

Auckland Council Investor Update

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March 2021



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Mihi

Noho mai rā Tāmaki Makaurau,

moana waipiata,

maunga kākāriki.

Mai i ngā wai kaukau o ngā tūpuna,

ki ngā puke kawē i ngā reo o te tini,

i puta ai te kī mōu.

Tū ana he maunga,

takoto ana he raorao,

heke ana he awaawa.

Ko ō wahapū te ataahua,

ō tāhuna te mahora,

te taiao e whītiki nei i a koe he taonga tuku iho.

Tiakina kia meinga tonu ai koe

ko 'te tāone taioreore nui o te ao,

manakohia e te iwi pūmanawa'.

Tāmaki Mākaurau tirohia te pae tawhiti

he whakairinga tūmanako

mō ngā uri whakaheke ō āpōpō,

te toka herenga mō te hunga ka takahi ake

mā ō tomokanga,

te piriti e whakawhiti ai

tō iwi ki ngā huarahi o te ora.

Tāmaki Mākaurau e toro whakamua,

hikina te mānuka.

Tērā te rangi me te whenua te tūtaki.

Maranga me te rā, he mahi māu me tīmata,

ka nunumi ana ki te pō,

whakatārewahia ō moemoeā ki ngā whetū.

Ko te oranga mutunga mōu

kei tua i te taumata moana.

Tūwherahia ō ringa, kūmea mai ki tō uma.

Tāmaki Makaurau

he tāone ūmanga kurupounamu koe;

tukua tō rongō kia rere i te ao.

Tāmaki Makaurau

who bestrides shimmering seas,

and verdant mountains.

From the bathing waters of our forebears,

and hills that echo with voices

that acclaim.

Your mountains stand lofty,

your valleys spread from them

and your streams run freely.

Your harbours are majestic,

your beaches widespread,

the environment that surrounds you is a legacy.

Take care of it so that you will always be known

as 'the world-class city

where talent wants to be'.

Tāmaki Makaurau looking to the future,

repository of our hopes

for generations to come,

anchor stone for those who venture

through your gateway,

and the bridge that connects

your citizens to life.

Tāmaki Makaurau moving on,

accepting all challenges.

Where even heaven and earth might meet.

Rise with the sun as there is work to be done

and when evening comes,

allow your dreams to glide among the stars.

Perpetual health and growth

is beyond the horizon of cresting waves.

Open your arms and pull them to your embrace.

Tāmaki Makaurau, you are a city

where valued business and enterprise thrives;

let your good name traverse the world.

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Overview and Key Focus Areas



Auckland – Overview



38%

of New Zealand's GDP

1.72m

Auckland population



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

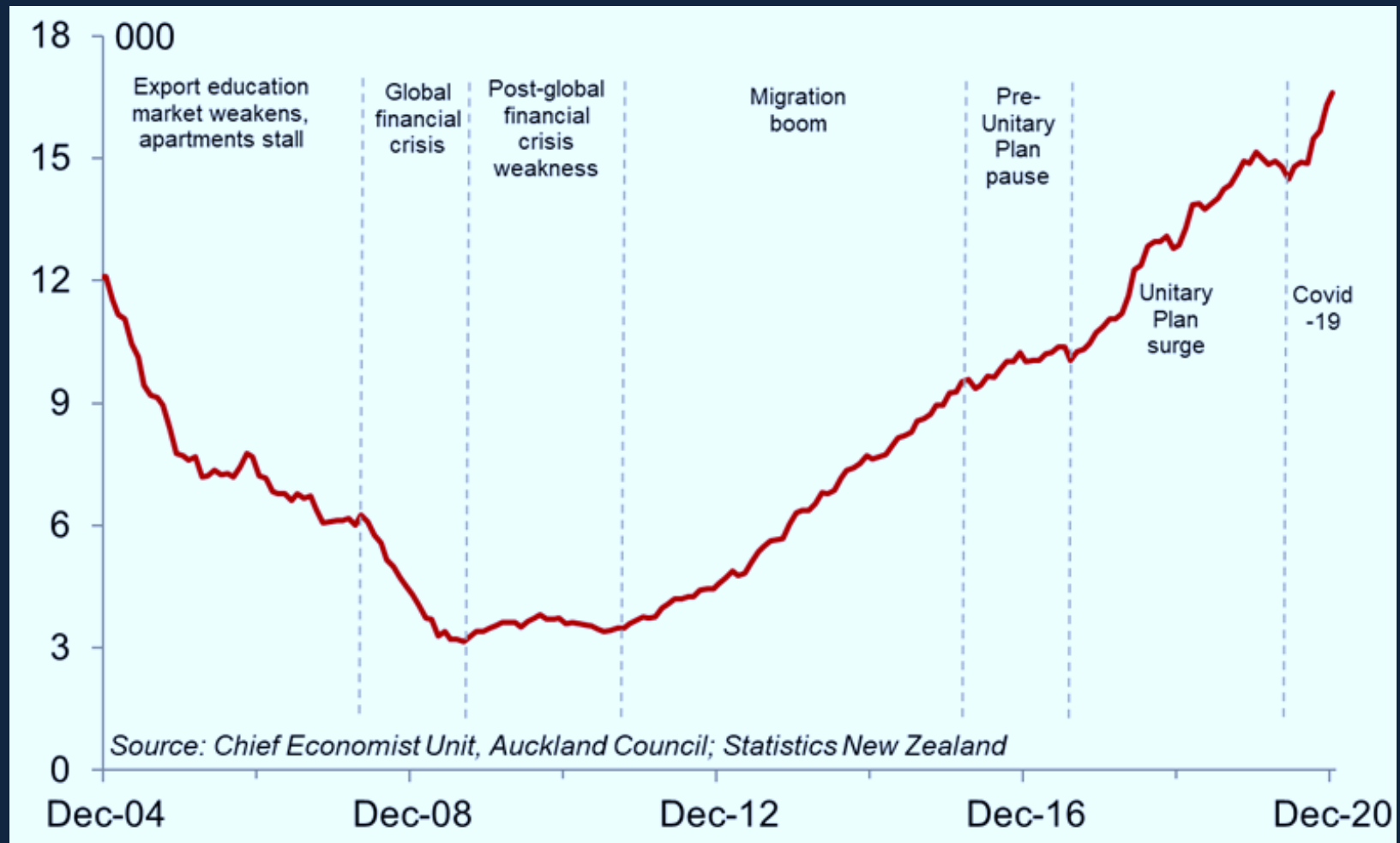


Source: Stats NZ as at 30 June 2020, Auckland Council June 2020. * Mercer 2019 Global Quality of Living City Ranking

