Results announcement

Results for announcement to the market		
Name of issuer	Auckland Council	
Reporting Period	6 months to 31 December 2024	
Previous Reporting Period	6 months to 31 December 2023	
	Amount (000s)	Percentage change
Revenue from continuing operations[1]	$5,440,709	15%
Total Revenue[1]	$5,440,709	15%
Net profit/(loss) from continuing operations[2]	$1,676,855	23%
Total net profit/(loss)[2]	$1,676,855	23%
A brief explanation of any of the figures above necessary to enable the figures to be understood	[1] Revenue from continuing operations and total revenue excludes other gains [2] Net profit/(loss) from continuing operations and total net profit/(loss) above are shown after tax, before other comprehensive revenue and expenditure. In the Auckland Council financial statements this is referred to as *surplus/(deficit)*, rather than *profit/(loss)*, as required by Public Benefit Entity Accounting Standards.	

Results overview

Auckland Council Group's interim results to 31 December 2024 show a positive operating result, with the group investing to strengthen the physical resilience of Auckland and manage growth, while meeting its financial targets.

During the six-month reporting period, the group invested a total of $1.9 billion in assets and infrastructure, $474 million higher than the prior period. Most of the investment was in roading and transport assets ($727 million), as well as water supply and wastewater assets ($479 million).

Key capital highlights include:

- providing funding, alongside the Crown, to City Rail Link Limited which continued work on New Zealand's largest infrastructure project. One of the significant milestones was achieving permanent power to the stations' high voltage rooms and main switchboards
- bringing the Pukekohe Water Treatment Plant back into service after it was damaged in the 2023 severe weather events which enabled the community to increase water usage by six million litres a day at a time when water demand is at its peak
- achievement of a major milestone on the Central Interceptor project, with Hiwa-i-te-Rangi Tunnel Boring Machine breaking through into a shaft in Western Springs, which enabled a tunnel to be built which collects wastewater and stormwater overflows from Mount Albert,

	sending them to Māngere Wastewater Treatment Plant for processing • significant progress made on the Eastern Busway project with the completion of the new bus station at Botany Town Centre • completion of the Port of Auckland Outfall Upgrade project which improves the stormwater network and mitigates significant flooding risk at Britomart • construction and renewal of many local and regional parks, sporting and leisure facilities such as refurbishment of Te Pae o Kura – Kelston Community Centre and renewal of Windmill Park with upgraded kiosk space, toilet facilities, a first aid room and storage. The group capital investment also includes $392 million[3] that was paid for 366 Risk Category 3[4] properties that had an intolerable risk to life. The group also provided for an additional $400 million to cover the estimated remaining cost of purchasing Risk Category 3 properties. This was mainly due to an increase in estimated number of Risk Category 3 properties. Auckland Council received a 50 per cent contribution towards the cost of the purchased properties ($196 million) from the central government, which is reflected in grants and subsidies revenue. We are in discussions with the central government in relation to the funding of the projected increase in the number of Risk Category 3 property buy-outs. In December 2024, the Auckland Future Fund sold Auckland Council's remaining shares in Auckland International Airport Limited for $1.32 billion. Following the sale, the Auckland Future Fund placed $1,310 million in 90-day term deposits (recognised in cash and cash equivalents). The fund will use the sale proceeds to diversify the council's major financial investments across different sectors and geographic regions, with expected stronger annual returns to council to help fund services and infrastructure. We use debt to spread the cost of assets over the generations that will use them. Our net debt increased by $965 million to $13.2 billion during the six months, mainly to fund new capital investment. Group revenue[5] was $5.4 billion, an increase of $690 million compared to the six months ended 31 December 2023 (comparative period). The largest increase was in rates revenue[5] which increased by $262 million to $2.8 billion. This is mainly due to the annual rates increase (6.8 per cent for the average residential property). This increase in rates is being used to address inflationary pressures and higher interest rates, a growing population which increases demand for services and infrastructure, increased asset maintenance on a growing asset base, increased spend on climate change initiatives, response to storms and other natural disasters, and continuing to build Auckland's financial and physical resilience.

	Grants and subsidies revenue of $811 million was $255 million higher than the comparative period, mainly due to $196 million of grants received from the central government for buying out Risk Category 3 properties, and $91 million of subsidies received for transport projects such as the catch-up of New Zealand Upgrade Programme funding for Eastern Busway. Also of significance was a $162 million increase in vested asset[6] revenue, mainly due to revocation of a section of the old State Highway 1 between Puhoi and Warkworth from New Zealand Transport Agency Waka Kotahi (NZTA). Total operating expenses increased by $119 million to $3.4 billion compared to the comparative period with the increase of depreciation and amortisation[7] expenses mainly due to our increasing capital investment. Our costs were also affected by increases in wages and salaries, materials and long-term contract costs, primarily due to inflation. The group's surplus after income tax[5] was $1.7 billion. This is after net other losses of $281 million mainly consisting of foreign exchange losses on hedged foreign debt, and a share of net deficit in associates and joint ventures of $29 million. This was an increase of $317 million on the comparative period. Overall, the half-year results are in line with expectations and show that the council is delivering on its plans to prioritise services and programmes where they are needed most, while maximising our own resources to ensure continued prudence and value for money. The council's approach ensures financial resilience is reflected in the retention of our AA and Aa2 ratings from S&P Global and Moody's Investor Services respectively, both with a 'stable' outlook. *[3] This is the amount paid to purchase Risk Category 3 damaged properties. Land purchased is intended to be used as public open space reserves, stormwater reserves that reduce flood risk, or in some cases parts of the land purchased may be sold. The purchased properties are valued in accordance with our accounting policies, and the resulting values are different from the acquisition costs.* *[4] Risk Category 3 funding is provided for the purchase of properties as a result of severe weather events. The properties are assessed by Auckland Council to represent an intolerable risk to life with land instability or flooding and for which there are no feasible mitigation solutions. Residential properties assessed as Risk Category 3 are eligible for a buyout.* *[5] Under PBE IPSAS 23, the timing of recognising the group's rates revenue is at the date of issuing the rating notices for the annual general rate charge resulting in the entire rates revenue being recognised in the interim financial statements of the group.* *[6] Vested asset revenue represents infrastructure received from property developers who construct the infrastructure as a condition of*

	development or vested roading assets from NZTA due to reclassification from state highway to local road. [7] *Depreciation is a non-cash expense that represents the cost of replacement and renewal of assets over time. When applied to intangible assets, such as information technology programs, it is known as amortisation.*

Authority for this announcement	
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Date of release through MAP	27 February 2025

Unaudited financial statements accompany this announcement.