



ANNUAL REPORT 2012-2013

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PROPERTY COUNCIL NEW ZEALAND

NEW ZEALAND'S COMMERCIAL PROPERTY VOICE

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.

We proudly advocate for policy that supports growth in our urban centres and excellence in the built environment.

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.

We lobby on our members' behalf and provide research, policy development, education and networking through event programmes nationally and regionally.

CORPORATE MEMBERS



CORPORATE SPONSORS



\$1,551,212
REVENUE GENERATED BY EVENTS

643
MEDIA
HITS

72
NEW
MEMBERS

15.8%
OF SALES FROM
NATIONAL CONFERENCE

14.6%
OF SALES FROM
AWARDS NIGHT

RETAIL LEASE
**MOST
POPULAR
PRODUCT**

\$977,289
RECORD
NET ASSETS
31 MARCH 2013

NATIONAL PRESIDENT'S REPORT

When I took up the role of National President in March 2012, I had a clear plan. I made it my mission to ensure Property Council cemented its place as the voice of commercial property in New Zealand.

I was determined to see that Property Council's finances remained strong, both at a national and branch level. I was determined to see our branches succeed, working together to advance the wider goals of the organisation. I wanted to ensure that Property Council became a trusted advisor to the Government and local authorities on property matters. This is all coming to fruition. We are achieving huge success in all areas.

Although Property Council is a not-for-profit, we are in a strong financial position, with close to 1M in assets. Surpluses go back into the organisation to make it stronger so it can better service member needs.

National Office is removing itself from Auckland Branch operations to offer greater and broader support to members. We have promoted a strong branch network to represent the organisation nationally, and our branches across the country are becoming engaged in national matters.

We are making inroads with politicians at a national and local level, and are being called on to offer our advice on technical issues during policy reviews.

Property Council had several successes throughout the year with emphatic national policy wins, including but not limited to:

- development contributions - securing accountability and transparency
- seismic strengthening - where we held the line at 34% plus secured 15 years to strengthen or demolish
- fire safety regulations - the Crown will take remedial action
- Resource Management Act review (Phase 1, 2 and 3) - addressing Auckland's Unitary Plan, tree protection, consenting timeframes and recognition of the built environment.

Regionally, changes are occurring too.

Christchurch is starting to be rebuilt, albeit progress is slow. Earthquakes in Wellington and the discovery of a new fault line has led to increased attention on seismic strengthening and insurance. After two years of hard work with Auckland Council the Unitary Plan is finally coming together.

Above all, investors are starting to see commercial property as a sound and well managed investment class.

With another year at the helm, I expect more progress ahead.

Tony Sewell
National President



I WANTED TO ENSURE THAT PROPERTY COUNCIL BECAME A TRUSTED ADVISOR TO THE GOVERNMENT AND LOCAL AUTHORITIES ON PROPERTY MATTERS.



CEO'S REPORT

The commercial property industry recovered and grew throughout the year, and Property Council developed to match and meet the needs of that recovery. The latest financial performance results from our IPD index are evidence of an industry on the rise.

I am continually working to ensure Property Council continues to add value to your business. The facilitation of networking opportunities, the offering educational seminars, fighting against overt regulation and red tape, and keeping you up to date on industry developments is why Property Councils exists.

My task is to implement the National Council's January 2012 objective of creating a vibrant New Zealand commercial property sector.



EXPANDING OUR EVENTS PROGRAMME

A strong events programme is crucial. Property Council hosted 76 events in 2012/13 compared to 66 in the previous financial year.

The Property Council Rider Levett Bucknall Property Industry Awards continues to be a sell-out, recognising the best of the best property developments in New Zealand. We listened to feedback and made careful tweaks to judging criteria and categories. This will allow our Awards to remain highly sought after and esteemed.

We are also building on the success of Women In Property and Future Directions, rolling these event programmes out across the country. We are responding to a changing industry with more educational updates on important issues.

FOCUS ON ADVOCACY

Advocacy sits at the heart of our business.

In the second half of 2012, we employed a senior staff member in Wellington to serve as a government relations liaison in the Capital. Richard Michael helped ensure that we had constant access with government officials on a range of issues including seismic strengthening, development contributions, and RMA reform. That fixed-term assignment set us up for a wide range of tangible advocacy wins.

Our branches are at the 'sharp end' of our advocacy activity. We have boosted our effectiveness by employing an additional full time senior advocacy and communications advisor. We can now ensure that our branches have dedicated policy staff resource available to help them with submissions and lobbying. Strong branches will mean that our "commercial property voice" is heard in town halls and council chambers right across New Zealand's cities.

IMPROVING ACCOUNTABILITY

A major project within National Office is the upgrade of the accounting, IT and website systems.

