
<p><b>Quantitative</b> Definition: An impact which can be measured or counted.</p> <p>Examples:</p> <ul style="list-style-type: none"> <li>• The number of people using the camping site during a year</li> </ul>	<p><b>Qualitative</b> Definition: An impact which relates to a change in quality, rather than quantity.</p> <p>Examples:</p> <ul style="list-style-type: none"> <li>• Better access to nature and the Auckland environment.</li> </ul>
<p><b>Fixed</b> Definition: The impact does not change with the level of output, number of users</p> <p>Examples:</p> <ul style="list-style-type: none"> <li>• The km of new roading required to connect the reserve with the nearest highway.</li> </ul>	<p><b>Variable</b> Definition: The impact changes with the level of output, number of users.</p> <p>Examples:</p> <ul style="list-style-type: none"> <li>• Electricity use depends on the number of campers.</li> </ul>
<p><b>Direct</b> Definition: Can be attributed to the project with a high degree of accuracy</p> <p>Examples:</p> <ul style="list-style-type: none"> <li>• The total expenditure on the campsite’s construction (labour, time, land, energy)</li> </ul>	<p><b>Indirect</b> Definition: Difficult to attribute to the project with a high degree of accuracy</p> <p>Examples:</p> <ul style="list-style-type: none"> <li>• The cost of upgrading the roads near the reserve due to increased traffic flow.</li> </ul>

Source: Auckland Council Cost Benefit Analysis Primer

**Text box 1: Externalities/spillovers<sup>11</sup>**

**Externalities or spillovers** are costs or benefits borne by those not associated with a transaction and for which payment is neither given nor received.<sup>12</sup> This means that the externalities or spillovers that are generated by an activity are not fully taken into account when the activity occurs e.g. air and noise pollution to nearby residents of a manufacturing plant.

<sup>10</sup> Auckland Council (2013) “Cost Benefit Analysis Primer.” Unpublished paper by the Chief Economist Unit in conjunction with Regional Economic Strategy and Policy; Research, Investigations and Monitoring; and Business, Planning and Evaluation.

<sup>11</sup> *Ibid.*

<sup>12</sup> Treasury (2015) *Op cit.* p.15.



Externalities can be positive or negative. They should be included in the CBA if they can be quantified and are significant to the proposal, as doing so ensures that such externalities are internalised in the investment of regulatory decision taking place. Externalities that are unable to be quantified should still be identified and explained to decision makers.

#### *Characterisation of costs and benefits<sup>13</sup>*

Costs and benefits should be identified as comprehensively as possible, and:

- Characterised in terms of impacts on people, rather than on organisations or decisionmakers. For example, in a proposal to increase the capability of an organisation, increasing the capability of the organisation may or may not help its clients or customers. It is preferable to identify directly the impacts on the clients or customers, such as “faster response times which save clients x hours of time, worth \$y”, or “reduced weather forecasting errors, which save farmers \$x in unnecessary irrigation costs and \$y in damaged crops due to failure to irrigate when they should have.
- Described in terms of observable consequences, i.e. in terms that are measurable.
- Checked to ensure that there is no double counting (see below).

As mentioned previously, economic (or social) CBA is concerned with changes to real resources available in an economy. Therefore only real costs and benefits (i.e. changes in real resources), should be taken into account:

- Payments to suppliers, while technically financial transfers, are proxies for the consumption of real resources.
- Accounting depreciation expenses should not be taken into account, since this would double-count the capital investment that has already been taken into account as a cost.
- Interest and departmental capital charge are payments for the time value of money and should be ignored as the time value of money is represented by the discount rate. A large portion of rent or lease payments also compensate for the time value of money, so care needs to be taken when incorporating rental charges into a CBA.
- Welfare payments transfer resources from taxpayers via the government to welfare recipients but do not represent either an increase or decrease in real resources.

Capital gains should generally be ignored as they essentially represent the present value (see further below for discussion of discounting) of future increased earnings, which will be recognised in the cost benefit analysis. For example, the increase in property values that might result from, say, a new railway line, represents the capitalised value of the travel time savings that the railway brings about. To count both the capital gain and the increased travel time savings would double-count this benefit.

Only those costs and benefits directly attributable to the policy should be taken into account. If they would occur anyway, then they should be ignored.

Avoided costs or benefits also need to be included, provided they are a consequence of the decision that is to be made. Costs or benefits that do not change as a result of the decision should be ignored; for example, costs related to the policy that have already been incurred (i.e. sunk costs). Sunk costs are costs incurred before the start of the appraisal period and for which there is no value to the resources in some alternative use. Common examples include the costs of policy development or feasibility studies undertaken at an earlier date. Sunk costs are not included in an economic CBA because there is no opportunity cost involved and their inclusion may distort the analysis at hand by requiring a very high return on the investment. Put another way, sunk costs are irrelevant because they are the outcome of past decisions and should therefore be excluded from future decisions.

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<sup>13</sup> The material in this section draws heavily from Treasury (2015), pp. 13-15.

However, opportunity costs should be taken into account; for example, the value of existing land holdings that will be used for a project but could be sold if the project does not proceed. This treatment of costs is often at odds with the accounting approach to costs, which is considered in the third of the total value analysis steps.

#### *Negative costs and 'dis-benefits'*

In some studies certain costs are treated as 'dis-benefits' and netted off the benefits. The converse also occurs. This distorts the benefit cost ratio. Costs should be strictly in the denominator and benefits in the numerator.

Consider a road seal extension project, involving a capital expenditure in year 1, and maintenance cost savings in subsequent years. People sometimes put the capital expenditure in year one in the denominator and cost savings (ie, negative costs) also in the denominator. The numerator might include user benefits. As a result, the benefit-cost ratio can be subject to major fluctuations. It might be zero if there are no user benefits and the only benefits are the cost savings. Or it might be infinite if the denominator is zero as a result of the cost savings being deducted from the capital expenditure.

The solution is that the maintenance cost savings should not be put in the denominator as a negative cost, but should be put in the numerator as a benefit.

#### *Avoidance of double counting*

Double counting the benefits (and costs) of a proposal is a common pitfall in CBA, and care must be taken to ensure effects are only included once. The problem of double-counting occurs mainly because of vague descriptions. Suppose somebody tried to evaluate a transport project in terms of the following benefits:

- Improves general traffic journey times
- Impacts positively on wider network performance
- Impacts positively on movement of freight
- Facilitates economic growth
- Is economically efficient
- Is able to deal with peak period commuting passengers

All of these benefits arise because of increased capacity and faster journey times. More specific definitions of benefits such as:

- a) 'travel time savings multiplied by the number of vehicles',
- b) 'vehicle operating cost savings' and
- c) 'induced traffic'

avoid double counting and are also easier to measure.

There is also a risk of double counting when considering depreciation charges, interest and cost of capital. For example, a depreciation charge is intended to reflect to 'consumption' of capital, or the reduction in the value of the capital investment over a specified period, but would double count the cost of an investment if the construction cost was already included in the CBA. Accounting practice is to treat construction cost as capital expenditure and to recognise depreciation as an operating cost. The usual practice in CBA is not to distinguish between operating and capital. Capital expenditure is therefore recognised when it is incurred, and depreciation is ignored. While the opposite would also be valid, doing it this way simplifies the task of ensuring that the time value of money is properly taken into account.

Similarly, interest, and the 'capital charge' payable by government entities, should be ignored because they are part of the cost of capital, and already taken into account in the discount rate.

As well as the geographical scope Investments made by Panuku would frequently involve long lead times and give rise to effects that occur over time periods well into the future. Decisions to invest are essentially 'point-in-time' in nature, often driven by annual plans and other resource and funding

constraints. A key component of the TVA approach is economic cost-benefit analysis (CBA). CBA is cognisant of the relevant timing factors and a range of complementary tools and measures are available to capture significant insights.

#### *Deadweight costs of raising public funds*

In addition to costs associated with use of resources such as materials and labour, costs arise where the funds for the project come from taxation. Taxes encourage people to move away from things that are taxed and toward things that are not taxed or more lightly taxed. Their consumption choices are distorted away from what they would prefer in the absence of taxes. The change in the mix of consumption has an adverse welfare effect which is additional to the loss of welfare resulting directly from the loss of money that is taken away in the form of tax. This welfare loss is referred to as the deadweight cost of taxation (or sometimes as a deadweight loss, or 'excess burden').

For example, income tax on labour income tends to discourage working in favour of leisure or home-based activities, and income tax on capital income (i.e. from investments) tends to discourage investment and saving in favour of immediate consumption<sup>2</sup>. Attempts have been made at estimating these effects, with estimates varying from 14% to more than 50% of the revenue collected.

The New Zealand Treasury suggests a rate of 20% as a default deadweight loss value in the absence of an alternative evidence based value. Thus public expenditures should be multiplied by a factor of 1.2 to incorporate the effects of deadweight loss. While the Treasury guidance deals specifically with taxes imposed and collected by central government, it is usual practice to apply the additional factor to any expenditure involving 'public' money such as rates and we recommend the application of the 20% loading for an Panuku projects that involve the use of public funds.

### **Valuing costs and benefits**

Costs and benefits are valued based on their economic values which are the welfare gains and losses arising from the intervention, in terms of:

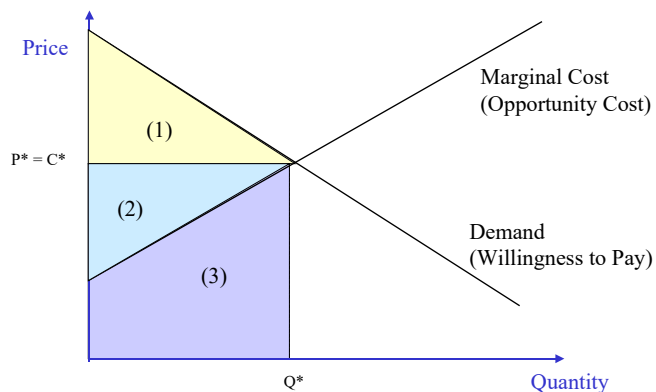
- *Opportunity costs*: the benefits foregone from possible alternative uses of the resource.
- *Willingness to pay (WTP)*: the measurement of the maximum amount that an individual would be willing to pay to either receive a benefit or avoid a cost arising from a situation.
- *Willingness to accept (WTA)*: the measurement of the minimum amount that an individual would be willing to accept to forgo a benefit or to be compensated for a negative outcome, such as pollution.

The opportunity cost concept is made operational in CBA through the willingness to pay criterion. Benefits are valued according to the willingness of individuals to pay for them, with willingness to pay consisting of two elements actual expenditure and consumer surplus (see Figure 3).<sup>14</sup> In this context, consumer surplus represents the additional price that some consumers would pay for a particular good, even though they are not required to pay this under prevailing market conditions.

### **FIGURE 3 COMPONENTS OF WILLINGNESS TO PAY**

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<sup>14</sup> SGS Economics and Planning (2003) "Cost Benefit Analysis for Planners." One day course notes (unpublished).



(1) = consumer surplus, (2) = producer surplus, (3) = resource costs  
 Actual expenditure = (2) plus (3)

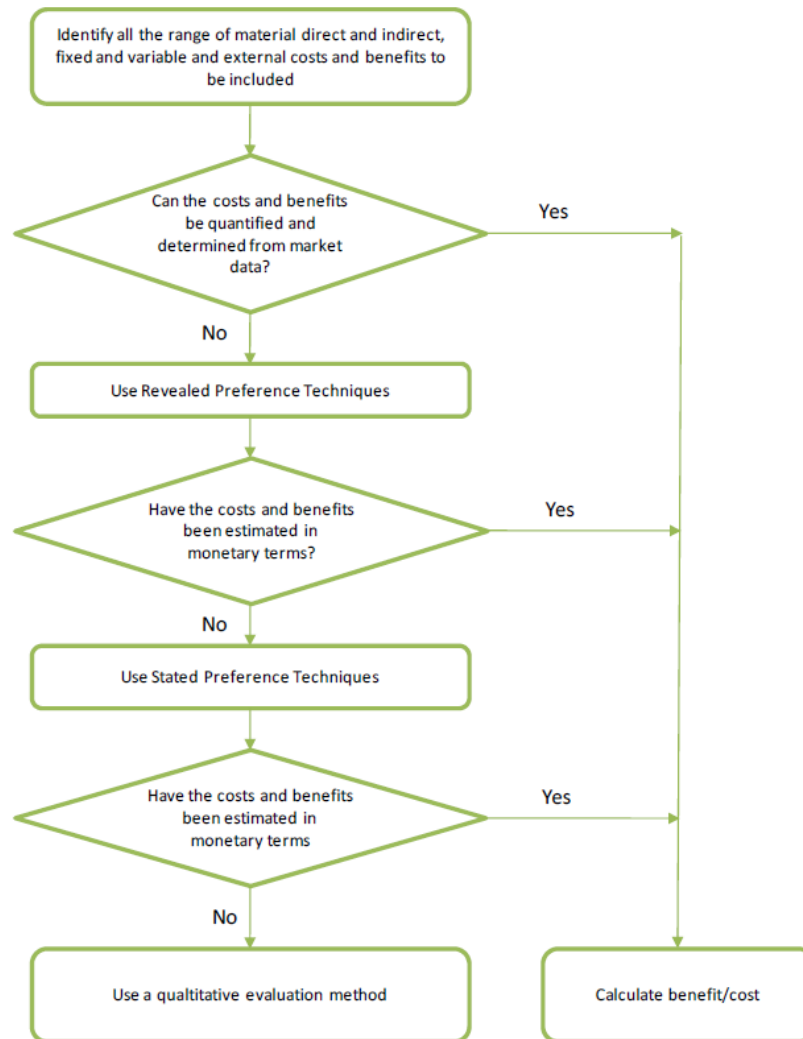
The benefits and costs are typically translated into the price actually paid, to experience welfare benefits, and the price demanded, when experiencing welfare losses.<sup>15</sup> After identifying the relevant material costs and benefits their values must be estimated and monetised. The value of most costs and benefits can be taken directly from the market, while non-monetary costs and benefits can be estimated from a range of methods which have been developed. The main steps and the process of valuation are summarised in Figure 4.

Note that it is preferable to use **real** as opposed to **nominal** values in CBA. Loosely, the former relates to today's dollar values/prices while the latter relates to the price that would be paid when the good or service is delivered. That is, values for both costs and benefits are expressed in constant dollar terms, ignoring inflation. A useful working rule is that we assume the cost of a good or service will remain constant in real terms (i.e. before inflation) unless we are reasonably sure that its price will change relative to all other prices in the economy.

<sup>15</sup> Sometimes money actually paid or received does not reflect the true value of the benefits or costs. For example, public transport fares are subsidised, so the fare paid by individuals do not reflect the cost of providing the service.



**FIGURE 4 STEPS TO VALUE BENEFITS AND COSTS**



Source: Auckland Council Cost Benefit Analysis Primer

### Market values

As discussed above, the benefits are the amounts that consumers are willing to pay for a good or service, and are measured by the price actually paid for them. Costs are valued based on what other users would be willing to pay for the resources employed or the opportunity cost of the resource.<sup>16</sup> The market (monetary) costs and benefits are the most easily measurable component of the CBA.

For example in a camping site construction project, the construction costs (concrete, timber, wages etc) and the income from facility fees are the costs and benefits that are valued from their market prices.

A range of market-based techniques are available and are summarised as follows:<sup>17</sup>

- *Change in productivity technique*: any increase in output due to the proposal is regarded as a benefit (e.g. more productive land or labour), while a decrease in output as a result of the proposal is regarded as a cost.

<sup>16</sup> Department of Finance and Administration (2006) "Handbook of Cost-Benefit Analysis." Financial Management Group, Australia.

<sup>17</sup> For further detail on these techniques, see SGS Economics and Planning (2003) *Op.cit.*

- *Change in income technique*: focussed on labour inputs and wages, any increase in income as a result of the proposal (e.g. improvements in health leading to lower incidence of illness) is treated as a benefit and vice versa in relation to costs.
- *Replacement cost technique*: concerned with estimating the expenditure necessary to replace a natural resource or human made good, service or asset. Expenditure actually incurred on replacement is used as the measure of the minimum willingness to pay to receive particular benefits. For example, the cost of replacing parkland lost to a proposed construction project can be used to measure the benefit from maintaining existing parkland amenities.
- *Preventative expenditure technique*: applies known expenditure patterns to estimate project costs and benefits. For example, expenditure on barriers and fences alongside a proposed urban freeway, in order to maintain existing noise levels, can be used to cost the noise disamenities associated with the proposal. Put another way, if known expenditure would be needed to prevent particular outcomes and the proposal under consideration avoids those outcomes, then the resulting saving in expenditure can be captured as a benefit of the proposal.

