

Property Council  
New Zealand



*New Zealand's Commercial Property Voice*

**PROPERTY COUNCIL  
NEW ZEALAND  
ANNUAL REPORT  
2011-2012**

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MORE THAN 600 MEMBER  
COMPANIES ACROSS NEW  
ZEALAND CHOOSE TO BELONG  
TO A COLLECTIVE VOICE  
FOR THE COMMERCIAL  
PROPERTY INDUSTRY

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### CORPORATE SPONSORS



**Brookfield**





# NEW ZEALAND'S COMMERCIAL PROPERTY VOICE

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Property Council is a member-led organisation offering a collective voice for the commercial property industry – the owners, investors and developers of office, retail, industrial and multi-unit residential property.

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**WE PROUDLY ADVOCATE FOR POLICY THAT SUPPORTS GROWTH  
IN OUR URBAN CENTRES AND EXCELLENCE IN THE BUILT  
ENVIRONMENT.**

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Our job is to form strong partnerships and alliances, and ensure local bodies, government officials and MPs hear our message for the right urban planning, taxation, legislative and investment conditions so our member companies can grow and prosper.

All New Zealanders benefit from healthier and improved workplaces, better infrastructure and an affordable property market – not to mention thousands of New Zealanders with retirement savings in listed property trusts, unlisted funds and KiwiSaver.

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**WE LOBBY ON OUR MEMBERS' BEHALF AND PROVIDE  
RESEARCH, POLICY DEVELOPMENT, EDUCATION AND  
NETWORKING THROUGH EVENT PROGRAMMES NATIONALLY  
AND REGIONALLY.**

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# I TRULY BELIEVE IT IS THE PEOPLE THAT MAKE THIS ORGANISATION WHAT IT IS TODAY.

I am pleased to present the National President's report to all members for Property Council New Zealand for the financial year 2011-2012.

It was a tough year. Each quarter Property Council members reviewed the latest Property Council New Zealand/Investment Property Databank (IPD) property index results with mixed emotions. This index has been objectively monitoring the industry by IPD since 2005. Over the year, some sectors did better than others. The industrial sector was the solid performer. The Rugby World Cup provided a much needed shot in the arm for the retail sector, but offices remained sluggish. Overall, the consolidated results for each of the four quarters right throughout the year revealed that our industry was at 'dead stop'.

To compound that the disastrous 22 February 2011 earthquake in Christchurch probably stripped \$30 billion out of New Zealand's economy. By year end and a succession of aftershocks later, the prospect of a rebuild in Christchurch was still a dream to most.

Nonetheless my predecessor, Chris Gudgeon, ably steered the National Council through this adversity. Chris ensured that we never lost sight of the need to keep pushing Government on their foolhardy decision to remove depreciation for commercial property. Under Chris's stewardship also all of the Property Council branches operated for the first time with a single national profit and loss account and a much greater degree of financial transparency. Furthermore I assumed the National Presidency at the end of the financial year with the benefit of knowing that my predecessor had ensured a full set of branch budgets were in place for the first time. I want to formally record my appreciation for his leadership.

For the first time too, in almost a decade, Property Council established a new sub-branch called the Hawkes Bay and East Coast Chapter; this was capped off when they held their first official members' event – an address on 25 May on issues following the Christchurch Earthquake given by my colleague, Gordon Craig, from Ngai Tahu Property.

The second half of the year was certainly better than the first.

In June we hosted a hugely successful Property Council New Zealand, Rider Levett Bucknall Property Industry Awards dinner at Auckland's Langham Hotel, and in August we held the Property Council annual conference in Sydney. The 200 plus delegates was an outstanding result for an overseas venue.

On 13 October, months of hard work by National Office and the South Island Branch Executive paid off when the new Christchurch re-development agency, CERA formally rejected Christchurch City Council's Inner City Plan – and resolved to develop a new plan in-house – this time in consultation with Property Council members.

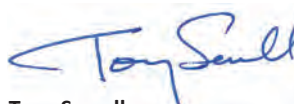
In the New Year we published our manifesto, Fast Forward to Growth. Copies were sent to all members of parliament and key central government officials, and to key local government politicians and officials. The publication quickly proved itself as an invaluable advocacy tool.

On 31 March, Auckland Council officials agreed on the final version of its Auckland Plan. The final version reflected some six months of hard lobbying from National Office and the Auckland Branch Executive.

Looking to 2012-2013, I see value in growing Property Council's relationship with government, and through this, believe the organisation can increase its opportunities to collaborate and be a trusted advisor to officials on matters to do with property. Getting the Government to consider property in a different vein, moving away from the 'real estate' perception, will be a big challenge.

This will in turn help the organisation to ensure the property sector is recognised as a sound investment class. Investors need to be able to get a good honest look at the sector so they can have more faith in it.

I truly believe it is the people that make this organisation what it is today – the voice of commercial property in New Zealand. Let's not forget that as not-for-profit organisation, the work this organisation does cannot be realised without the help, support and assistance of members, National Councillors, sponsors, committee members and members of branch executives, volunteers and staff.



**Tony Sewell**  
National President



## 2011-2012 WAS A "TALE OF TWO CITIES" – AUCKLAND AND CHRISTCHURCH.

The business plan and budget for the year was developed in February 2011. It was based on two key assumptions. The first assumption was that the proposed Auckland spatial plan would require a substantial input from the Auckland Branch and National Office. However we assumed that it would follow the policy directions laid down by the Royal Commission into Auckland (a view initially confirmed by our early engagements with the new Auckland Council). The second assumption was that a large focus would be devoted to the rebuild of Christchurch following the 4 September 2010 Christchurch earthquake. At that point the estimated damage was thought to be around \$5 billion.

The principal policy tasks included in the plan and budget were: the publication of an 'election manifesto' in preparation for the general election at the end of 2011, some minor reforms around the Real Estate Agents Act, likely amendments to the Resource Management Act 1991 as a follow up to the 2010 Technical Advisory Group reviews, and possible Building Act amendments around weather tightness.

By the middle of February 2011 these assumptions started to unravel.

On Tuesday 22 February 2011, a second Christchurch earthquake killed 185 people and massively damaged our nation's second-largest city. By the time the new financial year started on 1 April it was clear that we had no way of assessing the full scope of the damage or the likely ramifications for Property Council over the next year. From an administrative perspective key Property Council volunteers were trapped in buildings and our Branch Executive records remained inaccessible for months. Many of the commercial assets owned by our members were either destroyed or were unusable – a large number were sealed off behind the barriers of the "red zone". Insurers had no real idea of the total damage to our economy - their estimates ranged anywhere from \$20 billion to \$30 billion.

The proposed budget and plan was approved at the National Council meeting on 17 March 2011, but two important provisos were made. The first was a general statement of principle that, as Property Council had accumulated reserves for use in emergencies "2011-2012 was the time to use them". The second decision at the March 2011 National Council meeting was the instruction that, the travel budget notwithstanding, National Office staff should attend "every and all" meetings of the South Island Branch Executive for "as long as it took" to assist in the rebuild of Christchurch.

The second unexpected development occurred the very next day. On 18 March 2011, and just twelve days before the new financial year began, Auckland Council formally released its Auckland Unleashed spatial planning document. From the outset it became clear that the Council had no intention of confining its spatial planning process to the expectations of the Auckland Royal Commission. Instead a far more grandiose process was envisaged.

By April the year was off to a bumpy start.

The optimism of early February 2011 appeared to be a distant memory by year end.

By mid-winter the Auckland Unleashed publication had been replaced by the first draft Auckland Plan. The Auckland Unleashed document had adopted an even handed approach to the respective merits of "green fields" and "brown fields" development. But this changed in the first draft of the Auckland Plan. The Auckland Plan itself largely reflected an extreme "anti-sprawl" philosophy more reminiscent of the extremes of the old Auckland Regional Council.

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**WE ADOPTED A FOUR-PRONGED REBUTTAL TO OVERTURN THE CENTRAL THESIS OF THE DOCUMENT, THAT A 75:25 SPLIT BETWEEN INTENSIFICATION AND GREEN FIELD DEVELOPMENT COULD BE CONSISTENTLY ACHIEVED OVER A 30 YEAR PERIOD.**

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Both Property Council and the Auckland Council agreed that around 1,000,000 people, or around 600,000 new housing units, would need to be added to the City over the next 30 years.

Firstly Property Council facilitated a series of workshops to raise awareness of the issues around the proposed 75:25 "density / suburban development" ratio. Secondly we adopted a programme of regular meetings with Central Government officials to ensure that the Crown appreciated our position that whilst the density target was desirable, the proposed 75:25 ratio was unworkable. Thirdly we obtained the Council's agreement to host a series of weekly workshops between key members and senior officials to critique the assumptions in the draft plan.



