



Te Pūrongo ā-Tau a Te Kaunihera  
o Tāmaki Makaurau 2023/2024

# Auckland Council Annual Report 2023/2024

Te Wāhanga 3: Ngā Tauākī Pūtea  
**Volume 3: Financial Statements**



  
**Volume  
3**



## Mihi

Nau mai e te tai Whakarunga e te Tai Whakararo

Welcome the southern and northern tides, the tides of East and West.

Nau mai e te tai Tama-wahine, e te tai Tama-tāne,

Welcome to Tāmaki, the land born of the sacred waters Waitematā and the Manukau

Nau mai ki Tāmaki i whakawhenuatia rā, i ngā waitapu e rua nei arā ki a Waitematā i te Mānukanuka.

You who emerged from the womb of Papatūānuku laying here and amalgamate with Ranginui above.

Koia i maea ake i te kōpū o Papatūānuku e takoto mai nei,

Those who have passed are lamented, called hither and then home.

Tuia ki a Ranginui e tū iho nei.

Ko ngā aituā hoki tēnei e tangihia ana e tō tātou manu!

Come forth, climb, or ascend, likened to birds that settle.

Hoki wairua mai, hara mai haere

You are the visitor who has arrived. And the Kaunihera who say,

Piki taku manu, kake taku manu ka tau me he manu-kau noa nei ē!

It is I, it is we, the members of Auckland Council!

Ko koe te manuhiri kua tau,

Ko au te mana Kaunihera ka kī

Welcome, welcome, greetings to all.

Ko au, ko au, ko te Kaunihera o Tāmaki Makaurau!

Nau mai, Tautī mai, Whakatau mai nā.

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## Ā mātou kōrero Our story

Auckland Council Group (the group)’s purpose is to promote the social, economic, environmental and cultural well-being of Auckland communities in the present and for the future and to enable democratic local decision-making. To do this, the group provides a diverse range of activities, services, facilities and infrastructure to support Aucklanders in their daily lives and to deliver positive outcomes.

This annual report tells the story of:

- what we did as the group to respond to what Aucklanders said they want
- how we contributed to the positive outcomes for Aucklanders and the broader economy
- how we performed relative to our Annual Plan 2023/2024 and the third year of our 10-year Budget 2021-2031.

The group includes Auckland Council, its subsidiaries (council-controlled organisations and Port of Auckland Limited), associates and joint ventures.

The group has a significant role in areas such as transport, water, development and port operations. Those areas are operated by the Port of Auckland Limited and the five council-controlled organisations: Auckland Transport, Watercare Services Limited (Watercare), Eke Panuku Development Auckland Limited (Eke Panuku), Tātaki Auckland Unlimited Limited and Tātaki Auckland Unlimited Trust.

This annual report tells the story of what we did as the Auckland Council Group and how we performed over the past financial year.

Volume 3 of the Auckland Council Annual Report 2023/2024 provides a comprehensive overview of our financial results, cash flows, financial position and funding impacts for the year ended 30 June 2024. It comprises three main sections.

1. The **Financial Statements** and **Notes to the Financial Statements** sections outline our financial performance, financial position and cash flows

for the year ended 30 June 2024 compared to the Annual Budget 2023/2024 and the prior year. The notes to the financial statements contain detailed financial information as well as the relevant accounting policies, judgements and estimates applied in preparing the financial statements, explanations of significant variances against budget and local government financial disclosures.

2. The **Funding Impact Statement section** contains a summary of how we funded our services and capital expenditure for the year ended 30 June 2024 compared to the Annual Budget 2023/2024 as a group, and by group of activities. The funding impact statements are prepared in accordance with Schedule 10, sections 26 and 30 of the Local Government Act 2002.

3. To assist users to compare our financial statements to other entities, we summarise the most significant differences between International Financial Reporting Standards (IFRS) and the Public Sector Standards (PBE) applied in preparing the financial statements in the **Main differences between IFRS and PBE Accounting Standards** section.

The references to documents and information on the council’s and other websites are provided solely for the convenience of readers who might require more detailed information and are not part of the Auckland Council Annual Report 2023/2024.

Signposting has been used throughout this volume to provide a clearer understanding of key information.

## Tauākī āheitanga me te kawenga Statement of compliance and responsibility

The Governing Body and management of Auckland Council confirm that all the statutory requirements in relation to this annual report have been met including those outlined in the Local Government Act 2002, Local Government (Financial Reporting and Prudence) Regulations 2014 and the Financial Markets Conduct Act 2013.

### Responsibility

The Governing Body and management of Auckland Council accept responsibility for the preparation and completion of the annual report and the related assumptions, estimates and judgements.

The Governing Body and management adopted the annual report as presented here on 26 September 2024.

The Governing Body, the management of Auckland Council and the Auckland Council Group accept responsibility for establishing and maintaining systems of internal control designed to provide reasonable assurance as to the integrity and reliability of performance, financial and climate reporting.

In the opinion of Auckland Council, the group annual report, for the year ended 30 June 2024, fairly presents the financial position, cash flows, funding impacts and the group’s response to climate-related risks and opportunities of the Auckland Council Group and Auckland Council.

**Wayne Brown**  
Mayor of Auckland  
26 September 2024

**Phil Wilson**  
Chief Executive  
26 September 2024

## Annual Report 2023/2024 Volumes



- 1 **Overview and service performance**  
An overview of the financial and non-financial performance of the group.



- 2 **Local board reports**  
A collection of individual annual reports for each of the 21 local boards, reporting financial and non-financial performance.



- 3 **Financial statements**  
The financial statements of the Auckland Council Group and Auckland Council for the year ended 30 June 2024.



- 4 **Climate risk statement**  
A summary of the group’s approach to climate-related risks and opportunities.



Ngā tauākī ā-pūtea

# Financial statements



SIGNPOSTS	EXPLANATION
	<b>Accounting policy</b>
	<b>Significant judgements and estimates</b>
	<b>Explanation of significant variances against budget</b>
	<b>Local government disclosures</b>

▲ Puhoi River estuary, Wenderholm

Te tauākī mō te tōtōpūtanga o ngā pūtea whiwhi,  
o ngā whakapaunga pūtea hoki

## Statement of comprehensive revenue and expenditure

For the year ended 30 June 2024

\$Million	Note	Group			Auckland Council		
		Actual 2024	Budget 2024	Actual 2023	Actual 2024	Budget 2024	Actual 2023
<b>Revenue</b>							
Rates		2,523	2,524	2,280	2,534	2,536	2,290
Fees and user charges		1,678	1,647	1,472	364	312	337
Grants and subsidies		1,265	1,179	1,176	151	80	171
Development and financial contributions		222	268	240	222	268	240
Other revenue		764	759	871	370	345	300
Vested assets		698	456	616	222	125	173
Finance revenue from financial assets at amortised cost		36	7	15	28	35	37
Finance revenue from financial assets at fair value through surplus or deficit		4	1	3	187	151	129
<b>Total revenue excluding other gains</b>	<b>A1</b>	<b>7,190</b>	<b>6,841</b>	<b>6,673</b>	<b>4,078</b>	<b>3,852</b>	<b>3,677</b>
<b>Expenditure</b>							
Employee benefits expense	A3	1,195	1,146	1,121	662	662	609
Depreciation and amortisation	A4	1,375	1,293	1,268	342	353	328
Grants, contributions and sponsorship	A2	200	170	187	1,260	1,292	1,167
Other operating expenses	A2	3,145	2,392	2,225	1,656	881	809
Finance costs	A5	562	536	523	554	527	505
<b>Total expenditure excluding other losses</b>		<b>6,477</b>	<b>5,537</b>	<b>5,324</b>	<b>4,474</b>	<b>3,715</b>	<b>3,418</b>
<b>Operating surplus before gains and losses</b>		<b>713</b>	<b>1,304</b>	<b>1,349</b>	<b>(396)</b>	<b>137</b>	<b>259</b>
Net other gains and losses	A6	(44)	(26)	(163)	23	(27)	(197)
Share of net deficit in associates and joint ventures		(5)	(7)	(114)	(10)	(9)	(118)
<b>Surplus/(deficit) before income tax</b>		<b>664</b>	<b>1,271</b>	<b>1,072</b>	<b>(383)</b>	<b>101</b>	<b>(56)</b>
Income tax expense	A7	80	101	62	-	-	-
<b>Surplus/(deficit) after income tax</b>		<b>584</b>	<b>1,170</b>	<b>1,010</b>	<b>(383)</b>	<b>101</b>	<b>(56)</b>
<b>Other comprehensive revenue/(expenditure)</b>							
Net (loss)/gain on revaluation of property, plant and equipment	B1	(265)	3,590	198	(438)	422	(915)
Impairment losses on revalued property, plant and equipment	B1	-	-	(29)	-	-	(19)
Tax on revaluation of property, plant and equipment		1	(293)	(258)	-	-	-
Movement in cash flow hedge reserve		-	-	(1)	-	-	-
Tax on cash flow hedge		-	-	-	-	-	-
Fair value movement on revaluation of financial assets held at fair value through other comprehensive revenue and expenditure		(247)	-	357	(234)	-	363
<b>Total other comprehensive (expenditure)/revenue</b>		<b>(511)</b>	<b>3,297</b>	<b>267</b>	<b>(672)</b>	<b>422</b>	<b>(571)</b>
<b>Total comprehensive revenue/(expenditure)</b>		<b>73</b>	<b>4,467</b>	<b>1,277</b>	<b>(1,055)</b>	<b>523</b>	<b>(627)</b>

The accompanying notes to the financial statements form part of, and are to be read in conjunction with, these financial statements. They include explanations of significant variances against budget.

Te tauākī mō te tūāhua pūtea

## Statement of financial position

As at 30 June 2024

\$Million	Note	Group			Auckland Council		
		Actual 2024	Budget 2024	Actual 2023	Actual 2024	Budget 2024	Actual 2023
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	D1	616	100	84	506	80	45
Receivables and prepayments	D2	764	652	720	430	546	355
Derivative financial instruments	C2	13	1	110	18	1	110
Other financial assets	C3	139	59	110	148	64	117
Inventories		41	59	39	-	19	-
Income tax receivable		-	2	-	-	-	-
Non-current assets held-for-sale	F1	176	136	989	52	136	988
<b>Total current assets</b>		<b>1,749</b>	<b>1,009</b>	<b>2,052</b>	<b>1,154</b>	<b>846</b>	<b>1,615</b>
<b>Non-current assets</b>							
Receivables and prepayments	D2	88	56	54	77	26	37
Derivative financial instruments	C2	551	527	626	552	528	626
Other financial assets	C3	1,361	1,354	1,524	5,507	5,168	5,068
Property, plant and equipment	B1	67,697	71,865	66,076	20,433	21,999	20,440
Intangible assets	B2	479	261	467	212	96	211
Investment property	B3	657	729	655	528	593	520
Investment in subsidiaries <sup>^</sup>	F3	-	-	-	20,019	19,957	20,008
Investment in associates and joint ventures	F3	1,803	1,928	1,490	1,799	1,921	1,487
Other non-current assets		9	11	9	1	5	1
<b>Total non-current assets</b>		<b>72,645</b>	<b>76,731</b>	<b>70,901</b>	<b>49,128</b>	<b>50,293</b>	<b>48,398</b>
<b>Total assets</b>		<b>74,394</b>	<b>77,740</b>	<b>72,953</b>	<b>50,282</b>	<b>51,139</b>	<b>50,013</b>
<b>Liabilities</b>							
<b>Current liabilities</b>							
Bank overdraft	D1	-	-	4	-	-	-
Payables and accruals	D3	1,304	1,259	1,096	1,258	1,265	1,025
Employee benefits	D4	126	134	121	64	70	59
Borrowings	C1	1,371	1,041	2,403	1,369	1,068	2,402
Derivative financial instruments	C2	7	3	2	7	3	2
Provisions	D5	375	114	196	366	93	174
<b>Total current liabilities</b>		<b>3,183</b>	<b>2,551</b>	<b>3,822</b>	<b>3,064</b>	<b>2,499</b>	<b>3,662</b>
<b>Non-current liabilities</b>							
Payables and accruals	D3	197	238	192	179	219	179
Employee benefits	D4	5	6	5	1	1	1
Borrowings	C1	11,546	10,862	10,054	11,374	10,666	9,882
Derivative financial instruments	C2	569	637	568	569	637	568
Provisions	D5	700	180	270	688	167	259
Deferred tax liabilities	F2	2,570	2,654	2,491	-	-	-
<b>Total non-current liabilities</b>		<b>15,587</b>	<b>14,577</b>	<b>13,580</b>	<b>12,811</b>	<b>11,690</b>	<b>10,889</b>
<b>Total liabilities</b>		<b>18,770</b>	<b>17,128</b>	<b>17,402</b>	<b>15,875</b>	<b>14,189</b>	<b>14,551</b>
<b>Net assets</b>		<b>55,624</b>	<b>60,612</b>	<b>55,551</b>	<b>34,407</b>	<b>36,950</b>	<b>35,462</b>
<b>Equity</b>							
Contributed equity	D6	26,693	26,693	26,693	26,539	26,539	26,539
Accumulated funds	D6	7,564	8,372	6,803	155	1,081	382
Reserves	D6	21,367	25,547	22,055	7,713	9,330	8,541
<b>Total equity</b>		<b>55,624</b>	<b>60,612</b>	<b>55,551</b>	<b>34,407</b>	<b>36,950</b>	<b>35,462</b>

<sup>^</sup>Total investment in council-controlled organisations and entities listed in section 6(4) of the Local Government Act 2002 of Auckland Council for 2024 is \$20 billion (2023: \$20 billion).

The accompanying notes to the financial statements form part of, and are to be read in conjunction with, these financial statements. They include explanations of significant variances against budget.

## Te tauākī mō ngā panonitanga o te tūtanga

# Statement of changes in equity

For the year ended 30 June 2024

Group		Contributed equity	Accumulated funds	Reserves	Total equity	Budget
\$Million	Note					
<b>Balance as at 1 July 2022</b>		<b>26,693</b>	<b>5,812</b>	<b>21,769</b>	<b>54,274</b>	<b>48,055</b>
Surplus after income tax		-	1,010	-	1,010	1,044
Other comprehensive revenue		-	-	267	267	184
<b>Total comprehensive revenue</b>		<b>-</b>	<b>1,010</b>	<b>267</b>	<b>1,277</b>	<b>1,228</b>
Transfers (from)/to reserves	D6	-	(19)	19	-	-
<b>Balance as at 30 June 2023</b>	<b>D6</b>	<b>26,693</b>	<b>6,803</b>	<b>22,055</b>	<b>55,551</b>	<b>49,283</b>
<b>Balance as at 1 July 2023*</b>		<b>26,693</b>	<b>6,803</b>	<b>22,055</b>	<b>55,551</b>	<b>56,145</b>
Surplus after income tax		-	584	-	584	1,170
Other comprehensive (expenditure)/revenue		-	-	(511)	(511)	3,297
<b>Total comprehensive revenue/(expenditure)</b>		<b>-</b>	<b>584</b>	<b>(511)</b>	<b>73</b>	<b>4,467</b>
Transfers to/(from) reserves	D6	-	177	(177)	-	-
<b>Balance as at 30 June 2024</b>	<b>D6</b>	<b>26,693</b>	<b>7,564</b>	<b>21,367</b>	<b>55,624</b>	<b>60,612</b>

Auckland Council		Contributed equity	Accumulated funds	Reserves	Total equity	Budget
\$Million	Note					
<b>Balance as at 1 July 2022</b>		<b>26,539</b>	<b>492</b>	<b>9,058</b>	<b>36,089</b>	<b>33,556</b>
(Deficit)/surplus after income tax		-	(56)	-	(56)	134
Other comprehensive expenditure		-	-	(571)	(571)	-
<b>Total comprehensive (expenditure)/revenue</b>		<b>-</b>	<b>(56)</b>	<b>(571)</b>	<b>(627)</b>	<b>134</b>
Transfers (from)/to reserves	D6	-	(54)	54	-	-
<b>Balance as at 30 June 2023</b>	<b>D6</b>	<b>26,539</b>	<b>382</b>	<b>8,541</b>	<b>35,462</b>	<b>33,690</b>
<b>Balance as at 1 July 2023*</b>		<b>26,539</b>	<b>382</b>	<b>8,541</b>	<b>35,462</b>	<b>36,427</b>
(Deficit)/surplus after income tax		-	(383)	-	(383)	101
Other comprehensive expenditure		-	-	(672)	(672)	422
<b>Total comprehensive (expenditure)/revenue</b>		<b>-</b>	<b>(383)</b>	<b>(672)</b>	<b>(1,055)</b>	<b>523</b>
Transfers to/(from) reserves	D6	-	156	(156)	-	-
<b>Balance as at 30 June 2024</b>	<b>D6</b>	<b>26,539</b>	<b>155</b>	<b>7,713</b>	<b>34,407</b>	<b>36,950</b>

\*The budgeted opening balance of total equity has been updated to reflect a forecasted balance and is different from budgeted closing balance of prior year.

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

## Te tauākī mō te whiwhinga mai me te whakapaunga o te moni

# Statement of cash flows

For the year ended 30 June 2024

Group	Auckland Council	Group			Auckland Council		
		Actual 2024	Budget 2024	Actual 2023	Actual 2024	Budget 2024	Actual 2023
\$Million	Note						
<b>Cash flows from operating activities</b>							
Receipts from rates revenue*		2,523	2,524	2,280	2,533	2,536	
Receipts from grants and other services*		3,886	3,798	3,473	973	914	
Interest received		34	8	17	206	186	
Dividends received		23	36	4	56	67	
Payments to suppliers, employees and third parties		(3,872)	(3,625)	(3,479)	(2,786)	(2,591)	
Income tax (paid)/refund		(1)	-	10	-	-	
Interest paid		(531)	(536)	(493)	(520)	(473)	
<b>Net cash inflow from operating activities</b>	<b>F6</b>	<b>2,062</b>	<b>2,205</b>	<b>1,812</b>	<b>462</b>	<b>585</b>	
<b>Cash flows from investing activities</b>							
Repayment of loans to related parties		-	-	-	877	-	
Advances to related parties		-	-	-	(1,452)	(1,327)	
Proceeds from sale of property, plant and equipment, investment property and intangible assets		22	164	47	22	114	
Proceeds from sale of businesses, net of cash acquired		-	-	3	-	-	
Acquisition of property, plant and equipment, investment property and intangible assets		(2,658)	(2,717)	(2,323)	(550)	(605)	
Acquisition of other financial assets		(86)	(25)	(60)	(89)	(39)	
Proceeds from sale of other financial assets		885	866	26	885	866	
Investment in joint ventures		(323)	(346)	(449)	(326)	(346)	
Advances from external parties		1	-	3	-	-	
Proceeds from community loan repayments		-	2	-	-	2	
<b>Net cash outflow from investing activities</b>		<b>(2,159)</b>	<b>(2,056)</b>	<b>(2,753)</b>	<b>(633)</b>	<b>(1,629)</b>	
<b>Cash flows from financing activities</b>							
Proceeds from borrowings		5,292	905	3,421	5,291	932	
Repayment of borrowings		(4,846)	(1,054)	(2,603)	(4,846)	(1,082)	
Receipts from derivative financial instruments		2,879	-	396	2,878	-	
Payments for derivative financial instruments		(2,691)	-	(418)	(2,691)	-	
Repayment of finance lease principal		(1)	-	(1)	-	-	
<b>Net cash inflow/(outflow) from financing activities</b>	<b>F6</b>	<b>633</b>	<b>(149)</b>	<b>795</b>	<b>632</b>	<b>(150)</b>	
<b>Net increase/(decrease) in cash and cash equivalents and bank overdraft</b>		<b>536</b>	<b>-</b>	<b>(146)</b>	<b>461</b>	<b>(121)</b>	
Opening cash and cash equivalents and bank overdraft		80	100	226	45	80	
<b>Closing cash and cash equivalents and bank overdraft</b>	<b>D1</b>	<b>616</b>	<b>100</b>	<b>80</b>	<b>506</b>	<b>45</b>	

\*Receipts from rates revenue and Receipts from grants and other services were reported together in a single disclosure line in prior year. They have now been restated to be split into separate lines for better presentation.

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

He pito kōrero mō ngā tauākī pūtea

# Notes to the financial statements



▲ Ōrākei Boat sheds

Te pūtake o te pūrongo

## Basis of reporting

This section contains the significant accounting policies of the Auckland Council Group and Auckland Council that relate to the financial statements as a whole. Significant accounting policies relating to specific account balances are included in the related note disclosures. They also include explanations of significant variances against budget.

Auckland Council is a local authority domiciled in New Zealand and governed by the following legislation:

- Local Government Act 2002 (LGA 2002);
- Local Government (Auckland Council) Act 2009 (LGACA 2009); and
- Local Government (Rating) Act 2002.

Auckland Council is a Financial Markets Conduct Reporting Entity under the Financial Markets Conduct Act 2013 (FMCA 2013).

Auckland Council's principal address is 135 Albert Street, Auckland Central, New Zealand.

The Auckland Council Group (the group) consists of Auckland Council (the council), its subsidiaries, associates and joint ventures. A list of significant subsidiaries (including substantive council-controlled organisations, or CCOs<sup>1</sup>) is provided in the following pages. Other significant investees that are not controlled by the group or the council are listed in Note F3. All these entities are domiciled in New Zealand.

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

### Basis of preparation

The financial statements have been prepared:

- in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), the LGA 2002, the LGACA 2009 and the Local Government (Financial Reporting and Prudence) Regulations 2014 and comply with PBE Accounting Standards;
- on a historical cost basis, except for certain financial instruments which have been measured at fair value (Notes C2 and C3), certain classes of property, plant and equipment (Note B1) and investment property (Note B3) which have been subsequently measured at fair value;
- on a going concern basis and the accounting policies have been applied consistently throughout the period; and
- in New Zealand dollars (NZD), rounded to the nearest million dollars, unless otherwise stated.

All items in the financial statements are stated exclusive of Goods and Services Tax (GST), except for receivables and payables, which include GST.

The budget figures presented in the financial statements are those included in the Annual Budget 2023/2024.

<sup>1</sup> Section 4(1) of the LGACA 2009 defines substantive CCOs as a CCO that is either wholly owned or wholly controlled by Auckland Council and either is responsible for the delivery of a significant service or activity on behalf of Auckland Council or owns or manages assets with a value of more than \$10 million. It includes Auckland Transport and excludes entities exempted from CCO status.

### Significant judgements and estimates

The preparation of the financial statements requires judgements, estimates and assumptions. Application is based on future expectations as well as historical experience and other factors, as appropriate to the particular circumstances. Judgements and estimates which are considered material to understand the performance of the group and the council are found in the following notes:

Note B1: Property, plant and equipment

Note C2: Derivative financial instruments

Note D5: Provisions

Note F3: Investment in other entities

### Basis of consolidation

The consolidated financial statements comprise the financial statements of the council and its CCOs and subsidiaries as at 30 June 2024.

CCOs and subsidiaries are entities controlled by the group. Control is achieved when the group has the power to govern the entity's financial and operating policies. To establish control, the controlling entity has either exercisable power to govern decision-making to be able to benefit from, or predetermined rights to direct the relevant activities of the other entity.

Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements from the date the group gains control until the date the group ceases to control the subsidiary.

The accounting policies of controlled entities are consistent with the policies adopted by the controlling entity, or if not, adjustments are made to the consolidated financial statements to bring alignment with the group's accounting policies. All intra-group balances, transactions, income, expenses, and cash flows between members of the group are eliminated in full on consolidation.

The significant subsidiaries in the group are:

Name	Principal activities and nature of relationship where there is no direct ownership	CCO	Percentage of ownership/control	
			2024	2023
Auckland Transport	Owns the public transport network and manages the transport infrastructure and services in Auckland. <i>*Auckland Transport is a body corporate with ongoing succession and is treated under the LGACA 2009 as if Auckland Council is its sole shareholder.</i>	Yes	100*	100*
Eke Panuku Development Auckland Limited	Facilitates the development and rejuvenation of urban locations including the Auckland waterfront. Optimises the council's property portfolio.	Yes	100	100
Port of Auckland Limited	Owns and operates Auckland's port which provides container bulk cargo handling, freight hubs, cruise industry facilities and other related services. Although Auckland Council owns 100 per cent of POAL, it is governed under the Port Companies Act 1988 and is not a council-controlled organisation (CCO).	No	100	100
Tātaki Auckland Unlimited Limited	Manages projects for economic development, tourism and events promotion in the Auckland region.	Yes	100	100
Tātaki Auckland Unlimited Trust	Supports and promotes the arts, culture, heritage, leisure, sports and entertainment, and owns and manages the venues for these activities. <i>^Tātaki Auckland Unlimited Trust is a charitable trust of which Tātaki Auckland Unlimited Limited, a 100% owned subsidiary of Auckland Council, is the sole trustee.</i>	Yes	100^	100^
Watercare Services Limited	Provides water and wastewater services and owns and operates the water and wastewater infrastructure.	Yes	100	100



*Basis of reporting (continued)***Significant restrictions**

Despite Auckland Council's ability to control its subsidiaries, there are significant restrictions on accessing the assets of Tātaki Auckland Unlimited Trust and Watercare Services Limited.

- Tātaki Auckland Unlimited Trust is a charitable trust, and as a result, Auckland Council is unable to access its assets.
- In accordance with the Local Government (Auckland Council) Act 2009 section 57(1)(b), Auckland Council may not receive a dividend or distribution of surpluses from Watercare Services Limited.

**New standard/amendments adopted****2022 Omnibus Amendments to PBE Standards, issued June 2022**

The 2022 Omnibus Amendments include several general updates and amendments to several Tier 1 and Tier 2 PBE accounting standards. The revised PBE standards are effective from the year ending 30 June 2024. The group has adopted the revised PBE standards, and the adoption did not result in a significant impact on the group financial statements.

**Disclosure of Fees for Audit Firms' Services - (Amendments to PBE IPSAS 1)**

Disclosure of Fees for Audit Firms' Services (the amending Standard) was issued in May 2023. This amending standard updates the required disclosures for fees relating to services provided by the entity's audit or review firm. The fees must be disaggregated into specified categories and there is guidance to assist entities in determining the types of services to include in each category. This amending standard is effective for reporting periods beginning on or after 1 January 2024 with early adoption permitted. The group has early adopted the amendment (refer to Note A2), and the adoption did not result in a significant impact on the group financial statements.

**Accounting standards issued but not yet effective**

The group will adopt the following accounting standard in the reporting period after the effective date.

**PBE IFRS 17 Insurance Contracts**

PBE IFRS 17 Insurance Contracts for public sector entities was issued in June 2023. This standard establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts. It is effective for reporting periods beginning on or after 1 January 2026 with early adoption permitted. The group has not assessed the effect of the new standard in detail.

► Panmure Wharf

## Te Wehenga A: Ngā hua o te tau

**Section A: Results of the year**

This section focuses on the financial performance of the Auckland Council Group and Auckland Council during the year. It outlines significant accounting policies adopted in the recognition of revenue and expenditure and provides detail about rates and other revenue, as well as significant expenditure such as employee benefits, goods and services purchased, depreciation, amortisation, and other costs.

**The notes in this section are as follows:**

- **A1 Revenue**
- **A2 Operating expenses**
- **A3 Employee benefits**
- **A4 Depreciation and amortisation**
- **A5 Finance costs**
- **A6 Net other gains and losses**
- **A7 Income tax**



## A1 Revenue

### Accounting policy



The group and the council receive their revenue from exchange and non-exchange transactions. Exchange transaction revenue arises when the group and the council provide goods or services directly to a third party and receive approximately equal value in return. Non-exchange transaction revenue arises when the group and the council receive value from another party without having to directly provide goods or services of equal value. Non-exchange revenue comprises rates and transfer revenue. Transfer revenue includes grants, subsidies, fees and user charges derived from activities that are partially funded by rates. The group and the council's significant items of revenue are recognised and measured as follows:

Type	Recognition and measurement
<b>Rates</b>	Rates are set annually by resolution of the council and relate to a particular financial year in accordance with the Local Government (Rating) Act 2002. Rates comprise general and targeted rates and are stated net of rates remissions. Rates revenue is recognised at the date of issuance of ratings notice and is measured at the present value of cash received or receivable.
<b>Grants and subsidies</b>	Grants and subsidies are recognised when they become receivable unless there is an obligation in substance to return the funds if conditions of the grants and subsidies are not met. If there is such an obligation, the grants and subsidies are initially recorded in the statement of financial position when received at fair value as grants and subsidies received in advance. As the conditions are satisfied, the carrying amount of the liability is reduced and an equal amount is recognised as revenue.
<b>Development contributions</b>	Development contributions are charged for new property developments to contribute to the group's costs of building supporting infrastructure such as stormwater, roads and footpaths. Revenue is recognised at the later of, the point when the group is entitled to issue an invoice to developers for the contribution in accordance with milestones set out in the group's development contributions policy, and the point when the group can provide the service for which the contribution was charged. The timing of recognition is dependent on the type of consent granted and the nature of the development.
<b>Vested assets</b>	Vested asset revenue represents infrastructure received from property developers who construct the infrastructure as a condition of development. Vested asset revenue is recognised when control of the asset is transferred to the group and/or the council and is measured at the fair value of the asset received.
<b>Finance revenue</b>	Finance revenue comprises interest revenue. Revenue is recognised using the effective interest method.
<b>Dividend revenue</b>	Dividend revenue is recognised when the group and the council's right to receive the dividend is established.
<b>Fees and user charges</b>	
Water and wastewater	Water revenue comprises the amounts received and receivable at balance date for water supplied to customers in the ordinary course of business. Wastewater revenue is a combination of a fixed charge and a volumetric charge based on a percentage of water used. Water and wastewater revenue includes estimated unbilled amounts for unread meters at balance date. As meter reading is cyclical, management applies judgement when estimating the daily average water consumption of customers between meter readings. Unbilled amounts from the last bill reading date to the end of the month are recognised as revenue.
Sale of goods	Sales revenue is recognised when the substantial risks and rewards of ownership have been passed to the buyer.

## A1 Revenue (continued)

Type	Recognition and measurement
Port operations	Revenue from port operations includes revenue from marine services, ship exchange, berthage, goods wharfage, and collection and transport of containers. Revenue is recognised when the services are provided, by reference to the stage of completion of the specific transaction, assessed on the basis of the actual service provided as a proportion of the total services to be provided.
Consents	Building consents provide approval for specific building works on a specific site, and resource consents provide approval for projects that impact the environment or others. Consent revenue is recognised when consents are provided at the fair value of the amount receivable.
Licences and permits	Revenue is recognised on receipt of application as they are non-refundable.
<b>Other revenue</b>	
Infrastructure growth charge revenue	Infrastructure growth charge revenue is recognised when payment is received for approved connections.
Regional fuel tax	Regional fuel tax is a tax of 10 cents per litre of fuel (plus GST) which is collected to fund transport projects. Revenue is recognised when the supply of fuel occurs in the Auckland region at the fair value of the amount received or receivable.

The split of exchange and non-exchange revenue is disclosed below:

\$Million	Group		Auckland Council	
	2024	2023	2024	2023
<b>Revenue from non-exchange transactions:</b>				
<b>Revenue from rates</b>				
General	2,206	1,950	2,216	1,960
Targeted	302	308	303	308
Penalties	32	29	32	29
Rates remissions	(12)	(5)	(12)	(5)
Discounts	(5)	(2)	(5)	(2)
<b>Total revenue from rates</b>	<b>2,523</b>	<b>2,280</b>	<b>2,534</b>	<b>2,290</b>
<b>Revenue from transfers</b>				
Sales of goods and services	314	225	104	88
Vested assets	698	616	222	173
Fines and infringements	67	52	4	3
Consents, licences and permits	260	250	256	246
Capital grants and subsidies	696	506	83	45
Operating grants and subsidies*	569	670	68	126
Regional fuel tax revenue	143	152	143	152
Donated artwork (Note B1)	-	184	-	-
Other transfer revenue	212	168	121	68
<b>Total revenue from transfers</b>	<b>2,959</b>	<b>2,823</b>	<b>1,001</b>	<b>901</b>
<b>Total revenue from non-exchange transactions</b>	<b>5,482</b>	<b>5,103</b>	<b>3,535</b>	<b>3,191</b>

\*Operating grants and subsidies include receipt of \$29 million (2023: \$98 million) Affordable Waters Better-off funding from the central government for both the group and the council.

## A1 Revenue (continued)

\$Million	Group		Auckland Council	
	2024	2023	2024	2023
<b>Revenue from exchange transactions:</b>				
Water and wastewater	670	601	-	-
Sales of goods and services	44	39	1	1
Port operations	323	305	-	-
Development and financial contributions	222	240	222	240
Finance revenue	40	18	215	166
Dividends received	20	2	52	27
Infrastructure growth charges	198	180	-	-
Other exchange revenue	191	185	53	52
<b>Total revenue from exchange transactions</b>	<b>1,708</b>	<b>1,570</b>	<b>543</b>	<b>486</b>
<b>Total revenue</b>	<b>7,190</b>	<b>6,673</b>	<b>4,078</b>	<b>3,677</b>

For the purposes of the Local Government Funding Agency Limited (LGFA) Guarantee and Indemnity Deed disclosure, the council's annual rates revenue for the year ended 30 June 2024 is \$2.5 billion (2023: \$2.3 billion). Refer to Note F4 for further information on the LGFA guarantees and indemnities. Refer to Note F7 for further information on Regional Fuel Tax revenue and its use during the year.

**Local government disclosures**

The council's rating base information relating to the preceding financial year as at 30 June 2023 is as follows:

	2023
Number of rating units	616,681
Total capital value of rating units (in \$million)	1,056,106
Total land value of rating units (in \$million)	720,405

There is \$0.9 million write-off of rates during the year (2023: nil):

\$Thousand	2024	2023
Rates written off for Māori freehold land	326	-
Other rates written off	532	-
<b>Total rates written off</b>	<b>858</b>	<b>-</b>



▲ Avondale Market

## A1 Revenue (continued)

**Explanation of significant variances against budget**

2024 \$Million	Group		Auckland Council	
	Actual	Budget	Actual	Budget
Total revenue	7,190	6,841	4,078	3,852

**Group**

Revenue was \$349 million higher than the budget. The most significant reasons were as follows:

- Vested assets were \$242 million above budget mainly due to receipt of parks and infrastructure assets from developers in Milldale, Hobsonville, Warkworth, Pukekohe and Papakura.
- Other revenue was \$5 million higher than budget primarily driven by improved Infrastructure Growth Charges (IGC) and developer revenue partially offset with timing difference in the receipt of insurance recoveries.
- Grants and subsidies were higher than budget by \$86 million mainly due to unbudgeted \$67 million grants from the central government for the Category 3 property buy-outs and \$38 million grants for New Zealand Upgrade Programme - Eastern Busway.
- Fees and user charges were \$31 million higher than budget largely due to stronger than anticipated volume of consenting activities and higher than anticipated bus usage partially offset by lower water and wastewater revenue driven by less than budgeted water consumption in the 2023/2024 year.

The above favourable revenues were partly offset by:

- Development contribution was \$46 million lower than budget due to ongoing delays in adding new investment priority areas to the contributions policy, including Inner Northwest, City Rail Link stations, and Auckland Housing Programme areas in Tāmaki, Māngere, Northcote, Oranga and Mount Roskill. Besides, development growth was lower than planned due to economic factors such as interest rates, inflation and property prices.

The remaining variances against budget were individually insignificant.

**Auckland Council**

Revenue was higher than budget by \$226 million. The largest contributors to this were:

- Vested asset revenue which was \$97 million higher than budget, mainly attributable to the receipt of stormwater and parks and community assets.
- Grants and subsidies were higher than budget by \$71 million mainly due to unbudgeted \$67 million grants from the central government for the Category 3 property buy-outs.
- Fee and user charges were \$52 million higher than budget largely due to stronger than anticipated volume of consenting activities.

The favourable results above were partly offset by development contributions which was \$46 million lower than budget as explained above.

The remaining variances against budget were individually insignificant.

**A2 Operating expenses****Accounting policy****Grants, contributions and sponsorship**

Discretionary grants, contributions and sponsorship are recognised as expenses when the group and the council have advised their decision to pay and when the attached conditions, if any, are satisfied. Non-discretionary grants are recognised as expenses on receipt of an application that meets the specified criteria.

## A2 Operating expenses (continued)

Operating expenses include the following items.

\$Million	Group		Auckland Council	
	2024	2023	2024	2023
<b>Grants, contributions and sponsorship:</b>				
Funding to CCOs	-	-	1,083	1,010
Other grants	200	187	177	157
Total	200	187	1,260	1,167
<b>Other operating expenses include:</b>				
Outsourced works and services	412	402	299	273
Goods and services	713	648	13	12
Consultancy and professional services	137	121	60	42
Repairs and maintenance	433	394	286	265
Utilities and occupancy	79	72	49	40
Rental and lease	168	151	23	20
Net impairment/(reversal) of receivables	-	11	(4)	5
Fees paid to elected members	12	12	12	12
Fees paid to auditors	6	5	3	2

## Explanation of significant variances against budget

2024 \$Million	Group		Auckland Council	
	Actual	Budget	Actual	Budget
Other operating expenses	3,145	2,392	1,656	881

## Group and Auckland Council

Other operating expenses for Group and Auckland Council were \$753 million and \$775 million higher than budget respectively. This was mainly due to the council providing a \$649 million provision for Risk Category 3 property buy-outs and a \$30 million provision for grants to Risk Category 2P property owners. Other provisions for weathertightness and contaminated land and closed landfills also increased. Refer to D5 for more detail.

The remaining variances against budget were individually insignificant.

## Local government disclosures

## Other financial contributions (presented under 'Grant, contributions and sponsorship')

As required by the Auckland War Memorial Museum Act 1996, Museum of Transport and Technology Act 2000 and Auckland Regional Amenities Funding Act 2008, the council confirms the following financial contributions made during the year.

\$Million	Auckland Council	
	2024	2023
Auckland War Memorial Museum	33	32
Museum of Transport and Technology	19	19
Auckland Regional Amenities Funding Board	17	17

## A2 Operating expenses (continued)

## Fees paid to auditors

The following fees were charged for the services provided by the auditors of the group and the council:

\$Thousand	Group		Auckland Council	
	2024	2023	2024	2023
<b>Audit and review of the financial report</b>	<b>4,802</b>	<b>4,514</b>	<b>1,656</b>	<b>1,546</b>
<b>Audit or review related services</b>				
Assurance engagement related to foreign borrowings	46	44	46	44
Assurance engagement related to debenture trust deed	18	18	18	18
Audit of 10-year Budget and amendments	829	75	829	75
Assurance engagement related to non-financial data quality review and sensitive expenditure	-	25	-	-
Agreed-upon procedures engagement related to negative pledge reporting	10	9	-	-
	<b>903</b>	<b>171</b>	<b>893</b>	<b>137</b>
<b>Taxation services</b>				
Tax services	17	17	-	-
	<b>17</b>	<b>17</b>	<b>-</b>	<b>-</b>
<b>Total fees to auditors</b>	<b>5,722</b>	<b>4,702</b>	<b>2,549</b>	<b>1,683</b>

## A3 Employee benefits expense

## Accounting policy

Employee entitlements for salaries and wages, annual leave, long service leave and other similar benefits are recognised as expenditure and liabilities when they accrue to employees.

\$Million	Group		Auckland Council	
	2024	2023	2024	2023
Salaries and wages	1,085	1,029	612	576
Contributions to defined contribution schemes	35	33	17	17
Termination benefits	9	16	6	4
Other	66	43	27	12
<b>Total employee benefits expense</b>	<b>1,195</b>	<b>1,121</b>	<b>662</b>	<b>609</b>

Refer to Note D4 for the employee benefit liability as at 30 June 2024 and 30 June 2023 and Note F5 for further information on the remuneration of key management personnel and elected representatives.

## Explanation of significant variances against budget

2024 \$Million	Group		Auckland Council	
	Actual	Budget	Actual	Budget
Employee benefits expense	1,195	1,146	662	662

## Group

Employee benefits were higher than budget by \$49 million for several reasons:

- The budget overestimated the amount of staff time that could be capitalised against projects by \$34 million, particularly for Watercare Services Limited (Watercare).
- Salaries for temporary staff were higher than budget by \$6 million to fulfil vacant roles while recruitment had been ongoing and increased demand in front-line staff.
- Organisation restructures resulted in \$6 million of redundancy costs. Redundancy costs were not budgeted for.
- The remaining variances against budget were mainly from unbudgeted water reform-related staff costs and timing of annual leave utilisation.



## A4 Depreciation and amortisation

### Accounting policy

Depreciation is provided on all property, plant and equipment except for land, certain assets in works of art and specified cultural heritage assets. Depreciation is calculated to write down the cost or revalued amount of the assets on a straight-line basis over their useful economic lives. Refer to Note B1 for the estimated useful lives of each class of property, plant and equipment.

Amortisation is provided on intangible assets, except rights to acquire, and is calculated to write down the cost of the assets on a straight-line basis over their useful economic lives. Refer to Note B2 for the estimated useful lives of each class of intangible assets.



### Local government disclosures

As required by the Local Government (Financial Reporting and Prudence) Regulations 2014, the group's depreciation and amortisation by group of activities is as follows:



Group of activity \$Million	Group	
	2024	2023
Roads and footpaths	432	420
Public transport and travel demand management	101	107
Water supply	202	162
Wastewater	193	155
Stormwater	92	88
Local council services	4	4
Regionally delivered council services	267	255
Council controlled services	84	77
<b>Total depreciation and amortisation</b>	<b>1,375</b>	<b>1,268</b>

### Explanation of significant variances against budget



2024 \$Million	Group		Auckland Council	
	Actual	Budget	Actual	Budget
Depreciation and amortisation	1,375	1,293	342	353

#### Group

The unfavourable variance of \$82 million is mainly driven by higher than expected upward revaluation of assets at the end of the prior year.

#### Auckland Council

Depreciation and amortisation were \$11 million favourable to budget. This is primarily due to a lower than anticipated level of asset capitalisation during the financial year, resulting in less depreciation expenses.

## A5 Finance costs

### Accounting policy

Finance costs include interest expense, amounts paid or payable on interest rate swaps, amortised borrowing costs, net realised gains and losses on the early close-out of derivatives and the early redemption of bonds, and costs directly incurred in managing funding. Interest on debt and finance leases is recognised using the effective interest method.



\$Million	Group		Auckland Council	
	2024	2023	2024	2023
Interest expense on debt and finance leases using the effective interest method	434	349	425	328
Interest expense on provisions	(21)	(9)	(21)	(8)
<b>Total interest expense</b>	<b>413</b>	<b>340</b>	<b>404</b>	<b>320</b>
Interest on derivative financial instruments	142	177	142	177
Other finance costs	7	6	8	8
<b>Total finance costs</b>	<b>562</b>	<b>523</b>	<b>554</b>	<b>505</b>

Refer to Note E1 for information about interest rate risk management.

### Explanation of significant variances against budget



2024 \$Million	Group		Auckland Council	
	Actual	Budget	Actual	Budget
Finance costs	562	536	554	527

#### Group and Auckland Council

The unfavourable variance is mainly due to the later timing of the sale of Auckland International Airport Limited (AIAL) shares to repay debt and higher interest rates on floating rate debt.



