

Te Whakarāpopototanga o te Rīpoata ā-Tau 2017/2018

O TE KAUNIHERA O TĀMAKI MAKAURAU

AUCKLAND COUNCIL

Summary Annual Report 2017/2018



ON THE COVER: Aotea Great Barrier Island is the world's third Dark Sky Sanctuary and the only island to become a sanctuary. With much of the island 'off the grid', light pollution is minimal, allowing for a good view of the spectacular night sky. Its skies have been rated as second to none.

The International Dark-Sky Association established a conservation programme in 2001 to recognise "excellent stewardship of the night sky". Designations are based on scientifically measured darkness of the sky as well as stringent outdoor lighting standards and innovative community outreach.

Mihi

Noho mai rā Tāmaki Makaurau,
moana waipiata,
maunga kākārīki.
Mai i ngā wai kaukau o ngā tūpuna,
ki ngā puke kawē i ngā reo o te tini,
i puta ai te kī mōu.
Tū ana he maunga,
takoto ana he raorao,
heke ana he awaawa.
Ko ō wahapū te ataahua,
ō tāhuna te mahora,
te taiao e whītiki nei i a koe he taonga tuku iho.
Tiakina kia meinga tonu ai koe
ko 'te tāone taioreore nui o te ao,
manakohia e te iwi pūmanawa'.
Tāmaki Mākaurau tirohia te pae tawhiti
he whakairinga tūmanako
mō ngā uri whakaheke ō āpōpō,
te toka herenga mō te hunga ka takahi ake
mā ō tomokanga,
te piriti e whakawhiti ai
tō iwi ki ngā huarahi o te ora.
Tāmaki Mākaurau e toro whakamua,
hīkina te mānuka.
Tērā te rangi me te whenua te tūtaki.
Maranga me te rā, he mahi māu me tīmata,
ka nunumi ana ki te pō,
whakatārewahia ō moemoeā ki ngā whetū.
Ko te oranga mutunga mōu
kei tua i te taumata moana.
Tūwherahia ō ringa, kūmea mai ki tō uma.
Tāmaki Makaurau
he tāone ūmanga kurupounamu koe;
tukua tō rongō kia rere i te ao.

Tāmaki Makaurau
who bestrides shimmering seas,
and verdant mountains.
From the bathing waters of our forebears,
and hills that echo with voices
that acclaim.
Your mountains stand lofty,
your valleys spread from them
and your streams run freely.
Your harbours are majestic,
your beaches widespread,
the environment that surrounds you is a legacy.
Take care of it so that you will always be known
as 'the world-class city
where talent wants to be'.
Tāmaki Makaurau looking to the future,
repository of our hopes
for generations to come,
anchor stone for those who venture
through your gateway,
and the bridge that connects
your citizens to life.
Tāmaki Makaurau moving on,
accepting all challenges.
Where even heaven and earth might meet.
Rise with the sun as there is work to be done
and when evening comes,
allow your dreams to glide among the stars.
Perpetual health and growth
is beyond the horizon of cresting waves.
Open your arms and pull them to your embrace.
Tāmaki Makaurau, you are a city
where valued business and enterprise thrives;
let your good name traverse the world.

Rārangi kōrero

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Nau mai ki ngā kōrero mō mātou

Welcome to our story

Auckland is a fantastic city – diverse, vibrant, and naturally beautiful. Serving this city is a group of dedicated staff across Auckland Council Group, meeting your needs and ensuring that as we grow we become a world-class city.

This report tells the story of what our staff did across the council Group over the past year to make this city great. It describes some of the multi-billion-dollar projects that will take us forward. It also tells the story of some of the smaller things that help make Auckland unique. From whitebait to e-bikes, from dark sky sanctuaries to our multi-billion-dollar investment in transport – this report has everything.

This report covers the Auckland Council Group, which includes the council, council-controlled organisations (CCOs), subsidiaries, associates and joint ventures. It covers the period from 1 July 2017 to 30 June 2018 and reports against the 2015–2025 Long-term Plan and the Annual Plan 2017/2018. The report fulfils our obligations under the Local Government Act 2002 to report our past year's highlights, performance results and budget.

The full annual report is a package of reports:

- Volume 1: An overview of the council Group covering financial and non-financial performance of the group
- Volume 2: A collection of individual annual reports for each of the 21 local boards, reporting financial and non-financial performance against their 2017/2018 local board agreements
- Volume 3: Our financial statements

- Summary: This document is a high-level overview of key information across the entire package.

Te pūrongo nā te Koromatua From the Mayor

In the past 12 months Auckland’s population has grown by more than 32,000 people, reflecting our success as an attractive international city where people want to live. Growth is good for Auckland. It delivers scale, choice and opportunity to our people and allows our region to fulfil its role as the country’s only international and globally competitive city.

But rapid growth brings challenges, particularly around infrastructure, housing affordability, traffic congestion and the environment. While there are no quick fixes, we have continued to make strong progress in tackling these problems to ensure Auckland is a world-class city.

We’ve managed our finances responsibly, retaining our Moody’s and Standard and Poor’s’ ratings and ensuring our debt to revenue ratio remains within prudential limits. At the same time, we’ve succeeded in limiting the average general rate rise to 2.5 per cent for this term of council, lower than all other New Zealand metropolitan centres and high growth cities. Our group source procurement programme delivered \$112.4 million in procurement benefits in the 2017/2018 financial year, and a new corporate property strategy will save us \$100 million in maintaining and upgrading corporate property that we do not need post-amalgamation. We remain committed to identifying efficiencies through ongoing value for money reviews right across the council group and we continue to seek new mechanisms for funding infrastructure, including innovative solutions like Green Bonds and Special Purpose Vehicles (SPVs).

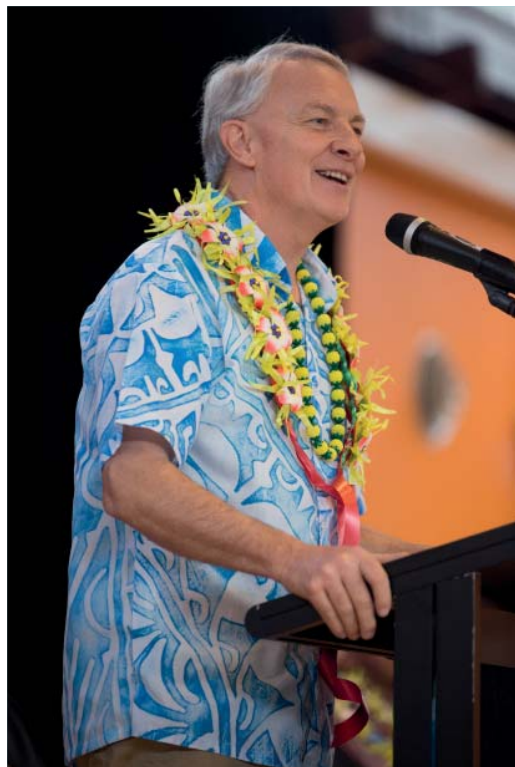
While remaining fiscally disciplined, we’ve increased capital expenditure on core infrastructure and services to support our rapid growth. In the past year we’ve invested \$688 million on transport projects including public transport, roads and footpaths, \$326 million

on water and wastewater projects, \$199 million on parks and community facilities and \$457 million in areas such as environmental management, regional facilities and planning regulation.

In April, we announced with government the country’s largest ever civil construction programme, the Auckland Transport Alignment Project (ATAP). It will see \$28 billion dollars invested in Auckland’s transport system over the next decade, revolutionising the way Aucklanders get around the region and unlocking our city’s potential. ATAP will be transformative, delivering vital projects like light rail, Penlink and Mill Rd,

heavy rail and bus upgrades, safety improvements, and upgraded walking and cycling facilities.

This unprecedented investment was made possible by the Regional Fuel Tax (RFT), which when combined with funding from government subsidies, unlocks an



MAYOR PHILL GOFF AT THE
OPENING OF TE PUKE O TARA
COMMUNITY CENTRE

additional \$4.3 billion in investment for transport infrastructure. Without the RFT, council will only be able to spend on routine renewals and already announced projects, leaving congestion and gridlock to get steadily worse as car numbers grow.

In June 2018, the council approved the final version of its 10-year Budget. It's a 'build-it budget' that responds to Auckland's growth pressures with investment of more than \$26 billion over 10 years to unlock greenfield housing development, reduce transport congestion, clean up our beaches and protect our environment.

\$452 million from a new water quality targeted rate will help clean up our beaches and harbours with much-needed stormwater infrastructure. This will reduce wastewater overflows into our harbours by up to 90 per cent and allow us to do in 10 years what would otherwise have taken 30 years.

A new natural environment targeted rate will generate \$311 million to tackle kauri dieback disease and to eradicate pests that are killing our native birds and trees.

Severe weather events will become more common as our climate changes and the establishment of a Climate Change Response Fund of \$40 million, and a coastal management fund of \$90 million will help to ensure we are adaptable and prepared.

These are the big issues, but it's important that we also recognise the other achievements that contribute to our city's success.


On 1 September 2018, the second tranche of Auckland Council's living wage policy comes into effect, lifting the wages of 2200 of our lowest paid staff. It's a policy that encapsulates our vision for Auckland as an inclusive region and will allow people to meet the cost of living in a big city.

We're supporting the arts, boosting funding for the Auckland Art Gallery by \$2 million per year to ensure our iconic institution can continue to thrive and add vibrancy to the city.

The Southern Initiative has been successful in helping people in our lower income communities to gain skills and meet their potential, and we've committed to extending this programme to our communities in West Auckland, with \$5 million in funding to get it off the ground.

At the same time, we are continuing to work with our local boards and communities to deliver the local amenities you told us are important to you.

We are working to ensure Auckland is a world-class city and appreciate your input as we shape its future. Thank you for your support.



Hon Phil Goff
Mayor of Auckland



Te pūrongo nā te Tumu Whakarae

Report from CEO

Last year we focused on three big things:

- Delivering the Performance Plan on time and within budget.
- Providing advice to elected members to assist in shaping the 10-year Budget.
- Supporting the Governing Body and Local Boards to complete the 10-year Budget.

We produced a very solid effort and finished 2017/18 in a sound financial position against budget.

The 10-year Budget has also been widely endorsed – the 'build-it budget' is just what Auckland needs.

High population growth continues to present service delivery challenges for the council. Over 120,000 new residents have made Auckland their home in the past four years. We have reduced staff per capita during this time and contained our core costs. Successes in service delivery include:

- Creating more digital options for services like booking parks, registering dogs and booking a building inspection online. Our revamped website has also received accolades and awards, which tells us we are on the right track.
- The Southern Initiative continues to be recognised for its innovative approach to solving complex problems, and empowering communities in the process.
- Oakley Creek, one of Auckland's longest urban streams, is now restored and being enjoyed by many.
- The launch of our Safeswim website is helping Aucklanders make informed decisions before they go swimming while we work on our larger water quality challenges.
- Land for a marae has been transferred to Te Kawerau ā Maki, the only mana whenua iwi in Auckland without a marae.
- New registrations, active library members and total issues from our libraries all increased, with total visits increasing seven per cent on the previous year.



- Strong partnerships with organisations like Vector and ANZ have delivered new amenities for Auckland, from splashpads to lighting up the Harbour Bridge with renewable energy.

Then there is the big stuff like the City Rail Link construction in Albert Street, where the trenches reached their full 18m depth, and plans have been approved to future-proof the stations in line with growing rail patronage.

Together with mana whenua and central government we've had to close the Waitākere ranges and 10 higher risk tracks in the Hunua ranges to prevent the spread of kauri dieback disease and protect our kauri forests for future generations.

We collaborated with the government and America's Cup teams to agree new bases for our defence in 2021. The development around Wynyard Wharf and an extended Hobson Wharf will support both the racing event and create a vibrant waterfront area for all Aucklanders to enjoy.

We also know we need to continue to improve. Our building and resource consent services are under the pump due to high demand. We processed over 20,000 building consents over the past year and this has challenged us. There are concerns around the way we calculated our statutory timeframes relating to building and resource consents, which resulted in two performance measures receiving a modified audit opinion. However, we know how to meet these challenges and will make improvements in our service performance over 2018/2019.

I would like to thank all of the staff working for the council group. We are Aucklanders working for Aucklanders, and we are committed to doing the very best we can into the future as we execute the 'build it budget.' Kia kaha.

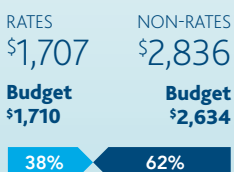
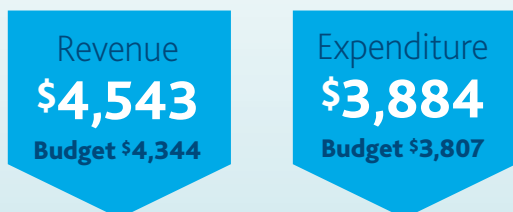
Stephen Town
Chief Executive

He aronga poto: Te whakahaere pūtea

At a glance: Financial performance

Operating Surplus (\$million)

\$659
Budget \$537



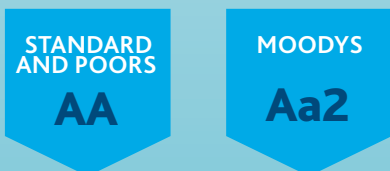
Capital Expenditure (\$million)

\$1,670
Budget \$2,017

Net Debt (\$million)

\$8,222
Budget \$8,303
Increased by only \$253
(compared to \$7,969 in 2016/2017)

Credit Rating



Outlook

Stable

Auckland is facing unprecedented population growth. By partnering closely with the Crown, prudently managing our debt, and controlling costs, the rates burden was kept to a minimum.

Our operating surplus was driven by a significant increase in vested assets from developers, reflecting high investment in infrastructure.

Expenditure was in line with budget. Despite the significant growth pressure, controllable costs were held within one percent of budget due to a concerted effort to keep these costs down. For example, for the council only (not group), staff headcount was contained, resulting in its staff costs being \$26 million below budget. Travel controls were also applied, meaning that we spent only \$1.3 million (or \$217 per FTE) of the \$1.8 million budgeted for travel.

We weathered some unexpected costs. For example, we had to spend \$13 million for the projects relating to the America's Cup. And we increased our weather-tightness provision by \$82 million as a result of more multi-unit claims in the future.

Rates made up 38% of our revenue. User charges and fees and other non-rates revenue made up the remainder. There is a continued effort to provide more value adding services to reduce the proportion of revenue that is raised by rates.

Our investment in capital was one of the largest in Auckland Council's history. Despite investment of \$1.7 billion, our net debt only increased by \$253 million. To fund capital investment, we used \$1.1 billion cash from operations, the Crown's contribution of \$218 million to the City Rail Link, non-strategic asset sales of \$257 million, and \$240 million from the sale of council's diversified asset portfolio.

Our prudent and sustainable financial management is reflected by our strong credit ratings, and by the stable outlook identified by the rating agencies.