Fourthly we commissioned consultancy work to provide us with an evaluation of the ability for additional residential, office, retail and industrial space to be established in the priority areas outlined in the draft Plan. Our rationale for this was that we wished to promote a final Auckland Plan that complied with the evidential requirements set down in the Local Government (Auckland Council) Act 2009. As this latter exercise had never been envisaged when the budget was set, National Council agreed that the \$12,000 should be funded directly from reserves.

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**BY THE END OF THE YEAR PROPERTY COUNCIL HAD MANAGED TO CONVINCE THE COUNCIL THAT THE ASSUMPTIONS IN THE DRAFT PLAN WERE WRONG AND THE INITIAL TARGETS WERE UNACHIEVABLE.**

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The final Auckland Plan, when it was eventually published, incorporated more realistic targets.

In Christchurch the process of supporting and rebuilding the Branch proved daunting. The Branch Executive moved to fortnightly meetings – and National Office travel costs exceeded the original (pre-earthquake) budget by \$11,000.

By September Christchurch City Council had released a highly prescriptive draft Inner City Master Plan that generated considerable disquiet throughout the country.

National Office and the South Island Branch Executive responded by developing a close working relationship with the new Crown redevelopment agency, CERA, and with other like-minded Christchurch inner city business owners to coordinate lobbying messages and submissions. Following further unforeseen consultancy work (\$10,600), we made verbal submissions to the full City Council on 10 October, and followed this up with a concerted news media campaign. The release, on 13 October, of the formal letter from CERA to Mayor Bob Parker advising the City that the Inner City Plan was not acceptable to the Crown in its present form as it did “not represent the requirements or aspirations of commercial property owners or investors” was a great relief.

2011-2012 ended with a new draft plan for Christchurch well under way, based on proper consultation with Property Council.

In conclusion I should record my particular thanks to my National Office staff colleagues, 2011-2012 National President Chris Gudgeon and the National Councillors who steered the organisation through an unexpectedly rough and rocky year, and to the Branch Executives in Wellington, Hamilton and Tauranga who appreciated that this was, we hope, a one off year and a “tale of two cities”.

**Connal Townsend**  
Chief Executive





# OUR ADVOCACY IS BASED ON ROBUST PRINCIPLES, ENABLING US TO SERVE A WIDE MEMBERSHIP BASE WITHOUT CONFLICT OR COMPROMISE

### CANTERBURY EARTHQUAKES

Property Council's National Office and South Island Branch executive responded jointly to the Canterbury earthquakes and subsequent rebuild plans. Members of the Branch executive were involved in several work streams with the Christchurch City Council as they engaged with the business community on rebuilding the central city.

Property Council's strategies for responding to the Council's highly prescriptive Central City Plan included developing a close relationship with CERA, working with city officials and members of an Inner City Business Owners Group to co-ordinate lobbying messages and submissions, preparing a comprehensive submission and attending hearings to make oral submissions, and a comprehensive media and advocacy strategy.

Property Council submitted on a technical report, 'The Performance of Unreinforced Masonry Buildings in the 2010/2011 Canterbury Earthquake Swarm,' prepared for the Royal Commission. The findings of the Royal Commission will continue to have implications for property owners and investors.

Property Council continues to advocate for commercially-viable rebuilding and seismic strengthening.

### NEW ZEALAND PRODUCTIVITY COMMISSION

The supply of land and basic infrastructure, along with taxes, levies and charges imposed on the housing supply chain are pushing up the cost of home ownership, argued Property Council last year in a submission to a Productivity Commission Housing Affordability issues paper.

The paper was a welcome look into the barriers to home ownership. Property Council was quoted in the issues paper, in a chapter on infrastructure charges, and also met with Commissioner Sally Davenport at National Office. The final report which was released in April 2012 was welcomed by Property Council.

### AUCKLAND PLAN

Property Council engaged with Auckland Council throughout the year in meetings and workshops on the development of the Auckland Plan, City Centre Masterplan, Waterfront Plan, Economic Development Strategy and BID Policy. The Auckland Plan, which will guide the Unitary Plan and provide shifts in planning, spending and infrastructure, is a particularly crucial document – driving transformational change in Auckland for the next 30 years and the assumptions of all other plans.

Property Council's advocacy and policy submissions argued that while the 'quality, compact model' was laudable, it would only succeed if it allowed for development in areas where there was actual market demand. Given Auckland Council's lack of funding for infrastructure and other projects, it is important that market demand and private investment can enable development.

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THE FINAL AUCKLAND PLAN CONTAINED SEVERAL MODIFICATIONS TO MAKE IT MORE REALISTIC AND ACHIEVABLE, FOLLOWING ADVICE FROM PROPERTY COUNCIL REPRESENTATIVES.

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### TAURANGA CITY PLAN

The Bay of Plenty Branch successfully advocated for change to the Tauranga City Plan. After much dialogue, and written and verbal submissions, the Branch was thrilled when the City Council accepted 34% of its recommended changes and 19 in part. The Branch is continuing discussions with City Council officials.

The Branch also successfully lobbied for changes to the Proposed Bay of Plenty Regional Policy Statement and SmartGrowth Strategy review.





### FAST-FORWARD TO GROWTH

Property Council called on the government to tackle some hard issues that will address New Zealand's fundamental economic problem – productivity. Fast-forward to Growth gave the Government a pass mark for weathering the global financial crisis and impact of the Canterbury earthquakes. But it argued unless New Zealand prioritised some hard issues and made further economic and regulatory reforms to improve productivity, it would struggle to improve its OECD rankings.

Property Council recommended policy measures including a unified approach to infrastructure funding and delivery (aligning local government spending with central government's national plan), eliminating development costs so skilled young people have access to an affordable place to live, changing Unitary Plans to allow more permitted activities and reintroducing depreciation for commercial property.

Property Council continues to advocate for these measures.



### INITIATIVES FOR HAMILTON

In March 2011, Property Council published Initiatives for Hamilton, which contained 16 recommendations for change to help create sustainable growth in the Waikato. Assisted by National Office, the document argued the Waikato must be an affordable and dynamic region, defined by a buoyant commercial property sector, a vibrant and wealth-generating CBD, adequate residential property and a shared vision.

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**THE WAIKATO BRANCH FORMED SEVERAL SUB-COMMITTEES TO CONTINUE ADVOCATING FOR CHANGE. THE SUB-COMMITTEES ATTENDED MEETINGS, MADE SUBMISSIONS, WROTE LETTERS AND HELD EVENTS THROUGHOUT 2011, WITH SOME SUCCESS.**

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## MEMBERSHIP

As an organisation focused on supporting our members, membership figures are a key driver and indicator of our success. Property Council New Zealand has witnessed steady growth in membership during the 2011-2012 financial year.

This increase was particularly noticeable within the Wellington and Auckland Branches. Associate members also made up a large proportion of the increase. Property Council classifies Associate Members as those who do not own, manage or develop commercial property and a total of 52 per cent of our membership base are Associates.

The rise in membership across the country can also be attributed to the success of our topical events, active Branch Committees, extensive media coverage and our intensive advocacy efforts within local and central government.

BRANCH	CATEGORY	'11	'12	CHANGE
<b>Corporate Leaders</b>		<b>9</b>	<b>12</b>	<b>+3</b>
<b>Corporate Members</b>		<b>9</b>	<b>13</b>	<b>+4</b>
<b>NZ Council of Shopping Centres</b>		<b>53</b>	<b>53</b>	<b>-</b>
<b>Auckland</b>		<b>192</b>	<b>217</b>	<b>+25</b>
	Associate A	53	60	+7
	Associate B	39	46	+7
	Associate C	19	21	+2
	Associate D	20	24	+4
	Core A	27	28	+1
	Core B	7	7	-
	Core C	19	21	+2
	Core D	8	10	+2
<b>Waikato</b>		<b>45</b>	<b>51</b>	<b>+6</b>
	Associate	28	34	+6
	Core	17	17	-
<b>Bay of Plenty</b>		<b>32</b>	<b>34</b>	<b>+2</b>
	Associate	15	17	+2
	Core	17	17	-
<b>Wellington</b>		<b>69</b>	<b>83</b>	<b>+14</b>
	Associate A	20	23	+3
	Associate B	11	15	+4
	Associate C	7	8	+1
	Associate D	3	4	+1
	Core A	7	8	+1
	Core B	4	5	+1
	Core C	15	17	+2
	Core D	2	3	+1
<b>South Island</b>		<b>75</b>	<b>83</b>	<b>+8</b>
	Associate	39	44	+5
	Core A	8	10	+2
	Core B	7	7	-
	Core C	12	12	-
	Core D	9	10	+1
<b>TOTAL</b>		<b>490</b>	<b>546</b>	<b>+56</b>



