



Auckland Waterfront Development Agency Limited  
(Waterfront Auckland)

2015 Annual Report

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## Chairman's / Chief Executive's Introduction

Ngā Mihi

It is with mixed emotions that we pen this Chairman's and Chief Executive's introduction to Waterfront Auckland's Annual Report for 2014/15.

2014/15 is the final year of Waterfront Auckland's short but extremely successful life. From 1 September 2015, Waterfront Auckland will amalgamate with Auckland Council Property Ltd to form Panuku Development Auckland.

2014/15 was another big year for Waterfront Auckland with significant progress being made providing new public spaces, kick-starting the development of the large residential, commercial and hotel developments in the Wynyard Quarter, and progressing significant strategic initiatives.

### Significant Mana Whenua Engagement

We made a very significant change to the way we do our business by stepping up our engagement with mana whenua. Working from our Maori Engagement Policy developed in 2014, we moved to significant and regular engagement with mana whenua. Monthly meetings were held with mana whenua to inform them of our plans and to involve them in detailed projects when they wished to be involved. This engagement was embedded in the transition to Panuku Development Auckland.

### New High Quality Public Spaces

Across the Waterfront, we opened new high-quality public spaces. Westhaven Promenade opened in February providing a beautiful 1.5km walkway, including 600m of boardwalk, alongside the iconic Westhaven Marina.

The northern section of the Daldy Street Linear Park was opened, continuing on the sculptural lawns, trees and rain gardens from the first stage completed in 2014 and adding in play equipment for children.

### Diverse Events Activating Our Waterfront

Our waterfront spaces were activated throughout the year by hundreds of events spread across the width and breadth of the waterfront area. Five events which showcased the diversity of our activities are:

- **Matariki**, a month long programme of activities that are accessible to all – be they local, visitors, young or old (June and July 2015)



- **Daldy Street Party** (November 2014), which celebrated the opening of the north half of the Daldy Linear Park with a range of 'lo-fi' activities that, together, created a full and fun day for children of all ages and demonstrated the parks future role as a "front yard" to Wynyard Central
- **ASB Santa's Bach** (December 2014) which welcomed some 5500 children through Santa's holiday home under Silo 7. Reported (by critics old and young) as being a truly magical experience, the surprise, delight and generosity of the children who visited Santa and his team make this a staple event in our calendar
- **Anniversary Weekend** (January 2015), in celebration of Auckland's 175th year since the arrival of Hobson, saw 75,000 people celebrating on Queens Wharf, with markets, performances, concerts and a multi-media exhibit in Shed 10.
- **Workshops on the Wharf** (Sundays and School Holidays) were a free, weekly offering of activities where families can meet and play, have coffee, create and learn. They can stay for as long as they like or drop in for 20 minutes.

#### Partnering to Develop a New Urban Community

After years of masterplanning, seeking interested development partners and negotiations, the first signs of the massive residential and commercial redevelopment that will occur over the next decade in Wynyard Central are emerging. The newly renovated Lysaght Building retains a link to the past and provides space for the GridAKL innovation precinct which catalyses the future. The first stage of the Willis Bond's residential development is being marketed with high demand demonstrated for the 167 apartments that are being taken to market (out of a total of 600 apartments over the entire development). Precinct Properties is marketing its commercial property developments and is finalising detailed project planning and readying to start construction. And Fu Wah has obtained resource consents to bring the Park Hyatt hotel to Wynyard Central – the first truly international standard 5 star hotel in New Zealand.

We also leased land to the Auckland Theatre Company who have started construction of the Waterfront Theatre. The anticipated development will house a 600-seat theatre, built specifically to showcase theatre and dance, along with a 200-seat flexible studio space in the adjacent ASB Head Office development.

#### Supporting the Marine Industry

Retaining a strong marine presence in the Wynyard Quarter is essential to achieve the Waterfront Plans goal of an authentic, working waterfront.



In September 2014, we sought Expressions of Interest internationally from organisations interested in developing a mixed marine, residential and commercial development on a site adjacent to the Silo Marina. The development will provide new infrastructure to support super yacht refurbishment, which will provide significant revenue into the marine industry and economic benefits to New Zealand.

#### Demonstrating Leadership in Sustainability

Waterfront Auckland partnered in a way that will secure a high quality urban community. We demanded from our development partners an extremely high degree of sustainability and design quality, which when viewed consistently across Wynyard Central, will deliver something truly special. This will be demonstrated by the Smart Precinct which was established this year. Smart Precinct monitors sustainability performance across the Wynyard Quarter, publishing this data in real time so that we can demonstrate the success of Waterfront Auckland's sustainability framework.

#### Managing Iconic Marinas

It's been a year of change for our marinas too as we implemented the Westhaven Plan. This year we opened X and Y Piers and a fuel jetty at Westhaven Marina. We also introduced utility plinths next to berths, allowing us to more equitably charge berth holders for the utilities that they use. Our marina berths always had high occupancy, from the smaller berths in Westhaven Marina to our superyacht berths at Silo Marina.

#### Solid Financial Performance

The financial results for the year ended 30 June 2015 indicate a robust performance across the board with Total Comprehensive Income for the Group of \$55.5 million (2014: \$12.8 million). Property valuations again increased this year with a net positive movement across both the investment property portfolio (\$52.1 million) and other property, plant and equipment (\$6.6 million).

#### Robust Non-financial Performance

Performance wise, we are seeing the Waterfront continuing to become one of Auckland's best places to visit, work and play. We estimate 2.16 million people visited the waterfront over the year. Over 5,000 people work in the Wynyard Quarter, and this is set to increase rapidly as new commercial developments are completed. And the residential population will start to grow significantly too with the completion of Willis Bond's first stage of apartments.



## Our Transition to Panuku Development Auckland

From 1 September 2015 Waterfront Auckland merged into Panuku Development Auckland. We are confident that the exemplary work that has been done across the waterfront will be progressed on a larger scale by Panuku Development Auckland as we move forward collectively.

## Haere Rā to Waterfront Auckland

We would like to acknowledge the outgoing Board members. The current and alumni Board Members have been courageous in their strategic planning, prudent in their decision making, and have championed the vision that was articulated in the Waterfront Plan.

Steering this waka has been Sir Bob Harvey, who stepped down as Chairman in June 2015 to take up his new role as Champion for Auckland – Overseas Investment. Sir Bob was instrumental in developing the vision for our waterfront, finding partners to work with us in developing it, and providing a source of energy and passion to make our waterfront a fantastic place.

We would also like to acknowledge the work of the Executive Leadership Team and the staff of Waterfront Auckland. They have led the development of the waterfront with creativity, enthusiasm and a commitment to doing the right thing. This has been identified by many and described by some as Waterfront Auckland's unique *mojo*. This has resulted in a waterfront that has won many awards for design excellence, is providing Aucklanders and visitors with a place to work and enjoy, and will provide future generations with one of the world's best urban communities.

Yours sincerely



Richard Leggat  
Chairman  
Waterfront Auckland



John Dalzell  
Chief Executive  
Waterfront Auckland



## Board of Directors

Waterfront Auckland was governed by a Board of seven Directors with a range of experiences and knowledge. Through 2014/15 the Board was chaired by Sir Bob Harvey. The Chair from July 2015 until 31 August when Waterfront Auckland became Development Auckland was Richard Leggat.

Waterfront Auckland was a limited liability company under the Companies Act 1993. Consequently the Board's first duty was to the future well-being of the company. Directors ensured that all legal requirements under the relevant statutes and regulations were met and that the company was protected from harmful situations and circumstances in the interests of current and future stakeholders.

The Board played a number of important roles. First, it set the strategic direction for Waterfront Auckland. To do this it identified corporate priorities, monitored progress against strategic outcomes, and approved annual business plans and budgets. Secondly, it ensured the financial integrity and viability of Waterfront Auckland. It oversaw financial processes and systems of control, reviewed financial results, and approved Waterfront Auckland's financial plan and financial announcements. Thirdly, it identified and evaluated the principal risks faced by Waterfront Auckland and ensured that appropriate risk management systems were in place.

Supporting the Board were the following committees:

- Planning and Design Committee – to oversee strategy, planning, design and implementation relating to sustainable community, cultural, environmental and economic outcomes for the Waterfront.
- Assurance Committee – to oversee and provide assurance to the Board on financial matters, including receiving statutory financial statements, engaging with auditors, receiving reports on financial management and contracts, and providing strategic governance over business cases, Balance Sheet composition and financing of Waterfront Auckland's business sectors.
- Remuneration Committee – to monitor the Chief Executive's performance and approving remuneration for the Chief Executive and General Managers.

In addition to these committees the Company had two subsidiaries:

- Downtown Marinas Limited, which owns and operates 23 berths at Hobson Wharf. Terry Kayes and Richard Leggat are Directors of Downtown Marinas Limited.

- Westhaven Marina Limited acts as a Corporate Trustee for the Westhaven (Existing Marina) Trust, and the Westhaven (Marina Extension) Trust, which control and licence 1,162 and 345 marina berths respectively to third parties and to Waterfront Auckland for rental purposes. Stephen Mills Q.C. chairs Westhaven Marina Limited, and Terry Kayes and Richard Leggat are Directors.

A profile of each Director of the Waterfront Auckland Board is provided below:

**Richard Leggat – Deputy Chair (1 December 2014 - 30 June 2015), currently Chair**

Richard brings 30 years of experience across manufacturing, sales and marketing, and financial management in a range of industries.

For the past three years Richard has been a full time director with positions on a number of government and sporting organisations. Amongst his positions Richard is a Director of Tourism NZ, Education NZ, NZ Post, Chair of the NZ Cycle Trail, Director of Cycling NZ and Director of SnowSports NZ.

**Sir Bob Harvey – Chair (retired 30 June 2015)**

Sir Bob Harvey is a well-known and respected Auckland. He was mayor of Waitakere City Council for 18 years during which time he established Waitakere as New Zealand's first eco city. Sir Bob was instrumental in establishing Auckland Council in 2010.

Sir Bob currently chairs the Spark Foundation and BNZ West. He is on the Government appointed World War 1 Consultative Panel. Following his retirement as Chair of Waterfront Auckland, Sir Bob was appointed as Champion for Auckland – Overseas Investment at Auckland Council.

**Adrienne Young-Cooper – Deputy Chair (retired 1 November 2014)**

Adrienne is a professional company director with an extensive background in business. She is a qualified town planner and her special interests include resource management, urban design, energy, transport and property.

Adrienne's present directorships include New Zealand Transport Agency, Housing New Zealand Corporation (Chair), and the Hobsonville Land Company Ltd (Chair).

**Ngarimu Blair**

Ngarimu is of Ngati Whatua descent. He is a Trustee on the Ngati Whatua o Orakei Maori Trust Board. He worked for Ngati Whatua for 13 years as its Heritage and Resource Manager and has significant experience and knowledge on Auckland



heritage issues. Ngarimu is also a Treaty Claims researcher, negotiator and spokesman for Ngati Whatua o Orakei on various issues.

### **Christine Caughey**

Christine was the Chair of Waterfront Auckland's Planning and Design Committee.

Christine is a professional planner with experience in local and regional government in Auckland, and in Crown entity governance. She is a certified planning commissioner under the Resource Management Act 1991. Christine was an Auckland City Councillor 2004-7 and an inaugural director of the NZ Transport Agency 2008-11. Her particular interests include urban transformation, urban design and heritage, resilient communities and sustainable transport.

### **Evan Davies**

Evan is the Managing Director of Todd Property Group Limited a subsidiary of Todd Capital. From 1996 until 2007 Evan was the founding Managing Director of gaming and entertainment company, SKYCITY Entertainment Group Limited. While at SKYCITY Evan oversaw the purchase, design and development of several casinos in New Zealand and Australia including Auckland's Sky Tower and associated SKYCITY Casino complex.

A qualified planner, Evan has widespread interests in property development, city planning and urban issues as well as other business interests in farming and viticulture. Evan sits on the board of two charitable trusts and is Chair of the Capital Investment Committee, National Health Board and of the Christchurch Hospital Redevelopment Partnership Group.

### **Terry Kayes**

Terry was the Chair of Waterfront Auckland's Remuneration Committee.

A professional engineer, Terry has wide experience in major civil engineering projects and was Managing Director of Tonkin & Taylor Limited for 17 years. His independent directorships have included Watercare Services Limited. Terry is a director of Waterfront Auckland subsidiary companies Westhaven Marina Limited and Downtown Marinas Ltd.

**Dr Susan Macken** (appointed 1 December 2014)

Dr Macken was the Chair of Waterfront Auckland's Assurance Committee.

Susan has BSc and BCom degrees from Auckland University, and a PhD in Economics from Cambridge University. She held various high level roles at Fletcher Challenge before becoming CEO of the Problem Gambling Foundation, then CEO of

the Auckland Regional Economic Development Strategy. Since then she has been a Company Director and Business Consultant.

Susan's current directorships include Bank of New Zealand, New Zealand Treasury, Ultimate Care Group, Fertility Associates and the Auckland Regional Amenities Funding Board.

**Kerry Stotter** (retired 1 November 2014)

Kerry was the Chair of Waterfront Auckland's Assurance Committee until his resignation.

Kerry is a professional company director. He was the Chair of Waste Disposal Services, a director of STRACON Holdings Ltd group of companies and Hobsonville Land Company Ltd and a board member of the New Zealand Rugby Players Association.

Prior to being a professional company director, Kerry was a partner at KPMG.

## Directors' Attendance at Meetings

The following table summarises Directors' attendance at Waterfront Auckland Board meetings during the 2014/15 year.