Ngā arotakenga mahi

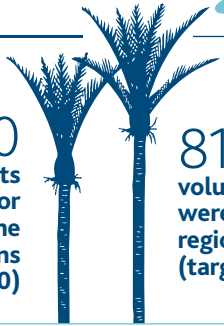
Performance measures*

PARKS, COMMUNITY AND LIFESTYLE

57% of Aucklanders feel art is part of their everyday life (target 72%)



63,750 NZ native plants were grown for revitalisation by the Botanic Gardens (target 60,000)



81,342 volunteer hours were worked in regional parks (target 80,000)

AUCKLAND DEVELOPMENT

2249

the number of historic heritage places in areas formally protected in the Unitary Plan (target 2180)



TRANSPORT



96.5% of public transport was punctual (target 94%)

690 deaths and serious injuries on the local road network (target 537)

27,962 car trips were avoided through travel planning initiatives (target 20,240)



1,807,040 cycle trips were made through designated areas in Auckland (target 1,800,000)



ENVIRONMENTAL MANAGEMENT AND REGULATION

94% of all assets are graffiti free (target 94%)



144kg of domestic kerbside refuse per capita annum (target 110kg)

66% of Aucklanders are prepared at home for an emergency (target 36%)



99.3% of urgent animal management complaints were responded to within one hour (target 95%)



97.1% of D/E graded food premises were re-inspected within one month (target 95%)



52% building consents processed within 20 working days (target 100%)
67% Resource consents processed within 20 working days (target 100%)

ECONOMIC AND CULTURAL DEVELOPMENT

188

Māori business benefited from an ATEED programme or initiative (target 100)



473 community event days at stadiums (target 980)

GOVERNANCE AND SUPPORT

38% of residents who feel they can participate in decision making (target 50%)



WATER SUPPLY AND WASTEWATER TREATMENT AND DISPOSAL

Drinking water quality complied 100% with drinking water standards (target 100%)



*Comprehensive performance results are available in the Groups of Activities section, pages 36 to 135, Volume 1.

Tirohanga whānui ki te whakahaere pūtea

Financial Performance Overview

Auckland Council Group's results show solid financial performance over the year, alongside significant capital investment to meet Auckland's rapid population growth.

Our financial performance

The Group achieved an operating surplus before gains and losses of \$659 million, \$122 million ahead of budget. This positive result is mainly attributable to the \$199 million increase in revenue against budget partly offset against operating expenses that exceeded budget by \$77 million. The fact that both revenue and expenditure were higher than budget reflects the level of growth occurring during the year.

Revenue

Total revenue, excluding other gains, was \$4,543 million. This was \$199 million higher than budget and relates to non-rates sources of revenue, of which the largest component was vested asset revenue. Details of revenue sources that exceeded the budget are:

- vested assets (\$370 million) – a higher amount of vested infrastructure assets was received than budgeted as a result of increasing infrastructure growth
- grant revenue from New Zealand Transport Agency (NZTA) (\$49 million) – an increase in grants from NZTA primarily as a result of some capital works being completed earlier than anticipated
- Finance revenue (\$29 million) – interest was higher than budgeted due to \$15 million received from the Crown for City Rail Link (CRL) assets prefunded by the council but not budgeted for, and higher than expected cash and short-term deposits
- fees and user charges (\$10 million) – unbudgeted income was received following the acquisition of two port owned subsidiaries.

This was partly offset by the following revenue sources which did not reach budget:

- grant revenue from the Crown (\$229 million) – following the finalisation of the CRL agreements, there was a reclassification of funding for the CRL from grant income in the budget, to a reduction in the value of the assets to which it relates

- development and financial contributions (\$32 million) – income from development agreements was below budget due to the number of expected agreements with developers not eventuating.

Revenue from rates was \$1,707 million, which was in line with the budget of \$1,710 million. During the year we continued our drive to rely less on rates as a key funding source with a reduction in the rates revenue as a percentage of total revenue from 40% to 38%.

Operating Expenditure

Despite the high level of development and growth-related activity during the year, and the additional pressure this puts on the group's resources, operating expenditure of \$3,884 million exceeded the budget by only 2% (\$77 million). We focussed efforts on controlling costs such as recruitment, discretionary expenditure, occupancy and professional services fees. As a result of this focus, controllable costs comprising employee benefits, professional services costs, costs of services and occupancy, were within 1% of budgeted expenditure.

A number of non-controllable costs which exceeded budget were:

- a provision for weathertightness claims (\$82 million) – the provision increased mainly as a result of the increasing numbers of multi-unit claims
- a provision for remediation of waterfront land and early lease termination fees (\$13 million), both incurred in preparation for America's Cup 36, which

were expected to be incurred in future years, and are therefore purely the result of timing differences.

Other expenditure that exceeded budget includes:

- additional unbudgeted expenditure arising following the acquisition of two Ports of Auckland subsidiaries (\$20 million)
- outsourcing of various resource consent, and amenities and infrastructure maintenance functions due to staff shortages (\$15 million)
- finance costs were unfavourable to budget due to higher than budgeted time value of money adjustments on long term provisions (\$7 million)
- higher than anticipated provision for non-collectability of debts (\$3 million).

The following areas of expenditure were materially under budget:

- depreciation and amortisation (\$60 million) – due to longer than budgeted useful lives for road assets, and various capital projects being behind budget; and
- consultancy and professional services (\$11 million) – attributable to consultancy savings across the group, and include savings of \$3 million in the Mayor’s office and local board services.

Our financial position

The Group has a strong balance sheet to ensure that it is able to fulfil its commitment to Auckland’s future. The Group’s total assets increased by \$4.1 billion during the year. This increase arose mainly from the increase in our capital assets of \$3.4 billion and an increase in our investments in associates and joint ventures of \$655 million.

We invested \$1.7 billion in Auckland’s infrastructure, had \$572 million of assets vest with the Group, plus revaluation gains of \$2.4 billion. This increase in assets was partly offset by annual depreciation charges and disposal of non-core assets. Most classes of fixed assets were revalued this year, with the exception of roads and formation, train stations, bus stations and shelters, and marina structures. The revaluation gain mainly relates to infrastructure assets and operational land and buildings, both with a gain of \$1 billion.

Our investment in associates and joint ventures

increased mainly as a result of the increase in our share of Auckland International Airport’s earnings of \$349 million. Our investment in the City Rail Link joint venture increased by \$307 million due to our contribution of equity in the form of cash (\$93 million) and assets (\$218 million) offset against our share of CRL’s losses of \$4 million.

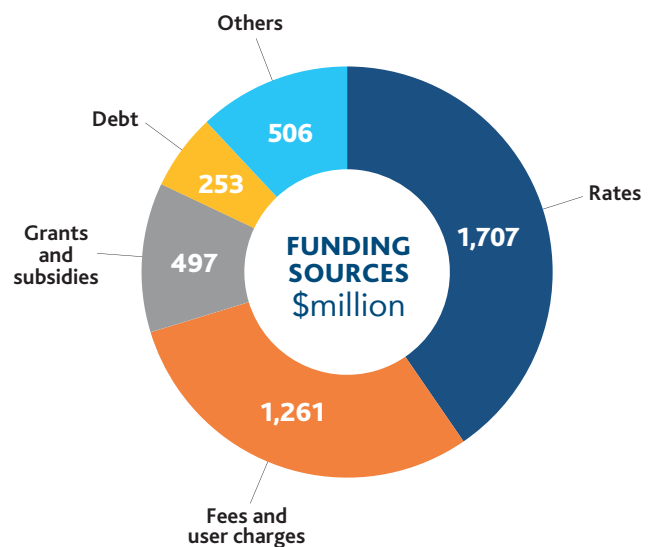
Our financial strategy

Our strategy is to meet the service expectations of Aucklanders, support the rapid growth in our population and maximise value for Aucklanders through prudent financial decisions.

We are continuously improving the efficiency and effectiveness of the way that we deliver services to make each dollar go further. And we are also investing in the infrastructure to meet the needs of a growing population, while ensuring that we remain within our debt limits.

Funding our activities

We use a range of funding sources to spread the cost of our activities equitably and affordably. The following diagram summarises the sources of funding:



We fund capital expenditure through:

- rates income and fees and charges which are used to renew existing assets
- borrowings which are used to build and purchase new assets
- development contributions and infrastructure growth charges which are used to fund growth-related assets and infrastructure development.

During the year we spent \$1.7 billion of capital expenditure on our existing and new assets, including:

- \$688 million on transport projects
- \$439 million on water, wastewater and stormwater infrastructure
- \$199 million on parks and community facilities.

The Crown and the council each contributed equity of \$311 million to the City Rail Link joint venture – a 50:50 partnership with the Crown.

Managing our debt

We generally use debt to fund new assets in order to spread the cost of the assets across both the current and future generations of Aucklanders that will benefit from them.

Our Group net debt as at 30 June 2018 was \$8.2 billion, an increase of \$253 million compared to the previous year. This shows our strong operational cash flows in conjunction with prudent financial management.

We managed our debt within prudent limits. Staying within these limits, along with other factors, contributes to us having one of the highest credit ratings in New Zealand (AA from Standard & Poor’s and Aa2 from Moody’s), both on stable outlook.

We manage risks associated with debt responsibly. The

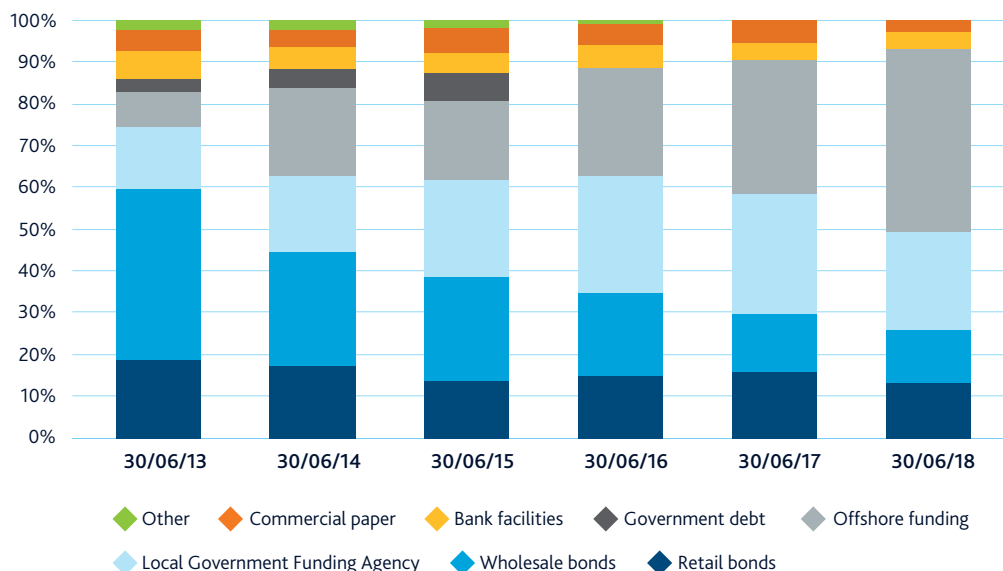
main risks are foreign currency risk, interest rate risk, liquidity risk and funding and refinancing risk.

- When we borrow in foreign currency, we mitigate all foreign currency risk by entering into derivative contracts which convert foreign currencies into New Zealand dollars.
- We manage our exposure to adverse interest rate changes by matching the interest rate profile of assets and liabilities, through fixed rate borrowings and the use of interest rate derivatives.
- We manage our liquidity risk by keeping enough liquid assets and bank standby facilities in place as well as having a range of funding sources available, to meet our commitments as they fall due.
- We manage our funding and refinancing risk by borrowing in New Zealand and overseas and spreading the timing of debt maturities.

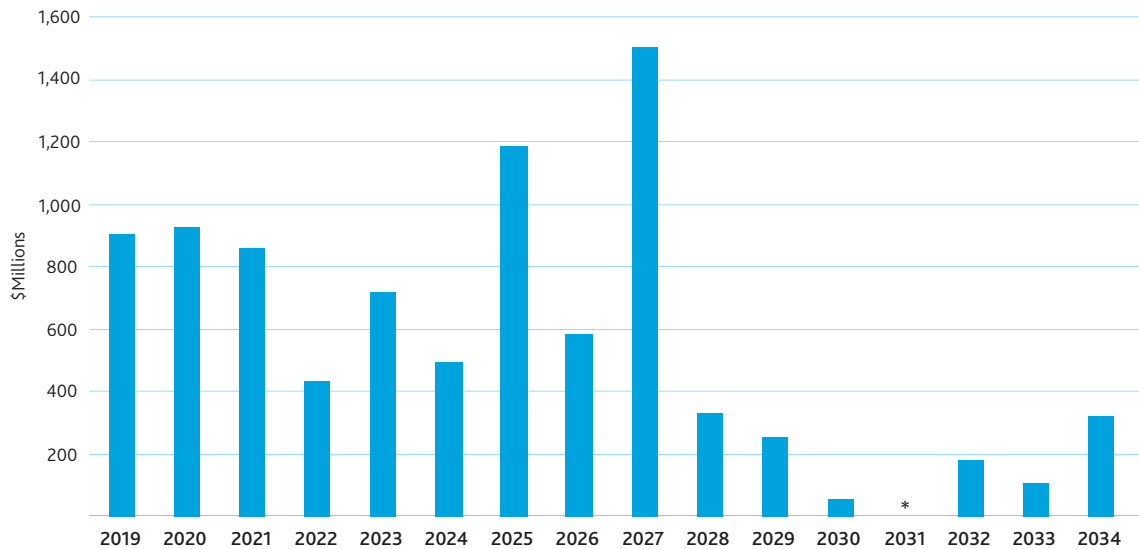
The below diagrams outline the sources of our debt funding and its maturity profile.

In 2017/2018 we increased our presence in the offshore and domestic retail markets. We issued an EUR 500 million (NZ\$840 million) bond in November 2017 and a \$200 million retail green bond in June 2018. Both bond issues were oversubscribed and were priced in line with our peers and market expectation, confirming our attractiveness as a borrower.

Group Debt Funding Mix at 30 June 2018



Maturity profile of debt held as at 30 June 2018



This is a snapshot as at 30 June 2018, the profile will change as time passes.

* No debt maturing in 2031

Reviewing value for money

Because public money funds our activities, a core objective is to get the most value we can out of every dollar we spend. To ensure we get the most value possible, legislation requires us to periodically review the cost-effectiveness of our services.

Over 2017/2018, we began our Value for Money Programme. Value for Money reviews recommend potential improvements to the way we deliver services to achieve greater effectiveness and efficiency for Aucklanders. The Governing Body approves the recommendations and passes these to the Chief Executive for implementation. We completed reviews of the Three Waters (stormwater, waste water and water supply), domestic waste, communications and engagement, investment attractions and global partnerships, and procurement services.

In May 2018, the Governing Body agreed to implement its Corporate Property Strategy over the next six years. This will save us \$117 million and provide more accessible and people-friendly offices for the public, and better working conditions for staff. Our property portfolio will be structured around three hubs – north-west, south and central. These will be supported with numerous smaller offices which our staff can use to be nearer the communities we serve. All 23 customer

service centres and the 21 local board facilities will remain in current localities.

GREEN BONDS

Auckland Council issues green bonds in a first for New Zealand

In June 2018, we raised \$200 million using green bonds to fund electric trains. Electric trains will provide cleaner and more efficient public transport, and help Auckland meet its commitment to lower carbon initiatives.

Green bonds provide opportunities for investors to fund projects which have a positive environmental impact. The bonds were independently verified in line with Green Bond Principles, the Climate Bond Standard and certified by the Climate Bond Initiative.

Councillor Ross Clow, Chair of the council's Finance and Performance Committee, welcomed the bond.

"We have sent a signal to the rest of New Zealand that smart financial management can go hand-in-hand with sustainable investment and greener outcomes."

