

Auckland Council Investor Update

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November 2020



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Overview and Key Focus Areas



Auckland – Overview



38%

of New Zealand's GDP

1.72m

Auckland population



Auckland



200+

Ethnicities in Auckland
and 49% of the
workforce born overseas

34%

of New Zealand's
population

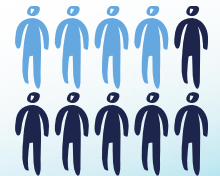


3rd=

Most liveable city
globally*

4

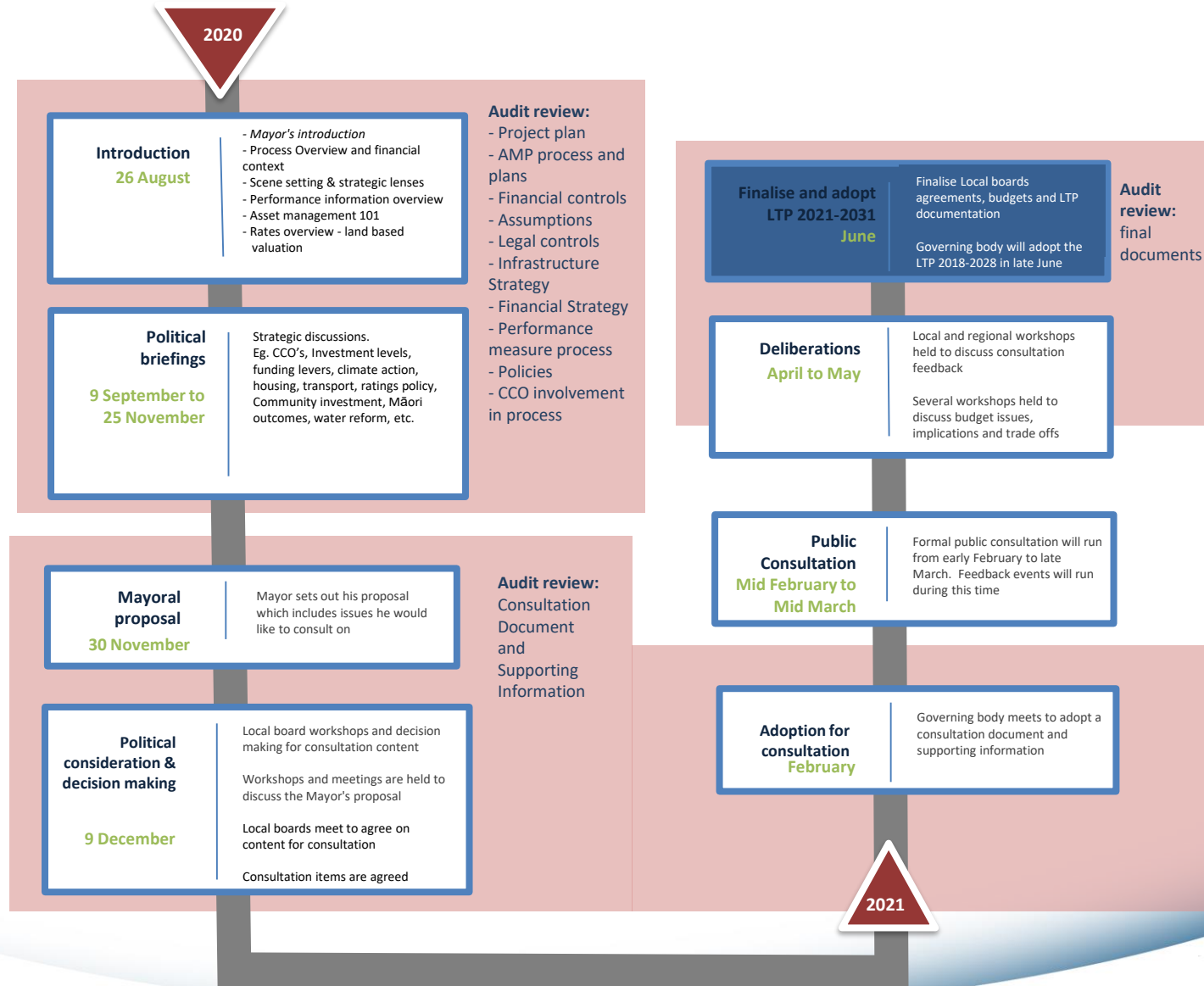
Out of every 10 New
Zealanders will live in
Auckland by 2048



Key Focus Areas- Emergency Budget

- Revenue projected to be around \$450m less than previous budget
- Drought response \$239m (capex and opex)
- Average general rates increase by 3.5%
- Capital investment \$2.5b
- Operating savings of over \$200m
- Asset recycled \$244m
- Debt to revenue ratio peaking at around 290% in FY21

Key Focus Areas – LTP 2021-2031 Road Map



Key Focus Areas

- Covid-19 response
- RFA and ATEED amalgamation
- Management changes
- Water reform
- Major capital projects
- Relationship with Central Government
- Credit ratings affirmed


Group Financial Highlights



Annual report – 4 volumes plus a summary

Volume 1 **Volume 1: Overview and Service Performance**

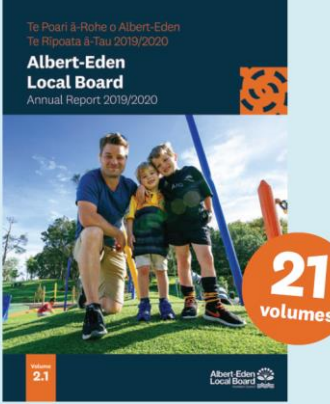
An overview of the group covering financial and non-financial performance of the group.