Adrienne Young-Cooper and Kerry Stotter retired from the Board on 1 November 2014 and 4 meetings were held in the July to October period.

Susan Macken and Richard Leggat were appointed Directors on 1 December 2014 and 7 meetings were held in the December 2014 to June 2015 period.

	No. of meetings	
	Attended	Total possible
Sir Bob Harvey	13	13
Ngarimu Blair	11	13
Christine Caughey	13	13
Evan Davies	9	13
Terry Kayes	13	13
Richard Leggat	7	7
Susan Macken	6	7
Kerry Stotter	4	4
Adrienne Young-Cooper	4	4

## Directors' Interests as at 26 August 2015

The following table lists the interests of those who were Directors of Waterfront Auckland as at 26 August 2015.

Company Entity	Interest	Nature of Entity	Potential Conflicts
<b>Richard Leggat</b>			
Board Advisory Group regarding Development Auckland	Member	Advisory Group to Auckland Council CE	
New Zealand Post Limited	Director	State Owned Enterprise	None
Tourism New Zealand	Deputy Chair	Crown Owned Entity	None
Education New Zealand	Director	Crown Owned Entity	None
Cycling New Zealand	Director	National Sporting Organisation	None
Union Cycliste Internationale Ethics Commission	President	World Governing Body	None
NZ Cycle Trail Incorporated	Chairman	Within MBIE	None
Urban Cycleways Investment Panel	Member	Government Panel	None
Snowsports NZ	Director	National Sporting Organisation	None
NZ Markets Disciplinary Tribunal	Panel Member	Independent Regulatory Body	None
Trophy Metropolitan	Director	Property Development Company – Christchurch	None
Mortleg Limited	Director	Private Company	None
<b>Ngarimu Blair</b>			
Ngati Whatua Orakei Trust	Deputy Chair	Trust Board	Landowner
Ngati Whatua Orakei Whai Rawa Ltd	Director	Subsidiary Company	
Ngati Whatua Orakei Trustee Ltd	Director	Corporate Trustee	Land Interests
Tupuna Maunga o Tamaki Authority	Member	Volcanic Cones Co-Management Board	None
Te Kohanga Reo O Kakariki	Chair	Umbrella under Te Kohanga Reo Trust Board	None
Moffat Reweti Blair Ltd	Director	Private Company	None
Nga Tira Consulting Ltd	Director	Private Company	None
<b>Christine Caughey</b>			
Hobson Bay Residents Network Inc	Member	Not for Profit	None
Sea Cleaners Trust	Trustee	Charitable Trust	None
<b>Evan Davies</b>			
Board Advisory Group regarding Development Auckland	Member	Advisory Group to Auckland Council CE	
Welch Securities Ltd	Director	Private Company	None

Company Entity	Interest	Nature of Entity	Potential Conflicts
Paris Magdalinos Architects Ltd	Director	Private Company	None
Kokako Farms Ltd	Director	Private Company	None
Todd Property Group Ltd and Subsidiaries	Director	Private Companies	None
- Todd Property Ormiston Town Centre Ltd	Director	Private Company	J/V with ACPL
Melanesian Mission Trust	Trustee	Trust	None
Anglican Trust for Women and Children	Trustee	Trust	None
Capital Investment Committee, National Health Board	Chair	Government Body	None
Christchurch Hospital Redevelopment Partnership Group	Chair	Government Body	None
<b>Terry Kayes</b>			
Kayes Consulting Ltd	Director	Private Company	None
Indemnity and General Insurance Company Ltd	Director	Private Company	None
Downtown Marinas Ltd	Director	Subsidiary Company	None
Westhaven Marinas Ltd [Corporate Trustee for:	Director	Subsidiary Company	None
- Westhaven (Existing Marina) Trust	Director	Trust	None
- Westhaven (Marina Extension) Trust	Director	Trust	None
<b>Dr Susan Macken</b>			
Board Advisory Group regarding Development Auckland	Member	Advisory Group to Auckland Council CE	
Bank of New Zealand	Deputy Chair	Subsidiary of National Australia Bank	None
Blossom Bear Ltd	Director	Private Company	None
Fertility Associates Trustee Ltd and Associates	Director	Private Group of Companies	None
STG Ltd	Director	Private Company	None
Tamaki Redevelopment Company Ltd	Deputy Chair	Joint entity between Government and Auckland Council	None
Spa Electrics Ltd (Aust)	Director	Australian Propriety Company	None

## Organisational Overview

The Auckland Waterfront Development Agency (Waterfront Auckland) was a statutory entity, managing assets in the long-term interest and for the benefit of the Auckland region. The company was wholly owned by the Auckland Council and was a council controlled organisation.

We led a strategic approach to development across Auckland's waterfront and managed waterfront assets across 45 hectares of CBD Waterfront Property. This included urban regeneration, master planning, investment and development, property management and marina management, sustainability and placemaking, and the attraction of private sector investment in residential, commercial and hotel development. We also ran events across the waterfront using a placemaking approach. Based on a collaborative model with a high degree of public input, we balanced financial, environmental, social and cultural imperatives.

The development of the waterfront will continue under the guidance of Panuku Development Auckland.

Our work was framed by the Auckland Plan, a plan to make Auckland the world's most liveable city. We developed a Waterfront Plan that outlined our vision for the waterfront, and our plans for regeneration.

Our funding streams were a mix of Council funding, which was outlined as part of the Long Term Plan, and revenue from commercial operations such as lease rental and marina berth rentals. Council's expectation was that we made a commercial return on our landholding and on commercial activities.

Reflecting our role as a development agency, Waterfront Auckland's business model was grounded heavily in design, project management and a place-based community approach. We developed master plans, sought planning changes to enable them, and developed a programme of work to deliver individual projects and initiatives. We activated the spaces we developed, and managed the property, assets and leases in our area of control. The DNA of our business was about action, carefully thought-out and community tested plans, early and continuous community engagement, active place-making, and sustainable outcomes.

John Dalzell was the Chief Executive of Waterfront Auckland, leading a team of approximately 80 staff spread across five areas of activity:



## Development

Our Development team, led by Rod Marler, produced plans, managed public infrastructure projects, and oversaw private development. The Development team was critical in ensuring that development was integrated, coordinated and achieved the outcomes we set out in our guiding plans.

## Property and Assets

Our Property and Assets team, led by Richard Aitken, managed ground leases, negotiated new commercial arrangements, maintained our properties, and worked on place making activities to activate the public spaces we managed. This team also managed the Cloud and Shed 10 on Queens Wharf. It worked closely with the Development team to build, maintain and breathe life into the waterfront area.

## Marinas

Our Marinas team was led by Tom Warren and it managed marinas so that they retained their top quality reputation, and developed the marinas to keep pace with the changing boat and customer profiles. In a city where the harbour takes pride of place, and the marine sector is one of the most important contributors to our local economy, this team helped to open up another part of the waterfront to the public with projects such as the Westhaven Promenade.

## Strategy, Communications and Marketing

Our Strategy, Communications and Marketing team, led by Angelika Cutler, kept us on top of urban regeneration trends and developed strategies and policies that guided our work across the waterfront. It also managed stakeholder and community engagement and told our story to the people of Auckland.

## Corporate Services

Our Corporate Services team was led by Carl Gosbee and it ensured that Waterfront Auckland's work was supported by good control systems and resolute financial planning ensured resources were used in a financially prudent manner.

## Risk Management

Waterfront Auckland had a comprehensive risk management framework which included:

- The Waterfront Auckland Board regularly reviewing the inherent business and major operational risks to the organisation.
- A Conflicts of Interest Policy and Protocol for Board members, Executive and staff.
- A thorough internal decision-making and risk management process supported by real-time reviews undertaken by Audit New Zealand Special Services as required.
- Regular reviews of the financial capacity of our partners.
- An annual independent audit completed by Audit New Zealand.


Our risk register was reviewed monthly by our Executive Leadership Team and quarterly by our Board. Using recognised risk management methodology, it identified and defined risks, assessed their likelihood and potential impact, and planned mitigating actions.

The most significant risks related to:

- Remediation of contaminated land across the Wynyard Quarter.
- Health and Safety of public, staff and contractors across our area of control.
- Ongoing funding and mandate for the work we do.
- Project and programme management and delivery.
- Public reputation as a response to the publicity and public perception about the work we did, and how we were doing it.

## Statement of Service Performance 2014/15

Results for Table 6 SOI 2014-2017: Non-Financial Performance Measures (Auckland Council LTP measures in bold)

Level of Service	Performance measure	Baseline 2011/12	Actual 2013/14	Target 2014/15	Actual 2014/15		Explanation
					Status	Result	
Waterfront Plan Implementation	Progress on waterfront plan implementation	New measure	Achieved	Qualitative reporting		<b>Achieving</b>	<p>Waterfront Auckland has completed a monitoring report for the first three years of implementation of the Waterfront Plan, which shows that all projects and actions programmed for the period and can be delivered (pages 28, 112-114 of the Plan) have been achieved or progressed. Key actions completed this year include:</p> <ul style="list-style-type: none"> <li>• Adoption of the Climate Change Adaptation Pathway</li> <li>• Launching of the Wynyard Quarter Smart online sustainability reporting</li> <li>• Introduction of more rain gardens, native vegetation, and sustainable transport options with the completion of Daldy Linear Park North and Westhaven Promenade Stage 1</li> <li>• Completion of a study providing options for future water quality monitoring</li> <li>• Signing of a three-year Groupwide Energy Management Agreement with EECA</li> <li>• Completion of a report on waste management options for Wynyard Quarter</li> <li>• Signing of Development Agreement with Willis Bond &amp; Co to develop Wynyard Central residential and add more green-star rated buildings on the waterfront</li> <li>• Updating of the Māori Engagement Policy to include all iwi groups with an interest on the Waitemata Local Board area</li> <li>• Temporary installation of Artfront and Tidelines public artworks within Wynyard Quarter</li> <li>• Signing of a Memorandum of Agreement with Sustainable</li> </ul>

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Level of Service	Performance measure	Baseline 2011/12	Actual 2013/14	Target 2014/15	Actual 2014/15		Explanation
					Status	Result	
							<p>Coastlines to enable temporary development of an environmental education and training centre in Wynyard Central</p> <ul style="list-style-type: none"> <li>• Application of Te Aranga Māori Design principles with Mana Whenua on new projects</li> <li>• Establishment of a monthly forum with Mana Whenua, showing good participation and support</li> <li>• Development of a Placemaking Strategy</li> </ul> <p>Significant progress was made on these capital projects:</p> <ul style="list-style-type: none"> <li>• Marina Land and Waterspace Development – completed Pier Y development in October 2014 and Westhaven Promenade and St Marys Bay Pontoon in December 2014</li> <li>• Improved water quality – completed a study in April 2015 to determine the state of water quality at the waterfront and provide options for future monitoring</li> <li>• Wynyard Quarter urban regeneration – signed a development agreement with Wills Bond &amp; Co in July 2014 for Wynyard Central residential development</li> <li>• Vos and Brijis Heritage Slipway – facilitated Council's support for a funding grant from its Heritage Acquisition Fund</li> <li>• Team New Zealand Base – cancelled due to unfavourable outcome of the 2013 America's Cup</li> <li>• Superyacht Refit Facility – completed a Marine Strategy in August 2014 and a marketing plan in September 2014</li> <li>• Daldy Linear Park – completed and opened the northern section to public in November 2014</li> <li>• Innovation Precinct – completed the Lysaght Building and Lane refurbishment in April 2015</li> <li>• Waterfront Transit to Britomart – completed peer review of the Wynyard Quarter Transport Strategy in November 2014</li> <li>• Greening of Waitemata Plaza – completed the project in June 2015</li> <li>• Harbour Edge Stitch, Queens Wharf Public Space &amp; Cruise Facility, Passenger Ferry Terminal Improvements, Quay St and Admiralty</li> </ul>

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Level of Service	Performance measure	Baseline 2011/12	Actual 2013/14	Target 2014/15	Actual 2014/15		Explanation
					Status	Result	
	Hectares of public open space on waterfront (LTP)	16.5 ha	17.4	18.0 ha		18.0 ha Achieved	Steps – these projects have progressed through the central wharves investigations of the City Centre Integration  5,914sqm of new public space in the form of boardwalks and re-widened promenades was added due to the completion of the Westhaven Promenade Stage 1 project, Daldy Linear Park South/Wynyard Common, a joint project between Auckland Transport, Watercare, and Waterfront Auckland, was targeted to be delivered in the year, but is now expected to be completed in 2017.
	Number of annual visitors to the waterfront (LTP)	1.325 million (est)	1.18 million 604,877 (Wynyard Quarter) 583,823 (Queens Wharf)	874,000		2.16 million Achieved 1,026,372 (Wynyard Quarter) 1,133,144 (Queens Wharf)	The result is based on a methodology consisting of the Reveal automated pedestrian counter, crowd estimates from event organisers and estimated number of visitors to Karanga Plaza kiosk. The huge 87% increase from last year is due to new major events (e.g. Volvo Ocean Race Stop Over) and bigger turnout (Anniversary Weekend, cruise visitors).
	Number of employees working in Wynyard Quarter (LTP)	3,460	5,039 est.	4,810		5,047 Achieved	This includes 3,949 workers reported for meshblocks 432400 and 438217 by Statistics New Zealand in its latest Business Demographic Survey which was undertaken in February 2014, plus an estimated 1,098 workers due to increased employment in the marine, retail, air and transport, insurance, banking, startup, and construction sectors, between the survey date and 30 June 2015.
	Floor space for marine industry in Wynyard Quarter including marine retail	22,071 m <sup>2</sup>	22,071 m <sup>2</sup>	No change		No change Achieved	The retention of the marine industry in the Wynyard Quarter is an essential component of an authentic, smart-working waterfront, which is a goal of the Waterfront Plan. The area of marine floor space is expected to increase by around 9,000 sqm on completion of the superyacht refit facility at Site 18 by 2020.
	Percentage of Aucklanders	Locals 83% Other	Locals 83% Other	n/a (measured)	—	No result	There is no target set for this measure in 2014/15. The basis of this measure is the result of the UMR biennial survey which was not