Quasi-market (or proxy) techniques include:

- *Travel cost technique*: used to value assets that may be free of charge. Users of the park are assumed to be rational in their choices (i.e. weigh up the costs of travelling to the destination and only travel to destinations that are 'worth it.'). The willingness to pay for the benefits offered at a particular destination are estimated as the sum of the costs of getting there, including travel time and vehicle operating costs.
- *Land value technique*: the price paid for land reflects the benefits of the characteristics of the location (e.g. seas views, proximity to public transport or CBD). This technique estimates the value of the land with the defining characteristic to land that is similar in all respects except the defining characteristic. The difference is the value associated with the characteristic.
- *Wage differential technique*: similar to the land value technique in that it looks to estimate the value of a particular condition (i.e. amenity) by associating the willingness to accept higher/lower compensation for either experiencing or not experiencing this condition, and only this condition. For example, someone might be willing to accept lower wages at a location in exchange for better access to public transport. Equivalently the technique estimates the compensation required for someone to work in particular areas where amenity and/or accessibility to desirable conditions are not present.
- *Proxy good technique*: used when a good or service with a market price may be a 'substitute' for the non-priced cost or benefit. In this case, the market price is used to approximate the value of the cost or benefit. For instance, the willingness to pay for access to lakes could be proxied by what people are willing to pay for swimming pool access.

#### *Non-market values*

The wider social, cultural and environmental costs and benefits with no market price are often relatively more difficult to value in a CBA. These are often intangible effects. However, these costs and benefits should not be ignored and "are still important enough to value separately".<sup>18</sup> In the absence of market prices, the costs and benefits of non-monetary components must either be imputed or found by appropriately adjusting the observed market price. The resulting values are known as **shadow prices**.<sup>19</sup>

Common techniques used to evaluate non-market costs and benefits include:

- *Benefit transfer method* - this method is based on using the results of previous studies. The values of some of the proposal's costs or benefits are estimated using research on existing projects with similar characteristics of Panuku's proposal. Although this approach is cost efficient and most straightforward method compared to the other approaches, it needs very

<sup>18</sup> HM Treasury (2003) "The Green Book. Appraisal and Evaluation in Central Government, Treasury Guidance." London: latest edit July 2011, p.22.

<sup>19</sup> Department of Finance and Administration (2006) *Op.cit.*

careful consideration of the original study's characteristics and how these compare to the CBA at hand.<sup>20</sup>

- *Revealed preference (RP) approach* - a form of contingent valuation, it compares the historical trade-offs between a cost and some form of benefits that people have had. Hedonic price modelling and travel cost analysis are examples of this approach.
- *Stated preference (SP) approach* - a form of contingent valuation, it identifies willingness to pay and willingness to accept through surveys for trading off costs and benefits under hypothetical scenarios.

An alternative, simpler approach is to estimate approximate 'threshold values' rather than precise shadow prices.<sup>21</sup> In this approach, an approximate threshold value is identified such that the estimated benefits are economically significant when compared to the estimated costs.<sup>22</sup>

#### *Optimism bias*

Optimism bias occurs when favourable estimates of net benefits are presented as the most likely or mean estimates. It may reflect overestimation of future benefits or underestimation of costs. The Treasury suggests that one way to deal with optimism bias is to consider explicitly a pessimistic scenario for each of the benefits and costs as well as for a combination of them all. A more detailed approach is to determine confidence intervals for each cost and benefit, and conduct a Monte Carlo simulation (see below under sensitivity analysis for further explanation of Monte Carlo analysis) to determine the 90% confidence interval for the whole CBA.

Judgment can also be exercised in terms of whether estimates of costs or benefits adequately deal with potential optimism bias. To the extent the cost estimates include contingencies (e.g. in construction costs) this may be sufficient and no further adjustment for optimism bias is needed. Further, where established ranges of possible optimism bias exist, judgment can be used to determine an appropriate figure to apply to the question at hand. For instance, the UK Treasury suggests costs for standard building projects could range from 2%-24% (i.e. costs are underestimated by between 2% and 24%). Past experience and an assessment of reasonableness of project costings could result in the application of a 10% being deemed acceptable, though the UK Treasury advice is to start from the upper bound and reduce if required, rather than working from the 'bottom up.'<sup>23</sup>

#### *Qualitative costs and benefits*

Some intangible costs and benefits, which are identified as relevant significant impacts, cannot be monetised cost effectively either by market or non-market approaches. After eliminating the possibility of monetising intangible effects using the above methods, the qualitative costs and benefits should be included in the analysis alongside the quantifiable values as these effects can still be important to recognise and consider in decision making.

In some cases, the qualitative effect can be complementary to the outcome of the CBA (i.e. the net present value calculation [refer next section] is positive and the qualitative effect is also a benefit). In other cases, the net present value calculation can give an indication of how large the qualitative effect needs to be, to change the net present value outcome (i.e. the net present value is \$5million excluding a qualitative cost, so the qualitative cost would need to be valued as more than \$5million to influence the net present value result).

#### *Multiplier effects*

Proponents of projects often claim that their projects have multiplier effects. They claim that the expenditure on the project provides income for construction workers and for operating and maintenance staff, who will spend their wages and create income for local businesses, which in turn will spend their income and create income for other businesses, etc. This thinking either assumes that there are

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<sup>20</sup> HM Treasury (2003) *Op.cit.*

<sup>21</sup> Department of Finance and Administration (2006) *Op.cit.*

<sup>22</sup> See Department of Finance and Administration (2006) for further information.

<sup>23</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/191507/Optimism\\_bias.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/191507/Optimism_bias.pdf)

significant unemployed resources available, or it ignores the fact that the new activity displaces other activity that would have occurred. Unless there is significant unemployment of people with the requisite skills, it is therefore likely that multiplier effects do not exist.

### Present value calculation and decision criteria

A CBA does not treat costs and benefits in one period as having the same weight as costs and benefits in other periods. Rather, they need to be *discounted* to a common point in time. The term *discounted* means that costs or benefits which occur later are given less weight than costs or benefits which occur sooner, with larger reductions the further into the future the costs or benefits occur. The *discounted* value of costs or benefits is therefore the relevant assessment measure. The discounted value is also known as the *present value*.

There are two reasons for discounting. One of them is a pure time preference. People prefer to consume today, rather than tomorrow. This means that although an individual recognises all benefits as improving their wellbeing, the individual tends to value the benefits they receive today more than benefits that will be received in the future. For example a dollar can be invested today and receives say, a return of 4% per annum, meaning in a year's time it is worth \$1.04. Receiving \$1.04 in a year's time is therefore the equivalent of receiving \$1 now. This is referred to as *the time value of money*.

To value the future receipt in today's terms, we discount the future receipt by the discount rate, which in the case of the example above is 4%. The number by which we have to multiply the future value to obtain today's equivalent is called the discount factor, and is equal to:

$$\frac{1}{(1 + \text{discount rate})^n}$$

where n is the time period (i.e. number of years) over which the value is being discounted. In the basic example above, n=1 and the discount rate is 4%, so the discount factor is 1/1.04, which equals 0.9615 (4 d.p.).

The second reason relates to the opportunity cost of funds being invested. This is the New Zealand Treasury's approach to discounting. In this approach, the return required for a proposal should exceed that of an alternative investment with the same level of risk.

The box below provides an example of discounting, using a 10% discount rate.

**Example: Discounting Using the Formula**

If the discount rate is 10%, the discounted values of expected costs or benefits are calculated as illustrated in the following table:

Year (n)		0	1	2	3
Discount factor = $1 \div (1 + 10\%)^n$		1.000	0.909	0.826	0.751
Forecast costs or benefits		-100	45	45	45
Discounted values (value x discount factor)		-100	40.909	37.188	33.808
Present value (sum of discounted values)	11.906				

Source: Treasury Guide to Social Cost Benefit Analysis (2015)

#### Choosing the discount rate

The rate at which future values are discounted can be important to the overall outcomes of CBA. For public sector projects the Treasury provides discount rates for different categories of investment. Table 1 shows the latest recommended rates, as at October 2016; the intention is for these rates to be



updated yearly. The differences in the respective discount rates reflect the variation in risk attached to specific investments.

**TABLE 1 TREASURY RECOMMENDED DISCOUNT RATES**

Category	Discount rate (per annum)
Default rate (for projects that are difficult to categorise including regulatory proposals)	6%
General purpose office and accommodation buildings	4%
Infrastructure and special purpose (single-use) buildings:	6%
<ul style="list-style-type: none"> <li>• Water and energy</li> <li>• Prisons</li> <li>• Hospitals</li> <li>• Hospital energy plants</li> <li>• Road and other projects</li> </ul>	
Telecommunications, media and technology , IT and equipment, Knowledge economy (R&D)	7%

Source: <http://www.treasury.govt.nz/publications/guidance/planning/costbenefitanalysis/currentdiscountrates>

Current Auckland Council guidance recommends a discount rate of 4% as a starting point for Auckland Council projects, with sensitivity analysis using 6% and 8%. This guidance was prepared in 2013 when the ‘default’ rate recommended by the Treasury was 8% (rather than the 6% currently). It is not clear why the Council opted for a lower default discount rate, but that choice was supported by independent research commissioned by Council to determine what the appropriate rate should be.<sup>24</sup>

It is likely that Council projects were assessed to involve longer-life assets and/or less risk than the standard public projects considered by Treasury. In addition, it may be that Council views the appropriate method to determine its discount rate is the *time preference (time value of money)* approach, as opposed to the *opportunity cost* approach that assesses proposed investments against an alternative investment with the same level of risk.

Regardless of the reasons, it is clear that departures from recommended Treasury rates are possible, provided that the alternative discount rate “can be determined on objective grounds.”<sup>25</sup> Furthermore, Auckland Council advises that where central government funding is being sought, guidelines from the relevant government department or ministry must be followed.

In the absence of relevant information to the contrary, and for reasons of transparency and consistency we recommend Panuku uses the default rates specified by Treasury.

#### *Outcome metrics and decision-making*

Once the net benefits and costs in future periods are quantified in monetary value and a discount rate is identified, there are a range of indicators that could inform the decision on whether or not to accept a proposal.

Discounting of the future costs and benefits allows us to determine the **net present value (NPV)** of the investment, for a given appraisal period. The NPV is the difference between the present value of cash inflows (monetised benefits) and cash outflows (monetised costs) and is often used to determine the profitability of the project/investment. For our purposes, a positive NPV means that society is made better off as a result of the investment, relative to the base case. NPV also allows comparisons across options within a project- the higher the NPV the better the project from society’s perspective.

The best understood and most common summary metric relevant to TVA is the **benefit-cost ratio (BCR)**. The BCR relates the present value of the estimated stream of benefits to the present value of the

<sup>24</sup> Auckland Council (2013) *Op.cit.* p.25.

<sup>25</sup> <http://www.treasury.govt.nz/publications/guidance/planning/costbenefitanalysis/currentdiscountrates>

estimated stream of costs. Whereas the NPV subtracts total costs from total benefits, the BCR divides the former by the latter. The BCR is comparable across options and projects. As a ratio, the BCR is technically expressed relative to 1 (e.g. a BCR of 4:1 means benefits exceed costs by a factor of four) however, it is routinely reported as a single number (i.e. a BCR of 4 means benefits exceed costs by a factor four). In general, a BCR greater than one in value supports proceeding with the project or option.

The **internal rate of return (IRR)** of a project/investment is a reasonably common alternative to the NPV. The IRR tells you the discount rate that will produce an NPV that is equal to zero. This is essentially the projected rate of growth for the investment, on an annualised basis. Like NPV IRR can be used to rank different project options that involve the same capital cost- the option with the highest IRR would be considered the best and undertaken first.

The **payback period (PP)** is the time needed for the investment to recover its cost (i.e. break-even), usually expressed in years. The payback period is important when greater weight is placed on the time period of the investment. All else equal, shorter payback periods are preferable to longer payback periods. By way of example, an investment of \$100,000 that generates cash-flows/benefits of \$20,000 per year would have a payback period of five years.

Table 2 compares the relevant decision metrics and v their relative strengths and weaknesses with reference to a hypothetical example. The material in the table shows that proposals are best assessed against more than a single metric. It is not necessary (or perhaps even relevant) to calculate or report all four metrics shown. In most instances relevant to Panuku, the NPV and BCR should be sufficient.

**TABLE 2 DECISION METRICS**

	<b>Net Present Value (NPV)</b>	<b>Benefit-Cost Ratio (BCR)</b>	<b>Internal Rate of Return (IRR)</b>	<b>Payback Period (PP)</b>
<b>Definition</b>	Sum of present value of all benefits less present value of all costs	Ratio of present value of benefits to present value of costs	Rate of return (%) at which the net benefits exactly equal the net costs	Length of time it takes for the accrued benefits to exceed costs
<b>Decision guide</b>	Select highest NPV	Select highest BCR	Select highest IRR	Select shortest PP
<b>Example</b>	\$1.06 million	2.06	40%	4 years
<b>Interpretation</b>	The proposal generates net benefits of \$1.06 million.	For each dollar invested in the proposal, \$2.06 of benefits is generated.	The return on investment is compared to the relevant cost of capital (e.g. for Panuku or for Council).	It will take four years for the proposal to recover its initial outlay and for benefits to exceed costs.
	If the NPV is greater than zero, the proposal's benefits exceed its costs and society is made better off from the proposal.	If the BCR is less than one, the proposal's costs exceed its benefits and society is made worse off from the proposal.	If the IRR is greater than the cost of capital, the project is economically viable.	
<b>Strengths</b>	Able to compare the size of the benefits relative to the actual costs required.	Able to compare the size of the benefits relative to the actual costs required.	Can be useful if there is any contention over the discount rate applied.	Simple to calculate.
			Generates the return on the actual amount invested.	
<b>Weaknesses</b>	Does not compare the relative size of benefits to costs.	Ratio does not tell you about the magnitude of the net impact.	May not be able to derive the IRR mathematically, or there may be more than one IRR.	Does not take into account additional benefits (or costs) generated after the payback period, so

Does not distinguish between projects of different sizes.

does not measure the overall value of the proposal.

Does not discount cashflows, which is an advantage to proposals which accrue benefits sooner.

Source: Auckland Council Cost Benefit Analysis Primer

## Allowing for risk and uncertainty

CBA is an aid for decision-makers and as such should contain as complete a picture of risks and uncertainty as possible so that their decision is based on the best information available at the time.<sup>26</sup> A key part of the information useful to decision-makers is **sensitivity analysis**. Sensitivity analysis can be used to test the assessment's reliance on assumptions or variables and identify critical variables. By changing the value for a cost, benefit or discount rate, the decision metrics (NPV, BCR, IRR, PP) can be recalculated and compared to the original calculations to determine whether the assessment is sensitive to a particular estimate's value. One way of determining which costs or benefits most affect the decision metrics is to vary each one at a time, holding all other costs and benefits constant. If variables are correlated, they may need to be varied together.

In some situations, a small change in one of the assumptions used (e.g. the rate of CO<sub>2</sub> sequestration from a climate change mitigation strategy) can make the difference between a project having a positive NPV and a project having a negative NPV, or BCR being greater than one or less than one.

Sensitivity analysis can be used to:

- Identify specific costs and benefits whose values are critical to the analysis (those for which a small change leads to a large change in decision metric values)
- Identify the tipping point for the critical values (the point at which the NPV calculation is zero).
- Fully inform decision makers around the sensitivities of the NPV calculation to particular values.

Risks and uncertainty relevant to the economic evaluation (e.g. risk that a project costs more than expected) should be accounted for in the project assessment, while risk not directly relevant to the economic evaluation (e.g. political risk) should be included in the broader business case for the project. We focus here on risk relevant in the economic evaluation process, not other types of risk or uncertainty.<sup>27</sup>

An assessment of risk should be included in the evaluation to determine the project's overall exposure to variance in the underlying variables. Many factors including the scale of the project and political risk of the project will determine the depth of the risk assessment required.

A risk assessment should include:

- Identification of all known risks that could influence the project's objectives, outcomes, benefits and costs
- Consideration of the outcomes if the risks materialise
- Consideration of how likely the risks are
- Consideration of whether any risk mitigation strategies should be put in place.

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<sup>26</sup> Technically there is a distinction in economics between risk and uncertainty. The former is defined as unknowns that have measurable probabilities, while the latter involves unknowns with no measurable probability of outcome. For our purposes, we use the terms interchangeably, with more focus on risk.

<sup>27</sup> This is consistent with the guidelines issued by Auckland Council (2013).

Because CBA may depend to a large extent on forecasting variable values, all costs and benefits are uncertain (or risky) to a degree. Where the probability of an outcome is reasonably well known, then costs or benefits should reflect that risk. For example, if a proposal is thought to produce \$10 million in benefits in any given year, but there is a 25% chance that there will be no benefit derived, the risk-adjusted benefit is \$7.5 million.

