

Auckland Future Fund Trustee Limited

Meeting of the Board of Directors Agenda (Public)

Thursday 17 July, starting 2:15pm

At room 9, level 14, 135 Albert Street, Auckland Central

Board:

Christopher Swasbrook	Chair
David Callanan	Director
Craig Stobo	Director

Auckland Council:

Cr Christine Fletcher	Lead Councillor
Ross Tucker	Group Chief Financial Officer
John Bishop	Group Treasurer/Lead Officer
Bram van Melle	Associate General Counsel – Commercial
Megan Holley	Treasury and Investments Relationship Manager
Riika Poikela	Group Treasury Operations Manager

#	Agenda Item	Attachment
	<i>Open procedural Items</i>	
1	Introduction/Karakia	-
2	Apologies	-
3	Declaration of director interests register	Yes
4	Confirmation of the 13 June 2025 meeting minutes	Yes
5	Health and safety	-
6	Risks	-
7	Public input (if any)	-
8	Compliance and forward work programme (Megan Holley)	Yes
	<i>Open items for discussion/decision making</i>	
9	Statement of intent 2025/2028 (Megan Holley)	Yes
10	30 June 2025 audit (John Bishop)	Yes
11	Status updates (Megan Holley/John Bishop)	-
12	Activities/decisions since the previous board meeting (Megan Holley)	-
13	Other business (if any)	-
14	Closing/Karakia	-

1. Introduction/Karakia

Board meetings are opened with a Karakia, followed by any remarks the chair wishes to make.

<i>Whakataka te hau ki te uru</i>	Get ready for the westerly
<i>Whakataka te hau ki te tonga</i>	And be prepared for the southerly
<i>Kia mākinakina ki uta</i>	It will be icy cold inland
<i>Kia mātaratara ki tai</i>	and bitterly cold on the shore
<i>E hī ake ana te ata kura</i>	May the dawn rise red-tipped
<i>He tio, he huka, he hauhu</i>	With ice, snow and frost
<i>Tīhei mauri ora!</i>	Let there be life!

2. Apologies

At the time of publishing the agenda, apologies have been received from Councillor Christine Fletcher (Lead Councillor).

3. Declaration of director interests register (see attachment)

At each board meeting directors are asked to confirm any relevant interests they have so the register can be maintained and potential conflicts managed. The directors are also asked to identify any potential or perceived conflicts that might arise regarding any of the items on the agenda.

Recommendation - That the board confirm any additions, deletions or corrections to the director interests register.

4. Confirmation of the 13 June 2025 meeting minutes (see attachment)

Confirmation that the minutes of the previous board meeting are a true and correct record of the decisions and proceedings of the meeting.

Recommendation – That the board confirm the open and confidential minutes of its meetings held on 13 June 2025 as a true and correct record.

5. Health and safety

Opportunity to raise any health and safety information or concerns affecting the board or board activities.

6. Risks

Opportunity to raise any new or inflated risk concerns affecting the board, board activities or the fund.

7. Public input (if any)

At the time of publishing the agenda, the board has received no notification for public input.

8. Compliance and forward work programme (see attachment)

In accordance with best practice, the board will review its compliance and forward work programme at each meeting to ensure it remains relevant and can be adapted to changes in the company or the trust's requirements or risk profile.

There have been no updates to the document since the last board meeting other than progress tracking.

Recommendations – That the board note the compliance and forward work programme progress.

9. Statement of intent 2025-2028 (see attachments)

Auckland Council CCOs are required to hold a public meeting every year to provide the public with an opportunity to input into the statement of intent. At the time of publishing the agenda, AFFTL has not been notified of any members of the public's intention to attend the meeting.

At the previous board meeting, the board was provided with shareholder feedback on the draft AFFTL Statement of Intent 2025-2028 (SOI). Below is a summary of how the feedback has been addressed in the updated SOI. Other editorial changes have also been made since the previous version provided to the board.

A clean copy of the updated SOI is attached, as well as a version with the changes tracked for comparison.

The updates have been reviewed by CCO Partnerships to confirm all shareholder feedback has been addressed.

Feedback	Response
Feedback specific to AFFTL	
Strengthen the annual work programme section with relevant content contained elsewhere in the SOI (as an example, jointly with the council supporting the passage of the Auckland Council (Auckland Future Fund) Bill).	Expanded section 2.1 How we will deliver – the annual work programme (page 10) to include the bill, Achieving Māori Outcomes Plan and additional capital to the fund.
Include a 2024/2025 forecast column in the SOI performance measures table.	Column added to section 2.2 how we will assess performance – performance measures and targets (page 11).

Feedback	Response
Note that the refreshed Kia Ora Tāmaki Makaurau will be available from 1 July 2025 to inform the development of the inaugural AFFTL Achieving Māori Outcomes Plan (which could include exploring opportunities for relationships with Māori), noting the plan will need to be: <ul style="list-style-type: none"> • consistent with the purposes of AFFTL and the Auckland Future Fund itself; and • proportionate to the role of AFFTL (which does not deliver services or infrastructure directly to Aucklanders or manage physical assets on council's behalf). 	Added to section 2.1 How we will deliver – the annual work programme (page 10)
Feedback for all CCOs	
Reflect 2025/2026 Annual Plan decisions. Financial forecasts in the SOI should align with those submitted to the council for the Annual Plan. We expect consistent figures for 2025/2026 and the projections for 2026/2027 and 2027/2028.	Confirmed figures are correct.
Ensure that all performance measure targets are fully populated, and that measures and targets reflect those in the Long-term Plan 2024-2034.	Confirmed all targets were included.
Include an unequivocal commitment to Group Shared Services and agreed processes.	Wording on pages 6 and 8 strengthened to reflect the commitment AFFTL makes to Group Shared Services.

Recommendation – That the board:

- a) consider any public input on the draft statement of intent (if any)**
- b) support the proposed changes to the draft statement of intent**
- c) approve the Auckland Future Fund Trustee Limited Statement of Intent 2025-2028, subject to any minor editorial or technical changes**
- d) note the final statement of intent will be provided to the council before 31 July 2025.**

10. 30 June 2025 audit (see attachment)

The council's Group Financial Control team has completed a technical assessment for whether the Auckland Future Fund and Auckland Future Fund Trustee Limited should prepare separate or consolidated financial statements.

The attached memo, prepared by Financial Control, supports the conclusion that the financial statements should be consolidated. The memo was circulated and discussed with Deloitte prior to the execution of the audit engagement letter. Given the level of judgement involved in the assessment, the board is asked to endorse the assessment and final memo.

The assessment will be reviewed annually. A new assessment will be undertaken if there is a significant change in the role of AFFTL.

Financial Control is also recording accounting assumptions and processes for AFFTL and AFF for the audit. The memos can be made available to the board on request, but do not require board sign off.

Recommendation – That the board:

- a) endorse the council’s technical assessment that the Auckland Future Fund and Auckland Future Fund Trustee Limited should have consolidated financial statements**
- b) agree that a new technical assessment will be undertaken if there are changes to the role of AFFTL.**

11. Status updates

- Additional capital to Auckland Future Fund
- Directors and Officers Liability Insurance renewal
- SIPO

Recommendation – That the board note the status updates.

12. Activities/decisions since the previous board meeting

For openness and transparency, the following information is provided for the board to note and provide a public record of activities and decisions made between board meetings.

- **19.06.2025: Audit engagement letter**
The audit engagement letter was finalised and signed by the chair.
- **30.06.2025: Annual distribution**
As approved by the board at the May 2025 board meeting, the annual distribution of \$38,426,876 was paid to the council on 30 June 2025.
- **30.06.2025: Annual reimbursement**
As approved by the board at the June 2025 board meeting, the annual reimbursement to the council was paid on 30 June 2025. The final amount for the 2024/2025 financial year was \$390,511.86.

Fund administration service agreement	\$151,763.04
D&O insurance premiums	\$44,992.17
Consultancy fees	\$46,000.00
Director fees	\$147,756.65
Total	\$390,511.86

- **09.07.2025: Term deposit roll over**

Three term deposit matured on 9 July 2025. The board agreed to roll two term deposits for one month. The rest of the AFF funds are held in interest-earning bank accounts across two banks.

Bank	Tenor	Type	Amount (\$m)	Rate	Maturity
ANZ	1 month	TD	200	3.45%	08/08/2025
BNZ	1 month	TD	230	3.28%	08/08/2025

Recommendation – That the board note the activities and decisions.

13. Other business

Opportunity to address any other business raised that is not already on the agenda and is either for information only or requires an urgent decision.

14. Closing/Karakia

The meeting is closed with a Karakia.

*Unuhia, unuhia
unuhia ki te uru tapu nui
kia wātea, kia māmā, te ngākau
te tinana, me te wairua i te ara takatū
Koia rā e Rongo
whakairia ake ki runga
Kia tina! TINA!
Haumi e, hui e! TĀIKI E!*

Release, release
release us from this sacred state
to clear and set free the heart
body and spirit so that we are prepared
Let peace and humility
be raised among us
and be made manifest (indeed!)
Draw it together! Affirm! It is done!

Director Interests as at 11 July 2025

Director	Interest	Company/Entity
Christopher Swasbrook	Chair/Director	Auckland Future Fund Trustee Limited
	Board Member	Financial Markets Authority (FMA)
	Director and Shareholder	CGS&CVS Limited
	Chair/Director and Shareholder	Bethunes Investments Limited (in wind up)
	Director	Holland Family Stonebridge Holdings Limited
	Director & Shareholder	NZX-Listed New Zealand Rural Land Company Limited
	Director	NZRLC Dairy Holdings Limited (NZL subsidiary)
	Chair/Director	McCashin's Brewery Limited
	Director and Shareholder	CGS&CVS #2 Limited
	Director and Shareholder	Elevation Capital Funds Management Limited (FSP# 1007386) – MIS Licensed Manager
	Director and Shareholder	Swasbrook Securities Limited
	Director	SSP NI Limited (NZL subsidiary)
	Director	Merx Funds Management Limited
	Chair	The Helen Clark Foundation
	Chair	Auckland Art Gallery Advisory Board
	Chair	Museum of New Zealand Te Papa Tongarewa Board
	Investment	Elevation Capital Global Shares Fund via CGS&CVS Limited
	Investment	New Zealand Rural Land Company shares & warrants (NZL.NZX) via CGS&CVS Limited
	Investment	ECFML Clients have holdings in various NZX, ASX and global companies – No client holds AIA shares.
	Banking	HSBC, Westpac, ASB, Wise
	Insurance	Vero, Berkshire Hathaway, Star, Partners Life, NIB, Fidelity Life, Southern Cross, AXA XL.
	KiwiSaver / Other Savings	Kernel – Global 100 Fund & Dividend Aristocrats Fund
	Past Directorships/Memberships	NZX Listed - Allied Farmers
		NZX Listed - Satara Co-operative Group – now part of Eastpack
		TIL Logistics Group Limited (formerly Bethunes Investments and before that Mowbray Collectables)
		New Zealand Rural Land Management Limited
		New Zealand Markets Disciplinary Tribunal (2013-2022)
		ALF Nominees Limited
		Clearwater Hotel 2004 Limited
		Lifestyles of New Zealand Queenstown Limited
		LONZ 2008 Holdings Limited

Director	Interest	Company/Entity
		LONZ 2008 Limited
		NZ Farmers Livestock Limited
		NZ Farmers Livestock Finance Limited
		QWF Holdings Limited
		Rural Funding Solutionz Limited
		UFL Lakeview Limited
		5M No. 2 Limited
		NZRegCo Listing Subcommittee (2008 – 2023)
		SwimTastic Limited & MRA Liquidation Limited
		SSL Liquidation Co Limited
		Ruapehu Alpine Lifts (RAL)
	Past Employment	Goldman Sachs JBWere (NZ) Limited 1997-2006
		ANZ McCaughan Securities Limited 1995-1997
David Callanan	Director	Auckland Future Fund Trustee Ltd
	Employee. General Manager, Corporate Trustee Services	Public Trust performs services and/or obtains services, under commercial arms-length terms, for/from many participants in the NZ financial markets including investments managers, Kiwisaver providers, securitisation issuers, fund administrators, custodians, etc. The services generally entail overseeing client activities on behalf of beneficiaries/investors in an independent, fiduciary capacity as the supervisor/trustee. David is not incentivised (i.e. bonus or similar) as a result of the delivery of these services other than ordinary remuneration as an employee for the general performance of the Public Trust business.
	Director	Various Public Trust subsidiaries, e.g. nominee companies; established for the purpose of undertaking corporate trustee services.
	Retail customer	ASB, Kiwibank, Milford Asset Management Kiwisaver, Australian Retirement Trust Superannuation Fund, ING Bank Australia, AIA Life Insurance, and NIB Health Insurance.
	Personal investments	Various ETFs and direct investments. Portfolio <\$10,000 via the Sharesies platform; includes Mercer and Vanguard funds.
	Chair	Corporate Trustees Association New Zealand; industry body representing corporate trustees.
Craig Stobo	Director	Auckland Future Fund Trustee Ltd
	Chair	Financial Markets Authority
	Chair	NZ LGFA
	Chair	NZ Windfarms
	Director	Desert Holdings