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Level of Service	Performance measure	Baseline 2011/12	Actual 2013/14	Target 2014/15	Actual 2014/15		Explanation
					Status	Result	
	who visit the city centre waterfront at least once a month	Aucklanders 41%	Aucklanders 48%	every second year)			scheduled to be conducted in 2014/15.
	Distance of continuous waterfront promenade	1.75 kms	2.18 kms	4.02kms		<b>2.18 kms Progress made</b>	Westhaven Promenade was completed in 2014/15. Daldy Linear Park South was planned to be completed to connect the Westhaven Promenade with the existing waterfront promenade in Wynyard Quarter. It is now expected to be completed by Auckland Transport in 2017.
	Percentage of WA-led new developments where sustainable design principles are clearly evident as key part of design and build	Qualitative (against Sustainable Development Framework)	100%	100%		<b>100% Achieved</b>	Waterfront Auckland completed or significantly progressed the following projects in 2014/15, all of which incorporated sustainable design principles in design and/or build: <ul style="list-style-type: none"> <li>• Refurbishment of Lysaght Building - designed and built to achieve 5 Greenstar rating</li> <li>• Lysaght Lane – built with an underground rainwater harvesting tank</li> <li>• Waitematā Plaza Upgrade – redeveloped to convert a hard-paved space into a park with grass mounds and native planting.</li> <li>• Superyacht refit facility – incorporated sustainability as an essential outcome of the development agreement with the private developer</li> <li>• Daldy Linear Street Park North Upgrade – built to promote sustainable transport; provide rain gardens, recycle concrete and aggregates, use LED street lighting and locally source native planting</li> <li>• Madden and Pakenham Street Upgrade – designed and registered with the ISCA Sustainable Infrastructure Rating Scheme</li> <li>• Westhaven Promenade Stage 1 – built to promote sustainable transport, allow for sea level rise, use locally-sourced garden and coastal planting, and reuse timber to build a recreational pontoon</li> <li>• Wynyard Central residential, commercial, and hotel projects – incorporated sustainability as an essential outcome of the</li> </ul>

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Level of Service	Performance measure	Baseline 2011/12	Actual 2013/14	Target 2014/15	Actual 2014/15		Explanation
					Status	Result	
Customer satisfaction	Public satisfaction with the public spaces at city centre waterfront	Visitors 81% Locals 54% Other Aucklanders 37%	Visitors 84% Locals 57% Other Aucklanders 38%	n/a (measured every second year)	—	No result	development agreement with private developers <ul style="list-style-type: none"> <li>Pier X and Y Redevelopment – used sustainable timber for walkways</li> </ul> <p>There is no target set for this measure in 2014/15. The basis of this measure is the result of the UMR biennial survey which was not scheduled to be conducted in 2014/15.</p>
	Public satisfaction with good variety of appealing events at the waterfront	Visitors 60% Locals 50% Other Aucklanders 40%	Visitors 55% Locals 62% Other Aucklanders 46%	n/a (measured every second year)	—	No result	There is no target set for this measure in 2014/15. The basis of this measure is the result of the UMR biennial survey which was not scheduled to be conducted in 2014/15.
	Percentage of marina berth owners satisfied with service provided (LTP)	67%	72%	>70%		74% Achieved	Overall satisfaction with the service provided on the Westhaven Marina has increased, with 74% of the marina berth owners rating the service 6 or 7. Note that this measure captures only the rating of leaseholders which are considered owners, and not the renters. The overall increase in satisfaction was mainly due to increases in satisfaction with facilities and marina staff, which together contributes 92% of the overall rating.
Accountability	All Council accountability requirements are met including submitting quarterly reports and SOIs within given timeframes.	100%	70%	100%		90% Progressing	Nine of ten accountability requirements were met. The 2014-2017 Statement of Intent was published on the Waterfront Auckland website on 15 December 2014. The statutory requirement is to make this public by 31 July 2014.




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Level of Service	Performance measure	Baseline 2011/12	Actual 2013/14	Target 2014/15	Actual 2014/15		Explanation
					Status	Result	
	Percentage of annual waterfront public works programmes achieved on time and within budget (LTP)	100%	100%	100%		81% Partially achieved	<p>The following public works projects were completed on time and budget:</p> <ul style="list-style-type: none"> <li>• Wynyard Quarter Marine Precinct - Madden / Jellicoe Western Edge</li> <li>• Wynyard Quarter Development Sites – Place Management</li> <li>• Westhaven Precinct Public Spaces – Westhaven Promenade.</li> </ul> <p>The installation of new canopies for the Queens Wharf Cruise Ship Facility was delayed to avoid interfering with cruise and event operation. It will be completed by September 2015. Vos Yard Development (Public component) will commence when full funding has been raised. Council has approved in July 2015 to commit \$2.3m of the Built Heritage Acquisition Fund for this project, subject to Waterfront Auckland raising the balance of \$2.4m by December 2017. The result represents the combined budget spent on three completed projects as a percentage of the total budget allocated for all five projects.</p>
	Number of initiatives or opportunities provided that enable Maori/Iwi involvement in the development of the waterfront	New measure	New measure	At least five		At least five Achieved	<p>There were a number of initiatives delivered this year. The key achievements include:</p> <ul style="list-style-type: none"> <li>• Meeting of mana whenua Rangitira with Waterfront Auckland Board in March 2015 and subsequent individual and monthly meetings with iwi. Engagement on Westhaven has begun.</li> <li>• Māori input to the design of Westhaven Promenade Stage 1, which resulted in a range of elements that reflect Māori culture and history.</li> <li>• Incorporation of Māori elements in the design and building of the Daldy Street Play Tanks.</li> <li>• Application of Te Aranga Māori Design Principles to the design of the Park Hyatt Hotel. Consideration of the inclusion of Māori artworks and craft in the hotel is underway.</li> <li>• Use of plantings from local iwi nurseries in the landscaping work of Westhaven Promenade and Daldy Linear Park projects.</li> </ul>

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**Results for Table 8 SOI 2014-17: Financial Performance Measures (Auckland Council LTP measures in bold)**

Performance measure	Baseline 2011/12	Actual 2013/14	Target 2014/15	Status	Actual Result	Explanation
Strategic investment/ Progress in securing commercial investors to plan	0.8:1	0.8:1	0.8:1		<b>1.2:1 Achieved</b>	Private investment on Waterfront Auckland land in Wynyard Quarter amounts to \$140.3 million and includes the ASB North Wharf which has been completed and Waterfront Theatre which is under construction. Total Council investment in the area to date amounts to \$115.4 million, including \$2.4 million of the investment to date on the Waterfront Theatre.
Projects delivered to time and budget	2.25%	4.7%	8%		<b>18.6% Achieved</b>	Auckland Council has set the expected rate of return on investment on commercial waterfront activities and marinas at 8 per cent p.a. The target takes account of Council's reasonable expectation of the returns achievable from the commercial property investment portfolio. The significant increase in the 2015 actual result, compared to last year, is mainly due to increases in capital returns as commercial development sites in Wynyard Central that were leased out to private developers begin to move from planning to construction stage. The increase in valuation of these sites, in effect, also resulted in capital gains for future development sites in Wynyard Quarter.
Financial position	74.6%	68.9%	80%		<b>91.3% Achieved</b>	This has increased a lot over last year as there has been a debt to equity swap in the year.

Symbol	Status	Definition
	Achieving / Achieved	Exceeding or meeting the target. This category also includes where a baseline has been established.
	Partially Achieved	The result is close to target and within an agreed tolerance.
	Progressing	Target not achieved, but improvement over last year.
	Improvement needed	Target not achieved and no improvement over last year.
	No result	Unable to measure.

## **Independent Auditor's Report**

### **To the readers of Auckland Waterfront Development Agency Limited and group's financial statements and performance information for the year ended 30 June 2015**

The Auditor-General is the auditor of Auckland Waterfront Development Agency Limited and its New Zealand domiciled subsidiaries. The Auditor-General has appointed me, David Walker, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the company and group, consisting of Auckland Waterfront Development Agency Limited and its subsidiaries, on her behalf.

#### **Opinion on the financial statements and the performance information**

We have audited:

- the financial statements of the company and group on pages 27 to 65, that comprise the statement of financial position as at 30 June 2015, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company and group on pages 16 to 22.

In our opinion:

- the financial statements of the company and group:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2015; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards; and

- the performance information of the company and group presents fairly, in all material respects, the company and group's achievements measured against the performance targets adopted for the year ended 30 June 2015.

Our audit was completed on 23 September 2015. This is the date at which our opinion is expressed.

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

### **Basis of opinion**

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

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

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



- the overall presentation of the financial statements and the performance information.

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

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

### **Responsibilities of the Board of Directors**

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

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

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

### **Responsibilities of the Auditor**

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

### **Independence**

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

In addition to the audit, we have carried out a review engagement in respect of the company and group's six monthly reporting as at 31 December 2014 to Auckland Council, which is compatible with those independence requirements.

Other than the audit and the review engagement, we have no relationship with or interests in the company and group.

A handwritten signature in black ink, appearing to read 'D Walker', with a date '2015' written below it.

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

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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**Waterfront Auckland**  
**Statement of Comprehensive Revenue and Expense**  
For the year ended 30 June 2015

	Note	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
<b>Revenue</b>					
Rental and other revenue	3	35,816	32,931	37,531	34,728
Interest income		12	2	112	133
Other gains / (losses)	4	52,132	(1,060)	52,132	(1,060)
<b>Total income</b>		<b>87,960</b>	<b>31,873</b>	<b>89,775</b>	<b>33,801</b>
<b>Expenses</b>					
Personnel	5	6,680	6,112	7,721	7,108
Depreciation and amortisation	16,17	8,649	8,725	8,973	9,049
Interest expense		1,172	1,109	1,172	1,109
Other operating expenses	6	20,330	20,659	22,514	21,461
<b>Total expenditure</b>		<b>36,831</b>	<b>36,605</b>	<b>40,380</b>	<b>38,727</b>
Surplus / (deficit) before tax		51,129	(4,732)	49,395	(4,926)
Income tax (benefit) / expense	7	(1,247)	(5,291)	(1,295)	(5,309)
<b>Surplus / (deficit) after tax</b>		<b>52,376</b>	<b>559</b>	<b>50,690</b>	<b>383</b>
<b>Other comprehensive revenue and expense</b>					
Gains on revaluation of property, plant and equipment		6,647	14,360	6,647	14,360
Tax on revaluation gains	8	(1,861)	(1,918)	(1,861)	(1,918)
<b>Total other comprehensive income</b>		<b>4,786</b>	<b>12,442</b>	<b>4,786</b>	<b>12,442</b>
<b>Total comprehensive income</b>		<b>57,162</b>	<b>13,001</b>	<b>55,476</b>	<b>12,825</b>

Surplus is attributable to:

Auckland Council	52,376	559	50,690	383
	<b>52,376</b>	<b>559</b>	<b>50,690</b>	<b>383</b>

Total comprehensive revenue and expense is attributable to:

Auckland Council	57,162	13,001	55,476	12,825
	<b>57,162</b>	<b>13,001</b>	<b>55,476</b>	<b>12,825</b>

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

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

	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Equity at the beginning of the year	402,161	389,160	405,934	393,109
<b>Total comprehensive revenue and expense</b>				
Surplus / (deficit) for the year	52,376	559	50,690	383
Other comprehensive revenue and expense	4,786	12,442	4,786	12,442
<b>Total comprehensive revenue and expense</b>	<b>57,162</b>	<b>13,001</b>	<b>55,476</b>	<b>12,825</b>
<b>Transactions with owners</b>				
Share issue	128,000	-	128,000	-
Dividend expense	(3,000)	-	(3,000)	-
<b>Total transactions with owners</b>	<b>125,000</b>	<b>-</b>	<b>125,000</b>	<b>-</b>
<b>Equity at the end of the year</b>	<b>584,323</b>	<b>402,161</b>	<b>586,410</b>	<b>405,934</b>