Unfortunately, the relevant probability distribution is not always known, and uncertainty is best expressed in the CBA by using confidence intervals or ranges rather than point estimates. Two methods useful for deriving such intervals are:

- *Scenario analysis* - essentially sensitivity analysis with conservative, baseline and optimistic scenarios for combinations of critical variables. If the decision metric values do not materially change then the decision maker can have more confidence in the net benefits of the project being realised.
- *Statistical analysis* – a popular statistical method employed for proposals with multiple variables is Monte Carlo analysis. This technique uses random combinations of values for variables many times over to simulate uncertainty. A probability distribution of expected outcomes is produced – which is a picture of the range of potential NPV calculations and their likelihood. This means that the decision maker is informed about the most likely NPV outcomes.

### **Distributional analysis<sup>28</sup>**

The NPV calculation takes into account whether the total benefits over the life of the project exceeds the total costs over the life of the project but does not consider the distribution of the costs and benefits. A distributional incidence table can be used to illustrate the groups of ‘winners’ and groups of ‘losers’ of a project. The ‘winners’ and ‘losers’ can be grouped in a range of categories relevant for the project.

In some cases, weightings can be assigned to the different groups when calculating the total benefits (e.g. by income). By assigning greater weights to certain groups we can emphasise the impact on those groups. Weightings should be used with caution and in every situation the weighted and un-weighted decision metric values should be presented in the results.

A third option could be to do a separate CBA for different groups (e.g. high/middle/low income groups, rural/urban) and presenting these results alongside the overall CBA result. All three options provide decision makers with information on how the proposal could affect different groups within the relevant geographical scope of the analysis.

### **Making a recommendation<sup>29</sup>**

The results of CBA are usually presented in report form, along with recommendations in relation to the preferred course of action. The report serves two functions:

- It **communicates** the results of the CBA. To be helpful to the reader, its centre-piece should be a summary cost-benefit table, which on one page sets out the main project alternatives, the main benefits, the main costs and the summary measures (NPV, BCR, IRR, PP), and includes notes that direct the reader to the place in the report where further information can be found on each cost or benefit. Instead of point estimates for the costs, benefits and summary measures, the table should set out ranges that reflect the level of risk and uncertainty.

Where the benefits are exceeded by the costs, but there are significant unquantified benefits, it may be inappropriate to include a benefit cost ratio in the table. The decisionmakers’ attention

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<sup>28</sup> Auckland Council (2013) *Op.cit.* p.30.

<sup>29</sup> Treasury (2015) *Op.cit.*



needs to be drawn to the need for a 'backwards assessment', in other words an assessment of whether the unquantified benefits, net of unquantified costs, exceed the quantified negative NPV.

The report should also provide the intuition behind the results.

- It provides an **auditable record** of the way the analysis was conducted and the data sources.

A suggested tabular format for results is shown below. Where the NPV of the quantified elements is a negative number, ie, a net cost, the task of the decision-maker is to judge whether the value of the unquantified benefits (net of the unquantified costs) exceeds the net cost of the quantified elements. If the NPV of the quantified costs and benefits is a positive number, then the project is worth doing irrespective of the size of the unquantified benefits.

**TABLE 3 SUGGESTED RESULTS TEMPLATE**

\$m present value (PV) ranges in 2016/17 terms

<b>Quantified Benefits</b>	Notes	Option 1	Option 2	Option 3
Benefit 1	(1)	\$Range		
Benefit 2	(2)	\$Range		
Benefit 3	(3)	\$Range		
Etc				
<b>Total</b>		<b>\$Range</b>		
<b>Quantified Costs</b>				
Cost 1	(4)	\$Range		
Cost 2	(5)	\$Range		
Cost 3	(6)	\$Range		
Cost 4	(7)	\$Range		
Etc				
<b>Total</b>		<b>\$Range</b>		
<b>Results</b>				
Net of quantified costs and benefits – best estimate		\$Range		
90% confidence interval	(8)	\$Range		
Benefit/cost ratio – best estimate				
– 90% confidence interval		Range		
<b>Unquantified Benefits</b>				
Benefit 4	(9)			
<b>Unquantified Costs</b>				
Cost 5	(10)			

Source: Treasury Guide to Social Cost Benefit Analysis (2015)

# 3 SUMMARY

## 3.1 Major points

CBA is a framework for thinking, but should not be considered a decision rule in itself. Decision making should also consider a range of other factors, particularly the effectiveness of the proposal to promote or achieve intended objectives and outcomes.

CBA is also an economic assessment tool that can be used to assess projects, policies or proposals. It pulls together information to aid decision making over the use or allocation of resources such as money or people's time, which allows decision makers to optimise decision-making (help ensure that resources are directed to proposals which generate the greatest social benefit) within the relevant geographic scope.

CBA estimates the net community benefits (or costs) of a proposal in today's dollars by identifying, measuring and to the extent possible monetising the costs and benefits of the proposal, over the lifetime of the proposal. Costs and benefits that occur later in time are discounted to today's dollars.

The results for a particular proposal and alternative proposals are measured against the 'base case' or status quo, allowing the different alternatives to be compared and ranked. The four common metrics which CBA provides to assist decision making [net present value, benefit-cost ratio, internal rate of return (aim to maximise these three metrics) and payback period (aim to minimise this metric)] are also comparable to other unrelated investment possibilities that have been determined using CBA.

Discounting is the process of converting cashflows in future periods into today's dollars. Discounting is performed because of a time preference to receive benefits sooner rather than later as well as a consideration for the riskiness of a proposal and opportunity costs.

Sensitivity testing should be performed on key costs and benefits as well as the discount rate, to understand how the value of the metrics change if the underpinning assumptions of the CBA are changed.

## 3.2 A checklist of issues for CBA

The following has been adapted from Auckland Council's CBA primer (see Table 4). It highlights issues of common error when conducting a CBA.

**TABLE 4 CBA CHECKLIST**

Issue	Discussion
<b>Range of costs and benefits included</b>	The full range of costs and benefits should be included, where they affect residents and businesses within the relevant boundary. Costs should be taken into account even if they do not actually involve spending cash. In particular, the value of land, of existing buildings, and of all services should normally be included: the only costs that can be ignored are those that have already been incurred (sunk costs) and which are for items with no alternative use, or those common to all options. Residual values should be estimated and included, whatever the length of the analysis.
<b>Use of</b>	Jobs created in the project (e.g. jobs for labourers) are not benefits. Real resources are

<b>resources/labour as benefits or costs</b>	being used up and wages are paid to workers, which are costs for the project. Often the jobs created by such projects are just a transfer from elsewhere in the region or country.
<b>Realistic values of costs and benefits</b>	Check to see if the benefits have been overvalued and/or the costs have been undervalued. If costs and benefits have been provided by proponents of the project, the figures should be checked to ensure they are realistic. Seek evidence of benefits and costs from reputable sources.
<b>Is the NPV realistic?</b>	If the NPV is very large, a useful check is to ask why the proposal hasn't been done earlier. A large NPV suggests a very high return, and possibly higher than the existing programmes.
<b>Significant and influential variables</b>	Often there are one or two variables (prices, values, capital cost) that drive the whole project, usually the capital cost of the project and the size of the benefits. As these costs/benefits can be hard to estimate, the robustness of the analysis can be checked by undertaking a sensitivity analysis, which is simply a second analysis with the value of the variable changed (e.g. $\pm 10\%$ or $\pm 50\%$ or a different realistic and possible value). If the NPV remains positive (greater than zero) or negative (less than zero) despite the change in the assumption, there is greater confidence in the robustness of the result.
<b>Number of options considered</b>	Decisions where there are no realistic choices are rare. There is always the "do nothing"/"status quo" option and there will usually be choices as to the size, scope, form, or timing of proposals. It is important that options are not ruled out solely because of differences in technical performance without an examination of comparative costs.
<b>Use of real versus nominal values</b>	All costs and benefits should be converted to a common money value by removing general inflation, real values should be used unless there is strong evidence to use nominal values. Changes in the price of particular goods and services relative to the general price level should be taken into account (e.g. if petroleum is integral to the project and the price of petroleum is expected to increase at a rate much faster than general prices).
<b>Time period used</b>	The time period for the analysis should reflect the economic lives of the assets. Terminal or residual values should be included in the analysis for any assets that have some value beyond the evaluation period.
<b>Treatment of uncertainty</b>	Uncertainty is inherent in all forward looking analysis. Events seldom turn out as expected and this often needs to be taken into account. Sensitivity analysis is the preferred technique for allowing for risk and uncertainty.
<b>Inclusion of all effects</b>	Intangible effects such as cultural or spiritual values should not be ignored, even if they cannot be valued. At a minimum, a description of important effects of this kind should always be included.
<b>Discounting</b>	Costs and benefits occurring at different points should be discounted to a common base date. The preferred option is to present all costs and benefits in today's dollars as it is most useful for decision making today.
<b>Marginal vs average costs</b>	To the extent possible, marginal costs should be used in the analysis, not average costs. The use of average costs often overestimates the true costs of the project.
<b>Interest payments</b>	Interest payments on borrowed capital have no significance as far as the economic costs of a project are concerned. The real resources used - labour, material and equipment, etc - are the same regardless of the source of financing. Interest payments should not be included in a CBA.
<b>Depreciation</b>	Depreciation is an accounting technique to spread the cost of replacing the asset over a specific time period. It does not play a role in a CBA because it does not necessarily reflect the use of real resources. To include depreciation on top of lump sum capital costs is double-counting.



# 4 MEASURING IMPACTS OF PANUKU PROJECTS

## 4.1 Scope of benefits in TVA

All Panuku projects, regardless of where they sit on the ‘Support – Unlock – Transform’ continuum have the potential to create external or collateral benefits (and costs). These impacts will have a value but are not reflected in the organisation’s financial accounts.

These benefits (and costs) are likely to span a broad range environmental, social, economic and cultural effects. A key challenge in TVA is to measure and monetise as many as these effects as possible.

## 4.2 Quantification and monetisation strategies

There is a growing literature as to how this challenge might be met. Moreover, as Panuku implements TVA, it will gather local evidence by which to refine its measurement and monetisation methodologies.

The following table illustrates the range benefits likely to be encountered in Panuku projects and cites potential measurement strategies. These matters will be further developed and refined during the course of the TVA advisory project.

**TABLE 5 IMPACT MEASUREMENT METHODS**

<b>Impact versus base case</b>	<b>Measurement and monetisation strategy</b>	<b>Evidence base</b>
<b><i>Provision of additional parkland</i></b>	New parkland can be valued on the basis of the time and out of pocket expense incurred by projected visitors. If visitors are expected to access the park via active transport only – walking or cycling – the value of each visit will be given by the opportunity cost of time spent in reaching the park, staying there and returning home. An agreed opportunity cost of leisure time can be applied to this end.	The NZ Government’s transport investment evaluation manual provides an opportunity cost of leisure time suitable for use in Panuku CBAs
<b><i>Induced walking / active transport</i></b>	If development conditions on Panuku land are likely to generate more walking or cycling than what would occur in the Base Case, health benefits are likely to arise, owing to increased engagement in exercise.	Early stage Australian research (reported in Trubka et al) suggests that each additional person hour of walking compared to the Base Case will generate approximately AUD 3.00 in health cost savings.
<b><i>Public realm improvement</i></b>	Public realm improvements include enhancements to footpaths, tree planting, creation of squares and plazas and traffic calming. Other things equal, these amenity improvements will be reflected in dwelling prices or commercial rents. Therefore, public realm improvements versus the Base Case can be quantified and monetised by reference to the estimates or opinions of suitably qualified property valuers.	Expert valuation advice
<b><i>Reinstatement of ecological values</i></b>	This refers to initiatives which improve biodiversity, protect existing ecosystems or rebuild depleted ecosystems. Examples include wetland restoration, creation of urban forests and water sensitive urban development.	A search of relevant NZ literature is required to identify appropriate willingness to pay surveys. A purpose designed survey, operated through Auckland Council’s routine market research activities may also be warranted.

	<p>The value of these initiatives versus the Base Case can be estimated through purpose designed willingness to pay surveys, or through the application of the findings of other (reliable) willingness to pay surveys undertaken in similar situations. The latter is called the 'benefit transfer' method.</p>	
<b><i>Improved jobs access for long term unemployed</i></b>	<p>Specific business development initiatives incorporated in Panuku projects may be shown to generate more employment opportunities for otherwise permanently or semi permanently unemployed people in the local community. Examples include local business incubators, or the creation of community businesses to undertake various local service functions like environmental maintenance or delivery of recreation programs. Skills developed through these schemes could set up the people in question for more consistent engagement in the labour market. The value of this benefit can be estimated by referencing the anticipated incidence of labour force participation in the Project Case versus the Base Case, applying hourly wage rates relevant to the skill levels/occupations in question and then capitalising these over a life time of employment.</p>	<p>Benefit transfer methods may be possible for this category of impact. A NZ specific literature search on the level of engagement in the labour force with and without initiatives such as those cited will be required.</p>
<b><i>Human capital development</i></b>	<p>Human capital development includes, but extends beyond, the creation of work and skills opportunities for long term unemployed. Panuku projects may facilitate additional skills accumulation by community members who are already engaged with the workforce. Examples include leadership development and acquisition of advanced negotiation skills. If specific skill outcomes are expected in the Project Case versus the Base Case, they can be valued at the cost of acquiring the knowledge / capabilities in question through a commercial alternative, for example, undertaking a course with recognised training college. Thus, if the Panuku project is expected to 'graduate' a given number of adults with a discrete set of certifiable skills, this can be monetised by referencing the cost of graduating a similar number of adults through a training college.</p>	<p>Training cost data can be searched by direct enquiry of course providers in the nominated skill categories.</p>
<b><i>Provision of affordable housing</i></b>	<p>The value of affordable housing services enjoyed by occupants can be proxied by the market rent of the properties in question. The full value of the market rent can be ascribed to this benefit provided there is no displacement effect in the market, that is, the affordable housing will be a net addition to the housing stock which would have been created in Auckland in the Base Case.</p>	<p>Reported market prices and rents will provide the evidence base for this benefit.</p>
<b><i>Creation of economic opportunities for iwi</i></b>	<p>The Panuku Project Case may be shown to generate specific additional business opportunities for iwi over and above what might have been anticipated in the Base Case. The value of these business opportunities can be estimated by capitalising the projected gross operating surpluses and wages and salaries of the enterprises or commercial activities in question.</p>	<p>The NZ statistics bureau and business literature are expected to provide standard data on the profitability of relevant enterprises.</p>
<b><i>Provision of housing development opportunities not otherwise available</i></b>	<p>For many Panuku projects the Base Case will be a literal 'do nothing' scenario where the land in question will remain 'idle' for an indefinite period. Accordingly, any Project Case will generate housing development opportunities not otherwise available. These can be monetised for the purposes of TVA by applying the Residual Land Value for the sites in</p>	<p>Panuku's development team is expected to provide reliable RLVs from their standard feasibility models.</p>

	question, linked to the density/cost of the various Project Cases	
<b>Provision of greater housing choice</b>	<p>Panuku projects may induce greater housing variety on a development site than what would be generated by the market left to its own devices. If this greater variety / choice is valued by home buyers / renters, it should be reflected in a price / rent premium across the whole portfolio versus the cost of production. This will be offset by a risk premium, otherwise the market can be expected to spontaneously provide the additional variety / choice in question.</p> <p>For the purposes of the CBA the anticipated (net) price premium can be adopted without factoring in the market risk premium, though the latter must be explicitly declared.</p>	Panuku's development team is expected to be able to provide data on these price / profitability premiums from their standard feasibility models.
<b>Accelerated innovation in housing construction/development</b>	<p>Panuku projects may contemplate 'leading' the market on construction techniques and building forms, including, for example housing without car parking or without on-site car parking. If these innovations are successful, they should be reflected in a development profit premium versus the Base Case. Nevertheless, they may not be spontaneously pursued by the market because of the risk of failure. For the purposes of the CBA the anticipated profit premium can be adopted without factoring in the market risk premium, though the latter must be explicitly declared in the analysis.</p>	Panuku's development team is expected to be able to provide data on these price / profitability premiums from their standard feasibility models.
<b>Better access to existing community facilities</b>	<p>Panuku projects may improve access to existing community facilities by creating more direct routes, improving lighting and security or otherwise providing higher amenity access.</p> <p>Additional visits to the community facilities versus the Base Case can be valued by applying the opportunity cost of leisure time expended in making such visits.</p>	The NZ Government's transport investment evaluation manual provides an opportunity cost of leisure time suitable for use in Panuku CBAs
<b>Provision of additional community facilities</b>	<p>If the Panuku Project Case introduces entirely new and additional community facilities versus the Base Case, these can also be valued using a Travel Cost Method applying a standard opportunity cost of leisure time.</p>	The NZ Government's transport investment evaluation manual provides an opportunity cost of leisure time suitable for use in Panuku CBAs
<b>Improved business agglomeration / productivity</b>	<p>A Panuku Project Case may enable consolidation of businesses in more accessible locations compared to the Base Case. Colocation synergies and greater connectivity may enable these businesses to achieve higher productivity. This can be estimated and monetised using research data on the elasticity of productivity versus effective job density (EJD) in Auckland or New Zealand.</p>	The NZ Government has commissioned and published reliable data on the relationship between productivity and EJD suitable for application in Panuku projects.
<b>Retained heritage values</b>	<p>Panuku Project Cases may involve retention or enhancement of built heritage assets that would otherwise be lost or diminished in the Base Case. A benefit transfer method can be applied to value these impacts, drawing on NZ or Australian research on individual willingness to pay for retention of built heritage.</p>	A suitable Australian study for this purpose is Allen Consulting Group (2009). This included a large scale willingness to pay survey for retention of heritage assets at different scales.
<b>Reduced energy consumption</b>	<p>Panuku projects may facilitate/encourage built form outcomes and building technologies which deliver greater energy efficiency versus the Base Case. This can be valued by the estimated reduction in energy usage versus the Base Case and applying reported energy prices per kwh.</p>	Publicly reported energy prices can be consulted for this purpose.
<b>Increased High Street vitality</b>	<p>If Project Cases include particular initiatives anticipated to improve High Street amenity and</p>	Reported market prices and rents will provide the evidence base for this benefit

