

Auckland Council Property Limited

Annual Report 2015



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Chairman's and Chief Executive's Report

The 2014/2015 financial year will, as it happens, be ACPL's last full year of operation. This is because with effect from 1 September 2015 ACPL will be amalgamating with Waterfront Auckland to form the basis of a new CCO, being Development Auckland.

It is fitting therefore that the 2014/2015 year has been a year which saw ACPL achieve or exceed its key targets, with a steadily increasing emphasis on ACPL's contribution to the Council's housing and town centre regeneration strategies.

At the year end, the pipeline of development sites managed by ACPL where it has, or will be, seeking development outcomes, will provide for approximately 2,500 housing units over time. In addition, ACPL has freed up surplus land and disposed of it directly, which will enable the construction of around 400 housing units.

Some notable examples of this activity from the financial year include:

- Taking Link Crescent in Whangaparaoa to the market for a development partner to develop in accordance with a plan which will provide for in excess of 50 housing units
- Taking to the market for a development partner a site in Racecourse Parade in Avondale which will provide for in excess of 50 housing units
- The first stage of residential development at the Ormiston Town Centre as part of ACPL's development partnership with Todd Property Limited. Earthworks are underway on this first stage for 63 terrace houses, out of what will eventually be over 600. This housing will form part of a full town centre development which will include retail, food and beverage, commercial and public facilities such as the Ormiston Library
- Negotiating an agreement for the sale of a six hectare site opposite the Ormiston Town Centre to Todd Property, which will ultimately provide for 385 housing units, developed in a way which will co-ordinate and compliment the residential offer at the town centre itself
- Ongoing work in the Pukekohe Town Centre to rationalise Council's property holdings, with the objective of moving the Council service centre and local board into a more central location, and freeing up an important development site by the rail station

These development projects are illustrative of significant benefits being produced in achieving financial returns from the surplus property for ratepayers as well as good quality development outcomes which support Auckland Plan strategies.

ACPL received approval from the Auckland Development Committee on the 11 June 2015 to proceed with securing a community housing partner to deliver the provision of housing for older persons in Auckland. This initiative will secure government subsidies, estimated at \$4m p.a., which are not available to local government and also allow ACPL to oversee the development of the portfolio from the current provision of around 1,500 units to an estimated 2,500 over a number of years as well as improve the level of service provided without any requirement for any additional funding from ratepayers. This initiative will significantly contribute to the achievement of ACPL's objectives within its SOI.

ACPL manages \$1.13 billion of the Council's non-service property assets. The portfolio team manages an extremely diverse range of rental properties throughout the region with all manner of different uses and with a short to long term hold perspective. In the financial year just ended ACPL has achieved a significant net surplus of \$39.3m, which is \$11.8m over that budgeted. On a "like for like" basis, that is properties which have been consistently held on the portfolio at the time, performance to relevant benchmarks has been achieved.

Building on the success of previous years, ACPL has made good progress in achieving targets agreed with the Council for the identification and sale of surplus Council property. During the 2014/15 year ACPL had a target to present \$30m worth of property to the Council as being surplus for approval to dispose. It had a second target to unconditionally sell \$30m worth of property. Both these targets have been exceeded. These results mean that since its creation, ACPL has recommended \$233m worth of properties to the Council as surplus and available to be sold, of which \$216m has been approved for sale. In total, ACPL has unconditionally sold \$112m worth of property as at 30 June 2015. The balance of approved sales is with our development or disposals teams in the sale/development pipeline as opportunities to create additional financial and other value for Council.

Looking forward, there will be ongoing opportunities to identify surplus properties for sale, incorporating as appropriate, development agreements to achieve the new asset sales target set in the Council's LTP. In addition, there will over time be significant opportunities to help achieve financial and other community benefits by looking at development/redevelopment opportunities in the Council service portfolio. This will involve progressively better use of service property, as well as supporting the Council's objectives around intensification. Fresh financial arrangements with respect to local boards have been agreed as part of this initiative, called "optimisation". This was approved by the Council in the last quarter of the financial year. This will be the subject of significant future work and opportunity.

Given its ongoing increase in workload especially around the review, clearance and pursuit of development opportunities with surplus property, ACPL has continued to adjust staff numbers based on work load pressures. Much of this additional cost has been charged into the disposal/development programme, as the resources have been focussed on clearing and selling property.

ACPL has continued to carry out its role of managing property acquisition requirements on behalf of Auckland Council and Auckland Transport. In the current year ACPL acquired 123 properties to a value of \$101m. These acquisitions were achieved within less than 1% variance to independent valuations. The most significant acquisition transaction related to the development agreement negotiated with Precinct Properties Ltd to enable the CRL tunnels to be built through the Downtown Shopping Centre site in conjunction with a redevelopment of the site to provide a new retail centre and a high quality office building. On a city wide basis ACPL negotiated the acquisition of 180 hectares of land for parks and recreation purposes.

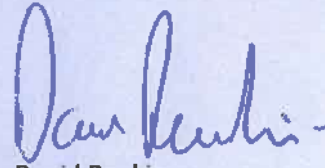
There has also been a lot of continued work on developing implementation of a business case to significantly approve ACPL's systems support, particularly with portfolio management. It is anticipated this will come to fruition in the coming financial year.

Finally, we wish to thank the Board of Directors and the staff of ACPL for their commitment this year, and for a creditable record of achievement. ACPL's record will provide a good platform, along with that of Waterfront Auckland, for the successful launch of Development Auckland on 1st September.



Sir John Wells
Chairman

26 August 2015



David Rankin
Chief Executive

Independent Auditor's Report

**To the readers of
Auckland Council Property Limited's
financial statements and performance information
for the year ended 30 June 2015**

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

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the company on pages 41 to 62, that comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of performance information of the company on pages 23 to 39.

In our opinion:

- the financial statements of the company that are prepared on a disestablishment basis:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2015; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards with reduced disclosure requirements; and
- the performance information of the company presents fairly, in all material respects, the company's achievements measured against the performance targets adopted for the year ended 30 June 2015.

The financial statements are appropriately prepared on a disestablishment basis

Without modifying our opinion, we draw your attention to the accounting policy *Disestablishment basis of accounts preparation* on page 45. We consider the disestablishment basis of preparation of the financial statements to be appropriate as the company will be disestablished in August 2015.

Our audit was completed on 26 August 2015. This is the date at which our opinion is expressed.

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

Basis of opinion

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

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

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and in the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company's financial statements and performance information in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of the disclosures in the financial statements and in the performance information; and
- the overall presentation of the financial statements and the performance information.

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

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

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and fair presentation of financial statements for the company that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparation of the performance information for the company.

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

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

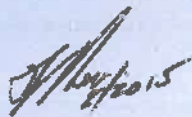
Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the company.



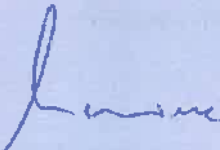
David Walker
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

Directors' Report

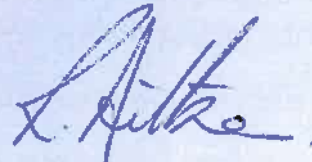
The Board of Directors have pleasure in presenting the annual report of Auckland Council Property Limited, incorporating the Financial Statements, Statement of Service Performance and the Independent Auditors' Report, for the year ended 30 June 2015.

The Board of Directors of Auckland Council Property Limited authorised these Financial Statements presented on page 41 to 62 and Statement of Service Performance presented on pages 23 to 39 for issue on 26 August 2015.

For and on behalf of the Board



Sir John Wells
Chairman



Richard Aitken
Director

26 August 2015

Our Activities

ACPL manages development projects that include a mixture of housing and urban regeneration, these include:

- Ormiston Town Centre development with Todd Property Group
- Papatoetoe Town Centre redevelopment
- Hobsonville Point
- Wilsher Village, Henderson redevelopment of Older Persons Housing complex
- Dominion and Valley Roads, Mount Eden mixed use brownfield redevelopment
- Link Crescent, Stanmore Bay residential development
- Affordable housing developments in Avondale and Papatoetoe with NZ Housing Foundation.

ACPL projects are usually carried out in conjunction with another partner.

ACPL also manages property owned by Auckland Council and Auckland Transport that is not immediately required for service or infrastructure purposes, including:

- Property which is held by the Council for future service purposes but not currently used to provide council service functions
- Properties on roading corridors which are required for infrastructure projects
- Land held for future urban development but is currently leased for commercial activities

ACPL manages the Council's business interests in quarrying, waste disposal and forestry including:

- Quarries at Whitford, Great Barrier Island, Waiheke Island and Waitakere under operating agreements
- Waste Disposal Services (WDS) Joint Venture at Whitford, together with an operating agreement for the Greenmount managed fill facility
- Araparera Forestry Joint Venture and the harvesting of the Council owned Penlink Weiti Forest and Ti Point Forest.

ACPL identifies property assets that Council no longer require for service or infrastructure purposes and makes a recommendation to Council for approval to dispose. ACPL also works closely with Council to identify opportunities to add value and optimise the use of service properties within the Council group.

The Company undertakes acquisitions and disposals of surplus assets for Auckland Council and Auckland Transport. ACPL provides commercial expertise to the Auckland Council's planning processes and projects, and acts as an interface for private sector involvement in Council housing and urban regeneration initiatives.

Operationally, the Company's activities are broken down into five main areas:

1. Development Projects
2. Property Management and Business Interests
3. Property Asset Development
4. Acquisitions and Disposals
5. Commercial Perspective.

Development Projects – Housing and Place Shaping

ACPL is responsible for achieving development project outcomes for Council as well as contributing to improving housing supply, especially in the more affordable segment of the market. These projects involve property owned by Council and include partners from the private or not for profit sector.

The development projects go through a number of phases and may take a number of years to complete. Key phases include opportunity identification, investigation, business case approval, planning, development agreement and implementation. A number of the large projects have both housing and place shaping components.

Progress on medium term outcomes and development highlights

- **Ormiston Town Centre** – Ormiston Town Centre is a 20 hectare multi-stage development undertaken in partnership with Todd Property Group to build a new town centre and residential housing.

The first stage of Ormiston Town Centre, being the supermarket and retail block is now under construction and due for completion in November 2015. The official launch of the Ormiston Town Centre was held in April with the Minister of Finance and the Mayor in attendance.

Sixty three housing units will be developed in the first residential stage by Fletcher Residential. The construction of infrastructure works on the first residential blocks was completed during the year and will trigger the settlement of this stage by Todds.

- **Papatoetoe Town Centre** – Papatoetoe Town Centre is a project to revitalise the town centre. The concept is for a development in three stages, which includes an upgrade of the retail component and residential developments.

The plan is to refurbish the retail block which includes the sale of the Supermarket site to Foodstuffs with a commitment to redevelop their store. The balance of the retail units at the centre is receiving strong leasing interest. They will be sold in the near term. The car park and services infrastructure upgrades are programmed to commence construction in late 2015.

The residential developments are progressing well. The construction of 8 housing units at 91 Cambridge Terrace by the New Zealand Housing Foundation has been completed.

- **Hobsonville project** – A strategic review of the Hobsonville project was completed in 2013 resulting in the project changing from a 20 hectare Marine Precinct to a 10 hectare Marine Precinct and 10 hectare housing residential component. The 10 hectare residential block has been declared a special housing area (SHA).

The construction of infrastructure at Hobsonville has progressed during the year with the completion of boundary roads and the storm-water ponds under the Infrastructure Funding Agreement with Hobsonville Land Company. The main Launch Road is complete and is now open for public use. A decision on the future of the 10 hectare Marine Precinct will be

determined by Council in November 2015. It will either be allocated for a film campus or be part of a 14 hectare residential and 6 hectare employment hub master planned development.