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

**Waterfront Auckland**  
**Statement of Financial Position**  
As at 30 June 2015

	Note	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	9	3,278	2,208	5,133	5,163
Debtors and other receivables	10	22,928	42,556	20,712	40,313
Inventories	12	-	29	-	29
Tax receivables	13	-	-	19	37
<b>Total current assets</b>		<b>26,206</b>	<b>44,793</b>	<b>25,864</b>	<b>45,542</b>
<b>Non-current assets</b>					
Debtors and other receivables	11	1,080	1,217	1,080	1,217
Other non-current assets	14	1,436	1,350	-	-
Property, plant and equipment	16	266,917	257,385	270,476	261,268
Intangible assets	17	82	295	82	295
Investment properties	17	344,458	280,546	344,458	280,546
Investments in subsidiaries	18	446	446	-	-
<b>Total non-current assets</b>		<b>614,419</b>	<b>541,239</b>	<b>616,096</b>	<b>543,326</b>
<b>Total assets</b>		<b>640,625</b>	<b>586,032</b>	<b>641,960</b>	<b>588,868</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Creditors and other payables	19	13,868	12,816	12,285	10,917
Employee entitlements	21	834	724	834	724
Other current liabilities	22	-	-	960	792
<b>Total current liabilities</b>		<b>14,702</b>	<b>13,540</b>	<b>14,079</b>	<b>12,433</b>
<b>Non-current liabilities</b>					
Creditors and other payables	20	16,478	145,823	16,032	145,377
Borrowings	23	23,000	23,000	23,000	23,000
Other non-current liabilities	24	-	-	246	482
Deferred tax liabilities	8	2,122	1,508	2,193	1,642
<b>Total non-current liabilities</b>		<b>41,600</b>	<b>170,331</b>	<b>41,471</b>	<b>170,501</b>
<b>Total liabilities</b>		<b>56,302</b>	<b>183,871</b>	<b>55,550</b>	<b>182,934</b>
<b>Net assets</b>		<b>584,323</b>	<b>402,161</b>	<b>586,410</b>	<b>405,934</b>
<b>EQUITY</b>					
Contributed equity	25	468,489	340,489	470,722	342,722
Accumulated funds	26	74,451	25,229	72,897	25,361
Reserves	27	41,383	36,443	42,791	37,851
<b>Total equity</b>		<b>584,323</b>	<b>402,161</b>	<b>586,410</b>	<b>405,934</b>

For and on behalf of the Board:



Richard Leggat (Director)

23 September 2015



Susan Macken (Director)

23 September 2015

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

**Waterfront Auckland**  
**Statement of Cash Flows**  
For the year ended 30 June 2015

		Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
	Note				
<b>Cash flows from operating activities</b>					
Receipts from customers		30,863	25,375	33,086	24,865
Interest received		9	3	110	134
Grant funding from Auckland Council		7,139	8,106	7,139	8,106
Payments to suppliers and employees		(36,992)	(33,791)	(40,419)	(37,392)
Interest paid		(1,172)	(1,051)	(1,172)	(1,051)
Income tax received / (paid)		-	-	3	17
Goods and services tax received from / (paid to) IRD		5,489	2,845	5,489	2,845
<b>Net cash from operating activities</b>	28	<b>5,336</b>	<b>1,487</b>	<b>4,236</b>	<b>(2,476)</b>
<b>Cash flows from investing activities</b>					
Capital expenditure on property, plant & equipment and investment properties		(23,196)	(34,344)	(23,196)	(34,344)
Sale of property, plant & equipment		-	6	-	6
<b>Net cash from investing activities</b>		<b>(23,196)</b>	<b>(34,338)</b>	<b>(23,196)</b>	<b>(34,338)</b>
<b>Cash flows from financing activities</b>					
Advances from Auckland Council		59,518	32,270	59,518	32,270
Repayment of advances from Auckland Council		(42,339)	(36,050)	(42,339)	(36,050)
Capital expenditure funding from Auckland Council		4,751	34,097	4,751	34,097
Dividends paid		(3,000)	-	(3,000)	-
<b>Net cash from financing activities</b>		<b>18,930</b>	<b>30,317</b>	<b>18,930</b>	<b>30,317</b>
Net increase / (decrease) in cash and cash equivalents		1,070	(2,534)	(30)	(6,497)
Cash and cash equivalents at the beginning of the year		2,208	4,742	5,163	11,660
<b>Cash and cash equivalents at the end of the year</b>	9	<b>3,278</b>	<b>2,208</b>	<b>5,133</b>	<b>5,163</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**

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## 1 Statement of accounting policies (continued)

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied unless otherwise stated.

### a) Basis of preparation

#### i) Reporting entity

Auckland Waterfront Development Agency Limited (Waterfront Auckland) is a Council-controlled organisation (CCO) of the Auckland Council and is domiciled in New Zealand. Waterfront Auckland's principal address is Level 2, 11 Westhaven Drive, Auckland Central, Auckland 1010.

The group consists of the parent, Waterfront Auckland, and its subsidiaries, Westhaven Marina Limited, Westhaven (Existing Marina) Trust, Westhaven (Marina Extension) Trust and Downtown Marinas Limited.

Waterfront Auckland has two primary roles: firstly to plan, manage, operate and develop land, water and public assets within our area of ownership and secondly to plan, facilitate and advocate the highest quality urban development outcomes in our area of influence. Waterfront Auckland's goals and business objectives focus on optimising the development and management of the waterfront assets for Auckland. Its focus is also to deliver public realm projects, and non-commercial projects, to achieve the agreed vision for the waterfront, the city centre and for Auckland. As Waterfront Auckland and group do not have the primary objective of making a financial return, Waterfront Auckland and group are designated as public benefit entities and apply 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 of the Waterfront Auckland and group are for the year ended 30 June 2015. The financial statements were authorised for issued by the Board of Directors on the date they were signed.

#### ii) Statement of compliance

The financial statements of Waterfront Auckland and group have been prepared in accordance with the requirements of section 69 of the Local Government Act 2002 and the Companies Act 1993, which includes the requirement to comply with New Zealand generally accepted accounting practice ("NZ GAAP").

These financial statements have been prepared in accordance with NZ GAAP. They comply with PBE Accounting Standards.

#### iii) Measurement base

The Waterfront Auckland and group financial statements have been prepared on a historical cost basis, modified by the revaluation of investment property, land, buildings, wharves, marinas and certain financial assets. The values of assets and liabilities that were vested in Waterfront Auckland on 1 November 2010 represented the historical cost for those assets.

#### iv) Going concern

The financial statements have been prepared on a going concern basis, with the Company reliant on the shareholder (Auckland Council) continuing to support its operations as set out in the company's Statement of Intent (SOI) and Auckland Council's Long-Term Plan.

#### v) Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated. The functional currency of Waterfront Auckland and group is New Zealand dollars.

#### vi) Transition to PBE Accounting Standards

This is the first set of annual financial statements presented in accordance with the new PBE Accounting Standards. There are no adjustments arising on transition to the new PBE Accounting Standards. Further information is provided in note 36.

## **1 Statement of accounting policies (continued)**

### *vii) Standards, amendments and interpretations that are not yet effective and have not been 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.

### **b) Consolidation**

The group financial statements consolidate all entities where Waterfront Auckland has the capacity to control their financing and operating policies.

The group financial statements are prepared by adding together like items of assets, liabilities, equity, income, and expenses of entities within the group on a line-by-line basis. All intragroup balances, transactions, revenues and expenses are eliminated on consolidation.

Subsidiaries are fully consolidated from the date on which control is transferred to Waterfront Auckland. They are deconsolidated from the date that control ceases.

In Waterfront Auckland's financial statements, investment in subsidiaries are carried at cost less any accumulated impairment.

### **c) Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities are recognised in the statement of revenue and expense.

### **d) Property, plant and equipment**

Property, plant and equipment consists of land, buildings, wharves, marinas, plant and machinery, computer equipment, furniture fittings and equipment and motor vehicles.

#### *i) Initial recognition*

Property, plant, and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses, if any. In the case of the assets acquired by Waterfront Auckland on establishment at 1 November 2010, cost was the carrying value of the asset by the disestablished Council or disestablished CCO.

#### *ii) Subsequent measurement*

Land, buildings, marinas and wharves are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every 3 years. All other classes of assets are measured at historical cost less accumulated depreciation and accumulated impairment except for public art which is measured at historical cost and accumulated impairment. Each year, Waterfront Auckland and group considers the adequacy of the valuation of its assets to ensure the carrying value reflects fair value. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant and equipment are accounted for on a class of asset basis.

Net revaluation results are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve in equity for that class of assets. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit in the statement of comprehensive revenue and expense. If a revaluation increase reverses a decrease previously recognised in the surplus or deficit in the statement of comprehensive revenue and expense, the increase is recognised first in the surplus or deficit in the statement of comprehensive revenue and expense to reverse previous decreases. Any residual increase is then recognised in other comprehensive income.

**1 Statement of accounting policies (continued)**

*iii) Subsequent measurement*

Land, buildings, marinas and wharves are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every 3 years. All other classes of assets are measured at historical cost less accumulated depreciation and accumulated impairment except for public art which is measured at historical cost and accumulated impairment. Each year, Waterfront Auckland and group considers the adequacy of the valuation of its assets to ensure the carrying value reflects fair value. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant and equipment are accounted for on a class of asset basis.

Net revaluation results are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve in equity for that class of assets. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit in the statement of comprehensive revenue and expense. If a revaluation increase reverses a decrease previously recognised in the surplus or deficit in the statement of comprehensive revenue and expense, the increase is recognised first in the surplus or deficit in the statement of comprehensive revenue and expense to reverse previous decreases. Any residual increase is then recognised in other comprehensive income.

*iv) Additions*

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

Property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

*v) Disposals*

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit in the statement of comprehensive revenue and expense. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

*vi) Depreciation*

Depreciation on all property, plant and equipment, apart from land, is provided on a straight line basis at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The residual value and remaining useful life of an asset is reviewed, and adjusted if applicable, at each financial period end. The useful lives of major classes of assets have been estimated as follows. The estimated remaining useful lives of some assets is only one year due to the age of the assets when they were acquired from the disestablished councils.

<i>Class of asset depreciated</i>	<b>Estimated useful life</b>
Buildings	1-50
Plant and machinery	1-50
Computer equipment	1-3
Furniture, fittings and equipment	1-35
Wharves	10-60
Marina	1-35
Drainage	1-90
Civil structures	1-100

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## **1 Statement of accounting policies (continued)**

### *vii) Capital work in progress*

Capital work in progress is recognised at cost less impairment and is not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

### *viii) Carrying amount*

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

## **e) Intangible assets**

Intangible assets are initially recorded at cost. Where acquired in a business combination, the cost is their fair value at the date of acquisition. The cost of an internally generated intangible asset represents expenditure incurred in the development phase only.

Subsequent to initial recognition, intangible assets with finite useful lives are recorded at cost, less any amortisation and impairment losses and are reviewed annually for impairment losses. Assets with indefinite useful lives are not amortised but are tested, at least annually, for impairment and are carried at cost less accumulated impairment losses.

Realised gains and losses arising from the disposal of intangible assets are recognised in the surplus or deficit in the statement of comprehensive revenue and expense in the period in which the disposal occurs.

Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Impairment losses resulting from impairment are reported in the surplus or deficit in the statement of comprehensive revenue and expense.

### *i) Computer software*

Acquired computer software licences are capitalised based on the costs incurred to acquire and bring to use the specific software. Costs are amortised using the straight line method over their estimated useful lives (3 to 8 years).

Costs directly associated with the development of identifiable and unique software products for internal use are recognised as an intangible asset to the extent it is probable such costs are expected to be recoverable.

Computer software development costs recognised as assets are amortised using the straight line method over their estimated useful lives (not exceeding 3 years).

## **f) Investment property**

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation. Investment property is measured initially at its cost, including transaction costs. After initial recognition, all investment property is measured at fair value as determined annually by an independent valuer. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit in the statement of comprehensive revenue and expense. Investment property is not depreciated.

## **1 Statement of accounting policies (continued)**

### **g) Impairment of non-financial assets**

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment, the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the service potential of the asset is not primarily dependent on the asset's ability to generate net cash inflows and where Waterfront Auckland or group would, if deprived of the asset, replace its remaining service potential. The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit in the statement of comprehensive revenue and expense.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit in the statement of comprehensive revenue and expense, a reversal of the impairment loss is also recognised in the surplus or deficit in the statement of comprehensive revenue and expense.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit in the statement of comprehensive revenue and expense. For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit in the statement of comprehensive revenue and expense.

### **h) Financial assets**

Financial assets are initially measured at fair value plus transaction costs.

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

The Group's financial assets consists of loans and receivables. Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance date, which are included in non current assets. After initial recognition loans and receivables are carried at amortised cost using the effective interest rate method less impairment if any. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit in the statement of comprehensive revenue and expense.

## **1 Statement of accounting policies (continued)**

### **i) Impairment of financial assets**

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit in the statement of comprehensive revenue and expense.

Impairment is established when there is evidence that Waterfront Auckland and group will not be able to collect amounts due according to the terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of a provision for doubtful debts. When the receivable is uncollectible, it is written off against the allowance account.

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

### **j) Cash and cash equivalents**

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

### **k) Debtors and other receivables**

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

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

When a receivable for which the provision for impairment has been recognised becomes uncollectable in a subsequent period, it is written off against the provision for impairment of receivables. Subsequent recoveries of amounts previously written off are credited to 'other income' in the surplus or deficit in the statement of comprehensive revenue and expense.

### **l) Inventories**

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost adjusted for any loss of service potential. Where inventory is acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the first-in first-out (FIFO) method.

The amount of any write down in the value of inventories is recognised in the surplus or deficit in the statement of comprehensive revenue and expense in the period of the writedown.

**1 Statement of accounting policies (continued)**

**m) Creditors and other payables**

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

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

**n) Borrowings**

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and amortised cost is recognised in the surplus or deficit in the statement of comprehensive revenue and expense over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless Waterfront Auckland and group have an unconditional right to defer settlement of the liability for at least 12 months after the year-end date.

**o) Current and deferred income tax**

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

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

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which Waterfront Auckland and group expect to recover or settle the carrying amount of its assets and liabilities.

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

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

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

**p) Goods and Services Tax (GST)**

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

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

**1 Statement of accounting policies (continued)**

**q) Employee entitlements**

*i) Short-term employee entitlements*

Employee benefits that Waterfront Auckland and group expects to be settled within 12 months of balance date are measured at accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retirement gratuities and long service entitlements expected to be settled within 12 months, and sick leave.

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

*ii) Superannuation schemes*

Obligations for contributions to Kiwisaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit in the statement of comprehensive revenue and expense when they are incurred.