	<p>vitality over and above what might have been expected in the Base Case, the anticipated benefit can be estimated by referencing commercial rent differences between otherwise similar High Street environments.</p>	
<b>Healthy houses</b>	<p>Panuku projects may require a standard of insulation, water-tightness and ventilation above the statutory minimum leading to better health outcomes for occupants.</p> <p>This benefit can be measured by the health system cost savings associated with reduced incidence of illness versus the Base Case</p>	<p>The NZ literature on the links between housing standards and health outcomes is expected to provide an adequate evidence for this impact.</p>
<b>Reduced vehicle kilometres travelled</b>	<p>Panuku projects may facilitate urban consolidation leading to a significant shift in transport mode share towards public transport. This may result in reduced vehicle kilometres travelled (VKTs) compared to the Base Case</p>	<p>The NZ Government's transport investment evaluation manual provides standard vehicle operating costs and externalities expressed on a per kilometre basis.</p>
<b>Safety / reduced crime</b>	<p>Improved safety and reduced crime may result from better urban design and de-concentration of disadvantage in Panuku project areas</p>	<p>These benefits can be valued via saved policing / justice costs, as evidenced in the estimates of local law enforcement officials. Cost of crime statistics can also be applied.</p>
<b>Saved network infrastructure costs on urban fringe</b>	<p>By making additional urban consolidation opportunities available compared to the Base Case, Panuku projects may enable cost savings in extending network infrastructure to greenfield urban growth areas.</p>	<p>The extensive Australian literature on this subject suggests that up to AUD 40,000 is saved for each dwelling 'avoided' on the urban fringe.</p>





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Benefit title	Utilised	Source/ Recommendation	Benefit type	Description	Value	Application and assumptions	Project specific assumptions
Accelerated housing provision	Yes	Source: Original SGS & Sapere 2017 Reviewed: Changes made by Chief Economist Unit (CEU) 2018	Private benefit, proxied	Accelerated housing supply in Auckland where sites would remain undeveloped for c20 years. Panuku 'brings forward' redevelopment (vs. creates entirely new dwellings). Providing much needed accommodation supply for Auckland region.	Proxied by 1-off market value of dwellings at completion year (Median "Trade Me" offer price (where a price exists) for (i) typology (ii) locale (where neither exist for locale use adjacent/equivalent locale). [Valued for 80% of new dwellings being 'truly additional']. Market values based on location, numbers based on forecast yields, offset at 20 Yrs (post completion) proxied by comparable Greenfield values (for adjacent greenfield location, or an agreed greenfield location, where no adjacency exists).	Underlying assumption that Panuku unlocks sites for redevelopment 'bringing forward' development by 20 yrs. Assumed that 80% are truly additional (20% being delayed or displaced under industry capacity constraints). The cost of avoided dwellings in c20 yrs [can be discounted to reflect a future resource saving]. The value of comparable greenfield dwellings must be used to reflect reduced dwelling commencements, because Panuku delivers a higher value product. Different unit prices and construction costs should reflect differences in dwelling typology/quality. Specify if median [or any other alternative value] is used.	Refer current market sales offering values, explain construction and sale costs and source. Specify typology split and [if known] adjacency to new-improved public realm (parks, streams, playgrounds), views, homestar, exemplar design, build quality
Avoided infrastructure for brownfield sites	Yes	Source: Original SGS & Sapere 2017 Reviewed: Changes made by Chief Economist Unit (CEU) 2018.	Public saving benefit, monetized	Brownfields already have infrastructure required to support development. This creates savings in infrastructure provision, vs. expanded infrastructure which must be provided to support new dwellings on the urban fringe [ie Greenfields].	\$115,000 applied to 1/3 of dwellings (CE Unit Dec19) greenfield equivalent proportion = \$38,400 per dwelling. FULS study referred (>150,000 i.e. conservative estimate). One off benefit.	Benefit applied to 1/3 as 2/3 of new dwelling construction is happening in brownfield locations in Auckland (per CE unit Oct 2019).	Specify number of new dwellings, should = "Accelerated housing provision units"
Expansion of effective labour force	Yes	Source: Original SGS/Sapere 2017 Reviewed: Changes made by CEU 2018, further edited to include CBAX welfare values.	Public saving benefit and private benefit, monetized and proxied respectively	The creation of work and skills opportunities for long term unemployed will arise through the inclusion of cadets and apprentices in the development phase.	Wage income impact. This is the after-tax income capturing the benefit to the individual (the non-government impact) . Starting salary \$57,419 pa (52 week year)100% of Average annual income - Trade, advanced trade/ levels 4-6. Tax impact is is the tax component the wage income, capturing government impact (CBAX value \$13,623 pa 100% of Tax and ACC levy: Average pa income - Trade, advanced trade/ levels 4-6, being the Tax component of annualised income less government transfers (52 week year). Tax est based on 2017-18 IRD rates) Applying 38.7% benefit being tax benefit to AKLD (per CE unit)	1 cadet per \$8m Panuku Public Realm CAPEX (excluding internal staff cost, design & consenting and maintenance budgets) The calculation also acknowledges a proportion of cadets who may discontinue the programme or were already in the workforce. 67% new to workforce. (20% job scheme, 40% ex Trade cert training, 20% transfer other role, 20% new to NZ) 80% stay on. Annual 1% wage increase to reflect upskilling. * As agreed with programme lead	*Describe project targets. Help: Aspirational target for social procurement is 1 cadet per \$4M CAPEX (Per best-practise target reference from TSI, achievement 13 cadets for \$256m spend Manukau Bus Terminal). Conservative ratio of 1 cadet per \$8M CAPEX is currently been applied. No jobs other than cadets being assumed
Energy efficient homes	Yes	Source: Original SGS & Sapere 2017 Reviewed: Chief Economist Unit 2018	Private benefit, monetized	A private benefit applies to all dwellings which meet Homestar 6 & 7 standard. No value currently applied for Greenstar or equivalent (commercial/Retail-Food & Beverage-Hospitality)	Dwelling units times \$2,111 pa (7 Homestar) or \$464 pa (6 Homestar, Panuku's minimum standard) via eCubed study for NZGBC, 2018 for a standalone dwelling. Agreed ith CE unit costs are included in build cost for dwelling?	The saving is attributed to reduced utility costs due to improved insulation, water tightness and ventilation. Note these values apply to a standalone dwelling (rendering the figures conservative when applied to attached, higher density dwellings, the Panuku default typology)	Align to project requirements
Healthy homes	Yes	Source: Original SGS & Sapere 2017 Reviewed: Chief Economist Unit 2018	Private benefit, proxied	Quality of life benefits have been measured for new and healthy dwellings.	\$3217 applied pa per unit for full evaluation period (RIMU 2014) uplift to 2019 values via CPI (6.9% Q1 2014 to Q3 2019, latest stat at 5-Nov 19)	A proportion of residents will have come from average housing stock - only NZ Building Code Standard. Note some residents will have come from housing of sub NZBC standard (this factor has not been monetised).	Specify number of dwellings impacted should equal accelerated housing (units)
Amenity improvements	Yes	Source: Original SGS & Sapere 2017 Reviewed: Chief Economist Unit 2019	Public good benefit, proxied	Amenity improvements in the public realm (greenspace and blue space) can be reflected in higher dwelling prices or rents versus properties without these amenity values. Benefits associated with active recreation, reduced psychological stress and environmental quality.	Properties immediately adjacent to park (5%) or water (8%) experience a (see bracket) value uplift respectively with distance decay function applied to 5% at 400m.	Varies geographically. Most impact 100-250m Steep dropoff after 500m (TBC) Site plans need to locate number of adjacent dwellings.	Explain method to select adjacent dwellings.
Improved town centre safety	Yes	Source: Established with advice from Chief Economist Unit 2018 Not peer reviewed.	Public good benefit, proxied	Reduced crime attributable to improved due to town centre activity, passive surveillance and CPTEd influence in urban design and redevelopment. Particularly important where known issues occur, e.g. carparks (or vacant development sites) not visible from streets, or with very little passive surveillance	Incident values for project area and comparable UP metropolitan zones (NZ Police victimisation data by census area unit). Apply CBAX avoided crime value for police time and personal loss/damage - \$15,676 per 'avoided' incident (CBAX 2019), or Per Incident Figures (i) Sex Offences \$160,159 (ii) Assault \$19,784 (iii) Robbery \$51,292 (iv) Burglary \$15,676 (v) Theft \$2,887 (70% non government benefits CBAX, per NZ Treasury 2006)	Assume 'closing gap' by a proportion between project area incidents and comparable Metro Zones incidents. Project specific judgement.	Explain assumptions in full. Project specific judgement required.
Improved traffic, pedestrian and cycling safety	Yes	Source: Original SGS & Sapere 2017 Reviewed: Chief Economist Unit 2019	Public saving benefit, monetized	Separating and protecting cyclists and pedestrians from busy roads is likely to reduce the number of fatalities or serious injuries that may occur otherwise. Street upgrades to busy intersections may also reduce major traffic incidents.	\$69,299 per traffic incident (CBAX Department of Justice 2003 adjusted to 2018). Data suggests a statistical life is worth \$4.712m (NZ MoT, 2017), and a serious injury (requiring hospitalisation) is worth \$0.76m. (NZ Treasury, 2006)	Calculations are project specific, based on NZ wide MoT incident data p.a. and applied to the local population. Where main roads are either exceptionally busy or quiet, a % increase or decrease in probability can be applied conservatively.	Explain assumptions in full. Project specific judgement required.
Increased high street vitality	Yes	Source: Original SGS & Sapere 2017 Reviewed: Advice given by Chief Economist Unit (CEU) 2018	Public good benefit, proxied	Improved quality of public realm, increased activity in urban centres and an increase in local population serves local retail and business	Apply a capitalisation rate of 7%	Panuku believes commercial rent premiums are associated with high quality urban and commercial precincts. Commercial Cap rate advice of 7%. The value of premise will be based on recent rental data in comparable areas.	Explain assumptions in full.
Additional or improved community facilities	Yes	Source: Original SGS & Sapere 2017 Reviewed: Advice given by Chief Economist Unit (CEU) 2018	Public good benefit, proxied	Public libraries and community facilities provide a vital contribution towards social capital, educational and recreational development among local communities.	\$58.20 willingness to pay per annum, or \$2.82 ROI per \$1 CAPEX	Australian context is considered closely comparable to New Zealand. Local visitation estimates may be needed, and a marginal increase can be applied to refurbishes facilities. On average, 9 million visits per annum across Auckland's 48 community facilities.	Explain assumptions in full. Only applicable where a new/expanded facility is proposed, explain usage per period (will be vs. baseline if improved v. new).
Additional or improved leisure facilities	Yes	Source: Original SGS & Sapere 2017 Reviewed: Advice given by Chief Economist Unit (CEU) 2018	Public good benefit, proxied	Sports facilities generate significant economic benefits for their users and for our health care system.	AUD\$2.72 million per year in value to community, or AUD\$26.39 per visit in additional to leisure value gained by users	Research: More than 50% of NZers are classified as physically inactive (Ministry of Health 2016). Increased risk of disease is heavily concentrated among the physically inactive category. A weekly visit to a pool is enough to take most people out of the "physically inactive" category, according to Australian Government research.	Explain assumptions in full - how many visits will occur per period (will be vs. baseline if improved v. new)
Social Connection - Having contact with neighbours	Yes	Source: Treasury CBAX 2019 Not peer reviewed	Private benefit, Compensating surplus, proxied	has a positive impact on life satisfaction among the respondents, with a one point (0-4 scale) increase in contact corresponding to a 0.06 point increase in life satisfaction on average. This question does not disclose the quality of this contact, only quantity. These results should therefore be treated with caution regarding potentially negative encounters.	\$8572 per annum for every point change (up to four) currently utilising one point change	Assume one point change to small proportion of residents moving into village, only applicable to social tenants per CBAX	Explain point change assumptions
Social Connection - Being part of a club (per membership)	Yes	Source: Treasury CBAX 2019 Not peer reviewed	Private benefit, Compensating surplus, proxied	Respondents who are a member of a club experience a positive impact on life satisfaction, with an increase of 0.04 points for each additional club. These clubs include sporting teams, religious affiliations, volunteering groups, political organizations, and trade unions. This could be seen as a degree of integration or involvement with each respondent's community	\$2536 per annum for every point change (up to four) currently utilising one point change	Assume one point change to small proportion of residents moving into village, only applicable to social tenants per CBAX	Explain point change assumptions
Reduced CO2-e	Yes	Source: Original SGS & Sapere 2017 Reviewed: Changed by Chief Economist Unit (CEU) 2018	Public good benefit, proxied	CO2-e is associated with the increased health care costs associated with respiratory disease, the cost of severe storms and insurance expenses associated with climate change. Reducing CO2-e has a cost-saving effect for society.	The current central estimate of the social cost of carbon is >USD 50 per ton in today's dollars. While this is the most robust and credible figure available, it does not yet include all of the widely recognized and accepted scientific and economic impacts of climate change. For that reason, many experts agree this is far lower than the true costs of carbon pollution. (https://www.edf.org/true-cost-carbon-pollution)	CO2-e emissions can be calculated based on the number of passenger vehicles 'avoided' and a subsequent reduction in their annual Co2 produced (A typical passenger vehicle emits about 4.6 metric tons of carbon dioxide per year. assuming the average gasoline vehicle on the road today has fuel economy of about 9.5L/100km and drives around 18,500km per year. Every 3.8 Ltr of petrol burned creates about 8,887 grams of CO2, i.e. 4.6 Metric Tonnes of Co2-e for a standardised petrol vehicle) . A \$40 carbon price is used based on academic literature and international commentary on climate change, an increase from the NZ ETS of \$20 which is considered out of date. Assume one less car per household based on local vehicle ownership data (StatsNZ) (https://www.epa.gov/greenvehicles/greenhouse-gas-emissions-typical-passenger-vehicle)	Explain project specific assumptions - how many cars off roads as a result of development? Discuss reduced Co2 Via home meeting efficiency (insulation) check overlap with Insulate your home RIMU?
Expression of cultural identity	Yes	Source: Treasury CBAX 2019 Not peer reviewed	Public good benefit, proxied	Te ao Māori represented is a primary focus of Panuku development outcomes , expressed via naming, artworks, Iwi enterprise partnerships, native horticulture, design, planting and maintenance.	\$9563 for every one point change (up to four) utilising 1 point change (reduced by probability factor of 75% (ie 25% excluded) Having the ability to express their cultural identity also has a very positive impact on life satisfaction among respondents. This is measured on a five-point scale, where a one point increase in ability to express cultural identity corresponds to a 0.16 point increase in life satisfaction on average.	Applied to % of residents forecast to be of Māori descent (per StatsNZ/RIMU for specific location), cultural representation in developments per Te Aranga expectations and routine engagement with Mana Whenua partners.	Explain project specific assumptions
Social Connection - Having access to general help	No	Source: Treasury CBAX 2019 Not peer reviewed	Private benefit, Compensating surplus, proxied	Having access to general help has a positive impact on life satisfaction. This refers to the respondent requiring assistance if they are sick or indisposed, and is in addition to the impact on life satisfaction from having access to help regarding emergency housing. This is comparable to Jia and Smith's result regarding the positive impact of having "crisis help", which also has a positive impact	\$5805 per annum for every point change (up to four) currently utilising one point change	Assume one point change to small proportion of residents moving into village, only applicable to social tenants per CBAX	Explain point change assumptions
Health benefits	No	Source: Original SGS & Sapere 2017 Reviewed: Chief Economist Unit 2018	Public savings benefit, proxied	A marginal value of avoided diabetes and cardiovascular disease attributable to increased active transport and access to fresh food (given location in high quality town centres).	Proxy marginal value avoided CVD \$7,622 and avoided diabetes \$3,916 (both per patient per annum , via CBAX and Manukau DHB, 2010)	Applies to social tenants in new housing communities - applied at a low proportion to assume conservative impact	Explain assumptions in full. List comparable suburbs referred to for reduction targets and whether known crime issues have been identified.
Improved environmental services	No	Source: Original SGS & Sapere 2017 Reviewed: Reduced to descriptive, Chief Economist Unit (CEU) 2018	Public good benefit, descriptive	The following environmental services arise from 'greening' programme areas: micro-climate regulation, carbon sequestration, noise buffering, storm water treatment and biodiversity enhancement.	\$4000 per hectare new 'forestry' carbon sequestration benefits and/or \$87 WTP for native tree planting per annum per person. Ministry for Environment and Waikato University (2008), SGS advice	SGS advised a local WTP pay was found, and that we reduce the scale of the benefit to be conservative. WTP value applies to locals with walkable (800m catchment).	Explain assumptions in full - how much green space/native planting, and is it new or replaced?
Security of tenure	No	Source: Treasury CBAX 2019 Not peer reviewed	Private benefit, proxied	CBAX		Moving house every year \$5961 p/a,	Reflects disbenefit of displacement
Resilience	No	Not peer reviewed	Public good benefit, descriptive	This is a descriptive benefit.	Extreme weather cost NZ \$226m in 2018 (Insurance Council of NZ). NZ Climate Change Research Institute's 1st estimate is that climate change attributable extreme rainfall-related floods have cost NZ c120M in climate change attributable privately insured damages between 2007-2017. Our second estimate is that climate change-attributable economic losses associated with droughts have cost NZ c720M over the same. "Estimating financial costs of climate change in NZ - An estimate of climate change-related weather event costs" (NZ Climate Change Research Institute, NIWA, 21/4/2018)	Quantifying resilience without understanding risk exposure or the cost of interventions is complex to produce at a TVA level	Explain project specific assumptions