Volume 2 **Volume 2: Local Board reports**

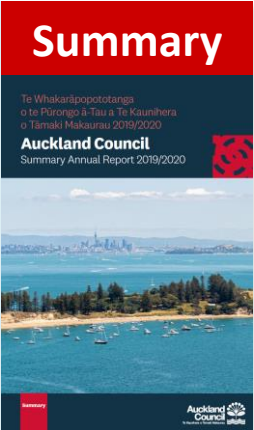
A collection of individual annual reports for each of the 21 local boards, reporting financial and non-financial performance.

21 volumes



Summary

Te Whakaropopopotanga o te Pōrongo ā-Tau ā Te Kaunihera o Tamaki Makaurau 2019/2020. Auckland Council Summary Annual Report 2019/2020.




Volume 3 **Volume 3: Financial Statements**

The financial statements of the Auckland Council Group and Auckland Council for the year ended 30 June 2020.



Volume 4 **Volume 4: Climate change risk**

A summary of the group's climate-related financial risks and opportunities.



[Link to Council's financial statements for year ended 30 June 2020](#)

Group Financial Highlights (30 June 2020)

Strong
Operational
Cashflows

\$1.4b

Large
Investment
Programme

\$2.6b

Asset Base
Growth

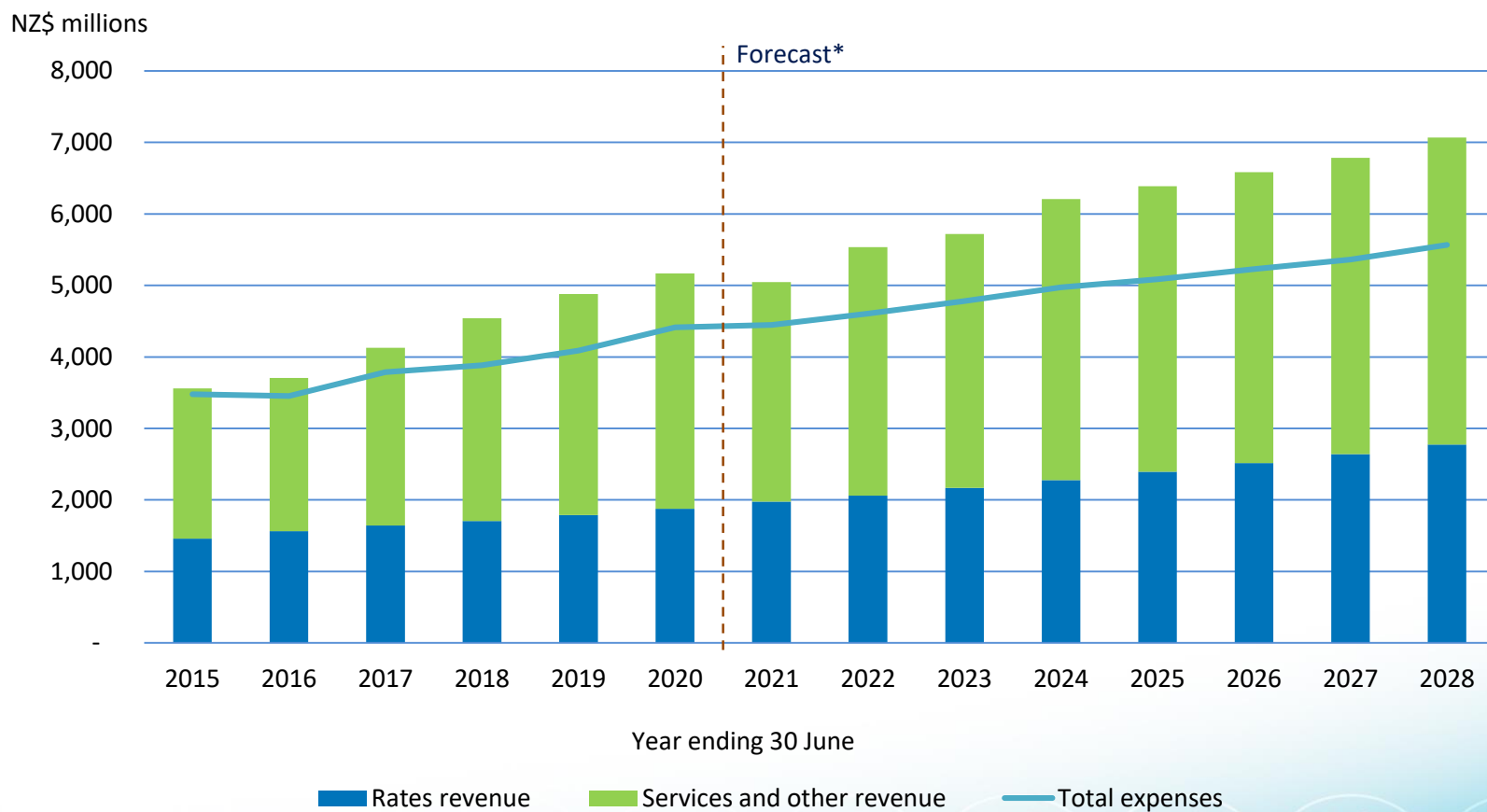
\$56.0b

Increased
Net Debt

\$9.9b

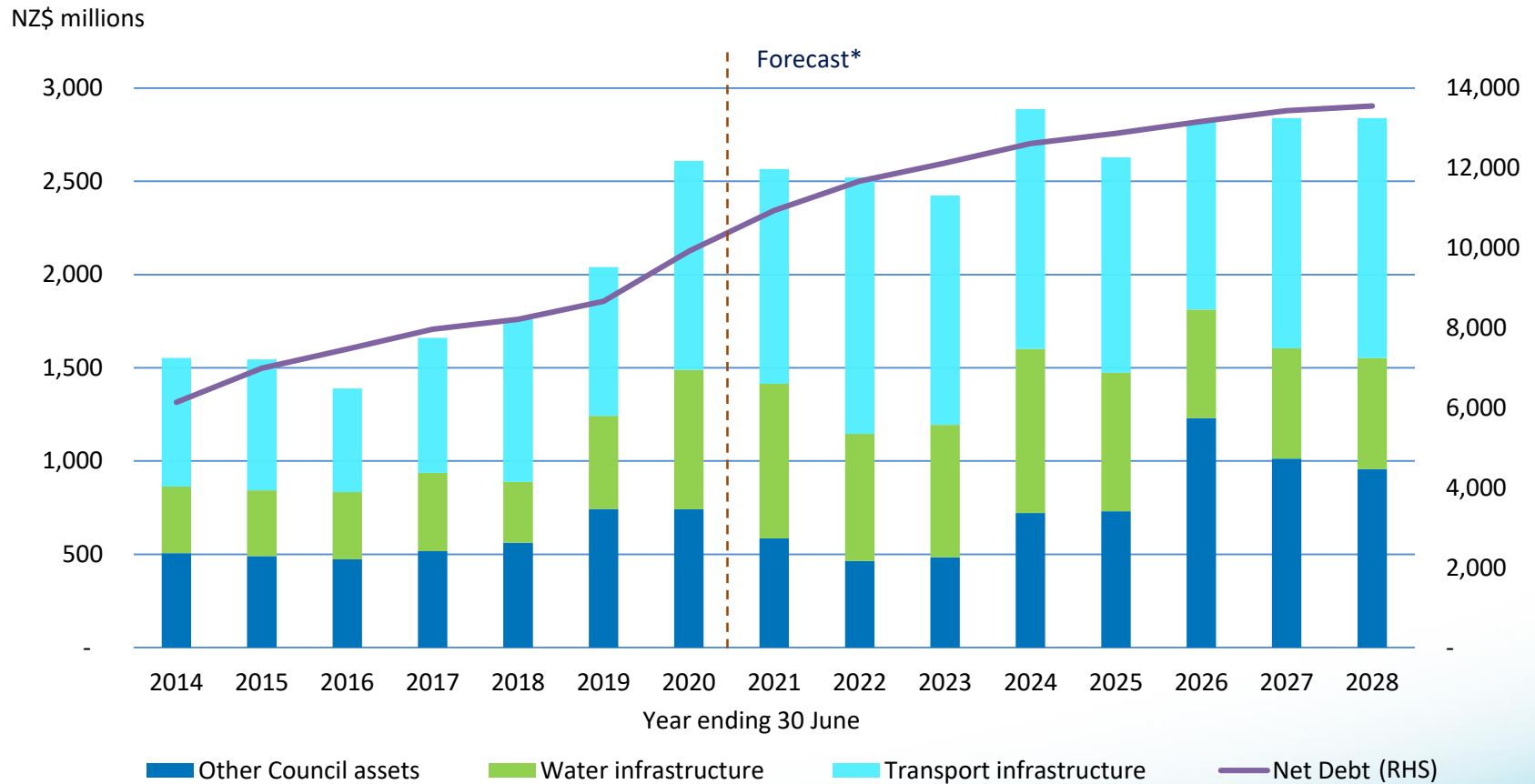
Net debt

Revenue and Expenditure



*Forecast based on Emergency Budget

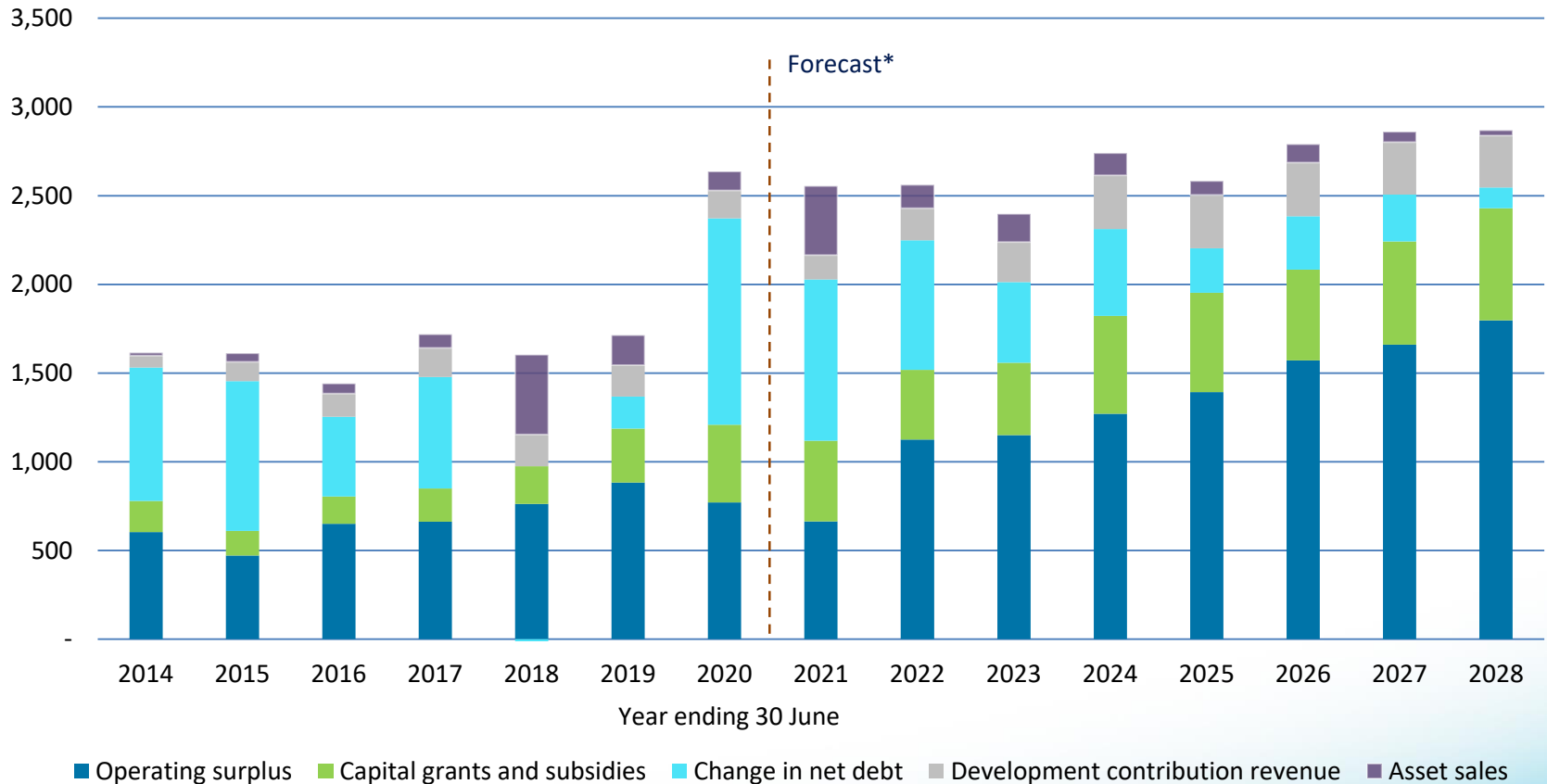
