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we're  
creating  
better  
cities



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**2014/15**

ANNUAL REPORT

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CORPORATE SPONSORS



McConnell Property



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# TOGETHER, WE'RE SHAPING A GROWING NEW ZEALAND

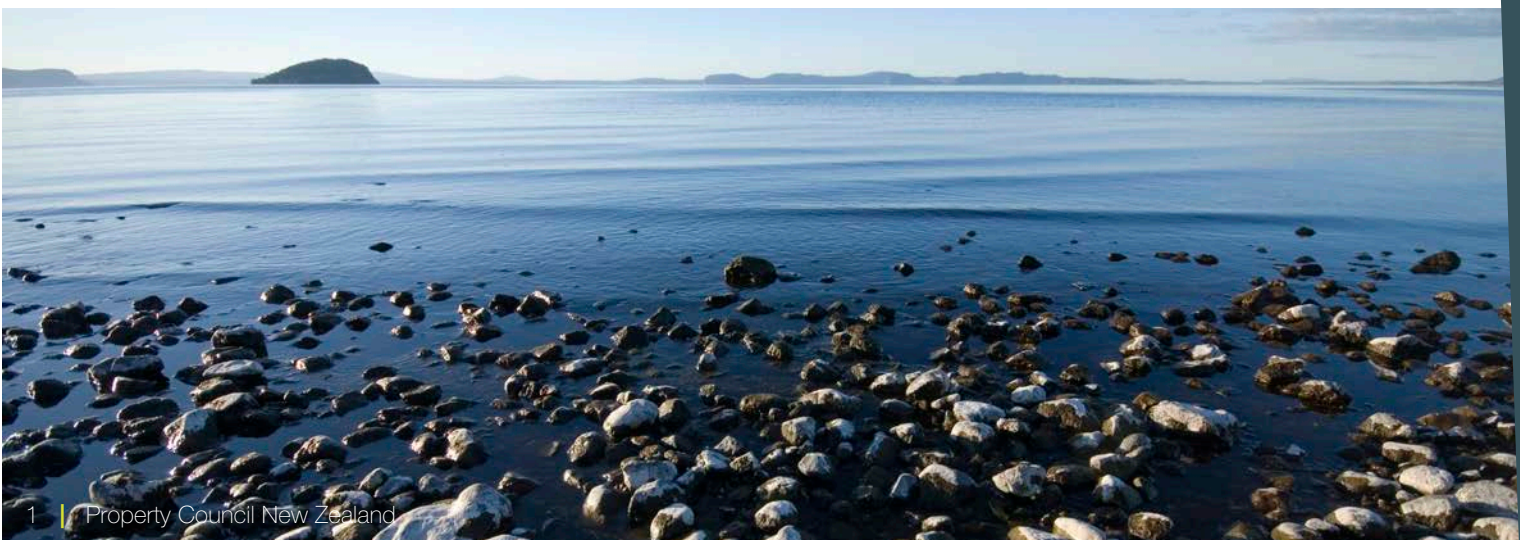
Since 1976, Property Council New Zealand has brought the commercial property industry together with one voice. Our network of more than 700 companies is shaping a growing New Zealand and making a hugely positive contribution to our urban environments. We have a clear message; release the handbrake on growth. We need to create the right environment to attract investment.

Our role is to represent the interests of owners, investors, developers, and professionals in the commercial property industry as professional

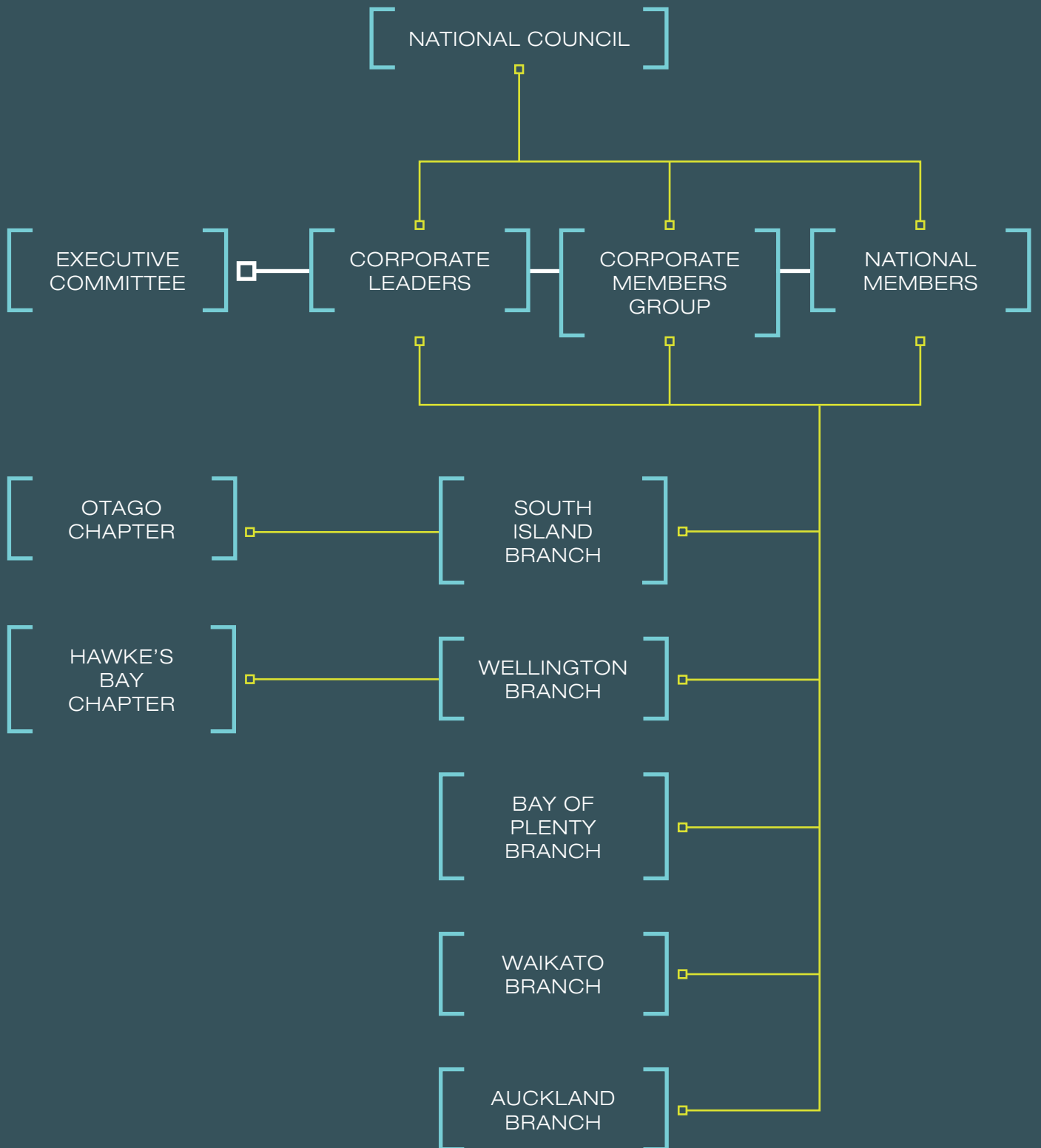
stakeholders in the legislative, regulative and policy settings affecting urban growth.

