

Results for announcement to the market		
Name of issuer	Auckland Council	
Reporting Period	6 months to 31 December 2023	
Previous Reporting Period	6 months to 31 December 2022	
	Amount (000s)	Percentage change
Revenue from continuing operations ¹	\$4,751,255	11%
Total Revenue ¹	\$4,751,255	11%
Net profit/(loss) from continuing operations ²	\$1,359,745	-16%
Total net profit/(loss) ²	\$1,359,745	-16%
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 <i>surplus/(deficit)</i>, rather than <i>profit/(loss)</i>, as required by Public Benefit Entity Accounting Standards. Results overview Auckland Council Group's interim results to 31 December 2023 reflect an ongoing recovery from last year's weather events. In early 2023, Auckland experienced extreme weather events on an unprecedented scale, with extensive flooding and high winds causing damage to our transport and water networks as well as supporting infrastructure. A year has passed and some of our communities continue to struggle with the devastating impacts of these events. Recovery across the region will continue in the years to come. In response to these extreme weather events, we negotiated a cost-sharing arrangement with the central government in October 2023, that will help fund buy-outs of properties that are faced with an intolerable risk to life and there is no feasible intervention (Risk Category 3 properties). We also developed a Making Space for Water programme to reduce the impact of future flooding events and a recovery programme for transport network. While we have agreements with central government to help fund regional recovery and resilience projects, the Auckland Council Group will have to fund at least 50 per cent of the costs. Our financial results to December 2023 show an unbudgeted \$459 million discounted provision for the expected costs to buy-out Risk Category 3 properties. These costs pose significant budget challenges, but are necessary to become a more resilient city, and to serve the people of Auckland now and in the future.	

Despite these challenges, the group made good progress on our capital projects. During the six month reporting period we invested well over \$1.4 billion on building or buying assets, with most investment being in roading and transport assets (\$599 million), as well as water supply and wastewater assets (\$551 million).

We use debt to spread the cost of assets over the generations that will use them. Our net debt decreased by \$429 million to \$11.9 billion during the six months, mainly due to proceeds from the sale of part of our Auckland International Airport Limited shareholding that realised \$833 million. These proceeds were used to reduce the council's debt as it matured and to partially fund new capital investment.

Our financial performance to 31 December 2023 shows an increase in operating revenue³ of \$480 million to \$4,751 million compared to the prior period. There was a 10 per cent increase in rates revenue, reflecting an increase in general rates, a growing ratepayer base and an increase in waste management targeted rates to recover the increased cost of delivering our waste management services. Also of significance was a \$102 million increase in vested asset revenue, representing the receipt of parks and infrastructure assets from developers. Increased public transport patronage and people getting out and about in increased numbers resulted in public transport, parking and traffic infringement revenues being \$40 million higher than the comparative period.

Total operating expenses increased by \$668 million to \$3,286 million compared to the prior period with the addition of \$459 million provision for Risk Category 3 property buy-outs. Furthermore, our cost base including wages and salaries, materials and long-term contract costs was affected by strong inflation and higher interest rates.

The group's surplus after income tax³ was \$1,360 million after net other losses of \$75 million, and a share of net deficit in associates and joint ventures of \$7 million. This was a decrease of \$268 million on the comparative period.

In light of the challenging economic conditions, in order to be financially prudent and to respond to the extreme weather events, we have had to prioritise spend on existing services and infrastructure. While we have prioritised spending where it is needed most, for example on critical transport and water infrastructure projects. We have done so while finding operational efficiencies and adjusting the size and timing of some capital projects. Our prudent approach 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 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.

Authority for this announcement	
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Unaudited financial statements accompany this announcement.