Capital Investment



*Forecast based on Emergency Budget

Capital Funding Source

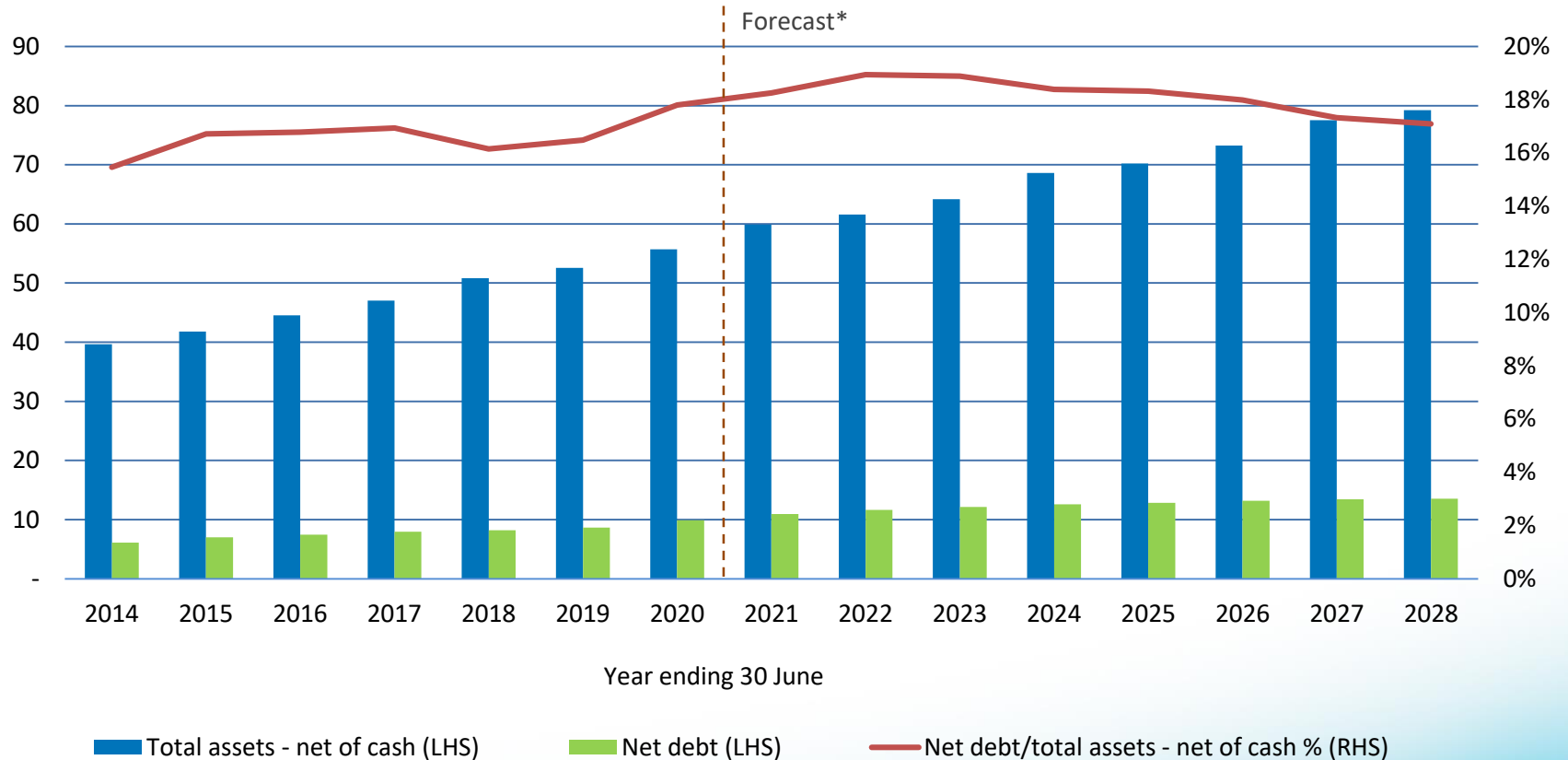
NZ\$ millions



*Forecast based on Emergency Budget

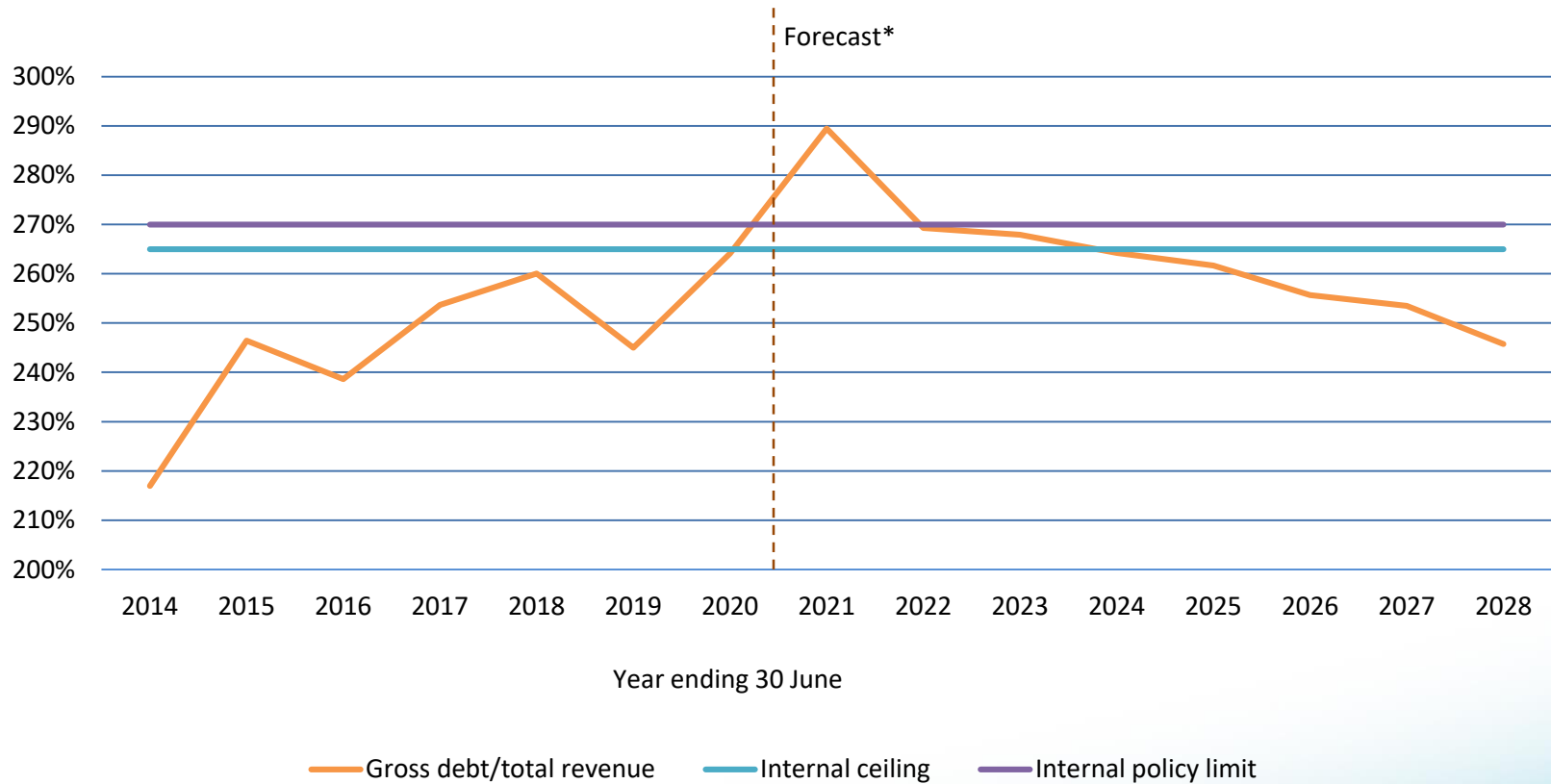
Net Debt to Assets

NZ\$ billions



*Forecast based on Emergency Budget

Gross Debt to Revenue Ratio