We also bring the industry together by giving people access to an exciting convergence of ideas, information and connection with industry peers. Our popular event programme helps to raise the industry's image, provide knowledge, leadership and opportunities for members to grow their businesses.

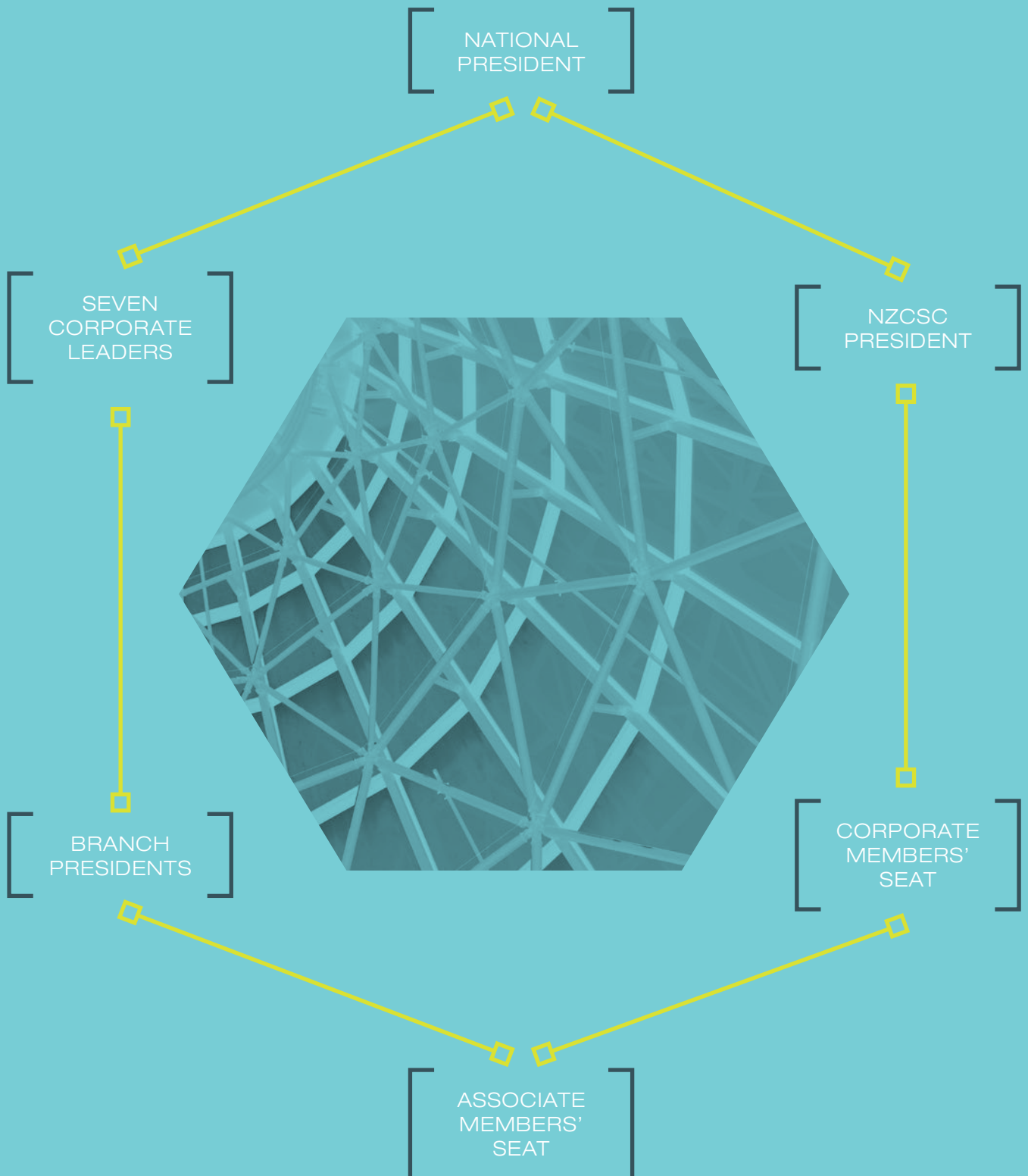
As a not-for-profit membership organisation, we're focused on delivering the best results for our members.



# GOVERNANCE STRUCTURE



# NATIONAL COUNCIL



## FROM THE NATIONAL PRESIDENT



We have had another successful year in a period of growth for both the industry and the Property Council.

As we develop into an increasingly professional membership organisation, we're faced with the challenges of nationalising and streamlining our accounting systems and membership fee structure. Over the past five years we have gradually adopted a more consistent fee classification system across our branches. During the 2014-15 financial year, National Council agreed to implement the final step to create one uniform system throughout New Zealand. In doing so, we are a more resilient not-for-profit organisation.

I was fortunate to take the helm in 2015 after the leadership of Tony Sewell. I'd like to acknowledge his strength in advocating on the big issues for members, and for his dedication to ensuring Central Government acknowledges the economic importance of the commercial property industry. It was under his governance that the newly-created Wellington based Government Relations Director position was seriously discussed.

Property Council's position as an influencer and advocate has never been more successful. It is now being consulted with, and enjoys early-engagement on, a number of important central and local government changes. By working with officials and other stakeholders early, it is influencing outcomes at a generative stage.

But as a not-for-profit membership organisation, we can't focus too widely or we risk weakening our voice.

We have a growing and diverse membership, with much to achieve. We must continue to focus squarely on the issues that will have the greatest effect. Property Council is an important industry body – largely because members demand a robust, integrated policy solution.

Our Manifesto was released in early 2015. In it, we present three main challenges for central and local government, and industry; collaboration and working better together to better utilise expertise and resources; courageous, forward looking and holistic policies that will secure long-term benefits for New Zealand; and balanced, evidence-based decisions that consider all relevant factors objectively.

Many of the points we raise in the Manifesto have since been reflected back to us, including in central government policy, and Productivity Commission reports. This is clear evidence of our leadership.

Our success is not only about advocacy wins or 'runs on the board', but about serving our members. That means impeccable standards and delivery of our events and business operations and quality engagement with members and other stakeholders.

I was pleased to see the organisation looking inward during the 2014-15 financial year. Some excellent member-feedback was generated, and formed the basis of additional engagement and initiatives. I expect this will be furthered in the following year.

We're in great shape.

*Peter Mence*

*National President, Property Council New Zealand and  
Chief Executive, Argosy Property Limited*

# FROM THE CHIEF EXECUTIVE



Property Council is going from strength to strength and has never been more effective than today. Our policy, events and influence continue to expand beyond what was once thought realistic. We have well and truly established our authority as the voice of the industry in New Zealand.

## POLICY

Policy is our core business, and it is more important now than ever before, as we face critical issues that directly affect our ability to attract investment and a skilled workforce. Following many years of advocacy work on RMA reforms, Housing and Building Minister Nick Smith announced a plan for a massive overhaul, reflecting our core policy positions.