New Zealand Climate Change Research Institute, and NIWA Estimating financial costs of climate change in NZ The monetary values of these wellbeing outcomes have been calculated so that they can be included in decision making processes such as CBAs. Compensating surplus measures the monetary value of experiencing the wellbeing outcome in question. This means that the dollar value is relevant to an individual who can be identified in the state implied by this outcome.



# Attachment C: Waiapu Precinct Onehunga - TVA Summary

## Introduction

A cost benefit analysis has been carried out in accordance with Eke Panuku Total Value Analysis (TVA) methodology prescribed by SGS Economics and Planning P/L (SGS) and Sapere Research Group. This methodology has been further refined and peer reviewed by Auckland Council’s Chief Economist Unit. It is consistent with NZ Treasury’s CBAX model and includes CBAX empirical data where possible.

The TVA models Te Waiapu Precinct Onehunga preferred business case option, including forecast units, whole of life costs, CAPEX-OPEX, and quality outcomes required by Eke Panuku policy (Homestar/Greenstar, recycling et al). Sensitivity testing of expected costs and benefits is included in this analysis.

The purpose of applying TVA is to quantify the estimated economic benefits of business case options beyond the financial case. The TVA aims to measure the wider ‘community benefit’ Eke Panuku creates from its projects within the project, versus the cost of resources deployed to achieve those outcomes. Some costs are external to Eke Panuku actual CAPEX and OPEX and include the resource and labour costs of building. ‘Community benefit’ refers to external impacts that are valued by society but are not necessarily captured in market prices. This enables Eke Panuku to determine whether projects put human and environmental resources to best use for society’s collective benefit.

Key concepts that underpin the TVA include:

- **Additionality** – TVA measures the extra or incremental effect of proposals relative to a ‘base case’. That is, the TVA impact measure accounts for and nets off effects that have or would have happened regardless of the proposal.
- **Societal perspective** – TVA encompasses benefits flowing to society, rather individuals, groups or corporates/local government.
- **Net benefit** – Value is expressed in net benefit terms (benefits less costs).
- **Discount rates and present value** – Discount rate of 4.0% is used to determine present value (PV). This is consistent with NZ Treasury guidelines for LT capital projects, and cost benefit analysis.

## Modelled programme

The programme modelled reflects comprehensive investment in:

- Eke Panuku and external CAPEX in public good initiatives (e.g., low carbon).
- Eke Panuku OPEX and CAPEX from FY2024 commencement.
- Private sector CAPEX.

## Results

WAIAPU PRECINCT ONEHUNGA SUMMARY	PV COSTS	PV BENEFITS	NET BENEFIT	BREAK EVEN	BCR
<b>Preferred:</b> Panuku Capex \$27m, 150 Homestar units, New supermarket \$53m (c48 new FTEs roles to economy)	\$130m	\$150m	\$20m	Yr 16	<b>1.15:1</b>

Table 1: TVA Headline Result

PV: Present Value (monetised) costs and (monetised) benefits converted to today’s (i.e., FY24) values.

Net Benefit (Monetised) costs less (monetised benefits)

Break Even: Year where PV of the Investment (read monetised costs, Council +Private) is exceeded by PV of Benefits

BCR: Benefit Cost Ratio (PV of Benefits divided by PV of Costs)



## Preferred way forward \$149m economic benefit breakdown

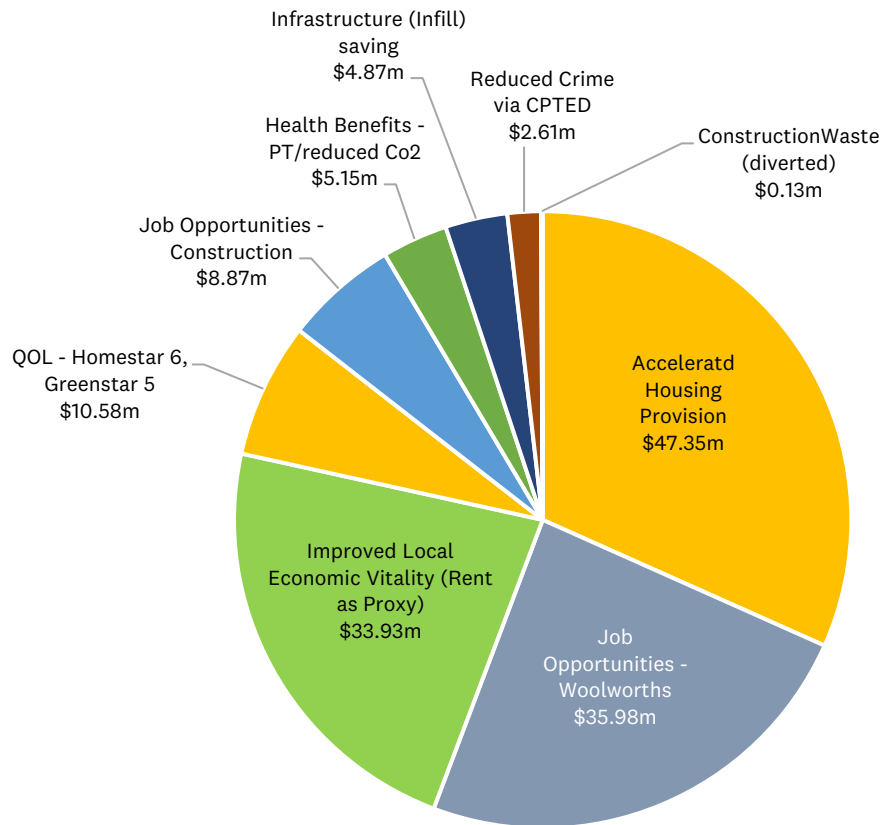


Figure 1: Preferred Way Forward (present value) Benefits breakdown (excludes costs)

### Interpretation

Waiapu Precinct Onehunga TVA produces a positive Benefit Cost Ratio (BCR) of 1.15:1. Council does not have a target BCR for projects, however our expectation is that any BCR should be >1.0:1 (BCR greater than 1.0 suggests broadly, a project is economically successful) The preferred way forward exceeds this value with a net benefit of \$19.8 million.

Considering benefits separately to costs, the total value of benefits is estimated to be \$149.5m over 40 years, breaking even after 16 years. The scale of the identified benefits is illustrated in Figure 1 above. Key benefits include:

- Accelerated housing, Eke Panuku 'unlocks' brownfield sites earlier than any commercial developer would.
- New job opportunities for construction and expansion of labour force (new supermarket).
- Energy efficient homes, reduced vehicle use, and construction waste minimisation initiatives.
- Improved economic vitality via Commercial Grade A Greenstar development.

Non-monetised benefits that warrant consideration include:

- Catalyst effect: Landmark developments, green star premiums and improved public amenity may prompt private developments within the vicinity of the project area.
- Residents reduced health risk through increased public transport use, and agglomeration benefits.

Some disbenefits of the programmes also warrant noting. This includes the disruption of demolition works and construction works, possible environmental degradation and resource use associated with construction. These will be managed carefully through Eke Panuku established processes.

## Sensitivity testing

Sensitivity testing aims to test the result of the project if additional efforts are made, some benefits are larger than modelled, or some desired outcomes are not achieved. The purpose is to alter inputs and test their effect on the final BCR and the investment proposition. This was tested on potential cost increase, reduced, and increased yield, nil social homes facilitated, and deferral of delivery.

NB

- in the below table all options returned a BCR of more than one, all tests completed with other factors status quo.
- All data in relation to Supermarket (CAPEX, Staff, new hires, GFA, Greenstar) comes directly from WW NZ Executive

<b>SENSITIVITY TESTING</b>	<b>PV Net Benefit</b>	<b>Variance To Baseline (\$19.8m)</b>	<b>BCR</b>	<b>Variance To Baseline BCR (1.15)</b>
<b>Defer project 36 months</b>	\$17.4m	-2.5m	<b>1.15: 1</b>	<b>NIL</b>
<b>(Capital) Cost increase</b> +10% cost increase	\$12.0m	-\$7.8m	<b>1.09: 1</b>	<b>-0.06</b>
<b>(Capital) Cost increase</b> +20% cost increase	\$4.3m	-\$15.5m	<b>1.03: 1</b>	<b>-0.12</b>
<b>Discount Rate 6%</b> (versus 4% = baseline)	\$6.0m	-\$13.8m	<b>1.05: 1</b>	<b>-0.10</b>
<b>Discount Rate 8%</b> (versus 4% = baseline)	-\$3.5m	-\$23.3m	<b>0.97: 1</b>	<b>-0.18</b>
<b>+32 FTE new Supermarket</b> versus 48 (i.e. 67% baseline)	\$7.8m	-\$12.0m	<b>1.06: 1</b>	<b>-0.09</b>
<b>+24 FTE new Supermarket</b> versus 48 (i.e. 50% baseline)	\$1.8m	-\$18.0m	<b>1.01: 1</b>	<b>-0.14</b>

Table 2: Selected sensitivity scenario tests, variance compared to preferred option BCR, all other factors status quo.

High-level sensitivity conclusions are as follows:

- The TVA is sensitive to cost increases, yet maintains positive BCR (with 120% Capex of Most Likely Case)
- The TVA is sensitive to supermarket FTEs, maintaining positive BCR (with 24 FTEs vs 48 of Most Likely Case)
- Model is insensitive to project deferral (primarily because benefits trail Capital Expenditure) delayed timing is beneficial to both costs (Capex) & monetised (economic) benefit

## Property Market update

Author(s): Allan Young, GM Development

February 2025

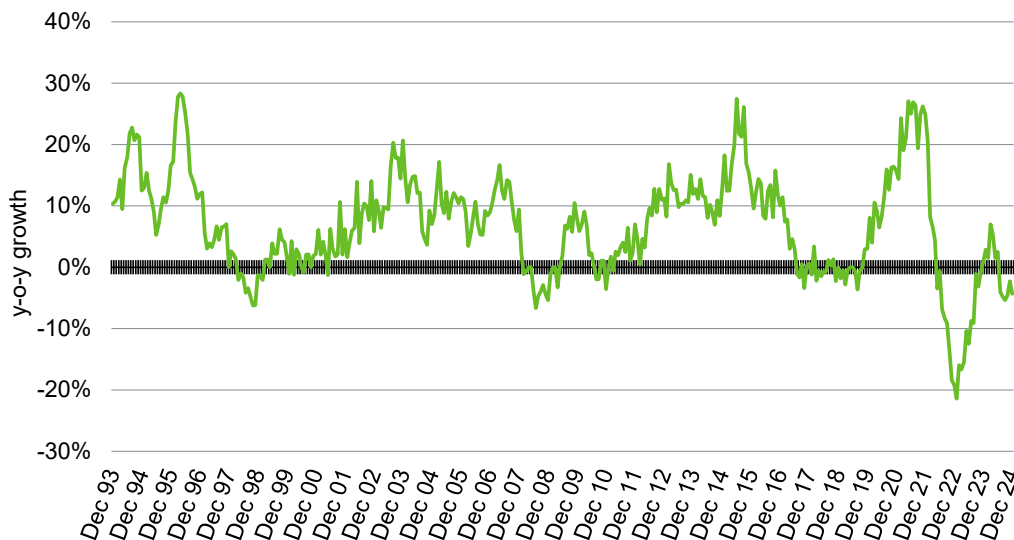
### Whakarāpopotanga matua | Executive summary

1. The Auckland residential market remains subdued with listings reaching levels not seen since January 2015. Inventory represents 30 weeks of stock at historic sales levels compared to an average of 23 weeks.
2. The development sector is constrained by the overhang of stock, a lack of presales and current uncertainty as the impact of the Auckland Council proposed policy change increasing development contributions.
3. Market commentators are suggesting the market will stabilise in the last half of the calendar year as OCR decreases flow through to mortgage rates.
4. Set out in the discussion section is the current market analysis prepared for Eke Panuku by CBRE research department.

### Matapaki | Discussion

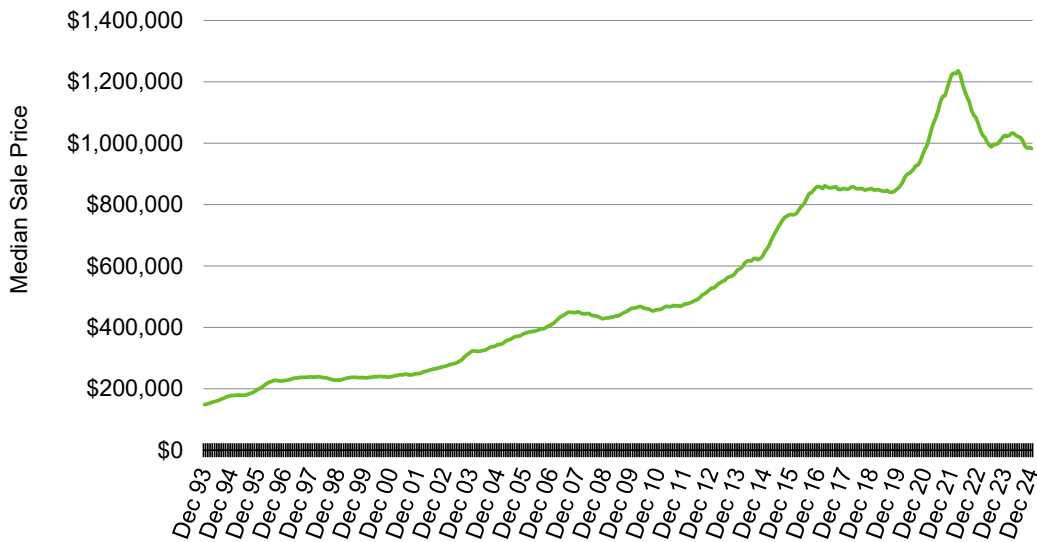
5. Auckland median sale prices peaked in November 2021 at \$1,300,000 and troughed in January 2023 at \$943,000 (down by 27%). The most recent data of \$1,000,000 for December 2024 is 23% below peak, but up 6% on the trough.