► 360 Allstars

**A6 Net other gains and losses**

\$Million	Group		Auckland Council	
	2024	2023	2024	2023
<b>Financial instruments</b>				
Net (losses)/gains on change in fair value of derivative financial instruments:				
Net (losses)/gains attributable to foreign exchange movements	(36)	254	(30)	251
Net gains attributable to interest rate movements	21	25	21	25
	(15)	279	(9)	276
Net foreign exchange gains/losses recognised in surplus/(deficit) on financial instruments held at amortised cost	29	(251)	29	(251)
Net increase/(decrease) in financial instruments designated at fair value through surplus/(deficit)	5	3	24	(65)
<b>Property, plant and equipment</b>				
Net losses on disposal of property, plant and equipment and intangible assets	(72)	(72)	(48)	(47)
Impairment of property, plant and equipment and intangible assets	(15)	(16)	(2)	(10)
<b>Investments</b>				
Net increase/(decrease) in fair value of investment property and non-current assets held for sale	3	(108)	2	(100)
Impairment reversal of investment in subsidiaries, associates and joint ventures	-	1	-	-
Net gains on sale of Auckland International Airport Limited shares	27	-	27	-
<b>Other</b>				
Net loss on deconsolidation of subsidiaries (Note F5)	(6)	-	-	-
Net gains on sale of division	-	1	-	-
<b>Total net other gains and losses</b>	<b>(44)</b>	<b>(163)</b>	<b>23</b>	<b>(197)</b>

**Explanation of significant variances against budget**

2024 \$Million	Group		Auckland Council	
	Actual	Budget	Actual	Budget
Net other gains and (losses)	(44)	(26)	23	(27)

**Group and Auckland Council**

The group and the council budgeted a \$26 million loss from the sale of AIAL's shares which actually resulted in a \$27 million gain when the sale took place.

The net loss in the group mainly related to the following unbudgeted:

- \$72 million net loss on the disposal of property, plant and equipment and intangible assets.
- \$15 million losses from the impairment of property, plant and equipment and intangible assets.
- \$15 million net loss on changes in fair value of derivatives driven by market fluctuations in the New Zealand dollar against our borrowed foreign currencies and changes in market interest rates.

The above net losses were partially offset by:

- \$27 million gain from the sale of AIAL shares.
- \$29 million unbudgeted net foreign exchange gain on financial instruments held at amortised cost.

The remaining variances against budget were individually insignificant.

The group uses hedging contracts to increase the certainty of interest costs over multiple time periods which enable us to execute our planned expenditure programmes with confidence.

The group uses foreign exchange hedges to lock in foreign currency rates on our borrowings that are denominated in foreign currency, and interest rate hedging contracts to fix interest costs.

Accounting standards require hedging contracts to be recognised at their fair value at the reporting date.

Hedging contracts are generally held to maturity.

Auckland Council's net gain is primarily driven by the \$27 million gain from the sale of AIAL shares.

**A7 Income tax****Accounting policy**

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

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

Current tax is the amount of income tax payable or refundable in the current period, plus any adjustments to income tax payable in respect of prior periods. Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Refer to Note F2 for information on deferred tax assets and liabilities.

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 profit.

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 profits will be available against which the deductible temporary differences or tax losses can be used.

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

\$Million	Group		Auckland Council	
	2024	2023	2024	2023
<b>Components of income tax expense</b>				
Current tax	-	-	-	-
Deferred tax	80	62	-	-
<b>Total income tax expense</b>	<b>80</b>	<b>62</b>	<b>-</b>	<b>-</b>
<b>Relationship between income tax and accounting surplus/(deficit)</b>				
Net surplus before tax	664	1,072	(383)	(56)
(Surplus)/Deficit from non-taxable activities	(515)	(810)	383	56
<b>Taxable surplus</b>	<b>149</b>	<b>262</b>	<b>-</b>	<b>-</b>
Prima facie income tax at 28%	42	73	-	-
Prior period adjustment	1	-	-	-
Tax effect of permanent differences	5	(12)	-	-
Associates' income net of tax	(1)	(1)	-	-
Loss offset	(8)	-	-	-
Subvention receipt/(payment)	5	(3)	-	-
Other adjustments (including removal of tax depreciation on buildings)	36	5	-	-
<b>Total income tax expense</b>	<b>80</b>	<b>62</b>	<b>-</b>	<b>-</b>



A7 Income tax (continued)

**Tax losses and imputation credits**

All the group’s significant subsidiaries, except for Tātaki Auckland Unlimited Trust and Watercare Services Limited, are in an income tax group. Tax losses are offset between entities within the income tax group when the tax return is filed. During the year tax losses were transferred to the group from the council for no consideration.

**Imputation credit**

\$Million	Group		Auckland Council	
	2024	2023	2024	2023
Imputation credits available for use in subsequent reporting periods	36	44	-	-

Imputation credits available for use by any member of the income tax group are \$5 million (2023: \$3 million).



▲ Young friends at park in Howick

▶ Tāwharanui Regional Park

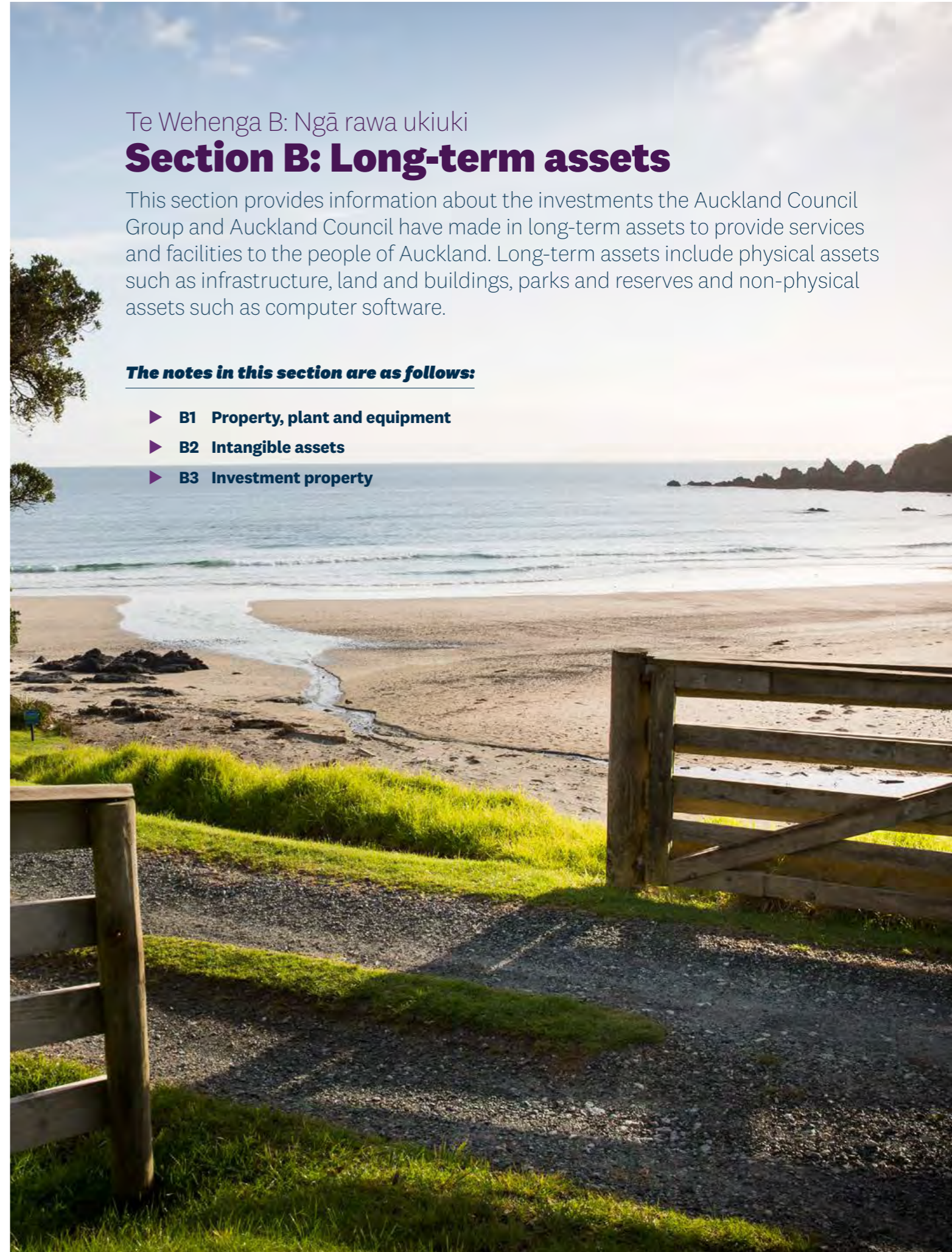
Te Wehenga B: Ngā rawa ukiuki

**Section B: Long-term assets**

This section provides information about the investments the Auckland Council Group and Auckland Council have made in long-term assets to provide services and facilities to the people of Auckland. Long-term assets include physical assets such as infrastructure, land and buildings, parks and reserves and non-physical assets such as computer software.

**The notes in this section are as follows:**

- ▶ **B1 Property, plant and equipment**
- ▶ **B2 Intangible assets**
- ▶ **B3 Investment property**





## B1 Property, plant and equipment

### Accounting policy



The property, plant and equipment of the group and the council are classified into three categories:

- **Infrastructure assets** include land under roads and systems and networks integral to the city’s water and transport infrastructure. These assets are intended to be maintained indefinitely, even if individual assets or components are replaced or upgraded.
- **Operational assets** include property, plant and equipment used to provide core council services, either as a community service, for administration, or as a business activity. Other operational assets include landfills, motor vehicles, office equipment, library books, furniture and fittings.
- **Restricted assets** include property and improvements where the use or transfer of title outside the group or the council is legally restricted.

### Initial recognition and subsequent measurement

Property, plant and equipment is initially recognised at cost, unless acquired through a non-exchange transaction, in which case the asset is recognised at fair value at the date of acquisition. The cost of third party constructed assets generally comprises the sum of costs invoiced by the third party. The cost of self-constructed assets comprises purchase costs, time allocations and excludes, where material, any abnormal costs and internal surpluses.

Subsequent costs that extend or expand the asset’s future economic benefits and service potential are capitalised. After initial recognition, certain classes of property, plant and equipment are revalued. Work in progress is recognised at cost less impairment, if any, and is not depreciated.

### Useful lives

The useful lives used to calculate the depreciation of property, plant and equipment are as follows:

Asset class	Estimated useful life (years)	Asset class	Estimated useful life (years)
<b>Infrastructure</b>		<b>Operational (continued)</b>	
Land and road formation	Indefinite	Bus stations and shelters	18 to 60
Roads	5 to 100	Marinas	9 to 45
Water and wastewater	5 to 200	Rolling stock	10 to 35
Machinery	5 to 200	Wharves	10 to 100
Stormwater	12 to 132	Works of art	13 to indefinite
Other infrastructure	10 to 69	Other operational assets	1 to 50
<b>Operational</b>		Other operational assets (Risk Category 3 properties)	Indefinite
Land	Indefinite	<b>Restricted</b>	
Buildings	10 to 100	Parks and reserves	Indefinite
Specialised sporting and cultural venues	3 to 100	Buildings	5 to 100
Specialised sporting and cultural venues (land)	Indefinite	Improvements	3 to 87
Train stations	9 to 100	Specified and cultural heritage assets	Indefinite

### Disposals

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

## B1 Property, plant and equipment (continued)

### Damaged assets

Damaged assets are impaired to their recoverable service amount based on their value in use, using the restoration cost approach. This is determined by reference to the depreciated replacement cost of the assets less the costs to repair the damage.

Asset type	Where impairment loss is recognised
Assets held at cost	Net other gains or losses, in surplus or deficit.
Property, plant and equipment held at revalued amount	Other comprehensive revenue to the extent that it does not exceed the amount in the revaluation surplus for the class of asset. Any excess is recognised in Net other gains or losses, in surplus or deficit.

### Impairment

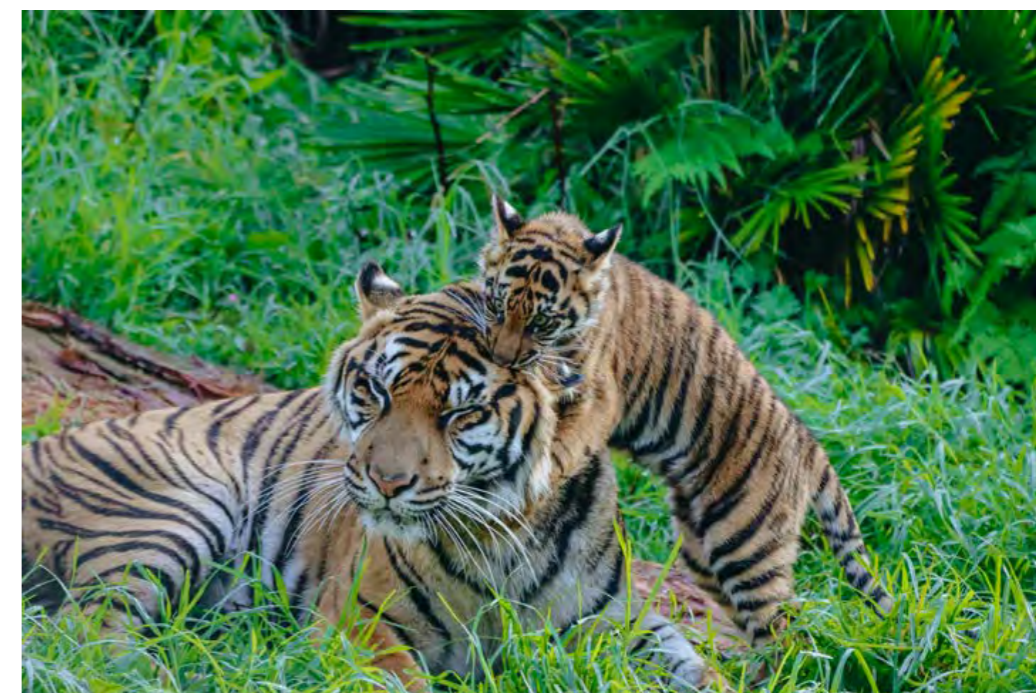
Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the carrying amount of property, plant and equipment exceeds its recoverable amount. Any impairment loss is recognised immediately in surplus or deficit unless the asset is revalued, in which case any impairment loss is treated as a revaluation decrease. The recoverable amount is the higher of an asset’s fair value less costs to sell and its value in use. When previously recognised impairment indicator no longer exists, the recoverable amount is re-assessed and impairment loss is reversed.

Assets are considered cash generating if their primary objective is to provide a commercial return. The value in use for cash-generating assets is the present value of expected future cash flows. For non-cash generating assets, value in use is determined using an approach based on a depreciated replacement cost.

### Costs to repair assets

Costs to repair damaged assets are recognised in surplus or deficit within other operating expenses when incurred. Costs that renew the entire asset or improve the economic benefits or service potential of an asset are capitalised. For assets that have been impaired on a restoration cost approach, subsequent costs incurred to restore damaged assets to their original condition is capitalised unless the damage is minor and service potential of the asset values are unaffected.



► Auckland Zoo



## B1 Property, plant and equipment (continued)

Group 2024 \$Million	Opening balance			Movement Movement*	Closing balance		
	Cost/ valuation	Accumulated depreciation and impairment	Carrying amount		Cost/ valuation	Accumulated depreciation and impairment	Carrying amount
<b>Infrastructure</b>							
Roads and formation	15,910	(456)	15,454	275	16,615	(886)	15,729
Water and wastewater	10,394	-	10,394	309	10,943	(240)	10,703
Machinery	1,888	-	1,888	81	2,060	(91)	1,969
Stormwater	6,857	(74)	6,783	271	7,054	-	7,054
Land under roads	7,815	-	7,815	329	8,144	-	8,144
Work in progress	2,622	-	2,622	544	3,166	-	3,166
Other	21	-	21	(11)	10	-	10
	<b>45,507</b>	<b>(530)</b>	<b>44,977</b>	<b>1,798</b>	<b>47,992</b>	<b>(1,217)</b>	<b>46,775</b>
<b>Operational</b>							
Land and buildings	6,600	(107)	6,493	(136)	6,381	(24)	6,357
Specialised sporting and cultural venues	1,429	(28)	1,401	189	1,668	(78)	1,590
Train stations	795	-	795	(15)	797	(17)	780
Bus stations and shelters	148	-	148	(3)	152	(7)	145
Marinas	166	(6)	160	(6)	167	(13)	154
Rolling stock	592	(21)	571	(19)	594	(42)	552
Wharves	784	(34)	750	209	965	(6)	959
Works of art	598	(7)	591	1	602	(10)	592
Work in progress	787	-	787	(81)	706	-	706
Other	1,483	(846)	637	100	1,682	(945)	737
	<b>13,382</b>	<b>(1,049)</b>	<b>12,333</b>	<b>239</b>	<b>13,714</b>	<b>(1,142)</b>	<b>12,572</b>
<b>Restricted</b>							
Parks, reserves and buildings	7,208	(6)	7,202	(500)	6,702	-	6,702
Improvements	1,849	(707)	1,142	68	2,002	(792)	1,210
Specified cultural and heritage	151	-	151	-	151	-	151
Work in progress	271	-	271	16	287	-	287
	<b>9,479</b>	<b>(713)</b>	<b>8,766</b>	<b>(416)</b>	<b>9,142</b>	<b>(792)</b>	<b>8,350</b>
<b>Group total</b>	<b>68,368</b>	<b>(2,292)</b>	<b>66,076</b>	<b>1,621</b>	<b>70,848</b>	<b>(3,151)</b>	<b>67,697</b>

\*Refer to next page for further details.

## B1 Property, plant and equipment (continued)

Group 2024 \$Million	Movement							Total
	Transfers from capital work in progress	Additions	Depreciation (Note A4)	Impairment	Disposals	Transfers*	Revaluations, net of accumulated depreciation	
<b>Infrastructure</b>								
Roads and formation	694	-	(430)	-	-	11	-	<b>275</b>
Water and wastewater	561	-	(255)	(5)	-	8	-	<b>309</b>
Machinery	177	-	(98)	(2)	-	4	-	<b>81</b>
Stormwater	267	-	(77)	-	(16)	(7)	104	<b>271</b>
Land under roads	329	-	-	-	-	-	-	<b>329</b>
Work in progress	(2,031)	2,575	-	-	-	-	-	<b>544</b>
Other	3	-	-	-	-	(14)	-	<b>(11)</b>
	<b>-</b>	<b>2,575</b>	<b>(860)</b>	<b>(7)</b>	<b>(16)</b>	<b>2</b>	<b>104</b>	<b>1,798</b>
<b>Operational</b>								
Land and buildings <sup>^</sup>	234	23	(92)	(1)	(81)	(306)	87	<b>(136)</b>
Specialised sporting and cultural venues <sup>^</sup>	32	-	(49)	-	(6)	218	(6)	<b>189</b>
Train stations	2	-	(17)	-	-	-	-	<b>(15)</b>
Bus stations and shelters	4	-	(7)	-	-	-	-	<b>(3)</b>
Marinas	-	-	(6)	-	-	-	-	<b>(6)</b>
Rolling stock	2	-	(21)	-	-	-	-	<b>(19)</b>
Wharves	17	-	(14)	-	-	1	205	<b>209</b>
Works of art	6	-	(3)	-	-	(4)	2	<b>1</b>
Work in progress	(466)	385	-	-	-	-	-	<b>(81)</b>
Other	169	47	(117)	-	-	1	-	<b>100</b>
	<b>-</b>	<b>455</b>	<b>(326)</b>	<b>(1)</b>	<b>(87)</b>	<b>(90)</b>	<b>288</b>	<b>239</b>
<b>Restricted</b>								
Parks, reserves and buildings	158	5	(6)	(1)	(2)	3	(657)	<b>(500)</b>
Improvements	160	1	(87)	(2)	(1)	(3)	-	<b>68</b>
Specified cultural and heritage	-	-	-	-	-	-	-	<b>-</b>
Work in progress	(318)	334	-	-	-	-	-	<b>16</b>
	<b>-</b>	<b>340</b>	<b>(93)</b>	<b>(3)</b>	<b>(3)</b>	<b>-</b>	<b>(657)</b>	<b>(416)</b>
<b>Group total</b>	<b>-</b>	<b>3,370</b>	<b>(1,279)</b>	<b>(11)</b>	<b>(106)</b>	<b>(88)</b>	<b>(265)</b>	<b>1,621</b>

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

<sup>^</sup> Tātaki Auckland Unlimited Trust land of \$216 million was transferred from Operational land and building to Specialised sporting and cultural venues asset class in 2024.

## B1 Property, plant and equipment (continued)

Group 2023 \$Million	Opening balance			Movement	Closing balance		
	Cost/ valuation	Accumulated depreciation and impairment	Carrying amount	Movement*	Cost/ valuation	Accumulated depreciation and impairment	Carrying amount
<b>Infrastructure</b>							
Roads and formation	15,328	(40)	15,288	166	15,910	(456)	15,454
Water and wastewater	9,725	-	9,725	669	10,394	-	10,394
Machinery	1,748	-	1,748	140	1,888	-	1,888
Stormwater	6,678	-	6,678	105	6,857	(74)	6,783
Land under roads	7,456	-	7,456	359	7,815	-	7,815
Work in progress	2,098	-	2,098	524	2,622	-	2,622
Other	10	-	10	11	21	-	21
	<b>43,043</b>	<b>(40)</b>	<b>43,003</b>	<b>1,974</b>	<b>45,507</b>	<b>(530)</b>	<b>44,977</b>
<b>Operational</b>							
Land and buildings	6,597	(21)	6,576	(83)	6,600	(107)	6,493
Specialised sporting and cultural venues	1,312	(28)	1,284	117	1,429	(28)	1,401
Train stations	865	(45)	820	(25)	795	-	795
Bus stations and shelters	135	(11)	124	24	148	-	148
Marinas	159	-	159	1	166	(6)	160
Rolling stock	592	-	592	(21)	592	(21)	571
Wharves	769	(20)	749	1	784	(34)	750
Works of art	365	(4)	361	230	598	(7)	591
Work in progress	367	-	367	420	787	-	787
Other	1,541	(856)	685	(48)	1,483	(846)	637
	<b>12,702</b>	<b>(985)</b>	<b>11,717</b>	<b>616</b>	<b>13,382</b>	<b>(1,049)</b>	<b>12,333</b>
<b>Restricted</b>							
Parks, reserves and buildings	8,058	-	8,058	(856)	7,208	(6)	7,202
Improvements	1,767	(624)	1,143	(1)	1,849	(707)	1,142
Specified cultural and heritage	151	-	151	-	151	-	151
Work in progress	201	-	201	70	271	-	271
	<b>10,177</b>	<b>(624)</b>	<b>9,553</b>	<b>(787)</b>	<b>9,479</b>	<b>(713)</b>	<b>8,766</b>
<b>Group total</b>	<b>65,922</b>	<b>(1,649)</b>	<b>64,273</b>	<b>1,803</b>	<b>68,368</b>	<b>(2,292)</b>	<b>66,076</b>

\*Refer to next page for further details.

## B1 Property, plant and equipment (continued)

Group 2023 \$Million	Movement						Revaluations, net of accumulated depreciation	Total
	Transfers from capital work in progress	Additions	Depreciation (Note A4)	Impairment	Disposals	Transfers*		
<b>Infrastructure</b>								
Roads and formation	529	-	(417)	-	(3)	57	-	<b>166</b>
Water and wastewater	98	-	(211)	-	(9)	39	752	<b>669</b>
Machinery	90	-	(83)	-	(4)	-	137	<b>140</b>
Stormwater	187	-	(74)	(2)	(6)	-	-	<b>105</b>
Land under roads	357	-	-	-	-	2	-	<b>359</b>
Work in progress	(1,284)	1,808	-	-	-	-	-	<b>524</b>
Other	23	-	(1)	-	-	(11)	-	<b>11</b>
	<b>-</b>	<b>1,808</b>	<b>(786)</b>	<b>(2)</b>	<b>(22)</b>	<b>87</b>	<b>889</b>	<b>1,974</b>
<b>Operational</b>								
Land and buildings	76	-	(89)	(6)	(60)	(8)	4	<b>(83)</b>
Specialised sporting and cultural venues	13	-	(45)	(11)	-	-	160	<b>117</b>
Train stations	7	-	(24)	-	-	(2)	(6)	<b>(25)</b>
Bus stations and shelters	12	-	(6)	-	-	-	18	<b>24</b>
Marinas	7	-	(6)	-	-	-	-	<b>1</b>
Rolling stock	-	-	(21)	-	-	-	-	<b>(21)</b>
Wharves	16	-	(15)	-	-	-	-	<b>1</b>
Works of art	1	184	(3)	-	-	-	48	<b>230</b>
Work in progress	(227)	647	-	-	-	-	-	<b>420</b>
Other	95	-	(99)	(3)	(3)	(38)	-	<b>(48)</b>
	<b>-</b>	<b>831</b>	<b>(308)</b>	<b>(20)</b>	<b>(63)</b>	<b>(48)</b>	<b>224</b>	<b>616</b>
<b>Restricted</b>								
Parks, reserves and buildings	79	-	(5)	(16)	(7)	8	(915)	<b>(856)</b>
Improvements	88	-	(83)	(6)	-	-	-	<b>(1)</b>
Specified cultural and heritage	-	-	-	-	-	-	-	<b>-</b>
Work in progress	(167)	237	-	-	-	-	-	<b>70</b>
	<b>-</b>	<b>237</b>	<b>(88)</b>	<b>(22)</b>	<b>(7)</b>	<b>8</b>	<b>(915)</b>	<b>(787)</b>
<b>Group total</b>	<b>-</b>	<b>2,876</b>	<b>(1,182)</b>	<b>(44)</b>	<b>(92)</b>	<b>47</b>	<b>198</b>	<b>1,803</b>

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



## B1 Property, plant and equipment (continued)

Auckland Council 2024 \$Million	Opening balance			Movement	Closing balance		
	Cost/ valuation	Accumulated depreciation and impairment	Carrying amount	Movement*	Cost/ valuation	Accumulated depreciation and impairment	Carrying amount
<b>Infrastructure</b>							
Stormwater	6,857	(74)	6,783	271	7,054	-	7,054
Work in progress	186	-	186	(36)	150	-	150
Other	21	-	21	(11)	10	-	10
	<b>7,064</b>	<b>(74)</b>	<b>6,990</b>	<b>224</b>	<b>7,214</b>	<b>-</b>	<b>7,214</b>
<b>Operational</b>							
Land and buildings	4,004	(75)	3,929	2	3,931	-	3,931
Wharves	229	(7)	222	121	343	-	343
Works of art	47	(6)	41	(2)	49	(10)	39
Work in progress	230	-	230	(27)	203	-	203
Other	725	(460)	265	88	857	(504)	353
	<b>5,235</b>	<b>(548)</b>	<b>4,687</b>	<b>182</b>	<b>5,383</b>	<b>(514)</b>	<b>4,869</b>
<b>Restricted</b>							
Parks, reserves and buildings	7,208	(5)	7,203	(501)	6,702	-	6,702
Improvements	1,846	(707)	1,139	71	2,002	(792)	1,210
Specified cultural and heritage	150	-	150	1	151	-	151
Work in progress	271	-	271	16	287	-	287
	<b>9,475</b>	<b>(712)</b>	<b>8,763</b>	<b>(413)</b>	<b>9,142</b>	<b>(792)</b>	<b>8,350</b>
<b>Auckland Council total</b>	<b>21,774</b>	<b>(1,334)</b>	<b>20,440</b>	<b>(7)</b>	<b>21,739</b>	<b>(1,306)</b>	<b>20,433</b>

\*Refer to next page for further details.

## B1 Property, plant and equipment (continued)

Auckland Council 2024 \$Million	Movement							Total
	Transfers from capital work in progress	Additions	Depreciation (Note A4)	Impairment	Disposals	Transfers*	Revaluations, net of accumulated depreciation	
<b>Infrastructure</b>								
Stormwater	266	-	(76)	-	(16)	(7)	104	<b>271</b>
Work in progress	(270)	234	-	-	-	-	-	<b>(36)</b>
Other	4	-	-	-	(15)	-	-	<b>(11)</b>
	<b>-</b>	<b>234</b>	<b>(76)</b>	<b>-</b>	<b>(31)</b>	<b>(7)</b>	<b>104</b>	<b>224</b>
<b>Operational</b>								
Land and buildings	98	23	(76)	(1)	(75)	37	(4)	<b>2</b>
Wharves	5	-	(4)	-	-	1	119	<b>121</b>
Works of art	3	-	(3)	-	(2)	-	-	<b>(2)</b>
Work in progress	(188)	161	-	-	-	-	-	<b>(27)</b>
Other	82	52	(47)	-	-	1	-	<b>88</b>
	<b>-</b>	<b>236</b>	<b>(130)</b>	<b>(1)</b>	<b>(77)</b>	<b>39</b>	<b>115</b>	<b>182</b>
<b>Restricted</b>								
Parks, reserves and buildings	158	4	(6)	(1)	(2)	3	(657)	<b>(501)</b>
Improvements	160	1	(87)	(2)	-	(1)	-	<b>71</b>
Specified cultural and heritage	-	1	-	-	-	-	-	<b>1</b>
Work in progress	(318)	334	-	-	-	-	-	<b>16</b>
	<b>-</b>	<b>340</b>	<b>(93)</b>	<b>(3)</b>	<b>(2)</b>	<b>2</b>	<b>(657)</b>	<b>(413)</b>
<b>Auckland Council total</b>	<b>-</b>	<b>810</b>	<b>(299)</b>	<b>(4)</b>	<b>(110)</b>	<b>34</b>	<b>(438)</b>	<b>(7)</b>

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



▲ Arborialis Luminarium



## B1 Property, plant and equipment (continued)

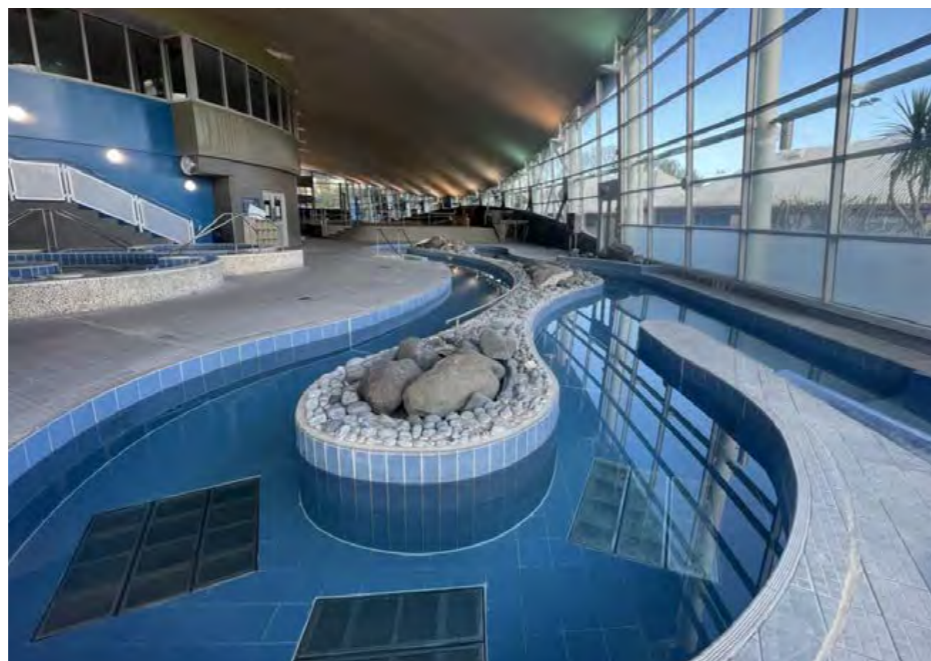
Auckland Council 2023 \$Million	Opening balance			Movement	Closing balance		
	Cost/ valuation	Accumulated depreciation and impairment	Carrying amount	Movement*	Cost/ valuation	Accumulated depreciation and impairment	Carrying amount
<b>Infrastructure</b>							
Stormwater	6,678	-	6,678	105	6,857	(74)	6,783
Work in progress	184	-	184	2	186	-	186
Other	10	-	10	11	21	-	21
	<b>6,872</b>	<b>-</b>	<b>6,872</b>	<b>118</b>	<b>7,064</b>	<b>(74)</b>	<b>6,990</b>
<b>Operational</b>							
Land and buildings	4,005	(2)	4,003	(74)	4,004	(75)	3,929
Wharves	229	(3)	226	(4)	229	(7)	222
Works of art	47	(3)	44	(3)	47	(6)	41
Work in progress	174	-	174	56	230	-	230
Other	699	(426)	273	(8)	725	(460)	265
	<b>5,154</b>	<b>(434)</b>	<b>4,720</b>	<b>(33)</b>	<b>5,235</b>	<b>(548)</b>	<b>4,687</b>
<b>Restricted</b>							
Parks, reserves and buildings	8,058	-	8,058	(855)	7,208	(5)	7,203
Improvements	1,764	(623)	1,141	(2)	1,846	(707)	1,139
Specified cultural and heritage	150	-	150	-	150	-	150
Work in progress	201	-	201	70	271	-	271
	<b>10,173</b>	<b>(623)</b>	<b>9,550</b>	<b>(787)</b>	<b>9,475</b>	<b>(712)</b>	<b>8,763</b>
<b>Auckland Council total</b>	<b>22,199</b>	<b>(1,057)</b>	<b>21,142</b>	<b>(702)</b>	<b>21,774</b>	<b>(1,334)</b>	<b>20,440</b>

\*Refer to next page for further details.

## B1 Property, plant and equipment (continued)

Auckland Council 2023 \$Million	Movement							Total
	Transfers from capital work in progress	Additions	Depreciation (Note A4)	Impairment	Disposals	Transfers*	Revaluations, net of accumulated depreciation	
<b>Infrastructure</b>								
Stormwater	187	-	(74)	(2)	(6)	-	-	<b>105</b>
Work in progress	(210)	212	-	-	-	-	-	<b>2</b>
Other	23	-	(1)	-	(21)	10	-	<b>11</b>
	<b>-</b>	<b>212</b>	<b>(75)</b>	<b>(2)</b>	<b>(27)</b>	<b>10</b>	<b>-</b>	<b>118</b>
<b>Operational</b>								
Land and buildings	61	7	(75)	(5)	(58)	(4)	-	<b>(74)</b>
Wharves	-	-	(4)	-	-	-	-	<b>(4)</b>
Works of art	-	-	(3)	-	-	-	-	<b>(3)</b>
Work in progress	(93)	149	-	-	-	-	-	<b>56</b>
Other	32	-	(40)	-	-	-	-	<b>(8)</b>
	<b>-</b>	<b>156</b>	<b>(122)</b>	<b>(5)</b>	<b>(58)</b>	<b>(4)</b>	<b>-</b>	<b>(33)</b>
<b>Restricted</b>								
Parks, reserves and buildings	79	12	(5)	(15)	(8)	(3)	(915)	<b>(855)</b>
Improvements	88	-	(83)	(7)	-	-	-	<b>(2)</b>
Specified cultural and heritage	-	-	-	-	-	-	-	<b>-</b>
Work in progress	(167)	237	-	-	-	-	-	<b>70</b>
	<b>-</b>	<b>249</b>	<b>(88)</b>	<b>(22)</b>	<b>(8)</b>	<b>(3)</b>	<b>(915)</b>	<b>(787)</b>
<b>Auckland Council total</b>	<b>-</b>	<b>617</b>	<b>(285)</b>	<b>(29)</b>	<b>(93)</b>	<b>3</b>	<b>(915)</b>	<b>(702)</b>

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



► Westwave pool

## B1 Property, plant and equipment (continued)

## Work in progress by asset class

\$Million	Group		Auckland Council	
	2024	2023	2024	2023
<b>Infrastructure</b>				
Roads and formation	940	704	-	-
Water and wastewater	2,077	1,732	-	-
Stormwater	119	180	120	180
Other	30	6	30	6
	<b>3,166</b>	<b>2,622</b>	<b>150</b>	<b>186</b>
<b>Operational</b>				
Land and buildings	254	476	156	171
Specialised sporting and cultural venues	46	38	-	-
Train stations*	16	23	-	-
Bus stations and shelters^	60	55	-	-
Rolling stock	91	52	-	-
Wharves	135	74	9	12
Works of art	6	5	5	4
Other	98	64	33	43
	<b>706</b>	<b>787</b>	<b>203</b>	<b>230</b>
<b>Restricted</b>				
Parks, reserves and buildings	29	39	29	39
Improvements	258	232	258	232
	<b>287</b>	<b>271</b>	<b>287</b>	<b>271</b>
<b>Work in progress total</b>	<b>4,159</b>	<b>3,680</b>	<b>640</b>	<b>687</b>

\* The train stations work in progress balance was reported under other operational work in progress in the prior year and has been restated in the current year.

^ Bus stations and shelters work in progress was grouped under other operational work in progress in prior year and have now been restated as separate line item.

**Accounting policy****Revaluation**

Infrastructure assets (except land under roads), restricted assets (except improvements and specified cultural and heritage assets) and operational assets (except other operational assets) undergo a full revaluation with sufficient regularity, and at least every five years to ensure that their carrying amounts do not differ materially from fair value. The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then those asset classes are revalued. Revaluations are accounted for on an asset class basis.

Net revaluation gains are recognised in other comprehensive revenue and expenditure and are accumulated in the asset revaluation reserve in equity for each class of asset. Revaluation losses that result in a debit balance in an asset class's revaluation reserve are recognised in surplus or deficit. Any subsequent gain on revaluation is recognised first in surplus or deficit up to the amount previously expensed and then recognised in other comprehensive revenue and expenditure.

## B1 Property, plant and equipment (continued)

**Significant judgements and estimates**

The group uses the depreciated replacement cost (DRC) method in revaluing most of its property, plant and equipment. Specialised sporting and cultural venues are valued using the optimised depreciated replacement cost method (ODRC) and operational land and buildings, marinas, restricted parks, reserves and buildings, and works of art are mainly valued at market value.

DRC is calculated based on the replacement cost of the property, plant and equipment depreciated over their useful lives. This method takes into account the age and condition of the assets, estimated optimisation rates and estimated remaining useful lives of those assets. The revaluation process involves physical inspection of selected assets to note aspects such as condition, utilisation, replacement timing and asset optimisation.

ODRC is calculated based on the replacement cost new of a modern equivalent asset as the starting point and applies optimisation and depreciation to adjust for age, condition, performance and remaining useful life. Replacement cost estimates refer to current construction costs and are adjusted where necessary for fees, lead time, demolition cost and any other necessary changes.

Market value is based on recent equivalent sales or, the present value of future cash flows.

It is assumed that all asset classes have no residual value at the end of their useful lives.

The following asset classes have been revalued at an individual asset level as at 30 June 2024: stormwater, operational land and buildings, wharves and restricted parks, reserves and buildings. The table below summarises the key assumptions adopted by independent valuers in determining the fair value of each class of asset at the date of valuation. Specialised sporting and cultural venues underwent a desktop valuation assessment based on estimated market movements and the prior year fair value adjustment was retained for current year. The remaining asset classes have been assessed for movement in fair value to ensure that their carrying values do not differ materially from their fair values.

**Independent valuer and key assumptions****Infrastructure**

**Water and wastewater and machinery** Water, wastewater and machinery assets were last revalued as at 30 June 2023 and are scheduled to be revalued again as at 30 June 2028.

The machinery of the group comprises engines and turbines installed at water and wastewater pump stations. These are revalued together with water and wastewater assets.

Independent valuer: Beca Projects NZ Limited.

**Key valuation assumptions**

- Construction costs based on recent contract-based construction work and the unit rates reflect the costs of replacing assets.
- Useful lives of assets are calculated as the lesser of their physical or economic lives.

**Fair value assessment**

Management performed an assessment of the change in fair value using the Capital Goods Price Index (CGPI) for various infrastructure assets from Statistics NZ. The assessment indicated no material movement in the asset value and therefore a revaluation of the asset class was not required at balance date.

**Stormwater** Stormwater assets have been revalued as at 30 June 2024 and are scheduled to be revalued again as at 30 June 2029.

Independent valuer: In-house valuation subject to peer review by Aon New Zealand.

**Key valuation methodology and assumptions**

- Two types of valuation were carried out on different asset classes: condition-based valuation (where condition data was available), or age-based valuation. Condition information and age have been used to determine remaining useful lives and hence depreciation.
- Unit rates for replacement were applied to the assets based on size, material, depth, asset sub-type and location.
- The 2024 replacement rates were largely based on 2022 valuation unit rates modified with known changes to material cost and indexed using Statistics NZ CGPI for civil constructions to convert them to current dollar value.
- Condition information and age were used to determine remaining useful lives.



