

# STATEMENT OF INTENT

**Auckland Future Fund  
and Auckland Future  
Fund Trustee Limited**

**1 July 2025 to 30 June 2028**



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◀ 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 Auckland Future Fund Trustee Limited (AFFTL) board sold Auckland Council's remaining shareholding in Auckland International Airport Ltd for \$1.319 billion to capitalise the Auckland Future Fund (the 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 and global investment manager 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 (AFFTL), a company incorporated under the Companies Act 1993.

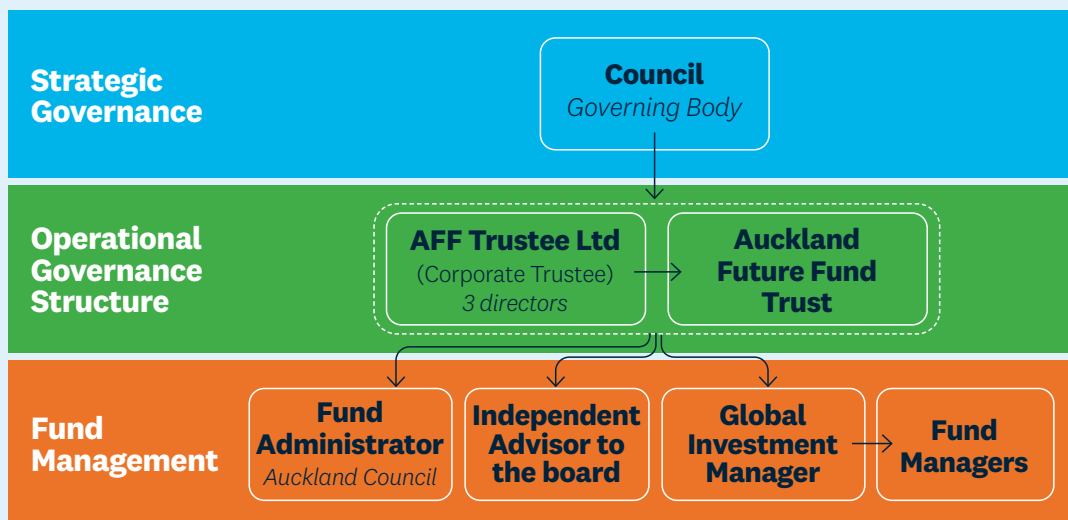
AFFTL's role as the trustee is to advance and achieve the purposes of the Auckland Future Fund, which are set out in the Trust Deed as follows:

- 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** – 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 and the fund are substantive council-controlled organisations (CCOs) 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, the fund and AFFTL do not directly provide services to Aucklanders beyond the protection of the value of the long-term assets with which they have been entrusted.

AFFTL (through the fund) 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"> <li>• 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.</li> <li>• To provide a strong return to the council to fund services and infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase Auckland’s financial and physical resilience.</li> <li>• Ensure basic infrastructure and services can continue to be delivered affordably.</li> <li>• Increase trust and confidence that the council delivers value for current and future residents.</li> <li>• Effective stewardship of the Auckland Future Fund.</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring the independent global investment managers appointed to invest the fund’s assets.</li> <li>• Ensuring compliance with the Responsible Investment Policy and other reporting requirements.</li> <li>• Making distributions to the council in accordance with the Auckland Future Fund Distribution Policy.</li> </ul>	<ul style="list-style-type: none"> <li>• Real growth of the fund.</li> <li>• Gross return on the fund.</li> <li>• Net return on the fund.</li> <li>• Distribution to the council.</li> </ul>

### Potential additional responsibilities

AFFTL acknowledges that there is potential for the council as shareholder to request that AFFTL undertake additional responsibilities, under the existing 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)

The annual SOI is required by the Local Government Act 2002, which publicly states AFFTL and the fund's activities and intentions for the next three years and how they contribute to the council's objectives. The SOI provides an opportunity for the council to influence the direction of AFFTL and the fund 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 and the fund. A copy of the 2025/2026 LOE is published on the Auckland Future Fund's website ([aucklandfuturefund.co.nz](http://aucklandfuturefund.co.nz)).

