

Property Council
New Zealand



ANNUAL REPORT

2017/18



THE VOICE OF PROPERTY

Property Council was founded 42 years ago by a small group of commercial property owners who wanted a united voice that lobbied to reduce red tape and champion the property industry. It was from these humble beginnings that the foundations were laid for a successful member association that values the benefits of shared knowledge and collective capability. Today, Property Council New Zealand represents over 550 member companies, connecting over 10,000 property professionals, who collectively own more than \$50 billion worth of property nationwide.

GROWING TOGETHER

The benefits of working as one can be anything, from having greater influence on policy makers, to collective insight and collegiality. Delivered through our strong branch network, industry knowledge and local understanding, Property Council is here to support the growth of all our members.

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HIGHLIGHTS

- Property Council has established a seat at the table with local and central government decision makers – from local discussion groups and urban design panels to regular meetings with Ministers, we make sure your views are heard at every level.
- We hosted 87 events that connected, informed and inspired over 10,000 attendees across New Zealand – facilitating relationships, and keeping you up to date, in one place, at one time.
- Regional economic significance research was conducted by Urban Economics and distributed to members, providing strong data that demonstrated the value of the property industry to each region's economy and underscored why the voice of property should be heard by local authorities.
- The Guide for the Measurement of Residential Properties was published, providing a uniform and impartial methodology for measuring floor space in residential buildings.
- National submissions were made to Government on the Overseas Investment Amendment Bill, National Planning Standards, MBIE's Fire Safety Proposals, Urban Development Authorities and Fire and Emergency NZ's Transitional Provisions.
- Regional submissions were made to local authorities across the country, capturing member's views on key issues such as development contribution policies, long-term plans, town master planning, water management, and annual plans.

STRATEGIC APPROACH

Property Council exists to champion the property industry.

We act as a collective industry voice, giving our members a seat at the table with policy makers and local regulators, to ensure they make informed decisions that benefit our industry and enable a strong economy.

In support of this we conduct industry insights, and host over 80 educational and networking events every year, connecting over 10,000 people.

We inform, we inspire, we connect.

**We are your voice.
The voice of property.**



STRONG INDUSTRY LEADERSHIP

We are an industry leader that champions inclusion and diversity throughout the property industry.

INFLUENTIAL ADVOCACY

We influence Government and decision makers to support decisions that foster a thriving property industry.

EXCEPTIONAL MEMBER & COMMERCIAL SERVICES

We inform, educate and foster mutually beneficial relationships for our members and the wider industry.

DYNAMIC & SECURE CORPORATE SERVICES

We steer the ship, ensuring the organisation has the capability and capacity to deliver quality services to our members.

NATIONAL PRESIDENT'S REVIEW

The past year saw Property Council undergo a transformation. Under the guidance of our previous National President, Peter Mence, the organisation was re-shaped and its priorities refined to deliver greater value to members and increase our influence with policy makers.

Having taken the reins from Peter in March this year, it is pleasing to see that his dedication to Property Council has resulted in a more resilient, collaborative team that are well poised to take us forward as an organisation and as an industry. Of course, strong teams are crafted by strong leaders, making it only natural that I acknowledge the service of our Chief Executive, Connal Townsend, who recently announced his retirement after 15 years at the helm of the organisation. Connal has been very considerate in his notice, allowing adequate time for recruitment of a new Chief Executive before his departure at the end of the year and offering his assistance in a part time capacity in 2019 to ensure a seamless transition.

While the results may not be instant, these issues affect every commercial property owner in the country and it is important that we have a strong, united, educated voice representing us in these discussions.

As a governance team, National Council has been pleased with Property Council's success in educating and engaging with the new government – this level of influence cannot be underestimated – being the source of information and acting as a sounding board for Ministers who are new to the job is exactly the position we want to be in. It is more than a seat at the table, positioning us not as a protagonist, but as an ally.

This alliance has proved beneficial as we discuss our priorities with policy makers, particularly with the vast array of working groups the government has put in place to consult with the public and our industry. This continued engagement ensures your voice is recognised as credible and informed on issues such as infrastructure funding, tax settings, planning system

reform, asset management, building system and building code reform and construction sector transformation. While the results may not be instant, these issues affect every commercial property owner in the country and it is important that we have a strong, united, educated voice representing us in these discussions

One issue that we expect to come to the fore in the coming year is that of diversity and inclusion. The property industry is not alone in facing the challenge of enticing a more diverse array of talent to our sector. The development of a Diversity Working Group within our membership is the first step towards accepting this challenge and collaborating to find solutions. Improving diversity across our industry will have many long-term benefits and many individual members are making significant progress in this area. However, there is certainly a great deal more we can, and should be doing.

I would like to finish by thanking all our 550 member companies for their support of Property Council. Having a successful and influential industry voice can only be achieved through your financial and time commitment and it is hugely valued by the organisation.

John Dakin
National President
CEO, Goodman NZ



CHIEF EXECUTIVE'S REVIEW

GROWTH. VALUE. PARTNERSHIPS. CAPABILITY

If there were four words to sum up the past year, then these would be them. Not only has the property industry continued to grow and prove its value, strengthening partnerships and enhancing capability, but so too has Property Council as an organisation. It is no secret that the last 12 months have seen our team undergo an evolution, with 43% of staff joining the organisation in the past year and 81% either in an entirely new role or a restructured position.

While this scale of change has its challenges, it also presents a world of opportunities.

The groundswell of positivity and support shown by the team in the past six months has been enormously humbling. As has the determination of our refreshed leadership team, who have stepped up and laid the foundations for a stronger, more resilient and more capable organisation. We are now confident we have the best people, doing the right job, with the right tools to support the needs of our membership.

Culturally, Property Council has flourished. While it may take some further work to put all the fresh ideas to good use, operationally the organisation continues to punch well above its weight, as outlined by the highlights section of this report (see page 1).

The highlights are, however, only part of the story. Property Council as a member-led organisation has always been about people. The collective of people who drive our success –

from staff to members to governors – are the reason we can influence decision makers, have a seat at the table with policy makers and accurately reflect the views of our industry.

Our members invest in Property Council because we champion a thriving property industry that creates jobs, opportunities for growth and shapes cities that are future-proofed and functional. We aim to deliver policy outcomes to property owners, managers, investors and associates that reduce red-tape, encourage development and enable the New Zealand economy. We are proud to drive solutions-focused advocacy, that positions us to partner with local and central government and be a conduit for good ideas.

This focus on achieving tangible advocacy wins for members through strategic planning, collective sharing of knowledge, and good communication will continue long after I am gone – which brings me to my next point.

You will have noted a recent announcement regarding my retirement at the end of the year. After 15 years at the helm of this fine organisation, the time has come to enjoy a slightly quieter existence. Admittedly, that quieter existence may be some time off as I have also committed to returning in 2019 in a part time consultancy basis to assist with several strategic advocacy objectives and provide support to the incoming Chief Executive and the wider team throughout this handover.

As this will be the final Chief Executive's Review I will be part of, let me take a moment to say thank you to those who have made my role so enjoyable and fulfilling – to the members who became friends and the colleagues who became family. It has been a pleasure to be the voice of property and I have no doubt the succeeding Chief Executive will find the position equally as rewarding as he or she leads you into the future.

