



Date: Thursday, 17 March 2016
Time: 9.34am
Meeting Room: Reception Lounge
Venue: Auckland Town Hall
301-305 Queen Street
Auckland

Finance and Performance Committee

OPEN MINUTE ITEM ATTACHMENTS

ITEM	TABLE OF CONTENTS	PAGE
18	Auckland Council Group half year financial results to 31 December 2015	
A.	17 March 2016 - Finance and Performance Committee - Item 18 Auckland Council Group half year financial results to 31 December 2015 - presentation.	3

Finance and Performance Committee

Auckland Council Group half year financial results to 31 December 2015

17 March 2016



Half year financial report

- Covers the 6-month period from 1 July 2015 to 31 December 2015
- Auckland Council parent performance result was presented on 25 February 2016
- Individual CCOs presented their results to the CCO Governance and Monitoring Committee on 1 March 2016
- Consolidated Group result

















Information about the preparation of the result


- The actual result is compared with the original phased Long-term Plan.
- We now recognise rates revenue at the time of the issuance of ratings notices. This results in a large operating surplus reported during the year.



Statement of financial performance

\$million	Actual	6-month budget	Full year Budget	Commentary
Rates	1,565	1,571 	1,571	Slightly below budget due to lower penalty income
Grants and subsidies	200	196 	427	
Fees and user charges	551	549 	1,143	
Other	324	283 	517	Above budget due to higher volume of vested assets received than expected.
Total revenue	2,640	2,599 	3,658	
Employee benefits	398	395 	772	
Depreciation and amortisation	402	411 	823	
Other operating expenses	682	709 	1,411	Expenditure expected to be incurred later than originally planned
Finance costs	210	220 	441	
Total expenses	1,692	1,735 	3,447	
Operating surplus before gains and losses	948	864 	211	
Net other losses	(87)	- 	-	Fair value accounting movements in derivatives (non cash) not budgeted
Share of surplus in associates and joint ventures	28	22 	43	
Surplus before income tax	889	886 	254	

