

# **Auckland Council Investments Limited**

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## **STATEMENT OF INTENT**

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**For the period from 1 July 2014 to 30 June 2017**

**He maungārongo ki te whenua.  
He whakaaro pai ki ngā tāngata katoa.**

**Tuia ki te rangi  
Tuia ki te whenua  
Tuia ki te ngākau o te tangata.**

**Ki ngā Mate - haere.**

**Ki te Hunga Ora – Nau mai – Haere mai.**

**Ki ngā Mana Whenua e tau nei – Tena koutou.**

**E kui mā.  
E koro mā.  
E raurangatira ma.**

**Tena koutou katoa.**

May there be peace on earth and goodwill to all people.

The tapestry of life that binds the earth and heaven,  
Is held within the hearts of the people.

We acknowledge our loved ones who have passed on – farewell.

To those who live here, welcome

To the first people of this land, greetings.

To our elders, our friends and our colleagues – greetings to you all.

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## 1. INTRODUCTION

Auckland Council Investments Limited (ACIL) owns Ports of Auckland Limited (POAL), Auckland Film Studios Limited (AFSL), a large equity holding in Auckland International Airport Limited (AIAL); and manages the diversified financial assets portfolio (DFAP) on behalf of the Auckland Council (Council).

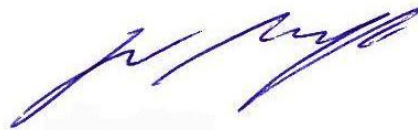
The purpose of ACIL is to support the Council's vision and to bring a strong commercial focus to the ownership and management of the Council's investments in POAL, AIAL, AFSL and the DFAP and to provide an efficient structure for the ownership of these assets.

Sound commercial governance of these assets, within the parameters set by the Council (while acknowledging that the Council/ACIL will be in a position of some influence, but not control, of AIAL), is important. ACIL's role is to endeavour to maximise their contribution to the Auckland economy and provide substantial financial returns, which are financially sustainable in the long term, to the Council.



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Simon Allen  
Chairman



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Gary Swift  
Chief Executive

## **2. STRATEGIC DIRECTION AND STRUCTURE**

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

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

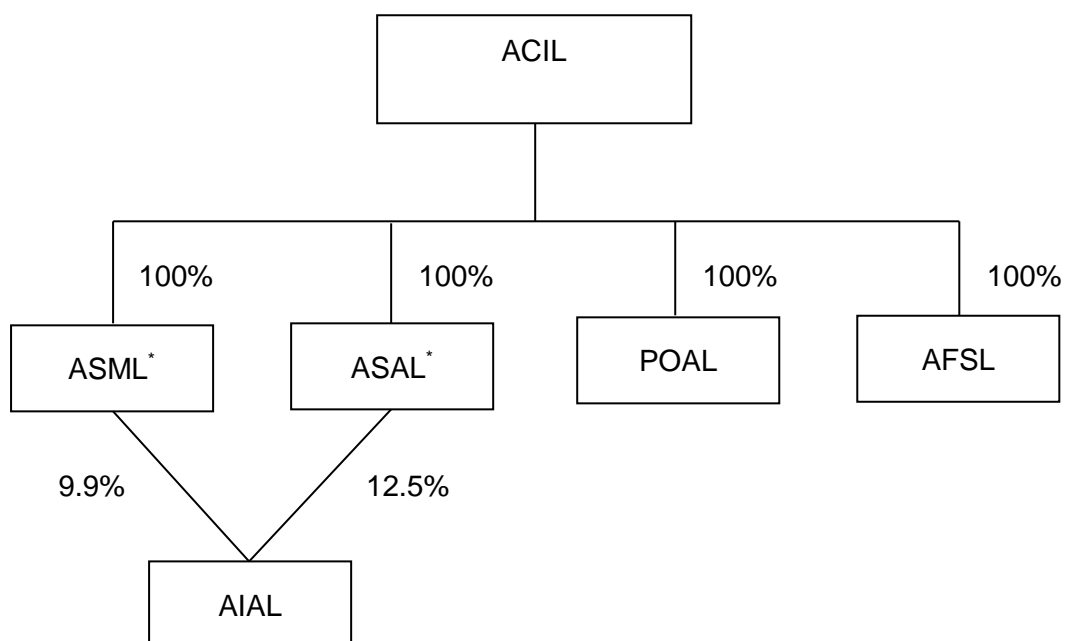
ACIL acknowledges that it is Auckland Council's role is to set the overall strategy and determine the outcomes ACIL are to deliver. ACIL will strive to deliver the set outcomes effectively and efficiently and provide value for money to the Auckland ratepayers.