Connal Townsend
Chief Executive Officer



A STRONGER TEAM, WORKING FOR YOU

We are committed to ensuring Property Council is fit for purpose and delivers consistent value to our members. Achieving longevity and a high standard of service means constant evolution and refinement, hence why over the course of 2017, we engaged an external consultant to perform a review of our internal structure. This review proved enlightening, resulting in a clear strategy, a more positive organisational culture and refreshed management structure. It also recommended we create a leaner and more focused management team, driving a new-look Property Council through the creation of three teams.

ADVOCACY

The advocacy team brings together all the elements to increase Property Council's credibility, reputation and influence. Overseen by Matt Paterson, this team is tasked with leading proactive campaigns to champion and foster growth of the property sector. Their functions include insights, research, strategic events alignment, policy analysis, advocacy, government relations and public communications and partnerships.

MEMBERSHIP & COMMERCIAL SERVICES

Managed by Sara-Jane Evans, this team provides support to stakeholders. Located in different regions across the country, this team is responsible for all branch operations, event management and delivery, sponsorship, training and development. This team also attracts, coordinates, and manages membership at a branch, national, and corporate level.

CORPORATE SERVICES

Lead by Simon Thorne, this is the engine room of the organisation. Focused on providing support to the advocacy and member services teams, this team provides member communications, financial management, operational, administrative, HR and IT support.



ADVOCACY

Our advocacy agenda in an election year is something of a rollercoaster, with a slowdown in the lead up to the election and a rush afterwards, especially given the change in Government. Property Council met with a range of new Ministers, including Phil Twyford, Jenny Salesa, David Parker, Megan Woods, and Tracey Martin. We also hosted Phil Twyford at the Auckland Property People Awards in his first official engagement as a Minister.

The Advocacy Team set to work defending the commercial property industry's interests as the new Government set its agenda. Significant ground was won with overseas investment in residential development and the tax working group, and we continued our work to make fire levies more equitable for members. We continued our advocacy with other likeminded groups to reform the resource planning, local government and infrastructure funding systems. Our submission to the previous National Government on urban development authorities will be act as groundwork as the new Government explores similar workstreams later in 2018-19.

Regionally, Property Council represented members through submissions on annual plans for Auckland, Tauranga, Hamilton, Waipa, Wellington, Greater Wellington, Christchurch, Waimakariri, Dunedin and Queenstown and on select local issues such as Auckland Transport, Christchurch transport corridors and Let's Get Wellington Moving. Research reports on the regional economic significance of the industry showed how important property is around New Zealand.

2017 also saw a big shake-up in how Property Council manages advocacy on our member's behalf. We formed a specialist Advocacy Team combining research, policy, advocacy, external communications and government relations. To provide focus and effectiveness to our work we defined seven clear advocacy outcomes and are now working towards the achievement of these objectives as part of our wider strategy.

Matt Paterson
Head of Advocacy



MEMBERSHIP & COMMERCIAL SERVICES

The Membership & Commercial Services team was established to bring together all of our Branch and Event Managers and those who are primarily in member-facing roles.

Central to this initiative was the appointment of our Membership Manager, Harry Wright, who joined the team in February 2018. Harry's role creates one central point of contact for perspective members, ensuring consistent messaging and service that will see our membership grow over the coming months.

Like the wider organisation, our team saw massive change over the course of the year and there has been a significant induction period for many new staff that is now coming to fruition. We are now stronger and have built a supportive culture that can be felt at each point of contact.

Education has been a focus for the New Zealand Council of Shopping Centres (NZCSC), with a series of retail property training courses equipping attendees with a sound understanding of the retail property sector.

As an organisation, we have an exceptional member-retention rate of 92%. We know that once members are on board, their understanding of the value of their membership grows and they often become engaged at our highest levels of governance. This level of engagement and the sheer number of ways members can get involved is what keeps our membership happy.

We enter the new financial year with an overall goal to provide exceptional member and commercial services. As a team, our aim is to inform, educate and foster mutually beneficial relationships for our members and the wider industry. Whether this is through our market-leading events, via opportunities to partner with us or simply by connecting two parties who share similar goals and values – we are your conduit.

Sara-Jane Evans
Head of Membership & Commercial Services



CORPORATE SERVICES

2017 saw the establishment of the Corporate Services team, whose role it is to assist with the efficient running of the organisation. The refreshed structure resulted in an array of updated policies and procedures, to ensure all staff have an appropriate induction and proper training in their roles. We also made leaps and bounds when it comes to utilising the technology we have at our fingertips to better connect our remote staff, with the introduction of Skype for Business making a huge difference in how we communicate as a team.

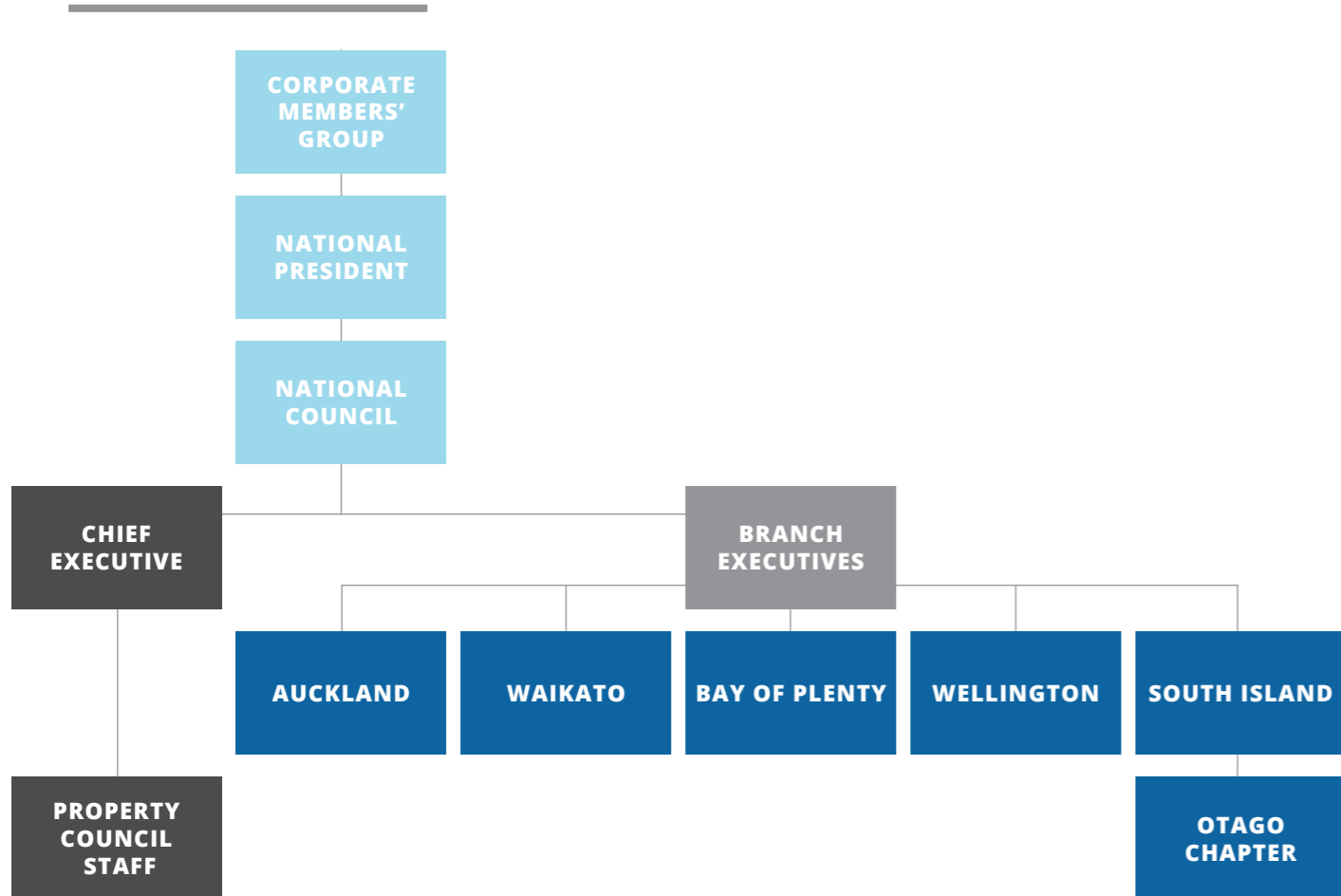
Enhancing our member communications has been a focus in the first quarter of 2018, with a series of member insights interviews conducted, resulting in several changes to the way we tell our story.