#### Common CCO expectations

There are several common expectations for CCOs that are not applicable to the fund or AFFTL given that they do 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 and the fund 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 and the fund 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

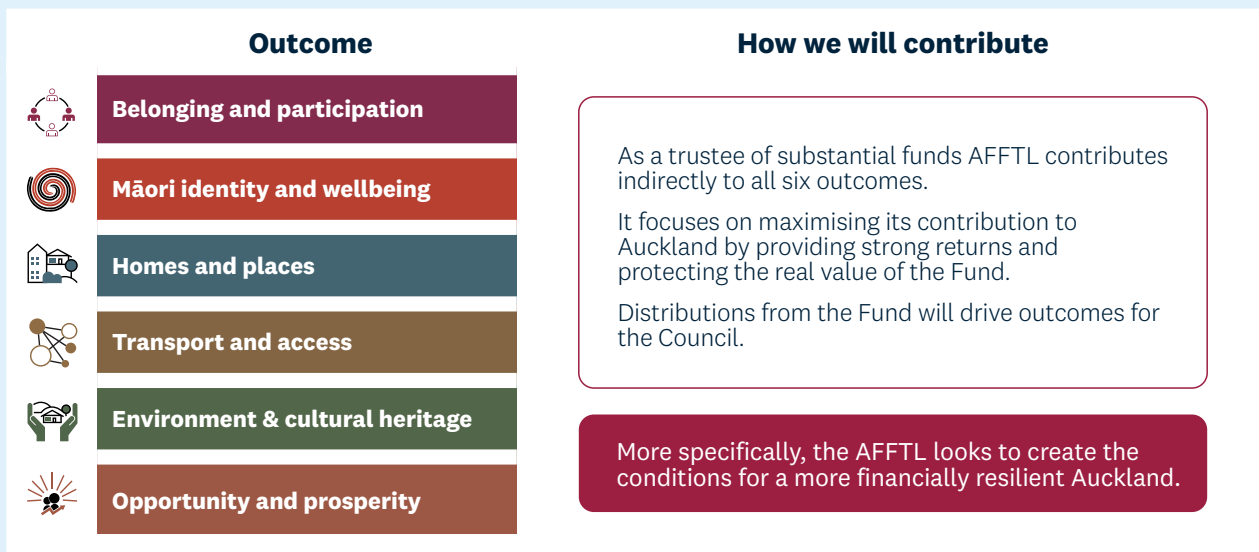
The expectation included in the 2025/2026 LOE relating specifically to AFFTL is to deliver distributions to council in accordance with the Auckland Future Fund Distribution Policy.

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, neither AFFTL or the fund are a direct service provider however, this does not mean that they don't contribute indirectly to the strategic outcomes of the council as noted below:



## Contributions to the council's strategies

### Auckland Council financial strategy

AFFTL and the fund also directly contribute 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 and the fund 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 the fund and AFFTL are not local activities 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

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 and the fund are unequivocally committed to Auckland Council’s Group Shared Services and will use Group Shared Services wherever possible and appropriate. Additionally, AFFTL and the fund will continue to utilise other services of the council through a fund administration services agreement. Through this agreement neither AFFTL or the fund will 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 and the fund 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 the fund and AFFTL's performance under the 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](https://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.



▲ Avondale Train Station

## Part 2: Statement of performance expectations

This section sets out AFFTL and the fund's performance expectations. As neither AFFTL or the fund deliver capital projects or services directly to Aucklanders, the 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 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 and the fund will utilise the council's Māori Outcomes Performance Measurement Framework Tāmaki Ora 2025–2027 to inform the development of the inaugural Achieving Māori Outcomes Plan, noting the plan will need to be:

- consistent with the purposes of AFFTL and the fund
- proportionate to the role of AFFTL and the fund (which do 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 August 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 2024/2025	Targets		
			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 the fund and AFTTL are based on the 2025/26 to 2027/28 budgets for the financial years ending 30 June included in the adopted 2024-2034 Long-term plan (LTP). These statements are based on the assumptions noted within the LTP, including expected returns, distributions to the council and operating costs.