### NEW MEMBERS (1/04/2011 - 31/03/2012)

Ariadne Marinas Oceania	Auckland	MacLachlan Brothers	Waikato
Ambius - Division of Rentokil Initial	Auckland	Macquarie Securities (NZ)	Auckland
Andrew Bydder Creative Design	Waikato	McCaw Lewis Lawyers	Waikato
Auckland Council Property	Corporate	McCracken Surveys	Waikato
Auckland Tourism, Events and Economic Development	Corporate	Momentum	Auckland
Auckland Transport	Corporate	OLT Properties	South Island
Auckland Waterfront Development Agency	Corporate	Opus International Consultants	Waikato
Barjon Investments	Auckland	Padova Properties	Wellington
Barker and Associates	Auckland	Patterson Associates	Auckland
BBK Property	South Island	Perkins Property Advisory	Auckland
Bellavista Property Consultants	Auckland	Pidgeon Law	Auckland
Blue Wallace Surveyors	Waikato	Port Nicholson Block Settlement Trust	Wellington
Campbell Brown Planning	Auckland	Porter Properties	Waikato
Chase Commercial	South Island	PRGX	Auckland
Coffey Projects	Wellington	Programmed Property Services	Auckland
Corporate Property Solutions	Auckland	RH Page	Auckland
Design Engine Architects	Waikato	Ryman Healthcare	South Island
Epoch Christchurch	South Island	Secure Parking NZ	Auckland
Forman Building Systems	Auckland	SWITCH Utilities	Auckland
Foster Construction	Waikato	Tompkins Wake Lawyers	Waikato
GA Hughes and Associates (2005)	Waikato	UGL New Zealand	Auckland
Ganellen	South Island	URS New Zealand	Auckland
Gillespie Young Watson	Wellington	WCA Trust	Waikato
Haines Planning Consultants	Auckland	WHK	Auckland
Hampton Jones	Auckland	WT Partnership	Wellington
Hawkins Construction	Waikato		
JWL Investment Trust	Bay of Plenty		
Kensington Swan	Wellington		
Kevin Williams	Auckland		
Keystone Property Education Trust	Auckland		



## EVENTS

Property Council New Zealand hosted a total of 66 events at both a national and local level between 1 April 11 and 31 March 12. Three large national events currently feature on the annual event calendar: Property Council New Zealand, Rider Levett Bucknall Property Industry Awards, annual Retail Conference and the National Conference.

Property Council's event team focus is on providing relevant professionally managed events for members in each region, ensuring forums are created for educational and political seminars, networking opportunities, site tours of local property developments and current updates in the areas of advocacy and policy. Below is a snapshot of some of the significant events of the year.

APR '11

14<sup>th</sup>

Future Directions  
Networking Event -  
Wellington

20<sup>th</sup>

Auckland Plan  
Update: Will  
Auckland truly  
be unleashed? -  
Auckland

27<sup>th</sup>

Wellington  
Outlook Breakfast -  
Wellington

MAY '11

17<sup>th</sup>

Post Earthquake  
Insurance and  
CERA Forum -  
Christchurch

18<sup>th</sup>

Meet Hamilton City  
Council's New CEO -  
Hamilton

25<sup>th</sup>

Women In Property  
Mt Eden Prison Site  
Tour - Auckland

JUN '11

1<sup>st</sup>

Winter Market  
Outlook 2011: IPD  
Index - Auckland

10<sup>th</sup>

Property Industry  
Awards Dinner -  
Auckland  
**SELL OUT!**  
840 ATTENDEES!

28<sup>th</sup>

Seminar with Hon  
Chris Finlayson -  
Wellington

JUL '11

12<sup>th</sup>

Retail Conference -  
Auckland  
**235 ATTENDEES!**

20<sup>th</sup>

TECT Arena Baypark  
Site Tour - Tauranga

20<sup>th</sup>

Women In Property  
Get Together -  
Auckland

AUG '11

3<sup>rd</sup>

Future Directions  
Quiz Night -  
Auckland

11<sup>th</sup>

Site Tour  
Community Sports  
Centre - Wellington

17<sup>th</sup>

National Conference  
- Sydney  
**240 ATTENDEES!**

SEPT '11

1<sup>st</sup>

Christchurch Central  
City Plan Review -  
Christchurch

7<sup>th</sup>

Seminar: Family  
Silver or Paper  
Plates? - Napier

13<sup>th</sup>

Centre Place Site  
Tour: Stage One -  
Hamilton



OCT '11

19<sup>th</sup>

Seminar - Retrofit to Reassure Results - Wellington

20<sup>th</sup>

Christchurch Rebuild Structural Design Seminar - Christchurch

25<sup>th</sup>

Women In Property: Wine, Wisdom and World Cup - Auckland

NOV '11

9<sup>th</sup>

Lunch with Hon. Bill English - Wellington

9<sup>th</sup>

We are Waikato Awards - Hamilton  
180 ATTENDEES!

9<sup>th</sup>

Site Tour: 162 Victoria Street - Auckland  
SELL OUT!

DEC '11

5<sup>th</sup>

Christmas Cocktails 2011: Bond With The Best - Auckland

7<sup>th</sup>

Financing Growth in an Era of Global Debt Crises - Tauranga

14<sup>th</sup>

South Island Branch Christmas Function - Christchurch

JAN '12

24<sup>th</sup>

Women In Property Networking Event - Auckland

31<sup>st</sup>

Future Directions: A Sizzling Start to 2012 - Wellington

FEB '12

16<sup>th</sup>

Auckland Corporate Golf Day - North Shore, Auckland  
SELL OUT!

23



South Island Corporate Golf Day - Christchurch

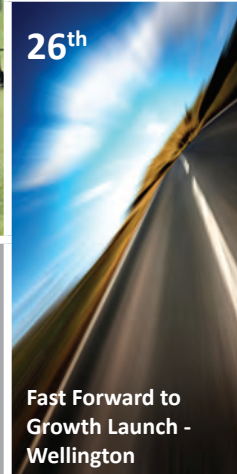
23<sup>rd</sup>

Site Tour: Quest Apartments - Hamilton

MAR '12

6<sup>th</sup>

Site Tour: 27 Napier Street - Auckland  
SELL OUT!

26<sup>th</sup>

Fast Forward to Growth Launch - Wellington

29<sup>th</sup>

Site Tour: Christchurch Stadium - Christchurch  
120 ATTENDEES!

## RESEARCH AND PUBLICATIONS

The research department continues to be a core facet of Property Council New Zealand, with the data produced providing valuable information for internal advocacy use and for our members.

It was a middling year for sales, total publication sales were \$52,327 with 571 units sold in total. Sales of Lease documents (Retail, Office and Industrial) continue to make up the majority of the sales, with the Operating Expenses Benchmark and Shopping Centre Directory also good regular sellers for Property Council New Zealand.

#### Operating Expenses Benchmark

The Annual Operating Expenses Benchmark was published in August 2011 containing benchmark industry data relating to owning and operating commercial offices and shopping centres.

#### Investment Property Databank (IPD)

The quarterly Property Council New Zealand, IPD commercial property index results for 2011 were published in June, August, November and March during the last financial year.

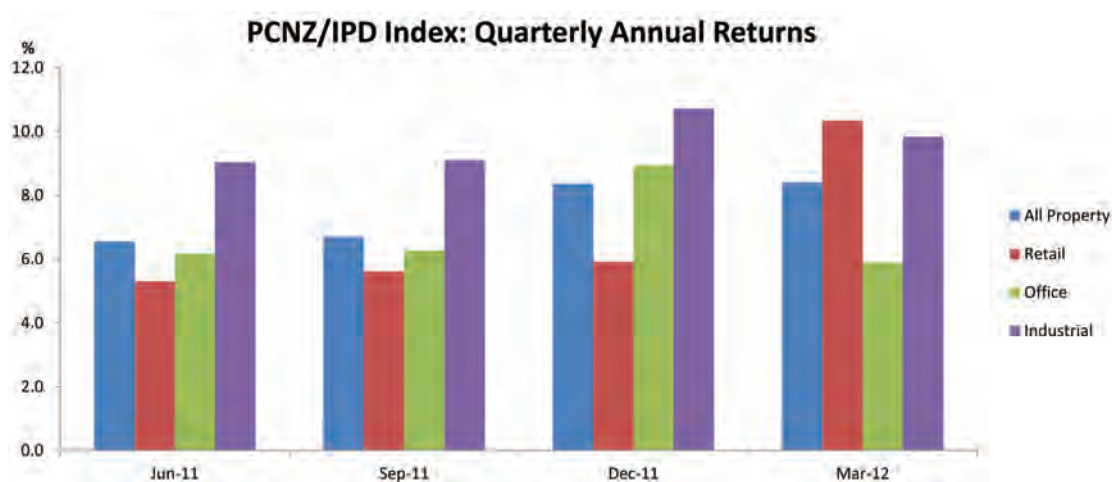
#### Shopping Centre Directory

On behalf of the New Zealand Council of Shopping Centres, the annual Shopping Centre Directory was published in February 2012, the 18th edition.