- **Other development projects include:**

- The Trent Street, Avondale development site was sold to the New Zealand Housing Foundation to enable the building of affordable housing. Consent has been granted and construction has now commenced on the building of 33 homes.
- Racecourse Parade, Avondale is a 3,000 square metre site that has been taken to the market as part of a larger master planned area for residential development outcomes. The site is suitable for medium density development and will be highly sought after by residential developers. Appropriate design and quality criteria will be imposed on the successful developer. It will generate in excess of 50 housing units.
- Link Crescent, Stanmore Bay is a residential development site that will build a potential 50 housing units. Site due diligence to formulate a master plan for the development has been completed and the property has been marketed to developers to select a development partner.
- The Dominion and Valley Roads (Mt Eden) project is a mixed use brownfield redevelopment for town centre revitalisation and is estimated to yield 80 housing units. The development concept is being refined prior to market testing and requests for proposals from developers.
- Wilsher Village is a Council owned housing for the older adults facility that was planned for redevelopment. The proposed development consists of a 179 unit Senior Living Community. A preferred partner to redevelop the land is being identified.
- Pukekohe Town Centre, where significant work has been undertaken during the year in analysing Council's land holdings within the town centre. This work will add value by helping to activate the relocation of the existing service centre to a more central location and be co-located with other Council facilities.

Property Management

ACPL manages all non-service properties. These are properties not immediately required for service delivery or infrastructure development that are owned by Auckland Council or Auckland Transport. ACPL also manage the relationships with external landlords where the Council itself is the tenant. ACPL's objective is to optimise the return on property under its management.

The current property portfolio includes industrial sites and buildings, retail tenancies, cafés, restaurants and offices and a substantial portfolio of residential properties. ACPL also manages a number of ground leases, marinas, forestry sites and motor camps. The area ACPL covers ranges from South Head in the north to Pukekohe in the south, including the Islands of the Gulf. It excludes the area covered by Waterfront Auckland.

Properties within our portfolio are held for a variety of reasons, often associated with projects or infrastructure renewal. Many properties are short term by nature, and are held awaiting development, whilst some are more long-term with no immediate development plans. It is the role of ACPL's property management team to balance the needs, timescales and opportunities associated with each individual property, to optimise the return whilst under ACPL's management.

At the end of the 2014/15 financial year, the total number of properties in the portfolio managed by ACPL was 1347, an increase of 162 during the financial year.

The main drivers of the increase are the City Rail Link (CRL) and other capital programmes of Auckland Transport and Auckland Council, the acquisition of some strategic land for Council and small pieces of non-service land identified and transferred into the ACPL portfolio.

Progress on medium term outcomes

During the period 1 November 2010 to the 30 June 2015, ACPL has provided Council with \$119m, of cumulative net surplus from its property management activity.

The Property Portfolio highlights:

- ACPL's improved return on its total property portfolio for the year provides a net surplus of \$29.8m, \$6.8m above budget. This result was mainly achieved through an increase in number of properties managed during the year and receiving additional revenue that was not in the original budget from the Waterview project, Puketutu Island commercial leases and Takapuna sub-lease. ACPL also continued to focus on timely completion of rent reviews and ensuring that OPEX costs were being correctly charged and recovered from commercial tenants and recovering water rates from residential tenants with separate water meters. When carrying out rent reviews, property managers obtain independent market rental valuations where required and then negotiate firmly to obtain optimal rental outcomes. Vacancies are also managed closely to minimise periods of lost rent.
- On a "like-for-like" basis, properties which have been consistently held in the portfolio for a period of two years or more have shown an increase in gross rental income of 9.2% for residential properties and 6.5% for commercial properties which compared favorably to relevant market benchmarks as a result of more frequent rent reviews.
- Rent arrears and occupancy targets were met, consistent with past performance. Throughout the year ACPL has focused on ensuring tenants are paying their rent in full and on time. Properties

that are vacant are regularly reviewed and renewals work is prioritised to bring them to a tenable standard. The quantum of rental arrears and number of vacant properties has reduced over time.

Business Interests

There are several standalone businesses owned by Auckland Council which are the responsibility of ACPL. These include a joint venture landfill operation, quarries, and forests.

Business interests activities include:

Waste Disposal Services (WDS)

WDS is a joint venture between Auckland Council and Waste Management to operate the Whitford Landfill. ACPL manages the relationship with Waste Management which is also the joint venture manager.

Greenmount Landfill

The Greenmount landfill operation is managed by EnviroWaste Services Limited. Once the landfill reaches capacity and the site is closed, the land will vest with Council to allow for development of a park.

Quarries

ACPL is responsible for quarries owned or leased out by Auckland Council. They include the Whitford Quarry situated adjacent to the Whitford Landfill site, Hoporata Quarry on Waiheke island and the Blackwells Quarry on Great Barrier Island that is leased to the Council. The Waitakere Quarry on Te Henga Road has recently closed.

Forests

ACPL is also responsible for forests including the Ti Point forest located on an ex-landfill site in Whangateau and the Weiti Penlink forest on land acquired for the Penlink future transport project. The Araparera forest is a joint venture that was set up in 1984 between the Maori Trustee and Auckland Council for growing and harvesting of a pinus radiata forest. The Araparera joint venture has now ceased as all the trees have been harvested and a closing ceremony was held during the year.

Progress on medium term outcomes

During the period 1 November 2010 to 30 June 2015, ACPL business interests provided Council with cumulative net income of \$18.7m.

The business interests highlights for 2014/15 are:

- ACPL achieved net income of \$7.2m for the year, \$4.8m in excess of the budgeted annual surplus of \$2.4m. The positive surplus variance is mainly a result of revenue received from the Greenmount Landfill that was not included in the original budget.

The Greenmount Landfill operating agreement with EnviroWaste Services Limited was successfully renegotiated and this resulted in additional revenue being received during the year. EnviroWaste also applied for an extension of the resource consent for the managed fill which covers the period up to the end of December 2015. This will contribute extra revenue to ACPL in the new financial year.

Property Asset Development

The Property Asset and Development team carries out three property portfolio functions: -

Property Portfolio Opportunity Identification and Enablement

The team drives the identification of opportunities from within the Council Group property portfolio that deliver improved strategic outcomes consistent with the Auckland Plan objectives, optimise service delivery and reduce capital and operational costs.

The team also ensures that such opportunities are enabled through the alignment of Council Group processes, planning, budgets & activities and appropriate master planning.

Property Portfolio Optimisation

The team is currently working with the wider Council group to formulate appropriate governance structures, business rules, processes and coordinated approaches for the identification, processing, enabling and realising of optimisation opportunities that exist within the existing Council Group service portfolio.

These are opportunities to rationalise, amalgamate, co-locate and further intensify the complementary use of service properties that deliver planned and funded service activity. As well as generating uncharted revenue, this initiative will contribute to improving existing levels of service, deliver operational savings and capture wider benefits from the service portfolio such as housing, intensification, commercial value and/or urban regeneration outcomes within a constrained funding environment.

Property Portfolio Review, Rationalisation and Clearance

ACPL's portfolio review team manages the process of the review of properties identified as development/optimisation/realisation opportunities and evaluates whether a property is still required for current or future Council services or projects and if the property is suitable for development/disposal.

ACPL then takes the property through a multi stage rationalisation process that includes engagement and consultation with stakeholders, Local Boards and Maori and the identification and processing of statutory procedures to enable the property to be developed/sold. Finally, a recommendation for the property's disposal will be presented to Council's Finance and Performance committee for approval to develop/sell.

Progress on medium term outcomes

During the period 1 November 2010 to 30 June 2015, ACPL has recommended to Council \$233m worth of properties to consider and approve for disposal.

The key Property Asset and Development highlights for 2014/15 include:

Identification & Enablement:

- Approval by Council to the establishment of a partnership model to deliver older adult accommodation in Auckland that will access government subsidies, improve service delivery, enhance the supply of housing and further deliver on a range of Auckland Plan and ACPL SOI objectives.

Optimisation:

- ACPL is facilitating and developing the optimisation framework and leading an optimisation and asset sales programme through a cross-council project to coordinate, execute and forecast asset sales and optimisation activity.
- Within this framework ACPL is leading and implementing a number of optimisation pilots for Council's service property at service property locations across the region. The objectives of the pilots are to demonstrate that the optimisation initiative will release latent property values, improve levels of service from service property and ultimately facilitate, enhance and speed up housing and town centre development activity. A total of 10 optimisation pilots are currently underway.

Review, Rationalisation and Clearance:

- ACPL has significantly exceeded its 2014/15 year target of recommending \$30m worth of property to Council for approval to dispose. During the financial year the total value of properties approved for sale was \$69m.

Property Acquisitions

ACPL carries out property acquisitions for the Council and Auckland Transport. ACPL is required to acquire properties based on independent valuation advice and in accordance with programme or service requirements. These acquisitions assist the Council and Auckland Transport to achieve their projects, service or other strategic requirements on the best commercial terms that can be achieved. In the case of acquisitions under the Public Works Act, ACPL is required to negotiate and pay fair market value compensation to the vendors.

Property acquisition activity is largely focused on the support of transport, open space and community projects and is in the main carried out within the Public Works Act framework.

Progress on medium term outcomes

During the period 1 November 2010 to 30 June 2015, ACPL acquired 899 properties, at the value of \$457.4m for Council and Auckland Transport. These acquisitions met valuation and legal requirements.

The key property acquisition highlights for 2014/15 include:

- A total of 123 purchases at a cost of \$101m were completed. Negotiations were in hand on a further 132 acquisitions at 30 June 2015. Of the total acquisitions for the year:
 - 95 properties were acquired to meet Auckland Transport requirements. The major focus was on acquisitions to support major transport projects such as AMETI (22 acquisitions), Redoubt Road/Mill Road corridor upgrade (6 acquisitions) and City Rail Link (30 acquisitions).
 - 28 properties were acquired to meet Council open space, storm water, accommodation and heritage requirements.

- In aggregate, properties were purchased within the valuation threshold agreed with Auckland Council and Auckland Transport.
- **Precinct Properties development agreement**
ACPL, in conjunction with AT and AC, negotiated a development agreement with Precinct Properties for the construction of the CRL tunnels through the Downtown Shopping Centre site. This also enables a redevelopment of the site into a new retail centre and a high quality office building.
- **Land purchase at South Head, Kaipara**
ACPL have completed the purchase of a 78 hectare property on South Head Road for the regional park network to provide for current and future recreation areas for Auckland.

Property Disposals

Property disposals take place when the Council confirms that it no longer requires a property for a service or infrastructure purpose. ACPL works closely with Council to identify and make recommendations on properties suitable for disposal. All disposals must be approved by the Finance and Performance Committee, after a recommendation by the Board of ACPL.

Progress on medium term outcomes

During the period 1 November 2010 to 30 June 2015, ACPL have sold \$112m worth of properties to date. Properties disposed were within agreed valuation thresholds.

The key Property Disposal highlights for 2014/15 include:

The target to unconditionally sell \$30m worth of properties by June 2015 was exceeded.

During the 2014/15 financial year, 36 properties with an aggregate value of \$50.6m were sold unconditionally by ACPL. They include \$34m worth of properties sold by the disposal team and \$16.6m from development projects.

Commercial Perspective

One of ACPL's key roles is to provide input to relevant Council planning strategies and to assist with commercial advice on appropriate Council planning regimes for particular precincts or town centres. A significant focus has been on the Unitary Plan which is key to the creation of a quality compact city. ACPL has provided practical feedback to the Council on some of the Unitary Plan proposals. ACPL also provided feedback on specific properties contained within ACPL's portfolio and Council projects.

Progress on medium term outcomes

ACPL's medium term outcome for the commercial advice activity is to provide a commercial perspective on planning and development initiatives to support effective implementation of those initiatives.

Since establishment, ACPL has provided input into key Council planning documents such as the Auckland Plan, City Centre Master Plan and Unitary Plan. ACPL has also provided commercial advice on a number of specific projects and acquisitions, including advice to Auckland Council Committees.

ACPL has substantially met its 2014/15 end of year survey on overall satisfaction with the commercial advice provided to Council during the year. ACPL achieved a 69% satisfaction result against a target of 75%.

Some of the key projects and commercial advice provided during the 2014/15 financial year include:

- **Three Kings Quarry land exchange**

ACPL coordinated discussions between the Council and Fletcher as owner of the Three Kings quarry regarding a possible exchange of Council and Crown reserve land. This exchange would give Fletcher the ability to develop the quarry for residential use and create a more attractive environment.