This year we have strengthened our relationship with the Royal Institution of Chartered Surveyors (RICS), collaborating on a series of well-received educational events that benefit members of both associations.
















Financially, the organisation continues to have strong reserves despite the unexpected costs of restructuring and recruitment that were incurred in the past 12 months. While a deficit has been recorded for the 2017/2018 financial year, this was kept to a minimum given the turbulence of the past 12 months.

Simon Thorne
Head of Corporate Services

GOVERNANCE



NATIONAL COUNCILLORS

| | | | | |
|---|---|---|---|---|
|  John Dakin Goodman NZ National President |  Scott Pritchard Precinct Properties National Vice-President |  Peter Mence Argosy Property |  Simon Woodhams Property for Industry |  Phil Littlewood Stride Property |
|  Patrick Dougherty Housing New Zealand |  Rod Sheridan Auckland Council |  Steven Gracey Rider Levett Bucknall |  Michael Holloway Kiwi Property Auckland Branch President |  Brooke Courtney Sharpe Tudhope Lawyers Bay of Plenty Branch President |
|  Brian Squair Chow:Hill Architects Waikato Branch President |  Denis Wood Munro Bengé Wellington Branch President |  Roger Davidson Foodstuffs South Island South Island Branch President |  Campbell Barbour NZRPG New Zealand Council of Shopping Centres Chair |  Martin Udale Tall Wood Residential Development Council Chair |

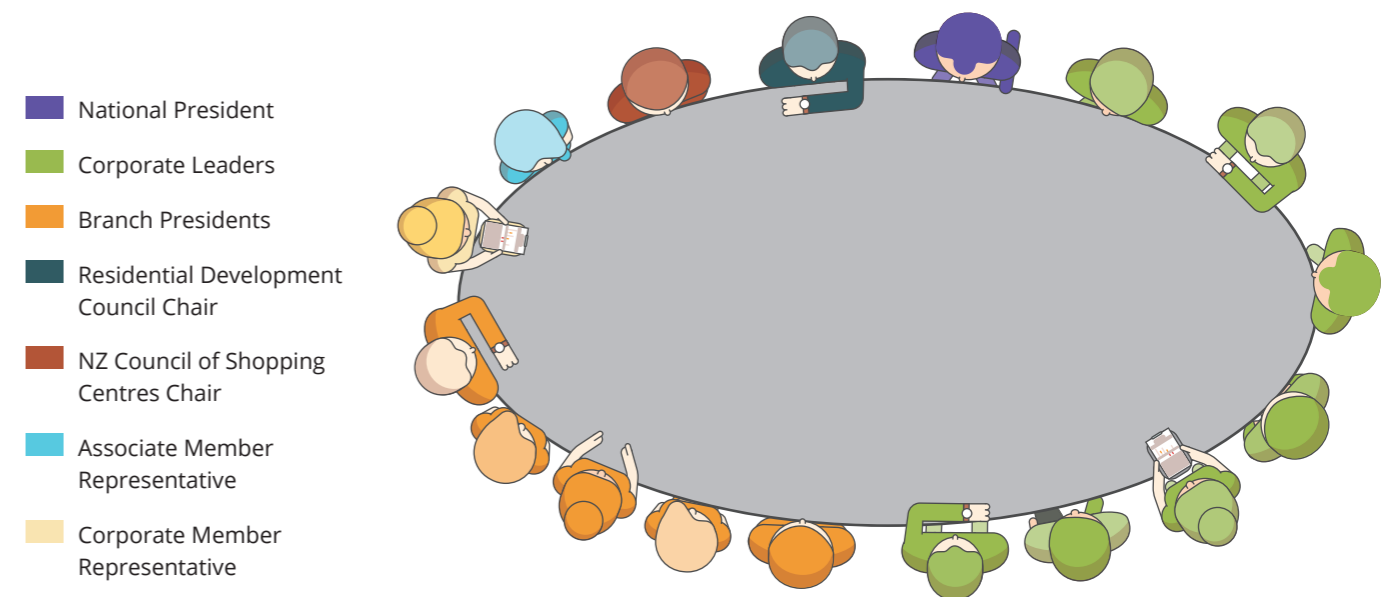
NATIONAL COUNCIL

National Council is tasked with guiding the organisation's strategic direction in close consultation with members.

Made up of industry leaders, influencers and decision makers, National Council members lend their considerable expertise and insight to champion the interests of the commercial property industry.

Led by National President John Dakin, Chief Executive of Goodman NZ, National Council is committed to fostering and enabling quality urban growth and development in New Zealand.

NATIONAL COUNCIL COMPOSITION



OUR PEOPLE

As previously mentioned, at the end of 2017, the Leadership Team was restructured to create a leaner and more focused management team, with Connal at the helm, supported by Matt Paterson as Head of Advocacy, Simon Thorne as Head of Corporate Services and Sara-Jane Evans as Head of Membership & Commercial Services. This flat structure with its three interlocking teams has served to refresh our organisational culture with a focus on transparency, team work and collaboration.

As with any evolution, the success of such transformation is largely dependant on the team involved. We have been exceptionally lucky over the past 6-8 months to have the support of a dedicated and enthusiastic group of people who have embraced the changes and continued to think outside the box to refine our processes and ensure our members receive the very best service.

On behalf of National Council and the Leadership Team, we thank our staff for the support and committed service that has been delivered to our members and our business. As is customary, we recognise the importance of the Property Council team and the significant contribution they make to the organisation.

Our organisation relies on our staff, our members, our governors and our stakeholders working together.

We are continuing to invest in improving our engagement with members, including running a series of insights interviews with active and inactive members, former members, governors and staff to better understand member perceptions of Property Council, identify opportunities we are missing, gain an understanding of what's driving member attitudes and behaviours and provide a firm foundation for an ongoing communications strategy to support member engagement. This research proved hugely enlightening, with the results being used to refine our communications and give members more of what they want, when they want it, in a language everyone can understand.



OUR COMMUNITY

Property Council represents over 550 member companies, connecting over 10,000 property professionals, who have an estimated \$50 billion investment in property nationwide.