Director	Interest	Company/Entity
	Director	Sahara
	Director	Legend Terrace
	Director	Biomarine
	Director	Indi
	Director	Maverick
	Director	Stobo Group
	Adviser	Capital Solutions Group
	Adviser	AMP Financial Services Investment Committee
	Adviser	Saturn Portfolio Management Investment Committee
	Adviser	To the Director-General of the Department of Conservation
	Shareholder	Saturn Portfolio Management
	Member	Ministry Advisory Group to the Ministry of Education
	Pro Bono	
	Chair	Waitaki Boys High School Foundation
	Chair	Finance Risk and Audit Committee Cancer Society Auckland Northern
	Taumata	Otago University Business School

Auckland Future Fund Trustee Limited

Meeting of the Board of Directors – Open minutes

Friday 13 June 2025 at 2:31pm
At 135 Albert Street, Auckland / Microsoft Teams

Board:

Christopher Swasbrook	Chair
David Callanan	Director
Craig Stobo	Director (Online)

Auckland Council:

Cr Christine Fletcher	Lead Councillor (Online)
John Bishop	Group Treasurer/Lead Officer
Bram van Melle	Associate General Counsel – Commercial
Megan Holley	Treasury and Investments Relationship Manager
Riika Poikela	Group Treasury Operations Manager (Online)

Guests:

Brett Tomkins	Appointed Auditor, Deloitte
Hayden Davison	Audit Director, Deloitte
Chloe Reardon	Assistant Audit Manager, Deloitte

Resolutions and actions agreed by the board in these minutes also constitute resolutions and actions of the company as sole trustee of the Auckland Future Fund, pursuant to the Trust Deed.

1. Introduction

The meeting was opened with a Karakia by David Callanan.

2. Apologies

Ross Tucker, Group Chief Financial Officer, Auckland Council

3. Director interests register

Craig Stobo declared a new interest – Member of the Ministry Advisory Group to the Ministry of Education.

Resolution: The board confirms there are no other additions, deletions or corrections to the director interests register.

Moved: Chair Christopher Swasbrook. Seconded: David Callanan.
Carried.

4. Confirmation of the 16 May 2025 meeting minutes

Resolution: The board confirm the open and confidential minutes of its meeting held on 16 May 2025 as a true and correct record.

Moved: Chair Christopher Swasbrook. Seconded: David Callanan.
Carried.

5. Health and Safety

No business raised.

Bram van Melle joined the meeting at 2:35pm.

6. Risks

The board noted the escalated geo-political disruptions. The board is monitoring the situation and will be carefully considering it with the global investment manager when investing.

7. Public input

No business raised.

8. Compliance and forward work programme

Resolution: The board approve the updated compliance and forward work programme.

Moved: Chair Christopher Swasbrook. Seconded: David Callanan.
Carried.

9. 30 June 2025 audit

Brett Tomkins, Hayden Davison and Chloe Reardon from Deloitte were introduced as the auditors for AFFTL and AFF, as appointed by the Office of the Auditor-General.

The audit proposal letter was distributed to the board for review prior to the meeting. The next step is for Deloitte to issue the engagement letter to the board. The 30 June 2025 audit can then commence.

The following was discussed:

- future considerations for audits when AFF is invested
- considerations for whether AFFTL and AFF financial statements should be consolidated or prepared separately (a technical assessment will be completed before the engagement letter is issued)

- the auditors confirmed there is no requirement for AFFTL to have a separate audit and risk committee – matters can be dealt with at a board level
- the board asked the auditors to confirm that they have independence when carrying out the audit for AFF and AFFTL – the auditors confirmed
- the board asked the auditors if they had any relevant conflicts of interest to disclose – the auditors confirmed there were no conflicts of interests to disclose.

Resolutions: The board:

- a. thank Brett Tomkins, Hayden Davison and Chloe Reardon for their attendance**
- b. note, when questioned by the board, the auditors confirmed their independence and that they have no interests or conflicts to declare**
- c. approve the audit proposal letter, including the audit fees, and authorise the chair to sign the audit proposal letter**
- d. agree the audit proposal letter will be added to the minutes of the meeting.**

Moved: Craig Stobo. Seconded: David Callanan.
Carried.

10. Statement of intent

Megan noted points 1-3 were specific to AFFTL. The last three points are general points provided to all CCOs. For example, AFFTL does operate with an unequivocal commitment to Group Shared Services and agreed processes (where possible and appropriate); supported the Fund Administration Services Agreement.

Resolutions: The board:

- a. receive shareholder feedback on the draft Statement of Intent 2025-2028**
- b. agree all feedback will be incorporated into the revised draft Statement of Intent 2025-2028**
- c. delegate the chair to approve amendments to the draft Statement of Intent 2025-2028 before the 17 July 2025 board meeting agenda is published.**

Moved: Chair Christopher Swasbrook. Seconded: David Callanan.
Carried.

11. Status updates

LGOIMA s 17(c)(ii)

[REDACTED]

[REDACTED]

[REDACTED]

Auckland Future Fund value

Opening balance	\$1,318.91 million	From sale of AIAL shares
Interest to date	\$26.03 million	9 Dec 2024 to 31 May 2025 including accrued interest
Closing balance of investments as at 31 May 2025	\$1,344.94 million	

Average (simple) annualised return to 31 May 2025: 4.14%.

D&O insurance renewal

The council's insurance team are working with the D&O insurer on the board's D&O insurance renewal. The current policy ends on 30 June 2025. Therefore, board approval may be required before the next board meeting. This will include a director's certificate which will need to be signed by two directors when the renewal is processed.

Resolution: The board note the status updates.

Moved: Chair Christopher Swasbrook. Seconded: David Callanan.
Carried.

12. Activities/decisions since the previous board meeting

Resolution: The board note the activities and decisions.

Moved: Chair Christopher Swasbrook. Seconded: David Callanan.
Carried.

13. Other business

No business raised.

Procedural motion to exclude the public

Resolution: The board resolve to exclude the public from the following part(s) of the proceedings of this meeting.

Moved: Chair Christopher Swasbrook. Seconded: David Callanan.
Carried.

The open meeting ended at 3:08pm.

11 June 2025

Christopher Swasbrook
Chair of Board of Directors
The Auckland Future Fund Trustee Limited
135 Albert Street
Auckland

Copy: *Manager Auditor Appointments*
Office of the Auditor-General
PO Box 3928
Wellington

Dear Christopher

Proposal to conduct the audit of *The Auckland Future Fund* on behalf of the Auditor-General for 30 June 2025 financial year.

1 Introduction

The Auditor-General proposes to appoint me to carry out the audit of your organisation for the next year. As required by the Office of the Auditor-General (OAG), I set out below information relating to the audit for the financial year ending 30 June 2025. The purpose of this proposal is to provide information on:

- the statutory basis for the audit and how audit fees are set;
- the entities covered by this proposal;
- key members of the audit team;
- the hours we plan to spend on the audit;
- our proposed fees for the audit for the financial year ending 30 June 2025;
- assumptions relating to the proposed audit fees, including what we expect of your organisation;
- what the OAG Audit Standards and Quality Support charge provides;
- certification required by the Auditor-General; and
- our commitment to conduct the audit in accordance with the Auditor-General's Auditing Standards.

2 Statutory basis for the audit and how audit fees are set

The audit of your organisation is carried out under Section 15 of the Public Audit Act 2001, which states that "the Auditor-General must from time to time audit the financial statements, accounts, and other information that a public entity is required to have audited".

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organisation"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

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Fees for audits of public entities are set by the Auditor-General under section 42 of the Public Audit Act 2001. However, your *Board of Directors* and I have the opportunity to reach agreement first and recommend those fees for approval. The Auditor-General, with assistance from the OAG, will set audit fees directly only if we fail to reach agreement.

Our proposed audit fees are set out in this letter and include an estimate of the reasonable cost of disbursements (including travel and accommodation where necessary).

3 Entities covered by this proposal

This proposal covers the audits of the following entities:

- *The Auckland Future Fund*
- *Auckland Future Fund Trustee Limited*

4 Key members of the audit team

4.1.1 Appointed Auditor

Brett Tomkins



Brett will be the appointed auditor on behalf of the Auditor-General for the year ending 30 June 2025.

Brett maintains overall responsibility for the audit services we provide you and will lead the Board of Director relationships as appropriate and liaise with management on a regular basis.

4.1.2 Quality Control Reviewer

Matt Laing



Matt will be the peer review partner. Matt has extensive local government sector experience.

4.1.3 Audit Director

Hayden Davison



Hayden will be the Audit Director. Hayden will be responsible for the planning and overall management of the audit, coordinating the audit delivery and preparation of reports to the OAG and the Auckland Future Fund's Board of Directors.

5 Estimated audit hours

We estimate that the following hours will be required to carry out the audit:

Audit team member	2025 budget
Appointed Auditor	10
Review Partner	5
Audit Director	15
Other CA qualified staff	40
Non-CA qualified staff	90
Total audit hours	160*

*Assumes the cash held remains as cash at year-end and has not been invested.

6 Proposed audit fees

Our proposed fees for the financial year are:

Structure of audit fees	2025 budget fees \$
Net audit fee (excluding OAG Audit Standards and Quality Support charge and disbursements)	25,000**
OAG Audit Standards and Quality Support charge	3,322
Total audit fee (excluding disbursements)	28,322
Estimated disbursements	750
Total billable audit fees and charges	29,072
GST	4,361
Total (including GST)	33,433

**Consists of a non-reoccurring \$10,000 fee in relation to audit set up costs from transitioning to Deloitte, coupled with a re-occurring \$15,000 fee for the audit. This assumes that the cash held remains as cash at year-end. In the event the cash is invested by year-end we anticipate an additional \$35,000 to account for the additional audit effort and complexities associated with the investment.

The audit fees allow for the audit team to carry out specific tasks identified in the OAG Sector Brief and for the OAG Audit Standards and Quality Support charge. We have also estimated the reasonable cost of our technology and administration charges which pertain to the processes, controls, and systems for the secure handling of data and other technology related items such as data charges, hardware and software costs and licence fees. Where applicable, significant out-of-pocket disbursements such as accommodation and travel will be charged to you (permission will be obtained prior to billing) at actual costs incurred by us.

7 Assumptions relating to our audit fee

You are responsible for the production of your financial statements and anything else that must be audited. Our proposed audit fees are based on the assumption that:

- You will provide to us, in accordance with the agreed timetable, the complete information required by us to conduct the audit.
- Your staff will provide us with an appropriate level of assistance.
- Your organisation's annual report and financial statements will be subject to appropriate levels of quality review by you before being submitted to us for audit.
- Your organisation's financial statements will include all relevant disclosures.
- We will review up to two sets of draft annual reports, one printer's proof copy of the annual report, and one copy of the electronic version of the annual report (for publication on your website).
- There are no significant changes to the structure and/or scale of operations of the entities covered by this proposal (other than as already advised to us).
- There are no significant changes to mandatory accounting standards or the financial reporting framework that require additional work.
- There are no significant changes to mandatory auditing standards that require additional work.
- There are no significant changes to the agreed audit arrangements (set out in an annual letter we will send you) that change the scope of, timing of, or disbursements related to, this audit.

If the scope and/or amount of work changes significantly, we will discuss the issues and any implications for our audit costs and your audit fees with you and the OAG at the time.

8 What the OAG Audit Standards and Quality Support charge provides

Parliament has indicated that it expects the full cost of annual audits under the Public Audit Act (including an OAG Audit Standards and Quality Support charge) to be funded by public entities.

The OAG Audit Standards and Quality Support charge partially funds a range of work that supports auditors and entities, including:

- development and maintenance of auditing standards;
- technical support for auditors on specific accounting and auditing issues;
- ongoing auditor training on specific public sector issues;
- preparation of sector briefs to ensure a consistent approach to annual audits;
- development and maintenance of strategic audit plans; and
- carrying out quality assurance reviews of all auditors, and their audits and staff on a regular (generally, three-year) cycle.

Appointed Auditors are required to return the OAG Audit Standards and Quality Support charge portion of the audit fee, to the OAG.

9 Certifications required by the Auditor-General

We certify that:

- the undertakings, methodology, and quality control procedures that we have declared to the OAG continue to apply;
- our professional indemnity insurance policy covers this engagement; and
- the audit will be conducted in accordance with the terms and conditions of engagement set out in the audit engagement agreement and schedules.

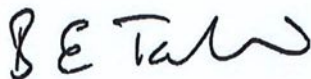
10 Conclusion

As the Appointed Auditor, I am committed to providing you and the Auditor-General with the highest level of professional service. I intend to work with you, the OAG, and the Auditor-General in a partnership environment to resolve any issues that may arise.