- **Civic Administration Building (Aotea precinct)**

ACPL has been exploring options to inform council decision making on the future of the Civic Administration building and contribution to a wider quarter plan for the Aotea precinct.

- **Tamaki Regeneration**

The Crown and Auckland Council are joint shareholders in the Tamaki Redevelopment Company. The successful regeneration of the Tamaki area is a key strategic priority for the Council and the government. ACPL has assumed responsibility for leading at a Council family organisational level, the relationship with Tamaki Redevelopment Company.

Business Results – Summary Financial Information

The audited financial statements for ACPL do not include revenue and expenses for activities managed on behalf of Auckland Council and Auckland Transport. These activities cover Property Portfolio, Business Interests and Property Development. A summary of the financial performance of ACPL's activities for the 12 months to 30 June 2015 is detailed for information purposes showing financial performance by activity.

Financial Performance 2014-2015

| | Property Portfolio \$000 | Business Interests \$000 | Property Development \$000 | Acquisitions & Disposals \$000 | ACPL Operations \$000 | Total \$000 |
|-------------------------------------|--------------------------------|--------------------------------|----------------------------------|--------------------------------------|-----------------------------|----------------|
| Operating Revenue | 42,646 | 8,358 | 857 | 2,904 | 7,484 | 62,249 |
| Operating Expenditure | | | | | | - |
| Direct Expenditure | 10,769 | 1,136 | 225 | - | 4049* | 16,179 |
| Related Expenditure | 2,124 | | 1,073 | 3,547 | | 6,744 |
| Actual Net Surplus (Deficit) | 29,753 | 7,222 | (441) | (643) | 3,435 | 39,326 |
| Budget | 23,003 | 2,397 | (811) | (289) | 3,252 | 27,552 |
| Variance between Actual & Budget | 6,750 | 4,825 | 370 | (354) | 183 | 11,774 |

* These relate to the remaining direct costs which are not allocated to business activities.

Assets and Liabilities as at 30 June 2015

| | Property Portfolio \$'000 | Business Interests \$'000 | Property Development \$'000 | ACPL Operations \$'000 | Total June 15 \$'000 |
|-------------------------------|---------------------------------|---------------------------------|-----------------------------------|------------------------------|----------------------------|
| Assets | | | | | |
| Property | 988,484 | 27,150 | 115,018 | | 1,130,652 |
| Bank | - | - | - | 265 | 265 |
| Debtors and other receivables | 909 | 2,742 | 250 | 814 | 4,715 |
| Total assets | 989,393 | 29,892 | 115,268 | 1,079 | 1,135,632 |
| Liabilities | | | | | |
| Creditors and other payables | 3,894 | 38 | 1,735 | 593 | 6,260 |
| Other current liabilities | - | - | - | 382 | 382 |
| Non current liabilities | - | - | - | 228 | 228 |
| Total Liabilities | 3,894 | 38 | 1,735 | 1,203 | 6,870 |
| Net Assets | 985,499 | 29,854 | 113,533 | (124) | 1,128,762 |

Net assets for all activities totalled \$1,129m (2014 \$1,048m) which is made up primarily of assets managed on behalf of the Auckland Council group.

Governance and Management

The Board and management of ACPL are committed to ensuring that the company applies best practice governance policies and procedures.

Background

Auckland Council Property Limited (ACPL) is a limited liability company registered under the Companies Act 1993 which governs the conduct of companies in New Zealand. ACPL was incorporated on 21 September 2010. The Local Government Acts of 1973 and 2002 define the role and duties of local government organisations in New Zealand and contain specific provisions for ACPL. The company is defined as a “council controlled organisation” for which voting rights to appoint directors are controlled by the shareholding council.

Board of Directors

Responsibilities

Subject to ACPL’s constitution, the Board is responsible for the proper direction and supervision of ACPL’s activities.

The Board is appointed by the shareholder to govern ACPL in accordance with the statutory obligations and with the Statement of Intent agreed annually with the shareholder. The Board is ultimately responsible for all decision making within the company. Operational responsibility is delegated to the Chief Executive by way of a formal delegated authority framework.

Board Membership and Composition

The Board comprises seven independent, non-executive directors. Directors, including the Chairman, are appointed by the shareholder. Board appointments are for a term of three years in accordance with the company’s constitution. Retiring directors are eligible for reappointment at the discretion of the shareholder.

Board Remuneration

The Board remuneration is determined by its sole shareholder, Auckland Council.

Board Meetings

ACPL’s Board has a minimum of 10 scheduled meetings per year. During the 12 months to 30 June 2015 the Board met 10 times.

Audit and Risk Committee

The objective of the Audit and Risk Committee is to provide independent assurance and assistance to the Board on Auckland Council Property Limited’s risk, control and compliance framework, and its external accountability responsibilities. The Committee consists of four Board members appointed by the Board. The Board appoints the Chairperson of the Committee. Committee membership is reviewed annually and the Committee met 4 times during the year.

Conduct for staff

ACPL demands the highest standards of behaviour from its staff. All policies governing the conduct of staff are published on the Auckland Council intranet.

Ownership

ACPL is a wholly owned subsidiary of Auckland Council.

Statement of Service Performance

Statement of Service Performance

ACPL's vision is to "to create value from property assets". ACPL provides commercial expertise and value for money to the Council in managing its property portfolio, acquisition and disposal activities, and the delivery of projects that implement Council development initiatives. To achieve this, ACPL has developed the following strategic goals or objectives to drive the strategic direction. These are:

- Facilitate urban regeneration projects, particularly in and around town centres with scale and where possible can involve other sector partners to help achieve a quality compact Auckland.
- Contributes to a quality built environment through robust and good urban design with appropriate amenities and where practical integrates with public transport.
- Contributes housing developments to increase the supply of housing in Auckland, particularly in the more affordable spectrum of the market, working with partners.
- In partnership with Council businesses assists in driving improved commercial and strategic value from property assets.
- Managed properties are maintained to be fit for purpose and achieve optimum net returns for Council and Auckland Transport.
- Protect long term value and achieve budgeted net income from Council business interests.
- Acquire properties in accordance with the Public Works Act or on a commercially robust basis as applicable.
- Dispose Council properties in a commercially robust manner having been cleared for sale.
- Provide Council with a commercial perspective on planning and development initiatives to support effective implementation of those initiatives.

Criteria for Performance Measures

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

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

The following table outlines the measures and targets ACPL uses to assess the contribution it makes to its outcomes and impacts and the cost effectiveness of what it delivers.

| The impact ACPL seeks to achieve | What we will do to achieve the ACPL outcome (The outputs) | 2014-2015 Performance Targets | Performance measures | ACPL achievement of performance measures/targets as at 30 June 2015 (12 months) | ACPL achievement of performance measures/targets as at 30 June 2014 (12 months) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|---|--|---|---|---------|---------|---------|----------|------|----------|------|---------|-------------|------|------|------------|------|------|--------------------------------|------|-------------------------------------|--|---------|---------|---------|---------|----------|------|----------|------|--------|-------------|-------|------|------------|------|------|--------------------------------|------|-------------------------------------|
| 1. Properties managed for Council and Auckland Transport are maintained to be fit for purpose and achieve optimum net returns. | 1.1 An optimal return is achieved on property in the portfolio managed by ACPL. | <p>The gross rental income shows improvement against the income two years prior.</p> <p>The % movement in gross rental income over the two year period achieves the % movement in the market on similar properties.</p> | Improvement in gross rental income on those properties that are available for rent and have been continuously held in the portfolio for at least two years prior to the end of the reporting period. | <p>Met target</p> <p>1. Gross rental income</p> <table border="1"> <tr> <td>2012/13</td> <td>\$23.8m</td> </tr> <tr> <td>2014/15</td> <td>\$25.3m</td> </tr> <tr> <td>Increase</td> <td>6.2%</td> </tr> </table> <p>Met target</p> <p>2. Comparison to market</p> <table border="1"> <thead> <tr> <th>Category</th> <th>ACPL</th> <th>Market*</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>9.2%</td> <td>7.3%</td> </tr> <tr> <td>Commercial</td> <td>8.5%</td> <td>4.0%</td> </tr> <tr> <td>Commercial use of Council land</td> <td>2.2%</td> <td>No market equivalent data available</td> </tr> </tbody> </table> <p>*Note: The Ministry of Business, Innovation and Employment is the most appropriate source of comparative market data for ACPL's residential properties.</p> <p>The commercial market comparison rate of 4% is not an exact match as there is no direct comparison for the mix of properties managed in ACPL's portfolio; however the best available comparable data has been used.</p> <p>Council land is unique in nature as it has different designations or uses that are not available to the private sectors. As a result, there is no market equivalent data available. For example; reserve land, parking, camping ground and lease of airspace.</p> | 2012/13 | \$23.8m | 2014/15 | \$25.3m | Increase | 6.2% | Category | ACPL | Market* | Residential | 9.2% | 7.3% | Commercial | 8.5% | 4.0% | Commercial use of Council land | 2.2% | No market equivalent data available | <p>Met target</p> <p>1. Gross rental income</p> <table border="1"> <tr> <td>2011/12</td> <td>\$21.6m</td> </tr> <tr> <td>2013/14</td> <td>\$22.5m</td> </tr> <tr> <td>Increase</td> <td>4.4%</td> </tr> </table> <p>Met target</p> <p>2. Comparison to market</p> <table border="1"> <thead> <tr> <th>Category</th> <th>ACPL</th> <th>Market</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>13.2%</td> <td>7.3%</td> </tr> <tr> <td>Commercial</td> <td>2.8%</td> <td>2.2%</td> </tr> <tr> <td>Commercial use of Council land</td> <td>1.9%</td> <td>No market equivalent data available</td> </tr> </tbody> </table> | 2011/12 | \$21.6m | 2013/14 | \$22.5m | Increase | 4.4% | Category | ACPL | Market | Residential | 13.2% | 7.3% | Commercial | 2.8% | 2.2% | Commercial use of Council land | 1.9% | No market equivalent data available |
| | 2012/13 | \$23.8m | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2014/15 | \$25.3m | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Increase | 6.2% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Category | ACPL | Market* | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Residential | 9.2% | 7.3% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Commercial | 8.5% | 4.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Commercial use of Council land | 2.2% | No market equivalent data available | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2011/12 | \$21.6m | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2013/14 | \$22.5m | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Increase | 4.4% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Category | ACPL | Market | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Residential | 13.2% | 7.3% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Commercial | 2.8% | 2.2% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Commercial use of Council land | 1.9% | No market equivalent data available | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1.2 Net surplus on the property portfolio achieves budgets agreed with Council. | Net surplus achieves budget. | The net surplus on the property portfolio achieves the annual budget agreed with Council. | <p>Met target</p> <p>Net surplus on the property portfolio was \$6.8m ahead of budget (actual surplus of \$29.8m against budget of \$23m).</p> | <p>Met target</p> <p>Net surplus on the property portfolio was \$1.9m ahead of budget (actual surplus of \$25.4m against budget of \$23.5m).</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| The impact ACPL seeks to achieve | What we will do to achieve the ACPL outcome (The outputs) | 2014-2015 Performance Targets | Performance measures | ACPL achievement of performance measures/targets as at 30 June 2015 (12 months) | ACPL achievement of performance measures/targets as at 30 June 2014 (12 months) |
|--|---|--|---|--|---|
| 1. (cont.) Properties managed for Council and Auckland Transport are maintained to be fit for purpose and achieve optimum net returns. | 1.3 Return on investment (ROI) on commercial properties on a like for like basis. | Greater than or equal to 4% | Maintain or improve the baseline established at the end of the 2012/13 financial year. ROI on commercial properties on a like for like basis | Substantially met target The ROI calculated on this year's property valuation on a like for like basis is 2.5% against the 2.7% baseline established in 2012/13*. Property values increased significantly in the last year affecting the final ROI result. | Met target Improved ROI percentage. The baseline has been established as 2.7% per the 2012/13 results. The current year's ROI on a 'like for like' basis is 2.9%. |
| | | Greater than or equal to \$21.1m | Net surplus from property portfolio on a like for like basis. | Met target The current year's net surplus on a like for like basis is \$17.3m compared to \$15m net surplus for the same properties at the end of June 2013. <small>* Note: The ROI baseline was set in 2012/13 as part of Auckland Council's Annual Report at 4%. This was calculated as gross rental revenue divided by rating valuation. The baseline was established in 2014 as net rental revenue divided by rating valuation, resulting in the 2.7% baseline comparative.</small> | |
| | 1.4 Rents are collected and arrears effectively managed. | The average of monthly % arrears for the year is 5% maximum. | The average of the % arrears at each month end for the reporting period. | Met target The average monthly collectable arrears for the financial period is 1.5% and is under target threshold. | Met target The average monthly collectable arrears for the financial period is 2.1% and is under target threshold. |
| 1.5 Minimal vacancy rates. | The average of monthly % vacancies for the year is 5% maximum. | For those properties available for rent: The rolling average over | Met target The average monthly vacancy rate for the year is 1.6%. | Met target 2.4% vacancy rate | |

