

A night-time photograph of the Auckland skyline. The Sky Tower is the central focus, illuminated with green and red lights. To its left, the Auckland City Hall is visible with its distinctive blue-lit top. The foreground shows a harbor with several boats, including a large white sailboat on the left. The water reflects the city lights. The sky is a deep blue.

Auckland Council Investor Update

March 2023

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Mihi

Noho mai rā Tāmaki Makaurau, moana waipiata, maunga kākārīki.	Tāmaki Makaurau who bestrides shimmering seas, and verdant mountains.
Mai i ngā wai kaukau o ngā tūpuna, ki ngā puke kawē i ngā reo o te tini, i puta ai te kī mōu	From the bathing waters of our forebears, and hills that echo with voices that acclaim.
Tū ana he maunga, takoto ana he raorao, heke ana he awaawa.	Your mountains stand lofty, your valleys spread from them and your streams run freely.
Ko ō wahapū te ataahua, ō tāhuna te mahora,	Your harbours are majestic, your beaches widespread,
te taiao e whītiki nei i a koe he taonga tuku iho.	the environment that surrounds you is a legacy.
Tiakina kia meinga tonu ai koe ko 'te tāone taioreore nui o te ao, manakohia e te iwi pūmanawa'.	Take care of it so that you will always be known as 'the world-class city where talent wants to be'.
Tāmaki Mākaurau tirohia te pae tawhiti he whakairinga tūmanako mō ngā uri whakaheke o āpōpō, te toka herenga mō te hunga ka tahaki ake mā ō tomokanga, te piriti e whakawhiti ai tō iwi ki ngā huarahi o te ora.	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 Mākaurau e toro whakamua, hīkina te mānuka.	Tāmaki Makaurau moving on. accepting all challenges.
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.	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.
Ko te oranga mutunga mōu kei tua i te taumata moana.	Perpetual health and growth is beyond the horizon of cresting waves.
Whakatuwherahia ō ringa, kūmea mai ki i tō uma.	Open your arms and pull them to your embrace.
Tāmaki Makaurau he tāone ūmanga kurupounamu koe; tukua tō rongo kia rere i te ao.	Tāmaki Makaurau, you are a city where valued business and enterprise thrives; let your good name traverse the world.



Contents

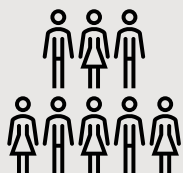
Overview	5
Key focus areas and group financial highlights	8
Funding approach and debt market activity	14
Appendix	20
Contact details	33



Overview



New Zealand overview



5.1m¹

New Zealand's population



NZ\$375b¹

New Zealand's GDP



2.7%¹

Annual GDP Growth



7.2%³

New Zealand's annual CPI



0.62²

NZD/USD Exchange Rate



1.70²

EUR/NZD Exchange Rate



3.4%³

Unemployment Rate



4.75%⁴

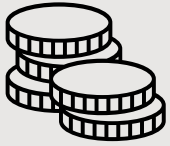
Official Cash Rate



1. Statistics New Zealand September 2022
2. Bloomberg as at 22 February 2023
3. RBNZ as at December 2022
4. RBNZ as at 22 February 2023 Monetary Policy Statement



Auckland overview



37%¹
of New Zealand's GDP



1.72m²
Auckland population



33%²
of New Zealand's population

Auckland

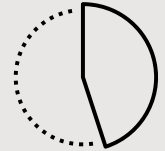
4.1%³

annual increase in
residential building
consents for the year
ended January 2023



37%⁴

of New Zealanders are
forecast to live in
Auckland by 2048



1. Infometrics Quarterly Economic Monitor (regional GDP provisional estimate) December 2022
2. Statistics New Zealand June 2022
3. Auckland Council Economic Update January 2023 (actual number 21,163 consents)
4. Statistics New Zealand (provisional estimate) December 2022