If you require any further information, please do not hesitate to contact me.

Please counter-sign this letter (below) to confirm that you, and the governing body of your organisation, agree with its contents. This letter will then form the basis for a recommendation to the Auditor-General on the audit fee that should be set. The schedules of audit hours and fees will also be incorporated into my audit engagement agreement with the Auditor-General to carry out the audit of your organisation as the agent of the Auditor-General.

Yours sincerely



Brett Tomkins
Deloitte Limited

I accept the audit fees for the audit of the financial year as stated above.

Full name: _____ Position: _____
Authorised signature: _____ Date: _____
Entity name: _____

Actions to take when agreement has been reached:

- 1 Make a copy of this signed proposal and keep it for your file.
- 2 Send the original to: *Brett Tomkins*
Private Bag 115033
Auckland

Month	Task	Due	Who	Required by						Status	Comments
				CCO policy	Comp Act	LGA	LGOIMA	Services agreement	Other		
Jun-25	Board meeting • D&O renewal • Draft SIPO	13/06	TIRM							✓	
	Board agenda published to website	06/12	TIRM							✓	
	Directors' interests register reviewed	13/06	Board							✓	
	Compliance and work programme plan reviewed	13/06	TIRM							✓	
	Draft SIPO to shareholder	17/06	Board							-	
	Public meeting notification (for the following month)	23/06	TIRM							✓	
	Global investment manager appointment	30/06	Board							-	
	Receive shareholder feedback on draft SIPO	30/06	Board							✓	
	SIPO adopted	30/06	Board							-	
	D&O renewal	30/06	Board							✓	
	Update authorised signatory list	30/06	TIRM							✓	
	Annual distribution paid to Auckland Council	30/06	GIM							✓	
	Annual reimbursement to Auckland Council	30/06	Board							✓	
Jul-25	Board meeting (public) • Shareholder feedback on draft SOI • SIPO	17/07	TIRM							-	Public meeting moved from June due to LoE delay
	Board agenda published to website	11/07	TIRM							✓	
	Directors' interests register reviewed	17/07	Board							-	
	Compliance and work programme plan reviewed	17/07	TIRM							-	
	CCO financial reporting pack to group – Q4	25/07	AC							-	
	Provide updated SOI for final submission	31/07	Board							-	
	Climate disclosures reporting and other Disclosures in terms of NZX etc	TBA	AC							-	

Month	Task	Due	Who	Required by						Status	Comments
				CCO policy	Comp Act	LGA	LGOIMA	Services agreement	Other		
Aug-25	Board meeting	14/08	TIRM							-	
	<ul style="list-style-type: none"> Adoption of SOI 2025 – 2028 Q4 Performance & Risk Reports Financial Reporting for Year ended 30 Jun 2025 										
	Board agenda published to website	08/08	TIRM							-	
	Global investment manager report (for prior month)	14/08	GIM							-	
	Directors' interests register reviewed	14/08	Board							-	
	Compliance and work programme plan reviewed	14/08	TIRM							-	
	Quarterly CCO report	29/08	TIRM							-	
	Shareholder final SOI approval	29/08	AC							-	
	Quarterly financial statements	29/08	AC							-	
	ARC annual audit and financial risk report	TBA	AC							-	
	Letter of representation to auditors	TBA	AC							-	
Sep-25	Board meeting	19/09	TIRM							-	
	<ul style="list-style-type: none"> Annual reports 										
	Board agenda published to website	12/09	TIRM							-	
	Audit and risk presentation to AC Audit and Risk Committee	16/09	Board							-	
	Global investment manager report (for prior month)	19/09	GIM							-	
	Directors' interests register reviewed	19/09	Board							-	
	Compliance and work programme plan reviewed	19/09	TIRM							-	
	Public meeting notification (for the following month)	22/09	TIRM							-	
	Annual Report	30/09	AC							-	
	Annual Report published to website	30/09	TIRM							-	
	Update authorised signatory list	30/09	TIRM							-	

Month	Task	Due	Who	Required by						Status	Comments
				CCO policy	Comp Act	LGA	LGOIMA	Services agreement	Other		
	Access cards renewed	30/09	TIRM							-	
	Annual service agreement review	30/09	Board							-	
	Review Trust Deed compliance	30/09	TIRM							-	
	Review Constitution compliance	30/09	TIRM							-	
Oct-25	Board meeting (Public) • Performance against SOI targets for 30 Jun 2025 • Q1 Performance & Risk Reports	17/10	TIRM							-	
	Board agenda published to website	10/10	TIRM							-	
	Global investment manager report (for prior month)	17/10	GIM							-	
	Directors' interests register reviewed	17/10	Board							-	
	Compliance and work programme plan reviewed	17/10	TIRM							-	
	Quarterly financial statements	17/10	AC							-	
	Annual return for Companies Register	30/10	TIRM							-	
	Review Responsible Investment Policy	31/10	Board							-	
	Quarterly CCO report	TBA	TIRM							-	
	CCO financial reporting pack to group – Q1	TBA	AC							-	
Nov-25	Board meeting • TBA	20/11	TIRM							-	
	Board agenda published to website	14/11	TIRM							-	
	Global investment manager report (for prior month)	20/11	GIM							-	
	Directors' interests register reviewed	20/11	Board							-	
	Compliance and work programme plan reviewed	20/11	TIRM							-	
Dec-25	Board meeting • Letter of Expectation received	18/12	TIRM							-	
	Board agenda published to website	12/12	TIRM							-	

Month	Task	Due	Who	Required by						Status	Comments
				CCO policy	Comp Act	LGA	LGOIMA	Services agreement	Other		
	Global investment manager report (for prior month)	18/12	GIM							-	
	Directors' interests register reviewed	18/12	Board							-	
	Compliance and work programme plan reviewed	18/12	TIRM							-	
	Receive letter of expectation	18/12	Board							-	
	Update authorised signatory list	31/12	TIRM							-	
Jan-26	Global investment manager report (for prior month)	31/01	GIM							-	
	Tax return	TBA	AC							-	
	CCO financial reporting pack to group – Q2	TBA	AC							-	
Feb-26	Board meeting <ul style="list-style-type: none"> Q2 Performance & Risk Reports Financial Reporting for half-year ended 31 Dec Draft Statement of Intent 2026 – 2029 Liquidity agreement review 	12/02	TIRM							-	
	Board agenda published to website	06/02	TIRM							-	
	Global investment manager report (for prior month)	12/02	GIM							-	
	Review liquidity agreement	12/02	Board							-	
	Directors' interests register reviewed	12/02	Board							-	
	Compliance and work programme plan reviewed	12/02	TIRM							-	
	Quarterly financial statements	12/02	AC							-	
	Half year report	28/02	AC							-	
	Half year report published to website	28/02	TIRM							-	
	Quarterly CCO report	TBA	TIRM							-	
	Letter of representation to auditors	TBA	Board							-	
Mar-26	Board meeting	19/03	TIRM							-	

Month	Task	Due	Who	Required by						Status	Comments
				CCO policy	Comp Act	LGA	LGOIMA	Services agreement	Other		
	• TBA										
	Draft SOI provided to shareholder	01/03	TIRM							-	
	Board agenda published to website	13/03	TIRM							-	
	Global investment manager report (for prior month)	19/03	GIM							-	
	Directors' interests register reviewed	19/03	Board							-	
	Compliance and work programme plan reviewed	19/03	TIRM							-	
	Update authorised signatory list	31/03	TIRM							-	
	Website review	31/03	TIRM							-	
Apr-26	Board meeting	TBA	TIRM							-	
	• Q3 Performance & Risk Reports										
	Draft SIPO provided to Shareholder	02/04	Board							-	
	Board agenda published to website	TBA	TIRM							-	
	Global investment manager report (for prior month)	TBA	GIM							-	
	Directors' interests register reviewed	TBA	Board							-	
	Compliance and work programme plan reviewed	TBA	TIRM							-	
	Quarterly financial statements	TBA	AC							-	
	Quarterly CCO report	TBA	TIRM							-	
	CCO financial reporting pack to group – Q3	TBA	AC							-	
	Receive shareholder feedback on draft SOI	TBA	Board							-	
May-26	Board meeting	TBA	TIRM							-	
	• TBA										
	Board agenda published to website	TBA	TIRM							-	
	Global investment manager report (for prior month)	TBA	GIM							-	
	Directors' interests register reviewed	TBA	Board							-	
	Compliance and work programme plan reviewed	TBA	TIRM							-	

Month	Task	Due	Who	Required by						Status	Comments
				CCO policy	Comp Act	LGA	LGOIMA	Services agreement	Other		
	Public meeting notification (for the following month)	TBA	TIRM							-	
	Receive shareholder feedback on draft SIPO	19/05	Board								
Jun-26	Board meeting (Public)	TBA	TIRM							-	
	<ul style="list-style-type: none"> Shareholder feedback on draft SOI Finalise SOI Shareholder feedback on SIPO Finalise SIPO Annual distribution 										
	Board agenda published to website	TBA	TIRM							-	
	Directors' interests register reviewed	TBA	Board							-	
	Compliance and work programme plan reviewed	TBA	TIRM							-	
	Declare annual distribution	TBA	Board							-	
	Global investment manager report (for prior month)	TBA	GIM							-	
	Local Board Engagement Plan	30/06	Board							-	
	Māori Outcomes Plan	30/06	Board							-	
	D&O renewal	30/06	Board							-	
	Provide updated SOI for final submission	TBA	Board							-	
	Update authorised signatory list	30/06	TIRM							-	
	Review Responsible Investment Policy	30/06	Board							-	
	Adopt SIPO	30/06	Board							-	
	Annual distribution paid to Auckland Council	30/06	GIM							-	
	Annual reimbursement to Auckland Council	30/06	Board							-	
Jul-26	Board meeting	TBA	TIRM							-	Public meeting moved from June due to LoE delay
	<ul style="list-style-type: none"> TBA 										
	Board agenda published to website	11/07	TIRM							✓	

Month	Task	Due	Who	Required by						Status	Comments
				CCO policy	Comp Act	LGA	LGOIMA	Services agreement	Other		
	Global investment manager report (for prior month)	TBA	GIM							-	
	Directors' interests register reviewed	TBA	Board							-	
	Compliance and work programme plan reviewed	TBA	TIRM							-	
	CCO financial reporting pack to group – Q4	TBA	AC							-	
	Climate disclosures reporting and other Disclosures in terms of NZX etc	TBA	AC							-	
	Public meeting notification (for the following month)	TBA	TIRM							-	

STATEMENT OF INTENT

**Auckland Future
Fund Trustee Limited**

1 July 2025 to 30 June 2028

**Auckland
Future
Fund**



Contents

Message from the chair of the board	3
Part 1: Strategic overview	4
1.1 Purpose and functions	4
1.2 Auckland Future Fund structure	4
1.3 Objectives, nature and scope of activities – ‘what we do’	5
1.4 Response to the council’s strategic objectives and outcomes	6
1.5 About us – statement of the board’s approach to governance	8
Part 2: Statement of performance expectations	10
2.1 How we will deliver – the annual work programme	10
2.2 How we will assess performance – performance measures and targets	10
2.3 Financials	11



◀ On the cover: Āwhitu Peninsular lighthouse at twilight

▲ Christmas decorations, Aotea Square

Message from the chair of the board

I am pleased to present this Statement of Intent 2025-2028 as Auckland Future Fund Trustee Limited (trustee for Auckland Future Fund) enters its first full year in operation.

Last year, the AFFTL board sold Auckland Council's remaining shareholding in Auckland International Airport Ltd for \$1.319 billion to capitalise the Auckland Future Fund. It was a very successful sale, earning \$30.6 million more than expected due to a higher share price than budgeted and minimal fees.

We are now focused on appropriately investing the proceeds to meet the purpose of the fund (as set out in the Trust Deed):

- To maintain or increase the real value of assets that are put into the fund over time so they can continue to benefit future generations.
- To provide a strong return to Auckland Council to fund services and infrastructure.

To achieve these, the board has appointed [to be announced] as global investment manager for the fund. The board and [to be announced] will collaborate to establish the fund's first Statement of Investment Policy Objectives (SIPO). The SIPO sets out the intended investment strategies and objectives of the fund, including strategic asset allocation, asset classes and benchmarks, and rebalancing and hedging settings. We will operate under the fund's SIPO and governing documents to deliver on the purpose of the trust and ensure we provide the annual distribution to the council as set out in the Auckland Future Fund Distribution Policy.

Other deliverables for AFFTL this year include:

- reviewing Auckland Council's Responsible Investment Policy and providing recommendations to the Governing Body. This will be carried out in conjunction with the council's Self-Insurance Fund managers, to which the policy also applies
- jointly with the council, supporting the Auckland Council (Auckland Future Fund) Bill as it progresses through Parliament
- developing an inaugural Achieving Māori Outcomes Plan.