Summary statement of comprehensive revenue and expenditure

For the year ended 30 June 2018

\$MILLION	GROUP			COUNCIL		
	ACTUAL 2018	BUDGET 2018	ACTUAL 2017	ACTUAL 2018	BUDGET 2018	ACTUAL 2017
Revenue						
Rates	1,707	1,710	1,641	1,718	1,722	1,651
Fees and user charges	1,261	1,256	1,193	268	267	252
Grants and subsidies	497	677	459	22	249	16
Development and financial contributions	182	214	164	182	214	164
Other revenue	287	277	281	180	164	166
Vested assets	572	202	374	226	503	106
Finance revenue	37	8	17	107	109	91
Total revenue excluding other gains	4,543	4,344	4,129	2,703	3,228	2,446
Expenditure						
Employee benefits	866	864	853	500	526	508
Depreciation and amortisation	865	925	874	261	264	256
Grants, contributions and sponsorship	133	134	127	1,030	1,260	1,057
Other operating expenses	1,548	1,419	1,464	613	481	570
Finance costs	472	465	471	408	426	413
Total expenditure excluding other losses	3,884	3,807	3,789	2,812	2,957	2,804
Operating surplus/(deficit) before gains and losses	659	537	340	(109)	271	(358)
Net other gains/(losses)	(112)	-	281	(117)	-	161
Share of surplus in associates and joint ventures	147	62	75	2	3	4
Surplus/(deficit) before income tax	694	599	696	(224)	274	(193)
Income tax expense/(benefit)	34	31	56	-	-	-
Surplus/(deficit) after income tax	660	568	640	(224)	274	(193)
Other comprehensive revenue/(expenditure)						
Net gain on revaluation of property, plant and equipment	2,362	1,309	1,468	936	491	-
Tax on revaluation of property, plant and equipment	(276)	(126)	-	-	-	-
Movement in cashflow hedge reserve	5	-	3	-	-	-
Share of associates and joint ventures' reserves	264	-	2	-	-	-
Net unrealised gain on revaluation of financial assets classified as available-for-sale	7	-	11	-	-	-
Total other comprehensive revenue	2,362	1,183	1,484	936	491	-
Total comprehensive revenue/(expenditure)	3,022	1,751	2,124	712	765	(193)

The accompanying basis of reporting forms part of, and is to be read in conjunction with, these financial statements.

Summary statement of financial position

As at 30 June 2018

\$MILLION	GROUP			COUNCIL		
	ACTUAL 2018	BUDGET 2018	ACTUAL 2017	ACTUAL 2018	BUDGET 2018	ACTUAL 2017
Current assets						
Non-current assets held-for-sale	35	114	332	33	115	40
Other current assets	1196	653	993	988	610	930
Total current assets	1,231	767	1,325	1,021	725	970
Non-current assets						
Property, plant and equipment	46,730	44,763	43,361	14,908	14,237	13,659
Investment in subsidiaries	-	-	-	20,630	21,379	21,068
Investment in associates and joint ventures	1,751	1,083	1,096	322	453	16
Other non-current assets	1,750	1,530	1,577	2,751	2,249	2,441
Total non-current assets	50,231	47,376	46,034	38,611	38,318	37,184
Total assets	51,462	48,143	47,359	39,632	39,043	38,154
Current liabilities						
Current borrowings	905	1,364	1,125	764	1,024	975
Other current liabilities	928	931	878	800	748	804
Total current liabilities	1,833	2,295	2,003	1,564	1,772	1,779
Non-current liabilities						
Non-current borrowings	7,927	7,180	7,175	7,549	6,803	6,729
Other non-current liabilities	2,900	2,747	2,405	1,188	1,126	1,049
Total non-current liabilities	10,827	9,927	9,580	8,737	7,929	7,778
Total liabilities	12,660	12,222	11,583	10,301	9,701	9,557
Net assets	38,802	35,921	35,776	29,331	29,342	28,597
Equity						
Total equity	38,802	35,921	35,776	29,331	29,342	28,597

The accompanying basis of reporting forms part of, and is to be read in conjunction with, these financial statements.

Summary statement of changes in equity

For the year ended 30 June 2018

\$MILLION	GROUP			COUNCIL		
	ACTUAL 2018	BUDGET* 2018	ACTUAL 2017	ACTUAL 2018	BUDGET* 2018	ACTUAL 2017
Opening equity as at 1 July	35,776	34,170	33,652	28,597	28,577 [^]	28,790
Total comprehensive revenue/(expenditure)	3,022	1,751	2,124	712	765	(193)
Found assets	4	-	-	-	-	-
Return of equity	-	-	-	22	-	-
Closing equity as at 30 June	38,802	35,921	35,776	29,331	29,342	28,597
Components of equity						
Contributed equity	26,732	26,729	26,728	26,569	26,569	26,569
Accumulated funds	1,667	1,157	951	(997)	(563)	(824)
Reserves	10,403	8,035	8,097	3,759	3,336	2,852
Total equity	38,802	35,921	35,776	29,331	29,342	28,597

*The opening balances as at 1 July 2016 were updated in the Annual Budget 2017/2018 based on the most up-to-date forecast information.

[^]Due to a clerical error in the published Annual Budget 2017/2018, the approved figures of 28,890 and 29,655 did not reconcile to the Statement of Financial Position. These figures have been corrected to 28,577 and 29,342 respectively as shown above.

Summary statement of cash flows

For the year ended 30 June 2018

\$MILLION	GROUP			COUNCIL		
	ACTUAL 2018	BUDGET 2018	ACTUAL 2017	ACTUAL 2018	BUDGET 2018	ACTUAL 2017
Net cash inflow/(outflow) from operating activities	1,101	1,325	892	26	32	(166)
Net cash outflow from investing activities	(1,134)	(1,679)	(1,367)	(108)	(255)	(422)
Net cash inflow from financing activities	312	354	678	387	223	764
Net increase/(decrease) in cash and cash equivalents	279	-	203	305	-	176
Opening cash and cash equivalents	331	240	128	279	215	103
Closing cash and cash equivalents	610	240	331	584	215	279

The following changes in the classification of the cash flow activities were made to better align the nature of the underlying cash flows:

- cash payment to employees that were capitalised to assets were moved from operating to investing activities (Group: \$78 million and council: \$40 million); and
- non-interest related proceeds and payments in relation to derivative financial instruments were moved from investing to financing activities (Group: net payment of \$36 million and council: net payment of \$34 million).

The 2017 cash flows were adjusted to reflect this change in classification.

The accompanying basis of reporting forms part of, and is to be read in conjunction with, these financial statements.

Basis of reporting

Auckland Council has designated itself and the Group as public benefit entities and applies New Zealand Tier 1 Public Benefit Entity Accounting Standards (PBE Accounting Standards). These standards are based on International Public Sector Accounting Standards, with amendments for the New Zealand environment. The full financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice, PBE Accounting Standards and other applicable financial reporting standards, as appropriate for public benefit entities. The summary financial statements comply with Public Benefit Entity Financial Reporting Standard 43: Summary Financial Statements.

The information presented is in New Zealand dollars, which is the functional currency of each of the Group's entities, rounded to the nearest million dollars (\$million) unless otherwise stated.

The summary financial statements and associated disclosures have been extracted from the full annual report. However, the summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements.

The full and summary Annual Report for the year ended 30 June 2018 were authorised for issue by the council's governing body on 27 September 2018.

Subsequent events

Watercare treasury function disestablishment

On 1 July 2018 Watercare Services Limited, a wholly owned subsidiary of the council, transferred its treasury management to the council. As part of the transfer, all derivative financial instruments were novated to the council for nil consideration. The derivatives were in a loss position of \$217 million at that date. This loss was recognised as an injection of capital, and consequently an increase in the council's investment in Watercare.

Auckland Council Investment Limited (ACIL) disestablishment

On 2 July 2018, Auckland Council Investments Limited (ACIL), a wholly owned subsidiary of the council, transferred its shares in Ports of Auckland Limited and Auckland International Airport Limited to Auckland Council in advance of being disestablished.

Housing infrastructure fund loan facility

On 21 September 2018 the Crown announced its agreement with Auckland Council to provide a 10-year interest free loan facility of up to \$339.2 million to support infrastructure projects in Redhills and Whenuapai. The loan facility agreements are in the process of being signed.

None of the above transactions had financial impact on the current year group results or its financial position at 30 June 2018.

Summary of waivers granted by NZX

For the purposes of NZX Listing Rule 10.4.5(f), Auckland Council (Council) discloses that, in the 12 month period preceding 30 June 2018, NZX has granted and published and Council has relied on the following waivers from Listing Rule 5.2.3:

- a waiver dated 15 March 2016 in respect of its issue of \$250 million of fixed rate bonds (AKC090 Bonds). A further waiver in respect of the AKC090 Bonds was granted by NZX on 29 September 2016; and
- a waiver dated 9 May 2018 in respect of its issue of \$200 million of fixed rate Green Bonds (AKC110 Bonds).

Listing Rule 5.2.3, as modified by a ruling by NZX dated 29 September 2015, requires a class of debt securities to be held by at least 100 members of the public holding at least 25% of the number of securities of that class issued, with each member of the public holding at least a Minimum Holding (as defined in the NZX Main Board / Debt Market Listing Rules).

In March 2016, NZX granted Council a waiver from Listing Rule 5.2.3 with respect to the AKC090 Bonds to allow Council to have fewer than 100 bondholders who are members of the public holding at least 25% of the AKC090 Bonds on issue for a period of six months from the quotation date of its initial offer of new bonds. In September 2016, NZX granted a further waiver from Listing Rule 5.2.3 with respect to the AKC090 Bonds for a period of twelve months from 30 September 2016. NZX granted the further waiver in respect of the AKC090 Bonds from Listing Rule 5.2.3 on the following conditions:

- Council must clearly and prominently disclose the waiver, its conditions and its implications in its half-year report and its annual report, for the period that the waiver is relied upon;
- Council must notify NZX as soon as practicable if there is a material reduction to the total number of members of the public holding at least a Minimum Holding of the AKC090 Bonds and/or the percentage of the AKC090 Bonds held by members of the public holding at least a Minimum Holding;

- for the period of the waiver, the AKC090s must be held by at least 80 members of the public holding at least 15% of the AKC090 Bonds on issue, with each member of the public holding at least a Minimum Holding; and
- Council must provide NZX with a written update of the total number of members of the public holding at least a Minimum Holding of the AKC090 Bonds and the percentage of the AKC090 Bonds held by members of the public holding at least a Minimum Holding following AKC's financial year end. The update is to be provided to NZX within ten business days of the end of the financial year.

In May 2018, NZX granted Council a waiver from Listing Rule 5.2.3 with respect to the AKC110 Bonds to allow Council to have fewer than 100 bondholders who are members of the public holding at least 25% of the AKC110 Bonds on issue for a period of six months from the quotation date of its initial offer of new bonds. NZX granted the waiver in respect of the AKC110 Bonds from Listing Rule 5.2.3 on the following conditions:

- Council must clearly and prominently disclose the waiver and its implications in the product disclosure statement (PDS) for the AKC110 Bonds and any other offering document relating to an offer of AKC110 Bonds made during the period of the waiver;
- Council must clearly and prominently disclose the waiver, its conditions, and its implications in its half-year report and its annual report, for the period the waiver is relied upon;
- Council must disclose liquidity as a risk in the PDS for the AKC110 Bonds; and
- Council must notify NZXR as soon as practicable if there is a material reduction to the total number of members of the public holding at least a Minimum

Holding of the AKC110 Bonds and/or the percentage of AKC110 Bonds held by members of the public holding at least a Minimum Holding.

The effect of these waivers from Listing Rule 5.2.3 is that the AKC090 Bonds and the AKC110 Bonds may not be widely held and there may be reduced liquidity in those bonds.

For more information on the Group's financial results please refer to Volume 3 of the Annual Report.



Tā mātou tuapapa whakahaere

Our structure

Auckland Council’s structure provides the scale for efficient delivery, a regional perspective that provides a clear direction for Auckland, and representation that reflects diversity, local flavour and active public participation.

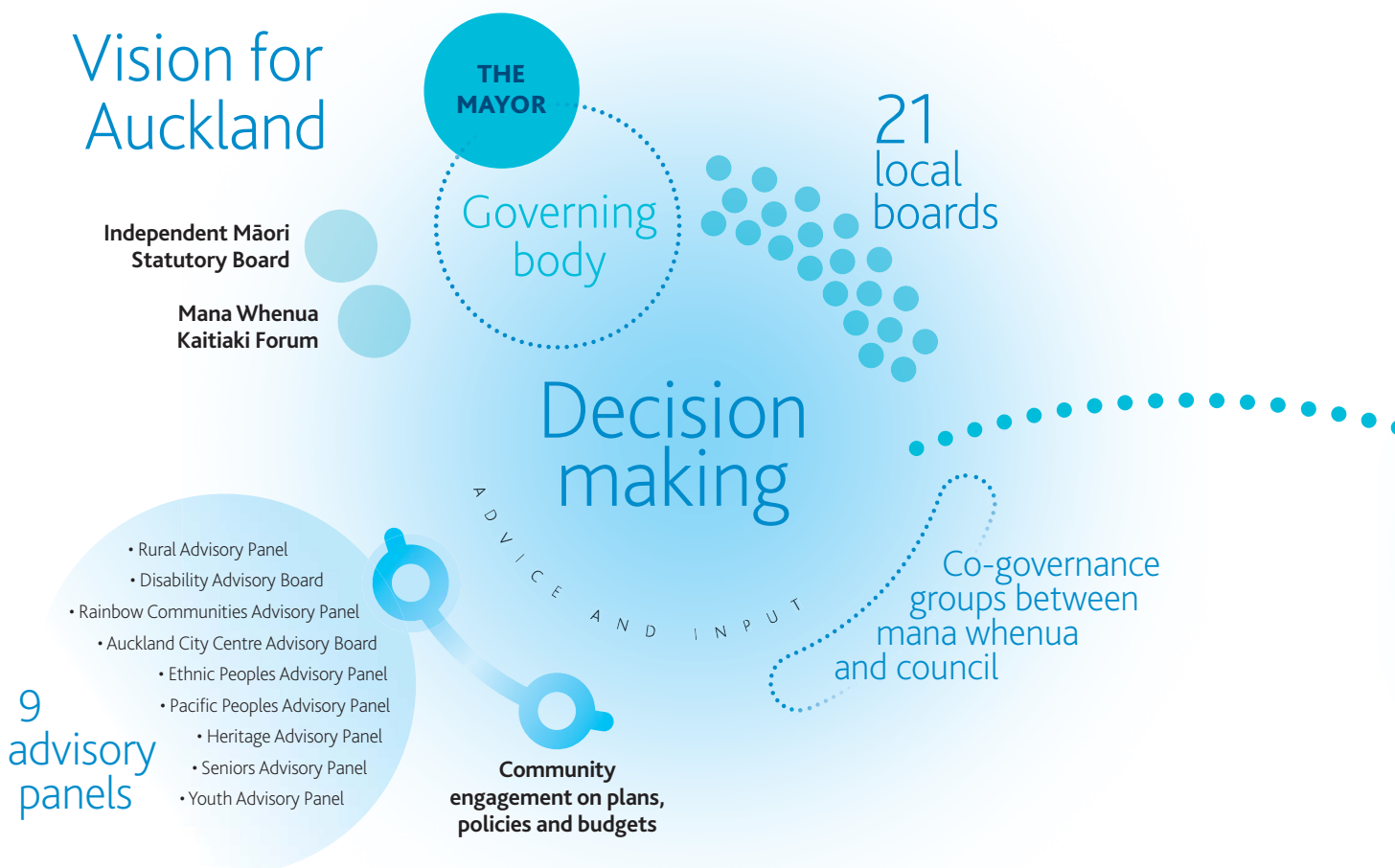
The Mayor promotes our vision for Auckland to be a world class city and is tasked with leading the development of regional plans, policies and budgets to achieve that vision.

Auckland’s 20 councillors, who represent 13 wards, make up the Governing Body along with the Mayor. It focuses on strategic issues and initiatives which affect Auckland as a region. Some decision-making powers are delegated to committees – three committees of the whole (Environment and Community, Finance and Performance, and Planning), three reporting committees (Audit and Risk, Community Development

and Safety, Strategic Procurement) and four other committees (Appointments Performance Review and Value for Money, Audit and Risk, Ports of Auckland Appointments Panel, Civil Defence and Emergency Management Group, Regulatory).

We have 149 local board members, spread over 21 boards, who make decisions on the local services, such as parks, libraries, community halls and pools, which form the fabric of our local communities.