**r) Revenue recognition**

Revenue is measured at the fair value of consideration received or receivable. The specific accounting policies for significant revenue items are explained below:

*i) Rental revenue*

Rental revenue from operating leases is recognised as income on a straight line basis over the lease term.

*ii) Berthage hire*

Berthage hire from marina berths is recognised as income on a straight line basis over the hire term.

*iii) Provision of services*

Provision of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

*iv) Funding from Auckland Council*

Funding is recognised as revenue upon entitlement based on the eligibility of expenditure in accordance with the Statement of Intent between Waterfront Auckland and Auckland Council.

*v) Interest income*

Interest income is recognised on a time proportion basis using the effective interest method.

**s) Leases**

*i) Waterfront Auckland as Lessee*

Waterfront Auckland leases certain property, plant and equipment.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the surplus or deficit in the statement of comprehensive revenue and expense on a straight line basis over the period of the lease.



## **1 Statement of accounting policies (continued)**

Leases of property, plant and equipment, where Waterfront Auckland has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. The leased assets (the leased properties) and corresponding liabilities (the lease payments) are recognised in the statement of financial position. Interest on finance leases is charged to the surplus or deficit in the statement of comprehensive revenue and expense over the lease period. Leased assets are depreciated over the period the Group is expected to benefit from their use or the lease term if ownership at the end of the lease is uncertain.

### *ii) Waterfront Auckland as Lessor*

Assets leased to third parties under operating leases are included in investment property in the statement of financial position. Rental income (net of any incentives given to lessees) is recognised on a straight line basis over the lease term.

## **2 Critical accounting estimates and judgements**

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

### **Valuation of investment property**

The valuation of investment property is based on market expectations for forecast future cash inflows from existing and anticipated new tenants and is net of remediation costs for contaminated land. The timing and amount of cash inflows from new tenants is based on current property and market conditions. If market conditions change then it is possible that the future cash flows may vary, in timing or amount, from those included in the valuation. The assumptions for remediation costs are based on independent reports from Beca Limited. The cost for removing and containing different levels of contaminated soil within landfill sites has a range of prices. The estimates from Beca reflect these at current market costs.

### **Useful lives of property, plant and equipment**

If useful lives do not reflect the actual consumption of the benefits of the assets, then Waterfront Auckland could be over or under estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. Asset inspection, deterioration, and condition modelling are also carried out regularly as part of asset management activities, which provides further assurance over useful life estimates.

**3 Rental and other revenue**

	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
<u>Revenue from exchange transactions</u>				
Rental revenue	9,191	9,242	9,149	9,201
Berthage hire	9,553	8,742	9,553	8,742
Other services	6,644	5,865	6,365	7,664
Amortisation of redeemable preference shares (note 24)	-	-	36	39
<u>Revenue from non-exchange transactions</u>				
Funding from Auckland Council	10,428	9,082	10,428	9,082
<b>Total rental and other revenue</b>	<b>35,816</b>	<b>32,931</b>	<b>37,531</b>	<b>34,728</b>

**4 Other gains / (losses)**

	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Fair value increase / (decrease) on investment property (note 17)	52,135	(1,997)	52,135	(1,997)
Net foreign exchange (losses) / gains	(3)	(1)	(3)	(1)
Gain on sale of property, plant and equipment	-	6	-	6
Revaluation of property, plant and equipment	-	932	-	932
<b>Total other gains</b>	<b>52,132</b>	<b>(1,060)</b>	<b>52,132</b>	<b>(1,060)</b>

**5 Personnel costs**

	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Salaries and wages	6,293	5,831	7,262	6,567
Defined contribution plan employer contributions *	149	142	172	163
Increase / (decrease) in employee entitlements	57	122	67	127
Other	181	217	220	251
<b>Total personnel costs</b>	<b>6,680</b>	<b>6,112</b>	<b>7,721</b>	<b>7,108</b>

\* Employer contributions to defined contribution plans includes contributions to Kiwisaver.

**6 Other expenses**

	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Fees paid to Audit NZ for audit of the financial statements and statement of service performance	143	137	176	163
Fees paid to Audit NZ for review of the half year financial reporting pack to Auckland Council	12	11	12	11
Directors' fees and expenses	404	406	404	406
Lease payments under operating leases	698	690	707	698
Professional services	3,764	5,543	3,557	5,398
Repairs and maintenance	3,554	3,161	6,623	4,498
Utilities and occupancy	4,109	3,515	4,944	4,377
Impairment of receivables	(50)	34	(50)	34
Amortisation of redeemable preference shares (note 14)	114	110	-	-
Other operating expenses	7,582	7,052	6,141	5,876
<b>Total other expenses</b>	<b>20,330</b>	<b>20,659</b>	<b>22,514</b>	<b>21,461</b>

**7 Income tax**

	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Components of income tax:				
Current tax	-	(3,136)	15	(3,092)
Deferred tax	(1,247)	(2,155)	(1,310)	(2,217)
<b>Income tax (benefit) / expense</b>	<b>(1,247)</b>	<b>(5,291)</b>	<b>(1,295)</b>	<b>(5,309)</b>

Relationship between income tax and accounting surplus / (deficit):

Surplus / (deficit) before tax	51,129	(4,732)	49,395	(4,926)
Less net (surplus) / deficit from non-taxable activities	-	-	1,495	(69)
Taxable surplus / (deficit) before tax	51,129	(4,732)	50,890	(4,995)
Prima facie income tax at 28%	14,316	(1,585)	14,249	(1,399)
Prior period adjustment	(303)	(3,626)	(288)	(3,581)
Taxation effect of permanent differences	(14,517)	327	(14,517)	73
Loss offset	(743)	(407)	(740)	(402)
<b>Income tax</b>	<b>(1,247)</b>	<b>(5,291)</b>	<b>(1,296)</b>	<b>(5,309)</b>

**8 Deferred tax liabilities**

	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
<b>Deferred tax assets</b>				
Deferred tax assets to be recovered after more than 12 months	4,546	4,621	4,546	4,621
Deferred tax assets to be recovered within 12 months	184	153	184	19
<b>Deferred tax assets</b>	<b>4,730</b>	<b>4,774</b>	<b>4,730</b>	<b>4,640</b>
<b>Deferred tax liabilities</b>				
Deferred tax liabilities to be recovered after more than 12 months	(6,852)	(6,282)	(6,923)	(6,282)
Deferred tax liabilities to be recovered within 12 months	-	-	-	-
<b>Deferred tax liabilities</b>	<b>(6,852)</b>	<b>(6,282)</b>	<b>(6,923)</b>	<b>(6,282)</b>
<b>Deferred tax assets / (liabilities)</b>	<b>(2,122)</b>	<b>(1,508)</b>	<b>(2,193)</b>	<b>(1,642)</b>
	Property, plant and equipment \$000	Other \$000	Tax losses carried forward \$000	Total \$000
<b>Parent</b>				
Balance at 1 June 2013	6,459	(4,714)	-	1,745
Charged to surplus/(deficit) component of statement of comprehensive income	(2,095)	(60)	-	(2,155)
Charged to other comprehensive income	1,918	-	-	1,918
<b>Balance at 30 June 2014</b>	<b>6,282</b>	<b>(4,774)</b>	<b>-</b>	<b>1,508</b>
Balance at 1 June 2014	6,282	(4,774)	-	1,508
Charged to surplus/(deficit) component of Statement of Comprehensive Income	(1,291)	44	-	(1,247)
Charged to other comprehensive income	1,861	-	-	1,861
<b>Balance at 30 June 2015</b>	<b>6,852</b>	<b>(4,730)</b>	<b>-</b>	<b>2,122</b>
<b>Group</b>				
Balance at 1 June 2013	6,949	(5,008)	-	1,941
Charged to surplus / (deficit) component of statement of comprehensive income	(2,403)	186	(40)	(2,257)
Charged to other comprehensive income	1,918	-	-	1,918
Benefit of the transfer of tax losses	-	-	40	40
<b>Balance at 30 June 2014</b>	<b>6,464</b>	<b>(4,822)</b>	<b>-</b>	<b>1,642</b>
Balance at 1 June 2014	6,464	(4,822)	-	1,642
Charged to surplus / (deficit) component of statement of comprehensive income	(1,348)	38	(28)	(1,338)
Charged to other comprehensive income	1,861	-	-	1,861
Benefit of the transfer of tax losses	-	-	28	28
<b>Balance at 30 June 2015</b>	<b>6,977</b>	<b>(4,784)</b>	<b>-</b>	<b>2,193</b>

**9 Cash and cash equivalents**

	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Cash at bank and in hand	3,278	2,208	5,133	5,163
<b>Total cash and cash equivalents</b>	<b>3,278</b>	<b>2,208</b>	<b>5,133</b>	<b>5,163</b>

**10 Debtors and other receivables - Current**

	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Debtors	1,978	671	1,978	671
Less provision for doubtful debts	(17)	(83)	(17)	(83)
Net debtors	1,961	588	1,961	588
Accrued receivables *	276	73	276	73
Sundry receivables	-	450	-	450
Related party receivables	18,326	38,628	18,326	38,628
Goods and services tax	49	426	49	426
Prepayments *	2,316	2,391	100	148
<b>Total debtors and other receivables - current</b>	<b>22,928</b>	<b>42,556</b>	<b>20,712</b>	<b>40,313</b>
Receivables from exchange transactions	19,871	36,928	17,655	34,685
Receivables from non exchange transactions	3,057	5,628	3,057	5,628
<b>Total debtors and other receivables - current</b>	<b>22,928</b>	<b>42,556</b>	<b>20,712</b>	<b>40,313</b>

\* Refer to note 11 for the non-current portions of these receivables.

*a) Impairment of debtors*

The ageing of debtors (net of the provision for doubtful debts) is as follows:

	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Current	604	392	604	392
Past due 1 - 60 days	1,348	141	1,348	141
Past due 61+ days	9	138	9	138
<b>Balance at 30 June</b>	<b>1,961</b>	<b>671</b>	<b>1,961</b>	<b>671</b>

At each period end, all overdue receivables are assessed for impairment and appropriate provisions applied. A doubtful debts provision of \$17,000 has been recognised at 30 June 2015 (2014: \$83,000).

## 10 Debtors and other receivables - Current

Movements in the provision for impairment of receivables are as follows:

	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Balance at 1 July	83	74	83	74
Additional provisions made during the year	-	11	-	11
Unused provisions reversed during the year	(54)	(2)	(54)	(2)
Receivables written off during the period	(12)	-	(12)	-
<b>Balance at 30 June</b>	<b>17</b>	<b>83</b>	<b>17</b>	<b>83</b>

### b) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value. The Group has no exposure to credit risk or foreign exchange risk in respect of debtors and other receivables at balance date. The Group does not hold any collateral as security. Refer to note 35 for more information on the risk management policy of the Group.

### c) Accrued and sundry receivables

These amounts relate to either accrued income or arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

### d) Foreign exchange and interest rate risk

The Group has no exposure to foreign exchange and interest rate risk in relation to debtors and other receivables at balance date.

## 11 Debtors and other receivables - Non-current

	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Accrued receivables	453	495	453	495
Prepayments	627	722	627	722
<b>Total debtors and other receivables - non-current</b>	<b>1,080</b>	<b>1,217</b>	<b>1,080</b>	<b>1,217</b>
Receivables from exchange transactions	1,080	1,217	1,080	1,217
Receivables from non exchange transactions	-	-	-	-
<b>Total debtors and other receivables - non-current</b>	<b>1,080</b>	<b>1,217</b>	<b>1,080</b>	<b>1,217</b>

## 12 Inventories

	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
For use in internal consumption	-	29	-	29
<b>Total inventories</b>	<b>-</b>	<b>29</b>	<b>-</b>	<b>29</b>

No inventories are pledged as security for liabilities. There was no write-down in inventories expensed during the period.

**13 Tax receivables**

	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Excess of tax paid for current period over amount due	-	-	19	37
<b>Total current tax receivable</b>	<b>-</b>	<b>-</b>	<b>19</b>	<b>37</b>

**14 Other non-current assets**

	Parent Actual 2015 \$000	Parent Actual 2014 \$000
Balance at 1 July	1,350	1,460
Purchased during the year	200	-
Amortisation expense	(114)	(110)
<b>Balance at 30 June</b>	<b>1,436</b>	<b>1,350</b>

This balance represents the value of the redeemable preference shares that Waterfront Auckland owns in its subsidiary, Downtown Marinas Limited. The fair value of redeemable preferences share is cost less amortisation and impairment. The shares are being amortised over the useful life until their redemption date (29 September 2026). Waterfront Auckland owns 18 of the available 23 berth shares (2014: 17).