ACIL will continue to focus on working collaboratively across the council group to deliver Council's strategies. ACIL recognizes that working together is particularly important as the group moves from a focus on strategy, policy and plan development, to accelerated implementation and delivery.

### 3. NATURE AND SCOPE OF ACTIVITIES

This SOI covers ACIL and its subsidiaries. ACIL is a Public Benefit Entity for financial reporting purposes as it manages key strategic assets of the Council for the long term economic benefit of the Auckland region.

The ownership of ACIL's equity investments by companies within the ACIL Group as at 1 July 2013 is shown in the following diagram:



\* ASML – Airport Shares (Manukau) Limited,  
ASAL – Airport Shares (Auckland) Limited

In addition ACIL manages the DFAP, a portfolio of financial assets owned by the Council, in accordance with a Council approved Statement of Investment Policy and Objectives (SIPO).

#### 4. INTERVENTION LOGIC FRAMEWORK

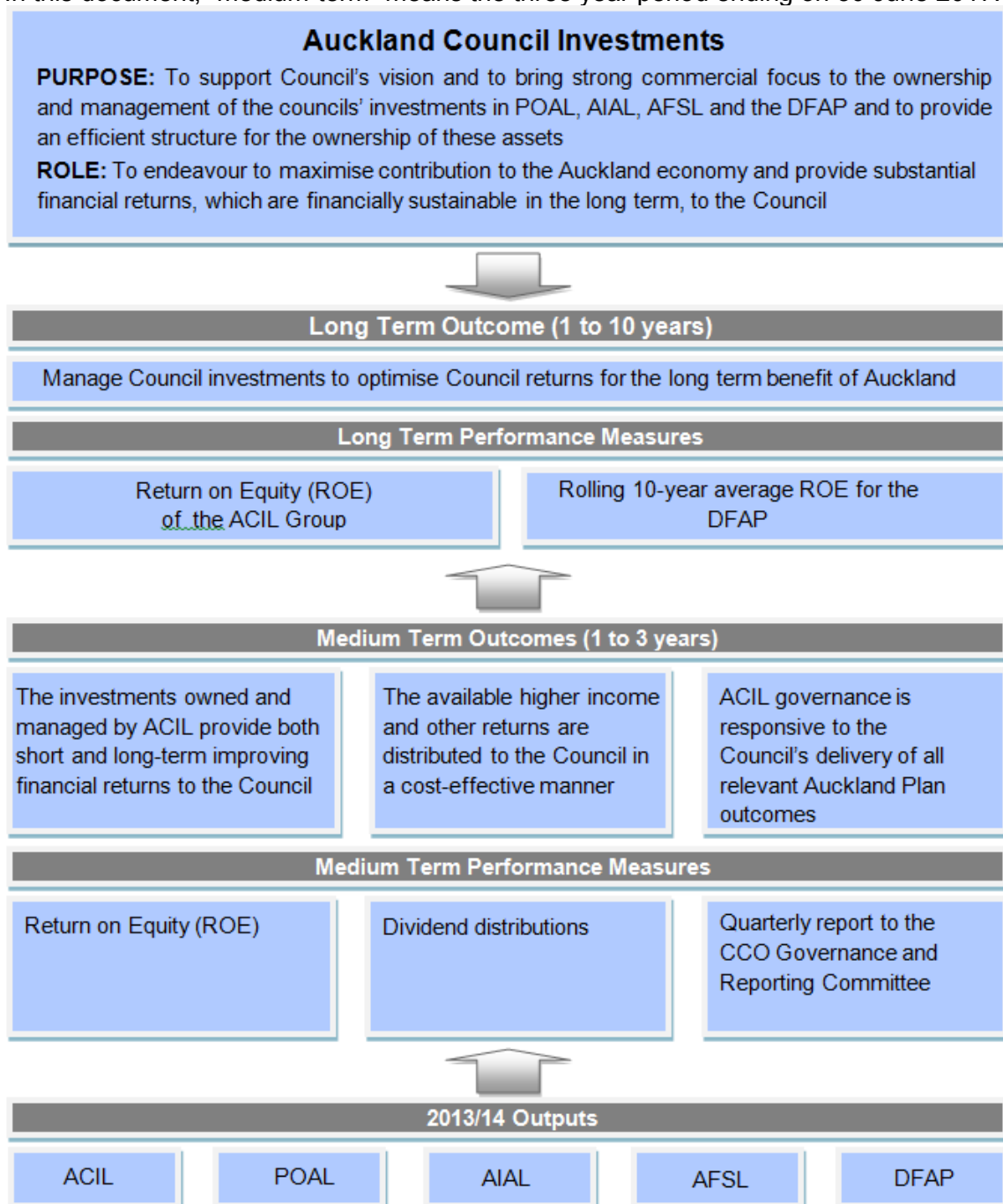
This framework shows how the purpose and role of ACIL is reflected in:

- a. long-term outcomes and their related performance measures and
- b. medium-term outcomes and their related performance measures.

The long-term outcomes have been taken from the Auckland Plan, while the medium-term outcomes are in the Statements of Intent issued each year.

The various outcomes, measures, performance targets and outputs are recorded in section 5 of this SOI.

In this document, “medium-term” means the three year period ending on 30 June 2017.



## 5. PERFORMANCE MEASUREMENT

### a. Long-term outcome, performance measures and performance targets

Being a Public Benefit Entity, ACIL has two aspects to its activities: one focuses on financial returns and the other on wider economic and social benefits to the Auckland Region. In order to support the two long-term performance measures, ACIL will take a long-term strategic approach to the management of its investments and where appropriate will integrate economic and social considerations in its decision-making process.

Relative to Auckland Council's level of investment in POAL, AIAL and AFSL, ACIL is expected to make significant contributions to "Te pai me te whai rawa o Tamaki" ("an Auckland of prosperity and opportunity"), and "a well-connected and accessible Auckland".

Outcome	Long term performance measure	Performance targets as per the Long Term Plan				Progress	
Manage Council investments to optimise Council returns for the long-term benefit of Auckland	Return on Equity (ROE) of the ACIL Group					2010/11 actual	9.7% (annualised)
						2011/12 actual	15.5%
		2012/13	5.8%	2017/18	13.5%	2012/13 actual	11.2%
		2013/14	6.6%	2018/19	7.9%	2013/14 forecast	6.7%
		2014/15	13.1%	2019/20	8.4%	2014/15 forecast <sup>1</sup>	12.9%
		2015/16	7.6%	2020/21	13.5%	2015/16 forecast <sup>2</sup>	8.6%
	2016/17	7.6%	2021/22	8.0%	2016/17 forecast <sup>2</sup>	9.0%	
	Rolling 10-year average ROE for the DFAP	2012/13 to 2021/22 - Equal or exceed ROE on reference portfolio					

<sup>1</sup> The forecast ROE for the years 2014/15 to 2016/17 have been amended so that they are the same as the targets in the 2014/15 Draft Annual Plan and are therefore different to the long-term targets in the LTP. The reduction in the forecast ROE (in comparison with the LTP targets) is due to the increase in the shareholders funds of AIAL in prior years and consequently higher ACIL's shareholders funds.



**b. Medium-term outcomes, performance measures and performance targets**

Medium-term outcomes	Medium-term performance measures	Performance targets	Progress and previous year target	
The investments owned or managed by ACIL provide both short and long-term improving financial returns to the Auckland Council	Operating Surplus after Tax of ACIL Parent		2011/12 actual	\$30.6 m
			2012/13 actual	\$45.3 m
			2013/14 target	\$45.2 M
		2014/15	\$58.3m	
		2015/16	\$61.5m	
		2016/17	\$66.4m	
	Return on Equity of the ACIL group		2011/12 actual	15.5%
			2012/13 actual	11.2% <sup>2</sup>
			2013/14 target	6.7%
		2014/15	12.9% <sup>4</sup>	
		2015/16	8.6%	
		2016/17	9.0%	
The available higher income and other returns are distributed to the Council in a cost-effective manner	Dividend Distributions		2011/12 actual	\$30.0 m
			2012/13 actual	\$45.0 m
			2013/14 target	\$45.2 m
		2014/15	\$58.3m	
		2015/16	\$61.5m	
		2016/17	\$66.4m	
ACIL governance is responsive to the Council's delivery of all relevant Auckland Plan outcomes	Annual report outlining contributions made by ACIL's investments to Auckland Plan outcomes		2013/14 target	New measure
		The report is provided annually		