Our somewhat complex membership structure can often make these numbers difficult to report, as many of those 550 companies have multiple membership subscriptions in various branches throughout the country. When all subscriptions are accounted for, the total number of membership subscriptions sits at 701.

| MEMBERSHIP CATEGORY | # OF MEMBERS |
|---------------------|--------------|
| CORPORATE LEADERS | 16 |
| CORPORATE MEMBERS | 21 |
| NATIONAL ASSOCIATE | 9 |
| NZCSC | 53 |
| CORE A | 82 |
| CORE B | 26 |
| CORE C | 52 |
| CORE D | 45 |
| ASSOCIATE A | 76 |
| ASSOCIATE B | 74 |
| ASSOCIATE C | 117 |
| ASSOCIATE D | 115 |
| COMPLIMENTARY | 15 |
| | 701 |

A COLLECTIVE VOICE

AUCKLAND

- We supported Auckland Council's Long-Term Plan 2018-28 and called for a draft Development Contributions Policy for consideration.
- We supported the Auckland Mayoral Housing Taskforce report.
- We collaborated on the Auckland Transport Alignment Project with Ministry of Transport, NZTA, Auckland Council and Auckland Transport.
- We embedded and assisted in the implementation of the Auckland Unitary Plan.
- We continued our conversations with Auckland Council to streamline and improve consenting in Auckland and to prepare for the impending Auckland Plan review.
- We regularly engaged with Auckland Council's Development Programme Office to advocate for improved infrastructure that keeps the city moving and growing.
- We represented members on the Auckland City Centre Advisory Board and various other local property-related committees.

| | | | | |
|------------------|-----------------|---------------|-----------------|------------------|
| 323 | 600+ | 19 | 2,906 | ONE |
| MEMBER COMPANIES | VOLUNTEER HOURS | EVENTS HOSTED | EVENT ATTENDEES | COLLECTIVE VOICE |

WAIKATO

- In our submission on the Hamilton City Council Annual Plan 2017-18 we stressed the importance of the Council implementing growth-enabling factors that result in decisions being made in a holistic, transparent manner.
- We called the Draft Hamilton Special Housing Areas Policy "not as enabling as it could be" in our July 2017 submission, calling for the Council to ensure the Housing Accords and Special Housing Areas Act 2013 is better applied and that housing supply (and, by extension, housing affordability) in Hamilton are enhanced.
- Property Council strongly supported the potential for regional collaboration to be driven out of the Waikato Mayoral Forum Future Proof in July 2017. Our submission stated that Hamilton is a focal point for the region and forms a vital commercial centre, while the sub region is a key economic driver of Hamilton's economic success.
- We supported Hamilton City Council's proposal to form a Waikato Shared Waters Management Company in November 2017, stating the single organisation would allow for better governance and a more strategic approach to decision-making and asset management.
- Property Council supported the Waikato District Council Development Contributions Policy and lobbied for greater clarity and transparency of the proposed funding model.

| | | | | |
|------------------|-----------------|---------------|-----------------|------------------|
| 116 | 500+ | 12 | 1,039 | ONE |
| MEMBER COMPANIES | VOLUNTEER HOURS | EVENTS HOSTED | EVENT ATTENDEES | COLLECTIVE VOICE |

BAY OF PLENTY

- We asked Tauranga City Council to consult with us further in our Annual Plan 2017-18 submission, with concerns raised over the proposed capital investment required for a new Visitor Centre, a targeted rate increase on commercial property, and increases to development contributions.
- Property Council threw our support behind the development of Rotorua's Draft Spatial Plan during consultation in November 2017, calling the plan "an excellent example of a good spatial plan" and endorsing the plans seven core objectives.

| | | | | |
|-------------------------|------------------------|----------------------|------------------------|-------------------------|
| 87 | 210+ | 9 | 395 | ONE |
| MEMBER COMPANIES | VOLUNTEER HOURS | EVENTS HOSTED | EVENT ATTENDEES | COLLECTIVE VOICE |

WELLINGTON

- Property Council raised concerns around the proposed increase to CBD rates in the Greater Wellington Regional Council's Annual Plan 2017-18, noting that rates increases can have a detrimental effect on the future viability of commercial property development and investment in the city.
- Property Council asked local authorities to focus on essential, core activities in our Wellington City Council Annual Plan 2017-18 submission, supporting initiatives to reallocate capital projects in order to reflect service priorities and create a more resilient city.
- We supported the Proposed Shelly Bay Development in August 2017, believing it will bring several economic, environmental and social benefits to the area, Wellington and the Wellington region.
- Supported options C and D of the Let's Get Wellington Moving Consultation in 2017, lobbying for a long-term focus that unlocks development and caters for the growth of the entire Wellington region.

| | | | | |
|-------------------------|------------------------|----------------------|------------------------|-------------------------|
| 132 | 430+ | 13 | 1,462 | ONE |
| MEMBER COMPANIES | VOLUNTEER HOURS | EVENTS HOSTED | EVENT ATTENDEES | COLLECTIVE VOICE |

SOUTH ISLAND & OTAGO

- In our submission on Christchurch City Council's Annual Plan 2017-18 we stressed the importance of effective and equitable funding mechanisms to manage Christchurch's urban growth and regeneration given the Council's current funding constraints.
- Property Council recognised the need to increase rates across the district to fund existing infrastructure and services as proposed in the Waimakariri District Council Annual Plan 2017-18. However, we have raised concerns over the scale of proposed rates increases of up to 18.7% for some areas.
- We supported the Draft Concepts for Cathedral Square as proposed by Regenerate Christchurch in August 2017, but reiterated that social outcomes, while important, must not come at the expense of potential CBD development and economic vitality.
- In August 2017 we called for Queenstown Lakes District Council to look at Queenstown's future development in an integrated and holistic manner, asking the Council to consider an overarching strategic vision that enables development and delivers infrastructure for the wider region as the foundation of the Queenstown CBD Master Plan.
- Property Council supported option two of the St Asaph Street Proposed Layout Options in October 2017, stating that the design would be best placed to ensure both the safety of road users and usability of the space for cars and patrons of the nearby businesses.
- Property Council acknowledged that Queenstown is experiencing significant residential population growth, alongside a growth in tourism, but expressed concerns over commercial property owners having to bear the brunt of a significant proposed rate increase in the Queenstown Lakes District Council Annual Plan 2017-18 submission.

| | | | | |
|-------------------------|------------------------|----------------------|------------------------|-------------------------|
| 195 | 500+ | 29 | 2,976 | ONE |
| MEMBER COMPANIES | VOLUNTEER HOURS | EVENTS HOSTED | EVENT ATTENDEES | COLLECTIVE VOICE |

The NZCSC has had an active 2017-18, it has successfully implemented a number of initiatives and objectives it had set for itself.

Education has continued to be a key component of NZCSC's role, with our 2016 education programme continuing into 2017 and beyond. These courses provide training and opportunities for career progression for retail property professionals, with both an introductory one-day course and an advanced three-day course available.

Of course, the highlight of the retail property calendar is the annual Retail Conference. Held in July and attracting over 400 delegates, the 2017 conference theme was "the changing face of retail", offering delegates an insight into what the future holds and where the retail sector is heading. Feedback from the event was excellent and the 2018 event is anticipated to be bigger again.

Much work has been done this year on raising the public profile of NZCSC through media and public relations opportunities. The Council has continued to make its voice heard in conversations around the future of retail in New Zealand, the debate on including GST on online transactions and public transport planning in Auckland. We continue to reinforce the concept of Retail properties as 'placemakers' that drive the economic and social success of a community.