| The impact ACPL seeks to achieve | What we will do to achieve the ACPL outcome (The outputs) | 2014-2015 Performance Targets | Performance measures | ACPL achievement of performance measures/targets as at 30 June 2015 (12 months) | ACPL achievement of performance measures/targets as at 30 June 2014 (12 months) |
|----------------------------------|---|--|---|---|---|
| | | | a 12 month period, of % vacancies at each month end. | | |
| | 1.6 An asset management plan for each property, having regard to its projected exit from the portfolio. | All properties in the portfolio have an asset management plan The asset management plan for each property is being followed | A written asset management plan has been prepared for each property in the portfolio. The asset management plan for each property is being followed. | Substantially met target All properties in the portfolio have appropriate asset management plans and these plans have been followed during the year. These plans have been substantially completed. | Met target All properties in the portfolio have appropriate asset management plans. |
| | 1.7 Leased commercial buildings meet Building Act requirements | 90% of all rentable properties that require a building warrant of fitness will have a current BWOFF. | All rentable properties in the portfolio that require a building warrant of fitness will have a current BWOFF. | Met target 97% of all rentable properties that require a building warrant of fitness have a current BWOFF. | (New measure) |

| The impact ACPL seeks to achieve | What we will do to achieve the ACPL outcome (The outputs) | 2014-2015 Performance Targets | Performance measures | ACPL achievement of performance measures/targets as at 30 June 2015 (12 months) | ACPL achievement of performance measures/targets as at 30 June 2014 (12 months) |
|--|---|--|--|--|---|
| 1. (cont.) Properties managed for Council and Auckland Transport are maintained to be fit for purpose and achieve optimum net returns. | 1.8 Properties in the portfolio are periodically reviewed to identify any properties that are no longer required to be held for service purposes. | A list of recommended properties totalling \$30 million gross value will be submitted to Council seeking approval to dispose for 2014/15 financial period. | <p>Stakeholder input is obtained prior to Council Committee approval for disposal being sought.</p> <p>List of properties recommended for disposal submitted to Council Committee for approval to dispose.</p> <p>The disposal target for the next financial period will be agreed with Council in the current financial period.</p> | <p>Met target</p> <p>ACPL recommended a total of \$69m worth of properties to Council seeking approval to dispose for the 2014/15 financial period. The target of \$30m has been exceeded.</p> | <p>Met target</p> <p>The value of recommended properties submitted to Council by December 2013 exceeded the target of \$100m.</p> <p>An additional recommended properties target of \$12.3m was agreed with Council for the period January 2014 to June 2014. Properties recommended for sale totalling \$14.5 million were submitted to Council for this period.</p> <p>Unconditional property sales of \$19.1m were achieved against the unconditional sales target of \$20.4m agreed with Council for the period January 2014 to June 2014.</p> <p>Two targets for the 2014/15 SOI were set in March 2014. These include a target of \$30m properties recommended to Council for disposal and an unconditional sales target of \$30m.</p> |
| | | Input has been sought and considered for all properties recommended for disposal. | Clear record of input from relevant Local Boards, Iwi, Council Departments and CCO's, being sought and responses being considered. | <p>Met target</p> <p>All properties recommended to Council by the end of the financial period have gone through the property rationalisation and clearance process and have clear record of input from relevant stakeholders.</p> | <p>Met target</p> <p>All properties recommended to Council by the end of the financial period have gone through the property rationalisation and clearance process and have clear record of input from relevant stakeholders.</p> |

| The impact ACPL seeks to achieve | What we will do to achieve the ACPL outcome (The outputs) | 2014-2015 Performance Targets | Performance measures | ACPL achievement of performance measures/targets as at 30 June 2015 (12 months) | ACPL achievement of performance measures/targets as at 30 June 2014 (12 months) |
|----------------------------------|---|--|---|---|---|
| | | <p>Reviews completed and findings are shared with Auckland Transport and Auckland Council.</p> | <p>Independent review of performance against Service Level Agreement key targets as part of continuous improvement.</p> | <p>Met target</p> <p>An independent review was carried out on performance against SLA key targets and the findings of the review were shared with Auckland Transport and Auckland Council.</p> | <p>(New measure)</p> |

| The impact ACPL seeks to achieve | What we will do to achieve the ACPL outcome (The outputs) | 2014-2015 Performance Targets | Performance measures | ACPL achievement of performance measures/targets as at 30 June 2015 (12 months) | ACPL achievement of performance measures/targets as at 30 June 2014 (12 months) |
|--|---|--|--|---|--|
| <p>2. Place shaping projects involving other sector partners are effectively planned and managed to help achieve a quality compact Auckland.</p> | <p>2.1 Place shaping opportunities are assessed for commercial viability, possible business cases and possible use of the Council's Strategic Development Fund.</p> | <p>At least 6 opportunities identified and assessed.</p> | <p>Written evidence that opportunities have been identified and assessed, to be progressed or not.</p> | <p>Met target Eleven opportunities have been identified during the year and are at different stages of assessment. The target of 6 opportunities has been exceeded.</p> | <p>Met target 12 Place shaping opportunities have been identified and are at different stages of assessment.</p> <p>Of the 12 identified:</p> <ul style="list-style-type: none"> • 3 opportunities are to be progressed • 3 opportunities will not be progressed • 1 opportunity will progress if site is available for purchase • 1 opportunity will be further assessed on financial feasibility • 2 opportunities will progress to expression of interest. • 2 opportunities have been identified to be assessed. |

| The impact ACPL seeks to achieve | What we will do to achieve the ACPL outcome (The outputs) | 2014-2015 Performance Targets | Performance measures | ACPL achievement of performance measures/targets as at 30 June 2015 (12 months) | ACPL achievement of performance measures/targets as at 30 June 2014 (12 months) |
|--|--|--|---|--|--|
| <p>2. (cont.) Place shaping projects involving other sector partners are effectively planned and managed to help achieve a quality compact Auckland.</p> | <p>2.2 Place shaping projects are effectively managed.</p> | <p>Milestones deliverable in 2014/15 are completed in 2014/15.</p> | <p>The milestones in the project plan agreed with Council or the ACPL Board, as appropriate, are completed.</p> | <p>Annual target Partially met target</p> <p>Fifty Nine percent of place shaping project milestones deliverable in 2014/15 were met.</p> | <p>Met target</p> <p>Projects are tracking positively against milestones.</p> <p>The key milestones are:</p> <p>Ormiston Town Centre Milestones Completed</p> <ul style="list-style-type: none"> • Lodgment of Resource Consents for Stage 1 Blocks A, B and C • Stage 1A (Block C) declared unconditional – to be settled next financial year. <p>Papatoetoe Milestones Completed</p> <ul style="list-style-type: none"> • Unconditional Sale and settlement of 91 Cambridge Terrace • MOU for development of Tavern Lane • Unconditional sale of St George Street supermarket and adjoining site. • Refurbishment of retail block to be reviewed given the sale of the supermarket. • Demolition of Roller skating building – completed. |

| The impact ACPL seeks to achieve | What we will do to achieve the ACPL outcome (The outputs) | 2014-2015 Performance Targets | Performance measures | ACPL achievement of performance measures/targets as at 30 June 2015 (12 months) | ACPL achievement of performance measures/targets as at 30 June 2014 (12 months) |
|----------------------------------|---|---|--|--|---|
| | | | | | <p>Gasometer Site Takapuna</p> <p>ACPL has provided a period of exclusivity to Foodstuffs to allow them to prepare a proposal to ACPL for the development of the site. This work is on-going with Foodstuffs and internal stakeholders. (No capital budget)</p> <p>Hobsonville Milestones Completed</p> <ul style="list-style-type: none"> • Achieved Special Housing Area (SHA) designation. • Hobsonville master plan. • Launch Road construction. |
| | 2.3 Place shaping projects achieve the financial outturn in the business cases. | All projects completed this year achieve business case financial outturn. | At completion, the project achieves the financial outturn in the business cases. | <p>Annual target</p> <p>Target progressing</p> <p>There were no place shaping projects completed during this financial period.</p> | <p>Target progressing</p> <p>There were no place shaping projects completed during this financial period.</p> |

| The impact ACPL seeks to achieve | What we will do to achieve the ACPL outcome (The outputs) | 2014-2015 Performance Targets | Performance measures | ACPL achievement of performance measures/targets as at 30 June 2015 (12 months) | ACPL achievement of performance measures/targets as at 30 June 2014 (12 months) |
|--|---|---|--|--|--|
| <p>3. ACPL contributes exemplar housing developments to increase the supply of housing in Auckland, particularly in the more affordable spectrum of the market, working with partners.</p> | <p>3.1 Identification of housing development opportunities and scoping of projects including private and other sector partners, using surplus Council land, or Strategic Development Fund acquisitions.</p> | <p>By the end of the three year period ended 30 June 2017:</p> <ul style="list-style-type: none"> • Business cases to be prepared for seven housing development projects with an affordable housing component which will include private and other sector partners and may involve Strategic Development Fund acquisitions | <p>Business Cases or other agreements are submitted to Council for approval where appropriate, or approved by ACPL Board.</p> <p>The joint venture agreements are signed by the parties.</p> <p>The feasibility reports are shared with Council.</p> | <p>Three year target</p> <p>Target progressing</p> <p>To date ACPL has presented five business cases to the ACPL Board or Auckland Council for approval to use the Strategic Development Fund for housing development projects. This is against a three year target of seven housing development projects.</p> | <p>Three yearly target progressing</p> <p>On target</p> <p>The business case for use of the Strategic Development Fund for a housing project has been approved by ACPL Board and Auckland Council.</p> |

| The impact ACPL seeks to achieve | What we will do to achieve the ACPL outcome (The outputs) | 2014-2015 Performance Targets | Performance measures | ACPL achievement of performance measures/targets as at 30 June 2015 (12 months) | ACPL achievement of performance measures/targets as at 30 June 2014 (12 months) |
|--|---|---|----------------------|---|--|
| <p>3. (cont.) ACPL contributes exemplar housing developments to increase the supply of housing in Auckland, particularly in the more affordable spectrum of the market, working with partners.</p> | <p>3.1 (cont.) Identification of housing development opportunities and scoping of projects including private and other sector partners, using surplus Council land, or Strategic Development Fund acquisitions.</p> | <ul style="list-style-type: none"> • Five joint ventures/ agreements with third parties including community housing organisations to be entered into • Business cases to be prepared for at least three current Council Housing for the Elderly sites, to endeavour to achieve more intensive use of the sites for housing while retaining at least the current number of Council Housing for the Elderly units. • At least one Council owned site will be identified for exploration of | | <p>Three year target Target progressing</p> <p>To date ACPL has completed two joint venture agreements with third parties. This is against a three year target of five joint ventures agreements with third parties.</p> <p>Three year target Target progressing</p> <p>To date ACPL has completed two business cases for the intensive use of sites for Housing for the Elderly. This is against a three year target of at least three Housing for the Elderly sites.</p> <p>Three year target Met target</p> <p>To date ACPL has explored three possible joint developments with Housing New Zealand where it has</p> | <p>The target of three joint venture agreements is on track to be met.</p> <ul style="list-style-type: none"> • 91 Cambridge Terrace, Papatoetoe • 1 Trent Street, Avondale <p>One housing project with a place management component with a partner has been explored. This relates to 20 Barrowcliffe Place Manukau.</p> <p>This target is on track to be met.</p> <p>The target for a least two business cases for the intensive use of sites for Housing for the Elderly is on track to be met.</p> <ul style="list-style-type: none"> • Wilsher Village Henderson • Godley Road Green Bay. <p>The target of exploring possible joint developments with Housing New Zealand is on track to be met.</p> <p>Racecourse Parade Avondale.</p> |