#### Auckland Residential Median Dwelling Price Growth - Annual Change



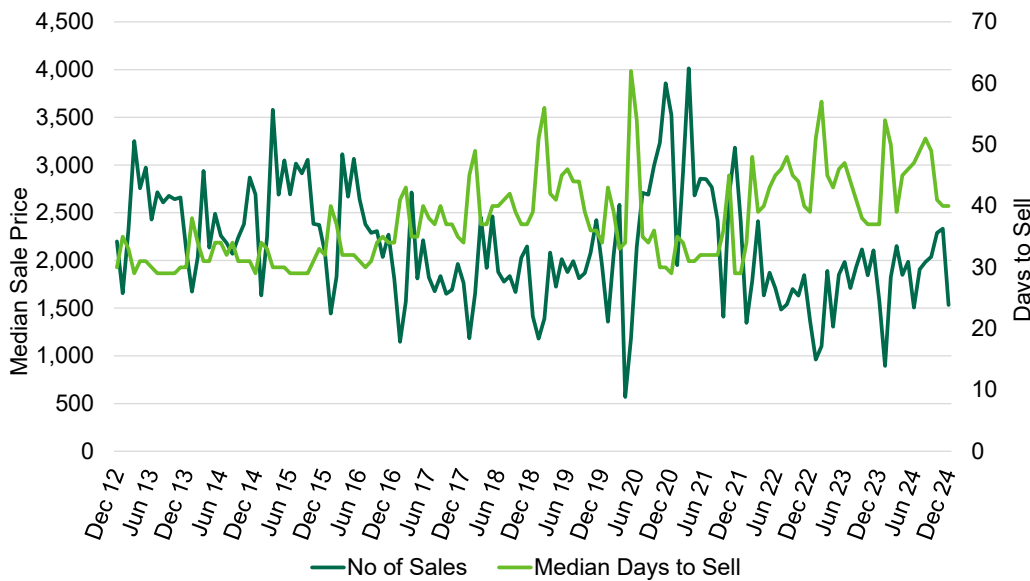
6. The current pricing cycle shows a double dip with the recovery between January and December 2023 followed by a renewed weakening in 2024. Recent months show a recovery starting from this double dip. The double dip cycle also featured in previous housing market downturns and was generally followed by more sustained price growth.

## Auckland All Dwelling Median Sale Price - (6 month moving average)



- The double dip housing market conditions are also evident sales volume data. Sales volumes moderated to 1,534 dwellings in December, largely the same as in December 2023, and only slightly above the market trough of December 2022. Days to sell has improved and is sitting at 40 days, at the lower end of the range over the past three years.

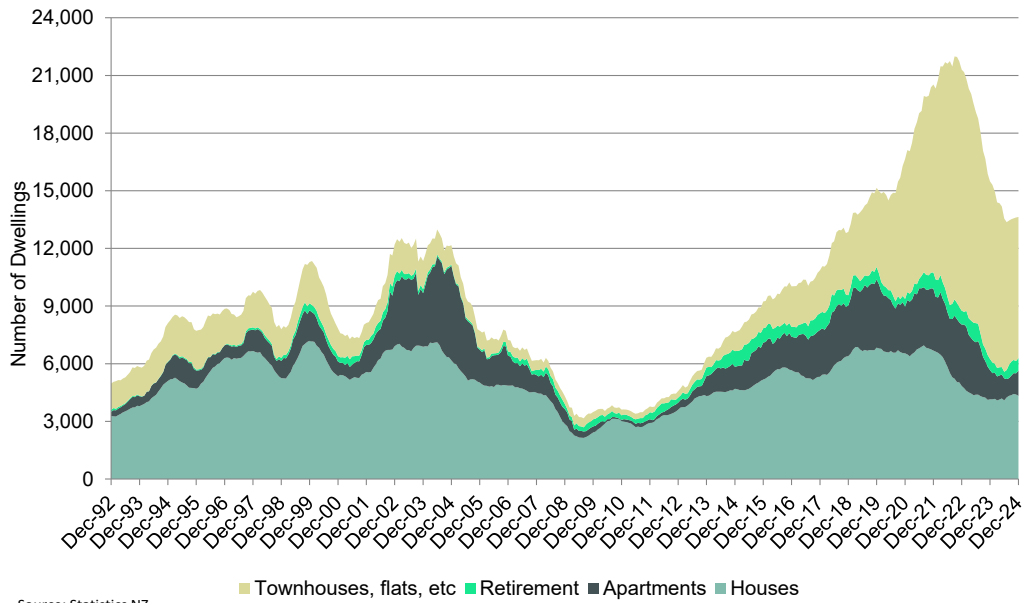
## Auckland Dwelling Sales and Days to Sell



- Listing website Realestate.co.nz's data shows that after a record low of new listings for any December, sellers jumped into the market in January, with new listings reaching levels not seen during January since 2015. Auckland stock levels have reached a 13-year January high. While we have likely reached a floor, this remains largely a buyers' market with low expectations of dramatic improvements to sales prices in the next few months. Current inventory represents 30 weeks' worth of stock at historic sales volumes compared to a long-term average inventory of 23 weeks.
- Auckland residential dwellings consented peaked in September 2022 at 21,985, an all-time high. The annual total to December 2024 was 13,639, 38% below peak. Consents seems to have now bottomed out, having been largely stable around 1,200-1,300 per month in the second half of 2024.

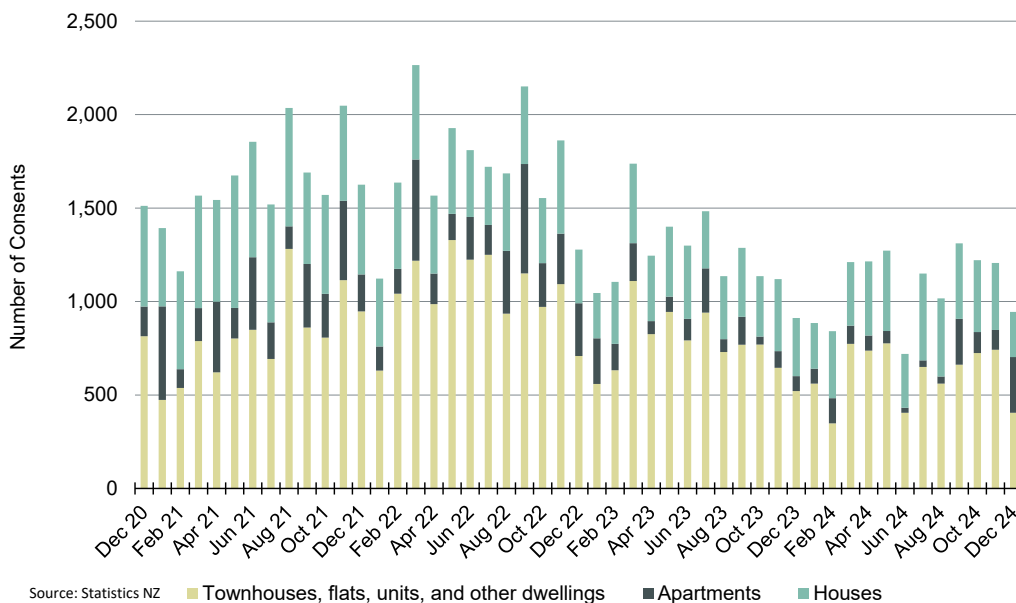


## Auckland Residential Dwelling Consents - Rolling Annual



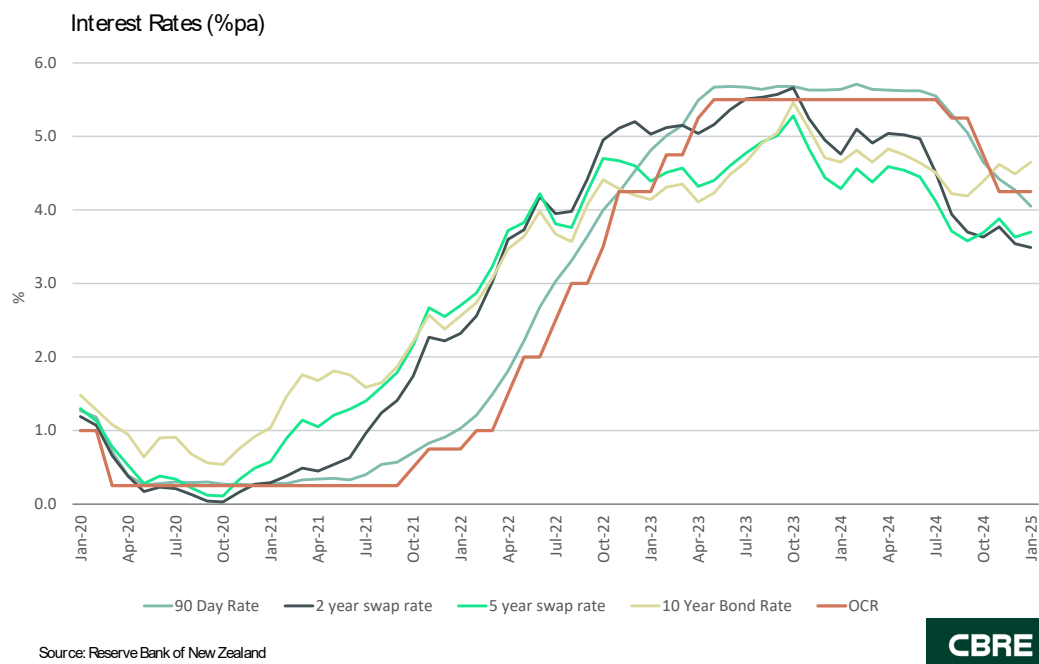
10. While terrace typologies continue to remain the most prevalent, they also experienced the greatest decline over the past two years. They fell from monthly averages of 1,000 to 1,300 dwellings at the peak to around 600-700 in the second half of 2024 (and falling to 405 in December).

## Auckland Residential Dwelling Consents - monthly



11. We are probably about halfway through the RBNZ’s monetary easing cycle. After 125 bps of OCR falls between August and November, market pricing indicates another 125 bps fall in 2025 to 3.0%. Most of the fall will be front loaded with the Official Cash Rate forecast to decline by 100 bps in the first half of the year. Although concerns have risen around potentially reigniting inflationary pressures, the economic consensus indicates that, overall, CPI will remain benign and accommodative of continued OCR falls in 2025. Wholesale rates have dropped well ahead of the OCR. This means limited further declines from current levels and while two-year swap rates may fall further, they are near their cyclical trough around the low to mid 3.0%. For mortgage rates this

means that 2-5 year fixed market rates are unlikely to fall much further from current levels with much of the decline in 2025 happening for floating mortgages.

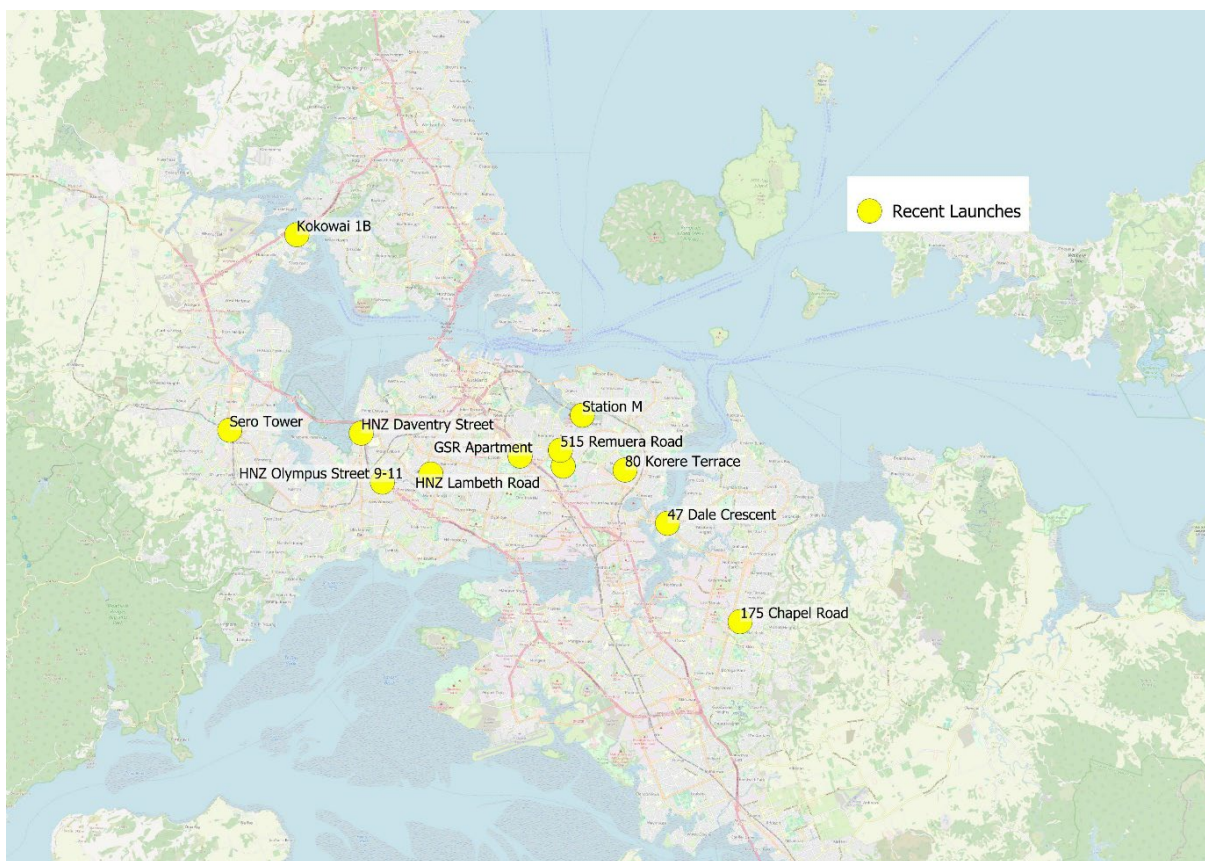
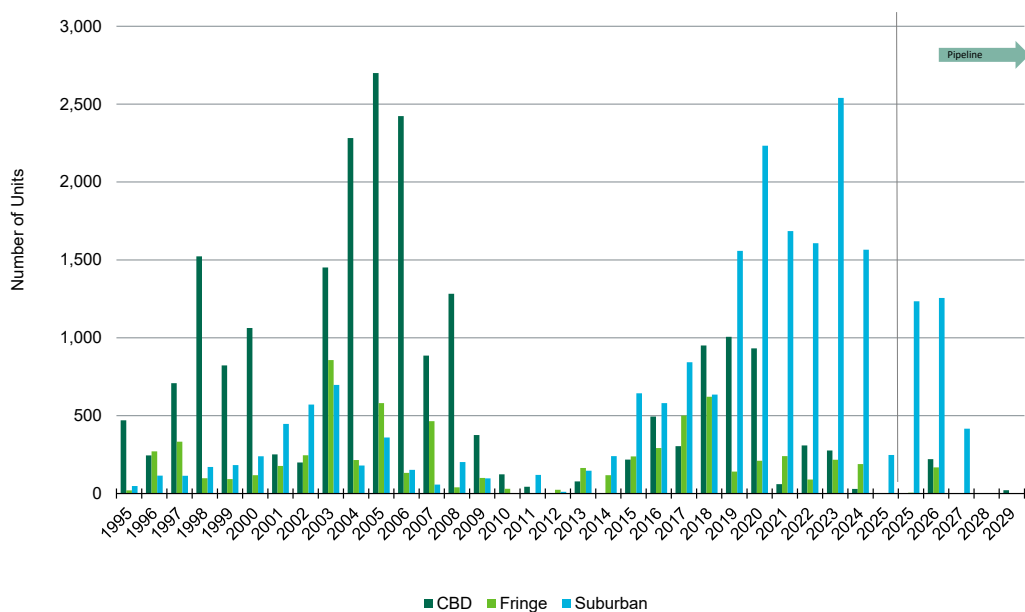


12. In the apartment market, a lack of new launches continued into late 2024 with just one saleable addition in the past quarter, putting the saleable pipeline at a ten year low of 28 projects. A total of 9 project completions and 5 abandonments have led the active development pipeline declining by 448 units. The number of suburban presales saw a slight increase, though it did not reach the levels seen in Q1 2024.
13. The current pipeline comprises 3,319 units in 68 buildings planned for completion by 2028.
 