Key focus areas and group financial highlights



Key focus areas



Responding to the weather events

Significant capital projects

Budget challenges and consultation

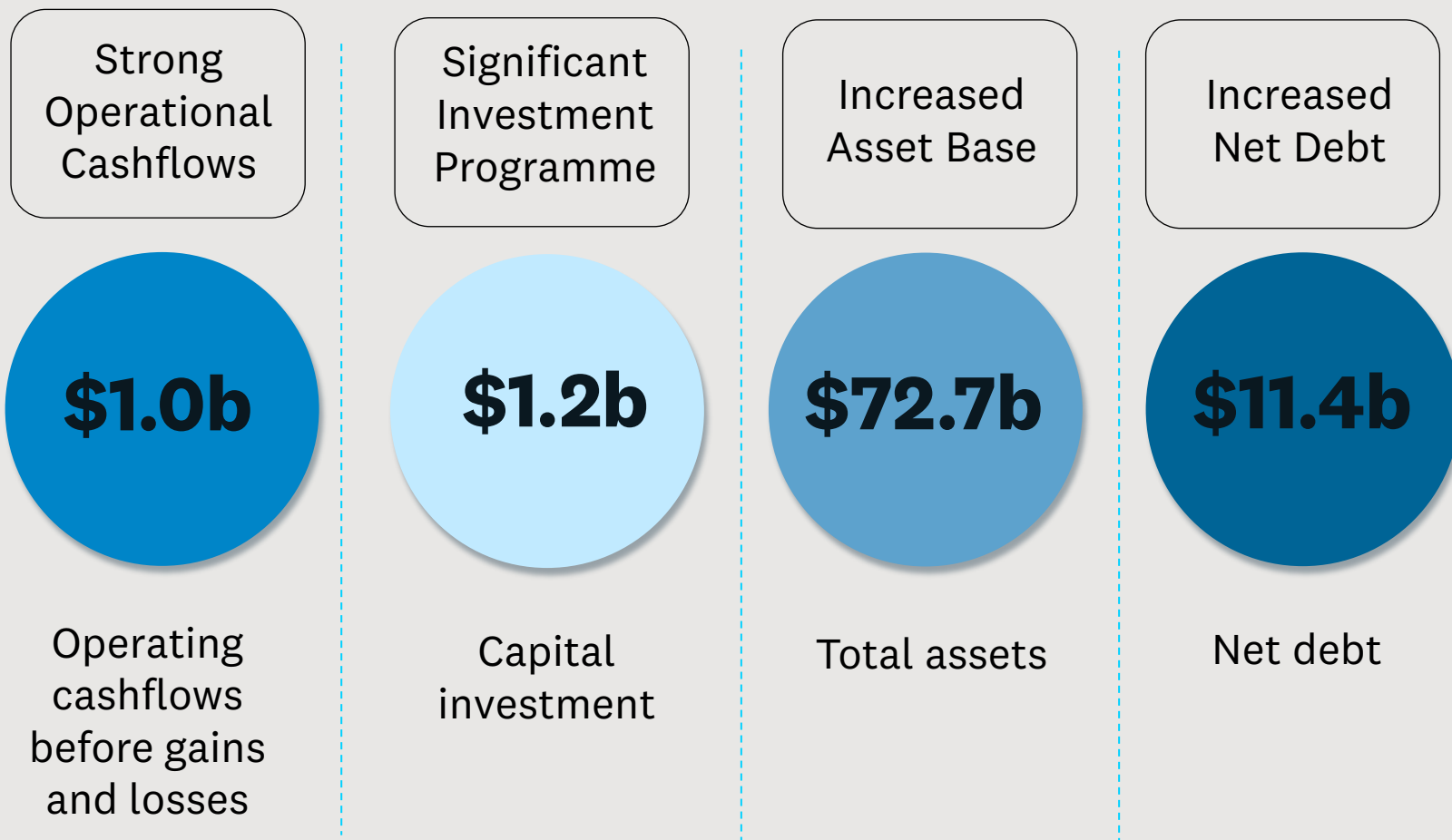
Government reforms (e.g. three waters, future of local government, etc.)

Management update

[Link to Annual Budget 2023/2024 consultation documents](#)



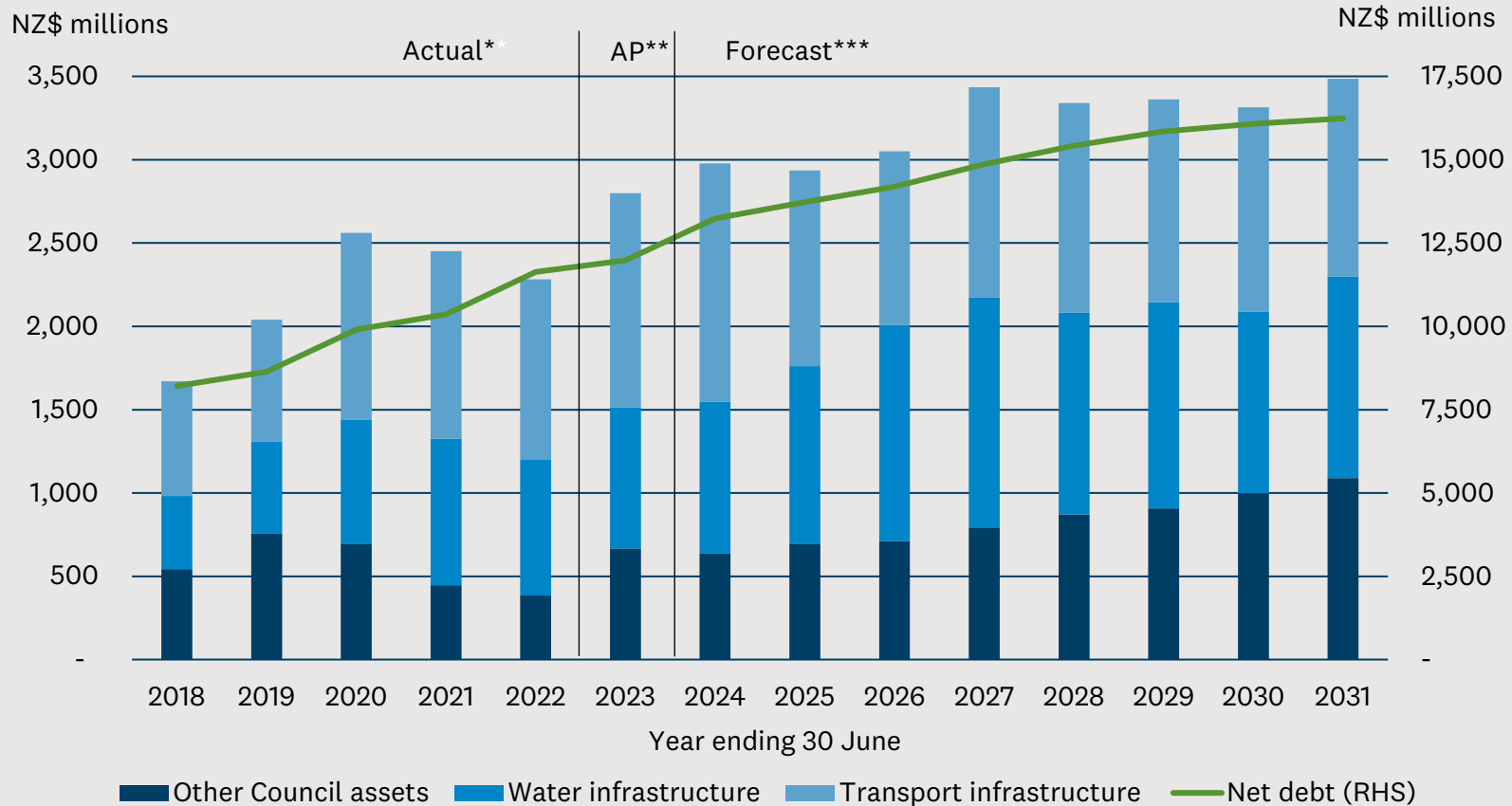
Group financial highlights (31 December 2022)



[Link Interim Report 31 December 2022](#)



Capital investment



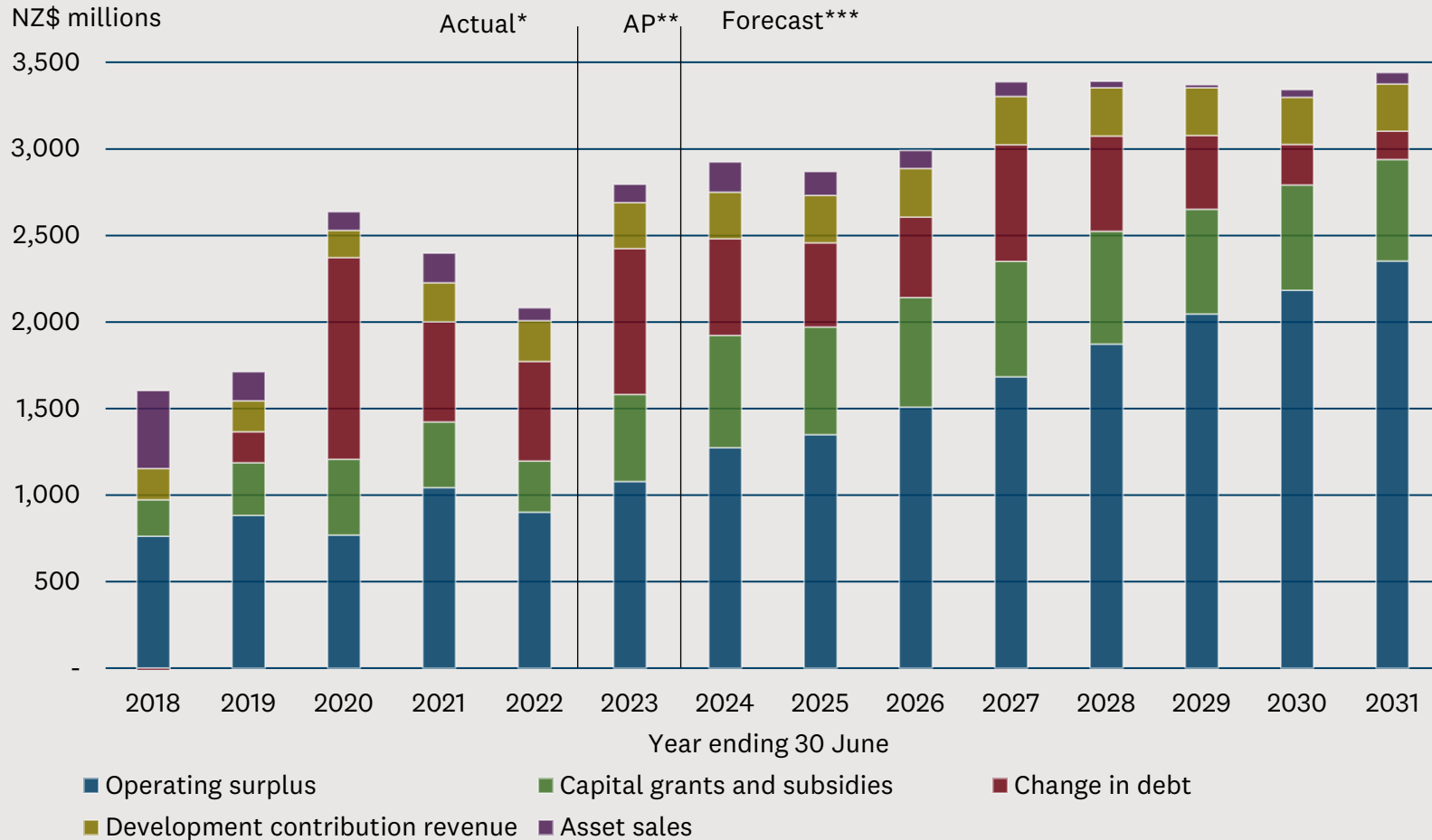
*Actual are audited results

**AP (Annual Plan) based on Annual Budget 2022/2023

***Forecast based on Long Term Plan 2021-2031



Capital funding sources



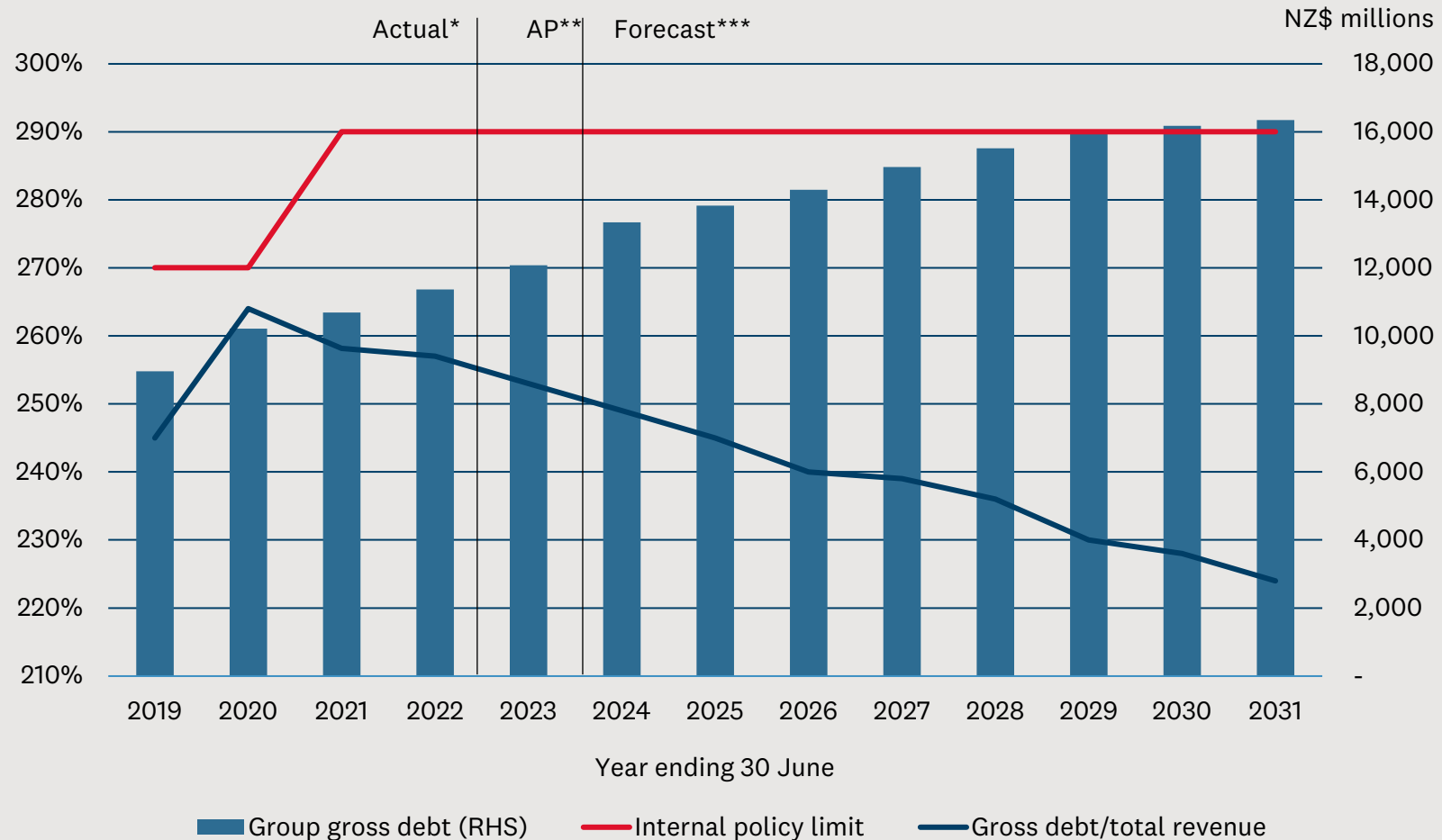
*Actual are audited results

**AP (Annual Plan) based on Annual Budget 2022/2023

***Forecast based on Long Term Plan 2021-2031



Gross debt to revenue ratio and annual debt



* Actual are audited results

**AP (Annual Plan) based on Annual Budget 2022/2023

*** Gross debt to total revenue figures based on forecasts published in Annual Budget FY23, new debt and refinancing figures obtained from Long-Term Plan 2021-2031



Funding approach and debt market activity

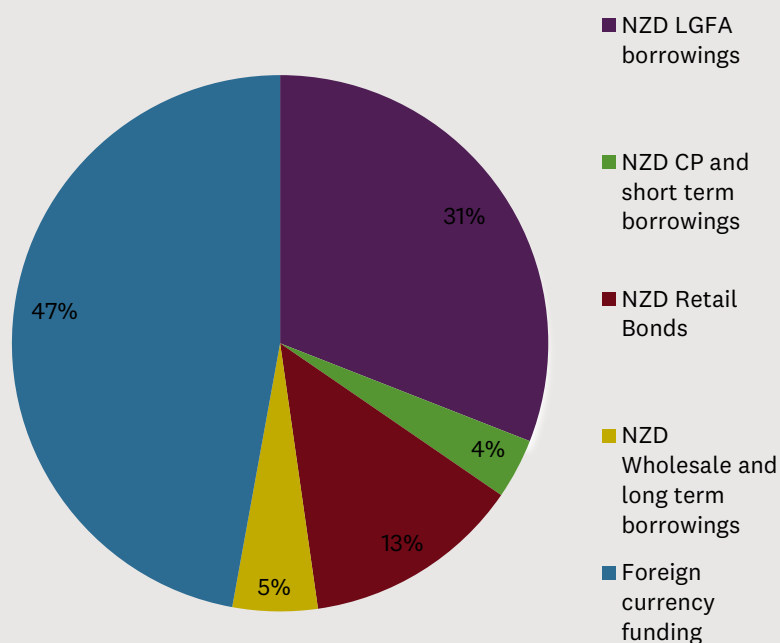


Funding diversity

(as at 31 December 2022)

- Gross debt of NZ\$11.8 billion
- Weighted average term of 5.7 years
- LGFA* - 22% of LGFAs total lending vs 40% cap of LGFA's total lending
- Backed by up to NZ\$1.35 billion LGFA and bank standby facilities
- 7 Green bonds of NZ\$2.35 billion (NZD, EUR and CHF issues) = 20% of total debt

Auckland Council Group funding mix



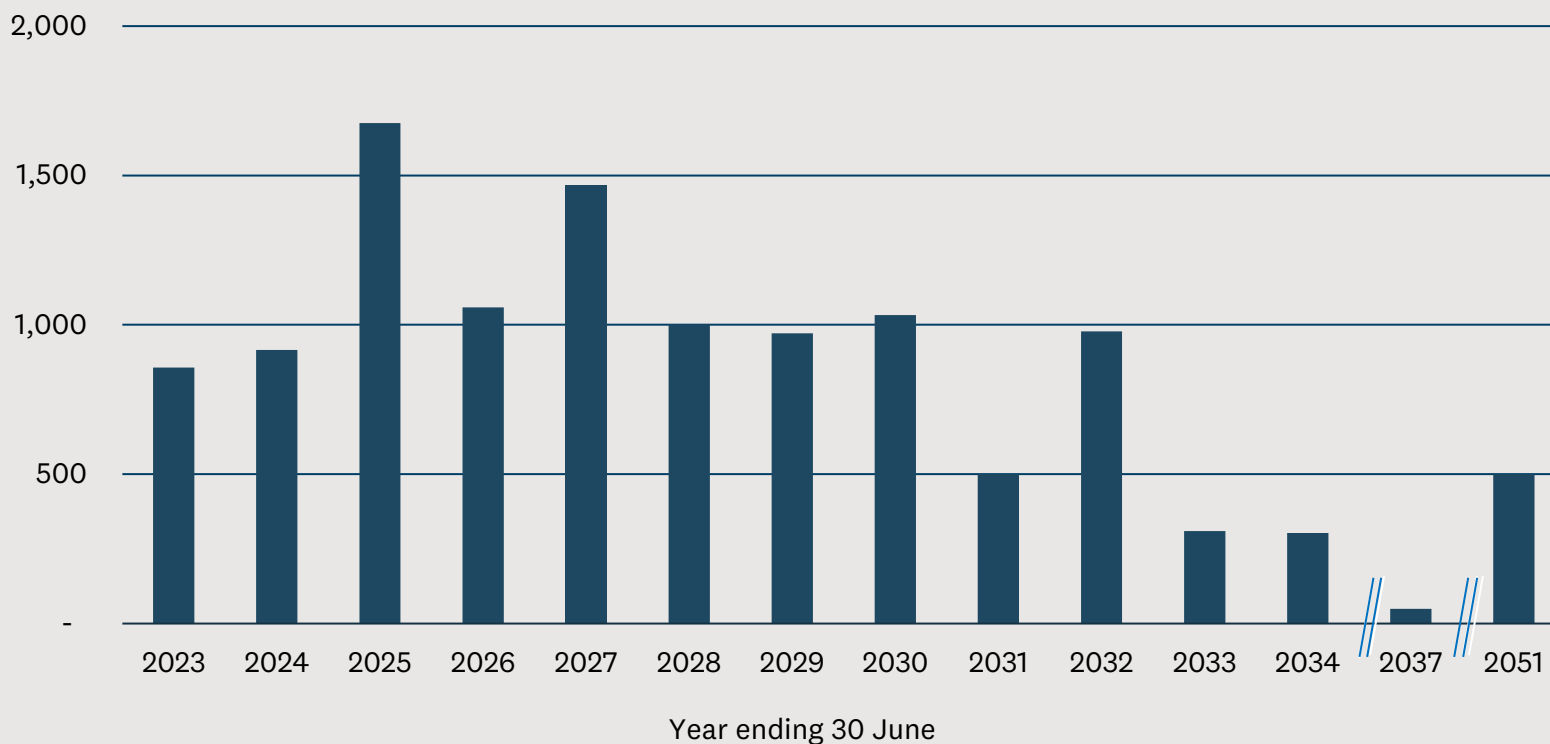
* Local Government Funding Agency



Debt maturity profile

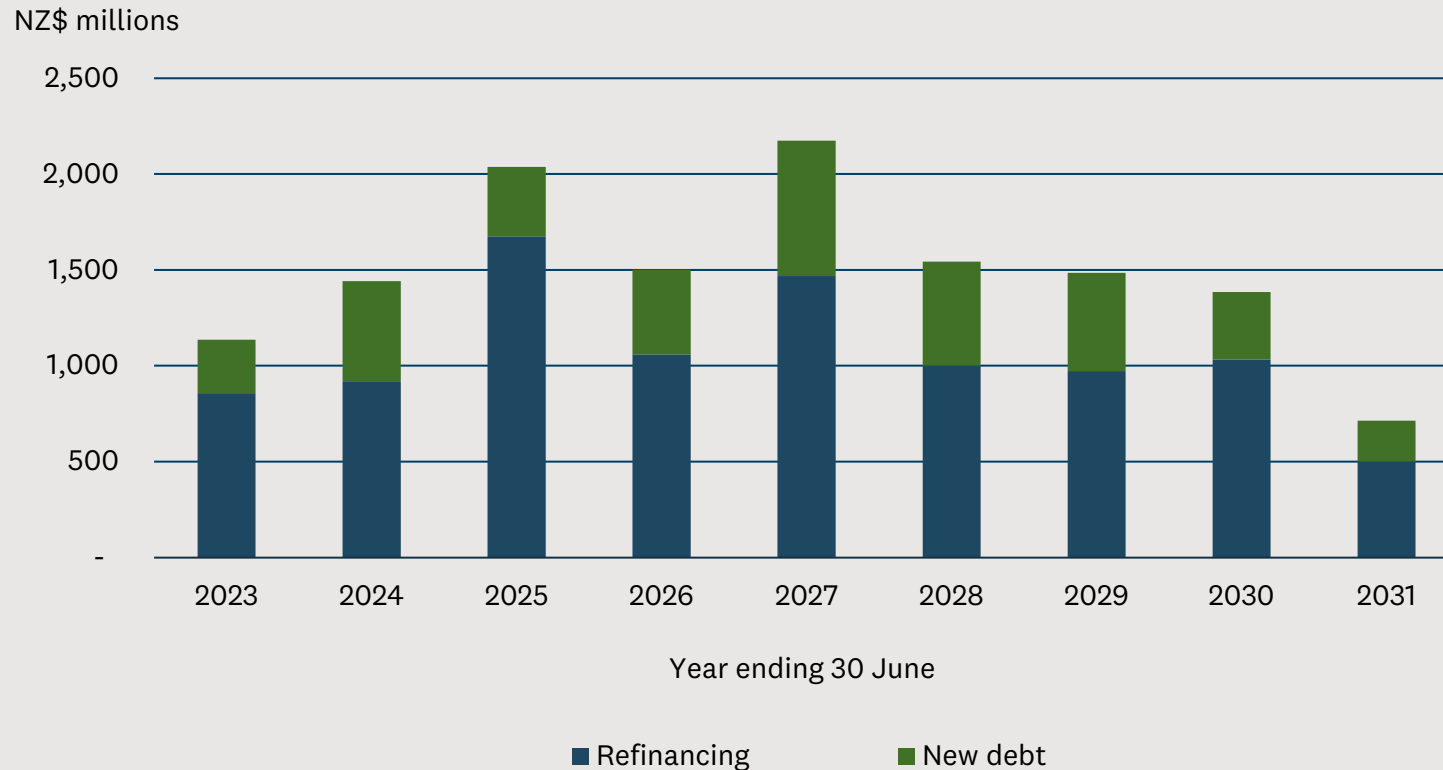
(as at 30 June 2022)

NZ\$ millions



Annual debt requirement forecast*

(as at 30 June 2022)



*Forecast based on Long Term Plan 2021-2031. Note that these are subject to change based on decisions that will be made following budget 2023/2024 consultation.



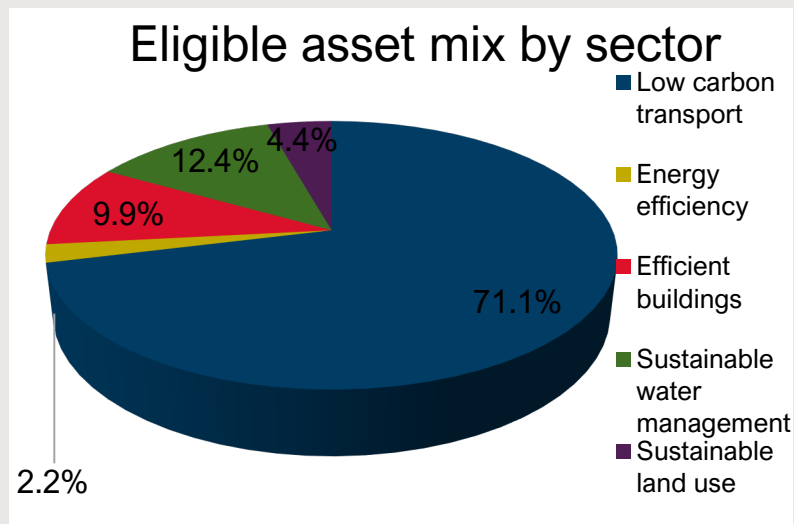
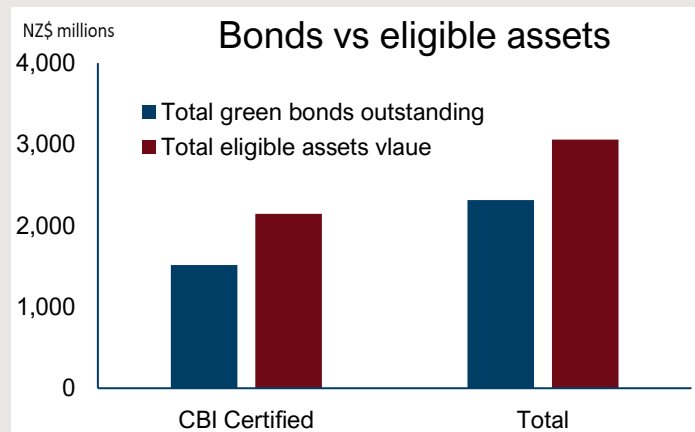
Credit ratings - AA/Aa2 (S&P/Moody's)

Positives	Negatives
Economy	Elevated debt
Financial management	Budgetary performance (i.e. level of cash deficit after capex)
Liquidity	
Diverse funding sources	
Growing partnership with central government	



Green bonds

- First New Zealand entity to issue a green bond in New Zealand - June 2018
- Issued seven green bonds totaling NZ\$2.32 billion equivalent, including a NZ\$500 million, 30-year bond and EUR500m 10-year green bond)



Eligible Assets Schedule

- Updated in June 2022 to NZ\$3 billion
- Assets include electric trains, cycleways, new rail tunnel and stations, bus transfer stations, LED street lighting, efficient buildings and water assets

Appendix



Revenue and Expenditure – 31 December 2022

For the period (NZ\$m)	Six months to 31 Dec 2022*	Restated Six months to 31 Dec 2021**	Year to 30 Jun 2022	Restated Year to 30 Jun 2021**
Rates revenue	2,265	2,111	2,122	1,976
Services and other revenues	2,006	1,716	3,554	3,339
Total revenue	4,271	3,827	5,676	5,315
Operating expenses	2,360	2,077	4,287	3,997
Finance costs	258	239	438	408
Total expenses	2,618	2,316	4,725	4,405
Operating surplus before gains and losses	1,653	1,511	951	910
Surplus after income tax	1,628	1,966	1,724	1,837

* Unaudited results.

**The December 2021 & June 2021 comparatives have been restated to reflect the removal of duplicate historical land assets from the fixed assets register. Some of these assets date as far back as the amalgamation of Auckland's former territorial authorities and the regional council in 2010. The June 2021 comparatives have also been restated to include the impact of the Group changing its accounting policy in relation to Software as a Service arrangements at 1 July 2021, on a retrospective basis from 1 July 2020 onwards.



Financial Position – 31 December 2022

As at (NZ\$m)	31 Dec 2022*	Restated 31 Dec 2021**	30 Jun 2022	Restated 30 Jun 2021**
Cash and short-term deposits	314	1,346	239	320
Total assets	72,735	63,883	70,384	60,667
Borrowings	11,750	11,819	11,363	10,687
Total liabilities	16,663	16,634	16,110	16,019
Net assets	56,072	47,249	54,274	44,648
Net debt to total assets	15.7%	16.4%	15.8%	17.1%

* Unaudited results.

**The December 2021 & June 2021 comparatives have been restated to reflect the removal of duplicate historical land assets from the fixed assets register. Some of these assets date as far back as the amalgamation of Auckland's former territorial authorities and the regional council in 2010. The June 2021 comparatives have also been restated to include the impact of the Group changing its accounting policy in relation to Software as a Service arrangements at 1 July 2021, on a retrospective basis from 1 July 2020 onwards.



Cash Flow – 31 December 2022

For the period (NZ\$m)	Six months to 31 Dec 2022*	Restated Six months to 31 Dec 2021**	Year to 30 Jun 2022	Restated Year to 30 Jun 2021**
Operating cash flow	1,002	788	1,459	1,705
Investing cash flow	(1,326)	(1,740)	(2,130)	(2,311)
Funding cash flow	401	1,192	603	605
Net increase/(decrease) in cash and cash equivalents and bank overdrafts	77	240	(68)	(1)

* Unaudited results.

**The December 2021 & June 2021 comparatives have been restated to reflect the removal of duplicate historical land assets from the fixed assets register. Some of these assets date as far back as the amalgamation of Auckland's former territorial authorities and the regional council in 2010. The June 2021 comparatives have also been restated to include the impact of the Group changing its accounting policy in relation to Software as a Service arrangements at 1 July 2021, on a retrospective basis from 1 July 2020 onwards.



Drivers of Auckland Council's credit profile



Local government responsibilities



Central Government	Central and Local Government	Local Government
Education	Public transport operation	Water supply
Police and fire services	Local roads (construction, maintenance and cleaning)	Wastewater and sewers
Public healthcare and hospitals		Storm water
Public housing		Rubbish and recycling collection and disposal
State highways		Street cleaning
Corrective facilities		Regulatory Functions
Pensions and welfare		Public facilities (parks, recreation facilities, libraries, community halls and sports fields)



Institutional framework



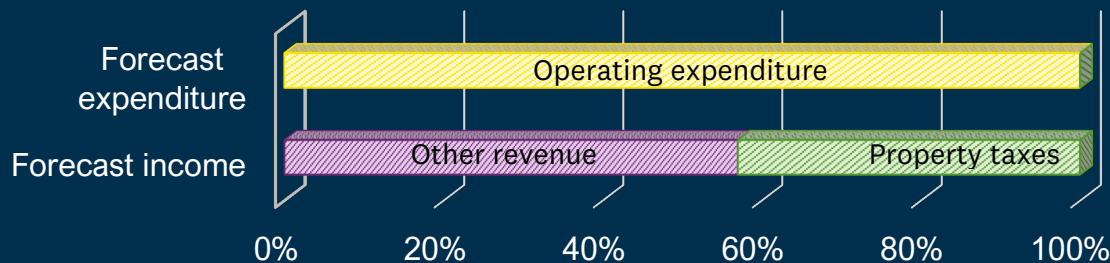
Council has broad powers to tax (rate) property

- No legal upper limit on property taxes
- Property taxes rank ahead of all other claimants on property
- Security offered to banks/bond
- Property taxes not linked to house prices

High levels of financial disclosure

- Requirement to publish 10 year and annual plans
- Transparency and consultation
- Plans and reports audited
- Governance oversight by the Audit Committee and Auditor General
- Results public

Requirement to balance operating budget



Auckland Council's sustainability programme



Sustainability at Auckland Council

Governance

- Auckland Council's governing body focuses on the big picture and region-wide strategic decisions
- 10 and 30-year plans ensure multi-year planning and transparency
- Climate change governance structures enable the effective role out of Auckland's Climate Plan

Social

Auckland Council has made an organisational wide commitment to a diverse and inclusive workplace:

- Taking steps to close pay gaps based on gender and ethnicity
- Increasing the use of Te Reo, the Māori language
- Delivering training specific to diversity, equity and inclusion (supported by the Rainbow community)
- Providing staff with a safe means (channels) of addressing any issues in the workplace

Where possible we use our spending power to deliver positive social, economic, environmental, and cultural outcomes for Aucklanders



Sustainability at Auckland Council

Environment

Our core goals:

- To reduce our greenhouse gas emissions by 50% by 2030 and achieve net zero emissions by 2050
- To adapt to the impacts of climate change by ensuring we plan for the changes we face under our current emissions pathway



[Link to Auckland's Climate Plan](#)

Sustainable Finance Framework

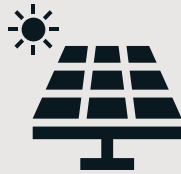
- Align council's funding to its climate plan goals
- In harmony with international standards and principles - subject to independent assurance
- Will seek assurance (or Second Party Opinion) for pre and post-issuance and impact reporting
- May seek CBI (Climate Bonds Initiative) certification for individual bond issues
- Report annually – use of proceeds and impact
- Since the establishment of Auckland Council's sustainable finance programme, EY has provided annual assurance on our green bond documentation, including our sustainable finance framework and use of proceeds statements

[Link to our green bond page](#)



Green bond impacts

- 169 tCO₂e of greenhouse gas emissions avoided in financial year 2022 from Rosedale floating solar array



- 19,261 tCO₂e reduced and avoided from electric trains in financial year 2022



- City Rail Link will double Auckland's rail network capacity



- Sustainable water infrastructure will provide uninterrupted, high-quality water supply as demand grows and resilience in the event of a natural disaster



- The Puketutu Island project has diverted 122,770 tonnes of waste from landfill during financial year 2022





Sustainability linked products

- Converted NZ\$800 million of existing bank standby facilities into sustainability linked facilities
- Executed a sustainability linked derivative with a notional value of NZ\$120 million, the first from a local authority in New Zealand

Sustainability Linked Targets are:

- Reducing the council's greenhouse gas emissions
- Increasing the number of low emission buses in Auckland Transport's bus fleet
- Supporting Māori and Pasifika owned businesses and social enterprises in Auckland



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