Not only has NZCSC achieved greater engagement with central government and local authorities, including now having NZCSC representation on Auckland's Urban Design Panel, but we have also grown our membership. We welcome Progressive Enterprises and The Warehouse, who have joined our collective of New Zealand's most prominent retail property owners, managers and investors.

A review of the role of NZCSC, its membership profile, opportunities and Brand has resulted in the committee examining the brand and direction of the organisation. In line with the significant changes in modern retail property and the messaging that we are committed to, a move away from the phrase "shopping centre" was required. The Industry is

no longer about "shopping centres" but retail property in the broadest sense. The committee intends to relaunch itself as the Retail Property Forum of NZ (RPFNZ).

I would like to take this opportunity to say thank you to our committee, who offer their expertise and dedicate countless hours of their time to taking the retail sector into the future. I also raise a toast to our members, who support our vision of a strong and resilient retail property sector that encourages placemaking, sustained economic growth and stronger communities.

We look to 2018/19 with great anticipation of the opportunities that lie ahead and look forward to continuing to champion the significant contribution our dynamic and vibrant retail sector makes to the New Zealand economy.

Campbell Barbour

Chair, NZCSC



While the Residential Development Council (RDC) has been in place for a couple of years, 2017 saw the RDC formalising its mandate and governance structure, ensuring we are set up to provide property developers in the residential space with a solid soap box to advocate from.

We have worked closely with Property Council's advocacy team, championing the role of technology and alternative building products, advocating for an improved planning and regulatory system, improved council consenting and development processes to minimise delays, reduced compliance costs and greater construction capability and capacity. RDC representatives also actively assisted Auckland Council as they were undertaking work on the National Policy Statement on Urban Development Capacity (NPS UDC).

With construction costs continuing to rise, RDC has collaborated with BRANZ to instigate a research project that examines the cost differences between New Zealand and Australia. This project links to our overall goal of removing barriers to housing development, with members

telling us that construction costs and procurement are frequently the deciding factors in whether a development or project is feasible.

We were honoured to host New Zealand's only Residential Development Summit in February this year, exploring the challenges faced by our industry, addressing current issues and providing inspiration through fresh ideas and innovation. Minister Twyford was in attendance and the event had a firm focus on how we can utilise modern thinking to build tomorrow's cities, leaving delegates informed and inspired.

The change of government brought new challenges and opportunities. We have great hope for the new initiatives on offer and will continue to have a seat at the table with policy makers to advocate for housing solutions that fit our culture, can be sustainably built and financed in a timely manner and – most notably – are affordable for the average New Zealander to rent or buy.

Special thanks to my fellow Residential Development Council committee members, who generously donate their time and collective expertise to ensure the views of residential developers across the country are heard by policy makers and local authorities.

Martin Udale

Chair, Residential Development Council



LOOKING AHEAD

We are the voice of property.

Now is the time to build on the solid foundations delivered by last year's restructure – we now have the talent and capability to deliver exceptional outcomes for our members, coupled with the passion and drive to see our long-term projects bear fruit.

Much has been accomplished in the past year. Strong relationships have been built with the new Government and we are well positioned for leveraging these ties and strengthening our voice in the coming year. A priority moving forward is to recruit and instate a strong Chief Executive and nurture the team and our members through this next period of change.

We will continue to invest in our people capabilities and to implement events and programmes to develop and attract a diverse range of talent to our industry.

As a Council, your National Council will continue to focus on the strategic direction of the organisation, its governance and ensuring that Property Council is prepared to face the many challenges that the industry provides. We would like to thank the National Councillors for their drive and contribution this year in making Property Council the successful association that it is today.

Our challenge, as with many businesses, remains to strike the balance between listening to our membership while also operating with a single-minded proposition, focusing on those priorities that will have the biggest impact for the widest range of members. To ensure we are operating as a true industry voice, we must engage with our members and gather the views and opinions of the entire collective.

The future is bright, and we are excited about what it holds. We acknowledge and thank our members for their ongoing support and we look forward to proactively working with all our partners in the future to ensure the health and success of our members and our industry.



John Dakin
National President



Connal Townsend
Chief Executive Officer



OUR VOLUNTEERS

The depth of skill and industry knowledge of the Property Council collective of volunteers is second to none. Each and every one of them donates their time and expertise to representing our members, and our industry. No other organisation can give you access to this level of collective experience.



FINANCIAL SUMMARY



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Independent Auditor's Report

To the members of Property Council of New Zealand Incorporated

The latest financial result illustrates the challenges the organisation went through during 2017/18 as it moved towards a re-focus of its commitment towards its members.

An operating deficit of \$104,129 was caused by un-budgeted costs around the organisational restructure of \$124,928. While disappointing to report a deficit, the longer-term benefits from these changes should put us on firmer financial footing in the coming years.

Total revenue (operating & other) for the year was up \$78,000, with the majority of this additional revenue coming from member funding of advocacy work. Within the operating revenue the event income was down but subscriptions from branches and nationally were up.

Expenses were up \$275,000, with \$125,000 of this coming from restructuring. Of the remaining, \$119,000 was due to employee costs as staff exited and joined during the year increasing the overall staff count by two.

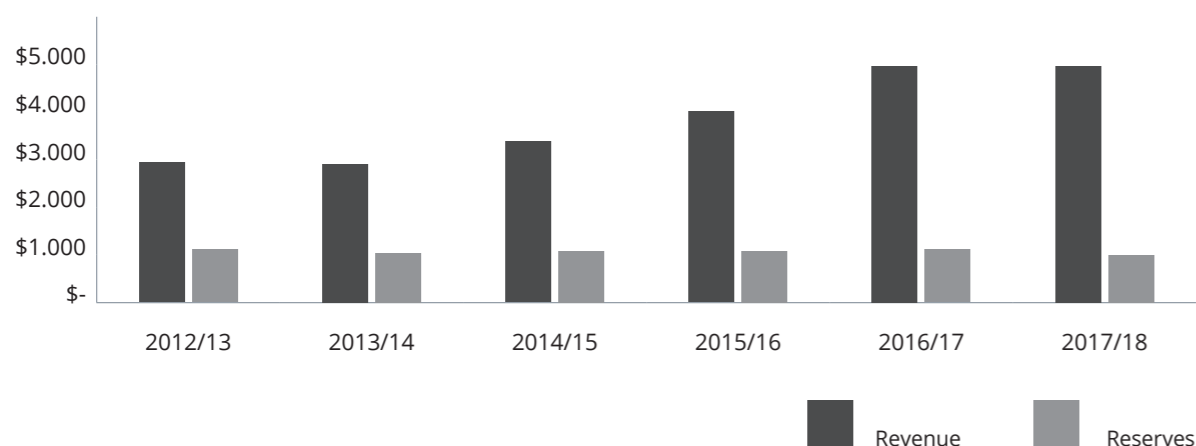
Cashflow for 2017/18 was strong, with an overall increase in cash of \$176,800 created largely by an increase in the organisation's investment activity over the last year.

Within the balance sheet there has been minimal changes. Total assets have decreased \$150,100 due to a combination of lower net fixed asset value and current assets via a reduced mix cash – both short and long-term. Liabilities have reduced slightly due to changes in timing of advance payables and trade creditors.

The next year or two will likely pose further financial obstacles as we continue the organisational transition; however, we are looking to continue to grow certain areas of revenue, so we can maintain and grow our service levels to members.