<sup>2</sup> The actual ROE for 2011/12 and the target for 2014/15 are higher than that for the other years because of the triennial revaluation of property, plant and equipment in the ACIL Group

(i) ACIL

Medium-term outcomes	2014/15 Outputs (what Council receives)	Performance measures	Performance targets		Progress and previous year target	
The investments owned or managed by ACIL provide both short and long-term improving financial returns to the Auckland Council	ACIL generates financial returns for the Council by acting commercially, within the constraints of the Accountability Policy	Operating Surplus after Tax of ACIL Parent		2011/12 actual	\$30.6 m	
				2012/13 actual	\$45.3 m	
				2013/14 target	\$45.2 M	
			2014/15	\$58.3m		
		Return on Equity of the ACIL Group		2011/12 actual	15.5%	
				2012/13 actual	11.2%	
				2013/14 target	6.7%	
			2014/15	12.9%		
The available higher income and other returns are distributed to the Council in a cost-effective manner	ACIL distributes financial returns to the Council by acting commercially, within the constraints of the Accountability Policy	Dividend Distributions		2011/12 actual	\$30.0 m	
				2012/13 actual	\$45.0 m	
				2013/14 target	\$45.2 m	
			2014/15	\$58.3m		
ACIL governance is responsive to the Council's delivery of all relevant Auckland Plan outcomes	ACIL monitors activities and strategy of POAL, AIAL and AFSL	Quarterly report to the Accountability and Performance Committee		2011/12 actual	Reports provided	
				2012/13 actual	Reports Provided	
				2013/14 target	Reports provided	
	ACIL and its subsidiaries have regard to the Environmental, Social and Governance considerations				The quarterly report containing timely and quality information is provided within specified timeframes and meets requirements of the Shareholder's Expectations Guide	

In order to support the medium-term outcomes and to achieve the desired outputs ACIL will:

- Be accountable<sup>3</sup> for the prudent governance and management of the Council's investments by meeting all Council accountability requirements
- Communicate with the Council and other CCOs regarding opportunities and synergies with ACIL to deliver Auckland Plan outcomes
- Provide information to the Council in relation to any major proposals relating to ACIL assets
- Encourage POAL, AIAL, and AFSL to act as good neighbours and good corporate citizens
- Develop its knowledge and understanding of Maori culture and traditions and encourage POAL, AIAL and AFSL to apply the Council's Maori Responsiveness Framework in those companies.

**(ii) POAL**

Medium-term outcomes	2014/15 Outputs (what Council receives)	Performance measures	Performance targets	Progress and previous year target	
The investments owned or managed by ACIL provide both short and long-term improving financial returns to the Auckland Council	Competent Directors are appointed to the POAL Board	Timely consideration of relevant information with regard to candidates for appointments		2011/12 actual	Competent Directors appointed
				2012/13 actual	Competent Directors appointed
				2013/14 target	Competent Directors appointed
				Competent Directors are appointed	
		Report to Auckland Council about proposed appointments		2011/12 actual	Council kept fully informed
				2012/13 actual	Council kept fully informed
				2013/14 target	Council is kept fully informed
				Auckland Council is kept fully informed and consulted in advance about proposed appointments	

<sup>3</sup> Needs to be read in conjunction with Section 7

	Progress towards the target of increasing financial returns from POAL is closely monitored	Return on Equity <sup>4</sup>	2011/12 actual	6.1%
			2012/13 actual	7.6%
			2013/14 target	9.9%
			ROE increases to 11.6% by 30 June 2015 <sup>5</sup>	

In order to support the medium-term outcome and to achieve the desired outputs ACIL will:

- Require POAL to continue to develop and implement its long-term strategy to improve POAL's profitability
- Provide guidance to POAL regarding the long-term interests of the region and its economy
- Provide guidance (to POAL and the Council) in the management of boundary issues associated with the broader development aspirations of Waterfront Auckland and the Waterfront Development Masterplan and encourage the POAL board to consider options to resolve any conflicts
- Monitor the POAL Board activities to ensure that they are engaged in good faith bargaining and using their best endeavours to resolve the dispute with the Maritime Union of New Zealand to settle the terms of a collective agreement with them
- Monitor and report to the Council performance of POAL through review of KPIs<sup>6</sup> which relate to increases in the:
  - Crane rate to 35.0 by 30 June 2015<sup>7</sup>
  - Ship rate to 83.9 by 30 June 2015<sup>8</sup>
  - Vessel rate to 74.2 by 30 June 2015<sup>9</sup>
- Encourage POAL to operate in such a way that it contributes to the Council's Greenhouse Gas Emissions target to reduce GHG emissions by 40% by 2040 based on 1990 levels
- Encourage POAL to increase focus and reporting on the contribution to Māori through specific initiatives, engagement and business performance

<sup>4</sup> POAL's ROE is calculated as normalised net profit after tax divided by closing equity

<sup>5</sup> ACIL expects the ROE to increase to 12% by 30 June 2016. ACIL's expectation is that these performance targets can be achieved under a new collective agreement for the operation of the container terminal

<sup>6</sup> These productivity measures will be reviewed and amended if required by 31 July 2013

<sup>7</sup> Crane rate is the number of containers a crane lifts on and off a container ship in an hour (as reported by the Ministry of Transport)

<sup>8</sup> Ship rate is the number of containers moved on and off a container ship in an hour (as reported by the Ministry of Transport)

<sup>9</sup> Vessel rate is the number of containers moved on and off a container ship in an hour of labour (as reported by the Ministry of Transport)

(iii) AIAL

Medium-term outcomes	2014/15 Outputs (what Council receives)	Performance measures	Performance targets	Progress and previous year target	
The investments owned or managed by ACIL provide both short and long-term improving financial returns to the Auckland Council	Exercise voting rights in AIAL on all decisions/motions requiring shareholder input	Timely consideration of relevant information with regard to the decision being made	Voting rights are exercised	2011/12 actual	Voting rights exercised
				2012/13 actual	Voting rights exercised
				2013/14 target	Voting rights exercised
		Advise Council on proposed decisions/motions	Council is kept fully informed about proposed decisions/motions	2011/12 actual	Council kept fully informed
				2012/13 actual	Council kept fully informed
				2013/14 target	Council is kept fully informed

In order to support the medium-term outcomes and to achieve the desired outputs ACIL will:

- Encourage AIAL to operate in such a way that they contribute to the Council's Greenhouse Gas Emissions target to reduce GHG emissions by 40% by 2040 based on 1990 levels.
- Encourage AIAL to increase focus and reporting on the contribution to Māori through specific initiatives, engagement and business performance

(iv) AFSL

Medium-term outcomes	2014/15 Outputs (what Council receives)	Performance measures	Performance targets	Progress and previous year target		
The investments owned or managed by ACIL provide both short and long-term improving financial returns to the Auckland Council	Competent Directors are appointed to the AFSL Board	Timely consideration of relevant information with regards to the candidates for appointment		2011/12 actual	Competent Directors appointed	
				2012/13 actual	Competent Directors appointed	
				2013/14 target	Competent Directors appointed	
				Competent Directors are appointed		
		Advise Council about proposed appointments			2011/12 actual	Council kept fully informed
					2012/13 actual	Council kept fully informed
					2013/14 target	Council is kept fully informed
	Progress against AFSL's target to at least break-even is closely monitored	AFSL's Net Profit After Tax			2012/13 actual	\$707 k

In order to support medium-term outcomes and to achieve the desired output ACIL will:

- Encourage AFSL to operate on a commercial basis without recourse to ACIL for funds for operations
- Monitor the performance of AFSL through review of KPIs including the target of achieving an occupancy ratio<sup>10</sup> of 35% for screen productions  
Provide advice to Auckland Council on the future of the Film Studios so that ATEED's strategy for film and TV production is supported by AFSL's long term strategy

<sup>10</sup> The occupancy ratio is calculated based on total area of the studios

