tāmaki
Redevelopment Co Ltd

ANNUAL REPORT 2013

THE TIDES OF TĀMAKI RIVER HAVE SUSTAINED HUMAN LIFE FOR ALMOST A THOUSAND YEARS.

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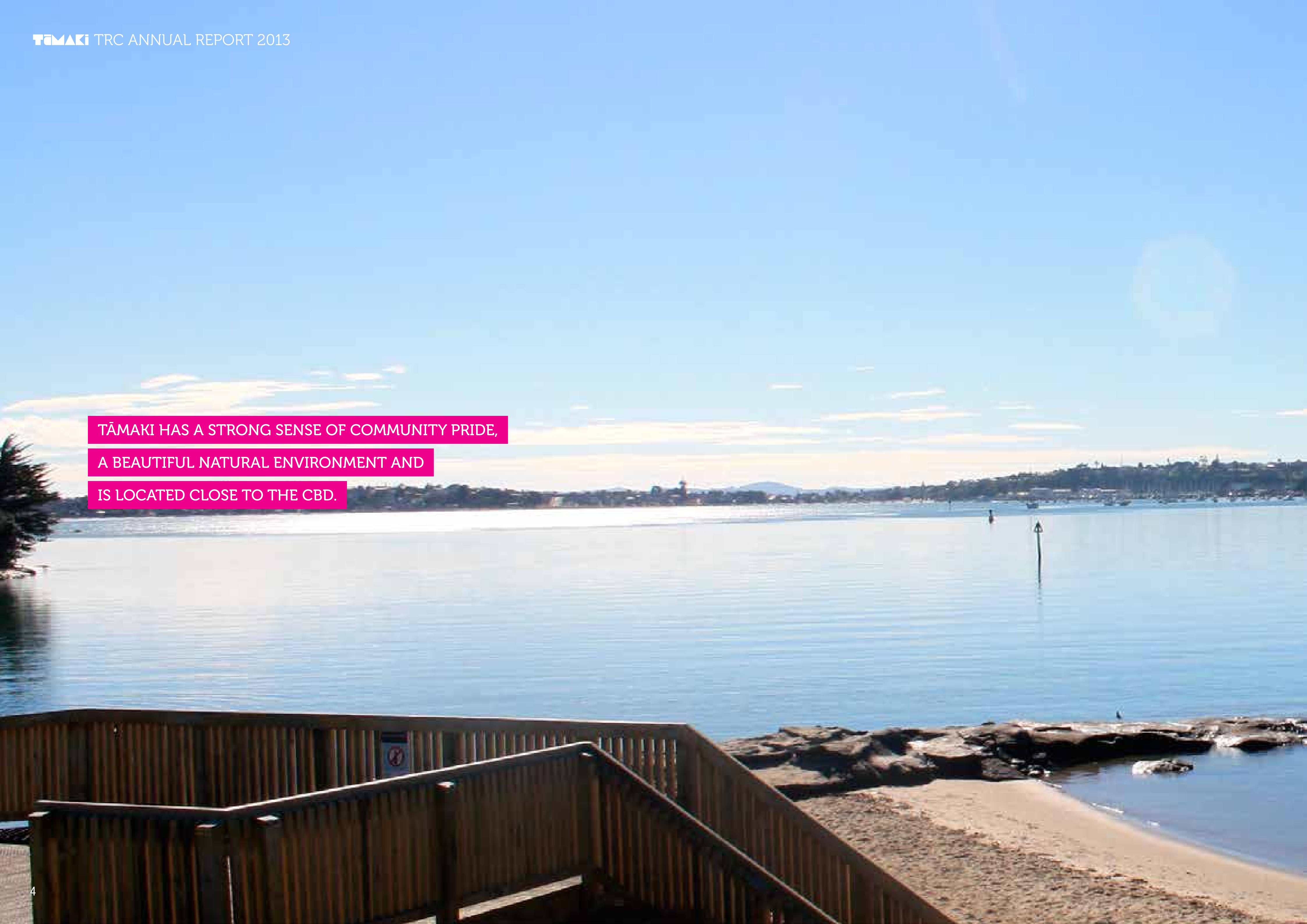

TĀMAKI HAS A STRONG SENSE OF COMMUNITY PRIDE, A BEAUTIFUL NATURAL ENVIRONMENT AND IS LOCATED CLOSE TO THE CBD.

MESSAGE FROM THE CHAIR AND CE

MARTIN UDALE
CHAIR

DEBRA LAWSON
CHIEF EXECUTIVE

2012/2013 REPRESENTS A MILESTONE YEAR FOR THE TĀMAKI REDEVELOPMENT COMPANY (TRC).

IT IS OUR FIRST YEAR OF OPERATION AND WE HAVE DELIVERED ON OUR STAGE 1 OBLIGATIONS TO SHAREHOLDERS UNDER OUR HEADS OF AGREEMENT.

TRC is a unique company being the first of its kind in New Zealand. We have two shareholders (Crown and Council) and we operate with four equally important objectives of housing, economic development, social renewal, and spatial regeneration.