*Forecast based on Emergency Budget

Funding Approach and Debt Market Activity

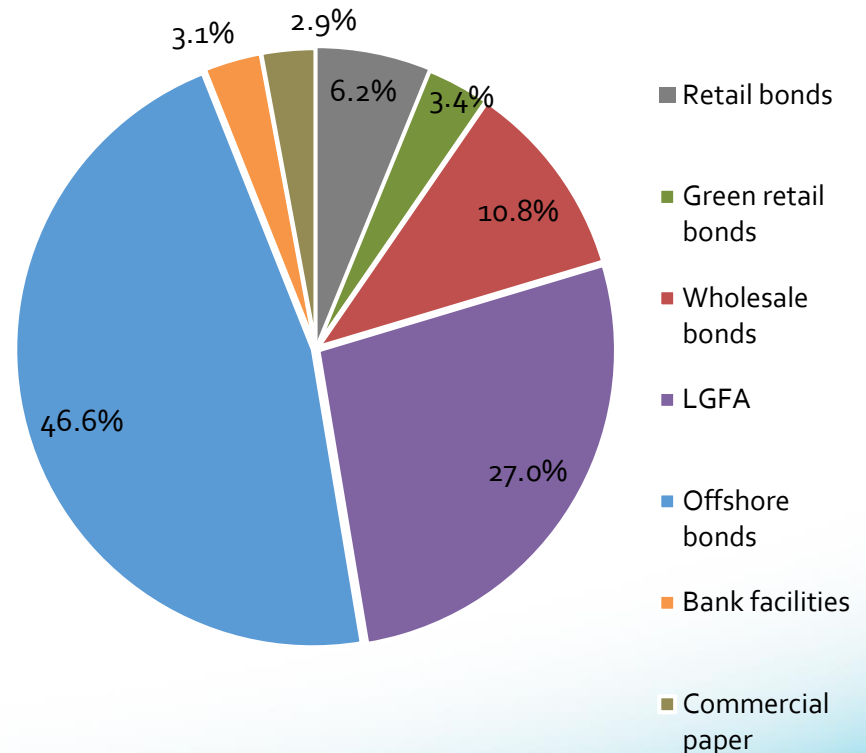


Funding Diversity

(as at 30 June 2020)

- Gross debt of NZD10.22 billion
- Multiple offshore issues
- Weighted average term of 5 years
- LGFA* - 24% vs cap of 40% of their lending
- Backed by up to NZD1.3 billion bank standby facility
- Green Bonds