Comprising comprehensive information on approximately 150 shopping centres nationwide, this continues to be a popular annual publication. It is also available as an Electronic Database Version.

#### Other Projects

New work was also started on a revised Quality Grading Matrix and Retail Lease during the year. The Quality Grading Matrix was last done in the late 1990s and we are investigating with the New Zealand Green Building Council the necessities around an updated version. A committee has been formed to review and update the Property Council Retail Lease which was last revised in 2001. This committee has done great work to date and this update will be available sometime in 2012/13.





## GOVERNANCE

At the highest level, Property Council New Zealand is governed by its members. This is achieved by consultation with Property Council representatives through a series of groups, including the National Council, Executive Committee, and regional branches.

Acknowledgement is extended to the following members who have volunteered their time, energy and commitment – without your help, this organisation would not be able to achieve all it has achieved this last year.

### NATIONAL COUNCIL

The National Council is the governing 'board of directors' of Property Council, whereby members collectively carry the fiduciary responsibility for the organisation.

National Council formally consists of fourteen people, including the National President (ex officio) – who chairs the meetings; five representatives elected by the Corporate Members' Group; five branch delegates representing the Bay of Plenty, Waikato, South Island, Wellington and Auckland branches (these are usually the Branch Presidents); the Chair of the New Zealand Council of Shopping Centres (ex officio); one representative appointed by the National Council itself to represent the interests of associate members throughout New Zealand; and one extra member.

#### National Council Members

Alan McMahon	Colliers International
Bruce Black	Holmes Consulting Group
Chris Gudgeon	Kiwi Income Property Trust (Immediate Past National President)
Graeme Birkhead	Arrow International (Auckland Branch President)
Graeme McDonald	Jones Lang LaSalle (South Island Branch President)
Ian Cassels	The Wellington Company (Wellington Branch President)
Jeff Fletcher	Ford Land Projects (Bay of Plenty Branch President)
John Dakin	Goodman Property Trust
Justin Lynch	Westfield
Karl Retief	Kiwi Income Property Trust (NZCSC Chair)
Paul Duffy	DNZ Property Group
Peter Mence	Argosy Property Trust
Robert Dol	Greenstone Group (Waikato Branch President)
Scott Pritchard	AMP NZ Office (now Precinct Properties NZ)
Tony Sewell	Ngai Tahu Property (Incoming National President)

#### Past Council Member

Graham Dwyer	Realty Plus (Former Waikato Branch President)
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#### National Council Secretary

Sara-Jane Evans	Property Council New Zealand
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### EXECUTIVE COMMITTEE

The Executive Committee (EXCOM) was established by the National Council in 2004 to "provide on-going support" to the Chief Executive. It is a permanent committee of the National Council. In practice the Committee works with, directs and advises the Chief Executive and other senior staff on all financial management and administrative matters (including planning, budgets, staffing, and the oversight of national events).

The Committee is selected from amongst the Corporate Members' Group, and the formal membership of the Committee includes the National President (ex officio); the Chief Executive (ex officio); and up to three other National Councillors including a nominee with particular expertise in finance.

#### Executive Committee Members

Chris Gudgeon	Kiwi Income Property Trust (Immediate Past National President)
Connal Townsend	Property Council New Zealand (ex officio – Chief Executive)
George Crawford	AMP NZ Office (now Precinct Properties NZ)
Paul Duffy	DNZ Property Group

*The National President and the Chief Executive are always regarded as non-voting members of each and every Branch Executive and of the NZCSC Committee; however the Chief Executive is not a member of the National Council.*



### AUCKLAND BRANCH PRESIDENT'S REPORT

Ensuring Auckland Council established a feasible Spatial Plan was a central focus for Property Council's Auckland Branch during 2011.

Following months of discussion with Auckland Council, along with detailed review of technical papers by the Branch Executive, a Plan containing realistic development figures was eventually approved on 31 March 2012. During the remainder of 2012, the Branch's attention will be firmly set on contributing to the development of Auckland's Unitary Plan, New Zealand's biggest single resource management plan, as this document will have a direct impact on the region's built and natural environment, setting a precedent for other regional authorities across the country.

Initial discussions on the Unitary Plan are showing the need for Property Council to step in to ensure an acceptable balance is found between the ability to legally challenge a decision through an appeals process, while minimising Council procedures and costs for developers.

Complementing the Branch's strong advocacy program, we have successfully executed a busy events schedule, including our annual political breakfast and market outlook breakfast, golf day, one day conferences, site tours of new buildings, educational seminars, and networking events. Special thanks to our Events Committee for supporting the Branch Executive in the planning of events, your assistance is warmly appreciated.

Looking forward, I expect this year to be busier than the last as the Branch continues to get involved with local governance issues and ensure that the future development of New Zealand's largest city continues to seek new heights.

**Graeme Birkhead**  
Auckland Branch President

### Executive Committee

Angela Bull  
Brady Nixon  
Chris MacKenzie

Connal Townsend

Craig Shearer  
Daniel Clay  
Deborah Godinet  
Doug Osborne  
Graeme Birkhead

Ian Passau  
John Coop  
Martin Udale

Michael Gimblett  
Michael Holloway  
Miles Brown

Nigel Richards  
Patrick Fontein  
Peter Gomm  
Phil Eaton  
Sue Simons

### Past Committee Members

Peter Alexander  
Neil Donnelly  
Peter Coman  
Sean Bignell

### Branch Coordinator

Sara-Jane Evans

Foodstuffs NZ  
Progressive Enterprises  
Holmes Consulting Group  
*(ex officio - Chair Events Committee)*  
Property Council New Zealand  
*(ex officio - Chief Executive)*  
Consultant  
Minter Ellison Rudd Watts  
Auckland Transport  
Savills New Zealand  
Arrow International  
*(President)*  
Auckland International Airport  
Warren and Mahoney  
Essentia Consulting Group  
*(Vice President)*  
Goodman Property Trust  
Trust Management  
Kiwi Income Property Trust  
*(Vice-President)*  
McConnell Property  
Studio D4  
Mainzeal Property and Construction  
Greenstone Group  
BerrySimons

Auckland International Airport  
Landco Land Developments  
Morrison and Co Property Group  
Hobsonville Land Company

Property Council New Zealand

## WAIKATO BRANCH



### WAIKATO BRANCH PRESIDENT'S REPORT

Over the last year the Waikato Branch has involved itself in issues of importance to the region, carving out a position of influence with local government and the business community.

In particular, the Branch has focused on strengthening its relationship with Hamilton City Council (HCC). The presence of HCC officials including Mayor Julie Hardaker at seminars and events and by the requests for workshops and meetings on policy matters including the revision of its District Plan is evidence this strategy is paying off. Additionally, the Branch has shared its views on HCC's Long Term Plan, and a few select members have been having in-depth conversations with senior management officials regarding HCC's financial policy on Development Contributions.

Following an intensive focus into local government activity, amalgamation has become a hot topic amongst Waikato members.

The Branch's local government amalgamation subcommittee has been making excellent progress, and a position paper is almost due for release.

Urban design has proven to be another hot topic for the region, with the branch hosting a very popular half-day conference debating the past, present and future of this concept. In addition to this event, the Branch launched its 'We Are Waikato' Awards to celebrate local contributions to the industry and built environment - it was so successful the Branch is hosting it again in 2012 as it is now an annual celebration.

**Robert Dol**  
Waikato Branch President

### Executive Committee

Alan Park

Anna Wilkins

Bevan Houlbrooke

Colin Jones

Connal Townsend

Doug Saunders

Geoff Felton

Graham Dwyer

Richard Graham

Greg Wills

Mark Jackways

Mark Wassung

Mike Taylor

Robert Dol

Scott Ratuki

Sue Devonshire

Holmes Consulting Group

Traffic Design Group

CKL

Commercial and Industrial Consultants

Property Council New Zealand  
(*ex officio – Chief Executive*)

Telfer Young

Colliers International

Realty Plus  
(*Vice-President*)

Fonterra Co-Operative Group

Kiwi Income Property Trust

Tainui Group Holdings

Design Engine Architects

Arrow International

Greenstone Group Waikato LP  
(*President*)

Tompkins Wake Lawyers

Westfield

### Past Committee Members

Carl Rohrbeck

Grant van Driel

Ian Patton

Mike McCleery

Tony McLauchlan

Arrow International

Fonterra Co-Operative Group

Oaklands Group Holdings

Arrow International

Perry Investment Management

### Branch Coordinator

Tracey Plank

Property Council New Zealand

The Waikato Branch has five additional sub-committees who Property Council wishes to acknowledge.