## B1 Property, plant and equipment (continued)

<b>Infrastructure (continued)</b>	
<b>Roads and formation</b>	<p>Roads and formation assets were last revalued as at 30 June 2022 and are scheduled to be revalued again as at 30 June 2027. Independent valuer: PEACS Limited.</p> <p><b>Key valuation methodology and assumptions</b></p> <ul style="list-style-type: none"> <li>Unit rates for road construction were based on the most current contracted rates applicable to the group. Where there was no current contracted unit rate information available, the most recent rates were used, indexed for the impact of inflation and adjusted as per NZ Transport Agency Waka Kotahi (NZTA) cost adjustment factors.</li> <li>Useful lives were determined considering the age, condition information held on these assets and the assets future service potential. These assumptions were affected by local conditions such as ground type, weather patterns and road usage.</li> </ul> <p><b>Fair value assessment</b> Management performed an assessment of the change in fair value using the desktop market movement assessment provided by Beca Projects NZ Limited and Capital Goods Price Index (CGPI) from Statistics NZ to approximate changes in fair value at 30 June 2024. The assessment indicated no material movement in the asset value and therefore a revaluation of the asset class was not required at balance date.</p>
<b>Operational</b>	
<b>Land and buildings</b>	<p>Land and buildings have been revalued as at 30 June 2024 and are scheduled to be revalued as at 30 June 2029. Independent valuers: Opteon NZ Limited, Beca Projects NZ Limited, CBRE Limited, Colliers International.</p> <p><b>Key valuation methodology and assumptions</b></p> <ul style="list-style-type: none"> <li>Fair value was measured based on assumption that market participants act in their economic best interest, assuming the highest and best use of the asset.</li> <li>Land and buildings were mainly valued based on recent equivalent sales information and/or market evidence.</li> <li>Where no market existed for the buildings, ODRC was used with allowance for age, condition and configuration of the building.</li> </ul>
<b>Specialised sporting and cultural venues</b>	<p>Specialised sporting and cultural venues were last independently revalued as at 30 June 2022 and were adjusted based on the results of a desktop valuation as at 30 June 2023. They are scheduled to be revalued again as at 30 June 2027. Independent valuer: Beca Projects NZ Limited.</p> <p><b>Key valuation methodology and assumptions</b></p> <ul style="list-style-type: none"> <li>The valuation was based on either market value or ODRC.</li> <li>It was assumed that specialised construction costs continue to align to actual market construction index.</li> </ul> <p><b>Fair value assessment</b> Management performed an assessment of the change in fair value using the desktop market movement assessment provided by Beca Projects NZ Limited to approximate changes in fair value at 30 June 2024. The prior year fair value adjustment was retained for current year, the current year assessment indicated no material movement in the asset value and therefore a revaluation of the asset class was not required at balance date.</p>

## B1 Property, plant and equipment (continued)

<b>Operational (continued)</b>	
<b>Train stations</b>	<p>Train stations were last revalued as at 30 June 2023 and are scheduled to be revalued again as at 30 June 2028. Independent valuer: Beca Projects NZ Limited and in-house valuation performed by Auckland Transport.</p> <p><b>Key valuation methodology and assumptions</b></p> <ul style="list-style-type: none"> <li>The valuation was based on ODRC.</li> <li>Residual values, asset lives and condition assessments were considered as part of the revaluation.</li> <li>Sources of information included inflation indices from Stats NZ and in-house cost building methodologies.</li> <li>Train shelters were valued using unit rates that were determined for a sample of 6 structures.</li> </ul> <p><b>Fair value assessment</b> Management performed an assessment of the change in fair value using the market movement assessment provided by Beca Projects NZ Limited to approximate changes in fair value at 30 June 2024. The assessment indicated no material movement in the asset value and therefore a revaluation of the asset class was not required at balance date.</p>
<b>Bus stations and shelters</b>	<p>Bus stations and shelters were last revalued as at 30 June 2023 and are scheduled to be revalued again as at 30 June 2028. Independent valuer: Beca Projects NZ Limited.</p> <p><b>Key valuation methodology and assumptions</b></p> <ul style="list-style-type: none"> <li>The valuation was based on ODRC.</li> <li>Residual values, asset lives and condition assessments were considered as part of the revaluation.</li> <li>Bus stations and shelters were valued using unit rates that were determined for a sample of nine common structures.</li> </ul> <p><b>Fair value assessment</b> Management performed an assessment of the change in fair value using the market movement assessment provided by Beca Projects NZ Limited to approximate changes in fair value at 30 June 2024. The assessment indicated no material movement in the asset value and therefore a revaluation of the asset class was not required at balance date.</p>
<b>Marinas</b>	<p>Marinas were last revalued as at 30 June 2022 and are scheduled to be revalued again as at 30 June 2027. Independent valuers: Seagar &amp; Partners Limited.</p> <p><b>Key valuation methodology and assumptions</b></p> <ul style="list-style-type: none"> <li>The valuation was determined using discounted cash flow calculations using estimates of cash flows able to be generated by the asset, discounted at a market-based rate of return.</li> </ul> <p><b>Fair value assessment</b> Management reviewed the valuation model as at 30 June 2024 and there were no material changes to the expected cash flows. A revaluation of the asset class was not required at balance date.</p>

## B1 Property, plant and equipment (continued)

<b>Operational (continued)</b>	
<b>Rolling stock</b>	<p>Rolling stock assets were last revalued as at 30 June 2022 and are scheduled to be revalued again as at 30 June 2027. Independent valuers: KPMG.</p> <p><b>Key valuation methodology and assumptions</b></p> <ul style="list-style-type: none"> <li>The valuation was based on ODRC.</li> <li>Useful lives were based on an expected vehicle replacement programme, which defines the expected economic and/or physical lives of the different vehicle types.</li> </ul> <p><b>Fair value assessment</b></p> <p>Management performed an assessment of the change in fair value using the Statistics NZ CGPI to approximate changes in fair value at 30 June 2024. The assessment indicated no material movement in the asset value and therefore a revaluation of the asset class was not required at balance date.</p>
<b>Wharves</b>	<p>Wharves were revalued as at 30 June 2024 and are scheduled to be revalued again as at 30 June 2029. Independent valuer: Beca Projects NZ Limited, John Foord (International), industrial valuers and Ortus International, registered Quantity Surveyors</p> <p><b>Key valuation methodology and assumptions</b></p> <ul style="list-style-type: none"> <li>The valuation was based on ODRC to the extent that optimisation can occur in the normal course of business using commercially available technology.</li> <li>Useful lives were estimated at 100 years or less at an element level, reflecting the marine environment, rate of change and obsolescence, loadings, and the predominance of concrete and steel structural elements.</li> </ul>
<b>Works of art</b>	<p>The works of art have been revalued as at 30 June 2023 and are scheduled to be revalued again as at 30 June 2025. Independent valuer: Sotheby's London, Winston Art Group (New York), Auckland Art Gallery in-house curators, and Coupland Art (Auckland).</p> <p><b>Key valuation methodology and assumptions</b></p> <ul style="list-style-type: none"> <li>The fair values of artworks were determined by reference to observable prices in an active market and recent transactions on arm's-length terms, with regards to the asset's condition.</li> <li>The Robertson Collection that was transferred to the group last year was revalued by Winston Art Group (New York) as part of the transfer process. The collection makes up approximately 32% of this asset class. Winston Art Group (New York)'s valuation was based on market information at valuation date. They noted that estimates of value and quality may vary from one appraiser to another, with such variances not necessarily constituting an error on behalf of the appraiser. They did not express an opinion on any future or past values and stated that data contained in the appraisal cannot be considered a guarantee or warranty of value.</li> </ul> <p><b>Fair value assessment</b></p> <p>The assessment indicated no material movement in the asset value and therefore a revaluation of the asset class was not required at balance date.</p>
<b>Restricted</b>	
<b>Parks, reserves and buildings</b>	<p>Parks, reserves and buildings were revalued as at 30 June 2024 and are scheduled to be revalued again as at 30 June 2029. Independent valuer: Quotable Value Limited.</p> <p><b>Key valuation methodology and assumptions</b></p> <ul style="list-style-type: none"> <li>Large reserves were valued based on a rural land value with a locational adjustment taking into consideration active/passive zone differentials which were based on the valuers' professional judgements. The rural land value had historically been based on metropolitan single home land sales. Following recent regulatory and Auckland Plan changes there are less of these sales in the market and the current year valuation relied more on multi-unit land sales data.</li> <li>Specialised buildings and non-specialised buildings (commercial and residential) located on open space zoned land were assessed using optimised depreciated replacement cost method. Non-specialised buildings (commercial and residential) located on non-reserve zoned land were valued using current market valuation approach.</li> </ul>

## B1 Property, plant and equipment (continued)

Asset class	Last revalued date	Asset revaluation reserve				Net change for the period	
		Group	Auckland Council	Group	Auckland Council		
\$Million		2024	2023	2024	2023	Group	Auckland Council
<b>Infrastructure</b>							
Water and wastewater	30 June 2023	2,916	2,934	-	-	(18)	-
Machinery	30 June 2023	448	409	-	-	39	-
Stormwater	30 June 2024	2,557	2,455	2,557	2,455	102	102
Roads and formation	30 June 2022	7,322	7,322	-	-	-	-
<b>Operational</b>							
Land and buildings <sup>1</sup>	30 June 2024	3,114	3,149	1,732	1,763	(35)	(31)
Specialised sporting and cultural venues <sup>1</sup>	30 June 2023 <sup>2</sup>	813	714	-	-	99	-
Train stations	30 June 2023	294	294	-	-	-	-
Bus stations and shelters	30 June 2023	27	27	-	-	-	-
Marinas	30 June 2022	95	95	22	22	-	-
Rolling stock	30 June 2022	68	68	-	-	-	-
Wharves	30 June 2024	328	173	138	18	155	120
Works of art	30 June 2023	131	129	36	36	2	-
<b>Restricted</b>							
Parks, reserves and buildings	30 June 2024	2,344	3,004	2,344	3,004	(660)	(660)
<b>Total</b>		<b>20,457</b>	<b>20,773</b>	<b>6,829</b>	<b>7,298</b>	<b>(316)</b>	<b>(469)</b>

<sup>1</sup> The revaluation reserve for Tātaki Auckland Unlimited Trust land of \$97 million were transferred from Land and buildings to Specialised sporting and cultural venues asset class in 2024.

<sup>2</sup> The last revaluation was a desktop valuation based on market movements. For further details of the basis for the revaluation adjustment refer to 'fair value assessment' comments above.

**Explanation of significant variances against budget**

2024 \$Million	Group		Auckland Council	
	Actual	Budget	Actual	Budget
Net (loss)/gain on revaluation of property, plant and equipment	(265)	3,590	(438)	422
Tax on revaluation of property, plant and equipment	1	(293)	-	-

**Group and Auckland Council**

Asset revaluations for the group, as at 30 June 2024 include stormwater and wharves assets, as well as operational land and buildings and restricted parks, reserves and buildings. While the first three asset classes had gain on revaluation totalling circa \$300 million this was offset by the \$657 million reduction in value of restricted parks, reserves and buildings. The key difference between the increases and decreases is that while high inflation has increased the depreciated replacement cost of built assets, the downturn of property market has reduced the value of land.

The significant variance to the Group's budgeted amount is primarily because the budget expected large gain on revaluation for Watercare and Auckland Transport assets. While the budget expected Watercare assets to be revalued as at 30 June 2024 (expected gain of around \$1 billion) the assets were revalued earlier, as at 30 June 2023, which was after the Annual budget had been set.

The budget also expected an early revaluation for Auckland Transport's roads and formation assets (of around \$2 billion) would be necessary due to high inflation levels, but this was not required for current year.

**Spark Arena**

Spark Arena is included in operational land and buildings and has a carrying value of \$125 million (2023: \$129 million). The Spark Arena provides Aucklanders with indoor sports and entertainment. It was constructed by and is operated by Quay Park Arena Management Limited (QPAM) under a development agreement with the group. The development agreement granted QPAM legal title to the building improvements. Title will revert to the group on 1 August 2046.

**B1 Property, plant and equipment (continued)**

The group and QPAM contributed to the cost of building Spark Arena. The group has recognised the asset since it was constructed as the group retains significant risks and rewards over the assets, including a significant residual interest at the end of QPAM's rights period. The initial contribution of QPAM to build the Spark Arena is recognised as operating lease revenue in advance for the use of the Spark Arena. The group recognises the revenue on a straight-line basis over the rights period (see Note F4 for details on operating lease commitments).

**Heritage assets**

Some assets are designated as heritage assets because of their cultural or historical significance. The heritage assets of the group and the council are classified to specific asset classes according to their nature and are subsequently measured as part of those asset classes. The group and the council have identified the following heritage assets with a net book value of \$441 million:

- heritage books valued at \$151 million as at 30 June 2024 (2023: \$151 million); and
- 345 heritage buildings valued at \$290 million as at 30 June 2024 (2023: 346 buildings valued at \$269 million).

**Restrictions**

Various properties held by the group and the council have restrictions on the use of proceeds generated from them including the sales proceeds. These proceeds may only be applied to specified purposes, generally being to benefit the Auckland region. The current carrying value of the classes of property, plant and equipment where restrictions apply follow:

\$Million	Group		Auckland Council	
	2024	2023	2024	2023
Land and buildings	585	622	197	226
Parks, reserves and buildings	32	32	32	32
<b>Total</b>	<b>617</b>	<b>654</b>	<b>229</b>	<b>258</b>

**America's Cup 36 (AC36) assets**

Assets built for AC36 are included in wharves and have a carrying value of \$208 million (2023: \$156 million). The council has committed to the Ministry of Business, Innovation and Employment (MBIE) that the assets constructed for the event will remain in situ for future America's Cup events until 25 September 2038.

**The Robertson Collection of international artworks**

American philanthropists, Julian and Josie Robertson donated a collection of significant 19th century and early 20th century international artworks ('the Robertson Collection') to Auckland Art Gallery Auckland Art Gallery Toi o Tāmaki ('the Gallery'). The Robertson Collection is subject to a donor restriction preventing the deaccessioning, exchange, or disposal of these artworks, which ensures continued access to the artworks by the public in the future. The Robertson Collection has a carrying value of \$178 million (2023: \$178 million) and it is included in the works of art asset class.

**Finance leases**

Other operational assets include property, plant and equipment subject to finance leases. The value of these assets is \$34 million for the group (2023: \$34 million) and \$30 million for the council (2023: \$31 million).

**Security over property, plant and equipment**

Other than property, plant and equipment subject to finance leases, no other property, plant and equipment is pledged as security for liabilities (2023: \$nil) of the group and the council.

**Service concession assets**

The group's service concession assets are infrastructure assets owned by Watercare Services Limited and operated by Veolia Water Services (ANZ) Pty Limited (Veolia) for the provision of water and wastewater services in the Papakura district.

The franchise agreement stipulates the services Veolia must provide, to whom it must provide them and it also regulates the price. Veolia is responsible for upgrading and maintaining the entire network in Papakura so that at the end of the contract period (initial term of 30 years ending on 30 June 2027 with a 20-year right of renewal), the network shall be in a better overall condition than when the contract began in 1997. The group retains ownership of the assets and the assets will be returned for use by the group after the contract expires.

Service concession asset upgrades by Veolia are recognised by the group as an asset with a corresponding liability. This liability is amortised over the remaining period of the service concession arrangement. The carrying value of the service concession asset was \$317 million at 30 June 2024 (2023: \$308 million).

No new service concession arrangements were entered into by the group and the council in 2024 (2023: none).

**B1 Property, plant and equipment (continued)****Local government disclosures****Core assets**

Information about group and the council's core assets as required by the Local Government (Financial Reporting and Prudence) Regulations 2014, is as follows:

\$Million	Water supply treatment plants and facilities	Water supply other assets	Sewerage treatment plants and facilities	Sewerage other assets	Storm water drainage	Flood protection and control works	Roads and footpaths
<b>2024</b>							
Assets constructed	67	233	129	308	149	6	673
Assets transferred	-	-	-	-	111	-	96
Closing book value	1,105	4,057	2,049	5,461	7,013	41	15,729
Estimated replacement cost	2,967	7,129	2,553	9,982	9,637	56	25,958
<b>2023</b>							
Assets constructed	36	211	94	426	115	6	492
Assets transferred	-	19	-	57	91	-	76
Closing book value	917	3,709	2,749	4,907	6,748	35	15,454
Estimated replacement cost	1,347	6,899	4,042	9,377	9,047	48	25,228

**Insurance of assets**

Information related to the group and the council's assets at 30 June 2024 as required by the LGA 2002 is as follows:

\$Million	Book value	Insured value	Replacement value of self-insured assets	Commentary
Roads and formation	16,669	-	25,958	Uninsured. However, subject to meeting defined criteria, the cost associated with the immediate response, reopening and/or restoration of these assets as a result of a short natural event, e.g. earthquake or tsunami, could be subsidised by Waka Kotahi New Zealand Transport Agency.
Water and wastewater and machinery	14,748	23,983	-	Insured value includes both above ground and below ground infrastructure assets for Watercare Services Ltd. Above ground Material Damage assets include water supply and wastewater treatment plants, pump stations and plant and equipment to a value of \$3.98 billion with a maximum insured value of \$1 billion per event reducing to \$450 million per event for fire and \$500 million per event for Flood. For below ground infrastructure assets, the group obtains insurance cover up to 40% of the \$1.5 billion per event and in aggregate for loss or damage to the assets due to natural disaster. Currently central government funds 60% of the loss limit for eligible costs.
Stormwater	7,172	12,163	-	Below ground stormwater infrastructure is mainly pipes, culverts and valves. For this, the group obtains insurance cover up to \$1.5 billion per event and in aggregate for loss or damage to the assets due to natural disaster. Currently central government funds 60% of the loss limit for eligible costs.
Buildings, wharves, other above ground structures and other operational assets	9,432	20,399	-	Insured value is the total above ground assets insured for the group covering up to \$1 billion per event and in the aggregate for the loss or damage to the assets due to natural disaster reducing to \$450 million per event and in the annual aggregate for fire and \$500 million per event for Flood. Includes assets for Port of Auckland, Auckland Council, Tātaki Auckland Unlimited, and Auckland Transport.



## B1 Property, plant and equipment (continued)

\$Million	Book value	Insured value	Replacement value of self-insured assets	Commentary
Rolling stock	644	713	-	Insurance is for the entire network and includes the electric trains. The group has a maximum coverage of \$50 million per event. *EMU – Electric Multiple Units – Agreed value per unit \$10.7 million DMU – Diesel Multiple Units – Agreed value per unit \$35,000
Land	18,923	-	18,921	All land (including restricted land) held by the group and the council is not insured due to low risk of loss.
<b>Total</b>	<b>67,588</b>	<b>57,258</b>	<b>44,878</b>	

**Self-insurance fund**

The group has a self-insurance fund (SIF) of \$60 million (2023: \$24 million) which together with externally sourced insurance, insures certain categories of risk. The SIF invests its capital and premium income in unit trusts. It provides insurance coverage of up to \$10 million per policy per event across the group on qualifying claims after various policy deductibles. Claim amounts over \$10 million are referred to external insurers. The only significant insurance claims during the year relate to the finalisation of the costs of the 2023 severe weather events in Auckland. The weather event resulted in claims exceeding \$10 million by the group, and so was referred to external insurers.

**B2 Intangible assets****Accounting policy****Initial recognition and subsequent measurement**

Purchased intangible assets are initially recognised at cost. For internally generated intangible assets, the cost includes direct employee costs, a reasonable portion of overhead and other direct costs that are incurred within the development phase of the asset. Intangible assets acquired at no cost are initially recognised at fair value where they can be reliably measured. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

**Useful lives**

The useful lives used to calculate the amortisation of intangible assets in a straight-line method are as follows:

Asset class	Estimated useful life (years)
Community rights	5 to 35
Computer software	1 to 15
Intellectual property	5 to 35
Other intangible assets	1 to 85

**Disposals**

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

**Impairment**

Intangible assets are assessed annually for impairment. An impairment loss is recognised in surplus or deficit 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 its value in use.

Assets are considered cash generating if their primary objective is to provide a commercial return. The value in use for cash-generating assets is the present value of expected future cash flows.

For non-cash generating assets, value in use is determined using an approach based on a depreciated replacement cost.

## B2 Intangible assets (continued)

Group 2024 \$Million	Opening balance			Movement		Closing balance	
	Cost	Accumulated depreciation and impairment	Carrying amount	Movement	Cost	Accumulated depreciation and impairment	Carrying amount
Computer software	843	(629)	214	25	933	(694)	239
Rights to acquire	11	-	11	-	11	-	11
Intellectual property	150	(78)	72	3	170	(95)	75
Other	159	(52)	107	(11)	154	(58)	96
Work in progress	63	-	63	(5)	58	-	58
<b>Group total</b>	<b>1,226</b>	<b>(759)</b>	<b>467</b>	<b>12</b>	<b>1,326</b>	<b>(847)</b>	<b>479</b>
<b>Group 2023 \$Million</b>							
Computer software	934	(695)	239	(25)	843	(629)	214
Rights to acquire	11	-	11	-	11	-	11
Intellectual property	135	(66)	69	3	150	(78)	72
Other	156	(45)	111	(4)	159	(52)	107
Work in progress	56	-	56	7	63	-	63
<b>Group total</b>	<b>1,292</b>	<b>(806)</b>	<b>486</b>	<b>(19)</b>	<b>1,226</b>	<b>(759)</b>	<b>467</b>

Group 2024 \$Million	Movement							Total
	Transfers from work in progress	Internally developed	Acquisition	Amortisation (Note A4)	Impairment	Disposals	Transfers*	
Computer software	98	-	-	(73)	-	-	-	<b>25</b>
Rights to acquire	-	-	-	-	-	-	-	<b>-</b>
Intellectual property	19	-	-	(16)	-	-	-	<b>3</b>
Other	17	-	-	(7)	-	(21)	-	<b>(11)</b>
Work in progress	(134)	22	107	-	-	-	-	<b>(5)</b>
<b>Group total</b>	<b>-</b>	<b>22</b>	<b>107</b>	<b>(96)</b>	<b>-</b>	<b>(21)</b>	<b>-</b>	<b>12</b>
<b>Group 2023 \$Million</b>								
Computer software	44	-	-	(67)	-	(1)	(1)	<b>(25)</b>
Rights to acquire	-	-	-	-	-	-	-	<b>-</b>
Intellectual property	16	-	-	(14)	-	-	1	<b>3</b>
Other	4	-	-	(5)	-	(3)	-	<b>(4)</b>
Work in progress	(64)	27	44	-	-	-	-	<b>7</b>
<b>Group total</b>	<b>-</b>	<b>27</b>	<b>44</b>	<b>(86)</b>	<b>-</b>	<b>(4)</b>	<b>-</b>	<b>(19)</b>

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



## B2 Intangible assets (continued)

Auckland Council 2024 \$Million	Opening balance			Movement		Closing balance	
	Cost	Accumulated depreciation and impairment	Carrying amount	Movement	Cost	Accumulated depreciation and impairment	Carrying amount
Computer software	516	(415)	101	(5)	536	(440)	96
Rights to acquire	11	-	11	-	11	-	11
Intellectual property	142	(74)	68	2	159	(89)	70
Other	41	(26)	15	4	49	(30)	19
Work in progress	16	-	16	-	16	-	16
<b>Auckland Council total</b>	<b>726</b>	<b>(515)</b>	<b>211</b>	<b>1</b>	<b>771</b>	<b>(559)</b>	<b>212</b>
<b>Auckland Council 2023</b>							
<b>\$Million</b>							
Computer software	505	(388)	117	(16)	516	(415)	101
Rights to acquire	11	-	11	-	11	-	11
Intellectual property	129	(61)	68	-	142	(74)	68
Other	37	(23)	14	1	41	(26)	15
Work in progress	9	-	9	7	16	-	16
<b>Auckland Council total</b>	<b>691</b>	<b>(472)</b>	<b>219</b>	<b>(8)</b>	<b>726</b>	<b>(515)</b>	<b>211</b>

Auckland Council 2024 \$Million	Movement							Total
	Transfers from work in progress	Internally developed	Acquisition	Amortisation (Note A4)	Impairment	Disposals	Transfers*	
Computer software	20	-	-	(25)	-	-	-	(5)
Rights to acquire	-	-	-	-	-	-	-	-
Intellectual property	17	-	-	(15)	-	-	-	2
Other	7	-	-	(3)	-	-	-	4
Work in progress	(44)	44	-	-	-	-	-	-
<b>Auckland Council total</b>	<b>-</b>	<b>44</b>	<b>-</b>	<b>(43)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>Auckland Council 2023</b>								
<b>\$Million</b>								
Computer software	11	-	-	(27)	-	-	-	(16)
Rights to acquire	-	-	-	-	-	-	-	-
Intellectual property	13	-	-	(13)	-	-	-	-
Other	4	-	-	(3)	-	-	-	1
Work in progress	(28)	27	8	-	-	-	-	7
<b>Auckland Council total</b>	<b>-</b>	<b>27</b>	<b>8</b>	<b>(43)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8)</b>

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

## B2 Intangible assets (continued)

**Intellectual property**

Intellectual property comprises integrated catchment data and network models that provide local information about the stormwater, water and wastewater network performance in relation to capacity and interaction with the environment. The models are used for long-term management of the network.

**Other intangible assets**

Other intangible assets of the group include the following:

- Access rights primarily involve long-term rail land leases with KiwiRail, permitting Auckland Transport to utilize assets through agreements, and also encompass licenses for access to Gulf Harbour Ferry Terminal. Access rights of \$44 million (2023: \$63 million) which have been recognised at fair value on acquisition and are being amortised over the period of the underlying lease. The underlying lease periods of access rights have a range between 14 years and 85 years; and
- Resource consents valued at \$37 million (2023: \$30 million) which are essential to long-term programme of future capital works and are being amortised over the period of 1 to 35 years (2023: 1 to 35 years).

**Restrictions to title and security over intangible assets**

There are no restrictions over the title of intangible assets of the group and the council, nor are any intangible assets pledged as security for liabilities (2023: \$nil).

**Work in progress**

Intangible assets under construction are detailed below:

\$Million	Group		Auckland Council	
	2024	2023	2024	2023
Computer software	37	58	6	11
Intellectual property	2	-	2	-
Other	19	5	8	5
<b>Work in progress total</b>	<b>58</b>	<b>63</b>	<b>16</b>	<b>16</b>

## B3 Investment property

**Accounting policy**

Investment property includes land and commercial buildings held to generate income. Investment property is initially recognised at cost and subsequently measured at fair value. Valuations are undertaken annually by independent registered valuers with appropriate recognised professional qualifications and recent experience in Auckland and in investment properties. Gains or losses arising from changes in fair value are included in surplus or deficit. Investment properties are valued individually and are not depreciated.

Investment property	Valuation method and assumptions used
Land	Independent valuer: Colliers International New Zealand. - Individually considered and valued in accordance with current market-based evidence. - Valued as vacant under freehold or leasehold tenure. - Valuations consider the size, contour, quality, location, zoning, designation, and current and potential use.
Commercial property	Independent valuer: Colliers International New Zealand. - Based on indicative yields derived from current prices of comparable property in an active market taking into account current and forecast lease terms.



B3 Investment property (continued)

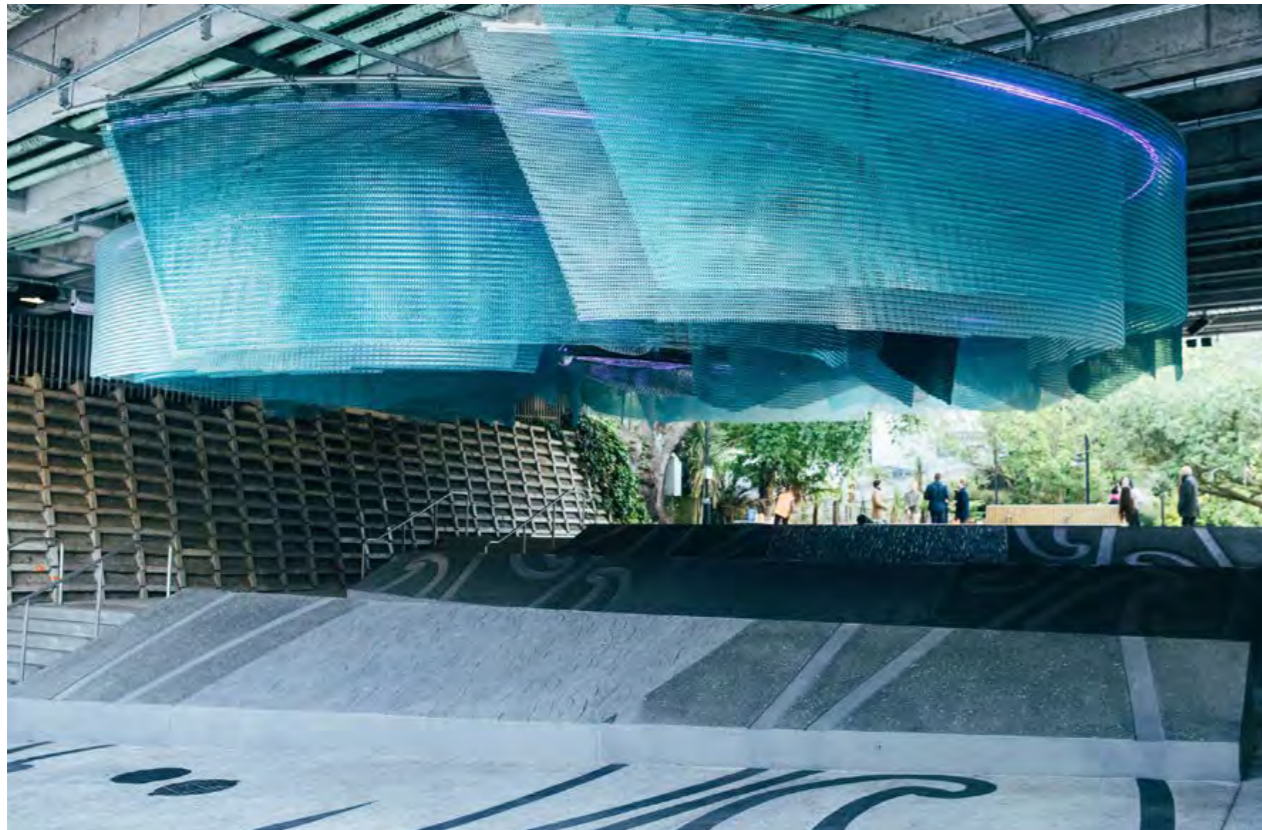
The movement in investment property is as follows:

\$Million	Group		Auckland Council	
	2024	2023	2024	2023
Opening balance	655	729	520	593
Net increase/(decrease) in fair value of investment property	3	(77)	2	(70)
Additions from acquisition	7	50	6	50
Disposals	(10)	-	-	-
Net transfers to property, plant and equipment and assets held for sale	2	(47)	-	(53)
<b>Closing balance</b>	<b>657</b>	<b>655</b>	<b>528</b>	<b>520</b>

Rental income and expenses relating to investment property are as follows:

\$Million	Group		Auckland Council	
	2024	2023	2024	2023
Rental income	23	19	19	16
Expenses	10	13	9	12

The group and the council have no investment property pledged as security for liabilities during the year (2023: \$nil).



▲ Waimahara artwork, Myers Park

▶ Waiuku

## Te Wehenga C: Ngā pūtea taurewa me ngā rawa tauhokohoko

# Section C: Borrowings and financial instruments

This section provides details of the Auckland Council Group and Auckland Council’s borrowings - a major source of financing used to fund Auckland’s infrastructure and other assets. The section also includes information about the group’s financial instruments that are used to manage the risks associated with borrowings.

**The notes included in this section are as follows:**

- ▶ C1 Borrowings
- ▶ C2 Derivative financial instruments
- ▶ C3 Other financial assets
- ▶ C4 Fair value and classification of financial instruments



## C1 Borrowings

### Accounting policy



Borrowings are initially recognised at face value plus transaction costs and are subsequently measured at amortised cost using the effective interest method.

Foreign currency borrowings are translated into NZD using the spot rates at balance date. Foreign exchange gains and losses resulting from the settlement of borrowings and from translation are recognised in the surplus or deficit.

Current borrowings are debts expected to be repaid within a year, including bank overdraft, short term loans and other similar obligations. Non-current borrowings refer to debts not due for repayment within a year.

\$Million	Group		Auckland Council	
	2024	2023	2024	2023
<b>Current</b>				
Secured borrowings	1,371	2,403	1,369	2,402
<b>Total current borrowings</b>	<b>1,371</b>	<b>2,403</b>	<b>1,369</b>	<b>2,402</b>
<b>Non-current</b>				
Secured borrowings	11,376	9,884	11,374	9,882
Unsecured borrowings	170	170	-	-
<b>Total non-current borrowings</b>	<b>11,546</b>	<b>10,054</b>	<b>11,374</b>	<b>9,882</b>
<b>Total borrowings</b>	<b>12,917</b>	<b>12,457</b>	<b>12,743</b>	<b>12,284</b>
<b>Consisting of:</b>				
Fixed rate borrowings	8,907	7,701	8,733	7,528
Floating rate borrowings	4,010	4,756	4,010	4,756
<b>Total borrowings</b>	<b>12,917</b>	<b>12,457</b>	<b>12,743</b>	<b>12,284</b>

The group uses borrowings to fund capital investment to help achieve intergenerational equity, a principle promoted in the LGA 2002. Intergenerational equity requires today's ratepayers only to meet the cost of using the group and the council's assets, not the full cost of purchasing or creating long-term assets that will benefit future ratepayers.

Borrowings are sourced from domestic and offshore debt markets and the Local Government Funding Agency Limited (LGFA). The foreign currency denominated debt of the group and the council is \$6,718 million as at 30 June 2024 (2023: \$6,088 million) and is hedged to eliminate foreign exchange risk. Refer to Note E3 for further information.

The council's secured borrowings are secured by a charge over current and future rates revenue.

Port of Auckland Limited's borrowings are included in unsecured borrowings. These are borrowed under negative pledge arrangements which do not grant security over their assets. Certain financial ratios are set as requirements in these arrangements which were in place for both 2024 and 2023.

There were no defaults or breaches by the group or the council on any borrowing arrangement during the year (2023: nil).

### Sustainable finance mechanisms

The council is committed to issuing the majority of our debt through sustainable finance mechanisms to drive sustainability action through sustainable finance initiatives. It uses sustainability linked products to financially incentivise the council to meet sustainability performance targets (SPTs). The council's SPTs are designed to be ambitious, beyond business-as-usual activities and are material to the council's operations. The council obtained independent limited assurance to ensure that the SPTs met market principles in all material respects.

The council issued its first green bond in June 2018. As at 30 June 2024, the council has \$3.8 billion (2023: \$2.2 billion) of green bonds in New Zealand and offshore. During the financial year, the council had \$1.6 billion in new green bond issues; NZD 300 million, CHF 115 million, and EUR 600 million.

## C1 Borrowings (continued)

As at 30 June 2024, the council has a sustainability linked derivative with a notional value of \$120 million (2023: \$120 million) and sustainability linked standby facilities of \$800 million (2023: \$800 million).

The borrowing costs under a sustainability-linked facility are adjusted up or down depending on the performance against annual SPTs. A premium or discount may apply to the base line fee of the sustainability-linked loan following each annual measurement period depending on the performance of the council against the SPTs.

For the sustainability-linked derivative, its floating rate is adjusted up or down depending on the performance against the SPTs. The SPTs are the same as the sustainability-linked facilities.

The council is required to provide the SPT compliance certificate within 90 days from 30 June 2024 to confirm achievement of each SPT.

### Interest rates

The weighted average interest rate for the group's borrowings including interest rate hedging instruments as at 30 June 2024, was 4.8% (2023: 4.5%). Refer to Notes A5 and E1 for the net finance costs during the period and the interest rate risk analysis, respectively.

### Explanation of significant variances against budget



2024 \$Million	Group		Auckland Council	
	Actual	Budget	Actual	Budget
Current borrowings	1,371	1,041	1,369	1,068
Non-current borrowings	11,546	10,862	11,374	10,666
<b>Total borrowings</b>	<b>12,917</b>	<b>11,903</b>	<b>12,743</b>	<b>11,734</b>

### Group and Auckland Council

Overall, the group's and the council's borrowings were higher than budget. In part this was due to raising debt earlier than previously anticipated to cover expected cash outflows after 30 June 2024. Because the proceeds of that borrowing were not used during the year, this resulted in cash and cash equivalents and term deposits\* being \$536 million higher than budget at year-end.

Net debt (borrowings less cash and cash equivalents and term deposits\*) was \$478 million higher than budget. This includes around \$200 million of non-cash accounting adjustments (as foreign debt must be recognised at current exchange rates rather than the rate at which they are hedged). Excluding these non-cash adjustments, underlying net debt was \$282 million higher than budget, this was primarily due to less capital funding being received during the year, including:

- timing difference on insurance recoveries,
- timing differences on asset sales,
- lower development contributions than budgeted, and
- lower proceeds from the AIAL share sale than budgeted.

\*Short-term deposits with maturities greater than or equal to 3 months totalling \$20 million are reported under Other financial assets as at 30 June 2024.

### Local government disclosures



#### Internal borrowings

The council borrows on a consolidated level and as such does not use internal borrowing, therefore does not prepare internal borrowing statements. The group and the council always maintain sufficient cash balances.

#### Credit ratings

The council has a S&P's credit rating of AA (Stable outlook) and Moody's credit rating of Aa2 (Stable outlook). The S&P's rating and Moody's rating were both reaffirmed in September 2024.

## C2 Derivative financial instruments

### Accounting policy



The group and the council use derivative financial instruments, such as forward foreign currency contracts and interest rate swaps, to reduce risks associated with foreign currency and interest rate fluctuations. The group and the council do not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Any gains or losses arising from changes in the fair value of derivatives are recognised in surplus or deficit.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Derivative assets and derivative liabilities are classified as current when the maturity is 12 months or less from balance date or non-current when the maturity is more than 12 months from balance date.

### Explanation of significant variances against budget



2024 \$Million	Group		Auckland Council	
	Actual	Budget	Actual	Budget
Net derivative asset/(liability)	(12)	(112)	(6)	(111)

#### Group and Auckland Council

The group and the council's derivative financial instruments are used to hedge against interest rate and foreign exchange movements. The impact of interest rates and foreign exchange rates used in the valuation of derivatives was more favourable in the current year compared to when the budget was set which has resulted in a lower net liability compared to budget (further explanation is provided in Note A6 Net Other Gains and Losses).

### Significant judgements and estimates used in the valuation of derivative financial instruments



The derivatives of the group and the council are all under Level 2 of the fair value hierarchy (see Note C4). The fair values of Level 2 derivatives are determined using discounted cash flow valuation techniques based on the terms and valuation inputs from independently sourced market parameters as summarised below:

Instrument	Valuation input
Interest rate swaps	Spot and forward interest rate yield curve
Forward foreign currency contracts	Forward foreign exchange rate curve
Foreign currency swaps	Forward foreign exchange rate curve
Cross-currency interest rate swaps	Spot and forward interest rate yield curve and spot foreign exchange rates
Basis swaps	Forward basis swap curve

## C2 Derivative financial instruments (continued)

The notional and fair values of the group and the council's derivative financial instruments are as follows:

Group \$Million	2024				2023			
	Assets		Liabilities		Assets		Liabilities	
	Notional	Fair value	Notional	Fair value	Notional	Fair value	Notional	Fair value
<b>Current</b>								
Interest rate swaps	474	4	125	2	100	2	179	2
Forward foreign currency contracts*	-	-	183	5	44	1	-	-
Foreign currency swaps*	-	-	-	-	182	2	-	-
Cross-currency interest rate swaps	267	9	-	-	256	105	-	-
<b>Total current</b>	<b>741</b>	<b>13</b>	<b>308</b>	<b>7</b>	<b>582</b>	<b>110</b>	<b>179</b>	<b>2</b>
<b>Non-current</b>								
Interest rate swaps	10,059	385	3,205	86	8,864	493	3,000	108
Forward foreign currency contracts	-	-	15	1	88	1	77	-
Cross-currency interest rate swaps	1,458	163	4,752	482	2,183	125	3,040	460
Basis swaps	358	3	-	-	1,165	7	-	-
<b>Total non-current</b>	<b>11,875</b>	<b>551</b>	<b>7,972</b>	<b>569</b>	<b>12,300</b>	<b>626</b>	<b>6,117</b>	<b>568</b>
<b>Total derivatives</b>	<b>12,616</b>	<b>564</b>	<b>8,280</b>	<b>576</b>	<b>12,882</b>	<b>736</b>	<b>6,296</b>	<b>570</b>

Auckland Council \$Million	2024				2023			
	Assets		Liabilities		Assets		Liabilities	
	Notional1	Fair value	Notional1	Fair value	Notional1	Fair value	Notional1	Fair value
<b>Current</b>								
Interest rate swaps	475	4	125	2	100	2	179	1
Forward foreign currency contracts*	183	5	183	5	44	1	44	1
Foreign currency swaps*	-	-	-	-	182	2	-	-
Cross-currency interest rate swaps	267	9	-	-	256	105	-	-
<b>Total current</b>	<b>925</b>	<b>18</b>	<b>308</b>	<b>7</b>	<b>582</b>	<b>110</b>	<b>223</b>	<b>2</b>
<b>Non-current</b>								
Interest rate swaps	10,059	385	3,205	86	8,864	493	3,000	107
Forward foreign currency contracts	15	1	15	1	165	1	165	1
Cross-currency interest rate swaps	1,458	163	4,752	482	2,183	125	3,040	460
Basis swaps	358	3	-	-	1,165	7	-	-
<b>Total non-current</b>	<b>11,890</b>	<b>552</b>	<b>7,972</b>	<b>569</b>	<b>12,377</b>	<b>626</b>	<b>6,205</b>	<b>568</b>
<b>Total derivatives</b>	<b>12,815</b>	<b>570</b>	<b>8,280</b>	<b>576</b>	<b>12,959</b>	<b>736</b>	<b>6,428</b>	<b>570</b>

\* The comparative balances for Forward foreign currency contracts have been restated to exclude Foreign currency swaps which are disclosed on a separate line to provide further breakdown by specific foreign currency instrument type.

### C3 Other financial assets

#### Accounting policy

The group's and council's other financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in surplus or deficit.

Other financial assets of the group and the council include loans to related parties, credit support annexures, bonds, borrower notes, community loans and listed and unlisted shares.

The accounting policies on classification of these financial assets for the purpose of measurement are outlined in Note C4.

#### Impairment of loans to related parties

Impairment of loans to related parties reflect the group and the council's expected credit losses (ECLs). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group and the council expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

#### Borrower notes

The valuation of borrower notes uses discounted cashflows based on forward interest rate yield curves and the Auckland Council credit curve.



\$Million	Group		Auckland Council	
	2024	2023	2024	2023
<b>Current</b>				
Borrower notes	8	6	8	6
Investments in managed funds	60	24	60	24
Loans to related parties	-	-	10	10
Short-term deposits	21	26	20	23
Other	50	54	50	54
<b>Total current</b>	<b>139</b>	<b>110</b>	<b>148</b>	<b>117</b>
<b>Non-current</b>				
Borrower notes	69	58	69	58
Investments in managed funds	10	10	-	-
Listed shares	1,262	1,434	1,234	1,393
Loans to related parties	4	3	4,189	3,599
Other	16	19	15	18
<b>Total non-current</b>	<b>1,361</b>	<b>1,524</b>	<b>5,507</b>	<b>5,068</b>
<b>Total other financial assets</b>	<b>1,500</b>	<b>1,634</b>	<b>5,655</b>	<b>5,185</b>

### C3 Other financial assets (continued)

#### Listed shares

Listed shares represent an investment holding of 11.03% in AIAL (2023: 11.08%) and 19.90% in Marsden Maritime Holdings Limited (MMHL) (2023: 19.90%). At 30 June 2024, the fair value of investments in AIAL and MMHL are \$1.23 billion (2023: \$1.39 billion) and \$28.4 million (2023: \$41.0 million).

#### Auckland International Airport Limited

At 30 June 2023, 7 per cent of AIAL's shares were recorded in non-current assets held for sale at \$880 million. On 31 August 2023, the council sold these shares at an average share price of \$8.11 per share. The proceeds of \$833 million were used to repay some council borrowings as they matured.

#### Marsden Maritime Holdings Limited

MMHL is a registered port company under the Port Companies Act 1988, whose operations include the management of its land holdings at Marsden Point, the Marsden Cove Marina complex, an adjoining commercial complex and boatyard facility and a 50% stake in the Northport deep water port facility. The objective of the council's investment in MMHL shares is to maintain a strategic stake in important north island assets as well as generating financial returns from the investment.

#### Borrower notes

Borrower notes are subordinated convertible debt instruments that the council is required to subscribe for when borrowing from the LGFA, currently set at 2.5% of the amount borrowed as at 30 June 2024. The LGFA will redeem borrower notes when the council's related borrowings are repaid or are no longer owed to the LGFA or may convert them to equity under specific circumstances.

#### Investment in managed funds

The self-insurance fund provided by the group is included in the investment in managed funds., refer to Note B1 for details.

#### Loans to related parties

The council has loans to Auckland Transport, Watercare Services Limited (Watercare) and Port of Auckland Limited (POAL).

The interest rates on the loans to Auckland Transport, Watercare and POAL are fixed in advance on an annual basis, using the council's expected cost of borrowing. An annual review of the interest rates is carried out at the end of the financial year when interest charged on the loans for the financial year may need to be adjusted to council's actual cost of borrowings in accordance with the requirements of the relevant loan agreements.

- The interest rate on the loan to Auckland Transport for the year ended 30 June 2024 was 4.5% (2023: 4.5%-6.6%).
- The interest rate on the loan to Watercare for the year ended 30 June 2024 was 4.6% (2023: 4.5%).
- The interest rate on the loan to POAL for the year ended 30 June 2024 was 4.6% (2023: 4.6%).

The loans to Auckland Transport, Watercare and POAL are classified as fair value through surplus or deficit.

The fair values of the loans are calculated using the discounted cashflow method. The significant inputs used in the fair value measurement of the loan are the observable market rates, adjusted for counterparty and credit considerations.

Refer to Note A2 for details of other financial contributions provided by the council to CCOs.

#### Other financial assets

Significant items included within other financial assets are as follows:

#### Credit Support Annexures (CSAs)

The group and the council are exposed to counterparty credit risk through their derivative contracts. This risk is reduced by entering into CSAs with counterparties to collateralise derivative exposures. The CSAs require the posting of cash between derivative counterparties. The group and the council have transactions covered by CSAs with Citibank and Hong Kong and Shanghai Banking Corporation (HSBC).

As at 30 June 2024, the group and the council had an asset for cash collateral pledged to HSBC of \$47 million (2023: \$50 million). Citibank has pledged cash collateral to the council which has been disclosed under current liabilities.

### C3 Other financial assets (continued)

#### Unlisted shares

The group and the council have investments of \$11 million (2023: \$11 million) in LGFA and Civic Financial Services Limited. The fair values are determined by reference to the council's share of net assets in these companies as there is no market information on the value of their shares.

#### Other financial assets

The council has an agreement with Eden Park Trust (EPT) to provide a revolving loan facility in the maximum aggregate amount of \$54 million. EPT pledged its stadium asset to fulfil the collateral requirement for the facility. As at 30 June 2024, the outstanding balance on the revolving loan facility of \$48.8 million (2023: \$49 million) had a carrying value of nil in the financial statements.

The loss allowance remains unchanged as there were no drawdowns during the year. (2023: remained unchanged). Due to inherent uncertainty around EPT's ability to repay the facility, the council recognised a provision for the full undrawn amount of the loan commitment. The portion of the provision relating to the loan commitment is recognised within provisions. Refer to Note D5.