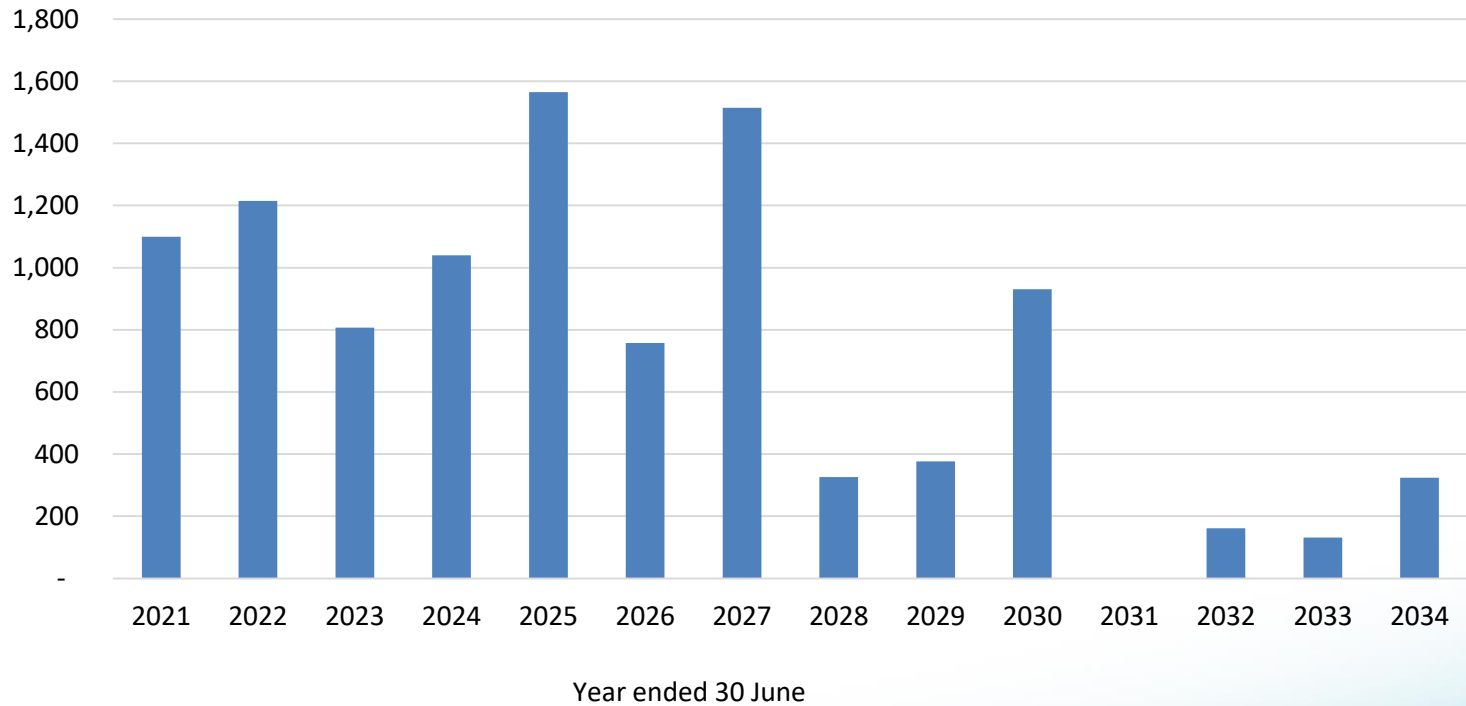
Auckland Council Group funding mix



* Local Government Funding Agency

Debt Maturity Profile (as at 30 June 2020)

NZ\$ millions



Credit Ratings

- Rating target AA/Aa2 is a core treasury policy

**S&P Global Ratings
AA (Stable Outlook)
reaffirmed September
2020**

“We expect the city's strong economic and liquidity profile, the council's experienced management, and New Zealand's excellent institutional settings to help Auckland counter these challenges and underpin its rating.”

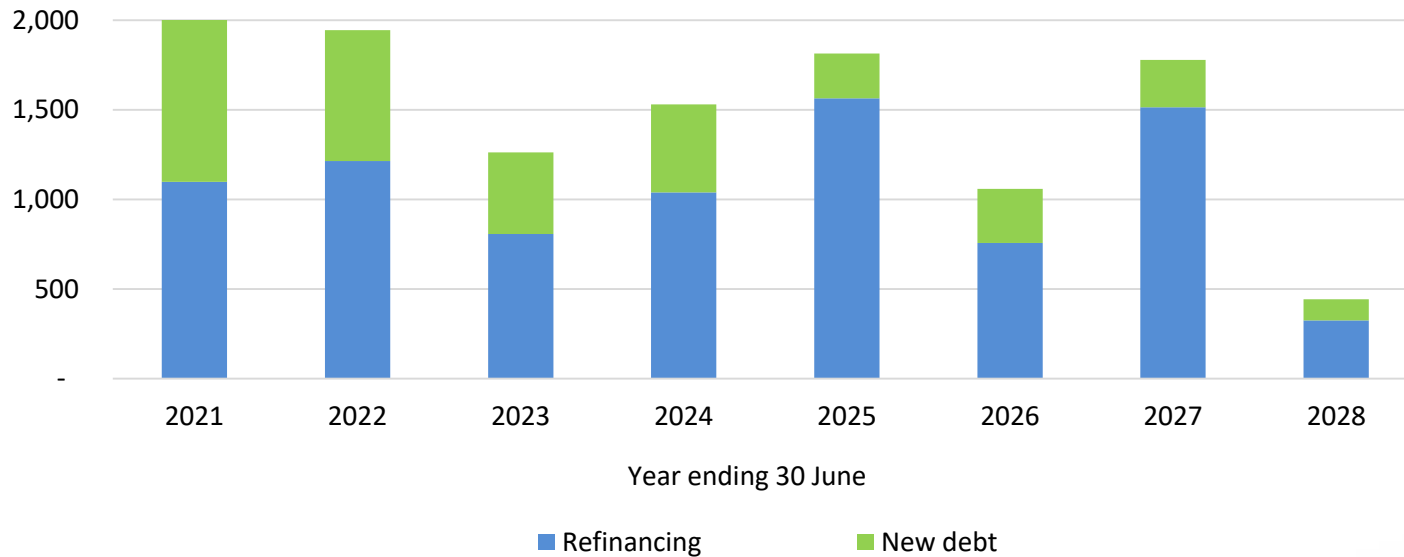
Moody's

**Aa2 (Stable Outlook)
reaffirmed April 2020**

“The rating outlook is stable, reflecting the Council's well established institutional framework which includes flexibility to adjust revenue and spending, and ensures strong governance practices through reporting and planning requirements.”