(v) DFAP

Medium-term outcomes	2014/15 Outputs (what Council receives)	Performance measures	Performance targets	Progress and previous year target	
The investments owned or managed by ACIL provide both short and long-term improving financial returns to the Auckland Council	The DFAP is managed in accordance with the SIPO and OIPO	Performance relative to the reference portfolio		2011/12 actual	Return (4.0%) exceeded benchmark (3.5%)
				2012/13 actual	Return (18.4%) exceeded benchmark (17.1%)
				2013/14 target	Return to exceed benchmark
			Return on the DFAP meets or exceeds the performance benchmarks specified in the SIPO		
The available higher income and other returns are distributed to the Council in a cost-effective manner	Annual cash distributions are made to the Council	Level of cash distributions		2011/12 actual	No distribution was required in 2011/12
				2012/13 actual	Cash distributed to the Council was \$24 m
				2013/14 target	Distributions are made as per the Council's instructions
			Distributions are made as per the Council's instructions		

## 6. FINANCIAL PERFORMANCE

The ACIL Parent budgeted financial targets for the three years are:

	<b>2012/13 actual</b>	<b>2013/14 target</b>	<b>2014/15 target</b>	<b>2015/16 target</b>	<b>2016/17 target</b>
Surplus after tax	\$45.3m	\$45.2m	\$58.3m	\$61.5m	\$66.4m
Dividend distributed to the Council	\$45.0m	\$45.2m	\$58.3m	\$61.5m	\$66.4m
Shareholder's funds	\$661.2m	\$661.2m	\$661.2m	\$661.2m	\$661.2m
Total Assets	\$835.8m	\$835.8m	\$835.8m	\$835.8m	\$835.8m
The ratio of shareholder's funds to total assets	79%	79%	79%	79%	79%

The board's estimate of the commercial value of the shareholders' investment is at least equal to the book value of the ACIL Parent's Shareholders Funds at 30 June 2013 as shown in the audited financial statements. The Board has not assessed the commercial value of the shareholding in POAL but is confident it is not less than the value shown in those financial statements.

ACIL has developed the financial targets using a number of assumptions about the future and the achievement of these targets is dependant on events and actions that have not yet occurred and may not occur. The majority of the assumptions are outside ACIL's control.



## Auckland Council Investments Limited (parent)

### Prospective summary income statement

for the year ended 30 June

\$000	Budget 2013/14	Plan 2014/15	Plan 2015/16	Plan 2016/17
<b>Income</b>				
Opex funding from Auckland Council	0	0	0	0
Capex funding from Auckland Council	0	0	0	0
Revenue from services	295	298	300	303
Other revenue to fund capital expenditure	0	0	0	0
Revenue from vested assets	0	0	0	0
Finance income	9,847	9,831	9,441	9,379
Dividend Income	46,448	59,567	62,797	67,752
Other gains/(losses)	0	0	0	0
<b>Total income</b>	<b>56,590</b>	<b>69,696</b>	<b>72,539</b>	<b>77,434</b>
<b>Expenditure</b>				
Personnel Costs	557	573	575	606
Depreciation and amortisation	0	0	0	0
Finance costs	9,847	9,831	9,441	9,379
Other expenditure	996	1,012	1,047	1,062
<b>Total operating expenditure</b>	<b>11,400</b>	<b>11,416</b>	<b>11,063</b>	<b>11,046</b>
<b>Surplus/(deficit) before tax</b>	<b>45,190</b>	<b>58,280</b>	<b>61,475</b>	<b>66,388</b>
Income tax credit / (expense)	0	0	0	0
<b>Net surplus/(deficit) after tax</b>	<b>45,190</b>	<b>58,280</b>	<b>61,475</b>	<b>66,388</b>
Dividend returned to Auckland Council	45,190	58,280	61,475	66,388
<b>Net surplus/(deficit) after dividend distribution</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Auckland Council Investments Limited (parent)

### Prospective summary funding statement

for the year ended 30 June

\$000	Budget 2013/14	Plan 2014/15	Plan 2015/16	Plan 2016/17
Total operating expenditure	11,400	11,416	11,063	11,046
Opex funding to Auckland Council (dividends paid)	45,190	58,280	61,475	66,388
<b>Operating expenditure to be funded</b>	<b>56,590</b>	<b>69,696</b>	<b>72,539</b>	<b>77,434</b>
<b>Operating expenditure funded by:</b>				
Opex funding from Auckland Council	0	0	0	0
Revenue from services	295	298	300	303
Other revenue (dividends and interest received)	56,295	69,398	72,239	77,131
<b>Total opex funding</b>	<b>56,590</b>	<b>69,696</b>	<b>72,539</b>	<b>77,434</b>
<b>Retained Surplus</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total capital expenditure	0	0	0	0
<b>Capital expenditure to be funded</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital Expenditure funded by</b>				
Capex funding from Auckland Council	0	0	0	0
Investment by Auckland Council	0	0	0	0
Funded Depreciation	0	0	0	0
External Loans	0	0	0	0
Grants and subsidies	0	0	0	0
Development and financial contributions	0	0	0	0
<b>Total capex funding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Auckland Council Investments Limited (parent)