### BAY OF PLENTY BRANCH PRESIDENT'S REPORT

In a challenging economic environment the Bay of Plenty Branch has maintained a healthy local profile through a strong event program and on-going advocacy efforts of an active Branch Executive.

The biggest issue facing the Branch is achieving financial independence with regard to covering its operational costs. Despite a few membership losses, the Branch increased its membership during the year by six new members. This however remains an on-going trend where despite gaining a few members the Branch is struggling to grow its membership to the extent necessary to achieve financial independence. Challenges include competition from other organisations based in Tauranga, the value proposition for local property owners, and a lack of larger corporate businesses from which to draw both members and sponsorship.

The Branch Executive has been active in addressing these issues through a strong events program, heightened advocacy, and a presence in local publications. We have been particularly active in advocating to local government on behalf of our members. This can be seen through our involvement in the resolution of appeals to the proposed Tauranga City Plan, helping establish a new Property Developers Forum as part of the SmartGrowth Strategy Review, and our attendance at monthly meetings with Tauranga City Council's Chief Executive to discuss development issues.

Our advocacy program also included a strong focus on earthquake-prone building issues in the Tauranga City central business district, and a highlight for the Branch's event calendar was a very successful three-part seminar series centred on natural disasters.

A handwritten signature in blue ink, appearing to read 'Jeff Fletcher'.

**Jeff Fletcher**  
Bay of Plenty Branch President

### Executive Committee

Aaron Collier  
Alasdair Christie  
Anthony Averill  
Connal Townsend

Darryl Fletcher  
Jeff Fletcher

Jim Lochhead  
Lara Burkhardt  
Michael Attwood  
Peter Rust  
Rachel Emerson  
Roger Hills

### Branch Coordinator

Vicky Williamson

Aurecon NZ  
Sharp Tudhope Lawyers  
Tauranga City Council  
Property Council New Zealand  
*(ex officio – Chief Executive)*  
Sharp Tudhope Lawyers  
Ford Land Projects Pty  
*(President)*  
Carrus Corporation  
Holland Beckett  
Burley Attwood Law  
Cooney Lees Morgan  
Element IMF  
Hills Haden

Property Council New Zealand

## WELLINGTON BRANCH



## WELLINGTON BRANCH PRESIDENT'S REPORT

With the advent of Christchurch's earthquakes and the implementation of Auckland's super city, the Wellington Branch has identified the following as key issues for the city.

- > The Airport
- > Getting Government into town
- > Attacking the earthquake issue
- > Stopping the sprawl
- > Fixing the inner city bus jam
- > Marketing our office capacity effectively
- > Local Governance

Accordingly we have been advocating for alignment from industry and local government for changes to both infrastructure and legal boundaries to achieve some of the recommendations outlined in our policy manifesto *The Future of our Capital*.

Submissions have been made to local and regional councils on related issues and representatives are involved in steering committees to achieve the best outcomes for commercial property interests.

We work with local government and have forged a strong relationship to achieve the optimum contribution to the future of our city.

Wellington events have increased significantly and cover several key streams of activity including Future Directions, Grand Designs and the recently introduced Women In Property. Our focus is to bring our members events that air topical issues and to devise possible solutions for our members. Additionally the Property Council annual Golf Day is now renowned as one of the key networking events on the Wellington schedule.

We acknowledge too the pertinent work done by National office whose advocacy contributes significantly to the government and operational framework we work within.

**Ian Cassels**

Wellington Branch President

## Executive Committee

Andrew Hay

Brent Slater

Chris Gollins

Chris Parkin

Connal Townsend

Craig Mills

Denis Wood

Eyal Aharoni

Greg Bramley

Greg Pollock

Ian Cassels

Justin Lester

Malcolm Watson

Mark Dunajtschik

Martin Shelton

Mike Cole

Nic Magdalinos

Ryan Carter

Sharon Skinner

Tracy Morrah

## Branch Coordinator

Paula MacLachlan

DNZ Property Group

Slater Ryan  
(Vice-President)

Colliers International

Museum Art Hotel

Property Council New Zealand  
(ex officio – Chief Executive)

Davis Langdon New Zealand

Munro Bengel Chartered Accountants

Prime Property Group

BNZ

Beca Carter Hollings and Ferner

The Wellington Company  
(President)

Wellington City Council

NZTA

Polo Properties

Arrow International

Archaus Architects

Paris Magdalinos Architects  
(Chair – Hawkes Bay Chapter)

AMP NZ Office  
(Now Precinct Properties NZ)

DLA Phillips Fox  
(Vice-President)

Wellington City Council

Property Council New Zealand



*The Hawke's Bay East Coast Chapter was established at a meeting on 7 June 2011 by Property Council's National Council in Auckland.*

### HAWKES BAY EAST COAST CHAIRMAN'S REPORT

Still in its infancy, the Hawke's Bay East Coast Chapter has been pushing to connect and grow its membership.

Hawke's Bay is New Zealand's fifth largest urban area. Our growth prospects are limited unless we work regionally to push for a more cohesive regulatory environment, and advocate both regionally and nationally on the issues which affect us.

Here in Hawke's Bay we have several committed National members and a handful of smaller members who are seeking to realise a larger branch that can assist and lead the investment and outcomes of the commercial property interests in the region. This has seen the formation of our Branch Executive, submissions on regional Long Term City Plans, and a number of events and working groups looking at the issues which we, as the property sector, are confronted with.

Over the next year we have much to do and many challenges to face. As such, we hope to drive our membership growth further, add impetus to local government reform, and be ready to react at the findings of the Canterbury Earthquake Royal Commission.

**Nic Magdalinos**

Hawke's Bay East Coast Chapter Chair

#### Branch Executive

Nic Magdalinos

Jude Minor

Liam Nolan

Andrew Short

Paris Magdalinos Architects  
(Chair)

Colliers International

Arrow International

The Property Group

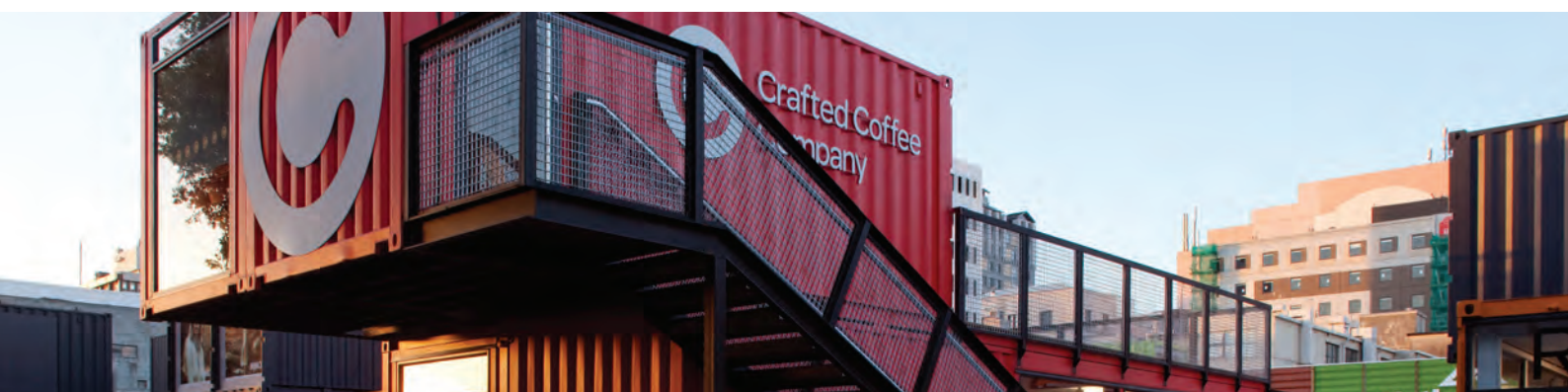
#### Branch Coordinator

Sara-Jane Evans

Property Council New Zealand  
(Acting Coordinator)



## SOUTH ISLAND BRANCH



## SOUTH ISLAND BRANCH PRESIDENT'S REPORT

Members in Canterbury took a big hit from the devastating earthquakes that shook the region in 2010 and 2011. Our South Island Branch has worked hard to be a key player in the region, supporting members in the rebuild efforts and making sure the industry is informed of any progress.

