Background

This section includes Councils services which do not sit within operations or support:

- Investment
- America's Cup
- 3rd Party Amenity and Grant
- Mayoral Office
- Infrastructure Partners
Background

Auckland Council holds 100% of the shares in Ports of Auckland Limited (POAL) as well as a large equity holding (22.3%) in Auckland International Airport Limited (AIAL), a NZX listed entity.

POAL is an important regional infrastructure asset which serves New Zealand’s national freight needs by working in collaboration with other regional ports and using its inland hubs to deliver and export goods efficiently and sustainably.

Auckland Airport is the third busiest international airport in Australasia. AIAL play a significant role in supporting New Zealand’s economy, with around $15 billion worth of freight passing through the airport every year.

How operating expenditure is funded

Rates: 0%

Other including fees and charges: 100%

Comments

Auckland Council Investments Limited has been disestablished through the Long Term Plan 2018-2028. POAL and AIAL shares have been moved to Auckland Council.
Ports of Auckland Ltd

What is delivered?

Ports of Auckland Limited (POAL) is an important regional infrastructure asset which serves New Zealand’s national freight needs by working in collaboration with other regional ports and using its inland hubs to deliver and export goods efficiently and sustainably.

POAL is wholly owned by Auckland Council. As a Port Company it is governed under the Port Companies Act 1988. It is not an Auckland Council CCO under the Local Government Act 2002. POAL has an independent board of directors responsible for meeting POAL’s principal statutory objective to operate as a successful business and directing POAL in a way that creates, protects and enhances shareholder value, and protects stakeholder interests, while meeting the objectives agreed in POAL’s Statement of Corporate Intent.

How is it measured?

POAL’s Statement of Corporate Intent sets out a number of key performance targets under five outcome areas. The outcomes relate to:
1. Safe and empowered people
2. Delighted customers
3. Supportive community and iwi
4. Improved environment
5. Commerically successful.

How much does it cost?

Income and expenditure:

<table>
<thead>
<tr>
<th>$000</th>
<th>FY17 Actual</th>
<th>FY18 Actual</th>
<th>FY19 Budget*</th>
<th>FY20 Budget*</th>
<th>FY21 Budget*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends</td>
<td>53,667</td>
<td>49,860</td>
<td>44,200</td>
<td>42,500</td>
<td>51,600</td>
</tr>
</tbody>
</table>

*Auckland Council’s LTP projection

POAL has a Dividend Policy which is set out in its Statement of Corporate Intent. The policy governs its dividend to Council. Each year the Board will review its ability to pay dividends at this level after giving consideration to; the ongoing needs of the business, the riskiness of the market environment, the requirements of the Companies Act and the statutory obligations imposed on Directors.

Who pays?

Operating expenditure and capital expenditure are funded within the subsidiary operations from revenue and borrowings.

Where are budget decisions made?

Auckland Council and POAL have signed a memorandum of understanding which sets out a framework for the governance relationship agreed between the two entities. This includes an agreed framework for board appointments and remuneration, reporting, operational independence, information sharing and dispute resolution. The MOU also provides that POAL will confer with the Council before the board of POAL makes any material decision in relation to significant infrastructure investments or other developments which may have a material impact on POAL’s current or future operations or capital requirements.
Comments

Council and POAL acknowledge POAL’s principal statutory objective to operate as a successful business and each will work within their respective roles to assist that objective.

What are your key projects/programmes?
N/A

What is the focus for the next 3 years?
N/A
Auckland International Airport Ltd

What is delivered?

Auckland International Airport Limited (AIAL) is a publicly listed company, subject to NZX continuous disclosure requirements. Auckland Council currently holds a large equity holding (22.3%) in AIAL.

Auckland Airport is the third busiest international airport in Australasia. More than three-quarters of all international visitors to New Zealand arrive at AIAL, with 20 million passengers having travelled through their terminals in the past 12 months. AIAL play a significant role in supporting New Zealand businesses, with around $15 billion worth of freight passing through the airport every year.

How is it measured?

AIAL’s performance is reported in its annual report.

How much does it cost?

Income and expenditure:

<table>
<thead>
<tr>
<th>$000</th>
<th>FY17 Actual</th>
<th>FY18 Actual</th>
<th>FY19 Budget*</th>
<th>FY20 Budget*</th>
<th>FY21 Budget*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends</td>
<td>50,602</td>
<td>56,594</td>
<td>57,900</td>
<td>57,900</td>
<td>57,900</td>
</tr>
</tbody>
</table>

*Auckland Council’s LTP projection

Who pays?

Operating expenditure and Capital expenditure will be funded within AIAL operations.

Where are budget decisions made?

Budget decisions are made by AIAL’s board and management in line with its policies.

Comments

Auckland Council is a minority shareholder of AIAL, with an equity holding of 22.3%. Therefore, Auckland Council has voting rights equal to that share, but does not have any control over management decision-making.

What are your key projects/programmes?

N/A

What is the focus for the next 3 years?

N/A