In the RMA space alone, we have already established a set of key priorities for the next 12 months. They include: reforms to our urban planning systems, prioritising housing affordability, acknowledging the importance of infrastructure, affording greater weight to property rights, supporting national planning templates, and speeding up plan-making and encouraging collaborative resolutions. We will continue to push for these changes and are advocating strongly for a National Policy Statement on land supply to address our crippling housing shortage.

I was invited by Local Government Minister Paula Bennett to sit on the newly formed Rules Reduction Taskforce. The Government asked our help in slashing red tape around property development. The taskforce is chaired by National MP Jacqui Dean and Auckland

Chamber of Commerce chief executive Michael Barnett. It is an eight month term, and we have been travelling the country holding public meetings and hearings from members of the community. We will be scrutinizing the rules and regulations surrounding development and making recommendations to the Government.

These sit on top of our other policy work streams, namely earthquake strengthening, Productivity Commission's report into land supply, development contributions, regional long term and annual plans, and local government and infrastructure funding.

## MEMBERSHIP FEE CHANGES

In the spirit of fairness, we overhauled our membership fees system. The new structure replaces a complicated matrix where members in some parts of the country were paying significantly more than others. For some of our members, fees have increased significantly which is why we have been working with Branch Executive Committees on how to mitigate this and manage the transition. We have offered plans where members pay no more than 30% of the difference between the subscription paid last year and the new national subscription rate in any one year. Some members will reach the full fee within a year, and for those that do not we have offered a discounted rate that will continue for up to five years. Modelling based on our existing membership suggests we might gain about 8% maximum from membership revenue.

## MEMBER LAUREATES

2014 saw us introduce our Member Laureates programme. We believe it is wholly appropriate to celebrate individual member's long-standing commitment to our organisation. The programme is designed to pay respect to both contributions to the organisation and the wider industry. Congratulations to Peter Wall, Stuart Kendon and Mal McLennan for being Property Council's first ever member laureates. Their combined efforts, expertise and leadership have proven invaluable to our collective community.

*Connal Townsend*  
Chief Executive, Property Council New Zealand



# OUR ROLE

We are able to work with legislators and regulators – getting time in front of decision makers to offer our collective expertise and knowledge. We want to ensure their decisions are workable and fair.

## WE HAVE

- Access to government officials and ministers
- The collective force of the industry behind us
- Knowledge and information – we're kept in the loop with regulators
- Access to experts, who we engage in a busy event programme on topical issues

## WE DO

- Protect your assets by encouraging the government to create fairer tax laws
- Protect your developments by working with the government on development fees and charges so they are fair and not a deterrent
- Encourage a modern planning system that understands commercial reality

## WE ATTRACT

- Media attention to the issues that individual companies find it difficult to raise
- Proactive coverage of the industry that builds a positive public image

## WE FACILITATE

- Member networking, giving professional services access to, and assistance to, other members
- Exposure to members through committees, working groups and providing technical expertise
- Opportunities to meet top-level people in member companies

# SURVEY RESULTS 2015

We asked members some key questions about their relationship with Property Council and how we are tracking. The survey involved interviews with Property Council leaders and members from all branches, along with an online survey. The aim was to gain valuable insights from the membership at large, with the analysis used to inform our 2015 Business Plan.

## WHY OUR MEMBERS ARE INVOLVED WITH PROPERTY COUNCIL

NETWORKING & EVENTS



EDUCATION & INFORMATION



TO SUPPORT THE COMMERCIAL PROPERTY INDUSTRY

WHAT MEMBERS CONSIDER THE 3 MOST

## IMPORTANT

PROPERTY COUNCIL AREAS OF WORK

1 REPRESENTATION  
CENTRAL/LOCAL GOVERNMENT

2 ADVOCACY  
NATIONAL ISSUES

3 EVENTS  
NETWORKING



84%

FELT THAT PROPERTY COUNCIL IS "ALWAYS" OR "OFTEN" ADVOCATING ON THE MAJOR ISSUES FACING THE INDUSTRY

80%

"ALWAYS" OR "OFTEN" FEEL INFORMED ON NATIONAL POLICY ISSUES AND ACTIVITIES

69%

"ALWAYS" OR "OFTEN" FEEL INFORMED ON BRANCH POLICY ISSUES AND ACTIVITIES

91%

FEEL THAT PROPERTY COUNCIL "ALWAYS" OR "OFTEN" DELIVERS A HIGH, PROFESSIONAL STANDARD

# OUR ACHIEVEMENTS

## OUR EVENTS

### NATIONAL EVENTS:

- Property Industry Awards | 1,100 attendees  
| 64 nominations
- Retail Conference | 325 attendees
- National Conference | 280 attendees
- Green Property Summit | 184 attendees

### TOP REGIONAL EVENTS:

- Residential Development Summit | 225 attendees
- Wellington: Capitalising on a Cool Reputation  
| 180 attendees
- We are Waikato | 300 attendees
- Wellington Market Outlook Breakfast | 205 attendees
- Wellington Golf Day | 144 attendees
- Christchurch Market Outlook Summit | 302 attendees
- Christchurch District Plan Update | 175 attendees
- Waikato Market Outlook | 150 attendees
- A Focus on Hamilton's CBD | 160 attendees
- The Future Direction of Tauranga with Mayor Stuart Crosby  
| 59 attendees



## OUR RESEARCH

- Retail Lease
- Standard Office Lease
- Guide for Measurement of Rentable Area
- OPEX
- Shopping Centre Directory
- PCNZ/IPD New Zealand Quarterly Property Index results

## OUR FINANCES

- 8500 event tickets sold
- \$48,454 generated through 625 publication sales
- After-tax surplus of \$30,507
- Achieved more than \$3 million turnover for the first time
- Gained 67 new members



## OUR MEMBERSHIP

BRANCH CATEGORY	2014	2015	CHANGE
CORPORATE LEADERS	13	14	1
CORPORATE MEMBERS	11	16	5
NZCSC	53	53	-
<b>AUCKLAND</b>	<b>252</b>	<b>249</b>	<b>-3</b>
Core	80	80	-
Associate	172	169	-3
<b>WAIKATO</b>	<b>67</b>	<b>73</b>	<b>6</b>
Core	22	21	-1
Associate	45	52	7
<b>BAY OF PLENTY</b>	<b>44</b>	<b>49</b>	<b>5</b>
Core	17	18	1
Associate	27	31	4
<b>WELLINGTON</b>	<b>93</b>	<b>94</b>	<b>1</b>
Core	39	40	1
Associate	54	54	-
<b>SOUTH ISLAND</b>	<b>152</b>	<b>162</b>	<b>10</b>
Core	56	61	5
Associate	96	104	8
<b>TOTAL</b>	<b>685</b>	<b>710</b>	<b>25</b>

# POLICY AND ADVOCACY

## NATIONAL

Established the Residential Committee to advocate for important residential development issues with key focus on infrastructure provision, social and affordable housing, and less prescription in planning rules to unlock development.