It is a privilege to lead this exciting opportunity for Auckland to generate strong investment returns with a fund that is a crucial new asset for the city's future prosperity and resilience.

We look forward to the year ahead, delivering for Aucklanders, continuing to build strong relationships with our Lead Councillor, the Mayor, and other elected members, and engaging with Houkura (Independent Māori Statutory Board) to identify how we can support positive outcomes for Māori.

Christopher Swasbrook

Chair

Auckland Future Fund Trustee Limited

Part 1: Strategic overview

1.1 Purpose and functions

As part of the Long-term Plan 2024-2034, Auckland Council (the council) decided to establish a long-term investment fund, the Auckland Future Fund (the fund), to improve the council's financial and physical resilience.

The fund is held in trust pursuant to a Deed of Trust. The initial trustee is the Auckland Future Fund Trustee Limited, a company incorporated under the Companies Act 1993.

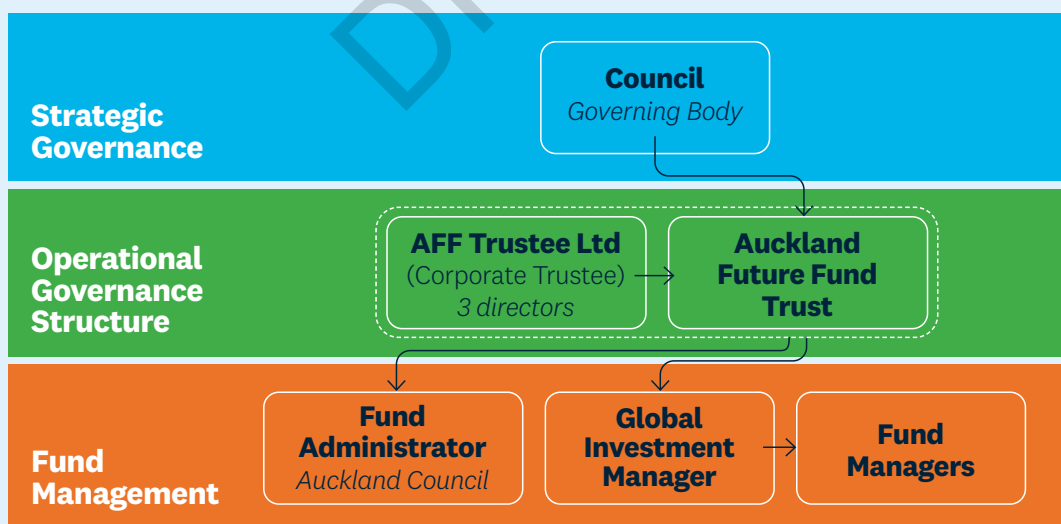
AFFTL's role as the trustee is to advance and achieve the purposes of the Auckland Future Fund, which are set out in the Trust Deed as follows:

- To maintain or increase the real value of assets that are put into the fund over time so they can continue to benefit future generations
- To provide a strong return to Auckland Council to fund services and infrastructure.

1.2 Auckland Future Fund structure

The structure of the fund is shown in the following diagram, with the key components being:

- **Strategic Governance** – Auckland Council sets the strategic direction.
- **Operational Governance** – Auckland Future Fund Trustee Limited (AFFTL) is the trustee of the Auckland Future Fund trust that has stewardship of the fund.
- **Fund Management** – the trustee and the trust are supported by a fund administrator under a services agreement with Auckland Council. AFFTL is charged with sourcing and managing professional/independent managers for the trust's assets.



AFFTL is a substantive council-controlled organisation (CCO) of Auckland Council.

The fund was initially capitalised with the council's shareholding in Auckland International Airport Limited (AIAL), and the council will work to identify opportunities to make further capital contributions to the fund.

Trust decisions are made independently by us in accordance with the governing documents of the fund, which include:

- Auckland Future Fund Trust Deed
- Auckland Future Fund Policy
- Auckland Future Fund Distribution Policy
- Responsible Investment Policy.

All investment and transactional decisions of the fund are made by AFFTL in accordance with the Trust Deed, Trusts Act 2019, and governing documents.

1.3 Objectives, nature and scope of activities – ‘What we do’

Unlike the other CCOs of Auckland Council, AFFTL does not directly provide services to Aucklanders beyond the protection of the value of the long-term assets with which it has been entrusted.

AFFTL is an enabler of services by providing strong returns to the council that can be used to fund services and infrastructure, reducing the council’s reliance on rates. AFFTL achieves this by being responsible for the stewardship of the fund, including overseeing its investments and distributions to the council.

AFFTL has a long-term focus on protecting the fund’s real value over time and managing the shorter-term variations inherent in financial markets.

Purpose	Objectives	Activities	Performance Measures
<ul style="list-style-type: none"> • To maintain or increase the real value of assets that are put into the fund over time so they can continue to benefit future generations. • To provide a strong return to the council to fund services and infrastructure. 	<ul style="list-style-type: none"> • Increase Auckland’s financial and physical resilience. • Ensure basic infrastructure and services can continue to be delivered affordably. • Increase trust and confidence that the council delivers value for current and future residents. • Effective stewardship of the Auckland Future Fund. 	<ul style="list-style-type: none"> • Monitoring the independent global investment managers appointed to invest the fund’s assets. • Ensuring compliance with the Responsible Investment Policy and other reporting requirements. • Making distributions to the council in accordance with the Auckland Future Fund Distribution Policy. 	<ul style="list-style-type: none"> • Real growth of the fund. • Gross return on the fund. • Net return on the fund. • Distribution to the council.

Potential additional responsibilities

AFFTL acknowledges that there is potential for the council as shareholder to request that AFFTL undertake additional responsibilities, under the existing AFF Trust Deed or by an additional mandate to AFFTL. AFFTL would expect to be empowered and resourced to manage any additional responsibilities to best achieve the council’s commercial and other objectives. AFFTL commits to constructively engaging with the council on any potential additional responsibilities.

1.4 Response to the council's strategic objectives and outcomes

The statement of intent (SOI)

AFFTL's annual SOI is required by the Local Government Act 2002, which publicly states AFFTL's activities and intentions for the next three years and how they contribute to the council's objectives. AFFTL's SOI provides an opportunity for the council to influence the direction of AFFTL and provides a basis for the accountability of performance. The SOI is prepared each year in response to the Mayor's Letter of Expectations (LoE).

Mayor's annual letter of expectations

The Mayor's Letter of Expectations (07 March 2025) sets out the council's priorities and expectations to inform the preparation of this SOI. It sets out common expectations across all council-controlled organisations (CCOs), as well as expectations specific to AFFTL. A copy of the 2025/2026 LOE is published on the Auckland Future Fund's website (aucklandfuturefund.co.nz).

Common CCO expectations

There are several common expectations for CCOs that are not applicable to AFFTL given that it does not deliver services or infrastructure directly to Aucklanders or manage physical assets on council's behalf. The remaining common expectations that are applicable to AFFTL are summarised below:

- delivering year two of the Long-term Plan 2024-2034
- compliance with the statement of expectations of substantive CCOs
- engagement with government where interests are aligned and messages are consistent with those of the council
- an unequivocal commitment to Group Shared Services and ensuring no duplication is created by AFFTL
- supporting Māori outcomes
- providing any support for the CCO reform (if required).

To deliver on these expectations, AFFTL will:

- jointly with the council, support the passage of the Auckland Council (Auckland Future Fund) Bill
- complete its first Achieving Māori Outcomes (AMO) Plan
- as required, work collaboratively with Ngā Mātārae and other Māori Outcomes specialists across the council group to take a whole-of-council-group approach to delivering outcomes for Māori.

AFFTL will work with council staff and Lead Councillor to implement these requirements. This SOI is aligned with the Long-term Plan 2024-2034 and its applicable policies.

AFFTL specific expectations







The expectation included in the 2025/2026 LOE relating specifically to AFFTL is to deliver distributions to council in accordance with the Auckland Future Fund Distribution Policy.

Following the successful sale of the council's remaining Auckland International Airport shareholding and the capitalisation of the fund, the focus of AFFTL this year is to appropriately invest the funds in order to meet the purposes of the fund (as set out in the Trust Deed)

Auckland Plan 2050

The Auckland Plan 2050 is Auckland Council's vision for a world-class city. It is the long-term spatial plan for Tāmaki Makaurau Auckland, which sets the strategic direction for the region and is underpinned by a set of six outcomes to achieve this vision.

As already noted, AFFTL is not a direct service provider, however, this does not mean that it doesn't contribute indirectly to the strategic outcomes of the council as noted below:

Outcome	How we will contribute
 Belonging and participation	<p>As a trustee of substantial funds AFFTL contributes indirectly to all six outcomes.</p> <p>It focuses on maximising its contribution to Auckland by providing strong returns and protecting the real value of the Fund.</p> <p>Distributions from the Fund will drive outcomes for the Council.</p> <p>More specifically, the AFFTL looks to create the conditions for a more financially resilient Auckland.</p>
 Māori identity and wellbeing	
 Homes and places	
 Transport and access	
 Environment & cultural heritage	
 Opportunity and prosperity	

Contributions to the council's strategies

Auckland Council financial strategy

AFFTL also directly contributes to the first three of the four near-term goals of the council's financial strategy:

1. Increase Auckland's financial and physical resilience
2. Ensure basic infrastructure and services can continue to be delivered affordably
3. Increase trust and confidence that the council is delivering value for current and future residents
4. A new approach to partnering with central government to provide regional leadership and deliver better outcomes for Aucklanders.

Achieving Māori outcomes

A thriving Māori identity and Māori wellbeing outcome of the Auckland Plan 2050 highlights in Tāmaki Makaurau is our point of difference. Kia Ora Tamaki Makaurau – Māori Outcomes Framework identifies how the council group contributes towards this thriving Māori identity and other outcomes.

Due to the nature of its activities, AFFTL might not directly contribute to these outcomes; however, managing risk and providing strong returns to the council enables the achievement of these outcomes across the group.

AFFTL will work on developing an Achieving Māori Outcomes plan and reporting that is appropriate for the organisation, reflecting its scope and the nature of its activities.

As required, AFFTL will work collaboratively with Ngā Matārāe and other Māori outcomes specialists across the council group to take a whole-of-council-group approach to delivering Māori outcomes.

Local boards

The investment and distribution activities of AFFTL are not a local activity and so do not require engagement with local boards when making decisions. Distributions to the council will be used to fund a range of activities, potentially including local activities decided by the council through its planning.

Climate change

AFFTL will be guided by the Responsible Investment Policy, which includes climate change considerations.

1.5 About us – statement of the board’s approach to governance

Auckland Future Fund Trustee Limited (AFFTL) is the corporate trustee of the Auckland Future Fund trust. Its board of directors consists of three directors (appointed by the council) and meets regularly.

The board will act in accordance with Auckland Council expectations as outlined within the CCO Accountability Policy and other key policies, along with its statutory obligations under the Companies Act 1993 and the Trusts Act 2019.

The board’s core responsibilities are to:

- develop and negotiate Statements of Intent with the council
- act consistently within the guidelines provided in the statement of expectations
- actively review and direct the overall strategy, policies and delegations of AFFTL
- obtain full and timely information necessary to discharge its obligations
- identify, evaluate and mitigate controllable risk factors
- manage and monitor the fund’s performance
- report to the council on the performance of the CCO.

Managing risk is a key component of the board’s role and it will utilise independent and reliable advice on key assumptions and forecasts upon which to make decisions.

Fund Administrator Services Agreement

AFFTL is unequivocally committed to Auckland Council’s Group Shared Services and agreed processes. AFFTL will use Group Shared Services wherever possible and appropriate. Additionally, AFFTL will continue to utilise other services of the council through a fund administration services agreement. Through this agreement AFFTL will not need to employ staff to undertake its activities and can leverage off the scale and skills of the council.



▲ Ōtara Creek sculpture ► Avondale Train Station

Houkura / Independent Māori Statutory Board

AFFTL are committed to working alongside the council and Houkura / Independent Māori Statutory Board where applicable to meet the requirements of the tri-annual Treaty of Waitangi Audit and Houkura's Schedule of Issue of Significance to Māori.

Climate-related disclosures reporting

AFFTL and the fund have no statutory requirement to prepare climate reporting in their own right. However, as a council group entity, AFFTL will participate in the council's group reporting processes and provide the council with information, including, if necessary, information obtained from investment and fund managers, to enable the council to meet its reporting requirements as a climate reporting entity, complying with the New Zealand External Reporting Board's Aotearoa New Zealand Climate Standards.

Meetings

Auckland Council CCOs are required to hold two public meetings a year (Local Government (Auckland Council) Act 2009):

- a meeting to consider AFFTL's performance under its SOI in the previous financial year (October)
- a meeting to consider the council's shareholder comments on the draft SOI for the following financial year (June)

These public meetings will be advertised on the Auckland Future Fund website and through the public notices section of the New Zealand Herald.