| The impact ACPL seeks to achieve | What we will do to achieve the ACPL outcome (The outputs) | 2014-2015 Performance Targets | Performance measures | ACPL achievement of performance measures/targets as at 30 June 2015 (12 months) | ACPL achievement of performance measures/targets as at 30 June 2014 (12 months) |
|---|--|--|--|--|--|
| | | possible joint development with Housing New Zealand where it has adjoining land. | | adjoining land. This has exceeded the three year target of at least one Council owned site. | |
| 3. (cont.) ACPL contributes exemplar housing developments to increase the supply of housing in Auckland, particularly in the more affordable spectrum of the market, working with partners. | 3.2 Housing development projects are well planned and managed to completion. | Project milestones deliverable in 2014/15 are completed in 2014/15 | Project milestones in the project plan agreed with the ACPL Board are completed. | <p>Annual target</p> <p>Partially met target</p> <p>Sixty two percent of housing development project milestones deliverable in 2014/15 were met.</p> | <p>Met target</p> <p>The target of delivering on housing project milestones is on track to be met.</p> <p>These are:</p> <ul style="list-style-type: none"> • 91 Cambridge Terrace, Papatoetoe • 1 Trent Street, Avondale • Memorandum of Understanding (MOU) for development of Tavern Lane • One Housing for the Elderly project - Wilsher Village Henderson. |
| | 3.3 Housing development projects achieve the financial outturns in the business cases. | All projects completed this year achieve business case financial outturn. | On completion, the project achieves the financial outturn in the business cases. | <p>Annual target</p> <p>Target progressing</p> <p>There were no housing development projects completed during this financial period.</p> | <p>Target progressing</p> <p>There were no housing development projects completed during this financial period.</p> |

| The impact ACPL seeks to achieve | What we will do to achieve the ACPL outcome (The outputs) | 2014-2015 Performance Targets | Performance measures | ACPL achievement of performance measures/targets as at 30 June 2015 (12 months) | ACPL achievement of performance measures/targets as at 30 June 2014 (12 months) |
|--|--|--|---|--|--|
| 4. Council business interests are managed to protect long term value and achieve budgeted net return. | 4.1 Net income on Council business interests managed by ACPL achieves budget. | Net income achieves budget. | The net income on the portfolio of business interests achieves budget. | Met target The total operating surplus for the year of \$7.2m was \$4.8m in excess of the budgeted annual surplus of \$2.4m. | Met target The total operating surplus for the year of \$3.25m was \$740,000 in excess of the budgeted annual surplus of \$2.51m. |
| | 4.2 Council Business Interests are managed to protect long term value and achieve budgeted net income. | All business interests have a business plan The business plan for each business interest is being followed. | A written business plan has been prepared for the management of each business interest. Written evidence that the business interest is being managed in accordance with the business plan. | Met target All business interests have appropriate written business plans. | Met target All business interests have appropriate written business plans. |
| 5. Properties are acquired for Council and Auckland Transport in a commercially robust and legally compliant manner. | 5.1 A property acquisition price that is informed by independent valuation. | The variance between acquisition price and independent valuation is within agreed tolerance limits. | The variance between the sum of acquisition prices of all properties purchased during the financial year and the sum of independent valuations for those properties is within the tolerance limit | Met target The aggregate cost of acquisitions was 0.33% less than the sum of independent valuations for those properties. ACPL was responsible for 123 acquisitions with a total value of \$101m during the financial year. Of this total, ACPL had 80 acquisitions to the value of \$49m which was used to calculate the target. | Met target The aggregate cost of acquisitions was 1% less than the sum of independent valuations for those properties. ACPL has acquired a total of 207 properties at a value of \$132.4m in this financial year. All of these properties were purchased in line with the agreed briefs and within the agreed programmes and budgets. |

| The impact ACPL seeks to achieve | What we will do to achieve the ACPL outcome (The outputs) | 2014-2015 Performance Targets | Performance measures | ACPL achievement of performance measures/targets as at 30 June 2015 (12 months) | ACPL achievement of performance measures/targets as at 30 June 2014 (12 months) |
|--|--|---|--|---|---|
| | | | established with Council or Auckland Transport, as appropriate, prior to the beginning of the year. | The balance is made up of acquisitions, where Auckland Transport carried out the negotiations. | |
| 5. (cont.) Properties are acquired for Council and Auckland Transport in a commercially robust and legally compliant manner. | 5.2 The acquisition of properties comply with the Public Works Act 1981. | All acquisitions made during the year comply with the Public Works Act 1981 | Written evidence that a check has been performed to ensure the property acquisition and associated process complies with the Public Works Act 1981 and that any issues arising from that check were resolved prior to the property being acquired. | Met target All acquisitions made during the financial period complied with Public Works Act 1981. | Met target All acquisitions made during the financial period complied with Public Works Act 1981. |

| The impact ACPL seeks to achieve | What we will do to achieve the ACPL outcome (The outputs) | 2014-2015 Performance Targets | Performance measures | ACPL achievement of performance measures/targets as at 30 June 2015 (12 months) | ACPL achievement of performance measures/targets as at 30 June 2014 (12 months) |
|---|--|--|---|---|--|
| <p>5. (cont.) Properties are acquired for Council and Auckland Transport in a commercially robust and legally compliant manner.</p> | <p>5.3 Council and Auckland Transport is kept informed of progress on their respective acquisition programmes.</p> | <p>Reports meet SLA quality requirements and review findings are shared with Auckland Transport and Auckland Council</p> | <p>Independent review of written reports against requirements in the Service Level Agreements.</p> | <p>Met target</p> <p>An independent review was carried out against SLA requirements. The review concluded that ACPL met the target with regards to the completeness and accuracy of information provided in monthly reports to Auckland Council. The findings of the review were shared with Auckland Council.</p> <p><i>(Note: The Auckland Transport SLA was not included in the review as it was not agreed during the year).</i></p> | <p>Substantially met target</p> <p>For each of Council and Auckland Transport, the monthly status reports have substantially met target. However there were instances where full compliance could not be clearly demonstrated.</p> <p>The absence of clearly defined terminology in respect of "accuracy" has contributed to instances where full compliance could not be demonstrated. Terminology will be further defined for future reporting.</p> |
| | <p>5.4 The provision of input advice to Council, and other stakeholders as agreed with Council, to proactively anticipate future Council property requirements resulting from Auckland's growth, and determine the optimum acquisition</p> | <p>ACPL has engaged with Council and participated in developing such acquisition strategies.</p> | <p>Written evidence of engagement with Council in assessing the Unitary Plan future urban growth impacts on Council property needs, and participation in development of acquisition strategies focused on future growth</p> | <p>Met target</p> <p>ACPL have been participating and providing input into the Future Urban Land Supply Release Strategy, this has included input on market attractiveness, and property acquisition strategy for public works.</p> <p>Based on the draft strategy, ACPL are assisting the Parks department with additional research to support a possible future acquisition plan</p> | <p>Met target</p> <p>ACPL have been involved in a pilot project exploring potential long term acquisition targets for open space use.</p> <p>ACPL are involved in the 'Land Release Strategy Project Steering Committee' to assist in directing future urban land release and including land acquisitions strategy at the earliest stage.</p> |

| The impact ACPL seeks to achieve | What we will do to achieve the ACPL outcome (The outputs) | 2014-2015 Performance Targets | Performance measures | ACPL achievement of performance measures/targets as at 30 June 2015 (12 months) | ACPL achievement of performance measures/targets as at 30 June 2014 (12 months) |
|--|---|---|---|--|--|
| | timing. | | needs. | to acquire land in advance of plan changes and rezoning. | |
| 6. Properties are disposed of for Council in a commercially robust manner once declared surplus. | 6.1 A property disposal value that is informed by independent valuation. | All property disposal prices achieve at least the independent valuation. | For each property disposal the disposal price is either at or above agreed independent valuation. | Met target For each of the 36 properties sold unconditionally during the financial period for a total value of \$50.6m, they were at or above agreed independent valuation. | Met target For each of the 24 properties sold unconditionally during the financial period for a total value of \$19.1m, they were at or above agreed independent valuation. |
| | 6.2 The disposal of properties no longer required for public works complies with the Public Works Act 1981. | The property disposal complies with the Public Works Act 1981 | Written evidence that a check has been performed to ensure the property disposal and associated process complies with the Public Works Act 1981 and that any issues arising from that check are resolved prior to the property being disposed of. | Met target All property disposals made during the year complied with Public Works Act 1981. Rationalisation reports detailing the disposal process to comply with the Public Works Act 1981 have been completed for each council approved property disposal. | Met target All property disposals made during the year complied with Public Works Act 1981. Rationalisation reports detailing the disposal process to comply with the Public Works Act 1981 have been completed for each council approved property disposal. |
| | 6.3 Dispose properties approved for sale by Auckland Council. | Meet or exceed financial forecasts Actual property disposal target of \$30 million net | Achieve total forecast actual net sales for the financial year. | Met target ACPL achieved actual net sales of \$48.3m for the financial year. The target of \$30m has been exceeded. | (New measure) |

| The impact ACPL seeks to achieve | What we will do to achieve the ACPL outcome (The outputs) | 2014-2015 Performance Targets | Performance measures | ACPL achievement of performance measures/targets as at 30 June 2015 (12 months) | ACPL achievement of performance measures/targets as at 30 June 2014 (12 months) |
|---|--|---|--|--|--|
| <p>6. (cont.) Properties are disposed of for Council in a commercially robust manner once declared surplus.</p> | <p>6.4 For properties scheduled for disposal, value add opportunities are identified, assessed and actioned, where approved, to enhance sale price.</p> | <p>value of unconditional sales for 2014/15 financial period.</p> <p>A review has been conducted, and opportunities have been actioned.</p> | <p>For all properties disposed of during the year, a written review has been performed of value-add opportunities and evidence shows opportunities that have been approved have been actioned.</p> | <p>Met target</p> <p>For each council approved property disposal a value-add analysis has been completed. The value added opportunities are recorded in ACPL documentation and reports to Manager Acquisitions and Disposals.</p> | <p>Met target</p> <p>For each council approved property disposal a value-add analysis has been completed. The value added opportunities are recorded in ACPL documentation and reports to Manager Acquisitions and Disposals.</p> |
| <p>7. Council is provided with a commercial perspective on planning and development initiatives to support effective implementation of those initiatives.</p> | <p>7.1 Provision of input/advice on planning strategies and plans to maximise the prospect of those plans working with market forces, and helping enable results being achieved.</p> | <p>The level of Council satisfaction is at least 75%.</p> | <p>End of year survey to Council on whether or not they consider ACPL input/advice offered to be valid and useful.</p> | <p>Substantially met target</p> <p>ACPL achieved a 69% level of stakeholder satisfaction on quality of commercial advice against a target of 75%.</p> | <p>Partially met target</p> <p>50% of survey respondents were satisfied or very satisfied with the commercial advice, 40% of respondents were neither satisfied nor dissatisfied and 10% were dissatisfied with the commercial advice provided by ACPL.</p> |

Financial Statements



Financial Statements

Statement of Comprehensive Income For the year ended 30 June 2015

| | Notes | Actual 30 June 2015 \$000 | Budget 30 June 2015 \$000 | Actual 30 June 2014 \$000 |
|---|-------|---------------------------------|---------------------------------|---------------------------------|
| Income | | | | |
| Funding revenue | 18 | 7,484 | 7,504 | 7,027 |
| Interest income | | - | - | - |
| Other revenue | 18 | 4,191 | 4,482 | 4,322 |
| Total income | | 11,675 | 11,986 | 11,349 |
| Expenditure | | | | |
| Personnel costs | 4 | 5,987 | 6,035 | 4,441 |
| Other expenditure | 5 | 5,688 | 5,950 | 6,908 |
| Total expenditure | | 11,675 | 11,986 | 11,349 |
| Profit / (Loss) before taxation | | - | - | - |
| Income tax (expense) /credit | 6 | - | - | - |
| Profit / (Loss) for the year attributable to the owners of the Company | | - | - | - |
| Other comprehensive income | | - | - | - |
| Total comprehensive income attributable to the owners of the Company | | - | - | - |

Explanations of major variances against budget are provided in note 21.