#### Explanation of significant variances against budget



2024 \$Million	Group		Auckland Council	
	Actual	Budget	Actual	Budget
Other financial assets	1,500	1,413	5,655	5,232

#### Group and Auckland Council

Other financial assets were higher than budget mainly attributable to movements in the Self Insurance Fund which are not budgeted for given the uncertainty in market movements and higher short-term deposits which are also not budgeted for.

### C4 Fair value and classification of financial instruments

#### Accounting policy



For those financial instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

Level 1- Quoted prices (unadjusted) in active markets for identical assets or liabilities. The quoted market price used for financial assets held by the group and the council is the bid price at balance date.

Level 2- Inputs other than quoted prices included within Level 1 using observable market inputs for the asset or liability, either directly or indirectly.

Level 3- Inputs for the asset or liability that are not based on observable market data.

Refer to Note C2 and C3 for the valuation techniques used to value derivative financial instruments and other financial assets, respectively.

### C4 Fair value and classification of financial instruments (continued)

The fair value hierarchy for the group and the council are as follows:

\$Million	Level	Group		Auckland Council	
		2024	2023	2024	2023
<b>Derivative assets</b>	2	564	736	569	736
<b>Financial assets at fair value through surplus or deficit</b>					
Investments in managed funds	1	70	34	60	24
Borrower notes	2	77	64	77	64
Receivables (excluding GST receivables, prepayment and rates debtors)	2	7	-	-	-
Loans to related parties	2	-	-	4,196	3,606
Unlisted shares	3	11	11	11	11
<b>Financial assets at fair value through other comprehensive revenue and expenditure</b>					
Listed shares	1	1,262	1,434	1,234	1,393
<b>Total financial assets</b>		<b>1,991</b>	<b>2,279</b>	<b>6,147</b>	<b>5,834</b>
<b>Derivative liabilities</b>	2	576	570	576	570
<b>Total financial liabilities</b>		<b>576</b>	<b>570</b>	<b>576</b>	<b>570</b>

There were no transfers between the different levels of the fair value hierarchy during the year (2023: \$nil).

#### Accounting policy



For the purpose of measurement, the group's and council's financial assets and liabilities are classified into categories according to the purpose for which the financial assets and liabilities are held. Management determines the classification of financial assets and liabilities and recognises these at fair value at initial recognition. Subsequent measurement and the treatment of gains and losses are presented below:

Categories	Subsequent measurement	Treatment of gains and losses
Fair value through surplus or deficit	Fair value	Surplus or deficit
Fair value through other comprehensive revenue and expenditure	Fair value	Other comprehensive revenue and expenditure
Financial assets at amortised cost	Amortised cost less provision for impairment	Surplus or deficit
Financial liabilities at amortised cost	Amortised cost	Surplus or deficit

Derivatives are, by their nature, categorised as fair value through surplus or deficit unless they are designated into a hedge relationship for which hedge accounting is applied.

All financial assets and liabilities at fair value through surplus or deficit are mandatorily measured at fair value through surplus or deficit.

The fair values for financial assets and financial liabilities at amortised cost have been calculated as the net present value of future cashflows using discount rates from appropriate interest rate curves unless the carrying value approximates the fair value. The valuation for foreign debt instruments is based on market data from Bloomberg.

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

## C4 Fair value and classification of financial instruments (continued)

The carrying amounts and fair values of the group and the council's financial instruments by category are as follows:

\$Million	Group			
	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>ASSETS</b>				
<b>Financial assets at fair value through surplus or deficit</b>				
Derivative assets	564	564	736	736
Borrower notes	77	77	64	64
Investments in managed funds	70	70	34	34
Receivables (excluding GST receivables, prepayment and rates debtors)	7	7	-	-
Unlisted shares	11	11	11	11
	<b>729</b>	<b>729</b>	<b>845</b>	<b>845</b>
<b>Financial assets at fair value through other comprehensive revenue and expenditure</b>				
Listed shares	1,262	1,262	1,434	1,434
	<b>1,262</b>	<b>1,262</b>	<b>1,434</b>	<b>1,434</b>
<b>Financial assets at amortised cost</b>				
Cash and cash equivalents	616	618	84	84
Receivables (excluding GST receivables, prepayment and rates debtors)	560	560	525	531
Loans to related parties	4	4	3	3
Other financial assets	76	76	87	87
	<b>1,256</b>	<b>1,258</b>	<b>699</b>	<b>705</b>
<b>Total assets</b>	<b>3,247</b>	<b>3,249</b>	<b>2,978</b>	<b>2,984</b>
<b>LIABILITIES</b>				
<b>Financial liabilities at fair value through surplus or deficit</b>				
Derivative liabilities	576	576	570	570
<b>Financial liabilities at amortised cost</b>				
Bank overdraft	-	-	4	4
Borrowings	12,917	12,554	12,457	11,764
Payables and accruals (excluding income received in advance)	1,207	1,208	1,026	1,024
	<b>14,124</b>	<b>13,762</b>	<b>13,487</b>	<b>12,792</b>
<b>Total liabilities</b>	<b>14,700</b>	<b>14,338</b>	<b>14,057</b>	<b>13,362</b>

## C4 Fair value and classification of financial instruments (continued)

\$Million	Auckland Council			
	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>ASSETS</b>				
<b>Financial assets at fair value through surplus or deficit</b>				
Loans to related parties	4,196	4,196	3,606	3,606
Derivative assets	569	569	736	736
Borrower notes	77	77	64	64
Investments in managed funds	60	60	24	24
Unlisted shares	11	11	11	11
	<b>4,913</b>	<b>4,913</b>	<b>4,441</b>	<b>4,441</b>
<b>Financial assets at fair value through other comprehensive revenue and expenditure</b>				
Listed shares	1,234	1,234	1,393	1,393
	<b>1,234</b>	<b>1,234</b>	<b>1,393</b>	<b>1,393</b>
<b>Financial assets at amortised cost</b>				
Cash and cash equivalents	506	508	45	45
Receivables (excluding GST receivables, prepayment and rates debtors)	268	268	185	185
Loans to related parties	3	3	3	3
Other financial assets	74	74	84	84
	<b>851</b>	<b>853</b>	<b>317</b>	<b>317</b>
<b>Total assets</b>	<b>6,998</b>	<b>7,000</b>	<b>6,151</b>	<b>6,151</b>
<b>LIABILITIES</b>				
<b>Financial liabilities at fair value through surplus or deficit</b>				
Derivative liabilities	576	576	570	570
<b>Financial liabilities at amortised cost</b>				
Borrowings	12,743	12,383	12,284	11,591
Payables and accruals (excluding income received in advance)	1,198	1,198	992	992
	<b>13,941</b>	<b>13,581</b>	<b>13,276</b>	<b>12,583</b>
<b>Total liabilities</b>	<b>14,517</b>	<b>14,157</b>	<b>13,846</b>	<b>13,153</b>



## Te Wehenga D: Te pūrawa tauhokohoko me te tūtanga

# Section D: Working capital and equity

This section provides information about the operating assets and liabilities available for the Auckland Council Group and Auckland Council's day-to-day activities. This section also contains analysis of the net assets of the group and the council, accumulated funds and restricted reserves.

**The notes included in the following section are as follows:**

- ▶ **D1 Cash and cash equivalents**
- ▶ **D2 Receivables and prepayments**
- ▶ **D3 Payables and accruals**
- ▶ **D4 Employee entitlements**
- ▶ **D5 Provisions**
- ▶ **D6 Ratepayer equity**



▲ Te Whāu Pathway construction

## D1 Cash and cash equivalents

### Accounting policy

Cash and cash equivalents are made up of cash on hand, on-demand deposits and other short-term highly liquid investments, and are net of bank overdraft. The carrying value of cash on hand, on demand bank deposits and short-term deposits with original maturities of less than three months approximates the fair value.

\$Million	Group		Auckland Council	
	2024	2023	2024	2023
Cash on hand and on-demand bank deposits	271	82	161	43
Short-term deposits	345	2	345	2
<b>Cash and cash equivalents</b>	<b>616</b>	<b>84</b>	<b>506</b>	<b>45</b>
Bank overdraft	-	(4)	-	-
<b>Net cash and cash equivalents</b>	<b>616</b>	<b>80</b>	<b>506</b>	<b>45</b>

The group and the council maintain funds that relate to trusts and bequests received, and other funds with restrictions, where the spending of the funds is closely monitored. Unspent funds subject to restrictions were:

\$Million	2024	2023
Group	84	66
Auckland Council	15	55

## D2 Receivables and prepayments

### Accounting policy

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

\$Million	Group		Auckland Council	
	2024	2023	2024	2023
<b>Current</b>				
Trade receivables	361	329	142	121
Less provision for impairment	(55)	(57)	(18)	(25)
Rates receivables	103	83	103	83
Related party receivables	-	-	38	45
<b>Net receivables</b>	<b>409</b>	<b>355</b>	<b>265</b>	<b>224</b>
Accrued income	183	194	27	27
GST receivable	84	53	75	66
Prepayments	61	75	36	34
Other	27	43	27	4
<b>Total current</b>	<b>764</b>	<b>720</b>	<b>430</b>	<b>355</b>
Receivables from exchange transactions	280	339	71	88
Receivables from non-exchange transactions	484	381	359	267
<b>Non-current</b>				
Rates receivables	10	9	10	9
Prepayments	27	29	15	15
Other	51	16	52	13
<b>Total non-current</b>	<b>88</b>	<b>54</b>	<b>77</b>	<b>37</b>
Receivables from exchange transactions	78	32	67	15
Receivables from non-exchange transactions	10	22	10	22
<b>Total receivables and prepayments</b>	<b>852</b>	<b>774</b>	<b>507</b>	<b>392</b>

## D2 Receivables and prepayments (continued)

**Explanation of significant variances against budget**

2024 \$Million	Group		Auckland Council	
	Actual	Budget	Actual	Budget
Receivables and prepayments	852	708	507	572

**Group**

The group receivables and prepayments were \$144 million higher than budget mainly due to increase in finance lease receivable for Bledisloe House, GST receivable with higher input tax, rates receivables and higher other debtor balances related to the North Island Weather Events (NIWE).

**Auckland Council**

The council receivables and prepayments were \$65 million lower than budget. The budgeted opening balance at 1 July 2024 was higher than actual opening balance and it was partially offset by the increase in finance lease receivable for Bledisloe House.

Most receivables are non-interest bearing and the carrying value approximates the fair value. In relation to rates receivable, ratepayers may apply for payment plan options in special circumstances which may defer the balance to non-current receivables.

**Provision for impairment****Accounting policy**

The provision for impairment of receivables is determined based on an expected credit loss (ECL) model. In assessing credit losses for receivables, the group and the council apply the simplified approach and record lifetime ECL on receivables. Lifetime ECL result from all possible default events over the expected life of a receivable. The group and the council use a provision matrix based on historical credit loss experience upon initial recognition of a receivable, using reasonable assumptions and any available customer information.

In assessing ECL on receivables the group and the council consider both quantitative and qualitative inputs. Quantitative inputs include past collection rates, ageing of receivables and trading outlook. Qualitative inputs include past trading history with the group and the council.

To measure the ECL, all receivables have been grouped based on shared credit risk characteristics and the days overdue. Expected loss rates are applied based on payment profiles and corresponding historical credit losses experienced within the year. Expected loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debt.

## D2 Receivables and prepayments (continued)

The provision for impairment on receivables for both exchange transactions and non-exchange transactions has been determined as follows:

\$Million	2024			2023		
	Gross carrying amount	Expected loss rate (%)	Provision for impairment	Gross carrying amount	Expected loss rate (%)	Provision for impairment
<b>Group</b>						
Current	175	0.0%	-	155	0.0%	-
Past due 1 to 60 days	118	(1.7%)	(2)	87	2.3%	2
Past due > 60 days	171	(31.0%)	(53)	170	32.4%	55
<b>Total</b>	<b>464</b>		<b>(55)</b>	<b>412</b>		<b>57</b>
<b>Auckland Council</b>						
Current	106	0.0%	-	115	(0.1%)	-
Past due 1 to 60 days	79	(1.9%)	(1)	45	(3.7%)	(2)
Past due >60 days	98	(17.4%)	(17)	89	(26.4%)	(23)
<b>Total</b>	<b>283</b>		<b>(18)</b>	<b>249</b>		<b>(25)</b>

**D3 Payables and accruals****Accounting policy**

Current payables and accruals represent amounts payable within 12 months of balance date and are recognised at cost. Current payables and accruals are non-interest bearing and normally settled on 30-day terms; therefore, the carrying value approximates the fair value.

Non-current payables and accruals represent amounts payable more than 12 months from balance date and are measured at the present value of the estimated future cash outflows.

\$Million	Group		Auckland Council	
	2024	2023	2024	2023
<b>Current</b>				
Trade payables and accruals	984	851	403	302
Revenue received in advance	129	97	66	40
Deposits and bonds	72	68	67	66
Credit support annex (refer to Note C3)	35	18	35	18
Amounts due to related parties	-	-	611	532
Other	84	62	76	67
<b>Total current</b>	<b>1,304</b>	<b>1,096</b>	<b>1,258</b>	<b>1,025</b>
Payables from exchange transactions	1,086	930	452	333
Payables from non-exchange transactions	218	166	806	692
<b>Non-current</b>				
Revenue received in advance	165	165	173	172
Other	32	27	6	7
<b>Total non-current</b>	<b>197</b>	<b>192</b>	<b>179</b>	<b>179</b>
Payables from exchange transactions	193	188	157	156
Payables from non-exchange transactions	4	4	22	23
<b>Total payables and accruals</b>	<b>1,501</b>	<b>1,288</b>	<b>1,437</b>	<b>1,204</b>

**D3 Payables and accruals (continued)**

The council's non-current revenue received in advance includes an obligation to give Watercare Services Limited (Watercare) unrestricted and sole access to land on Puketutu Island until 2066 or until such time Watercare surrenders its lease over the island. The balance of the deferred revenue as at 30 June 2024 amounted to \$18.6 million (2023: \$19.1 million) and is amortised on a straight-line basis over the lease period of 70 years, being 55 years with a 15-year right of renewal. The lease period is longer than the resource consent period of 35 years as the land will be used beyond the consent period for aftercare.

**D4 Employee benefits liability****Accounting policy**

Employee benefits to be settled within 12 months of balance date are reported within current liabilities at the amount expected to be paid. All other employee benefits are reported within non-current liabilities and are measured at the present value of estimated future cash outflows.



\$Million	Group		Auckland Council	
	2024	2023	2024	2023
<b>Current</b>				
Short-term employee benefits	123	119	63	58
Other	3	2	1	1
<b>Total current</b>	<b>126</b>	<b>121</b>	<b>64</b>	<b>59</b>
<b>Non-current</b>				
Other	5	5	1	1
<b>Total non-current</b>	<b>5</b>	<b>5</b>	<b>1</b>	<b>1</b>
<b>Total employee entitlements</b>	<b>131</b>	<b>126</b>	<b>65</b>	<b>60</b>

**D5 Provisions****Accounting policy**

Provisions are recognised in the statement of financial position where the group and the council have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be estimated reliably.

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

**Discount rate**

The present value of cash flows is calculated using a discount rate equivalent to the appropriate risk-free rate relevant for the timing of cash flows, published by New Zealand Treasury as the government bond rate ranging from 4.3% to 5.4% (2023: 4.2% to 5.4%). At 30 June 2024, the group and the council determined that risk-free rates, appropriately represented risks specifically related to time value of money.

**Explanation of significant variances against budget**

2024 \$Million	Group		Auckland Council	
	Actual	Budget	Actual	Budget
Provisions	1,075	294	1,054	260

**Group and Auckland Council**

Provisions of the group and the council were \$781 million and \$794 million higher than budget respectively. The difference between budgeted and actual provisions mainly relates to the increase in existing and new provisions provided during the year, and differences between expected and actual settlements. This was mainly in relation to the provisions for Risk Category 3 property buy-outs and grants for Risk Category 2P property owners that were affected by severe weather events that took place in 2023.

**D5 Provisions (continued)**

Group \$Million	Risk category3 property buy-outs	Weathertight- ness and associated building defect claims	Contaminated land and closed landfills	Other	Total
Opening balance	-	257	161	48	466
Additional provisions and increases to existing provisions	649	44	85	57	835
Amounts used	(132)	(25)	(10)	(21)	(188)
Reversal of previously recognised provisions	-	-	-	(18)	(18)
Change in discount rate	(5)	(19)	(16)	-	(40)
Discount unwind	11	6	3	-	20
<b>Balance as at 30 June 2024</b>	<b>523</b>	<b>263</b>	<b>223</b>	<b>66</b>	<b>1,075</b>
<b>Current</b>	268	47	20	40	375
<b>Non-current</b>	255	216	203	26	700
Opening balance	-	264	155	71	490
Additional provisions and increases to existing provisions	-	25	12	19	56
Amounts used	-	(29)	-	(7)	(36)
Reversal of previously recognised provisions	-	-	-	(35)	(35)
Change in discount rate	-	(7)	(12)	-	(19)
Discount unwind	-	4	6	-	10
<b>Balance as at 30 June 2023</b>	<b>-</b>	<b>257</b>	<b>161</b>	<b>48</b>	<b>466</b>
<b>Current</b>	-	141	16	39	196
<b>Non-current</b>	-	116	145	9	270

Auckland Council \$Million	Risk category3 property buy-outs	Weathertight- ness and associated building defect claims	Contaminated land and closed landfills	Other	Total
Opening balance	-	257	152	24	433
Additional provisions and increases to existing provisions	649	44	84	51	828
Amounts used	(132)	(25)	(10)	(8)	(175)
Reversal of previously recognised provisions	-	-	-	(12)	(12)
Change in discount rate	(5)	(19)	(16)	-	(40)
Discount unwind	11	6	3	-	20
<b>Balance as at 30 June 2024</b>	<b>523</b>	<b>263</b>	<b>213</b>	<b>55</b>	<b>1,054</b>
<b>Current</b>	268	47	20	31	366
<b>Non-current</b>	255	216	193	24	688
Opening balance	-	264	144	48	456
Additional provisions and increases to existing provisions	-	25	12	7	44
Amounts used	-	(29)	-	(4)	(33)
Reversal of previously recognised provisions	-	-	-	(27)	(27)
Change in discount rate	-	(7)	(10)	-	(17)
Discount unwind	-	4	6	-	10
<b>Balance as at 30 June 2023</b>	<b>-</b>	<b>257</b>	<b>152</b>	<b>24</b>	<b>433</b>
<b>Current</b>	-	141	17	16	174
<b>Non-current</b>	-	116	135	8	259

## D5 Provisions (continued)

**Provision for weathertightness and associated building defect claims**

The group and the council have recognised a provision for weathertightness and associated building defect claims which covers active, reported and unreported claims.

This provision includes uninsured costs for which the council is liable, such as remediation of weathertightness issues, fire and structural engineering defects, and any additional costs associated with managing and resolving these claims. There is a high degree of uncertainty with estimates for the provision. The provision is comprised of:

\$Million	Multi-unit buildings	Single buildings	Total
Active provision	149	6	155
Reported provision	16	17	33
Unreported provision	63	12	75
<b>Balance as at 30 June 2024</b>	<b>228</b>	<b>35</b>	<b>263</b>
Active provision	158	4	162
Reported provision	16	19	35
Unreported provision	47	13	60
<b>Balance as at 30 June 2023</b>	<b>221</b>	<b>36</b>	<b>257</b>

Active claims are those lodged with the council and are progressing through the resolution process. They have a loss reserve which represents remediation costs, and a cost reserve, representing the cost of managing and resolving the claim.

The provision for reported and unreported claims is based on statistical analysis performed by independent actuaries. Reported claims are those lodged, but not yet progressing through the resolution process. Unreported claims are those the council may be liable for but have not yet been reported or identified.

The council may be subject to further liability due to the significant degree of estimation.

**Significant judgements and estimates used in calculating provision for weathertightness and associated building defect claims**

The significant assumptions used to determine the valuation of claims are based on single units and multi-units dwelling types, as follows:

**Reported claims**

- There are 275 dwellings currently reported (190 multi-unit and 85 single-unit) with an assumption that 5% of the multi-unit and 30% of the single-unit claims will not proceed to a formal claim.

**Unreported claims**

- Prevalence rates indicate an estimated 473 dwellings (437 multi-unit and 36 single-unit) will notify in the future, 5% of multi-unit and 30% of the single-unit claims will not proceed to a formal claim.
- The assumptions for the unreported model were revised for 30 June 2024 valuation following recent higher than expected notification patterns. The assumptions relate to the 'claims rate' from consenting activity. The result of the review was an increase in the unreported claims provision.

**Reported and unreported claims**

- The assessed quantum for repair which differs between multi-unit and single-unit
- Settlement amounts which are expected to be 55% for a multi-unit and 60% for a single-unit of the assessed quantum
- Contribution by the group toward the settlement which is 75% for a multi-unit and 50% for a single-unit
- Timing of claim payments which is assumed to follow historical trends.

**Active claims**

- The active provision is determined through a combination of case estimates and the relevant cost assumptions used to produce the reported provision. The key assumption that is applied to these case estimates is a certainty weighting, ranging from 10% to 75% depending on the stage of the claim.

The expected discounted cash outflow for the weathertightness provision is as follows:

**Settled year ended 30 June (\$Million)**

2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	Total
47	44	95	14	7	8	9	9	8	7	6	5	4	<b>263</b>

## D5 Provisions (continued)

The significant assumptions above that are most sensitive on surplus or deficit are as follows:

\$Million	2024		2023	
	10% Effect on surplus or deficit	-10%	10% Effect on surplus or deficit	-10%
Amount claimed	(26)	26	(26)	26
Council contribution to settlement	(26)	26	(26)	26
Settlement level award	(26)	26	(26)	26
Discontinuance rate	12	(7)	11	(6)

**Provision for remediation of contaminated land and closed landfills**

The group and the council have provided for the management and remediation of sites where contamination has been identified and the existing land-use requires remediation. No provision has been made for sites where contamination is not confirmed. The reason is that the level of contamination, if any, is unknown and therefore costs of management and/or remediation cannot be reliably estimated.

The group and the council may be subject to further liability because of the significant degree of estimation included in determining the provision. This liability is reflected in unquantifiable contingencies (refer to Note F4).

**Significant judgements and estimates used in calculating provision for remediation of contaminated land and closed landfills**

- The provision includes sites where the group and the council hold a resource consent, or a constructive obligation exists. It does not include property with unidentified contamination issues or where the current land-use does not require management or remediation.
- Expected future costs are based on the expected level of work required to meet each resource consent and the current cost of management and/or remediation.
- Expected future costs are inflated using the CPI assumptions provided by New Zealand Treasury.
- Estimated costs are assessed over 30 years, being the average resource consent period.
- The provision assumes there is no change in land-use and discharges complying with consent conditions.
- The provision is adjusted for the time value of money by discounting year one to year 30 costs at the yearly risk-free discount rates provided by New Zealand Treasury.

The significant assumptions above that are most sensitive on surplus or deficit are as follows:

\$Million	2024		2023	
	2% Effect on surplus or deficit	-2%	2% Effect on surplus or deficit	-2%
Inflation Rate	(52)	37	(31)	24
Discount Rate	36	(51)	23	(31)

**Provision for Risk Category 3 property buy-outs and Risk Category 2P properties**

Following the 2023 severe weather events in Auckland and Cyclone Gabrielle, a funding agreement is in place with the central government for the cost-sharing of region's recovery. Central government will contribute up to \$877 million.

The New Zealand government's risk categorisation framework has been used to categorise homes affected by the weather events and residential properties that may be considered high risk in future events. According to the framework and the funding agreement, the group

- administer the programme for the Risk Category 3 property buy-outs and will take ownership of them. Risk Category 3 properties hold intolerable risk to life and future severe weather event risk cannot be sufficiently reduced.
- provide grants to Category 2P property owners. These are properties where there is an intolerable risk to life from extreme weather events and property-level mitigations can reduce the risk to a tolerable level.

## D5 Provisions (continued)

- fund infrastructure improvements for Category 2C properties. These are properties that need community level measures to manage future severe weather event risk such as repairing and enhancing flood protection schemes.
- further assess Category 2A properties to identify if they fall within Category 2C or 2P.
- deliver transport recovery works to reinstate parts of the transport network directly impacted by the storm events.

The central government funding will be provided when the council raises a payment request after actual costs are incurred.

The council estimated there will be 900 Risk Category 3 property buy-outs, of which the council has bought back 127 properties and paid \$132 million for settlement as at 30 June 2024.

The council recognised a \$523 million provision to cover the remaining costs of purchasing Risk Category 3 properties net of the fair value of land and a \$30 million provision for the Risk Category 2P mitigation projects in as at 30 June 2024 (2023: \$nil). The provision is based on the best estimate of the present value of the expenditure needed to settle the obligations to property owners. The estimates are determined based on the judgements and assumptions made by management and independent actuaries. Uncertainty around amount and timing due to these assumptions may result in actual outcomes that are significantly different from the estimate in the future.

#### Significant judgements and estimates used in calculating provision for Risk Category 3 property buy-outs



- The number of eligible Risk Category 3 properties that will opt into the scheme has been estimated based on the number of properties that opted into the voluntary assessment process after the severe weather events, noting that the percentage is expected to be high due to the intolerable risk to life and the difficulties in finding insurance for such a risky property. This assumption may change when the council collects more information in future reporting periods and may have a significant impact on the amount of the provision.
- Proportion of properties that are insured is assumed to be in line with the statistics prepared by the Insurance Council of New Zealand.
- Expected market value of properties is based on the average value of properties in affected areas, sourced from the latest reliable public information, adjusted for uncertainty and fluctuations in the housing market since the severe weather events.
- Expected insurance recoveries per property (from private insurers and EQC Natural Hazards Commission) is estimated to be the weighted average insurance payout based on insurance payments per property in respect of the level of damage and the expected number of eligible Risk Category 3 properties.
- Estimated value of land post-acquisition is based on:
  - Where there are geotechnical issues, and the land is unsafe, the land parcels are not able to be accessed as there is an 'intolerable risk to life' which is unlikely to be reduced in the future. The fair value for these land parcels is zero.
  - Where there are no geotechnical issues but there has been flooding and the land is not fit to have residential houses built there. As there is no market for these properties at the date of the property buy-outs, the fair value has been determined based on the value of Auckland Council's small reserves in the same geographic locations. The small reserves in the location of property buy-outs have been identified and the average value per square metre calculated. Each property buyout has been valued at this average square metre value.
- We have assumed that all buildings on eligible properties will be deconstructed, with the demolition costs being based on quotes from demolition firms and capitalised in value of land post-acquisition.
- Settlements are assumed to take place over a two-year period, and therefore the provision has been adjusted for time value of money by discounting at the monthly risk-free rate provided by the New Zealand Treasury.

The significant assumptions from above that are most sensitive on surplus or deficit are as follows:

\$Million	2024	
	10%	-10%
	Effect on surplus or deficit	
Number of eligible Category 3 properties that opt in to the scheme	(62)	62
Expected market value per property	(89)	89
Expected insurance recoveries per property	18	(18)
Estimated value of land post-acquisition	17	(17)

## D5 Provisions (continued)

## Other provisions - Legal claims

Included within other provisions is a provision for legal claims of \$1.5 million (2023: \$9 million). The likelihood of payment of each claim brought against the group and council has been assessed and a provision recognised where it is probable that the group and the council will be found liable, and costs can be reliably estimated. The amounts of provisions are determined by legal counsel, considering claims experience. Material legal claims that are not recognised as provisions are disclosed as contingent liabilities in Note F4 if they meet the criteria for disclosure.

## D6 Ratepayer equity

## Accounting policy



Ratepayer equity is the Auckland community's interest in the group and the council. Ratepayer equity has been classified into various components to identify those portions of equity held for specific purposes. Contributed equity is the net asset position excluding restricted reserves, at the time the council was formed.

\$Million	Group		Auckland Council	
	2024	2023	2024	2023
<b>Contributed equity</b>	<b>26,693</b>	<b>26,693</b>	<b>26,539</b>	<b>26,539</b>
<b>Accumulated funds</b>	<b>7,564</b>	<b>6,803</b>	<b>155</b>	<b>382</b>
<b>Reserves</b>				
<b>Asset revaluation reserves</b>				
Opening balance	20,773	20,950	7,298	8,285
Transferred to accumulated funds	(52)	(88)	(31)	(53)
Change in fair value recognised during the year	(264)	(89)	(438)	(934)
Closing balance	20,457	20,773	6,829	7,298
<b>Restricted equity</b>				
Opening balance	578	463	566	459
Transfer in/(out) during the year	61	115	62	107
Closing balance	639	578	628	566
<b>Financial investments - Fair value through other comprehensive revenue and expense reserve</b>				
Opening balance	704	347	677	314
Gain/(loss) on equity instruments designated at fair value through other comprehensive revenue	(247)	357	(234)	363
Transfer between classes	(186)	-	(187)	-
Closing balance	271	704	256	677
<b>Cash flow hedge reserve</b>				
Opening balance	-	9	-	-
Transferred to accumulated funds	-	(8)	-	-
Change in fair value recognised during the year	-	(1)	-	-
Closing balance	-	-	-	-
<b>Total reserves</b>	<b>21,367</b>	<b>22,055</b>	<b>7,713</b>	<b>8,541</b>
<b>Total ratepayer equity</b>	<b>55,624</b>	<b>55,551</b>	<b>34,407</b>	<b>35,462</b>

## Capital management

The group and the council's capital is its ratepayer equity, which comprises contributed equity, reserves and accumulated funds. Equity is represented by net assets. The Local Government Act 2002 (the LGA 2002) requires the council to manage the group's revenue, expenses, assets, liabilities and general financial dealings cautiously and in a manner that promotes the current and future interests of the community. Ratepayer equity is largely managed through managing revenue, expenses, assets, liabilities and general financial dealings. The group monitors the prudence in its financial management with the use of the financial reporting and prudence

## D6 Ratepayer equity (continued)

benchmarks as set out in the Local Government (Financial Reporting and Prudence) Regulations 2014. Refer to Section G for the financial reporting and prudence benchmarks of the group for the year ended 30 June 2024.

The objective of managing the group and the council's capital is to achieve intergenerational equity which is a principle promoted in the LGA 2002 and applied by the group and the council. Intergenerational equity requires today's ratepayers only to meet the cost of using the group and the council assets, not the full cost of purchasing or creating long-term assets that will benefit future ratepayers.

To achieve this objective, the group and the council have asset management plans in place for major classes of assets detailing renewal and maintenance programmes to ensure that these costs are not deferred.

An additional objective of capital management is to ensure that the expenditure identified in the 10-year budget and annual budget is spent in the manner set out in these budgets.

Auckland's legacy councils only funded 63 per cent of depreciation and our policy in prior years was to gradually move to 100 per cent by 2025. In 2020/2021 the impacts of COVID-19 disruption on our revenue streams caused us to revisit our policy for funding depreciation and the group's Revenue and Financing Policy was updated to include a commitment to achieve 100 per cent funding of depreciation by 2028.

No changes were made in the objectives, policies or processes for managing capital of the group and the council during the years ended 30 June 2024 and 30 June 2023.

**Local government disclosures**

Restricted equity includes trusts and bequests, targeted rates and reserves, where use of the funds is specified by statute, trust deed or contract. The reserve funds held by the group and the council during the year are as follows:

\$Million	Activity	Opening balance	Transfers to reserve	Transfers from reserve	Closing balance	Purpose
<b>Trusts and bequests</b>						
Leys Institute Trust Capital	Local council services	1	-	-	1	Purchase of library equipment and operation
<b>Targeted Rates</b>						
City Centre Targeted Rate	Local council services	75	30	(26)	79	Development and revitalisation of the city centre
Financial Assistance Targeted Rate	Roads and footpaths, stormwater and wastewater	(1)	-	-	(1)	Financial assistance to the local community
Natural Environment Targeted Rate	Local council services	14	16	(31)	(1)	Protection of the natural environment
Rodney Local Board Transport Targeted Rate	Roads and footpaths and public transport and travel demand management	5	5	(13)	(3)	Improvement in transport services in the Rodney area
Targeted Rates Open Spaces/Volcanic Cones	Regionally delivered council services	3	-	-	3	Purchase of open spaces, and maintenance and enhancement of volcanic cones
Water Quality Targeted Rate	Stormwater	56	11	(45)	22	Create cleaner beaches, streams and harbours

## D6 Ratepayer equity (continued)

\$Million	Activity	Opening balance	Transfers to reserve	Transfers from reserve	Closing balance	Purpose
Electricity Network Resilience Targeted Rate	Regionally delivered council services	3	10	(12)	1	Funding tree management programme around the Vector overhead electricity supply network
Climate Action Targeted Rate	Public transport and regionally delivered council services	37	48	(34)	51	Funding of projects have meaningful impact on climate action goals
North Shore Holdings Reserve Fund	Regionally delivered council services	3	-	-	3	Projects approved by Auckland Transition Agency and the legacy North Shore City Council
<b>Total targeted rates</b>		<b>195</b>	<b>120</b>	<b>(161)</b>	<b>154</b>	
<b>Reserves</b>						
Community Recreation and Sport Fund	Local council services	3	-	-	3	Sports and recreational initiatives
Greenmount Park Development Reserve - ARC	Local council services	4	-	-	4	Conversion of land into a public park and recreation ground
Greenmount Park Development Reserve - AC	Local council services	10	1	-	11	Development of Styak-Lushington Park
Harbourview / Orangihina UAC Reserve	Local council services	1	-	-	1	Development of Harbourview-Orangihina Park
Hobsonville Domain Compensation Reserve	Local council services	2	-	-	2	Hobsonville Domain Replacement project
New Windsor Road Reserve (Whau Local Board)	Local council services	1	-	-	1	Re-investment in local area
Strand Municipal Reserve	Local council services	-	3	-	3	Restoration of Takapuna Library
Marlowe Mew Reserve	Regionally delivered council service	-	2	-	2	Pensioner housing
Off-street Parking Funds	Public transport and travel demand management	4	-	-	4	Off-street parking initiatives
Papakura Golf Course Reserve	Regionally delivered council services	2	-	-	2	Development of Papakura Golf course
Regional Fuel Tax Reserve	Roads and footpaths	328	143	(41)	430	Funding specified transport projects
Waste Minimisation Reserve	Regionally delivered council services	5	-	(5)	-	Supporting the implementation of waste minimisation initiatives
Civic space and Victoria Street Linear Park project	Local council services	10	-	(1)	9	Development of a civic space and Victoria Street Linear Park
<b>Total reserves</b>		<b>370</b>	<b>149</b>	<b>(47)</b>	<b>472</b>	
<b>Auckland Council total restricted equity</b>		<b>566</b>	<b>269</b>	<b>(208)</b>	<b>627</b>	



D6 Ratepayer equity (continued)

\$Million	Activity	Opening balance	Transfers to reserve	Transfers from re-serve	Closing balance	Purpose
<b>Trusts and bequests</b>						
Trusts related to art activities	Regionally delivered council services	1	-	-	1	Purchase of works of art for the Auckland Art Gallery
<b>Reserves</b>						
Zoo Conservation Fund	Council controlled services	5	1	(1)	5	Support of conservation efforts in the wild
Major Events Fund	Council controlled services	6	1	(1)	6	Funding of major events
<b>Council-controlled organisations total restricted equity</b>		<b>12</b>	<b>2</b>	<b>(2)</b>	<b>12</b>	
<b>Group total restricted equity</b>		<b>578</b>	<b>271</b>	<b>(210)</b>	<b>639</b>	



▲ Auckland Lantern Festival

► Tāwharanui Regional Park

Te Wehenga E: Te whakahaere tūraru ā-pūtea

## Section E: Financial risk management

This section provides information on how the Auckland Council Group and Auckland Council are exposed to a variety of financial risks and how these risks are managed.

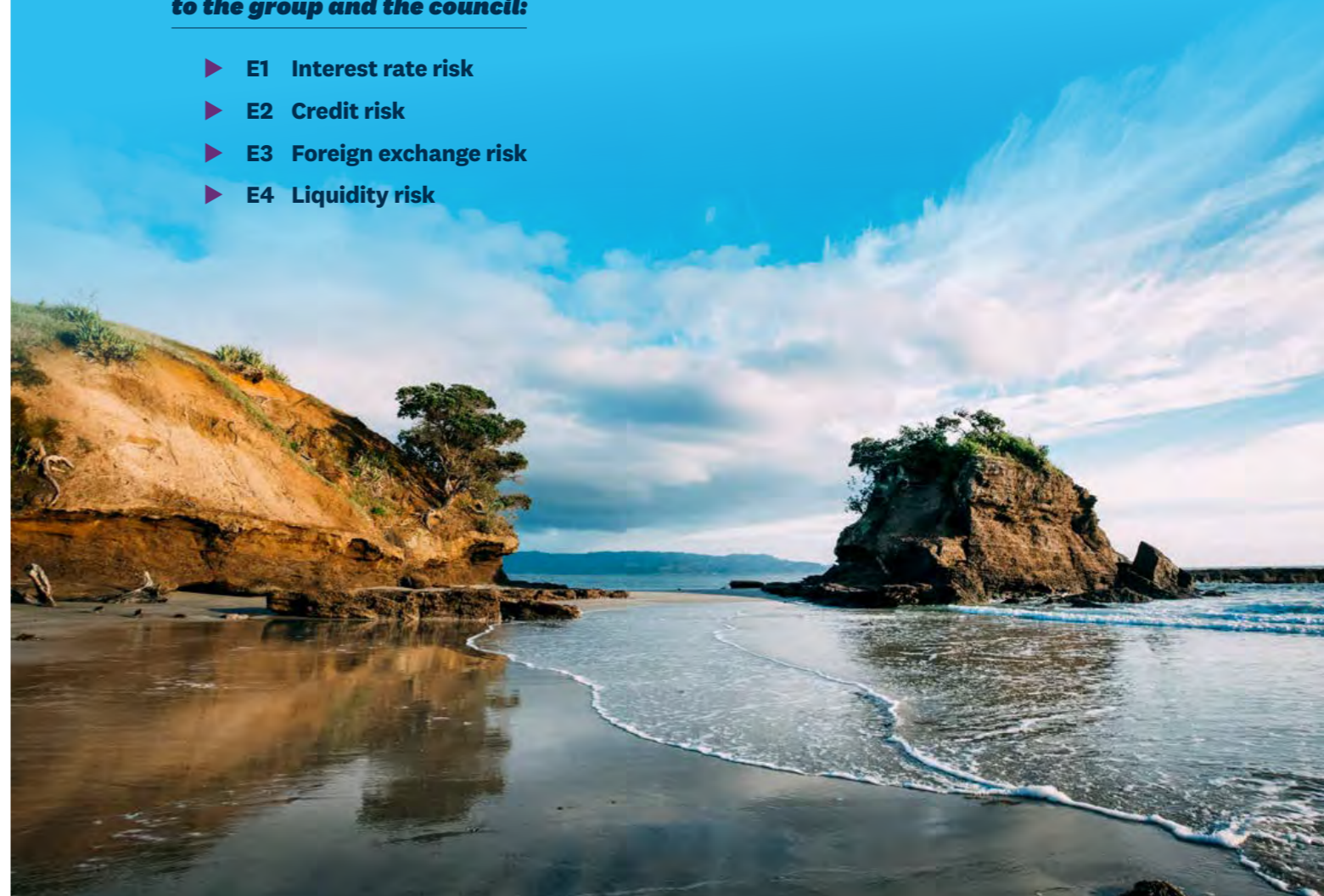
The group's core policies relating to financial risk are contained in the Treasury Management Policy (TMP). The TMP meets the requirements of the LGA 2002 and sets out the group's policies on how it will manage its key financial risks including risks associated with borrowing, interest rates, foreign exchange, counterparty credit, liquidity and investment.

Any changes to the TMP require the approval of the Governing Body. More detailed treasury policies are contained in the Treasury Operating Manual which must be consistent with the TMP and is approved by the Treasury Management Steering Group.

The significant financial risks to the group and the council are set out below. Within each sub-section a definition and explanation of the risk is detailed (risk definition) and then an explanation of how council manages each financial risk (risk management).

**The following are the financial risks that are significant to the group and the council:**

- ▶ E1 Interest rate risk
- ▶ E2 Credit risk
- ▶ E3 Foreign exchange risk
- ▶ E4 Liquidity risk



## E1 Interest rate risk

### Risk definition

Interest rate risk is the risk that the group and the council are exposed to adverse changes in interest rates which may result in net financing costs exceeding annual budget or long-term plan forecasts. The group and the council are exposed to interest rate risk on all debt obligations and cash investments including amounts on-lent to council-controlled organisations.

### Risk management

The group seeks to limit interest rate risk by:

- actively managing interest rates using a mix of derivatives and fixed rate debt; and
- managing interest rates on both current and forecast debt.

The group manages interest rates on a portfolio basis. Over the long-term, the group's risk management approach aims to:

- minimise volatility and provide certainty of interest costs thereby reducing the likelihood that adverse movements in interest rates will materially impact the operating surplus;
- minimise the cost of borrowings within acceptable risk parameters; and
- manage the divergence between the group's effective interest rate and prevailing market interest rates.

Mechanisms used to manage interest rate risk are:

- interest rate swaps, including forward start swaps to hedge the base rate on anticipated borrowings;
- matching the interest rate risk profile of the group and the council's financial assets and liabilities when appropriate; and
- fixing rates through fixed rate borrowings or interest rate hedging instruments to fix rates on floating rate borrowings.

To identify the exposure to movements in interest rates the group and the council measure and control the risk through sensitivity analysis. This is based on possible movements in the NZD interest rate curve, with all other variables held constant, measured as a basis points movement (where 100 basis points equal 1 per cent). The methods and assumptions used remain the same as those used in the previous period. The impact on potential surplus or deficit and equity (excluding accumulated funds) calculated using the group and the council's financial instrument exposures at balance date are as follows:

Group	2024				2023			
	-100bps/-1%		+100bps/+1%		-100bps/-1%		+100bps/+1%	
\$Million	Surplus/ (deficit)	Equity	Surplus/ (deficit)	Equity	Surplus/ (deficit)	Equity	Surplus/ (deficit)	Equity
Cash and cash equivalents and term deposits	(5)	-	5	-	(1)	-	1	-
Derivative financial instruments <sup>1</sup>	(146)	-	141	-	(282)	-	261	-
Fixed rate borrowings (repricing within next 12 months)	3	-	(3)	-	2	-	(2)	-
Floating rate borrowings	40	-	(40)	-	48	-	(48)	-
Other financial assets	(1)	-	1	-	(1)	-	1	-
<b>Total sensitivity to interest rate risk</b>	<b>(109)</b>	<b>-</b>	<b>104</b>	<b>-</b>	<b>(234)</b>	<b>-</b>	<b>213</b>	<b>-</b>

<sup>1</sup> The sensitivity for derivatives has been calculated using a derivative valuation model based on a parallel shift in interest rates of plus and minus 100 basis points.

## E1 Interest rate risk (continued)

Auckland Council	2024				2023			
	-100bps/-1%		+100bps/+1%		-100bps/-1%		+100bps/+1%	
\$Million	Surplus/ (deficit)	Equity	Surplus/ (deficit)	Equity	Surplus/ (deficit)	Equity	Surplus/ (deficit)	Equity
Cash and cash equivalents and term deposits	(5)	-	5	-	(1)	-	1	-
Derivative financial instruments <sup>1</sup>	(146)	-	141	-	(282)	-	261	-
Fixed rate borrowings (repricing within next 12 months)	3	-	(3)	-	2	-	(2)	-
Floating rate borrowings	40	-	(40)	-	48	-	(48)	-
Loans to related parties	(42)	-	42	-	(37)	-	37	-
Other financial assets	(2)	-	2	-	(1)	-	1	-
<b>Total sensitivity to interest rate risk</b>	<b>(152)</b>	<b>-</b>	<b>147</b>	<b>-</b>	<b>(271)</b>	<b>-</b>	<b>250</b>	<b>-</b>

<sup>1</sup> The sensitivity for derivatives has been calculated using a derivative valuation model based on a parallel shift in interest rates of plus and minus 100 basis points.