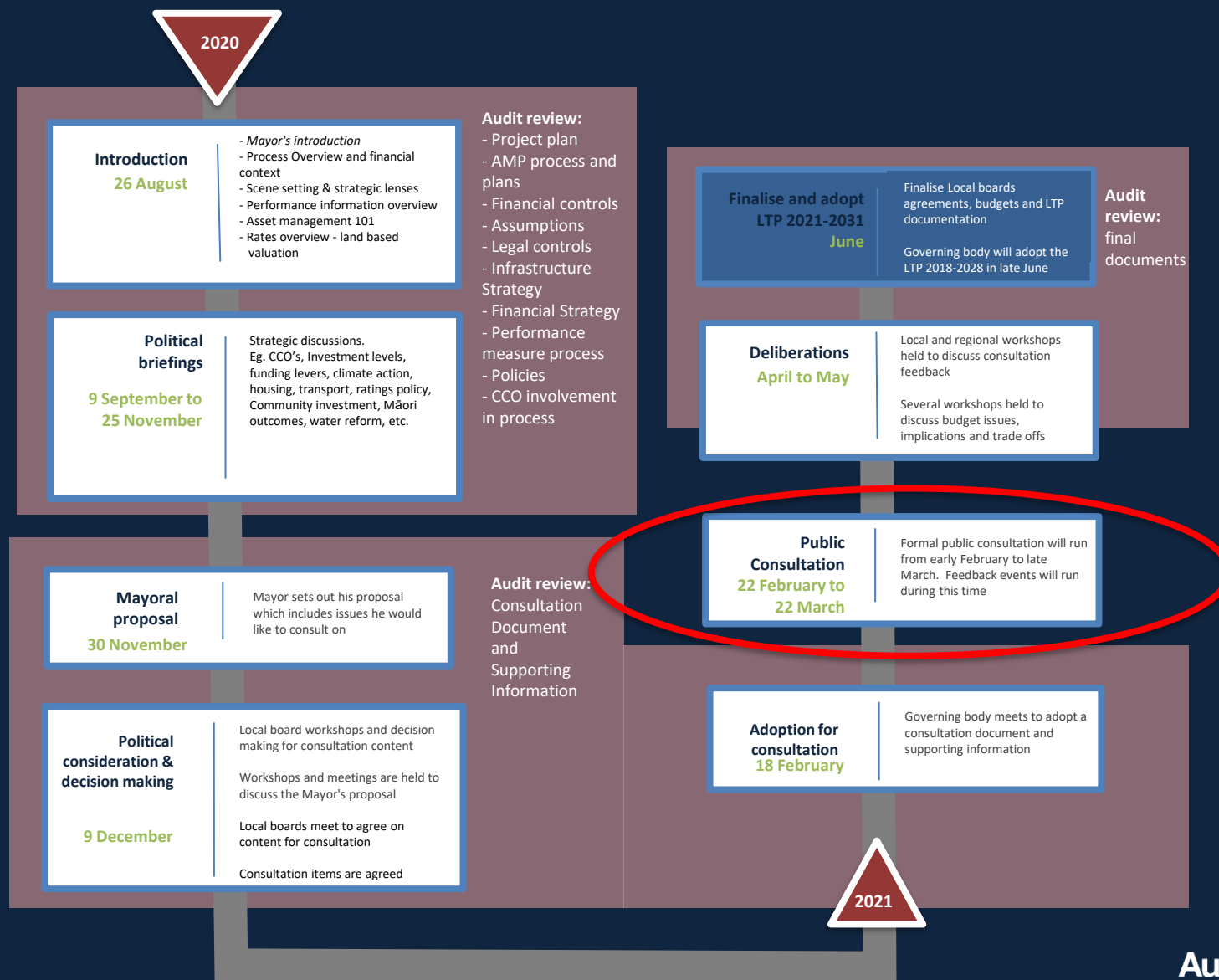
Key Focus Areas

- Covid-19 response
- Savings targets
- Water reform
- Major capital projects
- Relationship with Central Government
- Management changes
- CCO review
- Environmental issues
- Consenting activity
- 10-year Budget 2021-31 (LTP – Long-Term Plan)

Annual New Residential Dwelling Consented



10-year Budget 2021-2031 - Road Map



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Feedback form



Auckland Council
Te Kaunihera o Tamaki Makaurau

10-year Budget 2021-2031 - Challenges

Rising demand		Reducing capacity	
	Investing in transport networks		Reduced revenue due to impact of COVID-19
	Meeting changing community needs including our parks and open spaces		Existing commitments
	Repairing or replacing aging assets		Borrowing at responsible levels
	Managing the rapid growth of our region		
	Supporting Auckland's recovery		
	Responding to climate change		

? Consider the overall impacts of all proposals

Group Financial Highlights



Group Financial Highlights (31 December 2020)