Substantial growth, which has nearly doubled the revenue over the last five years, will be difficult to continue, with the focus more on the longer-term financial sustainability of the organisation going forward over the next 3-5 years.

REVENUE VS. RESERVES 2012-2018



Opinion

We have audited the financial statements of Property Council of New Zealand Incorporated, which comprise:

- the statement of financial position as at 31 March 2018;
- the statement of comprehensive revenue and expense for the year then ended;
- the statement of changes in net assets/equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies.

In our opinion, the accompanying financial statements on pages 25 to 38 present fairly, in all material respects, the financial position of Property Council of New Zealand Incorporated as at 31 March 2018, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the society in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

Other information

The national council is responsible for the other information. The other information comprises the 2018 Annual Report on pages 1 to 22 and pages 39 to 40, (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Hayes Audit is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practises in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.



In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the national council for the financial statements

The national council is responsible, on behalf of Property Council of New Zealand Incorporated, for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as those charged with governance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the national council is responsible, on behalf of the Property Council of New Zealand Incorporated, for assessing the Property Council of New Zealand Incorporated's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the national council either intend to liquidate Property Council of New Zealand Incorporated or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements. A further description of the auditor's responsibilities for the audit of the financial statements is located at the XRB's website at:

https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page8.aspx

Who we report to

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.

RSM Hayes Audit
Auckland

17 September 2018

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 31 MARCH 2018

| | | 2018 | 2017 |
|---|------|-------------|-------------|
| | Note | \$ | \$ |
| Revenue from exchange transactions | | | |
| Operating revenue | 3 | 4,498,903 | 4,493,612 |
| Less: Cost of sales | | | |
| Cost of sales | 4 | (2,062,013) | (2,061,325) |
| Gross profit | | 2,436,890 | 2,432,287 |
| Other revenue and income from exchange transactions | | | |
| Interest income | 3 | 33,227 | 34,188 |
| Other income | 3 | 174,499 | 100,194 |
| | | 207,726 | 134,382 |
| Total Revenue | | 2,644,616 | 2,566,669 |
| Less: expenses | | | |
| Operational expenses | | (506,173) | (492,697) |
| Depreciation and amortisation expense | 4 | (77,122) | (61,810) |
| Employee benefits expense | 4 | (1,883,886) | (1,764,533) |
| Occupancy expense | | (156,636) | (154,600) |
| Restructuring expenses | | (124,928) | - |
| Total Expenses | | (2,748,745) | (2,473,640) |
| Surplus / (deficit) before income tax expense | | (104,129) | 93,029 |
| Income tax (expense) / benefit | 5 | - | (42,563) |
| Surplus / (deficit) from continuing operations | | (104,129) | 50,466 |
| Other comprehensive revenue and expense | | - | - |
| Total comprehensive revenue and expense for the year | | (104,129) | 50,466 |

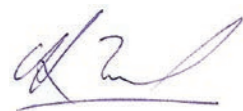
STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 31 MARCH 2018

| | Retained earnings | Total equity |
|---|-------------------|--------------|
| | \$ | \$ |
| Balance as at 1 April 2016 | 933,227 | 933,227 |
| Profit for the year | 50,466 | 50,466 |
| Total comprehensive revenue and expense for the year | 50,466 | 50,466 |
| Balance as at 31 March 2017 | 983,693 | 983,693 |
| Balance as at 1 April 2017 | 983,693 | 983,693 |
| Loss for the year | (104,129) | (104,129) |
| Total comprehensive revenue and expense for the year | (104,129) | (104,129) |
| Balance as at 31 March 2018 | 879,564 | 879,564 |

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

| | Note | 2018 | 2017 |
|--|------|------------------|------------------|
| | | \$ | \$ |
| Current assets | | | |
| Cash and cash equivalents | 6 | 453,368 | 276,488 |
| Receivables from exchange transactions | 7 | 325,695 | 264,938 |
| Inventories | 8 | 15,053 | 17,780 |
| Other financial assets | 9 | 509,302 | 821,403 |
| Other assets | 12 | 122,852 | 123,710 |
| Total current assets | | 1,426,270 | 1,504,319 |
| Non-current assets | | | |
| Property, plant and equipment | 10 | 72,869 | 96,626 |
| Intangible assets | 11 | 51,111 | 99,376 |
| Total non-current assets | | 123,980 | 196,002 |
| Total assets | | 1,550,250 | 1,700,321 |
| Current liabilities | | | |
| Payables from exchange transactions | 13 | 402,698 | 565,384 |
| Income in advance | | 267,988 | 151,244 |
| Total current liabilities | | 670,686 | 716,628 |
| Total liabilities | | 670,686 | 716,628 |
| Net assets | | 879,564 | 983,693 |
| Equity | | | |
| Retained earnings | | 879,564 | 983,693 |
| Total equity | | 879,564 | 983,693 |

Approved on behalf of the National Council:



Connal Townsend, Chief Executive

14/09/2018
Date



John Dakin, National President

14/09/2018
Date

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

| | Note | 2018 | 2017 |
|---|------|------------------|------------------|
| | | \$ | \$ |
| Cash flow from operating activities | | | |
| Proceeds from members | | 1,708,638 | 1,618,304 |
| Proceeds from events | | 2,766,694 | 2,693,492 |
| Proceeds from other | | 256,142 | 165,696 |
| Interest received | | 31,142 | 34,888 |
| Payments to suppliers | | (3,273,003) | (2,809,009) |
| Payments to employees | | (1,598,720) | (1,522,186) |
| Income tax received | | - | 12,388 |
| Net cash provided by/ (used in) operating activities | | (109,107) | 193,573 |
| Cash flow from investing activities | | | |
| Proceeds from sale of investments | | - | 1,498 |
| Payment for property, plant and equipment | | (26,114) | (32,015) |
| Payment for intangible assets | | - | (77,452) |
| Payment / (proceeds) from short term deposits | | 312,101 | (160,442) |
| Net cash used in investing activities | | 285,987 | (268,411) |
| Reconciliation of cash | | | |
| Cash at beginning of the financial year | | 276,488 | 351,326 |
| Net increase/ (decrease) in cash held | | 176,880 | (74,838) |
| Cash at end of financial year | 14a | 453,368 | 276,488 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are for Property Council of New Zealand Incorporated (‘the Council’).

The Council is an incorporated society under the Incorporated Societies Act 1908.

The primary objective of the Council is to represent New Zealand’s Commercial Industrial, Retail, Property Funds and Multi Unit Residential Property owners, managers and investors.

The following is a summary of the material accounting policies adopted by the Council in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(A) BASIS OF PREPARATION OF THE FINANCIAL REPORT

Statement of Compliance

The financial report has been prepared in accordance with New Zealand Generally Accepted Accounting Practice (“NZ GAAP”). It complies with Public Benefit Entity International Public Sector Accounting Standards (“PBE IPSAS”) and other applicable Financial Reporting Standards, as appropriate for Tier 2 not-for-profit public benefit entities, for which all reduced disclosure regime exemptions have been adopted.

The Council qualifies as a Tier 2 reporting entity as for the two most recent reporting periods total expenditure was between \$2m and \$30m and the Council is not considered to be publicly accountable.

Measurement Basis

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

The accounting policies adopted in the financial report are consistent with those of the previous financial year.

(B) REVENUE

Revenue from ticketing fees is recognised in surplus or deficit in the period in which the event has taken place. Amounts recognised in advance for services to be provided in future periods are recognised as a liability until such time as the service is provided.