15 Property, plant and equipment

PARENT

	1 July 2014					Current year movements					30 June 2015	
	Cost / revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions	Disposals	Transfers *	Depreciation	Revaluations	Cost / revaluation on	Accumulated depreciation and impairment charges	Carrying amount	
Land	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Buildings	62,825	-	62,825	-	-	-	-	-	62,825	-	62,825	
Works of art	18,054	-	18,054	-	-	-	(755)	-	18,054	(755)	17,299	
Plant and machinery	615	-	615	-	-	176	-	-	791	-	791	
Computer equipment	11,635	(2,826)	8,809	-	-	-	(968)	-	11,635	(3,794)	7,841	
Furniture, fittings and equipment	2,092	(2,006)	86	-	-	-	(85)	-	2,092	(2,091)	1	
Motor vehicles	1,105	(779)	326	-	-	-	(97)	-	1,105	(876)	229	
Wharves	65,786	(4,001)	61,785	-	-	-	(2,056)	6,647	66,376	-	66,376	
Marina	58,860	-	58,860	-	-	2,111	(1,918)	-	60,971	(1,918)	59,053	
Drainage	3,083	(102)	2,981	-	-	-	(43)	-	3,083	(145)	2,938	
Civil structures	29,412	(4,515)	24,897	2,227	-	22,526	(2,514)	-	54,165	(7,029)	47,136	
Capital work in progress	18,147	-	18,147	20,870	-	(36,589)	-	-	2,428	-	47,136	
<b>Total Parent property, plant and equipment</b>	<b>271,614</b>	<b>(14,229)</b>	<b>257,385</b>	<b>23,097</b>	<b>-</b>	<b>(11,776)</b>	<b>(8,436)</b>	<b>5,647</b>	<b>283,525</b>	<b>(16,808)</b>	<b>266,917</b>	

PARENT

	1 July 2013					Prior year movements					30 June 2014	
	Cost / revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions	Disposals	Transfers *	Depreciation	Revaluations	Cost / revaluation	Accumulated depreciation and impairment charges	Carrying amount	
Land	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Buildings	51,979	-	51,979	-	-	2,404	-	8,442	62,825	-	62,825	
Works of art	7,153	(377)	6,776	-	-	11,747	(308)	(161)	18,054	-	18,054	
Plant and machinery	615	-	615	-	-	-	-	-	615	-	615	
Computer equipment	11,635	(1,853)	9,782	-	-	-	(973)	-	11,635	(2,826)	8,809	
Furniture, fittings and equipment	2,092	(1,314)	778	-	-	-	(692)	-	2,092	(2,006)	86	
Motor vehicles	1,105	(575)	530	-	-	-	(204)	-	1,105	(779)	326	
Wharves	8	(8)	-	-	-	-	-	-	-	-	-	
Marina	65,786	(1,586)	64,200	-	-	6,689	(2,415)	7,011	65,786	(4,001)	61,785	
Drainage	49,925	(2,290)	47,635	-	-	-	(2,475)	-	58,860	-	58,860	
Civil structures	3,083	(58)	3,025	-	-	-	(44)	-	3,083	(102)	2,981	
Capital work in progress	29,412	(3,154)	26,258	-	-	(30,393)	(1,361)	-	29,412	(4,515)	24,897	
	17,265	-	17,265	31,275	-	-	-	-	18,147	-	18,147	
<b>Total Parent property, plant and equipment</b>	<b>240,058</b>	<b>(11,215)</b>	<b>228,843</b>	<b>31,275</b>	<b>-</b>	<b>(9,553)</b>	<b>(8,472)</b>	<b>15,292</b>	<b>271,614</b>	<b>(14,229)</b>	<b>257,385</b>	

\* Net transfers to / (from) property, plant and equipment, intangible assets and investment properties.

There are no assets held in property, plant and equipment under finance leases.

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15 Property, plant and equipment (continued)

GROUP	1 July 2014					Current year movements					30 June 2015			
	Cost / revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions	Disposals	Transfers *	Depreciation	Revaluations	Cost/revaluation on	Accumulated depreciation and impairment charges	Carrying amount	Cost / revaluation on	Accumulated depreciation and impairment charges	Carrying amount
Land	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Buildings	62,825	-	62,825	-	-	-	-	-	62,825	-	62,825	62,825	-	62,825
Works of art	18,054	-	18,054	-	-	-	(755)	-	18,054	(755)	17,299	18,054	(755)	17,299
Plant and machinery	615	-	615	-	-	176	-	-	791	-	791	791	-	791
Computer equipment	11,720	(2,911)	8,809	-	-	-	(968)	-	11,635	(3,794)	7,841	11,635	(3,794)	7,841
Furniture, fittings and equipment	2,092	(2,006)	86	-	-	-	(85)	-	2,092	(2,091)	1	2,092	(2,091)	1
Motor vehicles	1,105	(779)	326	-	-	-	(97)	-	1,105	(876)	229	1,105	(876)	229
Wharves	65,786	(4,001)	61,785	-	-	-	(2,056)	6,547	66,376	-	66,376	66,376	-	66,376
Marina	63,390	(647)	62,743	-	-	2,111	(2,242)	-	65,501	(2,889)	62,612	65,501	(2,889)	62,612
Drainage	3,083	(102)	2,981	-	-	-	(43)	-	3,083	(145)	2,938	3,083	(145)	2,938
Civil structures	29,412	(4,515)	24,897	2,227	-	22,526	(2,514)	-	54,165	(7,029)	47,136	54,165	(7,029)	47,136
Capital work in progress	18,147	-	18,147	20,870	-	(36,589)	-	-	2,428	-	2,428	2,428	-	2,428
<b>Total Group property, plant and equipment</b>	<b>276,229</b>	<b>(14,951)</b>	<b>261,268</b>	<b>23,097</b>	-	<b>(11,776)</b>	<b>(8,750)</b>	<b>6,547</b>	<b>288,055</b>	<b>(17,579)</b>	<b>270,476</b>	<b>288,055</b>	<b>(17,579)</b>	<b>270,476</b>

GROUP	1 July 2013					Prior year movements					30 June 2014			
	Cost / revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions	Disposals	Transfers *	Depreciation	Revaluations	Cost / revaluation	Accumulated depreciation and impairment charges	Carrying amount	Cost / revaluation	Accumulated depreciation and impairment charges	Carrying amount
Land	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Buildings	51,979	-	51,979	-	-	2,404	-	8,442	62,825	-	62,825	62,825	-	62,825
Works of art	7,153	(377)	6,776	-	-	11,747	(308)	(161)	18,054	-	18,054	18,054	-	18,054
Plant and machinery	615	-	615	-	-	-	-	-	615	-	615	615	-	615
Computer equipment	11,720	(1,939)	9,781	-	-	-	(972)	-	11,720	(2,911)	8,809	11,720	(2,911)	8,809
Furniture, fittings and equipment	2,092	(1,314)	778	-	-	-	(692)	-	2,092	(2,006)	86	2,092	(2,006)	86
Motor vehicles	1,105	(575)	530	-	-	-	(204)	-	1,105	(779)	326	1,105	(779)	326
Wharves	8	(8)	-	-	-	-	-	-	-	-	-	-	-	-
Marina	65,786	(1,586)	64,200	-	-	6,689	(2,415)	7,011	65,786	(4,001)	61,785	65,786	(4,001)	61,785
Drainage	54,455	(2,613)	51,842	-	-	-	(2,799)	-	63,390	(647)	62,743	63,390	(647)	62,743
Civil structures	3,083	(58)	3,025	-	-	-	(44)	-	3,083	(102)	2,981	3,083	(102)	2,981
Capital work in progress	29,412	(3,154)	26,258	31,275	-	(30,393)	(1,361)	-	29,412	(4,515)	24,897	29,412	(4,515)	24,897
	17,265	-	17,265	-	-	-	-	-	18,147	-	18,147	18,147	-	18,147
<b>Total Group property, plant and equipment</b>	<b>244,673</b>	<b>(11,824)</b>	<b>233,049</b>	<b>31,275</b>	-	<b>(9,553)</b>	<b>(8,795)</b>	<b>15,292</b>	<b>276,229</b>	<b>(14,951)</b>	<b>261,268</b>	<b>276,229</b>	<b>(14,951)</b>	<b>261,268</b>

\* Net transfers to / (from) property, plant and equipment, intangible assets and investment properties.

There are no assets held in property, plant and equipment under finance leases.

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**15 Property, plant and equipment (continued)**

This table details the most recent revaluations that have been undertaken by the Group.

Asset Class	Date of revaluation	Valuation amount (\$'000)	Basis of revaluation	Valuer company	Valuer name
Land	30-Jun-14	35,300	Adjusted urban fringe	Teifer Young	Ian Delbridge, registered valuer
Land	30-Jun-14	27,525	Discounted cash flow	Jones Lang LaSalle	Arthur Harris, registered valuer
Buildings	30-Jun-14	16,654	Optimised depreciated replacement cost	Teifer Young	Ian Delbridge, registered valuer
Buildings	30-Jun-14	1,400	Optimised depreciated replacement cost	Jones Lang LaSalle	Arthur Harris, registered valuer
Wharves	30-Jun-15	59,366	Optimised depreciated replacement cost and Sales comparison	Beca Valuations	Peter Erceg, registered valuer
Wharves	30-Jun-15	7,010	Discounted cash flow	Jones Lang LaSalle	Arthur Harris, registered valuer
Marinas	30-Jun-14	58,860	Discounted cash flow	Jones Lang LaSalle	Arthur Harris, registered valuer

**16 Intangible assets**

Group and Parent

	1 July 2014		Current year movements		30 June 2015	
	Cost / revaluation	Accumulated amortisation and impairment charges	Transfers	Amortisation	Cost / revaluation	Accumulated amortisation and impairment charges
Computer software	\$000	\$000	\$000	\$000	\$000	\$000
	1,007	(712)	-	(213)	1,007	(925)
<b>Total intangible assets</b>	<b>1,007</b>	<b>(712)</b>	<b>-</b>	<b>(213)</b>	<b>1,007</b>	<b>(925)</b>
						<b>82</b>
	1 June 2013		Prior year movements		30 June 2014	
	Cost / revaluation	Accumulated amortisation and impairment charges	Transfers	Amortisation	Cost / revaluation	Accumulated amortisation and impairment charges
Computer software	\$000	\$000	\$000	\$000	\$000	\$000
	1,007	(458)	-	(254)	1,007	(712)
<b>Total intangible assets</b>	<b>1,007</b>	<b>(458)</b>	<b>-</b>	<b>(254)</b>	<b>1,007</b>	<b>(712)</b>
						<b>295</b>

There are no restrictions over the title of Waterfront Auckland's intangible assets nor are any intangible assets pledged as security for liabilities.

**17 Investment properties**

	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Opening balance	280,546	272,990	280,546	272,990
Transfers (to) / from Property Plant and Equipment	-	(3,110)	-	(3,110)
Transfers from WIP	11,777	12,663	11,777	12,663
<b>Book value prior to revaluation</b>	<b>292,323</b>	<b>282,543</b>	<b>292,323</b>	<b>282,543</b>
Values per independent valuations	328,715	264,610	328,715	264,610
Prepaid rental income	15,743	15,936	15,743	15,936
<b>Fair value as at 30 June</b>	<b>344,458</b>	<b>280,546</b>	<b>344,458</b>	<b>280,546</b>
<b>Fair value increase / (decrease)</b>	<b>52,135</b>	<b>(1,997)</b>	<b>52,135</b>	<b>(1,997)</b>
Rental revenue	9,504	8,500	9,504	8,500
Expenses	3,544	3,963	3,544	3,963

Waterfront Auckland's investment properties are valued at fair value each balance date.

The fair value of investment property has been determined using the discounted cash flow method or the comparative sales approach as may be appropriate to the individual assets. This method is based upon assumptions including future rental income and appropriate discount rates.

In arriving at their valuation for the Wynyard Quarter investment property, Seagar and Partners (Auckland) Limited and CBRE Limited have relied on inputs regarding expected expenditure for remediation of contaminated land, which have been independently assessed by Beca Limited, environmental and engineering consultants.

	Value 2015 \$000	Value 2014 \$000
<b>Valuer and Area</b>	<b>\$000</b>	<b>\$000</b>
Seagar and Partners (Auckland) Limited - Wynyard Quarter properties	216,905	171,540
CBRE - Wynyard Quarter properties	99,900	82,200
Jones Lang La Salle - Westhaven properties	11,910	10,870
<b>Total valuation</b>	<b>328,715</b>	<b>264,610</b>

**18 Investment in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b). All subsidiaries are incorporated in New Zealand.

	Control %	
	2015 %	2014 %
Westhaven Marina Limited - corporate trustee of Westhaven (Existing Marina) Trust and Westhaven (Marina Extension) Trust	100	100
Downtown Marinas Limited - owns and operates Hobson West Marina	100	100
Waterfront Auckland controls the following Trusts:		
Westhaven (Existing Marina) Trust - owns and operates berths within Westhaven Marina	100	100
Westhaven (Marina Extension) Trust - owns and operates berths within Westhaven Marina	100	100

**18 Investment in subsidiaries (continued)**

	Parent Actual 2015 \$000	Parent Actual 2014 \$000
Westhaven Marina Limited	446	446
Downtown Marinas Limited	-	-
Westhaven (Existing Marina) Trust	-	-
Westhaven (Marina Extension) Trust	-	-
<b>Total investment in subsidiaries</b>	<b>446</b>	<b>446</b>

Investments in subsidiaries have been tested for impairment. No adjustment was required.

**19 Creditors and other payables - Current**

	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Creditors	1,998	490	1,996	490
Accrued expenses	4,228	6,496	4,259	6,521
Deposits and bonds	5	105	5	105
Related party payables	6,343	5,254	2,653	1,219
Revenue in advance	1,294	351	3,372	2,462
Sundry payables	-	120	-	120
<b>Total creditors and other payables - current</b>	<b>13,868</b>	<b>12,816</b>	<b>12,285</b>	<b>10,917</b>

Creditors and other payables are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their fair value. Included in accrued expenses is retentions on construction contracts. The payment terms for these vary depending on the contract. The Group has minimal exposure to foreign exchange risk and no interest rate risk in respect of creditors and other payables at balance date.

**20 Creditors and other payables - Non-current**

	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Related party payables <sup>^</sup>	446	129,555	-	129,109
Revenue in advance <sup>*</sup>	16,032	16,268	16,032	16,268
<b>Total creditors and other payables - non-current</b>	<b>16,478</b>	<b>145,823</b>	<b>16,032</b>	<b>145,377</b>

The fair value of creditors and other payables is equal to their carrying value.