Members of the public wishing to be heard on issues relevant to AFFTL or the fund can email their request in advance of each meeting via the Auckland Future Fund website (aucklandfuturefund.co.nz).

All agendas and board papers (with confidential information redacted or excluded) will be posted on the Auckland Future Fund website at least three working days prior to each meeting.

AFFTL will hold as much of its board meetings in the open as possible. If required, a public-excluded session will be held at each meeting to discuss confidential matters.



Part 2: Statement of performance expectations

This section sets out AFFTL's performance expectations. As AFFTL does not deliver capital projects or services directly to Aucklanders, AFFTL's expectations are focused on achieving the purposes of the fund:

- To maintain or increase the real value of assets that are put into the fund over time so they can continue to benefit future generations; and
- To provide a strong return to Auckland Council to fund services and infrastructure

2.1 How we will deliver – the annual work programme

AFFTL (through the fund) is tasked with delivering strong returns while protecting the real value of the fund for future generations. AFFTL will achieve this by working with the appointed global investment manager. The expected returns are set out in the council's Auckland Future Fund Distribution Policy and outlined in the performance measures on the next page.

In addition, during 2025/2026 AFFTL's work programme includes the following activities.

Statement of Investment and Policy Objectives (SIPO)

In the first quarter of the financial year, and in collaboration with the global investment manager, AFFTL will prepare the first SIPO for the fund. The document sets out the investment governance and management framework, philosophy, strategies and objectives of the fund. All investments and investment management must align with the SIPO.

Auckland Council Responsible Investment Policy

AFFTL is required to follow Auckland Council's Responsible Investment Policy, which sets out the council's principles and guidelines for investing responsibly. At the council's request, AFFTL will work with the global investment manager and the managers of the council's Self Insurance Fund to review the current policy and make recommendations to the council's Governing Body on any proposed amendments or updates. The current policy can be found on the council's website: <https://www.aucklandcouncil.govt.nz/plans-projects-policies-reports-bylaws/our-policies/Pages/responsible-investment-policy.aspx>

Auckland Council (Auckland Future Fund) Bill

Auckland Council is promoting a local bill with the purpose of ensuring that the fund is a long-term financial investment for the benefit of the current and future communities of the Auckland region. AFFTL, jointly with the council, will continue to support the passage of the bill.

Inaugural Achieving Māori Outcomes Plan

AFFTL will utilise the council's Māori Outcomes Performance Measurement Framework Tāmaki Ora 2025–2027 to inform the development of the inaugural AFFTL Achieving Māori Outcomes Plan, noting the plan will need to be:

- consistent with the purposes of AFFTL and the Auckland Future Fund itself
- proportionate to the role of AFFTL (which does not deliver services or infrastructure directly to Aucklanders or manage physical assets on council's behalf)
- completed before 31 December 2025.

Additional capital for the Auckland Future Fund

In July 2025, the fund will receive approximately \$45 million from the council to further capitalise the fund. The money comes from a special dividend Port of Auckland Limited will pay to the council after selling its shares in Marine Maritime Holdings. The additional capital will be invested with the fund to increase the value of the annual distribution in line with the Auckland Future Fund Distribution Policy.

2.2 How we will assess performance – performance measures and targets

The four objectives of the fund (see diagram on page 5) can be summarised into two overarching objectives that link to the purposes of the fund: strong returns and to protect the real value of the fund over time.

The performance measures and applicable targets, which are subject to audit, related to these two overarching objectives are detailed below and are as specified in the Auckland Future Fund Distribution Policy.

The initial distribution rate in the policy was calculated by assessing the expected long-term median return on the fund, deducting the expected costs of operating and transacting the fund, and then retaining a portion of that net return to protect the long-term real value of the fund.

Objective	Performance Measure	Forecast	Targets		
		2024/2025	2025/2026	2026/2027	2027/2028
Strong returns	Gross Return on Fund	4.06%	7.64%	7.64%	7.64%
	Net Return on Fund	4.00%	7.24%	7.24%	7.24%
	Distribution to council	5.24%	5.24%	5.24%	5.24%
Protect the real value of the Fund	Real Growth of Fund	-1.24%	2.00%	2.00%	2.00%

The distribution will be paid to the council on 30 June 2026.

2.3 Financials

The following prospective financial statements for AFFTL have been prepared based on:

- 2024/25: expected results as at 30 June
- 2025/26, 2026/27 and 2027/28: revised budget.

These prospective financial statements have been prepared for the Statement of Intent 2025-2028. The information may not be appropriate for any other purposes. Actual financial results achieved for the periods covered are likely to vary from the information presented, and the variations may be material.

The prospective financial statements have been prepared using the actual financial position as at 31 March 2025 as a starting point. They are not intended to be updated after they have been authorised for issue.



Prospective statement of comprehensive revenue and expense

\$ million	2024/25 Expected results	2025/26 budget	2026/27 budget	2027/28 budget
Revenue				
Investment return	30.88	100.13	102.07	104.15
Total revenue	30.88	100.13	102.07	104.15
Expenditure				
Operating and transaction costs	0.40	5.65	5.76	5.88
Total expenditure	0.40	5.65	5.76	5.88
Operating surplus before tax	30.48	94.48	96.31	98.27
<i>Operating surplus after tax attributable to:</i>				
AFF Trust	30.48	94.48	96.31	98.27
Other comprehensive income	0	0	0	0
Total other comprehensive income after tax	0	0	0	0
Total comprehensive income after tax	30.48	94.48	96.31	98.27

Prospective statement of financial position

\$ million	2024/25 Expected results	2025/26 budget	2026/27 budget	2027/28 budget
ASSETS				
Other financial assets	1,310.61	1,336.00	1,363.21	1,392.14
Total assets	1,310.61	1,336.00	1,363.21	1,392.14
LIABILITIES				
Total liabilities	0	0	0	0
Net assets	1,310.61	1,336.00	1,363.21	1,392.14
Contributed Equity	1,318.56	1,318.56	1,318.56	1,318.56
Retained earnings/(losses)	-7.95	17.44	44.65	73.58
Total equity	1,310.61	1,336.00	1,363.21	1,392.14



▲ View of Ōrākei from Mt Hobson Remuera

Prospective statement of changes in equity

\$ million	2024/25 Expected results	2025/26 budget	2026/27 budget	2027/28 budget
Opening balance 1 July	0	1,310.61	1,336.00	1,363.21
Total comprehensive revenue and expenses for the year	30.48	94.48	96.31	98.27
<i>Owner transactions</i>				
Contributed equity	1,318.56			
Distribution to the council	-38.43	-69.09	-69.09	-69.34
Closing balance as at 30 June	1,310.61	1,336.00	1,363.21	1,392.14

Prospective statement of cashflows

\$ million	2024/25 Expected results	2025/26 budget	2026/27 budget	2027/28 budget
CASH FLOWS FROM OPERATING ACTIVITIES				
Investment return	30.88	100.13	102.07	104.15
Operating and transaction costs paid	-0.40	-5.65	-5.76	-5.88
Net cash from operating activities	30.48	94.48	96.31	98.27
CASH FLOWS FROM INVESTING ACTIVITIES				
Advances from/(repayment to) other financial assets	7.95	-25.39	-27.22	-28.93
Net cash from investing activities	7.95	-25.39	-27.22	-28.93
CASH FLOWS FROM FINANCING ACTIVITIES				
Distributions paid	-38.43	-69.09	-69.09	-69.34
Net cash from financing activities	-38.43	-69.09	-69.09	-69.34
Net increase/{decrease} in cash	0	0	0	0
Opening cash balance	0	0	0	0
Closing cash balance	0	0	0	0

Basis of preparation

AFFTL is a council-controlled organisation (CCO) of Auckland Council, domiciled in New Zealand and governed by the following legislation:

- Local Government Act 2002 (LGA 2002)
- Local Government (Auckland Council) Act 2009 (LGACA 2009)
- Companies Act 1993.

AFFTL's principal address is 135 Albert Street, Auckland Central, New Zealand

AFFTL (whether acting in its capacity as trustee of the Auckland Future Fund or otherwise) is not a reporting entity under the FMCA.

The prospective financial statements are presented in New Zealand dollars (NZD) and are rounded to the nearest million dollars unless otherwise stated. AFFTL is a non-GST registered entity; any expenses incurred with GST will be fully recognised as part of the expense. Revenue will not be subject to GST charges.

AFFTL's ultimate purpose is to protect the value of the council's intergenerational assets held by the fund, so they can continue to benefit future generations. In addition, the fund is established as a trust with strict protections requiring it to be managed and applied with the intent of maintaining or increasing the real value of its capital over the medium term. Based on this assessment, AFFTL is a public benefit entity as its ultimate objective is to provide goods or services for the community or social benefit. The prospective financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

Under the Local Government Act 2002, AFFTL and the fund are separate CCOs, however, AFFTL is exclusively responsible for managing the fund's finances. The fund has no distinct transactions from those of AFFTL and, under the Companies Act 1993 criteria, is not required to submit audited financial statements. Therefore, the prospective financial statements are presented as a whole rather than being separated.

The prospective financial statements have been prepared on a going concern basis and the accounting policies applied are consistent with those used by the Auckland Council Group for the year ended 30 June 2024.

Accounting standards issued but not yet effective

The Auckland Council Group will adopt the following accounting standard in the reporting period after the effective date.

2024 Omnibus Amendments to PBE Standards, issued October 2024

The 2024 Omnibus Amendments include updates to PBE IPSAS 1 Presentation of Financial Reports to clarify the principles for classifying a liability as current or non-current. The amendments are effective from reporting periods beginning on or after 1 January 2026. The group has not assessed the effect of the amendments in detail.

PBE IFRS 17 Insurance Contracts

PBE IFRS 17 Insurance Contracts for public sector entities was issued in June 2023. This standard establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts. It is effective for reporting periods beginning on or after 1 January 2026 with early adoption permitted. The group has not assessed the effect of the new standard in detail.

Significant accounting policies

Accounting policies that are considered critical to the portrayal of AFFTL's financial condition and results, and contain judgements, estimates and assumptions about matters that are inherently uncertain have been included in the notes to these prospective financial statements.

Derivative financial instruments

AFFTL may use derivative financial instruments, such as forward foreign currency contracts and interest rate swaps, to mitigate risks associated with foreign currency and interest rate fluctuations. The group does not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Any gains or losses arising from changes in the fair value of derivatives are taken directly to surplus or deficit.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Derivative assets and derivative liabilities are classified as current when the maturity is 12 months or less from balance date or non-current when the maturity is more than 12 months from balance date

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities are recognised in the Statement of Comprehensive Revenue and Expense.

Income tax

AFFTL is exempt from income tax in New Zealand under Section CW 39B (Auckland Future Fund) of the Income Tax Act 2007.

Cash and cash equivalents

Cash and cash equivalents are made up of cash on hand, on-demand deposits and other short-term highly liquid investments and are net of bank overdraft. The carrying value of cash on hand, on-demand bank deposits and short-term deposits with original maturities of less than three months approximates the fair value.

Financial assets and liabilities

For the purpose of measurement, AFFTL's financial assets and liabilities are classified into categories according to the purpose for which the financial assets and liabilities are held.

Management determines the classification of financial assets and liabilities and recognises these at fair value at initial recognition. Subsequent measurement and the treatment of gains and losses are presented below:

Categories	Subsequent measurement	Treatment of gains and losses
Fair value through surplus or deficit	Fair value	Surplus or deficit
Fair value through other comprehensive revenue and expenditure	Fair value	Other comprehensive revenue and expenditure
Financial assets at amortised cost	Amortised cost less provision for impairment	Surplus or deficit
Financial liabilities at amortised cost	Amortised cost	Surplus or deficit

Derivatives are, by their nature, categorised as fair value through surplus or deficit unless they are designated into a hedge relationship for which hedge accounting is applied.

The fair values for financial assets and financial liabilities at amortised cost have been calculated as the net present value of future cash flows using discount rates from appropriate interest rate curves. The valuation for foreign debt instruments is based on market data from Bloomberg.

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when the offset is legally enforceable, and there is an intention to settle on a net basis. Revenue and expenses arising as a result of financial instrument earnings or fair value adjustments are recognised on a net basis for like items.

DRAFT

STATEMENT OF INTENT

**Auckland Future
Fund Trustee Limited**

1 July 2025 to 30 June 2028

Contents

Message from the chair of the board	3
Part 1: Strategic overview	4
1.1 Purpose and functions	4
1.2 Auckland Future Fund structure.....	4
1.3 Objectives, nature and scope of activities – ‘what we do’	5
1.4 Response to the council’s strategic objectives and outcomes	6
1.5 About us – statement of the board’s approach to governance	8
Part 2: Statement of performance expectations.....	10
2.1 How we will deliver – the annual work programme.....	10
2.2 How we will assess performance – performance measures and targets	10
2.3 Financials	11



◀ On the cover: Āwhitu Peninsular lighthouse at twilight ▲ Christmas decorations, Aotea Square

Message from the chair of the board

I am pleased to present this Statement of Intent 2025-2028 as Auckland Future Fund Trustee Limited (trustee for Auckland Future Fund) enters its first full year in operation.