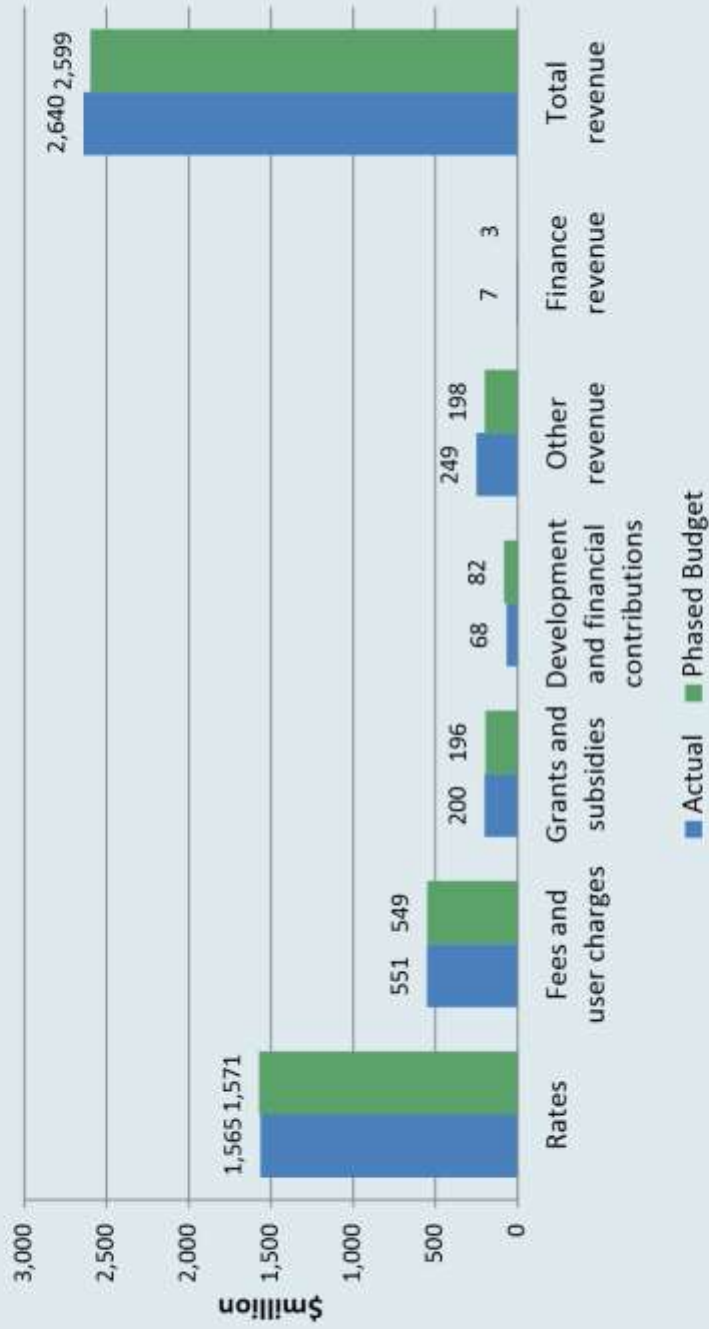
 Favourable

 Unfavourable between 0 to 5 %

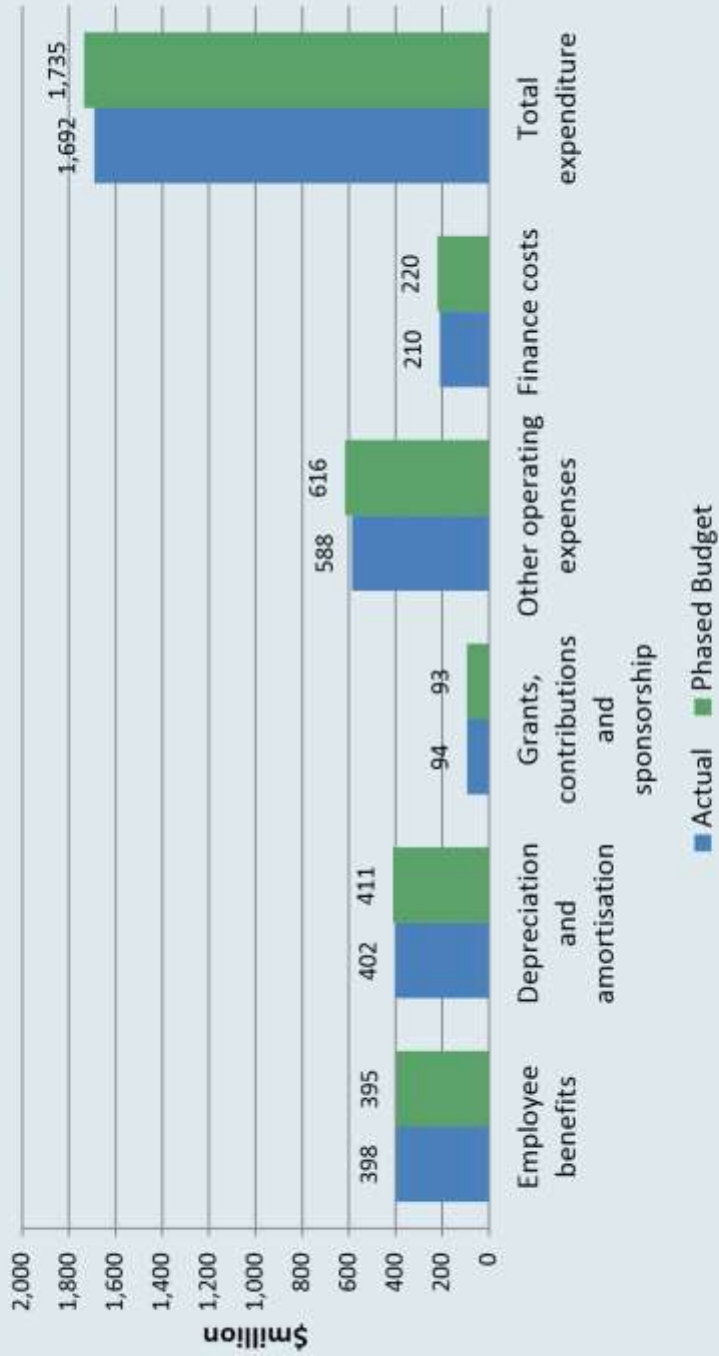
 Unfavourable over 5 %



Group Revenue Actual vs Budget

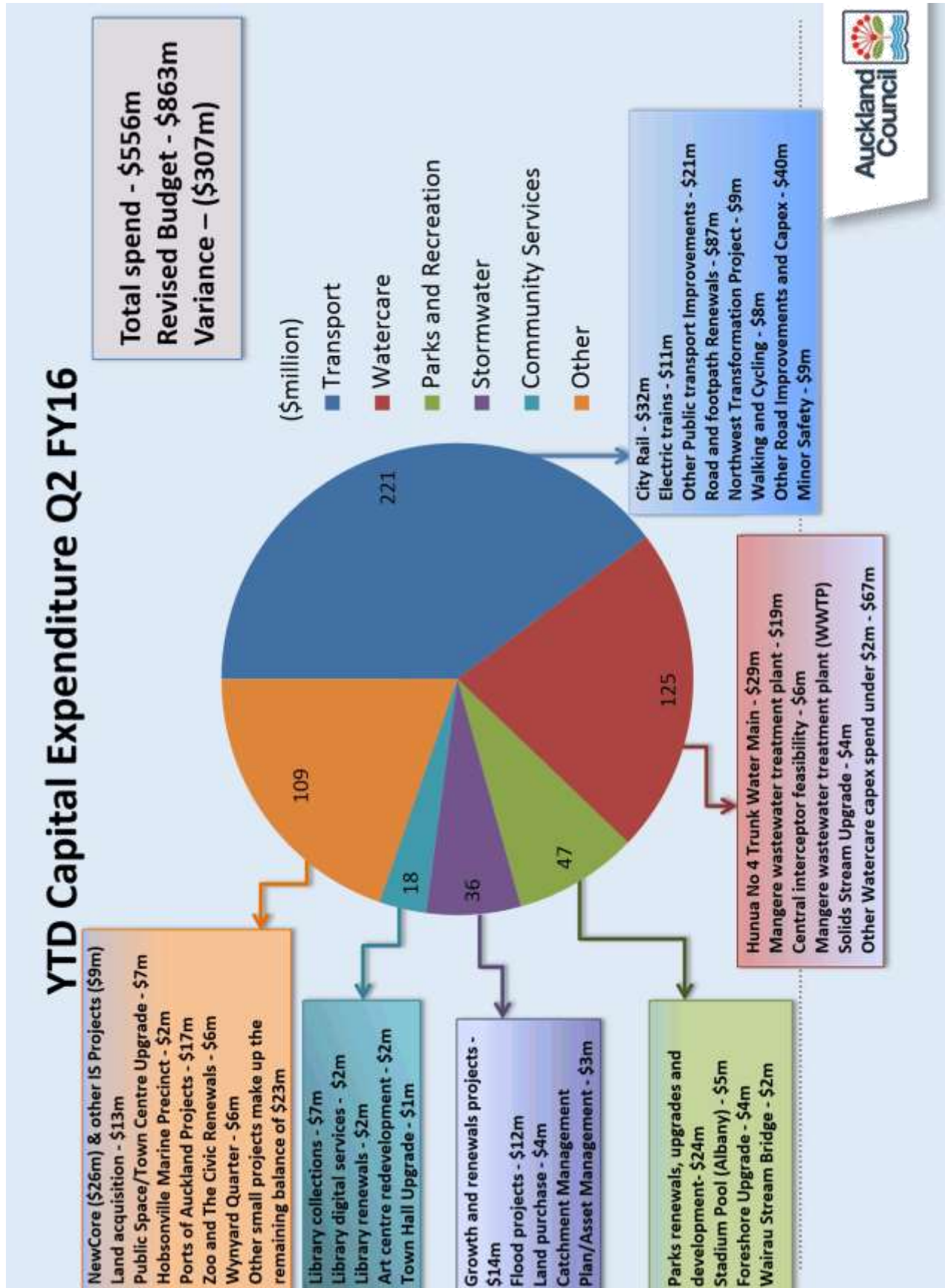


Group Expenditure Actual vs Budget



Statement of financial position				
\$million	Actual as at 31 Dec 2015	Actual as at 30 Jun 2015	Movement	Commentary
Current assets	1,666	1,013	653	Recognition of rates debtors
Non current assets	41,418	41,154	264	Gross CAPEX less depreciation plus derivative movement
Total assets	43,084	42,167	917	
Current liabilities	1,600	1,838	-238	
Non current liabilities	8,525	8,250	275	
Total liabilities	10,125	10,088	37	Increase in debt to fund capital expenditure
Equity	32,959	32,079	880	