### Prospective Statement of Financial Position

As at 30 June

	Forecast 2013/14	Plan 2014/15	Plan 2015/16	Plan 2016/17
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalent	54	54	54	54
Other current assets	670	670	670	670
<b>Total current assets</b>	<b>724</b>	<b>724</b>	<b>724</b>	<b>724</b>
Property plant and equipment	0	0	0	0
Investment property	0	0	0	0
Other non current assets	834,684	834,684	834,684	834,684
<b>Total non-current assets</b>	<b>834,684</b>	<b>834,684</b>	<b>834,684</b>	<b>834,684</b>
<b>Total assets</b>	<b>835,408</b>	<b>835,408</b>	<b>835,408</b>	<b>835,408</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	341	341	341	341
Borrowings	0	0	0	0
Other current liabilities	0	0	0	0
<b>Total current liabilities</b>	<b>341</b>	<b>341</b>	<b>341</b>	<b>341</b>
<b>Non-current liabilities</b>				
Borrowing from parent	174,000	174,000	174,000	174,000
Other borrowing	0	0	0	0
Other non-current liabilities	0	0	0	0
<b>Total non-current liabilities</b>	<b>174,000</b>	<b>174,000</b>	<b>174,000</b>	<b>174,000</b>
<b>Total liabilities</b>	<b>174,341</b>	<b>174,341</b>	<b>174,341</b>	<b>174,341</b>
<b>Net assets</b>	<b>661,067</b>	<b>661,067</b>	<b>661,067</b>	<b>661,067</b>
<b>Equity</b>				
Contributed equity	658,728	658,728	658,728	658,728
Reserves	0	0	0	0
Retained earnings	2,339	2,339	2,339	2,339
<b>Total equity</b>	<b>661,067</b>	<b>661,067</b>	<b>661,067</b>	<b>661,067</b>

## **7. APPROACH TO GOVERNANCE**

In undertaking its activities, ACIL must act in the best interests of the company. It will endeavour to exhibit and ensure:

- a) Sound business practice in its commercial undertakings;
- b) Sustainable business practice;
- c) Ethical and good behaviour in dealing with all parties;
- d) An open and transparent approach to decision-making, while respecting the need for commercially sensitive information to be protected;
- e) An active partnership approach with the Council, other CCOs and key stakeholders
- f) An active partnership approach with iwi, where applicable;
- g) Adherence to the Council's branding policy;
- h) Actions are in accordance with the Maori Responsiveness Framework; and
- i) It uses its best endeavours to act consistently with shareholder expectations as reflected in the Council's Shareholder's Expectation Guide (SEG)

The Board's goal generally, is to operate according to the best practice statements produced from time to time by the Institute of Directors in New Zealand.

### **Relationship with Local Boards**

While ACIL is accountable to the Governing Body as shareholder, it also has relationships with Local Boards who share the decision-making responsibilities of the Council with the Governing Body. ACIL is committed to good ongoing engagement with Local Boards to ensure all parties are well-informed of each others mandate and priorities. ACIL will:

- Report to Local Boards as specified in its Local Board Engagement Plan.
- Adequately resource liaison with and reporting to Local Boards.
- Keep informed of local board priorities and objectives in Local Board plans and ensure that these are considered when:
  - preparing budgets
  - undertaking activities within local board areas.
- Ensure that business cases seeking Council funding, take into account Local Board priorities and objectives.

### **Working with Maori**

We will ensure that any relationships and formalised relationship agreements with Maori are consistent with any Council policy or relationship agreement with Maori.

### **Reporting to the shareholder**

ACIL will report quarterly to the Governing Body of the Council, or the appropriate committee or sub-committee of the Governing Body.