## E2 Credit risk

### Risk definition

Credit risk is the risk that a third party will default on its obligation to the group and the council, causing the group and the council to incur a loss. Credit risk may arise from cash and cash equivalents, deposits with banks, credit exposures to receivables, related party loans, financial guarantees as well as derivative financial instruments and other financial assets.

The group and the council's maximum credit risk exposure for each class of financial assets is the carrying amount of these financial assets which is presented in Note C4 under the category of financial instruments.

### Risk management

The group seeks to limit counterparty exposure by:

- transacting with counterparties with acceptable credit ratings for Treasury transactions;
- avoiding concentrations of credit exposure to one counterparty by spreading exposures amongst many counterparties;
- executing Credit Support Annexures (CSAs) with selected counterparties to manage derivative risk. Refer to Note C3; and
- having netting provisions in International Swaps and Derivatives Association (ISDA) arrangements.

Acceptable credit standings are determined with reference to long-term credit ratings published by S&P Global Ratings (or similar international credit rating agency).

The group and the council are not exposed to material concentrations of credit risk around rates and other receivables from non-exchange transactions as there is a large number of ratepayers and customers, and the council has a statutory right to recover outstanding funds under the Local Government (Rating) Act 2002. Refer to Note D2 for the breakdown and ageing profile of receivables.

The council identifies concentration risk in relation to loans to related parties. As at 30 June 2024, the council's related party loans and their respective fair value are: Watercare Services Limited (Watercare) \$3,536 million (2023: \$2,910 million), Port of Auckland Limited (POAL) \$206 million (2023: \$235 million) and Auckland Transport \$454 million (2023: \$461 million). Refer to Note C3.

### Other exposures

In addition to the above credit exposures, the group and the council are exposed to financial guarantees provided to third parties. At 30 June 2024, total financial guarantees for the group and the council were \$19.1 billion (2023: \$14.2 billion). Refer to Note F4 for further information.



## E2 Credit risk (continued)

### **Rated counterparties**

At balance date, \$1.3 billion (2023: \$1.0 billion) of assets with credit risk held by the group and \$1.2 billion (2023: \$0.9 billion) of assets with credit risk held by the council had a S&P Global Ratings rating (or equivalent) of single A or better. In the year to 30 June 2024, there were no defaults on any of the group and the council's rated counterparties (2023: nil).

### **Unrated counterparties**

Except for certain community loans and a one-off loan provided to a supplier secured against bank bonds, the council did not invest with unrated counterparties. In the year to 30 June 2024, there were no defaults on any of the group and the council's community and supplier loans (2023: nil).

### **Rates and other receivables**

Receivables mainly arise from the group and the council's statutory functions. Therefore, procedures are not required to monitor or report the credit quality of receivables.

### **Loans to related parties at amortised cost**

There were no significant changes to estimation techniques or assumptions during the reporting period.

The group and the council assessed the expected credit losses in relation to related parties as at 30 June 2024. The financial effects and the balances are not material, therefore not adjusted.

The gross carrying amount of loans to related parties measured at amortised cost as at 30 June 2024 are disclosed in Note C4.

### **Financial guarantees**

The group and the council compute expected credit losses for financial guarantees using the probability of default approach. In determining expected credit losses for financial guarantees, the group and the council consider events such as breach of loan covenants and default on instalment payments and determine that significant increase in credit risk occurs when there are changes in the risk that the specified borrower will default on the contract.

In calculating the expected credit loss rates, the group and the council consider implied probability of default from external rating agencies where available and historical loss rates for each category of counterparty and adjusts for forward looking macroeconomic data such as central bank base rates.

The group and the council have assessed expected credit loss for financial guarantees as at 30 June 2024 and the results are disclosed in Note F4.

## E3 Foreign exchange risk

### **Risk definition**

Foreign exchange risk is the risk that costs materially exceed budget due to adverse movements in foreign exchange rates.

The group is exposed to foreign exchange risk when it buys equipment and services denominated in a foreign currency or has borrowings denominated in a foreign currency.

### **Risk management**

The group seeks to limit foreign exchange risk by:

- hedging exposures on material foreign currency denominated capital and operating expenditure (foreign exchange exposure is recognised when the expenditure has been approved and a contract is expected to follow); and
- hedging all foreign currency exposure on borrowings denominated in a foreign currency at the time of execution of the borrowing.

The group does not receive foreign currency revenue in its normal course of business.

## E3 Foreign exchange risk (continued)

### **Exposure**

The group and the council have foreign currency denominated borrowings of \$6,718 million at 30 June 2024 (30 June 2023: \$6,088 million) that are exposed to foreign exchange risk. The percentage of foreign currency denominated borrowings for each currency is shown below (note: the foreign currency borrowings are translated into New Zealand dollars using the spot rates at 30 June):

	Australian Dollar	Swiss Franc	Euro	Norwegian Krone	United States Dollar	Total
<b>2024</b>	17%	13%	64%	6%	0%	100%
<b>2023</b>	10%	17%	65%	6%	2%	100%

Refer to Note C1 for the total foreign currency denominated borrowings of the group and the council. Refer to Note C2 for the derivative financial instruments that hedge the foreign exchange risk on these borrowings.

At 30 June 2024, the group and the council did not have remaining material exposure to foreign exchange risk since all foreign currency denominated borrowings and material purchases were hedged (2023: none).

## E4 Liquidity risk

### **Risk definition**

Liquidity risk is the risk that the group is unable to meet its funding obligations as they fall due.

The group is exposed to liquidity risk whenever it refinances existing debt or when it is contractually committed to make cash payments.

### **Risk management**

The group seeks to limit liquidity risk by:

- maintaining sufficient unused committed funding facilities;
- ensuring investments are short-term and liquid in nature; and
- maintaining longer term cash flow forecasts to recognise potential future financing pressures early, allowing time for a financing strategy to be planned and implemented.

In addition, the group seeks to limit financing risk by:

- spreading financing over a range of maturities to minimise the risk of large concentrations of debt having to be refinanced in periods where credit margins are high for reasons beyond the group's control. This includes the spreading of short-term debt where practical and economic to do so;
- avoiding concentrations of exposure to any single borrowing market by having financing options across a range of markets;
- maintaining a mixture of short-term facilities (which generally have lower credit margins and flexibility) and long-term facilities to achieve an effective funding mix, balancing the requirements of cost minimisation and limiting re-financing risk;
- not giving financial covenants in respect of any borrowing except for a most favoured lender clause and those already given to the Local Government Funding Agency Limited (LGFA);
- complying with borrowing covenants imposed by the LGFA;
- maintaining an AA/Aa2 credit rating; and
- reviewing the funding principles in the revenue and finance policy every three years as part of the long-term plan process.

The group and the council had standby facilities of \$1.3 billion (2023: \$1.5 billion) that could be drawn at any time. The group also has overdraft facilities of \$22 million (2023: \$22 million). The standby facilities were undrawn at 30 June 2024 and will mature between March 2025 and December 2025. This included the council's committed bank facilities of \$1.0 billion (2023: \$1.2 billion) and a LGFA standby facility of \$300 million (2023: \$300 million). At 30 June 2024, the council had \$800 million (2023: \$800 million) of its committed bank facilities, that were sustainability linked facilities.

The following tables summarise the group and the council maturity profile of financial liabilities and financial assets, which were readily saleable or expected to generate cash inflows to meet the cash outflows of the financial liabilities. The amounts disclosed are undiscounted contractual cash flows which include interest payable.

## E4 Liquidity risk (continued)

Group	2024							Total contractual cash flows
	Carrying amount	On demand	<1 year	1-2 years	2-5 years	5-10 years	>10 years	
<b>Non-derivative financial assets</b>								
Cash and cash equivalents	616	223	396	-	-	-	-	619
Receivables (excluding GST receivables, prepayment and rates debtors)	567	-	516	52	-	-	-	568
Other financial assets	157	48	34	9	51	42	3	187
<b>Total non-derivative financial assets</b>	<b>1,340</b>	<b>271</b>	<b>946</b>	<b>61</b>	<b>51</b>	<b>42</b>	<b>3</b>	<b>1,374</b>
<b>Derivative financial assets</b>								
Derivative financial assets net settled	392	-	163	84	129	97	4	477
Derivative financial assets gross settled <sup>1</sup>	172	-	-	-	-	-	-	-
Inflows	-	-	306	465	1,089	198	-	2,058
Outflows	-	-	(374)	(428)	(999)	(213)	-	(2,014)
	-	-	<b>(68)</b>	<b>37</b>	<b>90</b>	<b>(15)</b>	-	<b>44</b>
<b>Total derivative financial assets</b>	<b>564</b>	-	<b>95</b>	<b>121</b>	<b>219</b>	<b>82</b>	<b>4</b>	<b>521</b>
<b>Total financial assets</b>	<b>1,904</b>	<b>271</b>	<b>1,041</b>	<b>182</b>	<b>270</b>	<b>124</b>	<b>7</b>	<b>1,895</b>
<b>Non-derivative financial liabilities</b>								
Bank overdraft	-	-	-	-	-	-	-	-
Payables and accruals (excluding income received in advance)	1,207	41	1,160	6	-	-	-	1,207
Secured borrowings <sup>2</sup>	12,747	-	1,814	1,504	5,462	5,352	996	15,128
Unsecured borrowings	170	-	-	-	58	112	-	170
Financial guarantees <sup>3</sup>	-	19,077	-	-	-	-	-	19,077
<b>Total non-derivative financial liabilities</b>	<b>14,124</b>	<b>19,118</b>	<b>2,974</b>	<b>1,510</b>	<b>5,520</b>	<b>5,464</b>	<b>996</b>	<b>35,582</b>
<b>Derivative financial liabilities</b>								
Derivative financial liabilities net settled	88	-	9	16	52	15	(1)	91
Derivative financial liabilities gross settled <sup>1</sup>	488	-	-	-	-	-	-	-
Inflows	-	-	(275)	(321)	(1,300)	(3,720)	-	(5,616)
Outflows	-	-	485	479	1,758	3,946	-	6,668
	-	-	<b>210</b>	<b>158</b>	<b>458</b>	<b>226</b>	-	<b>1,052</b>
<b>Total derivative financial liabilities</b>	<b>576</b>	-	<b>219</b>	<b>174</b>	<b>510</b>	<b>241</b>	<b>(1)</b>	<b>1,143</b>
<b>Total financial liabilities</b>	<b>14,700</b>	<b>19,118</b>	<b>3,193</b>	<b>1,684</b>	<b>6,030</b>	<b>5,705</b>	<b>995</b>	<b>36,725</b>
<b>Net contractual cash flows</b>		<b>(18,847)</b>	<b>(2,152)</b>	<b>(1,502)</b>	<b>(5,760)</b>	<b>(5,581)</b>	<b>(988)</b>	<b>(34,830)</b>

<sup>1</sup> Includes both forward foreign exchange contracts and cross-currency interest rate swaps; cash flows denominated in foreign currencies are translated at the spot rates as at 30 June.

<sup>2</sup> Cash flows denominated in foreign currencies are translated at the spot rates as at 30 June.

<sup>3</sup> Based on the maturity profiles above, the council is also exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. The information on the LGFA borrowings is disclosed in Note F4. It is highly unlikely that the guarantee will be called upon therefore its carrying amount is not included in the table above as it is not recognised as a liability.

## E4 Liquidity risk (continued)

Group	2023							Total contractual cash flows
	Carrying amount	On demand	<1 year	1-2 years	2-5 years	5-10 years	>10 years	
<b>Non-derivative financial assets</b>								
Cash and cash equivalents	84	78	6	-	-	-	-	84
Receivables (excluding GST receivables, prepayment and rates debtors)	525	-	514	16	-	-	-	530
Other financial assets	153	-	37	65	25	52	2	181
<b>Total non-derivative financial assets</b>	<b>762</b>	<b>78</b>	<b>557</b>	<b>81</b>	<b>25</b>	<b>52</b>	<b>2</b>	<b>795</b>
<b>Derivative financial assets</b>								
Derivative financial assets net settled	502	-	197	146	148	122	11	624
Derivative financial assets gross settled <sup>1</sup>	234	-	-	-	-	-	-	-
Inflows	-	-	666	1,152	1,449	201	-	3,468
Outflows	-	-	(691)	(1,193)	(1,308)	(221)	-	(3,413)
	-	-	<b>(25)</b>	<b>(41)</b>	<b>141</b>	<b>(20)</b>	-	<b>55</b>
<b>Total derivative financial assets</b>	<b>736</b>	-	<b>172</b>	<b>105</b>	<b>289</b>	<b>102</b>	<b>11</b>	<b>679</b>
<b>Total financial assets</b>	<b>1,498</b>	<b>78</b>	<b>729</b>	<b>186</b>	<b>314</b>	<b>154</b>	<b>13</b>	<b>1,474</b>
<b>Non-derivative financial liabilities</b>								
Bank overdraft	4	4	-	-	-	-	-	4
Payables and accruals (excluding income received in advance)	1,026	-	1,020	6	-	-	-	1,026
Secured borrowings <sup>2</sup>	12,287	-	2,757	1,825	4,232	4,094	1,156	14,064
Unsecured borrowings	170	-	-	-	58	112	-	170
Financial guarantees <sup>3</sup>	-	14,162	-	-	-	-	-	14,162
<b>Total non-derivative financial liabilities</b>	<b>13,487</b>	<b>14,166</b>	<b>3,777</b>	<b>1,831</b>	<b>4,290</b>	<b>4,206</b>	<b>1,156</b>	<b>29,426</b>
<b>Derivative financial liabilities</b>								
Derivative financial liabilities net settled	108	-	12	15	55	39	(1)	120
Derivative financial liabilities gross settled <sup>1</sup>	462	-	-	-	-	-	-	-
Inflows	-	-	(86)	(250)	(723)	(2,214)	(337)	(3,610)
Outflows	-	-	251	399	1,034	2,469	317	4,470
	-	-	<b>165</b>	<b>149</b>	<b>311</b>	<b>255</b>	<b>(20)</b>	<b>860</b>
<b>Total derivative financial liabilities</b>	<b>570</b>	-	<b>177</b>	<b>164</b>	<b>366</b>	<b>294</b>	<b>(21)</b>	<b>980</b>
<b>Total financial liabilities</b>	<b>14,057</b>	<b>14,166</b>	<b>3,954</b>	<b>1,995</b>	<b>4,656</b>	<b>4,500</b>	<b>1,135</b>	<b>30,406</b>
<b>Net contractual cash flows</b>		<b>(14,088)</b>	<b>(3,225)</b>	<b>(1,809)</b>	<b>(4,342)</b>	<b>(4,346)</b>	<b>(1,122)</b>	<b>(28,932)</b>

<sup>1</sup> Includes both forward foreign exchange contracts and cross-currency interest rate swaps; cash flows denominated in foreign currencies are translated at the spot rates as at 30 June.

<sup>2</sup> Cash flows denominated in foreign currencies are translated at the spot rates as at 30 June.

<sup>3</sup> Based on the maturity profiles above, the council is also exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. The information on the LGFA borrowings is disclosed in Note F4. It is highly unlikely that the guarantee will be called upon therefore its carrying amount is not included in the table above as it is not recognised as a liability.



## E4 Liquidity risk (continued)

Auckland Council		2024							Total contractual cash flows
\$Million	Carrying amount	On demand	<1 year	1-2 years	2-5 years	5-10 years	>10 years		
<b>Non-derivative financial assets</b>									
Cash and cash equivalents	506	161	348	-	-	-	-	509	
Receivables (excluding GST receivables, prepayment and rates debtors)	268	-	216	52	-	-	-	268	
Other financial assets	4,351	48	65	3,664	375	203	476	4,831	
<b>Total non-derivative financial assets</b>	<b>5,125</b>	<b>209</b>	<b>629</b>	<b>3,716</b>	<b>375</b>	<b>203</b>	<b>476</b>	<b>5,608</b>	
<b>Derivative financial assets</b>									
Derivative financial assets net settled	393	-	163	84	129	97	4	477	
Derivative financial assets gross settled <sup>1</sup>	177	-	-	-	-	-	-	-	
Inflows	-	-	489	480	1,089	198	-	2,256	
Outflows	-	-	(550)	(442)	(999)	(213)	-	(2,204)	
			<b>(61)</b>	<b>38</b>	<b>90</b>	<b>(15)</b>	<b>-</b>	<b>52</b>	
<b>Total derivative financial assets</b>	<b>570</b>	<b>-</b>	<b>102</b>	<b>122</b>	<b>219</b>	<b>82</b>	<b>4</b>	<b>529</b>	
<b>Total financial assets</b>	<b>5,695</b>	<b>209</b>	<b>731</b>	<b>3,838</b>	<b>594</b>	<b>285</b>	<b>480</b>	<b>6,137</b>	
<b>Non-derivative financial liabilities</b>									
Payables and accruals (excluding income received in advance)	1,198	40	1,152	6	-	-	-	1,198	
Secured borrowings <sup>2</sup>	12,743	-	1,812	1,502	5,461	5,352	996	15,123	
Financial guarantees <sup>3</sup>	-	19,077	-	-	-	-	-	19,077	
<b>Total non-derivative financial liabilities</b>	<b>13,941</b>	<b>19,117</b>	<b>2,964</b>	<b>1,508</b>	<b>5,461</b>	<b>5,352</b>	<b>996</b>	<b>35,398</b>	
<b>Derivative financial liabilities</b>									
Derivative financial liabilities net settled	88	-	9	16	52	15	(1)	91	
Derivative financial liabilities gross settled <sup>1</sup>	488	-	-	-	-	-	-	-	
Inflows	-	-	(275)	(321)	(1,300)	(3,720)	-	(5,616)	
Outflows	-	-	485	479	1,758	3,946	-	6,668	
			<b>210</b>	<b>158</b>	<b>458</b>	<b>226</b>	<b>-</b>	<b>1,052</b>	
<b>Total derivative financial liabilities</b>	<b>576</b>	<b>-</b>	<b>219</b>	<b>174</b>	<b>510</b>	<b>241</b>	<b>(1)</b>	<b>1,143</b>	
<b>Total financial liabilities</b>	<b>14,517</b>	<b>19,117</b>	<b>3,183</b>	<b>1,682</b>	<b>5,971</b>	<b>5,593</b>	<b>995</b>	<b>36,541</b>	
<b>Net contractual cash flows</b>		<b>(18,908)</b>	<b>(2,452)</b>	<b>2,156</b>	<b>(5,377)</b>	<b>(5,308)</b>	<b>(515)</b>	<b>(30,404)</b>	

<sup>1</sup> Includes both forward foreign exchange contracts and cross-currency interest rate swaps; cash flows denominated in foreign currencies are translated at the spot rates as at 30 June.

<sup>2</sup> Cash flows denominated in foreign currencies are translated at the spot rates as at 30 June.

<sup>3</sup> Based on the maturity profiles above, the council is also exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. The information on the LGFA borrowings is disclosed in Note F4. It is highly unlikely that the guarantee will be called upon therefore its carrying amount is not included in the table above as it is not recognised as a liability.

## E4 Liquidity risk (continued)

Auckland Council		2023							Total contractual cash flows
\$Million	Carrying amount	On demand	<1 year	1-2 years	2-5 years	5-10 years	>10 years		
<b>Non-derivative financial assets</b>									
Cash and cash equivalents	45	43	2	-	-	-	-	45	
Receivables (excluding GST receivables, prepayment and rates debtors)	185	-	172	13	-	-	-	185	
Other financial assets	3,756	-	65	3,222	393	208	494	4,382	
<b>Total non-derivative financial assets</b>	<b>3,986</b>	<b>43</b>	<b>239</b>	<b>3,235</b>	<b>393</b>	<b>208</b>	<b>494</b>	<b>4,612</b>	
<b>Derivative financial assets</b>									
Derivative financial assets net settled	503	-	196	146	148	122	11	623	
Derivative financial assets gross settled <sup>1</sup>	233	-	-	-	-	-	-	-	
Inflows	-	-	622	1,066	1,449	201	-	3,338	
Outflows	-	-	(646)	(1,104)	(1,308)	(221)	-	(3,279)	
			<b>(24)</b>	<b>(38)</b>	<b>141</b>	<b>(20)</b>	<b>-</b>	<b>59</b>	
<b>Total derivative financial assets</b>	<b>736</b>	<b>-</b>	<b>172</b>	<b>108</b>	<b>289</b>	<b>102</b>	<b>11</b>	<b>682</b>	
<b>Total financial assets</b>	<b>4,722</b>	<b>43</b>	<b>411</b>	<b>3,343</b>	<b>682</b>	<b>310</b>	<b>505</b>	<b>5,294</b>	
<b>Non-derivative financial liabilities</b>									
Payables and accruals (excluding income received in advance)	992	-	985	7	-	-	-	992	
Secured borrowings <sup>2</sup>	12,284	-	2,756	1,824	4,231	4,094	1,156	14,061	
Financial guarantees <sup>3</sup>	-	14,162	-	-	-	-	-	14,162	
<b>Total non-derivative financial liabilities</b>	<b>13,276</b>	<b>14,162</b>	<b>3,741</b>	<b>1,831</b>	<b>4,231</b>	<b>4,094</b>	<b>1,156</b>	<b>29,215</b>	
<b>Derivative financial liabilities</b>									
Derivative financial liabilities net settled	109	-	12	15	55	39	(1)	120	
Derivative financial liabilities gross settled <sup>1</sup>	461	-	-	-	-	-	-	-	
Inflows	-	-	(86)	(190)	(710)	(2,214)	(337)	(3,537)	
Outflows	-	-	251	336	1,019	2,469	317	4,392	
			<b>165</b>	<b>146</b>	<b>309</b>	<b>255</b>	<b>(20)</b>	<b>855</b>	
<b>Total derivative financial liabilities</b>	<b>570</b>	<b>-</b>	<b>177</b>	<b>161</b>	<b>364</b>	<b>294</b>	<b>(21)</b>	<b>975</b>	
<b>Total financial liabilities</b>	<b>13,846</b>	<b>14,162</b>	<b>3,918</b>	<b>1,992</b>	<b>4,595</b>	<b>4,388</b>	<b>1,135</b>	<b>30,190</b>	
<b>Net contractual cash flows</b>		<b>(14,119)</b>	<b>(3,507)</b>	<b>1,351</b>	<b>(3,913)</b>	<b>(4,078)</b>	<b>(630)</b>	<b>(24,896)</b>	

<sup>1</sup> Includes both forward foreign exchange contracts and cross-currency interest rate swaps; cash flows denominated in foreign currencies are translated at the spot rates as at 30 June.

<sup>2</sup> Cash flows denominated in foreign currencies are translated at the spot rates as at 30 June.

<sup>3</sup> Based on the maturity profiles above, the council is also exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. The information on the LGFA borrowings is disclosed in Note F4. It is highly unlikely that the guarantee will be called upon therefore its carrying amount is not included in the table above as it is not recognised as a liability.

Te Wehenga F: He whākinga atu anō

## Section F: Other disclosures

This section provides other information that enhances the clarity of this financial report. Disclosures of the remuneration of Auckland's mayor, councillors and local board members are presented under related party transactions.

### The notes included in this section are as follows:

- ▶ **F1 Non-current assets held for sale**
- ▶ **F2 Deferred tax assets and liabilities**
- ▶ **F3 Investment in other entities**
- ▶ **F4 Contingencies and commitments**
- ▶ **F5 Related party transactions**
- ▶ **F6 Note to statement of cash flows**
- ▶ **F7 Regional fuel tax**
- ▶ **F8 Other material matters**
- ▶ **F9 Subsequent events**

### F1 Non-current assets held for sale

#### Accounting policy

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

#### Non-current tangible and intangible assets

Non-current tangible and intangible assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses, if any, are recognised in the surplus or deficit. Increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised. They are not depreciated or amortised while they are classified as held for sale.

#### Financial assets

Financial assets held for sale are measured at fair value, determined according to the following hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. The quoted market price used for financial assets held by the group and the council is the bid price at balance date.
- Level 2 - Inputs other than quoted prices included within Level 1 using observable market inputs for the asset or liability, either directly or indirectly.
- Level 3 - Inputs for the asset or liability that are not based on observable market data.

Fair value movements are recognised in surplus or deficit except for the investments in listed shares, which are measured at fair value through other comprehensive revenue and expenses.

\$Million	Group		Auckland Council	
	2024	2023	2024	2023
Land and buildings	176	108	52	108
Other assets	-	1	-	-
Auckland International Airport Limited shares	-	880	-	880
<b>Non-current assets held for sale</b>	<b>176</b>	<b>989</b>	<b>52</b>	<b>988</b>

The accumulated reserves for assets held for sale were asset revaluation reserve related to property, plant and equipment of \$63 million (2023: \$14.5 million) and nil fair value through other comprehensive revenue and expenditure reserve related to listed shares (2023: \$262.4 million).

Our financial strategy includes asset recycling programme whereby the group identifies assets that are surplus to requirements in providing council services. This will help match funding with investment demand over the next 10 years. At 30 June 2024, there were 22 land and buildings assets held for sale including the Downtown carpark. They were expected to be sold within the next 12 months.

Due to the highly complex nature of the Own-your-own home scheme (OYO), a shared equity home ownership plan for older people, which involves a significant number of properties across the region, Council is not able to find a suitable buyer and the OYO houses which were previously held at non-current assets held for sale were reclassified to property, plant and equipment during the year.

◀ Kite flying at Takaparāwhau | Bastion Point

## F2 Deferred tax assets and liabilities

The movement in the group's deferred tax assets/(liabilities) is as follows:

\$Million	Property, plant and equipment	Intangible assets	Other	Tax losses carried forward	Total
Opening balance	(2,705)	(4)	(13)	231	(2,491)
Prior period adjustment	-	-	-	-	-
Credited/(charged) to surplus/(deficit)	(147)	1	37	29	(80)
Charged to other comprehensive revenue	1	-	-	-	1
<b>Balance at 30 June 2024</b>	<b>(2,851)</b>	<b>(3)</b>	<b>24</b>	<b>260</b>	<b>(2,570)</b>
Opening balance	(2,400)	(4)	(32)	265	(2,171)
Prior period adjustment	-	-	-	-	-
Charged to surplus/(deficit)	(47)	-	19	(34)	(62)
Charged to other comprehensive revenue	(258)	-	-	-	(258)
<b>Balance at 30 June 2023</b>	<b>(2,705)</b>	<b>(4)</b>	<b>(13)</b>	<b>231</b>	<b>(2,491)</b>

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

\$Million	Group		Auckland Council	
	2024	2023	2024	2023
Deferred tax assets	30	24	-	-
Deferred tax liabilities	(2,600)	(2,515)	-	-
<b>Net deferred tax liabilities</b>	<b>(2,570)</b>	<b>(2,491)</b>	<b>-</b>	<b>-</b>

## F3 Investment in other entities

\$Million	Group		Auckland Council	
	2024	2023	2024	2023
Investment in subsidiaries	-	-	20,019	20,008
Investment in joint ventures	1,803	1,490	1,799	1,487
<b>Total investment in other entities</b>	<b>1,803</b>	<b>1,490</b>	<b>21,818</b>	<b>21,495</b>

### Investment in subsidiaries

The Basis of Reporting provides information about the council's significant subsidiaries. In addition, the council is the sole shareholder/owner of several other council-controlled organisations (CCOs), and other entities exempted from CCO status, which together represent less than 0.1% of the group's total assets. They include:

- Arts Regional Trust\*
- Contemporary Art Foundation
- Māngere Mountain Education Trust\*
- Mount Albert Grammar School Community Swimming Pool Trust\*
- Te Motu a Hiaroa (Puketutu Island) Management Trust\*
- Westhaven Marina Limited\*.

\*Entities exempted from CCO status under s 7(3) of LGA 2002.

Community Education Trust Auckland (COMET), Manukau Beautification Charitable Trust (MBCT) and Te Puru Community Charitable Trust (Te Puru) were CCOs in the prior year. To enable these CCOs to achieve their long-term vision effectively, their trust deeds were amended during the year, so that they became fully independent charitable trusts and their CCO status ended.

## F3 Investment in other entities (continued)

### Investment in joint ventures and associates

#### Accounting policy

Investments in associates and joint ventures are accounted for using the equity method in the group financial statements. The investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the share of the surplus or deficit of the associate or joint venture after the date of acquisition. Distributions received reduce the carrying amount of the investment. Where necessary, adjustments are made to the financial statements of associates and joint ventures to bring their accounting policies in line with the group.

#### Significant judgements and estimates used in classifying joint arrangements

For all joint arrangements structured in separate vehicles, management must assess the substance of each joint arrangement to determine if it is classified as a joint venture or joint operation. This assessment requires management to consider if it has rights to the joint arrangement's net assets (in which case it is classified as a joint venture), or rights to and obligations for specific assets, liabilities, revenues and expenses (in which case it is classified as a joint operation). Factors management must consider include structure, legal form, contractual agreements and other facts and circumstances. On consideration of these factors, management has determined that all of its joint arrangements structured through separate vehicles give it rights to the net assets and has therefore classified them as joint ventures.

The group and the council hold investments in the following joint ventures and associates as at 30 June 2024:

Entity	Held by	Entity type	Relationship	Interest		Nature
				2024	2023	
City Rail Link Limited	Council	Limited company	Joint venture	50.00%	50.00%	Design and construction of CRL
North Tugz Limited	Group	Limited company	Joint venture	50.00%	50.00%	Towage and pilotage services
PortConnect Limited	Group	Limited company	Joint venture	50.00%	50.00%	Online cargo management system
Waste Disposal Services	Council	Partnership	Joint venture	50.00%	50.00%	Landfill business
Haumarū Housing Limited Partnership	Council	Limited partnership	Joint venture	49.00%	49.00%	Social rental housing for older people in Auckland
Tāmaki Redevelopment Company Limited	Council	Limited company	Associate	41.00%	41.00%	Property development

All entities are incorporated, domiciled and operate in New Zealand.

### City Rail Link Limited

City Rail Link Limited (CRL) is a Crown entity co-funded by the central government and the council (the sponsors). It was created for the purpose of designing and constructing an underground rail line linking Britomart and the city centre with the existing western line near Mount Eden. The council is committed to funding 50% of this \$5.5 billion project. Constructed assets will be owned by the sponsors and related entities such as KiwiRail and Auckland Transport, however, the split of assets is yet to be decided.

## F3 Investment in other entities (continued)

CRL's key financial information was as follows:

\$Million	2024	2023
Current assets:		
Cash and cash equivalents	40	73
Other current assets	13	20
	53	93
Non-current assets	3,533	2,899
Current liabilities	57	72
Equity	3,529	2,920
Net assets of joint venture (100%)	3,529	2,920
Group's share of net assets (50%)	1,765	1,460
<b>Carrying amount of interest in joint venture</b>	<b>1,765</b>	<b>1,460</b>
Revenue	7	6
Expenses:		
Other expenses	49	262
	49	262
Deficit for the year	(42)	(256)
Total comprehensive revenue and expense	(42)	(256)
<b>Group's share of results for the year</b>	<b>(21)</b>	<b>(128)</b>

The council's remaining share of commitment to fund the CRL project is \$0.5 billion (2023: \$0.8 billion).

## Investments in other joint ventures and associates

Aggregate financial information of the group's investments in other joint ventures and associates is as follows:

\$Million	2024	2023
Current assets	48	34
Non-current assets	223	214
Current liabilities	19	17
Non-current liabilities	20	21
Equity	232	210
Total revenue	107	79
Total expense	72	52
Surplus after income tax	35	27
Total comprehensive revenue and expense	35	27
<b>Group's share of results for the year</b>	<b>18</b>	<b>14</b>

## F3 Investment in other entities (continued)

## Haumarū Housing Limited Partnership

The council has a funding agreement with Haumarū Housing Limited Partnership (Haumarū) to provide total funding of \$30 million over the period from 1 July 2017 to 30 June 2025. The funding provided may solely be used by Haumarū for capital renewals of the Housing for Older People property portfolio. As at 30 June 2024, the council's remaining funding commitment for Haumarū was \$3 million (2023: \$8 million).

## Explanation of significant variances against budget

2024 \$Million	Group		Auckland Council	
	Actual	Budget	Actual	Budget
Investments in other entities	1,803	1,928	21,818	21,878

## Group

The difference between the actual and budgeted investment mainly relates to the council's investment in CRL. This was mainly attributable to the variance in actual and budgeted opening balance was carried forward, less capital was provided during the year than was budgeted and the council's share of 50% of CRL's losses was greater than budget.

## F4 Contingencies and commitments

## Contingent assets and liabilities

## Accounting policy

A contingent liability is a possible or present obligation that arises from past events but is not recognised because an outflow of resources is not probable or inability to measure reliably.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by one or more uncertain future events not wholly within the control of the entity.

The group and the council do not recognise contingent liabilities and contingent assets in the financial statements due to their uncertainty or because they cannot be reliably measured. However, they are disclosed as follows:

- contingent liabilities are disclosed unless the possibility that these will crystallise is remote; and
- contingent assets are only disclosed when it is probable that they will crystallise.

Contingent liabilities and assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

## Quantifiable contingent liabilities

\$Million	Group		Auckland Council	
	2024	2023	2024	2023
Guarantees and indemnities	19,077	14,162	19,077	14,162
Uncalled capital	2	2	2	2
Legal proceedings and disputes	11	88	11	88
<b>Total quantifiable contingent liabilities</b>	<b>19,090</b>	<b>14,252</b>	<b>19,090</b>	<b>14,252</b>

## F4 Contingencies and commitments (continued)

**Guarantees and indemnities**

New Zealand Local Government Funding Agency (LGFA) The council is a shareholder and guarantor of the LGFA. The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. It has a current credit rating from S&P Global Ratings of AAA (Stable).

**As a guarantor**

The council is one of 71 local authority guarantors of the LGFA. The LGFA's loans to local authorities total \$23.0 billion (2023: \$17.7 billion), of which the group and the council have borrowed \$3.9 billion (2023: \$3.5 billion). As a result, the group and the council's cross-guarantee on LGFA's loans to other local authorities is \$19.1 billion (2023: \$14.2 billion).

PBE Accounting Standards require the group and the council to initially recognise the guarantee liability by applying the 12-month expected credit loss model (as fair value could not be reliably measured) and subsequently at the higher of the provision for impairment at balance date determined by the expected credit loss model and the amount initially recognised. At the end of financial year, the group and the council have assessed the 12-month expected credit losses of the guarantee liability, based on market information of the underlying assets held by the LGFA.

The estimated 12-month expected credit losses are immaterial due to the extremely low probability of default by the LGFA in the next 12 months, and therefore, the group and the council have not recognised a liability.

**Uncalled capital**

LGFA The council is one of 31 shareholders of the LGFA. In that regard it has uncalled capital of \$2 million (2023: \$2 million). When aggregated with the uncalled capital of other shareholders, \$20 million is available in the event that an imminent default is identified.

**Legal proceedings and disputes**

Legal proceedings and disputes

- Legal claims against the group and the council exist for contract challenges, building defects, land issues, consents, flooding damage, valuations and other sundry disputes.
- The group and the council have recognised a provision for legal claims that meet the recognition criteria as disclosed in Note D5, however, where the likelihood of having to make a payment under the claim is more than remote, the group and the council have shown the amount claimed or the maximum potential cost as a quantifiable contingent liability.
- Disclosing a contingent liability does not represent either an admission that the claim is valid or an estimation of the possible amount of any award against the group and the council. Amounts shown do not include any interest or costs that may be claimed if these cases were decided against the group and the council.

**Unquantifiable contingent liabilities**

Contaminated land

- A significant degree of estimation has been involved to calculate the provision for remediation of contaminated land. As a result, the group and the council may be subject to further liability that is not currently recognised.
- Further sites are likely to be identified in the future and should testing confirm contamination, the group and the council will be obliged to undertake remedial action.
- Details of provision for contaminated land is provided in Note D5.

**Contingent and future assets**

Repurchase of heritage buildings

- In June 2004, one of the former councils sold several heritage buildings that form part of the Britomart precinct.
- The council has a right to repurchase these buildings for \$1 after 150 years (June 2168). No estimate has been made of the financial effect of this transaction due to the long period involved. The council anticipates an estimate will be established 20 years before this repurchase occurs.

## F4 Contingencies and commitments (continued)

Entrust (previously named Auckland Energy Consumer Trust)

- The council is currently a capital beneficiary of Entrust when it terminates on 27 August 2073.
- As at 30 June 2024, the group and the council were not able to reliably estimate the value of any future benefit that may result from this arrangement. The council anticipates an estimate will be established 20 years before the termination.

Shared Responsibility Scheme assets

- The council's Shared Responsibility Scheme was created to assist clubs with the construction of facilities on council-owned land.
- Under the scheme, the clubs will control the use of the asset constructed and the council will gain control of the asset if the club vacates the facility.
- The group is currently unable to determine the likelihood that clubs might vacate their facilities, and consequently the amount of an asset that might vest with the council.

Impacts of significant weather events in the financial year ended 30 June 2023

- The ultimate quantum of the insurance proceeds for the significant weather event claims cannot currently be reliably measured as there will continue to be uncertainty around the range of possible outcomes and insufficient information to form a reasonable judgement for a number of years.

The central government grants under North Island Weather Events (2023) – Auckland Crown Funding Agreement

- The group will receive further funding from the central government to buy out Category 3 properties, funding for Risk Category 2 Risk mitigation projects and regional transport projects. The central government will pay the funding in instalments in advance after receiving the payment request from the group under the funding agreement (Refer to Note D5 Provision for further details of the agreement). The group does not recognise this funding as an asset in the statement of financial position until the group issues the payment request to central government with the forecasted funding required to settle each stage of Category 3 property buy-outs, regional transport projects and Risk Category 2 Risk mitigation projects.

**Commitments****Capital commitments**

Capital commitments are obligations which the group and the council have committed to. They specifically relate to work that is yet to start and the expenditure that is yet to be incurred.

The group's and the council's capital commitments are as follow:

\$Million	Group		Auckland Council	
	2024	2023	2024	2023
Property, plant and equipment				
Roads and formation	1,693	1,613	-	-
Water and wastewater	357	577	-	-
Stormwater	81	65	86	68
Operational land and buildings	88	77	50	61
Train stations*	24	20	-	-
Bus stations and shelters*	8	41	-	-
Rolling stock	213	221	-	-
Marinas	-	1	-	1
Wharves	35	45	4	8
Other operational assets	75	106	23	16
Restricted parks, reserves and buildings	7	2	7	2
Restricted improvements	84	88	85	88
<b>Total property, plant and equipment</b>	<b>2,665</b>	<b>2,856</b>	<b>255</b>	<b>244</b>
Intangible assets	23	19	11	2
Share of capital commitments from joint venture (CRL)	284	333	299	333
<b>Total capital commitments</b>	<b>2,972</b>	<b>3,208</b>	<b>565</b>	<b>579</b>

\*Train stations and Bus stations and shelters related capital commitments were grouped under other operational land and buildings in prior year and have now been restated as separate line item.

## F4 Contingencies and commitments (continued)

**Operating lease commitments****The group and the council as lessee****Accounting policy**

The group and the council lease property, plant and equipment from third parties in the normal course of business with lease terms varying from 1 month to 150 years (2023: 1 month to 150 years). Payments made under operating leases (net of any incentives received from the lessor) are expensed on a straight-line basis over the lease term.

The majority of operating lease payments for group relate to bus peak vehicle requirements within public transport operator contracts. There are no restrictions placed on Auckland Transport by any of the leasing arrangements.

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

\$Million	Group		Auckland Council	
	2024	2023	2024	2023
<b>Minimum operating lease payments payable</b>				
Not later than one year	137	144	13	15
Later than one year and not later than five years	377	402	44	46
Later than five years	152	227	50	57
<b>Total minimum operating lease payments payable</b>	<b>666</b>	<b>773</b>	<b>107</b>	<b>118</b>

Leases may be renewed at the group's and the council's discretion with rents set by reference to current market rates for items of equivalent age and condition. In some circumstances, the group and the council have the option to buy the asset at the end of the lease term.

No contingent rent has been recognised during the year by the group and the council (2023: nil). The total future sublease payments expected to be received under non-cancellable subleases at balance date was \$2.2 million for the group and the council (2023: \$1.4 million).

**The group and the council as lessor****Accounting policy**

The group and the council lease certain property, plant and equipment to third parties including land and buildings and some commercial and residential property. The leases have non-cancellable periods ranging from 1 month to 100 years (2023: 1 month to 100 years) with subsequent renewals negotiated with the lessee. Rental revenue (net of any incentives given to lessees) is recognised as revenue on a straight-line basis over the lease term.

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

\$Million	Group		Auckland Council	
	2024	2023	2024	2023
<b>Minimum operating lease payments receivable</b>				
Not later than one year	65	53	30	26
Later than one year and not later than five years	141	130	59	53
Later than five years	174	158	118	108
<b>Total minimum operating lease payments receivable</b>	<b>380</b>	<b>341</b>	<b>207</b>	<b>187</b>

Contingent rent of \$0.8 million (2023: \$0.6 million) was recognised during the year by the group and the council.

## F4 Contingencies and commitments (continued)

**Finance lease commitments****The group and the council as lessee**

The group and the council entered into finance leases to buy various items of plant and equipment. The net carrying amount of the plant and equipment held under finance leases was \$34 million for the group (2023: \$34 million) and \$30 million for the council (2023: \$31 million). At 30 June 2024, the present value of minimum lease payments related to finance lease agreements was \$4 million for the group (2023: \$3 million).

**F5 Related party transactions****Accounting policy**

Related parties include subsidiaries, associates, joint ventures, key management personnel, the elected representatives of the council and their close family members and entities controlled by them. Close family members include spouses or domestic partners, children and dependants.

Apart from the disclosure of key management personnel remuneration, transactions with related parties that are on an arm's length basis are not disclosed.

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

**Local government disclosures****Key management personnel remuneration**

Key management remuneration comprises of the total remuneration paid to the mayor, councillors, chief executives and executive leadership team, and excludes non-financial remuneration that is less than \$1,000 or carparking as the council considers it immaterial and not practical to include this information.