CBD Pipeline	2 projects, 242 units
Fringe Pipeline	8 projects, 201 units
Suburban Pipeline	58 projects, 2,876 units
14. Breakdown of the pipeline by development stage:
 

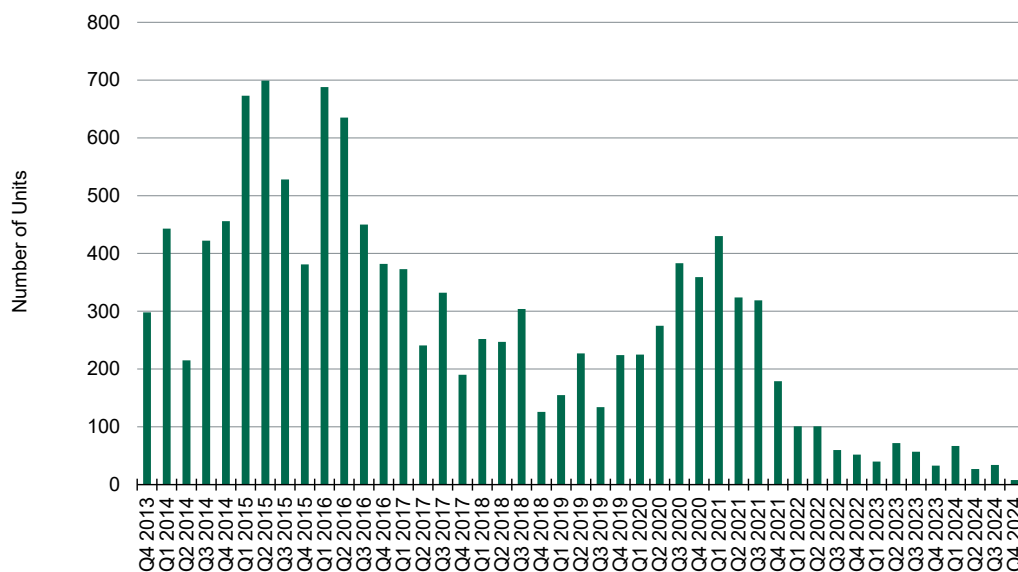
Under construction	47 projects, 2,434 units
Building consent	15 projects, 682 units
Marketing	6 projects, 203 units
15. There are 41 developers involved in the 68 active projects with a wide variety of company and individual developer backgrounds. Less than half of projects are being actively marketed for sale. A significant portion is intended to be held for income potential/social housing provision, or to be released later.
16. The overall social housing apartment dwelling development pipeline has declined from a peak of 51 projects in Q2 2022 to 23 reflecting low activity from Kāinga Ora. The active build to rent pipeline has dropped from a peak of 14 projects in Q2 2022 to 3 projects, and the number of units dropped 575 units (moving from 927 to 352).
17. There have been very few recent launches, all of which are located in the suburban submarket. The Built to Sell developments tend to be high-end owner-occupier developments, with pricing reflecting this.

## Auckland Apartment Supply by Location



18. A total of 567 units (of the 1,360 unit active Built to Sell pipeline) have presold/are under contract. Overall, except for fringe submarket which has already been high, prices of the stock being marketed have gone up. In the secondary market, older apartment prices in the suburbs continued to decline, whereas those in the CBD and Fringe submarket remained stable. The transaction volume of the existing stock in the CBD remained stable. Presales have increased from 22 in the previous quarter to 34. Apart from one project located in the fringe area, all other presales have been achieved in the suburban submarket.

## Auckland Quarterly Presales - Whole Cycle



### Commercial Market

19. The 125 bps OCR cut during the RBNZ’s last three policy reviews between August and November, and its apparent commitment to further easing monetary conditions, has refocused buyers to a more transactional mindset. While this shift was already evident in Q3 via improving sentiment, in Q4 it has further manifested itself in increased levels of bidding and transaction activity. These indicate firmer pricing at the smaller asset size/value end of the market, especially for good quality industrial buildings tenanted on favourable lease terms.
20. As a result, CBRE has moved the lower end of the industrial yield range from 5.10% to 4.90% in Q4, with the indicative yield shifting from 5.71% to 5.62%. Liquidity and pricing remain more challenging for larger sized industrial assets in the realm of institutional investors. CBRE has also firmed yields in retail (for LFR) and office (in A grade CBD) but these reflect asset specific considerations rather than broader market trends. Nonetheless, favourable yield adjustments due to improved asset occupancy and market positioning bode well for wider market improvements as 2025 unfolds.
21. Leasing brokers have reported improving occupier confidence in Q3, and going into Q4 surveys from ANZ, Forsyth Barr and the NZIER all presented a picture of increasingly positive business confidence. However, the leasing market has not yet seen widespread positive flow throughs into actual occupier activity. The occupier market across many property sectors continues to be relatively weak, with CBRE’s occupancy surveys indicating further vacancy increases since mid-2024.
22. However, the lift in confidence has helped stem the trend of increasing incentives that drove the decline in net effective rents in Q3. CBRE’s Q4 assessments indicate that incentives have remained largely stable. Combined with some face rent increases, this resulted in slight net effective rent growth for Prime grades in industrial, CBD office, and shopping centres. Strip retail rents show divergent trends. Prime CBD is experiencing growth driven by the top end luxury sector, Newmarket is stabilising and starting to grow, albeit from a low base, but the Secondary CBD and the Vulcan/High St area are going backwards. They remain a challenging leasing market with landlords increasingly willing to compromise on rents to let premises.



## **Nga whiringa me te taatai | Options and analysis**

### **Kua whakaarohia nga whiringa | Options considered**

23. Not applicable.

### **Ngā ritenga ā-pūtea | Financial and resourcing impacts**

24. Not applicable.

### **Ngā raru tūpono me ngā whakamaurutanga | Risks and mitigations**

25. Not applicable.

### **Ngā whakaaweawe mō te hunga whaipānga | Stakeholder impacts**

26. Not applicable.

### **Tauākī whakaaweawe Māori | Māori outcomes impact**

27. Not applicable.

### **Tauākī whakaaweawe āhuarangi | Climate change impact**

28. Not applicable.

## **Ngā tāpirihanga | Attachments**

There are no attachments for this report.

## Portfolio, Programme and Project Management overview

Author(s): Rob Cairns

February 2025

### Whakarāpopototanga matua | Executive summary

1. Eke Panuku has an established framework for the management of portfolio, programmes and projects. It was agreed as an action from an Audit and Risk committee meeting late last year to provide the board with an information paper on this framework.
2. Portfolio activities are determined in broad terms by Auckland Council, through approval of priority locations and associated High Level Project Plans for regeneration programmes. Auckland Council provides shorter term direction through the annual provision of a Letter of Expectation and approval of Eke Panuku's Statement of Intent.
3. Portfolio, programme and project activity is reviewed and confirmed annually by the Eke Panuku Board through the Spatial Delivery Plans in the Corporate Business Plan. Prioritisation recommendations are guided by Eke Panuku's Prioritisation Framework (2020).
4. Eke Panuku's approach to programme planning and delivery is guided by the Programme Management Framework. This framework sets out four phases of programme delivery, with core approval documents and clearly defined governance accountability. The Eke Panuku Board is the primary programme governance entity, through the approval of High Level Project Plans, Programme Business Case's and Programme Business Case Overviews for each of our regeneration locations.
5. Project planning and delivery activities are guided by the Project Management Framework. Project delivery progresses through five phases, with each phase requiring approval of project documentation, which supports the progressive approval of project scope and rationale, and allocation of budget and resources. Primary approval authority for the Project Management Framework is exercised by the Programme Steering Group, which is made up of senior staff.
6. There are a range of supporting frameworks that set out specific requirements for the delivery of programme and projects in relation to financial management, risk management, benefit management and change management.
7. It should be noted that this paper describes Eke Panuku's portfolio, programme and project delivery activities through its current status as a Council Controlled Organisation. Some aspects of current practice will need to change once Eke Panuku's activities are delivered from within Council. The nature, extent and timing of changes to current business practice will be assessed over the coming months and changes will be implemented as and when appropriate.

## Matapaki | Discussion

8. This report is for information only and there are no decisions arising from the report.

### Portfolio management

9. The portfolio encompasses the collective activity undertaken by Eke Panuku to deliver its regeneration and asset management outcomes.

10. The portfolio consists of 20 programmes:

- 12 Priority Location programmes
  - South: Manukau, Pukekohe, Papatoetoe
  - West: Avondale, Henderson
  - North: Takapuna, Northcote
  - Isthmus: Panmure, Onehunga
  - Waterfront, City Centre, Maungawhau
- 8 Regional programmes
  - Supports, Own your own home, Corporate Property, Service Property Optimisation, Haumaru, Ormiston, Eastern Busway, Renewals.

11. Auckland Council provides direction for Eke Panuku's portfolio activity through:

- Selection and approval of priority locations and regional programmes where Eke Panuku undertakes regeneration activities
- Approval of High Level Project Plans for priority locations, which provide both strategic direction, including a vision and goals, and authority for Eke Panuku's regeneration activities in those locations
- Allocation of capital and operating budgets through the Long-Term Plan and Annual Plan processes.
- Provision of specific direction through the annual Letter of Expectation and approval of Eke Panuku's Statement of Intent.

### Programme management

12. Eke Panuku's approach to the management of regeneration programmes is guided by the Programme Management Framework.

13. The framework provides a structured approach to work activities and governance decision-making through the full life cycle of a programme, from commencement to completion.

14. The framework identifies four key phases. Each programme phase encompasses a range of standard work activities, which contribute toward the production of a programme document that requires governance approval prior to progressing to the next phase.

15. Figure 1 summarises the Programme Management Framework phases, approval documents and approving entity.

**Figure 1 – Programme Management Framework summary**

Phase				
<b>Approval document</b>	High Level Project Plan (HLPP)	Programme Business Case (PBC) and Programme Business Case Overview (PBCO)		Programme Close Report
<b>Approval Authority</b>	Eke Panuku Board and Auckland Council	Eke Panuku Board		
<b>Frequency</b>	As and when new regeneration programmes are initiated	Following approval of HLPP Programme Business Case Overview (PCBO) is reviewed and reapproved on a circa three yearly cycle	Annual confirmation of delivery priorities within each programme through approval of the Corporate Business Plan spatial plans	As and when programme completed

## Project management

16. Eke Panuku’s approach to the management of projects is guided by the Project Management Framework.
17. In a similar way to the Programme Management Framework, the Project Management Framework provides a structured approach to work activities and governance decision-making through the life of a project.
18. The Project Management Framework identifies five key phases, with associated work activities and approval documents.
19. Figure 2 summarises the Project Management Framework phases, approval documents and approving entity.

**Figure 2 – Project Management Framework summary**

Phase					
<b>Approval document</b>	Project Initiation Plan	Business Case	Delegated Authority Report	Project Review Report (draft)	Project Review Report (final)
<b>Authority</b>	Programme Steering Group or Programme Lead	Programme Steering Group Delegated Authority Reports also require approval by staff with the relevant Delegated Financial Authority (DFA)			



## **Governance**

20. Eke Panuku operates a tiered governance structure with authority and responsibilities of the respective governance tiers defined through Eke Panuku's Delegated Authority Policy and Terms of Reference.
21. Key governance tiers include:
  - Eke Panuku Board – approval authority for portfolio and programme documentation and specific types of project documentation, e.g. approval of property acquisition and sales
  - Programme Steering Group – this group includes a range of senior staff and provides the review and endorsement for portfolio and programme documentation prior to consideration by the Board, and approval for Project Management Framework documents
  - Location Lead Groups – these groups include Programme and Project Leads and key functional leads for each regeneration programme, and primarily support monitoring and coordination of work
  - Programme Lead – Eke Panuku programmes are led by either a Priority Location Directors or the General Manager Assets and Delivery, who have authority to manage project progress within approved programme and project parameters.

## **Long-term Plan and Annual Plan cycles**

22. Planned portfolio, programme and project activity is reviewed and confirmed annually. The review process helps inform Eke Panuku's input into Auckland Council's Annual Plan and three yearly Long-term Plan process and is in turn informed by Auckland Council's Letter of Expectation and budget allocation made through those same processes.
23. Prioritisation of activity across the Eke Panuku portfolio is reviewed and confirmed annually by the Eke Panuku Board through the Spatial Delivery Plans in the Corporate Business Plan. Prioritisation recommendations are guided by Eke Panuku's Prioritisation Framework (2020) and informed by a range of factors, including:
  - Relevant Council direction
  - Enabling tangible progress across all programmes
  - Consideration of project delivery commitments, readiness, dependencies and risks.

## **Supporting Portfolio, Programme and Project management frameworks**

24. Eke Panuku has several framework documents that set out business requirements for Project and Programme Leads. Key frameworks include:
  - Financial Management Framework
  - Benefits Management Framework
  - Risk Management Framework and Project Risk Management Guide
  - Change Management Framework.
25. In addition to the approved frameworks, there is a range of guidance information available to all staff within Eke Panuku's 'InfoHub'.

## **Sentient Portfolio, Programme and Project management system**

26. Eke Panuku manages key aspects of its portfolio, programmes and projects through Sentient PPM system. The system supports consistent and coordinated approach to:

- Project and programme scope and status
- Financial management
- Benefit management
- Risk and issue management
- Resource management
- Project and programme change management
- Status reporting.

## **Programme and Project delivery monitoring**

27. Project Leads have primary responsibility for progressing project delivery in accordance with approved project parameters: scope, timing, cost, benefits. Project Leads report progress monthly to Priority Location Directors through Project Status Reports.
28. Priority Location Directors are accountable for the delivery of the collective projects within their programmes, and report progress monthly to the Programme Steering Group through Programme Status Reports.
29. Reporting to the board is by way of a monthly performance report including a programme and project risk register and quarterly updates of spatial delivery plans.
30. Where risks or issues require approved delivery parameters to be amended, changes can be requested and approved in accordance with the Change Management Framework.

## **Nga whiringa me te taatai | Options and analysis**

### **Kua whakaarohia nga whiringa | Options considered**

31. This report is for information only. As there are no decisions arising from the report there is no consideration of options.

### **Ngā ritenga ā-pūtea | Financial and resourcing impacts**

32. This report is for information only and there are no decisions arising from the report that have financial or resourcing impacts.
33. Financial and resource management are a core aspect of portfolio, programme and project management.
34. Financial management requirements are set out in the Financial Management Framework. Budgets are allocated and or confirmed at each approval point of the Programme and Project Management Frameworks as required to enable project progress. Allocated, forecast and actual spend is recorded, managed and reported through the Sentient system.
35. People resource requirements and allocation are also managed in Sentient. Project leads forecast and request resource requirements for their projects, following discussion with functional team leads regarding appropriate resource needs. Individuals time is allocated to specific projects, which enables functional team leads to manage work allocation for both individuals and teams.

## **Ngā raru tūpono me ngā whakamaurutanga | Risks and mitigations**

36. This report is for information only and there are no decisions arising from the report that give rise to risks or that require risk mitigations.
37. Risk management is a core aspect of portfolio, programme and project management. Risk management requirements are set out in the corporate Risk Management Framework and the Project Risk Management Guide.
38. Key risks and controls are recorded in Sentient and are reported in monthly status reports. More comprehensive risk registers are prepared and managed by Project Leads using spreadsheets.
39. Council Group is working towards the introduction of a group wide risk management system, which is anticipated to replace both Sentient and the current spreadsheet-based risk register approach. The new risk management system is anticipated to be introduced in 2025.

## **Ngā whakaaweawe mō te hunga whaipānga | Stakeholder impacts**

40. This report is for information only and there are no decisions arising from the report that have a direct impact on stakeholders.
41. Identification and appropriate engagement with stakeholders is integrated throughout the programme and project delivery process. Stakeholder impact and feedback inform project planning, design and delivery.
42. Specialist advice and support is provided within project teams from Eke Panuku's Community and Stakeholder Relations teams.

## **Tauākī whakaaweawe Māori | Māori outcomes impact**

43. This report is for information only and there are no decisions arising from the report that have a direct impact on Māori.
44. Consideration of Māori outcomes and engagement with Mana Whenua is integrated throughout Eke Panuku's portfolio, programme and project management.
45. Specialist advice and support is provided within project teams from Eke Panuku's Māori Outcomes team.

## **Tauākī whakaaweawe āhuarangi | Climate change impact**

46. This report is for information only and there are no decisions arising from the report that have a direct climate change impact.
47. Eke Panuku's strategic framework, Thriving Town Centre guidance, and range of standard project benefit requirements all support consideration of climate change alongside the range of other considerations informing urban regeneration activity.
48. Consideration of climate change impacts across Eke Panuku's portfolio, programme and project management is an area of growing maturity. Existing programmes and projects respond to both climate change adaptation and mitigation to varying extents, and consideration of climate change impacts is not currently undertaken in a consistent way.
49. A recently completed audit of business practice in relation to climate change made a range of recommendations for improvement which are in the process of being implemented.

## **Ngā tāpirihanga | Attachments**

There are no attachments for this report.