The Branch's advocacy efforts have been stronger than ever, with the Branch's Executive and delegated representatives working with Christchurch City Council (CCC) and the Canterbury Earthquakes Recovery Authority (CERA) on a viable plan for the rebuild of Christchurch's central city. A focus of these interactions has been how to keep current property owners active in the city while drawing new investors into the region.

Submissions by the Branch in conjunction with National Office to CCC and CERA have been a frequent occurrence in order to reiterate our argument that a viable plan for Christchurch's CBD which takes business interaction into consideration is needed.

To help keep members up to date with the latest developments, both in business and with central and local government decisions, the branch organised a series of meetings, educational seminars, site tours of new projects, workshops and progress updates on the rebuild efforts. We expect this to continue throughout 2012.

This year has seen a greater level of involvement from Property Council, which in turn has produced stronger results. And with an ever increasing membership firmly behind the branch, there is no doubt that the region will come back from the brink of disaster to be stronger than ever.

**Graeme McDonald**

South Island Branch President

## Executive Committee

Alan Prescott

Alastair Wood

Antony Gough

Brent Bailey

Connal Townsend

David MacDonald

David Rowland

Dougall McIntyre

Graeme McDonald

Glenn Taylor

Gordon Craig

Hamish Clarke

Harry van Tongeren

Ian Cassels

Jo Duthie

Layne Harwood

Malcolm Timms

Simon Taylor

Steven van der Pol

Tony Sewell

Quin Henderson

Harman

Colliers International  
(Chair - Otago Chapter)

Hereford Holdings

Colliers International

Property Council New Zealand  
(ex officio – Chief Executive)

MacDonald Consultancy

Christchurch City Council

Waitaki District Council

Jones Lang LaSalle  
(President)

Tailorspace Investments

Ngai Tahu Property

Christchurch International Airport

Bayleys

The Wellington Company

Westfield

Knight Frank

Rider Levett Bucknall

Aurecon NZ

Arrow International

Ngai Tahu Property

Hawkins Construction

## Past Committee Members

Rob Churcher

Beca Carter Hollings and Ferner

## Branch Coordinator

Liana Clements

Property Council New Zealand



## NEW ZEALAND COUNCIL OF SHOPPING CENTRES CHAIRMAN'S REPORT

The New Zealand Council of Shopping Centres strengthened its voice during 2011 as an advocate for investors and managers of retail property in New Zealand. Our agenda was particularly focused on Auckland this last year as the 'Auckland Plan' was in its most crucial stage before being finalised. The Auckland Plan will set the tone for the next 30 years of development in New Zealand's largest city. Auckland's Long Term Plan and Unitary Plan were also on our radar – the Unitary Plan will act as the main regulatory tool for the council to implement the Auckland Plan.

Specific policy and advocacy responses were also directed to Auckland Council's Business Improvement District (BID) policy. This policy was established to bring consistency to Auckland's approach to BIDs. We argued that this policy should not have been conducted outside of the LTP process, was poorly drafted and did not adequately address the financial and non-financial implications of its application on affected property owners. This year, we hope to build on our work to ensure sound planning principles, investor certainty, fairness and competitive neutrality are the foundation for planning changes.

Our well attended annual Retail Conference showcased the latest information and trends in the sector, from consumer-led retailing involving phone and internet sales, an update on the retail situation in Christchurch and New Zealand industry research results. The event continues to be a calendar highlight, offering the industry a valuable day of learning about the latest topics affecting their business.

And finally, NZCSC has been working on a review of the Retail Lease to ensure it reflects important legal changes and challenges. I expect this to be available soon.

**Karl Retief**  
Chairman

### Committee Members

Campbell Barbour  
Desmond Wai  
James Nelson  
Karl Retief

Paul Tandy  
Roy Stansfield  
Stephen Costley  
Simon Revell

NZ Retail Property Group  
Retail Consulting Group  
Westfield  
Kiwi Income Property Trust  
(Chair)

Colliers International  
DNZ Property  
AMP Capital Investors  
Retail Solutions

### NZCSC Secretary

Gabriela Slezáková

Property Council New Zealand

### Past Committee Member

Evan Harris

Colliers International

## OUR PEOPLE



## OUR TEAM

**Connal Townsend**

Chief Executive

**Sara-Jane Evans**

Executive Assistant to the Chief Executive

**Simon Thorne**

Finance And Operations Controller

**Daniel Newman**

Policy Director

**Sandy Stockton-Watts**

Events and Sponsorship Director

**Andrea Hutchins**

Advocacy and Communications Director

**Hannah Diprose**

Advocacy and Communications Advisor

**Sheree Cooney**

Membership and Marketing Coordinator

**Gabriela Slezáková**

Research and Information Analyst

**Lisa Hefford**

Auckland Events Coordinator

**Tracey Plank**

Waikato Branch Secretary and Events Coordinator

**Vicky Williamson**

Bay Of Plenty Branch Secretary and Events Coordinator

**Liana Clements**

South Island Branch Secretary and Events Coordinator

**Paula MacLachlan**

Wellington Branch Secretary and Events Coordinator

## VOLUNTEERS

Property Council New Zealand is proud to have the following members represent the organisation as volunteers on series of panels, committees and councils.

**Auckland Council Urban Design Governance Selection Board Select Representatives**

Graeme Birkhead, Arrow International  
Andrew Lamb, Infratil

**Building Research Advisory Council (BRANZ) Representative**

Dan Ashby, Hawkins Construction

**Christchurch City Council Urban Design Panel - Representative**

Graeme McDonald, Jones Lang LaSalle

**Earthquake Performance Rating System ("QuakeStar" project) Representative**

Chris MacKenzie, Holmes Consulting Group

**External Advisory Panel for Preparation of Auckland's Unitary Plan Representatives**

Andy Evans, Consultant  
Martin Udale, Essentia Consulting

**Hamilton City Council Sustainability Committee Representative**

Robert Dol, Greenstone Group

**Hamilton City Council Urban Design Panel Representative**

Tony McLauchlan, Tainui Group Holdings

**Heritage Panel Representative - Auckland Council**

Mike Geale, Cooper and Company

**Mainstreet Tauranga Committee Representative**

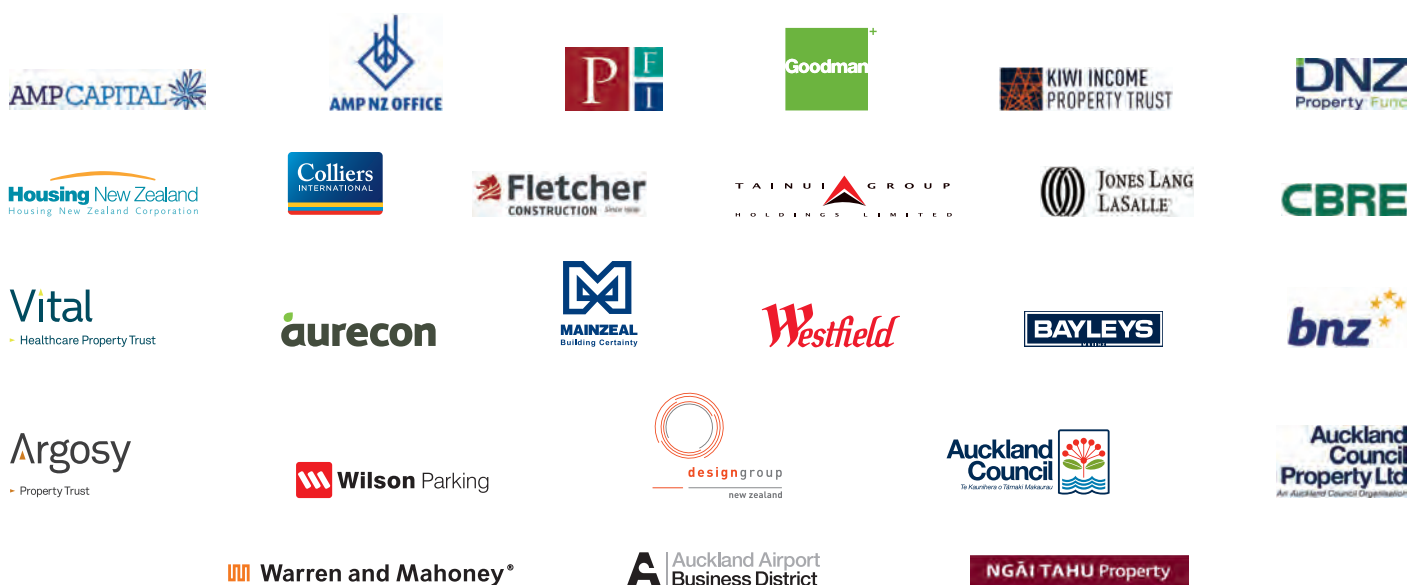
Matthew Billet, Sharp Tudhope Lawyers



## OUR PARTNERS



## CORPORATE MEMBERS



## CORPORATE SPONSORS



**Brookfield**

## EXTERNAL RELATIONSHIPS

- > Property Council of Australia
- > BOMA International
- > International Council of Shopping Centres
- > New Zealand Construction Industry Council
- > BRANZ
- > New Zealand Green Building Council
- > Investment Property Databank (IPD)



## FINANCIAL SUMMARY

<b>Revenue</b>	<b>up 0.5%</b>
<b>Cost of Sales</b>	<b>down 1.1%</b>
<b>Expenses</b>	<b>up 11.2%</b>

2011-2012 was a difficult year financially and Property Council New Zealand incurred its first deficit since 2004-2005. Since 2004-2005 however Members Equity had built up substantially. By the start of the financial year it amounted to some \$1.004 million, and it still remained healthy at \$0.892 million at year end.