	Auckland Council			
	2024 \$	2023 \$	2024 FTE	2023 FTE
<b>Mayor and councillors</b>				
Remuneration	2,888,272	2,847,436		
<b>Total mayor and councillors</b>	<b>2,888,272</b>	<b>2,847,436</b>	<b>21</b>	<b>21</b>
<b>Payments during the year to the chief executive</b>				
Salary and other short-term employee benefits	703,060	630,000		
Post-employment benefit (KiwiSaver contributions)	32,875	18,900		
<b>Total chief executive remuneration</b>	<b>735,935</b>	<b>648,900</b>	<b>1</b>	<b>1</b>
<b>Executive leadership team</b>				
Salary and other short-term employee benefits	4,137,120	3,673,060		
Post-employment benefit (KiwiSaver contributions)	119,559	117,205		
Termination benefits	375,335	-		
<b>Total executive leadership team remuneration</b>	<b>4,632,014</b>	<b>3,790,265</b>	<b>10</b>	<b>9</b>
<b>Total key management personnel remuneration</b>	<b>8,256,221</b>	<b>7,286,601</b>	<b>32</b>	<b>31</b>

**Employee numbers and remuneration bands**

Full-time equivalent	Group		Auckland Council	
	2024	2023	2024	2023
Full-time employees	10,251	10,095	5,549	5,341
Part time employees (full-time equivalent)	1,109	1,128	869	862
<b>Total full-time equivalent</b>	<b>11,360</b>	<b>11,223</b>	<b>6,418</b>	<b>6,203</b>



## F5 Related party transactions (continued)

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

Group Number of employees	2024	Number of employees	2023
<\$60,000	2,601	<\$60,000	3,216
\$60,000-\$79,999	2,695	\$60,000-\$79,999	2,643
\$80,000-\$99,999	2,189	\$80,000-\$99,999	2,201
\$100,000-\$119,999	1,967	\$100,000-\$119,999	1,905
\$120,000-\$139,999	1,423	\$120,000-\$139,999	1,180
\$140,000-\$159,999	877	\$140,000-\$159,999	652
\$160,000-\$179,999	422	\$160,000-\$179,999	331
\$180,000-\$199,999	241	\$180,000-\$199,999	168
\$200,000-\$219,999	121	\$200,000-\$219,999	101
\$220,000-\$239,999	74	\$220,000-\$239,999	42
\$240,000-\$259,999	53	\$240,000-\$259,999	36
\$260,000-\$279,999	28	\$260,000-\$279,999	29
\$280,000-\$299,999	18	\$280,000-\$299,999	18
\$300,000-\$319,999	12	\$300,000-\$319,999	17
\$320,000-\$339,999	21	\$320,000-\$339,999	17
\$340,000-\$359,999	7	\$340,000-\$359,999	7
\$360,000-\$379,999	8	\$360,000-\$379,999	7
\$380,000-\$419,999	14	\$400,000-\$419,999	6
\$420,000-\$459,999	10	\$420,000-\$459,999	8
\$460,000-\$479,999	7	\$460,000-\$639,999	7
\$480,000-\$579,999	6	\$640,000-\$959,999	2
\$580,000-\$1,179,999	5		
<b>Total number of employees</b>	<b>12,799</b>		<b>12,593</b>

Auckland Council Number of employees	2024	Number of employees	2023
<\$60,000	1,594	<\$60,000	1,844
\$60,000-\$79,999	1,502	\$60,000-\$79,999	1,521
\$80,000-\$99,999	1,259	\$80,000-\$99,999	1,253
\$100,000-\$119,999	1,240	\$100,000-\$119,999	1,174
\$120,000-\$139,999	769	\$120,000-\$139,999	578
\$140,000-\$159,999	436	\$140,000-\$159,999	284
\$160,000-\$179,999	173	\$160,000-\$179,999	138
\$180,000-\$199,999	96	\$180,000-\$199,999	80
\$200,000-\$219,999	63	\$200,000-\$219,999	50
\$220,000-\$239,999	28	\$220,000-\$239,999	16
\$240,000-\$259,999	18	\$240,000-\$259,999	13
\$260,000-\$279,999	8	\$260,000-\$299,999	10
\$280,000-\$299,999	11	\$280,000-\$299,999	6
\$300,000-\$319,999	12	\$300,000-\$339,999	10
\$320,000-\$379,000	7	\$320,000-\$379,000	6
\$380,000-\$459,999	7	\$380,000-\$459,999	6
\$460,000-\$659,999	3	\$460,000-\$659,999	4
<b>Total number of employees</b>	<b>7,226</b>		<b>6,993</b>

## F5 Related party transactions (continued)

**Severance payments**

Severance payments relate to the termination of employment if monetary in nature or otherwise. These payments are additional to any final payment of salary, holiday pay or superannuation contributions.

For the year ended 30 June 2024, Auckland Council made 27 severance payments to employees totalling \$675,453 (30 June 2023: 21 payments totalling \$492,475). The values of each of these severance payments were \$50,609, \$45,558, \$41,386, \$39,682, \$38,931, \$38,500, \$38,435, \$37,300, \$36,575, \$35,833, \$35,000, \$34,000, \$26,540, \$24,120, \$24,000, \$20,000, \$19,609, \$15,207, \$11,160, \$10,000, \$10,000, \$10,000, \$9,600, \$8,662, \$8,014, \$5,538 and \$1,195.

For the year ended 30 June 2024, other members of the group made 44 severance payments to employees totalling \$2,010,236 (30 June 2023: 17 payments totalling \$354,480). The values of each of these severance payments were \$299,965, \$200,000, \$140,000, \$114,534, \$113,860, \$106,593, \$79,062, \$77,475, \$68,805, \$62,656, \$58,160, \$46,250, \$45,000, \$44,802, \$40,000, \$37,500, \$37,178, \$35,482, \$34,813, \$28,000, \$25,000, \$25,000, \$23,533, \$22,077, \$21,988, \$20,000, \$19,167, \$17,475, \$17,013, \$16,909, \$15,604, \$15,532, \$13,353, \$12,808, \$12,000, \$11,308, \$10,662, \$8,576, \$8,000, \$7,692, \$4,808, \$4,489, \$4,160 and \$2,947.

**Mayor, councillor and local board members' remuneration**

The Remuneration Authority determines the remuneration to be paid to the mayor, councillors and local board members. The Local Government Members (2023/24) (Local Authorities) Determination 2023 detailed the rates which apply from 1 July 2023 to 30 June 2024.

Remuneration to mayor and councillors as per the LGA 2002 is as follows:

\$	Auckland Council	
	2024	2023
<b>Mayor</b>		
Wayne Brown	296,000	204,923
Hon Phil Goff, CNZM, JP	-	91,077
<b>Councillors</b>		
Andrew Baker	107,794	74,627
Josephine Bartley	130,908	127,550
Dr Cathy Casey	-	39,124
Bill Cashmore	-	51,626
Fa'anānā Efeso Collins	-	38,426
Pippa Coom	-	39,124
Linda Cooper, JP	-	43,310
Angela Dalton	130,340	125,108
Chris Darby	109,825	131,137
Julie Fairey	127,794	86,627
Alf Filipaina, MNZM	117,796	123,937
Hon Christine Fletcher, QSO	130,340	125,108
Lotu Fuli	127,794	86,627
Shane Henderson	130,815	126,950
Richard Hills	139,488	136,954
Mike Lee	127,309	74,627
Kerrin Leoni	129,156	86,627
Tracy Mulholland	-	36,681
Daniel Newman, JP	130,908	125,108
Greg Sayers	130,248	126,252
Desley Simpson, JP	162,794	150,937
Sharon Stewart, QSM	129,794	126,252
Ken Turner	129,340	87,827
Wayne Walker	129,433	125,108
John Watson	139,488	132,069
Maurice Williamson	130,908	88,427
Paul Young	-	35,286
<b>Total mayor and councillor remuneration</b>	<b>2,888,272</b>	<b>2,847,436</b>

## F5 Related party transactions (continued)

<b>Local board members' remuneration</b>					
Under the LGA 2002, the council is required to disclose remuneration to local board members as follows:					
\$	2024	2023	\$	2024	2023
<b>Albert-Eden</b>			<b>Aotea Great Barrier</b>		
Lee Corrick	-	14,412	Laura Caine	30,030	9,818
Graeme Easte	-	14,412	Luke Coles	-	10,803
José Fowler	48,534	33,600	Susan Daly	-	9,003
Rachel Langton	-	14,412	Izzy Fordham	60,060	58,662
Julia Maskill	48,534	48,013	Chris Ollivier	31,046	20,790
Will McKenzie	-	14,412	Patrick O'Shea	35,020	33,766
Christina Robertson	48,534	48,013	Neil Sanderson	30,030	20,790
Liv Roe	48,534	33,600	Valmaine Toki	-	9,349
Kendyl Smith	64,214	57,354			
Rex Smith	48,534	33,600			
Jack Tan	48,534	33,600			
Margi Watson	91,095	94,719			
<b>Total</b>	<b>446,513</b>	<b>440,147</b>	<b>Total</b>	<b>186,186</b>	<b>172,981</b>
<b>Devonport- Takapuna</b>			<b>Franklin</b>		
Peter Allen	45,674	31,620	Andrew Baker	-	28,295
Aidan Bennett, QSM	-	13,387	Malcolm Bell, JP	47,734	47,194
Gavin Busch	45,674	31,620	Alan Cole	57,281	53,399
Trish Deans	-	13,387	Sharlene Druyven	47,734	47,194
Terence Harpur	54,809	37,664	Angela Fulljames	95,468	81,050
Ruth Jackson	-	26,767	Lance Gedge	47,734	-
Jan O'Connor, QSM	-	16,060	Gary Holmes	47,734	33,047
Melissa Powell	45,674	31,620	Amanda Hopkins	47,734	33,047
Toni van Tonder	91,348	75,222	Andrew Kay	47,734	33,047
George Wood, CNZM	45,674	45,007	Amanda Kinzett	-	47,194
			Matthew Murphy	47,734	14,147
			Logan Soole	47,734	47,194
<b>Total</b>	<b>328,853</b>	<b>322,354</b>	<b>Total</b>	<b>486,887</b>	<b>464,808</b>
<b>Henderson-Massey</b>			<b>Hibiscus and Bays</b>		
Brenda Brady, JP	53,460	55,634	Gary Brown	91,631	94,763
Hon Chris Carter, JP	106,921	87,280	Andy Dunn	-	14,241
Peter Chan, JP	53,460	52,530	Janet Fitzgerald, JP	-	14,241
Dan Collins	53,460	37,011	Gary Holmes	-	14,241
Dr Will Flavell	55,105	52,530	Jake Law	48,820	33,798
Matt Grey	-	15,519	Sam Mills	48,820	33,798
Oscar Kightley	53,460	37,011	Julia Parfitt, JP	57,082	54,536
Brooke Loader	62,507	59,480	Alexis Poppelbaum, JP	56,331	48,039
Vanessa Neeson, JP	-	31,038	Victoria Short	48,820	50,887
Ingrid Papau	53,460	52,530	Gregg Walden	48,820	33,798
			Leanne Willis	48,820	48,039
<b>Total</b>	<b>491,833</b>	<b>480,563</b>	<b>Total</b>	<b>449,144</b>	<b>440,381</b>
<b>Howick</b>			<b>Kaipātiki</b>		
Katrina Bungard	51,122	50,743	John Gillon	96,867	93,990
Bo Burns	61,347	57,429	Paula Gillon	48,434	47,647
David Collings	51,122	50,743	Danielle Grant, JP	58,120	56,915
Bruce Kendall, MBE	51,122	50,743	Erica Hannam	48,434	33,531
Damian Light	102,244	68,818	Melanie Kenrick	48,434	47,647
John Spiller	51,122	53,814	Cindy Schmidt	-	14,116
Mike Turinsky	51,122	50,743	Andrew Shaw	-	14,116
Adele White	51,122	66,096	Tim Spring	48,434	33,531
Bob Wichman	-	15,351	Dr Janet Tupou	48,434	33,531
Peter Young, JP	51,122	50,743	Adrian Tyler	48,434	47,647
<b>Total</b>	<b>521,445</b>	<b>515,223</b>	<b>Total</b>	<b>445,591</b>	<b>422,671</b>

## F5 Related party transactions (continued)

\$	2024	2023	\$	2024	2023
<b>Māngere-Ōtāhuhu</b>			<b>Manurewa</b>		
Tauanu'u Nanai Nick Bakulich	107,640	104,172	Joseph Allan	53,154	67,650
Joe Glassie-Rasmussen	53,820	37,260	Heather Andrew	53,154	36,799
Makalita Kolo	53,820	52,810	Anne Candy, QSO, JP	53,154	52,224
Christine O'Brien	53,820	55,913	Angela Cunningham-Marino	53,154	36,799
Papaliitele Lafulafu Peo	53,820	52,810	Tabetha Gorrie	-	15,426
Togiatolu Walter Togiama	55,353	52,810	Andrew Lesa, JP	53,154	36,799
Harry Fatu Toleafoa	62,252	59,441	Rangi McLean, JP	53,154	52,224
			Melissa Moore	-	18,511
			Glenn Murphy	99,766	89,024
			Ken Penney	-	15,426
			Dave Pizzini	-	15,426
			Matt Winiata	70,327	43,627
<b>Total</b>	<b>440,525</b>	<b>415,216</b>	<b>Total</b>	<b>489,017</b>	<b>479,935</b>
<b>Maungakiekie-Tāmaki</b>			<b>Ōrākei</b>		
Don Allan	50,431	49,669	Troy Churton	47,240	46,571
Debbie Burrows	136,216	56,226	Colin Davis, JP	-	13,867
Nerissa Henry	50,431	49,669	Troy Elliott	-	16,640
Chris Makoare	50,431	52,620	Angus McPhee	47,240	32,705
Peter McGlashan	50,431	49,669	Scott Milne, JP	94,479	91,688
Maria Meredith	100,863	97,205	Sarah Powrie	56,688	52,822
Tony Woodcock	50,431	49,669	Penny Tucker	47,240	32,705
			Margaret Voyce	47,240	46,571
			David Wong, JP	47,240	46,571
<b>Total</b>	<b>489,234</b>	<b>404,727</b>	<b>Total</b>	<b>387,367</b>	<b>380,140</b>
<b>Ōtara-Papatoetoe</b>			<b>Papakura</b>		
Apulu Reece Autagavaia	107,207	102,835	Felicity Auva'a	49,058	48,391
Dr Ashraf Choudhary, QSO, JP	53,604	52,551	Brent Catchpole	98,116	95,461
Dr Ofa Dewes, MNZM	62,675	59,519	Hon George Hawkins, QSO	49,058	48,391
Topou Folau	53,604	37,110	Kelvin Hieatt	49,058	33,963
Lotu Fuli	-	15,441	Keven Mealamu	-	14,428
Vi Hausia	55,253	37,110	Jan Robinson, JP	58,869	57,805
Li'amanaia Lorenzo Kaisara	52,985	-	Sue Smurthwaite	-	14,428
Albert Lim	53,604	37,110	Andrew Webster	49,058	33,963
Swanie Nelson	-	39,150			
Ross Robertson, QSO, JP	-	15,441			
Dawn Trenberth	-	18,529			
<b>Total</b>	<b>438,932</b>	<b>414,796</b>	<b>Total</b>	<b>353,217</b>	<b>346,830</b>
<b>Puketāpapa</b>			<b>Rodney</b>		
Harry Doig	-	14,007	Brent Bailey	93,633	76,522
Julie Fairey	-	28,014	Michelle Carmichael	46,817	32,412
Ella Kumar, JP	93,542	77,328	Mark Dennis	46,817	32,412
Roseanne Hay	46,771	32,380	Steve Garmer	-	13,680
Fiona Lai	56,125	52,575	Danielle Hancock	-	13,680
Mark Pervan	46,771	32,380	Tim Holdgate	46,817	46,091
Bobby Shen	46,771	46,387	Beth Houlbrooke	-	16,415
Jon Turner	46,771	49,188	Louise Johnston	56,180	52,177
			Vicki Kenny	-	13,680
			Phelan Pirrie	-	27,359
			Colin Smith	46,817	46,091
			Geoff Upson	46,817	32,412
			Ivan Wagstaff	46,817	32,412
			Guy Wishart	46,817	32,412
<b>Total</b>	<b>336,751</b>	<b>332,259</b>	<b>Total</b>	<b>477,532</b>	<b>467,755</b>

## F5 Related party transactions (continued)

\$	2024	2023	\$	2024	2023
<b>Upper Harbour</b>			<b>Waiheke</b>		
Anna Atkinson	92,413	75,114	Cath Handley	70,710	68,839
Uzra Casuri Balouch, JP	55,448	51,371	Kylee Matthews	36,524	37,469
Callum Blair	46,206	31,989	Bianca Ranson	41,257	29,018
Nicholas Mayne	-	13,446	Robin Tucker	35,355	35,303
John McLean	46,206	31,989	Bob Upchurch	-	10,827
Margaret Miles, QSM, JP	-	16,135	Paul Walden	35,355	35,303
Brian Neeson, JP	-	13,446			
Kyle Parker	46,206	31,989			
Lisa Whyte	-	26,892			
Sylvia Yang	46,206	31,989			
<b>Total</b>	<b>332,685</b>	<b>324,360</b>	<b>Total</b>	<b>219,201</b>	<b>216,759</b>
<b>Waitākere Ranges</b>			<b>Waitematā</b>		
Mark Allen	45,748	45,289	Alexandra Bonham	50,854	53,418
Michelle Clayton	54,898	51,166	Glenda Fryer	-	19,142
Sandra Coney, QSO	45,748	45,289	Graeme Gunthorp	-	15,176
Liz Manley	45,748	31,672	Kerrin Leoni	-	15,176
Linda Potauaine	45,748	31,672	Allan Matson	50,854	35,207
Greg Presland	91,497	77,397	Greg Moyle, JP, ED	61,025	41,818
Saffron Toms	-	27,234	Richard Northey, ONZM	50,854	65,559
Ken Turner	-	13,617	Anahera Rawiri	50,854	35,207
			Genevieve Sage	101,708	83,236
			Julie Sandilands	-	3,370
			Sarah Trotman, ONZM	50,854	35,207
<b>Total</b>	<b>329,387</b>	<b>323,336</b>	<b>Total</b>	<b>417,003</b>	<b>402,516</b>
<b>Whau</b>			The total local board remuneration for the year ended 30 June 2024 was \$8,474,956 (2023: \$8,164,505).		
Fasitua Amosa	59,656	58,005			
Ross Clow	49,714	34,417			
Catherine Farmer	49,714	48,715			
Ulalemmae Te'eva Matafai	-	14,303			
Sarah Paterson-Hamlin	49,714	34,417			
Warren Piper	49,714	48,721			
Jessica Rose	-	14,303			
Kay Thomas	99,427	95,146			
Susan Zhu	49,714	48,721			
<b>Total</b>	<b>407,653</b>	<b>396,748</b>			

## F6 Note to statement of cash flows

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

\$Million	Group		Auckland Council	
	2024	2023	2024	2023
<b>Surplus/(deficit) after income tax</b>	<b>584</b>	<b>1,010</b>	<b>(383)</b>	<b>(56)</b>
<b>Add/(less) non-cash items</b>	<b>668</b>	<b>760</b>	<b>31</b>	<b>459</b>
<b>Movements in statement of financial position items</b>				
Vested assets	(698)	(616)	(222)	(173)
Donated artwork	(2)	(184)	-	-
Net (increase)/decrease in fair value of investment property	(3)	108	(2)	100
Net loss on disposal of property, plant and equipment and intangible assets	72	72	48	47
Impairment of property, plant and equipment, receivables and other assets	30	43	(2)	16
Net gain on disposal of other assets	(27)	(1)	(27)	-
	<b>(628)</b>	<b>(578)</b>	<b>(205)</b>	<b>(10)</b>
<b>Depreciation and amortisation</b>				
Depreciation and amortisation	1,375	1,268	342	328
Amortisation of borrowing costs	(1)	-	(2)	(2)
	<b>1,374</b>	<b>1,268</b>	<b>340</b>	<b>326</b>
<b>Other non-cash items</b>				
Share of surplus in associates and jointly-controlled entities (net of dividends received)	8	117	10	118
Net change in fair value of financial instruments	(19)	(31)	(44)	40
Effect of discounting on long-term provisions	(20)	(9)	(20)	(8)
Other non-cash revenue	(47)	(7)	(50)	(7)
	<b>(78)</b>	<b>70</b>	<b>(104)</b>	<b>143</b>
<b>Add/(less) items classified as investing or financing activities</b>	<b>11</b>	<b>(2)</b>	<b>(10)</b>	<b>15</b>
<b>Add/(less) movements in working capital items</b>	<b>799</b>	<b>44</b>	<b>824</b>	<b>7</b>
<b>Net cash inflow from operating activities</b>	<b>2,062</b>	<b>1,812</b>	<b>462</b>	<b>425</b>



▲ Ōtāhuhu Recreation Centre



## F6 Note to statement of cash flows (continued)

## Reconciliation of liabilities arising from financing activities

Group 2024 \$Million	Cash movements	Non-cash movement	Total
<b>Borrowings</b>			
Opening balance			12,457
Proceeds from borrowings	5,292	-	5,292
Repayment of borrowings	(4,846)	-	(4,846)
Net foreign exchange losses recognised in surplus/(deficit) on financial instruments held at amortised cost	-	(27)	(27)
Amortisation of bond discounts/premiums and debt costs	-	42	42
Repayment of finance lease principal	(1)	-	(1)
<b>Balance as at 30 June 2024</b>	<b>445</b>	<b>15</b>	<b>12,917</b>
<b>Derivatives</b>			
Opening balance			(166)
Receipts from derivative financial instruments	2,822	-	2,822
Payments for derivative financial instruments	(2,657)	-	(2,657)
Net gains on change in fair value of derivative financial instruments	-	13	13
<b>Balance as at 30 June 2024</b>	<b>165</b>	<b>13</b>	<b>12</b>
<b>Credit Support Annex</b>			
Opening balance			(32)
Collateral receipts	57	-	57
Collateral payments	(34)	-	(34)
Other	-	(3)	(3)
<b>Balance as at 30 June 2024</b>	<b>23</b>	<b>(3)</b>	<b>(12)</b>

Group 2023 \$Million	Cash movements	Non-cash movement	Total
<b>Borrowings</b>			
Opening balance			11,363
Proceeds from borrowings	3,421	-	3,421
Repayment of borrowings	(2,603)	-	(2,603)
Net foreign exchange gains recognised in surplus/(deficit) on financial instruments held at amortised cost	-	251	251
Amortisation of bond discounts/premiums and debt costs	-	26	26
Repayment of finance lease principal	(1)	-	(1)
<b>Balance as at 30 June 2023</b>	<b>817</b>	<b>277</b>	<b>12,457</b>
<b>Derivatives</b>			
Opening balance			112
Receipts from derivative financial instruments	358	-	358
Payments for derivative financial instruments	(358)	-	(358)
Net losses on change in fair value of derivative financial instruments	-	(278)	(278)
<b>Balance as at 30 June 2023</b>	<b>-</b>	<b>(278)</b>	<b>(166)</b>
<b>Credit Support Annex</b>			
Opening balance			(10)
Collateral receipts	38	-	38
Collateral payments	(60)	-	(60)
<b>Balance as at 30 June 2023</b>	<b>(22)</b>	<b>-</b>	<b>(32)</b>

## F6 Note to statement of cash flows (continued)

Auckland Council 2024 \$Million	Cash movements	Non-cash movement	Total
<b>Borrowings</b>			
Opening balance			12,284
Proceeds from borrowings	5,291	-	5,291
Repayment of borrowings	(4,846)	-	(4,846)
Net foreign exchange losses recognised in surplus/(deficit) on financial instruments held at amortised cost	-	(27)	(27)
Amortisation of bond discounts/premiums and debt costs	-	41	41
<b>Balance as at 30 June 2024</b>	<b>445</b>	<b>14</b>	<b>12,743</b>
<b>Derivatives</b>			
Opening balance			(166)
Receipts from derivative financial instruments	2,821	-	2,821
Payments for derivative financial instruments	(2,657)	-	(2,657)
Net gains on change in fair value of derivative financial instruments	-	8	8
<b>Balance as at 30 June 2024</b>	<b>164</b>	<b>8</b>	<b>6</b>
<b>Credit Support Annex</b>			
Opening balance			(33)
Collateral receipts	57	-	57
Collateral payments	(34)	-	(34)
Capitalised interest on collateral deposit	-	(3)	(3)
<b>Balance as at 30 June 2024</b>	<b>23</b>	<b>(3)</b>	<b>(13)</b>

Auckland Council 2023 \$Million	Cash movements	Non-cash movement	Total
<b>Borrowings</b>			
Opening balance			10,904
Proceeds from borrowings	3,295	-	3,295
Repayment of borrowings	(2,191)	-	(2,191)
Net foreign exchange gains recognised in surplus/(deficit) on financial instruments held at amortised cost	-	251	251
Amortisation of bond discounts/premiums and debt costs	-	25	25
<b>Balance as at 30 June 2023</b>	<b>1,104</b>	<b>276</b>	<b>12,284</b>
<b>Derivatives</b>			
Opening balance			111
Receipts from derivative financial instruments	358	-	358
Payments for derivative financial instruments	(358)	-	(358)
Net losses on change in fair value of derivative financial instruments	-	(277)	(277)
<b>Balance as at 30 June 2023</b>	<b>-</b>	<b>(277)</b>	<b>(166)</b>
<b>Credit Support Annex</b>			
Opening balance			(10)
Collateral receipts	38	-	38
Collateral payments	(59)	-	(59)
Capitalised interest on collateral deposit	-	(2)	(2)
<b>Balance as at 30 June 2023</b>	<b>(21)</b>	<b>(2)</b>	<b>(33)</b>

## F7 Regional fuel tax

The government cancelled one of the council’s funding sources, the RFT ending the scheme four years early on 30 June 2024. This resulted in a \$600 million reduction in expected future RFT funding. Consequently, a number of future projects, funded by both RFT and other funding sources, had to be reprioritised, re-scoped, or deferred through the long-term plan development.

### Local government disclosures



#### Regional fuel tax

Pursuant to the Land Transport Management (Regional Fuel Tax) Amendment Act 2018, the Auckland Regional Fuel Tax scheme (RFT) came into effect from 1 July 2018, at a rate of 10 cents per litre (plus GST) on petrol and diesel and their bio-variants. The RFT replaced the Interim Transport Levy which was a targeted rate until 30 June 2018.

The Land Transport Management (Regional Fuel Tax Scheme-Auckland) Amendment Order 2023 came into effect from 11 May 2023 and amended the Land Transport Management (Regional Fuel Tax Scheme—Auckland) Order 2018. The amendment made changes to the descriptions, initiatives and benefits of the projects within the scheme. It also changed the projected expenditure, fuel tax contributions and timings of these projects. The changes were incorporated in the regional fuel tax reporting below.

Under the RFT legislation, NZTA is responsible for the collection of RFT with administrative, monitoring and enforcement powers. The proceeds, net of administrative charges, are disbursed to the council on a monthly basis. The RFT can only be spent on projects set out by regulation and any unspent amounts at the end of a reporting period are transferred and accounted for through a restricted reserve. The movement in the restricted reserve is disclosed in Note D6 Ratepayer Equity.

NZTA made payments of \$143 million of RFT revenue to the group during the year under the RFT scheme (2023: \$151 million). The revenue was applied towards capital and operating expenditure on the projects shown below. In the current year, Project 12 received alternate source of funding retrospectively, so the surplus RFT funding was returned to the RFT revenue. Projects 1 and 7 were adjusted to reverse capital expenditures that were not funded by RFT in the previous year. These return to reserve and reversal of capital expenditures are shown as a negative value.

#### Projects funded by the RFT

In May 2018, Auckland Council carried out a consultation on projects proposed to be funded by the regional fuel tax. Further consultation on changes to the original scheme was carried out in 2020. But in March 2024, with the repeal of RFT legislation, funding support for all projects other than Projects 4, 6 and 12 was revoked, effective 8 March 2024.

Projects	2024 \$Million	2023 \$Million	Progress
<b>Northwest Rapid Transit Network</b>			
Project 1: Bus priority improvements	(9)	14	The new Northwest (NW) bus network went live on 12 November 2023. Safety and other minor improvements were completed in April & May 2024, including kerb painting, an adjusted pedestrian push button with new fencing, and a new crash cushion at Te Atatū North. The Westgate Station re-design and construction works were transferred to NZTA as part of the long-term rapid transport network (RTN) works and are no longer part of the NW bus improvements programme scope.
Project 2: City centre bus infrastructure	-	-	<b>Downtown (Lower Albert Street Bus Interchange)</b> The project has been completed.
Project 3: Improving airport access	5	7	<b>Short-term Airport Access</b> <b>Puhinui Bus Priority and Māngere Cycling</b> The Puhinui Road East Shared-use path was completed in February 2023. The final completion certificate was issued in May 2024.

## F7 Regional fuel tax (continued)

Projects	2024 \$Million	2023 \$Million	Progress
<b>Eastern Busway Stage 1 (Panmure to Pakuranga)</b>			
Ongoing activities for completing Eastern Busway Stage 1 (EB1) are as follows:			
<ul style="list-style-type: none"> <li>Finalising documentation and approval of project designs and specifications with future assets owners and relevant regulatory bodies.</li> <li>Working on resolving legal matters for affected properties which require boundary adjustments resulting from Eastern Busway construction.</li> <li>Property repairs at 2/31 Williams Ave, Pakuranga which was affected by EB1 construction works.</li> <li>Panmure Swing Bridge Span Conservation and Viewing Deck – The construction is in the final stages. The original scope of works will be completed with the commissioning of lighting and installation of access ramp handrails. For safety and compliance reasons, the scope has been expanded to include paving the area in front of the viewing platform. This additional work includes retaining walls, fencing, pavement, and bollards. This was planned to be completed in November 2024.</li> <li>Removal of redundant Watercare pipes from the Panmure Bridge is currently on hold pending Watercare’s decision and funding availability.</li> <li>The main contract for Mokoia Pa Park was awarded. Site works have begun with the establishment of environmental controls and earthworks. Completion is programmed for November 2024.</li> </ul>			
<b>Eastern Busway Alliance</b>			
A Project Alliance Agreement was signed in September 2022 for delivery of the next stage of the Eastern Busway from Pakuranga Town Centre towards Botany, including the new Rā hīhi (Reeves oad) Flyover. The first pile for the flyover abutment was drilled in March 2024. Overall, the project is progressing well and expected to be completed in October 2025. The extension of William Roberts Road and Aylesbury Road/Ti Rākau Drive junction was opened to the public in March 2024.			
Project 4: Eastern Busway	25	24	
Project 5: Park-and-ride facilities	-	-	Under the legislation cancelling the RFT, no further RFT is able to be allocated to this project from March 2024.

## F7 Regional fuel tax (continued)

Projects	2024 \$Million	2023 \$Million	Progress
Project 6: Electric trains and stabling	14	15	<p><b>EMU (Electric Multiple-Unit train) Rolling Stock</b> CAF Mexico is currently manufacturing 23 EMUs. 11 units are currently being built, 3 units are complete, with 2 in transit. The first unit arrived on June 29, 2024, and has started testing and commissioning activities.</p> <p>The overall Approval for Transport (AFT) status is 3 out of 23 units (13%).</p> <p>Retrofit - Stage 1 is now 100% complete, and CAF began Stage 2 at the end of June 2024.</p> <p>Simulator - CRL upgrade has been installed and is currently undergoing acceptance testing by Auckland One Rail (AOR). The programme for remaining upgrades is being monitored to ensure it aligns with the AOR training programme.</p> <p><b>City Rail Link Day One - Level Crossing Removal</b> Standalone Pedestrian Level Crossing programme: The design of all pedestrian level crossing removals including alternative routes for Stage 1 is complete. Kingdon Street and Lloyd Avenue alternative route scope as well as crossing closures is also complete.</p> <p>Level Crossing Safety Impact Assessments: Programme of Level Crossing Safety Impact Assessments was completed, covering 41 locations and 91 individual crossings. A peer review is underway to support the development of the safety programme for CRL Day One operation.</p> <p><b>Church St Level Crossing removal</b> The Rail Programme Control Group endorsed the recommended option for removal of the level crossing in January and the strategy to start the property acquisition and road-stopping processes using approved 2023/2024 funding. The Property team is making good progress with negotiations with the adjacent property owners.</p> <p><b>City Rail Link roadside projects</b> The Public Consultation report is complete. Confirmation was received in September 2023 to proceed with the full, recommended (consulted) design option. Mercury Lane Bollard Operations plan and design confirmed. A technology solution is currently being worked on. Mercury Lane Public Toilet design coordination meetings are ongoing. Construction gateway approval completed. Main physical works contract awarded. The construction commencement is delayed due to access constraints to Mercury Lane. Currently coordinating construction programme with Link Alliance and Vector.</p>
			<p><b>Ferry Basin Redevelopment</b> The project has been completed and is operational.</p>
			<p><b>Ongoing cycling programme</b> A 10-year programme in which a number of projects have been delayed due to a need for further engagement with elected representatives and some community stakeholders. This has now been completed.</p> <p><b>Minor Cycling (Pop-up Cycleways)</b> Construction has been completed for the following projects in FY2024</p> <ul style="list-style-type: none"> <li>- Noel Burnside Road</li> <li>- Cavendish Drive</li> <li>- Upper Harbour Drive</li> <li>- Cavendish Drive SP2</li> </ul> <p>Under the legislation cancelling the RFT, no further RFT is able to be allocated to this project from March 2024.</p>
Project 7: Ferry network improvements	(6)	-	
Project 9: Active transport	-	5	

## F7 Regional fuel tax (continued)

Projects	2024 \$Million	2023 \$Million	Progress
Project 10: Penlink and Project 11: Mill Road corridor are now being delivered by Waka Kotahi.			
Project 12: Road corridor improvements	(2)	3	<p><b>Warkworth Matakana Link Road</b> Matakana Link Road was officially opened with the Puhoi to Warkworth motorway in June 2023. RFT will continue to be allocated to the repayment of the advanced funding received from NZTA for this project.</p>
Project 13: Network capacity and performance improvement	3	10	<p>All the projects in the programme have progressed to meet the project targets. A few dynamic street projects are included in the Network Optimisation Programme, and some are behind schedule due to the complexity of the projects. Dynamic lane projects are facing issues with consultation feedback and may need a design amendment to suit, also procuring items from overseas has a long lead time. There have been some delays on a few projects due to delays by utility providers, and the ongoing effects of the redesign process (removal of raised crossings).</p> <p>Under the legislation cancelling the RFT, no further RFT is able to be allocated to this project from March 2024.</p>
Project 14: Growth- related transport infrastructure	-	1	Under the legislation cancelling the RFT, no further RFT is able to be allocated to this project from March 2024.
<b>Total</b>	<b>30</b>	<b>79</b>	

The RFT also provides funding towards the 2018-2028 speeded up road safety infrastructure programme (Project 8). During the year, \$10 million was applied to capital and operating expenditure incurred on this programme (2023: \$32 million). The current year delivery is summarised as follows:

• **Corridor and intersection safety programme:**

Construction of the Rata Street improvements, Ash Street corridor improvements, and Glenfield/Coronation intersection improvements are complete. All other projects are currently in redesign with construction proposed in 2024/2025.

• **Speed management programme:**

Construction of Papatoetoe Residential Speed Management Stage 1 and Stage 2 (to replace existing trial sites with permanent treatments) are both complete. Devonport Town Centre project construction is now complete. Construction for Nelson/Fanshawe/Hobson safety improvements stage 1A is now complete, and final stages of quality and safety are underway. Stage 1B consultation is completed. Takapuna Town Centre Safety Improvements have been put on hold due to budget uncertainty.

• **School speed management programme:**

A total of 27 raised pedestrian crossings and 2 speed humps were planned and constructed for the School Speed Management Programme during 2023/2024.

• **Vulnerable road users programme:**

There were a total of 39 projects - 4 town centre projects and 35 pedestrian improvement projects. Out of these 39 projects, 10 projects are completed, 1 in construction, 20 in the design and investigation phase as at end of June 2024. Town centre projects are awaiting a decision from local boards about the prioritization. All raised crossing projects decisions have been made and are progressing based on the outcome.

• **Minor improvements programme:**

The programme has been completed with lots of changes throughout the year to accommodate the budget changes.

Under the updated RFT legislation, no further funding will be allocated to this project effective 8 March 2024.



**F8 Other material matters**

**Water services reform**

The water services legislation (namely the Water Services Entities Act 2022, the Water Services Legislation Act 2023 and the Water Services Economic Efficiency and Consumer Protection Act 2023), was repealed on 17 February 2024. As a result, the water services reform assets and operations as disclosed in the 30 June 2023 financial statements will no longer be transferred to Entity A. The government has recently enacted the Local Government (Water Services Preliminary Arrangements) Act 2024. The legislation provides for a new model for Auckland, where the council is prohibited from providing financial support to Watercare from 1 July 2025. Under the new model Watercare can borrow more money in its own name for long-term investment in water infrastructure. Watercare remains within the Auckland Council group and continues to be fully consolidated.

**Auckland Future Fund**

Auckland Council’s Long-term Plan 2024-2034 confirmed the establishment of an Auckland Future Fund to improve the financial resilience of the council. The Auckland Future Fund will be supervised by the directors of Auckland Future Fund Trustee Limited (AFF directors) with advice from a professional investment manager who will operate under a clear set of investment objectives and policies. This long-term plan enables the transfer of all the council’s remaining shares in AIAL into the fund and enables the AFF directors to sell the shares and diversify the funds.

**F9 Subsequent events**

There were no material events after the reporting period.



▲ Auckland Philharmonia

► Hibiscus Coast Bus Station, Silverdale

Te Wehenga G: Te pūrongo ā-pūtea me ngā pae whakamoamoā  
**Section G: Financial reporting and prudence benchmarks**



## Annual report disclosure statement for the year ended 30 June 2024

### What is the purpose of this statement?

The purpose of this statement is to disclose the Auckland Council Group (the group's) financial performance in relation to various benchmarks to enable the assessment of if the group and Auckland Council (the council) are cautiously managing their revenues, expenses, assets, liabilities, and general financial dealings.

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

The benchmarks have been prepared for the group.

Unless prescribed by the regulations, the quantified limit for the current year benchmark is calculated using financial information disclosed in the 10-year Budget 2021-2031. The prior years quantified limit have not been restated.

### Rates affordability benchmark

The group meets the rates affordability benchmark if:

- its actual rates income equals or is less than each quantified limit on rates, and
- its actual rates increase equals or is less than each quantified limit on rates increases.

#### Rates (income) affordability

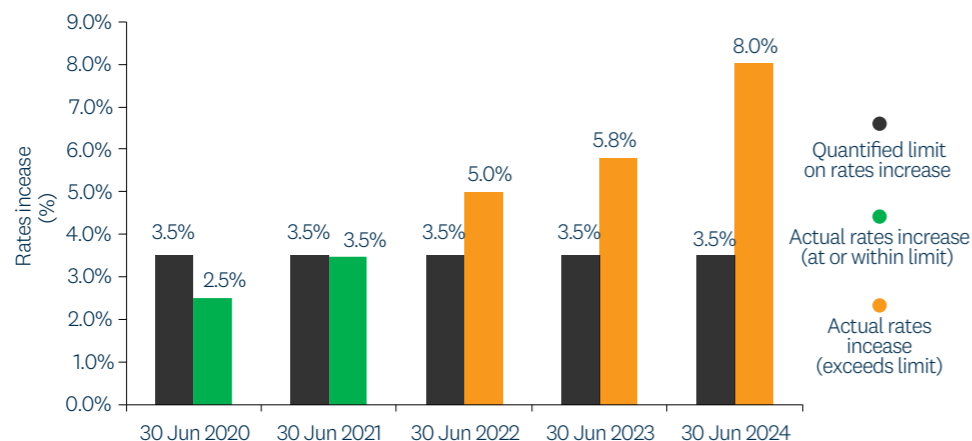
Following an amendment to the Local Government Act 2002 in 2019, the council has not included a quantified limit on rates (income) affordability in the financial strategy for the 10-year Budget 2021-2031.

#### Rate (increases) affordability

The graph below compares the year-on-year actual increase in group's rates income, exclusive of growth in the rating base, with the quantified limit on rates increase as defined in the financial strategy for the 10-year Budget 2021-2031. It includes targeted rates from 1 July 2018 that apply generally across Auckland and refers to the overall average increase across all ratepayers. Targeted rates that apply to specific groups of ratepayers are excluded.

The quantified limit is to maintain average rates increases for existing ratepayers at 3.5% per annum. Due to the impacts of COVID-19 on the group's revenue streams, to ensure the group was able to continue to invest in critical infrastructure, a one-off increase in average general rates of 5% was approved for 30 June 2022 and it exceeded the quantified limit of 3.5%. The benchmark is not met in the year ending 30 June 2023 due to the introduction of the Climate Action Transport Targeted Rate.

This benchmark for 30 June 2024 is not met due to higher general rates increase (11%) set as part of mitigating the ongoing operation gap driven primarily by increased interest rates and inflation. This is partially offset by the reduction in the amount collected in 2023/2024 for the Water Quality and Natural Environment targeted rates.



### Debt affordability benchmark

The group meets the debt affordability benchmark if its actual borrowings are within a quantified limit. The group uses debt as a percentage of total revenue for this benchmark. The methodology for determining this benchmark is described in the 10-year Budget 2021-2031.

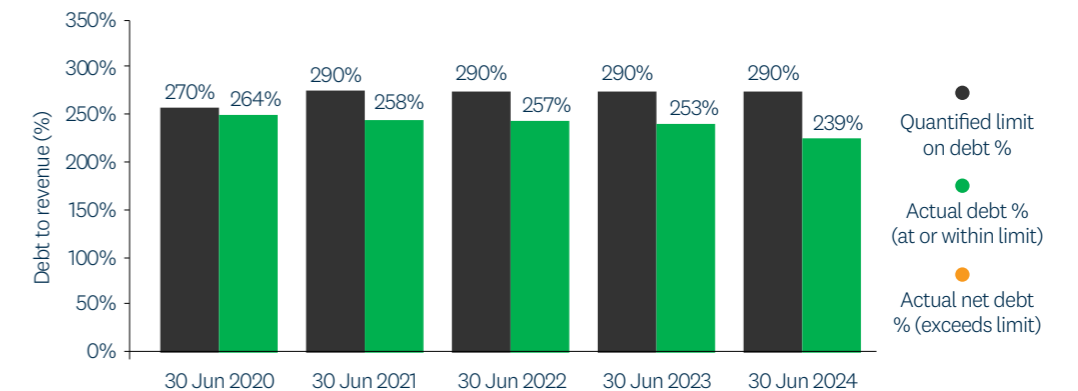
The components used in the debt affordability benchmarks are defined as follows:

- **Revenue:** Cash earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes capital contributions and sale of assets or pass-through items (e.g. developer contributions and vested assets).
- **Debt:** Long and short term financial debt assumed directly by the group and capitalised lease obligations to pay to another entity in accordance with an express agreement or for other legally binding reasons.

#### Debt as a percentage of revenue

The graph below compares the group's actual debt to revenue percentage, against the quantified limit contained in the financial strategy included in the 10-year Budget 2021-2031 and the council's treasury management policy.

The quantified limit of debt is set to 290% of revenue. Debt as a percentage of revenue for 30 June 2024 is 239% compared to 253% at 30 June 2023. Actual debt ratio is lower than the quantified limit.

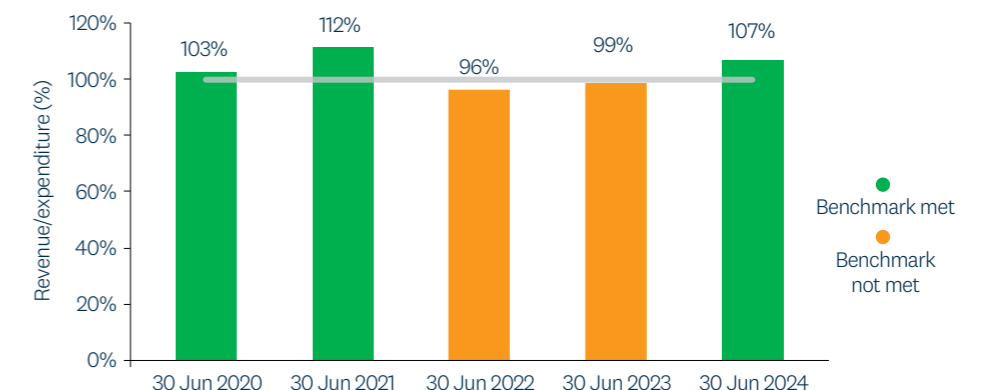


### Balanced budget benchmark

The graph below displays the group's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding category 3 property buy-outs provision, losses on derivative financial instruments and revaluations of property, plant, or equipment). The group meets this benchmark if its revenue equals or is greater than its operating expenses.

The group incurs foreign exchange gains and losses on foreign denominated borrowings. These foreign exchange gains or losses are included in revenue and expenses. The group enters into derivative transactions to mitigate that foreign currency exposure as required by its risk management policies. The foreign exchange movements derivative financial instruments are excluded from revenue and expenses. Refer to Note E3 for further details of the council's risk management policies on foreign exchange risk.