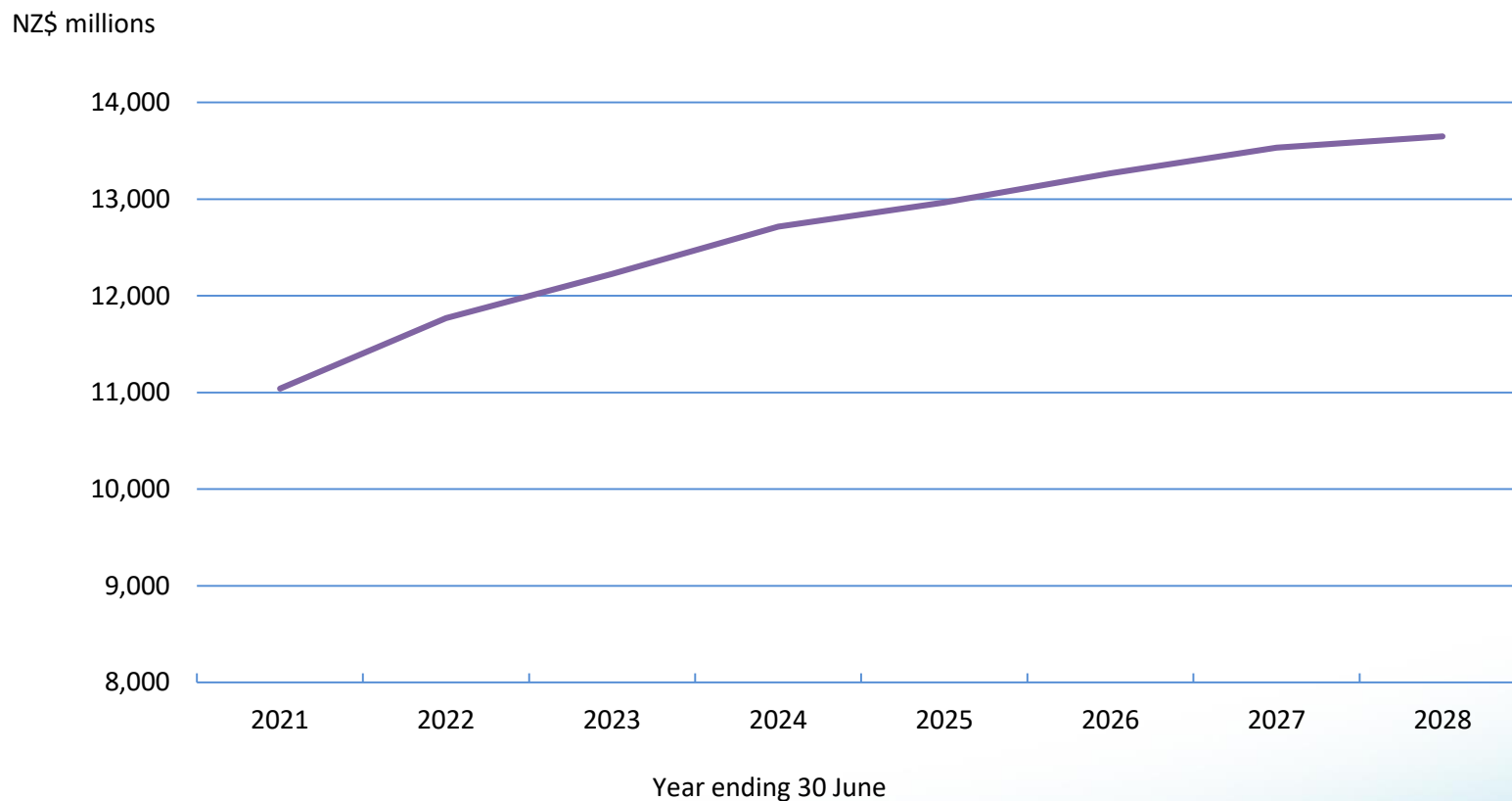
Annual Debt Requirement Forecast*

NZ\$ millions



*Forecast based on Emergency Budget

Projected Debt Forecast*



*Forecast based on Emergency Budget

Appendix



Comprehensive Revenue and Expenditure

Year to 30 June

For the period (NZ\$m)	2020	2019	2018
Rates revenue	1,877	1,790	1,707
Services and other revenues	3,291	3,089	2,836
Total revenue	5,168	4,879	4,543
Operating expenses	3,972	3,610	3,412
Finance costs	444	478	472
Total expenses	4,416	4,088	3,884
Operating surplus before gains and losses	752	791	659
Surplus after adjustments	35	175	660

Financial Position

As at (NZ\$m)	30 June 2020	30 Jun 2019	30 Jun 2018
Cash	298	294	618
Total assets	55,991	52,873	51,462
Borrowings	10,214	8,958	8,832
Total liabilities	16,142	13,831	12,660
Net assets	39,849	39,042	38,802
Net debt to total assets	17.8%	16.4%	16.0%

Cash Flow

Year to 30 June

For the period (NZ\$m)	2020	2019	2018
Operating cash flow	1,370	1,248	1,101
Investing cash flow	(2,497)	(1,683)	(1,134)
Funding cash flow	1,131	116	312

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