Several factors contributed to the deficit, that in their entirety meant that we were unable to minimize the deficit to any great extent.

The first factor was a poorly set initial budget with errors that in turn were exacerbated by hurried efforts to respond to the impact on the disastrous 22 February 2011 Christchurch earthquake. Unfortunately the fact that the budget had some unachievable expectations was only picked up towards the end of the last quarter. These errors included both revenue and expenses that were abnormally high or low based on recent years, and once located this additional revenue or increase in costs could not be clawed back from other areas so far into the year. A much more robust budgeting and forecasting regime has been put in place this financial year to ensure this doesn't happen again.

Increased costs also were incurred in such areas as domestic travel, where significantly more travel was made to Canterbury post the 22 February earthquake to assist the branch. In the aftermath of the earthquake the South Island Branch adopted fortnightly (instead of monthly) meetings. The National Council's response was that National Office staff should attend "every and all" meetings of the South Island Branch Executive to assist in the rebuild of Christchurch. This amounted to \$10,900 of additional flights and accommodation than budgeted.

Branch administration costs were also up substantially as the increased work undertaken by the branch secretaries meant more hours incurred here than expected. This accounted for an extra \$11,000, mainly driven by the fact that Branch Executives began using their staff for policy work and submissions.

Other unexpected costs incurred during the year included consultancy expenses for work for response to Auckland Plan of \$12,000, and Christchurch plan of \$10,633. The National Council resolved that these were to be funded out of reserves.

The balance sheet remains strong with considerable cash holdings of \$0.884M.

#### LOOKING AHEAD

Property Council New Zealand is expecting to make a small surplus this year. A CPI increase amongst membership, and increased events, mean that we are looking to achieve a revenue target of \$2.2M for the 2012-2013 year. An offsetting increase in expenses amongst events and operating expenditure means that a modest surplus is expected.

Assuming that a small surplus is achieved in 2012-2013 then the Balance sheet should remain strong, with the only significant change coming from Capital Expenditure for the year which is expected to be \$100,000 in relation to IT systems (ERP/CRM/Website upgrade/replacement) which will greatly enhance member experience and staff usability.



**Simon Thorne**  
Finance and Operations Controller



## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the financial statements of Property Council of New Zealand Incorporated on pages 3 to 12 which comprise the statement of financial position as at 31 March 2012, and 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.

#### **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 with generally accepted accounting practice in New Zealand 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 of New Zealand Incorporated.

#### **Opinion**

In our opinion, the financial statements on pages 3 to 12 present fairly, in all material respects, the financial position of Property Council of New Zealand Incorporated as at 31 March 2012, and its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.

*Hayes Knight Audit NZ*

1 August 2012

Hayes Knight Audit NZ  
Chartered Accountants

Level 1, 1 Broadway  
Newmarket  
Auckland 1023  
New Zealand

PO Box 9588  
Newmarket  
Auckland 1149

T +64 9 367 1656  
F +64 9 307 0143  
E [audit@hayesknight.co.nz](mailto:audit@hayesknight.co.nz)  
W [hayesknight.co.nz](http://hayesknight.co.nz)



## FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE  
For the Year Ended 31 March 2012

## NOTE

	2012	2011
	\$	\$
<b>OPERATING REVENUE</b>		
Branch Subscriptions	465,743	521,696
Events	1,072,230	1,055,620
National Subscriptions	385,818	325,488
Other Business Services Revenue	63,030	55,098
Other Membership Revenue	6,662	6,240
Research and Information Products	52,327	70,672
<b>Total Sales</b>	<b>2,045,810</b>	<b>2,034,814</b>
<b>LESS COST OF SALES</b>		
Branch Costs	121,066	93,947
Event Costs	595,468	589,700
Policy Costs	24,261	74,038
Research and Information Products	14,812	6,582
<b>Total Cost of Sales</b>	<b>755,607</b>	<b>764,267</b>
<b>GROSS SURPLUS FROM TRADING</b>	<b>1,290,203</b>	<b>1,270,547</b>
<b>Gross Profit %</b>	<b>63.07%</b>	<b>62.44%</b>
<b>OTHER INCOME</b>		
Interest Received	47,021	50,085
Other Income	2,708	276
<b>Total Other Income</b>	<b>49,729</b>	<b>50,361</b>
<b>Gross Surplus after Other Income</b>	<b>1,339,932</b>	<b>1,320,908</b>
<b>LESS EXPENSES</b>		
Accountancy Fees	28,824	21,100
ACC Levies	2,904	3,245
Administration	102,546	60,222
Audit Fee	14,632	14,178
Bad Debts Written Off	899	-
Bank Fees and Charges	14,420	14,862
Cleaning	10,730	11,052
Computer Expenses	25,317	23,189
Consultancy Fees	19,871	1,467
Council Expenses	3,949	1,612
Depreciation	31,994	49,476
Entertainment - Deductible	1,630	-
Freight and Cartage	3,642	2,608
General Expenses	13,415	3,334
Insurance	7,005	7,050
Interest Paid	1,208	1,131
Internet Costs	11,900	11,946
Lease Charges	17,509	15,957
Light, Heat and Power	6,999	4,539
Marketing	6,240	2,158
Membership Costs	7,123	3,884
Office Expense	4,928	6,595
Postage	13,130	10,794
Printing and Stationery	33,754	23,477
Provision for Doubtful Debts	(10)	6,356

## FINANCIAL STATEMENTS

### STATEMENT OF FINANCIAL PERFORMANCE (CONTINUED) For the Year Ended 31 March 2012

	NOTE	2012	2011
		\$	\$
Public Relations		21,076	22,164
Remuneration		813,435	746,928
Rent and Rates		110,553	108,747
Repairs and Maintenance		88	480
Security Expenses		1,203	1,281
Staff Expenses		8,343	7,483
Staff Recruitment and Training		21,188	12,143
Subscriptions and Licences		5,176	4,092
Telephone and Tolls		19,557	15,100
Travel Expenses		48,645	52,535
Travelling Expenses - Overseas		9,076	10,272
<b>Total Expenses</b>		<b>1,442,899</b>	<b>1,281,457</b>
<b>(DEFICIT) SURPLUS BEFORE INCOME TAX</b>		<b>(102,967)</b>	<b>39,451</b>
Income Tax Expense	2	9,463	9,143
<b>NET (DEFICIT) SURPLUS</b>		<b>(112,430)</b>	<b>30,308</b>

### STATEMENT OF MOVEMENTS IN MEMBERS EQUITY For the Year Ended 31 March 2012

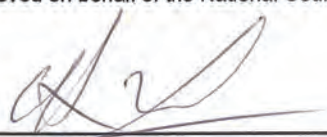
	2012	2011
	\$	\$
<b>REVENUE AND REVALUATIONS</b>		
Net (Deficit) Surplus	(112,430)	30,308
<b>Total Revenue and Revaluations</b>	<b>(112,430)</b>	<b>30,308</b>
General Funds at the Beginning of the Year	1,004,965	974,657
<b>GENERAL FUNDS AT THE END OF THE YEAR</b>	<b>892,535</b>	<b>1,004,965</b>




**STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2012**

	NOTE	2012	2011
		\$	\$
<b>GENERAL FUNDS</b>			
Retained Earnings		892,535	1,004,965
<b>Total General Funds</b>		<b>892,535</b>	<b>1,004,965</b>
<b>REPRESENTED BY:</b>			
<b>CURRENT ASSETS</b>			
Cash and Bank Balance	4	884,447	1,048,451
Accounts Receivable		51,785	54,497
Other Receivables		59,883	33,803
GST Receivable		28,532	27,359
Inventory		23,794	23,518
<b>Total Current Assets</b>		<b>1,048,441</b>	<b>1,187,628</b>
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment	5	81,625	95,539
Term Investments		-	135,551
<b>Total Non Current Assets</b>		<b>81,625</b>	<b>231,090</b>
<b>Total Assets</b>		<b>1,130,066</b>	<b>1,418,718</b>
<b>CURRENT LIABILITIES</b>			
Payables and Accruals	6	210,241	368,378
Current Portion of Hire Purchase Liabilities	7	9,703	9,258
Income Tax Payable	3	3,168	1,491
Income in Advance		14,419	24,923
<b>Total Current Liabilities</b>		<b>237,531</b>	<b>404,050</b>
<b>NON CURRENT LIABILITIES</b>			
Term Portion of Hire Purchase Liabilities	7	-	9,703
<b>TOTAL LIABILITIES</b>		<b>237,531</b>	<b>413,753</b>
<b>NET ASSETS</b>		<b>892,535</b>	<b>1,004,965</b>

Approved on behalf of the National Council:

  
 \_\_\_\_\_ Director  
 Chief Executive

Date 1 August 2012

  
 \_\_\_\_\_ Director  
 National Councillor

Date 1 August '12

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the Year Ended 31 March 2012

### 1 STATEMENT OF ACCOUNTING POLICIES

#### Reporting Entity

Property Council of New Zealand Incorporated ("the Council") is an Incorporated Society under the Incorporated Societies Act 1989.

#### Statement of Compliance and Basis of Preparation

The Financial Statements of Property Council of New Zealand Incorporated have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP).

The society qualifies for differential reporting as it is not publicly accountable and is not large as defined in the Framework for Differential Reporting. The society has taken advantage of all available differential reporting exemptions.

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

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.

#### C Trade Receivables

Accounts receivable are valued at expected realisable value.

#### D Property, Plant and Equipment

Property, Plant and Equipment are recognised at Cost less aggregate depreciation. Depreciation has been calculated using the maximum rates permitted by the Income Tax Act 2007. Gains and losses on disposal of fixed assets are taken into account in determining the operating result for the year.

Furniture and Fittings:	12 - 26.4%	Office Equipment:	19.2 - 67%
Computer Software:	50 - 60%	HP Lease:	50 - 60%

#### E Financial Leases

The Company leases certain software which is treated as a Financial Lease.

Finance leases and hire purchases, which effectively transfer substantially to the Company all of the risks and benefits incidental to ownership of the leased item, are capitalised at the present value of the minimum lease payments. The leased assets and corresponding liabilities are disclosed, and the leased assets are depreciated over the period for which the Company is expected to benefit from their use.

#### 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.

#### 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. 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.

**2 TAX RECONCILIATION**

	2012	2011
	\$	\$
Operating (Deficit) Surplus before Income Tax		
Tax	(102,967)	39,451
<b>Permanent Differences</b>		
Member Surplus/(Loss)	137,764	(7,975)
Exemption for Non-Profit Organisation	(1,000)	(1,000)
<b>Total Permanent Differences</b>	<b>136,764</b>	<b>(8,975)</b>
<b>Taxable Income</b>	<b>33,797</b>	<b>30,476</b>
Tax Expense at 28% (2011 at 30%)	9,463	9,143
<b>Tax Expense</b>	<b>9,463</b>	<b>9,143</b>

**3 INCOME TAX**

	2012	2011
	\$	\$
<b>Opening Balance</b>	1,491	9,176
<b>Plus:</b>		
Provision for Taxation	9,463	9,143
Tax Refunded	2,018	-
	<b>11,481</b>	<b>9,143</b>
<b>Less:</b>		
Provisional Tax Paid	6,005	-
Terminal Tax Paid	3,508	16,694
RWT on Interest	291	134
	<b>9,804</b>	<b>16,828</b>
<b>Income Tax Payable</b>	<b>3,168</b>	<b>1,491</b>

**4 CASH AND BANK BALANCES**

	2012	2011
	\$	\$
<b>Bank Account Balances</b>		
National Office Bank Accounts	198,592	154,199
National Office Term Deposits	245,850	501,892
Branch Bank Accounts	140,581	115,570
Branch Bank Term Deposits	212,360	194,245
South Island Education Trust	87,064	82,545
<b>Total Cash and Bank Balances</b>	<b>884,447</b>	<b>1,048,451</b>



## FINANCIAL STATEMENTS

A guarantee is registered over the term deposits in favour of Datacom Employer Services Limited to the value of \$32,000 (2011 - \$28,000). This relates to the payroll services. Funds \$87,064 (2011 - \$82,545) is part of term deposit balance held specifically for use by South Island Education Trust. 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.

### 5 PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Depreciation	Closing Book Value
<b>Property, Plant and Equipment 2012</b>	\$	\$	\$
Furniture and Fittings	108,009	51,335	56,674
Office Equipment	28,895	18,300	10,595
Computer Software	114,999	100,643	14,356
<b>Total Property, Plant and Equipment</b>	<b>251,903</b>	<b>170,278</b>	<b>81,625</b>

	Cost	Accumulated Depreciation	Closing Book Value
<b>Property, Plant and Equipment 2011</b>	\$	\$	\$
Furniture and Fittings	96,172	43,389	52,783
Office Equipment	22,653	12,716	9,937
Computer Software	77,811	61,061	16,750
HP Lease	37,188	21,119	16,069
<b>Total Property, Plant and Equipment</b>	<b>233,824</b>	<b>138,285</b>	<b>95,539</b>

### 6 PAYABLES AND ACCRUALS

	2012	2011
<b>Accounts Payable</b>	\$	\$
Sundry Creditors and Accruals	115,837	173,842
Trade Creditors	94,404	194,536
<b>Total Payables and Accruals</b>	<b>210,241</b>	<b>368,378</b>

### 7 HIRE PURCHASE LIABILITIES

	2012	2011
<b>Not Later than one year</b>	\$	\$
Later than one year and not later than five years	9,703	9,258
	-	9,703
	<b>9,703</b>	<b>18,961</b>
<b>Classified as:</b>		
Current Lease Liabilities	9,703	9,258
Non Current Lease Liabilities	-	9,703
<b>Total Hire Purchase Liabilities</b>	<b>9,703</b>	<b>18,961</b>

**8 EVENTS OCCURRING AFTER BALANCE DATE**

There are no material events subsequent to balance date (2011 - Nil).

**9 AUDITORS' REMUNERATION****Accounts Payable**

Amounts paid to or due and payable to the auditor for:

Audit the financial statements

**Total Payables and Accruals**

	2012	2011
	\$	\$
	14,632	14,178
	<b>14,632</b>	<b>14,178</b>

**10 OBLIGATIONS UNDER LEASES**

Commitments in respect of non-cancelable operating leases are:

Not Later than 1 Year

Later than 1, but not later than 2 years

Later than 2, but not later than 5 years

**Total Obligations Under Leases**

	2012	2011
	\$	\$
	136,703	109,802
	75,354	103,085
	26,286	35,496
	<b>238,343</b>	<b>248,383</b>

**11 RELATED PARTY DISCLOSURES****The Councilors:**

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

**Corporate Partners:**

Brookfield Multiplex and Rider Levett Bucknall are sponsors and members of the Council.

**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 have provided their accounting services for the organisation during the year \$29,842 (2011 - \$21,100). This includes \$7,800 for services provided as the 'interim financial controller' and \$1,325 for spreadsheet modelling services for the 2012 budget.

KPMG provided services to the Council in relation to consultation on IT Systems Project, \$7,970 and in 2011 provided services to the Council in relation to the Council's Inland Revenue Department submission regarding post-budget depreciation issues (2011 - \$61,802).

Payments were made to Jones Lang LaSalle as building manager of the tenanted building occupied partly by the Council. This property is owned by AMP NZ Office Trust, both of which are members of the Council.

Keystone Trust operate as a sub-tenant and are a member of the Council. Two national councillors of the Council also operate as board members of Keystone Trust.

Minter Ellison Rudd Watts and Colliers International undertook consultancy work for the Council in relation to a submission in reply to Christchurch City Council. Colliers International \$3,623 and Minter Ellison Rudd Watts \$8,605.

**12 CONTINGENT LIABILITIES**

The Council has no contingent liabilities at balance date (2011 - \$0).

**13 CAPITAL COMMITMENTS**

The Council has no capital commitments at balance date (2011 - \$0).



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