The Independent Māori Statutory Board has specific responsibilities and legal powers to assist Auckland Council to make decisions and performs functions



in accordance with statutory provisions relating to Te Tiriti o Waitangi. The Board has voting rights on Auckland Council's key decision making committees and promotes cultural, economic, environmental and social well-beings issues that are significant to Māori. It provides direction and guidance to help improve council's responsiveness to Māori.

Co-governance structures between the council and mana whenua have been established as part of Te Tiriti o Waitangi settlements to co-govern maunga, wāhāpū, motu and kaitiakitanga of land and marine resources.

Diversity is a strength that defines Auckland. To ensure this diversity is reflected in decision-making, we also have nine advisory panels the council uses to seek input on specific issues.

Auckland Council is led by the Chief Executive who is appointed by the Governing Body. The Chief Executive, with the support of his executive leadership team, employs staff to deliver services for residents.

The council Group also comprises six substantive council-controlled organisations (CCOs).

The CCOs look after specific council assets, infrastructure and activities using specialist expertise. They are independent, with their own board of directors or trustees, but are accountable to the council's Governing Body. We approve each CCO's annual objectives and targets as part of their statements of intent, monitor their performance quarterly and appoint their board of directors or trustees.

AUCKLAND COUNCIL

We deliver a wide range of services, events and facilities.



LED BY OUR
**EXECUTIVE
LEADERSHIP
TEAM**

**CHIEF
EXECUTIVE**

LED BY
**INDEPENDENT
BOARDS**

Delivery

CCOs

Council-controlled organisations operate separately from Auckland Council. Each CCO is overseen by a board of directors.



ACIL will be disestablished in early 2018/2019

There is more information under 'How Auckland Council works' on our website: www.aucklandcouncil.govt.nz

Ngā mema o te Kāhui Kāwanatanga

Governing Body members



Phil Goff
MAYOR



Bill Cashmore
DEPUTY MAYOR FRANKLIN



John Watson
ALBANY



Wayne Walker
ALBANY



Dr Cathy Casey
ALBERT-EDEN-ROSKILL



Hon. Christine Fletcher, QSO
ALBERT-EDEN-ROSKILL



Sharon Stewart, QSM
HOWICK



Alf Filipaina
MANUKAU



Fa'anana Efeso Collins
MANUKAU



Sir John Walker, KNZM, CBE
MANUREWA-PAPAKURA



Daniel Newman
MANUREWA-PAPAKURA



Josephine Bartley
MAUNGAKIEKIE-TĀMAKI



Denise Lee*
MANGAKIEKIE-TĀMAKI



Chris Darby
NORTH SHORE



Richard Hills
NORTH SHORE



Desley Simpson
ORĀKEI



Greg Sayers
RODNEY



Linda Cooper, JP
WAITĀKERE



Penny Hulse
WAITĀKERE



Mike Lee
WAITEMATĀ AND GULF



Ross Clow
WHĀU

*Denise Lee was a councillor until 12 October 2017



OBITUARY

Councillor Dick Quax

Councillor Dick Quax passed away in June at the age of 70.

He served as a councillor, first on the Manukau City Council and then on the new Auckland Council, representing Howick Ward.

Mayor Phil Goff describes him as “a passionate contributor in council debates, advocating strongly on behalf of his constituents.

“We remember him also as one of New Zealand’s finest athletes, representing us at the Olympics and international events.”

Cr Quax was an unstinting advocate for Howick, Pakuranga and the eastern suburbs. He was known for his strong positions on high-density housing, public transportation and Auckland’s Unitary Plan. Cr Quax was also known as a steward of ratepayer funds.

Wards

Auckland is split into 13 wards.

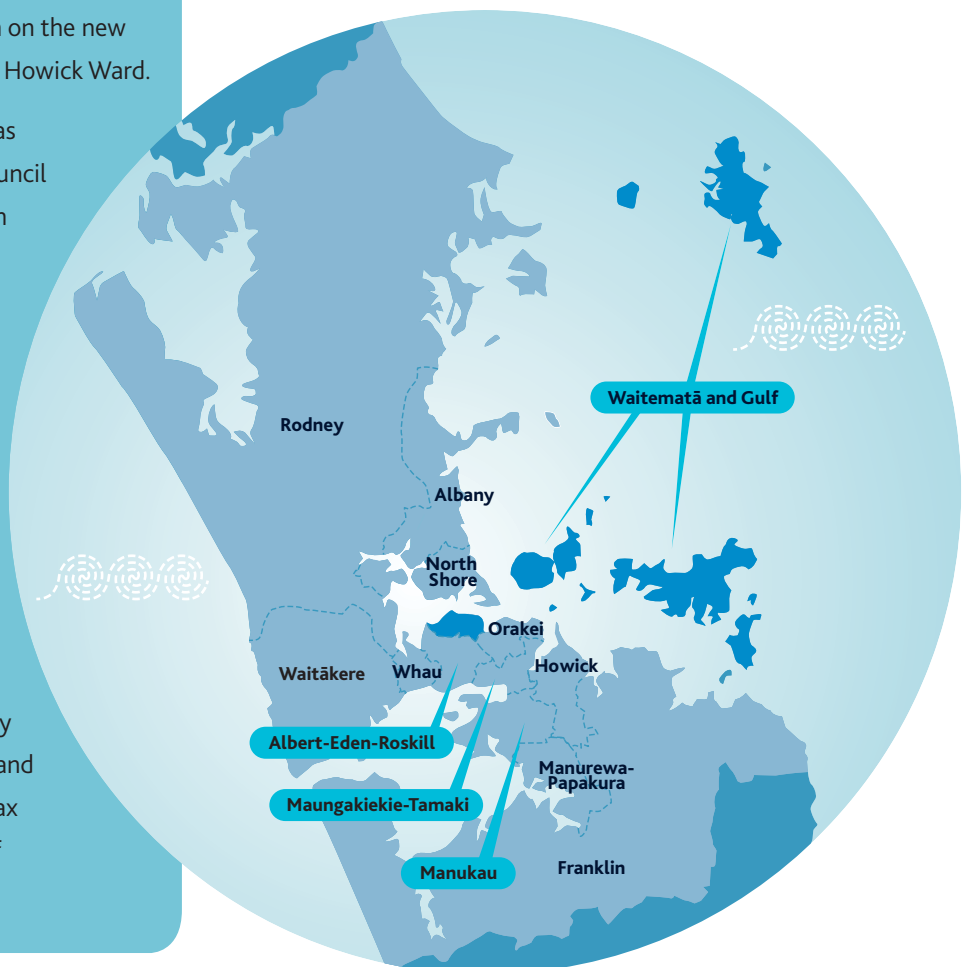
Because each ward varies in population, the number of councillors who represent the people within that ward also varies, to ensure there is fair representation in each ward.

The wards are determined on the basis of:

- achieving a fair ratio of elected members to population
- the sense of identity with, and belonging to, a community or communities
- the geographical area of the services provided for a community.

20 ward councillors are elected by voters from the ward they represent, to the governing body of Auckland Council.

The wards are shown below.



Tō mātou tira kaiwhakahaere

Our executive leadership team



Council Group Executive Leadership Team (L to R): Jim Quinn, Penny Pirrit, Ian Maxwell, Stephen Town, Barry Potter, Matthew Walker, Phil Wilson, Patricia Reade, Dean Kimpton

CHIEF EXECUTIVE

Stephen Town

Responsible for leading the council's direction and service delivery.

GROUP CHIEF FINANCIAL OFFICER

Matthew Walker

Responsible for financial strategy, planning and policy; treasury; transaction services; financial accounting; corporate property, procurement; and information services.

CHIEF OPERATING OFFICER

Dean Kimpton

Responsible for public-facing projects and services including community services; regulatory services; infrastructure and environmental services; emergency management; and community facilities.

DIRECTOR PEOPLE AND PERFORMANCE

Patricia Reade

Enables the links between our people initiatives to our key strategic organisational goals, including responsibility for the formation and delivery of our strategic frameworks, enables delivery of services such as people advisory services and recruitment. Supports business improvement initiatives to transform the customer experience and drive better value for money to Aucklanders.

GOVERNANCE DIRECTOR

Phil Wilson

Responsible for advice and support for governing body and local board members, council's governance of council controlled organisations, ensuring delivery of our commitments to Māori, supporting community engagement and the internal auditing function.

CHIEF OF STRATEGY

Jim Quinn

Responsible for strategy, policy, planning, research, monitoring and communications that guides and supports sustainable social, environmental, and economic outcomes for a world class Auckland.

DIRECTOR REGULATORY SERVICES

Penny Pirrit

Responsible for building control, licensing and compliance, and resource consents.

DIRECTOR INFRASTRUCTURE AND ENVIRONMENTAL SERVICES

Barry Potter

Responsible for major infrastructure development, environmental management, stormwater and solid waste.

DIRECTOR COMMUNITY SERVICES

Ian Maxwell

Responsible for parks, sport and recreation services, libraries, and arts and events.

He rautaki hōu hei tiaki i te tupuranga o Tāmaki Makaurau

New strategies for managing Auckland's growth

Auckland's quality of life, vibrancy, diversity and robust economy has drawn more than 120,000 new residents since 2013. We expect our population to reach 2 million by 2028.

This growth is straining our key infrastructure – transport, housing and water.

Introduction

Solving the infrastructure challenge is complex, involving many players across diverse sectors, and billions of dollars of investment.

The 2018-2028 Long-term Plan (LTP) provides a clear way forward to fund and develop our housing, transport and water infrastructure to keep up with growth. It is integrated with central government's plans, providing the clarity on the way ahead.

It is also aligned with the Homes and Places and Environment and Cultural Heritage outcomes in the refreshed Auckland Plan 2050 which talk specifically about ensuring infrastructure is future-proofed and low impact.

This section outlines our general approach to meeting these challenges. Specific information on what we did in 2017/2018 is included in the themes sections of Volume 1 – Overview and Service Performance:

- Auckland development (Volume 1, pages 52-65) and Environment and Regulation (Volume 1, pages 100-122) provide information on our contribution to housing
- Transport (Volume 1, pages 40-51) provides information on our contribution to transport

- Water supply and wastewater treatment and disposal (Volume 1, pages 82-89) and Environment and Regulation (Volume 1, pages 100-122) provide information on our contribution to water supply, wastewater and stormwater.

Housing

The National Policy Statement on Urban Development Capacity requires us to provide

sufficient development capacity

in our resource management plans, supported by infrastructure, to meet demand for housing. This means our direct role is to open up land and facilitate development.

Part of our role is to understand the housing pipeline and the market dynamics underpinning it, and then use our

influence to accelerate the supply of houses through that pipeline. In 2017, the Mayor pulled together a taskforce to consider this and frame our approach. The government has recently announced it is joining that taskforce.

Our lack of new housing is well-documented, with a February 2018 government-commissioned stocktake estimating our housing shortage between 28,000 and 45,000 houses.



Auckland has an estimated
shortfall of up to
45,000
houses

We focus on three components in the housing pipeline.

Opening up land for development

The Unitary Plan opened up the potential for more residential dwellings in Auckland, either through greenfields development, or through intensification.

Panuku Development Auckland (Panuku) is our council-controlled organisation (CCO) tasked with facilitating high-quality urban

development to transform and unlock the potential of locations across

Auckland. It does this by master-planning urban

development, selling council land and partnering with developers. Since establishment, Panuku projects have delivered 485 dwellings contributing to their long-term target of 11,300 over 10 years. Panuku works closely with Homes.Land.Community and Housing New Zealand as part of the Auckland Housing Programme to align development programmes.

The government also plays a significant role in opening up land and providing infrastructure for development. We are working with Crown Infrastructure Partners to find ways of funding some of the major infrastructure investments required to support growth. The government has also provided \$300 million of capital to the Tāmaki Regeneration Company to build 1400 new dwellings, including 700 new public housing units. The government's recently announced KiwiBuild programme will also support the development of over 50,000 dwellings across Auckland over the next 10 years.

Developing sites and building new homes

The actual building of new dwellings depends on market capacity and appetite. There are a limited number of developers with the scale and capital for multiple large-scale developments. The construction industry is under significant constraints from a lack of skilled tradespeople and the cost of raw materials is driving costs up. These constraints will become even

more acute when KiwiBuild ramps up from 2019.

We play a direct role in providing resource and building consents, building inspections and codes of compliance. 12,369 new dwellings and 8419 new sites were consented over the year, the highest numbers since 2004. And we processed 9433 Code of Compliance Certificates for completed new dwellings. These volumes reflect the increased number

of dwellings that are being built in the housing sector to respond to the housing shortage.

We're advocating for more trade training to be

provided to close the skills gap. Both Panuku and the government are looking at how to support the entry of prefabricated houses into the market which should shorten construction time and reduce the overall cost of building new dwellings.

Addressing affordability

Affordability is another element that must be considered. According to the 14th Annual Demographia International Housing Affordability Survey, Auckland's average house value is now 8.8 times the average Auckland median household income, making Auckland one of the least affordable housing markets in the world. The percentage of Aucklanders who own their home is 61.5 per cent, a historic low.

Our contribution to affordability is indirect, whereas the government is the major player in terms of directly assisting affordability. Government programmes such as HomeStart and KiwiBuild will help first home buyers into the market.

And Panuku is partnering closely with organisations and iwi who are delivering affordable housing options with projects. These include the Barrowcliffe development in Manukau, where Te Ākitai Waiohū and the Puhinui Park Ltd partnership, New Zealand Housing Foundation,



Opening up land for development



Developing sites & building new homes



Addressing affordability

Te Tumu Kāinga, CORT Community Housing, and Panuku are partnering together to deliver approximately 300 predominantly affordable dwellings over the next five years.

Transport

Our population growth has brought opportunities but has also increased congestion, injuries and deaths on our roads, pollution and reduced accessibility.

While we're planning a time of significant construction, at the same time we must continue balancing and re-balancing our current services and infrastructure against ever-growing needs.

What we did in 2017/2018

Our strategy to offer different modes of transport, better connections and more choice delivered a number of benefits in 2017/2018. Our public transport patronage continues to rise as we improve our services.

We made more than 92.4 million trips on public transport in 2017/2018, an increase of 4.4 per cent on the previous year. 94 per cent of trips used HOP cards. We made those trips cheaper by introducing zones, so the cost of your trip is based on how many zones you travel through, rather than the number of buses or trains. With an AT HOP card, you pay for your journey once instead of paying for each bus or train separately.

We introduced new bus networks across Auckland to offer better options – new services for Eastern bus users and a new Tāmaki Link bus. New services across central Auckland were introduced in early July 2018.

We opened the new Manukau bus station to create a modern, connected bus/train hub. We upgraded suburban railway stations, including Papatoetoe and Pukekohe, to improve bus/train links and deliver greater

safety to users. We improved Mt Smart train station to move people in/out of concerts more efficiently. We continued work on the City Rail Link (CRL) with the Albert Street trench reaching its full 18-metre depth. We used an innovative Green Bond to fund the purchase of more electric trains in preparation for the CRL coming online in 2024.

We're encouraging more use of bikes and cycleways. We counted 3.67 million bike trips across Auckland in 2017/2018. That's about 10,055 trips per day and means almost 7200 trips that could have been taken by car were instead taken by bike. Riders are already enjoying stage two of the Nelson Street Cycleway, giving them a safe, direct route through the city centre to the viaduct. Our own staff took to e-bikes, in place of cars, clocking up 16,000km in their first few months of riding around the city centre. We added our 30th school to our Bikes in Schools project.

We're working to ensure Māori culture is both seen and heard across our transport network, from te reo announcements on trains to incorporating Māori designs into transport hubs.

Electric vehicles (EVs) are becoming more common with both the council and Auckland Transport

purchasing them as fleet replacements. We're also installing 60 off-street charging points, and ensuring we accommodate EVs and their infrastructure in future developments. EVs have lower emissions and so do the electric buses we're trialling on the City Link with the aim of ending diesel bus purchases after 2025.