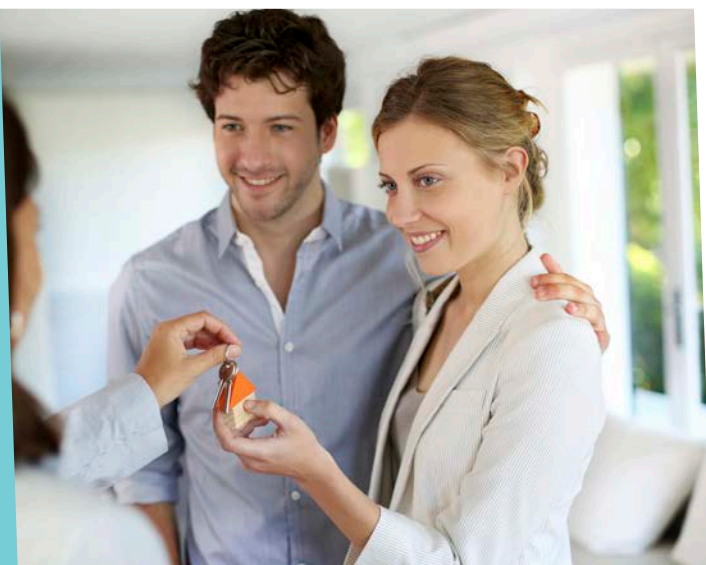
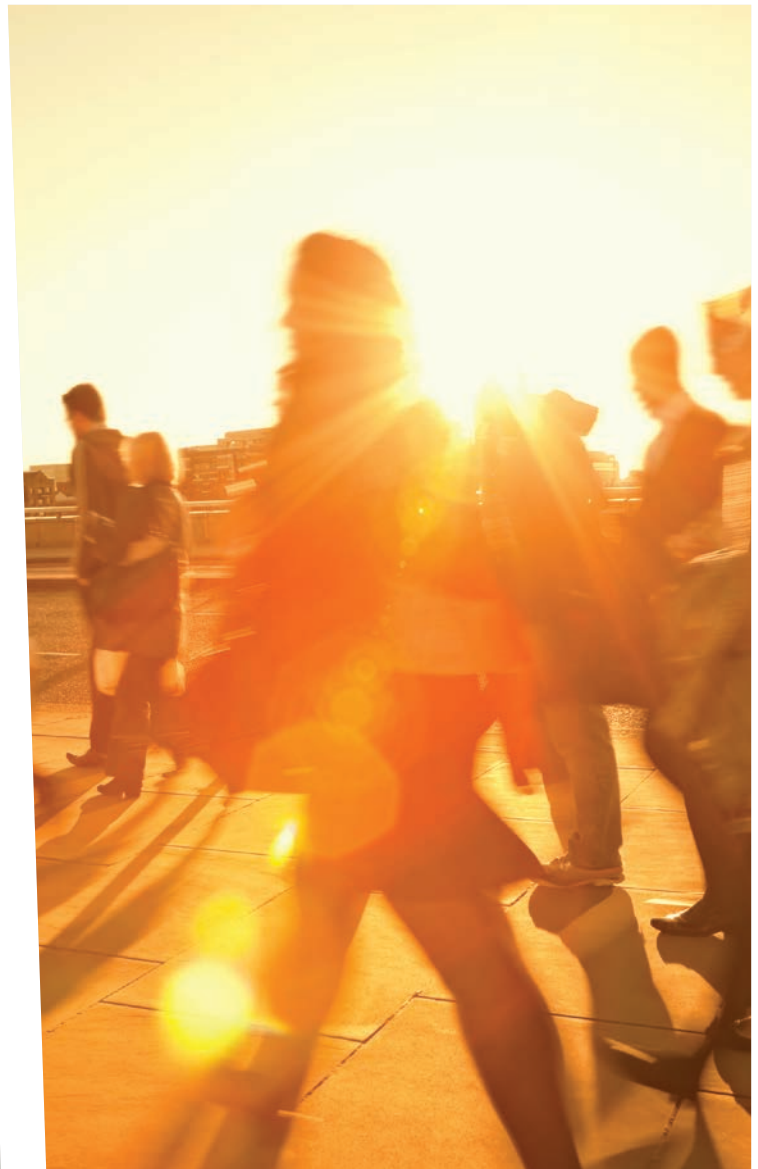
Supported the Productivity Commission inquiry into using land for housing leading to several Property Council recommendations included in the Commission's draft report.

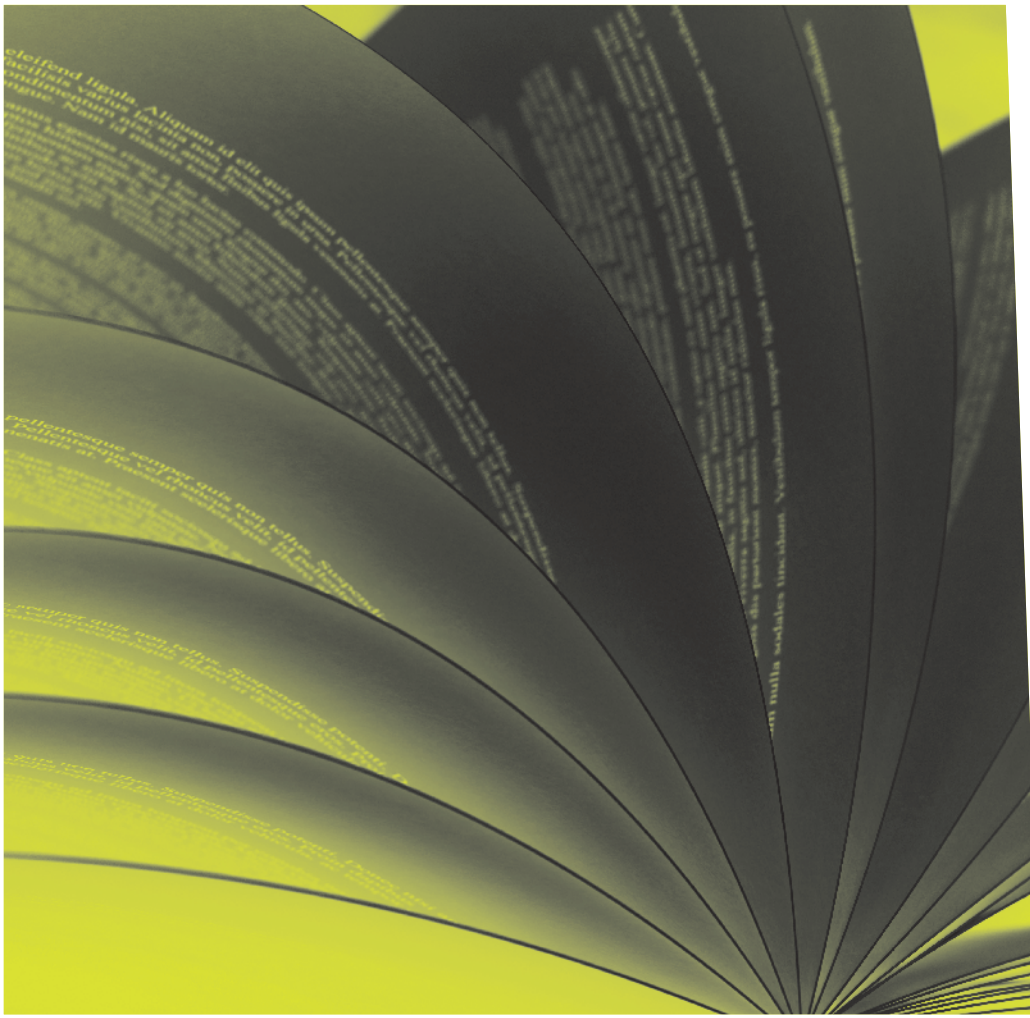
Building (Earthquake-prone Buildings) Amendment Bill: called for changes to the taxation regime and a suite of financial tools to assist with upgrade costs.