<sup>^</sup> The balance at 30 June 2014 was contractually repayable on demand. During the financial year ended 30 June 2015, a debt to equity swap was undertaken which saw the bulk of this balance being converted to share capital with the remainder being offset against related party receivable due from the same counterparty.

<sup>\*</sup> Revenue in advance is lease income that has been prepaid by lessors. The timing of when this income will be recognised is shown in note 29 (c).

*Handwritten initials*

**21 Employee entitlements**

	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Annual leave	530	463	530	463
Accrued salaries and wages	304	261	304	261
<b>Total employee entitlements</b>	<b>834</b>	<b>724</b>	<b>834</b>	<b>724</b>

**22 Other current liabilities**

	Group Actual 2015 \$000	Group Actual 2014 \$000
Balance at 1 July	792	461
Contributions during the year	351	331
Utilised during the year	(183)	-
<b>Balance at 30 June</b>	<b>960</b>	<b>792</b>

This liability is accumulated from a charge to Berth Entitlement Unit holders of the Westhaven (Existing Marina) Trust and Westhaven (Marina Extension) Trust and Berth Share holders of Downtown Marinas Limited based on 10% of the annual operating expenditure budget as set out in the berth licence. It is used to contribute to future significant repairs, renovations, replacements and maintenance.

**23 Borrowings**

	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Secured loans	23,000	23,000	23,000	23,000
<b>Total borrowings</b>	<b>23,000</b>	<b>23,000</b>	<b>23,000</b>	<b>23,000</b>

Waterfront Auckland's borrowings of \$23 million is fixed rate debt from Auckland Council.

Waterfront Auckland's borrowings are secured by a security interest over all of the personal property and a fixed charge over all of the non-personal property subject to a general security deed.

Waterfront Auckland has entered into a Credit Facility Agreement with Auckland Council. At balance date the debt consists of two tranches, each subject to different repayment terms and interest rates which are disclosed below.

*a) Maturity analysis and effective interest rate*

	Fixed interest rate			Total
	1 year or less	between 1 and 2 years	between 2 to 3 years	
<b>2015 Parent and Group</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Secured loans	-	23,000	-	23,000
Weighted average interest rate	0.00%	5.10%	0.00%	
<b>2014 Parent and Group</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Secured loans	-	-	23,000	23,000
Weighted average interest rate	0.00%	0.00%	5.10%	

**24 Other non-current liabilities**

	Group Actual 2015 \$000	Group Actual 2014 \$000
Balance at 1 July	482	521
Purchased by Waterfront Auckland	(200)	-
Amortisation revenue	(36)	(39)
<b>Balance at 30 June</b>	<b>246</b>	<b>482</b>

The redeemable preference shares are treated as debt rather than equity on the basis that the preference shareholders do not share in the residual assets of the company (Downtown Marinas Limited) and are entitled to a redemption of \$1 per share on 29 September 2026. The shares are being amortised over the useful life until their redemption date. Waterfront Auckland owns 18 of the available 23 berth shares (2014: 17).

**25 Contributed equity**

*(a) Share capital*

	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Balance at 1 July	340,489	340,489	342,722	342,722
Shares issued during the year	128,000	-	128,000	-
<b>Balance at 30 June</b>	<b>468,489</b>	<b>340,489</b>	<b>470,722</b>	<b>342,722</b>

*(b) Movements in ordinary shares:*

	2015 Number of Shares	2014 Number of Shares	2015 Number of Shares	2014 Number of Shares
Opening balance of ordinary shares issued	1,000	1,000	1,000	1,000
Share issue	100	-	100	-
<b>Closing balance of ordinary shares issued</b>	<b>1,100</b>	<b>1,000</b>	<b>1,100</b>	<b>1,000</b>

**26 Accumulated Funds**

	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Balance at 1 July	25,229	24,769	25,361	25,077
Surplus/(deficit) for the year	52,376	559	50,690	383
Transfer to maintenance reserves	(154)	(99)	(154)	(99)
Dividends paid	(3,000)	-	(3,000)	-
<b>Balance at 30 June</b>	<b>74,451</b>	<b>25,229</b>	<b>72,897</b>	<b>25,361</b>

Dividend per share	\$ 2,727.27	\$ -	\$ 2,727.27	\$ -
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27 Reserves

	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Asset revaluation reserves	40,517	35,731	41,925	37,139
Maintenance reserves	866	712	866	712
<b>Total Reserves</b>	<b>41,383</b>	<b>36,443</b>	<b>42,791</b>	<b>37,851</b>

The movements in each type of reserve are disclosed as follows:

<b>Asset revaluation reserve</b>				
Balance at 1 July	35,731	23,289	37,139	24,697
Revaluation gains/(losses)	6,647	15,292	6,647	15,292
Deferred tax on revaluation	(1,861)	(1,918)	(1,861)	(1,918)
Transferred to surplus or deficit	-	(932)	-	(932)
<b>Balance at 30 June</b>	<b>40,517</b>	<b>35,731</b>	<b>41,925</b>	<b>37,139</b>

The asset revaluation reserve records the revaluation of property, plant and equipment. Any impairment of property, plant and equipment will firstly be written off against balance in asset revaluation reserve. Any impairment over and above the amount recorded will be transferred to the other gains / (losses) section of the surplus / (deficit) within the statement of comprehensive revenue and expense.

<b>Maintenance reserves</b>				
Balance at 1 July	712	613	712	613
Transfer from accumulated funds	154	99	154	99
<b>Balance at 30 June</b>	<b>866</b>	<b>712</b>	<b>866</b>	<b>712</b>

**28 Reconciliation of net surplus / (deficit) after tax to net cash flow from operating activities**

	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Surplus / (deficit) after tax	52,376	559	50,690	383
<i>Add / (less) non-cash items:</i>				
Depreciation and amortisation expense	8,650	8,725	8,973	9,049
Amortisation of redeemable preference shares	114	110	(35)	(39)
(Gain) / loss on revaluation of property, plant and equipment	-	(932)	-	(932)
(Gain) / loss on disposal of property, plant and equipment	-	(6)	-	(6)
Fair value (increase) / decrease on investment property	(52,135)	1,997	(52,135)	1,997
Movement in deferred tax through P&L	(1,247)	(2,155)	(1,310)	(2,217)
<i>Add/(less) items classified as investing or financing activities</i>				
Capital expenditure funding from Auckland Council recognised as revenue	(1,966)	(794)	(1,966)	(794)
<i>Add / (less) movements in working capital items:</i>				
Debtors and other receivables (excluding related party)	(537)	(997)	(564)	(659)
Inventories	29	28	29	28
Creditors and other payables (excluding related party)	(274)	(4,718)	(303)	(4,812)
Investing activities included in creditors and other payables	106	3,069	106	3,069
Related party receivables and payables	(107,718)	29,120	(107,373)	24,650
Financing activities included in related party receivables and payables	107,828	(29,523)	107,828	(29,523)
Current tax	-	(3,136)	18	(3,142)
Other current liabilities	-	-	168	332
Employee entitlements	110	140	110	140
<b>Net cash inflow / (outflow) from operating activities</b>	<b>5,336</b>	<b>1,487</b>	<b>4,236</b>	<b>(2,476)</b>

**29 Capital commitments and operating leases**

*a) Capital commitments*

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Investment property	3,688	7,116	3,688	7,116
Property, plant and equipment	2,953	9,429	2,953	9,429
<b>Total capital commitments</b>	<b>6,641</b>	<b>16,545</b>	<b>6,641</b>	<b>16,545</b>

The above balances have been committed in relation to future expenditure on capital projects. Amounts already spent have been included as work in progress



## 29 Capital commitments and operating leases (continued)

### b) Operating leases as lessee

The Group leases two properties & some equipment in the normal course of its business. The future aggregate minimum lease payments payable under non cancellable operating leases are as follows:

	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Less than one year	970	700	970	700
Between one and five years	2,041	2,164	2,041	2,164
More than five years	2,031	2,356	2,031	2,356
<b>Total non-cancellable operating leases as lessee</b>	<b>5,042</b>	<b>5,220</b>	<b>5,042</b>	<b>5,220</b>

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. There are no restrictions placed on Waterfront Auckland and group by any of the leasing arrangements.

### c) Operating leases as lessor

The Group leases out investment property and some commercial property. The leases contain non cancellable periods ranging from 1 month to 90 years. Subsequent renewals are negotiated with the lessee. The future aggregate minimum lease payments to be collected under non cancellable operating leases are as follows:

	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Less than one year	7,819	7,584	7,819	7,584
Between one and five years	25,540	20,820	25,540	20,820
More than five years	41,741	35,864	41,741	35,864
<b>Total non-cancellable operating leases as lessor</b>	<b>75,100</b>	<b>64,268</b>	<b>75,100</b>	<b>64,268</b>

No contingent rents have been recognised in the statements of comprehensive income during the period.

Not included in the table above are operating leases that have been prepaid by lessees and are held on the statement of financial position within revenue in advance. The lease revenue will be recognised as follows:

	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
Less than one year	236	236	236	236
Between one and five years	943	943	943	943
More than five years	15,089	15,325	15,089	15,325
<b>Total non-cancellable operating leases as lessor (prepaid)</b>	<b>16,268</b>	<b>16,504</b>	<b>16,268</b>	<b>16,504</b>

### 30 Related party transactions

The group contains subsidiaries as set out in Note 19. Auckland Council is the ultimate parent of the Group as outlined in Note 1. Auckland Council has other CCOs that Waterfront Auckland has transacted with during the period including Auckland Transport, Regional Facilities Auckland, Auckland Tourism Events and Economic Development Limited and Watercare Limited. In addition Waterfront Auckland has also transacted with Ports of Auckland Limited, which is a subsidiary of Auckland Council Investments Limited, another CCO of the Auckland Council.

Related parties include subsidiaries, associates, joint ventures, key management personnel, the Directors of the Board and their close family members and entities controlled by them. Key management personnel are the chief executive and executive leadership team. 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 Waterfront Auckland would have adopted in dealing with the party at arm's length in the same circumstances.

### 31 Remuneration

Key management personnel includes the Board of Directors and the Executive Leadership Team. The Executive Leadership Team consists of the Chief Executive and direct reports to the Chief Executive.

	Parent Actual 2015 \$000	Parent Actual 2014 \$000	Group Actual 2015 \$000	Group Actual 2014 \$000
<b>Key management personnel remuneration</b>				
Executive Leadership Team (6 FTE)	1,747	1,665	1,747	1,665
Board of Directors - Waterfront Auckland	347	355	347	355
Board of Directors - Westhaven Marina Limited	18	-	18	-
<b>Total key management personnel remuneration</b>	<b>2,112</b>	<b>2,020</b>	<b>2,112</b>	<b>2,020</b>

#### a) Senior Executive Team Remuneration

Salary and other short-term employee benefits	1,747	1,665	1,747	1,665
<b>Total Senior Executive Team remuneration</b>	<b>1,747</b>	<b>1,665</b>	<b>1,747</b>	<b>1,665</b>

#### b) Board of Directors Remuneration - Waterfront Auckland

Sir Robert Harvey (Chair)	83	81	83	81
Adrienne Young-Cooper (Deputy Chair) - note 1	17	51	17	51
Richard Leggat (Deputy Chair) - note 2	28	-	28	-
Ngerimu Blair	41	41	41	41
Christine Caughey (Chair of Planning and Design Committee)	47	47	47	47
Evan Davies	41	41	41	41
Terry Kayes (Chair of Remuneration Committee)	47	47	47	47
Kerry Stotter (Chair of Assurance Committee) - note 1	17	47	17	47
Susan Macken (Chair of Assurance Committee) - note 2	26	-	26	-
<b>Total Board remuneration - Waterfront Auckland</b>	<b>347</b>	<b>355</b>	<b>347</b>	<b>355</b>

#### c) Board of Directors Remuneration - Westhaven Marina Limited

Adrienne Young-Cooper - note 1	-	-	-	-
Terry Kayes	-	-	-	-
Stephen Mills	18	-	18	-
<b>Total Board remuneration - Westhaven Marina Limited</b>	<b>18</b>	<b>-</b>	<b>18</b>	<b>-</b>

#### Notes to the Board of Directors remuneration

note 1 - Adrienne Young-Cooper and Kerry Stotter were not reappointed as Directors by Auckland Council when their terms ended on 31 October 2014. Adrienne Young-Cooper resigned as a Director of Westhaven Marina Limited on 31 October 2014

note 2 - Richard Leggat and Susan Macken were appointed as Directors of Waterfront Auckland effective 1 December 2014.

note 3 - No remuneration is payable to directors of Downtown Marinas Limited, Terry Kayes and Adrienne Young-Cooper (until 31 October 2014).

### 31 Remuneration (continued)

#### *d) Employee Remuneration*

The table below shows the number of employees or former employees who received remuneration of \$100,000 or more within specified \$10,000 bands.

The remuneration for the CEO for 2014 includes payment of performance awards for achieving set criteria/targets for both the 2013 and 2014 financial years.