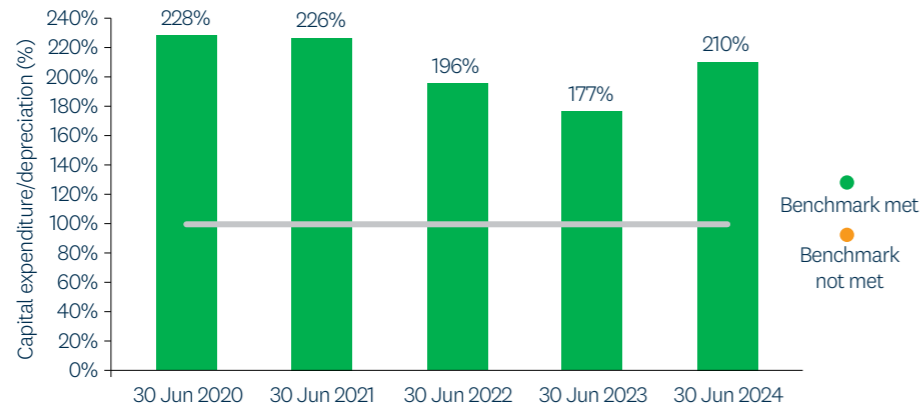
The group met the balanced budget benchmark as its adjusted revenue was higher than the adjusted operating expenses. Refer to Section A 'Results of year' for analysis of operating revenues and expenses.





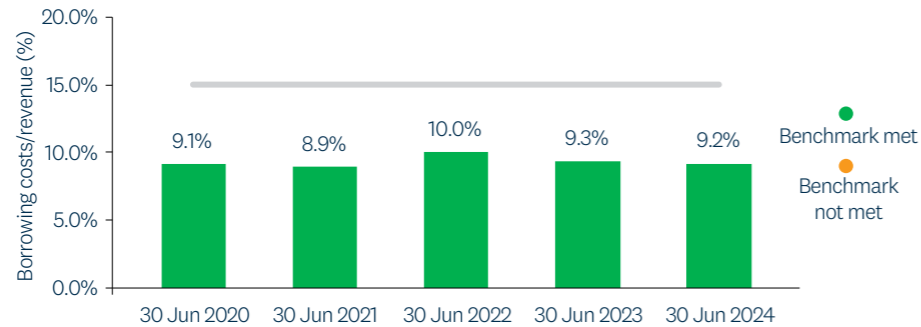
**Essential services benchmark**

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



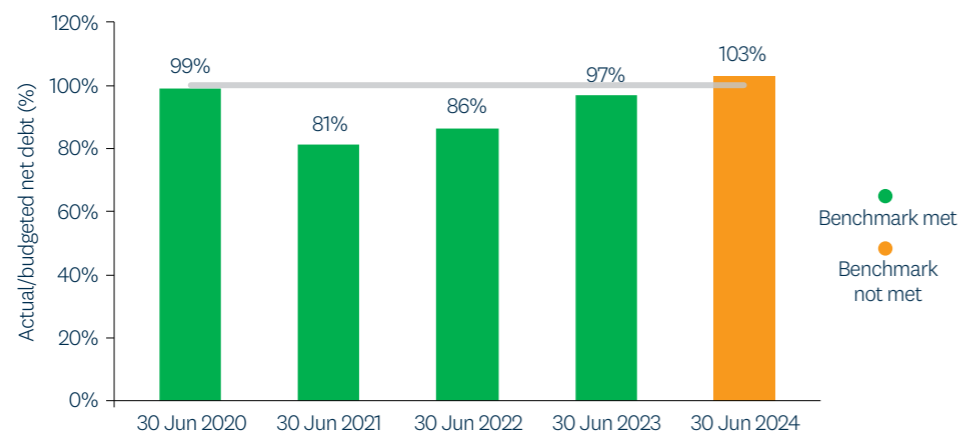
**Debt servicing benchmark**

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



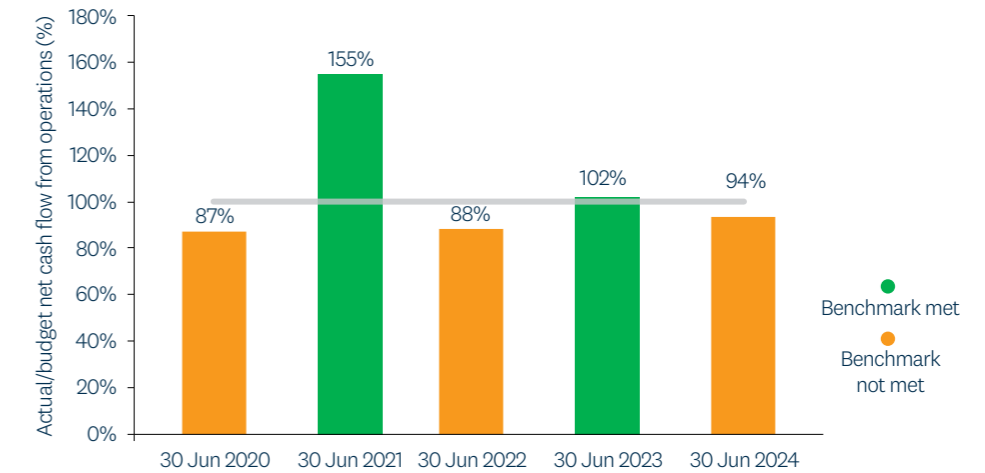
**Debt control benchmark**

The graph below displays the group’s actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The group meets the debt control benchmark if its actual net debt equals or is less than its planned net debt. The 2024 net debt was adversely impacted by borrowings which were higher than planned. The variance between actual and planned borrowings was explained in Note C1 in detail.



**Operations control benchmark**

This graph below displays the group’s actual net cash flow from operations as a proportion of its planned net cash flow from operations. The group meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations. The 2024 actual net cash flows were higher than 2023 and lower than planned due to higher payments to suppliers and employees.



▲ Unity Pitch, Commercial Bay, during FIFA World Cup



Te tauākī mō te pānga ā-pūtea a te rōpū o te kaunihera o Tāmaki Makaurau

# Auckland Council Group funding impact statement



▲ Wynyard Quarter urban park and public art

Te tauākī mō te pānga ā-pūtea a te rōpū

## Group funding impact statement

For the year ended 30 June 2024

\$Million	Actual	Annual plan	Actual	Annual plan
	2024	2024	2023	2023
<b>Sources of operating funding:</b>				
General rates, uniform annual general charge, rates penalties	2,221	2,225	1,972	1,970
Targeted rates	306	303	311	311
Subsidies and grants for operating purposes	569	562	671	595
Fees and charges	1,613	1,646	1,420	1,477
Interest and dividends from investments	62	36	23	5
Local authorities fuel tax, fines, infringement fees and other receipts	756	627	730	688
<b>Total operating funding</b>	<b>5,527</b>	<b>5,399</b>	<b>5,127</b>	<b>5,046</b>
<b>Applications of operating funding:</b>				
Payments to staff and suppliers	3,836	3,709	3,498	3,464
Finance costs	531	535	531	503
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding</b>	<b>4,367</b>	<b>4,244</b>	<b>4,029</b>	<b>3,967</b>
<b>Surplus (deficit) of operating funding</b>	<b>1,161</b>	<b>1,155</b>	<b>1,098</b>	<b>1,079</b>
<b>Sources of capital funding:</b>				
Subsidies and grants for capital expenditure	696	617	506	502
Development and financial contributions	221	269	241	265
Increase (decrease) in debt	640	(150)	843	843
Gross proceeds from sale of assets	22	164	46	106
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	110	-	-
<b>Total sources of capital funding</b>	<b>1,579</b>	<b>1,010</b>	<b>1,636</b>	<b>1,716</b>
<b>Applications of capital funding:</b>				
Capital expenditure <sup>^</sup> :				
- to meet additional demand	712	859	615	740
- to improve the level of service*	1,062	811	829	821
- to replace existing assets	1,100	1,190	810	725
Increase (decrease) in reserves	38	62	33	109
Increase (decrease) in investments <sup>^</sup>	(172)	(757)	447	400
<b>Total applications of capital funding</b>	<b>2,740</b>	<b>2,165</b>	<b>2,734</b>	<b>2,795</b>
<b>Surplus (deficit) of capital funding</b>	<b>(1,161)</b>	<b>(1,155)</b>	<b>(1,098)</b>	<b>(1,079)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>^</sup> The 2024 capital investment balance of \$3.2 billion disclosed in Annual Report 2023/2024 Volume 1 includes capital expenditure of \$2.9 billion and investment in CRLI of \$325 million (disclosed within the Increase (decrease) in investments line).

\* The 2024 capital expenditure includes \$132 million paid to Risk Category 3 property buy-outs. Land purchased is intended to be used as open space reserves, stormwater reserves that reduce flood risk, or in some cases, parts of the properties may be sold. The purchased properties are recorded in accordance with our accounting policies, and the resulting values of these properties are different from the purchase cost.

He pito kōrero e hāngai ana ki te tauākī mō te pānga ā-pūtea a te rōpū

## Notes to the group funding impact statement

For the year ended 30 June 2024

Auckland Council (the council) is a local authority domiciled in New Zealand and governed by the following legislation:

- Local Government Act 2002 (LGA 2002);
- Local Government (Auckland Council) Act 2009 (LGACA 2009); and
- Local Government (Rating) Act 2002.

The group consists of the council, its subsidiaries, associates and joint ventures. A summary of subsidiaries is provided in the basis of reporting section of the notes to the group financial statements.

### Basis of preparation

The group funding impact statement has been prepared:

- in accordance with the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014,
- on a historical cost basis using accrual accounting,
- in New Zealand dollars (NZD) and are rounded to the nearest million dollars, unless otherwise stated.

### Annual plan figures

The annual plan figures presented in the funding impact statement of the group are those included in the Annual Budget 2023/2024. The accounting policies used to prepare the funding impact statement are consistent with those used to prepare the planned funding impact statements.

### Long-term plan figures

The long-term plan figures presented in the groups of activity funding impact statements are those included in 2022/2023 and 2023/2024 of the 10-year budget 2021-2031 (Our Recovery Budget).

### Commentary

The following commentary provides detail of the most significant variances between actual and budgeted sources and applications of funding during the year.

### Sources of operating funding

Sources of operating funding were \$128 million favourable to plan. This variance is principally made up of a \$129 million surplus in funding from local authorities' fuel tax, fines and infringements and other receipts, and \$26 million surplus in funding from interest and dividends from investments. This was partly offset by a \$33 million shortfall in fees and charges. Further details of these variances are outlined below.

#### **Local authorities fuel tax, fines, infringement fees and other receipts**

The \$129 million favourable to plan was mainly due to budget for infringement fees and fines of \$67 million was recorded in fees and charges line. Further Infrastructure Growth Charges and developer revenue were higher than expected. Other direct revenue sources including Waikato District Council revenue, funds received from Department of Internal Affairs relating to water reform, and rental income from commercial property portfolio were also higher than budget.

#### **Interest and dividends from investments**

Interest and dividends income was \$26 million favourable to plan mainly due to investment of the proceeds from the sale of Auckland International Airport Limited (AIAL) shares while waiting for debt to mature to repay. Cash and term-deposit balances were also higher than expected over the year.

**Fees and charges**

Fees and charges were unfavourable to plan by \$33 million mainly due to:

- \$74 million was budgeted within fees and charges, however the actual revenue was recorded in Local authorities fuel tax, fines, infringement fees and other receipts line.
- Less than budgeted water and wastewater revenue of \$16 million driven by lower consumption and delay in applying price increase.

This has been partially offset by:

- Consents, licenses and permits revenue was \$43 million higher than budget due to stronger than anticipated consenting volumes.
- Revenue from sale of goods and services were \$21 million higher than budget from increased usage of public transport.

**Applications of operating funding**

Applications of operating funding were \$123 million above plan. \$127 million was related to payments to staff and suppliers. Further details of these variances are outlined below.

**Payments to staff and suppliers**

- Employee benefits were \$49 million unfavourable to plan mainly due to the Watercare's budget overestimated the amount of staff time that could be capitalised against projects by \$34 million, unbudgeted water reform-related staff costs and timing of annual leave utilisation.
- Repairs and maintenance expenditure was \$35 million unfavourable to plan primarily driven by higher than anticipated costs related to the 2023 weather events.
- Higher electricity costs caused by inflationary increases has contributed higher than planned utilities and occupancy costs of \$8 million.
- Grants, contributions and sponsorships were \$30 million unfavourable to plan mainly due to unbudgeted vested assets to Waikato District Council by Port of Auckland and variations in the Kaipara Moana Remediation Programme, and changes to timing and amounts of grants for waste solutions, climate action, Māori outcomes, locally delivered Initiatives and crime prevention.

**Source of capital funding**

Sources of capital funding were \$569 million above plan mainly due to the increase in debt. This was partially offset by lower than budgeted development contributions, timing of receipt of insurance recoveries and lower proceeds from the sale of assets. Further details of these variances are outlined below.

**Gross proceeds from sale of assets**

Proceeds were \$142 million unfavourable to plan due to the general slowdown in the property market and the sale of the Downtown car park being delayed to 2024/2025.

**Other dedicated capital funding**

The funding was \$110 million below plan due to anticipated 2023 weather event insurance recoveries remaining pending. Preparation of claims at the group level and claims processing by insurers have been taking longer than anticipated.

**Development and financial contributions**

This funding was \$48 million below plan due to delays with introducing the intended contributions policy changes and the general slowdown in the property development activity driven by the current economic climate including factors such as high interest rates, inflation and unstable property prices.

**Increase (decrease) in debt**

The increase in debt of \$640 million relative to the planned decrease of \$150 million is mainly due to the movements in cash and term deposits and less capital funding being received from other sources. The actual increase in cash and term deposits of \$530 million for the year is reflected in Increase (decrease) in investments. Taking into account this increase in cash and term deposits, net debt increased \$110 million compared to budgeted decrease of \$150 million. This was mainly due to capital funding from other sources being below plan during the year, as noted above.

**Subsidies and grants for capital expenditure**

Auckland Council received unbudgeted \$67 million funding for Category 3 property buy-outs and Auckland Transport received unbudgeted \$38 million funding for regional transport projects under the funding agreement with the central government for the region's recovery. Refer to Note D5 for the information of the cost-sharing agreement. This was partially offset by Watercare's less than budgeted grants revenue of \$22 million, driven by current year budgeted revenue for Kainga Ora shovel ready projects of \$12 million being recognised in the prior financial year and remainder was due to a delay in capital projects.

**Applications of capital funding**

Applications of capital funding were \$575 million above plan. Most of this surplus relates to a decrease in investments of \$585 million. The decrease in investments was lower than planned mainly because of the increase in cash and term deposits at year end to cover expected cash outflows in 2024/2025.

**Reconciliation of surplus of operating funding to operating surplus before gains and losses**

The following reconciliation bridges the difference between the funding impact statement and the statement of comprehensive revenue and expenditure.

\$Million	Actual 2024	Actual 2023
<b>Surplus of operating funding</b>	<b>1,161</b>	<b>1,098</b>
<b>Operating surplus items not included in operating funding</b>		
Depreciation and amortisation	(1,375)	(1,268)
Vested assets	698	616
Development contributions	222	240
Capital grants and subsidies	696	506
Provision for remediation of weathertightness claims expense	(44)	(25)
Donated artwork		184
Provision for Risk Category 2P mitigation project grants (Note D5)	(30)	-
Provision for Risk Category 3 property buy-outs (Note D5)	(629)	-
Other revenue and expense items	21	6
<b>Operating funding items not included in operating surplus</b>		
Retrofit your home principal loan repayments	(4)	(5)
Dividends from associates and joint ventures	(3)	(3)
<b>Operating surplus before gains and losses</b>	<b>713</b>	<b>1,349</b>



## Te tauākī mō te pānga ā-pūtea ki ngā huinga ngohe

# Group of activities funding impact statements

### Measuring our progress to long-term outcomes set in the Auckland Plan 2050

The Auckland Plan 2050 is our long-term spatial plan to ensure Tāmaki Makaurau grows in a way that will meet the opportunities and challenges of the future. Key challenges that are addressed include high population growth, environmental degradation and how we can ensure shared prosperity and wellbeing for all Aucklanders.

The Auckland Plan outcomes align to the four well-beings in the Local Government Act 2002.

The wellbeings		Environmental	Social	Cultural	Economic
<p><b>BELONGING AND PARTICIPATION</b></p> <p>All Aucklanders will be part of and contribute to society, access opportunities, and have the chance to develop to their full potential.</p>		<p><b>MĀORI IDENTITY AND WELLBEING</b></p> <p>A thriving Māori identity is Auckland’s point of difference in the world – it advances prosperity for Māori and benefits all Aucklanders.</p>			
<p><b>TRANSPORT AND ACCESS</b></p> <p>Aucklanders will be able to get where they want to go more easily, safely and sustainably.</p>		<p><b>ENVIRONMENT AND CULTURAL HERITAGE</b></p> <p>Aucklanders preserve, protect and care for the natural environment as our shared cultural heritage, for its intrinsic value and for the benefit of present and future generations.</p>			
<p><b>HOMES AND PLACES</b></p> <p>Aucklanders live in secure, healthy, and affordable homes, and have access to a range of inclusive public spaces.</p>		<p><b>OPPORTUNITY AND PROSPERITY</b></p> <p>Auckland is prosperous with many opportunities and delivers a better standard of living for everyone.</p>			

Each of Auckland Council’s group of activities contributes to one or more of these outcomes. The financial impacts of these activities are outlined in the following funding impact statements.

### Basis of preparation

The groups of activities funding impact statement has been prepared:

- in accordance with the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014;
- on a historical cost basis using accrual accounting; and
- in New Zealand dollars (NZD) and are rounded to the nearest million dollars, unless otherwise stated.

For cost allocations between the groups of activities, where costs are not directly attributable to the group of activity, they have been allocated proportionate to the budgeted cost allocation. The budgeted cost allocation is based on costs that are most likely attributable to each group of activity.

► Kauri Glen Bush Reserve Walkway



## Ngā Huarahi me ngā Ara Hīkoi

### Roads and footpaths

\$Million	Note	Actual 2024	Long-term Plan 2024	Long-term Plan 2023
<b>Sources of operating funding:</b>				
General rates, uniform annual general charge, rates penalties		335	335	305
Targeted rates		2	2	2
Subsidies and grants for operating purposes	1	95	58	59
Fees and charges		5	-	-
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		91	106	104
<b>Total operating funding</b>		<b>528</b>	<b>501</b>	<b>470</b>
<b>Applications of operating funding:</b>				
Payments to staff and suppliers		185	179	168
Finance costs		74	60	57
Internal charges and overheads applied		-	-	-
Other operating funding applications		-	-	-
<b>Total applications of operating funding</b>		<b>259</b>	<b>239</b>	<b>225</b>
<b>Surplus (deficit) of operating funding</b>		<b>269</b>	<b>262</b>	<b>245</b>
<b>Sources of capital funding:</b>				
Subsidies and grants for capital expenditure	2	320	256	213
Development and financial contributions		36	44	43
Increase (decrease) in debt	3	38	89	67
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding</b>		<b>394</b>	<b>389</b>	<b>323</b>
<b>Applications of capital funding:</b>				
Capital expenditure:				
- to meet additional demand		75	70	74
- to improve the level of service		210	291	266
- to replace existing assets		378	290	228
Increase (decrease) in reserves		-	-	-
Increase (decrease) in investments		-	-	-
<b>Total applications of capital funding</b>		<b>663</b>	<b>651</b>	<b>568</b>
<b>Surplus (deficit) of capital funding</b>		<b>(269)</b>	<b>(262)</b>	<b>(245)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>

► Wynyard Quarter

#### Comparison of results to the Long-term Plan 2021-2031

1. Subsidies and grants for operating purposes were above plan mainly due to the receipt of unbudgeted funding from NZTA in response to the 2023 weather events.
2. Subsidies and grants for capital expenditure were above plan mainly due to the receipt of a catch up of New Zealand Upgrade Programme (NZUP) Eastern Busway funding and unbudgeted funding from central government to renew infrastructure damaged during the 2023 weather events.
3. Higher than planned subsidies and grants receipt for capital expenditure, has resulted in a funding surplus. The funding surplus meant that less debt funding was required than expected.



## Ngā Tikanga Kawe Pāhihi/Ngā Tikanga Aro Hāereere

### Public transport and travel demand management

\$Million	Note	Actual 2024	Long-term Plan 2024	Long-term Plan 2023
<b>Sources of operating funding:</b>				
General rates, uniform annual general charge, rates penalties		355	355	371
Targeted rates	1	49	3	3
Subsidies and grants for operating purposes	2	395	300	311
Fees and charges	3	203	347	296
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	4	172	111	111
<b>Total operating funding</b>		<b>1,174</b>	<b>1,116</b>	<b>1,092</b>
<b>Applications of operating funding:</b>				
Payments to staff and suppliers	5	1,015	919	885
Finance costs		160	170	154
Internal charges and overheads applied		-	-	-
Other operating funding applications		-	-	-
<b>Total applications of operating funding</b>		<b>1,175</b>	<b>1,089</b>	<b>1,039</b>
<b>Surplus (deficit) of operating funding</b>		<b>(1)</b>	<b>27</b>	<b>53</b>
<b>Sources of capital funding:</b>				
Subsidies and grants for capital expenditure	6	269	383	299
Development and financial contributions		45	62	61
Increase (decrease) in debt	7	393	256	469
Gross proceeds from sale of assets	8	-	50	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding</b>		<b>707</b>	<b>751</b>	<b>829</b>
<b>Applications of capital funding:</b>				
Capital expenditure:				
- to meet additional demand	9	46	41	40
- to improve the level of service	9	293	461	361
- to replace existing assets	9	42	32	25
Increase (decrease) in reserves		-	-	-
Increase (decrease) in investments	10	325	244	456
<b>Total applications of capital funding</b>		<b>706</b>	<b>778</b>	<b>882</b>
<b>Surplus (deficit) of capital funding</b>		<b>1</b>	<b>(27)</b>	<b>(53)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>

► Double-decker bus, Royal Oak



#### Comparison of results to the Long-term Plan 2021-2031

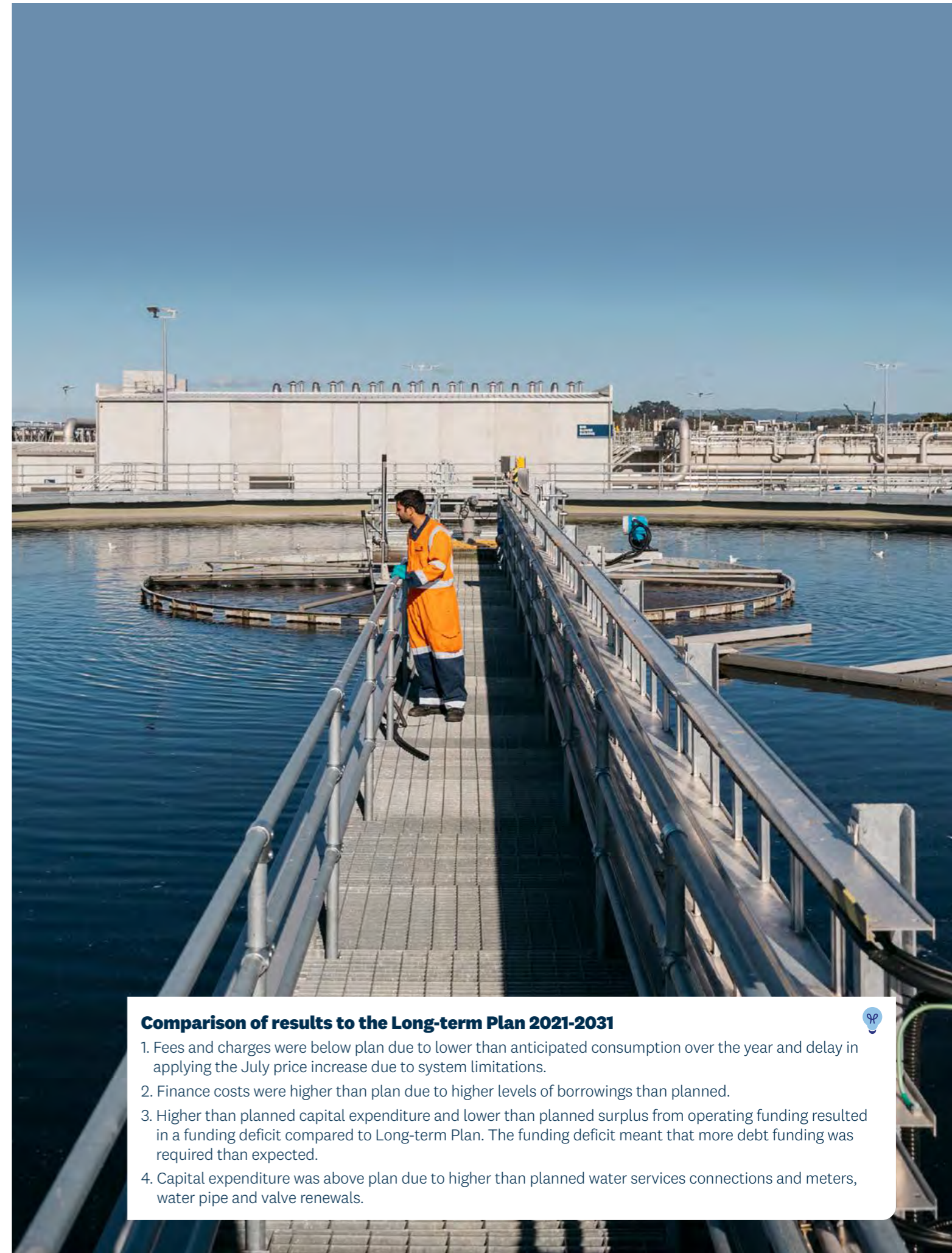
1. Targeted rates were above plan mainly due to the Climate Action Transport Targeted Rate, which was not anticipated in the Long-term Plan 2021-2031.
2. Subsidies and grants for operating purposes were higher than plan mainly due to the receipt of unbudgeted funding from NZTA in response to the 2023 weather events.
3. Fees and charges were below plan due to lower public transport income from the extension of fare discount schemes, less parking revenue due to lower occupancy, and later than planned parking tariff increase. The fare discount scheme was not budgeted in the Long-term Plan 2021-2031.
4. Local authorities fuel tax, fines, infringement fees and other receipts were above plan mainly due to the budget relating to infringement fees and fines being included in Fees and charges.
5. Payments to staff and suppliers were unfavourable to plan due to higher average staff earnings from higher than planned inflation, higher than budgeted professional fees on capital projects and public transport operating costs associated with increased bus patronage.
6. Subsidies and grants for capital expenditure were below plan as lower capital spend than planned required less funding from NZTA.
7. Gross proceeds from sale of assets were below plan due to the sale of the Downtown car park being delayed to 2024/2025.
8. Gross proceeds from sale of assets were below plan due to the general slowdown in the property market and certain assets have not been sold as planned.
9. Capital expenditure was below plan due to:
  - Rapid Transit Rail projects underspend as three units of Electric Train rolling stock were delayed into 2024/2025.
  - The K Road project was delayed by local community consultation, and City Rail Link rail level crossings physical works were delayed due to aligning delivery with Kiwi Rail.
10. Investment in City Rail Link project was higher than planned.

## Ngā Putunga Wai

### Water supply

\$Million	Note	Actual 2024	Long-term Plan 2024	Long-term Plan 2023
<b>Sources of operating funding:</b>				
General rates, uniform annual general charge, rates penalties		(1)	(1)	(1)
Targeted rates		-	-	-
Subsidies and grants for operating purposes		-	-	-
Fees and charges	1	206	262	236
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		103	88	81
<b>Total operating funding</b>		<b>308</b>	<b>349</b>	<b>316</b>
<b>Applications of operating funding:</b>				
Payments to staff and suppliers		135	148	141
Finance costs	2	56	26	28
Internal charges and overheads applied		-	-	-
Other operating funding applications		-	-	-
<b>Total applications of operating funding</b>		<b>191</b>	<b>174</b>	<b>169</b>
<b>Surplus (deficit) of operating funding</b>		<b>117</b>	<b>175</b>	<b>147</b>
<b>Sources of capital funding:</b>				
Subsidies and grants for capital expenditure		8	-	-
Development and financial contributions		-	-	-
Increase (decrease) in debt	3	137	64	(29)
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding</b>		<b>145</b>	<b>64</b>	<b>(29)</b>
<b>Applications of capital funding:</b>				
Capital expenditure:				
- to meet additional demand		91	115	43
- to improve the level of service		28	13	4
- to replace existing assets		143	111	71
Increase (decrease) in reserves		-	-	-
Increase (decrease) in investments		-	-	-
<b>Total applications of capital funding</b>	<b>4</b>	<b>262</b>	<b>239</b>	<b>118</b>
<b>Surplus (deficit) of capital funding</b>		<b>(117)</b>	<b>(175)</b>	<b>(147)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>

► Māngere wastewater treatment plant



#### Comparison of results to the Long-term Plan 2021-2031

1. Fees and charges were below plan due to lower than anticipated consumption over the year and delay in applying the July price increase due to system limitations.
2. Finance costs were higher than plan due to higher levels of borrowings than planned.
3. Higher than planned capital expenditure and lower than planned surplus from operating funding resulted in a funding deficit compared to Long-term Plan. The funding deficit meant that more debt funding was required than expected.
4. Capital expenditure was above plan due to higher than planned water services connections and meters, water pipe and valve renewals.



## Ngā Tikanga Tiaki me te Tuku Wai Para

### Wastewater treatment and disposal

\$Million	Note	Actual 2024	Long-term Plan 2024	Long-term Plan 2023
<b>Sources of operating funding:</b>				
General rates, uniform annual general charge, rates penalties		(2)	(2)	(2)
Targeted rates		-	-	-
Subsidies and grants for operating purposes		-	-	-
Fees and charges	1	464	495	438
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	2	231	86	80
<b>Total operating funding</b>		<b>693</b>	<b>579</b>	<b>516</b>
<b>Applications of operating funding:</b>				
Payments to staff and suppliers	3	291	175	168
Finance costs		99	100	86
Internal charges and overheads applied		-	-	-
Other operating funding applications		-	-	-
<b>Total applications of operating funding</b>		<b>390</b>	<b>275</b>	<b>254</b>
<b>Surplus (deficit) of operating funding</b>		<b>303</b>	<b>304</b>	<b>262</b>
<b>Sources of capital funding:</b>				
Subsidies and grants for capital expenditure	4	23	-	-
Development and financial contributions		-	-	-
Increase (decrease) in debt	5	459	229	335
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding</b>		<b>482</b>	<b>229</b>	<b>335</b>
<b>Applications of capital funding:</b>				
Capital expenditure:				
- to meet additional demand		346	254	299
- to improve the level of service		235	91	119
- to replace existing assets		204	188	179
Increase (decrease) in reserves		-	-	-
Increase (decrease) in investments		-	-	-
<b>Total applications of capital funding</b>	<b>6</b>	<b>785</b>	<b>533</b>	<b>597</b>
<b>Surplus (deficit) of capital funding</b>		<b>(303)</b>	<b>(304)</b>	<b>(262)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>

► Tui Park mangroves, Beachhaven



#### Comparison of results to the Long-term Plan 2021-2031

1. Fees and charges were below plan due to lower than anticipated consumption over the year and delay in applying the July price increase due to system limitations.
2. Higher than expected construction activities had led to increased Infrastructure Growth Charges and revenue associated with new water supply connections. Further, revenue from the Waikato District Council partnership agreement and funding from the Department of Internal Affairs for water reform exceeded plan.
3. Payments to staff and suppliers were above plan mainly due to higher average staff earnings as actual inflation was higher than planned, and unbudgeted repairs and maintenance expenses, and consultancy costs associated with the flood recovery work in response to significant weather events.
4. Subsidies and grants for capital expenditure were above plan due to unbudgeted revenue received from Kāinga Ora shovel ready contracts.
5. Higher than planned capital expenditure has resulted in a funding deficit compared to Long-term Plan. The funding deficit meant that more debt funding was required than expected.
6. Capital expenditure was above plan mainly due to the higher than anticipated Central Interceptor costs for escalated claims and unbudgeted costs for Ōrākei Main Sewer repairs.

## Te Whakahaere Wai Āwhā Stormwater management

\$Million	Note	Actual 2024	Long-term Plan 2024	Long-term Plan 2023
<b>Sources of operating funding:</b>				
General rates, uniform annual general charge, rates penalties		152	152	140
Targeted rates	1	11	51	48
Subsidies and grants for operating purposes		5	-	-
Fees and charges		2	-	-
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		-	2	2
<b>Total operating funding</b>		<b>170</b>	<b>205</b>	<b>190</b>
<b>Applications of operating funding:</b>				
Payments to staff and suppliers	2	81	57	53
Finance costs		18	15	15
Internal charges and overheads applied		16	14	13
Other operating funding applications		-	-	-
<b>Total applications of operating funding</b>		<b>115</b>	<b>86</b>	<b>81</b>
<b>Surplus (deficit) of operating funding</b>		<b>55</b>	<b>119</b>	<b>109</b>
<b>Sources of capital funding:</b>				
Subsidies and grants for capital expenditure		(1)	-	-
Development and financial contributions		20	37	37
Increase (decrease) in debt	3	51	(18)	(14)
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding</b>		<b>70</b>	<b>19</b>	<b>23</b>
<b>Applications of capital funding:</b>				
Capital expenditure:				
- to meet additional demand		23	33	32
- to improve the level of service		42	61	56
- to replace existing assets		60	44	44
Increase (decrease) in reserves		-	-	-
Increase (decrease) in investments		-	-	-
<b>Total applications of capital funding</b>		<b>125</b>	<b>138</b>	<b>132</b>
<b>Surplus (deficit) of capital funding</b>		<b>(55)</b>	<b>(119)</b>	<b>(109)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>

► Rangitopuni stream, Riverhead



### Comparison of results to the Long-term Plan 2021-2031

1. Targeted rates were below plan due to the temporary reduction of the Water Quality Targeted Rate for the year.
2. Payments to staff and suppliers were unfavourable to plan mainly driven by higher average staff earnings due to higher than planned inflation, unbudgeted repairs and maintenance expenses, and unbudgeted consultancy costs associated with the flood recovery work in response to significant weather events.
3. Targeted rates were less than planned, and payments to staff and suppliers were greater than planned which resulted in a net funding deficit compared to Long-term Plan. The funding deficit meant that more debt funding was required than expected.

## Ngā Ratonga Kaunihera ā-Rohe

### Local council services

\$Million	Note	Actual 2024	Long-term Plan 2024	Long-term Plan 2023
<b>Sources of operating funding:</b>				
General rates, uniform annual general charge, rates penalties		383	383	370
Targeted rates		22	21	21
Subsidies and grants for operating purposes		3	5	5
Fees and charges		35	36	35
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		5	8	7
<b>Total operating funding</b>		<b>448</b>	<b>453</b>	<b>438</b>
<b>Applications of operating funding:</b>				
Payments to staff and suppliers		362	356	346
Finance costs		52	42	39
Internal charges and overheads applied		57	56	56
Other operating funding applications		-	-	-
<b>Total applications of operating funding</b>		<b>471</b>	<b>454</b>	<b>441</b>
<b>Surplus (deficit) of operating funding</b>		<b>(23)</b>	<b>(1)</b>	<b>(3)</b>
<b>Sources of capital funding:</b>				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions	1	47	79	78
Increase (decrease) in debt	2	129	85	80
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding</b>		<b>176</b>	<b>164</b>	<b>158</b>
<b>Applications of capital funding:</b>				
Capital expenditure:				
- to meet additional demand		13	24	33
- to improve the level of service		20	5	8
- to replace existing assets		120	134	114
Increase (decrease) in reserves		-	-	-
Increase (decrease) in investments		-	-	-
<b>Total applications of capital funding</b>	<b>3</b>	<b>153</b>	<b>163</b>	<b>155</b>
<b>Surplus (deficit) of capital funding</b>		<b>23</b>	<b>1</b>	<b>3</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>

► Te Whau Pathway



#### Comparison of results to the Long-term Plan 2021-2031

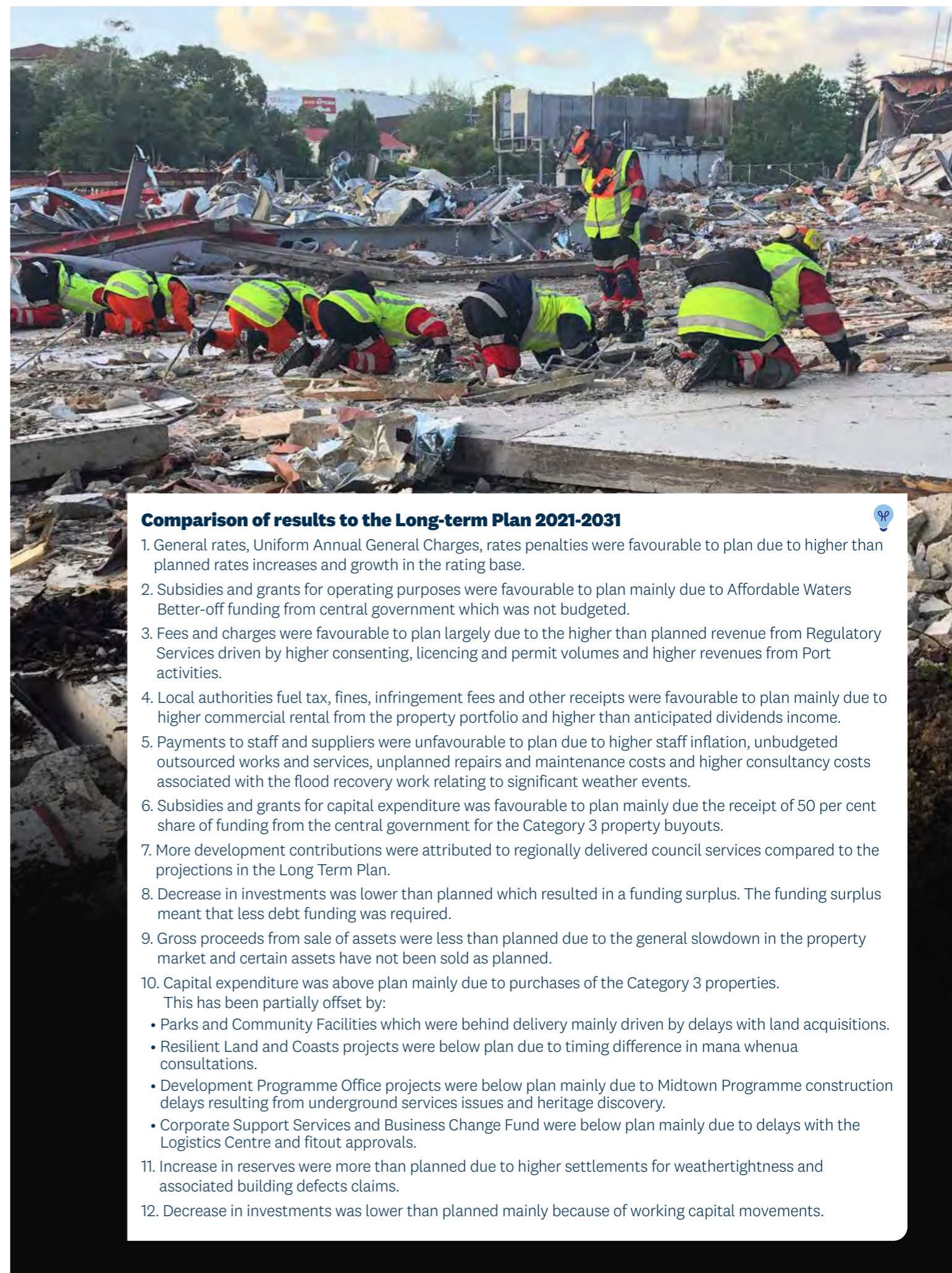
1. Development and financial contributions were lower than planned due to delays with introducing the intended contributions policy changes and the general slowdown in the property development activity driven by the current economic climate including factors such as interest rates, inflation and property prices.
2. Lower development and financial contributions and deficit from operating funding resulted in a funding deficit compared to Long-term Plan. The funding deficit meant that more debt funding was required than expected.
3. Capital expenditure was below plan mainly due to delays in a number of projects across the local boards resulting from the impact of significant weather events.

## Ngā Ratonga Kaunihera ka Tukuna e ngā Rohe Regionally delivered council services

\$Million	Note	Actual 2024	Long-term Plan 2024	Long-term Plan 2023
<b>Sources of operating funding:</b>				
General rates, uniform annual general charge, rates penalties	1	817	679	614
Targeted rates		222	211	193
Subsidies and grants for operating purposes	2	59	10	11
Fees and charges	3	643	578	546
Internal charges and overheads recovered		228	228	224
Local authorities fuel tax, fines, infringement fees and other receipts	4	127	74	73
<b>Total operating funding</b>		<b>2,096</b>	<b>1,780</b>	<b>1,661</b>
<b>Applications of operating funding:</b>				
Payments to staff and suppliers	5	1,515	1,248	1,204
Finance costs		45	36	79
Internal charges and overheads applied		154	158	155
Other operating funding applications		-	-	-
<b>Total applications of operating funding</b>		<b>1,714</b>	<b>1,442</b>	<b>1,438</b>
<b>Surplus (deficit) of operating funding</b>		<b>382</b>	<b>338</b>	<b>223</b>
<b>Sources of capital funding:</b>				
Subsidies and grants for capital expenditure	6	76	10	17
Development and financial contributions	7	66	43	43
Increase (decrease) in debt	8	(595)	(1,190)	93
Gross proceeds from sale of assets	9	4	80	70
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding</b>		<b>(449)</b>	<b>(1,057)</b>	<b>223</b>
<b>Applications of capital funding:</b>				
Capital expenditure:				
- to meet additional demand	10	90	113	132
- to improve the level of service*	10	206	71	72
- to replace existing assets	10	96	140	150
Increase (decrease) in reserves	11	38	14	108
Increase (decrease) in investments	12	(497)	(1,057)	(16)
<b>Total applications of capital funding</b>		<b>(67)</b>	<b>(719)</b>	<b>446</b>
<b>Surplus (deficit) of capital funding</b>		<b>(382)</b>	<b>(338)</b>	<b>(223)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>

\* The 2024 capital expenditure includes \$132 million paid to Risk Category 3 property buy-outs. Land purchased is intended to be used as open space reserves, stormwater reserves that reduce flood risk, or in some cases, parts of the properties may be sold. The purchased properties are recorded in accordance with our accounting policies, and the resulting values of these properties are different from the purchase cost.

► Auckland Emergency Management (AEM) response team



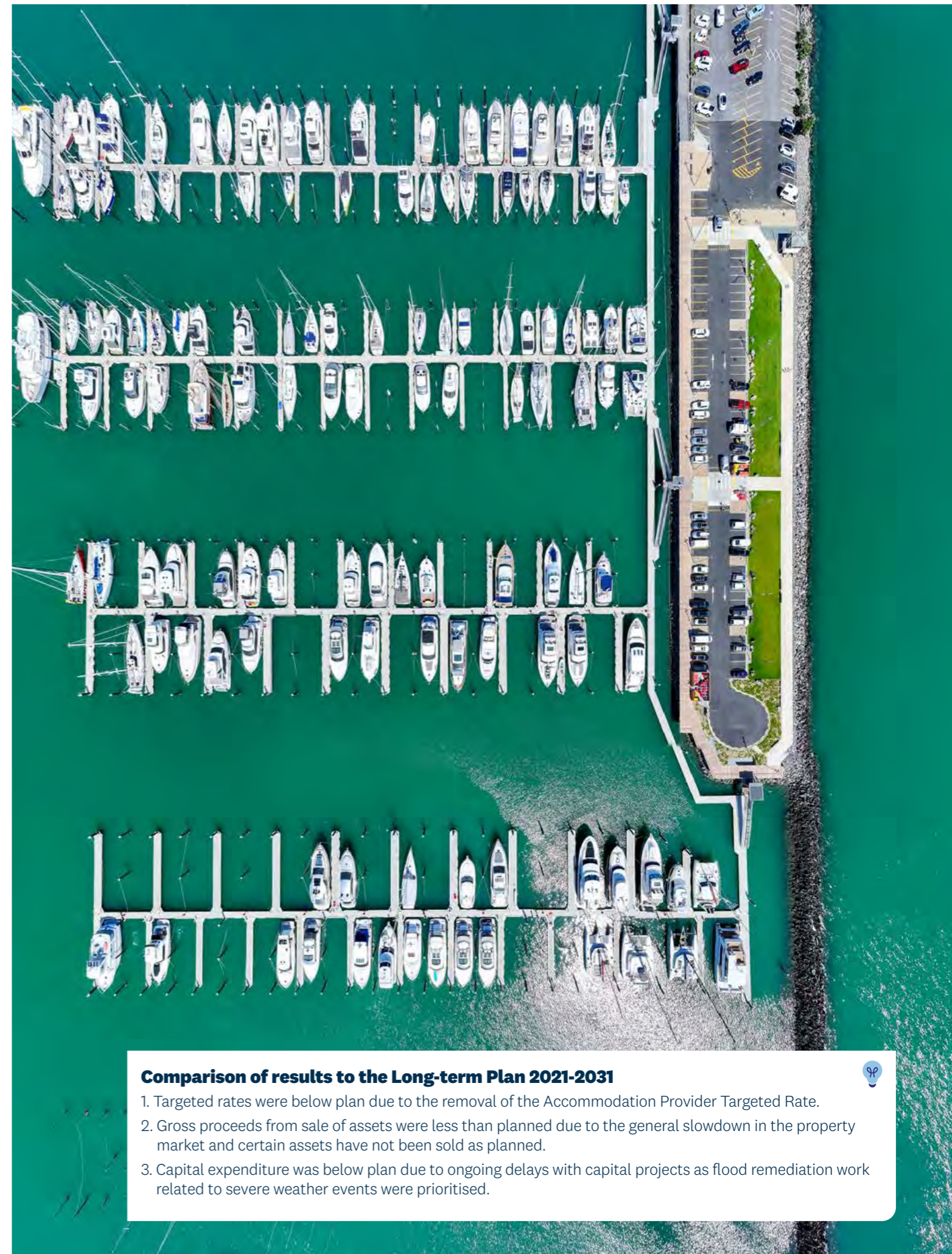
### Comparison of results to the Long-term Plan 2021-2031

- General rates, Uniform Annual General Charges, rates penalties were favourable to plan due to higher than planned rates increases and growth in the rating base.
- Subsidies and grants for operating purposes were favourable to plan mainly due to Affordable Waters Better-off funding from central government which was not budgeted.
- Fees and charges were favourable to plan largely due to the higher than planned revenue from Regulatory Services driven by higher consenting, licencing and permit volumes and higher revenues from Port activities.
- Local authorities fuel tax, fines, infringement fees and other receipts were favourable to plan mainly due to higher commercial rental from the property portfolio and higher than anticipated dividends income.
- Payments to staff and suppliers were unfavourable to plan due to higher staff inflation, unbudgeted outsourced works and services, unplanned repairs and maintenance costs and higher consultancy costs associated with the flood recovery work relating to significant weather events.
- Subsidies and grants for capital expenditure was favourable to plan mainly due the receipt of 50 per cent share of funding from the central government for the Category 3 property buyouts.
- More development contributions were attributed to regionally delivered council services compared to the projections in the Long Term Plan.
- Decrease in investments was lower than planned which resulted in a funding surplus. The funding surplus meant that less debt funding was required.
- Gross proceeds from sale of assets were less than planned due to the general slowdown in the property market and certain assets have not been sold as planned.
- Capital expenditure was above plan mainly due to purchases of the Category 3 properties. This has been partially offset by:
  - Parks and Community Facilities which were behind delivery mainly driven by delays with land acquisitions.
  - Resilient Land and Coasts projects were below plan due to timing difference in mana whenua consultations.
  - Development Programme Office projects were below plan mainly due to Midtown Programme construction delays resulting from underground services issues and heritage discovery.
  - Corporate Support Services and Business Change Fund were below plan mainly due to delays with the Logistics Centre and fitout approvals.
- Increase in reserves were more than planned due to higher settlements for weathertightness and associated building defects claims.
- Decrease in investments was lower than planned mainly because of working capital movements.

## Ngā Ratonga i Raro i te Mana o te Kaunihera Council controlled services

\$Million	Note	Actual 2024	Long-term Plan 2024	Long-term Plan 2023
<b>Sources of operating funding:</b>				
General rates, uniform annual general charge, rates penalties		182	182	174
Targeted rates	1	-	15	15
Subsidies and grants for operating purposes		12	9	17
Fees and charges		55	61	51
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		89	81	81
<b>Total operating funding</b>		<b>338</b>	<b>348</b>	<b>338</b>
<b>Applications of operating funding:</b>				
Payments to staff and suppliers		252	258	259
Finance costs		27	22	19
Internal charges and overheads applied		-	-	-
Other operating funding applications		-	-	-
<b>Total applications of operating funding</b>		<b>279</b>	<b>280</b>	<b>278</b>
<b>Surplus (deficit) of operating funding</b>		<b>59</b>	<b>68</b>	<b>60</b>
<b>Sources of capital funding:</b>				
Subsidies and grants for capital expenditure		1	-	-
Development and financial contributions		7	3	3
Increase (decrease) in debt		28	34	38
Gross proceeds from sale of assets	2	18	44	36
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
<b>Total sources of capital funding</b>		<b>54</b>	<b>81</b>	<b>77</b>
<b>Applications of capital funding:</b>				
Capital expenditure:				
- to meet additional demand		28	74	71
- to improve the level of service		28	13	8
- to replace existing assets		57	62	58
Increase (decrease) in reserves		-	-	-
Increase (decrease) in investments		-	-	-
<b>Total applications of capital funding</b>	<b>3</b>	<b>113</b>	<b>149</b>	<b>137</b>
<b>Surplus (deficit) of capital funding</b>		<b>(59)</b>	<b>(68)</b>	<b>(60)</b>
<b>Funding balance</b>		<b>-</b>	<b>-</b>	<b>-</b>

► New floating berths and public space at Westhaven Marina



### Comparison of results to the Long-term Plan 2021-2031

1. Targeted rates were below plan due to the removal of the Accommodation Provider Targeted Rate.
2. Gross proceeds from sale of assets were less than planned due to the general slowdown in the property market and certain assets have not been sold as planned.
3. Capital expenditure was below plan due to ongoing delays with capital projects as flood remediation work related to severe weather events were prioritised.

Te Pūrongo a te Kaitātari Motuhake  
mō te Kaute

# Independent auditor's report

To the readers of Auckland Council's annual report for the  
year ended 30 June 2024



## Independent Auditor's Report

### To the readers of Auckland Council's annual report for the year ended 30 June 2024

I am the auditor of Auckland Council and its subsidiaries and controlled entities (together referred to as the Group). I have used my staff and resources, and appointed auditors and their staff to report on the information in Auckland Council's annual report that I am required to audit under the Local Government Act 2002 (the Act). I refer to this information as "the audited information" in my report.

I am also required to report on:

- whether Auckland Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of Auckland Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

I refer to this information as "the disclosure requirements" in my report.

### Opinion on the audited information

In my opinion:

- the financial statements in Volume 3 on pages 8 to 108 present fairly, in all material respects, the financial position of Auckland Council and Group as at 30 June 2024, and their financial performance and cash flows for the year ended on that date, in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement in Volume 3 on page 116, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in Auckland Council and Group's annual plan;
- the service performance information in Volume 1 on pages 14 to 17, 36 to 147 and 166 to 167:
  - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2024 in accordance with Public Benefit Entity Reporting Standards, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service;
- the statement about capital expenditure for each group of activities in Volume 3 on pages 122 to 137, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in Auckland Council and Group's annual plan;



- the funding impact statement for each group of activities in Volume 3 on pages 122 to 137, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in Auckland Council and Group’s long-term plan; and
- the service performance information, referred to as “Our performance report”, for local activities for each local board in Volumes 2.1 to 2.21 presents fairly, in all material respects, the local activities for each local board area for the year ended 30 June 2024 in accordance with Public Benefit Entity Reporting Standards, including:
  - the level of service achieved for the activities compared with the performance target or targets for those activities as set out in the local board agreement for the year; and
  - the reasons for any significant variation between the level of service achieved and the intended level of service.

**Report on the disclosure requirements**

I report that Auckland Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 in Volume 3 on pages 110 to 113, which represent a complete list of required disclosures and accurately reflects the information drawn from Auckland Council and Group’s audited information and, where applicable, Auckland Council and Group’s long-term plan and annual plans.

**Basis for my opinion on the audited information**

I carried out my audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the *Professional and Ethical Standards* and the *International Standards on Auditing (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board. My responsibilities under those standards are further described in the “Responsibilities of the auditor for the audited information” section of this report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on the audited information.

I am independent of Auckland Council and Group in accordance with the Auditor-General’s Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, my staff and appointed auditors and their staff have carried out a range of assurance engagements, which are compatible with those independence requirements. These matters have not impaired my independence as auditor of Auckland Council and Group. Other than these engagements, and in exercising my functions and powers under the Public Audit Act 2001, I have no relationship with or interests in Auckland Council and Group.

**Key audit matters**

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the audited information of Auckland Council and Group for the current period. In applying my professional judgement to determine key audit matters, I considered those matters that are complex, have a high degree of uncertainty, or are important to the public because of their size or nature.

These key audit matters were addressed in the context of my audit of the audited information as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Description of key audit matter	How we addressed this matter
<b>Provision for property buy-outs arising from severe weather events</b>	
<p>Following the 2023 severe weather events in Auckland and Cyclone Gabrielle, Auckland Council entered into a funding agreement with the Government to share the costs of the region’s recovery from the weather events. Under the agreement the Council has an obligation to either buy certain properties from the owner (categorised as risk category 3) or provide some funding toward reducing the risks to the property (categorised as risk category 2).</p> <p>The most significant aspect of these obligations is the buying of certain properties across Auckland. As a result, Auckland Council has recognised a provision for the cost of risk category 3 property buy-outs. This estimate was made with input from an actuary.</p> <p>Risk category 3 properties are properties where there is an intolerable risk to life and where future severe weather event risk cannot be sufficiently mitigated.</p> <p>Auckland Council’s provision is calculated based on the number of properties and their market value, less insurance settlement and homeowner contribution.</p> <p>As discussed in Note D5 to the financial statements, in Volume 3 on pages 68 to 72, Auckland Council and Group recognised a provision of \$523 million for risk category 3 property buy-outs as at 30 June 2024.</p>	<p>We read the valuation report from the Council’s actuary and met with the actuary to understand:</p> <ul style="list-style-type: none"> <li>• the valuation methodology; and</li> <li>• the key inputs and assumptions applied.</li> </ul> <p>We assessed the actuary’s expertise for the work and their objectivity, including whether they had any other engagements or relationships with Auckland Council and Group.</p> <p>We assessed the valuation methodology and assumptions for compliance with the requirements of the applicable financial reporting standard, and for reasonableness.</p> <p>We engaged an actuarial expert and a real estate valuation specialist to assist with our review and challenge of the appropriateness of key judgments and assumptions in the valuations.</p> <p>We engaged our internal tax experts to assist with considering the GST implications of the property transactions.</p> <p>We assessed whether the information provided in the financial statements, would enable a reader to understand the impact of changes in the significant judgements and estimates used in calculating the provision for category 3 buy-outs.</p> <p>I am satisfied that the provision recognised in Note D5 to the financial statements, in Volume 3 on pages 68 to 72 of the Auckland Council and Group’s financial statements for risk category 3 property buy-outs is reasonable and supportable and appropriately disclosed.</p>

Description of key audit matter	How we addressed this matter
<p>There is uncertainty about the number of eligible properties opting into the scheme, the property value, the proportion of properties that are insured and the average insurance recovery per property, and the valuation of land post-acquisition. These are highly uncertain until the properties are processed and settled.</p> <p>I considered the valuation of the provision for risk category 3 property buy-outs a key audit matter because the valuation of the provision is subject to a high degree of judgement and estimation.</p>	
<b>Valuation of property, plant and equipment</b>	
<p>Auckland Council and Group own a large portfolio of infrastructure assets, operational assets and restricted assets. As outlined in note B1, the Group had infrastructure assets of \$46.8 billion, operational assets of \$12.6 billion and restricted assets of \$8.4 billion as at 30 June 2024.</p> <p>A number of the infrastructure assets, operational assets and restricted assets are carried at fair value, with revaluations performed on a regular basis, or when the fair value is materially different to the carrying value.</p> <p>The accuracy of the valuations depends on the completeness and accuracy of the underlying asset information, judgements about remaining useful lives to determine depreciation and the appropriateness of the assumptions used in the revaluations.</p> <p>Some valuations are inherently more complex and involve the use of complex valuation methodologies and significant assumptions derived from numerous data sources. Because of the large value of the assets held by Auckland Council and Group, changes in value or changes in expected useful life of some components can have a significant impact on the depreciation expense recognised in the financial statements.</p> <p>For all asset classes carried at fair value Auckland Council and Group assess annually whether there is a material difference between the fair value and carrying value of each asset class, which would trigger the need for a full revaluation.</p>	<p>For revalued assets, we read the valuation reports and discussed the approach to the valuation with the valuer. We obtained representations that the valuation approach was in keeping with accepted professional valuation standards.</p> <p>We assessed the valuers' expertise for the work and their objectivity. This included considering whether they had other engagements or relationships with Auckland Council and Group.</p> <p>We confirmed our understanding of the valuation methodologies and key assumptions and evaluated their reasonableness.</p> <p>We engaged an independent real estate valuation specialist to assist with the assessment of the methodologies and key assumptions used by the valuers of operational and restricted land and buildings.</p> <p>We also engaged an independent valuation specialist to assist us with the assessment of the methodologies and key assumptions used by the Council to value the stormwater infrastructure. The key assumptions are the useful life and replacement cost.</p> <p>We obtained an understanding of how the Council determined the useful life of the stormwater infrastructure assets and also compared the useful lives to comparable lives in the local government sector.</p>

Description of key audit matter	How we addressed this matter
<p>At 30 June 2024 the following significant classes of assets were revalued:</p> <ul style="list-style-type: none"> <li>stormwater infrastructure;</li> <li>restricted reserves; and</li> <li>operational land and buildings.</li> </ul> <p>The stormwater infrastructure was valued by the Council's in-house experts and peer reviewed by an independent external valuer. The restricted reserves and operational land and buildings were valued by independent valuers.</p> <p>I considered the valuation of property, plant, and equipment a key audit matter because of the significance of the amounts involved and the judgements applied.</p>	<p>We also assessed the reasonableness of unit rates used to estimate the replacement cost of the stormwater infrastructure assets.</p> <p>We considered how the unit rates were determined. This included considering inputs such as material costs and indexes and comparing these to sector information and relevant cost information.</p> <p>We obtained an understanding of the source data used for the valuations. We reviewed the data for errors or omissions.</p> <p>We assessed the overall valuation changes and sought explanations from the valuers for any significant or unusual changes in value.</p> <p>We evaluated whether the Auckland Council and Group have appropriately applied the requirements of the applicable financial reporting framework, including whether the disclosures in the financial statements were appropriate.</p> <p>For property, plant and equipment carried at fair value, but not subject to a revaluation this financial year, we made enquiries of Auckland Council and Group as to how it had been determined that an item or asset class carried at valuation was not materially different from its fair value. We assessed the reasonableness of the Auckland Council and Group's assertions.</p> <p>I am satisfied that the value of property, plant and equipment held at fair value in Auckland Council and Group's financial statements is reasonable and supportable and appropriately disclosed.</p>
<b>Valuation of the weathertightness and associated building defect claims provision</b>	
<p>Auckland Council recognises a provision for the cost of repairing Auckland homes impacted by weathertightness issues. Auckland Council's obligation extends to multi-unit dwellings as well as single homes.</p> <p>As discussed in Note D5 to the financial statements, in Volume 3 on pages 68 to 71, Auckland Council and Group recognised a provision of \$263 million for the year ended 30 June 2024, an increase of \$6 million since 30 June 2023. Multi-unit claims make up 86% of this provision.</p>	<p>We read the actuary's valuation report and met with the actuary to understand:</p> <ul style="list-style-type: none"> <li>the valuation methodology and any changes from last year;</li> <li>the key inputs and assumptions and any changes from last year; and</li> <li>the reasons for valuation changes from last year.</li> </ul>



Description of key audit matter	How we addressed this matter
<p>There are three different types of claims:</p> <ul style="list-style-type: none"> <li>active claims (\$155 million): those which have been lodged and are progressing through the resolution process;</li> <li>reported claims (\$33 million): those which have been lodged but are not yet progressing through the resolution process; and</li> <li>unreported claims (\$75 million): those which might be made but have yet to be lodged with, or identified by, Auckland Council and Group.</li> </ul> <p>I considered the valuation of the weathertightness and associated building defect claims provision a key audit matter because the valuation of the provision, by an actuary, is complex and subject to a high degree of judgement and estimation. There is also inherent uncertainty about how many claims might be made and what they might cost.</p>	<p>We assessed the actuary’s expertise for completing the work and their objectivity, including whether they had any other engagements or relationships with Auckland Council and Group.</p> <p>We assessed the valuation methodology and assumptions for compliance with the requirements of the applicable financial reporting standard, and for reasonableness. We did this based on our accumulated knowledge and experience of weathertightness issues relating to Auckland Council.</p> <p>We also engaged our own actuarial expert to assist with our review and challenge of the appropriateness of key judgments and assumptions in the valuations.</p> <p>We reassessed the reasonableness of last year’s estimates considering the current year valuation, as well as claim activity and settlements during the year.</p> <p>We agreed active claims data to representations from Auckland Council’s external legal advisers and reconciled the legal advisers’ loss reserve estimates to the actuary’s provision calculation.</p> <p>We made enquiries of Auckland Council’s in-house legal team and the actuary about any recent claims, court decisions, or any changes in legislation that could significantly affect Auckland Council and Group’s provision.</p> <p>I am satisfied that the provision recognised in Note D5 to the financial statements, in Volume 3 on pages 68 to 71 of the Auckland Council and Group’s financial statements for weathertightness and associated building defect claims is reasonable and supportable and appropriately disclosed.</p>
<b>Valuation of derivatives</b>	
<p>Auckland Council and Group use a number of different types of derivative financial instruments to mitigate risks associated with foreign currency and interest rate fluctuations that affect the Auckland Council and Group’s debt.</p> <p>Auckland Council and Group has in place a Treasury Management Policy that sets the parameters within which Auckland Council and Group must operate when entering into derivatives.</p>	<p>We obtained independent confirmation that all the derivatives existed and were recorded, and that their terms and conditions were accurately recorded.</p> <p>We carried out audit procedures that were appropriate to the nature of the derivatives and the uncertainties associated with determining their fair value.</p>

Description of key audit matter	How we addressed this matter
<p>Auckland Council and Group’s derivatives are recognised at fair value and are measured using discounted cash flow valuation techniques based on inputs from independently sourced market information.</p> <p>As discussed in Note C2 to the financial statements, in Volume 3 on pages 56 to 57, Auckland Council and Group reported derivative assets with a fair value of \$564 million, and derivative liabilities with a fair value of \$576 million at 30 June 2024.</p> <p>For the year ended 30 June 2024, as discussed in Note A6 to the financial statements, in Volume 3 on page 26, there was a net loss on derivatives of \$15 million recognised by Auckland Council and Group compared to a net gain of \$279 million in the prior year.</p> <p>I considered derivatives a key audit matter because there is judgement needed in their valuation, the values rely on assumptions, and the values are sensitive to small movements in market interest rates and foreign exchange rates.</p> <p>These can have a significant effect on the value of the derivatives and the consequential gain or loss that is recognised in the financial statements.</p>	<p>These audit procedures included a mix of the following:</p> <ul style="list-style-type: none"> <li>we estimated the fair value of a sample of derivatives using our internal valuation model;</li> <li>for more complex derivative valuations, we engaged financial instrument valuation specialists to estimate the fair value of a sample of derivatives; we assessed the specialists’ expertise and objectivity, and we considered the appropriateness of using the specialists’ work as audit evidence; and</li> <li>we compared our estimate of fair value to Auckland Council and Group’s fair value and assessed whether Auckland Council and Group’s fair value was within an acceptable valuation range.</li> </ul> <p>We also considered the interest rate risk disclosures in Note E1 to the financial statements, in Volume 3 on pages 78 to 79, and disclosures explaining the loss on derivatives in Note A6 to the financial statements, in Volume 3 on page 26.</p> <p>We assessed whether the information provided in the financial statements, would enable a reader to understand the impact on the fair value of interest rate swaps as a result of the movements in the interest rates and foreign exchange rates during the financial year.</p> <p>I am satisfied that the derivative valuations, and supporting information about derivatives, in Auckland Council and Group’s financial statements are reasonable and supportable and appropriately disclosed.</p>

### Emphasis of matter - Inherent uncertainties in the measurement of greenhouse gas emissions

The Council has chosen to include measures of greenhouse gas (GHG) emissions in its performance information. Without modifying my opinion, and considering the public interest in climate change related information, I draw attention to pages 89 to 90, and 52 to 53 of Volume 1, which outline the inherent uncertainties in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes used to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

### Other information

The Council is responsible for the other information included in the annual report. The other information comprises the information included in Volume 1 on pages 1 to 13, 18 to 35, 148 to 165 and 168 to 173, Volumes 2.1 to 2.21, other than the section referred to as “Our performance report”, Volume 3 on pages 1 to 7, 109, 114 to 115, 117 to 121 and 149 to 159 and Volume 4 but does not include the audited information and the disclosure requirements.

My opinion on the audited information and my report on the disclosure requirements do not cover the other information, and I do not express any form of audit opinion or assurance conclusion thereon.

In connection with my audit, my responsibility is to read the other information. In doing so, I consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or the knowledge obtained during my work, or otherwise appears to be materially misstated. If, based on my work, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### Responsibilities of the Council

The Council is responsible for meeting all legal requirements that apply to its annual report. The Council’s responsibilities include the preparation and fair presentation of the financial statements of the Auckland Council and Group in accordance with Public Benefit Entity Reporting Standards.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare information to be audited that is free from material misstatement, whether due to fraud or error.

In preparing the information for audit, the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of Auckland Council and the Group or there is no realistic alternative but to do so.

The Council’s responsibilities arise under the Local Government Act 2002, the Local Government (Financial Reporting and Prudence) Regulations 2014 and the Financial Markets Conduct Act 2013.

### Responsibilities of the auditor for the audited information

My objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General’s Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, my procedures were limited to checking that the budget information agreed to Auckland Council and Group’s annual plan.

I did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General’s Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. Also, I:

- Identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Auckland Council and Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- Determine the appropriateness of the intended levels of service reported in the performance information by groups of activities of Auckland Council and Group and the performance reports for local activities for each local board, as a reasonable basis for assessing the levels of service achieved and reported by Auckland Council and Group.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on Auckland Council and Group’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause Auckland Council and Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. I am responsible for the direction, supervision and performance of the audit of the Group. I remain solely responsible for my audit opinion.



I communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the Council with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the Council, I determine those matters that were of most significance in my audit and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

My responsibilities arise from the Public Audit Act 2001.

Andrew McConnell  
Deputy Controller and Auditor-General  
Wellington, New Zealand  
26 September 2024

## Ngā herenga mō NZX me ētahi rārangi tauhokohoko **NZX and other exchange listing requirements**

This section provides information on waivers granted by NZX and requirements of other exchange listings



▲ Madills Farm football

## Summary of waivers granted by NZX

For the purposes of NZX Listing Rule 3.7.1(g), the council discloses that, in the 12-month period preceding 30 June 2024, the council has relied on:

- a waiver from NZX Listing Rules 3.6.1(b)(ii) and 3.6.3 dated 23 January 2020.

This waiver was granted from NZX Listing Rules 3.6.1(b)(ii) and 3.6.3 to the extent that these rules require the council to send to Security Holders a hard copy, or a notice that they can request a hard copy, of its annual report. The effect of the waiver is that the council must send (on request), instead of its annual report, its audited consolidated financial statements, together with the information required by the Listing Rules in relation to the annual report. It must ensure its most recent annual reports are available in hard copy at council-designated public locations.

## Spread of public bondholders at 2 August 2024

Holding range	Number of bondholders	Value held (\$)	Percentage of bonds held
5,000 to 9,999	31	191,000	0.01
10,000 to 49,999	402	8,720,000	0.61
50,000 to 99,999	118	7,326,000	0.51
100,000 to 499,999	97	18,731,000	1.31
500,000 to 999,999	27	16,934,000	1.18
1,000,000 +	63	1,378,098,000	96.38
<b>Total</b>	<b>738</b>	<b>1,430,000,000</b>	<b>100.00</b>

## The top 20 NZX listed bondholders of the group as at 2 August 2024 were:

Entity	Holding (\$)
Accident Compensation Corporation	194,450,000
BNP Paribas Nominees (NZ) Limited - BPSS40	138,789,000
Westpac New Zealand Limited	113,000,000
HSBC Nominees (New Zealand) Limited O/A Euroclear Bank	109,633,000
Tea Custodians Limited Client Property Trust Account	96,114,000
Custodial Services Limited	75,383,000
HSBC Nominees (New Zealand) Limited	67,972,000
Citibank Nominees (New Zealand) Limited	59,226,000
Forsyth Barr Custodians Limited	46,522,000
FNZ Custodians Limited	46,095,000
ASB Bank Limited - Treasury Division	30,000,000
Kiwibank Limited - NZCSD	30,000,000
Pin Twenty Limited	26,950,000
Public Trust (American Income Life Insurance Company)	24,500,000
HSBC Nominees A/C NZ Superannuation Fund Nominees Limited	24,000,000
ANZ Custodial Services New Zealand Limited	23,375,000
ANZ Fixed Interest Fund	21,522,000
Industrial and Commercial Bank of China (New Zealand) Limited	20,000,000
TSB Bank Limited	20,000,000
ANZ Wholesale NZ Fixed Interest Fund	17,161,000
	<b>1,184,692,000</b>

## Other exchange listings

In addition to NZX, Auckland Council Group also has foreign bonds listed on Swiss Exchange and Singapore Stock Exchange.

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

## Ngā rerekētanga matua i waenga i ngā Paerewa Kaute o IFRS me PBE

### Main differences between IFRS and PBE Accounting Standards

#### Introduction

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

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

The key differences in recognition and measurement between PBE Accounting Standards applicable to the group and IFRS (applicable to annual periods beginning on or after 1 July 2022) are set out below. Differences that impact only on presentation and disclosure have not been identified.

#### PBE Accounting Standards with comparable IFRS equivalent

##### Formation of Auckland Council Group

#### **PBE**

PBE IFRS 3 *Business Combinations* contains a scope exemption for business combinations arising from local authority reorganisations. This scope exemption is carried forward from NZ IFRS 3 (PBE) *Business Combinations*, the standard that was applicable to the group at the time it was formed on 1 November 2010 as a result of the amalgamation of eight predecessor Auckland local authorities.

Under the exemption, all assets and liabilities of the predecessor local authorities were recognised by the group using the predecessor values of those assets and liabilities. The initial value at which those assets and liabilities were recognised by the group is deemed to be their cost for accounting purposes.

#### **IFRS**

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

#### **Impact**

The impact of the above accounting treatment is that the carrying value of the assets and liabilities received were not remeasured to fair value and no additional assets and liabilities such as goodwill and contingent liabilities, or a discount on acquisition were recognised as would have been required if the transaction was accounted for as a business combination under IFRS 3.

#### **Business combinations**

#### **PBE**

PBE IPSAS 40 *PBE Combinations* has a broader scope compared to IFRS 3 *Business Combinations*. The scope of PBE IPSAS 40 includes combinations that are acquisitions and combinations that are amalgamations, such as combinations under common control.

Acquisitions are accounted for using the acquisition method consistent with the requirements of IFRS 3.

PBE IPSAS 40 contains additional guidance on the accounting for amalgamations. Amalgamations are accounted for using the modified pooling of interest method, where the resulting entity recognises the combining operations' assets, liabilities at their historical values as at the amalgamation date.

**IFRS**

All transactions in the scope of IFRS 3 are accounted for applying the acquisition method.

IFRS 3 does not contain guidance on the accounting for amalgamations. Therefore, under IFRS, an entity would need to adopt a policy on accounting for combinations under common control, either applying acquisition accounting or predecessor accounting.

**Impact**

Accounting for acquisitions is similar under both IFRS 3 and PBE IPSAS 40.

The accounting for amalgamations is also similar under PBE IPSAS 40 and IFRS, if, under IFRS, the entity's accounting policy for such transactions is to apply predecessor accounting.

**Property, plant and equipment****PBE**

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

**IFRS**

IFRS requires asset revaluations to be accounted for on an asset-by-asset basis.

**Impact**

Decreases on revaluation will be recognised in operating surplus except to the extent there is sufficient asset revaluation reserves surplus relating to the same class of assets under PBE Accounting Standards and relating to the same asset under IFRS. This difference could result in higher operating results under PBE Accounting Standards where there is a decrease in the carrying value of an asset. This is because, to the extent that there is sufficient revaluation surplus in respect of the same asset class (as opposed to the same asset), the group recognises a revaluation decrease in asset revaluation reserves.

**Borrowing costs****PBE**

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

**IFRS**

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

**Impact**

This difference results in the group's property, plant and equipment value, and subsequent depreciation expense, being lower than they would be under IFRS. In addition, there is higher interest expense in the periods in which qualifying assets are constructed.

**Impairment of Assets****PBE**

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

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

**IFRS**

IFRS does not provide specific guidance for the impairment of non-cash-generating assets. The value in use of an asset or a cash generating unit is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

**Impact**

Assets with future economic benefits that are not primarily dependent on the asset's ability to generate cash and may not be impaired under PBE Accounting Standards because of the asset's ability to generate service potential might be impaired under IFRS due to limited generation of cash flows. The group's asset values may therefore be higher under PBE Accounting Standards because some impairment may not be required to be recognised, that would be required to be recognised under IFRS. Further, the value in use of an asset may be different under PBE Accounting Standards due to differences in calculation methods.

**PBE Accounting Standards that have no IFRS equivalent / IFRS equivalent is not comparable**

The following standards provide guidance on the same or similar topics but are not directly comparable. The comparison below identifies the key recognition and measurement difference.

**Revenue from non-exchange transactions****PBE**

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

PBE IPSAS 23 *Revenue from Non-Exchange Transactions* deals with revenue from non-exchange transactions. The group's non-exchange revenue includes revenue from general rates, fuel tax, grants and subsidies.

Fees and user charges derived from activities that are partially funded by general rates are also considered to be revenue arising from non-exchange transactions.

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

**IFRS**

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

**Impact**

The group's accounting policy may lead to earlier recognition of revenue from non-exchange transactions than if it was recognised under IAS 20. It may also result in differences in asset values in relation to grants related to assets.

**Revenue from exchange transactions****PBE**

As discussed above, the PBE Accounting Standards require revenue to be classified as revenue from exchange or non-exchange transactions.

PBE IPSAS 9 *Revenue from Exchange Transactions* deals with revenue from exchange transactions. The group's exchange revenue includes revenue from fees and user charges (water and wastewater charges, development contributions, infrastructure charges, port operations, consents, licences and permits) and revenue from sales of goods.

The group recognises revenue related to services on a percentage of completion basis over the period of the service supplied. Revenue from sale of goods is recognised when the substantial risks and rewards of ownership have been passed to the buyer.

**IFRS**

IFRS 15 *Revenue from Contracts with Customers* introduces a single revenue model for contracts with customers. It does not distinguish between sales of goods and services. It defines transactions based on performance obligations, which are promises to transfer goods or services in a contract with a customer.

The core principle of the standard is that revenue is recognised as a result of the entity satisfying performance obligations or promises to transfer goods or services at an amount that reflects the consideration that it expects to be entitled to in exchange for those goods or services. These may be satisfied over time versus at a point in time based on when control of the good or service transfers to a customer.

**Impact**

The group's accounting policy may result in a different timing of recognition of revenue from exchange transactions compared to IFRS 15.

For example, IFRS 15 contains more detailed guidance on identifying distinct performance obligations in a contract and allocating the consideration to these based on the standalone selling price of the performance obligations. This may result in some revenue recognised earlier or later than under PBE IPSAS 9.

Further, IFRS 15 contains detailed guidance on the accounting treatment of variable consideration which may result in change in timing of recognising revenue related to items such as rebates and price concessions.

The impact of these differences may result in revenue recognised earlier/later in the contract period however it should not impact on the total revenue recognised during the contract term.

**Service Concession Arrangement (also known as Public Private Partnership Arrangements)****PBE**

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

PBE IPSAS 32 requires the grantor (public entity) to recognise the service concession asset and a corresponding liability on its statement of financial position. The liability can be a financial or other liability or a combination of the two depending on the nature of the compensation of the operator.

A financial liability is recognised if the grantor compensates the operator by the delivery of cash or another financial asset. A non-financial liability is recognised if a right is granted to the operator to charge the users of the public service related to the service concession asset (liability for unearned revenue).

**IFRS**

IFRS contains no specific guidance addressing the accounting by the grantor (public entity) in a service concession arrangement. However, IFRS contains guidance for the operator's accounting (private entity).

**Impact**

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

**Fair Value Measurement****PBE**

There is no specific standard in the PBE Accounting Standards, however a number of PBE Accounting Standards contain guidance on the measurement of fair value in specific context (for example PBE IPSAS 17 *Property, Plant and Equipment* and PBE IPSAS 41 *Financial Instruments*).

**IFRS**

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

**Impact**

The application of IFRS 13 may result in differences in the measurement of certain property, plant and equipment compared to PBE IPSAS 17 and financial assets and liabilities compared to PBE IPSAS 41.

**Lease accounting****PBE**

Under PBE IPSAS 13 Leases, the group's current accounting policy is to make a distinction between finance leases and operating leases.

Finance leases are recognised on the statement of financial position.

Operating leases are not recognised on the statement of financial position, instead, payments are recognised in the statement of financial performance on a straight-line basis or another systematic basis that is more representative of the pattern of the lessee's benefit.

**IFRS**

IFRS 16 *Leases* requires the lessee to recognise almost all lease contracts on the statement of financial position; the only optional exemptions are for certain short-term leases and leases of low-value assets.

There is no significant difference in respect of the accounting treatment applicable to lessors, or for lessees in contracts classified as finance leases under PBE IPSAS 13.

**Impact**

Where the group is the lessee in contracts classified as operating leases under its current accounting policy, applying IFRS 16 would result in the group having to recognise a 'right-of-use' asset (that is, the asset that reflects the right to use the leased asset) and a corresponding lease liability (obligation to make lease payments) on its statement of financial position.

Further, applying IFRS 16 would result in the group having to recognise interest expense on the lease liability and depreciation on the 'right-of-use' asset. Due to this, for lease contracts currently classified as operating leases, the total amount of expenses at the beginning of the lease period would be higher than under the current accounting policy of the group.

There is no significant difference where the group is a lessor in the lease arrangement or a lessee in contracts classified as a finance lease under PBE IPSAS 13.

## Te papakupu whāiti

# Glossary

### Activity or service

The services the council provides to the community. This includes things like running buses, collecting rubbish and maintaining parks.

### Amortisation

The systematic allocation of the value of an intangible asset over its useful life.

### Annual Plan, Annual Budget

The plan that sets out what the council seeks to achieve in a financial year, the services we will provide, how much money will be spent and where that money will come from.

### Annual report

A document that tracks the group and the council's annual performance and reports against the relevant annual budget.

### Associates

Entities that the group and/or the council have significant influence over. Our share of the associates' surplus/deficit and net assets is recorded in the group and the council financial statements.

### Auckland Council

The local government of Auckland established on 1 November 2010. Auckland Council is made up of the Governing Body, 21 local boards and Auckland Council organisation (operational staff).

### Auckland Council Group

The group consists of the council, and its subsidiaries (council-controlled organisations and Port of Auckland Limited), associates and joint ventures.

### Auckland plan

A 30-year plan for Auckland. Required by the legislation that established Auckland Council, it is a comprehensive long-term strategy for Auckland's growth and development, and includes social, economic, environmental and cultural goals that support the vision for Auckland to become a world-class city.

### Better-off funding

Funding was received from central government in 2022/2023 related to the water services reform programme. The funding was provided to fund operating expenditure in the short-term and in line with funding criteria. The legislation for water services reform programme was repealed in 2023/2024.

### Budget

The itemised formally adopted estimate of expected revenue and expenditure through 10-year budget/annual budget for a given period.

### Capital expenditure

Spending on buying or building new assets and renewing existing assets. The capital expenditure includes the amount paid to purchase Risk Category 3 damaged properties. Land purchased is intended to be used as public open space reserves, stormwater reserves that reduce flood risk, or in some cases parts of the land purchased may be sold. The purchased properties are valued in accordance with our accounting policies, and the resulting values are different from the acquisition costs.

### City Rail Link (CRL)

A rail project in central Auckland designed to connect the Britomart Transport Centre with the Western Line at Mount Eden Railway Station. The project is delivered by City Rail Link Limited (CRL). Refer to note F3.

### Council-controlled organisation (CCO)

A company or other entity under the control of local authorities through their shareholding of 50 per cent or more, voting rights of 50 per cent or more, or right to appoint 50 per cent or more of the directors. Some organisations may meet this definition but are exempted as CCOs.

### Credit Support Annexures (CSAs)

An agreement which provides collateral for derivative transactions. The purpose is to reduce credit risk to a counterparty by providing security.

### Depreciation

This represents the reduction in the value of assets over time. When applied on intangible assets, such as IT programmes, it is known as amortisation.

### Development contributions

A charge paid by developers to the council when they build or subdivide property. The council uses this money to help pay for the new assets such as roads, pipes and parks that are needed to support the new households or businesses that will occupy the new properties that have been developed.

### Effective interest method

A method of calculating the amortised cost of a financial instrument and of allocating the interest revenue or expense over the relevant period by using the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

### Fair value

Amount which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction.

### Financial Markets Conduct Act 2013 (FMCA 2013)

The Financial Markets Authority regulates capital markets and financial services in New Zealand. It is governed by the Financial Markets Conduct Act 2013, which promotes confident and informed participation of businesses, investors, and consumers in the financial markets; and promotes and facilitates the development of fair, efficient, and transparent financial markets.

### Governing Body

The Governing Body is made up of the mayor (elected city wide) and 20 councillors (elected on a ward basis). It shares its responsibility for decision-making with the local boards. It focuses on the big picture and on region-wide strategic decisions. Because each ward may vary in population, some wards have more than one councillor.

### Grants and subsidies

Money that someone pays to the council to cover (or help cover) the cost of providing a service to Aucklanders. Sometimes grants also refers to money the council pays to a community organisation to provide services to Aucklanders, rather than council providing those services directly.

### Green bonds

Bonds issued to finance projects or assets that deliver positive environmental outcomes or refinance corporate debt that supports these projects or assets.

### Green bond framework

The document which outlines how the council proposes to issue and manage its green bonds on an ongoing basis.

### Group of activities

One or more related activities provided by, or on behalf of the group and the council.

### Infrastructure growth charge

Amount collected by Watercare Services Limited from property owners or developers applying for new connections to help fund new infrastructure required by growth.

### Joint ventures

Contractual arrangements whereby the group or the council undertakes an economic activity that is subject to joint control or an interest in an entity with an external party.

### Legacy councils

The eight former territorial authorities in the Auckland region that were disestablished on 31 October 2010. They comprise Auckland City Council, Auckland Regional Council, Franklin District Council, Manukau City Council, North Shore City Council, Papakura District Council, Rodney District Council and Waitakere City Council.

### Local boards

There are 21 local boards which share responsibility for decision-making with the Governing Body. They represent their local communities and make decisions on local issues, activities, and facilities.

### Local Government Act 2002 (LGA 2002)

Legislation that defines the powers and responsibilities of territorial local authorities, such as Auckland Council.

### Local Government (Auckland Council) Act 2009 (LGACA 2009)

The act establishes Auckland Council as a unitary authority for Auckland; and sets out its structure, functions, duties, and powers that differ from the general provisions applying to local authorities under the Local Government Act 2002 and certain other enactments. Also determines the management of transport and water supply and wastewater services for Auckland and sets out requirements relating to substantive council-controlled organisations.

### Local Government (Financial Reporting and Prudence) Regulations 2014

Regulations promoting cautious financial management by local authorities requiring disclosure of performance in relation to benchmarks as a single entity and not including subsidiaries. Auckland Council must disclose, in its disclosure statements, its performance and that of its subsidiaries as a single entity.

### Local Government (Rating) Act 2002 (LGRA)

Defines how territorial local authorities such as Auckland Council can set, assess and collect rates.

### Local Government Funding Agency (LGFA)

An organisation jointly owned by most local authorities in New Zealand and the central government to borrow on behalf of the sector.

### Long-term plan

Also commonly referred to as the LTP and the 10-year Budget. This sets out the council's activities, projects, policies, and budgets for a 10-year period.

### Net debt

Net debt is stated after deducting cash and term deposits with maturities greater than 90 days. The latter which are presented as other financial assets in the financial statements.

### Operating expenditure

Money that the council spends on providing services in the current financial year, as opposed to building things that will provide services for years to come. It also includes paying grants spending money on staff and contractors to do process building consents, open libraries, run buses and maintain parks. It also includes things like paying grants to community organisations and paying interest on money the council has borrowed.

### Optimised replacement cost

A valuation method used to estimate the price of constructing or buying a modern equivalent asset.

### Rates

A tax against the property to help fund services and assets that the council provides.

### Risk Category 2P

Grant funding is provided for properties where there is assessed to be an intolerable risk to life from a future storm event for which there is a feasible mitigation at a property level.

### Risk Category 3

Funding is provided for the purchase of properties as a result of severe weather events. The properties are assessed by Auckland Council to represent an intolerable risk to life with land instability or flooding and for which there are no feasible mitigation solutions. Residential properties assessed as category 3 are eligible for a buy-out.

**Service concession arrangement**

A binding arrangement between grantor and operator in which,

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

**Service concession assets**

Assets used to provide public services in a service concession arrangement.

**Shovel-ready funding**

In 2020, the central government announced \$2.5 billion funding for 150 projects across New Zealand to stimulate recovery of the New Zealand economy in response to COVID-19. Infrastructure and environmental restoration projects were targeted where physical works were able to start within a year.

**Subsidiaries**

Entities over which the group and the council have the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

**Ward**

An administrative and electoral area of Auckland Council. There are 13 in Auckland Council's area.

**Water space licence**

Water space around Wynyard Quarter subject to a coastal permit which is held by the group for rental return and/or capital growth.



▲ Sailing on Waitematā Harbour

## Me pēhea te whakapā mai ki te kaunihera

# How to contact the council

**Online**

[aucklandcouncil.govt.nz/contactus](https://aucklandcouncil.govt.nz/contactus)

**Phone**

09 301 0101

**Post**

Auckland Council, Private Bag 92300, Auckland 1142

**Locations that offer council services****Aotea / Great Barrier Island**

75 Hector Sanderson Road, Claris, Great Barrier Island

**City Centre Library**

44-46 Lorne Street, CBD

**Helensville**

49 Commercial Road, Helensville

**Waitākere Central Library (Henderson)**

3 Ratanui Street, Henderson

**Kumeū Library**

296 Main Road (SH16), Kumeū

**Manukau Library**

3 Osterley Way, Manukau

**Ōrewa Library**

12 Moana Avenue, Orewa

**Papakura Sir Edmund Hillary Library**

1/209 Great South Road, Papakura

**Pukekohe Library, Franklin**

The Centre, 12 Massey Avenue, Pukekohe

**Takapuna Library**

9 The Strand, Takapuna

**Te Manawa**

11 Kohuhu Lane, Westgate

**Waiheke Library**

131-133 Oceanview Road, Oneroa, Waiheke Island

**Warkworth Library**

2 Baxter Street, Warkworth

For opening hours and a list of services available at each service centre, visit <https://www.aucklandcouncil.govt.nz/report-problem/visit-us/Pages/default.aspx>



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