Also called for the Bill to recognise costs as capital expenditure and for asset depreciation to be charged (as an exception).

Persuaded the Department of Internal Affairs' to create a guidance document for development contributions policies to ensure fairness, equity and transparency in these charges.

Land Information New Zealand – Review of the Occupational Regulation of Valuers: supported the review, its first since coming into force in 1948 and engaged industry experts to provide detailed, specific answers to key questions.





## ANNUAL PLANS

**CHRISTCHURCH:** supported initiatives such as an electronic platform to lodge resource and subdivision consent applications, raised concerns about the level of rates increases and high debt and the impact of proposed fee increases for building alterations, additions, repairs or new buildings. Blocked the proposed reintroduction of development contribution charges for libraries and leisure activities under the Local Government Act.

**WELLINGTON:** raised concerns about debt level, with a focus on the significant disparity in differential rates levied by the Council, especially the regional transport rate for properties in the Downtown City Centre.

**HAMILTON:** supported the proposal to sell non-core assets to reduce debt and cost-of-capital burden and develop a central city transformation plan, while raising concerns about level of rates increases, continued use of differentials, and high debt levels.

**HASTINGS:** supported plans to sell non-core assets to fund capital projects, commending Council's stated commitment to keeping debt low, pointing out that while Council had infrastructural assets worth more than \$1.6b, cash at the end of the 2014/15 period was forecast to be \$734,000, meaning a low level of asset liquidity.

## AUCKLAND

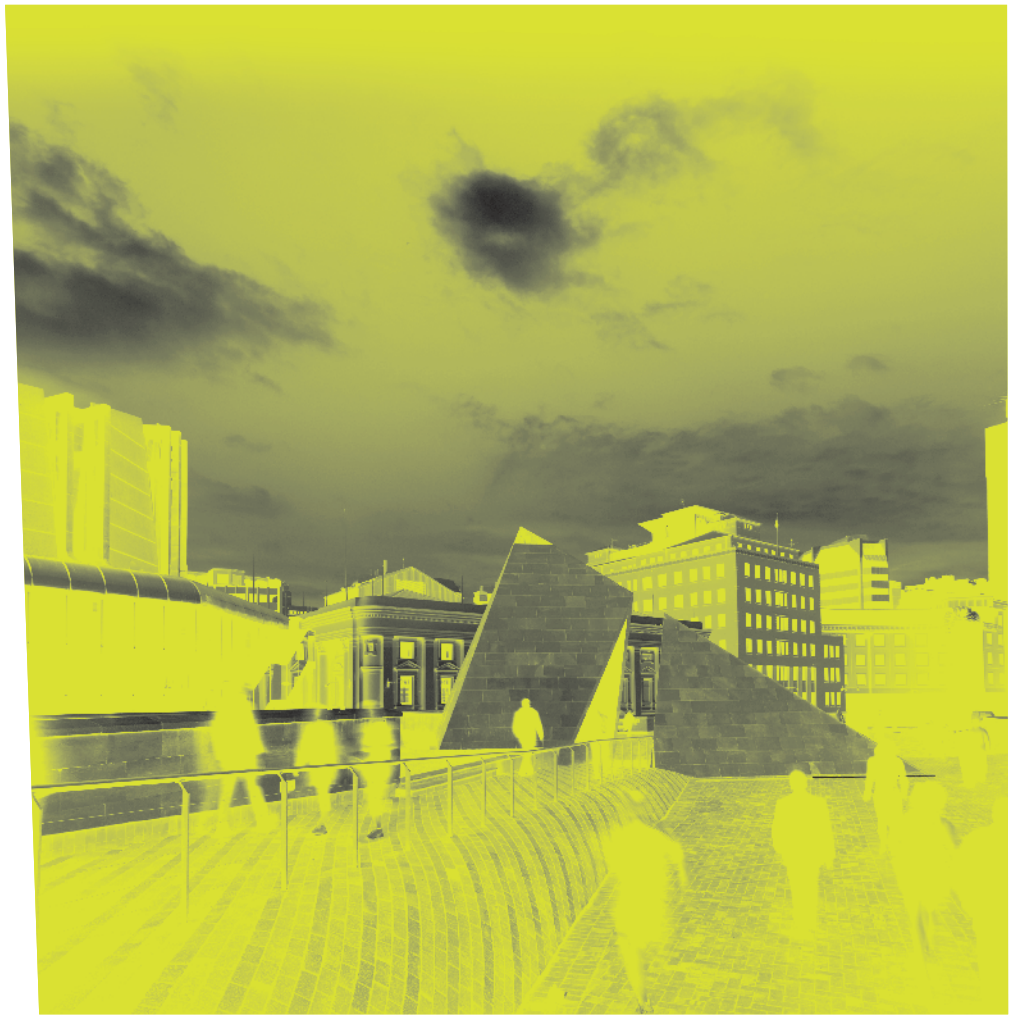
Draft Local Alcohol Policy: raising concerns about policy's restrictions and prescriptiveness, highlighting the repercussions of its blanket two year freeze on the local economy.

Auckland Transport's Parking Discussion Document: fought to ensure sufficient off street parking is available in the CBD and raising concerns about a pricing structure park and ride spaces that discourage using public transport.

Draft Integrated Business Precinct Plan: insisted on greater opportunities for more industrial land within the future urban zone and more efficient use of existing industrial land- citing our Auckland Business Land Summary Report, commissioned via Colliers International.

Long Term Plan and Draft Development Contributions Policy: insisted on alternative funding methods for the City Rail Link (PPPs), calling for the establishment of Development Auckland, opposing the use of business differentials, and calling for an external audit on DCs charged to projects.

Draft Regional Land Transport Plan: blew the whistle on funding gaps, urging more efficiency and innovation in project delivery, highlighted support for multi-agency collaborations to support inter-regional priorities.



## WELLINGTON

Proposed Auckland Unitary Plan: used Tattico Limited for extensive work within the Independent Hearings Panel process, resulting in the Council reconsidering its position on a range of topics, significant changes to the various provisions/zoning rules and interim guidance released by the IHP generally being in our favour. Extensive submission on Topic 013 – Regional Policy Statement Urban Growth – included Connal Townsend appearing before the Panel, resulting in a formal request for further expert conferencing on land demand, supply and monitoring to resolve conflicting evidence during the hearing.

Supported the proposed Wellington Regional Economic Development Agency, calling for Wellington City Council and Greater Wellington Regional Council to combine their economic development and tourism activities into a single council controlled organisation to produce efficiency, shared ownership, focused leadership and direction, and accountability.

Supported the proposed Wellington City Convention Centre for its economic benefits, particularly its proposed funding costs that mean less exposure to the Council.