The website will offer greater focus on Property Council's advocacy activities while providing a simplified sales system for members – improving visibility of Property Council while providing accountability. Dedicated branch pages will highlight regional activities and facilitate member engagement.

The new system aims to provide better integration of accounts, membership and bookings, and will significantly improve information management.

ENGAGING WITH YOU

As a member you have more opportunities than ever to get involved. Our local branches and their active subcommittees are always eager to hear from you.

I trust that you will find the time to immerse yourself in what we have to offer.

Connal Townsend
Chief Executive



ADVOCACY

PROPERTY COUNCIL'S POLICY AND ADVOCACY EFFORTS DURING THE LAST YEAR ARE PAYING DIVIDENDS

Implementing the path laid out in *Fast Forward to Growth*, the organisation's national policy manifesto released in March 2012, Property Council has picked up the pace in bringing change to the development and investment landscape in New Zealand.

At the highest level, Property Council is working to ensure New Zealand is a competitive and affordable country to do business in, has decent political governance at both a national and regional level, implements a unified infrastructure plan, minimises red tape and regulations, increases savings and reduces indebtedness, and supports a proper rebuild of Canterbury.

THERE ARE A NUMBER OF SIGNIFICANT WINS...

- **Pushing for, and receiving, a real plan for the rebuild of Christchurch's central city.** Outcries from Property Council and members resulted in a complete rewrite of the central city plan – a plan that now reflects a comprehensive and realistic vision for the city.
- **Guiding the Government's earthquake prone building review** from start to finish, presenting industry concerns and challenges, and ensuring these issues are properly addressed in future policy changes. Property Council representatives provided perspective at every public meeting across the country in February 2013.
- **Calling for a review of development contributions**, and Government actually following through with this request. Major changes to bring about increased transparency into the charging and spending of development contributions by authorities are being finalised.
- **Incorporation of the built environment into the Resource Management Act.** For years the built environment has come second to the natural environment – yet this was never the intention of the legislation. Changes are underway to give weight to the built environment, and Property Council will see this through to the end.

YET THERE IS MORE TO ACHIEVE...

- **As expected, Auckland Council's Unitary Plan is under political pressure.** It is susceptible to impulsive amendments due to fear of change. Property Council is undertaking extensive advocacy work to ensure the Unitary Plan reflects the vision of intensified development laid out in the Auckland Plan, and facilitates both residential and commercial development in Auckland.
- **Relief for earthquake strengthening is a real need.** Commercial property owners realise that minimum levels of resilience are required to protect public safety, yet there is no real action by the Government to support structural improvements to buildings – we cannot let this affect property, which is the infrastructure of business in New Zealand.
- **Rebuild progress is a necessity and investment opportunities must be maximised in Christchurch.** With a new plan released, and a development agency established, Property Council and members expected more progress. However, with little progress in more than a year, the organisation is watching officials closely and voicing concern upon identification of failings.

MEMBERSHIP

618 MEMBERS NATIONWIDE

Property Council New Zealand has once again witnessed steady growth in membership across the country during the 2012-2013 financial year. This increase was particularly noticeable in the South Island where associate members contributed significantly to this surge. These members do not own, manage, or develop commercial property. They make up 56 per cent of Property Council's total membership base.

We are confident that the steady rise in membership will continue across the board in the coming year. This is due to the fact that branches are unprecedentedly active; holding record attended events, increasingly lodging policy submissions and attracting constant media attention.

Without the growing support of our membership, Property Council would not be in the successful position it is today.

BRANCH	2012	2013	CHANGE
Corporate Leaders	12	12	0
Corporate Members	13	13	0
NZCSC	53	53	0
Auckland	217	236	+19
Associate	151	161	+10
Core	66	75	+9
Waikato	51	59	+8
Associate	34	39	+5
Core	17	20	+3
Bay of Plenty	34	36	+2
Associate	17	19	+2
Core	17	17	0
Wellington	83	93	+10
Associate	50	62	+12
Core	33	31	-2
South Island	83	116	+33
Associate	44	67	+23
Core	39	49	+10
TOTAL	546	618	+72

13% INCREASE IN MEMBERSHIP



GOVERNANCE

NATIONAL COUNCIL

- Tony Sewell - Ngāi Tahu Property (*National President*)
- Bruce Black - Holmes Consulting Group (*Associate Member*)
- Martin Shelton - Arrow Strategy (*Wellington Branch nominee*)
- Brent McGregor - CBRE
- Miles Brown - Kiwi Income Property Trust (*Auckland Branch President*)
- Scott Pritchard - Precinct Properties
- Jeff Fletcher - Ford Land Projects (*Bay Of Plenty Branch President*)
- Chris Gudgeon - Kiwi Income Property Trust
- Mike Pohio - Tainui Group Holdings
- Glenn Taylor - Tailorspace Investments (*South Island President*)
- Karl Retief - Kiwi Income Property Trust (*NZCSC*)
- Paul Duffy - DNZ Property Fund
- Justin Lynch - Westfield (New Zealand)
- Rob Dol - Greenstone Group (*Waikato Branch President*)
- John Dakin - Goodman Property Trust
- Peter Mence - Argosy Property Trust