The accompanying notes form part of these financial statements.

Statement of Changes in Equity For the year ended 30 June 2015

| | | Actual 30 June 2015 \$000 | Budget 30 June 2015 \$000 | Actual 30 June 2014 \$000 |
|---|------|--|--|--|
| | Note | | | |
| Balance at 1 July | | (124) | (124) | (124) |
| Profit / (loss) for the year | | - | - | - |
| Other comprehensive income | | - | - | - |
| Total comprehensive income for the year | | - | - | - |
| Balance at 30 June | 14 | (124) | (124) | (124) |

Explanations of major variances against budget are provided in note 21.

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2015

| | Notes | Actual 30 June 2015 \$000 | Budget 30 June 2015 \$000 | Actual 30 June 2014 \$000 |
|--|-------|---------------------------------|---------------------------------|---------------------------------|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 8 | 265 | 149 | 80 |
| Debtors, work in progress and other receivab | 9 | 814 | 626 | 1,094 |
| Total current assets | | 1,079 | 775 | 1,174 |
| Non - current assets | | | | |
| Deferred tax asset | 7 | - | - | - |
| Property, plant and equipment | 10 | - | - | - |
| Total assets | | 1,079 | 775 | 1,174 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Creditors and other payables | 11 | 593 | 464 | 735 |
| Employee entitlements | 12 | 382 | 207 | 335 |
| Total current liabilities | | 975 | 671 | 1,070 |
| Non - current liabilities | | | | |
| Amounts due to related party | 18 | 228 | 228 | 228 |
| Total liabilities | | 1,203 | 899 | 1,298 |
| Net assets | | (124) | (124) | (124) |
| EQUITY | | | | |
| Contributed equity | 14 | 41 | 41 | 41 |
| Accumulated funds | 14 | (165) | (165) | (165) |
| Total equity | | (124) | (124) | (124) |

Explanations of major variances against budget are provided in note 21.

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2015

| | Note | Actual 30 June 2015 \$000 | Actual 30 June 2014 \$000 |
|---|------|---------------------------------|---------------------------------|
| Cash flows from operating activities | | | |
| Receipts from rates revenue, customers and other services | | | - |
| Receipts from inter-entity transactions | | 7,484 | 7,027 |
| Other receipts from inter-entity transactions | | 1,923 | 4,227 |
| Interest received | | - | - |
| Income tax (paid)/refunded | | - | - |
| Payments from inter-entity transactions | | (1,087) | - |
| Payments to suppliers and employees | | (8,805) | (11,310) |
| Grants, sponsorship and donations | | (4) | (3) |
| Goods and services tax net (paid)/refunded | | 674 | (10) |
| | | 185 | (69) |
| Net cash from operating activities | 15 | 185 | (69) |
| Net cash from investing activities | | - | - |
| Net cash from financing activities | | - | - |
| Net increase /(decrease) in cash and cash equivalents | | 185 | (69) |
| Cash and cash equivalents at the beginning of the period | | 80 | 149 |
| Cash and cash equivalents at end of the period | 8 | 265 | 80 |

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. Statement of accounting policies

Reporting entity

Auckland Council Property Limited ("ACPL" or "the Company") is a company providing commercial advisory and management services for Auckland Council. This involves managing Auckland Council's interests in properties, property development projects, business ventures, and property acquisition and disposal services to Auckland Council and Auckland Transport.

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is Bledisloe House, Level 9, 24 Wellesley Street, Auckland 1010. The Company was incorporated on 21 September 2010 and commenced business on 1 November 2010.

Auckland Council Property Limited is a Council Controlled Organisation (CCO). It is a 100% subsidiary of Auckland Council, also deemed to be the ultimate controlling party.

These financial statements have been approved for issue by the Board of Directors on 26 August 2015.

(a) Basis of preparation

Statement of compliance

The company has adopted External Reporting Board Standard A1 "Accounting Standards Framework (For-profit Entities plus Public Sector Public Benefit Entities Update)" ("XRB A1 (FP Entities + PS PBE Update)"). For the purposes of complying with NZ GAAP, the company is eligible to apply Tier 2 For-profit Accounting Standards (New Zealand equivalents to International Financial Reporting Standards – Reduced Disclosure Regime ("NZ IFRS RDR") on the basis that it does not have public accountability and is not a large for-profit public sector entity. The company has elected to report in accordance with NZ IFRS RDR and has applied disclosure concessions where appropriate.

Auckland Council Property Limited is a for-profit entity registered under the Companies Act 1993. The financial statements have been prepared in accordance with the Financial Reporting Act 2013, the Companies Act 1993, the Local Government Act 2002 and the Local Government (Tamaki Makaurau Reorganisation) Act 2009.

Measurement base

These financial statements have been prepared on an historical cost basis.

Disestablishment basis of accounts preparation

During the year Auckland Council, as the shareholder and ultimate governing body, undertook a review of existing Council Controlled Organisations (CCOs) to determine whether there was a need to change to better align the CCO's activities to the goals of Council. Following the review and public consultation in the 2015-25 Long Term Plan process, Council has resolved to amalgamate ACPL and Auckland Waterfront Development Agency Limited and establish a new entity, Development Auckland Limited on 1 September 2015. ACPL will be dissolved on 31 August 2015.

The disestablishment of ACPL requires the financial statements to be prepared on a disestablishment basis, not the normal going-concern basis. As Council has resolved that all the operations, assets, rights, liabilities, contracts, entitlements of ACPL will be transferred to Development Auckland Limited on 1 September 2015, no adjustments to the assets and liabilities have been made in the financial statements resulting from the disestablishment of ACPL.

Functional and presentation currency

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

Budget figures

The budget figures have been prepared in accordance with NZ GAAP, included in the Company's Statement of Intent for 2014-2017, and are consistent with the accounting policies adopted by the Company for the preparation of the financial statements.

Comparative figures

The comparative figures for the prior period have been reclassified where necessary to be consistent with the current year's presentation.

Changes in accounting policies

There have been no changes in accounting policies during the financial year.

New and amended standards adopted

None of the new standards effective after 1 July 2014, have had a material effect on ACPL. Disclosure of the standards is therefore not required.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the opening Statement of Financial Position and reporting period to 30 June 2015, unless otherwise stated.

(a) Property, plant and equipment

Initial recognition

Property, plant and equipment are initially shown at cost (or at fair value in the case where an asset is acquired at no cost or for a nominal cost) less accumulated depreciation and any impairment losses. Cost includes any costs that are directly attributable to the acquisition of the items, including the costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended.

Additions

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

In most instances, an additional item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at its fair value when control over the asset is obtained.

Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the profit or loss.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that service potential associated with the item will flow to the Company and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised as an expense as they are incurred.

Depreciation

Depreciation on all property, plant and equipment is provided on a straight line basis at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives have been estimated as follows:

| <u>Class of asset depreciated</u> | <u>Estimated useful life (years)</u> |
|-----------------------------------|--------------------------------------|
| Computer equipment | 3-8 |
| Furniture and fittings | 5-15 |
| Motor vehicles | 5-10 |

The residual value and remaining useful life of an asset is reviewed, and adjusted if applicable, at each financial period end.

Impairment of property, plant and equipment

Property, plant and equipment are reviewed for indicators of impairment as at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the service potential of the asset is not primarily dependent on the asset's ability to generate net cash inflows and where the Company would, if deprived of the asset, replace its remaining service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The impairment loss is recognised in the profit or loss.

(b) Investments and other financial assets

Financial assets

Financial assets are classified into the following categories for the purpose of measurement:

- fair value through surplus or deficit;
- loans and receivables;
- held-to-maturity investments; and
- available-for-sale financial assets

The classification depends on the nature and purpose for which the financial assets were acquired. The Company determines the classification of financial assets when they are acquired.

Financial assets are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the profit or loss.

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

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the period end date, which are classified as non-current assets.

After initial recognition loans and receivables are carried at amortised cost using the effective interest rate method (less any provision for impairment). Included in loans and receivables are cash and cash equivalents and debtors and other receivables.

(c) Impairment of financial assets

Financial assets carried at amortised cost

The Company reviews at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligator;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - adverse changes in the payment status of borrowers in the portfolio; and
 - national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rate. The asset's carrying amount is reduced and the loss is recognised in the Statement of Comprehensive Income in "profit or loss". If financial

assets carried at amortised cost have a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

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

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(e) Debtors, work in progress and other receivables

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

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

For information on impairment of debtors and other receivables refer to Note 9. Furthermore, when a receivable for which the allowance for impairment has been recognised becomes uncollectible in a subsequent period, it is written off against the allowance for impairment. Subsequent recoveries of amounts previously written off are credited against "profit or loss" in the Statement of Comprehensive Income.

Work in progress includes costs and staff time incurred on Council group property disposals but not yet invoiced.

(f) Cash and cash equivalents

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

Bank overdrafts are shown within borrowings as a current liability in the Statement of Financial Position.

(g) Creditors and other payables

Creditors and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

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

(h) Equity

Equity is the Auckland Council's interest in the Company, being a council controlled organisation, as measured by total assets less total liabilities. Equity has been classified into various components to identify those portions of equity held for specific purposes. These components of equity are:

- Accumulated funds
- Contributed equity

Contributed equity represents equity contributed by disestablished councils upon the transfer of assets on establishment of the Company.

(i) Borrowings

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

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the period end date or if the borrowings are not expected to be settled within 12 months of the period end date.

(j) Current and deferred income tax

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

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

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and the tax laws) that have been enacted or substantially enacted at balance date.

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

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

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

(k) Goods and Services Tax (GST)

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

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

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

(l) Employee entitlements

Short-term employee entitlements

Employee benefits that the Company expects to be settled within 12 months after the end of the period in which the employee renders the related service are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retirement gratuities and long service entitlements expected to be settled within 12 months, and sick leave.

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

The Company recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Entitlements that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to staff, based on periods of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlement information; and
- The present value of the estimated future cash flows.

Expected future payments are discounted using the weighted average of interest rates for government stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long term increase in remuneration for employees.

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the Statements of Comprehensive Income.

(m) Borrowing Costs

All borrowing costs are recognised in profit or loss using the effective interest method except if they relate to qualifying assets in which case they are capitalised to that asset.

(n) Provisions

The Company recognises a provision for future expenditure of uncertain amount or timing when:

- The Company has a present obligation (legal or constructive) as a result of past events;
- It is probable that expenditures will be required to settle the obligation; and
- Reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

(o) Revenue

Revenue is measured at the fair value of consideration received or receivable.

Funding revenue

Funding received from the Auckland Council is the primary source of funding to the Company and is restricted for the purposes of the Company meeting its objectives as specified in its annual Statement of Intent.

Funding revenue is recognised as revenue when it becomes receivable unless there is an obligation to return the funds if conditions of the funding are not met. If there is such an obligation, the funding is initially recorded as funding revenue received in advance and recognised as revenue when conditions of the funding are satisfied.

Interest income

Interest income is recognised using the effective interest method.

Income from services provided

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

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

Costs and staff time incurred on Council group property disposals but not yet invoiced are classified as "Work in Progress" in the Statement of Financial Position when it is probable that the property disposal will proceed and will be invoiced once the property sale has been settled.

(p) Leases

Lessee

Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised as an expense in the Statement of Comprehensive Income on a straight line basis over the period of the lease.

Finance Leases

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

(q) Associate

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

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

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

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

There are no transactions in New Lynn Central Limited for the period ended 30 June 2015.

3. Critical accounting estimates and judgements

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

Funding revenue

Judgement is exercised when recognising funding income to determine if conditions of the funding contract have been satisfied. The judgement will be based on the facts and circumstances that are evident for each funding agreement.