Strong
Operational
Cashflows

\$862m

Cashflow from
operating
activities

Large
Investment
Programme

\$1.2b

Capital
investment

Asset Base
Growth

\$58.2b

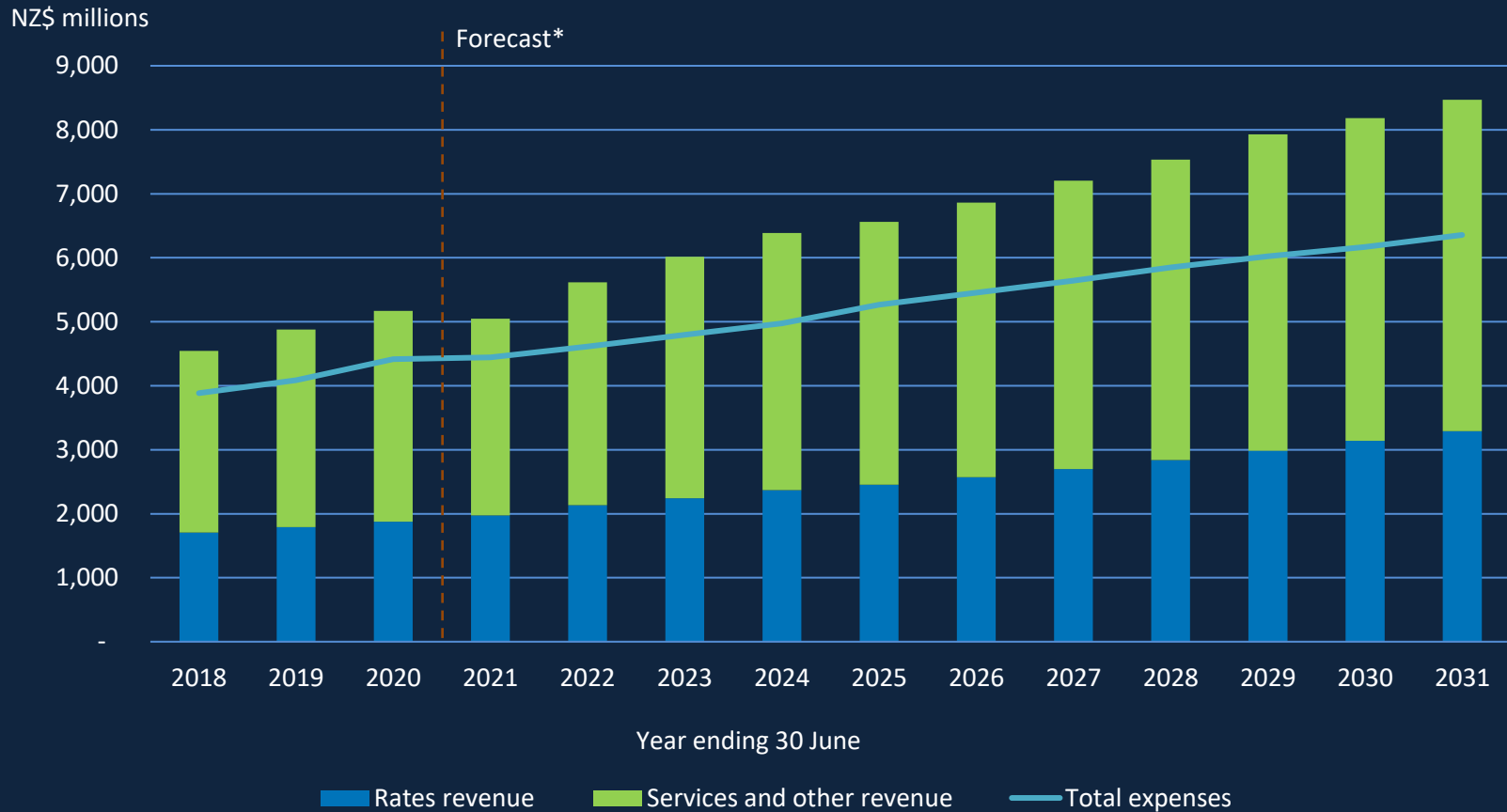
Total assets

Increased
Net Debt

\$10.1b

Net debt

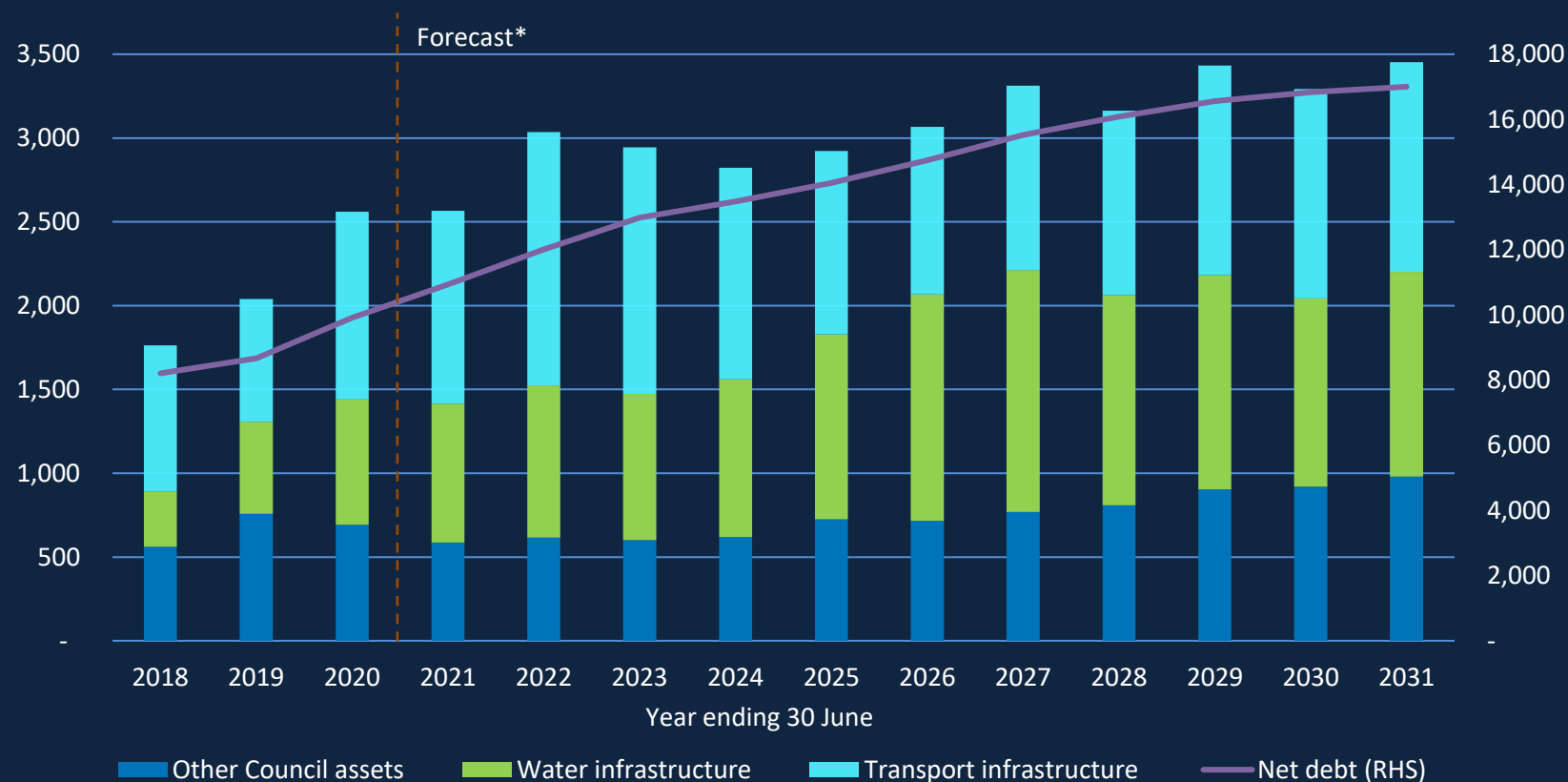
Revenue and Expenditure



*2021 Forecast based on Emergency Budget, other forecasts based on LTP consultation documents released in February 2021. Subject to change when LTP is adopted by 1 July 2021.

Capital Investment

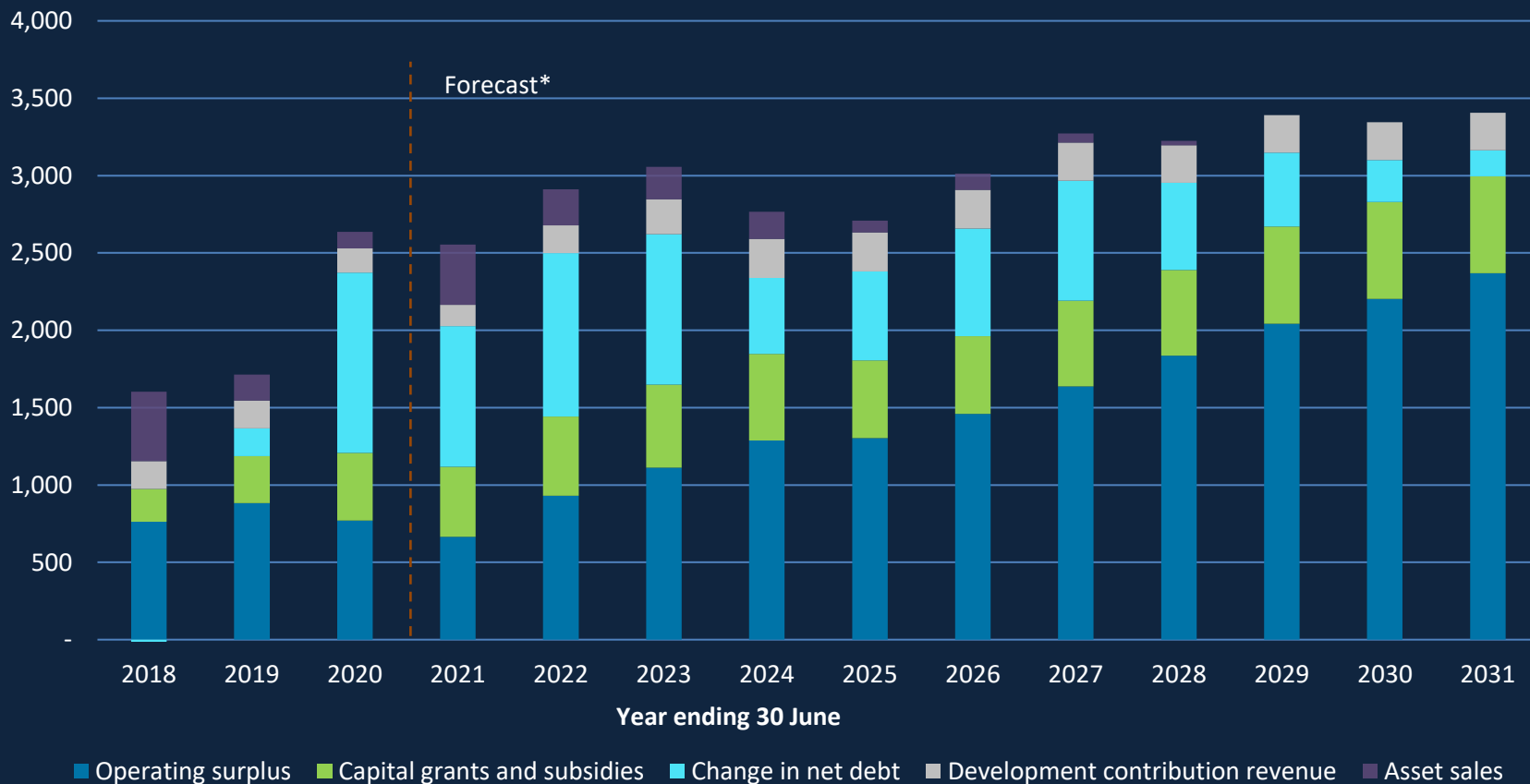
NZ\$ millions



*2021 Forecast based on Emergency Budget, other forecasts based on LTP consultation documents released in February 2021. Subject to change when LTP is adopted by 1 July 2021.

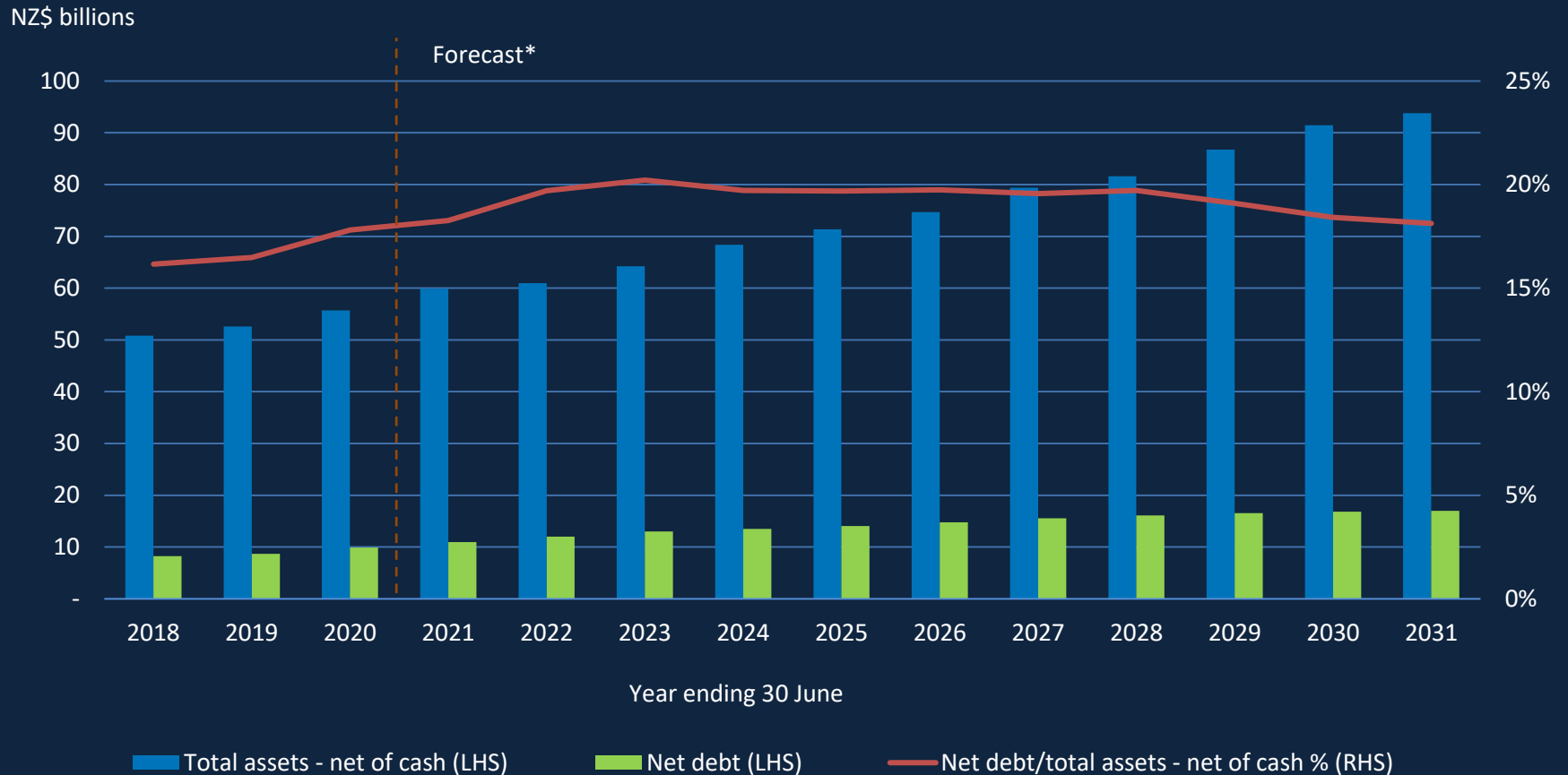
Capital Funding Source

NZ\$ millions



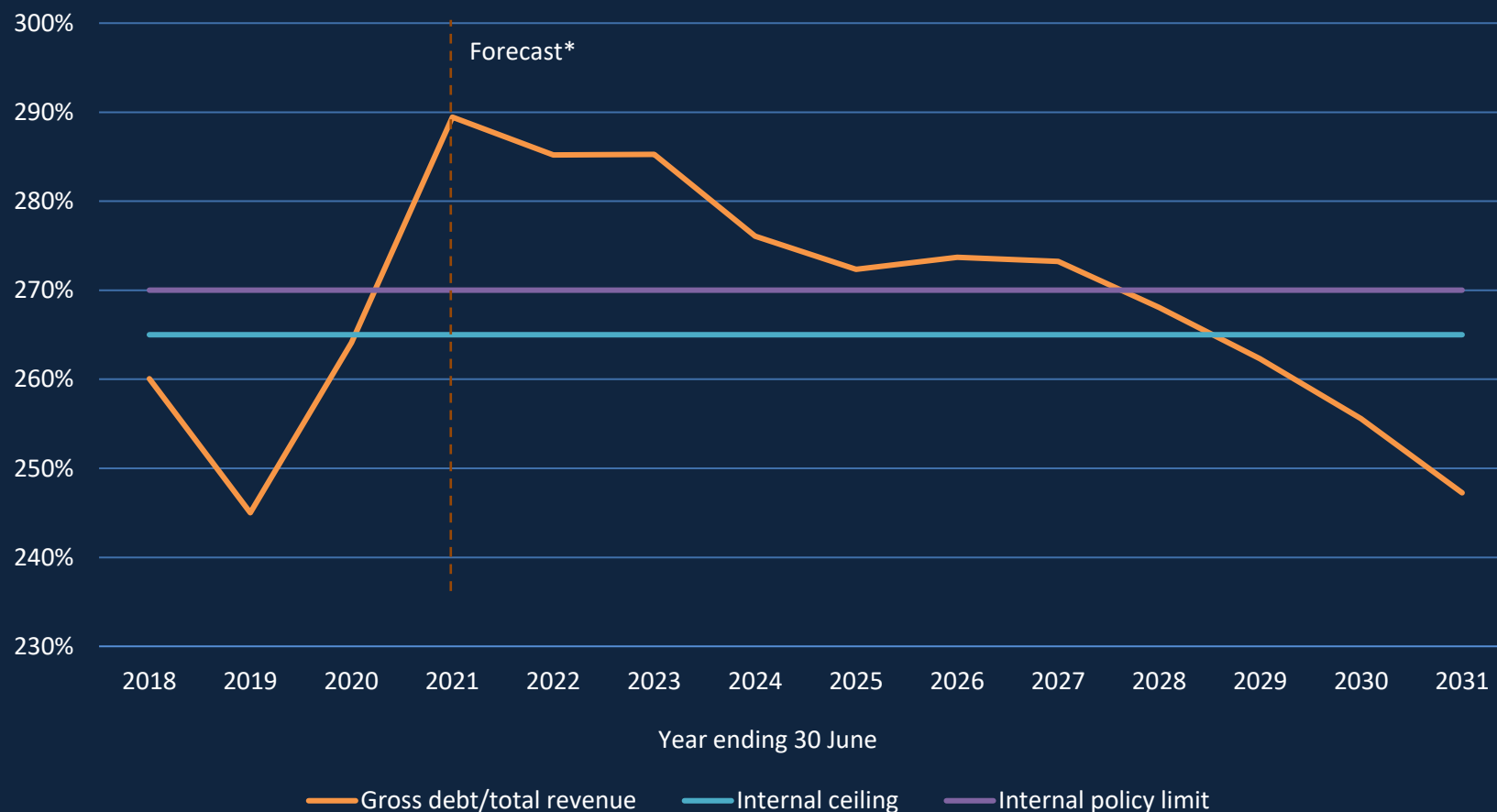
*2021 Forecast based on Emergency Budget, other forecasts based on LTP consultation documents released in February 2021. Subject to change when LTP is adopted by 1 July 2021.

Net Debt to Assets



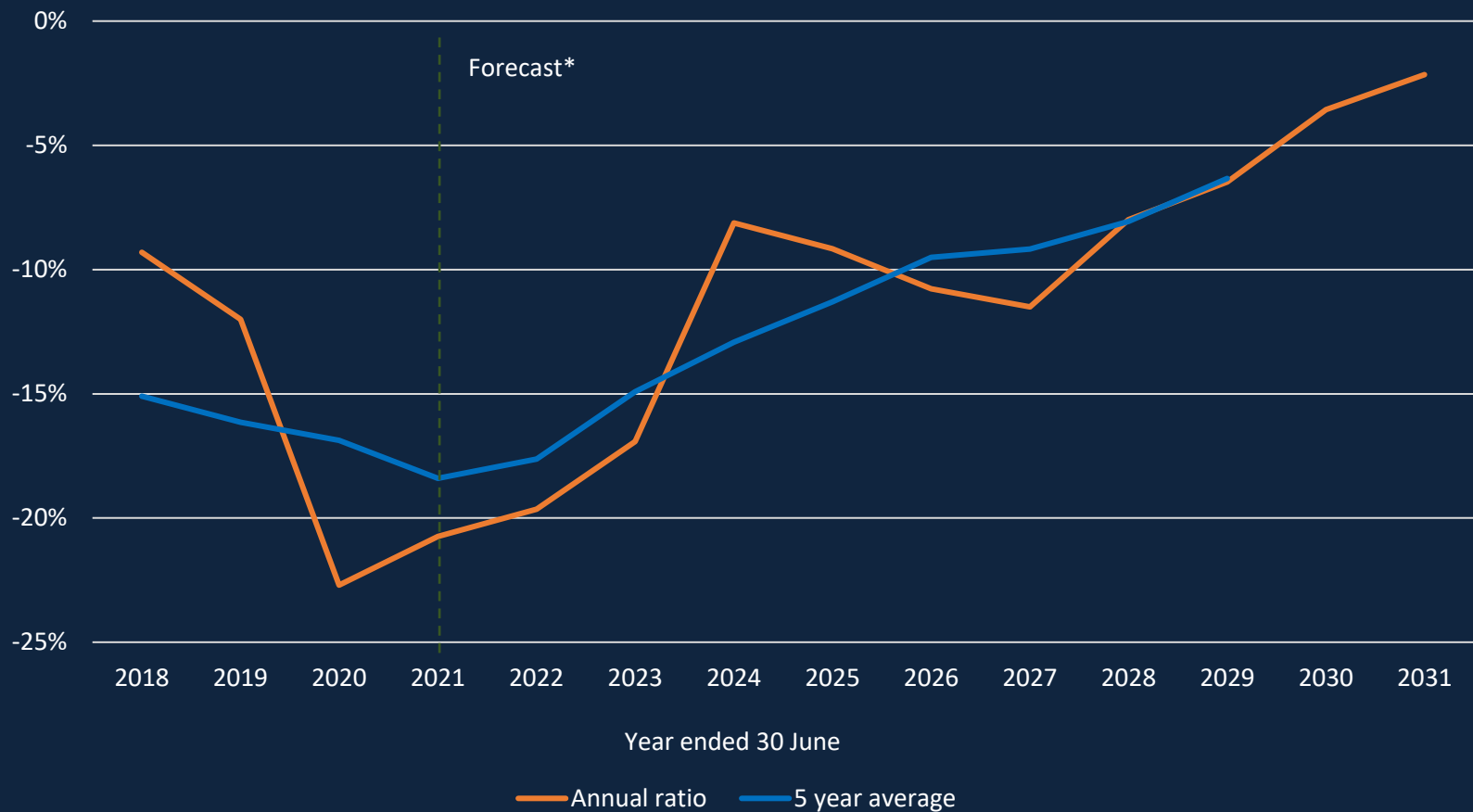
*2021 Forecast based on Emergency Budget, other forecasts based on LTP consultation documents released in February 2021. Subject to change when LTP is adopted by 1 July 2021.

Gross Debt to Revenue Ratio



*2021 Forecast based on Emergency Budget, other forecasts based on LTP consultation documents released in February 2021. Subject to change when LTP is adopted by 1 July 2021.

Balance After Capital Accounts (% of Total Revenues)



*The forecasts are based on LTP consultation documents released in February 2021. Subject to change when LTP is adopted by 1 July 2021.

Funding Approach and Debt Market Activity

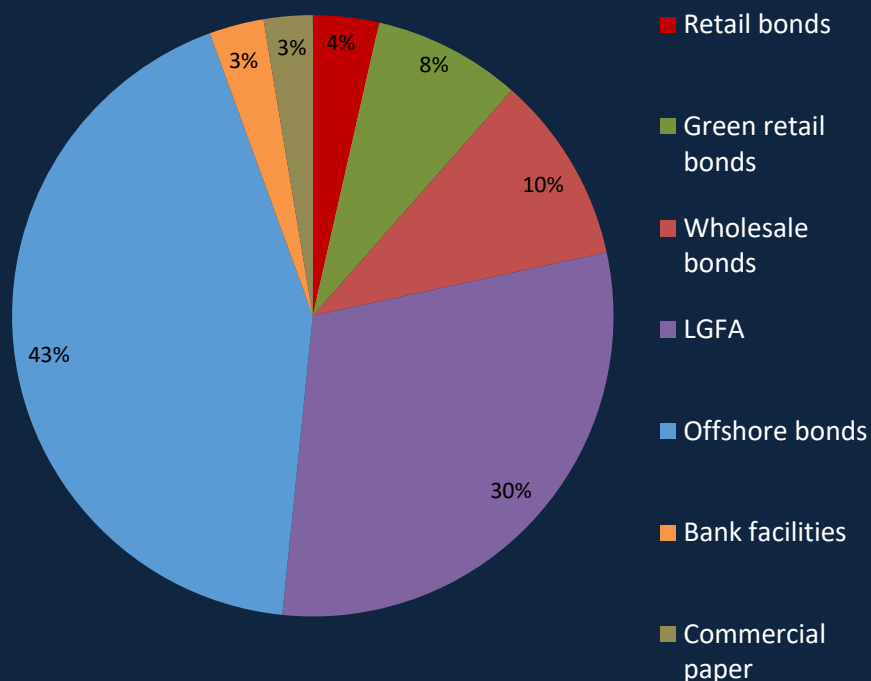


Funding Diversity

(as at 31 December 2020)

- Gross debt of NZD10.7 billion
- Multiple offshore issues
- Weighted average term of 6.3 years
- LGFA* - 24% vs cap of 40% of their lending
- Backed by up to NZD1.3 billion bank and LGFA standby facilities
- Green Bonds

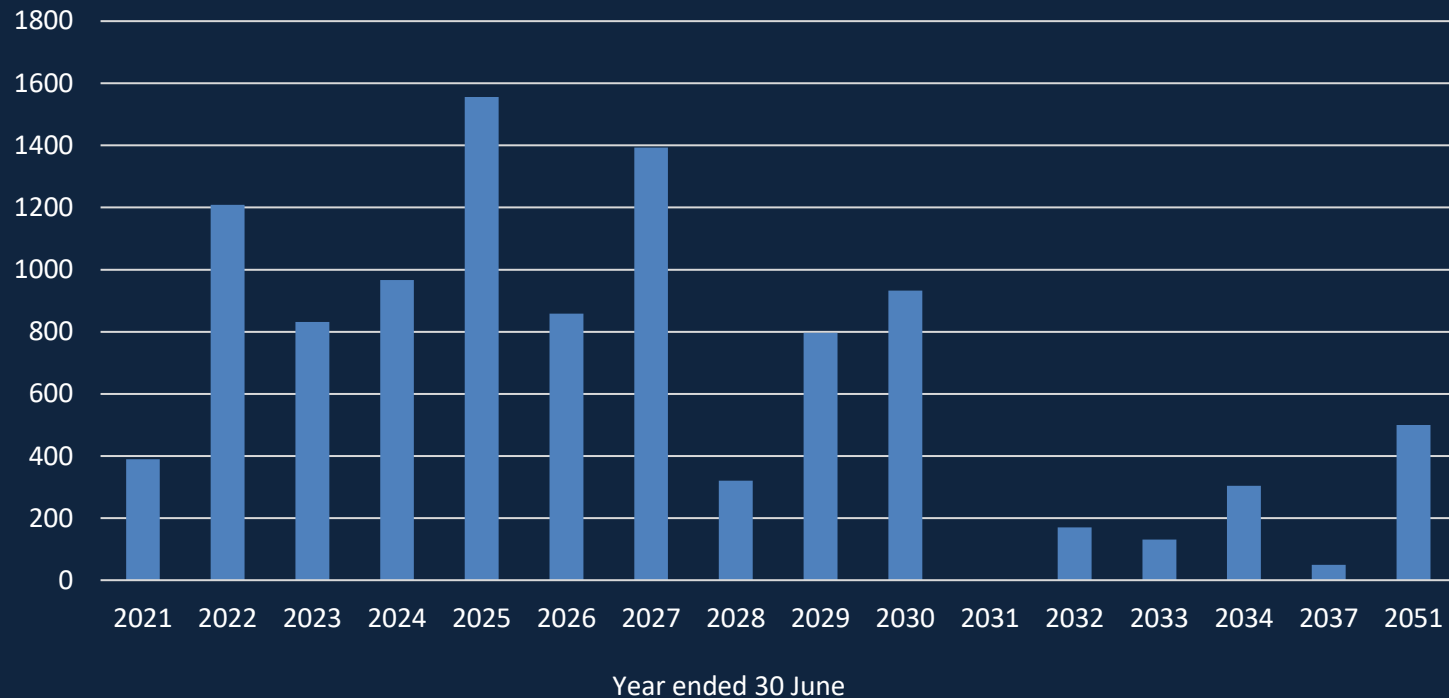
Auckland Council Group funding mix



* Local Government Funding Agency

Long-Term Debt Maturity Profile (as at 31 December 2020)

NZ\$ millions



Credit Ratings

- Rating target AA/Aa2 is a core treasury policy

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

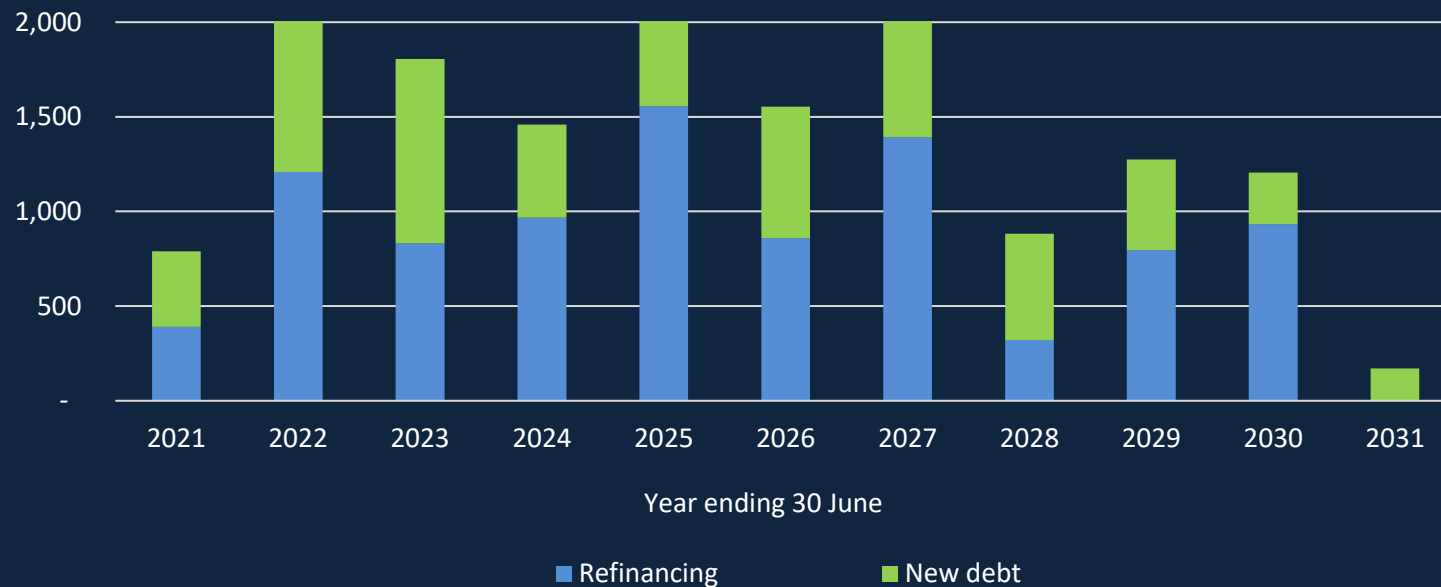
"We expect the city's strong economic and liquidity profile, the council's experienced management, and New Zealand's excellent institutional settings to help Auckland counter these challenges and underpin its rating."

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 Long-Term Debt Requirement Forecast*

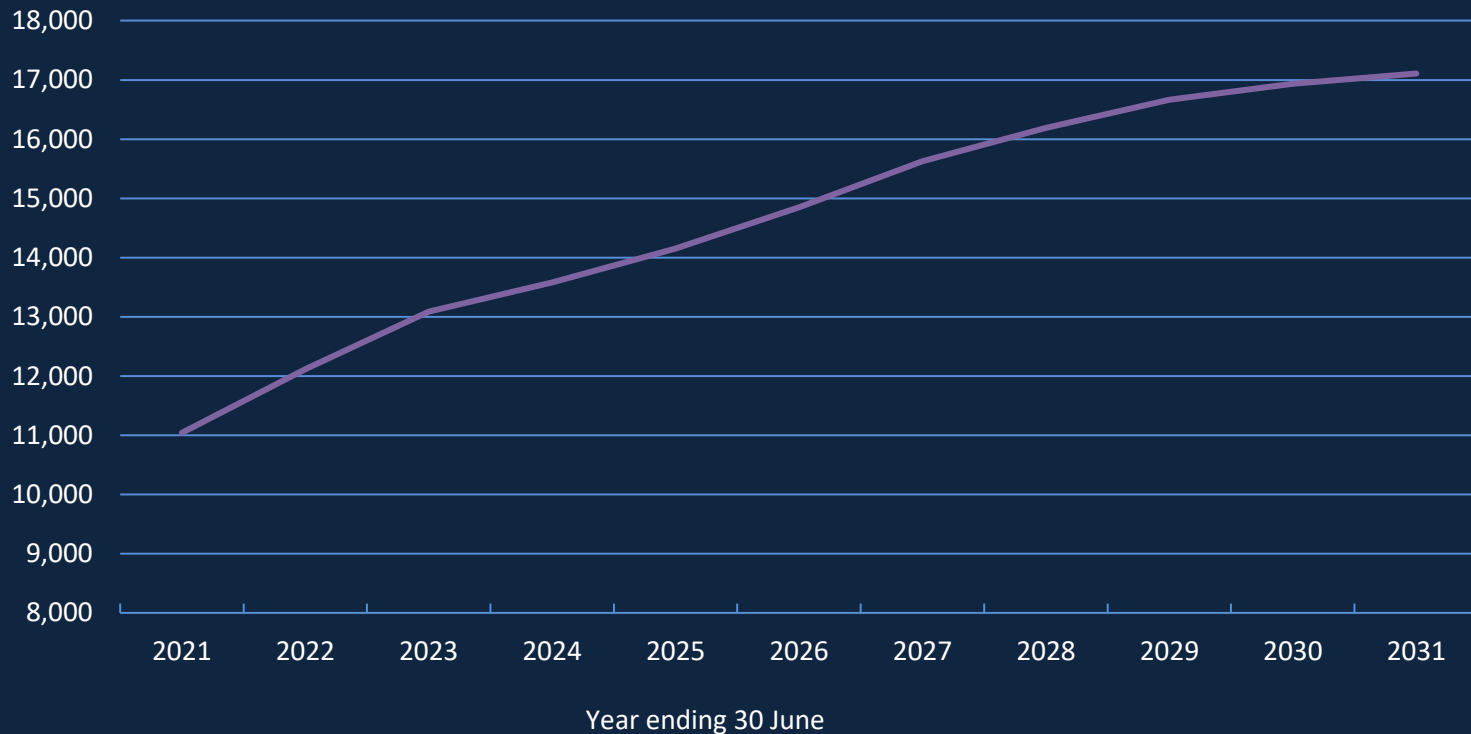
NZ\$ millions



*2021 Forecast based on Emergency Budget, other forecasts based on LTP consultation documents released in February 2021. Subject to change when LTP is adopted

Projected Debt Forecast*

NZ\$ millions



*2021 Forecast based on Emergency Budget, other forecasts based on LTP consultation documents released in February 2021. Subject to change when LTP is adopted

Appendix



Revenue and Expenditure - 31 December 2020

For the period (NZ\$m)	Six months to 31 Dec 2020*	Six months to 31 Dec 2019*	Year to 30 Jun 2020	Year to 30 Jun 2019
Rates revenue	1,973**	1,871**	1,877	1,790
Services and other revenues	1,619	1,623	3,291	3,089
Total revenue	3,592	3,494	5,168	4,879
Operating expenses	1,993	1,928	3,972	3,610
Finance costs	200	217	444	478
Total expenses	2,193	2,145	4,416	4,088
Operating surplus before gains and losses	1,399	1,349	752	791
Surplus after income tax	1,612	1,316	35	175

* Unaudited results

** Note full year rates revenue recognised in interim results

Financial Position – 31 December 2020

As at (NZ\$m)	31 Dec 2020*	31 Dec 2019*	30 Jun 2020	30 Jun 2019
Cash	598	173	298	294
Total assets	58,224	54,692	55,991	52,873
Borrowings	10,733	9,378	10,214	8,958
Total liabilities	16,496	14,321	16,142	13,831
Net assets	41,728	40,371	39,849	39,042
Net debt to total assets	17.4%	16.8%	17.8%	16.4%

* Unaudited results

Cash Flow – 31 December 2020

For the period (NZ\$m)	Six months to 31 Dec 2020*	Six months to 31 Dec 2019*	Year to 30 Jun 2020	Year to 30 Jun 2019
Operating cash flow	862	746	1,370	1,248
Investing cash flow	(1,170)	(1,370)	(2,497)	(1,683)
Funding cash flow	604	497	1,131	116
Net increase/(decrease) in cash and cash equivalents and bank overdrafts	296	(127)	4	(319)

* Unaudited results

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