Last year, the AFFTL board sold Auckland Council's remaining shareholding in Auckland International Airport Ltd for \$1.319 billion to capitalise the Auckland Future Fund. It was a very successful sale, earning \$30.6 million more than expected due to a higher share price than budgeted and minimal fees.

We are now focused on appropriately investing the proceeds to meet the purpose of the fund (as set out in the Trust Deed):

- To maintain or increase the real value of assets that are put into the fund over time so they can continue to benefit future generations.
- To provide a strong return to Auckland Council to fund services and infrastructure.

To achieve these, ~~in April 2025~~, the board ~~has~~ appointed [to be announced] as global investment manager for the fund. The board and [to be announced] ~~have collaborated~~will collaborate to establish the fund's first Statement of Investment Policy Objectives (SIPO). The SIPO sets out the intended investment strategies and objectives of the fund, including strategic asset allocation, asset classes and benchmarks, and rebalancing and hedging settings. We ~~are now~~will ~~operating~~ under the fund's SIPO and governing documents to deliver on the purpose of the trust and ensure we provide the annual distribution to the council as set out in the Auckland Future Fund Distribution Policy.

Other ~~responsibilities~~deliverables for AFFTL this year ~~are~~include:

- reviewing Auckland Council's Responsible Investment Policy and providing recommendations to the Governing Body. This will be carried out in conjunction with the council's Self-Insurance Fund managers, to which the policy also applies
- jointly with the council, supporting the Auckland Council (Auckland Future Fund) Bill as it progresses through Parliament
- developing an inaugural Achieving Māori Outcomes Plan.

It is a privilege to lead this exciting opportunity for Auckland to generate strong investment returns with a fund that is a crucial new asset for the city's future prosperity and resilience.

We look forward to the year ahead, delivering for Aucklanders, continuing to build strong relationships with our Lead Councillor, the Mayor, and other elected members, and engaging with Houkura (Independent Māori Statutory Board) to identify how we can support positive outcomes for Māori.

Christopher Swasbrook

Chair

Auckland Future Fund Trustee Limited

Part 1: Strategic overview

1.1 Purpose and functions

As part of the Long-term Plan 2024-2034, Auckland Council (the council) decided to establish a long-term investment fund, the Auckland Future Fund (the fund), to improve the council's financial and physical resilience.

The fund is held in trust pursuant to a Deed of Trust. The initial trustee is the Auckland Future Fund Trustee Limited, a company incorporated under the Companies Act 1993.

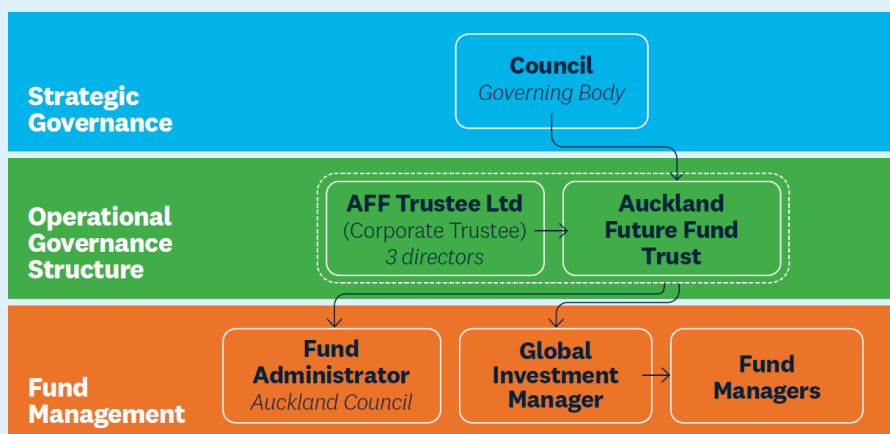
AFFTL's role as the trustee is to advance and achieve the purposes of the Auckland Future Fund, which are set out in the Trust Deed as follows:

- To maintain or increase the real value of assets that are put into the fund over time so they can continue to benefit future generations
- To provide a strong return to Auckland Council to fund services and infrastructure.

1.2 Auckland Future Fund structure

The structure of the fund is shown in the following diagram, with the key components being:

- **Strategic Governance** – Auckland Council sets the strategic direction.
- **Operational Governance** – Auckland Future Fund Trustee Limited (AFFTL) is the trustee of the Auckland Future Fund trust that has stewardship of the fund.
- **Fund Management** – the trustee and the trust are supported by a fund administrator under a services agreement with Auckland Council. AFFTL is charged with sourcing and managing professional/independent managers for the trust's assets.



AFFTL is a substantive council-controlled organisation (CCO) of Auckland Council.

The fund was initially capitalised with the council's shareholding in Auckland International Airport Limited (AIAL), and the council will work to identify opportunities to make further capital contributions to the fund.

Trust decisions are made independently by us in accordance with the governing documents of the fund, which include:

- Auckland Future Fund Trust Deed
- Auckland Future Fund Policy
- Auckland Future Fund Distribution Policy
- Responsible Investment Policy.

All investment and transactional decisions of the fund are made by AFFTL in accordance with the Trust Deed, Trusts Act 2019, and governing documents.

1.3 Objectives, nature and scope of activities – ‘What we do’

Unlike the other CCOs of Auckland Council, AFFTL does not directly provide services to Aucklanders beyond the protection of the value of the long-term assets with which it has been entrusted.

AFFTL is an enabler of services by providing strong returns to the council that can be used to fund services and infrastructure, reducing the council’s reliance on rates. AFFTL achieves this by being responsible for the stewardship of the fund, including overseeing its investments and distributions to the council.

AFFTL has a long-term focus on protecting the fund's real value over time and managing the shorter-term variations inherent in financial markets.

Purpose	Objectives	Activities	Performance measures
<ul style="list-style-type: none"> • To maintain or increase the real value of assets that are put into the fund over time so they can continue to benefit future generations. • To provide a strong return to the council to fund services and infrastructure. 	<ul style="list-style-type: none"> • Increase Auckland’s financial and physical resilience. • Ensure basic infrastructure and services can continue to be delivered affordably. • Increase trust and confidence that the council delivers value for current and future residents. • Effective stewardship of the Auckland Future Fund. 	<ul style="list-style-type: none"> • Monitoring the independent global investment managers appointed to invest the fund’s assets. • Ensuring compliance with the Responsible Investment Policy and other reporting requirements. • Making distributions to the council in accordance with the Auckland Future Fund Distribution Policy. 	<ul style="list-style-type: none"> • Real growth of the fund. • Gross return on the fund. • Net return on the fund. • Distribution to the council.

Potential additional responsibilities

AFFTL acknowledges that there is potential for the council as shareholder to request that AFFTL undertake additional responsibilities, under the existing AFF Trust Deed or by an additional mandate to AFFTL. AFFTL would expect to be empowered and resourced to manage any additional responsibilities to best achieve the council’s commercial and other objectives. AFFTL commits to constructively engaging with the council on any potential additional responsibilities.

1.4 Response to the council's strategic objectives and outcomes

The statement of intent (SOI)

AFFTL's annual SOI is required by the Local Government Act 2002, which publicly states AFFTL's activities and intentions for the next three years and how they contribute to the council's objectives. AFFTL's SOI provides an opportunity for the council to influence the direction of AFFTL and provides a basis for the accountability of performance. The SOI is prepared each year in response to the Mayor's Letter of Expectations (LoE).

Mayor's annual letter of expectations

The Mayor's Letter of Expectations (07 March 2025) sets out the council's priorities and expectations to inform the preparation of this SOI. It sets out common expectations across all council-controlled organisations (CCOs), as well as expectations specific to AFFTL. A copy of the 2025/2026 LOE is published on the Auckland Future Fund's website (aucklandfuturefund.co.nz).

Common CCO expectations

There are several common expectations for CCOs that are not applicable to AFFTL given that it does not deliver services or infrastructure directly to Aucklanders or manage physical assets on council's behalf. The remaining common expectations that are applicable to AFFTL are summarised below:

- delivering year two of the Long-term Plan 2024-2034
- compliance with the statement of expectations of substantive CCOs
- engagement with government where interests are aligned and messages are consistent with those of the council
- an unequivocal commitment to Group Shared Services and ensuring no duplication is created by AFFTL
- supporting Māori outcomes
- providing any support for the CCO reform (if required).

To deliver on these expectations, AFFTL will:

- ~~work jointly~~ with the council, support the passage of ~~on a joint submission to Select Committee for~~ the Auckland Council (Auckland Future Fund) Bill
- complete its first Achieving Māori Outcomes (AMO) Plan
- as required, work collaboratively with Ngā Mātārae and other Māori Outcomes specialists across the council group to take a whole-of-council-group approach to delivering outcomes for Māori.

AFFTL will work with council staff and Lead Councillor to implement these requirements. This SOI is aligned with the Long-term Plan 2024-2034 and its applicable policies.

AFFTL specific expectations







The expectation included in the 2025/2026 LOE relating specifically to AFFTL is to deliver distributions to council in accordance with the Auckland Future Fund Distribution Policy.

Following the successful sale of the council's remaining Auckland International Airport shareholding and the capitalisation of the fund, the focus of AFFTL this year is to appropriately invest the funds in order to meet the purposes of the fund (as set out in the Trust Deed)

Auckland Plan 2050

The Auckland Plan 2050 is Auckland Council's vision for a world-class city. It is the long-term spatial plan for Tāmaki Makaurau Auckland, which sets the strategic direction for the region and is underpinned by a set of six outcomes to achieve this vision.

As already noted, AFFTL is not a direct service provider, however, this does not mean that it doesn't contribute indirectly to the strategic outcomes of the council as noted below:

Outcome	How we will contribute
 Belonging and participation	<p>As a trustee of substantial funds AFFTL contributes indirectly to all six outcomes.</p> <p>It focuses on maximising its contribution to Auckland by providing strong returns and protecting the real value of the Fund.</p> <p>Distributions from the Fund will drive outcomes for the Council.</p> <p>More specifically, the AFFTL looks to create the conditions for a more financially resilient Auckland.</p>
 Māori identity and wellbeing	
 Homes and places	
 Transport and access	
 Environment & cultural heritage	
 Opportunity and prosperity	

Contributions to the council's strategies

Auckland Council financial strategy

AFFTL also directly contributes to the first three of the four near-term goals of the council's financial strategy:

1. Increase Auckland's financial and physical resilience
2. Ensure basic infrastructure and services can continue to be delivered affordably
3. Increase trust and confidence that the council is delivering value for current and future residents
4. A new approach to partnering with central government to provide regional leadership and deliver better outcomes for Aucklanders.

Achieving Māori outcomes

A thriving Māori identity and Māori wellbeing outcome of the Auckland Plan 2050 highlights in Tāmaki Makaurau is our point of difference. Kia Ora Tamaki Makaurau – Māori Outcomes Framework identifies how the council group contributes towards this thriving Māori identity and other outcomes.

Due to the nature of its activities, AFFTL might not directly contribute to these outcomes; however, managing risk and providing strong returns to the council enables the achievement of these outcomes across the group.

AFFTL will work on developing an Achieving Māori Outcomes plan and reporting that is appropriate for the organisation, reflecting its scope and the nature of its activities. ~~This will include consideration for how AFFTL aligns with the Māori Outcomes strategic direction for the council group, gives effect to He Waka Kōtua audit recommendations and engages with Māori (mana whenua, mātaawaka, and Māori entities).~~

As required, AFFTL will work collaboratively with Ngā Matārāe and other Māori outcomes specialists across the council group to take a whole-of-council-group approach to delivering Māori outcomes.

~~Due to the nature of its activities, AFFTL might not directly contribute to these outcomes; however, managing risk and providing strong returns to the council enables the achievement of these outcomes across the group.~~

Local boards

The investment and distribution activities of AFFTL are not a local activity and so do not require engagement with local boards when making decisions. Distributions to the council will be used to fund a range of activities, potentially including local activities decided by the council through its planning.

Climate change

AFFTL will be guided by the Responsible Investment Policy, which includes climate change considerations.

1.5 About us – statement of the board’s approach to governance

Auckland Future Fund Trustee Limited (AFFTL) is the corporate trustee of the Auckland Future Fund trust. Its board of directors consists of three directors (appointed by the council) and meets regularly.

The board will act in accordance with Auckland Council expectations as outlined within the CCO Accountability Policy and other key policies, along with its statutory obligations under the Companies Act 1993 and the Trusts Act 2019.

