

Media release

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Council Group returns strong financial performance

A strong financial performance and significant investment in transport and local communities are highlights of the Auckland Council Group unaudited financial results released today.

Released to the New Zealand Stock Exchange, the results provide a preliminary financial overview for the year ended 30 June 2015 ahead of the completion of the Auditor-General's audit.

Group highlights include:

- Operating surplus before gains and losses of \$80 million;
- Total group debt (net of cash on hand) of \$6,997 million, with net debt levels \$206 million below plan; and
- Assets value of \$42.2 billion, increased by \$2.3 billion from the prior year.

Auckland Council Chief Financial Officer Sue Tindal says the Group's financial performance reflects a need to invest for Auckland's future, balanced with financial prudence and best value for money.

"Our population has grown by 100,000 people since Auckland's local government amalgamation five years ago and will increase to 2.2 million in 30 years putting significant pressure on existing services and infrastructure.

"The Group has delivered \$1.5 billion of capital investment, or 92 per cent of the budgeted capital programme. While slightly lower than the 96 per cent last year it is still strong delivery.

"New electric trains and a depot received \$204 million this year, for a total investment in Auckland's electric trains of \$582 million to date. This coincides with a 22 per cent increase in rail patronage over the past year.

"A total of \$350 million has been invested into roads and footpaths to maintain the existing network, roading improvements in areas such as Albany, Flat Bush, Panmure and the North-West growth area, and cycleway improvements such as the Beach Road cycle route.

"In helping to accelerate Auckland's housing supply 62 new special housing areas were established, bringing the total to 84, and contributing to the delivery of 25,400 consented sites and dwellings.

"New community facilities were opened including Te Oro music and arts centre in Glen Innes and new libraries in Devonport, Ranui and Te Atatu.

"There was \$153 million invested in water and waste water infrastructure and \$133 million in our parks which includes adding 178 hectares to the Waitākere, Mahurangi and Te Rau Pūriri regional parks," says Ms Tindal.

Debt levels remain prudent relative to the Group's annual income of \$3.6 billion and total assets of \$42.2 billion. Net Group debt and annual interest costs remain within the prudential limits set within the 2012-2022 Long term Plan.

During the year the Group maintained credit ratings of AA from Standard and Poor's and Aa2 from Moody's Investor Services confirming its strong debt servicing capability. These remain among the strongest credit ratings in New Zealand.

"Over the next 10 years our Long-term Plan will build on this platform.

“The Group’s asset base is expected to grow from \$42 billion to \$60 billion and we will work to achieve \$2.74 billion in accumulated efficiency targets.

“During this time we will also slow the growth of our debt, which will be \$11.6 billion by 2025 - 17 per cent lower than the \$13.7 billion that was previously forecast,” says Ms Tindal.

The full audited Auckland Council Group Annual Report will be published in September.

Ends

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