YTD Capital Expenditure Q2 FY16

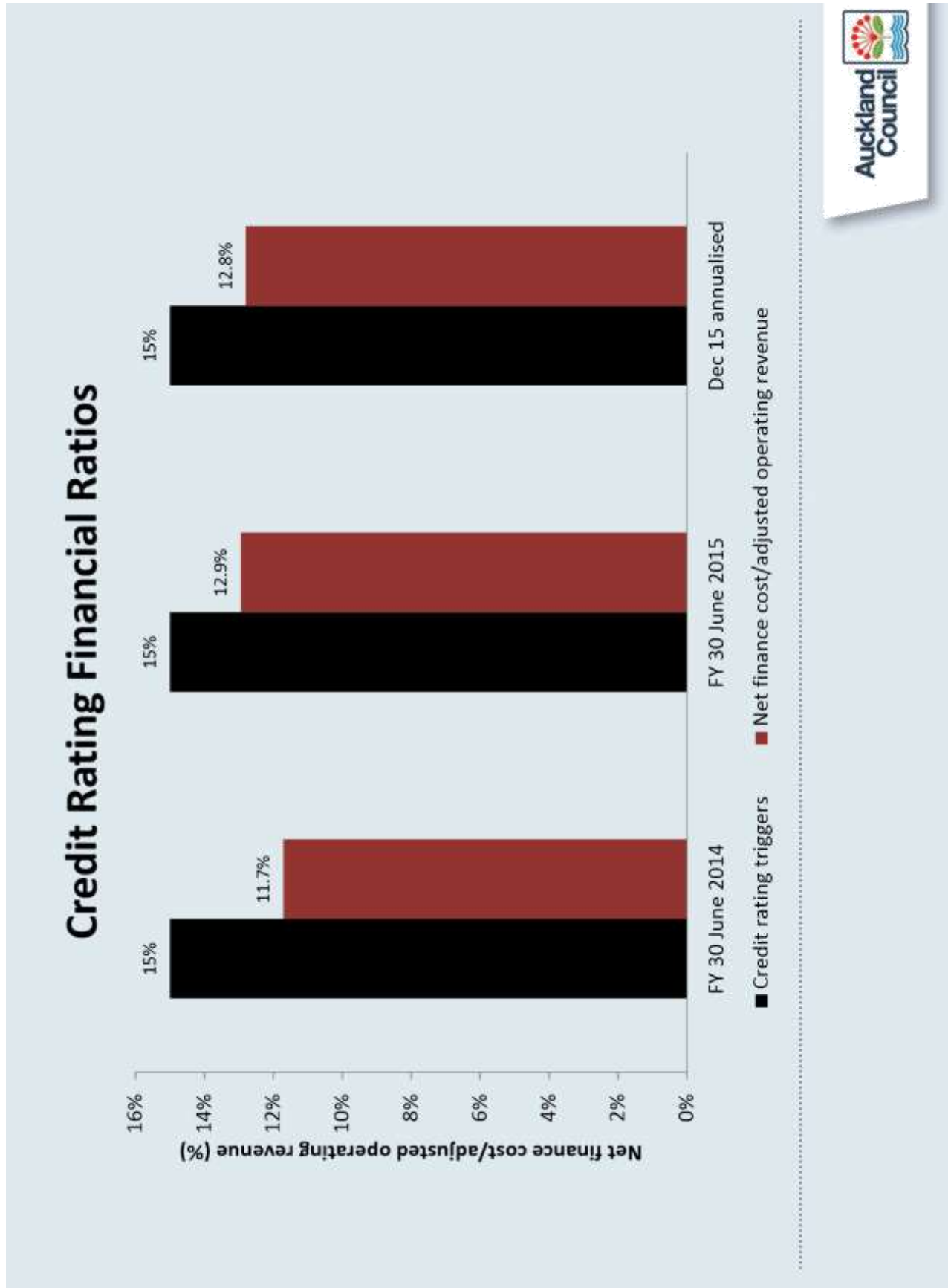
Total spend - \$556m

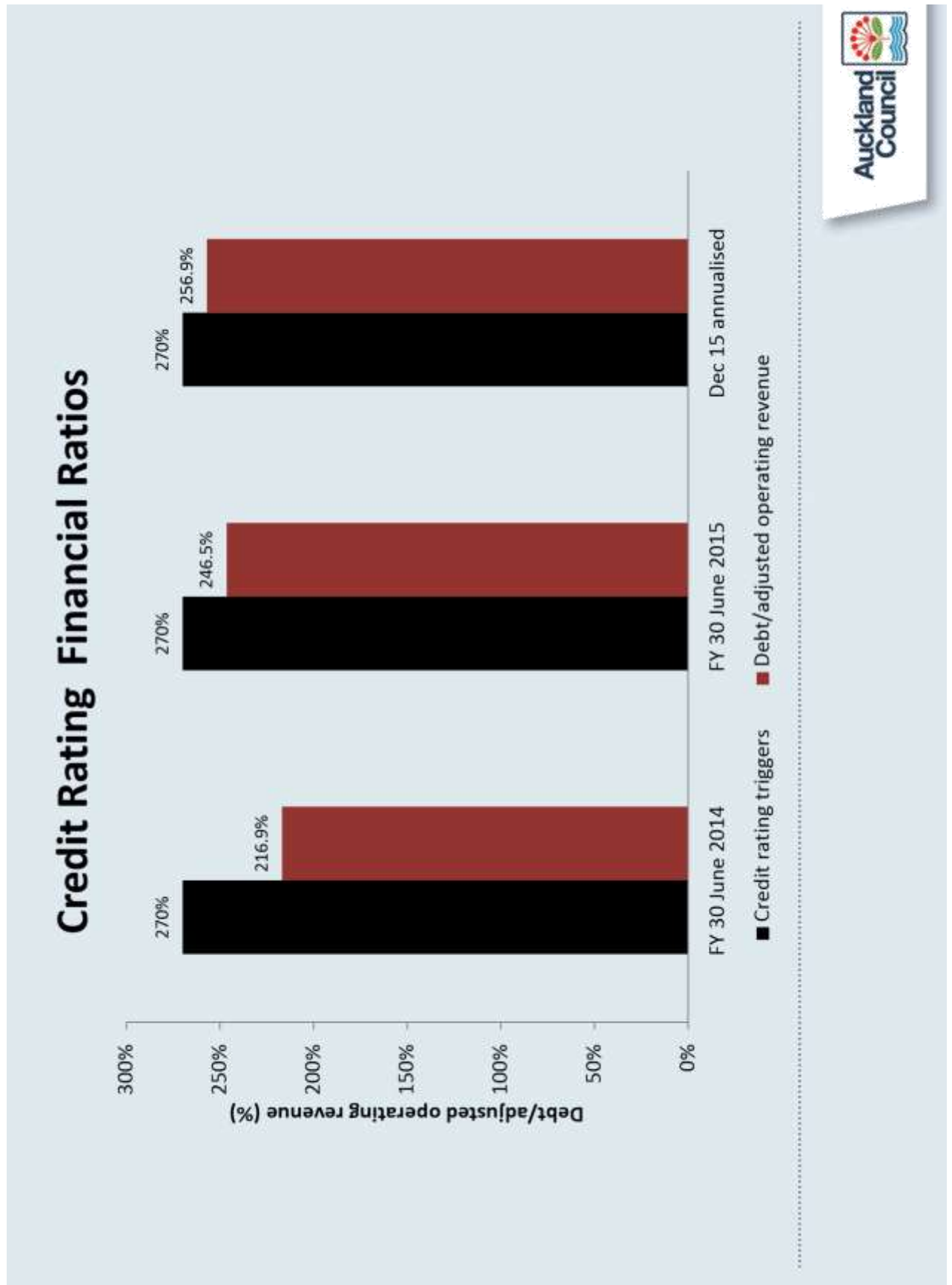
Vs

Revised Budget - \$863m

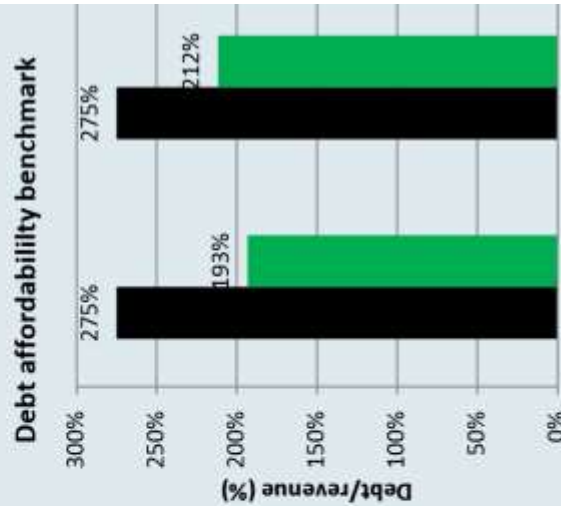
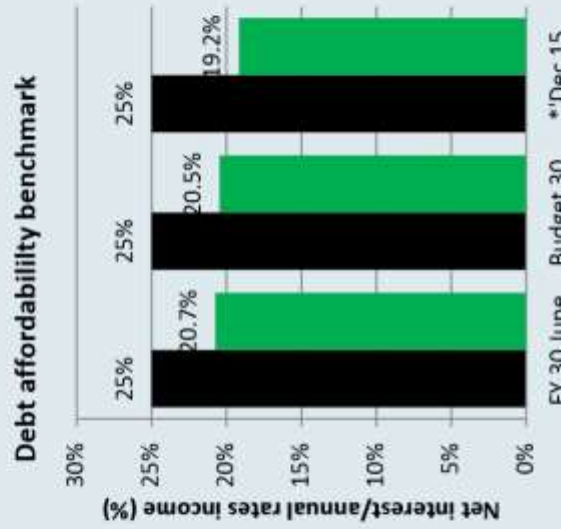
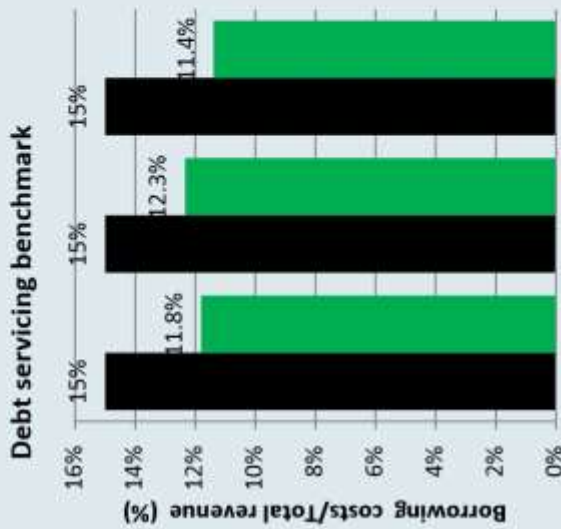
\$million	Actual Dec 2015	Revised Budget Dec 2015	Variance	Commentary
Transport	221	325	- 104	Projects tracking behind schedule due to delays in project startup, design, tendering process etc.
Watercare	125	191	- 66	Projects running behind schedule due to design and construction delays and changes in scope of projects.
Parks and Recreation	47	57	- 10	
Stormwater	36	29	7	\$3.8m of land acquisition which occurred earlier than expected and other programme of works \$3.3m ahead of schedule.
Community Services	18	24	- 6	
Other	109	238	- 129	This is mainly made up of \$62m Ports, \$42m property development, \$18m Panuku, mainly due to timing of settlement of potential land acquisitions.
Total Capital Expenditure	556	863	- 307	







Treasury Management Prudential Limit (as Per LTP)



■ Prudential Limit
■ Net Interest (excl WC & EMU) over Revenue

■ Prudential Limit
■ Net Interest (excl WC & EMU) over Annual Rates

■ Prudential Limit
■ Net Debt (excl WC & EMU) over Revenue

* Annualised for comparability purposes



Summary

- Operating surplus before gains and losses is \$948m vs budget of \$864m
- No significant items of concern
- Actual results in line with the phased budget
- Net fair value losses not budgeted for in the Long-term Plan
- Capital expenditure \$307m (35%) behind budget
- The group continues to manage financial performance and debt prudently in line with the long-term plan