**Minutes of the meeting of directors of Eke Panuku Development Auckland Limited, held in partly confidential session, in person at 135 Albert Street, Auckland and online via Microsoft Teams, on Wednesday 11 December 2024**

<b>Attending</b>	<p><b>Board:</b> David Kennedy (Chair), John Coop, Kenina Court, Brett Ellison, Steve Evans, Aaron Hockly</p> <p><b>Executive:</b> David Rankin, Chief Executive; Gyles Bendall, GM Design &amp; Place; Angelika Cutler, GM Community &amp; Stakeholder Relations; Alaina Cutfield, Head of People &amp; Culture; Carl Gosbee, Chief Financial Officer; Marian Webb, GM Assets &amp; Delivery; Allan Young, GM Development</p> <p><b>In Attendance:</b> Rachel Wilson, Principal Advisor, Auckland Council; Lisa Franklin, Media Manager; Alice Newcomb, Governance Manager; Rosemary Geard, Governance Advisor (minutes)</p>
<b>1.0 Meeting opening</b>	<p>The public meeting opened at 10.08am with a karakia.</p> <p>The chair welcomed everyone to the meeting.</p>
<b>1.1 Apologies</b>	<p>Apologies were received from Councillor Angela Dalton.</p>
<b>Procedural motion to exclude the public</b>	<p>Pursuant to clause 12.3 of the Eke Panuku Development Auckland Ltd Constitution, the public be excluded from confidential papers or parts thereof, so that commercially sensitive issues can be discussed.</p>
<b>2.0 Chief Executive's Report (verbal update)</b>	<p>David Rankin, Chief Executive, provided a verbal update.</p> <p><b>Karanga Plaza Pool</b></p> <p>It was noted the pool was due to open to the public on 20 December.</p> <p><b>Eke Panuku - site tour in Old Papatoetoe</b></p> <p>The site tour to Papatoetoe, attended by councillors on 6 December, was noted.</p>
<b>3.0 Health &amp; Safety Report (verbal update)</b>	<p>Bernardo Vidal, Head of Health, Safety and Wellbeing, joined the meeting for this item and provided a verbal update.</p> <p><b>ACTION:</b> Add reference to the ACC Recovery at Work programme to contracts.</p>
<b>4.0 Decision papers</b>	
<b>4.1 Panmure Programme Business Case Overview - Review</b>	<p>For this item, due to a disclosed conflict of interest John Coop left the meeting.</p> <p>Kate Cumberpatch, Priority Location Director, joined the meeting.</p> <p>Following the conclusion of discussion, the Eke Panuku Board resolved to:</p> <ol style="list-style-type: none"> <li>a. approve the reviewed Programme Business Case Overview for the Panmure Priority Location Programme.</li> </ol>

	<ul style="list-style-type: none"> <li>b. note the expected benefits to be realised for the Panmure programme being: <ul style="list-style-type: none"> <li>i. Site sales of \$52.7 million</li> <li>ii. 800 dwellings</li> <li>iii. 19,000sqm of commercial space</li> <li>iv. 15,300sqm of new or improved public realm.</li> </ul> </li> <li>c. approve a programme life cost, projected to end in 2034, of \$14.1 million nett, being spend expenditure of \$66.8 million, including opex, capex and acquisition costs, less projected site sales of \$52.7 million.</li> <li>d. subject to confirmation of the increased development contribution levies, as proposed by Auckland Council.</li> </ul>
<p><b>4.2 Manukau Programme Business Case Overview - Review</b></p>	<p>Richard Davison, Priority Location Director, joined the meeting for this item.</p> <p>Following the conclusion of discussion, the Eke Panuku Board resolved to:</p> <ul style="list-style-type: none"> <li>a. approve the updated Programme Business Case Overview for the Manukau Priority Location Programme.</li> <li>b. note the targeted benefits to be realised for the Manukau Programme, being: <ul style="list-style-type: none"> <li>i. \$151.4 million of site sales</li> <li>ii. 1,080 new homes</li> <li>iii. 84,000m2 of new commercial space + 85 hotel units</li> <li>iv. 350,000m2 of new or improved public realm</li> </ul> </li> <li>c. approve a programme life cost, projected to end in 2034, of \$204.23 million, being a net expenditure of \$52.83 million, including opex, capex and acquisition costs, less projected site sales of \$151.4 million.</li> <li>d. subject to confirmation of the increased development contribution levies, as proposed by Auckland Council.</li> </ul>
<p><b>4.3 Onehunga acquisition</b></p>	<p>Kate Cumberpatch, Priority Location Director, introduced the item.</p> <p>Following the conclusion of discussion, the Eke Panuku Board resolved to:</p> <ul style="list-style-type: none"> <li>a. [REDACTED]</li> <li>b. [REDACTED]</li> </ul>

	<p>c. [REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>Rachel Wilson left the meeting.</p>
<p><b>4.4 Development site, Northcote - Go to market strategy</b></p>	<p>Nicky Harrison, Development Manager, joined the meeting for this item. Allan Young, GM Development, introduced the item.</p> <p>Following the conclusion of discussion, the Eke Panuku Board resolved to:</p> <p>a. [REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>b. [REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>c. [REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>d. [REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>e. [REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>
<p><b>4.5 19 Tripoli Road, Panmure -</b></p>	<p>Dawson Mutu, Development Manager, joined the meeting for this item. Allan Young, GM Development, introduced the item.</p>

<p><b>Go to market strategy</b></p>	<p>Following the conclusion of discussion, the Eke Panuku Board resolved to:</p> <ul style="list-style-type: none"> <li>a. approve the sale of the vacant Own Your Own Home village located at 19 Tripoli Road, Panmure, being Part Lot 142 Deposited Plan 37895, containing 4,456m2, via an open market sale process that aligns with unitary plan requirements.</li> <li>b. approve the reinvestment of the proceeds of sale back into the Own Your Own Home Unit Refurbishment Programme.</li> <li>c. delegate authority to the Chief Executive to execute the required documentation to sell the property at or above the independent valuation of current market value.</li> </ul>
<p><b>4.6 143 Beaumont Street, 28 Madden Street Wynyard Quarter</b></p>	<p>Tom Belgrave, Development Manager, joined the meeting for this item. Allan Young, GM Development, introduced the item.</p> <p>Following the conclusion of discussion, the Eke Panuku Board resolved to:</p> <ul style="list-style-type: none"> <li>a. [REDACTED]</li> </ul>
<p><b>4.7 Maungawhau and Karanga a Hape development programme - selection of an independent reviewer</b></p>	<p>Kate Cumberpatch, Priority Location Director, introduced the item.</p> <p>Following the conclusion of discussion, the Eke Panuku Board resolved to:</p> <ul style="list-style-type: none"> <li>a. endorse the scope of work, as set out in this report, for an independent reviewer to shadow the land sale process for the Maungawhau and Karanga a Hape programme, to have oversight of the key process decisions and approvals as approved in 2023 with the CRL Sponsors.</li> <li>b. approve the Chair Eke Panuku Board, and the Chief Executive to appoint the independent reviewer and confirm the brief after consulting with the City Rail Link Sponsors.</li> <li>c. receive the attachments to this report as an update on the Maungawhau and Karanga a Hape development programme.</li> </ul> <p>Kate Cumberpatch left the meeting.</p>
<p><b>4.8 Central Wharves Masterplanning Draft Project Plan</b></p>	<p>For this item, due to a disclosed conflict of interest John Coop left the meeting.</p> <p>Fiona Knox, Priority Location Director - Major Projects; Duncan Ecob, Head of Design; and Caisey Marter, Head of Strategic Planning &amp; Projects, joined the meeting for this item.</p> <p>Following the conclusion of discussion, the Eke Panuku Board resolved to:</p> <ul style="list-style-type: none"> <li>a. approve the draft project plan for the master planning of the central wharves as described in this report.</li> </ul>



<b>5.0 Information papers</b>	
<b>5.1 Asbestos Management Framework - Policy review</b>	Marian Webb, GM Assets & Delivery introduced the paper. The Eke Panuku Board received the report. Acknowledged the policy.
<b>5.2 Wynyard Crossing Bridge</b>	Marian Webb, GM Assets & Delivery introduced the paper. The Eke Panuku Board received the report.
<b>5.3 Mechanical and high wear and tear assets</b>	Marian Webb, GM Assets & Delivery introduced the paper. ACTION: Executive to revise the language in item 9 of the paper. The Eke Panuku Board received the report.
<b>5.4 Internal audit report - Inflight project assessment Westhaven seawall upgrade</b>	Carl Gosbee, Chief Financial Officer, introduced the paper. The Eke Panuku Board received the report.
<b>5.5 Ormiston Town Centre &amp; 56 Brookview Drive, Ormiston</b>	For this item, due to a disclosed conflict of interest Steve Evans left the meeting. Nicky Pennington, Development Manager, joined the meeting. Allan Young, GM Development, introduced the paper. [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] The Eke Panuku Board received the report. John Coop left the meeting.
<b>5.6 Waterfront development update</b>	The Eke Panuku Board received the report.
<b>6.0 Te Ara Tukutuku - workshop</b>	
	Attendees: Tom Belgrave, Development Manager; Nick McKay, Principal Urban Designer (Architecture); Jean Cathcart, Principal Communications & Engagement Advisor; Julie Crabb, Senior Project Manager, Scott Greenhalgh, LandLAB

<b>7.0 Governance matters</b>	
<b>7.1 Out of cycle decisions</b>	There were no out-of-cycle decisions made between the November and December meetings.
<b>7.2 Minutes meeting held - 27 November 2024</b>	The Eke Panuku Board reviewed and confirmed the minutes of the Board Meeting 27 November 2024, with confidential information included, as a true and accurate record of the meeting.
<b>7.3 ARC verbal update - meeting held 18 November 2024</b>	Kenina Court, Chair of the Audit and Risk Committee, provided a verbal update of the meeting held on 18 November 2024. The Eke Panuku Board received the verbal report.
<b>7.4 Director interests &amp; Director interests projects</b>	The Eke Panuku Board reviewed and received the Register of Director's Interests projects report.
<b>7.5 Director meeting attendance</b>	The Eke Panuku Board noted the Directors' meeting attendance.
<b>7.6 Board action list</b>	The Eke Panuku Board received the board action list.
<b>7.7 Board forward work programme 2025</b>	The Eke Panuku Board received the board forward work programme.
<b>8.0 General Business</b>	
<b>8.1 CCO reform</b>	The final Mayoral proposal and Auckland Council Chief Executive's high level implementation plan were received earlier this week. The board chair sent a letter to councillors yesterday. The Governing Body is set to make its decision tomorrow. The board acknowledged and thanked David Rankin and the Executive Leadership Team for their leadership during this challenging time.
<b>Meeting close</b>	The meeting closed at 11.47am.

Confirmed as a true and accurate record:

----- **Chair** ----- **Date**

DRAFT

**Out of cycle decision:  
Variation  
Masterplan 56  
Brookview Drive,  
Ormiston**

The Eke Panuku Board made an out-of-cycle decision between the December 2024 and February 2025 meetings. Steve Evans was recused from the decision-making process due to a declared conflict of interest.

The resolution is recorded here for completeness.

On 20 December 2024, the Eke Panuku Board resolved to:

- a. [Redacted]
- b. [Redacted]
- c. [Redacted]



**Out of cycle decision: Site 14 North Wharf, Request for Development Proposal**

The Eke Panuku Board made an out-of-cycle decision between the December 2024 and February 2025 meetings. The resolution is recorded here for completeness.

On 12 February 2025, the Eke Panuku Board resolved to:

- a. [Redacted]
- b. [Redacted]
- c. [Redacted]
- d. [Redacted]

## Director interests at 11 February 2025

Member	Interest	Company / Entity	Conflicts pre-identified?
<b>David Kennedy</b>	Chair	Eke Panuku Development Auckland Limited	
	Chair	Beachlands South GP Ltd (JV between NZ Super Fund and Russell Property Group)	
	Member	Business Reference Group Te Arotake Future for Local Government	
	Director	Cathedral Property Limited	
	Chair	Civix Limited	
	Director	Grantley Holdings Limited	
	Chair	Kaha Ake GP Ltd (JV between NZ Super Fund and Classic Developments)	
	Director	Naylor Love	
	Trustee	New Zealand Housing Foundation	Possible
	Chief Executive	Te Kaha Project Delivery Limited	
	Director	Westhaven Marina Limited	
	<b>Kenina Court</b>	Director	Eke Panuku Development Auckland Limited
Shareholder		Arrakis Limited	
Director		Banking Ombudsman Scheme Limited	
Director		BDE Bonus Limited	
Director		BMNZ Limited	
Director		Business in the Community (2013) Limited	
Director		Dua Fellows Holdings Limited	
Director		Dua Fellows Limited	
Director		Eight Peaks Holdings Limited	
Director		Everege Orbis Holdings Limited	
Director		Fale Developments Limited	
Director		Fortitudine Trustees Limited	
Director		Huma Holdings Limited	
Director		IBS	
Director		KW Westgate Limited	
Director	Lovelock Trustees Limited		
Director	Lujato Trustees Limited		

<b>Member</b>	<b>Interest</b>	<b>Company / Entity</b>	<b>Conflicts pre-identified?</b>
<b>Kenina Court</b> (continued)	Director	M&G Trustees Limited	
	Director	Nathan Whanau Trustees Limited	
	Director	NTA Holdings Limited	
	Director	Oceania Career Academy Limited	
	Director	Pathfinder Management Partner Limited	
	Director	Pathfinder Trustees Limited	
	Director	Pathsol Limited	
	Director	PGFT Trustees Limited	
	Director	Platinum Securities Limited	
	Director	PSL Freedom Limited	
	Director	Rice Family Trustees Limited	
	Director	Silvereye Investments Limited	
	Director	Slice Limited	
	Director	Stak Trustees Limited	
	Director	Twinlion Trustees Limited	
	Director	Up Skill Teams Limited	
	Director	XYZ Limited	
<b>Brett Ellison</b>	Director	Eke Panuku Development Auckland Limited	
	Director	Aukaha (1997) Limited	
	Director	Ellison Beech Limited	
	Trustee	Ellison Beech Whanau Trust	
	Director	Erihana Limited	
	Investment Manager	Hapai Property LP Whanau (Commercial, Development and Housing)	
	Director	Ka Taki Te Umere Limited	
	Investment Manager	Koau Capital Partners	
	Trustee	Taieri Block B Trust	
	Chair	Te Runaka Otakou Limited	
	<b>Steve Evans</b>	Director	Eke Panuku Development Auckland Limited
Member		Construction Industry Accord Residential Sector Reference Group	
Director		Kaipatiki FRL Limited Partnership	

<b>Member</b>	<b>Interest</b>	<b>Company / Entity</b>	<b>Conflicts pre-identified?</b>
<b>Steve Evans</b> (continued)	Chief Executive Residential and Development	Fletcher Building Limited	Yes
	Director	Homai General Partner Limited	
	Director	Okahukura GP Limited	
	Member	Steering Group Construction Industry Accord	
	Director	Tauoma FRL Limited Partnership	
	Director	Te Tau Waka Limited Partnership	
	Deputy Chair	Urban Development Institute of New Zealand	Yes
<b>Aaron Hockly</b>	Director	Eke Panuku Development Auckland Limited	
	Non-Executive Director	Mercy Healthcare (Auckland)	
	Employee	NWI NZ Management Company Limited (subsidiary of Northwest Healthcare Properties)	
	Executive Director	Vital Healthcare Property Limited & related entities	



## Director interests: Changes since 11 December 2024

### Additions:

Director	Conflict/interest	Date notified
Brett Ellison	Director - Aukaha (1997) Limited Director - Ka Taki Te Umere Limited	11 February 2025

### Deletions:

Director	Conflict/interest	Date notified
John Coop – as at 03 February 2025	Director – Eke Panuku Development Auckland Limited Trustee - JE and CS Coop Family Trust Managing Director and Principal - Warren and Mahoney	13 January 2025

### Amendments:

Director	Conflict/interest	Date notified
	N/A	

## Meeting Attendance Register – 2024

	2024									
	28 Feb	27 Mar	24 Apr	22 May	26 Jun	24 Jul	28 Aug	23 Oct	27 Nov	11 Dec
David Kennedy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
John Coop <sup>i</sup>	x	✓	✓	✓	x	✓	✓	✓	✓	✓
Kenina Court	✓	✓	x	✓	✓	✓	✓	✓	✓	✓
Brett Ellison <sup>ii</sup>								✓	✓	✓
Steve Evans	✓	✓	✓	✓	✓	x	✓	x	✓	✓
Aaron Hockly <sup>iii</sup>								✓	✓	✓
Paul Majurey <sup>iv</sup>	✓	✓	✓	✓	✓	x	✓			
Jennifer Kerr <sup>v</sup>	✓	✓	✓	✓	✓	✓	✓			

<sup>i</sup> Resigned as of 31 January 2025

<sup>ii</sup> Appointed as of 01 October 2024

<sup>iii</sup> Appointed as of 01 October 2024

<sup>iv</sup> Term ended as of 31 August 2024

<sup>v</sup> Resigned as of 31 August 2024

At the time of publishing there were no items of general business.