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.





# Auckland Future Fund prospective financial statements

## Prospective statement of comprehensive revenue and expense

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

## Prospective statement of financial position

\$ million	2025/26 budget	2026/27 budget	2027/28 budget
<b>ASSETS</b>			
Other financial assets	1,336.00	1,363.21	1,392.14
<b>Total assets</b>	1,336.00	1,363.21	1,392.14
<b>LIABILITIES</b>			
<b>Total liabilities</b>	0	0	0
<b>Net assets</b>	1,336.00	1,363.21	1,392.14
Contributed Equity	1,318.56	1,318.56	1,318.56
Retained earnings/(losses)	17.44	44.65	73.58
<b>Total equity</b>	1,336.00	1,363.21	1,392.14

## Prospective statement of changes in equity

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

## Prospective statement of cashflows

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



▲ View of Ōrākei and Rangitoto Island from Mt Hobson Remuera

# Auckland Future Fund Trustee Limited prospective financial statements

## Prospective statement of comprehensive revenue and expense

\$ million	2025/26 budget	2026/27 budget	2027/28 budget
<b>Revenue</b>			
Subsidy revenue	0.41	0.42	0.43
<b>Total revenue</b>	<b>0.41</b>	<b>0.42</b>	<b>0.43</b>
<b>Expenditure</b>			
Operating and transaction costs	-0.41	-0.42	-0.43
<b>Total expenditure</b>	<b>-0.41</b>	<b>-0.42</b>	<b>-0.43</b>
<b>Operating surplus before tax</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Operating surplus after tax attributable to:</i>			
Auckland Future Fund Trustee Limited	0	0	0
<i>Other comprehensive income</i>	0	0	0
<b>Total other comprehensive income after tax</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income after tax</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Prospective statement of financial position

\$ million	2025/26 budget	2026/27 budget	2027/28 budget
<b>ASSETS</b>			
Other financial assets	0.41	0.42	0.43
<b>Total assets</b>	<b>0.41</b>	<b>0.42</b>	<b>0.43</b>
<b>LIABILITIES</b>			
Accounts payable	0.41	0.42	0.43
<b>Total liabilities</b>	<b>0.41</b>	<b>0.42</b>	<b>0.43</b>
<b>Net assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
Contributed Equity	0	0	0
Retained earnings/(losses)	0	0	0
<b>Total equity</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Prospective statement of changes in equity

\$ million	2025/26 budget	2026/27 budget	2027/28 budget
<b>Opening balance 1 July</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total comprehensive revenue and expenses for the year	0	0	0
<i>Owner transactions</i>			
Contributed equity	0	0	0
Distribution to the council	0	0	0
<b>Closing balance as at 30 June</b>	<b>0</b>	<b>0</b>	<b>0</b>



## Prospective statement of cashflow

\$ million	2025/26 budget	2026/27 budget	2027/28 budget
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Net cash from operating activities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Net cash from investing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Net cash from financing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net increase/(decrease) in cash</b>	<b>0</b>	<b>0</b>	<b>0</b>
Opening cash balance	0	0	0
<b>Closing cash balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Basis of preparation

The fund and AFFTL are council-controlled organisations (CCOs) 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 (for AFFTL)
- Trust Act 2019 (for the fund).

The principal address for the fund and AFFTL is 135 Albert Street, Auckland Central, New Zealand

The fund and AFFTL are not reporting entities 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. The fund and AFFTL are non-GST registered entities; 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, both the fund and AFFTL are public benefit entities as their 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.