4. Personnel costs

| | Actual 30 June 2015 \$000 | Actual 30 June 2014 \$000 |
|--|---------------------------------|---------------------------------|
| Salaries and wages | 5,830 | 4,262 |
| Defined contribution plan employer contributions | 143 | 104 |
| Employee entitlements | 14 | 75 |
| Total personnel costs | 5,987 | 4,441 |

Employer contributions to defined contribution plans include contributions to Kiwisaver and ASB Super Trust.

5. Other expenditure

| | Actual 30 June 2015 \$000 | Actual 30 June 2014 \$000 |
|---|---------------------------------|---------------------------------|
| Other expenses include: | | |
| Audit fees for financial statements audit | 58 | 57 |
| Directors fees and expenses | 299 | 304 |
| Consultancy Expense | 3,840 | 5,026 |
| Council shared services expenses | 1,087 | 1,114 |
| Other expenditure | 404 | 407 |
| Total other expenditure | 5,688 | 6,908 |

6. Income tax expense

| | Actual 30 June 2015 \$000 | Actual 30 June 2014 \$000 |
|---|---------------------------------|---------------------------------|
| Components of income tax expense | | |
| Current tax expense | - | - |
| Deferred tax expense | - | - |
| Income tax expense / (benefit) | - | - |
| Relationship between tax expense and accounting profit | | |
| Profit / (loss) before tax | - | - |
| Less net profit/(loss) from non-taxable activities | - | - |
| Profit / (loss) before tax | - | - |
| Prima facie income tax at 28% | - | - |
| Prior period adjustment | - | - |
| Taxation effect of permanent differences | 3 | 2 |
| Deferred tax on change in tax rate | - | - |
| Loss offset | (10) | (32) |
| Effect of Deferred tax not recognised | 7 | 30 |
| Tax expense / (credit) | - | - |

The applicable tax rate is 28%.

The tax calculation shows a tax profit of \$35,000 (30 June 2014 \$115,000) being offset with tax losses of Auckland Council Group companies.

7. Deferred tax assets

On the basis that it is not probable that there will be future taxable profits available against which the deductible temporary differences can be utilised, no deferred tax asset has been recognised as at 30 June 2015.

Total deductible temporary differences not recognised as at 30 June 2015 is \$270,000 with tax effect of \$76,000 (30 June 2014 \$251,000 with tax effect of \$70,000).

8. Cash and cash equivalents

| | Actual 30 June 2015 \$000 | Actual 30 June 2014 \$000 |
|--|---------------------------------|---------------------------------|
| Cash at bank and on hand | 265 | 80 |
| Total cash and cash equivalents | 265 | 80 |

The carrying value of cash at bank and term deposits with maturities less than three months approximate their fair value.

The Company only places its investments with institutions with a high credit rating. It also reduces its exposure to risk by giving preference to conservative investment policies.

9. Debtors, work in progress and other receivables

| | Actual 30 June 2015 \$000 | Actual 30 June 2014 \$000 |
|--|---------------------------------|---------------------------------|
| Current | | |
| Goods and services tax | 91 | 82 |
| Amounts due from related parties | 549 | 737 |
| Prepayments | 32 | - |
| Work in Progress | - | 275 |
| Other Receivables | 142 | - |
| Total debtors and other receivables | 814 | 1,094 |

Work in progress includes costs and staff time incurred on Council group property disposals but not yet invoiced. It is probable that the property disposal will proceed and will be invoiced once the property sale has been settled.

Due to their short term and non-interest bearing nature, the fair value of receivables is deemed to approximate their carrying value.

Impairment

At each period end, all overdue receivables are assessed for impairment and appropriate allowance for impairment applied. As at reporting date the Company has not recognised any allowance for impairment against debtors and other receivables.

10. Property, plant and equipment

The company has no property, plant and equipment as at 30 June 2015 (2014 \$nil).

11. Creditors and other payables

| | Actual 30 June 2015 \$000 | Actual 30 June 2014 \$000 |
|---|---------------------------------|---------------------------------|
| Current | | |
| Creditors | 363 | 262 |
| Amounts due to related parties | - | 99 |
| Accrued expenses | 230 | 374 |
| Total creditors and other payables | 593 | 735 |

Creditors and other payables are normally settled on 30 day terms and are non-interest bearing, therefore the carrying value of trade and other payable approximates their fair value.

12. Employee entitlements

| | Actual 30 June 2015 \$000 | Actual 30 June 2014 \$000 |
|------------------------------------|---------------------------------|---------------------------------|
| Current | | |
| Annual leave | 228 | 215 |
| Accrued salaries and wages | 154 | 120 |
| Total employee entitlements | 382 | 335 |

13. Share Capital

The company was incorporated with 1,000 ordinary paid shares. This remained unchanged as at 30 June 2015. The shares were issued in exchange for assets and liabilities that were inherited from the disestablished predecessor Councils and CCOs at net book value on 1 November 2010.

Ordinary shares carry equal voting rights and share equally in dividends and any excess of residual net assets upon wind up. Ordinary shares have no par value.

14. Equity

| | Actual 30 June 2015 \$000 | Actual 30 June 2014 \$000 |
|--|---------------------------------|---------------------------------|
| Contributed equity | | |
| Opening balance | 41 | 41 |
| Contribution from Owner | - | - |
| Balance at 30 June | 41 | 41 |
| | Actual 30 June 2015 \$000 | Actual 30 June 2014 \$000 |
| Accumulated funds | | |
| Opening balance | (165) | (165) |
| Comprehensive income/(loss) for the year | - | - |
| Balance at 30 June | (165) | (165) |
| Total equity at 30 June | (124) | (124) |

15. Reconciliation of profit/ (loss) to net cash flow from operating activities

| | Actual 30 June 2015 \$000 | Actual 30 June 2014 \$000 |
|--|---------------------------------|---------------------------------|
| Profit / (loss) for the year | - | - |
| Add/(less) non-cash items | | |
| Income tax expense | - | - |
| Deferred tax expense | - | - |
| Loss on disposal of plant and equipment | - | - |
| Add/(less) movements in statement of financial position items | | |
| Debtors and other receivables | (183) | 145 |
| Work in Progress | 275 | (275) |
| Creditors and other payables | (43) | 172 |
| Employee entitlements | 47 | 128 |
| Net amount owed to related parties | 89 | (239) |
| Net cash flow from operating activities | 185 | (69) |

While the RDR (Reduced Disclosure Regime) does not require the preparation of the reconciliation of net surplus/deficit to net cash flow from the operating activities, ACPL has chosen to produce this reconciliation as it provides useful information on the working capital movements.

16. Commitments

As at 30 June 2015 the Company had an operating commitment to Auckland Council in the form of a Service Level Agreement to the value of \$1,023,544 (2014 \$1,087,054), with all amounts being due within 1 year. The company has no other operating commitments as at 30 June 2015 (2014 \$nil).

The Company had no capital commitments as at 30 June 2015 (2014 \$nil).

17. Contingencies - Assets and Liabilities

As at 30 June 2015 the Company had no contingent liabilities or assets (2014 \$nil).

18. Related party transactions

During the period the Company entered into the following transactions with related parties:

| Related party | Nature of relationship | Nature of transactions | 2015 \$000 | 2014 \$000 |
|---------------------------------|-------------------------------|-------------------------------|-----------------------|-----------------------|
| Auckland Council | Shareholder | Funding revenue | (7,484) | (7,027) |
| Auckland Council | Shareholder | Shared services expense | 1,087 | 1,114 |
| Auckland Council | Shareholder | Other expenses | 44 | 19 |
| Auckland Transport | Group company | Other expenses | 46 | 41 |
| Regional Facilities Auckland | Group company | Other expenses | 6 | - |
| Auckland Transport | Group company | Income from Services Provided | (1,339) | (2,746) |
| Auckland Council | Shareholder | Income from Services Provided | (2,853) | (1,566) |
| Regional Facilities Auckland | Shareholder | Payable | (1) | - |
| Waterfront Development Auckland | Shareholder | Payable | (140) | - |
| Auckland Council | Shareholder | Payable | - | (99) |
| Auckland Council | Shareholder | Receivable | 549 | 10 |
| Auckland Council | Shareholder | Receivable not yet billed | - | 9 |
| Auckland Transport | Group company | Receivable | 92 | 619 |
| Auckland Transport | Group company | Receivable not yet billed | 49 | 99 |
| Regional Facilities Auckland | Group company | Income from Services Provided | - | (10) |
| Auckland Council | Shareholder | Capital advances payable | (228) | (228) |

Auckland Council is the sole shareholder of the Company. Auckland Transport, Waterfront Development Auckland and Regional Facilities Auckland are Council Controlled Organisations within the Auckland Council group.

Related parties include subsidiaries, associates, joint ventures, key management personnel, the elected representatives of the Council and their close family members and entities controlled by them. Key management personnel are the ACPL Board of Directors, Chief Executive and Executive Leadership team. The elected representatives of the council are the mayor and councillors. Close family members include spouses or domestic partners, children and dependants.

19. Remuneration

Key management personnel remuneration:

Directors

| | Actual 30 June 2015 \$000 | Actual 30 June 2014 \$000 |
|---------------------------------------|--|--|
| Directors' fees | | |
| Sir John Wells (Chair) | 71 | 71 |
| Richard Hammond Aitken (Deputy Chair) | 44 | 44 |
| Leigh Alexander Auton | 36 | 36 |
| Neil Alexander Francis Barr | 36 | 36 |
| Margaret Anne Blackburn | 36 | 36 |
| Tiwana Ohorere Tibble (2) | 36 | 36 |
| Peter George Wall | 36 | 36 |
| Total Directors' fees | 295 | 295 |
| Total Directors' expenses | 4 | 9 |
| Total Directors' fees | 299 | 304 |

Key management personnel

| | Actual 30 June 2015 \$000 | Actual 30 June 2014 \$000 |
|---|---------------------------------|---------------------------------|
| Salaries and other short term employee benefits (executive leadership team) | 1,215 | 1,154 |
| Directors fees | 299 | 304 |
| Post employment benefits | 30 | 26 |
| Termination benefits | - | - |
| Total Key Management remuneration | 1,545 | 1,484 |

'Key management personnel' are those persons deemed to have direct and indirect authority and responsibility for planning, directing and controlling the activities of the entity.

'Key management personnel' includes Directors, the Chief Executive and five other personnel of ACPL's executive leadership team. They do not include contractors that held key management positions in an acting capacity.

During the year, the number of employees of the Company (not being Directors of the Company) who received remuneration of at least \$100,000 were:

| Salary bands | | 30 June 2015 No. of Employees | 30 June 2014 No. of Employees | |
|--------------|----|----------------------------------|----------------------------------|---|
| 100,000 | to | 110,000 | 5 | 6 |
| 110,000 | to | 120,000 | 2 | 2 |
| 120,000 | to | 130,000 | 2 | - |
| 130,000 | to | 140,000 | - | 2 |
| 140,000 | to | 150,000 | 2 | 1 |
| 150,000 | to | 160,000 | - | 1 |
| 160,000 | to | 170,000 | 1 | 1 |
| 170,000 | to | 180,000 | 2 | - |
| 190,000 | to | 200,000 | 1 | 2 |
| 200,000 | to | 210,000 | 1 | - |
| 220,000 | to | 230,000 | 1 | - |
| 260,000 | to | 270,000 | 1 | - |
| 400,000 | to | 410,000 | - | 1 |
| 410,000 | to | 420,000 | 1 | - |

20. Events occurring after the reporting date

There have been no events after the reporting date that would potentially affect the Company's financial statements other than the disestablishment of ACPL on 31 August 2015. Refer above Accounting policies - Disestablishment basis of accounts preparation for more details.

21. Explanation of major variances against budget

Statement of Comprehensive Income

Other expenditure is \$262,000 under budget. This is mainly due to consultancy and contractors expense under budget arising from lower volume of acquisition activity. This is offset by increased contractors costs in portfolio due to increased portfolio activity and contributions to the transition costs for the establishment of Development Auckland.