The board’s core responsibilities are to:

- develop and negotiate Statements of Intent with the council
- act consistently within the guidelines provided in the statement of expectations
- actively review and direct the overall strategy, policies and delegations of AFFTL
- obtain full and timely information necessary to discharge its obligations
- identify, evaluate and mitigate controllable risk factors
- manage and monitor the fund’s performance
- report to the council on the performance of the CCO.

Managing risk is a key component of the board’s role and it will utilise independent and reliable advice on key assumptions and forecasts upon which to make decisions.

Fund Administrator Services Agreement

~~Where possible, AFFTL is unequivocally committed to use~~ Auckland Council’s Group Shared Services and agreed processes. AFFTL will use Group Shared Services wherever possible and appropriate to ensure it does not create duplication. Additionally, AFFTL will continue to utilise other services of the council through a fund administration services agreement. Through this agreement AFFTL will not need to employ staff to undertake its activities and can leverage off the scale and skills of the council.



▲ Ōtara Creek sculpture ► Avondale Train Station

Houkura / Independent Māori Statutory Board

AFFTL are committed to working alongside the council and Houkura / Independent Māori Statutory Board where applicable to meet the requirements of the tri-annual Treaty of Waitangi Audit and Houkura's Schedule of Issue of Significance to Māori.

Climate-related disclosures reporting

AFFTL and the fund have no statutory requirement to prepare climate reporting in their own right. However, as a council group entity, AFFTL will participate in the council's group reporting processes and provide the council with information, including, if necessary, information obtained from investment and fund managers, to enable the council to meet its reporting requirements as a climate reporting entity, complying with the New Zealand External Reporting Board's Aotearoa New Zealand Climate Standards.

Meetings

Auckland Council CCOs are required to hold two public meetings a year (Local Government (Auckland Council) Act 2009):

- a meeting to consider AFFTL's performance under its SOI in the previous financial year (October)
- a meeting to consider the council's shareholder comments on the draft SOI for the following financial year (June)

These public meetings will be advertised on the Auckland Future Fund website and through the public notices section of the New Zealand Herald.

Members of the public wishing to be heard on issues relevant to AFFTL or the fund can email their request in advance of each meeting via the Auckland Future Fund website (aucklandfuturefund.co.nz).

All agendas and board papers (with confidential information redacted or excluded) will be posted on the Auckland Future Fund website at least three working days prior to each meeting.

AFFTL will hold as much of its board meetings in the open as possible. If required, a public-excluded session will be held at each meeting to discuss confidential matters.

<u>Purpose of Public Meeting</u>	<u>Date</u>	<u>Form of Public Notification</u>
Consider shareholder comments on draft SOI for 2025-2028	12 June 2025	Board meetings will be advertised on the Auckland Future Fund website and through the public notices section of the New Zealand Herald normally five days prior to the meeting date.
Consider prior year performance against SOI targets (2024-2025)	17 October 2025	

~~Members of the public are welcome to attend the two statutory meetings (as outlined in the table above). AFFTL will hold as much of its board meetings in the open as possible. If required, a public-excluded session will be held at each meeting to discuss confidential matters.~~

~~Agendas and board papers (with confidential information redacted or excluded) will be posted on the Auckland Future Fund website (aucklandfuturefund.co.nz) prior to each meeting. Members of the public are invited, via the Auckland Future Fund website, to present to the board on issues relevant to AFFTL or the fund.~~

Part 2: Statement of performance expectations

This section sets out AFFTL's performance expectations. As AFFTL does not deliver capital projects or services directly to Aucklanders, AFFTL's expectations are focused on achieving the purposes of the fund:

- To maintain or increase the real value of assets that are put into the fund over time so they can continue to benefit future generations; and
- To provide a strong return to Auckland Council to fund services and infrastructure

21 How we will deliver – the annual work programme

AFFTL (through the fund) is tasked with delivering strong returns while protecting the real value of the fund for future generations. AFFTL will achieve this by working with the appointed global investment manager ~~[XXX]~~. ~~AFFTL has also appointed Mapua Wealth as Independent Advisor to the Board for the first year establishing the fund.~~ The expected returns are set out in the council's Auckland Future Fund Distribution Policy and outlined in the performance measures on the next page. (page [X]).

In addition, during 2025/2026 AFFTL's work programme includes the following activities.

Statement of Investment and Policy Objectives (SIPO)

In the first quarter of the financial year, and in collaboration with the global investment manager, AFFTL will prepared the first SIPO for the fund in [June] 2025. ~~All investments and investment management must align with the SIPO.~~ The document sets out the investment governance and management framework, philosophy, strategies and objectives of the fund. All investments and investment management must align with the SIPO.

Auckland Council Responsible Investment Policy

AFFTL is required to follow Auckland Council's Responsible Investment Policy, which sets out the council's principles and guidelines for investing responsibly. At the council's request, AFFTL will work with the global investment manager and the managers of the council's Self Insurance Fund to review the current policy and make recommendations to the council's Governing Body on any proposed amendments or updates. The current policy can be found on the council's website: <https://www.aucklandcouncil.govt.nz/plans-projects-policies-reports-bylaws/our-policies/Pages/responsible-investment-policy.aspx>

Auckland Council (Auckland Future Fund) Bill

Auckland Council is promoting a local bill with the purpose of ensuring that the fund is a long-term financial investment for the benefit of the current and future communities of the Auckland region. AFFTL, jointly with the council, will continue to support the passage of the bill.

Inaugural Achieving Māori Outcomes Plan

AFFTL will utilise the council's Māori Outcomes Performance Measurement Framework *Tāmaki Ora 2025–2027* to inform the development of the inaugural AFFTL Achieving Māori Outcomes Plan, noting the plan will need to be:

- consistent with the purposes of AFFTL and the Auckland Future Fund itself
- proportionate to the role of AFFTL (which does not deliver services or infrastructure directly to Aucklanders or manage physical assets on council's behalf)
- completed before 31 December 2025.

Additional capital for the Auckland Future Fund

In July 2025, the fund will receive approximately \$45 million from the council to further capitalise the fund. The money comes from a special dividend Port of Auckland Limited will pay to the council after selling its shares in Marine Maritime Holdings. The additional capital will be invested with the fund to increase the value of the annual distribution in line with the Auckland Future Fund Distribution Policy.

2.2 How we will assess performance – performance measures and targets

The four objectives of the fund (see diagram on page 5) can be summarised into two overarching objectives that link to the purposes of the fund: strong returns and to protect the real value of the fund over time.

The performance measures and applicable targets, which are subject to audit, related to these two overarching objectives are detailed below and are as specified in the Auckland Future Fund Distribution Policy.

The initial distribution rate in the policy was calculated by assessing the expected long-term median return on the fund, deducting the expected costs of operating and transacting the fund, and then retaining a portion of that net return to protect the long-term real value of the fund.

Objective	Performance Measure	Forecast	2025/26	Targets	2027/28
		2024/2025		2026/27	
Strong returns	Gross Return on Fund	<u>4.06%</u>	7.64%	7.64%	7.64%
	Net Return on Fund	<u>4.00%</u>	7.24%	7.24%	7.24%
	Distribution to council	<u>5.24%</u>	5.24%	5.24%	5.24%
Protect the real value of the Fund	Real Growth of Fund	<u>-1.24%</u>	2.00%	2.00%	2.00%

The distribution will be paid to the council on 30 June 2026.

2.3 Financials

The following prospective financial statements for AFFTL have been prepared based on:

- 2024/25: expected results as at 30 June
- 2025/26, 2026/27 and 2027/28: revised budget.

These prospective financial statements have been prepared for the Statement of Intent 2025-2028. The information may not be appropriate for any other purposes. Actual financial results achieved for the periods covered are likely to vary from the information presented, and the variations may be material.

The prospective financial statements have been prepared using the actual financial position as at 31 March 2025 as a starting point. They are not intended to be updated after they have been authorised for issue.



Prospective statement of comprehensive revenue and expense

\$ million	2024/25 Expected results	2025/26 Revised budget	2026/27 Revised budget	2027/28 Revised budget
Revenue				
Investment return	30.88	100.13	102.07	104.15
Total revenue	30.88	100.13	102.07	104.15
Expenditure				
Operating and transaction costs	0.40	5.65	5.76	5.88
Total expenditure	0.40	5.65	5.76	5.88
Operating surplus before tax	30.48	94.48	96.31	98.27
<i>Operating surplus after tax attributable to:</i>				
AFF Trust	30.48	94.48	96.31	98.27
<i>Other comprehensive income</i>	0	0	0	0
Total other comprehensive income after tax	0	0	0	0
Total comprehensive income after tax	30.48	94.48	96.31	98.27

Prospective statement of financial position

\$ million	2024/25 Expected results	2025/26 Revised budget	2026/27 Revised budget	2027/28 Revised budget
ASSETS				
Other financial assets	1,310.61	1,336.00	1,363.21	1,392.14
Total assets	1,310.61	1,336.00	1,363.21	1,392.14
LIABILITIES				
Total liabilities	0	0	0	0
Net assets	1,310.61	1,336.00	1,363.21	1,392.14
Contributed Equity	1,318.56	1,318.56	1,318.56	1,318.56
Retained earnings/(losses)	-7.95	17.44	44.65	73.58
Total equity	1,310.61	1,336.00	1,363.21	1,392.14



Prospective statement of changes in equity

\$ million	2024/25 Expected results	2025/26 Revised budget	2026/27 Revised budget	2027/28 Revised budget
Opening balance 1 July	0	1,310.61	1,336.00	1,363.21
Total comprehensive revenue and expenses for the year	30.48	94.48	96.31	98.27
<i>Owner transactions</i>				
Contributed equity	1,318.56			
Distribution to the council	-38.43	-69.09	-69.09	-69.34
Closing balance as at 30 June	1,310.61	1,336.00	1,363.21	1,392.14

Prospective statement of cashflows

\$ million	2024/25 Expected results	2025/26 Revised budget	2026/27 Revised budget	2027/28 Revised budget
CASH FLOWS FROM OPERATING ACTIVITIES				
Investment return	30.88	100.13	102.07	104.15
Operating and transaction costs paid	-0.40	-5.65	-5.76	-5.88
Net cash from operating activities	30.48	94.48	96.31	98.27
CASH FLOWS FROM INVESTING ACTIVITIES				
Advances from/(repayment to) other financial assets	7.95	-25.39	-27.22	-28.93
Net cash from investing activities	7.95	-25.39	-27.22	-28.93
CASH FLOWS FROM FINANCING ACTIVITIES				
Distributions paid	-38.43	-69.09	-69.09	-69.34
Net cash from financing activities	-38.43	-69.09	-69.09	-69.34
Net increase/{decrease} in cash	0	0	0	0
Opening cash balance	0	0	0	0
Closing cash balance	0	0	0	0

Basis of preparation

AFFTL is a council-controlled organisation (CCO) of Auckland Council, domiciled in New Zealand and governed by the following legislation:

- Local Government Act 2002 (LGA 2002)
- Local Government (Auckland Council) Act 2009 (LGACA 2009)
- Companies Act 1993.

AFFTL's principal address is 135 Albert Street, Auckland Central, New Zealand.

AFFTL (whether acting in its capacity as trustee of the Auckland Future Fund or otherwise) is not a reporting entity under the FMCA.

The prospective financial statements are presented in New Zealand dollars (NZD) and are rounded to the nearest million dollars unless otherwise stated. AFFTL is a non-GST registered entity; any expenses incurred with GST will be fully recognised as part of the expense. Revenue will not be subject to GST charges.

AFFTL's ultimate purpose is to protect the value of the council's intergenerational assets held by the fund, so they can continue to benefit future generations. In addition, the fund is established as a trust with strict protections requiring it to be managed and applied with the intent of maintaining or increasing the real value of its capital over the medium term. Based on this assessment, AFFTL is a public benefit entity as its ultimate objective is to provide goods or services for the community or social benefit. The prospective financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

Under the Local Government Act 2002, AFFTL and the fund are separate CCOs, however, AFFTL is exclusively responsible for managing the fund's finances. The fund has no distinct transactions from those of AFFTL and, under the Companies Act 1993 criteria, is not required to submit audited financial statements. Therefore, the prospective financial statements are presented as a whole rather than being separated.

The prospective financial statements have been prepared on a going concern basis and the accounting policies applied are consistent with those used by the Auckland Council Group for the year ended 30 June 2024.

Accounting standards issued but not yet effective

The Auckland Council Group will adopt the following accounting standard in the reporting period after the effective date.

2024 Omnibus Amendments to PBE Standards, issued October 2024

The 2024 Omnibus Amendments include updates to PBE IPSAS 1 Presentation of Financial Reports to clarify the principles for classifying a liability as current or non-current. The amendments are effective from reporting periods beginning on or after 1 January 2026. The group has not assessed the effect of the amendments in detail.