Raised concerns about Draft Wellington Urban Growth Plan's 'good intentions', insisting on greater relevance and alignment with every day Wellingtonians.

Strongly opposed the use of cordon charges in the Draft Regional Land Transport Plan to decrease cars coming into the CBD, warning of their impediment to growth and development by 'pricing people out'.

Drove a PR campaign on the benefits of extending Wellington Airport's runway extension to better connect the Capital to the rest of the world and increase the city's attractiveness by bringing foot traffic through it.



## CHRISTCHURCH

Calling on Christchurch City Council to better prioritise and fund its services and projects.

Supported the Council's engagement with stakeholders prior notifying its long term plan and raising questions around rates increases, reducing services, debt and asset sales.

Extensive work on the Christchurch District Plan leading to a range of areas in the Replacement Plan reflecting Property Council advocacy positions, particularly the Strategic Directions Chapter which the Review Panel suggested the Christchurch City Council adopt in its entirety.

Called for a clear purpose and direction for a proposed development authority, insisting on private sector expertise and involvement on a board level to encourage investment and growth.

Undertook a number of independent audits of the Christchurch City Council's processes and procedures in collaboration with other stakeholders, including the Resource Consent and Urban Design Panel reviews.

## BAY OF PLENTY

Strongly opposed decreasing funding to SmartGrowth resourcing in the Bay of Plenty Regional Council's long term plan, called for a Regional Infrastructure Summit and proposed moratorium on new Regional Infrastructure Fund grants as these initiatives are strategically important and complement private sector investments.

Submitted on Tauranga City Council's long term plan calling for investment in CBD amenity projects and the consideration of a range of options to replace or upgrade the Council's civic buildings, highlighting the need to work with private sector developers and investors to build a purpose-built civic campus for leasing (instead of owning) to free up capital for other projects.

Submitted on Western Bay of Plenty long term plan.





## WAIKATO

Raised several concerns about Waikato District Council's development contributions policy, focusing on the use of catchments to the Council's use of the net present value approach and supported the inclusion of special assessment and private developer agreement provisions.

Commended Waipa District Council's development contributions policy for being significantly simpler and more transparent than other councils, and worked with Council to produce a transparent and fairer DCs policy.

Submitted on Hamilton City Council's development contributions policy, calling for fairness and transparency of these charges.

Appealed the proposed Hamilton District Plan at the Environment Court on residential, industrial, business and central city provisions, calling for a significant overhaul of the assessment criteria and design guides. Through an extensive series of court-assisted mediations, the plan is expected to produce far better planning frameworks.

Established the Hamilton CBD subcommittee to work on a CBD manifesto, utilising input from nearly 200 delegates to formulate a report and the foundation for the document.

Ran a petition on district and local council amalgamation and placed ongoing work on hold to observe the progress made by the Waikato Mayoral Forum and amalgamation outcomes in other regions.

# BRANCH EXECUTIVES

## BRANCH PRESIDENTS

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# FINANCIAL SUMMARY

2014/15 was a very successful year financially as we record an after tax surplus of \$30,507. This was based on a significant uplift in revenue for the year as we achieved \$3M+ turnover for the first time.

Both Membership and Events Revenue were responsible for the increase in turnover. The membership base continues to grow; both that and the successful range of events nationwide have contributed to a record year.

Costs of sales also increased year on year but this was expected given the increase in both number of events and the number of those attending. As we grow and expand our services,

our expenses have also increased. The biggest change in this area is staffing costs as we grow our staff base and hours worked.

The Balance Sheet continues to remain strong with significant Retained Earnings and Cash Holdings. We have had significantly increased Accounts Payable, Prepayments and Income in Advance for this year relating to costs and revenue around our National Awards and Conference for 2015.

In 2015/16 we have again budgeted a small surplus to works towards. Initial signs promise another good year.

*Simon Thorne - Finance & Operations Controller*



## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF PROPERTY COUNCIL NEW ZEALAND INCORPORATED**

We have audited the financial statements of Property Council New Zealand Incorporated on pages 17 to 23 which comprise the statement of financial position as at 31 March 2015, the statement of financial performance, and statement of movements in members' equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the members as a body. Our audit has been undertaken so that we might state to members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Property Council New Zealand Incorporated and its members as a body, for our work, for this report, or for the opinions we have formed.

#### **National Council's Responsibility for the Financial Statements**

The National Council is responsible for the preparation and fair presentation of these financial statements in accordance Financial Reporting Standards and applicable Statements of Standard Accounting Practice and for such internal control as the members of the Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand).

Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interests in Property Council New Zealand Incorporated.

#### **Opinion**

In our opinion, the financial statements on pages 17 to 23 present fairly, in all material respects, the financial position of Property Council New Zealand Incorporated as at 31 March 2015, and its financial performance for the year then ended in accordance with Financial Reporting Standards and applicable Statements of Standard Accounting Practice.

*RSM Hayes Audit*

**RSM Hayes Audit**

Auckland

28 September 2015

## STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2015	NOTE	2015	2014
		\$	\$
<b>OPERATING REVENUE</b>			
Branch Subscriptions		734,370	642,300
Events		1,713,106	1,374,463
National Subscriptions		529,480	482,896
Other Business Services Revenue		29,500	29,000
Other Membership Revenue		5,917	8,800
Research and Information Products		59,381	42,454
<b>Total Sales</b>		<b>3,071,753</b>	<b>2,579,913</b>
<b>LESS COST OF SALES</b>			
Branch Costs		330,541	181,271
Event Costs		970,305	802,074
Policy Costs		1,482	16,987
Research and Information Products		19,259	15,685
<b>Total Cost of Sales</b>		<b>1,321,587</b>	<b>1,016,017</b>
<b>Gross Surplus</b>		<b>1,750,165</b>	<b>1,563,896</b>
<b>Gross Profit %</b>		<b>56.98%</b>	<b>60.62%</b>
<b>OTHER INCOME</b>			
Interest Received		38,225	34,667
Other Income		66,651	48,106
South Island Property Council Education Trust	10	5,518	1
<b>Total Other Income</b>		<b>110,393</b>	<b>82,774</b>
<b>Gross Surplus after Other Income</b>		<b>1,860,559</b>	<b>1,646,670</b>
<b>LESS EXPENSES</b>			
Accountancy Fees		6,275	8,335
ACC Levies		3,228	3,220
Administration		165,758	146,277
Audit Fee		17,800	12,540
Bad Debts Written Off		-	129
Bank Fees & Charges		18,071	19,397
Cleaning		14,268	12,735
Computer Expenses		31,039	32,187
Consultancy Fees		5,061	15,793
Council Expenses		550	2,086
Depreciation		54,610	77,338
Entertainment - Deductible		34	847
Entertainment - Non Deductible		-	958
Freight & Cartage		21,390	18,760
General Expenses		31,266	26,202
Insurance		8,793	9,245
Interest Paid		-	47