Income from services provided is under budget by \$291,000 in line with reduced consultants costs as a result of lower volume of acquisition activities.

Statement of Financial Position

The 2014/2015 budget Statement of Financial Position shows total assets of \$1,079,000 comprising cash and cash equivalent and other current assets; total liabilities of \$1,203,000 comprising trade and other payables, and other current liabilities.

ACPL's actual Statement of Financial Position reflects the company's current trading position. ACPL manages and controls assets for Auckland Council and Auckland Transport, having few assets of its own. Creditors and other payables are above budget by \$129,000 due to timing of payment of liabilities. The major component of debtors and other receivables at 30 June 2015 relate to intercompany debtors of \$549,000.

Statement of Cash Flows

There was no budget prepared for the Statement of Cash Flows.

22. Financial risk management

ACPL utilises Auckland Council shared services for its treasury requirements and applies Auckland Council policies to manage the risks associated with financial instruments. The Company is risk averse and seeks to minimise exposure from its financial instruments.

Auckland Council's Treasury Management Policy incorporates a Liability Management Policy and an Investment Policy.

These policies do not allow any transactions that are speculative in nature to be entered into.

Other Financial Instruments disclosures by category

| | Actual 30 June 2015 | Actual 30 June 2014 |
|-------------------------------|------------------------|------------------------|
| | \$000 | \$000 |
| Cash and receivables | | |
| Cash and cash equivalents | 265 | 80 |
| Debtors and other receivables | 549 | 737 |
| Work in Progress | - | 275 |
| Other receivables | 142 | - |
| Total | 956 | 1,092 |

| | Actual 30 June 2015 | Actual 30 June 2014 |
|---|------------------------|------------------------|
| | \$000 | \$000 |
| Financial Liabilities | | |
| Financial Liabilities at amortised costs | | |
| Creditors and other payables | 363 | 262 |
| Amounts due to related parties | 228 | 327 |
| Accrued expenses | 230 | 374 |
| Total | 821 | 963 |

Disclosure Information

Directors and Chief Executive

| | |
|------------------------|--|
| Directors | Sir John Wells (Chair) KNZM, ACA, FCIS Richard Hammond Aitken (Deputy Chair) BE(Hons), MEngSc, DistFIPENZ, FStructE, FRICS Leigh Alexander Auton MA(Hons), DipTP, MTP(Hons), FNZPI Neil Alexander Francis Barr Margaret Anne Blackburn BA, MA, GradDipJourn Tiwana Ohorere Tibble BBS, CA, GradDipBus Peter George Wall BCA, ACA |
| Chief Executive | David William Rankin LLB |

Statutory Information

As required by the Companies Act 1993, we disclose the following information:

Dividend

No dividends were recommended or paid for the year.

Donations

No donations were made during the year.

Directors' Interests

All directors received directors' fees during the period for which these financial statements are prepared. Directors' fees for the year ended are as follows:

| Current Directors | Appointment | Remuneration | Remuneration |
|---------------------------------------|-------------------|--------------|--------------|
| | | 30 June 2015 | 30 June 2014 |
| Sir John Wells (Chair) | 21 September 2010 | \$71,050 | \$71,050 |
| Richard Hammond Aitken (Deputy Chair) | 1 November 2010 | \$44,406 | \$44,406 |
| Leigh Alexander Auton | 6 December 2010 | \$35,525 | \$35,525 |
| Neil Alexander Francis Barr | 6 December 2010 | \$35,525 | \$35,525 |
| Margaret Anne Blackburn | 1 November 2010 | \$35,525 | \$35,525 |
| Tiwana Ohorere Tibble | 8 November 2012 | \$35,525 | \$35,525 |
| Peter George Wall* | 1 November 2010 | \$35,525 | \$35,525 |

*Peter George Wall resigned as a director on 27 July 2015

The Directors set out below disclosed during the year that, pursuant to section 140(2) Companies Act 1993 (New Zealand), they were to be regarded as interested in any transaction with the entities set out below:

| Director | Organisation | Nature of interest |
|-----------------------|--|---------------------------|
| Sir John Wells | | |
| | Auckland Grammar School Foundation Trust | Trustee |
| | Bancorp Group Ltd | Chairman |
| | Bancorp Holdings Corporation Ltd | Chairman |
| | Bancorp New Zealand Ltd | Chairman |
| | Bancorp Strategic Investments Ltd | Director |
| | Bancorp Treasury Services Ltd | Chairman |
| | CBL Corporation Ltd | Chairman |
| | CBL Insurance Ltd | Chairman |
| | Fisher Funds Management Ltd | Chairman |
| | Greenpark Holdings Ltd | Chairman |
| | Marsh Ltd | Advisory Board member |
| | Martin Jenkins & Associates Ltd | Director |
| | Sheffield North Island Ltd | Chairman |
| | Wadhurst Trust | Trustee |
| | Wells Family Trust | Trustee |
| | World Masters Games 2017 Ltd | Chairman |

| Director | Organisation | Nature of interest |
|------------------------|--|---|
| Richard Hammond Aitken | BAS Custodian Trust | Trustee |
| | Beca AMEC Ltd | Director |
| | Beca Asia Holdings Pte Ltd (Singapore) | Director |
| | Beca Carter Nominees Ltd | Director |
| | Beca Consulting Inc. (USA) | Director |
| | Beca Group Holdings Ltd | Director |
| | Beca Group Ltd | Chairman |
| | Beca Group Superannuation Plan | Member |
| | Beca Indemnity Fund | Appointor (joint) & Discretionary beneficiary |
| | Beca Indemnity Fund Custodian Trust | Trustee |
| | Beca Super Scheme | Member |
| | BGCF Trustee Ltd | Director |
| | BGL Custodian Ltd | Director |
| | BGL Depository No. 2 Ltd | Director |
| | BGL Finance Ltd | Director |
| | BGL Investment Reserve Trust | Trustee |
| | BGL Management Share Trust | Trustee |
| | BGL Management Share Trustee Ltd | Director |
| | BGL Nominees Ltd | Director |
| | BGL Trust Company Ltd | Director |
| | BGLIR Custodian Trust | Trustee |
| | BGLIR Trustee Ltd | Director |
| | BGS Custodian Trust | Trustee |
| | BGS Trustee Ltd | Director |
| | Construction Strategy Group | Member |
| | Gands Plan Pty Ltd (Australia) | Director |
| | Hopetoun Pitt Ltd | Director |
| | John Scotts Investments Ltd | Director |
| | John Scotts Ltd | Director |
| | The Glade Trust | Trustee |
| | The Sunnybrae Trust | Trustee |
| | Trustpower Ltd | Director |
| | Waimarama Holdings Ltd | Shareholder |

| Director | Organisation | Nature of interest |
|------------------------------|-----------------------------------|---------------------------|
| Leigh Alexander Auton | | |
| | Auckland Philharmonic Orchestra | Trustee |
| | Auton & Associates Ltd | Director |
| | Emerge Aotearoa Housing Trust | Trustee |
| | Emerge Aotearoa Limited | Director |
| | Emerge Aotearoa Trust | Trustee |
| | Local Government Commission | Commissioner |
| | More Than a Roof | Trustee |
| | Ngapuhi Asset Holding Company Ltd | Chairman |
| | Ngapuhi Books and Stationery Ltd | Chairman |
| | Ngapuhi Food and Beverage Ltd | Director |
| | Ngapuhi Service Station Ltd | Chairman |
| | Northland Deepwater GP Limited | Chairman |
| | Papakura Kotuitui Trust | Trustee |
| | Te Rangahau Family Trust | Trustee |
| | TR2 Trust | Trustee |

| Director | Organisation | Nature of interest |
|------------------------------------|-----------------------------|--------------------|
| Neil Alexander Francis Barr | | |
| | Kilmour Properties 2014 Ltd | Director |
| | Perrendale Holdings Ltd | Director |
| | Queen Street Trust | Trustee |
| | St Nicholas Trust | Trustee |
| | St Francis Trust Ltd | Trustee |
| | Stockyard Holdings Ltd | Director |
| | Stratus Ltd | Director |
| | Warkworth Interchange Group | Chairman |
| | Webb Family Trust | Trustee |

| Director | Organisation | Nature of interest |
|--------------------------------|---|-----------------------|
| Margaret Anne Blackburn | | |
| | Blackburn Croft & Co Ltd | Shareholder |
| | Centre for Clinical Research & Effective Practice | Chair of Trustees |
| | Commercial Operation Advisory Board to the Treasury | Advisory Board Member |
| | Committee for Auckland Ltd | Director |
| | Eastland Group Ltd | Director |
| | Eastland Network Ltd | Director |
| | Eastland Port Ltd | Director |
| | Fidelity Life Assurance Company Ltd | Director |
| | Fisher Funds Management Ltd | Director |
| | Gisborne Airport Ltd | Director |
| | New Zealand Venture Investment Fund Ltd | Director |
| | NZVIF Investments Ltd | Director |
| | Royal District Nursing Service New Zealand Ltd | Chairman |
| | Ten Gracie Square Ltd | Director |
| | TSB Bank Ltd | Director |
| | TSB Group Capital Ltd | Director |
| | TSB Group Investments Ltd | Director |
| | UNITEC | Member of Council |
| | Warren and Mahoney Architects Ltd | Director |
| | Warren and Mahoney Ltd | Director |

| Director | Organisation | Nature of Interest |
|------------------------------|---|-----------------------|
| Tiwana Ohorere Tibble | Maori Television | Advisory Board Member |
| | Ngati Paoa Group Holdings Ltd | Advisory Board Member |
| | Ngati Porou Company Ltd | Deputy Chair |
| | Ngati Porou ki Tamaki Taura Here Charitable Trust | Chairman |
| | Olive Investments No 1 Ltd | Director |
| | Pakihiroa Farms Ltd | Director |
| | Radio NZ Ltd | Director |
| | Ringa Matua Ltd | Director |
| | Tahumatua Ltd | Director |
| | Taupo Moana Group Holdings Ltd | Chairman |
| | Te Rimu Ventures Ltd | Chairman |
| | Tuwharetoa Maori Trust Board | Trustee |

| Director | Organisation | Nature of Interest |
|--------------------------|---|--------------------|
| Peter George Wall | Beach Road Trust | Trustee |
| | Brookfield Multiplex Constructions (NZ) Ltd | Director |
| | Graeme Dingle Foundation | Trustee |
| | Harbour Access Trust | Chairman & Trustee |
| | Map Group Ltd | Director |
| | Map Real Estate Ltd | Director |
| | Michelle McKellar Trustee Company Ltd | Director |
| | Overseas Property Advisory Panel for Ministry of Foreign Affairs and Trade (OPAP) | Chairman |
| | Peter Wall Family Trust | Trustee |
| | Verde Property (NZ) Ltd | Director |

Use of Company Information

The Board received no notices during the period from directors requesting to use Company information received in their capacity as directors which would not otherwise be available to them.

Summary of Board meeting attended

| Name | Number of meetings | Meetings attended | Apologies given |
|---------------------------------------|---------------------------|--------------------------|------------------------|
| Sir John Wells (Chair) | 10 | 10 | 0 |
| Richard Hammond Aitken (Deputy Chair) | 10 | 10 | 0 |
| Leigh Alexander Auton | 10 | 10 | 0 |
| Neil Alexander Francis Barr | 10 | 9 | 1 |
| Margaret Anne Blackburn | 10 | 9 | 1 |
| Tiwana Ohorere Tibble | 10 | 8 | 2 |
| Peter George Wall | 10 | 9 | 1 |

Indemnity

The Company holds a current Professional Indemnity Insurance Policy.

Share dealing

No director acquired and disposed of any interest in shares in ACPL during the period.

Directors ceasing to hold office

None during the reporting period.

Auditor

The Auditor-General is appointed as Auditor in accordance with section 70 of the Local Governments Act 2002.

Company Contact and Details

| | |
|--|---|
| Company Number | 3025668 |
| Shareholder | Auckland Council 1,000 Shares |
| Registered Office and Business Location | Level 9, Bledisloe House, 24 Wellesley Street, Auckland 1010 |
| Postal address | Private Bag 92320, Auckland 1142 |