PBE IFRS 17 Insurance Contracts

PBE IFRS 17 Insurance Contracts for public sector entities was issued in June 2023. This standard establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts. It is effective for reporting periods beginning on or after 1 January 2026 with early adoption permitted. The group has not assessed the effect of the new standard in detail.

Significant accounting policies

Accounting policies that are considered critical to the portrayal of AFFTL's financial condition and results, and contain judgements, estimates and assumptions about matters that are inherently uncertain have been included in the notes to these prospective financial statements.

Derivative financial instruments

AFFTL may use derivative financial instruments, such as forward foreign currency contracts and interest rate swaps, to mitigate risks associated with foreign currency and interest rate fluctuations. The group does not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Any gains or losses arising from changes in the fair value of derivatives are taken directly to surplus or deficit.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Derivative assets and derivative liabilities are classified as current when the maturity is 12 months or less from balance date or non-current when the maturity is more than 12 months from balance date

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities are recognised in the Statement of Comprehensive Revenue and Expense.

~~Current and deferred~~ income tax

AFFTL is exempt from income tax in New Zealand under Section CW 39B (Auckland Future Fund) of the Income Tax Act 2007.

~~Income tax expense comprises both current tax and deferred tax and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by balance date. Income tax expense is charged or credited to the surplus or deficit in the Statement of Comprehensive Revenue and Expense, except when it relates to items charged or credited directly to equity or other comprehensive income.~~

~~Current tax is the amount of income tax payable based on the taxable surplus for the current period, plus any adjustments to income tax payable in respect of prior periods.~~

~~Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus.~~

~~The measurement of deferred tax reflects the tax consequences that would follow from the manner in which AFFTL expect to recover or settle the carrying amount of its assets and liabilities.~~

~~Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surplus will be available against which the deductible temporary differences or tax losses can be utilised.~~

~~Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting surplus nor taxable surplus.~~

~~AFFTL is currently in the process of applying for income tax exemption. AFFTL anticipates that its income will be exempt from income tax under the Income Tax Act 2007~~

Cash and cash equivalents

Cash and cash equivalents are made up of cash on hand, on-demand deposits and other short-term highly liquid investments and are net of bank overdraft. The carrying value of cash on hand, on-demand bank deposits and short-term deposits with original maturities of less than three months approximates the fair value.

Financial assets and liabilities

For the purpose of measurement, AFFTL's financial assets and liabilities are classified into categories according to the purpose for which the financial assets and liabilities are held.

Management determines the classification of financial assets and liabilities and recognises these at fair value at initial recognition. Subsequent measurement and the treatment of gains and losses are presented below:

Categories	Subsequent measurement	Treatment of gains and losses
Fair value through surplus or deficit	Fair value	Surplus or deficit
Fair value through other comprehensive revenue and expenditure	Fair value	Other comprehensive revenue and expenditure
Financial assets at amortised cost	Amortised cost less provision for impairment	Surplus or deficit
Financial liabilities at amortised cost	Amortised cost	Surplus or deficit

Derivatives are, by their nature, categorised as fair value through surplus or deficit unless they are designated into a hedge relationship for which hedge accounting is applied.

The fair values for financial assets and financial liabilities at amortised cost have been calculated as the net present value of future cash flows using discount rates from appropriate interest rate curves. The valuation for foreign debt instruments is based on market data from Bloomberg.

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when the offset is legally enforceable, and there is an intention to settle on a net basis. Revenue and expenses arising as a result of financial instrument earnings or fair value adjustments are recognised on a net basis for like items.

Memo

19 June 2025

To: Auckland Future Fund Trustee Limited Board of Directors

cc: Brett Tomkins, Appointed Auditor, Deloitte
Hayden Davison, Audit Director, Deloitte
Chloe Reardon, Assistant Audit Manager, Deloitte
John Bishop, Group Treasurer, Auckland Council
Ross Tucker, Group CFO, Auckland Council
Megan Holley, Treasury and Investments Relationship Manager, Auckland Council

From: Jonnon Goh, Lead Financial Analyst, Auckland Council
Tracy Gers, Group Financial Controller, Auckland Council

10

Subject: Control Assessment and Financial Reporting Implications for the Auckland Future Fund and Auckland Future Fund Trustee Limited

Purpose

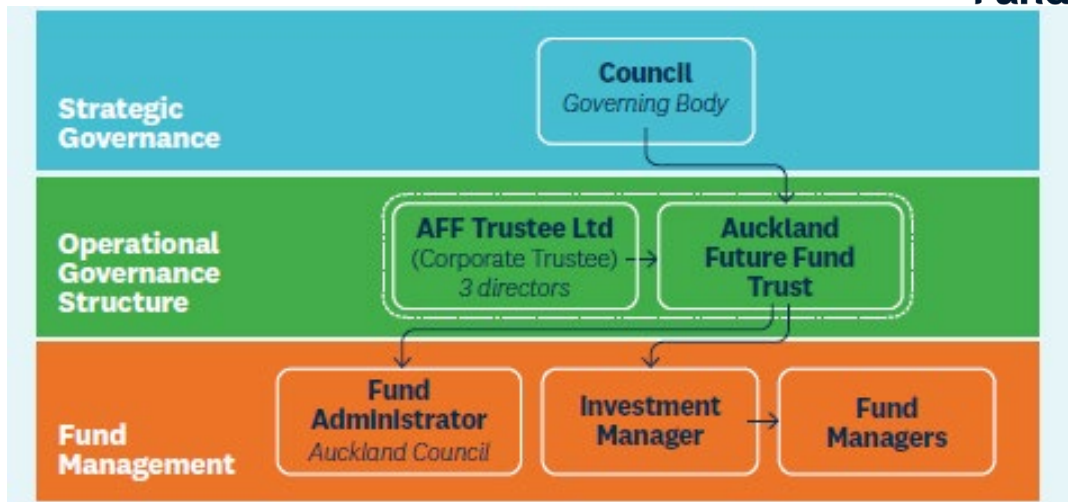
This memorandum outlines the control assessment between Auckland Future Fund (AFF) and its corporate trustee, Auckland Future Fund Trustee Limited (AFFTL), in accordance with the requirements of [PBE IPSAS 35 Consolidated Financial Statements](#). It also confirms the appropriate approach to financial statement preparation for the reporting period.

Background

AFF was established as a non-incorporated trust on 27 September 2024, fulfilling the Long-term Plan 2024-2034's requirement for the establishment of a regional wealth fund. The fund's purpose is to invest and manage the proceeds from the sale of the council's shareholding in Auckland International Airport, to create long-term wealth for the Auckland region and reduce the council's reliance on rates.

The corporate trustee of AFF, AFFTL, was incorporated on 24th September 2024. Both AFF and AFFTL are council-controlled organisations (CCOs) in terms of the Local Government Act 2002 (LGA) and AFFTL is a substantive CCO in terms of the section 4 of the Local Government (Auckland Council) Act 2009 (LGACA). AFFTL is registered with the NZ Companies Office and as a registered company, is subject to the requirements of the Companies Act 1993. AFF is also subject to compliance with the Auckland Council (Auckland Future Fund) Bill. Refer below for the operational structure¹.

¹ Extracted from [Auckland Future Fund Statement of Intent](#) – Page 4, Section 1.2 Auckland Future Fund Structure



The operational structure includes:

- Strategic Governance – Auckland Council sets the strategic direction, AFFTL directors set the investment strategy.
- Operational Governance – AFFTL is the corporate trustee of AFF and has stewardship of AFF assets.
- Management – AFF is supported by a Fund Administrator under a services agreement with Auckland Council. AFFTL's directors are charged with sourcing professional/independent managers for AFF's assets.

Control assessment under PBE IPSAS 35

As per [PBE IPSAS 35 para 20 Consolidated Financial Statements](#) defines an entity control another entity when it meets all the following

- a) Power over the other entity (the ability to direct the relevant activities of the other entity, to affect the nature or amounts of benefits from involvement to direct financial and operating policies)
- b) Exposure, or rights, to variable financial and/or non-financial benefits from its involvement with the other entity, and
- c) The ability to use its power over the other entity to affect the nature or amount of the benefits from its involvement with the other entity.

AFFTL assessment

a) Power over entity

AFFTL is the sole trustee of AFF. It appoints and monitors investment managers and leads the high-level investment strategy.

As outlined in Section 4.1 of the [deed of trust](#), AFFTL has overall control of, and responsibility for, the fund and the administration of the AFF, and the affairs and activities of the AFF will be managed by, or under the direction or supervision of, the directors of AFFTL.

Section 5.1 of the deed of trust further confirms that AFFTL has all powers necessary to manage and administer the Fund. Accordingly, AFFTL has clear power to direct AFF's relevant activities, including investment strategy and governance. Therefore, AFFTL has clear power to direct AFF's relevant activities.

b) Exposure, or rights, to variable benefits

AFFTL was established solely to act on behalf of the AFF. Its decisions directly influence the appointment of investment manager which will manage investment performance, risk profile and financial outcomes of AFF.

While AFFTL does not receive direct financial returns, it is exposed to non-financial variable benefits, consistent with the guidance in PBE IPSAS 35 para 30–33. These benefits are reflected in its fiduciary responsibilities and stewardship role, including:

- Strategic influence and decision-making - AFFTL decisions directly influence the appointment of an investment manager which will manage investment performance, risk profile and financial outcomes of AFF, in turn supporting broader public and council objectives.
- Accountability and fiduciary duty - As trustee, AFFTL has an ongoing duty to manage the AFF in accordance with the Trust Deed and Auckland Council's objectives. Its actions impact the delivery of long-term financial benefits to the council and Aucklanders.
- Fulfilment of public service objectives - AFFTL's effective governance results in benefits from AFF achieving outcomes aligned with public interest.
- Reputation and public trust - As a corporate trustee, AFFTL may gain reputational benefits from being associated with a well-managed, impactful public wealth fund.

These are all legitimate forms of non-financial variable benefits in a public sector context.

These elements demonstrate that AFFTL is exposed to variable benefits—albeit non-financial—in a manner consistent with the control definition under PBE IPSAS 35.

c) Ability to use its power to affect benefits from its involvement

Auckland Council sets the strategy for the governance and management of AFF through its long-term plan policies (Auckland Future Fund Policy, Auckland Future Fund Distribution Policy and Responsible Investment Policy). Despite this, Auckland Council's Auckland Future Fund Policy states that Auckland Council shall not direct the Trustee through any other channel as to the investments or activities of the Fund, including any related party transactions or investments the AFF.

AFFTL sets the Statement of Investment Policy and Objectives, which mandates how AFF funds are to be invested, including setting the risk-return profile of AFF. In addition, AFFTL will influence AFF's investment policies in the development of future long term plans. It therefore affects the nature and amount of benefits, which demonstrates a direct link between AFFTL's power and the variability of outcomes for AFF.

Based on the above, we conclude that AFFTL controls AFF in accordance with PBE IPSAS 35. Therefore:

- AFFTL is the controlling entity, and
- AFF is the controlled entity.

PBE IPSAS 35 para 5 states that an entity that is a controlling entity shall present consolidated financial statements. Given that AFFTL is a controlling entity, it will prepare consolidated financial statements.

Legislative Reporting Requirement - Local Government Act 2002

[LGA section 69](#), requires that the annual financial statements are presented as a whole, rather than being separate. As a result, AFF does not need to prepare a separate set of financial statements from AFFTL. It also requires that the annual financial statements are audited.

Therefore:

- AFF is not required to prepare separate stand-alone financial statements, and
- AFFTL will prepare consolidated financial statements including AFF.

Additional Consideration

Disclosure in AFFTL Financial Statements

The basis for control, including AFFTL's power and exposure to non-financial benefits, should be clearly disclosed in the notes to the financial statements.

Annual Review

AFFTL should revisit the control assessment annually. This ensures the conclusion remains valid, particularly if circumstances evolve.

Future Role Expansion of AFFTL

If AFFTL's role expands (e.g. to enter arrangements within the wider Council group), we will determine if any implications arise about AFF's assets being available to secure or back obligations elsewhere.

Given that AFFTL does not have AFF's financial benefits then AFFTL must not be perceived as having access to financial benefits of AFF for its own use. Any future use of AFFTL's consolidated position for credit or financial structuring purposes must clearly respect the legal separation of AFF's assets.

This should be monitored and noted by management, with legal advice sought if needed.

Conclusion

Following our assessment under PBE IPSAS 35, we conclude that the relationship between AFF and AFFTL meets the definition of control, as it meets all three control criteria.

Accordingly

- AFFTL is required to prepare consolidated financial statements that include AFF
- Separate stand-alone financial statements for AFF are not required under Local Government Act 2002 (LGA)
- Only AFFTL's consolidated financial statements should be audited.

These conclusions are subject to annual reassessment.

Confirmed (on behalf of Auckland Future Fund and Auckland Future Fund Trustee Limited) by

Name:

Role:

Signature:

Date: