TE RIPOATA Ā TAU 2014/2015 Ō TE KAUNIHERA Ō TĀMAKI MAKAURAU

Auckland Council ANNUAL REPORT 2014/2015

PUKAPUKA RUA: NGĀ POĀRI Ā-ROHE

VOLUME 3: Financial statements

Auckland Council
Te Kaunihera o Tāmaki Makaurau

He mihi

Tēnā, toko ake mā ngā motu pōteretere o te Waitematā kia tau atu ō kamo ki Mahurangi tītapu i te raki.

Ka tarapeke ā-whenua tō haere ki ngā tāhuna o Kaipara i te uru, i mua i tō hokinga ake mā uta ki te Waonui ā-Tiriwa ki reira titiro iho ai ki ngā tai pōkarekare o te Manukau.

Ka kauhoe koe mā waho i te kūrae o Āwhitu kia ruruku mai anō i te wahapū o te awa tapu o Waikato tukukiri o ngā tūpuna.

Ka rere tō haere i te tonga mā Te Paina ki Kaiaua i te rāwhiti kia tau atu koe ki te Moana o Tīkapa ki te pae māhorahora o Hauraki.

Ka hoka tō rere ki te raki, whakatere ai i te Moananui a Toi-te-Huatahi ka tau ki te taratara tapu o Aotea.

Koinei rā ngā pou here waka, herenga ā-iwi, hereherenga o te tāone tipua nei o Tāmaki, mūrau a te tini, wenerau a te mano, makau a te rau tangata kua whakakāinga motuhake nei i a koe.

Nau mai ki Tāmaki Makaurau, kāinga noho āhuru o te ao.

Weave your way through the myriad of floating isles that is the Waitematā, to gaze upon Mahurangi, a jewel in the north.

Then fly across country to the Kaipara bar in the west, before returning inland to the Wilderness of Tiriwa where you can look down upon the surging tides of the Manukau.

Swimming out beyond the Āwhitu headland you may return by way of the ancestral Waikato River.

Traversing through Te Paina on my southern bounds to Kaiaua in the east to Tīkapa Moana and the expansive Hauraki basin.

Wend your way northward across the Hauraki Gulf then rest upon the sacred peak of Aotea.

These are the anchor posts, the ties that bind the people and secure this super city that is Auckland, the byword of the multitudes, the envy of thousands and beloved by the hundreds who have made you home.

Welcome to Auckland, the world's most liveable city.

RĀRANGI KŌRERO
Contents

Kupu whakatau
Welcome 6

Te tau Herenga me ōna kawenga
Statement of compliance and responsibility 7

Whiti tuatahi: Tahua pūtea
Section 1: Financial statements 9

- Statement of comprehensive revenue and expenditure 10
- Statement of financial position 11
- Statement of changes in equity 12
- Statement of cash flows 13
- Notes to the financial statements 14

Whiti tuarua: Ngā puakinga o te ture a rohe
Section 2: Local government act disclosures 77

- Depreciation and amortisation by group of activities 78
- Core assets 79
- Reserve funds 80
- Rating base information 81
- Insurance of assets 81
- Remuneration 82
- Severance payments 90
- Other financial contributions 90
- Explanation of major variances against budget 91
- Financial reporting and prudence benchmarks 94

Whiti tuatoru: Ngā ope tāpui a te kaunihera
Section 3: Council-controlled organisations 105

Whiti tuawhā: Ngā kitenga a te kai tātari putea
Section 4: Auditor-General's report 125

Whiti tuarima: Ēra atu puakinga
Section 5: Other disclosures 131

- Summary of waivers granted by NZX 132
- Other exchange listings 134
- Main differences between IFRS and NZ IFRS 135

Ngā āpitinga
Appendices 142

- Glossary 143
- Acronyms 148

Hei rapu i te katoa o te pūrongo ā tau
Where to find the full annual report 150

Pehea te whakapā mai ki te kaunihera
How to contact the council 151

KUPU WHAKATAU

Welcome to the Annual Report 2014/2015

Volume 3 – Financial statements

This annual report covers the performance of the Auckland Council Group (the Group) for the period 1 July 2014 to 30 June 2015. The Group includes the council itself (the council), local boards, council-controlled organisations (CCOs), subsidiaries, associates and joint ventures.

This volume contains our financial statements.

The council is responsible for maintaining and developing parks and reserves, public libraries, swimming pools and recreation centres, and providing services such as building and resource consents, collecting rubbish, dog registrations and liquor licensing. A number of important services are delivered through our CCOs which include Auckland Transport, Auckland Council Property Limited, Auckland Council Investments Limited, Auckland Waterfront Development Agency Limited, Auckland Tourism, Events and Economic Development Limited, Regional Facilities Auckland and Watercare Services Limited.

The full Annual Report 2014/2015 received an unmodified audit report and was adopted by Auckland Council on 24 September 2015.

What you will find in each volume of the full annual report

Volume 1 – Overview, themes and groups of activities
Overview information
Our performance against financial and non-financial targets, and funding impact statements for our 12 themes and 35 groups of activities

Volume 2 – Local boards
Our performance against financial and non-financial targets for each local board

Volume 3 – Financial statements
Our full financial statements

Statement of compliance and responsibility

Statement of compliance

The council and management of Auckland Council confirm that all the statutory requirements in relation to this annual report, as outlined in the Local Government Act 2002, have been met.

Responsibility

The council and management of Auckland Council accept responsibility for the preparation and completion of the financial statements and the judgements used in them, and hereby adopt the financial statements as presented.

The council and management of Auckland Council Group accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of Auckland Council the annual report for the year ended 30 June 2015 present fairly the financial performance, financial position and service performance of Auckland Council Group and Auckland Council.

Len Brown
Mayor
24 September 2015

Stephen Town
Chief Executive
24 September 2015

Khartoum Place, re-opened in September 2014

Section 1: Financial statements

Statement of comprehensive revenue and expenditure

For the year ended 30 June 2015

		Group			Council		
$million	**Note**	**Actual 2015**	**Budget 2015**	**Actual 2014**	**Actual 2015**	**Budget 2015**	**Actual 2014**
Revenue							
Rates		1,458	1,451	1,395	1,470	1,462	1,406
Fees and user charges		1,030	1,011	989	221	209	202
Grants and subsidies		425	444	410	57	31	25
Development and financial contributions		107	120	102	107	120	102
Other revenue		521	218	371	307	162	322
Finance revenue		17	5	16	111	101	72
Total revenue excluding other gains	2	**3,558**	**3,249**	**3,283**	**2,273**	**2,085**	**2,129**
Expenditure							
Employee benefits	3	792	729	730	489	469	462
Depreciation and amortisation	11,12	778	736	737	220	206	202
Grants, contributions and sponsorship		150	123	122	644	607	569
Other operating expenses	4	1,336	1,289	1,172	582	500	420
Finance costs	5	422	410	372	364	353	302
Total expenditure excluding other losses		**3,478**	**3,287**	**3,133**	**2,299**	**2,135**	**1,955**
Operating surplus/(deficit) before gains and losses		**80**	**(38)**	**150**	**(26)**	**(50)**	**174**
Net other (losses)/gains	6	(230)	-	483	(176)	-	480
Share of surplus in associates and joint ventures		54	42	53	1	-	2
(Deficit)/surplus before income tax		**(96)**	**4**	**686**	**(201)**	**(50)**	**656**
Income tax (benefit)/expense	17	(24)	18	10	-	-	-
(Deficit)/surplus after income tax		**(72)**	**(14)**	**676**	**(201)**	**(50)**	**656**
(Deficit)/surplus after income tax is attributable to							
Ratepayers of Auckland		(72)	(14)	676	(201)	(50)	656
Other comprehensive revenue/(expenditure)							
Net gain on revaluation of property, plant and equipment		1,031	775	1,481	768	360	566
Tax on revaluation of property, plant and equipment		(74)	(114)	(3)	-	-	-
Movement in cashflow hedge reserve		37	-	(6)	-	-	15
Tax on movement in cash flow hedge reserve		1	-	(1)	-	-	-
Share of associates and joint ventures' reserves		16	-	168	-	-	-
Net unrealised gain on revaluation of financial assets classified as available-for-sale		(1)	-	2	-	-	-
Total other comprehensive revenue		**1,010**	**661**	**1,641**	**768**	**360**	**581**
Total comprehensive revenue		**938**	**647**	**2,317**	**567**	**310**	**1,237**
Total comprehensive revenue is attributable to							
Ratepayers of Auckland		938	647	2,317	567	310	1,237

Explanations of significant variances against budget are detailed in section 2.

The accompanying notes to the financial statements form part of, and are to be read in conjunction with, these financial statements.

Statement of financial position

As at 30 June 2015

		Group			Council		
$million	Note	Actual 2015	Budget 2015	Actual 2014	Actual 2015	Budget 2015	Actual 2014
Assets							
Current assets							
Cash and cash equivalents	7	345	262	206	282	241	157
Receivables and prepayments	8	258	296	259	250	123	121
Other financial assets	9	350	331	366	372	416	501
Derivative financial instruments	10	2	3	1	1	9	39
Inventories		16	18	21	5	4	5
Tax receivable		14	-	-	-	-	-
Non-current assets held-for-sale		28	40	45	23	40	20
Total current assets		**1,013**	**950**	**898**	**933**	**833**	**843**
Non-current assets							
Receivables and prepayments	8	25	105	99	18	71	74
Other financial assets*	9	111	108	103	1,793	2,188	1,337
Derivative financial instruments	10	200	75	94	198	92	98
Property, plant and equipment	11	38,897	37,859	36,906	12,064	10,749	11,074
Intangible assets	12	469	424	469	297	209	226
Biological assets		2	2	2	2	2	2
Investment property	13	560	420	457	102	78	94
Investment in subsidiaries*	14	-	-	-	20,800	20,584	20,542
Investment in associates and joint ventures	14	890	674	846	18	3	5
Total non-current assets		**41,154**	**39,667**	**38,976**	**35,292**	**33,976**	**33,452**
Total assets		**42,167**	**40,617**	**39,874**	**36,225**	**34,809**	**34,295**
Liabilities							
Current liabilities							
Bank overdraft	7	8	-	4	-	-	-
Employee entitlements	15	85	74	77	51	45	47
Payables and accruals	16	649	605	615	596	454	471
Borrow ings	21	1,006	1,070	1,171	666	886	890
Derivative financial instruments	10	2	13	41	1	12	40
Tax payable		-	10	-	-	-	-
Provisions	20	88	70	84	82	66	82
Total current liabilities		**1,838**	**1,842**	**1,992**	**1,396**	**1,463**	**1,530**
Non-current liabilities							
Employee entitlements	15	5	6	5	2	2	2
Payables and accruals	16	45	40	31	23	53	53
Borrow ings	21	6,328	6,395	5,170	5,890	5,783	4,549
Derivative financial instruments	10	485	214	236	327	131	173
Provisions	20	320	326	286	317	325	285
Deferred tax liabilities	18	1,067	1,092	1,009	-	-	-
Total non-current liabilities		**8,250**	**8,073**	**6,737**	**6,559**	**6,294**	**5,062**
Total liabilities		**10,088**	**9,915**	**8,729**	**7,955**	**7,757**	**6,592**
Net assets		**32,079**	**30,702**	**31,145**	**28,270**	**27,052**	**27,703**
Equity							
Contributed equity	23	26,728	26,734	26,734	26,569	26,569	26,569
Accumulated funds	23	517	(83)	586	20	(492)	228
Reserves	23	4,834	4,051	3,825	1,681	975	906
Total equity		**32,079**	**30,702**	**31,145**	**28,270**	**27,052**	**27,703**

*Total investments in council-controlled organisations (CCOs) and entities listed in Local Government Act 2002 section 6(4) for 2015 for the Group is $4 million (2014: $5 million) and for the council is $21 billion (2014: $20 billion). These investments are included in other financial assets and investment in subsidiaries.

Explanations of significant variances against budget are detailed in section 2.

The accompanying notes to the financial statements form part of, and are to be read in conjunction with, these financial statements.

Statement of changes in equity

For the year ended 30 June 2015

Group

$million	Note	Contributed equity	Accumulated funds	Reserves	Total equity	Budget
Balance as at 1 July 2013		**26,734**	**(47)**	**2,141**	**28,828**	**28,828**
Surplus/(deficit) after income tax		-	676	-	676	(6)
Other comprehensive revenue		-	-	1,641	1,641	1,233
Total comprehensive revenue		**-**	**676**	**1,641**	**2,317**	**1,227**
Transfers (from)/to reserves	23	-	(43)	43	-	-
Balance as at 30 June 2014	23	**26,734**	**586**	**3,825**	**31,145**	**30,055**
Balance as at 1 July 2014		**26,734**	**586**	**3,825**	**31,145**	**30,055**
Deficit after income tax		-	(72)		(72)	(14)
Other comprehensive revenue		-	-	1,010	1,010	661
Total comprehensive (expenditure)/revenue		**-**	**(72)**	**1,010**	**938**	**647**
Deconsolidation of subsidiaries		(6)	(17)	-	(23)	-
Found assets		-	19	-	19	-
Transfers to/(from) reserves	23	-	1	(1)	-	-
Balance as at 30 June 2015	23	**26,728**	**517**	**4,834**	**32,079**	**30,702**

Council

$million	Note	Contributed equity	Accumulated funds	Reserves	Total equity	Budget
Balance as at 1 July 2013		**26,569**	**(419)**	**316**	**26,466**	**26,466**
Surplus after income tax		-	656	-	656	48
Other comprehensive revenue		-	-	581	581	228
Total comprehensive revenue		**-**	**656**	**581**	**1,237**	**276**
Transfers (from)/to reserves	23	-	(9)	9	-	-
Balance as at 30 June 2014	23	**26,569**	**228**	**906**	**27,703**	**26,742**
Balance as at 1 July 2014		**26,569**	**228**	**906**	**27,703**	**26,742**
Deficit after income tax		-	(201)	-	(201)	(50)
Other comprehensive revenue		-	-	768	768	360
Total comprehensive (expenditure)/revenue		**-**	**(201)**	**768**	**567**	**310**
Transfers (from)/to reserves	23	-	(7)	7	-	-
Balance as at 30 June 2015	23	**26,569**	**20**	**1,681**	**28,270**	**27,052**

Explanations of significant variances against budget are detailed in section 2.

The accompanying notes to the financial statements form part of, and are to be read in conjunction with, these financial statements.

Statement of cash flows

For the year ended 30 June 2015

		Group			Council		
$million	**Note**	**Actual 2015**	**Budget 2015**	**Actual 2014**	**Actual 2015**	**Budget 2015**	**Actual 2014**
Cash flows from operating activities							
Receipts from customers, rates, grants and other services		3,247	3,270	3,104	2,048	2,012	1,802
Interest received		19	5	15	95	101	71
Dividends received		63	38	130	101	-	162
Payments to suppliers and employees		(2,212)	(2,202)	(2,078)	(1,637)	(1,657)	(1,529)
Income tax paid		-	(11)	-	-	-	-
Interest paid		(391)	(394)	(348)	(345)	(336)	(277)
Net cash inflow from operating activities	24	**726**	**706**	**823**	**262**	**120**	**229**
Cash flows from investing activities							
Repayment of loans to related parties		-	-	-	194	-	97
Advances of loans to related parties		-	-	-	(379)	(647)	(578)
Sale of property, plant and equipment, investment property and intangible assets		33	59	17	28	39	15
Purchase of property, plant and equipment, investment property and intangible assets		(1,490)	(1,676)	(1,493)	(386)	(388)	(421)
Equity investment in subsidiaries and associates		-	-	(2)	(579)	(192)	(278)
Acquisition of other financial assets		(7)	(4)	(86)	(31)	(4)	(84)
Proceeds from sale of other financial assets		23	-	30	37	-	25
Advances to external parties		(4)	(10)	(6)	(3)	(10)	(8)
Proceeds from community loan repayments		-	2	-	-	2	-
Net cash outflow from investing activities		**(1,445)**	**(1,629)**	**(1,540)**	**(1,119)**	**(1,200)**	**(1,232)**
Cash flows from financing activities							
Proceeds from borrowings		2,797	2,011	1,724	1,937	1,841	1,747
Repayment of borrowings		(1,943)	(1,066)	(1,136)	(955)	(759)	(882)
Repayment of finance lease principal		-	-	(2)	-	-	(2)
Net cash inflow from financing activities		**854**	**945**	**586**	**982**	**1,082**	**863**
Net increase/(decrease) in cash and cash equivalents and bank overdrafts		**135**	**22**	**(131)**	**125**	**2**	**(140)**
Opening cash and cash equivalents and bank overdrafts		202	240	333	157	239	297
Closing cash and cash equivalents and bank overdrafts	7	**337**	**262**	**202**	**282**	**241**	**157**

Due to the short-term nature, proceeds and repayments of commercial paper is presented on a net basis within proceeds of borrowings.

Explanations of significant variances against budget are detailed in section 2.

The accompanying notes to the financial statements form part of, and are to be read in conjunction with, these financial statements.

Notes to the financial statements

1 Statement of significant accounting policies

REPORTING ENTITIES

Auckland Council (the council) is a local authority domiciled in New Zealand and governed by the Local Government Act 2002 (LGA 2002), the Local Government (Auckland Council) Act 2009 (LGACA 2009) and the Local Government (Rating) Act 2002. The council's principal address is 135 Albert Street, Auckland Central, New Zealand.

The Auckland Council Group (the Group) consists of the council, and its controlled entities, associates and joint ventures. All entities are domiciled in New Zealand. Refer to note 14 for a list of significant Group entities.

The primary objective of the Group is to provide services and facilities to the Auckland community for social benefit rather than to make a financial return. Accordingly, the council has designated itself and the Group as public benefit entities (PBEs) and applies New Zealand Tier 1 Public Benefit Entity accounting standards (PBE Accounting Standards). These standards are similar to International Public Sector Accounting Standards (IPSAS), with amendments for the New Zealand environment.

The financial statements are for the year ended 30 June 2015 and were authorised for issue by the council's governing body on 24 September 2015.

BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

The financial statements have been prepared on a historical cost basis with the exception of certain items identified in specific accounting policies below. They are presented in New Zealand dollars (NZD), which is the functional currency of each of the Group's entities, and are rounded to the nearest million dollars, unless otherwise stated. All items in the financial statements are stated exclusive of Goods and Services Tax (GST), except for receivables and payables,which include GST invoiced.

Statement of compliance

These financial statements are prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), the LGA 2002 and the LGACA 2009. They comply with PBE Accounting Standards.

Transition to PBE Accounting Standards

This is the first set of annual financial statements presented in accordance with the new PBE Accounting Standards. The material adjustments arising on transition to the new PBE Accounting Standards are explained in note 29.

Budget figures

The budget figures presented in these financial statements are those included in the Annual Plan 2014/2015 adopted by the council on 26 June 2014 and are consistent with the policies used to prepare these financial statements.

1 Statement of significant accounting policies (continued)

Budget figures (continued)

However, certain items in the 2015 Group and council budgets have been reclassified from those published in the Annual Plan 2014/2015 to ensure consistency with the actual reported numbers. These reclassifications had no impact on the operating surplus/(deficit). The significant reclassifications are:

- Revenue of $5 million reclassified from other revenue to fees and user charges.
- Expenditure of $10 million reclassified from other operating expenses to employee benefits.

Standards issued and not yet effective and not early adopted

In October 2014, the PBE Accounting Standards were updated to incorporate requirements and guidance for the public sector. These updated standards apply to public sector PBEs with reporting periods beginning on or after 1 April 2015. The Group will apply these updated standards in preparing its 30 June 2016 financial statements, and expects there will be minimal or no change in applying these updated accounting standards.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements are prepared by adding together like items in the Group on a line-by-line basis. Transactions and balances between the council and its subsidiaries are eliminated on consolidation. Minority interests and their movements are shown separately.

Investment in associates and joint ventures is accounted for using the equity method. The investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the share of the surplus or deficit of the associate or joint venture after the date of acquisition. Distributions received reduce the carrying amount of the investment.

Investment in subsidiaries and investment in associates and joint ventures are carried at cost less any accumulated impairment.

Where necessary, adjustments are made to the financial statements of subsidiaries, associates and joint ventures to bring their accounting policies in line with the Group.

Accounting judgements, estimates and assumptions

The preparation of the financial statements requires judgements, estimates and assumptions. Application is based on future expectations as well as historical experience and other factors, as appropriate to the particular circumstances.

Significant judgements, estimates and assumptions have been applied in measuring certain provisions and property, plant and equipment revaluations. Further details are included in notes 11 and 20.

The present value of future cash flows for significant provisions such as weathertightness and contaminated land and closed landfills are calculated using a discount rate of 5.7% (2014: 5.8%), being the average forecast cost of funds for the Group. The risk premium specific to the liability is included in the undiscounted estimate of future cash flows.

Significant judgements have been applied in valuing financial instruments such as derivatives at market rates.

1 Statement of significant accounting policies (continued)

REVENUE

Revenue is measured at fair value.

Revenue is comprised of exchange and non-exchange transactions. Exchange transaction revenue arises when one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value in exchange.

Non-exchange transaction revenue arises from transactions without an apparent exchange of approximately equal value. Non-exchange revenue includes rates, grants and subsidies and fees and user charges derived from activities that are partially funded by rates. Revenue relating to non-exchange transactions is recognised as conditions, if any exist, are satisfied.

Rates

Rates are assessed at the start of each financial year and are recognised in full at point of issuance of the ratings notice.

Fees and user charges

Water and wastewater

Water and wastewater fees are recognised when invoiced or accrued in the case of unbilled services.

Sale of goods and services

Revenue from the supply of services is recognised on a percentage of completion basis over the period of the service supplied unless an alternative method better represents the stage of completion of the transaction. Revenue from the sale of goods is recognised when the substantial risks and rewards of ownership have been passed to the buyer.

Port operations

Revenue from port operations is recognised in the period the services are rendered, by reference to the percentage of completion of the specific transaction.

Consents, licences and permits

Revenue from consents is recognised by reference to the percentage of completion of the transaction at balance date based on the actual service rendered. Revenue from licences and permits is recognised on receipt of application as these are non-refundable.

Vested assets

Vested assets arise when property developers undertake development which requires them to build infrastructure in the development area. When the development is complete these are vested to entities within the Group and are recognised at fair value when control of the asset is transferred to the Group, unless there is a use or return condition attached to the asset.

1 Statement of significant accounting policies (continued)

REVENUE (continued)

Grants

Grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Development and financial contributions

Development and financial contributions are fees collected to service new developments by funding community and network infrastructure, and parks and reserves. Development contribution revenue is recognised when the council is capable of providing the service for which the contribution was levied. Financial contributions received by the council are recognised as revenue when they are expended on the activity for which the contribution was levied.

Fines and infringements

Fines and infringements mostly relate to traffic and parking infringements and are recognised when the infringement notice is issued.

Finance revenue

Finance revenue includes interest revenue and realised gains from the early close-out of derivative positions. Interest revenue is recognised using the effective interest method.

Dividend revenue

Dividend revenue is recognised when the Group's right to receive the dividend is established.

EXPENSES

Grants, contributions and sponsorship expense

Where grants and subsidies are discretionary, the expense is recognised when the Group has advised its decision to pay and conditions, if any, are satisfied. Non-discretionary grants are recognised on receipt of application and when the specified criteria have been met.

Finance expense

Finance expense includes interest expense, the unwinding of discounts on provisions and financial assets; and net realised losses on the early close-out of derivatives. Interest expense is recognised using the effective interest rate method. Interest expense includes the amortisation of borrowing costs recognised over the borrowing term.

1 Statement of significant accounting policies (continued)

OPERATING LEASES

Lessee

The Group leases certain property, plant and equipment. Payments made under operating leases (net of any incentives received from the lessor) are expensed on a straight-line basis over the lease term.

Lessor

Rental revenue (net of any incentives given to lessees) is recognised as revenue on a straight-line basis over the lease term.

FINANCE LEASES

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item and the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

INCOME TAX

Income tax comprises current tax and deferred tax calculated using the tax rate (and tax law) that has been enacted or substantively enacted by the reporting date. Income tax is charged or credited to the surplus or deficit, except when it relates to items that are recognised in other comprehensive revenue and expenditure or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive revenue and expenditure or directly in equity respectively.

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

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Bank overdraft is included in borrowings in current liabilities within the statements of financial position and as a component of cash and cash equivalents in the statements of cash flows.

1 Statement of significant accounting policies (continued)

RECEIVABLES AND PREPAYMENTS

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Collectability of receivables is reviewed on an ongoing basis. Individual debts which are known to be uncollectible are written off.

OTHER FINANCIAL ASSETS

Financial assets are classified as fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification depends on the purpose for which the financial assets or liabilities are held. Management determines the classification of financial assets and liabilities at initial recognition.

Where assets are designated as fair value through surplus or deficit, the realised and unrealised gains or losses are recognised as revenue or expense. Gains and losses for all other categories are recognised in other comprehensive revenue and expense, except impairment losses, which are recognised in surplus or deficit.

Unit trusts and listed shares

Unit trusts and listed shares are recognised at fair value. Changes in the fair value are recognised through surplus or deficit as this reflects how the portfolio is managed.

Other assets

Other assets include bonds, loans to related parties, unlisted shares and community loans. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less any impairment losses, with the exception of unlisted shares, which are recognised at fair value.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used to hedge exchange rate and interest rate risks. The Group does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value and subsequently remeasured at fair value. Any resulting gains or losses are recognised in surplus or deficit unless the derivative has been designated into a hedge relationship that qualifies for hedge accounting.

1 Statement of significant accounting policies (continued)

Cash flow hedges

The Group recognises the effective portion of changes in the fair value of derivatives that qualify as cash flow hedges in the cash flow hedge reserve. Gains or losses relating to the ineffective portion are recognised in surplus or deficit. On derecognition, cumulative gains or losses held in other comprehensive revenue are transferred from reserves to surplus or deficit.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets accounting criteria, any cumulative gain or loss in equity at that time remains in equity and is recognised when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss reported in equity transfers to surplus or deficit.

When a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognised in other comprehensive revenue are transferred to the initial cost or carrying amount of the asset or liability.

INVENTORIES

Inventories are recorded at the lower of cost using the first-in-first-out method (FIFO) or net realisable value unless they are held for consumption in the provision of non-commercial services, which are recorded at cost using FIFO, adjusted for any loss in service potential.

PROPERTY, PLANT AND EQUIPMENT

Initial recognition

An item of property, plant and equipment is initially recognised at cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition. Capital work in progress is recognised at cost less impairment and is not depreciated.

Subsequent costs

The cost of replacing or improving part of an asset is recognised in the asset’s carrying amount. The carrying amount of the replaced part is derecognised. The costs of repairs and maintenance are recognised in surplus or deficit as incurred.

Disposals

Gains and losses on disposal of property, plant and equipment are recognised in surplus or deficit. Any amount included in the asset revaluation reserve in respect of the disposed item is transferred from the reserve to accumulated funds.

1 Statement of significant accounting policies (continued)

PROPERTY, PLANT AND EQUIPMENT (continued)

Revaluation

Certain property, plant and equipment are revalued after initial recognition. Revaluations are carried out on a class of asset basis at least every three years. The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from fair value. If there is evidence supporting a material difference, then the off-cycle asset classes are revalued. Net revaluation results are recognised in other comprehensive revenue and are accumulated to the asset revaluation reserve in equity for that class of asset. Where the revaluation results in a debit balance in the asset revaluation reserve, the debit balance is recognised in surplus or deficit. Any subsequent increase on revaluation is recognised first in the surplus or deficit up to the amount previously expensed and then recognised in other comprehensive revenue.

Class of property, plant and equipment	Subsequent measurement	Estimated useful life
Infrastructure	**Includes systems and networks integral to the city's infrastructure and intended to be maintained indefinitely, even if individual assets or components are replaced or upgraded.**	
Roads	Fair value less accumulated depreciation (straight line basis).	10-120 years
Water and wastewater	Fair value less accumulated depreciation (straight line basis).	3-200 years
Machinery	Fair value less accumulated depreciation (straight line basis).	3-200 years
Stormwater	Fair value less accumulated depreciation (straight line basis).	10-200 years
Land	Cost less any accumulated impairment losses. Includes land under roads, land intended for roads and associated roading infrastructure.	Indefinite
Restricted	**Includes properties and improvements where the use or transfer of title outside of the Group is legally restricted.**	
Parks and reserves	Fair value.	Indefinite
Improvements	Cost less accumulated depreciation (straight line basis) and impairment losses.	3-100 years
Buildings	Fair value less accumulated depreciation (straight line basis).	5-90 years
Operational	**Includes property, plant and equipment used to provide core council services, either for administration, as a community service or as a business activity (but not infrastructure or restricted property, plant and equipment).**	
Land	Fair value. Land is not depreciated.	Indefinite
Buildings	Fair value less accumulated depreciation (straight line basis).	1-101 years
Marina structures	Fair value less accumulated depreciation (straight line basis).	40-100 years
Rolling stock	Fair value less accumulated depreciation (straight line basis).	2-35 years
Wharves	Fair value less accumulated depreciation (straight line basis).	2-100 years
Works of art	Fair value. Works of art are not depreciated.	Indefinite
Heritage assets	Deemed cost less accumulated impairment losses.	Various
Other operational	Cost less accumulated depreciation (straight line basis) and impairment losses. Includes landfills, motor vehicles, office equipment, library books and furniture and fittings.	1-100 years

For the methods and key assumptions used when applying the measurement principles, see note 11.

1 Statement of significant accounting policies (continued)

INTANGIBLE ASSETS

Initial recognition

Purchased intangible assets are initially recognised at cost. For internally generated intangible assets the cost includes direct employee costs, a reasonable portion of overhead and other direct costs that are incurred within the development phase of the asset only. Intangible assets acquired at no cost are initially recognised at fair value where that can be reliably measured.

Class of intangible asset	Subsequent measurement	Estimated useful life
Computer software	Cost less accumulated amortisation (straight line basis) and impairment.	1-10 years
Rights to acquire	Cost less accumulated impairment losses. Contracts for rights to acquire range from 4 to 40 years before the asset passes to the Group.	-
Intellectual property	Cost less accumulated amortisation (straight line basis) and impairment losses.	4-35 years
Rights to occupy	Cost less accumulated impairment losses.	31 years
Other intangible assets	Cost less accumulated amortisation (straight line basis) and impairment.	1-63 years

Disposals

Realised gains and losses from the disposal of intangible assets are recognised in surplus or deficit.

INVESTMENT PROPERTY

Investment property is initially recognised at cost. After initial recognition, investment property is carried at fair value assessed on an annual basis. Gains or losses arising from fair value changes are included in surplus or deficit. For the methods and key assumptions used when applying the measurement principles, see note 13.

IMPAIRMENT

Impairment of non-financial assets

Non-financial assets include property, plant and equipment and are separated into cash-generating and non-cash generating assets. Assets are considered cash generating if their primary objective is to provide a commercial return.

For non-cash generating assets, value in use is determined using an approach based on a depreciated replacement cost. The value in use for cash-generating assets is the present value of expected future cash flows.

Non-financial assets that are held at cost are assessed at each reporting date for impairment. Impairment is recognised in surplus or deficit. Non-financial assets that have been revalued are not impaired, they are revalued. Movement in fair value is recognised against the revaluation reserve.

Impairment of financial assets

Financial assets are assessed for impairment at each reporting date. Impairment is recognised in surplus or deficit.

1 Statement of significant accounting policies (continued)

EMPLOYEE ENTITLEMENTS

Pension liabilities

Contributions to defined contribution retirement plans and the Defined Benefit Contributors Scheme, a multi-employer defined benefit scheme, are recognised in surplus or deficit as they fall due. Insufficient information is available to use defined benefit plan accounting, as it is not possible to determine from the terms of the scheme the extent to which the scheme's surplus or deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

Other employee entitlements

Employee entitlements for salaries and wages, annual leave, long service leave and other similar benefits are recognised as an expense and liability when they accrue to employees. Employee entitlements to be settled within 12 months are reported at the amount expected to be paid. The liability for long-term employee entitlements is reported at the present value of estimated future cash outflows.

PAYABLES AND ACCRUALS

Current payables and accruals are stated at cost. Non-current payables and accruals are measured at the present value of the estimated future cash outflows.

BORROWINGS

Borrowings are initially recorded at face value plus transaction costs. They are subsequently measured at amortised cost using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for more than 12 months after the balance date.

PROVISIONS

Provisions are measured at the present value of the expected future cash outflows required to settle the obligation. The increase in the provision due to the passage of time is recognised as finance costs in surplus or deficit.

1 Statement of significant accounting policies (continued)

OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when offset is legally enforceable and there is an intention to settle on a net basis. Revenue and expenses arising as a result of financial instrument earnings or fair value adjustments are recognised as a net result for like items.

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions and balances are converted into NZD using the spot rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised within net other gains/(losses) in the statements of comprehensive revenue and expenditure, except when deferred in other comprehensive revenue as qualifying cash flow hedges.

2 Exchange and non-exchange transactions

The split of exchange and non-exchange transactions for revenue is disclosed below.

	Group		Council	
$million	**Actual 2015**	**Actual 2014**	**Actual 2015**	**Actual 2014**
Revenue from non-exchange transactions				
Revenue from rates				
General	1,343	1,286	1,355	1,297
Targeted	105	98	105	98
Penalties	17	17	17	17
Rates remissions	(5)	(4)	(5)	(4)
Discounts	(2)	(2)	(2)	(2)
Total revenue from rates	**1,458**	**1,395**	**1,470**	**1,406**
Revenue from transfers				
Sale of goods and services	166	149	70	65
Vested assets	268	161	85	45
Fines and infringements	35	38	4	3
Consents, licences and permits	138	119	136	118
Grants and subsidies	425	410	57	25
Other transfer revenue	61	53	64	42
Total revenue from transfers	**1,093**	**930**	**416**	**298**
Total revenue from non-exchange transactions	**2,551**	**2,325**	**1,886**	**1,704**
Revenue from exchange transactions				
Water and wastewater	418	407	-	-
Sales of goods and services	59	59	13	15
Port operations	213	216	-	-
Development and financial contributions	107	102	107	102
Finance revenue	16	16	96	72
Dividends received	20	7	97	162
Other exchange revenue	174	151	74	74
Total revenue from exchange transactions	**1,007**	**958**	**387**	**425**
Total revenue	**3,558**	**3,283**	**2,273**	**2,129**

Rate remissions are governed by the council's Rate Remission Policy.

The annual rates revenue of the council for the year ended 30 June 2015 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is $1.5 billion (2014: $1.4 billion).

In accordance with the Local Government (Rating) Act 2002, certain properties cannot be rated for general and certain targeted rates. These properties include schools, places of religious worship, public gardens and reserves. Non-rateable land does not constitute a remission under the council's Rate Remission Policy.

Included within grants and subsidies are government grants of $420 million (2014: $398 million) provided to the Group and $54 million (2014: $24 million) provided to the council.

The majority of grants relate to Auckland Transport.

3 Employee benefits

	Group		Council	
$million	**Actual 2015**	**Actual 2014**	**Actual 2015**	**Actual 2014**
Salaries and wages	725	671	456	431
Contributions to defined contribution schemes	19	18	11	10
Other	48	41	22	21
Total employee benefits	**792**	**730**	**489**	**462**

4 Other operating expenses

Other expenses include the following specific items:

	Group		Council	
$million	**Actual 2015**	**Actual 2014**	**Actual 2015**	**Actual 2014**
Goods and services	539	526	123	124
Consultancy and professional services	161	163	89	82
Repairs and maintenance	236	223	109	98
Utilities and occupancy	85	84	47	49
Rental and lease	33	46	18	33
Impairment of property, plant and equipment	14	28	6	-
Impairment of receivables	5	(2)	4	(1)
Fees paid to elected members	10	9	10	9
Audit fees	4	4	2	1

Fees to auditors

The following fees were charged for the services provided by the auditors of the Group:

	Group		Council	
$000	**Actual 2015**	**Actual 2014**	**Actual 2015**	**Actual 2014**
Audit of financial statements	3,096	3,103	1,102	1,081
Other assurance-related services:				
Review of interim financial statements	202	270	105	120
Agreed upon procedures review of financial statements	20	19	-	-
Review of securities issuance and compliance with funding covenants	50	49	47	43
Required by legislation:				
Review of service performance	160	60	105	-
Audit of Long-term Plan	647	-	647	-
	1,079	398	904	163
Other services:				
Tax consultancy services	4	55	-	-
Other	15	-	-	-
Total fees to auditors	**4,194**	**3,556**	**2,006**	**1,244**

5 Finance costs

$million	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Interest	388	348	331	279
Discount unwind (refer to note 20)	16	18	16	18
Net loss on early close-out of swaps	15	3	15	3
Other	3	3	2	2
Total finance costs	**422**	**372**	**364**	**302**

6 Net other gains/(losses)

	Group		Council	
$million	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Reversal of previously recognised impairment	1	2	-	2
Net increase in fair value of investment property	61	10	9	7
Realised gains on available-for-sale financial assets	-	-	-	-
Net (decrease)/increase in financial assets held at fair value through surplus/(deficit)	(141)	(8)	(52)	(29)
Net foreign exchange (losses)/gains recognised in surplus/(deficit) on financial instruments held at amortised cost	(138)	102	(138)	102
Net (losses)/gains on disposal of property, plant and equipment and intangible assets	(13)	(34)	5	(14)
Net gains on revaluation of property, plant and equipment	-	412	-	412
Impairment of investment in subsidiaries, associates and joint ventures	-	(1)	-	-
Total net other (losses)/gains	**(230)**	**483**	**(176)**	**480**

7 Cash and cash equivalents

$million	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Deposits with maturities of three months or less	247	136	246	133
Cash on hand and on-demand bank deposits	98	70	36	24
Total cash and cash equivalents	**345**	**206**	**282**	**157**
Bank overdraft	(8)	(4)	-	-
Total cash and cash equivalents, and bank overdrafts	**337**	**202**	**282**	**157**

Unspent funds included in cash and cash equivalents held by the Group that are subject to restrictions were $28 million (2014: $35 million) and those held by the council were $3 million (2014: $9 million). These unspent funds relate to trusts and bequests received, and other funds received with restrictions where the spending of the funds is separately monitored.

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

8 Receivables and prepayments

	Group		Council	
$million	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Current				
Trade receivables	160	152	63	57
Less provision for impairment	(35)	(21)	(19)	(18)
Rates receivables	48	34	48	34
Related party receivables	-	-	117	22
Net receivables	**173**	**165**	**209**	**95**
Accrued income	52	66	5	7
GST receivable	16	12	27	12
Insurance recoveries	1	2	1	2
Prepayments	15	12	8	5
Other	1	2	-	-
Total current	**258**	**259**	**250**	**121**
Non-current				
Rates receivables	1	2	1	2
Insurance recoveries	3	6	3	6
Prepayments	2	25	-	-
Other	19	66	14	66
Total non-current	**25**	**99**	**18**	**74**
Total receivables and prepayments	**283**	**358**	**268**	**195**

The split of exchange and non-exchange receivables is disclosed below.

	Group		Council	
$million	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Current receivables and prepayments				
Recoverables from non-exchange transactions	125	135	205	93
Receivables from exchange transactions	133	124	45	28
Total current receivables and prepayments	**258**	**259**	**250**	**121**
Non-current receivables and prepayments				
Recoverables from non-exchange transactions	6	57	5	60
Receivables from exchange transactions	19	42	13	14
Total non-current receivables and prepayments	**25**	**99**	**18**	**74**

Other receivables include insurance recoveries for weathertightness claims and prepayments. Insurance recoveries are the present value of anticipated receipts of insurance cover for weathertightness claims. These have been calculated by the independent actuary who calculated the provision for weathertightness.

All insurance cover for weathertightness claims is with Riskpool, a mutual liability fund created by New Zealand local authorities to provide professional indemnity and public liability protection for councils and council-controlled organisations (CCOs). See notes 20 and 26 for further information on Riskpool.

Ratepayers can apply for payment plan options in special circumstances. Where such payment plans exist and the impact of discounting is significant the amounts due are discounted to the present value of future repayments.

The carrying amount of receivables that would otherwise be past due or impaired and whose terms have been renegotiated is $14.3 million (2014: $21.6 million).

Council does not hold any security for past due impaired receivables.

8 Receivables and prepayments (continued)

Most receivables are non-interest bearing and the carrying value approximates fair value.

The provision for impairment of receivables is calculated by a review of large specific overdue receivables and a collective assessment of smaller receivables. For the collective assessment, expected losses were determined by a historical analysis of previously incurred losses.

The ageing profile of net receivables is as follows

Group

	2015			2014		
$million	**Gross**	**Impairment**	**Net**	**Gross**	**Impairment**	**Net**
Not past due	57	-	57	56	-	56
Past due 30 to 60 days	53	-	53	57	-	57
Past due > 60 days	98	(35)	63	73	(21)	52
Total	**208**	**(35)**	**173**	**186**	**(21)**	**165**

Council

	2015			2014		
$million	**Gross**	**Impairment**	**Net**	**Gross**	**Impairment**	**Net**
Not past due	127	-	127	23	-	23
Past due 30 to 60 days	36	-	36	39	-	39
Past due > 60 days	65	(19)	46	51	(18)	33
Total	**228**	**(19)**	**209**	**113**	**(18)**	**95**

9 Other financial assets

	Group		Council	
$million	**Actual 2015**	**Actual 2014**	**Actual 2015**	**Actual 2014**
Current				
Unit trusts	281	291	280	291
Loans to related parties	-	-	24	139
Other	69	75	68	71
Total current	**350**	**366**	**372**	**501**
Non-current				
Loans to related parties	3	5	1,719	1,275
Other	108	98	74	62
Total non-current	**111**	**103**	**1,793**	**1,337**
Total other financial assets	**461**	**469**	**2,165**	**1,838**

Unit trusts

Unit trusts are recognised at fair value using market information and they were designated as fair value through surplus or deficit at the inception of the council.

Loans to related parties

Loans to related parties are interest bearing at market rates. Interest rates for 2015 range from 4.4% to 6.2% (2014: range from 4.2% to 6.1%). Refer to note 27.

9 Other financial assets (continued)

Other

Significant items included within Other are as follows:

Credit Support Annex

Credit Support Annex (CSA) is a collateral agreement entered into by the Group with a bank to mitigate credit risk for derivative transactions. At 30 June 2015 the balance for the Group and council was $6 million (2014: $42 million). Refer to note 22 for further information.

Bonds

Bonds are carried at amortised cost. The fair value of the bonds held by the Group is $31 million (2014: $25 million) and the council is $21 million (2014: $15 million). Fair value has been determined using quoted market prices from an independent source.

Listed shares

The Group has $23 million (2014: $25 million) of listed shares classified as non-current which are designated as available-for-sale in other comprehensive revenue.

In addition, the council has $47 million (2014: $20 million) of listed shares classified as current which are designated as fair value through surplus or deficit.

Listed shares are recognised at fair value. The fair values of listed shares are determined by reference to published current bid price quotations in an active market.

Unlisted shares

The Group has investments in New Zealand Local Government Funding Agency Ltd (LGFA) and New Zealand Local Government Insurance Corporation Ltd which are recognised at fair value. The values are determined by reference to the council's share of net asset backing in these companies.

Borrower notes

When borrowing from LGFA, an amount equal to 1.6% of the loan is retained by LGFA, which issues borrower notes to that value. Borrower notes are redeemed when the loan is repaid. Refer to note 26 for further information on the LGFA.

Community loans

The face value of the Group's loans to community organisations is $13 million (2014: $12 million) and the council is $10 million (2014: $10 million).

10 Derivative financial instruments

The Group has entered into derivative financial instrument contracts to hedge exposure to fluctuations in interest and foreign exchange rates in accordance with approved financial risk management policies (refer to note 22).

The notional principal amounts presented on the next page for the Group reflects only transactions with third parties. The council's position includes both external and intra-group derivatives.

The fair values of interest rate swaps have been determined by calculating the expected future cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

The fair values of forward foreign currency contracts have been determined using a discounted cash flows valuation technique based on quoted market prices. The inputs into the valuation model are from independently sourced market parameters such as currency rates. Most market parameters are implied from instrument prices.

There are no hedges held for trading purposes. The full fair value of derivatives is classified as a non-current asset or liability if the remaining maturity is more than 12 months, and as a current asset or liability if the maturity is less than 12 months.

10 Derivative financial instruments (continued)

	Group				Council			
	Notional		Fair value		Notional		Fair value	
$million	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Assets								
Current								
Interest rate swaps								
fair value through surplus/deficit	55	150	1	1	5	-	-	-
Forward foreign currency contracts								
cash flow hedge	31	-	1	-	-	-	-	-
fair value through surplus/deficit	3	-	-	-	32	223	1	39
Total current	**89**	**150**	**2**	**1**	**37**	**223**	**1**	**39**
Non-current								
Interest rate swaps								
cash flow hedge	-	75	-	1	-	-	-	-
fair value through surplus/deficit	1,259	3,089	23	93	1,139	3,006	21	96
Forward foreign currency contracts								
fair value through surplus/deficit	-	-	-	-	2	15	-	2
Cross-currency interest rate swaps								
fair value through surplus/deficit	821	-	177	-	821	-	177	-
Total non-current	**2,080**	**3,164**	**200**	**94**	**1,962**	**3,021**	**198**	**98**
Total derivative assets	**2,169**	**3,314**	**202**	**95**	**1,999**	**3,244**	**199**	**137**
Liabilities								
Current								
Interest rate swaps								
cash flow hedge	50	-	1	-	-	-	-	-
fair value through surplus/deficit	160	317	1	1	60	317	-	1
Forward foreign currency contracts								
cash flow hedge	1	230	-	40	-	-	-	-
fair value through surplus/deficit	-	4	-	-	32	223	1	39
Total current	**211**	**551**	**2**	**41**	**92**	**540**	**1**	**40**
Non-current								
Interest rate swaps								
cash flow hedge	210	120	6	3	-	-	-	-
fair value through surplus/deficit	7,075	3,977	459	124	5,415	2,672	307	64
Forward foreign currency contracts								
cash flow hedge	2	15	-	2	-	-	-	-
fair value through surplus/deficit	-	-	-	-	-	15	-	2
Cross currency interest rate swaps								
fair value through surplus/deficit	535	1,356	20	107	535	1,356	20	107
Total non-current	**7,822**	**5,468**	**485**	**236**	**5,950**	**4,043**	**327**	**173**
Total derivative liabilities	**8,033**	**6,019**	**487**	**277**	**6,042**	**4,583**	**328**	**213**

At 31 March 2014, the council revoked all designations where the hedge relationship had previously qualified for hedge accounting for the parent. This included interest rate swaps and cross currency interest rate swaps.

In the future, the council may apply hedge accounting for the parent where appropriate for qualifying hedges.

The Group continues to apply hedge accounting.

11 Property, plant and equipment

Group

$million	Infrastructure	Restricted	Operational	Work in progress	Total
Net book value as at 1 July 2013	23,614	3,771	5,551	1,276	34,212
Additions	-	-	-	1,619	1,619
Transfer from w ork in progress	753	160	530	(1,443)	-
Depreciation	(433)	(44)	(205)	-	(682)
Impairment loss charged to surplus/(deficit)	-	-	(28)	-	(28)
Disposals	(23)	(6)	(18)	(2)	(49)
Transfers*	23	(30)	(5)	(45)	(57)
Revaluations, net of accumulated depreciation	699	645	547	-	1,891
Net book value as at 30 June 2014	**24,633**	**4,496**	**6,372**	**1,405**	**36,906**
As at 30 June 2014					
Cost/valuation	24,910	4,628	6,708	1,405	37,651
Accumulated depreciation and impairment	(277)	(132)	(336)	-	(745)
Net book value	**24,633**	**4,496**	**6,372**	**1,405**	**36,906**
Net book value as at 1 July 2014	24,633	4,496	6,372	1,405	36,906
Additions	-	-	-	1,676	1,676
Transfer from w ork in progress	998	133	724	(1,855)	-
Disposal of business	-	-	(12)	-	(12)
Depreciation	(449)	(47)	(208)	-	(704)
Impairment loss charged to surplus/(deficit)	-	-	-	(14)	(14)
Disposals	(14)	(1)	(34)	-	(49)
Transfers*	(11)	36	50	(12)	63
Revaluations, net of accumulated depreciation	659	348	24	-	1,031
Net book value as at 30 June 2015	**25,816**	**4,965**	**6,916**	**1,200**	**38,897**
As at 30 June 2015					
Cost/valuation	26,042	5,144	7,416	1,200	39,802
Accumulated depreciation and impairment	(226)	(179)	(500)	-	(905)
Net book value	**25,816**	**4,965**	**6,916**	**1,200**	**38,897**

Council

$million	Infrastructure	Restricted	Operational	Work in progress	Total
Net book value as at 1 July 2013	3,668	3,762	2,166	270	9,866
Additions	-	-	-	440	440
Transfer from w ork in progress	90	160	127	(377)	-
Depreciation	(41)	(43)	(87)	-	(171)
Disposals	(5)	(7)	(16)	-	(28)
Transfers*	(17)	(30)	37	-	(10)
Revaluations, net of accumulated depreciation	-	645	332	-	977
Net book value as at 30 June 2014	**3,695**	**4,487**	**2,559**	**333**	**11,074**
As at 30 June 2014					
Cost/valuation	3,777	4,619	2,704	333	11,433
Accumulated depreciation and impairment	(82)	(132)	(145)	-	(359)
Net book value	**3,695**	**4,487**	**2,559**	**333**	**11,074**
Net book value as at 1 July 2014	3,695	4,487	2,559	333	11,074
Additions	-	-	-	419	419
Transfer from w ork in progress	113	133	115	(361)	-
Depreciation	(42)	(47)	(87)	-	(176)
Impairment loss charged to surplus/(deficit)	-	-	-	(6)	(6)
Disposals	-	(1)	(35)	-	(36)
Transfers*	(39)	36	24	-	21
Revaluations, net of accumulated depreciation	420	348	-	-	768
Net book value as at 30 June 2015	**4,147**	**4,956**	**2,576**	**385**	**12,064**
As at 30 June 2015					
Cost/valuation	4,148	5,135	2,801	385	12,469
Accumulated depreciation and impairment	(1)	(179)	(225)	-	(405)
Net book value	**4,147**	**4,956**	**2,576**	**385**	**12,064**

*Includes transfers between asset classes within property, plant and equipment, as well as between property, plant and equipment, intangibles, investment property and assets held-for-sale.

11 Property, plant and equipment (continued)

Service concession assets

The Group may acquire assets by entering into a service concession arrangement with a private operator to build and operate an asset over a specified period. The below tables disclose the service concession assets recognised within infrastructure assets as part of the service concession arrangements that the Group has entered into.

Group $million	Water and wastewater	Total
Net book value as at 1 July 2013	105	105
Additions	1	1
Depreciation	(2)	(2)
Transfers*	(3)	(3)
Net book value as at 30 June 2014	**101**	**101**
As at 30 June 2014		
Cost/valuation	103	103
Accumulated depreciation and impairment	(2)	(2)
Net book value	**101**	**101**
Net book value as at 1 July 2014	101	101
Additions	1	1
Depreciation	(2)	(2)
Revaluations, net of accumulated depreciation	57	57
Net book value as at 30 June 2015	**157**	**157**
As at 30 June 2015		
Cost/valuation	159	159
Accumulated depreciation and impairment	(2)	(2)
Net book value	**157**	**157**

There have been no service concession arrangements entered into by the council.

11 Property, plant and equipment (continued)

Service concession assets (continued)

A service concession arrangement is a binding arrangement between a grantor and an operator, in which:

- the operator uses the service concession asset to provide a public service on behalf of the grantor for a specified period of time; and
- the operator is compensated for its services over the period of the service concession arrangement.

The Group has an agreement in place with Veolia Water Services (ANZ) Pty Ltd ('Veolia') (formally United Water International Pty Ltd) and Watercare (previously entered into with Papakura District Council prior to amalgamation). This agreement gives rise to service concession assets, which are infrastructure assets owned by Watercare and operated by Veolia Water Services (ANZ) Pty Limited for the provision of water and wastewater services in the Papakura district. Watercare controls or regulates the services Veolia must provide, to whom it must provide them and at what price. Veolia is responsible for upgrading and maintaining the entire network in Papakura so that at the end of the contract period (initial term of 30 years with a 20-year right of renewal), the network shall be in a better overall condition than that which existed at the time the contract was commenced in 1997. Council retains control of the assets and the assets will be returned for use by council after the contract expires. A one-off fee of $13 million was received at the start of the contract.

Where the council recognises an asset for the upgrades made by Veolia to the existing service concession assets, the council also recognises a liability at the same amount as the asset. The liability so recognised is reduced over the remaining period of the service concession arrangement.

Work in progress

Property, plant and equipment in the course of construction by class of assets is detailed below.

	Group		Council	
$million	**Actual 2015**	**Actual 2014**	**Actual 2015**	**Actual 2014**
Infrastructure assets				
Roads	266	370	-	-
Water and wastewater	358	439	-	-
Stormwater	90	87	90	87
Restricted assets				
Parks, reserves and buildings	26	19	26	19
Improvements	109	105	109	105
Operational assets				
Land and buildings	274	223	118	80
Rolling stock	32	118	-	-
Wharves	2	2	-	-
Works of art	2	1	1	1
Other	41	41	41	41
Total work in progress	**1,200**	**1,405**	**385**	**333**

11 Property, plant and equipment (continued)

Revaluations

During the year, a number of classes of assets were revalued. They include water and wastewater, machinery, stormwater, parks, reserves and buildings, wharves, and works of art. The total revaluation gain was $1.0 billion.

The gain was largely due to revaluation of three classes of assets, stormwater $420 million, water and wastewater $259 million, parks and reserves and buildings $348 million.

Restricted parks, reserves and buildings were last revalued in 2014 and 2013 respectively. Auckland property values, particularly residential land, have increased significantly since these valuations. The council's assessment on the impact of this movement was that the carrying value of this asset class no longer reflected fair value. The asset class was accordingly revalued to reflect fair value at 30 June 2015.

The infrastructure classes of water and wastewater, machinery and stormwater were revalued as part of the normal revaluation cycle.

Water and wastewater

Water and wastewater were last revalued at 30 June 2013 and again in the current year. The full revaluation gain of $259 million has been recognised in the asset revaluation reserve in the current year.

Machinery

Machinery was last revalued at 30 June 2013 and a $36 million was recognised in the asset revaluation reserve. The current year revaluation resulted in a revaluation loss of $20 million which has been offset against the existing asset revaluation reserve.

Stormwater

Stormwater was last revalued at 30 June 2012 and again in the current year. The full revaluation gain of $420 million has been recognised in the asset revaluation reserve.

Parks, reserves and buildings

Parks, reserves and buildings were last revalued at 30 June 2014 and again in the current year. The full revaluation gain of $348 million has been recognised in the asset revaluation reserve.

Wharves

Wharves were last revalued at 30 June 2012 and again in the current year. The full revaluation gain of $24 million has been recognised in the asset revaluation reserve.

11 Property, plant and equipment (continued)

Group

Infrastructure assets $million	Roads	Water and wastewater	Machinery	Stormwater	Land	Other	Total
Net book value as at 1 July 2013	6,917	6,456	899	3,539	5,729	74	23,614
Transfers from capital work in progress	314	200	80	53	83	23	753
Depreciation	(206)	(138)	(48)	(40)	-	(1)	(433)
Disposals	(7)	(8)	(4)	(2)	(1)	(1)	(23)
Transfers*	4	-	26	-	10	(17)	23
Revaluations, net of accumulated depreciation	699	-	-	-	-	-	699
Net book value as at 30 June 2014	**7,721**	**6,510**	**953**	**3,550**	**5,821**	**78**	**24,633**
As at 30 June 2014							
Cost/valuation	7,723	6,651	1,005	3,629	5,821	81	24,910
Accumulated depreciation and impairment	(2)	(141)	(52)	(79)	-	(3)	(277)
Net book value	**7,721**	**6,510**	**953**	**3,550**	**5,821**	**78**	**24,633**
Net book value as at 1 July 2014	7,721	6,510	953	3,550	5,821	78	24,633
Transfers from capital work in progress	455	245	58	97	136	7	998
Depreciation	(222)	(135)	(50)	(41)	-	(1)	(449)
Disposals	(2)	(4)	(1)	(1)	(6)	-	(14)
Transfers*	8	(4)	4	124	(62)	(81)	(11)
Revaluations, net of accumulated depreciation	-	259	(20)	420	-	-	659
Net book value as at 30 June 2015	**7,960**	**6,871**	**944**	**4,149**	**5,889**	**3**	**25,816**
As at 30 June 2015							
Cost/valuation	8,184	6,872	945	4,149	5,889	3	26,042
Accumulated depreciation and impairment	(224)	(1)	(1)	-	-	-	(226)
Net book value	**7,960**	**6,871**	**944**	**4,149**	**5,889**	**3**	**25,816**

Council

Infrastructure assets $million	Land	Stormwater	Other	Total
Net book value as at 1 July 2013	61	3,533	74	3,668
Transfers from capital work in progress	13	53	24	90
Depreciation	-	(40)	(1)	(41)
Disposals	(1)	(2)	(2)	(5)
Transfers*	-	-	(17)	(17)
Net book value as at 30 June 2014	**73**	**3,544**	**78**	**3,695**
As at 30 June 2014				
Cost/valuation	73	3,623	81	3,777
Accumulated depreciation and impairment	-	(79)	(3)	(82)
Net book value	**73**	**3,544**	**78**	**3,695**
Net book value as at 1 July 2014	73	3,544	78	3,695
Transfers from capital work in progress	9	97	7	113
Depreciation	-	(41)	(1)	(42)
Transfers*	(82)	124	(81)	(39)
Revaluations, net of accumulated depreciation	-	420	-	420
Net book value as at 30 June 2015	**-**	**4,144**	**3**	**4,147**
As at 30 June 2015				
Cost/valuation	-	4,144	4	4,148
Accumulated depreciation and impairment	-	-	(1)	(1)
Net book value	**-**	**4,144**	**3**	**4,147**

*Includes transfers between asset classes within property, plant and equipment, as well as between property, plant and equipment, intangibles, investment property and assets held-for-sale.

All additions are made through work in progress.

11 Property, plant and equipment (continued)

Group

Restricted assets

$million	Parks, reserves and buildings	Improvements	Total
Net book value as at 1 July 2013	3,017	754	3,771
Transfers from capital work in progress	95	65	160
Depreciation	(2)	(42)	(44)
Disposals	(6)	-	(6)
Transfers*	(28)	(2)	(30)
Revaluations, net of accumulated depreciation	645	-	645
Net book value as at 30 June 2014	**3,721**	**775**	**4,496**
As at 30 June 2014			
Cost/valuation	3,721	907	4,628
Accumulated depreciation and impairment	-	(132)	(132)
Net book value	**3,721**	**775**	**4,496**
Net book value as at 1 July 2014	3,721	775	4,496
Transfers from capital work in progress	58	75	133
Depreciation	(2)	(45)	(47)
Disposals	(1)	-	(1)
Transfers*	36	-	36
Revaluations, net of accumulated depreciation	348	-	348
Net book value as at 30 June 2015	**4,160**	**805**	**4,965**
As at 30 June 2015			
Cost/valuation	4,162	982	5,144
Accumulated depreciation and impairment	(2)	(177)	(179)
Net book value	**4,160**	**805**	**4,965**

Council

Restricted assets

$million	Parks, reserves and buildings	Improvements	Total
Net book value as at 1 July 2013	3,008	754	3,762
Transfers from capital work in progress	95	65	160
Depreciation	(1)	(42)	(43)
Disposals	(7)	-	(7)
Transfers*	(28)	(2)	(30)
Revaluations, net of accumulated depreciation	645	-	645
Net book value as at 30 June 2014	**3,712**	**775**	**4,487**
As at 30 June 2014			
Cost/valuation	3,712	907	4,619
Accumulated depreciation and impairment	-	(132)	(132)
Net book value	**3,712**	**775**	**4,487**
Net book value as at 1 July 2014	3,712	775	4,487
Transfers from capital work in progress	58	75	133
Depreciation	(2)	(45)	(47)
Disposals	(1)	-	(1)
Transfers*	36	-	36
Revaluations, net of accumulated depreciation	348	-	348
Net book value as at 30 June 2015	**4,151**	**805**	**4,956**
As at 30 June 2015			
Cost/valuation	4,153	982	5,135
Accumulated depreciation and impairment	(2)	(177)	(179)
Net book value	**4,151**	**805**	**4,956**

*Includes transfers between asset classes within property, plant and equipment, as well as between property, plant and equipment, intangibles, investment property and assets held-for-sale.

11 Property, plant and equipment (continued)

Group

Operational assets

$million	Land and buildings	Marina structures	Rolling stock	Wharves	Works of art	Specified cultural and heritage	Other	Total
Net book value as at 1 July 2013	4,306	114	68	315	266	151	331	5,551
Transfers from capital work in progress	263	8	135	2	3	-	119	530
Depreciation	(91)	(4)	(26)	(7)	-	-	(77)	(205)
Impairment loss charged to surplus/(deficit)	-	-	(28)	-	-	-	-	(28)
Disposals	(16)	-	(1)	-	-	-	(1)	(18)
Transfers*	(39)	-	(5)	2	-	-	37	(5)
Revaluations, net of accumulated depreciation	544	7	-	-	(4)	-	-	547
Net book value as at 30 June 2014	**4,967**	**125**	**143**	**312**	**265**	**151**	**409**	**6,372**
As at 30 June 2014								
Cost/valuation	5,017	131	157	323	265	151	664	6,708
Accumulated depreciation and impairment	(50)	(6)	(14)	(11)	-	-	(255)	(336)
Net book value	**4,967**	**125**	**143**	**312**	**265**	**151**	**409**	**6,372**
Net book value as at 1 July 2014	4,967	125	143	312	265	151	409	6,372
Transfers from capital work in progress	239	5	288	10	2	-	180	724
Disposal of business	(30)	-	-	-	-	-	18	(12)
Depreciation	(90)	(3)	(14)	(7)	-	-	(94)	(208)
Disposals	(15)	-	(5)	(2)	-	-	(12)	(34)
Transfers*	55	-	-	3	-	-	(8)	50
Revaluations, net of accumulated depreciation	-	-	-	24	-	-	-	24
Net book value as at 30 June 2015	**5,126**	**127**	**412**	**340**	**267**	**151**	**493**	**6,916**
As at 30 June 2015								
Cost/valuation	5,262	136	434	340	267	151	826	7,416
Accumulated depreciation and impairment	(136)	(9)	(22)	-	-	-	(333)	(500)
Net book value	**5,126**	**127**	**412**	**340**	**267**	**151**	**493**	**6,916**

Council

Operational assets

$million	Land and buildings	Works of art	Other	Specified cultural and heritage	Total
Net book value as at 1 July 2013	1,857	4	154	151	2,166
Transfers from capital work in progress	82	3	42	-	127
Depreciation	(43)	-	(44)	-	(87)
Disposals	(15)	(1)	-	-	(16)
Transfers*	7	-	30	-	37
Revaluations, net of accumulated depreciation	332	-	-	-	332
Net book value as at 30 June 2014	**2,220**	**6**	**182**	**151**	**2,559**
As at 30 June 2014					
Cost/valuation	2,224	6	323	151	2,704
Accumulated depreciation and impairment	(4)	-	(141)	-	(145)
Net book value	**2,220**	**6**	**182**	**151**	**2,559**
Net book value as at 1 July 2014	2,220	6	182	151	2,559
Transfers from capital work in progress	72	-	43	-	115
Depreciation	(42)	-	(45)	-	(87)
Disposals	(11)	-	(24)	-	(35)
Transfers*	24	-	-	-	24
Net book value as at 30 June 2015	**2,263**	**6**	**156**	**151**	**2,576**
As at 30 June 2015					
Cost/valuation	2,308	6	336	151	2,801
Accumulated depreciation and impairment	(45)	-	(180)	-	(225)
Net book value	**2,263**	**6**	**156**	**151**	**2,576**

*Includes transfers between asset classes within property, plant and equipment, as well as between property, plant and equipment, intangibles, investment property and assets held-for-sale.

11 Property, plant and equipment (continued)

Vector Arena

Included within Operational Land and Buildings is $81 million being the amortised value for the Vector Arena which was completed in March 2007. Quay Park Arena Management Limited (QPAM) owns and operates the Vector Arena under a development agreement which commenced on 21 May 2004 and expires on 1 August 2046, when title reverts to the Group's ownership. Under the agreement, QPAM would design and construct a building to provide Aucklanders with an indoor sports and entertainment venue. The development agreement granted QPAM legal title to the building improvements and to operate the Vector Arena following completion. The Group has no involvement in setting hire fees for the arena or ticket prices as pricing is fundamentally set by QPAM and the hirer of the Vector Arena respectively. The use of the Vector Arena by QPAM is recognised as an operating lease with QPAM's initial contribution to the building and development cost recorded as deferred lease revenue and recognised as revenue on a straight line basis over the rights period.

Security over property, plant and equipment

Other than property, plant and equipment subject to finance leases (refer below), no other property, plant and equipment is pledged as security for liabilities (2014: none) for the Group.

Heritage assets

Some assets are described as heritage assets because of their cultural, environmental or historical significance. The council uses the cultural heritage inventory (CHI), a computer database used to store and retrieve information on cultural heritage sites in the Auckland region. It was developed in the early 1990s, and is constantly being updated. The CHI contains information from many different sources. It has been developed and maintained by the council with regular updates from other sources such as the New Zealand Historic Places Trust, Department of Conservation and iwi authorities.

The council and Group have identified 3235 sites of historical significance that are on council-rated property. Of these assets identified 2963 are trees and objects and no value is assigned to them. Of the remaining 272 assets, 118 are not recorded in property, plant and equipment, as they are community assets which are sited within the Auckland region but are not owned by Auckland Council. The remaining assets are recorded in property, plant and equipment with a net book value of $364 million ($151 million in specified cultural and heritage assets and $213 million in other classes of property, plant and equipment).

Impairment

Work in Progress has been written down by $14 million for the group (council $6 million) for projects that have been abandoned. In 2014 rolling stock was impaired by $28 million due to the planned replacement of the majority of the diesel rolling stock with electric trains.

Third party compensation

No compensation was received from third parties for items of property, plant and equipment that were impaired, lost or transferred and not included in surplus or deficit (2014: $nil) for the Group.

Finance leases

Other operational property, plant and equipment include property, plant and equipment subject to finance leases. The value of these is $33 million for the Group (2014: $5 million) and $31 million for the council (2014: $3 million).

11 Property, plant and equipment (continued)

Restrictions

Various properties held by the Group have restrictions on the use of proceeds generated from them including the sales proceeds. These proceeds may only be applied to the specified purposes, generally being to benefit the city of Auckland. At 30 June 2015, property, plant and equipment held that these restrictions apply to a total of $298 million (2014: $293 million) for the Group and $167 million (2014: $172 million) for the council.