EXECUTIVE COMMITTEE

- Chris Gudgeon - Kiwi Income Property Trust
- George Crawford - Precinct Properties
- Paul Duffy - DNZ Property Fund
- Tony Sewell - Ngāi Tahu Property (*National President*)

OUR BRANCHES

Property Council is managed at a local level by Executive Committees. The organisation has representation in Auckland, Waikato, Bay of Plenty, Wellington, Hawkes Bay, the South Island and Otago.

Our Branch Executives are run by volunteers, including the Branch President, and are assisted by Branch Coordinators. Each Executive formally consists of a maximum of 18 people, including the Branch President who chairs the meetings, two Vice Presidents, 12 members of the Executive elected at its Annual General Meeting, plus three additional members who may be co-opted on to the Executive.

AUCKLAND BRANCH

EXECUTIVE COMMITTEE

- Angela Bull - Foodstuffs
- Brady Nixon - Progressive Enterprises
- Craig Shearer - Consultant
- Daniel Clay - Minter Ellison Rudd Watts
- Deborah Godinet - Auckland Transport
- Doug Osborne - Savills New Zealand
- Graeme Birkhead - Arrow International
- Ian Passau - Auckland International Airport
- John Coop - Warren and Mahoney
- Martin Udale - Essentia Consulting (*Vice President*)
- Miles Brown - Kiwi Income Property Trust (*President*)
- Michael Gimblett - Goodman Property Trust
- Michael Holloway - Trust Investments
- Nigel Richards - McConnell Property
- Patrick Fontein - Studio D4
- Peter Walkinshaw - Fletcher Building
- Phil Eaton - Greenstone Group (*Vice President*)
- Sue Simons - BerrySimons

PAST COMMITTEE MEMBERS

- Peter Gomm - Mainzeal

BRANCH COORDINATOR

- Sara-Jane Evans - Property Council

HIGHLIGHTS FOR THE BRANCH

- The branch worked closely with Auckland Council to provide feedback on the draft provisions in the Unitary Plan. We facilitated workshops for members and met with Council to ensure our industry had an early say in the process, and have continued to provide opportunities for engagement as the plan moves through the drafting process.
- The branch has successfully lobbied for a review of the development contributions regime. In early 2013, the Department of Internal Affairs announced a review to the Local Government Act 2002 that would make changes to the development contributions provisions. These changes would affect how the implementation of development contributions with the intention of making them fairer, better focused and more transparent.
- The branch was involved in developing Funding Auckland's Transport Future: Alternative Funding for Transport Public Discussion Document, by sitting on the Consensus Building Group that published it.
- The branch held 28 events including a series of informative and entertaining functions. Our Market Outlook Breakfast offered insight on the Auckland commercial, retail, and industrial property market, and our Residential Development Conference held in October addressed constraints holding back Auckland's potential.
- The branch launched a range of sub-committees that focussed on policy work streams, membership strategies, branch financials, and communication concepts all to create a stronger influence in the industry in Auckland.

A SPECIAL THANKS TO...

- Graeme Birkhead for his time as branch president.
- Phil Eaton for his work on Auckland's Transport Funding Group.
- Craig Shearer for his work on the Unitary Plan.
- Auckland Branch Events Committee - Chris MacKenzie (Chair), Debra Dorrington, Phil Doyle, Saatyesh Bhana, Gareth Fraser, Scott Kennedy, Michael Gimblett, Nick Moyes, Tony Allsop and Jonathan McElwee.



BAY OF PLENTY BRANCH

HIGHLIGHTS FOR THE BRANCH

- Extensive involvement in local policy has produced significant gains. The branch's submissions, appeals and consent order signoffs for the Proposed Tauranga City Plan are now complete, with the plan now providing a more balanced approach to development in the region. Work on the Proposed Bay of Plenty Regional Policy Statement is also a success.
- The branch continues to participate in the SmartGrowth Strategy Property Developers Forum and Tauranga City Council Development Community meetings, and has an active engagement programme which has boosted its image in the region, resulting in positive member retention.
- The branch has worked hard to boost its events programme, and now holds one almost monthly. Natural disaster seminars, government building policy updates, economic and industry briefings and site tours are some of the events held during the last year.