Membership and subscription fees are recognised as revenue when no significant uncertainty as to its collectibility exists, if the fee relates only to membership and all other services or products are paid for separately, or if there is a separate annual subscription. Membership and subscription fees

are recognised on a basis that reflects the timing, nature and value of the benefit provided if the fee entitles the member to services or publications to be provided during the membership period, or to purchase goods or services at prices lower than those charged to non-members.

Revenue from organising and hosting events is recognised in the period in which the events are held.

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(C) INCOME TAX

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 not-for-profit body, the Council is entitled to a deduction for tax for the lessor of \$1,000 or the amount that would be the amount that would be the net income derived from the Council’s non-member transactions.

Current income tax expense or revenue is the tax payable on the current period’s taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

(D) INVENTORIES

Inventories held for sale are measured at the lower of cost and net realisable value.

(E) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and at bank, short-term deposits with an original maturity of three months or less held at call with financial institutions.

(F) FINANCIAL INSTRUMENTS

Classification

The Council classifies its financial assets into the following categories: financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Non-derivative financial instruments

Non-derivative financial instruments consist of investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are initially recognised at fair value, plus directly attributable transaction costs (if any), except for instruments recorded at fair value through profit or loss. After initial recognition, non-derivative financial instruments are measured as described below.

Loans and receivables

Loans and receivables include trade and other receivables, cash and cash equivalents and term deposits with original maturity dates more than 3 months.

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Financial liabilities

Financial liabilities include trade payables and other creditors.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The carrying amount of financial assets is reviewed annually by directors to assess whether there is any objective evidence that a financial asset is impaired.

Where such objective evidence exists, the Council recognises impairment losses.

For loans and receivables or held-to-maturity investments carried at amortised cost, impairment loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The amount of the loss reduces the carrying amount of the asset and is

recognised in profit or loss. The impairment loss is reversed through profit or loss if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised.

(G) PROPERTY, PLANT AND EQUIPMENT

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured on the cost basis.

Depreciation

The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Land and the land component of any class of property, plant and equipment is not depreciated.

| Class of fixed asset | Depreciation rates | Depreciation basis |
|--|--------------------|--------------------|
| Office equipment at cost | 19.2% - 67% | Diminishing value |
| Furniture, fixtures and fittings at cost | 12% - 26.4% | Diminishing value |

(H) INTANGIBLES

Computer software Computer software is recognised at cost. It is amortised over its estimated useful life, which ranges from 50% to 60% diminishing value. Computer software is carried at cost less accumulated amortisation and any impairment losses.

(I) PROVISIONS

Provisions are recognised when the Council has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(J) LEASES

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(K) EMPLOYEE BENEFITS

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Long-term employee benefit obligations

Liabilities arising in respect of long service leave and annual leave which is not expected to be settled within twelve months of the reporting date are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Retirement benefit obligations

Defined contribution superannuation plan

The Council makes contributions to defined contribution superannuation plans in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the employee services are received.

(L) GOODS AND SERVICES TAX (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(M) COMPARATIVES

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(N) BORROWING COSTS

Borrowing costs can including interest expense calculated using the effective interest method, finance charges in respect of finance leases, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset are capitalised until the asset is ready for its intended use or sale.

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Council's financial statements requires management to make estimates and judgements that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and judgements are based on experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Uncertainty about these estimates and judgements could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any other periods affected.

Judgements made by management in the application of PBE IPSAS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

NOTE 3: REVENUE AND OTHER INCOME

| | 2018 | 2017 |
|--|------------------|------------------|
| | \$ | \$ |
| Operating revenue (exchange transactions) | | |
| Branch subscriptions | 910,656 | 821,562 |
| Events | 2,679,829 | 2,792,072 |
| National subscriptions | 826,775 | 790,863 |
| Other business services revenue | 30,000 | 40,000 |
| Other membership revenue | 685 | 5,760 |
| Research and information products | 50,958 | 43,355 |
| | 4,498,903 | 4,493,612 |
| Interest income (exchange transactions) | 33,227 | 34,188 |
| Other income (exchange transactions) | | |
| Other income | 174,499 | 100,194 |
| | 4,706,629 | 4,627,994 |

The Council does not have non-exchange revenue

| NOTE 4: OPERATING PROFIT | | |
|--|------------------|------------------|
| Surplus/ (deficit) before income tax has been determined after: | | |
| | 2018 | 2017 |
| | \$ | \$ |
| Branch costs | 402,866 | 529,949 |
| Event costs | 1,472,791 | 1,486,145 |
| Policy costs | 178,968 | 40,129 |
| Research and information products | 7,388 | 5,102 |
| | 2,062,013 | 2,061,325 |
| Depreciation | | |
| Office equipment | 22,209 | 35,127 |
| Furniture and fittings | 6,951 | 7,910 |
| | 29,160 | 43,037 |
| Amortisation of non-current assets | | |
| Computer software | 47,962 | 18,773 |
| Employee benefits: | | |
| Short term benefits | 1,603,335 | 1,562,028 |
| Other employee benefits | 280,551 | 202,505 |
| | 1,883,886 | 1,764,533 |
| Net loss on disposal of non-current assets | | |
| Loss on sale of plant and equipment | 21,014 | 4,248 |

| NOTE 5: INCOME TAX | | |
|--|-------------|---------------|
| | 2018 | 2017 |
| | \$ | \$ |
| (a) Components of tax expense/(benefit) | | |
| Deferred tax | - | 42,563 |
| | - | 42,563 |
| (b) Prima facie tax payable | | |
| The prima facie tax payable on surplus/(deficit) before income tax is reconciled to the income tax expense/(benefit) as follows: | | |
| Prima facie income tax payable on surplus/(deficit) before income tax at 28.0% | (29,156) | 26,048 |
| Non assessable income | 21,084 | (31,142) |
| Non-deductible expenses | 17 | 50 |
| Write off of deferred tax assets recognised in prior years | - | 42,563 |
| Tax losses not recognised (taxable income) | 15,887 | - |
| Temporary differences not recognised (taxable income) | (649) | (1,229) |
| Temporary differences not recognised (non taxable income) | (7,183) | 6,273 |
| Income tax expense/(benefit) attributable to surplus/(deficit) | - | 42,563 |

The Council has not recognised a deferred income tax asset of \$54,443 (2017: \$38,556) in respect of taxation losses amounting to \$194,439 (2017: \$137,700) that can be carried forward against future taxable income.

The Council has not recognised a deferred income tax asset of \$2,009 (2017: \$2,658) in respect of temporary differences that can be carried forward against future taxable income.

The ability to utilise these future income tax benefits depends on the generation of sufficient assessable income.

NOTE 6: CASH AND CASH EQUIVALENTS

| | 2018 | 2017 |
|--------------|---------|---------|
| | \$ | \$ |
| Cash at bank | 453,368 | 276,488 |

A guarantee is registered over the term deposits in favour of Datacom Employee Services Limited to the value of \$50,000 (2017: \$50,000). This relates to payroll services.

NOTE 7: RECEIVABLES FROM EXCHANGE TRANSACTIONS

| Current | | |
|---|----------------|----------------|
| Trade debtors | 306,223 | 207,420 |
| Provision for doubtful debts | (12,407) | (12,407) |
| | 293,816 | 195,013 |
| Other receivables | | |
| GST receivable | 19,235 | 29,363 |
| Other debtors | 12,644 | 40,562 |
| | 31,879 | 69,925 |
| Total receivables from exchange transactions | 325,695 | 264,938 |

The Council does not have non-exchange receivables.