To ensure TRC is able to meet the challenges presented by its broad mandate, our shareholders share a common purpose on ensuring the company is resourced and provided the mandate to achieve on the Tāmaki vision – **Tāmaki is a strong and welcoming community, where people thrive and prosper, celebrated for its distinct history and vibrant future.**

TRC is seeking to embed a new way of thinking and delivery that impacts on government programmes. It is a 20 year programme with the need for strong private sector contribution.

The Tāmaki regeneration programme is about partnership and collaboration. The expectations of our stakeholder groups, particularly the community of Tāmaki (Glen Innes, Point England, Panmure) are diverse and many.

Successful regeneration is about far more than physical transformation of homes. It is about working in collaboration and partnership with all stakeholders to achieve the social, economic and housing objectives in the area. We have spent our first year establishing and building partnerships across a number of sectors and industries. There is more work to do in this space but we are heartened by the support and willingness of partners to help us implement the vision for the area.

Collaboration amongst public service delivery organisations is nothing new. The public service sector is full of such examples. However, regeneration is distinctively different. Regeneration involves a centralised infrastructure, shared values and measurement of success and demonstrable evidence of *real* partnership between public service organisations and the private sector. It is also about less patch protection and more community involvement and continuous engagement with the community to ensure there are tangible examples of where residents and other stakeholders can have a say and see their views impacting on the programme.

We are proud to have delivered on our Stage 1 obligations, which are explained further in the 'Overview' page no. 11 of this Annual Report. Our draft Strategic Framework was developed off the back of previous significant work, particularly under the Tāmaki Transformation Programme (TTP). We returned to those TTP community leaders in June/July 2013 to help TRC engage with the community and other stakeholders on the Strategic Framework's direction and specific initiatives. The significant feedback received from the community stands out as a highlight of the year. The theme of more action and less consultation was heard loud and clear. A significant portion of the community came back out in force to tell us their views and aspirations for their families and neighbourhoods.

Many of our stakeholder groups are starting to see the regeneration vision and therefore want to be a part of it. TRC is fully committed to ensuring that all our nearly 19,000 residents get the opportunity in life that all New Zealanders aspire to. As we move into delivery, we will not shirk from our responsibilities to current residents and new families who might wish to move into the area.

Successful regeneration is about working in collaboration and partnership with all stakeholders.

TRC is fully committed to achieving the implementation objectives set by Shareholders. We have now entered a phase where we have started to deliver specific initiatives on the ground.

We would like to acknowledge the significant contribution of the 18 individuals and 7 Board Members, which make up the company. The passion and dedication of our people to Tāmaki has helped pull the company through a challenging first few months of this 'start-up' phase. It is that collective dedication that will remain the backbone of the company going forward.

Our greatest thanks go to the community of Tāmaki – whether it be the three suburbs – or the communities of interest that exist or those who were raised in Tāmaki who advocate strongly for the area wherever they now work. Planning transformational change is difficult and complex. We have now moved into the implementation phase. This will require patience, innovation, and a new mind-set from all parties.

We acknowledge the commitment of our local electorate MPs, Simon O'Connor (Tāmaki) and Peseta Sam Lotu-liga (Maungakiekie), and locally based list MPs, Alfred Ngaro, Carol Beaumont, and members of the Maungakiekie-Tāmaki Local Board to the programme. We wish to acknowledge the support of former Councillor Richard Northey and look forward to working closely with Councillor Denise Krum.

To the local community leaders - you have welcomed our team into the community and your wisdom and guidance will ensure the company delivers the right initiatives, at the right time, for those most in need.

With our partners beside us, the company is in a strong position to implement the Tāmaki regeneration programme.

Martin Udale

Debra Lawson

THE COMPANY'S
"WHOLE OF COMMUNITY"
APPROACH MEANS ADDRESSING
ECONOMIC, PHYSICAL, EDUCATION,
HEALTH AND ENVIRONMENTAL
CHALLENGES IN A HOLISTIC AND
SUSTAINABLE WAY.

WHY REGENERATION IS RIGHT FOR TĀMAKI

URBAN REGENERATION REQUIRES LONG-TERM COMMITMENT OF RESOURCES AND EFFORT AND A PARTNERSHIP APPROACH WITH A NUMBER OF STAKEHOLDERS, PARTICULARLY ITS COMMUNITY.

Regeneration is an internationally proven approach to creating thriving communities. Successful international experience from overseas is built on solid community foundations and incorporates an integrated approach to solving challenges facing communities. The company's "whole of community" approach means dealing with economic, physical, education, health and environmental challenges in a holistic and sustainable way.

Tāmaki has a strong sense of community pride. It also has exciting advantages that can aid regeneration, particularly its youthful and diverse mix of people, its proud cultural heritage, its beautiful natural environment and its location to the CBD.

TRC seeks to take international best practice and adapt these to New Zealand's culture and Tāmaki's circumstances.

HEADS OF AGREEMENT DELIVERABLES

TRC is a limited liability company (incorporated 6 August 2012) jointly owned by the Crown (59%) and Auckland Council (41%). Its shareholders founded the company because they believed a tightly-run, innovative, single agency was required to help lead successful regeneration.