## **Management of strategic assets**

The assets held by ACIL that are strategic by definition under the Council's accountability policy are:

- Shares in POAL
- Shares in AIAL
- Freehold interest in waterfront land held by POAL
- Scheduled buildings or structures owned by ACIL or its subsidiaries

ACIL will comply with the provisions of the Council's Accountability Policy for Substantive CCOs in relation to the strategic assets.

ACIL will comply with and take all reasonable steps to promote the Council's Auckland Airport Shareholding Policy. In particular, ACIL will not make any decisions that are inconsistent with that policy.

## **Accountability and Media Profile**

ACIL will be accountable to the public for the stewardship of the assets it manages. ACIL will front the media regarding decisions ACIL has made or on issues which relate to its areas of responsibility and will do so in accordance with a "no surprises" policy with the Council

## **Procedures for purchasing shares in other companies**

Where ACIL identifies investment opportunities and considers that Council will benefit from them, ACIL will evaluate the options, present them to the Governing Body and seek approval to proceed with the purchase.

## **8. ENGAGEMENT WITH THE PUBLIC**

ACIL is committed to transparency, particularly in regard to holding as many board meetings, or parts of meetings, in public as practical in accordance with the guidelines provided by the Mayor.

In addition, ACIL will hold two specific public meetings. These are for the purpose of considering comments from the Council on ACIL's draft SOI and reviewing ACIL's performance against the previous financial year's SOI.

These two meetings are to be held on:

- 4 June 2014
- 5 November 2014

The meeting dates for 2015 have not yet been set.

Board meetings will be advertised on the Council's website and through the public notices section of the New Zealand Herald normally five days prior to the meeting date. Reports and documents to be considered at these meetings will be available on the website; and from ACIL on request; except for reports and documents which are considered by ACIL to be confidential

## **9. ORGANISATIONAL HEALTH AND CAPABILITY**

ACIL will commit to building and maintaining itself as an enduring and resilient organisation.

Even though ACIL is a relatively small organisation, the importance of its staff well-being and professional development is recognised.

ACIL will participate in the Council's staff satisfaction surveys to monitor its organisational health and capability.

ACIL will operate a personnel policy that complies with the principle of being a good employer.

For the purposes of section 59(1)(b) of the Local Government Act 2002, a good employer means an employer who operates a personnel policy containing provisions generally accepted as necessary for the fair and proper treatment of employees in all aspects of their employment, including provisions requiring—

- (a) good and safe working conditions; and
- (b) an equal employment opportunities programme; and
- (c) the impartial selection of suitably qualified persons for appointment; and
- (d) recognition of—
  - (i) the aims and aspirations of Māori; and
  - (ii) the employment requirements of Māori; and
  - (iii) the need for greater involvement of Māori in local government employment; and
- (e) opportunities for the enhancement of the abilities of individual employees; and
- (f) recognition of the aims and aspirations, and the cultural differences, of ethnic or minority groups; and
- (g) recognition of the employment requirements of women; and
- (h) recognition of the employment requirements of persons with disabilities.

ACIL will endeavour to ensure that its personnel policy and good employer obligations, including the definition of a good employer, are also complied with by its wholly owned subsidiaries AFSL and POAL.

In addition to these requirements, ACIL,—

- (a) when making an appointment, must give preference to the person who is best suited to the position; and
- (b) must ensure that all employees maintain proper standards of integrity, conduct, and concern for the public interest.

## **10. ACCOUNTING POLICIES**

The financial statements of ACIL and its subsidiaries are prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable New Zealand Financial Reporting Standards as appropriate for public benefit entities.

ACIL is designated as a public benefit entity for financial reporting purposes, while its subsidiaries POAL and AFSL are profit oriented entities. ACIL have taken advantage of all reporting concessions available to it as a public benefit entity except for the option to defer adoption of NZ IAS 23 Borrowing Costs (Revised 2007).

ACIL's accounting policies are consistent with those of the Council (as disclosed in the 2013 Annual Report) with the following exception:

- The Council has taken advantage of transitional provisions available to public benefit entities and has elected to defer the adoption of NZ IAS 23 Borrowing Costs (Revised 2007) and all borrowing costs are therefore recognised as an expense in the period in which they are incurred. However, companies in the ACIL Group capitalise borrowing costs which are incurred for the construction of a qualifying asset.

ACIL's current detailed accounting policies are contained in the company's audited financial statements for the year ended 30 June 2013.