A SPECIAL THANKS TO...

- Jim Lochhead for his ongoing commitment to policy undertakings, as well as meticulous scrutiny of Branch accounts.
- Also to Jeff Fletcher, Jim Lochhead, Aaron Collier and Lara Burkhardt for their significant contribution in relation to the Tauranga City Plan Appeals.

WAIKATO BRANCH

HIGHLIGHTS FOR THE BRANCH

- The branch is now a leading industry voice in the region, and provides leadership on development issues in the Waikato region.
- As an active participant in local council planning, the branch's involvement during the past year extends to Hamilton City Council's Finance and Development Contributions Policy, its Growth Funding Policy, Proposed District Plan and Long Term Plan.
- Events continue to be a strong area for the branch, with seminars focusing on earthquake strengthening, urban design and local governance among others.
- Creating a business case for local government amalgamation of Waikato's 12 councils is a priority – the branch spent 18 months creating a position paper, which is now out stimulating discussion.

A SPECIAL THANKS TO...

- The Branch Executive and members of active sub-committees, especially the sub-committee chairpersons: Thomas Gibbons, Bevan Houlbrooke, Tony McLauchlan, Kevin Honiss and Graham Dwyer.
- Event sponsors who help deliver our thriving events programme.

BAY OF PLENTY EXECUTIVE COMMITTEE

- Aaron Collier - Aurecon
- Alasdair Christie - Sharp Tudhope Lawyers
- Anthony Averill - Tauranga City Council
- Jeff Fletcher - Ford Land Projects (President)
- Jim Lochhead - Carrus Corporation
- Lara Burkhardt - Holland Beckett Lawyers
- Mark Apeldoorn - Traffic Design Group
- Michael Attwood - Burley Attwood Law
- Peter Rust - Cooney Lees Morgan
- Rachel Emerson - Element IMF

BRANCH COORDINATOR

- Vicky Williamson - Property Council

WAIKATO EXECUTIVE COMMITTEE

- Andrew Yeoman - Yeoman Development
- Anna Wilkins - TDG
- Bevan Houlbrooke - CKL
- Colin Jones - Commercial & Industrial Consultants
- Doug Saunders - Telfer Young
- Geoff Felton - Colliers International
- Graham Dwyer - Realty Plus
- Greg Wills - Kiwi Income Property Trust
- Mark Fletcher - Fletcher Construction
- Mike Taylor - Arrow International
- Nathan York - Tainui Group Holdings
- Robert Dol - Greenstone Group (President)
- Richard Graham - Fonterra
- Ross Hargood - SkyCity
- Thomas Gibbons - McCaw Lewis Lawyers

BRANCH COORDINATOR

- Tracey Plank - Property Council

WELLINGTON BRANCH

HIGHLIGHTS FOR THE BRANCH

- Taking action on pressing issues, including Wellington's high ratings differential and targeted rates, out-of-control insurance levies, supporting the development of a world-class international airport, and especially addressing the earthquake risk and protection of heritage in Wellington.
- Establishing the Committee for Wellington as a charitable trust with a mission to formalise a business plan for the region and drive development.
- Hosting a total of 12 events, attracting property professionals nationwide from Auckland through to Christchurch.
- Launching sub-committees for policy work streams, event planning and branch financials, which are all leading to greater oversight and development of the Wellington arm of Property Council.

WELLINGTON EXECUTIVE COMMITTEE

- Andrew Hay - DNZ Property Fund
- Brent Slater - Slater Ryan Limited (*Vice-President*)
- Chris Dunlop - Beca Carter Hollings and Ferner
- Chris Gollins - Colliers International
- Chris Leatham - PricewaterhouseCoopers
- Chris Parkin - Museum Art Hotel
- Craig Mills - Davis Langdon New Zealand
- Denis Wood - Munro Bengel Chartered Accountants
- Eyal Aharoni - Prime Property Group
- Rachael Wise - BNZ Partners
- Ian Cassels - The Wellington Company (*President*)
- Justin Lester - Wellington City Council
- Malcolm Watson - NZ Transport Agency
- Mark Dunajtschik - Polo Properties
- Martin Shelton - Arrow International
- Mike Cole - Archaus Architects
- Sharon Skinner - DLA Phillips Fox (*Vice-President*)
- Tracy Morrah - Wellington City Council

BRANCH COORDINATOR

- Paula MacLachlan - Property Council

A SPECIAL THANKS TO...

- All committee members for the extra time and commitment in establishing the new committees.
- Brent Slater for his effort establishing the Secret Art Walk.
- Craig Mills, Property Council's nominee on a BRANZ stakeholder group researching building life frameworks.