We finished the Te Atatu road corridor and worked closely with Freemans Bay residents on the three-year programme for Franklin Road. Up at Whangaparāoa, we introduced dynamic lane controls to smooth out peak traffic.



Looking ahead

Alongside these activities were the plans and decisions to take us into the next decade.

We refreshed the Auckland Plan which now focuses on an integrated transport system connecting people, places, goods and services; more travel choices and maximising safety and environment protection.

Supporting this, the Government Policy Statement on Land Transport was released in June 2018, identifying safety, access, the environment and value for money as the four strategic priorities over the next 10 years.

We revised the Auckland Transport Alignment Project (ATAP). This brings together the plans of central government agencies, such as NZTA and KiwiRail, the council and Auckland Transport in a fully coordinated approach to transport funding. The Regional Land Transport Plan (RLTP) provides the framework for delivering ATAP.

Together with the government, \$28 billion will be invested in our transport system over the next decade, a \$4.6 billion increase on funding outlined in previous plans. We agreed to a regional fuel tax to raise \$1.5 billion over the 10-year ATAP. ATAP covers:

- rail networks, including the City Rail Link, additional electric trains, the Pukekohe electrification, a third main Westfield-Wiri line, and initial light rail investment to leverage further funding for the city-airport and Northwest corridor lines
- bus networks, including the Northern busway extension, Eastern busway, Airport-Botany rapid transit corridor including a bus/rail interchange, bus priority improvements across the city
- road networks, including the Puhoi-Warkworth motorway, airport-Puhinui state highway upgrades, Papakura-Drury motorway widening, the first phase of Mill Road, the Penlink toll road, and the East-West link

- greenfield transport infrastructure
- active transport choices, including enhanced walking and cycling ways
- safety programmes across our transport networks.

Water

World-class cities have safe and reliable drinking water, safe treatment of wastewater and effective stormwater management. These factors were identified as part of the 2018 Auckland Plan refresh.

Our water infrastructure faces two main pressures. The first is population growth, with new water supplies, pumping stations, pipes and treatment options needed. The second is climate change which is seeing Auckland hit with more storms that do more damage. In recent years, this has caused flooding, stormwater overflows mixing with wastewater which then affects water quality across harbours, waterways and beaches. Our Safeswim website graphically demonstrated the impact of our ageing stormwater and wastewater infrastructure on water quality at our beaches, particularly following storms.

As our population increases, we must also be more efficient in using water to ensure we have an adequate supply for everyone. Watercare has developed a water efficiency strategy covering 2017-2020 to help meet the target of saving 21 million litres per day by 2025 – a reduction of 15 per cent in water use.

We also need to source new water supplies with the most viable solution being a second pipeline from the Waikato River.

Over the next 10 years, we'll invest \$1.9 billion to upgrade and expand this infrastructure, with a further \$2.8 billion over the following 10 years.

Many projects were originally scheduled across a 30-year programme. However we've brought these

60
electric car
charging points
across Auckland



projects forward to complete them over the next 10 years. This requires an extra \$856 million in funding. \$452 million of this will be funded through a water quality targeted rate.

Projects brought forward include:

- Central Interceptor
- infrastructure for stormwater contaminant removal across the region
- rehabilitation of urban and rural streams
- introduction of regional septic tank monitoring.

We recognise the importance of the values held by kaitiaki, from environmental and spiritual ties to ancestral lands, water, sites, wāhi tapu and other taonga, and the wellbeing of the entire iwi. We work with mana whenua from the Mana Whenua Kaitiaki

Forum to advance mana whenua rangatiratanga in leadership and decision-making and provide for customary rights. The Forum, a collective of the 19 hapū and iwi authorities, has identified several priorities to advance collectively, including protecting and enhancing natural resources and taonga tuku iho, with a particular focus on freshwater.

Conclusion

The past year was very much one of agreement and traction. We now have clarity about what council and the government will do to collectively tackle Auckland's infrastructure challenges. For the first time we also have agreed funding for the infrastructure programme. We are on our way.



Ā mātou mahi

Introduction to themes/ groups of activities

The following pages contain selected highlights delivered and challenges faced over the past year for each of our service delivery themes. More information can be found in volumes 1 and 2 of the annual report under each of the seven themes that cover our service delivery.

Ngā kawekawenga Transport

Part of having a successful and enjoyable life in Auckland is the ability to easily, safely and sustainably reach the things that matter most to us – work, school, friends, recreation and healthcare. However, the more our population grows, the more our transport problems grow and restrict our lives – congestion, damage to our environment, stress levels and limiting our economic growth – issues we are actively working to address.

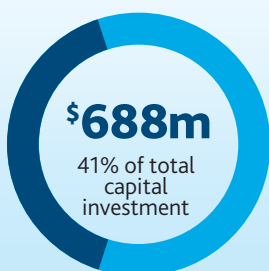
We can't rely on building our way out of this problem, so our strategy is to offer you alternatives to private cars – by foot, bus, ferry, train, or bike. These choices will help us create an efficient, balanced and safe transport network that meets your needs.

This past year was the third year of the Accelerated Transport Programme. It used an additional \$523 million of investment supported by the interim transport levy to provide bus, rail and cycle infrastructure improvements, and road improvements to align with new housing developments.

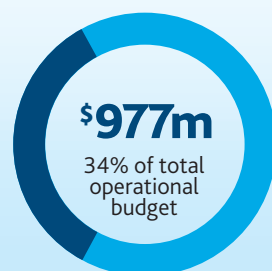
The council and the government agreed on the Auckland Transport Alignment Project (ATAP). This combined investment of \$28 billion over the next 10 years will support improvements including light rail, Penlink and Mill Road, heavy rail and bus upgrades, safety, and more dedicated cycle lanes. A new regional fuel tax (RFT) introduced from 1 July 2018 will help fund these services. This replaces the interim fuel levy.

Our investment

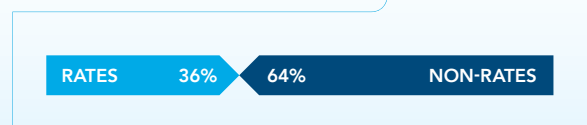
What we invested in transport in 2017/2018



What we spent developing transport in 2017/2018



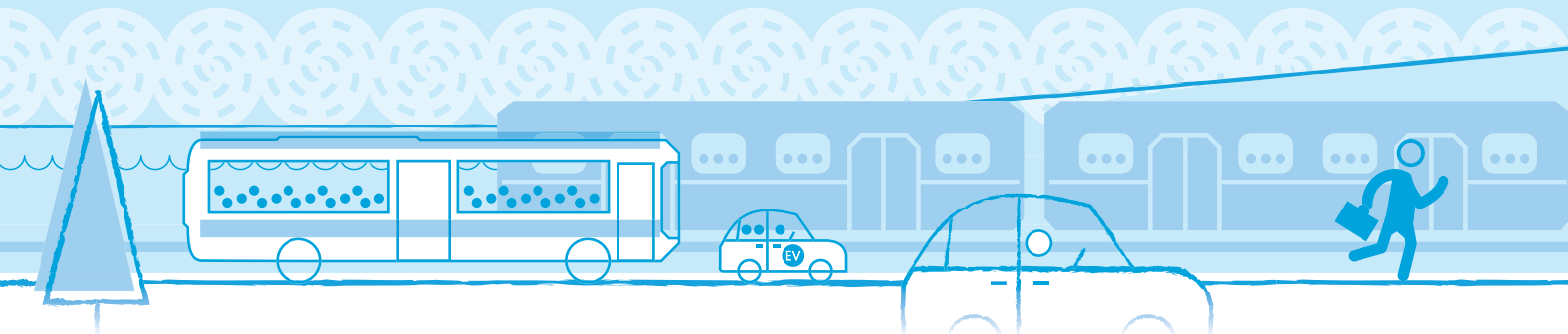
Where that funding came from



How well did we perform against our performance indicators?



◆ Achieved ◆ Substantially achieved ◆ Not achieved



Highlights

- Customer satisfaction with public transport increased from 90% last year to 91% and exceeded our target of 85%
- Public transport boardings increased by 4.4%, or 3.9 million boardings, over the 12 months to June 2018
- We made public transport cheaper with zones that meant people paid for a journey once, rather than for each bus or train. However this meant our public transport farebox recovery rate was 45.2% against a target of 49-52%
- We expanded our public transport networks and made them easier to use with new bus services for eastern and central users, and a new Tāmaki Link bus
- Announcements on trains now include te reo Māori
- The number of deaths and serious injuries on the local road network increased significantly from 537 in 2016/2017 to 690 in 2017/2018. An urgent review on this has resulted in substantially higher budgets for road safety in the 2018-2028 Long-term Plan
- We're making sustainability a much more important part in our decisions, setting a New Zealand precedent with our \$200m Green Bond offer to support our train networks.

SNAPSHOT



E-bike cuts commute for council staffer

Helen Barkman used to spend an hour getting to work on the bus. Since switching to an e-bike, she's cut her commute to 18 minutes each way.

Getting to work is much less hassle for Helen these days. It's also more fun and it raises her heart rate enough to tick off her weekly aerobic exercise quota.

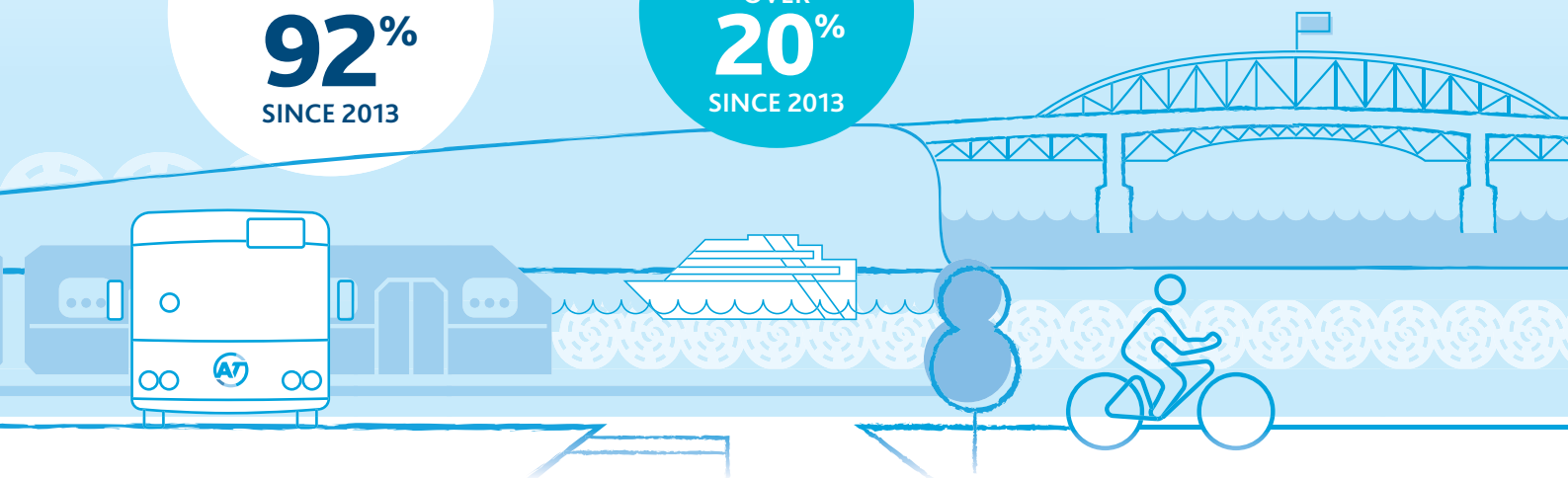
We've now trained more than 400 staff to ride our e-bikes and they've pedalled some 16,000km around central Auckland.

What we are dealing with today

RAIL
BOARDINGS
INCREASING BY OVER
92%
SINCE 2013

240
MORE CARS
ON OUR ROADS
EVERY WEEK

BUS
BOARDINGS
INCREASED BY
OVER
20%
SINCE 2013



Te whanaketanga o Tāmaki Makaurau Auckland development

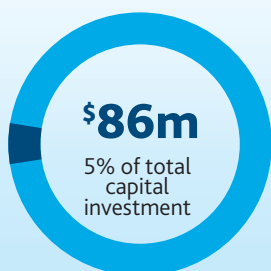
A world-class Auckland requires vibrant town centres supporting thriving businesses, attractive local streets providing a mix of different types of housing, with protected environments and heritage.

To achieve this, we develop plans and strategies to guide development across Auckland. Panuku Development Auckland (a council-controlled organisation) partners with other organisations to develop and deliver housing, intensification and refreshed town centres. It also delivers a vibrant and lively CBD waterfront for you to enjoy.

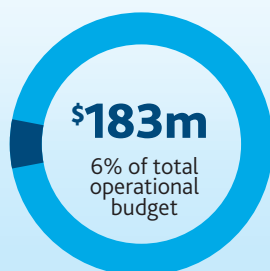
As outlined in the 'New strategies for managing growth' section on pages 27-31, the significant challenge facing our development is our rapid population growth and the increasing inequity we're seeing in our communities. Growth is outstripping our housing supply and straining infrastructure. We are working with multiple sectors and partners who can deliver sustainable quality housing and infrastructure. We must also incorporate development that considers Māori design and cultural heritage.

Our investment

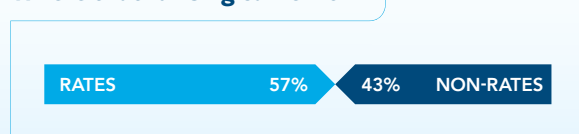
What we invested in Auckland's development in 2017/2018



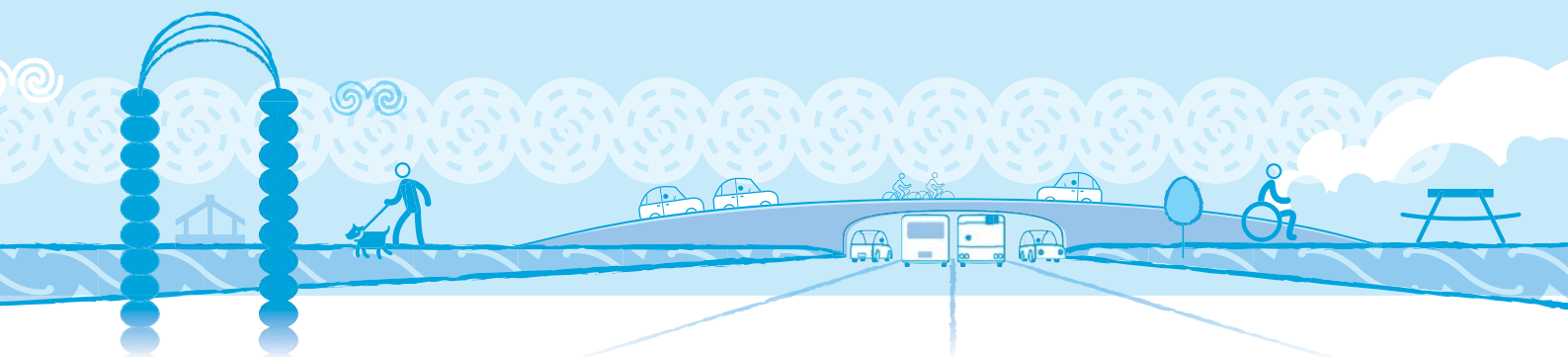
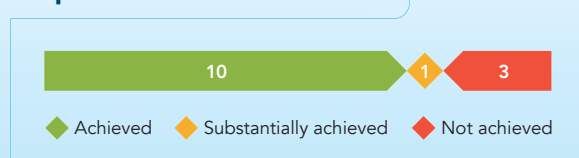
What we spent developing Auckland in 2017/2018



Where that funding came from



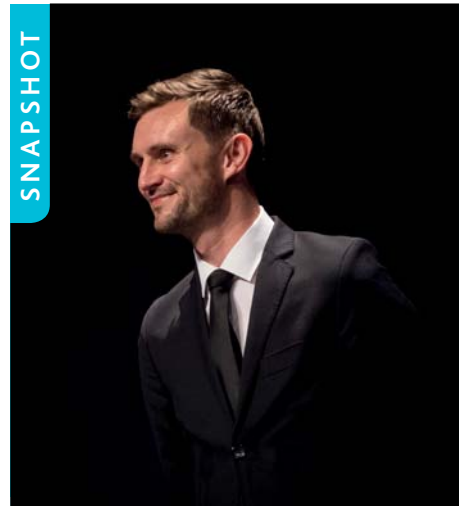
How well did we perform against our performance indicators?