## STATEMENT OF FINANCIAL PERFORMANCE (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015	NOTE	2015	2014
		\$	\$
Internet Costs		10,918	9,391
Lease Charges		7,392	15,003
Legal Fees		-	1,231
Light, Heat & Power		6,238	7,355
Loss on Sale of Fixed Assets		-	6,354
Marketing		3,034	6,870
Membership Costs		14,586	4,603
Office Expense		5,769	3,191
Postage		1	161
Printing & Stationery		38,385	33,494
Provision for Doubtful Debts		-	12,407
Public Relations		27,998	30,143
Remuneration		1,077,432	905,628
Rent and Rates		102,341	113,144
Repairs & Maintenance		4,136	5,539
Security Expenses		2,702	2,896
Staff Expenses		8,770	8,103
Staff Recruitment & Training		34,219	56,293
Subscriptions & Licences		8,581	8,962
Telephone & Tolls		17,018	19,146
Travel Expenses		64,414	58,012
Travelling Expenses - Overseas		16,594	13,839
<b>Total Expenses</b>		<b>1,828,672</b>	<b>1,707,859</b>
<b>SURPLUS (DEFICIT) BEFORE INCOME TAX</b>		<b>31,887</b>	<b>(61,189)</b>
Income Tax Expense	2	1,380	2,968
<b>Net Surplus (Deficit)</b>		<b>30,507</b>	<b>(64,157)</b>

## STATEMENT OF MOVEMENTS IN MEMBERS EQUITY

FOR THE YEAR ENDED 31 MARCH 2015	2015	2014
<b>REVENUES AND EXPENSES</b>		
<b>Net Surplus (Deficit)</b>	<b>30,507</b>	<b>(64,157)</b>
Total Recognised Revenues and Expenses	30,507	(64,157)
General Funds at the Beginning of the Year	913,132	977,289
<b>General Funds at the End of the Year</b>	<b>943,639</b>	<b>913,132</b>

## STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2015	NOTE	2015	2014
		\$	\$
<b>GENERAL FUNDS</b>			
Retained Earnings		943,639	913,132
<b>Total General Funds</b>		<b>943,639</b>	<b>913,132</b>
<b>REPRESENTED BY:</b>			
<b>CURRENT ASSETS</b>			
Cash & Bank Balances	4	1,205,879	811,995
Accounts Receivable		574,043	444,872
Other Receivables		9,017	13,833
Income Tax Receivable	3	8,703	6,151
Prepayments		185,864	100,208
Inventory		21,984	24,824
<b>Total Current Assets</b>		<b>2,005,490</b>	<b>1,401,883</b>
<b>NON CURRENT ASSET</b>			
Property, Plant & Equipment	5	122,855	155,211
<b>Total Assets</b>		<b>2,128,344</b>	<b>1,557,094</b>
<b>CURRENT LIABILITIES</b>			
Payables & Accruals	6	353,001	164,982
GST Payable		39,783	32,801
Income in Advance		791,922	446,179
<b>Total Liabilities</b>		<b>1,184,706</b>	<b>643,962</b>
<b>Net Assets</b>		<b>943,639</b>	<b>913,132</b>

Approved on behalf of the National Council:



Connal Townsend, Chief Executive 24/09/2015  
Date



Peter Mence, National Councillor 24/09/2015  
Date

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 1. STATEMENT OF ACCOUNTING POLICIES

#### Reporting Entity

Property Council of New Zealand Incorporated ("the Council") is an Incorporated Society under the Incorporated Societies Act 1908.

#### Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with Financial Reporting Standards and other

applicable Statements of Standard Accounting Practice, as appropriate for public benefit entities that qualify for and apply differential reporting concessions, as set out in the External Reporting Board Standard A1: Accounting Standards Framework (For-Profit Entities Update).

The society qualifies for differential reporting

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed by the Council.

## Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Statement of Financial Performance and Statement of Financial Position have been applied:

### (a) Revenue Recognition

Members contribute to an annual membership fee for the year 1 April to 31 March which is invoiced on 1 April. Amounts paid in advance are deferred until the year that they relate. Income and expenditure from events are deferred until the event occurs as is any sponsorship income.

Income and expenditure relating to publications are recognised when invoiced. Interest income is recognised as it is earned.

### (b) Inventories

Inventory is valued at the lower of cost, on a first in first out basis, and net realisable value with appropriate provisions for damage and obsolescence.

The cost of work in progress and finished goods includes the cost of direct materials, direct labour and a proportion of the manufacturing overhead, based on the normal capacity of the facilities, expended in putting the inventories in their present location and condition.

### (c) Trade Receivables

Accounts receivable are valued at expected realisable value.

### (d) Property, Plant & Equipment and Investment Property

Property, plant and equipment is recognised at cost less aggregate depreciation. Historical cost includes expenditure directly attributable to the acquisition of assets, and includes the cost of replacements that are eligible for capitalisation when these are incurred.

All other repairs and maintenance are recognised as expenses in the Statement of Financial Performance in the financial period in which they are incurred.

Depreciation has been calculated using the maximum rates permitted by the Income Tax Act 2007.

The following estimated depreciation rates/ useful lives have been used:

Furniture & Fittings	12 - 26.4% DV
Office Equipment	19.2 - 67% DV
Computer Software	50 - 60% DV

Gains and losses on disposal of fixed assets are taken into account in determining the operating result for the year.

### (e) Operating Leases

Operating lease payments, where the lessors effectively retain substantially all of the risks and benefits of ownership of the leased items, are recognised in the determination of the operating surplus in equal instalments over the lease term.

### (f) Income Tax

The income tax expense recognised in the Statement of Financial Performance is the estimated income tax payable in the current year, adjusted for any differences between the estimated and actual income tax payable in prior years.

The Council is not subject to income tax on any profits derived within the circle of the Council's membership. Therefore any income received from members, such as subscriptions and events is not taxable. The income tax exemption does not extend to transactions with non-members that can be clearly distinguished such as interest income. However as a non-profit body, the Council is entitled to a deduction for tax for the lesser of \$1,000 or the amount that would be the net income derived from the Council's non-member transactions.

Income tax is accounted for using the taxes payable method.

### (g) Goods and Services Taxation (GST)

Revenues and expenses have been recognised in the financial statements exclusive of GST. All items in the Statement of Financial Position are stated exclusive of GST except for receivables and payables which are stated inclusive of GST.

### (h) Trade and Other Payables

Trade and other payables are stated at cost.

### (i) Integration of Branches

The financial statements incorporate the financial statements of the National Office together with the Auckland, Hamilton, Bay of Plenty, Wellington and South Island branches (including the South Island Property Council Education Trust). All inter-branch balances, transactions and unrealised profits are eliminated.