HAWKES BAY CHAPTER

HIGHLIGHTS FOR THE CHAPTER

- Hawkes Bay's events are addressing vital concerns for the region. Recent seminars include an insurance and finance event that examined the two codes and the need for investment in property, and a seismicity seminar which saw Dr Kit Miyamoto explore alternative technology surrounding seismic strengthening.
- Hawkes Bay's immediate priorities relate to urban design, development contribution issues and developing a regional manifesto.

HAWKES BAY COMMITTEE

- Grant Wait - BNZ Partners
- Jude Minor - JP Minor
- Nic Magdalinos - Paris Magdalinos Architects (*Chair*)
- Russell Nettlingham - Strata Group

OTAGO CHAPTER

HIGHLIGHTS FOR THE CHAPTER

- Establishing the Otago Chapter following an inaugural event on 15 May 2012 has seen the group grow to support a small membership base in Dunedin and Queenstown.
- A regular pipeline of communication to the South Island Branch is a valuable development, and the branch has begun hosting educational and networking events

OTAGO COMMITTEE

- Alastair Wood - Colliers International (*Chair*)
- David Chafer - Chalmers Properties
- David Marsh - Oakwood Properties
- Dean Collins - Colliers International
- John Stevenson - Coronet Property Management
- Kerry O'Donnell - Anderson Lloyd Queenstown
- Raewyn Murray - Colliers International
- Sharon Knowles - Anderson Lloyd Dunedin
- Stephen Brent - Cavell Leitch
- Tony Clear - Farry Clear

SOUTH ISLAND BRANCH

HIGHLIGHTS FOR THE BRANCH

- Hosting of 10 successful events during the financial year, attracting more than 1800 attendees over this period. This includes a number of recovery focused events, with CCDU as regular participants. The branch attracts more than 100 people to each event, with some reaching nearly 400 attendees – a fabulous result for our secretary and contingent of volunteers.
- The branch is becoming a key influencer in Christchurch, with authorities seeking out Property Council’s view on the rebuild. The branch is planning a Manifesto to guide local government improvements and property development in Christchurch.
- Heightening activities are contributing to a steady increase in membership. The branch now has more than 160 members which it services and is accountable to.
- A restructure of branch activities and member involvement following a planning strategy session on 14 November 2012 has made the branch more efficient – it now requires all committee members to sit on sub-committees and contribute to specific areas of the branch’s operations, including membership support, communications, advocacy, financial management and event planning.

A SPECIAL THANKS TO...

- Graeme McDonald for his effort as president during the last four years, supporting members during the earthquakes and recovery period, and for his commitment as Property Council’s representative on Christchurch City Council’s Urban Design Panel.
- Alastair Wood and founding members for driving and promoting the Otago Chapter.
- Gordon Craig and the events team for their contribution to driving the events programme.

NEW ZEALAND COUNCIL OF SHOPPING CENTRES

HIGHLIGHTS FOR NZCSC

- Completion of an update of the Property Council Retail Lease, following three years of detailed work by the review committee. This legal document is now available for purchase and use when signing new retail leases.
- The NZCSC Retail Conference is growing year upon year, attracting 300 plus delegates for this one-day forum.
- Completion of a number of documents, including the Shopping Centre Directory, Retail Lease and updating of shopping centre classifications for New Zealand.
- NZCSC members contributed to Property Council’s submission on the draft Unitary Plan, assisting the development of policy on commercial and business intensification, infrastructure, public transport and parking requirements.
- NZCSC members provided advice to MBIE officials on fire code requirements.

SOUTH ISLAND EXECUTIVE COMMITTEE

- Alan Prescott - Harmans Lawyers
- Alastair Wood - Colliers International (*Otago Chapter Chair*)
- Antony Gough - Hereford Holdings
- David MacDonald - MacDonald Consultancy
- Glenn Taylor - Tailorspace Investments (*President*)
- Graeme McDonald - Jones Lang LaSalle (*Past President*)
- Greg Bramley - BNZ Property Finance
- Gordon Craig - Ngāi Tahu Property
- Harry van Tongeran - Bayleys Real Estate
- Jo Duthie - Westfield (New Zealand)
- Jonathan Lyttle - Colliers International
- Layne Harwood - Knight Frank
- Liam Nolan - Christchurch City Council
- Roger Davidson - Foodstuffs
- Simon Taylor - Aurecon
- Steven van der Pol - Arrow International

PAST COMMITTEE MEMBERS

- Hamish Clarke - Christchurch International Airport
- David Rowland - Christchurch City Council
- Malcolm Timms - Rider Levett Bucknall
- Ian Cassels - The Wellington Company
- Brent Bailey - Colliers International
- Dougall McIntyre - Waitaki District Council
- Quin Henderson - Hawkins Construction

BRANCH COORDINATOR

- Liana Clements - Property Council



NZCSC COMMITTEE MEMBERS

- Campbell Barbour - New Zealand Retail Property Group
- Desmond Wai - RCG
- James Nelson - Westfield (New Zealand)
- Jonathan Armstrong - Oyster Property Group
- Karl Retief - Kiwi Income Property Trust (*Chair*)
- Paul Tanday - Colliers International
- Roy Stansfield - DNZ Property Fund
- Simon Revell - Retail Solutions
- Stephen Costley - AMP Capital Investors

NZCSC SECRETARY

- Gabriela Slezáková - Property Council

FINANCIALS

FOR THE YEAR ENDING MARCH 2013

FINANCIAL SUMMARY

It is my pleasure to report a positive financial result for Property Council New Zealand in 2012/13.

Booming membership and an expanding events programme nationwide generated an additional \$609,111 of revenue during this last year. The \$95,698 surplus before tax represents an impressive turnaround from the deficit recorded in the previous financial year.

- Demand for membership subscriptions were strong in the branches, with our South Island Branch in particular picking up a significant number of members. The uplift from Core to Corporate membership of Fletchers and Auckland International Airport Limited also meant a noteworthy increase in national subscription revenue.
- Our revenue from events benefited from two additional national events in 2012/13 – the biennial Green Property Summit in March 2013 and a study tour to China organised in conjunction with the Property Institute of New Zealand in July 2012. Attendance at the annual Property Industry Awards, Retail Conference and National Conference was above projections, contributing to our increased revenue. Overall Property Council generated \$141,185 more in gross profit from events in 2012/13 compared to 2011/12.
- Total expenses have increased 4.5% since the last financial year. While there is no single significant factor for this, increased administration remuneration staff costs, legal fees for IP work undertaken, and increased depreciation from new IT systems were the larger influencers.
- The balance sheet remains strong overall, with good cash reserves held and retained earnings near the \$1M level. Cash held on term deposit has risen \$204,311 over last year. Non-current assets have increased due to expenditure on new IT systems during the year.

Looking ahead, there are no costly issues looming on the horizon that will likely have any impact on the financial result for the 2013/14 year. A small surplus is the goal for the coming year.

SIMON THORNE
Financial 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 15 to 20 which comprise the statement of financial position as at 31 March 2013, 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 15 to 20 present fairly, in all material respects, the financial position of Property Council of New Zealand Incorporated as at 31 March 2013, and its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.

Hayes Knight Audit NZ

22 August 2013

Hayes Knight Audit NZ
Chartered Accountants

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AN INDEPENDENT MEMBER OF MORISON INTERNATIONAL AND THE HAYES KNIGHT GROUP

STATEMENT OF FINANCIAL PERFORMANCE

For the Year Ended 31 March 2013

NOTE

	2013	2012
	\$	\$
OPERATING REVENUE		
Branch Subscriptions	526,965	465,743
Events	1,551,212	1,072,230
National Subscriptions	457,590	385,818
Other Business Services Revenue	63,476	63,030
Other Membership Revenue	15,360	6,662
Research and Information Products	40,318	52,327
Total Sales	2,654,922	2,045,810
LESS COST OF SALES		
Branch Costs	168,960	121,066
Event Costs	885,371	595,468
Policy Costs	37,046	24,261
Research and Information Products	7,634	14,812
Total Cost of Sales	1,099,011	755,607
GROSS SURPLUS FROM TRADING	1,555,911	1,290,203
Gross Profit %	58.60%	63.07%
OTHER INCOME		
Interest Received	45,411	47,021
Other Income	5,817	2,708
Total Other Income	51,228	49,729
Gross Surplus after Other Income	1,607,139	1,339,932
LESS EXPENSES		
Accountancy Fees	5,140	28,824
ACC Levies	3,429	2,904
Administration	130,958	102,546
Audit Fee	22,613	14,632
Bad Debts Written Off	10,999	899
Bank Fees and Charges	16,875	14,420
Cleaning	11,990	10,730
Computer Expenses	20,913	25,317
Consultancy Fees	14,461	19,871
Council Expenses	3,392	3,949
Depreciation	50,893	31,994
Stock Written Off	2,620	-
Entertainment - Deductible	265	1,630
Entertainment - Non Deductible	124	-
Freight and Cartage	5,547	3,642
General Expenses	33,054	13,415
Insurance	9,685	7,005
Interest Paid	252	1,208
Internet Costs	8,540	11,900
Lease Charges	30,109	17,509
Legal Fees	19,156	-
Light, Heat and Power	6,671	6,999
Loss on Sale of Fixed Assets	729	-
Marketing	2,638	6,240
Membership Costs	3,848	7,123
Office Expense	6,760	4,928
Postage	9,037	13,130
Printing and Stationery	16,030	33,754
Provision for Doubtful Debts	(12,520)	(10)
Public Relations	26,569	21,076

FINANCIAL PERFORMANCE

STATEMENT OF FINANCIAL PERFORMANCE (CONTINUED)

For the Year Ended 31 March 2013

NOTE

	2013	2012
	\$	\$
Remuneration	833,817	813,435
Rent and Rates	106,064	110,553
Repairs and Maintenance	997	88
Security Expenses	2,520	1,203
Staff Expenses	7,827	8,343
Staff Recruitment and Training	14,691	21,188
Subscriptions and Licences	7,377	5,176
Telephone and Tolls	20,413	19,557
Travel Expenses	48,846	48,645
Travelling Expenses - Overseas	8,112	9,076
Total Expenses	1,511,441	1,442,899
(DEFICIT) SURPLUS BEFORE INCOME TAX	95,698	(102,967)
Income Tax Expense	2 (10,944)	(9,463)
NET (DEFICIT) SURPLUS	84,754	(112,430)

STATEMENT OF MOVEMENTS IN MEMBERS EQUITY

REVENUE AND REVALUATIONS

Net (Deficit) Surplus	84,754	(112,430)
Total Revenue and Revaluations	84,754	(112,430)
General Funds at the Beginning of the Year	892,534	1,004,964
GENERAL FUNDS AT THE END OF THE YEAR	977,288	892,534

STATEMENT OF FINANCIAL POSITION

GENERAL FUNDS

Retained Earnings	977,289	892,534
Total General Funds	977,289	892,534

REPRESENTED BY:

CURRENT ASSETS

Cash and Bank Balance	4 991,403	884,447
Accounts Receivable	99,149	51,785
Other Receivables	19,634	59,883
GST Receivable	-	28,532
Inventory	19,627	23,794
Total Current Assets	1,129,812	1,048,440

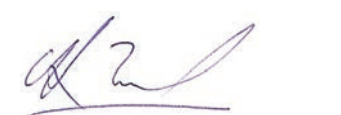
NON CURRENT ASSETS

Property, Plant and Equipment	5 143,507	81,625
Total Assets	1,273,319	1,130,065

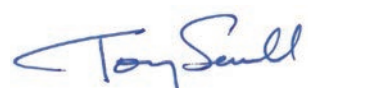
CURRENT LIABILITIES

Payables and Accruals	6 267,222	210,241
Current Portion of Hire Purchase Liabilities	7 -	9,703
Income Tax Payable	3 3,481	3,168
GST Payable	5,796	-
Income in Advance	19,531	14,419
TOTAL LIABILITIES	296,031	237,531
NET ASSETS	977,289	892,534

Approved on behalf of the National Council:



Chief Executive



National Councillor

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1 Statement of Accounting Policies

Reporting Entity

Property Council of New Zealand Incorporated ("the Council") is an Incorporated Society under the Incorporated Societies Act 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) consisting of Financial Reporting Standards and Statements of Standard Accounting Practice.

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%

(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	2013	2012
Operating (Deficit) Surplus before Income	95,698	(102,967)
Permanent Differences	17,204	-
Temporary Differences	(3,736)	24,533
Member Surplus/(Loss)	(69,082)	113,231
Exemption for Non-Profit Organisation	(1,000)	(1,000)
Taxable Income	39,084	33,797
Tax Expense at 28%	10,943	9,463
3 INCOME TAX		
Opening Balance	3,168	1,491
Plus:		
Provision for Taxation	10,943	9,463
Tax Refunded	-	2,018
	10,943	11,481
Less:		
Tax Refunded	2	-
Provisional Tax Paid	6,420	6,005
Terminal Tax Paid	3,166	3,508
RWT on Interest	1,042	291
	10,630	9,804
Income Tax Payable	3,481	3,168
4 CASH AND BANK BALANCES		
Bank Account Balances		
National Office Bank Accounts	115,489	198,592
National Office Term Deposits	368,778	245,850
Branch Bank Accounts	122,761	140,581
Branch Bank Term Deposits	293,743	212,360
South Island Education Trust	90,632	87,064
Total Cash and Bank Balances	991,403	884,447

A guarantee is registered over the term deposits in favour of Datacom Employer Services Limited to the value of \$40,000 (2012 - \$32,000). This relates to the payroll services.

Funds \$90,632 (2012 - \$87,064) 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**2013**

	Cost	Depreciation Charged	Accumulated Depreciation	Closing Book Value
Furniture and Fittings	112,474	7,941	59,097	53,377
Office Equipment	31,922	5,745	23,286	8,636
Computer Software	219,344	37,207	137,850	81,494
Total Property, Plant and Equipment	363,740	50,893	220,233	143,507

PROPERTY, PLANT AND EQUIPMENT**2012**

	Cost	Depreciation Charged	Accumulated Depreciation	Closing Book Value
Furniture and Fittings	108,009	7,941	51,335	56,674
Office Equipment	28,895	5,745	18,300	10,595
Computer Software	114,999	37,207	100,643	14,356
Total Property, Plant and Equipment	251,903	50,893	170,278	81,625

6 PAYABLES AND ACCRUALS**Accounts Payable**

	2013	2012
Sundry Creditors and Accruals	138,621	115,837
Trade Creditors	128,601	94,404
Total Payables and Accruals	267,222	210,241

7 HIRE PURCHASE LIABILITIES**Current Lease Liability**

	2013	2012
	-	9,703
	-	9,703

8 EVENTS OCCURRING AFTER BALANCE DATE

There are no material events subsequent to balance date (2012 - Nil).

9 AUDITORS' REMUNERATION

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

	2013	2012
Audit the financial statements	22,613	14,632
Total Auditors' Remuneration	22,613	14,632

10 OBLIGATIONS UNDER LEASES

Commitments in respect of non-cancelable operating leases are:

	2013	2012
Not Later than 1 Year	65,121	136,703
Later than 1, but not later than 2 years	16,892	75,354
Later than 2, but not later than 5 years	12,367	26,286
Total Obligations Under Leases	94,380	238,343

11 RELATED PARTY DISCLOSURES

The Councilors

Members of the governing body are current financial members of the council.

Corporate Partners

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

- Rider Levett Bucknall
- Brookfield

Other Members

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

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

Staples Rodway Limited is a member of the Council and have provided their accounting services for the organisation during the year \$8,040 (2012 - \$29,842). This includes consultancy work and assistance with tax compliance.

KPMG is a member of the Council and have provided services to the Council in relation to consultation on IT Systems Project, \$6,558 (2012 - \$7,970).

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 is a member of the Council. Two national councillors of the Council also operate as board members of Keystone Trust.

Simpson Grierson is a member of the Council and undertook legal work for the Council in relation to Intellectual property for \$16,998 (2012 - Nil).

Alexander Dorrington is a member of the Council and undertook work of \$1,060 in relation to website terms and conditions (2012 - Nil).

Bevan Houlbrooke (of CKL Hamilton) is a member of the Council and undertook work assisting Waikato Branch in relation to Hamilton City Council Draft District Plan for \$1,000 (2012 - Nil).

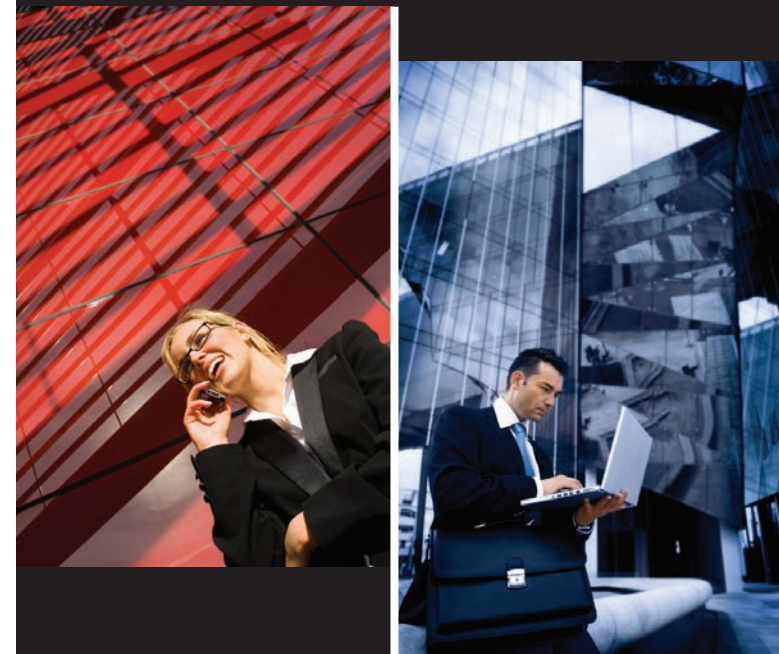
Slater Ryan is a member of the Council and completed work for \$5,000 in relation to a Wellington Branch Project (2012 - Nil).

12 CONTINGENT LIABILITIES

The Council has no contingent liabilities at balance date (2012 - \$0).

13 CAPITAL COMMITMENTS

The Council has no capital commitments at balance date (2012 - \$0).



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