Highlights

- We adopted our new 30-year strategy. The Auckland Plan 2050 sets the direction for how Auckland will grow and develop
- We helped create a historic moment for Te Kawerau ā Maki by transferring land at Te Henga to enable marae development
- Great design is helping change the way Auckland looks, feels and function, following Te Aranga principles, enabling tangata whenua, taura here, tauihi and manuhiri alike to connect to and deepen their sense of place
- We're partnering with Vector and using the harbour bridge to shine the light on renewable energy
- Panuku homes have a minimum 6 Homestar Design rating in its Transform and Unlock location, making them warmer, drier and more energy-efficient
- The Volvo Ocean Race stopover drew more than 550,000 people to the waterfront.

SNAPSHOT



Award-winning plans for Avondale rejuvenation

Panuku's Senior Project Planning Leader John Carter won a prestigious New Zealand Planning Institute award for his work on the rejuvenation of Avondale.

We chose to "unlock" Avondale because of its suitability for intensification and the potential benefits of urban development. The City Rail Link will also bring commuters into the CBD 10 minutes faster. We have an opportunity to transform Avondale into a great town for residents, visitors and businesses and one that also contributes to a growing and prosperous Auckland.

"It's a privilege to be involved in a project like this which is at the forefront of addressing Auckland's housing and infrastructure cost issues, while benefiting the Avondale community," says John.

"This plan is hugely important to me and the team - the stars are starting to align for Avondale and I think we can pull off something really great."

What we are dealing with today

OUR GROWTH IS OUTSTRIPPING
HOUSING SUPPLY & INFRASTRUCTURE

MANAGING OUR GROWTH SUSTAINABLY

HOUSING SUPPLY IS DEPENDENT ON BUILD/BUY MARKETS



Ngā papa tū wātea me te āhua nohoanga ā-hapori Parks, community and lifestyle

We help make Auckland a vibrant, interesting place to live by providing a range of facilities, services, and events that help us to be healthy and have fun. Choices range from sports, arts and culture to recreation and leisure experiences via facilities such as libraries, pools, sports fields and parks, and community centres.

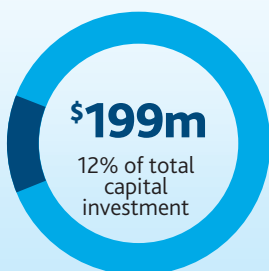
In turn, these activities contribute to community development, safety and quality of life offering opportunities for gathering, learning, sharing and connecting. We're funding more community groups to deliver these amenities with local boards playing an active role. We deliver housing for older people through a joint venture with a community provider.

Our parks and open spaces are critical to enhancing our biodiversity and reducing the environmental impacts of our activities. They support flora and fauna while also being a natural mitigation for the increasing volume of stormwaters we're experiencing.

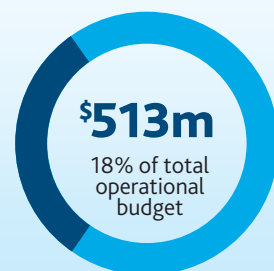
We face significant challenges in maintaining existing facilities and planning for the future. We must focus our spending where growth is happening, funded where possible by development contributions for new facilities or expansion. We must also accommodate our growing diversity, for example, the popularity of badminton with Asian communities, and the increasing popularity of our pools.

Our investment

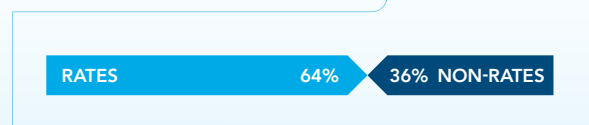
What we invested in parks, community and lifestyle in 2017/2018



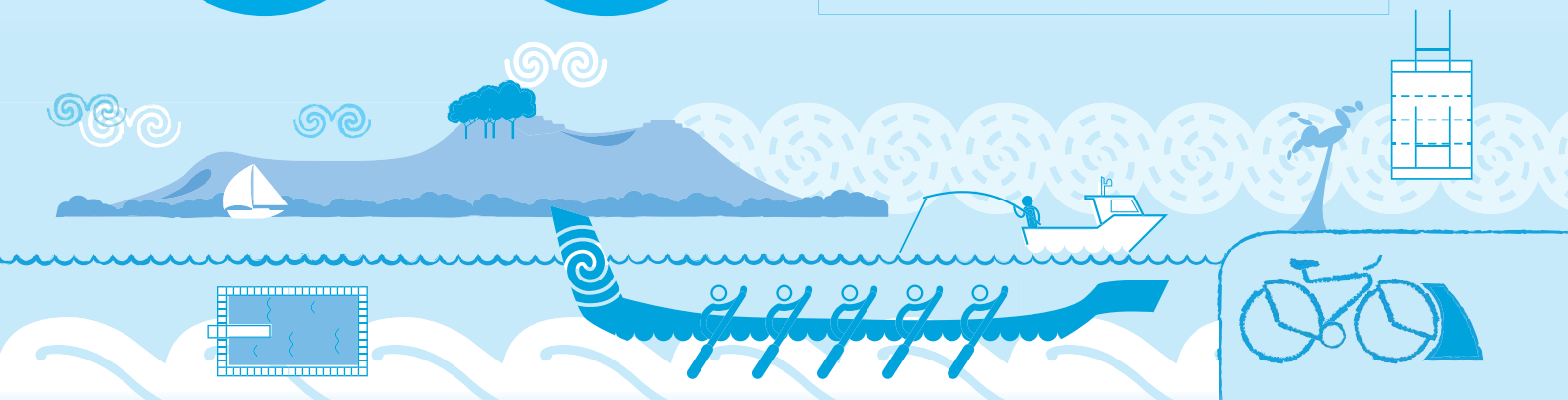
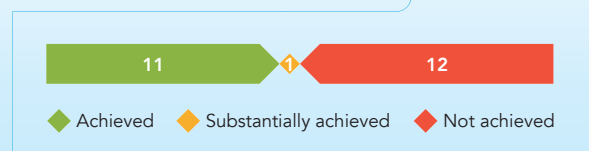
What we spent on parks, community and Lifestyle in 2017/2018



Where that funding came from



How well did we perform against our performance indicators?



Highlights

- We bought 13 new local parks and open spaces to give you more leisure choices
- The tihi / summits of our tūpuna maunga are being turned into pedestrian-only areas
- There are two new splashpads – one at Stanmore Bay and the other at Lloyd Elsmore Park
- We introduced glamping at Orewa, Martins Bay and Wenderholm and you booked it out almost overnight
- Auckland Paths – an online resource with partners Beca and Downer – helps you discover 30 new walking and cycling routes
- We reshaped and extended our library offerings to meet your needs
- Difficulty accessing events and activities because of transport issues meant 57% of Aucklanders felt Auckland is an eventful, fun and exciting city against a target of 72%
- We restored the Ellen Melville Centre and revamped Freyberg Place
- New maintenance contracts in the upcoming year should improve the percentage of visitors who are satisfied with the presentation of cemeteries. Currently 75% of visitors are satisfied against a target of 82%
- We're providing housing for older people through Haumarū Housing. Repairing and maintaining properties has fallen below some tenants expectations and 63% of tenants are satisfied with the management of housing for older people, against a target of 75%.

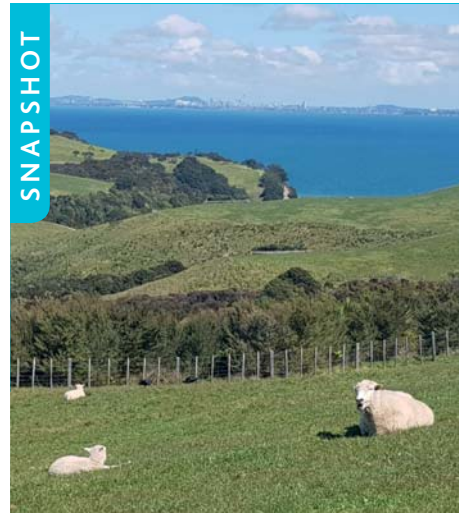
What we are dealing with today

**MAINTAINING
OUR REGIONAL
& COMMUNITY
SPACES**

**MEETING THE
CHANGING
NEEDS
OF LIBRARY
USERS**

**GETTING
AUCKLANDERS
MORE
ACTIVE
MORE
OFTEN**

SNAPSHOT



Farming in the city

We once saw sheep and cattle as ways to keep the grass down in our regional parks.

Today, they're a valuable resource for the council, whether it's breeding, prize-winning steaks, attracting visitors, or conservation and land management.

Manager Farm Business Dene Noonan and his team are focusing on making our farms more commercial, with environmental management, nutrient-dense pastures and breeding stock. "For example, electromagnetic mapping is telling us more about soil health, we're putting rams in with the dry ewes and earning income from the lambs, we're bringing back our Hereford breeding programme and we're looking at working with tertiary students, our farmers of the future."

The team recently won a "Steak of Origin" award for its beef. "This competition is the pinnacle for quality beef producers in New Zealand. It has allowed us to benchmark the quality of our beef and we're excited about the great result," says Dene.

While we're becoming more commercial, Dene says our farms can still give back to the environment and communities by breaking down the rural/urban divide.



Te whakaputunga wai, te rāwekeweke me te whakareinga waipara

Water supply, and wastewater treatment and disposal

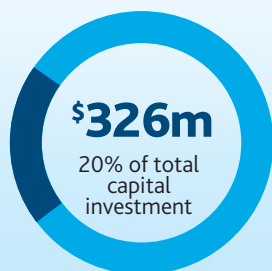
Watercare is the council-controlled organisation (CCO) responsible for our water, wastewater and related infrastructure. Watercare is not funded by general rates, but by water and wastewater user charges, infrastructure growth charges and borrowing.

Our growing population is challenging our ability to ensure our water supply and infrastructure keep pace with growth. Without this, we'll affect our economic health and vibrancy.

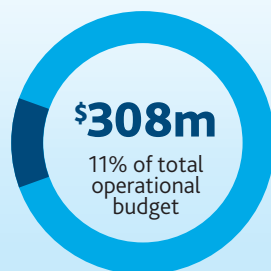
However, solving these challenges can throw up new ones. Large infrastructure projects can affect the environment. Dams and water discharges can have downstream impacts on flora and fauna ecosystems. Capturing finite resources in rural areas over the long-term may limit horticultural and agriculture. Unstable land and extreme weather can cause runoff into vital reservoirs.

Our investment

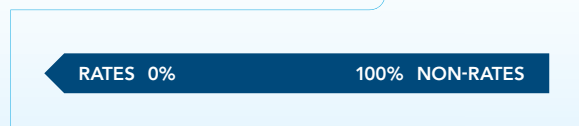
What we invested in water in 2017/2018



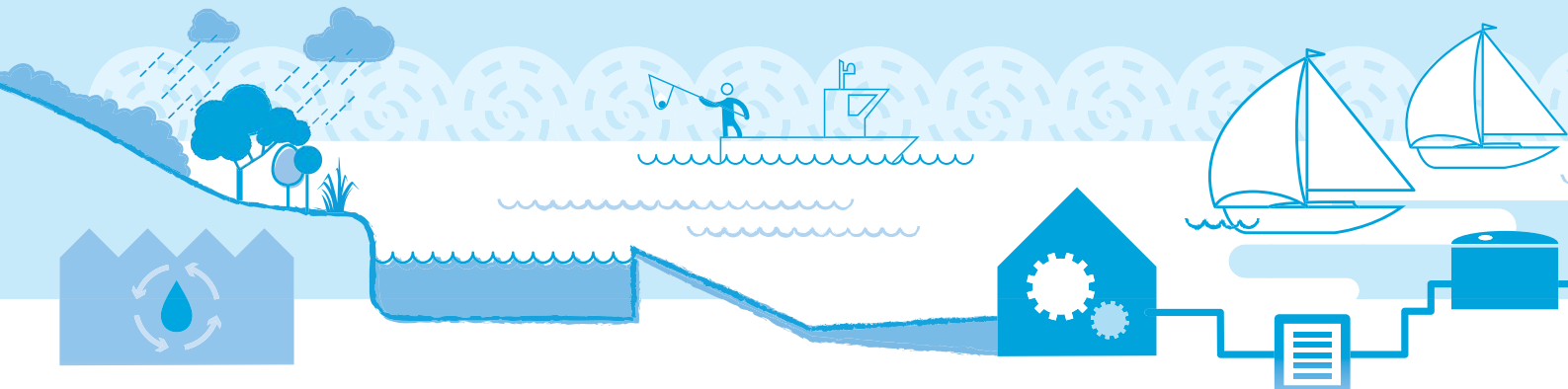
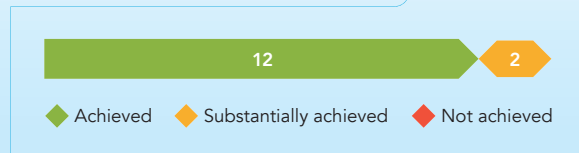
What we spent running our water network in 2017/2018



Where that funding came from



How well did we perform against our performance indicators?



Highlights

- Our new pump house and storage tank on the North Shore dealt to the April storm and will prevent wastewater overflows into Shoal Bay
- Tonnes of microbes are hard at work at our Mangere Wastewater Treatment Plant
- We delivered 354 million litres of drinking water every day complying with our drinking water standards
- We delivered well within the target response times for the resolution of urgent call outs.



\$1billion North Shore water quality and system improvements

More than one billion dollars of water infrastructure projects will be delivered across the North Shore over the coming decade.

We're investing significant amounts to improve our water quality and commitment to supporting growth with improved and expanded water management infrastructure.

At Fred Thomas Drive in Takapuna, we've completed a new 3.5 million litre wastewater storage tank to increase capacity. On Wairau Road, ageing infrastructure is being replaced to increase capacity and improve resilience in the wider network.