	Number of employees	
	2015	2014
\$100,000-\$109,999	5	3
\$110,000-\$119,999	1	-
\$120,000-\$129,999	1	2
\$130,000-\$139,999	3	2
\$140,000-\$149,999	1	2
\$150,000-\$159,999	1	1
\$160,000-\$169,999	1	1
\$170,000-\$179,999	1	-
\$180,000-\$189,999	1	1
\$190,000-\$199,999	1	-
\$200,000-\$209,999	-	2
\$210,000-\$219,999	-	-
\$220,000-\$229,999	-	-
\$230,000-\$239,999	-	1
\$240,000-\$249,999	-	1
\$250,000-\$259,999	-	-
\$260,000-\$269,999	2	-
\$270,000-\$279,999	-	-
\$280,000-\$289,999	-	-
\$290,000-\$299,999	-	-
\$300,000-\$309,999	1	1
\$310,000-\$319,999	1	-
\$450,000-\$459,999	1	-
\$500,000-\$509,999	-	1
<b>Total employees who received \$100,000 or more</b>	<b>21</b>	<b>18</b>

### 32 Contingencies

The Wynyard Quarter investment property includes land which has previously been used for the storage of bulk liquids. Where this land has been contaminated by leaks and spills, the fair value of the investment property includes an allowance for remediation costs.

In the 2013 financial year, Waterfront Auckland took court action against a previous tenant to enforce their obligations under their lease. In February 2014 the High Court found in favour of the tenant that they were not obligated to remediate the land to the standard expected by Waterfront Auckland. Waterfront Auckland appealed the decision and in August 2015 the Court of Appeal found in favour of Waterfront Auckland.

The tenant has applied to the Supreme Court for leave to appeal the judgement.

### 33 Events occurring after the balance date

During the year, Auckland Council undertook a review of the existing CCOs to determine whether there was a need for change to better align the CCO's activities to the goals of Council. In June 2015, following the review and public consultation during the 2015-2025 Long-term Plan process, the Auckland Council Governing Body resolved to amalgamate Waterfront Auckland and Auckland Council Properties Limited (ACPL) into one entity, Development Auckland Limited, to take effect from 1 September 2015.

For legal purposes, the merger will take the form of a short-form amalgamation under the Companies Act 1993. Waterfront Auckland is to be the surviving entity and will change its name to Development Auckland Limited on 1 September 2015. As most of the activities undertaken by ACPL are done on behalf of Auckland Council, the assets, liabilities and equity of ACPL as a separate company are not material and will have minimal impact on the Statement of Financial Position of Waterfront Auckland.

### 34 Financial risk management

Waterfront Auckland and the group's activities expose it to a variety of financial risks: market risk, liquidity risk and credit risk. The Group's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Waterfront Auckland's treasury management is carried out under a shared service agreement by Auckland Council. The treasury management policy incorporates a liability management policy and an investment policy. These policies do not allow any transactions that are speculative in nature to be entered into.

#### i) Carrying amount and fair value of financial assets and liabilities of the Parent

	Carrying amount		Fair value	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
<b>Financial assets</b>				
Cash and cash equivalents	3,278	2,208	3,278	2,208
<i>Loans and receivables</i>				
Debtors and other receivables	21,016	40,234	21,016	40,234
<b>Total financial assets</b>	<b>24,294</b>	<b>42,442</b>	<b>24,294</b>	<b>42,442</b>
<b>Financial liabilities</b>				
<i>Financial liabilities at amortised cost</i>				
Creditors and other payables	13,020	142,020	13,020	142,020
Borrowings	23,000	23,000	23,000	23,000
<b>Total financial liabilities</b>	<b>36,020</b>	<b>165,020</b>	<b>36,020</b>	<b>165,020</b>
<b>Net financial assets / (liabilities)</b>	<b>(11,726)</b>	<b>(122,578)</b>	<b>(11,726)</b>	<b>(122,578)</b>

#### ii) Carrying amount and fair value of financial assets and liabilities of the Group

	Carrying amount		Fair value	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
<b>Financial assets</b>				
Cash and cash equivalents	5,133	5,163	5,133	5,163
<i>Loans and receivables</i>				
Debtors and other receivables	21,016	40,234	21,016	40,234
<b>Total financial assets</b>	<b>26,149</b>	<b>45,397</b>	<b>26,149</b>	<b>45,397</b>
<b>Financial liabilities</b>				
<i>Financial liabilities at amortised cost</i>				
Creditors and other payables	8,913	137,564	8,913	137,564
Borrowings	23,000	23,000	23,000	23,000
<b>Total financial liabilities</b>	<b>31,913</b>	<b>160,564</b>	<b>31,913</b>	<b>160,564</b>
<b>Net financial assets / (liabilities)</b>	<b>(5,764)</b>	<b>(115,167)</b>	<b>(5,764)</b>	<b>(115,167)</b>

34 Financial risk management (continued)

b) Liquidity risk

Contractual maturity analysis of financial assets and liabilities

The table below analyses Waterfront Auckland's financial assets and liabilities into relevant maturity groupings based on the period remaining at balance date until the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

i) Contractual maturity analysis of financial assets and liabilities of the Parent

	On demand	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash inflow / (outflow)	Carrying amount (assets) / liabilities
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>30 June 2015</b>								
<b>Financial assets</b>								
Cash and cash equivalents	3,278	-	-	-	-	-	3,278	3,278
Debtors and other receivables	14,725	5,832	36	72	174	177	21,016	21,016
<b>Total financial assets</b>	<b>18,003</b>	<b>5,832</b>	<b>36</b>	<b>72</b>	<b>174</b>	<b>177</b>	<b>24,294</b>	<b>24,294</b>
<b>Financial liabilities</b>								
Creditors and other payables	(446)	(12,574)	-	-	-	-	(13,020)	(13,020)
Borrowings	-	(591)	(585)	(23,931)	-	-	(25,107)	(23,000)
<b>Total financial liabilities</b>	<b>(446)</b>	<b>(13,165)</b>	<b>(585)</b>	<b>(23,931)</b>	<b>-</b>	<b>-</b>	<b>(38,127)</b>	<b>(36,020)</b>
<b>30 June 2014</b>								
<b>Financial assets</b>								
Cash and cash equivalents	2,208	-	-	-	-	-	2,208	2,208
Debtors and other receivables	32,105	7,598	36	72	216	207	40,234	40,234
<b>Total financial assets</b>	<b>34,313</b>	<b>7,598</b>	<b>36</b>	<b>72</b>	<b>216</b>	<b>207</b>	<b>42,442</b>	<b>42,442</b>
<b>Financial liabilities</b>								
Creditors and other payables	(142,020)	-	-	-	-	-	(142,020)	(142,020)
Borrowings	-	(586)	(586)	(1,176)	(23,934)	-	(26,282)	(23,000)
<b>Total financial liabilities</b>	<b>(142,020)</b>	<b>(586)</b>	<b>(586)</b>	<b>(1,176)</b>	<b>(23,934)</b>	<b>-</b>	<b>(168,302)</b>	<b>(165,020)</b>

**34 Financial risk management (continued)**

*ii) Contractual maturity analysis of financial assets and liabilities of the Group*

	On demand	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash inflow / (outflow)	Carrying amount assets / (liabilities)
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>30 June 2015</b>								
<b>Financial assets</b>								
Cash and cash equivalents	5,133	-	-	-	-	-	5,133	5,133
Debtors and other receivables	14,725	5,832	36	72	174	177	21,016	21,016
<b>Total financial assets</b>	<b>19,858</b>	<b>5,832</b>	<b>36</b>	<b>72</b>	<b>174</b>	<b>177</b>	<b>26,149</b>	<b>26,149</b>
<b>Financial liabilities</b>								
Creditors and other payables	-	(8,911)	-	-	-	-	(8,911)	(8,911)
Borrowings	-	(591)	(585)	(23,931)	-	-	(25,107)	(23,000)
<b>Total financial liabilities</b>	<b>-</b>	<b>(9,502)</b>	<b>(585)</b>	<b>(23,931)</b>	<b>-</b>	<b>-</b>	<b>(34,018)</b>	<b>(31,911)</b>
<b>30 June 2014</b>								
<b>Financial assets</b>								
Bank deposits	5,163	-	-	-	-	-	5,163	5,163
Debtors and other receivables	32,105	7,598	36	72	216	207	40,234	40,234
<b>Total financial assets</b>	<b>37,268</b>	<b>7,598</b>	<b>36</b>	<b>72</b>	<b>216</b>	<b>207</b>	<b>45,397</b>	<b>45,397</b>
<b>Financial liabilities</b>								
Creditors and other payables	(137,564)	-	-	-	-	-	(137,564)	(137,564)
Borrowings	-	(586)	(586)	(1,176)	(23,934)	-	(26,282)	(23,000)
<b>Total financial liabilities</b>	<b>(137,564)</b>	<b>(586)</b>	<b>(586)</b>	<b>(1,176)</b>	<b>(23,934)</b>	<b>-</b>	<b>(163,846)</b>	<b>(160,564)</b>

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**35 Capital management**

Waterfront Auckland's capital is its equity which comprise accumulated funds. Equity is represented by net assets.

Waterfront Auckland manages its revenues, expenses, assets, liabilities and general financial dealings prudently to meet its long term objective and in a way that promotes the current and future interests of the community. Equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities and general financial dealings.

Waterfront Auckland is implementing asset management plans for major classes of assets detailing renewal and maintenance programmes.

Waterfront Auckland is required by Auckland Council to maintain an 'equity to total assets' ratio of not less than 60%.

	Parent 2015 \$000	Parent 2014 \$000
Equity	584,323	402,161
Total assets	640,625	586,032
Equity to total assets	91%	69%

**36 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 receivables 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 notes 10 and 11 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 arm's length, rather than the transactions and balances that would have occurred 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.

As a result the comparative figures in note 30 have been restated.

**PBE IPSAS 23 Revenue from Non-exchange Transactions**

The standard revenue from non-exchange transactions to be disclosed separately. Refer to note 3 for further details.

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**37 Explanation of major variances to budget**

As a CCO, Waterfront Auckland agrees its budget each year with the shareholder Auckland Council and publishes the budget in the Statement of Intent. The following table shows a high level comparison of actual financial performance to budget.

**Statement of Comprehensive Revenue and Expense**

	Group Actual 2015 \$000	Group Budget 2015 \$000	Variance \$000	Note
<b>Revenue</b>				
Rental and other revenue	37,531	38,401	(870)	1
Interest income	112	131	(19)	
Other gains / (losses)	52,132	-	52,132	2
<b>Total income</b>	<b>89,775</b>	<b>38,532</b>	<b>51,243</b>	
<b>Expenses</b>				
Personnel	7,721	6,693	1,028	3
Depreciation and amortisation	8,973	9,098	(125)	
Interest expense	1,172	2,364	(1,192)	4
Other operating expenses	22,514	24,554	(2,040)	5
<b>Total expenditure</b>	<b>40,380</b>	<b>42,709</b>	<b>(2,329)</b>	
Surplus / (deficit) before tax	49,395	(4,177)	53,572	
Income tax (benefit) / expense	(1,295)	-	(1,295)	2
<b>Surplus / (deficit) after tax</b>	<b>50,690</b>	<b>(4,177)</b>	<b>54,867</b>	
<b>Other comprehensive revenue and expense</b>				
Gains on revaluation of property, plant and equipment	6,647	-	6,647	2
Tax on revaluation gains	(1,861)	-	(1,861)	2
<b>Total other comprehensive income</b>	<b>4,786</b>	<b>-</b>	<b>4,786</b>	
<b>Total comprehensive income</b>	<b>55,476</b>	<b>(4,177)</b>	<b>59,653</b>	

**Notes**

1. The budget does not eliminate intra-entity transactions between Waterfront Auckland and its subsidiaries. If these were eliminated, the budget revenue would be \$2.9m lower which would make actual revenue \$2.1m higher than budget. Higher than budgeted operating expenditure recoveries and unbudgeted revenue from place making activities are the main contributors to this favourable variance.

2. Waterfront Auckland does not budget for non-cash revaluations of investment property, revaluations of property, plant and equipment and related movements in deferred tax.

3. \$0.4m of personnel costs were budgeted for in other operating expenses. Other increases were due to positions budgeted for as contract staff (and therefore included in other operating expenses), being filled by employees.

4. The budget assumed that interest would be paid for on some of the capital expenditure funding from Council. This funding was instead offset by amounts receivable from Auckland Council and no interest was charged.

5. The budget does not eliminate intra-entity transactions between Waterfront Auckland and its subsidiaries. If these were eliminated, the actual operating expenses would be \$0.9m lower than budget. This is primarily due to the budgeting of some personnel costs in other operating expenses and the movement of contract positions to staff positions as described in 3. above. Other savings were offset by costs incurred for the amalgamation as described in note 33.



37 Explanation of major variances to budget (continued)

Statement of Financial Position

	Group Actual 2015 \$000	Group Budget 2015 \$000	Variance \$000	Note
Current Assets	25,864	27,676	(1,812)	1
Non Current Assets	616,096	568,782	47,314	2
<b>Total Assets</b>	<b>641,960</b>	<b>596,458</b>	<b>45,502</b>	
Current Liabilities	14,079	23,790	(9,711)	3
Non Current Liabilities	41,471	63,502	(22,031)	4
<b>Total Liabilities</b>	<b>55,550</b>	<b>87,292</b>	<b>(31,742)</b>	
<b>Net Assets</b>	<b>586,410</b>	<b>509,166</b>	<b>77,244</b>	
<b>Net Equity</b>	<b>586,410</b>	<b>509,166</b>	<b>77,244</b>	

Notes

1. Lower receivables than budgeted for as inter-entity accounts with Auckland Council were settled prior to year end.
2. Waterfront Auckland does not budget for revaluations of investment property or property, plant and equipment. The revaluation at 30 June 2015 increased investment property by \$52.1m.
3. Lower accruals than budgeted for due to transactions occurring earlier than accounted for in the budget.
4. The budget included revenue in advance for lease prepayments that were scheduled to occur in 2015 but will not occur until 2016.