NOTE 8: INVENTORIES

| Current | | |
|----------------|--------|--------|
| <i>At cost</i> | | |
| Publications | 15,053 | 17,780 |

NOTE 9: OTHER FINANCIAL ASSETS

| Current | | |
|------------------------------|---------|---------|
| <i>Loans and receivables</i> | | |
| Short term deposits | 509,302 | 821,403 |

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

| | 2018 | 2017 |
|--|---------------|---------------|
| | \$ | \$ |
| Plant and equipment | | |
| Office equipment at cost | 186,960 | 178,954 |
| Accumulated depreciation | (141,458) | (135,761) |
| | 45,502 | 43,193 |
| Furniture, fixtures and fittings at cost | 68,067 | 145,020 |
| Accumulated depreciation | (40,700) | (91,587) |
| | 27,367 | 53,433 |
| Total property, plant and equipment | 72,869 | 96,626 |

(a) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.

Office equipment

| | | |
|-------------------------|---------------|---------------|
| Opening carrying amount | 43,193 | 47,957 |
| Additions | 26,115 | 30,436 |
| Disposals | (1,597) | (73) |
| Depreciation expense | (22,209) | (35,127) |
| Closing carrying amount | 45,502 | 43,193 |

Furniture, fixtures and fittings

| | | |
|-------------------------|---------------|---------------|
| Opening carrying amount | 53,433 | 59,763 |
| Additions | - | 1,580 |
| Disposals | (19,114) | - |
| Depreciation expense | (6,951) | (7,910) |
| Closing carrying amount | 27,368 | 53,433 |

NOTE 11: INTANGIBLE ASSETS

| | | |
|---|---------------|---------------|
| Computer software at cost | 212,092 | 215,381 |
| Accumulated amortisation and impairment | (160,981) | (116,005) |
| | 51,111 | 99,376 |

(a) Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year

Computer software

| | | |
|----------------------|---------------|---------------|
| Opening balance | 99,376 | 46,372 |
| Additions | - | 77,452 |
| Disposals | (303) | (5,675) |
| Amortisation expense | (47,962) | (18,773) |
| Closing balance | 51,111 | 99,376 |

| NOTE 12: OTHER ASSETS | | |
|------------------------------|-------------|-------------|
| | 2018 | 2017 |
| | \$ | \$ |
| Current | | |
| Prepayments | 122,852 | 123,710 |

| NOTE 13: PAYABLES FROM EXCHANGE TRANSACTIONS | | |
|---|----------------|----------------|
| Current | | |
| Trade creditors | 172,115 | 330,165 |
| Other creditors | 230,583 | 235,219 |
| | 402,698 | 565,384 |

The Council does not have non-exchange payables.

| NOTE 14: CASH FLOW INFORMATION | | |
|--|----------------|----------------|
| (a) Reconciliation of cash | | |
| Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position is as follows: | | |
| Cash at bank | 453,368 | 276,488 |
| | 453,368 | 276,488 |

| NOTE 15: RELATED PARTY TRANSACTIONS | | |
|--|---|--|
| (a) Related parties | | |
| Related party | Nature of relationship | |
| The Councillors | Members of governing body are fully paid members of the Council | |
| Corporate Partners: | Members of the Council and sponsor the Council | |
| Hawkins Limited | | |
| McConnell Property Limited | | |
| RLB Rider Levett Bucknall | | |
| Nomos One | | |

| (b) Transactions with key management personnel | | |
|--|-------------|-------------|
| Key Management includes the Chief Executive Officer, Director of Finance & Research, Operations & Membership Manager, Director of Government Relations, Director of Policy & Advocacy and Director of Marketing. During the year Key Management did not receive any other benefits other than what they were entitled to under their employment contracts. | | |
| | 2018 | 2017 |
| | \$ | \$ |

| | | |
|--------------------------------|---------|---------|
| - short-term employee benefits | 655,902 | 726,819 |
| - number of FTE's | 4.00 | 5.25 |

| (c) Transactions with members of the Council | | |
|--|---------------|---------------|
| Staples Rodway Limited - accounting and tax advice | 14,139 | 14,588 |
| Greenwood Roche - Consultancy advice (legal advice) | 10,925 | 5,000 |
| Wintec - hire of facilities | - | 6,733 |
| Sky City Limited (Hamilton) - hire of facilities and catering | 6,439 | 913 |
| John Dunn Property Consulting - honorarium as Head Judge of Annual Awards | - | 5,000 |
| Colliers International NZ Limited - Building facilities costs (reimbursed speaker fees for conference) | 8,556 | 462 |
| Hamilton City Council - hire of facilities | - | 3,130 |
| BSA Law - legal services | 1,256 | 3,977 |
| Berry Simons - policy advice | - | 10,300 |
| Regional Facilities Auckland Limited - hire of facilities | - | 17,638 |
| Russell McVeagh - National council housing / catering (legal services) | 578 | 26,392 |
| Buddle Findlay - recharge share of practicing certificate | - | 243 |
| Rider Levett Bucknall - reimbursed speaker fees for conference | - | 243 |
| Arrow International - travel costs | - | 990 |
| Nomos One Limited - reimbursed national conference costs | - | 1,600 |
| Anderson Lloyd - event costs | - | 413 |
| Secure Parking - leases parking spaces | 890 | - |
| Employers & Manufacturers - Membership and Resource Reform NZ | 2,159 | - |
| Evco Consultancy Ltd - Judges Honorium | 5,432 | - |
| DKO Architecture (NZ) Pty Ltd - Speaker fee | 2,320 | - |
| | 52,694 | 97,622 |

Payments were made to Colliers as building manager of the tenanted building occupied partly by the Council. AMP Capital Property Portfolio Limited are responsible for the overall management of the building.

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.

NOTE 16: CAPITAL AND LEASING COMMITMENTS

| | 2018 | 2017 |
|---|----------------|----------------|
| | \$ | \$ |
| (a) Operating lease commitments | | |
| - not later than one year | 88,799 | 88,799 |
| - later than one year and not later than five years | 82,091 | 170,891 |
| | 170,890 | 259,690 |

The lease is registered on the Personal Properties Securities Register.

NOTE 17: CONTINGENT LIABILITIES

There are no known contingent liabilities at balance date (2017: \$Nil).

NOTE 18: SOUTH ISLAND PROPERTY COUNCIL EDUCATION TRUST

| | | |
|---------------|---------------|---------------|
| Bank accounts | 7,898 | 16,586 |
| Term deposits | 87,035 | 75,784 |
| | 94,933 | 92,370 |

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

Interest of \$3,629 (2017: \$3,299) and event surplus of \$4,907 (2017: \$1,380) was earned during the year. Expenses for the year were \$nil (2017: \$10,198).

NOTE 19: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2018 that has significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 March 2018, of the Council, or
- the results of those operations, or
- the state of affairs, in financial years subsequent to 31 March 2018, of the Council.

CORPORATE MEMBERS

These industry leaders fuel Property Council's advocacy achievements. Without their support, and the support of our wider membership, we wouldn't have a seat at the table.

Thank you for supporting the voice of property.



PROPERTY COUNCIL NEW ZEALAND

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