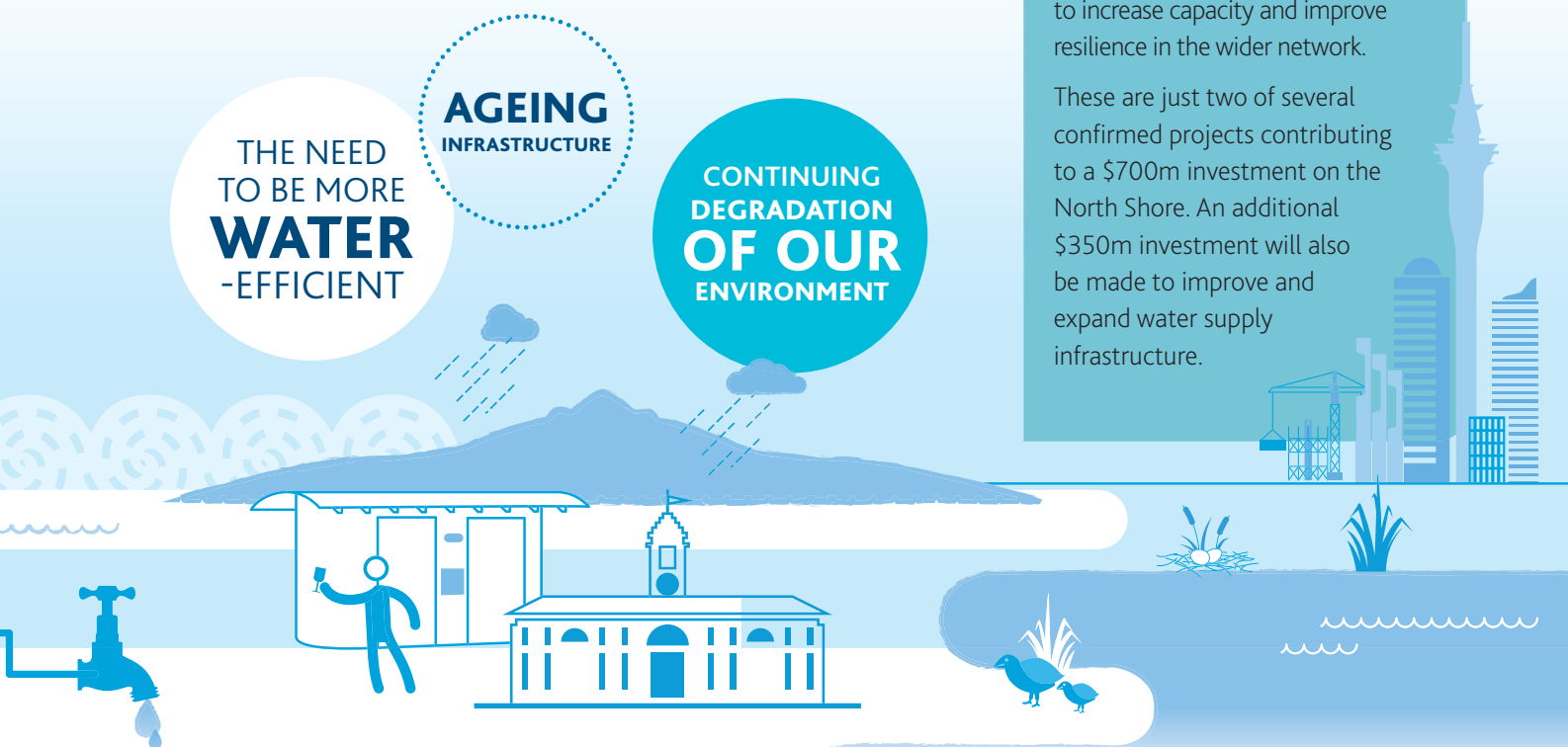
These are just two of several confirmed projects contributing to a \$700m investment on the North Shore. An additional \$350m investment will also be made to improve and expand water supply infrastructure.

What we are dealing with today

THE NEED
TO BE MORE
WATER
-EFFICIENT

AGEING
INFRASTRUCTURE

CONTINUING
DEGRADATION
OF OUR
ENVIRONMENT



Whanaketanga ōhanga me te ahurea

Economic and cultural development

Unleashing our potential is crucial to raising living standards and delivering a world-class city.

We want Auckland’s economy to be agile and innovative, with access to international markets. We must ensure people have access to good quality jobs and can train and re-train as the job market changes.

As the primary gateway to New Zealand, Auckland gains from its strong visitor economy, with visitors drawn to Auckland by major events, our culture (especially tikanga Māori) and our natural environment.

Auckland faces a range of economic challenges that threaten our productivity and growth. There is a shortage of skilled workers and we have a number of our youth, particularly in South Auckland who are not in work, education or training. The more we increase tourism, the more infrastructure we’ll need, particularly with the increasing number and size of cruise ships visiting our port each year. Our regional venues are critically important to entertainment and conventions, but many are ageing and costly to operate. Locally, they’re not meeting the needs of our increasingly diverse population. The America’s Cup and the Asia-Pacific Economic Cooperation conference (APEC) in 2021 will require new facilities and infrastructure. Our convention facilities are facing increasing competition from new facilities across Australasia. Auckland’s stadiums – particularly Eden Park and Mt Smart – need to be more financially sustainable.

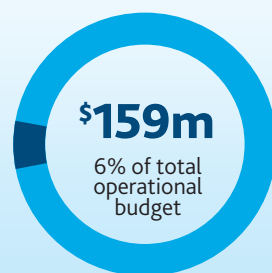
We’re refocusing towards employment, urban regeneration and maximising large-scale events to create economic and cultural opportunities.

Our investment

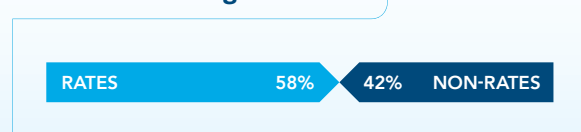
What we invested in economic and cultural development in 2017/2018



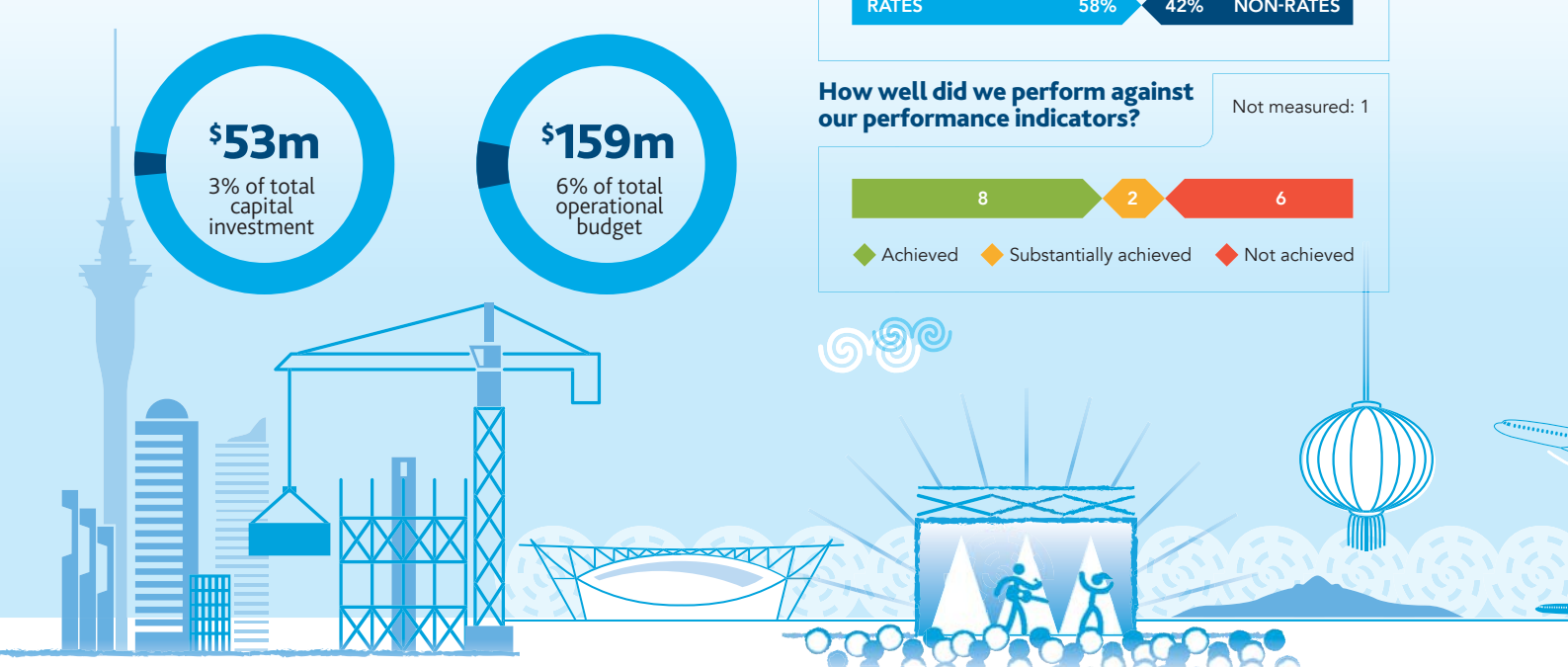
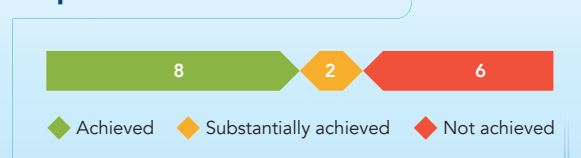
What we spent on economic and cultural development in 2017/2018



Where that funding came from



How well did we perform against our performance indicators?



Highlights

- We grew the visitor economy with major international events such as the Volvo Ocean Race and the DHL New Zealand Lions Series 2017.
- We helped build a culture of innovation and entrepreneurship through the GridAKL innovation precinct at Wynyard Quarter.
- We provided an exciting range of live arts and entertainment.
- We brought people together to build a future for wildlife with more than 698,000 people visiting the Zoo.
- Our travelling exhibition The Māori Portraits: Gottfried Lindauer's New Zealand went to San Francisco and was seen by 99,000 people.
- We hosted a wide range of exhibitions, conventions and corporate functions, and we brought international art exhibitions to Auckland and New Zealand art to the international stage.

SNAPSHOT



Tāmaki Herenga Waka Festival

This free, family-friendly three-day festival celebrates our unique Māori history, heritage and contemporary culture of Tāmaki Makaurau.

The festival is driven by mana whenua in partnership with the council.

Steering Group Chair, Hau Rawiri, says with Auckland being home to more than 180 ethnicities, our mana whenua can provide the platform for the people of Tāmaki Makaurau to learn about and understand each other, and to share the many things all cultures have in common, like music, art, games and good food.

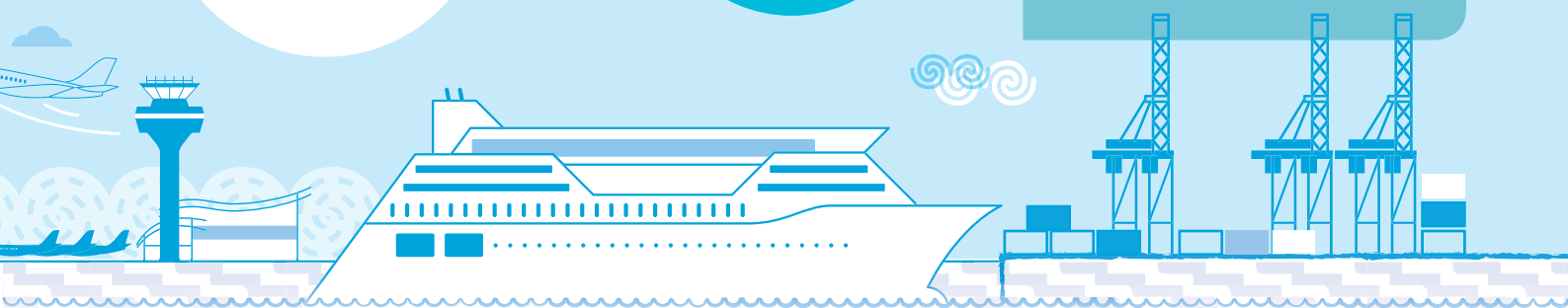
"This is about showing tamariki and mokopuna of all backgrounds that it's cool to korero and use some te reo Māori, no matter what your cultural identity; to see and do and interact with modern Māori technology, like digital games, or try their hands at traditional things, like weaving, playing with poi or rākau or paddling a waka."

What we are dealing with today

**UP-
SKILLING**
OUR WORKERS

BUILDING
A CULTURE OF
INNOVATION
AND
**ENTREPRENEUR
-SHIP**

ENSURING
OUR TOURISM
INFRASTRUCTURE
CAN MEET
FUTURE NEEDS



Ngā whakahaere taiao me ōna herenga

Environmental management and regulation

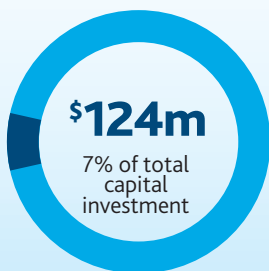
Our natural environment is connected to our sense of identity and place. It provides the fresh air and water we need, and it also affects our health and wellbeing through the mental and physical interactions we have – or don't have – with it.

We work alongside iwi and our community partners to restore and enhance our natural environment. We reuse and recycle as much as possible and ensure household rubbish gets picked up on collection day. We help protect people and their property from flooding. Our strong public health and safety principles support activities ranging from land use and the sale of alcohol to environmental health and animal management. Our emergency management team proactively manages emergencies, hazards and crises.

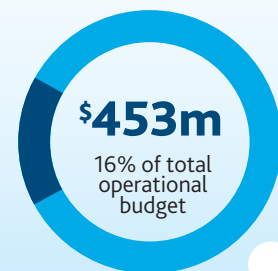
Many of our challenges are related to the flow-on effects of our rapid growth. Our streams, waterways, harbours and coastal waters are degraded, some with sediment runoff from housing development. The latest report on the health of the Hauraki Gulf paints a grim picture. The frequency and intensity of storms shows that we must do more to protect our city against the effects of climate change. We need to reduce or eradicate pests and predators ranging from plants that smother vegetation to rats. We have challenges in consenting due to volume, complexity and types of building consents lodged, this impacts our ability to meet our statutory timeframes which has resulted in a modified audit opinion on performance measures. More detail can be found on pages 105-107, Volume 1.

Our investment

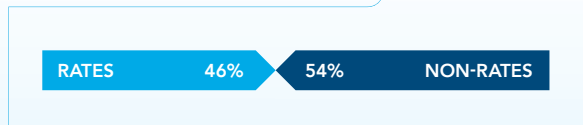
What we invested in environmental management and regulation in 2017/2018



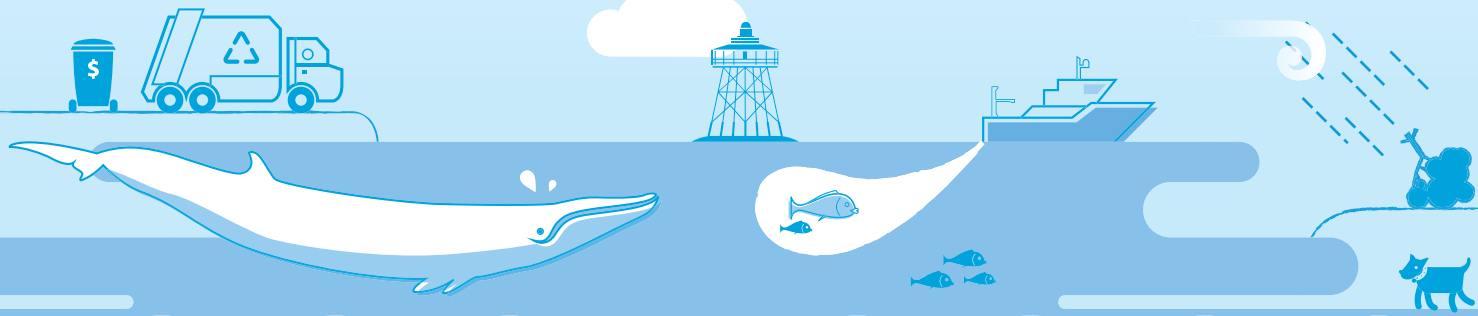
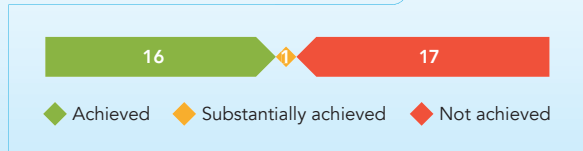
What we spent on environmental management and regulation in 2017/2018



Where that funding came from



How well did we perform against our performance indicators?



