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Auckland Council Group's finances reflect a year of delivery

Auckland Council Group's unaudited accounts reflect significant lift in both delivery of capital investment for the city and in the demand for its services.

In June 2018 the group adopted a 10-year budget that included \$26.2 billion of capital expenditure and investment for the city. In the first year of this budget the group invested over \$2 billion, including a contribution to the City Rail Link project. This is a \$227 million increase on the previous year's investment.

Key highlights included:

- over \$700 million on transport infrastructure including \$79 million on the Eastern Busway, \$176 million on local road renewals, and \$65 million towards the City Rail Link project
- \$550 million on water infrastructure, including \$151 million on the water supply network, \$277 million on the wastewater network, and \$122 million on the stormwater network.

Strong demand for services with both consenting volumes and public transport patronage at record levels has driven growth in both revenues and costs. Additionally, increased spend on environmental programmes has been funded by the Natural Environment and Water Quality targeted rates.

Continued focus on cost control has enabled the group to deliver an increased operating cash surplus, reducing the reliance on debt, to deliver this significant capital programme. Net borrowings increased in the year by \$445 million, which funded 22 per cent of the capital investment programme.

As a result of the significant fall in interest rates during the year, a \$654 million non-cash adjustment to the holding value of the group's interest rate hedging contracts was recorded. These contracts are required to be revalued at each reporting date.

The group's credit ratings with S&P Global Ratings and Moody's remain AA and Aa2 respectively, both with a "stable" outlook.

The full audited Auckland Council Group Annual Report 2018/2019 will be published at the end of September.

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