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 the fund and 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

The fund and 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

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

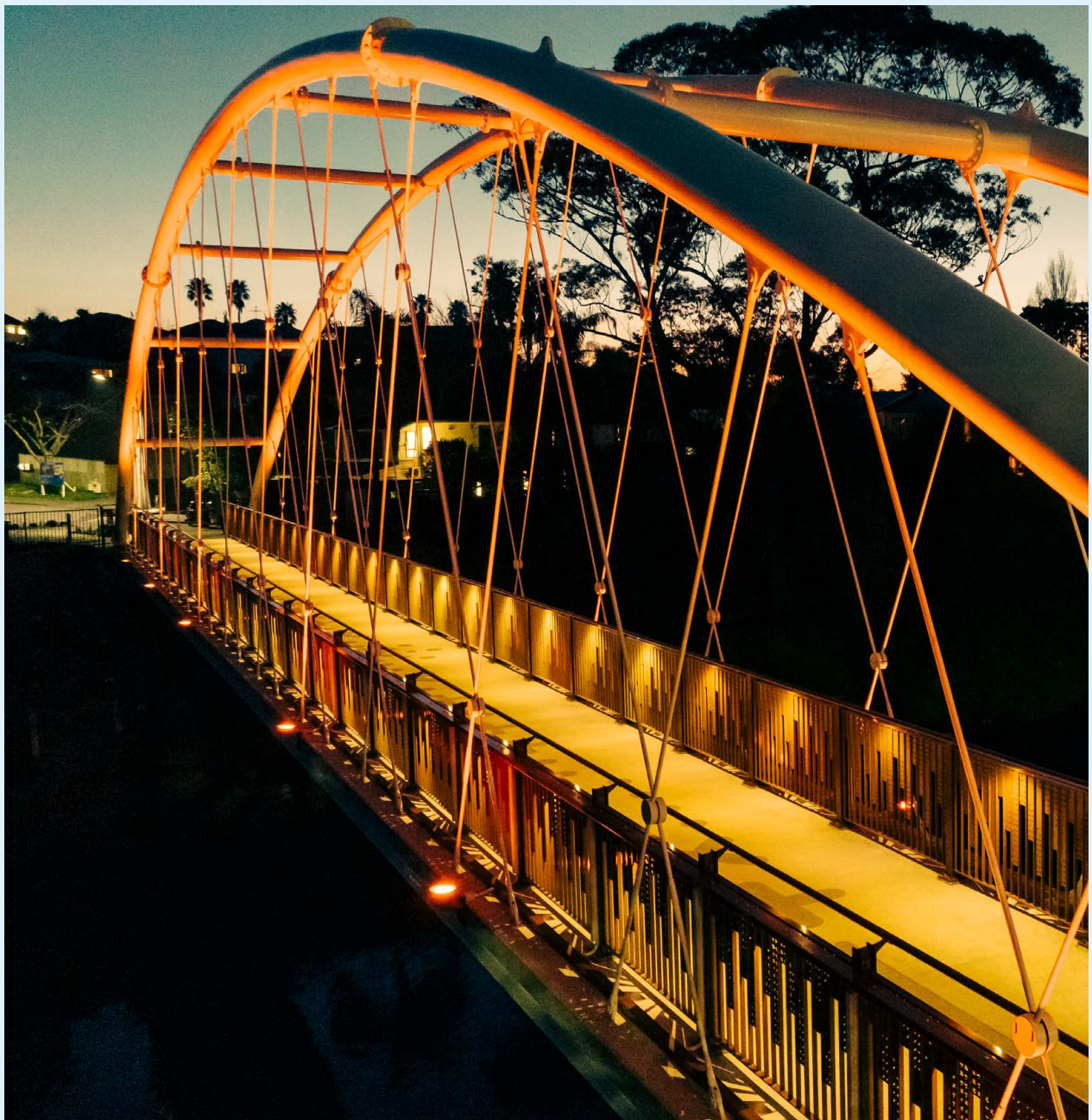
Management determines the classification of financial assets and liabilities and recognises these at fair value at initial recognition. Subsequent measurement and the treatment of gains and losses are presented below:

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.



▲ Jubilee Bridge, Panmure Basin