Highlights

- We made the hard decision to close the Waitākere Ranges and 10 higher-risk tracks in the Hunua Ranges Regional Parks to help save our kauri
- We're protecting threatened native species such as eels, kōkupu, īnanga and longtailed bats
- Our new Safeswim website tracks water quality at our beaches
- We introduced online dog registration in June 2018
- Takanini has better stormwater management
- We worked with Vector and other partners to help Aucklanders during and after the 10 April storm
- We're winning awards for how we manage our waste
- We struggled with meeting our statutory timeframes and customer satisfaction targets for building consents and resource consents due to high volumes and increased complexity of applications
- We did not meet our targets for the percentage of noise complaints responded to within specific timeframes, however we are expecting these to improve as a result of new contracts
- Our new food waste initiative, should help divert food waste collection from our landfills. Last year each Aucklander contributed an average of 144kg of kerbside waste – initiatives such as the food waste service should bring this closer to our target of 110kg
- We're working with local iwi to restore Pukaki Crater in Māngere.

What we are dealing with today

REDUCING
WASTE
TO LANDFILL

MORE
EFFECTS
FROM MORE
STORMS

ENVIRONMENTAL
DEGRADATION



SNAPSHOT

Whitebait - local heroes and social media

Shelley Hackett (that's her above) is a guardian for our whitebait red light districts. Their secret location is designed to help one of our five precious species, the inanga, get into their spawning habitat.

It's all part of our plan to halt the decline in whitebait populations.

Up at Tāwharanui Regional Park 10,000 fingerlings were released into two of the park's main waterways last year. Another 140 juveniles reinforcements arrived in July this year to help entice some of those fingerlings to return for spawning.

Over at Paturoa Stream, local enthusiast Ruby Moore videoed juvenile īnanga trying and failing to get over a weir to their breeding ground.

Shane Wright of Fish Passage Solutions saw her Facebook post and pledged to retrofit the weir with a fish ladder. Senior Regional Advisor Matt Bloxham and team stepped in with a unique design and the ladder was installed in time to help the last īnanga over the weir.

Te kāwanatanga me ngā tautoko

Governance and support

Our two-tier governance structure is unique. We support the Governing Body and 21 local boards and their shared decision-making responsibilities. Our governance is critical for ensuring that we are accountable to Aucklanders and that they can trust us. Good governance practices mean that Aucklanders can have a say in what we want to achieve.

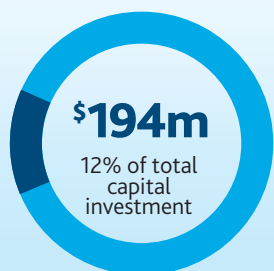
Support for our 170 elected members ranges from committee meetings, hearings, co-governance arrangements and relationships with mana whenua to elections, by-elections and support for our advisory panels. Staff support includes learning and development; health, safety and welfare; diversity and inclusion programmes; and support networks.

The governance of council controlled organisations (CCOs) involves giving clear political direction to the outcomes that CCOs need to achieve for Aucklanders and monitoring their achievement of those outcomes. It also includes appointing well qualified directors to the boards of CCOs. The council also has similar responsibilities to organisations such as The Auckland Regional Amenities Funding Board, Auckland War Memorial Museum, MOTAT and many other smaller entities.

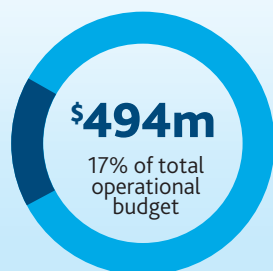
Our challenges centre on ensuring our support enables a well-functioning organisation and democracy that is well informed by an engaged community and delivers value for money.

Our investment

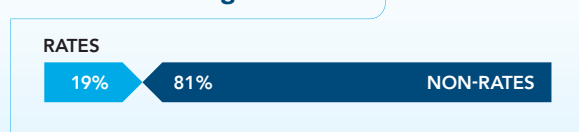
What we invested in governance and support in 2017/2018



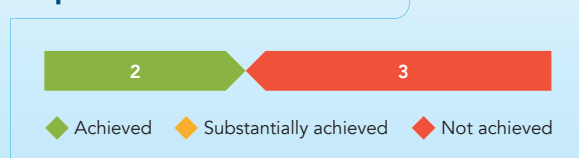
What we spent on governance and support in 2017/2018



Where that funding came from



How well did we perform against our performance indicators?



Highlights

- We supported the Governing Body through major consultations including the Auckland Plan and the 2018-2028 Long-term Plan
- Our People's Panel is now more representative of our diversity
- The first phase of our living wage came into effect
- We're robotising and putting services online wherever we can to make our processes more efficient for you and for us
- Although we didn't meet our target for the percentage of residents who feel they can participate in Auckland Council decision making, we did improve our engagement with our Asian communities
- We're applying sustainability principles in simple ways to save money and the environment.

What we are dealing with today

PUTTING
MORE
OF OUR SERVICES
ONLINE

**DOING
MORE
WITH LESS**

ENSURING
WE REMAIN
OPEN
AND
TRANSPARENT

SNAPSHOT



What Russell did while we slept

Russell is one of our shyer team members, but his performance is 100 per cent.

He joined us for the 2018-2028 Long-term Plan/Auckland Plan to help process more than 27,000 digital submissions. Russell is a great example of how we're doing more with less. His sidekick was Andrew Thalmann.

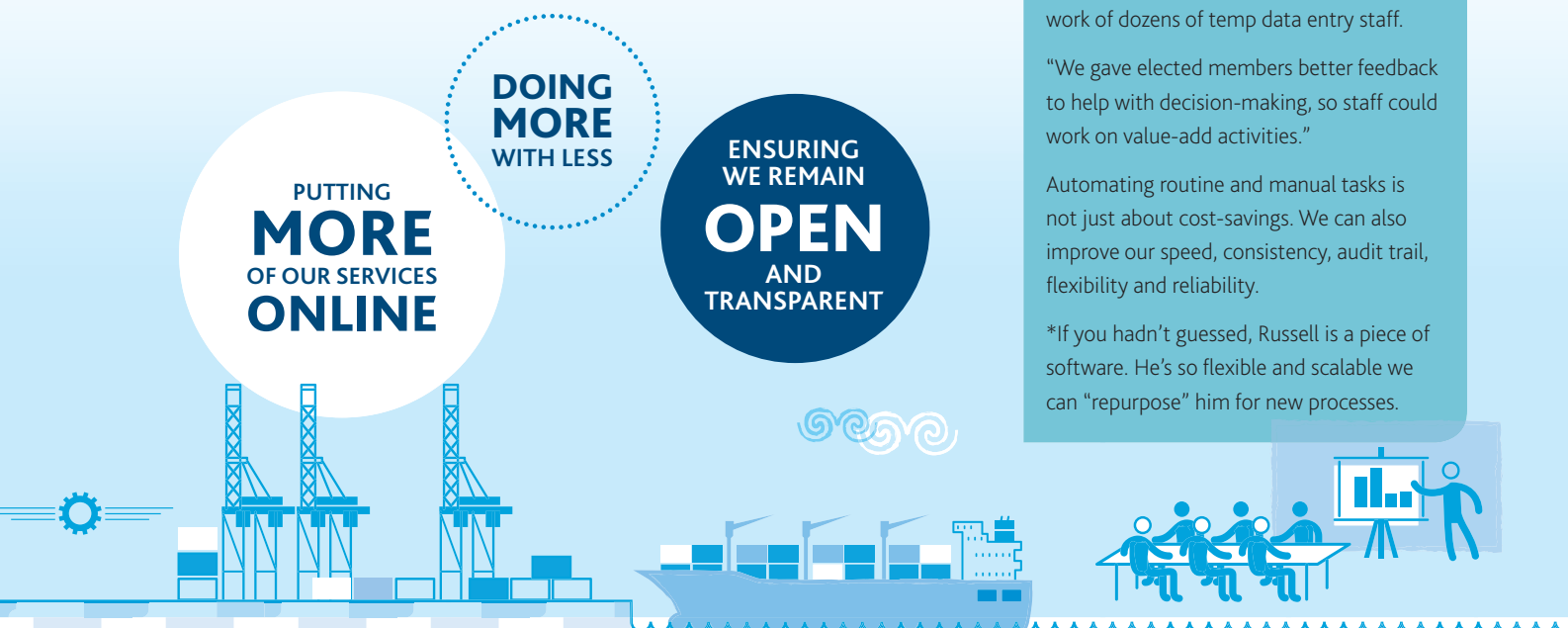
"Russell did those manual processes staff would normally do – like submitter name, details and basic information – so we could focus on more important information and tasks, such as interpreting comments," says Andrew.

Russell saved up to eight minutes on each submission. Each night, he processed around 360 submissions while we slept, doing the work of dozens of temp data entry staff.

"We gave elected members better feedback to help with decision-making, so staff could work on value-add activities."

Automating routine and manual tasks is not just about cost-savings. We can also improve our speed, consistency, audit trail, flexibility and reliability.

*If you hadn't guessed, Russell is a piece of software. He's so flexible and scalable we can "repurpose" him for new processes.





Independent Auditor's Report

To the readers of Auckland Council's summary of the annual report for the year ended 30 June 2018

The summary of the annual report was derived from the annual report of Auckland Council for the year ended 30 June 2018.

The summary of the annual report comprises the following summary statements on page 11, pages 16 to 19 and pages 33 to 47:

- the summary Auckland Council and group statement of financial position as at 30 June 2018;
- the summaries of the Auckland Council and group statement of comprehensive revenue and expenditure, statement of changes in equity and statement of cash flows for the year ended 30 June 2018;
- the notes to the summary Auckland Council and group financial statements that include accounting policies and other explanatory information; and
- the summary Auckland Council Group statement of service provision referred to as performance measures and Introduction to themes/ groups of activities.

Opinion

In my opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: *Summary Financial Statements*.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and my audit report thereon

In my auditor's report for the year ended 30 June 2018 dated 27 September 2018 on Auckland Council's annual report I expressed an unmodified audit opinion on the information I audited, other than the statement of service performance, upon which I issued a modified audit opinion because my work was limited in relation to building consent and non-notified resource consent processing time measures.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: *Summary Financial Statements*.

Auditor's responsibility

My responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

My opinion on the summary of the annual report is based on my procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to reporting on the summary of the annual report, I have reported on the full annual report and I have carried out an audit of the Auckland Council Group Long-Term Plan 2018-28 and my staff and appointed auditors and their staff have carried out a range of other assurance and consultancy engagements. Other than this reporting and these engagements, and in exercising functions and powers under the Public Audit Act 2001, I have no relationship with, or interests in the Auckland Council or any of its subsidiaries and controlled entities.



Greg Schollum
Deputy Auditor-General
Wellington, New Zealand
27 September 2018

Me pēhea te whakapā mai ki te kaunihera

How to contact the council

Online www.aucklandcouncil.govt.nz/contactus

Phone 09 301 0101

Post Auckland Council, Private Bag 92300, Auckland 1142

Our customer service centres

Albany

30 Kell Drive, Albany

Birkenhead

Corner of Rawene Street and Hinemoa Street,
Birkenhead

Bledisloe Lane (CBD)

Bledisloe House, Ground Floor
24 Wellesley Street, Auckland CBD

Devonport

2 Victoria Road, Devonport

Glenfield

90 Bentley Avenue, Glenfield

Graham Street

Ground level, 35 Graham Street, Auckland CBD

Great Barrier Island

75 Hector Sanderson Road
Claris, Great Barrier Island

Helensville

49 Commercial Road, Helensville

Hibiscus and Bays

Corner of Bute Road and Glen Road, Browns Bay

Huapai

296 Main Road (SH16), Huapai

Manukau

Ground floor, Kotuku House,
4 Osterley Way, Manukau

Orewa

50 Centreway Road, Orewa

Papakura

35 Coles Crescent, Papakura

Pukekohe

82 Manukau Road, Pukekohe

Takapuna

1 The Strand, Takapuna

Waiheke Island

10 Belgium Street, Ostend,
Waiheke Island

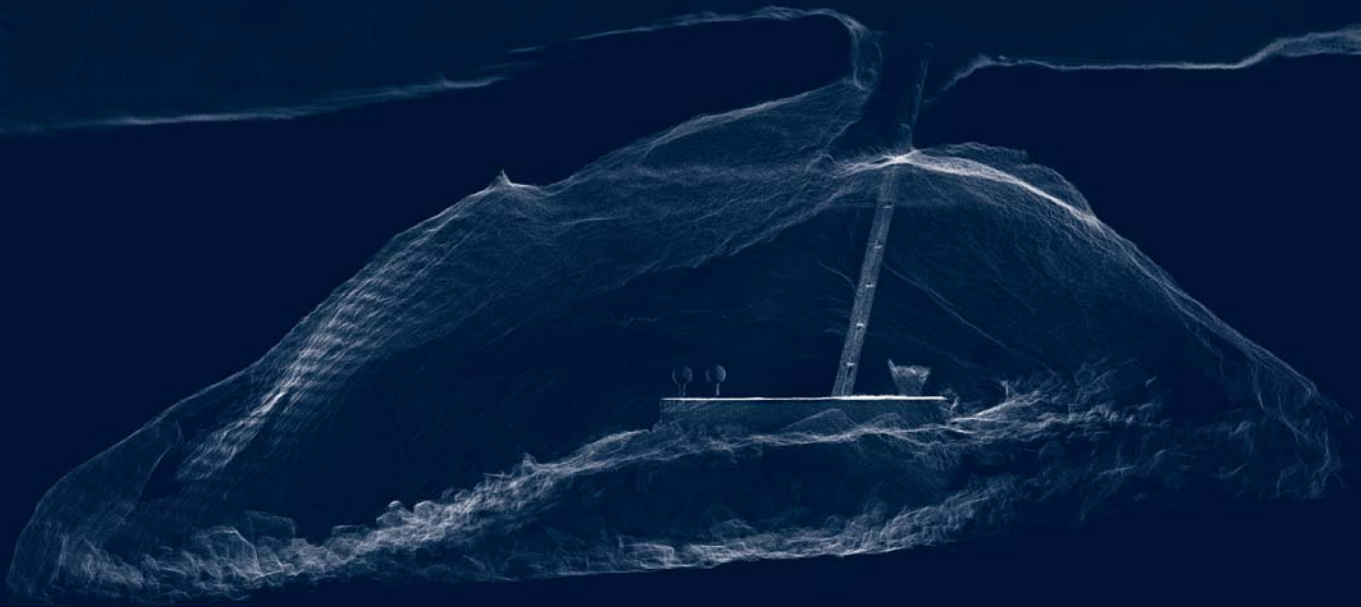
Warkworth

1 Baxter Street, Warkworth

Whangaparāoa

9 Main Street, Whangaparāoa

For opening hours and a list of services available at each service centre,
visit www.aucklandcouncil.govt.nz



THIS IMAGE: **Into the underworld**

A picture speaks a thousand words, and digital mapping speaks millions when it comes to our lava tubes.

Last year, eerie images showed us 10 lava caves under the Auckland isthmus.

Over two years, artist Chirag Jindal and speleologist Peter Crossley walked a \$100,000 3D scanner into each cave to create digital images of what lies beneath our houses and feet.

For some, a door on their property leads to a cave, but for the most part, they're unseen. Chirag and Peter wanted to ensure the caves, some of which are over 40,000 years old, were not lost.

"We're the only region in New Zealand, and one of the only places in the world, with lava caves like these beneath its surface," says Chirag

"These images are the first archived drawings of these caves, establishing their unique heritage and identity within our broader landscape," says Chirag. An exhibition included artistic and scientific plans, sections, animations, text, short films and 3D prints of some of the most prominent caves in the isthmus. The council is committed to preserving our heritage and provided Chirag and Peter with a range of grants regionally and through the Albert-Eden, Puketāpapa and Maungakiekie-Tāmaki Local Boards.

Image: Chirag Jindal and Peter Crossley.

ON THE BACK COVER: **Kowhatukiteuru of Te Kawerau a Maki, Matariki Festival 2018 host iwi. Matariki ki tua a ngā whetū / Matariki beyond the stars and into the heavens.**



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Matariki ki tua
o ngā whetū

Te Kaunihera o
Tāmaki Makaurau
Auckland Council 