TRC's CE was appointed in September 2012 and the Board in December 2012. The Board met for the first time in February 2013. Most staff started in January 2013.

The Heads of Agreement between the Crown and Auckland Council, stating the company's purpose, identifies Stage 1 deliverables. The due date for Stage 1 deliverables was 30 September 2013. All deliverables as specified by shareholders have been achieved in advance of the due date and under budget.

- Progress Report on the Business Case (April 2013).
- Letter of Expectation prior to drafting of the Statement of Intent (SOI) (April 2013).
- Unitary Plan consultation with Auckland Council with significant favourable outcomes for TRC's development programme (17 April 2013).
- Statement of Intent (April 2013).
- Agency workshops for development of the Business Case and Strategic Framework:
  - Housing – Ministry of Business, Innovation and Employment (MBIE), Treasury and HNZC (9 May 2013).
  - Ministry of Social Development (MSD) with MBIE/TRC (23 May 2013).
  - Police and Ministry of Justice with MBIE/TRC (27 May 2013).
  - Health with Ministry of Health (MOH)/ Auckland District Health Board (ADHB)/MBIE (27 May 2013).
  - Education with Tertiary Education Commission (TEC), Ministry of Education (MOE) and Early Childhood Education (ECE) (29 May 2013).
- Interim company audit (Audit NZ), (27 – 31 May 2013).
- Formal approval by Ministers (Cabinet) of Strategic Framework for release for public consultation (10 June 2013).
- Draft Strategic Framework document for engagement (18 June 2013).
- Shareholders requested that a significant community engagement campaign about the Strategic Framework be undertaken (18 June 2013 to 18 July 2013). This campaign also included engagement with broader stakeholder groups such as investors, Auckland-wide businesses, government departments and Council entities.

- Treasury and MBIE Workshops (June 2013).
- The final Strategic Framework, and an interim Business Case for regeneration focused on two to three housing demonstration projects was completed and delivered to shareholders on 30 July 2013. On shareholder request, the full Business Case is now to be delivered by 31 May 2014. The Community Engagement Feedback report also accompanied both documents.
- The Company developed and finalised with the community its Vision Statement for regeneration (June 2013).
- TRC has identified and supported five “catalyst projects” to ensure the regeneration programme has momentum leading into Stage 2. The catalyst projects have been identified as long term deliverables for regeneration activities in Stage 2 – early childhood education, skills and training, capacity building for local community groups, and financial literacy.
- The catalyst projects are:
  - Manaiakalani Education Trust Drivers Licence Programme (supporting a local innovative learning programme. Many kids can’t get to job interviews across Auckland due to lack of a driving licence).
  - Tāmaki Learning Champions (Early Child Education coordination group).
  - Community Safety/Crime Reduction (Neighbourhood Safety established by local community leaders to patrol the community at night and help change the perception of the area).
  - Financial Literacy (supporting local NGOs delivering in this important area to help residents move along the housing continuum).
  - Tāmaki CadetMax (Skills and Training initiative already successful in South Auckland. Undertaken in partnership with Ngāti Whātua o Ōrākei and Auckland Chamber of Commerce).
- Identified two housing-led regeneration projects for approval by shareholders.

FUTURE KEY DELIVERABLES

Details of what the specific initiatives are will be made public as implementation plans are developed. However the key deliverables over the coming 12 months will be based around the following themes:

- Initiatives that **build community ownership** of the regeneration programme in line with the Tāmaki Inclusive Engagement Strategy (TIES). This will involve building partnerships with local community groups and the private sector.
- Implementation of one or two **housing-led regeneration projects under the new Special Housing Area designation.**
- Adopting a neighbourhood approach to planning and engagement as part of the first two initiatives.
- Develop an implementation plan for future regeneration projects across Tāmaki that are inter-linked and ensure private sector support.
- **Improve education and employment outcomes** in Tāmaki by filling the gaps and supporting local groups with their efforts.
- **Long term regeneration planning is delivered and community is engaged.**


Glen Innes

TRC BOARD OF DIRECTORS

The Company was incorporated on 6 August 2012 by the shareholders (Minister of Housing, Minister of Finance, and the Mayor of Auckland) and an Advisory Board provided oversight for the company. At the commencement of the year June 2012, the interim Advisory Board was in place. The formal Board of Directors was appointed on 20 December 2012 and their induction and first Board meeting occurred on 15 February 2013.

The members bring extensive experience to lead the Company with strong contacts within the Tāmaki community and iwi, and business skills, with deep knowledge of urban development.

The Board Of Directors is responsible for the corporate governance of Tāmaki Redevelopment Company. The Board is committed to ensuring that TRC is governed in accordance with best practice and with integrity for the vision of the Tāmaki community.

The names and details of the Company's directors in office during the period of December 2012 until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

MARTIN UDALE (CHAIRMAN)

Martin has extensive experience in land and property development. Mr Udale also has interests in the following companies:

- Unitec Institute of Technology – Member of Council
- Waikato Innovation Park Limited (and related entities) – Director
- Cranleigh Strategic Limited – Director
- Eden Agri Capital GP Limited – Director
- Canvas Investments Limited (and related entities) – Director
- Essentia Consulting Group Limited – Director and Shareholder
- Primary Wool Cooperative Limited – Director

BRIAN DONNELLY (DEPUTY CHAIRMAN)

Brian has interests and been involved in the following housing related organisations:

- Executive Director of the NZ Housing Foundation
- Member of the Housing Shareholders Advisory Group
- Chair of the Ministerial Advisory Panel
- Trustee of Queenstown Lakes Community Housing Trust

ANNE CANDY

Appointed as Auckland Council's sole discretionary director. Deputy Mayor Manukau City Council from 1998-2007, the first and only Māori woman to hold this position. Ms Candy also has interests in the following:

- Tainui Iwi – beneficiary roll
- Raukawa Iwi – beneficiary roll
- Ngaiterangi Iwi – beneficiary roll
- President, Tāmaki Makaurau Regional Council, 2011-2012
- NZ Mental Health Foundation – Board Member
- Maori Womens Welfare League – Life Member
- Returned Services Association – Patron Manurewa RSA
- Taonga Education Centre – Trust Chairperson
- Whanau o Tumanako SS – Trustee, Secretary
- National Marae Estate Trust – Trustee
- Reremate Estate Trust – Trustee
- Anne Candy Consultant Ltd – Director and Shareholder
- Manukau National Council of Women – Patron
- Pan Pacific South East Asia Women's Association – Chairperson

ERU LYNDON

Eru is the Regional Commissioner Northland for the Ministry of Social Development. He has strong links with Ngāti Whātua and a number of other iwi with an interest in the Tāmaki area.

- Barrister and Solicitor to the High Court
- Auckland and Waitemata DHB's – CPHAC & MHGAC committee member
- AUT Business School – Business School Industry advisor committee member
- Sport Auckland – Trustee

DR. SUSAN MACKEN

Dr. Susan Macken has extensive governance and senior management experience in business. Ms Macken also has interests in the following companies:

- Bank of New Zealand – Director
- Institute of Environmental & Scientific Research – Director and Chair
- Fertility Associates – Director
- STG Ltd – Director and Sole Shareholder
- Treasury – Advisory board Member
- Blossom Bear Ltd – Director and Sole Shareholder

SOANA PAMAKA

Principal of Tāmaki College and provides a strong link to the Tāmaki community in which she both lives and works. Ms Pamaka is also actively involved in a number of community initiatives.

JOHN SAX

Appointed as the Crown's sole discretionary director. Mr Sax also has interests in:

» Kensington Park Limited – Trust owned company

» Favona and Walmsley Roads – property owner

» Founder and Chairman of the For the Sake of our Children Trust

SCHEDULE OF BOARD MEETING ATTENDANCE

Directors Attendance at Board Meetings

Total number of Board meetings held between the appointment of Board in December 2012 and June 2013: **5**

Martin Udale (Chairman): **5**

Brian Donnelly (Deputy Chairman): **4**

Dr. Susan Macken: **3**

Eru Lyndon: **2**

John Sax: **4**

Anne Candy: **4**

Soana Pamaka: **5**

CEASED DIRECTOR (CHAIR OF INTERIM ADVISORY BOARD)

Dr. Lee Mathias - appointed as Director of Tāmaki Redevelopment Company Interim Board for the period 6 August 2012 – 20 December 2012.

COMPANY SECRETARY

Simpson Grierson, 88 Shortland St, Auckland Central.

PRINCIPAL ACTIVITIES

The principal activities of the company during the period were:

» Prepare a 20-25 year strategic framework and vision for Tāmaki

» Prepare a Business Case for Stage 2

» Engage Council on the Unitary Plan

» Identify and support catalyst projects

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The company was incorporated on 6 August 2012.

Upon incorporation the shareholders, the Crown and Auckland City Council contributed $8.5 million in equity. The Crown contributed $5.0 million and Auckland City Council contributed $3.5 million.

The equity decreased by $3,335k as a result of operational costs being incurred. Interest income from cash investments was the only revenue earned.

DIRECTORS INTEREST IN TRANSACTIONS

No directors have declared any interest in any transactions with the company.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the period the company purchased insurance to cover all directors, officers and employees. They are indemnified for wrongful acts committed, attempted or allegedly committed or attempted during the policy period. The limit of the indemnity for any one act is $5 million. The indemnity period runs from 11 December 2012 to 30 September 2013.

The total amount of insurance premium paid was $14,365.

REMUNERATION OF DIRECTORS

	2013	
	ACTUAL	BUDGET
Board members fees during the year were:		
Brian Donnelly	22,441	
Eru Lyndon	17,953	
John Sax	17,953	
Christopher Martin Udale	43,906	
Ms. Soana Pamaka	17,953	
Ms. Anne Candy	17,953	
Dr. Susan Carrel Macken	17,953	
Dr. Lee Mathias (6 Aug 2012 - 20 Dec 2012)	23,275	
George Kahi (Dec 2011 - Nov 2012)	12,480	
TOTAL	**191,867**	**180,942**

REMUNERATION OF EMPLOYEES WHOSE REMUNERATION AND BENEFITS EXCEEDED $100,000

Most staff commenced employment in January 2013 and figures reflect actual remuneration paid from September 2012 to the end of June 2013.

Total remuneration paid or payable for the year	1
$270,000-$279,999	
TOTAL EMPLOYEES	**1**

DONATIONS

In the year the company made donations to the value of $31,227.

SENIOR LEADERSHIP TEAM

DEBRA LAWSON
Chief Executive

SHELLEY KATAE
Chief Financial Officer

PETER FA'AFIU
GM Communications and Stakeholder Engagement

JANE BULL
Acting GM Operations and Organisational Development

JOHN DUTHIE
Acting GM Planning and Regeneration

TĀMAKI REDEVELOPMENT COMPANY LIMITED

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013

STATEMENT OF RESPONSIBILITY

The Board is responsible for the preparation of the Tāmaki Redevelopment Company's financial statements and statement of service performance, and for the judgements made in them.

The Board of the Tāmaki Redevelopment Company has the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

In the Board's opinion, these financial statements and statement of service performance fairly reflect the financial position and operations of the Tāmaki Redevelopment Company for the year ended 30 June 2013.

Signed on behalf of the Board:

Board Member
31 October 2013

Board Member
31 October 2013

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2013

		2013	
	NOTES	ACTUAL $000'S	BUDGET $000'S
INCOME			
Other income	3	141	167
Total income		141	167
EXPENSES			
Directors fees		192	181
Personnel costs	4	859	894
Depreciation and amortisation expense	9/10	57	70
Professional advisory fees		962	1,101
Other expenses	5	1,406	1,588
Total Expenses		3,476	3,834
(Deficit) before tax		**-3,335**	**-3,667**
Tax expense	6	-	-
Net (Deficit) for the year attributable to owners of the parent		**-3,335**	**-3,667**

The accompanying notes form part of the financial statements

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

		2013	
	NOTES	ACTUAL $000'S	BUDGET $000'S
ASSETS			
Current Assets			
Cash and cash equivalents	7	5,305	4,534
Trade and other receivables	8	165	79
Prepayments		8	-
Total current assets		5,478	4,613
Non-Current Assets			
Property, plant and equipment	9	565	612
Intangible assets	10	25	117
Total non-current assets		590	729
TOTAL ASSETS		**6,068**	**5,342**
LIABILITIES			
Current Liabilities			
Creditors and other payables	11	865	509
Employee entitlements	12	38	-
Total current liabilities		**903**	**509**
TOTAL LIABILITIES		**903**	**509**
NET ASSETS		**5,165**	**4,833**
EQUITY			
Capital		8,500	8,500
Retained earnings		-3,335	-3,667
TOTAL EQUITY		**5,165**	**4,833**

The accompanying notes form part of the financial statements

For and on behalf of the Board who authorise the issue of the financial statements on 31 October 2013.

Director	Director
31 October 2013	31 October 2013

STATEMENT OF CHANGE IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2013

	NOTES	2013 ACTUAL $000'S	2013 BUDGET $000'S
OPENING BALANCE 6 AUGUST 2012		-	-
Income			
Net (Deficit)		-3,335	-3,667
Total income/loss attributable to parent		-3,335	-3,667
Owners' Transactions			
Capital contributions	13	8,500	8,500
CLOSING BALANCE 30 JUNE 2013		**5,165**	**4,833**

The accompanying notes form part of the financial statements

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2013

	NOTES	2013 ACTUAL $000'S	2013 BUDGET $000'S
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash provided from:			
Interest received		141	167
Total cash provided		**141**	**167**
Cash applied to:			
Payments to suppliers		1,703	2,362
Payments to employees		821	894
Goods and Services Tax (net)		159	65
Withholding Tax paid		6	-
Interest receivable		-	13
Total cash applied		**2,689**	**3,334**
Net cash from operating activities	14	**-2,548**	**-3,167**
CASH FLOW FROM INVESTING ACTIVITIES			
Cash applied to:			
Purchase of property, plant and equipment		615	673
Purchase of intangible assets		33	126
Net cash applied to investing activities		**-648**	**-799**
CASH FLOW FROM FINANCING ACTIVITIES			
Cash provided from:			
Capital contributions		8,500	8,500
Net cash from financing activities		**8,500**	**8,500**
Net increase in cash and cash equivalents		**5,305**	**4,534**
Opening cash and cash equivalents as at 6 August 2012		-	-
CLOSING CASH AND CASH EQUIVALENTS		**5,305**	**4,534**

The accompanying notes form part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

Tāmaki Redevelopment Company Limited (TRC) is incorporated in New Zealand under the Companies Act 1993. The financial statements of the company have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and Companies Act 1993.

The company has its registered office at the offices of Simpson Grierson, 88 Shortland Street, Auckland City.

TRC is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled in New Zealand. TRC's ultimate parent is the New Zealand Crown.

TRC's primary objective is to provide services to the New Zealand public, as opposed to that of making a financial return. Accordingly, TRC has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements for TRC are for the period from the date of incorporation, 6 August 2012, to 30 June 2013, and were approved by the Board on 31 October 2013.

BASIS OF PREPARATION

Statement of Compliance

The financial statements of TRC have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). This is the first set of financial statements prepared in accordance with NZ IFRS.

Differential reporting

TRC qualifies for differential reporting as it is not publicly accountable or large as determined under the framework. TRC has taken advantage of all differential exemptions, except for:

- The exemption available in NZ IAS 7 (PBE) Statement of Cash Flows that permit qualifying entities from preparing a statement of cash flows.

Measurement base

The financial statements have been prepared on a historical cost basis, except where modified by the revaluation of certain items of property, plant, and equipment, and the measurement of equity investments and derivative financial instruments at fair value.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000). The functional currency of TRC is New Zealand dollars (NZ$).

Changes in accounting policies

There have been no changes in accounting policies during the financial year.

Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, TRC is classified as a Tier 2 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means TRC expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, TRC is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

SIGNIFICANT ACCOUNTING POLICIES

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Interest

Interest income is recognised using the effective interest method. Interest income on an impaired financial asset is recognised using the original effective interest rate.

Leases

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit over the lease term as an integral part of the total lease expense.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Debtors and other receivables

Short-term debtors and other receivables are recorded at their face value, less any provision for impairment. Impairment of a receivable is established when there is objective evidence that TRC will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation, and default in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

INVESTMENTS

Bank deposits

Investments in bank deposits are initially measured at fair value plus transaction costs.

After initial recognition investments in bank deposits are measured at amortised cost using the effective interest method, less any provision for impairment.

For bank deposits, impairment is established when there is objective evidence that TRC will not be able to collect amounts due according to the original terms of the deposit. Significant financial difficulties of the bank, probability that the bank will enter into receivership or liquidation, and default in payments are considered indicators that the deposit is impaired.

Property, plant, and equipment

Property, plant, and equipment consists of the following asset classes: land, buildings, leasehold improvements, furniture and office equipment, and motor vehicles.

Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation and impairment losses. All other assets classes are measured at cost, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to TRC and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at its fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to general funds.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to TRC and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of property, plant, and equipment have been estimated as follows:

Buildings (including components)	25 to 60 years	1.6%-4%
Leasehold improvements	5 years	20%
Furniture and office equipment	5 years	20%

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of TRC's website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Acquired computer software	3 years	33.3%
Developed computer software	4 years	25%

Impairment of property, plant, and equipment and intangible assets

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where TRC would, if deprived of the asset, replace its remaining future economic benefit or service potential. If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written-down to the recoverable amount. For assets not carried at a revalued amount, the total impairment loss is recognised in surplus or deficit. For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Creditors and other payables

Short-term creditors and other payables are recorded at their face value.

Employee entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date, and sick leave.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

Presentation of employee entitlements

Annual leave and bonuses are classified as a current liability.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit as incurred. TRC's liability is limited to the value of contributions only.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

» general funds:

Goods and services tax

All items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

Tax expense is calculated using the taxes payable method. As a result, no allowance is made for deferred tax. Tax expense includes the current tax liability and adjustments to prior year tax liabilities.

Budget figures

The budget figures are derived from the statement of intent as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements, TRC has made estimates and assumptions concerning the future.

These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimating useful lives and residual values of property, plant, and equipment

At each balance date, the useful lives and residual values of property, plant, and equipment are reviewed.

Assessing the appropriateness of useful life and residual value estimates of property, plant, and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by TRC, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will affect the depreciation expense recognised in the surplus or deficit, and carrying amount of the asset in the statement of financial position.

TRC minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programs;
- review of second hand market prices for similar assets
- analysis of prior asset sales.

TRC has not made significant changes to past assumptions concerning useful lives and residual values.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

Leases classification

Determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to TRC.

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments.

Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant, and equipment, whereas for an operating lease no such asset is recognised.

TRC has exercised its judgement on the appropriate classification of equipment leases, and has determined that there are no finance leases.

2. REVENUE FROM THE CROWN

TRC has been provided with funding from the Crown for specific purposes as set out in its founding legislation and the scope of the relevant government appropriations. Apart from these general restrictions, there are no unfulfilled conditions or contingencies attached to government funding.

3. OTHER INCOME

	2013 ACTUAL $000'S	2013 BUDGET $000'S
Interest earned on cash balances with financial institutions	141	167
TOTAL INTEREST INCOME	**141**	**167**

4. PERSONNEL COSTS

	2013 ACTUAL $000'S	2013 BUDGET $000'S
Salaries and wages	777	795
Employer contribution to defined contribution plans	12	6
Other staff benefits	70	93
TOTAL PERSONNEL COSTS	**859**	**894**

5. OTHER EXPENSES

	2013 ACTUAL $000'S	2013 BUDGET $000'S
Audit fees - Audit New Zealand	46	51
Contractors and project management	722	834
Staff travel and accommodation	16	42
Operating lease expense	62	44
Information technology	32	45
Other	528	572
TOTAL OTHER EXPENSES	**1,406**	**1,588**

6. INCOME TAX EXPENSE

	2013 ACTUAL $000'S
Components of income tax expense	
Current tax expense	-
Deferred tax expense	-
INCOME TAX EXPENSE	**-**
Relationship between tax expense and accounting profit	
Profit / (loss) before tax	-3,335
Less net profit / (loss) from non-taxable activities	-
Profit / (loss) before tax	**-3,335**
Prima facie income tax at 28%	-934
Prior period adjustment	-
Taxation effect of permanent differences	-
Loss offset	-
Effect of Deferred tax not recognised	934
INCOME TAX EXPENSE	**-**

The applicable tax rate is 28%.

Tax losses of $3,278,198 are available to carry forward to offset against future taxable income.

The company has no imputation credits available for use in subsequent periods.

7. CASH AND CASH EQUIVALENTS

	2013 ACTUAL $000'S	2013 BUDGET $000'S
Cash on hand and at bank	82	-
Cash equivalents - term deposits	5,223	4,534
TOTAL CASH AND CASH EQUIVALENTS	**5,305**	**4,534**

8. DEBTORS AND OTHER RECEIVABLES

	2013 ACTUAL $000'S	2013 BUDGET $000'S
Trade receivables	-	-
GST receivable	159	66
Other	6	13
TOTAL TRADE AND OTHER RECEIVABLES	**165**	**79**

There is no impairment attributable to debtors and other receivables.

9. PROPERTY, PLANT, AND EQUIPMENT

	2013 ACTUAL $000'S	2013 BUDGET $000'S
Cost		
Balance as at 6 August 2012	-	-
Additions during the year	616	673
Balance at 30 June 2013	**616**	**673**
Accumulated depreciation		
Balance as at 6 August 2012	-	-
Depreciation charge for the year	49	61
Balance at 30 June 2013	**49**	**61**
NET BOOK VALUE AT 30 JUNE 2013	**565**	**612**

10. INTANGIBLE ASSETS

	2013 ACTUAL $000'S	2013 BUDGET $000'S
Cost		
Balance as at 6 August 2012	-	-
Additions during the year	33	126
Balance at 30 June 2013	**33**	**126**
Accumulated amortisation		
Balance as at 6 August 2012	-	-
Amortisation charge for the year	8	9
Balance at 30 June 2013	**8**	**9**
NET BOOK VALUE AT 30 JUNE 2013	**25**	**117**

11. CREDITORS AND OTHER PAYABLES

	2013 ACTUAL $000'S	2013 BUDGET $000'S
Creditors	688	507
Accrued expenses	177	-
TOTAL CREDITORS AND OTHER PAYABLES	**865**	**507**

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of creditors and other payables approximates their fair value.

12. EMPLOYEE ENTITLEMENTS

	2013	
	ACTUAL $000'S	BUDGET $000'S
Annual leave	38	-
TOTAL ANNUAL LEAVE	**38**	**-**

13. EQUITY

	2013	
	ACTUAL $000'S	BUDGET $000'S
Opening balance	-	-
Capital contribution - Crown	5,000	5,000
Capital contribution - Auckland Council	3,500	3,500
TOTAL CAPITAL	**8,500**	**8,500**

14. NET CASH FLOW FROM OPERATING ACTIVITIES

	2013	
	ACTUAL $000'S	BUDGET $000'S
Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities		
(Deficit) after tax	-3,335	-3,667
Add/(less) non-cash items:		
Depreciation of property, plant and equipment	49	61
Amortisation of intangible assets	8	9
Employment entitlements	38	-
Add/(less) movements in balance sheet items:		
Trade and other receivables	-159	-79
Trade and other payables	865	509
Withholding tax	-6	-
Prepayments	-8	-
NET CASH FLOW FROM OPERATING ACTIVITIES	**-2,548**	**-3,167**

15. CAPITAL COMMITMENTS AND OPERATING LEASES

Capital commitments: Nil

Operating leases as lessee

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	$000'S
Not later than one year	75
Later than one year not later than five years	236
Later than five years	-
TOTAL NON-CANCELLABLE OPERATING LEASES	**311**

16. CONTINGENCIES

Contingent liabilities: TRC has no contingent liabilities.
Contingent assets: TRC has no contingent assets.

17. RELATED PARTY TRANSACTIONS

All related party transactions have been entered into on an arm's length basis.

TRC is a majority owned entity of the Crown and a minority owned entity of Auckland Council.

Significant transactions with government-related entities

TRC has been provided with equity from the shareholders of $8.5 million for specific purposes as set out in its Statement of Intent.

Collectively, but not individually, significant transactions with government-related entities

In conducting its activities, TRC is required to pay various taxes and levies (such as GST, FBT, PAYE, and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies, is based on the standard terms and conditions that apply to all tax and levy payers.

TRC also purchases goods and services from entities controlled, significantly influenced, or jointly controlled by the Crown and Auckland Council. Purchases from these related entities for the period ended 30 June 2013 totalled $63k. These purchases included the purchase of electricity from Genesis, air travel from Air New Zealand, and audit fees from Audit New Zealand.

Key management personnel

The following transactions were entered into during the period with key shareholders:

» Auckland Council reimbursed for costs paid on behalf of TRC, $477k.

Key management personnel compensation

	$000'S
Salaries, short term employee benefits	522
Defined contribution plans	1
TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION	**523**

Key management personnel includes the Board Of Directors, Chief Executive and one other senior manager.

18. EVENTS AFTER THE BALANCE DATE

There were no significant events after the balance date. In July 2013 TRC delivered its final Strategic Framework and Business Case to its shareholders. The Auckland Council has conditionally approved the Business Case. TRC is waiting on final approval from the Crown.

19. CAPITAL MANAGEMENT

TRC's capital is its equity, which comprises accumulated funds and revaluation reserves.
Equity is represented by net assets.

TRC is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities, and the use of derivatives.

TRC manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments, and general financial dealings to ensure that TRC effectively achieves its objectives and purpose, while remaining a going concern.

20. GOING CONCERN

The financial statements of the company have been prepared under the going concern assumption. The company is reliant on its shareholders, the Crown and Auckland Council, to fund both its operating expenses and its liabilities under the company's founding document, the Heads of Agreement.

Funding has been secured to 30 June 2014 and further funding is subject to a business case being approved by the shareholders. The Business Case will be finalised in the second quarter of 2014, and will not be approved prior to the signing and issue of the financial statements for the period ending 30 June 2013. The directors and management of the company have satisfied themselves that it is reasonable to assume that the company will continue the business in the foreseeable future.

Shareholders have been informed in writing that the company requires timely notification should the shareholders intend to disengage from the Heads of Agreement and disestablish the company. This is to ensure the company has adequate funding available to fund this process. Disestablishment will involve liquidating the company's assets, transitioning the company's residual assets to another entity or entities, or one of the parties transferring its shareholding to the other. In this event, adjustments may have to be made to the financial statements to reflect the situation that assets may need to be realised other than in the amount at which they are currently recorded in the statement of financial position. In addition, the company may have to provide for further liabilities that may arise.

21. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Statement of Comprehensive Income

Other income

Other revenue was less than budgeted by $26k due to a mix of lower deposit rates and the timing of balances on deposit.

Personnel costs

Personnel costs were under budget due to permanent staff not being employed pending the approval of the business case.

Professional advisory fees

Professional fees were under budget due to savings made across a range of expenditures including legal, investment and tax advice.

Other expenses

Other expenses were below budget due to savings made across a range of expenses including travel, IT and contractors.

Statement of Financial Position

Cash

The savings made across the expenditure items and higher accounts payable, resulted more cash than budgeted being available at year end.

Trade Receivables

Trade receivables were higher than budgeted due to the timing of the receipt of the May GST refund.

Creditors and other payables

Creditors were higher than budgeted due to timing of expenditure slipping from earlier months to June with the focus being on the business case.

Statement of changes in cash flows

Payments to suppliers were less than budgeted due to a range of savings across the board as well as lower employee numbers. This flowed through to higher cash on hand at the end of the year of $771k.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

**To the readers of
Tamaki Redevelopment Company Limited's
financial statements
for the 11 months ended 30 June 2013**

The Auditor-General is the auditor of Tamaki Redevelopment Company Limited (the Company). The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Company on her behalf.

We have audited the financial statements of the Company on pages 22 to 33, that comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the 11 months ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

Opinion

Financial statements

In our opinion the financial statements of the Company on pages 22 to 33:

- comply with generally accepted accounting practice in New Zealand; and
- give a true and fair view of the Company's:
  - financial position as at 30 June 2013; and
  - financial performance and cash flows for the 11 months ended on that date.

Going concern basis on which the financial statements have been prepared

Without modifying our opinion, we draw your attention to note 20 on page 32 about the Company's reliance on its shareholders to fund its operating expenses and liabilities. Funding is secured to 30 June 2014 and further funding depends on the shareholders approving a business case in the second quarter of 2014. We consider the disclosures to be adequate.

Other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Our audit was completed on 31 October 2013. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Company's financial statements that give a true and fair view of the matters to which they relate. We consider internal control 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 Company's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of all disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. Also we did not evaluate the security and controls over the electronic publication of the financial statements.

In accordance with the Financial Reporting Act 1993 we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and
- give a true and fair view of the Company's financial position, financial performance and cash flows.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements, whether in printed or electronic form.

The Board of Directors' responsibilities arise from the Public Finance Act 1989 and the Financial Reporting Act 1993.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Company.

Leon Pieterse
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

OUR GREATEST THANKS GOES TO THE COMMUNITY OF TĀMAKI - GLEN INNES, POINT ENGLAND AND PANMURE, THE COMMUNITIES OF INTEREST THAT EXIST AND THE 'SONS AND DAUGHTERS' OF TĀMAKI WHO ADVOCATE STRONGLY FOR THE AREA WHEREVER THEY NOW WORK.

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