Valuation methodology

These tables detail the valuation methodologies applied to classes of assets subject to revaluations. Where an item of property, plant and equipment is acquired between revaluation cycles, it is recorded at cost less accumulated depreciation. In the case of items acquired at nil or nominal value, they are initially recognised at fair value less accumulated depreciation until the next revaluation cycle of that asset class.

Where there is no active market for an asset, the depreciated replacement cost (DRC) method is used. This method takes into consideration the replacement cost of the relevant assets, the age and condition of the assets, estimated optimisation rates and estimated remaining useful lives of those assets.

It is assumed that all asset classes have a zero residual value at the end of their useful lives.

Infrastructure

Class and category	Effective date of revaluation	Valuation approach and key assumptions
Water, wastewater and machinery	30-Jun-15	Valuations are performed by Beca Valuations Ltd. Valuation is at DRC. DRC is calculated using the • construction costs are calculated with reference to recent contract based constructions and the unit rates reflect the costs of replacing assets. • useful lives of assets are calculated as the lesser of their physical life or the point where the asset is to be replaced for economic reasons. • The capital goods price index (CGPI) has been used where indexation is appropriate. CGPI rates represent estimated standard replacement costs for asset components in accordance with the modern equivalent asset (MEA) approach. At the time of valuation the CGPI was available to the March 2015 quarter extrapolated to June 2015. The process involves physical inspection of selected assets at various sites to note aspects such as condition, utilisation, replacement timing and asset optimisation.
Stormwater	30-Jun-15	Valuations are performed by council staff and peer-reviewed by GHD Ltd. Valuation is at DRC using straight line depreciation. Unit rates for replacement have been applied to the assets based on size, material, depth and location. Condition information and age have been used to determine remaining useful lives. The analysis is undertaken at component level, and rolled up to an asset group level to determine value. Unit rates have been derived from stormwater physical works contract costs. These are then indexed using Statistics NZ Capital Goods Price Index for civil constructions to convert them to current dollar value. The unit rates were then aligned with the asset groups to calculate final value.
Roads	30-Jun-14	Valuations are performed by an external valuer, ANA Group Ltd. Valuation is at DRC. DRC is calculated using the following assumptions: • estimation of the unit rate for construction of roading assets based on the most current contracted rates applicable to the Group. • estimation of the remaining useful life of the asset. Assumptions consider the age of the roads and local conditions such as ground type, weather patterns and road usage.

11 Property, plant and equipment (continued)

Valuation methodology (continued)

Restricted

Class and category	Effective date of revaluation	Valuation approach and key assumptions
Parks and reserves	30-Jun-15	Large reserves have been valued by independent external valuers, QV Ltd. Valuations are undertaken in accordance with standards issued by the New Zealand Property Institute. Valuations for large reserves are based on a rural land value plus locational adjustment. Recognition is given to active/passive zone differentials which are based on the valuers' professional expertise and judgements. The management relies on the services of independent valuers to assess the carrying values of operational and restricted land and buildings assets and the remaining useful lives.
Buildings	30-Jun-15	Buildings have been valued by external valuers, QV Ltd. Valuations are undertaken in accordance with standards issued by the New Zealand Property Institute. Valuers use the DRC approach as no market exists due to the specialised nature of the buildings, with allowance for age, building condition and configuration.

Operational

Class and category	Effective date of revaluation	Valuation approach and key assumptions
Land and buildings	30-Jun-14	Valuations are performed by a panel of external valuers, being Bayleys Valuation Ltd, Beca Carter Hollings & Ferner Ltd, Telfer Young (Auckland Limited) and QV Ltd. Valuations are undertaken in accordance with standards issued by the New Zealand Property Institute. Operational land has been assessed at market value based on recent equivalent sales information. Where a market exists, operational buildings have been valued at market value based on recent sales information for similar properties in the same geographic area. Where no market exists due to the specialised nature of the buildings, values are determined using the DRC approach with allowance for age, building condition and configuration.
Marina structures	30-Jun-14	Valuations are performed by external valuers. Valuation is calculated using the discounted cash flow method.
Rolling stock	30-Jun-13	Valuations are performed by an external valuer. Valuation is at DRC. The DRC is calculated by reference to price quotations of modern equivalent assets, with allowance for age, asset deterioration, configuration and gauge. The estimated useful life is based on the expected replacement programme.
Wharves	30-Jun-15	Valuations are performed by a panel of external valuers. Valuation is at DRC, based on the incremental optimised replacement cost. Incremental optimisation means that optimisation is limited to the extent that it can occur in the normal course of business using commercially available technology. Typical useful lives are estimated at 100 years or less at an element level, reflecting the marine environment, rate of change and obsolescence, loadings and the predominance of concrete and steel structural elements.
Works of art	30-Jun-14	Valuations are performed by external valuers for items individually valued in excess of $100,000 and internally for items individually valued below $100,000. Internal valuations are peer-reviewed by an external valuer. The values are based on auction results from major international auction houses, auction catalogues and art sales publications. If no direct equivalent exists, value is based on works of a similar work and scale.

12 Intangible assets

Group

$million	Computer software	Rights to acquire	Intellectual property	Goodwill	Other	Work in progress	Total
Net book value as at 1 July 2013	169	83	26	3	52	70	403
Additions	-	-	-	-	-	91	91
Transfers from work in progress	41	-	8	-	5	(54)	-
Amortisation	(44)	-	(8)	-	(3)	-	(55)
Increases or decreases recognised in other comprehensive income	-	-	-	-	(1)	-	(1)
Disposals	(2)	-	-	-	-	-	(2)
Transfers*	20	-	-	-	13	-	33
As at 30 June 2014	**184**	**83**	**26**	**3**	**66**	**107**	**469**
As at 30 June 2014							
Cost/valuation	318	83	55	3	79	107	645
Accumulated amortisation	(134)	-	(29)	-	(13)	-	(176)
Net book value	**184**	**83**	**26**	**3**	**66**	**107**	**469**
Net book value as at 1 July 2014	184	83	26	3	66	107	469
Additions	-	-	-	-	-	157	157
Transfers from work in progress	77	-	1	-	6	(84)	-
Amortisation	(59)	-	(9)	-	(6)	-	(74)
Impairment loss charged to surplus or deficit	-	-	-	-	-	(6)	(6)
Disposals	(2)	-	-	(3)	-	-	(5)
Transfers*	-	(72)	-	-	-	-	(72)
As at 30 June 2015	**200**	**11**	**18**	**-**	**66**	**174**	**469**
As at 30 June 2015							
Cost/valuation	394	11	56	-	85	174	720
Accumulated amortisation	(194)	-	(38)	-	(19)	-	(251)
Net book value	**200**	**11**	**18**	**-**	**66**	**174**	**469**

Council

$million	Computer software	Rights to acquire	Intellectual property	Other	Work in progress	Total
Net book value as at 1 July 2013	91	11	23	13	63	201
Additions	-	-	-	-	57	57
Transfers from work in progress	19	-	7	-	(26)	-
Amortisation	(23)	-	(7)	(1)	-	(31)
Disposals	-	-	-	(1)	-	(1)
As at 30 June 2014	**87**	**11**	**23**	**11**	**94**	**226**
As at 30 June 2014						
Cost/valuation	171	11	46	15	94	337
Accumulated amortisation	(84)	-	(23)	(4)	-	(111)
Net book value	**87**	**11**	**23**	**11**	**94**	**226**
Net book value as at 1 July 2014	87	11	23	11	94	226
Additions	-	-	-	-	121	121
Transfers from work in progress	55	-	-	-	(55)	-
Amortisation	(35)	-	(8)	(1)	-	(44)
Impairment loss charged to surplus or deficit	-	-	-	-	(6)	(6)
As at 30 June 2015	**107**	**11**	**15**	**10**	**154**	**297**
As at 30 June 2015						
Cost/valuation	226	11	46	15	154	452
Accumulated amortisation	(119)	-	(31)	(5)	-	(155)
Net book value	**107**	**11**	**15**	**10**	**154**	**297**

*Includes transfers between asset classes within intangibles, as well as between intangibles and property, plant and equipment.

12 Intangible assets (continued)

Restrictions to title and security over intangible assets

There are no restrictions over the title of intangible assets, nor are any intangible assets pledged as security for liabilities (2014: $nil).

Computer software

The amortisation period ranges from 1 to 8 years (2014: 1 to 8 years).

Rights to acquire

The contract periods range from 19 to 31 years (2014: 20 to 32 years). The transfer of $72 million arises from the rights to acquire Vector Arena being reclassified as an operating lease to operational land and buildings within property, plant and equipment.

Intellectual property

Integrated catchment data and network models are intellectual property that provides local information about the stormwater network performance. It identifies any problems in relation to capacity and interaction with the environment. The models are used for long-term management of the network. The amortisation period ranges from 3 to 10 years (2014: 4 to 10 years).

Other intangible assets

Other intangible assets include the following:

Community rights being the cost of contracted rights to access facilities that are not owned by the Group. These costs are amortised over the contracted right, ranging from 3 to 20 years (2014: 4 to 20 years).

A right to occupy has been recognised at its fair value on acquisition and is being amortised over the period of the underlying lease (63 years). The lease is for the land at each of the railway station sights along the Auckland passenger rail network. The right to occupy in the underlying lease is due to expire in 2070.

Intangible assets under development

Intangible assets under development include computer software and intellectual property. These are held at cost.

Contractual commitments for the acquisition of intangible assets

The Group has no contractual commitments for the acquisition of intangible assets (2014: $nil).

Work in progress

Intangible assets in the course of construction by class of assets is detailed below.

	Group		Council	
$million	**Actual 2015**	**Actual 2014**	**Actual 2015**	**Actual 2014**
Computer software	135	78	115	65
Intellectual property	39	29	39	29
Total work in progress	**174**	**107**	**154**	**94**

13 Investment property

The movement in investment property is as follows:

	Group		Council	
$million	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Opening balance	457	421	94	78
Net increase in fair value of investment property	61	10	9	7
Additions	14	-	-	-
Disposals	(1)	(1)	(1)	-
Transfers from property, plant and equipment	29	27	-	9
Closing balance	**560**	**457**	**102**	**94**

Investment property includes land, commercial buildings and water space licences.

Investment property is held at fair value and revalued annually. Revaluations are performed by independent valuers with appropriate recognised professional qualifications and recent experience in Auckland and in the category being valued. Valuations are dated 30 June of each respective year.

Methods and significant assumptions applied to determine the fair value of investment property are as follows:

- Properties are valued individually.
- Land is valued as vacant under freehold or leasehold tenure, as appropriate. The value of land assets included in investment property is $210 million (2014: $170 million) for the Group and $100 million (2014: $92 million) for the council.
- Valuations consider the size, contour, quality, location, zoning, designation and current and potential use.
- When compared to recent sales statistics for similar land the land value rates applied in the valuations are:
  - city centre properties $325 to $1,551 per square metre ($m^2$) (2014: $218 to $1,480 per m^2).
  - suburban properties $73 to $940 per m^2 (2014: $150 to $667 per m^2).
- Commercial property valuations for the Group at $103 million (2014: $95 million) and the council $2 million (2014: $2 million) are based on indicative yields derived from current prices of comparable property in an active market.
- Water space licence valuations for the Group are determined using the discounted cash flow method based on yields of 8% (2014: 8%).

The discounted cash flow method considers the future rental revenue from existing and anticipated new tenants, any residual value of the Group's interest in the investment property less anticipated capital expenditure.

Rental income and expenses relating to investment property were $17 million and $4 million for the Group respectively (2014: $11 million and $5 million) and $2 million and $0.3 million for the council (2014: $2 million and $0.3 million).

Restrictions to title and security over investment property

Investment property address	Value ($million)	Restriction reason
10 Fremlin Pl, Avondale	1	Stipulated by the trust deed of Leys Property Trust

There was no investment property pledged as security for liabilities during the year (2014: none).

14 Investment in other entities

$million	Group Actual 2015	Group Actual 2014	Council Actual 2015	Council Actual 2014
Investment in subsidiaries	-	-	20,800	20,542
Investment in associates	870	840	4	5
Investment in joint ventures	20	6	14	-
Total Investment in other entities	**890**	**846**	**20,818**	**20,547**

Investment in subsidiaries

Significant subsidiaries of the council comprise the following:

Name	Principal activity and nature of relationship where there is no direct ownership	Percentage ownership % 2015	Percentage ownership % 2014
Auckland Council Investments Ltd	Manages the Group's investment assets and holds investments in Auckland International Airport Ltd and Ports of Auckland Ltd.	100	100
Auckland Transport	Owns and manages the Auckland region's transport services and infrastructure. * Auckland Transport is a body corporate with perpetual succession and is treated under the LGA2002 as if the council is its sole shareholder.	*	*
Watercare Services Ltd	Owns and manages the Auckland region's water and wastewater assets.	100	100
Auckland Waterfront Development Agency Ltd	Owns and manages a large portion of the Auckland waterfront.	100	100
Auckland Council Property Ltd	Manages the council's commercial properties.	100	100
Auckland Tourism, Events and Economic Development Ltd	Manages projects for economic development, tourism and events promotion in the Auckland region.	100	100
Regional Facilities Auckland	Owns and manages the Auckland region's sports, leisure, entertainment and arts, culture and heritage venues. * Regional Facilities Auckland is a charitable trust of which Regional Facilities Auckland Ltd, a 100% owned subsidiary of the council, is the sole trustee.	*	*
Highbrook Park Trust	Owns and manages public land parcels around Highbrook. * The council is the settlor of this trust.	*	*
Arts Regional Trust	Contributes to the development of a flourishing arts and culture sector in the Auckland region. * The council is the settlor of this trust.	*	*

In addition to the above, significant subsidiaries of the Group comprise the following:

Name	Principal activity and nature of relationship where there is no direct ownership	Percentage ownership % 2015	Percentage ownership % 2014
Airport Shares (Auckland) Ltd	Holds a significant investment in Auckland International Airport Ltd.	100	100
Airport Shares (Manukau) Ltd	Holds a significant investment in Auckland International Airport Ltd.	100	100
Ports of Auckland Ltd	Port operator.	100	100
Westhaven (existing marina) Trust	Owns and operates a part of the Westhaven Marina. *Westhaven Marina Ltd, a 100% owned subsidiary of Auckland Waterfront Development Agency Ltd (a subsidiary of the council), is the corporate trustee of this trust.	*	*

All subsidiaries have a balance date of 30 June and are resident in New Zealand.

From 1 September 2015 Auckland Waterfront Development Agency Ltd and Auckland Council Property Limited will merge to form Development Auckland Limited. No changes to the services provided are anticipated and there is no material financial impact on the 30 June 2015 financial results. See section 3 for more information.

14 Investment in other entities (continued)

Change in shareholding of a subsidiary

There were no changes of subsidiaries during the financial year.

Significant restrictions

Under section 24(1) (a) of the Local Government (Auckland Transitional Provisions) Act 2010, the council must remain the sole owner of Watercare Ltd (Watercare) until 30 June 2015. Council remains the sole shareholder of Watercare and no strategic decisions regarding the ownership of Watercare have been made at this time. Watercare is restricted by LGAA 2009 section 57(1)(b) from paying any dividend or distributing any surplus directly or indirectly to the council.

Investment in associates and joint ventures

The council has interests in the following joint ventures: Waste Disposal Services Ltd (50%), New Zealand Food Innovation Auckland Ltd (33.3%), North Tugz Ltd (50%) and PortConnect Ltd (50%). During the year the group also acquired an interest in Nexus Logistics Ltd (50%).

On 1 October 2014, one of the subsidiaries of the Group formed a joint venture Nexus Logistics Limited in which the Group has a 50% interest.

In addition, the Group has an interest in the following joint ventures: Araparera Forestry Joint Venture (70%).

The group acquired a further 50% of the shares in Seafuels Ltd on 30 June 2015 leading to Seafuels Ltd becoming a wholly owned subsidiary of the group (previously a joint ventures).

The Group's significant associate is Auckland International Airport Ltd (AIAL) and its key financial information is:

$million	Total assets	Total liabilities	Gross revenue	Net profit after tax	Percentage of interest held
As at 30 June 2015					
Auckland International Airport Ltd	5,102	2,059	509	224	22.4%
As at 30 June 2014					
Auckland International Airport Ltd	4,734	1,815	476	216	22.4%

Other than AIAL, none of the Group's associates or joint ventures are material.

The amounts presented above are gross amounts taken directly from AIAL's financial statements. No adjustments have been made for differences in accounting policies.

The council also has interests in the following associates: New Lynn Central Ltd Partnership (42%), Tamaki Redevelopment Company Ltd (41%) and Longburn Intermodal Freight Hub Ltd (33.3%).

All associates and joint ventures have a balance date of 30 June and are resident in New Zealand.

14 Investment in other entities (continued)

Disposal of an associate

100% of Conlinxx Ltd was contributed to the joint venture Nexus Logistics Ltd on 1 October 2014, resulting in a loss of control.

An associate, United Containers Ltd, in which the Group held a 27.5% shareholding, was disposed of on 3 October 2013.

Contingent liabilities of associates and joint ventures

Contingent liabilities of the Group's associates and joint ventures are not significant to the Group.

15 Employee entitlements

	Group		Council	
$million	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Current				
Short-term employee benefits	80	72	47	43
Other	5	5	4	4
Total current	**85**	**77**	**51**	**47**
Non-current				
Other	5	5	2	2
Total non-current	**5**	**5**	**2**	**2**
Total employee entitlements	**90**	**82**	**53**	**49**

16 Payables and accruals

	Group		Council	
$million	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Current				
Trade payables and accruals	535	498	240	203
Revenue received in advance	30	36	13	14
Deposits and bonds	31	32	30	31
Amounts due to related parties	-	-	279	203
Other	53	49	34	20
Total current	**649**	**615**	**596**	**471**
Non-current				
Revenue received in advance	32	31	23	-
Amounts due to related parties	13	-	-	53
Total non-current	**45**	**31**	**23**	**53**
Total payables and accruals	**694**	**646**	**619**	**524**

Payables and accruals are non-interest bearing and normally settled on 30-day terms; therefore the carrying value approximates fair value.

The Council's non-current creditors and accruals balance includes an obligation for council to give Watercare unrestricted and sole access to land on Puketutu Island until the earlier of 2066 or until such time that Watercare surrenders its lease over the island. The obligation arises under a lease that is concurrent to council's finance lease over the island. The balance is $23.6m (2014: nil) is being amortised on a straight-line basis over the life of Watercare's lease over the island.

Payables and accruals under non-exchange transactions were $19 million as at 30 June 2015 (2014: $11 million).

17 Income tax (benefit)/expense

$million	Group Actual 2015	Group Actual 2014	Council Actual 2015	Council Actual 2014
Components of income tax expense/(benefit)				
Current tax	(8)	(24)	-	-
Deferred tax	(16)	34	-	-
Total income tax (benefit)/expense	**(24)**	**10**	**-**	**-**
Relationship between income tax and accounting surplus/(deficit)				
Net surplus/(deficit) before tax	(96)	686	(201)	656
Deficit/(surplus) from non-taxable activities	303	(669)	201	(656)
Surplus before tax	**207**	**17**	**-**	**-**
Prima facie income tax at 28% (2014: 28%)	58	5	-	-
Prior period adjustment	-	(18)	-	-
Tax effect of permanent differences	(61)	41	-	-
Loss offset net of group losses utilised	3	(11)	-	-
Effect of deferred tax not recognised - current year	1	30	-	-
Effect of deferred tax not recognised - prior year	-	1	-	-
Tax credits	(13)	(30)	-	-
Timing differences	3	-	-	-
Reversal of tax liability for prior year tax loss offsets	(8)	(8)	-	-
Other adjustments	(7)	-	-	-
Total income tax (benefit)/expense	**(24)**	**10**	**-**	**-**

The council is exempt from income tax under the Income Tax Act 2007 except for certain income received from CCOs and port-related undertakings.

18 Deferred tax assets/(liabilities)

Certain deferred taxation assets and liabilities have been offset. The following is the analysis of the deferred taxation balances (after offset) for financial reporting purposes:

$million	Group Actual 2015	Group Actual 2014	Council Actual 2015	Council Actual 2014
Deferred tax assets				
Deferred tax assets to be recovered after more than 12 months	8	10	-	-
Deferred tax assets to be recovered within 12 months	4	-	-	-
Deferred tax liabilities				
Deferred tax liabilities to be recovered after more than 12 months	(1,079)	(1,019)	-	-
Deferred tax liabilities to be recovered within 12 months	-	-	-	-
Net deferred tax assets/(liabilities)	**(1,067)**	**(1,009)**	**-**	**-**

18 Deferred tax assets/(liabilities) (continued)

The movement in deferred tax assets/liabilities is as follows:

	Group			
$million	Property, plant and equipment	Other	Tax losses carried forward	Total
Opening balance	(1,176)	27	174	(975)
Acquisition of subsidiary	1	-	-	1
Credited/(charged) to surplus/(deficit)	(34)	(8)	11	(31)
Credited/(charged) to other comprehensive income	(3)	(1)	-	(4)
Balance at 30 June 2014	**(1,212)**	**18**	**185**	**(1,009)**
Opening balance	(1,212)	18	185	(1,009)
Acquisition of subsidiary	(2)	-	-	(2)
Credited/(charged) to surplus/(deficit)	(35)	22	30	17
Credited/(charged) to other comprehensive income	(74)	1	-	(73)
Balance at 30 June 2015	**(1,323)**	**41**	**215**	**(1,067)**

19 Imputation credits

	Group		Council	
$million	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Imputation credits available for use in subsequent reporting periods	151	144	-	-

A tax consolidated Group was formed from 1 July 2013. It does not include all of the entities of the Group.

The $151 million of imputation credits relates to the consolidated financial Group. The total imputation credits available for use by each of the members of the tax consolidated Group is $121 million.

20 Provisions

	Group		Council	
$million	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Current portion				
Weathertightness	64	51	64	51
Contaminated land and closed landfills	8	7	7	7
Other	16	26	11	24
Total current portion	**88**	**84**	**82**	**82**
Non-current portion				
Weathertightness	212	212	212	212
Contaminated land and closed landfills	77	64	74	63
Other*	31	10	31	10
Total non-current portion	**320**	**286**	**317**	**285**
Total provisions	**408**	**370**	**399**	**367**

*Included in other (non-current) are provisions for financial guarantees of $15.7 million (2014: $1 million) for the Group and the council.

20 Provisions (continued)

The following tables disclose movements in the carrying value of provisions.

Group

$million	Weathertightness*	Contaminated land and closed landfills	Other	Total
Opening balance	361	80	47	488
Additional provisions and increases to existing provisions	8	1	14	23
Amounts used	(63)	-	(9)	(72)
Reversal of previously recognised provisions	(61)	(10)	(16)	(87)
Discount unwind	18	-	-	18
Balance at 30 June 2014	**263**	**71**	**36**	**370**
Opening balance	263	71	36	370
Additional provisions and increases to existing provisions	62	16	28	106
Amounts used	(44)	(1)	(11)	(56)
Reversal of previously recognised provisions	(16)	(2)	(10)	(28)
Discount unwind	11	1	4	16
Balance at 30 June 2015	**276**	**85**	**47**	**408**

Council

$million	Weathertightness*	Contaminated land and closed landfills	Other	Total
Opening balance	361	80	41	482
Additional provisions and increases to existing provisions	8	-	13	21
Amounts used	(63)	-	(5)	(68)
Reversal of previously recognised provisions	(61)	(10)	(15)	(86)
Discount unwind	18	-	-	18
Balance at 30 June 2014	**263**	**70**	**34**	**367**
Opening balance	263	70	34	367
Additional provisions and increases to existing provisions	62	13	24	99
Amounts used	(44)	(1)	(10)	(55)
Reversal of previously recognised provisions	(16)	(2)	(10)	(28)
Discount unwind	11	1	4	16
Balance at 30 June 2015	**276**	**81**	**42**	**399**

*During the current financial year while the expected reduction in single unit claims has occurred, this has been more than offset by the increase in multi-unit claims, resulting in the overall provision increasing.

PROVISION FOR WEATHERTIGHTNESS

This represents the Group's estimated obligation to contribute towards the remediation of buildings that received a code compliance certificate but have building defects that mean they are not weathertight. The provision comprises active, reported and unreported claims.

Active claims are those which have been lodged with the council or the Weathertight Homes Resolution Service (WHRS) and are progressing through the resolution process. The WHRS is a central government service established under the Weathertight Homes Resolution Services Act 2006. It offers a Financial Assistance Package (FAP) to eligible leaky homeowners and sees central government contributing 25% toward the cost of repairing eligible leaky homes with the possibility of an additional 25% contribution by the relevant council. Under this scheme the relevant council's contribution is capped at 25% of eligible costs and is dependent on its involvement in the consent process. While the council has opted for this scheme it does not preclude eligible homeowners not registered with the WHRS from seeking compensation from the council directly.

20 Provisions (continued)

PROVISION FOR WEATHERTIGHTNESS (continued)

Reported claims are those that have been reported to the council or WHRS and are not yet progressing through the resolution process. Unreported claims are those which the council may be liable for but have not yet been reported or identified.

The take-up rate for compensation, the cost of repair per eligible buildings and the discount and inflation rates are applied to calculate the present value of the estimated future cash outflows. The reported provision is based on calculations provided by independent actuaries.

Key assumptions

The provision is made up of estimated costs, net of insurance recoveries associated with:

Active claims	$115 million (2014: $87 million)
Reported and unreported claims	$157 million (2014: $168 million)

There is a higher degree of certainty over estimates for active claims as they are currently progressing in the resolution process.

For reported and unreported claims the key assumptions are:

Number of weathertightness failures in Auckland and percentage of successful claims

The council assesses the percentage of dwellings built in the last 10 years which may experience a weathertightness problem likely to result in a successful claim.

Participation in the WHRS scheme

This assumption is based on claim size, settlement amounts relative to the current scheme and suburb data.

Settlement level

This relates to the expected settlement award from the resolution process for those claims not assumed to fall under the WHRS. The amount is expected to increase over time.

Amount claimed

This assumption is derived from the claims settled to date. The extent to which this varies in the future, either through an increase or decrease, will cause the ultimate cost to vary.

Timing of claim payments

It is expected that the majority of weathertightness claims will be resolved within the next seven years.

20 Provisions (continued)

PROVISION FOR WEATHERTIGHTNESS (continued)

Possible reimbursement

The council has some insurance cover for the cost of weathertightness claims. The insurance provider is Riskpool, a mutual liability fund created by New Zealand local authorities to provide professional indemnity and public liability protection for the council and CCOs. An insurance recovery asset of $4 million (2014: $8 million) has been recognised. There is no insurance cover available for claims received after 1 July 2009.

Sensitivity to assumptions

The estimated costs are particularly sensitive to certain assumptions. An increase of 10% in participation in the FAP scheme would result in a decrease in provision of $13 million from the central estimate (2014: $14 million). A decrease of 10% in the assumption would result in a corresponding increase in the provision.

An increase of 10% in an amount claimed, settlement level award or council contribution to settlement would result in an increase in the provision of $27 million from the central estimate (2014: $25 million). A decrease of 10% in the assumption would result in a corresponding decrease in the provision.

PROVISION FOR CONTAMINATED LAND AND CLOSED LANDFILLS

The Group has responsibility under resource consents to monitor and remediate contamination on its land and closed landfill sites. In addition, the Group has a constructive obligation to ensure its land is safe for public use.

Resource consents specific to remediation works usually apply for a short period; they are aligned to the proposed timeframe to complete the remediation works. Consents for structures and for residual or existing contamination discharges apply for longer terms of up to 30 years and could be subject to renewal unless the contamination levels have reduced and no longer warrant consents.

The Group has provided for sites only where contamination has actually been identified and the existing land-use requires remediation. No provision has been made for sites where contamination is not confirmed. This is on the basis that the level of contamination, if any, is unknown and costs cannot be reliably estimated.

Critical assumptions made include the extent of the required monitoring and remediation, the period over which monitoring and remediation is required and the expected costs. The reported provision is based on calculations provided by independent actuaries.

Key assumptions

Identified sites

The provision is limited to sites where the Group holds a resource consent. The provision does not include property with unidentified contamination issues or where the current land-use does not require monitoring or remediation.

20 Provisions (continued)

PROVISION FOR CONTAMINATED LAND AND CLOSED LANDFILLS (continued)

Expected future costs

Expected future costs are estimated by considering the expected level of work required to meet each issued resource consent and the current cost of identified monitoring and remediation work.

Timing

Estimated costs are assessed over 30 years, being the average of the resource consent periods.

Land-use

The provision assumes there is no change in land use and discharges complying with consent conditions.

The provision is based on the best estimate of information available when preparing the calculation and is reviewed at each reporting period.

OTHER PROVISIONS

Financial guarantees

The council has provided guarantees for the Eden Part Trust Board and certain Watercare borrowings. See note 26 for further information.

The council is listed as a guarantor to loan arrangements of a number of community organisations. In the event the community organisation defaults the council is obligated to make loan payments. The risk of default has been assessed and is dependent on the financial stability of each community organisation.

Legal claims

The Group is subject to certain legal claims. For each claim the likelihood of payment has been assessed and provision recognised where it is probable the Group will be found liable and costs can be reliably estimated.

Provisions are based on assessed costs by legal counsel taking into account claims experience.

21 Borrowings

$million	Group Actual 2015	Group Actual 2014	Council Actual 2015	Council Actual 2014
Current				
Secured borrowings	657	886	657	886
Unsecured borrowings	349	285	9	4
Finance lease liabilities	-	-	-	-
Total current borrowings	**1,006**	**1,171**	**666**	**890**
Non-current				
Secured borrowings	5,890	4,549	5,890	4,549
Unsecured borrowings	437	620	-	-
Finance lease liabilities	1	1	-	-
Total non-current borrowings	**6,328**	**5,170**	**5,890**	**4,549**
Total borrowings	**7,334**	**6,341**	**6,556**	**5,439**
Fixed/floating rate split				
Fixed rate borrowings	4,199	3,758	4,072	3,476
Floating rate borrowings	3,135	2,583	2,484	1,963
Total borrowings	**7,334**	**6,341**	**6,556**	**5,439**

Borrowings occur through domestic retail and wholesale debt issuance, the LGFA, and via foreign debt markets under a secured medium-term note programme. The council's foreign denominated debt is hedged to eliminate all foreign exchange risk.

This diversification coupled with limits on the level of debt maturing at any point in time mitigates exposure to both concentration and refinancing risks.

The council's secured borrowings are secured by a charge over current and future rates revenue. The Group's unsecured borrowings include $125 million of redeemable preference shares (2014: $125 million) issued by Airport Shares (Manukau) Ltd, a subsidiary of the ACIL group. These will be redeemed by the council on 21 September 2015.

Some members of the Group have undertaken a negative pledge to limit the extent to which the Group can give security to lenders and which require the Group to ensure certain financial ratios are achieved (2015 and 2014 achieved for both Group and council).

At 30 June 2015, interest rates on NZD fixed rate borrowings ranged from 4% to 8% (2014: 4% to 8%) for the Group and 4% to 8% (2014: 4% to 8%) for the council. The weighted average interest rate on floating rate borrowings is 4.3% (2014: 4.7%) for the Group and 4.2% (2014: 4.8%) for the council. Refer to note 22 for interest sensitivity analysis.

The weighted average cost of funds for the Group's borrowings including interest rate hedging instruments as at 30 June 2015 is 5.4% (2014: 5.6%).

Default or breach of covenants

There were no defaults or breaches by the Group on any borrowing arrangement during the current year (2014: none).

Continuous Disclosure

During the financial year the council established the Continuous Disclosure Committee in order to meet the obligations of the NZX and Financial Markets Conduct Act 2013.

22 Financial risk management

The Group's activities expose it to a variety of financial risks (market risk, credit risk and liquidity risk). The Group's risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Derivative financial instruments such as interest rate swaps and forward foreign exchange contracts are used to hedge certain risk exposures.

Financial risks are managed under the Treasury Management Policy approved by the council which incorporates a liability management policy and an investment policy. These policies do not allow any transactions that are speculative in nature to be entered into.

MARKET RISK

Foreign exchange risk

Foreign exchange risk arises when the cost of a product or service priced in a foreign currency rises due to a deterioration in the exchange rate between the NZD and relevant foreign currency, between committing to incur the expenditure and when payment is actually made. The Group is able to mitigate the risk of adverse movements in exchange rates by entering into forward foreign exchange contracts.

The council has two offshore borrowing programmes - a $2.5 billion United States dollar (USD) secured medium-term note programme and a $1 billion Australian dollar Australian debt issuance programme. All foreign exchange risk on borrowings under these programmes is mitigated by cross-currency interest rate swaps over the life of the borrowings.

The foreign exchange risk sensitivity is the reasonably possible movement of the relevant foreign currencies against the NZD, with all other variables held constant.

The council has borrowed Australian dollar, Swiss franc, Norwegian krone and Euro denominated fixed rate bonds. The foreign exchange risk associated with these borrowings has been hedged with cross-currency interest rate swaps, hence there is no impact on the surplus or deficit.

For the Group, a 5% downward movement in NZD against USD will result in a $2 million increase in equity (2014: $10 million increase). Correspondingly, a 5% upward movement in NZD against USD will result in a $2 million decrease in equity (2014: $9 million decrease).

Equity price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Equity price risk arises on investments in unit trusts and listed share investments, which are classified as fair value through surplus or deficit.

Equity price risk sensitivity is calculated based on a reasonably possible movement in the relevant listed shares held by the entity.

22 Financial risk management (continued)

MARKET RISK (continued)

Equity price risk (continued)

Included in the Group's financial assets are unit trusts and listed shares, held for strategic reasons. The sensitivity for these financial assets has been calculated using +/- 5% change in the value of the unit price or listed share price.

	Group				Council			
	-5%		+5%		-5%		+5%	
$million	Surplus/ (deficit)	Equity	Surplus/ (deficit)	Equity	Surplus/ (deficit)	Equity	Surplus/ (deficit)	Equity
2015								
Other financial assets	(16)	(1)	16	1	(16)	-	16	-
Total sensitivity to equity price risk	**(16)**	**(1)**	**16**	**1**	**(16)**	**-**	**16**	**-**
2014								
Other financial assets	(16)	(1)	16	1	(16)	-	16	-
Total sensitivity to equity price risk	**(16)**	**(1)**	**16**	**1**	**(16)**	**-**	**16**	**-**

Interest rate risk

Interest rate risk is the risk that the actual cost of borrowing is substantially different to budget. As a result, the actual interest expense will be significantly different to the projected interest expense in the Group's Annual Plan and Long-term Plan 2012-2022 (LTP). If interest rates are higher than budget there could be a negative impact on the Group's surplus or deficit. If interest rates are lower than budget there could be a positive impact.

The council manages interest rate risk on behalf of the Group apart from Watercare and Ports of Auckland Ltd (POAL), which manage portfolios of debt and interest rate risk under their own treasury management policies. POAL is not reliant on council funding. Further information regarding Watercare and POAL's treasury management policies can be found in their respective annual reports. The council's Treasury Management Policy contains the interest rate exposure policy which provides the objectives and processes for managing these risks and how compliance with the policy is measured.

The main objective of interest rate risk management is to reduce uncertainty around net interest expense as interest rates change. Mechanisms used to reduce this uncertainty are:

- matching the interest rate profile of the Group's financial assets and liabilities
- fixing rates through fixed rate borrowings
- interest rate hedging instruments to fix rates on floating rate borrowings
- forward-starting interest rate swaps to hedge the base rate on anticipated future borrowings.

22 Financial risk management (continued)

MARKET RISK (continued)

Interest rate risk (continued)

At 30 June 2015 the Group and council have the following forward start swaps:

Group

$million	Financial year						
Effective start date	**2016**	**2017**	**2018**	**2019**	**2021**	**2022**	**2024**
Term							
2 years	15	-	-	10	-	-	-
3 years	-	30	-	-	-	-	-
4 years	50	60	55	-	-	-	-
5 years	150	140	-	-	35	-	205
6 years	40	-	-	-	-	-	-
7 years	305	405	600	100	100	150	-
8 years	80	-	20	-	-	-	-
9 years	40	-	20	-	-	-	-
10 years	150	425	300	115	-	-	-
11 years	80	200	-	-	-	-	-
Total	910	1,260	995	225	135	150	205
Average rate	5.0%	5.2%	5.0%	4.7%	4.6%	4.1%	4.2%

Council

$million	Financial year						
Effective start date	**2016**	**2017**	**2018**	**2019**	**2021**	**2022**	**2024**
Term							
5 years	150	50	-	-	-	-	205
7 years	235	325	600	100	100	150	-
10 years	150	425	300	75	-	-	-
11 years	-	200	-	-	-	-	-
Total	535	1,000	900	175	100	150	205
Average rate	4.9%	5.3%	5.0%	4.6%	4.2%	4.1%	4.2%

The above tables outline the notional values of forward-start swaps the Group entered into and the financial years they will become effective. The terms are the durations for which the forward-start swaps will be effective when they commence at a future date. For example, in the Group's table, forward-start swaps with notional values of $150 million will be effective from 2016 for a duration of 10 years.

The council's table excludes notional forward-start swaps of $35 million which the council has entered into on behalf of Auckland Transport (2014: $217 million).

The Group manages the interest rate risk of investments on a portfolio basis. The interest rate risk on each investment portfolio is spread over time, with the weighted average term to maturity of each investment portfolio being maintained within the limits of zero and 5 years.

22 Financial risk management (continued)

MARKET RISK (continued)

Interest rate risk (continued)

The analysis below illustrates the potential surplus or deficit and equity (excluding accumulated funds) impact from possible market movements, with all other variables held constant, calculated using the Group's financial instrument exposure at balance date.

The interest rate risk sensitivity is based on a reasonably possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease of 100bps is equivalent to a decrease in market interest rates of 1%. The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of +/-100bps.

	Group				Council			
	-100bps		+100bps		-100bps		+100bps	
$million	Surplus/ (deficit)	Equity	Surplus/ (deficit)	Equity	Surplus/ (deficit)	Equity	Surplus/ (deficit)	Equity
2015								
Cash and cash equivalents and term deposits	(3)	-	3	-	(3)	-	3	-
Derivative financial instruments	(271)	6	249	(6)	(186)	-	172	-
Loans to related parties	-	-	-	-	(7)	-	7	-
Fixed rate borrowings (repricing within next 12 months)	3	-	(3)	-	3	-	(3)	-
Floating rate borrowings	25	-	(25)	-	21	-	(21)	-
Other financial assets	-	-	-	-	-	-	-	-
Total sensitivity to interest rate risk	**(246)**	**6**	**224**	**(6)**	**(172)**	**-**	**158**	**-**
2014								
Cash and cash equivalents and term deposits	(2)	-	2	-	(2)	-	2	-
Derivative financial instruments	(188)	-	179	-	(119)	-	116	-
Loans to related parties	-	-	-	-	(9)	-	9	-
Fixed rate borrowings (repricing within next 12 months)	6	-	(6)	-	5	-	(6)	-
Floating rate borrowings	17	-	(17)	-	14	-	(14)	-
Other financial assets	(1)	-	1	-	(1)	-	1	-
Total sensitivity to interest rate risk	**(168)**	**-**	**159**	**-**	**(112)**	**-**	**108**	**-**

There is also interest rate risk on bond assets, bank debt and community loans. These are not disclosed in the table above as these risks are not material at balance date.

CREDIT RISK

Credit risk is the risk that a third party will default on its obligation to the Group, causing the Group to incur a loss. Credit risk arises from cash and cash equivalents, deposits with banks, credit exposures to receivables, related party loans, financial guarantees as well as derivative financial instruments and various investments.

To safeguard against loss through poor credit quality, limits are applied to the Group's aggregate exposure to counterparties (and groups of counterparties) within specified credit rating bands, as determined by an international credit rating agency. Where Standard & Poor's ratings are available for assets with credit risk, the Group aims to hold assets with a credit rating of single A or better. The only unrated counterparties that the Group may invest in are other New Zealand local government bodies. There have been no defaults by any of the council's counterparties.

At balance date, $606 million (2014: $391 million) of assets with credit risk held by the Group have ratings of single A or better and $2 billion (2014: $1.2 billion) for the council.

22 Financial risk management (continued)

CREDIT RISK (continued)

The council has entered into a collateral agreement (CSA) to mitigate credit risk on two interest rate derivatives. By paying or receiving collateral, the council has reduced the credit exposure associated with these derivative transactions.

Maximum exposure to credit risk

The Group's maximum credit exposure of any financial instrument at any time is the carrying amount (plus accrued interest) where that instrument is an asset. All derivatives are carried at fair value in the statement of financial position. Receivables are presented net of an allowance for estimated doubtful debts.

In the course of normal business the council has credit exposure to unrated counterparties i.e. rates receivables, trade receivables, related party receivables and community loans. There is no concentration of credit risk around rates and trade receivables as there are a large number of ratepayers and customers and the council has a statutory right to funds due. At balance date, the community loan balances are not material.

The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Receivables mainly arise from the council’s statutory functions, therefore there are no procedures in place to monitor or report the credit quality of receivables with reference to internal or external credit ratings.

Credit risk attaching to rates receivables is minimised as a result of the council’s statutory collection powers under the Local Government (Rating) Act 2002. Refer to note 8 for the ageing profile of receivables.

In addition to the above credit exposures, the Group is exposed to financial guarantees issued to related parties and various other organisations. At 30 June 2015, total financial guarantees for the Group are $3.3 billion (2014: $2.6 billion) and $3.7 billion for the council (2014: $3.2 billion). Certain guarantees have been provided for in the provisions note. Refer to note 20 and note 26 for further information.

Credit quality of financial assets

The credit quality of financial assets that are neither past due or impaired can be assessed by reference to Standard & Poor's credit ratings (if available) or to historical information about counterparty default rates.

All counterparties without credit ratings have not defaulted in the past with the exception of certain community loans within other financial assets. Community loans for the counterparty with previous defaults at 30 June 2015 was nil% of total community loan balances (2014: 8.7%).

The council holds unit trust assets of $280 million (2014: $291 million). These unit trusts are composed of portfolios of debt and equity investments managed by fund managers on behalf of the council. They do not have credit ratings at a portfolio level; however, the management of the unit trust assets are subject to an internal operational investment policies and objectives document. This document details the investment strategy, liquidity rules, performance goals and responsibilities of participants. Together with the Group’s statement of investment policies and objectives, the Group ensures prudent management of a well-diversified portfolio of assets.

22 Financial risk management (continued)

LIQUIDITY RISK

The Group manages borrowings in accordance with its funding and financial policies including a liability management policy.

Liquidity risk is the risk that the Group will encounter difficulty raising funds to meet commitments as they fall due. To ensure the Group has sufficient liquidity (cash available) at all times, the total of the Group's unutilised committed borrowing facilities and its liquid investments must exceed forecast net cash outflow over the next six months.

Prudent liquidity risk management implies maintaining sufficient cash and liquid assets, the availability of funding through diversified sources and an adequate amount of committed credit facilities.

The council is exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 26.

In meeting its liquidity requirements, the Group maintains a portfolio of investments that can be liquidated if required. This includes the unit trusts assets held by the Group.

The council also uses committed bank facilities to manage its liquidity risk. The council has its main overdraft facility with the BNZ against a group of accounts in a set-off arrangement. The facility limit for this set-off arrangement is $10 million (2014: $10 million). The interest charged is the bank's cost of funding plus a margin. This rate is adjusted from time to time as advised by the BNZ. The Group has additional overdraft facilities in place totalling $27 million (2014: $29 million).

In addition, the Group has undrawn bank facilities of $1.1 billion (2014: $1.2 billion) and the council has an undrawn syndicated committed cash advance facility of $1 billion (2014: $1 billion) which can be drawn at any time. As of 01 July 2015 this facility has been re-negotiated to $800 million. The facilities mature between July 2015 and November 2018.

To minimise the risk that the Group is not able to raise new borrowings, or refinance existing borrowings at acceptable credit margins, the Group's borrowings are spread over a range of maturities.

Contractual maturity analysis

The following tables analyse the Group's financial assets and liabilities by maturity groupings that are from the period remaining at balance date until the contractual maturity date and includes interest payable. Future interest payments on floating rate debt are based on the floating rate of the instrument at the balance date. The amounts disclosed are contractual undiscounted cash flows. For both forward foreign exchange contracts and cross-currency interest rate swaps, the foreign currency leg of the cash flows is translated at the spot rate as at 30 June.

Financial guarantees are included at the maximum amount of the guarantee at balance date. This is only payable on event of default of the guaranteed party.

22 Financial risk management (continued)

LIQUIDITY RISK (continued)

Contractual maturity analysis (continued)

Group

2015 $million	Carrying amount	On demand	< 1 year	1-2 years	2-5 years	> 5 years	Total contractual cash flows
Financial assets							
Cash and cash equivalents	345	342	3				345
Receivables (excluding prepayments)	266	-	243	23	-	-	266
Other financial assets	461	360	24	16	40	31	471
Derivative financial assets net settled							
Interest rate swaps	24	-	3	2	2	27	34
Derivative financial assets gross settled							
Forward foreign exchange contracts	1						
Inflows		-	34	-	-	-	34
Outflows		-	(34)	-	-	-	(34)
Cross currency interest rate swaps	177						
Inflows		-	16	15	62	1,036	1,129
Outflows		-	(35)	(35)	(163)	(1,140)	(1,373)
Total financial assets	**1,274**	**702**	**254**	**21**	**(59)**	**(46)**	**872**
Financial liabilities							
Non-derivative financial liabilities							
Bank overdraft	8	8	-	-	-	-	8
Payables and accruals (excluding income received in advance)	632	-	619	13	-	-	632
Secured borrowings	6,547	-	924	623	2,396	4,924	8,867
Unsecured borrowings	661	-	258	278	171	-	707
Finance lease liabilities	1	-	-	-	-	1	1
Financial guarantees	16	3,271	-	-	-	-	3,271
Redeemable preference shares	125	-	126	-	-	-	126
Derivative financial liabilities net settled							
Interest rate swaps	467	-	63	72	207	172	514
Derivative financial liabilities gross settled							
Forward foreign exchange contracts							
Inflows		-	(1)	(1)	(1)	-	(3)
Outflows		-	-	1	1		2
Cross-currency interest rate swaps	20						
Inflows		-	(23)	(23)	(90)	(565)	(701)
Outflows		-	24	24	110	672	830
Total financial liabilities	**8,477**	**3,279**	**1,990**	**987**	**2,794**	**5,204**	**14,254**

22 Financial risk management (continued)

LIQUIDITY RISK (continued)

Contractual maturity analysis (continued)

Group (continued)

2014 $million	Carrying amount	On demand	< 1 year	1-2 years	2-5 years	> 5 years	Total contractual cash flows
Financial assets							
Cash and cash equivalents	206	206	-	-	-	-	206
Receivables (excluding prepayments)	321	-	270	51	-	-	321
Other financial assets	469	345	56	21	28	29	479
Derivative financial assets net settled							
Interest rate swaps	95	-	5	14	53	48	120
Total financial assets	**1,091**	**551**	**331**	**86**	**81**	**77**	**1,126**
Financial liabilities							
Non-derivative financial liabilities							
Bank overdraft	4	4	-	-	-	-	4
Payables and accruals (excluding income received in advance)	579	-	579	-	-	-	579
Secured borrowings	5,435	-	1,116	577	2,078	3,547	7,318
Unsecured borrowings	780	-	316	107	437	-	860
Finance lease liabilities	1	-	-	-	-	2	2
Financial guarantees	1	2,564	-	-	-	-	2,564
Redeemable preference shares	125	-	13	127	-	-	140
Derivative financial liabilities net settled							
Interest rate swaps	128	-	31	19	41	38	129
Derivative financial liabilities gross settled							
Forward foreign exchange contracts	42						
Inflows		-	(190)	(10)	(2)	-	(202)
Outflows		-	234	13	2	-	249
Cross-currency interest rate swaps	107						
Inflows		-	(35)	(36)	(107)	(1,523)	(1,701)
Outflows		-	68	77	247	2,054	2,446
Total financial liabilities	**7,202**	**2,568**	**2,132**	**874**	**2,696**	**4,118**	**12,388**

22 Financial risk management (continued)

LIQUIDITY RISK (continued)

Contractual maturity analysis (continued)

Council

2015 $million	Carrying amount	On demand	< 1 year	1-2 years	2-5 years	> 5 years	Total contractual cash flows
Financial assets							
Cash and cash equivalents	282	282	-	-	-	-	282
Receivables (excluding prepayments)	260	-	242	18	-	-	260
Other financial assets	2,165	333	136	369	620	1,762	3,220
Derivative financial assets net settled							
Interest rate swaps	21	-	1	2	2	26	31
Derivative financial assets gross settled							
Forward foreign exchange contracts	1						
Inflows		-	32	1	1	-	34
Outflows		-	(31)	(1)	(1)	-	(33)
Cross currency interest rate swaps	177						
Inflows		-	16	15	62	1,036	1,129
Outflows		-	(35)	(35)	(163)	(1,140)	(1,373)
Total financial assets	**2,906**	**615**	**361**	**369**	**521**	**1,684**	**3,550**
Financial liabilities							
Non-derivative financial liabilities							
Payables and accruals (excluding income received in advance)	583	-	583	-	-	-	583
Secured borrowings	6,547	-	924	623	2,396	4,924	8,867
Unsecured borrowings	9	-	9	-	-	-	9
Financial guarantees	16	3,726	-	-	-	-	3,726
Derivative financial liabilities net settled							-
Interest rate swaps	308	-	38	51	162	104	355
Derivative financial liabilities gross settled							
Forward foreign exchange contracts	1						
Inflows		-	(31)	(1)	(1)	-	(33)
Outflows		-	32	1	1	-	34
Cross-currency interest rate swaps	19						
Inflows		-	(23)	(23)	(90)	(565)	(701)
Outflows		-	24	24	110	672	830
Total financial liabilities	**7,483**	**3,726**	**1,556**	**675**	**2,578**	**5,135**	**13,670**

22 Financial risk management (continued)

LIQUIDITY RISK (continued)

Contractual maturity analysis (continued)

Council (continued)

2014 $million	Carrying amount	On demand	< 1 year	1-2 years	2-5 years	> 5 years	Total contractual cash flows
Financial assets							
Cash and cash equivalents	157	157	-	-	-	-	157
Receivables (excluding prepayments)	190	-	190	-	-	-	190
Other financial assets	1,838	315	322	246	459	1,297	2,639
Derivative financial assets net settled							
Interest rate swaps	96	-	3	13	49	45	110
Derivative financial assets gross settled							
Forward foreign exchange contracts	41						
Inflows		-	223	13	2	-	238
Outflows		-	(180)	(10)	(2)	-	(192)
Total financial assets	**2,322**	**472**	**558**	**262**	**508**	**1,342**	**3,142**
Financial liabilities							
Non-derivative financial liabilities							
Payables and accruals (excluding income received in advance)	510	-	510	-	-	-	510
Secured borrowings	5,435	-	1,116	577	2,078	3,547	7,318
Unsecured borrowings	4	-	4	-	-	-	4
Financial guarantees	1	3,155	-	-	-	-	3,155
Derivative financial liabilities net settled							-
Interest rate swaps	65	-	16	11	26	24	77
Derivative financial liabilities gross settled							-
Forward foreign exchange contracts	41						-
Inflows		-	(180)	(10)	(2)	-	(192)
Outflows		-	223	13	2	-	238
Cross-currency interest rate swaps	107						-
Inflows		-	(35)	(36)	(107)	(1,523)	(1,701)
Outflows		-	68	77	247	2,054	2,446
Total financial liabilities	**6,163**	**3,155**	**1,722**	**632**	**2,244**	**4,102**	**11,855**

22 Financial risk management (continued)

FAIR VALUE ESTIMATION

The estimated carrying amount and fair value of the Group's financial assets and liabilities are as follows:

Group

		Level		Carrying amount		Fair value	
$million	**Financial instrument category**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Assets							
Cash and cash equivalents	Loans and receivables			345	206	345	206
Receivables (excluding prepayments)	Loans and receivables			266	321	266	321
Derivatives	Derivative for hedging	2	2	1	1	1	1
Derivatives	Fair value through surplus or deficit	2	2	201	94	201	94
Other financial assets							
Unit trusts	Fair value through surplus or deficit	1	1	280	291	280	291
Listed shares	Fair value through surplus or deficit	1	1	47	20	47	20
Listed shares	Available for sale	1	1	23	25	23	25
Unlisted shares	Available for sale	3	3	5	5	5	5
Loans to related parties	Loans and receivables			3	5	3	5
Other	Loans and receivables			103	123	104	124
Total assets				**1,274**	**1,091**	**1,275**	**1,092**
Liabilities							
Bank overdraft	Measured at amortised cost			8	4	8	4
Borrowings	Measured at amortised cost			7,334	6,341	7,767	6,513
Payables and accruals (excluding income received in advance)	Measured at amortised cost			632	579	632	579
Derivatives	Derivative for hedging	2	2	7	45	7	45
Derivatives	Fair value through surplus or deficit	2	2	480	232	480	232
Total liabilities				**8,461**	**7,201**	**8,894**	**7,373**

Council

		Level		Carrying amount		Fair value	
$million	**Financial instrument category**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Assets							
Cash and cash equivalents	Loans and receivables			282	157	282	157
Receivables (excluding prepayments)	Loans and receivables			260	190	260	190
Derivatives	Derivative for hedging	2	2	-	-	-	-
Derivatives	Fair value through surplus or deficit	2	2	199	137	199	137
Other financial assets							
Unit trusts	Fair value through surplus or deficit	1	1	280	291	280	291
Listed shares	Fair value through surplus or deficit	1	1	47	20	47	20
Unlisted shares	Available for sale	3	3	5	5	5	5
Loans to related parties	Loans and receivables			1,743	1,414	1,892	1,488
Other	Loans and receivables			90	108	92	109
Total assets				**2,906**	**2,322**	**3,057**	**2,397**
Liabilities							
Borrowings	Measured at amortised cost			6,556	5,439	6,971	5,600
Payables and accruals (excluding income received in advance)	Measured at amortised cost			583	510	583	510
Derivatives	Derivative for hedging	2	2	-	-	-	-
Derivatives	Fair value through surplus or deficit	2	2	328	213	328	213
Total liabilities				**7,467**	**6,162**	**7,882**	**6,323**

The level categories are noted on the next page.

22 Financial risk management (continued)

FAIR VALUE ESTIMATION (continued)

Financial instruments measured in the statements of financial position at fair value have been categorised by the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that is not based on observable market data (that is, unobservable inputs).

The fair value of financial instruments traded in active markets is based on quoted market prices at balance date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the bid price at reporting date. These instruments are included in level 1.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance date, with the resulting value discounted back to present value
- other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Unlisted shares are disclosed under level 3 as there is no market information on the value of the company's shares. The value stated is based on the council's share of net assets of the company, which is being determined to equate to fair value of the council's investments.

There were no transfers between the different levels of the fair value hierarchy during the year (2014: $nil).

The valuation technique for the fair value of financial instruments which are carried at amortised cost in the statements of financial position have been calculated using discounted cash flow technique and market prices.

Refer to the Statement of Significant Accounting Policies for the recognition basis of movement in fair value.

23 Ratepayer equity

$million	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Ratepayer equity				
Contributed equity	26,728	26,734	26,569	26,569
Accumulated funds	517	586	20	228
Reserves	4,834	3,825	1,681	906
Total ratepayer equity	**32,079**	**31,145**	**28,270**	**27,703**
Reserves include				
Asset revaluation reserve	4,488	3,539	1,631	863
Restricted equity and targeted rates	52	45	50	43
Share of associates' reserves	280	265	-	-
Available-for-sale investment revaluation reserve	10	11	-	-
Cash flow hedge reserve	4	(35)	-	-
Total reserves	**4,834**	**3,825**	**1,681**	**906**

Ratepayer equity is the Auckland community's interest in the Group. Ratepayer equity has been classified into various components to identify those portions of equity held for specific purposes.

Contributed equity is the net asset and liability position excluding restricted reserves at the time the council was formed.

Movements of reserves are presented as follows:

	Group		Council	
$million	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Asset revaluation reserve				
Opening balance	3,539	2,028	863	297
Transferred from/(to) accumulated funds	(8)	33	-	-
Change in fair value recognised during the year	957	1,478	768	566
Closing balance	**4,488**	**3,539**	**1,631**	**863**
Restricted equity and targeted rates				
Opening balance	45	35	43	34
Transfer in/(out) during the year	7	10	7	9
Closing balance	**52**	**45**	**50**	**43**
Share of associates' reserves				
Opening balance	265	97	-	-
Decrease in investment	-	-	-	-
Change in fair value recognised during the year	15	168	-	-
Closing balance	**280**	**265**	**-**	**-**
Available for sale investment revaluation reserve				
Opening balance	11	9	-	-
Recycled through surplus or deficit	-	-	-	-
Change in fair value recognised during the year	(1)	2	-	-
Closing balance	**10**	**11**	**-**	**-**
Cashflow hedge reserve				
Opening balance	(35)	(28)	-	(15)
Recycled through surplus or deficit	(4)	86	-	81
Change in fair value recognised during the year	43	(93)	-	(66)
Closing balance	**4**	**(35)**	**-**	**-**

23 Ratepayer equity (continued)

The asset revaluation reserve relates to the following asset classes:

	Group		Council	
$million	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Asset revaluation reserve				
Infrastructure Assets				
Roads	1,625	1,625	-	-
Water and wastewater	657	472	-	-
Machinery	87	102	-	-
Stormwater	715	295	711	291
Restricted Assets				
Parks, reserves and buildings	592	243	592	243
Operational Assets				
Land and buildings	710	710	328	329
Marina structures	26	26	-	-
Wharves	70	60	-	-
Works of Art	6	6	-	-
Total asset revaluation reserve	**4,488**	**3,539**	**1,631**	**863**

Asset revaluation reserve relates to the revaluation of property, plant and equipment to fair value.

Cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of derivatives designated as cash flow hedges.

Restricted equity includes targeted rates and reserves, where use of the funds is specified by statute, trust deed or contract.

Capital management

The council's capital is its ratepayer equity, which comprises contributed equity, reserves and accumulated funds. Equity is represented by net assets.

The LGA 2002 requires the council to manage its revenue, expenses, assets, liabilities and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer equity is largely managed as a by-product of managing revenue, expenses, assets, liabilities and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA 2002 and applied by the council. Intergenerational equity requires today's ratepayers to meet the cost of using the council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations.

The council also has in place asset management plans for major classes of assets detailing renewal and maintenance programmes to minimise the likelihood of ratepayers in future generations being required to meet the costs of deferred renewals and maintenance.

The LGA 2002 requires the council to make adequate and effective provision in its LTP and in its annual plan to meet the expenditure needs identified. The LGA 2002 sets out factors that the council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies of the LTP.

24 Reconciliation of surplus after income tax to net cash inflow from operating activities

$million	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Surplus after income tax	**(72)**	**676**	**(201)**	**656**
Add/(less) non cash items				
Depreciation and amortisation	778	737	220	202
Reversal of previously recognised impairment	(1)	(2)	-	(2)
Net increase in fair value of investment property	(61)	(10)	(9)	(7)
Net unrealised increase/(decrease) in financial assets held at fair value through surplus/(deficit)	278	(94)	190	(73)
Time value adjustments	16	18	16	18
Net (gain)/loss on revaluation of property, plant and equipment and intangible assets	14	(412)	-	(412)
Impairment of property, plant and equipment, receivables and other assets	26	26	15	(1)
Vested assets	(276)	(161)	(90)	(45)
Share of surplus/(deficit) in associates and jointly-controlled entities (net of dividends received)	(14)	71	(1)	(2)
Less items classified as investing or financing activities	(52)	(32)	(68)	(28)
Add/(less) movements in working capital items	**90**	**6**	**190**	**(77)**
Net cash inflow from operating activities	**726**	**823**	**262**	**229**

25 Commitments

$million	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Capital commitments				
Property, plant and equipment				
Roading networks	492	471	-	-
Water and wastewater	152	204	-	-
Operational land and buildings	55	79	47	73
Other operational assets	57	26	52	19
Rolling stock	44	179	-	-
Restricted improvements	33	30	33	30
Stormwater	27	7	29	15
Restricted parks, reserves and buildings	5	1	5	1
Wharves	14	10	-	-
Marina structures	5	6	-	-
Total property, plant and equipment	884	1,013	166	138
Intangible assets	45	34	31	23
Total capital commitments	**929**	**1,047**	**197**	**161**

25 Commitments (continued)

Operating leases as lessee

The Group leases property, plant and equipment from third parties in the normal course of business with lease terms varying from 1 month to 51 years (2014: 1 month to 52 years).

The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	Group		Council	
$million	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Minimum operating lease payments payable				
Not later than one year	21	21	10	10
Later than one year and not later than five years	69	61	30	28
Later than five years	43	52	8	12
Total minimum operating lease payments payable	**133**	**134**	**48**	**50**

Leases can be renewed at the Group's discretion, with rents set by reference to current market rates for items of equivalent age and condition. In some circumstances, the Group has the option to purchase the asset at the end of the lease term.

Contingent rents of $2 million have been recognised during the year (2014: $2 million).

The total future sublease payments expected to be received under non-cancellable subleases at balance date is $6 million (2014: nil)

Operating leases as lessor

The Group leases certain property, plant and equipment to third parties including land and buildings and some commercial and residential property. The leases have non-cancellable periods ranging from 1 month to 74 years (2014: 1 month to 75 years) with subsequent renewals negotiated with the lessee.

Future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Group		Council	
$million	Actual 2015	Actual 2014	Actual 2015	Actual 2014
Minimum operating lease payments receivable				
Not later than one year	41	37	16	15
Later than one year and not later than five years	100	87	38	35
Later than five years	294	251	197	196
Total minimum operating lease payments receivable	**435**	**375**	**251**	**246**

No contingent rents have been recognised during the year (2014: nil).

26 Contingencies

CONTINGENT LIABILITIES

Contingent liabilities include those items where a liability may be incurred if certain events or outcomes occur, or where a present obligation exists but the liability cannot be measured reliably for recognition in the financial statements.

Management considers the likelihood of a particular event or outcome occurring to determine whether a contingent liability should be disclosed. No disclosure is made when the possibility of an outflow of resources is considered to be remote. Where amounts are disclosed the amount shown is the maximum potential cost.

26.1 Quantifiable contingent liabilities

	Group		Council	
$million	**Actual 2015**	**Actual 2014**	**Actual 2015**	**Actual 2014**
Guarantees and indemnities	3,255	2,564	3,710	3,155
Uncalled capital	2	2	2	2
Legal proceedings and disputes	7	85	7	85
Redeemable preference shares	-	-	125	125
Total quantifiable contingent liabilities	**3,264**	**2,651**	**3,844**	**3,367**

Guarantees and indemnities

New Zealand Local Government Funding Agency

The council is a shareholder and guarantor of the Local Government Funding Agency (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard & Poor's of AA+.

The council is one of 41 local authority guarantors of the LGFA. The LGFA's debt is $5 billion (2014: $3.7 billion), of which the council has borrowed $1.7 billion (2014: $1.2 billion). As a result, the council's cross-guarantee on LGFA's other borrowings is $3.3 billion (2014: $2.5 billion).

PBE Accounting Standards require the council to recognise the guarantee liability at fair value. However, the council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- the council is not aware of any local authority debt default events in New Zealand
- local government legislation would enable local authorities to levy rate reserve to recover sufficient funds to meet any debt obligations if further funds were required.

The council is one of 31 local authority shareholders of the LGFA. In that regard it has uncalled capital of $2 million (2014: $2 million). When aggregated with the uncalled capital of other shareholders, $20 million is available in the event that an imminent default is identified.

26 Contingencies (continued)

Guarantees and indemnities (continued)

Eden Park Trust Board

The council is listed as the sole guarantor for certain Eden Park Trust Board bank loans. The guarantee was provided to assist with the upgrade of the Eden Park stadium in 2010 as part of the Rugby World Cup stadium upgrade. The council is obligated under the guarantee to make payment in the event of default to a maximum of $40 million (2014:$40 million). The exercising of the guarantee will be dependent on the financial stability of the Eden Park Trust Board, which will vary over time. The Trust Board is required to comply with certain covenants, which are monitored regularly by the council and the lender. In the past, and in the year to 30 June 2015, the board has complied with all covenants under the terms of the underlying loan. The council has shared security with the lender over the trust's assets which council has taken into account in valuing the guarantee for reporting purposes.

Watercare Services Ltd

The council has provided a guarantee for certain Watercare borrowings. At 30 June 2015, the borrowings for which this guarantee is provided totalled $455 million (2014: $595 million).

The council's exposure under the guarantee is reducing as Watercare funds more debt directly from the council.

The likelihood of this guarantee being exercised is considered remote; consequently no liability has been recognised.

Other

The council has provided guarantees to various community organisations for borrowings totalling $1 million (2014: $1 million).

During the year there has been no default by any of the principals.

Legal proceedings and disputes

Legal claims against the Group exist for contract challenges, building defects, land issues, consents, flooding damage, valuations and other sundry disputes. Where it is assessed that the likelihood of having to make a payment under the claim is not remote the council has shown the amount claimed or the maximum potential cost. It does not represent either an admission that the claim is valid or an estimation of the possible amount of any award against the Group. Amounts shown do not include any interest or costs that may be claimed if these cases were decided against the Group.

26.2 Unquantifiable contingent liabilities

Riskpool

The council is a participant in Riskpool, a mutual fund that provides civil liability insurance to local government entities. Certain funds in which the council is a participant have exhausted their reinsurance cover, leaving the funds in deficit. The council through its participation may be liable for any calls made by Riskpool to fund these deficits. At 30 June 2015, no further calls are required.

26 Contingencies (continued)

Contaminated land

The council has responsibility under various laws to remedy adverse effects on the environment arising from its activities. The council has implemented systems to identify, monitor and assess potential contaminated sites and where contamination is confirmed has obtained resource consents and recognised a provision. It is likely that further sites will be identified over time and should testing confirm contamination, the council will be obliged to undertake remedial action. A significant degree of estimation has been involved to calculate the provision; as a result the Group may be subject to further liability that is not currently recognised.

Weathertightness

Refer to note 20 for information about weathertightness claims. A significant degree of estimation has been involved to calculate the provision. As a result the Group may be subject to further liability that is not currently recognised.

Legal proceedings and disputes

Auckland Transport has been advised of a potential claim by Snapper Services Ltd against Auckland Transport in relation to the Auckland Integrated Fare System. Auckland Transport has prepared a claim against Snapper. Legal proceedings have not been issued by either party.

The Wynyard Quarter investment property includes land that has been contaminated and requires remediation. Auckland Waterfront Development Agency Ltd (Waterfront Auckland) took court action against a previous tenant to enforce their remediation obligations under their lease. In February 2014, the court ruled in favour of the previous tenant and ordered Waterfront Auckland to pay costs of $930k to the previous tenant. Waterfront Auckland appealed the decision and was heard in May 2015. The Court of Appeal reversed the ruling, awarding a $10 million judgement to Waterfront Auckland. On 17 September 2015 the previous tenant applied for leave to appeal to the Supreme Court.

CONTINGENT ASSETS

Robertson art donation

A binding agreement was established in 2009 by Julian and Josie Robertson (the donors) to donate certain works of art owned by them to the Group for display in the Auckland Art Gallery. The donors currently hold the works of art for their own and others' enjoyment, therefore the Group will only gain possession of the artworks on the contribution date specified in the agreement. At this point, the Group is unable to measure the right to receive assets reliably due to the uncertainty in the timing of the donation and certain restrictions set out in the agreement.

Shared Responsibility Scheme assets

The council's Shared Responsibility Scheme was created to assist clubs with the construction of facilities on council-owned land. Under the scheme, the clubs will control the use of the asset constructed and the council will gain control of the asset if the club vacates the facility.

26 Contingencies (continued)

CONTINGENT ASSETS (continued)

Repurchase of heritage buildings

In June 2004, one of the former councils sold a number of heritage buildings that form part of the Britomart precinct. These buildings are listed in schedule 1 of the development deed for the Britomart precinct. The council has a right to repurchase these buildings for $1 after 150 years (June 2154).

No estimate has been made of the financial effect of this transaction due to the long period involved. The council anticipates that an estimate will be established 20 years before this repurchase occurs.

Auckland Energy Consumer Trust

The council is currently Capital Beneficiary of the Auckland Energy Consumer Trust (AECT) when the Trust terminates on 27 August 2073. As at 30 June 2015 the council is not able to reliably estimate the value of any future benefit that may result from this arrangement.

27 Related parties

Related parties include subsidiaries, associates, joint ventures, key management personnel, the elected representatives of the council and their close family members and entities controlled by them. Key management personnel are the chief executive and executive leadership team. The elected representatives of the council are the mayor and councillors. Close family members include spouses or domestic partners, children and dependants.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the council would have adopted in dealing with the party at arm's length in the same circumstances.

All transactions with related parties were made on an arm's length basis in the current and prior financial years.

28 Remuneration

Key management remuneration comprises of the total remuneration paid to the mayor, councillors, chief executive and executive leadership team. Remuneration for key management personnel is summarised as follows:

	Council	
$	Actual 2015	Actual 2014
Mayor and councillors		
Remueration	2,484,235	2,348,670
Full-time equivalent members	21	21
Executive leadership team		
Remueration	4,203,936	4,399,265
Full-time equivalent members	12	11
Total key management personnel remuneration	**6,688,171**	**6,747,935**
Total key management personnel full-time equivalent members	33	32

The total remuneration (including any non-financial benefits) paid or payable for the year to the chief executive was $630,000 (2014: $859,814).

Further disclosures on the remuneration of elected representatives can be found in section 2.

29 Transition to the new PBE Accounting Standards

The changes to accounting policies and disclosures caused by first-time application of the new PBE Accounting Standards are stated below. There are no material impacts due to transition.

PBE IPSAS 1 Presentation of Financial Statements

There are minor differences between PBE IPSAS 1 and the equivalent NZ IFRS (PBE) standard. These differences have an effect on disclosure only. The main change in disclosure resulting from the application of PBE IPSAS 1 is the presentation of recoverables from non-exchange transactions and receivables from exchange transactions separately. This requirement affected the presentation of both current year and comparative receivables figures. Refer to note 4 for further details.

PBE IPSAS 20 Related Party Disclosures

The new standard requires public sector PBEs to disclose only those related party transactions and balances which have been entered into on terms other than transactions that would occur within a normal supplier or client/recipient relationship, on terms and conditions no more or less favourable than those which the entity would have adopted if dealing with the party at arm's length in the same circumstances.

PBE IPSAS 23 Revenue from Non-exchange Transactions

The timing of the recognition of the Group's rates revenue has changed. The majority of the Group's rates revenue is recognised at the time of the issuance of ratings notices as opposed to being recognised progressively throughout the year under NZ IFRS. This change only affected the interim financial statements for the period ended 31 December 2014 and had no impacts to the annual financial statements.

In addition the standard requires revenue from non-exchange transactions to be disclosed separately. Refer to note 2 for further details.

PBE IPSAS 32 Service Concession Arrangements: Grantor

A service concession arrangement is a binding arrangement between a grantor and an operator, in which the operator uses the service concession asset to provide a public service on behalf of the grantor for a specified period of time; and the operator is compensated for its service over the period of the service concession arrangement.

Where an arrangement does not meet the conditions for recognition of a service concession asset and the arrangement contains an identifiable lease, then PBE IPSAS 13 *Leases* has been applied in accounting for the lease component of the arrangement. Refer to note 11 (under Vector Arena) for details.

There have been no changes in recognition of service concession assets as these assets have been recognised in the Group's financial statements. Additional disclosures have been made in note 11.

30 Events after the reporting period

There were no material events after the reporting date that would require adjustment or disclosure for the council or the Group.

Section 2: Local government act disclosures

Depreciation and amortisation by group of activities

Under the Local Government (Financial Reporting and Prudence) Regulations 2014 clause 5(4), the Group is required to disclose depreciation and amortisation by group of activities which is shown in the table below:

Group

	Total depreciation and amortisation	
$million	**2015**	**2014**
Group of activities		
Planning and strategy	1	-
Commercial	2	2
Investment	21	24
Regional economic strategy and initiatives	1	1
Local economic development	2	3
Waterfront development	9	9
Environment and heritage protection	-	1
Regulation	2	1
Waste and recycling services	2	2
Stormwater management	49	46
Water supply	116	88
Sewerage treatment and disposal	91	117
Public transport and travel demand management	58	58
Roads and footpaths	228	210
Parking and enforcement	7	8
Emergency management	1	1
Regional library services	17	18
Local library services	1	-
Regional community services	1	1
Local community services	-	1
Regional arts, culture and events services	-	1
Local arts, culture and events services	-	1
Regional event facilities	11	15
Local parks services	41	47
Regional parks services	5	5
Regional recreation services	3	3
Local recreation services	4	4
Regional collections and amenities	6	5
Organisational support	99	65
Total depreciation and amortisation	**778**	**737**

Core assets

Under the Local Government (Financial Reporting and Prudence) Regulations 2014 clause 6, the Group is required to disclose information about core assets which is shown in the table below:

Group

	Core assets						
$million	Water supply treatment plants and facilities	Water supply other assets	Sewerage treatment plants and facilities	Sewerage other assets	Stormwater drainage	Flood protection and control works	Roads and footpaths
2015							
Assets constructed	25	167	33	56	52	-	455
Assets transferred	-	7	4	11	45	-	6
Closing book value	898	2,569	948	3,400	4,096	53	7,960
Estimated replacement cost	1,391	4,397	1,321	6,076	5,342	66	12,700
2014							
Assets constructed	30	95	69	66	31	-	374
Assets transferred	-	5	-	16	35	-	39
Closing book value	869	2,166	992	3,440	3,509	35	7,718
Estimated replacement cost	1,310	3,736	1,245	5,788	4,700	47	11,801

Council

	Core assets	
$million	Stormwater drainage	Flood protection and control works
2015		
Assets constructed	52	-
Assets transferred	45	-
Closing book value	4,091	53
Estimated replacement cost	5,342	66
2014		
Assets constructed	31	-
Assets transferred	35	-
Closing book value	3,509	35
Estimated replacement cost	4,700	47

Reserve funds

Under the Local Government Act 2002 (LGA 2002), the Group must identify each reserve fund set aside for a specific purpose. The reserves funds held by the Group during the year are as follows:

$million	Activity	Opening balance 1 Jul 14	Transfers to reserves	Transfers from reserves	Closing balance 30 Jun 15	Description/use
Trusts and bequests						
Leys Institute Trust Capital	Local libraries	1	-	-	1	Orginal bequest from the Leys family for equipping and operating the Leys Institute.
Trusts for art activities	Regional arts, culture and events services	1	-	-	1	Bequests from Margaret Serra and Nicholas Canaday to fund purchase of w orks of art for the Auckland Art Gallery.
Total trusts and bequests		**2**	**-**	**-**	**2**	
Reserves and targeted rates						
Greenmount Golf Reserve	Local Parks Services	3	-	-	3	Gifted by Sarah Lushington to convert the land into a public park and recreation ground.
Manukau Harbour Related Recreational Facilities	Local recreation services	4	-	(2)	2	Used to fund the improvement of costal recreation opportunities by enhancing access and amenity value.
North Shore Holdings Reserve Fund	Regional recreation services and Local Economic development	6	-	(1)	5	To hold unspent special funds for projects already approved by Auckland Transition Agency and the legacy North Shore City Council.
Fairhaven Walk Targeted Rate	Roads and footpaths	(1)	-	-	(1)	Loan by the council to the local community to assist w ith construction of local road access.
Community Recreation and Sport Fund	Local recreation services	1	-	-	1	Grants received from former Hillary Commission for a sport and recreational group.
Harbourview - Orangihina UAC	Local Parks Services	1	-	-	1	Targeted rate collected to build the Harbourview -Orangihina Park.
Hobsonville Domain Compensation	Local Parks Services	2	-	-	2	Advance from NZTA as part of the Hobsonville Domain Replacement project.
Waste Management Targeted Rate	Waste and recycling services	4	-	(4)	-	To fund refuse collection, disposal services, refuse recycling and w aste transfer stations.
Parkland Purchase Targeted Rate	Local Parks Services	-	-	-	-	Target rates collected to fund park land purchase.
Off-Street Parking Funds	Parking and enforcement	9	-	-	9	Parking provision collected from a developer as contribution tow ard any off-street parking initiatives.
Central City Targeted Rate	Local economic development	11	11	-	22	To fund the development and revitalisation of the city centre.
Araparera Forest Reserve	Roads and footpaths	-	3	-	3	Araparera Forest harvest proceeds set aside for roading development in the area
Targeted Rates Open Spaces/Volcanic	Regional parks services	3	-	-	3	Legacy targeted rates. No longer levied.
Total reserves and targeted rates		**43**	**14**	**(7)**	**50**	
Total reserve funds		**45**	**14**	**(7)**	**52**	

Internal borrowings

With reference to Schedule 10, Part 3, section 27 of the LGA 2002, in relation to each group of activities the Auckland Council has incurred no internal borrowings during the financial year to 30 June 2015, as the Group maintains sufficient cash balances at all times.

Rating base information

Under the LGA 2002, the Group is required to disclose the rating base information at the end of the preceding financial year:

Group	Actual 2014
Number of rating units	529,088
Total capital value of rating units (in $million)	367,531
Total land value of rating units (in $million)	206,381

Insurance of assets

Under the LGA 2002, the Group is required to disclose the following insurance information:

$million	Book value	Insured value	Commentary
Roads	7,960	-	Uninsured. However, subject to meeting defined criteria, the cost assocated with the immediate response, reopening and/or restoration of these assets as a result of a short natural event, could be subsidised by the New Zealand Transport Agency
Water & wastewater & machinery	7,815	2,990	Above ground infrastructure such as water and wastewater pump stations are insured to a value of $3 billion with a maximum coverage of $200 million per event. Below ground infrastructure is not insured, and there is no provision made for the self-insured portion.
Stormwater	4,149	1	Above ground infrastructure such as pump stations are insured. For below-ground infrastructure, central government funds 60% of the cost of replacing stormwater networks damaged in a natural disaster. No provision is made for the self-insured portion (40%) of the replacement cost.
Buildings, wharves, and other above-ground structures	5,989	8,362	For any natural disaster the Group self-insures up to $7.5 million with a maximum coverage of $500 million per event.
Rolling stock	412	50	Insurance is for entire network and includes the electric trains.
Land	12,572	-	Includes land under roads, parks and reserves and operational land-not insured.
Total	**38,897**	**11,403**	

As at 30 June 2015 the Group does not have sufficient information to determine the replacement value of its self-insured assets.

Net tangible assets

Net tangible asset per $1,000 of listed bonds at 30 June 2015 is $30,966 (2014: $27,370).

Credit ratings

Auckland Council has a Standard & Poor's credit rating of AA and Moody's credit rating of Aa2. Both ratings were reaffirmed in November 2014.

Remuneration

$	Council Actual 2015	Actual 2014
Mayor		
Len Brown	259,304	249,868
Councillors		
Alf Filipaina	101,825	96,019
Ann Hartley	-	33,279
Arthur Anae	101,825	96,019
Bill Cashmore	101,825	66,034
Calum Penrose	101,825	96,019
Cameron Brewer	101,825	96,019
Cathy Casey	101,825	96,019
Chris Darby	101,825	66,034
Christine Fletcher*	155,125	148,986
Denise Krum	101,825	66,034
Des Morrison	-	29,985
Dick Quax	101,825	96,019
George Wood	120,609	107,708
John Walker	101,825	96,019
John Watson	101,825	66,034
Linda Cooper	101,825	66,034
Michael Goudie	-	29,985
Mike Lee*	155,125	148,986
Noelene Raffills	-	29,985
Penny Hulse	146,088	135,244
Penny Webster	120,609	111,002
Richard Northey	-	33,279
Ross Clow	101,825	66,034
Sandra Coney	-	29,985
Sharon Stewart	101,825	96,019
Wayne Walker	101,825	96,019
Total mayor and councillor remuneration	**2,484,235**	**2,348,670**

*Christine Fletcher and Mike Lee were paid $101,825 each by the council as elected members (2014: $96,019 each) and $53,300 each by Auckland Transport as directors (2014: $52,967 each).

Elections for the mayor, elected members and local board members were held on 12 October 2013. As a result of this, some figures for 2014 reflect a partial year of remuneration for certain elected members.

Remuneration (continued)

$	Council Actual 2015	Actual 2014
Local boards		
Albert-Eden		
Glenda Fryer	45,734	27,848
Graeme Easte	40,379	38,914
Helga Arlington	40,379	38,914
Lee Corrick	40,379	38,914
Margi Watson	40,379	43,960
Pauline Anderson	-	12,481
Peter Haynes	83,146	76,711
Rachel Langton	40,379	26,433
Simon Mitchell	-	578
Tim Woolfield	40,379	38,914
Total	**371,154**	**343,667**
Devonport-Takapuna		
Allison Roe, MBE	39,180	25,662
Chris Darby	-	20,192
Dianne Hale, QSO, JP	39,180	37,654
Grant Gillon	39,180	25,662
Jan O' Connor	39,180	37,654
Joseph Bergin	43,340	37,654
Kevin Schwass	-	15,777
Mike Cohen, QSM, JP	68,794	58,128
Total	**268,854**	**258,383**
Franklin		
Alan Cole	38,280	25,045
Andrew Baker	116,096	76,251
Angela Fulljames	38,280	25,045
Bill Cashmore	-	17,294
Brendon Crompton	38,280	25,045
Daniel Lynch	-	11,602
Jan Sinclair	-	11,602
Jill Naysmith	38,280	36,647
Lance Gedge	-	11,602
Lyn Murphy	38,280	25,045
Magan Ranchhod	-	11,602
Malcolm Bell	38,280	25,045
Murray Kay	38,280	37,816
Paul Muir	-	11,602
Sarah Higgins	38,280	25,045
Total	**422,336**	**376,288**
Great Barrier		
Christina Spence	22,189	14,531
Izzy Fordham	50,671	39,544
Jeffery Cleave	22,189	14,531
Judith Gilbert	22,189	14,531
Paul Downie	-	13,413
Richard Somerville Ryan	-	6,901
Scott Mabey	-	-
Susan Daly	22,189	21,432
Total	**139,427**	**124,883**

Remuneration (continued)

$	Council Actual 2015	Actual 2014
Henderson-Massey		
Assid Khaleel Corban	-	17,787
Brenda Brady, JP	44,277	41,868
Chris Cooper	-	2,468
Leo Frank Nobilo	-	12,741
Luke Wilson	41,077	26,845
Peter Chan, JP	41,077	39,586
Ross Dallow	-	12,741
Shane Henderson	41,077	26,845
Tracy Kirkley	43,551	39,540
Vanessa Neeson, JP	86,545	80,120
Warren Flaunty, QSM	41,077	39,586
William Flavell	41,077	26,845
Total	**379,758**	**366,972**
Hibiscus and Bays		
David Cooper	39,978	43,456
Gary Holmes	41,624	39,417
Gaye Harding-Kirikiri	39,978	38,410
Greg Sayers	39,978	38,410
Janet Fitzgerald	39,978	26,125
John Kirikiri	-	12,285
John Watson	-	12,285
Julia Parfitt, JP	80,449	73,876
Lisa Whyte	39,978	38,410
Lovisa Rasmussen	39,978	26,125
Total	**361,941**	**348,799**
Howick		
Adele White	41,278	45,469
David Collings	90,643	70,590
Gary Boles	41,278	26,999
Jim Donald	41,278	39,838
John Spiller	41,278	39,838
Katrina Bungard	41,278	26,999
Lucy Schwaner	41,278	39,838
Michael Williams	-	27,482
Robert Wichman	41,278	26,999
Shirley Warren	-	12,839
Steve Udy	41,278	39,838
Wayne Huang	-	12,839
Total	**420,867**	**409,568**
Kaipātiki		
Ann Hartley	39,779	26,022
Chris Marshall	-	12,220
Danielle Grant	39,779	26,022
Grant Gillon	39,779	38,242
John Gillon	39,779	38,242
Kay McIntyre	79,648	63,020
Lindsay Waugh	39,779	48,948
Lorene Pigg	39,779	26,022
Nick Kearney	-	17,267
Richard Hills	39,779	38,242
Vivienne Keohane	-	12,220
Total	**358,101**	**346,467**

Remuneration (continued)

$	Council Actual 2015	Actual 2014
Māngere-Ōtāhuhu		
Carrol Elliot, JP	39,878	38,326
Christine O' Brien	39,878	42,695
Leau Peter Skelton	39,878	48,251
Lydia Sosene	77,849	61,637
Nick Bakulich	39,878	26,073
Sylvia Taylor	-	12,253
Tafafunai Tasi Lauese, JP	39,878	38,326
Walter Togiamua	39,878	38,326
Total	**317,117**	**305,887**
Manurewa		
Angela Cunningham-Marino	39,878	38,326
Angela Dalton	80,149	74,301
Colleen Brown	-	12,253
Danella McCormick	39,878	26,073
Daniel Newman	-	-
Daryl Wrightson	39,878	26,073
Hon. George Hawkins, QSO	39,878	38,326
Ken Penney	39,878	38,326
Michael Bailey	39,878	43,341
Simeon Brown	39,878	38,326
Toa Greening	-	12,253
Total	**359,295**	**347,598**
Maungakiekie-Tāmaki		
Alan Verrall	39,580	38,074
Brett Clark	39,580	38,074
Bridget Graham, QSM	39,580	42,474
Chris Makoare	39,580	38,074
Josephine Bartley	39,580	38,074
Leila Boyle	-	12,155
Obed-Edom Unasa	39,580	25,919
Simon Randall	76,950	70,242
Total	**314,430**	**303,086**
Ōrākei		
Colin Davis, JP	40,079	38,578
Desley Simpson	79,249	73,034
Kate Cooke	40,079	38,578
Ken Baguley	43,239	41,969
Kit Parkinson	40,079	38,578
Mark Thomas	40,079	42,978
Troy Churton	40,194	39,356
Total	**322,998**	**313,071**
Ōtara-Papatoetoe		
Donna Lee	40,079	38,578
Fa'anānā Efeso Collins	78,948	49,786
Harold Robertson	40,079	26,228
Ian McGechie	-	12,351
John McCracken	40,079	48,861
Lotu Titi Fuli	40,079	26,228
Mary Gush	40,079	38,578
Poutoa Papali'i	-	12,351
Stephen Grey	40,079	42,948
Tunumafono Ava Fa'amoe	-	12,351
Total	**319,422**	**308,260**

Remuneration (continued)

	Council	
	Actual	Actual
$	2015	2014
Papakura		
Brent Catchpole	42,359	40,568
Caroline Conroy	-	11,667
Graham Purdy	38,479	36,814
Hine Joyce Tahere	-	18,760
John Robinson	-	11,667
Katrina Winn	38,479	25,147
Michael Turner	38,479	36,814
Stuart Britnell	38,479	25,147
William McEntee	69,554	43,867
Total	**265,829**	**250,451**
Puketāpapa		
David Holm	39,178	25,610
Ella Kumar, JP	39,178	37,570
Harry Doig	39,178	25,610
Julie Fairey	72,753	58,448
Michael Wood	39,178	37,570
Nigel Turnbull	39,178	41,355
Peter Muys	-	11,960
Richard Barter	-	20,095
Total	**268,643**	**258,218**
Rodney		
Beth Houlbrooke	37,781	24,735
Bob Howard	-	19,249
Brenda Steele	70,656	56,331
Greg Sayers	37,781	24,735
James Colville	37,781	36,142
James Rolfe	-	-
John McLean	39,821	36,143
June Turner	-	11,407
Phelan Pirrie	37,781	24,735
Steven Garner	37,781	41,834
Thomas Grace	37,781	36,143
Tracey Martin	-	11,407
Warren Flaunty, QSM	37,781	36,143
Total	**374,944**	**359,004**
Upper Harbour		
Brian Neeson	69,360	62,198
Callum Blair	38,779	37,633
Christine Rankin-McIntyre	38,779	37,150
John McLean	39,399	25,353
Lisa Whyte	42,977	37,150
Margaret Miles, JP	76,179	51,309
Warren Flaunty	-	11,797
Total	**305,473**	**262,590**

Remuneration (continued)

$	Council Actual 2015	Actual 2014
Waiheke		
Beatrice Treadwell	23,388	15,311
Don McKenzie	-	7,143
Faye Storer	-	14,143
Jim Hannan	-	7,143
Jo Holmes	-	10,343
Johannes Meeuwsen	23,388	15,311
Paul Walden	55,665	42,326
Rebecca Ballard	23,388	15,311
Shirin Brown	23,388	15,311
Total	**149,217**	**142,342**
Waitākere Ranges		
Denise Yates, JP	38,679	44,518
Greg Presland	38,679	37,066
Janet Clews	-	15,549
Judy Lawley	-	11,765
Mark Brickell	-	11,765
Neil Henderson	38,679	37,066
Saffron Toms	38,679	25,302
Sandra Coney, QSO	70,654	45,142
Steve Tollestrup	38,679	25,302
Total	**264,049**	**253,475**
Waitematā		
Christopher Dempsey	39,379	37,822
Deborah Yates	39,379	25,765
Greg Moyle	39,379	37,822
Jesse Chalmers	-	12,058
Pippa Coom	39,379	42,253
Rob Thomas	39,379	37,822
Shale Chambers	75,851	69,512
Tricia Reade	-	12,058
Vernon Tava	39,379	25,765
Total	**312,125**	**300,877**
Whau		
Ami Chand	39,878	26,073
Catherine Farmer	77,849	61,354
Derek Battersby, QSM, JP	39,878	48,251
Duncan Macdonald, JP	39,878	42,726
Jack Weir	-	12,253
Kathryn Davie	-	12,253
Lily Ho	-	12,253
Ruby Manukia-Schaumkel	39,878	26,073
Sandy Taylor	-	12,253
Simon Matafai	39,878	26,073
Xudong Zhu	39,878	26,073
Total	**317,117**	**305,635**
Total local board remuneration	**6,613,096**	**6,285,521**

Remuneration (continued)

Employees and remuneration

At 30 June 2015, the number of full time equivalent employees of the Group was 9,678 (2014: 9,470) and the council 6,088 (2014: 6,024).

	Council	
	Actual	Actual
$	2015	2014
Payments during the year to the chief executives		
Salary and other short-term employee benefits	611,650	834,775
Post employment benefits (Kiwisaver contributions)	18,350	25,039
Total chief executives remuneration	**630,000**	**859,814**
Executive leadership team		
Salary and other short-term employee benefits	3,495,298	3,476,746
Post-employment benefits (Kiwisaver contributions)	78,638	62,705
Total executive leadership team remuneration	**3,573,936**	**3,539,451**

	Group		Council	
	Actual	Actual	Actual	Actual
Full time equivalent	2015	2014	2015	2014
Full-time employees	8,538	8,433	5,309	5,273
Part time employees (full-time equivalent)	1,140	1,037	779	751
Total full-time equivalent	**9,678**	**9,470**	**6,088**	**6,024**

The numbers of employees who were employed at 30 June are detailed below. Those receiving remuneration of $60,000 or more are grouped into $20,000 bands as presented below. For any $20,000 bands with less than six employees in the band, they are combined upwards with the next banding as stipulated in the LGA 2002.

Group	Actual
Number of employees	**2015**
<$60,000	5,341
$60,000-$79,999	2,392
$80,000-$99,999	1,735
$100,000-$119,999	909
$120,000-$139,999	451
$140,000-$159,999	234
$160,000-$179,999	100
$180,000-$199,999	72
$200,000-$219,999	37
$220,000-$239,999	30
$240,000-$259,999	16
$260,000-$279,999	8
$280,000-$299,999	19
$300,000-$319,999	12
$320,000-$359,999	8
$360,000-$419,999	8
$440,000-$639,999	6
$660,000-$819,999	2
Total number of employees	**11,380**

Remuneration (continued)

Employees and remuneration (continued)

Group Number of employees	Actual 2014
<$60,000	5,270
$60,000-$79,999	2,430
$80,000-$99,999	1,702
$100,000-$119,999	824
$120,000-$139,999	402
$140,000-$159,999	202
$160,000-$179,999	92
$180,000-$199,999	61
$200,000-$219,999	44
$220,000-$239,999	26
$240,000-$259,999	17
$260,000-$299,999	18
$300,000-$319,999	8
$320,000-$359,999	7
$360,000-$399,999	8
$400,000-$479,999	6
$480,000-$859,999	5
Total number of employees	**11,122**

Council Number of employees	Actual 2015
<$60,000	3,389
$60,000-$79,999	1,615
$80,000-$99,999	1,114
$100,000-$119,999	523
$120,000-$139,999	238
$140,000-$159,999	105
$160,000-$179,999	57
$180,000-$199,999	31
$200,000-$219,999	16
$220,000-$239,999	11
$240,000-$259,999	5
$260,000-$299,999	8
$300,000-$339,999	7
$400,000-$639,999	4
Total number of employees	**7,123**

Remuneration (continued)

Employees and remuneration (continued)

Council Number of employees	Actual 2014
<$60,000	3,367
$60,000-$79,999	1,631
$80,000-$99,999	1,113
$100,000-$119,999	491
$120,000-$139,999	225
$140,000-$159,999	96
$160,000-$179,999	51
$180,000-$199,999	26
$200,000-$219,999	16
$220,000-$239,999	11
$240,000-$279,999	7
$280,000-$299,999	7
$300,000-$399,999	6
$440,000-$639,999	4
Total number of employees	**7,051**

The comparative figures for full time equivalent employees and remuneration bandings have been restated to reflect the availability of more accurate information.

Severance payments

For the year ended 30 June 2015, the council made 27 severance payments to employees totalling $516,166 (year ended 30 June 2014: 39 payments totalling $522,743).

The values of each severance payment were $93,917; $63,946; $45,000; $44,969; $39,967; $36,828; $28,383; $25,651; $17,655; $13,672; $13,333; $12,809; $12,794; $10,385; $6,951; $6,624; $5,750; $5,012; $5,000; $5,000; $5,000; $4,357; $3,000; $3,000; $3,000; $3,000; $1,163.

In addition to the above, for the year ended 30 June 2015, other members of the Group made 7 severance payments to employees totalling $157,639 (year ended 30 June 2014: 9 payments totalling $77,608).

The values of each of the severance payments made by other members of the Group were $32,967; $30,000; $27,500; $25,756; $24,000; $14,332; $3,084.

Refer to schedule 10 clause 33 of the LGA 2002 for the definition of severance payments.

Other financial contributions

The council provided the following financial contributions to the Auckland War Memorial Museum, MOTAT and the Auckland Regional Amenities Funding Board.

	Council	
$million	Actual 2015	Actual 2014
Auckland War Memorial Museum	28	27
MOTAT	12	12
Auckland Regional Amenities Funding Board	14	14

Explanation of major variances against budget

GROUP'S MAJOR VARIANCES AGAINST BUDGET

Explanations for major variations from the Group's budget figures in the Annual Plan are as follows:

Statement of comprehensive revenue and expenditure

The following items contributed to a deficit before tax of $96 million against a budgeted surplus of $4 million.

Other revenue was $303 million above budget

$268 million was due to vested assets received from developments completed in the current financial year. There is no budget for this non-cash revenue as the council is unable to accurately forecast the timing of the receipt of vested assets. The remaining variance is primarily due to favourable performance of investments.

Employee benefits were $63 million higher than budget

Contributing factors were:
Additional temporary staff were employed during the year to deliver large projects.
Additional staff employed due to work being brought in-house, with a reduction in other operating expenses noted below.
Higher public transport patronage led to additional staff requirements.
Staff increases in the building and resource units due to an increase in consent volumes.
Redundancy costs as a result of internal restructures which were not budgeted for.

Depreciation and amortisation was $42 million higher than budget

The variance is due to earlier capitalisation of property, plant and equipment and intangible assets than expected and the depreciation on unbudgeted vested assets received during the financial year.

Grants, contributions and sponsorship were $27 million higher than budget

The variance is due to grants paid earlier than budgeted.

Other operating expenses were $47 million higher than budget

There were additional weathertightness costs and other provisions of $69 million.
This is partially offset by savings as a result of internal restructures and operational efficiencies.

Net other losses of $230 million higher than budget

$278 million relates to the net movement in the fair value of financial assets primarily due to a falling interest rate environment.
$13 million net loss on disposal of property, plant and equipment and intangible assets during the year.
This was partly offset by $61 million fair value gain in investment properties.

Explanation of major variances against budget (continued)

GROUP'S MAJOR VARIANCES AGAINST BUDGET (continued)

Statement of financial position

Actual net assets of $32 billion were $1.4 billion higher than budget

The revaluation added $1 billion to the value of the Group assets, due to movement in the Auckland property values. Lower than budgeted capital expenditure, improved cash flow from operations contributed to year-end debt being lower than budgeted.

COUNCIL'S MAJOR VARIANCES AGAINST BUDGET

Explanations for major variations from the council's budget figures in the Annual Plan are as follows:

Statement of comprehensive revenue and expenditure

The following items contributed to a deficit before tax of $201 million against a budgeted deficit of $50 million.

Grants and subsidies received were $26 million above budget

This variance is mainly due to an unbudgeted grant of $38 million received from New Zealand Transport Agency on behalf of Auckland Transport. This grant was paid over to Auckland Transport (refer to grants, contributions and sponsorship expense commentary below).

Other revenue was $145 million above budget

Higher dividends received and favourable performance from investments of $53 million.
$85 million of vested assets were received from developments completed across the region; this was not budgeted for as the council is unable to accurately forecast the timing of the receipt of vested assets.

Employee benefits were $20 million higher than budget

Additional temporary staff were employed during the year to deliver large projects.
Additional staff employed due to work being brought in-house.
Staff increases in the building and resource unit due to additional increase in consent volumes.
Redundancy costs as a result of internal restructures which were not budgeted for.

Depreciation and amortisation was $14 million higher than budget

The variance is due to earlier capitalisation of property, plant and equipment and intangible assets than expected and the depreciation on unbudgeted vested assets received during the financial year.

Grants, contributions and sponsorship were $37 million higher than budget

The increase is due to a grant received from NZTA that was paid over to Auckland Transport (refer to Grants and subsidies revenue variance commentary above).

Explanation of major variances against budget (continued)

COUNCIL'S MAJOR VARIANCES AGAINST BUDGET (continued)

Statement of comprehensive revenue and expenditure (continued)

Other operating expenses were $82 million higher than budget

There was primarily driven by additional weathertightness costs and other provisions of $69 million.

Net other losses of $176 million higher than budget

$191 million relates to the net movement in the fair value of financial assets primarily due to a falling interest rate environment.
This was partly offset by the $5 million net gain on disposal of property, plant and equipment and intangible assets during the year, and a $10 million fair value gain in investment properties.

Statement of financial position

Actual net assets of $28.3 billion were $1.2 billion higher than budget

The variance to budget was mainly due to revaluation of property, plant and equipment ($0.8 billion) and vested assets of $85 million, both of which were not budgeted.
Additional investment provided to Auckland Transport for the delivery of electric trains.
Year-end borrowings were less than budget due to lower than expected capital expenditure.

Financial reporting and prudence benchmarks

Annual report disclosure statement for the year ended 30 June 2015

What is the purpose of this statement?

The purpose of this statement is to disclose the Group's financial performance in relation to various benchmarks to enable the assessment of whether the Group is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Group is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

As the former councils around Auckland were amalgamated in November 2010, the first set of accounts was prepared for an eight-month period. Any balances prior to the year ended 30 June 2012 are not appropriate for inclusion in the calculation of the benchmarks and these comparatives are not presented.

The benchmarks have been prepared for the full Auckland Council Group including Watercare Services Ltd, Auckland Transport and Ports of Auckland Ltd with the exception of the debt affordability section which excludes Watercare Services Ltd and other specified debt. Watercare is excluded from the calculation of prudential ratios as it is not reliant on Auckland Council to fund its operation.

Unless prescribed by the regulations, the quantified limit for each benchmark is calculated using financial information disclosed in the Long-term Plan 2012-2022 including the prospective financial statements.

Financial reporting and prudence benchmarks (continued)

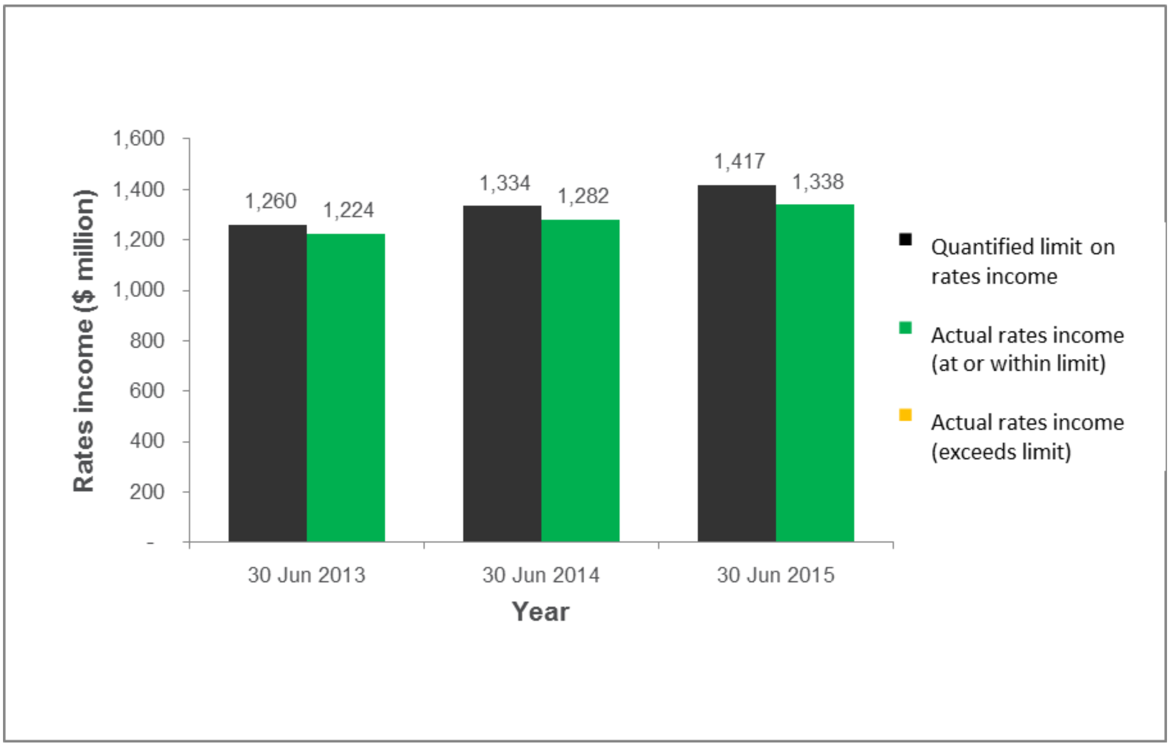
Rates affordability benchmark

The Group meets the rates affordability benchmark if:

its actual rates income equals or is less than each quantified limit on rates; and
its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability

The following graph compares the Group's actual rates income with a quantified limit on rates contained in the financial strategy included in the Group's long-term plan. The quantified limit is the Group's general rates income including remissions and growth in the rating base, less any internal rate charges. This does not include revenue arising from water and wastewater charges and targeted rates. Due to the amalgamation, 2011/2012 rates income was comprised of a single transition rate (combining both targeted and general rates) and a wastewater charge. It is therefore impossible to determine the general rates component for the 2011/2012 year and this figure has not been disclosed.

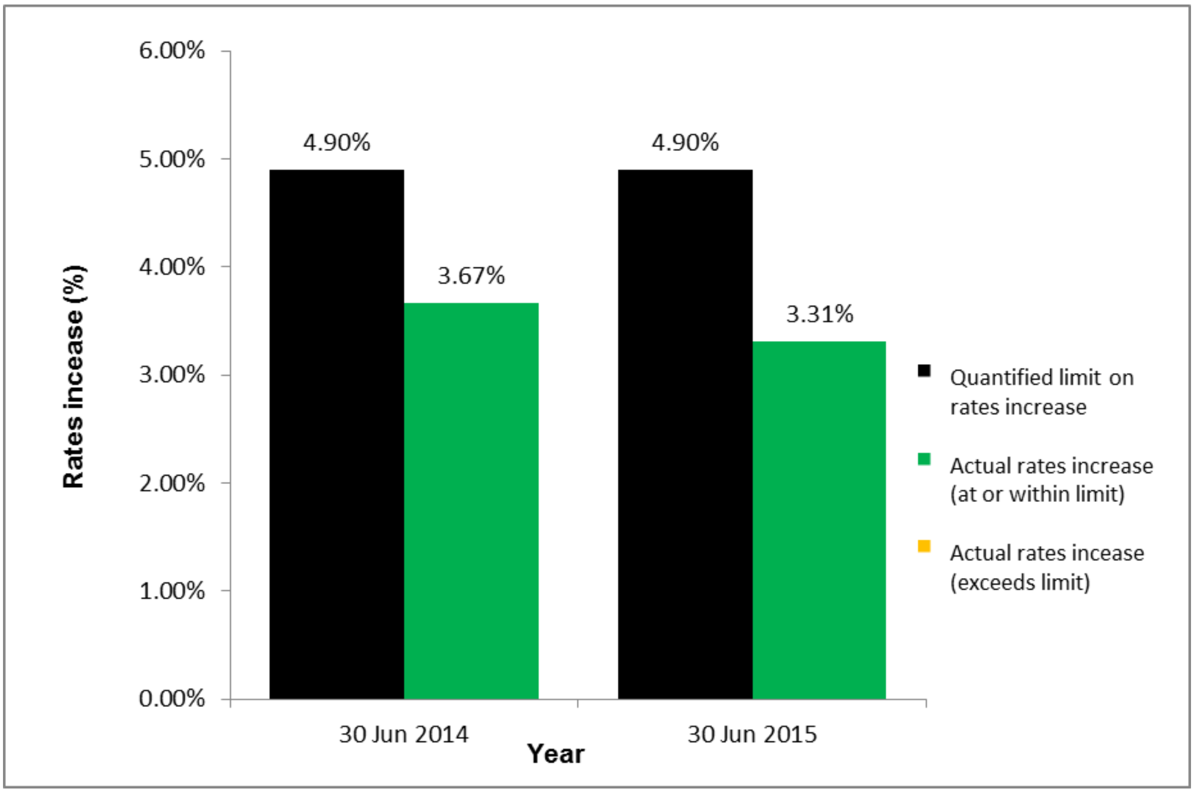


Financial reporting and prudence benchmarks (continued)

Rates affordability benchmark (continued)

Rates (increases) affordability

The following graph compares the Group's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Group's long-term plan. The quantified limit is calculated using the increase in general rates income, exclusive of growth in the rating base. Due to the unavailability of the actual general rates figure for the 2011/2012 year, the percentage increase for the June 2013 year has not been disclosed.



Financial reporting and prudence benchmarks (continued)

Debt affordability benchmark

The Group meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

There are three quantified limits described in the long-term plan:

- net debt as a percentage of total revenue
- net interest as a percentage of total revenue
- net interest as a percentage of annual rates income.

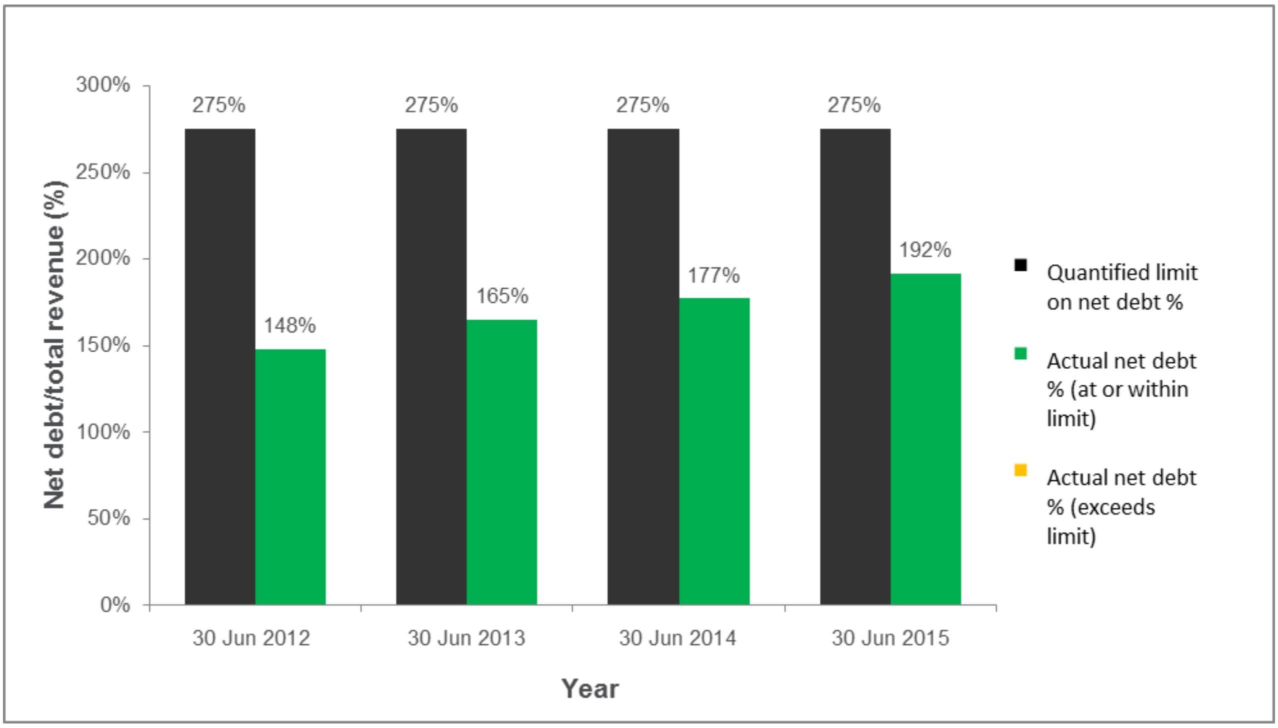
For the purposes of this section as prescribed in the long-term plan, the limits exclude any revenue or expenses, asset or liability relating to Watercare, including revenue, debt, investments, interest revenue and interest expense.

The components used in the debt affordability benchmarks are defined as follows:

- **Total revenue:** earnings from rates, government operating grants and operating subsidies, user charges, interest, dividends, development contributions received to service the borrowing cost relating to growth related capital works, financial and other revenue.
- **Net debt:** total borrowings less cash and cash equivalents, and unit trusts. Net debt excludes guarantees to related or third parties.
- **Net interest:** net finance expense.
- **Annual rates income:** general and targeted rates.

Net debt as a percentage of total revenue

The following graph compares the Group's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the long-term plan. The quantified limit is net debt as a percentage of total revenue. A value less than the quantified limit of 275% indicates compliance with the prudential limit.

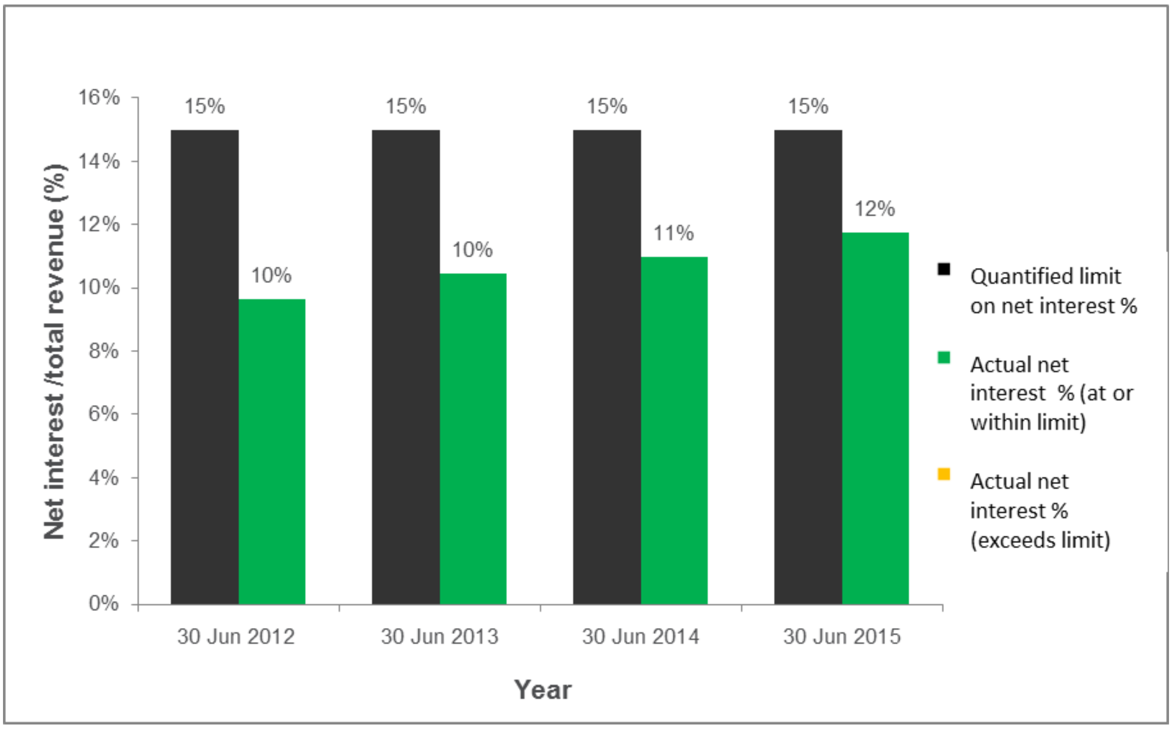


Financial reporting and prudence benchmarks (continued)

Debt affordability benchmark (continued)

Net interest as a percentage of total revenue

The following graph compares the Group's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the long-term plan. The quantified limit is net interest as a percentage of total revenue. A value less than the quantified limit of 15% indicates compliance with the prudential limit.

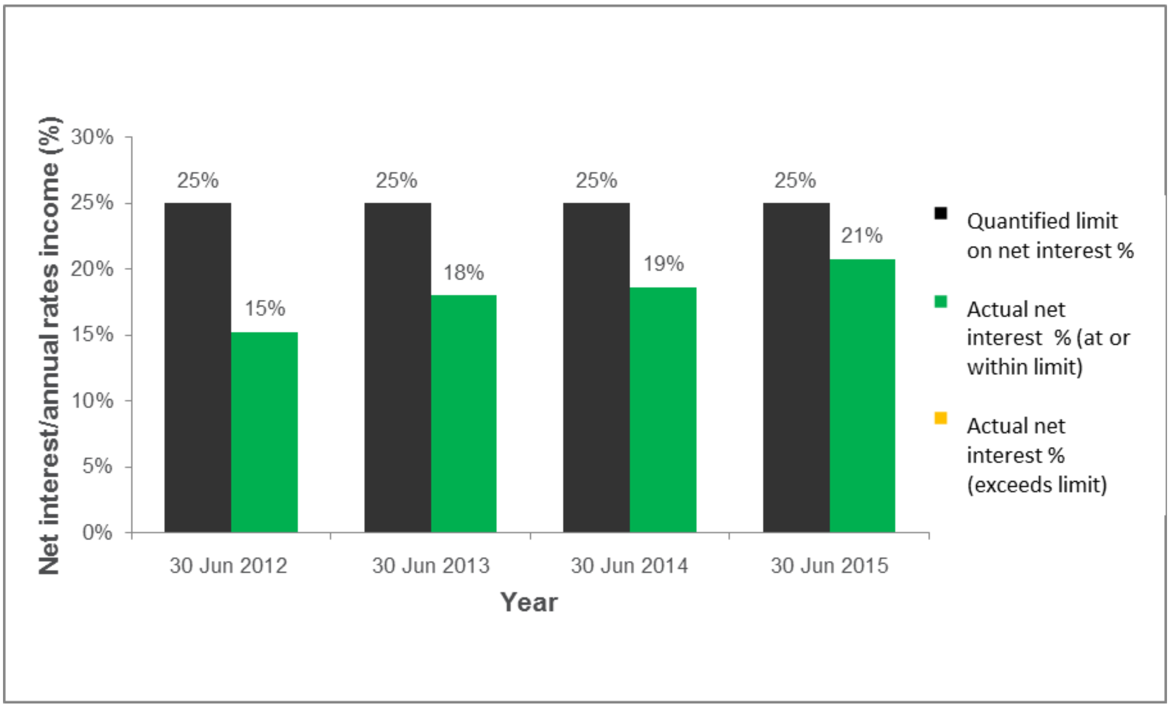


Financial reporting and prudence benchmarks (continued)

Debt affordability benchmark (continued)

Net interest as a percentage of annual rates income

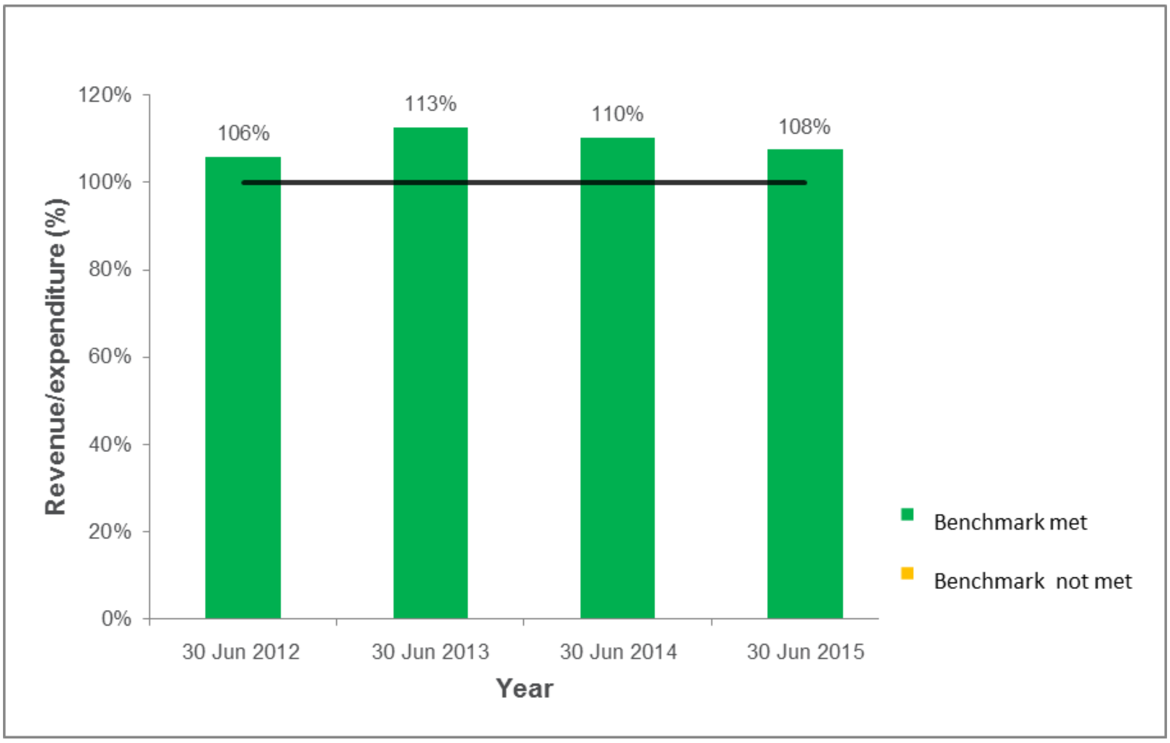
The following graph compares the Group’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Group’s long-term plan. The quantified limit is net interest as a percentage of annual rates income. A value less than the quantified limit of 25% indicates compliance with the prudential limit.



Financial reporting and prudence benchmarks (continued)

Balanced budget benchmark

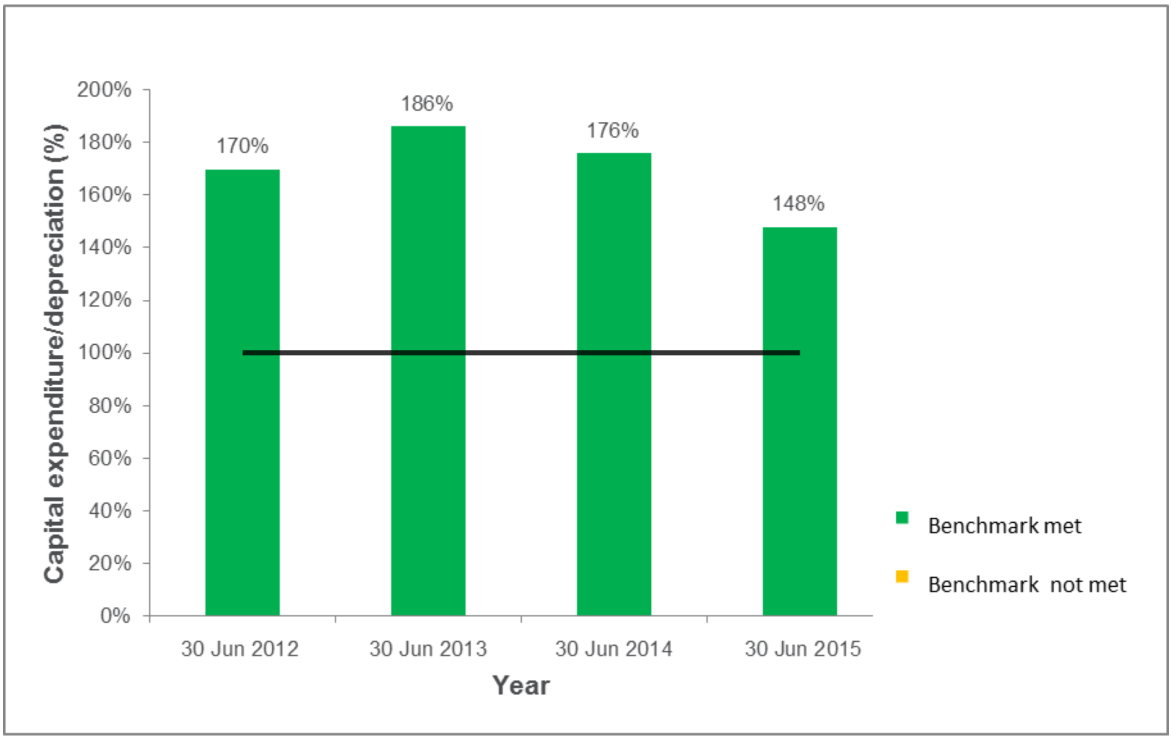
The following graph displays the Group's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment). The Group meets this benchmark if its revenue equals or is greater than its operating expenses.



Financial reporting and prudence benchmarks (continued)

Essential services benchmark

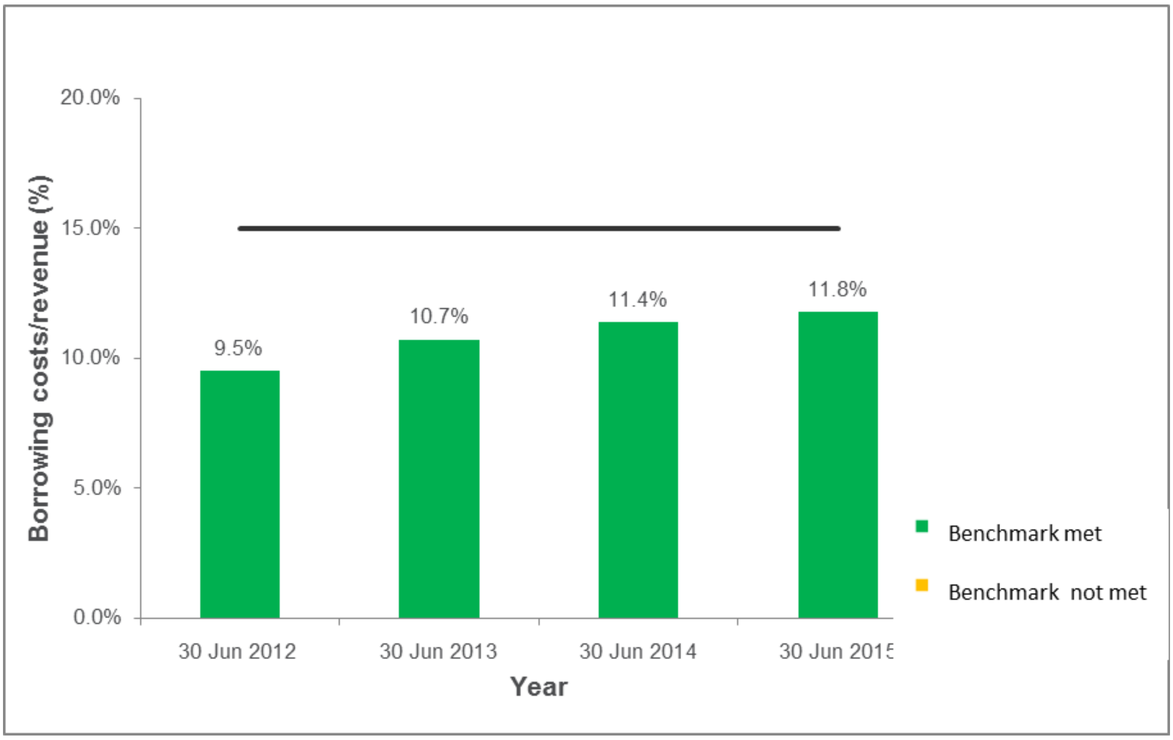
The following graph displays the Group's capital expenditure on network services as a proportion of depreciation on network services. The Group meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Financial reporting and prudence benchmarks (continued)

Debt servicing benchmark

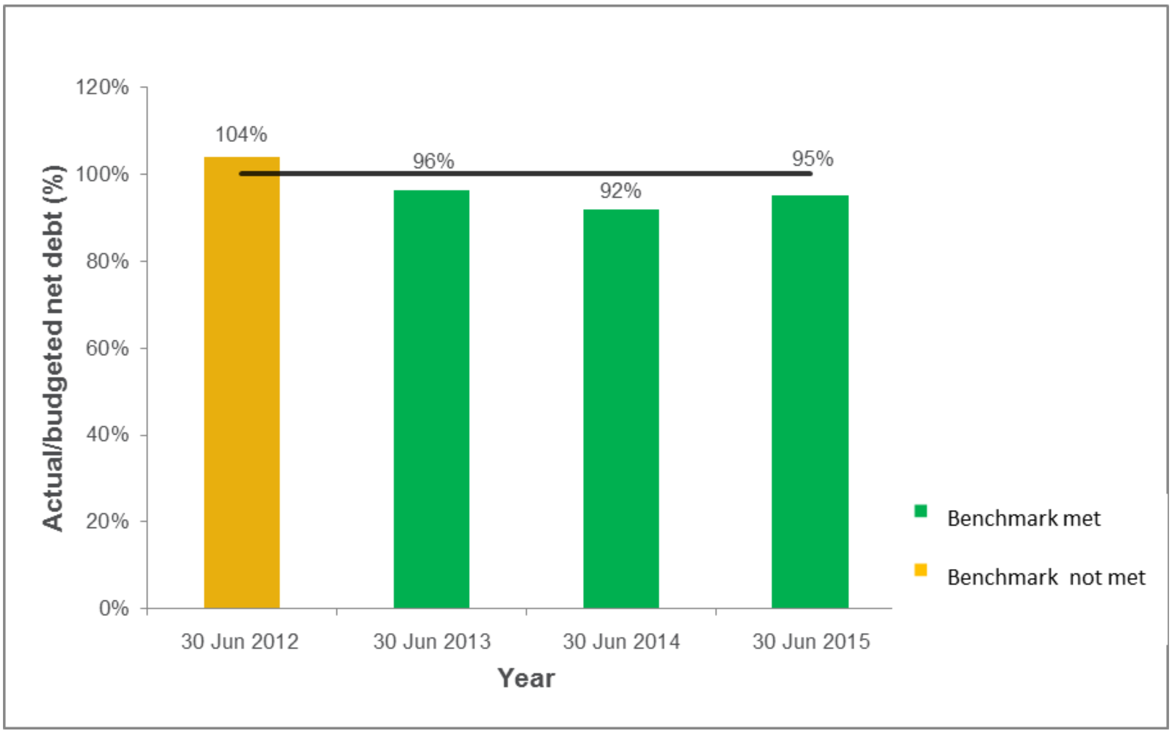
The following graph displays the Group’s borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the council’s population will grow as fast as, or faster than, the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its revenue.



Financial reporting and prudence benchmarks (continued)

Debt control benchmark

The following graph displays the Group's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The Group meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

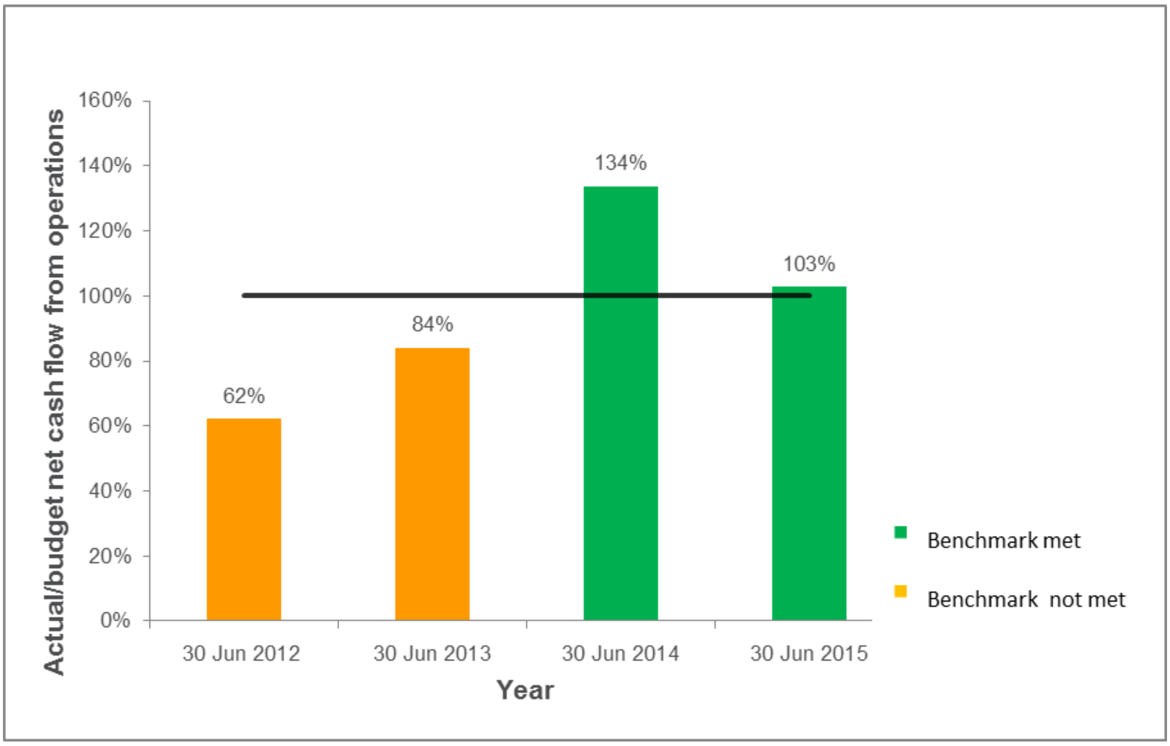


The 2012 net debt was higher than planned due to taking on debt for the purchase of electric trains in 2012, earlier than the planned 2013.

Financial reporting and prudence benchmarks (continued)

Operations control benchmark

This graph displays the Group's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The Group meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations



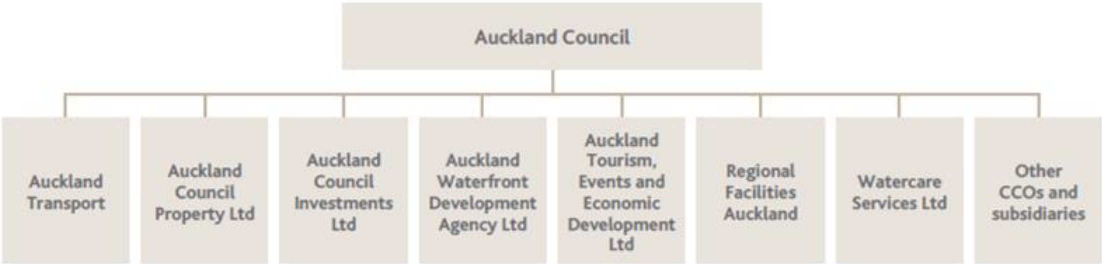
The 2012 actual cash flow was lower than planned primarily due to higher than expected costs for the delivery of council services, maintenance of council assets and temporary staff expenses. The 2013 actual cash flow was less than planned due to lower than expected cash receipts from rates and other fees. For additional information, see the explanation of major variances notes of the relevant year's annual report.

Section 3: Council-controlled organisations

Overview

A council-controlled organisation (CCO) is an organisation in which Auckland Council (the council) controls 50 per cent or more of the votes, or has the right to appoint 50 per cent or more of the directors or trustees.

A substantive CCO is one that is either responsible for the delivery of a significant service or activity on behalf of the council, or owns or manages assets with a value of more than $10 million. The council has seven substantive CCOs:
Auckland Transport
Auckland Council Property Ltd (ACPL)
Auckland Council Investments Ltd (ACIL)
Auckland Waterfront Development Agency Ltd (Waterfront Auckland)
Auckland Tourism, Events and Economic Development Ltd (ATEED)
Regional Facilities Auckland (RFA)
Watercare Services Ltd (Watercare).



We also have a number of smaller CCOs.

ACIL owns Ports of Auckland Ltd (POAL) and Auckland Film Studios Ltd, and a large equity holding in Auckland International Airport Ltd (AIAL).

Governance of CCOs

CCOs are governed by their boards of directors or trustees, and operate at arm's length from the council. CCOs are, however, accountable to the council, which determines the objectives for each CCO and monitors their performance. The council, in turn, is accountable to its ratepayers and residents for the performance of the CCOs.

Statements of Intent

Statements of Intent (SOIs) set out the outcomes and objectives each CCO works towards over a three-year period. Each SOI sets out the basis of accountability of the board of the CCO to the council. It includes the objectives, nature and scope of activities undertaken, and the performance targets by which performance will be measured.

Monitoring the performance of CCOs

The council's CCO Governance and Monitoring Committee is responsible for monitoring the performance of CCOs and approving policies relevant to CCO accountability. The committee is also responsible for appointing directors and approving SOIs.

Auckland Transport

Overview

Auckland Transport is responsible for managing the region’s transport system. It provides all of Auckland’s transport requirements (except state highways and Auckland motorways) ranging from roads and footpaths to traffic signals, and managing bus and train services and street parking.

Auckland Transport was legally constituted under part 4 of the Local Government (Auckland Council) Act 2009 on 1 November 2010. Auckland Transport is a body corporate with perpetual succession. For the purposes of the Local Government Act 2002, the council must be treated as if it were the sole shareholder of Auckland Transport.

Directors

Dr Lester Levy (Chairperson)
Geoff Dangerfield
Mark Gilbert
Christine Fletcher
Mike Lee
Paul Lockey (Deputy Chairperson)
Dr Ian Parton
Rabin Rabindran
Mike Williams (resigned 31/10/2014)
Paula Rebstock (appointed 01/12/2014)

Objectives

Auckland Transport’s purpose, as set down in the Local Government (Auckland Council) Act 2009, is 'to contribute to an effective, efficient and safe Auckland land transport system in the public interest'. Auckland Transport’s statutory functions include:

- preparing the Regional Land Transport Programme
- managing and controlling the Auckland transport system
- carrying out research and providing education and training in relation to land transport in Auckland
- carrying out other transport-related functions as lawfully directed or delegated by the council
- carrying out functions, powers or duties in respect of state highways as lawfully delegated by the New Zealand Transport Agency.

To carry out its intended purpose and functions, Auckland Transport is fully empowered to act on behalf of the council in all activities assigned to it.

Activities

Whereas the council is responsible for the overall transport strategy and planning for the Auckland region, the activities of Auckland Transport are centred on delivering transport services, such as:

- construction and maintenance of roads, footpaths, and streetscape amenities
- providing public transport facilities and services, including bus, rail and ferry services, and their associated infrastructure
- operating traffic signal networks
- providing parking facilities and enforcement
- establishing and promoting road safety and school travel initiatives.

Auckland Transport (continued)

Subsidiaries

Auckland Transport does not have any subsidiaries.

Contribution to the council’s strategies and activities

Transport is the single biggest activity undertaken by or on behalf of the council. Auckland Transport makes a contribution to a broad range of the council’s objectives and two of the most important transformation shifts, being:

- Moving to an outstanding public transport network and radically improving the quality of urban living.
- Creating better connections and accessibility within Auckland, across New Zealand and to the world.

Auckland Transport directly contributes to delivering the following council groups of activities:

- transport – Auckland Transport manages and develops Auckland’s transport infrastructure and services in a manner consistent with the Regional Land Transport Strategy. This includes delivery of the transport sub-activities of transport planning, public transport, road network, travel behaviour change, and parking and enforcement
- planning and regulation – Auckland Transport contributes to the delivery of city transformation projects
- lifestyle and culture – Auckland Transport contributes to the delivery of major national and international events.

Contribution to the council’s vision

The council has articulated a vision for Auckland and identified the following strategic priorities that Auckland Transport contributes to:

- City Rail Link – progress initial planning, design and designations
- double public transport use (an aspirational goal), school transport plans – planning and implementation.
- airport rail link – progress initial planning, design and designations
- peak time bus journeys made faster through additional bus and transit lanes that are more clearly identifiable
- review of ferry services and present options for enhancement
- better integrated traffic management – coordination of traffic lights
- give emphasis to a review of public transport, particularly in the southern local board areas of Māngere-Otahuhu, Ōtara-Papatoetoe and Manurewa
- a third harbour crossing – report options and funding
- combat graffiti vandalism of the rail corridor through a collaborative effort between Auckland Transport and KiwiRail.

Auckland Transport (continued)

Funding assumptions

The funding assumptions that support the activities and financial performance of Auckland Transport are as follows:

- Auckland Transport will be funded by both New Zealand Transport Agency (NZTA), the council, and through their own operating revenues, such as parking
- Auckland Transport is predominantly a tax exempt entity, the exception being tax gains/losses from its port related commercial undertaking
- part of the council's capital funding will be raised through development contributions that reflect the total cost of growth-related capital expenditure by Auckland Transport
- Auckland Transport's net operating funding requirement (operating expenditure less direct revenue – inclusive of NZTA grants) will be funded by the council and forms part of operating expenditure in the council's financial statements, funded by the council's revenue
- capital expenditure is funded first through NZTA grants, revenue from CCO operations then from available council rates funding for capex renewals, and finally council borrowing, which is shown in council statements as an increase in equity investment in the CCO.

For information on Auckland Transport's key activities in 2014/2015, see the transport groups of activities in Volume 1 of this report.

For more information: www.aucklandtransport.govt.nz

Auckland Council Property Ltd

Overview

Auckland Council Property Limited (ACPL) is responsible for managing the council's commercial properties, ensuring an appropriate return on these assets, and bringing a market perspective to the council's planning activities. It is also responsible for managing other selected properties, projects and activities such as the Ormiston development at Flat Bush and the council's interest in the Whitford Quarry.

Directors

- Sir John Wells (Chairperson)
- Leigh Auton
- Margaret Anne Blackburn
- Peter Wall
- Richard Aitken (Deputy Chairperson)
- Neil Barr
- Tiwana Tibble

Objectives

The objectives of ACPL are:
- to ensure properties managed for the council and Auckland Transport are maintained to be fit-for-purpose and achieve optimum net returns
- to ensure place-shaping projects involving other sector partners are efficiently planned and managed to help achieve a quality compact Auckland
- to contribute exemplar housing developments to increase the supply of housing in Auckland, particularly in the more affordable spectrum of the market
- to ensure the council's business interests are managed to protect long-term value and achieve budgeted net revenue
- to acquire properties for the council and Auckland Transport in a commercially robust and legally compliant manner
- to dispose of properties for the council in a commercially robust manner once declared surplus
- to provide the council with a commercial perspective on planning, development and other initiatives to support effective implementation of those initiatives.

Activities

Operationally, ACPL's activities are:
- management of properties owned by the council and Auckland Transport that are not immediately required for service or infrastructure purposes, including:
  - property which is held by the council for future service purposes but not currently used to provide service functions to the council
  - properties on roading corridors which are required for infrastructure projects
  - land held for future urban development but currently leased for commercial activities
- management of the council's business interests in waste disposal, forestry and quarrying such as Whitford and Great Barrier Island quarries
- management of development projects that include a mixture of housing and place shaping such as:
  - Ormiston town centre development with Todd Property Group
  - Papatoetoe town centre redevelopment
  - Hobsonville Point development
- acquisitions and disposals of surplus assets for the council and Auckland Transport.

Auckland Council Property Ltd (continued)

Subsidiaries

ACPL does not have any subsidiaries.

Contribution to the council's strategies and activities

ACPL primarily contributes to the following council strategies:
- strong governance – ACPL aims to provide an appropriate return on commercial property and activities under its management, and to bring a commercial perspective to all the council's planning initiatives
- quality built environment – ACPL aims to bring a market perspective to place-shaping initiatives as well as managing selected property projects and encouraging private sector collaboration.

ACPL directly contributes to the delivery of the following council group of activities:
- commercial and investment – ACPL manages the council's commercial property activities and some other commercial activities in a way that optimises returns while supporting other council objectives.

Contribution to the council's vision

Focus areas for ACPL to contribute to the strategic directions and priorities in the Auckland Plan include:
- strategic land acquisitions and consolidations
- identifying opportunities to provide a level of intervention in unlocking land for appropriate development, including town Centre development
- taking a lead in identifying and actioning multi-use development opportunities, including council service, housing and commercial use for properties within the wider council service portfolio
- taking a lead role in increasing Auckland's housing supply, in particular affordable housing
- lead identification of surplus service and non-service assets for council to approve for disposal/development.

Funding assumptions

The funding assumptions that support the activities and financial performance of ACPL are as follows:
- ACPL is a tax paying entity
- ACPL will charge a management fee to the council for undertaking the management of properties, projects and transactions
- as ACPL does not own the properties it manages, any funding for capital works of the properties will come from the council.

For information on ACPL's key activities in 2014/2015, see the commercial groups of activities in Volume 1 of this report.

For more information: www.acpl.co.nz

Auckland Council Property Ltd (continued)

Note

On 1 September 2015, ACPL and Waterfront Auckland will merge to become Development Auckland Limited. This merger is the most significant result from the CCO review and is an example of how we can use the existing scale of the Auckland Council Group to provide a total urban redevelopment package.

Development Auckland Limited is designed to increase the council group's urban development capacity using regeneration and investment, and to address some of the remaining barriers to brownfield redevelopment. It will facilitate the redevelopment of urban locations (mostly town centres) to create vibrant places that accommodate more homes and businesses, and optimise parts of our property portfolio that are underused.

It will work with the private sector and other agencies to deliver these goals, aiming to achieve a balance of commercial and strategic goals. Development Auckland Limited will take over all activities provided by ACPL and Waterfront Auckland including waterfront development, the management of business interests (including quarries, waste disposal and forestry), providing commercial advice to the council, property acquisitions and disposals, and property management on the council's behalf.

Development Auckland Limited will deliver public and private development and infrastructure, including housing, with an annual operating expenditure of $70 million and $75 million revenue. It will also manage a capital budget of $430 million over 10 years.

Formation of a new CCO triggered the need for consultation and this became part of the Long-term Plan 2015-2025 process. Development Auckland Limited will be in place from September 2015.

Auckland Council Investments Ltd

Overview

Auckland Council Investments Ltd (ACIL) owns Ports of Auckland Ltd (POAL), Auckland Film Studios Ltd (AFSL), and a large equity holding in Auckland International Airport Ltd (AIAL). Up until 28 February 2015 it also managed the diversified financial assets (DFA) portfolio on behalf of the council. An outcome of the CCO review was to transfer responsibility for the management of the DFA to the council's Treasury department.

The purpose of ACIL is to support the council's vision and to bring a strong commercial focus to the ownership and management of the council's investments in POAL, AIAL, AFSL and (until 28 February 2015) the DFA portfolio and to provide an efficient structure for the ownership of these assets.

Directors

- Simon Allen (Chairperson)
- Brian Corban
- Diana Puketapu
- Miriam Dean (Deputy Chairperson)
- Candis Craven

Objectives

ACIL holds equity interests in POAL, AIAL, AFSL and managed the DFA portfolio for the long-term benefit of the region. These assets contribute to the council's delivery of Auckland Plan outcomes by:

- playing an important role in the delivery of the following specific outcomes:
  - an Auckland of prosperity and opportunity (POAL, AFSL and AIAL)
  - a well-connected and accessible Auckland (POAL and AIAL)
- influencing the delivery of other Auckland Plan outcomes (such as those associated with transformation of the Auckland Waterfront)
- providing the council with a financial return, which is a source of funding for Council activities and investments.

Activities

ACIL's activities include:

- management of the council's major equity investments and (until 29 February 2015) the DFA portfolio.

Auckland Council Investments Ltd (continued)

Contribution to the council's strategies and activities

ACIL primarily contributes to the following council strategy:
- strong governance – ACIL provides a strong commercial focus to the ownership and governance of the council's major equity investments and provides an efficient structure for the ownership of those assets.

ACIL directly contributes to the delivery of the following council group of activities:
- commercial and investment – ACIL manages the council's equity investments and (until 28 February 2015) the DFA portfolio, and distributes income and other returns to the council.

Contribution to the council's vision

The council has articulated its vision for Auckland and identified the following strategic priorities that ACIL is expected to contribute to:
- keeping strategic assets in public ownership.
- managing assets including POAL and AIAL shares, strategically and prudently to optimise their long-term benefit for the region.

Funding assumptions

The funding assumptions that support the activities and financial performance of ACIL are as follows:
- ACIL is a tax paying entity
- ACIL is expected to generate surpluses and hence will not require any funding for its operations from the council
- cash surpluses generated by ACIL will be returned to the council in the form of a dividend
- The DFA portfolio managed by ACIL provides both short and long-term financial returns to the council and will be managed in accordance with the Statement of Investment Policies and Objectives. It is noted that, as a result of the 2014/2015 CCO review, responsibility for the management of the DFA portfolio was transferred to Auckland Council from 1 March 2015.

For information on ACIL's key activities in 2014/2015, see the investment group of activities in Volume 1 of this report.

For more information:
www.aucklandcouncil.govt.nz/EN/ABOUTCOUNCIL/REPRESENTATIVESBODIES/CCO/Pages/council_investments.aspx

Auckland Waterfront Development Agency Ltd

Overview

Auckland Waterfront Development Agency Ltd (Waterfront Auckland) is responsible for leading waterfront development consistent with the council's vision. Waterfront Auckland owns and manages a large portion of the Auckland waterfront from Harbour Bridge Park in the west to Teal Park in the east (excluding Ports of Auckland). Its area of influence extends as far inland as the original shoreline of 1840.

Directors

- Sir Bob Harvey (Chairperson)
- Ngarimu Blair
- Evan Davies
- Kerry Stotter
- Adrienne Young-Cooper (Deputy Chairperson)
- Christine Caughey
- Terry Kayes

Objectives

The objectives of Waterfront Auckland are to deliver:

- a public waterfront – a place for all Aucklanders and visitors to Auckland, a destination that is recognised for its outstanding design and architecture, public spaces, facilities and events; a place where we can express our cultural heritage and history, and celebrate our great achievements as a city and nation
- a working waterfront – a place for marine industries and businesses, local and international port activities; an attractor of further high value business investment and activity, the location that supports authentic and gritty waterfront activities that must be located here
- a growing waterfront – the critical location of urban transformation and renewal in Auckland, where we must demonstrate international best practice and innovation, achieve a significant lift in Auckland's and New Zealand's productivity, create the most liveable of New Zealand's central city urban communities, and encourage a vibrant mix of residents, businesses and employees, visitors and activities
- a connected waterfront – a place where people are highly connected locally and with the inner city, and to the rest of Auckland and New Zealand; a place that is highly accessible and safe for pedestrians, cyclists, and passengers, with telecommunications that support connectivity.

Waterfront Auckland strives to:

- be a successful business managed under strong commercial and financial disciplines
- be a highly innovative, sustainable organisation with skilled staff supported by efficient and robust business systems
- demonstrate excellence in operational areas with a major customer service provision e.g. marina operations, and rental and lease operations.

Auckland Waterfront Development Agency Ltd (continued)

Activities

Waterfront Auckland's activities include:

- development of spatial planning policies, concept and precinct plans
- sustainable urban renewal and development
- urban design and city building
- portfolio management (assets and property)
- project management and delivery (public spaces and private development)
- activation and place management
- development and management of marinas, wharves and water spaces.

Contribution to the council's strategies and activities

Waterfront Auckland primarily contributes to the following council strategies:

- quality built environment – developing property that delivers high-quality architecture, quality urban design and public open space, improved connections, and integration with the CBD and surrounding city
- transport choices – focusing on providing sustainable transport choices for people to access the waterfront
- thriving economy – playing a major role in growing the region's economy by making Auckland's waterfront a gateway and destination that attracts business and visitors
- outstanding natural environment – managing New Zealand's most beautiful urban waterfront, with a focus on environmental quality and strong communities. As a place maker, its role is to provide the physical and social infrastructure to provide for community needs, and to activate places and spaces enabling residents, workers and visitors to feel welcome and have a strong sense of belonging
- lifestyle choices – providing recreation and leisure opportunities in a prime CBD location through development of public open space around the waterfront, and operation and development of marina facilities and services.

Waterfront Auckland also directly contributes to the delivery of the following council groups of activities:

- commercial and investment – optimising the development and management of the waterfront assets to generate long-term commercial returns for our shareholders and economic returns for Auckland
- planning and regulation – developing and implementing strategies and plans to transform the waterfront into an area Aucklanders and visitors can enjoy and which can commercially prosper. Creating places and spaces where we can express and celebrate our cultural heritage and maritime history.

Contribution to the council's vision

The council has articulated its vision for Auckland and identified the following strategic priorities that Waterfront Auckland is expected to contribute by:

- developing and delivering a Waterfront Master Plan
- planning and delivering urban transformation projects
- activating and managing waterfront places and spaces.

Auckland Waterfront Development Agency Ltd (continued)

Funding assumptions

The funding assumptions that support the activities and financial performance of Waterfront Auckland are as follows:

- Waterfront Auckland is a tax paying entity
- operational funding for public space activities will be from the council. Operational funding for marina and commercial activities will be sourced from internal cash flows
- cash received from the sale of leases which results in operating surpluses are assumed to be used to reduce borrowing otherwise required to fund commercial activities
- public space capital works will be funded from funds available from Waterfront Auckland operations or from equity investment by the council. Capital works for commercial development will be funded by borrowing
- capital works on the marinas will be internally funded by revenue generated by the marinas to the extent possible, and any shortfall will be funded by borrowing
- from 1 July 2012, the council is able to require development contributions to fund its contribution to the total cost of growth-related capital expenditure by Waterfront Auckland.

For information on Waterfront Auckland's key activities in 2014/2015, see the economic development section in Volume 1 of this report.

For more information: www.waterfrontauckland.co.nz

Note

On 1 September 2015, Waterfront Auckland and ACPL merged to become Development Auckland Limited. This merger is the most significant result from the CCO review and is an example of how we can use the existing scale of the Auckland Council Group to provide a total urban redevelopment package.

Development Auckland Limited is designed to increase the council group's urban development capacity using regeneration and investment, and to address some of the remaining barriers to brownfield redevelopment. It will facilitate the redevelopment of urban locations (mostly town centres) to create vibrant places that accommodate more homes and businesses, and optimise parts of our property portfolio that are underused.

It will work with the private sector and other agencies to deliver these goals, aiming to achieve a balance of commercial and strategic goals. Development Auckland Limited will take over all activities provided by ACPL and Waterfront Auckland including waterfront development, the management of business interests (including quarries, waste disposal and forestry), providing commercial advice to the council, property acquisitions and disposals, and property management on the council's behalf.

Development Auckland Limited will deliver public and private development and infrastructure, including housing, with an annual operating expenditure of $70 million and $75 million revenue. It will also manage a capital budget of $430 million over 10 years.

Formation of a new CCO triggered the need for consultation and this became part of the Long-term Plan 2015-2025 process. Development Auckland Limited will be in place from September 2015.

Auckland Tourism, Events and Economic Development Ltd

Overview

Auckland Tourism, Events and Economic Development Ltd's (ATEED's) role is to support the council's vision of creating the world's most liveable city and deliver great value for money by supporting the growth of a vibrant and competitive economy, with a particular focus on facilitating new smart money and high value jobs for Auckland.

Directors

- David McConnell (Chairperson)
- Vivien Bridgwater
- Franceska Banga
- Helen Robinson
- Norm Thompson (Deputy Chairperson)
- Richard Jeffery
- Danny Chan

Objectives

ATEED has six strategic objectives that collectively articulate its role in creating the world's most liveable city, delivering on a number of key strategies to bring new money and jobs into Auckland. The six strategic objectives are:

- build a culture of innovation and entrepreneurship
- attract business and investment
- enable education and talent
- grow a skilled workforce
- grow the visitor economy
- build Auckland's brand and identity

Through these objectives ATEED can connect Auckland wide strategies (Auckland Plan, Economic Development Strategy) and ATEED's ongoing strategic interventions, growth programmes and projects.

Auckland Tourism, Events and Economic Development Ltd (continued)

Activities

ATEED works with a range of private sector and government partners to deliver on its strategic priorities. Key activities include:

- delivering the government's Regional Business Partners programme across Auckland
- delivering a suite of services and advice to small/medium-sized enterprises and start-ups with high growth potential
- development of Grid AKL, a new innovation precinct and showcase in Wynyard Quarter,
- identifying and facilitating business and investment attraction opportunities in Auckland's key industry sectors and geographic priority areas
- delivering the Aroha Auckland programme which provides post-investment support services for priority multi-national companies and international investors
- hosting the council's Youth Employment Traction Hub, and supporting the implementation of the mayor's plan to identify pathways to employment for youth
- developing and attracting the right talent to the region and keeping it here
- developing Auckland's visitor economy, including attracting high-value visitors, and facilitating the establishment of world-class attractions
- attracting business events which inject millions annually into the economy
- promoting Auckland's identity and brand story through both international and domestic tourism campaigns and the development of digital and social media channels
- continuing to expand Auckland as a world-leading events city through attracting, delivering and/or supporting an annual portfolio of more than 30 major events
- delivering World Masters Games 2017 through its subsidiary, World Masters Games 2017 Ltd.

Contribution to the council's strategies and activities

In delivering on their role, ATEED contributes to the priorities and growth goals contained in the Auckland Plan and the Auckland Council Economic Development Strategy to:

- grow a business friendly and well-functioning city
- develop an innovation hub of the Asia-Pacific rim
- become internationally connected and export driven
- enhance investment in people to grow skills and a local workforce
- develop a vibrant, creative, international city.

Auckland Tourism, Events and Economic Development Ltd (continued)

Contribution to the council's strategies and activities (continued)

ATEED directly contributes to the delivery of economic and cultural development.

Contribution to the council's vision

ATEED contributes to the vision of Auckland being the world's most liveable city through helping to deliver on four underlying outcomes as follows:

- the creation of an Auckland of prosperity and opportunity, by bringing new money and new jobs into the region
- the promotion of Auckland's Māori identity, by promoting it as one of Auckland's points
- of difference and through developing new economic opportunities with Māori business interests
- a beautiful Auckland that is loved by its people (with an emphasis on an Auckland that is loved by Aucklanders)
- a culturally rich and creative Auckland

Funding assumptions

The funding assumptions that support the activities and financial performance of ATEED are as follows:

- ATEED is a tax paying entity
- ATEED will charge a service fee to the council for undertaking its activities. The payment of the service fee will cover the cost of the day to day running expenses of ATEED
- ATEED's operating activities are primarily funded by the council. This is represented as operating funding within ATEED's revenue
- ATEED looks to generate or leverage third party revenue where it can, from services, grants and sponsorship from external private sector and central government organisations, which is used to reduce the funding requirement from the council
- Capital investments are funded primarily by the council through borrowing and reflected as assets in ATEED.

For information on ATEED's key activities in 2014/2015, see the economic development section in Volume 1 of this report.

For more information: www.businessaucklandnz.com

Regional Facilities Auckland

Overview

Regional Facilities Auckland (RFA) is responsible for providing a regional approach to running and developing Auckland's arts, culture and heritage, leisure and sport and entertainment venues including ANZ Viaduct Events Centre, Aotea Centre, Aotea Square, Auckland Art Gallery Toi o Tāmaki, Auckland Town Hall, Auckland Zoo, Bruce Mason Centre, Mt Smart Stadium, The Civic, QBE Stadium and Western Springs Stadium.

Directors

- Rt. Hon. Sir Don McKinnon (Chairperson)
- John Avery
- Geoff Clews
- Rukumoana Tira Marie Schaafhausen
- Gary Troup
- Dame Jenny Gibbs (Deputy Chairperson)
- Lisa Bates
- John Robertson
- Peter Stubbs

Objectives

The objectives of RFA include:

- to support the vision of Auckland as a vibrant city of the South Pacific, that attracts high-quality events and promotes the social, economic, environmental, and cultural well-being of its communities
- to offer experiences to improve the cultural, economic and social well-being of residents and visitors
- to contribute to the economic well-being of businesses and residents
- to operate as a successful business utilising sound business practice and commercial acumen to make sure Aucklanders receive value for investment in regional facilities.

Activities

RFA's activities include:

- management of more than $1 billion worth of major regional facilities and landmark venues across the Auckland region, including: ANZ Viaduct Events Centre, Aotea Centre, Aotea Square, Auckland Art Gallery Toi o Tāmaki, Auckland Town Hall, Auckland Zoo, Bruce Mason Centre, Mt Smart Stadium, The Civic, QBE Stadium and Western Springs Stadium
- management of the council's interests in achieving its objectives through RFA+ (regional facilities affiliated with RFA)
  - funding and property relationships with North Shore Events Centre, Stardome Observatory and Planetarium, The Trusts Arena, Vodafone Events Centre and Voyager Maritime Museum
  - advice for levy setting and governance Auckland War Memorial Museum and MOTAT
  - contractual interests in Vector Arena.

Regional Facilities Auckland (continued)

Contribution to the council's strategies and activities

RFA is expected to

- assist Auckland Council in the delivery of the Auckland Plan and its Development Strategy with the equitable provision of cultural, heritage and lifestyle opportunities in the everyday lives of Auckland's residents and visitors. This will be facilitated through RFA's management of assets and the funding decisions made by RFA to support cultural and social activities
- take a regional approach to funding and developing Auckland's arts, culture, sport and heritage sector.

RFA directly contributes to the delivery of the following council group of activities:

- lifestyle and culture – RFA will advance the social and cultural well-being of the people of the region by acting as the trusted kaitiaki (caretaker) of venues and collections that are irresistible, enriching and accessible.

Contribution to the council's vision

The council has articulated its vision for Auckland and identified the following strategic priorities that RFA is expected to contribute to:

- maintain existing collections to a high standard and develop future collections
- nurture region-wide arts, cultural and heritage activities and organisations
- encourage greater participation in arts, cultural and heritage activities
- plan for and implement regionally identified projects/functions
- act as a regional voice for arts, cultural, heritage, sport and entertainment issues
- advocate, coordinate and lead strategic thinking for investing in new collections and arts, cultural, heritage, leisure, sport and entertainment facilities for Auckland
- develop, with a regional perspective, a range of fit-for-purpose arts, cultural, heritage, leisure, sport, entertainment and events venues that are attractive to the residents and businesses of the region, and its visitors.

Funding assumptions

The funding assumptions that support the activities and financial performance of RFA are as follows:

- RFA has been approved by the Charities Commission as a charitable trust and therefore is tax exempt
- operational funding, being the funding of the day-to-day operating expenses of RFA, will be provided by the council
- RFA will generate revenue from its operations (e.g. user charges, events revenue), which will be used to reduce the operational funding requirement from the council
- funding for capital works will be provided by the council.

For information on RFA's key activities in 2014/2015, see the regional collections and amenities groups of activities in Volume 1 of this report.

For more information:
www.aucklandcouncil.govt.nz/EN/AboutCouncil/representativesbodies/CCO/Pages/regional_facilities.aspx

Watercare Services Ltd

Overview

Watercare Services Ltd (Watercare) is responsible for water and wastewater services in the Auckland region. On 1 November 2010, the company absorbed the ownership and management of local networks and the retail functions from the previous local councils. The exception is Veolia Water Services (ANZ) Pty Ltd which manages the local networks and retailing of water and wastewater in the Papakura area under a franchise agreement while Watercare owns the assets.

Directors

- David Clarke (Chairperson)
- Peter Drummond
- Susan Huria
- Tony Lanigan
- Mike Allen (Deputy Chairperson)
- Catherine Harland
- Julia Hoare
- Nicola Crauford

Objectives

Watercare's vision sets the direction for the organisation and provides a frame of reference for decision making. Watercare's vision is 'to be trusted by our communities to deliver exceptional performance every day'.
Watercare is committed to operate as a transparent, ethical service provider, delivering reliable, safe and efficient water and wastewater services.

Activities

Watercare's activities include the:

- collection, treatment and distribution of drinking water to the people of Auckland
- collection, treatment and disposal of wastewater for the people of Auckland
- transfer, treatment and disposal of trade waste
- provision of laboratory services in support of Watercare's business activities and the business community.

Contribution to the council's strategies and activities

As the regional provider of water and wastewater services, Watercare plays an important role in the health, prosperity and well-being of Auckland communities.

The company has a sound record as a good corporate citizen, committed to the delivery of cost-effective services that consider the social, economic and environmental impacts of decisions as well as transparent and accountable reporting.

Watercare collaborates and works closely with other stakeholders to ensure community-focused outcomes are achieved. Watercare participates in regional planning processes to ensure the infrastructure needs of the region are well understood and appropriately integrated into regional plans, ensuring the current and future social economic and environmental needs of the community can be met in the most cost-effective way.

Watercare Services Ltd (continued)

Contribution to the council's strategies and activities (continued)

Watercare primarily contributes to the following council strategies:

- outstanding natural environment – Watercare contributes to enhancing Auckland's unique natural environment, including its harbours, waterways and beaches through the effective transport and treatment of wastewater
- strong communities – Watercare contributes to safe communities by providing safe drinking water, promoting efficient water use, and protecting waterways and the environment.

Watercare directly contributes to the delivery of the following council groups of activities:

- water supply and wastewater – Watercare is responsible for providing safe, healthy drinking water and high-quality wastewater services that are economically viable, environmentally sound, sustainable and responsive to customer needs.

Contribution to the council's vision

The Auckland Plan sets out 13 strategic directions that will help Auckland achieve the mayor's vision. Watercare contributes directly to several of these strategic directions. That is to:

- plan, deliver and maintain quality infrastructure to make Auckland liveable and resilient
- enable Māori aspirations through recognition of the Treaty of Waitangi and customary rights
- acknowledge that nature and its people are inseparable
- contribute to tackling climate change and increasing energy resilience.

Funding assumptions

The funding assumptions that support the activities and financial performance of Watercare are as follows:

- Operational funding, being the funding of day-to-day operating expenses of Watercare, will be sourced from revenue.
- Renewal capital expenditure will be funded from revenue. Growth based capital expenditure will be funded by Infrastructure Growth Charges (IGC) and debt. Service level based capital expenditure will be funded by debt.
- Watercare is prohibited from paying a dividend.
- All water and wastewater activities are funded directly through Watercare revenues from 1 July 2012.

For information on Watercare's key activities in 2014/2015, see the water supply and wastewater groups of activities in Volume 1 of this report.

For more information: www.watercare.co.nz

Section 4: Auditor-General's report

OFFICE OF THE AUDITOR-GENERAL
Te Mana Arotake

Independent Auditor's Report

To the readers of Auckland Council and Group's annual report for the year ended 30 June 2015

I have used my staff and resources, and appointed auditors and their staff to audit:

- the financial statements of Auckland Council and Group that comprise:
  - the statements of financial position as at 30 June 2015 in Volume 3 on page 11;
  - the statement of comprehensive revenue and expenditure, statement of changes in equity and statement of cash flows for the year ended 30 June 2015 in Volume 3 on page 10 and pages 12 to 13;
  - the funding impact statement of the Auckland Council Group in Volume 1 on page 87;
  - the statements about budgeted and actual capital expenditure in relation to each group of activities of the Auckland Council Group in Volume 1 on pages 89 to 259; and
  - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements in Volume 3 on pages14 to 76 and pages 91 to 93;
- the statement of service provision (referred to as the statements of non-financial performance) of the Auckland Council Group and the funding impact statements in relation to each statement of non-financial performance of the Auckland Council Group in Volume 1 on pages 89 to 259;
- the local board reports required by clause 34A of schedule 10 of the Local Government Act 2002 in Volume 2 on pages12 to 274; and
- the disclosures of the Auckland Council Group that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 in Volume 3 on pages 94 to 104.

In addition, I report on whether the Auckland Council and Group's annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
  - internal borrowing in Volume 3 on page 81;
  - council-controlled organisations in Volume 3 on pages 106 to 124;
  - reserve funds in Volume 3 on page 80;

Auditor-General's report (continued)

- each statement of non-financial performance carried out by the Auckland Council Group in Volume 1 on pages 89 to 259;
- remuneration paid to the elected members and certain employees of the Auckland Council in Volume 3 on pages 82 to 88;
- employee staffing levels and remuneration in Volume 3 on pages 88 to 90;
- severance payments in Volume 3 on page 90;
- rating base units in Volume 3 on page 81; and
- insurance of assets in Volume 3 on page 81;

- a report on the activities undertaken by the Auckland Council Group to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes in Volume 1 on pages 44 to 48; and
- a statement of compliance signed by the Mayor of the Council, and by the Auckland Council's Chief Executive in Volume 3 on page 7.

Opinion

Audited information

In my opinion:

- the financial statements of the Auckland Council and Group in Volume 3 on pages 10 to 76 and pages 91 to 93:
  - present fairly, in all material respects:
    - the Auckland Council and Group's financial position as at 30 June 2015;
    - the results of its operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand.
- the funding impact statement of the Auckland Council Group in Volume 1 on page 87, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Auckland Council Group's annual plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the Auckland Council Group in Volume 1 on pages 89 to 259, present fairly, in all material respects, by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the Auckland Council Group's long-term plan or annual plan.
- the statement of non-financial performance of the Auckland Council Group in Volume 1 on pages 89 to 259:
  - presents fairly, in all material respects, the Auckland Council Group's levels of service for the year ended 30 June 2015, including:

Auditor-General's report (continued)

        - the levels of service as measured against the intended levels of service adopted in the long-term plan;
        - the reasons for any significant variances between the actual service and the expected service; and
    - complies with generally accepted accounting practice in New Zealand.

- the funding impact statements in relation to each group of activities of the Auckland Council Group in Volume 1 on pages 89 to 259, present fairly, in all material respects, by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Auckland Council Group's long-term plan.
- the disclosures in Volume 3 on pages 78 to 124 represent a complete list of required disclosures and accurately reflects the information drawn from Auckland Council Group's audited information.

Compliance with the other requirements of schedule 10

The Auckland Council Group's annual report complies with the Other Requirements of schedule 10 that are applicable to the annual report.

My audit was completed on 24 September 2015. This is the date at which my opinion is expressed.

The basis of my opinion is explained below. In addition, I outline the responsibilities of the Council and my responsibilities, and explain my independence.

Basis of opinion

Using my staff and appointed auditors and their staff, I have carried out my audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that I comply with ethical requirements and plan and carry out my audit to obtain reasonable assurance about whether the information I audited is free from material misstatement.

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

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information I audited. The procedures selected depend on the judgements of my staff and appointed auditors and their staff, including my assessment of risks of material misstatement of the information I audited, whether due to fraud or error. In making those risk assessments, I consider internal control relevant to the Auckland Council and Group's preparation of the information I audited in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Auckland Council and Group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;

Auditor-General's report (continued)

- the adequacy of the disclosures in the audited information;
- determining the appropriateness of the reported statements of non-financial performance within the Council's framework for reporting performance; and
- the overall presentation of the audited information.

My staff and appointed auditors and their staff did not examine every transaction, nor do I guarantee complete accuracy of the information I audited.

When reporting on whether the annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, my procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information I audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements. As a result, I do not express an audit opinion on the Auckland Council's compliance with the requirements of schedule 10.

I did not evaluate the security and controls over the electronic publication of the information I am required to audit and report on. I believe I have obtained sufficient and appropriate audit evidence to provide a basis for my audit opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and statements of non-financial performance that:
  - comply with generally accepted accounting practice in New Zealand;
  - present fairly the Auckland Council and Group's financial position, financial performance and cash flows; and
  - present fairly its service performance, including achievements compared to forecast;
- a funding impact statement that presents fairly the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Auckland Council Group's annual plan;
- funding impact statements in relation to each group of activities that presents fairly by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Auckland Council Group's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that presents fairly by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the Auckland Council Group's long-term plan or annual plan;
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- the other information in accordance with the other requirements of schedule 10 of the Local Government Act 2002.

Auditor-General's report (continued)

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Auckland Council) Act 2009.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

Responsibilities of the Auditor

I am responsible for expressing an independent opinion on the information I am required to audit, and whether the Council has complied with the Other Requirements of schedule 10, and reporting that opinion to you. My responsibility arises under section 15 of the Public Audit Act 2001.

Independence

When carrying out this audit, which includes our report on the Other Requirements, my staff and my appointed auditors and their staff followed my independence requirements, which incorporate the independence requirements of the External Reporting Board. In addition to this audit I have carried out a range of other assurance and tax consultancy assignments.

Other than this audit, which includes our report on the Other Requirements and the other assurance and tax assignments, I have no relationship with or interests in Auckland Council or any of its subsidiaries.

Lyn Provost
Auditor-General
Wellington, New Zealand

Section 5: Other disclosures

Summary of waivers granted by NZX

For the purposes of NZX Listing Rule 10.4.5(f), Auckland Council (the council) discloses that NZX has granted it various waivers, being waivers related to:

Listing Rule 5.1.2(j) (decision published by NZX on 26 August 2010)
Listing Rule 5.2.3, 6.3.2 and 11.1.1 (decision published by NZX on 10 December 2012)
Listing Rule 5.2.3 being extensions of the original waiver granted by NZX on 10 December 2012 (decisions published by NZX on 18 December 2013 and 18 December 2014)
Listing Rule 5.2.3 (decision published by NZX on 11 March 2014)
Listing Rule 5.2.3 extension of the original waiver granted by NZX on 11 March 2014 (decision published on 12 March 2015)
Listing Rule 5.2.3 (decision published by NZX on 9 March 2015)
Listing Rule 10.4.1(b) and 10.4.4 (decision published by NZX on 3 October 2014)
Listing Rule 3.2.1(d) (decision published by NZX on 3 March 2015)

Listing Rule 5.1.2(j)

Listing Rule 5.1.2(j) requires the directors of an issuer to provide NZX with an acknowledgement that they will use their best endeavours to ensure compliance by the issuer with the Listing Rules. NZX granted the council a waiver from Listing Rule 5.1.2(j) to allow two councillors of the council who have been approved by NZX, to provide the required acknowledgement rather than all of the councillors of the council. NZX considered the waiver appropriate given the difference in the governance framework and application of the principle of collective responsibility applying to the council.

Listing Rule 5.2.3

Listing Rule 5.2.3 requires a class of securities to be held by at least 500 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. In December 2010, NZX granted the Group a waiver from Listing Rule 5.2.3 to allow the Group to have fewer than 500 bondholders who are members of the public for a period of one year from the quotation date of its initial offer of new bonds (which are part of a series of bond offers under its bond programme). NZX considered the waiver appropriate given the waiver decision and its implications will be disclosed in the offer documentation and that debt securities are not subject to the same degree of trading activity as equity securities. This initial waiver was extended in December 2013 and December 2014, each for a further period of 12 months, on the basis that it be disclosed in the Group's half-year and annual reports and NZX is notified of any material change to the spread of the bonds.

In March 2014, NZX granted the Group a further waiver from Listing Rule 5.2.3 in respect of a further issue of new bonds under its bond programme. The basis for this waiver was similar to the December 2010 waiver, and that debt securities are not subject to the same degree of trading activity as equity securities. This waiver was extended in March 2015 for a further year on the basis that the waiver was disclosed in the Group's half-year and annual reports and NZX is notified of any material change to the spread of the bonds.

In March 2015, NZX granted the Group a further waiver from Listing Rule 5.2.3 in respect of a further issue of new fixed-rate bonds under its bond programme. The basis for this waiver was the same as the other waivers outlined above.

Summary of waivers granted by NZX (continued)

Listing Rule 6.3.2

NZX granted waivers from Listing Rule 6.3.2 in respect of an offer of new bonds under the bond programme, to increase the period after which a notice sent to a bondholder (who is overseas and who has no address for service in New Zealand) is deemed to be received by that bondholder, from 24 hours to one business day after the time of posting. This one business day period is consistent with the provisions of the trust deed governing the bonds. NZX considered the waiver appropriate as it did not disadvantage bondholders.

Listing Rule 11.1.1

NZX granted the Group a waiver from Listing Rule 11.1.1, in respect of an offer of new bonds under the bond programme to enable the Group to:
- decline to accept or register a transfer of bonds if such transfer would result in the transferor holding or continuing to
- hold bonds with a principal amount of less than $5,000 (which is the minimum holding for the bonds)
- restrict the transfer of bonds to minimum amounts of $1,000 and multiples thereof.

The terms of the bonds define the minimum holding and the restrictions on the transfer of the bonds.

Listing Rules 10.4.1(b) and 10.4.4

Listing Rules 10.4.1(b) and 10.4.4 requires an issuer to make available to security holders an annual report or half-year report by sending to security holders a copy of the annual report or a notice containing the statements referred to in section 209(3) of the Companies Act 1993. NZX granted the Group a waiver from Listing Rules 10.4.1(b) and 10.4.4 to the extent that these Rules require the Group to send to security holders a copy, or a notice that they can request a copy, of its annual report. The waiver was granted on the condition that:
- security holders may request copies of the Group's audited consolidated financial statements (which must include certain other prescribed information under Listing Rule 10.4.5)
- the Group's most recent annual report and half-year report are available in electronic format on the Group's website and the annual report continues to be made available in hard copy at specific public locations

NZX considered the waiver appropriate given the different reporting obligations imposed on the Group under the Local Government Act 2002, which exceed those required under the Rules.

Listing Rule 3.2.1(d)

Listing Rule 3.2.1(d) requires that every trust deed governing debt securities shall provide that a meeting of security holders shall be called on a requisition in writing signed by holders of not less than 10% of the amount of the securities for the time being outstanding. NZX granted the Group a waiver from Listing Rule 3.2.1(d) on the basis that the Group's trust deed governing the issue of debt securities under the bond programme shall be called on a requisition in writing signed by holders of not less than 5% of the nominal value of the securities for the time being outstanding. NZX considered the waiver appropriate given the 5% threshold affords a greater level of protection to investors and aligns with the requirements of the Financial Markets Conduct Act 2013.

Summary of waivers granted by NZX (continued)

Spread of public bondholders at 3 August 2015

Holding range	Number of bondholders	Value held	Percentage of bonds held
2,000 to 4,999	2	$4,000	-
5,000 to 9,999	221	1,297,000	0.13
10,000 to 49,999	1,970	42,536,000	4.17
50,000 to 99,999	491	28,804,000	2.82
100,000 to 499,999	374	65,746,000	6.44
500,000 to 999,999	45	26,881,000	2.63
1,000,000 +	107	855,524,000	83.81
Total	**3,210**	**1,020,792,000**	**100.00**

Other exchange listings

In addition to NZX, Auckland Council Group also has foreign bonds listed on the following exchanges:

- Swiss Exchange
- Singapore Stock Exchange.

The Swiss Exchange requires a summary of main differences between IFRS and PBE Accounting Standards to be provided. The key differences are highlighted on the following pages.

Main differences between IFRS and PBE Accounting Standards

Introduction

Under the New Zealand Accounting Standards Framework, public sector public benefit entities (PBEs) have to transition to PBE Accounting Standards for periods beginning on or after 1 July 2014. The New Zealand Accounting Standards Framework defines public benefit entities as reporting entities "whose primary objective is to provide goods or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for a financial return to equity holders". Many public sector entities are classified as PBEs. Auckland Council Group (the Group) is classified as a public sector PBE for financial reporting purposes and therefore the financial statements of the Group have been prepared in accordance with PBE Accounting Standards.

The Group has transitioned to the PBE Standards in the current financial year. The Group has prepared its first annual financial statements in accordance with PBE Accounting Standards for the year ending 30 June 2015 with comparative information restated as if the Group had always applied PBE Accounting Standards. Prior to the transition, the financial statements of the Group were prepared in accordance with New Zealand Equivalents to International Financial Reporting Standards (IFRS) as applicable to PBEs (NZ IFRS PBE). These standards were based on IFRS with modifications and exemptions from certain requirements of IFRS. The impact of the transition on the Group's financial position and financial performance is outlined in note 2 of the financial statements attached.

The PBE Accounting Standards are mainly based on International Public Sector Accounting Standards (IPSAS). IPSAS are based on IFRS but adapted to a public sector context where appropriate by using more appropriate terminology and additional explanation where required. For example, IPSAS introduces the concept of service potential in addition to economic benefits in the asset recognition rules, and provides more public sector specific guidance where appropriate. This is in contrast with IFRS that are written for the for-profit sector with capital markets in mind.

Set out below are the key differences in recognition and measurement between PBE Accounting Standards applicable to the Group and IFRS (issued as at 31 December 2014 and applicable to annual periods beginning on or after 1 July 2014). Differences that impact only on presentation and disclosure have not been identified.

Formation of Auckland Council Group

PBE Accounting Standards

PBE IFRS 3 Business Combinations contains a scope exemption for business combinations arising from local authority reorganisations. This scope exemption is carried forward in NZ IFRS 3 (PBE) Business Combinations, the standard that was applicable to the Group at the time it was formed on 1 November 2010 as a result of the amalgamation of eight predecessor Auckland local authorities. Under the exemption, all assets and liabilities of the predecessor local authorities were recognised by the Group using the predecessor values of those assets and liabilities. The initial value at which those assets and liabilities were recognised by the Group is deemed to be their cost for accounting purposes.

IFRS

Without the scope exemption, the dissolution of the predecessor local authorities into the Group would have been accounted for as a business combination under IFRS 3 applying the acquisition method. Under the acquisition method, an acquirer would have been identified and all of the identifiable assets and liabilities of the acquired predecessor local authorities assumed by the acquirer would have been recognised at fair value as at the date of acquisition.

Main differences between IFRS and PBE Accounting Standards (continued)

Formation of Auckland Council Group (continued)

Impact

The impact of the above accounting treatment of the 2010 local authority reorganisation is that the carrying value of the assets and liabilities received as part of the reorganisation were not remeasured to fair value and no additional assets and liabilities such as goodwill and contingent liabilities were recognised as would have been required if the transaction is accounted for as a business combination under IFRS 3.

PBE Accounting Standards that have no IFRS equivalent

Revenue from non-exchange transactions

PBE Accounting Standards

The PBE Accounting Standards require revenue to be classified as revenue from exchange or non-exchange transactions. Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange. Non-exchange transactions are transactions that are not exchange transactions.

PBE IPSAS 23 Revenue from Non-Exchange Transactions deals with revenue from non-exchange transactions. The Group’s non-exchange revenue includes revenue from general rates and grants and subsidies received. Fees and user charges derived from activities that are partially funded by general rates are also considered to be revenue arising from non-exchange transactions.

The Group recognises an inflow of resources from a non-exchange transaction as revenue except to the extent that a liability is also recognised in respect of the same inflow. A liability is recognised when a condition is attached to the grant that requires the grant to be returned unless it is consumed in the specified way. As the conditions are satisfied, the liability is reduced and revenue is recognised.

IFRS

IFRS does not contain a specific standard that deals with revenue from non-exchange transactions. IAS 20 Accounting for Government Grants and Disclosure of Government Assistance contains guidance relating to the accounting for government grants. Under IAS 20, government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises expenses for the related costs for which the grants are intended to compensate. In the case of grants related to assets, IAS 20 results in setting up the grant as deferred income or deducting it from the carrying amount of the asset.

Main differences between IFRS and PBE Accounting Standards (continued)

PBE Accounting Standards that have no IFRS equivalent (continued)

Revenue from non-exchange transactions (continued)

Impact

Compared to IAS 20, the Group's accounting policy may lead to earlier recognition of revenue from non-exchange transactions; and may also result in differences in asset values in relation to grants related to assets.

As a result of adopting PBE IPSAS 23, the timing of recognising the Group's rates revenue has changed to recognise annual general rates revenue as at the date of issuing the rating notices for the annual general rate charge. This is contrary to the Group's previous accounting policy under NZ IFRS PBE to recognise general rates revenue progressively throughout the annual period. The impact of this change has increased the reported revenue and net assets in the interim financial statements of the Group as outlined in more detail in note 3 of these interim financial statements. The change to the Group's accounting policy relating to general rates revenue recognition has minimal impact on the revenue and net assets reported in the Group's annual financial statements.

Service Concession Arrangements (Public Private Partnership Arrangements)

PBE Accounting Standards

PBE IPSAS 32 Service Concession Arrangements deals with the accounting for service concession arrangements from the grantor's perspective. Service concession arrangements are more commonly known as Public Private Partnership (PPP) arrangements. Broadly, service concession arrangements are arrangements between the public and private sectors whereby public services are provided by the private sector using public infrastructure (service concession asset).

PBE IPSAS 32 requires the grantor (public entity) to recognise the service concession asset and a corresponding liability on its balance sheet. The liability can be a financial or other liability or a combination of the two depending on the nature of the compensation of the operator. A financial liability is recognised if the grantor compensates the operator by the delivery of cash or another financial asset. A non-financial liability is recognised if a right is granted to the operator to charge the users of the public service related to the service concession asset (liability for unearned revenue).

IFRS

IFRS contains no specific guidance addressing the accounting by the grantor (public entity) in a service concession arrangement. However IFRS contains guidance for the operator's accounting (private entity) and NZ practice has been for the grantor (public entity) to 'mirror' the accounting treatment of the private entity.

Impact

Applying IFRS to service concession arrangements would not result in a significant impact on the Group's financial position or financial performance as, in absence of specific guidance in NZ IFRS, NZ practice has been to 'mirror' the accounting treatment of the private entity under IFRS which is consistent with the requirements of the PBE Accounting Standards.

Main differences between IFRS and PBE Accounting Standards (continued)

PBE Accounting Standards with comparable IFRS equivalent

Property, Plant and Equipment

PBE Accounting Standards

Under PBE IPSAS 17 Property, Plant and Equipment, PBEs are required to account for revaluation increases and decreases on an asset class basis rather than on an asset by asset basis.

IFRS

IFRS requires asset revaluation decreases to be recognised in operating surplus except to the extent there is sufficient asset revaluation reserves surplus relating to the same asset.

Impact

This could result in lower operating results under IFRS where there is a decrease in the carrying value of an asset. This is because, to the extent that there is sufficient revaluation surplus in respect of the same asset class (as opposed to the same asset), the Group recognises a revaluation decrease in asset revaluation reserves.

Borrowing Costs

PBE Accounting Standards

PBE IPSAS 5 Borrowing Costs permits PBEs to either capitalise or expense borrowing costs incurred in relation to qualifying assets. A qualifying asset is defined in PBE IPSAS 5 "*as an asset that necessarily takes a substantial period of time to get ready for its intended use or sale"*. The Group's accounting policy is to expense all borrowing costs. As a consequence, borrowing costs on qualifying assets are expensed and are not built into the original costs or revaluations of physical assets.

IFRS

IAS 23 Borrowing Costs requires capitalisation of borrowing costs incurred in relation to a qualifying asset. The definition of a qualifying asset is identical to that definition in PBE IPSAS 5.

Impact

This difference between the Group's accounting policy to expense all borrowing costs under PBE IPSAS 5 and the IAS 23 requirement to capitalise all borrowing costs results in the Group's property, plant and equipment value, and subsequent depreciation expense, being lower than those would be under IFRS. In addition, there is higher interest expense in the periods in which construction costs on qualifying assets are incurred.

Impairment of Assets

PBE Accounting Standards

To determine whether a non-financial asset is impaired, an entity applies PBE IPSAS 21 Impairment of Non-Cash-Generating Assets or PBE IPSAS 26 Impairment of Cash-Generating Assets, as appropriate. PBEs are therefore required to designate non-financial assets as either cash-generating or non-cash-generating. Cash-generating assets are those that are held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

The PBE Accounting Standards require the value in use of non-cash-generating assets to be determined as the present value of the remaining service potential using one of the following either the depreciated replacement cost approach; the restoration cost approach; or the service units approach.

Main differences between IFRS and PBE Accounting Standards (continued)

PBE Accounting Standards with comparable IFRS equivalent (continued)

Impairment of Assets (continued)

Under the PBE Accounting Standards property, plant and equipment measured at fair value is not required to be reviewed and tested for impairment.

IFRS

IFRS does not provide specific guidance for the impairment of non-cash-generating assets.

The value in use of an asset or a cash generating unit is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

The guidance in IAS 36 Impairment of Assets applies to all property, plant and equipment, including those measured at fair value.

Impact

Assets whose future economic benefits are not primarily dependent on the asset's ability to generate cash and which might not be impaired under PBE Accounting Standards might be impaired under IFRS due to limited generation of cash flows. The Group asset values may therefore be higher than under IFRS because some impairments may not be required under PBE Accounting Standards when impairment would be recognised under IFRS.

The use of different methods may result in differences in the amount of value in use.

The fact that property, plant and equipment measured at fair value is not required to be reviewed and tested for impairment under the PBE Accounting Standards has no significant impact because these assets are subject to sufficiently regular revaluations to ensure that their carrying amount does not differ materially from fair value.

PBE Accounting Standards where the IFRS equivalent is not comparable

The following standards provide guidance on the same topic but are not directly comparable. The comparison below identifies the key recognition and measurement differences.

Consolidated Financial Statements

PBE Accounting Standards

PBE IPSAS 6 Consolidated and Separate Financial Statements includes guidance on assessing control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and specifies the accounting treatment for interests in other entities in the separate parent financial statements.

IFRS

IFRS 10 Consolidated Financial Statements contains guidance on assessing control based on principles similar to those in PBE IPSAS 6 and provides additional guidance to assist in the determination of control where this is difficult to assess. IAS 27 Separate Financial Statements specifies the accounting treatment for interests in other entities in the separate parent financial statements.

Main differences between IFRS and PBE Accounting Standards (continued)

PBE Accounting Standards where the IFRS equivalent is not comparable (continued)

Consolidated Financial Statements (continued)

Impact

The Group does not believe that the application of IFRS 10 would result in more or fewer entities being consolidated than under PBE IPSAS 6.

Joint Arrangements

PBE Accounting Standards

PBE IPSAS 8 Joint Ventures defines three types of joint ventures: jointly controlled assets, jointly controlled operations and joint ventures.

IFRS

IFRS 11 Joint Arrangements focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures.

Impact

The Group does not believe that the application of IFRS 11 would result in a material change to the Group’s results and net assets.

Fair Value Measurement

PBE Accounting Standards

There is no specific standard in the PBE Accounting Standards, however a number of PBE Accounting Standards contain guidance on the measurement of fair value in specific context (for example PBE IPSAS 29 Financial Instruments: Recognition and Measurement).

IFRS

IFRS 13 Fair Value Measurement does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

Impact

It is possible that the application of IFRS 13 may result in differences in the measurement of certain financial assets and liabilities compared to PBE IPSAS 29.

Main differences between IFRS and PBE Accounting Standards (continued)

PBE Accounting Standards where the IFRS equivalent is not comparable (continued)

Employee Benefits

PBE Accounting Standards

PBE IPSAS 25 Employee Benefits is based on IPSAS 25. IPSAS 25 is based on IAS 19 Employee Benefits (2004).

IFRS

IAS 19 Employee Benefits (2011) introduces changes to the recognition, measurement, presentation and disclosure of post-employment benefits compared to IAS 19 (2004). The standard also requires net interest expense/income to be calculated as the product of the net defined benefit liability/asset and the discount rate as determined at the beginning of the year.

Impact

The Group has no defined benefit obligations and therefore there is no impact on its financial performance and financial position.

Appendices

Glossary

activity	the goods or services the council provides.
advisory panels	identify and communicate to the council the interests and preferences relating to the specific portfolio of the panel. There are currently 10 panels: • Business Leadership Group • CBD Advisory Board • Disability Strategic Advisory Panel • Digital Leadership Forum • Ethnic Peoples Advisory Panel • Heritage Advisory Panel • Pacific Peoples Advisory Panel • Rural Advisory Panel • Seniors Advisory Panel • Youth Advisory Panel
amortisation	the systematic allocation of the value of an intangible asset over its useful life.
annual plan	the plan that sets out what the council will be working to achieve in a financial year, how it will spend its money, the level of service to be provided, and the level of rates and other revenue required to fund that spending.
annual report	a document that tracks the council's yearly performance and reports against the relevant annual plan.
asset	an item of value, usually of a physical nature, that has a useful life of more than 12 months and has future economic benefits over a period of time. Infrastructural assets provide the basic facilities, services and installations needed for a community or society to function, such as stormwater drainage pipes. Non-infrastructural assets are the organisation's other assets that provide either administrative or operational functions, such as computer software.
associates	entities that the council or Group owns a share of but does not control. Our share of the associates' surplus/deficit and net assets is recorded in the Group financial statements. The council's associates are Auckland International Airport Ltd (22 per cent), Auckland Film Studios Ltd (44 per cent) and United Containers Ltd (27 per cent).
Auckland Council	the local government of Auckland established on 1 November 2010. The council is made up of the governing body, 21 local boards and the council organisation (operational staff).
Auckland Council Group	the Group consists of the council, and its subsidiaries, associates and joint ventures.

Glossary (continued)

Auckland Plan	a 30-year plan for Auckland. Required by the legislation that established Auckland Council, it is a comprehensive long-term strategy for Auckland's growth and development, and includes social, economic, environmental and cultural goals that support the vision for Auckland to become the world's most liveable city.
budget	the itemised estimate of expected revenue and expenditure for a given period.
capital expenditure (capex)	spending on buying or building new assets and renewing current assets.
capitalised interest	the borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are capital projects that span more than one financial year and require funding of more than $2 million, added to the cost of those assets, until such time as the assets are substantially ready for their intended use.
City Rail Link (CRL)	a proposed rail project in central Auckland designed to connect the Britomart Transport Centre with the Western Line at Mt Eden Railway Station.
community outcomes	the things the community thinks are important for its current or future social, economic, environmental or cultural well-being. These outcomes are used to help set priorities in the council's 10-year plan.
council-controlled organisation (CCO)	a company or other entity under the control of local authorities through their shareholding of 50 per cent or more, voting rights of 50 per cent or more, or right to appoint 50 per cent or more of the directors. Some organisations may meet this definition but are exempted as council-controlled organisations.
deferred capital projects	capital projects originally planned in previous years, but which have been delayed.
depreciation	the charge representing consumption or use of an asset, assessed by spreading the asset's value over its estimated economic life. Depreciation includes amortisation of intangible assets unless otherwise stated.
development contributions	contributions from developers, collected to help fund new infrastructure required by growth, as set out in the Local Government Act 2002. Development contributions include financial contributions.

Glossary (continued)

fair value	essentially reflects the market value of assets or liabilities.
governing body	the governing body is made up of the mayor and 20 councillors. It shares its responsibility for decision-making with the local boards. It focuses on the big picture and on region-wide strategic decisions. Because each ward may vary in population, some wards have more than one councillor.
grants and subsidies	revenue received from an external agency to help fund an activity or service that the council provides.
gross operating expenditure	total expenditure without deductions of depreciation and finance costs.
Independent Māori Statutory Board (IMSB)	an independent board established by legislation to promote and advise Auckland Council on cultural, economic, environmental and social issues of significance for mana whenua groups and mataawaka of Tāmaki Makaurau. It also ensures that the council acts in accordance with statutory provisions referring to the Treaty of Waitangi.
joint ventures	contractual arrangements whereby the council or Group undertakes an economic activity that is subject to joint control or an interest in an entity with an external party. The council's joint ventures are Waste Disposal Services (50 per cent) which is accounted for as a joint venture; Araparera Forestry (70 per cent) which is accounted for as a joint venture; North Tugz Ltd (50 per cent) and Seafuels Ltd (50 per cent) in which the shareholder agreements do not provide control.
legacy councils	the eight former territorial authorities in the Auckland region that were disestablished on 31 October 2010. They comprise Auckland City Council, Auckland Regional Council, Franklin District Council, Manukau City Council, North Shore City Council, Papakura District Council, Rodney District Council, Waitakere City Council.
local boards	local boards represent their local communities and make decisions on local issues, activities and facilities. There are 21 local boards which share responsibility for decision-making with the governing body.
local board agreement	an annual agreement between the governing body and each local board outlining its priorities and preferences in its local board plan for the year.
local board plan	a plan that reflects the priorities and preferences of the communities within the local board area in respect of the level and nature of local activities to be provided by the council over the following three years.
Local Government Act 2002 (LGA 2002)	the act that defines the powers and responsibilities of territorial local authorities such as the council.

Glossary (continued)

Local Government (Financial Reporting and Prudence) Regulations 2014	the act promoting prudent financial management by local authorities requiring disclosure of performance in relation to benchmarks as a single entity and not including subsidiaries. Auckland Council must disclose, in its disclosure statements, its performance and that of its subsidiaries as a single entity.
Local Government (Rating) Act 2002 (LGRA)	defines how territorial local authorities such as Auckland Council can assess and apply their rating policy.
Local Government Commission	an independent statutory body whose main role is to make decisions on the structure and representation requirements of local government in New Zealand.
Local Government Funding Agency	an organisation jointly owned by most local authorities in New Zealand and the Crown to borrow on behalf of the sector
long-term plan	also commonly referred to as the LTP and the 10-year plan. This sets out the council's vision, activities, projects, policies, and budgets for a 10-year period.
operating expenditure (opex)	expenditure resulting from normal business operations.
performance measures	methods for gauging progress towards the meeting of objectives. Measures usually relate to agreed levels of performance and types of services provided.
Proposed Auckland Unitary Plan (PAUP)	The Unitary Plan has to go through a hearing process before it is adopted by the council.
rates	a charge against the property to help fund services and assets the council provides.
The Southern Initiative (TSI)	a plan that identifies stable housing, job growth, skills development and environmental enhancement in south Auckland.
spatial plan	known as the Auckland Spatial Plan, or simply as the Auckland Plan.
subsidiaries	entities over which the council and Group have the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

Glossary (continued)

substantive CCO	a CCO that is either responsible for the delivery of a significant service or activity on behalf of Auckland Council, or that owns or manages assets with a value of more than $10 million.
Unitary Plan	replaces the existing Regional Policy Statement and 13 district and regional plans.
vested assets	infrastructural assets transferred to the council by developers.
ward	an administrative and electoral area of the council. There are 13 in the Auckland Council's area.

Acronyms

ACIL	Auckland Council Investments Ltd
ACPL	Auckland Council Properties Ltd
AIAL	Auckland International Airport Ltd
AMETI	Auckland Manukau Eastern Transport Initiative
ATEED	Auckland Tourism Events and Economic Development Ltd
CCO	Council-controlled organisation
HPO	Housing Project Office
IMSB	Independent Māori Statutory Board
LTP	Long-term Plan
NZTA	New Zealand Transport Agency
RFA	Regional Facilities Auckland
SH	State highway
SHA	Special Housing Area
UAGC	Uniform Annual General Charge

HEI KITENGA I TE KATOA O TE PŪRONGO Ā TAU

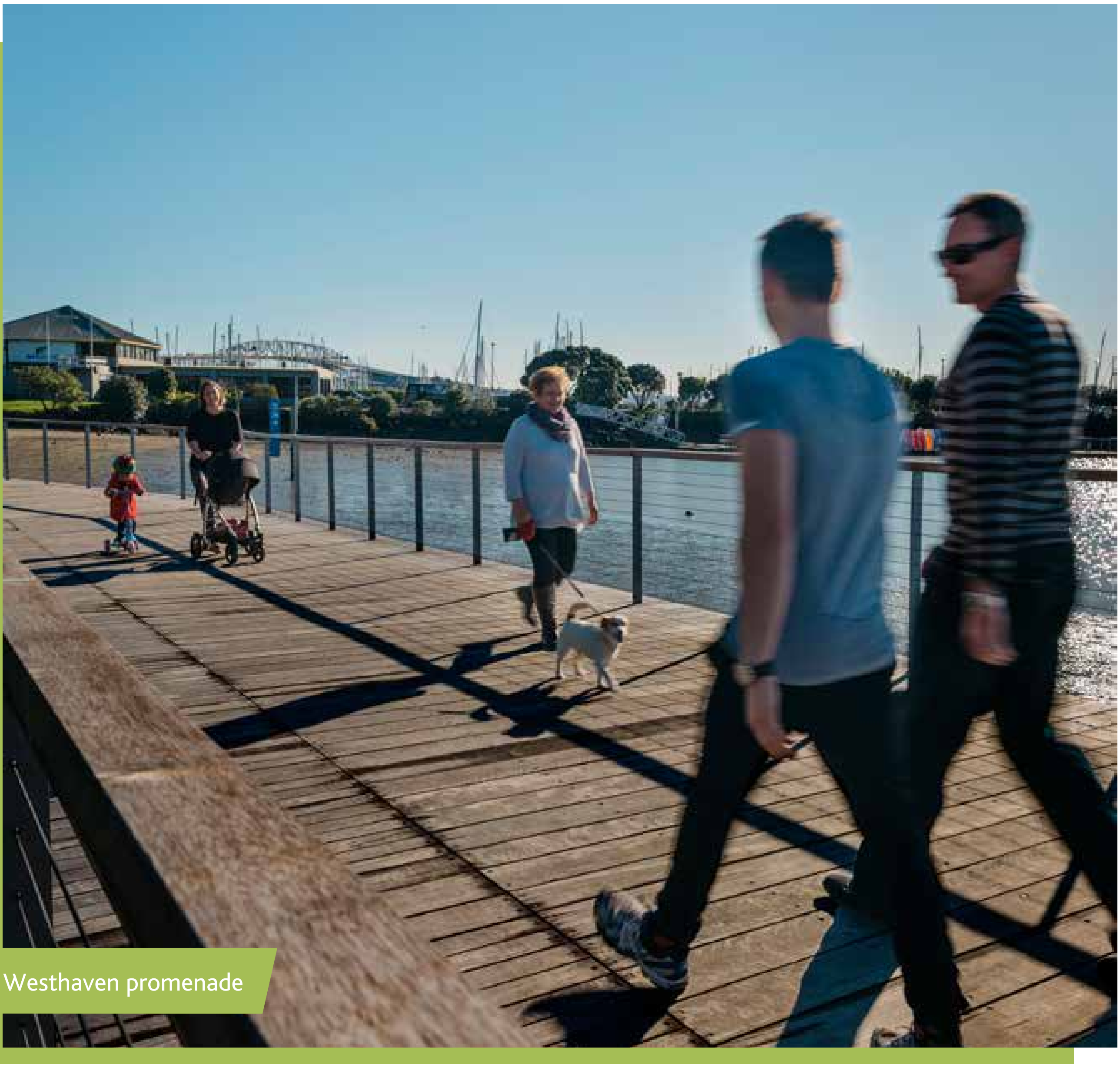
Where to find the full annual report 2014/2015

You can find the full printed report at all:

- Auckland libraries
- service centres
- local board offices.

You can find the full annual report on our website:

www.aucklandcouncil.govt.nz/annualreport



Westhaven promenade

PEHEA TE WHAKAPĀ MAI KI TE KAUNIHERA

How to contact the council

We can help you 7 days a week, 24 hours a day.

Telephone	09 301 0101 (toll-free for residential landlines within Auckland Council boundaries. Note that toll-free calls are not allowed by all service providers)
In person	At our customer service centres
Via our website	Using our online form at aucklandcouncil.govt.nz
Fax	09 301 0100
By post	Auckland Council Private Bag 92300 Auckland 1142
By courier	Mail room Auckland Council Basement Level B1 135 Albert Street Auckland 1010

Customer service call centre

ISBN 978-0-908320-87-5 (print) 978-0-908320-88-2 (online)