### (j) Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on a basis consistent with those from previous financial statements.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

2. TAX RECONCILIATION	2015	2014
	\$	\$
Surplus (Deficit) before Income Tax	31,887	(61,189)
<b>PERMANENT DIFFERENCES</b>		
Permanent Differences	89,500	3,458
Temporary Differences	6,174	18,666
Member Surplus/(Loss)	(121,634)	50,667
Exemption for Non-Profit Organisation	(1,000)	(1,000)
<b>Total Permanent Differences</b>	<b>(26,959)</b>	<b>71,791</b>
<b>Taxable Income</b>	<b>4,928</b>	<b>10,602</b>
Tax Expense at 28%	1,380	2,968
<b>Tax Expense</b>	<b>1,380</b>	<b>2,968</b>
<b>3. INCOME TAX</b>		
<b>Opening Balance</b>	<b>(6,151)</b>	<b>3,481</b>
<b>Plus:</b>		
Provision for Taxation	1,380	2,968
<b>Less:</b>		
Provisional Tax Paid	-	6,930
Terminal Tax Paid	-	3,500
RWT on Interest	484	2,171
Tax Transfer	3,448	-
	3,932	12,601
<b>Income Tax (Receivable)</b>	<b>(8,703)</b>	<b>(6,151)</b>
<b>4. CASH &amp; BANK BALANCES</b>		
<b>BANK ACCOUNT BALANCES</b>		
Bank Accounts	709,979	244,847
Term Deposits	495,900	567,148
<b>Total Cash &amp; Bank Balances</b>	<b>1,205,879</b>	<b>811,995</b>

A guarantee is registered over the term deposits in favour of Datacom Employer Services Limited to the value of \$50,000 (2014 - \$40,000). This relates to the payroll services.

Funds of \$89,960 (2014 - \$93,393) are part of a term deposit balance held specifically for use by South Island Property Council Education Trust. Refer to Note 10.



## 5. PROPERTY, PLANT & EQUIPMENT

	Cost	Depreciation Charged	Accumulated Depreciation	Closing Book Value
	\$	\$	\$	\$

### PROPERTY, PLANT & EQUIPMENT 2015

Furniture & Fittings	127,934	8,159	75,370	52,564
Office Equipment	128,985	28,112	82,422	46,563
Computer Software	109,485	18,339	85,757	23,728
<b>Total Property, Plant &amp; Equipment</b>	<b>366,404</b>	<b>54,610</b>	<b>243,549</b>	<b>122,855</b>

	Cost	Depreciation Charged	Accumulated Depreciation	Closing Book Value
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### PROPERTY, PLANT & EQUIPMENT 2014

Furniture & Fittings	126,585	12,362	67,211	59,374
Office Equipment	106,101	26,766	54,309	51,792
Computer Software	111,463	38,210	67,418	44,045
<b>Total Property, Plant &amp; Equipment</b>	<b>344,149</b>	<b>77,338</b>	<b>188,938</b>	<b>155,211</b>

## 6. PAYABLES & ACCRUALS

2015

2014

### ACCOUNTS PAYABLE

Sundry Creditors & Accruals	183,973	73,380
Trade Creditors	169,028	91,602
<b>Total Payables &amp; Accruals</b>	<b>353,001</b>	<b>164,982</b>

## 7. EVENTS OCCURRING AFTER BALANCE DATE

There are no material events subsequent to balance date (2014 - Nil).

## 8. AUDITORS' REMUNERATION

2015

2014

Audit the financial statements	17,800	12,540
<b>Total Auditors' Remuneration</b>	<b>17,800</b>	<b>12,540</b>

## 9. OBLIGATIONS UNDER LEASES

2015

2014

Not Later than 1 Year	89,015	91,594
Later than 1, but not later than 2 years	88,581	79,066
Later than 2, but not later than 5 years	206,838	264,044
<b>Total Obligations Under Leases</b>	<b>384,434</b>	<b>434,704</b>

## 10. SOUTH ISLAND PROPERTY COUNCIL EDUCATION TRUST

2015

2014

Interest Income	5,518	3,846
General Expenses	-	(3,845)
	<b>5,518</b>	<b>1</b>

Bank Account	5,650	475
Term Deposits	89,960	93,393
	<b>95,610</b>	<b>93,868</b>

The purpose of this trust is to promote and support the education of the students studying the property industry and other persons employed in or about the property industry.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

### 11. RELATED PARTY DISCLOSURES

#### The Councilors

Members of the governing body are fully paid members of the council.

#### Corporate Partners

The corporate partners listed below are sponsors and members of the council:

Hawkins

McConnell Property

RLB Rider Levett Bucknall

#### Other Members

During the year there have been other members that have presented at various events held by the organisation for no remuneration or for a token amount.

Transactions of a commercial nature between the Council and its members are independent of any membership relationship and are on an arms length basis.

Staples Rodway Limited are members of the Council and have provided their accounting services for the organisation during the year \$11,155 (2014 - \$11,065). This includes consultancy work and assistance with tax compliance.

Payments were made to Jones Lang LaSalle as building manager of the tenanted building occupied partly by the Council. This property was owned by AMP Capital Property Portfolio Limited (ceased ownership from 1 December 2014), but the overall management of the building remains with AMP Capital Property Portfolio Limited - both of which are members of the Council.

Simpson Grierson are members of the Council and undertook legal work for the Council in relation to Intellectual property for \$0 (2014 - \$1,870).

Greenwood Roach Chisnall are members of Property Council and undertook Policy Advisory

consultancy work for the South Island Branch of \$52,412 (2014 - \$3,000).

Tattico are members of Property Council and undertook Policy Advisory Consultancy work for the Auckland Branch of \$23,450 (2014 - \$4,957).

Regional Facilities Auckland Ltd are members of Property Council and we used their facilities for events paying costs of \$10,057 (2014 - \$15,420).

Colliers International NZ Ltd are members of Property Council and they undertook Policy Advisory work for the Auckland Branch of \$0 (2014 - \$6,740).

Wintec are members of Property Council and we used their facilities for Events held in Waikato paying costs of \$8,854 (2014 - \$5,103).

Auckland Waterfront Development Agency are members of Property Council and we used their facilities for Events paying costs of \$0 (2014 - \$4,766).

Sky City Ltd (Hamilton) are members of Property Council and Waikato Branch used their facilities for events paying costs of \$460 (2014 - \$2,906).

Knight Frank are members of Property Council and South Island branch were recharged \$0 for storage costs (2014 - \$133).

Sheerer Consultancy Ltd is a member of Property Council and undertook policy advisory consultancy for Auckland Branch of \$0 (2014 - \$3,600).

John Dunn Property Consultancy was paid an Honorarium as Head Judge of the Annual Awards \$4,000 (2014 - \$4,000).

### 12. CONTINGENT LIABILITIES

The Council has no contingent liabilities at balance date (2014 - Nil).

### 13. CAPITAL COMMITMENTS

The Council has no capital commitments at balance date (2014 - Nil).

## CORPORATE MEMBERS



## NATIONAL COUNCILLORS

### Peter Mence – National President

Argosy Property  
pmence@argosy.co.nz

### Campbell Barbour – NZCSC President

NZRPG  
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### Chris Gudgeon

Kiwi Property Group  
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### Mark Thomson

Auckland International Airport  
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### Phil Bennett – Corporate Members Seat

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### John Dakin

Goodman  
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### Kerry Watson

Ngai Tahu Property  
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### Peter Alexander

DNZ Property Fund  
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### Stephen Gracey - Associate Members Seat

Rider Levett Bucknall  
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### Linda Trainer

Scentre Group  
ltrainer@scentregroup.com

### Scott Pritchard

Precinct Properties  
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### Sara-Jane Evans - Secretary

Property Council New Zealand  
sj@propertynz.co.nz

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PROPERTY COUNCIL NEW ZEALAND

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