



Investor Update

March 2024

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Mihi

Noho mai rā Tāmaki Makaurau,
moana waipiata,
maunga kākārīki.

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 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 Mākaurau e toro whakamua,
hīkina 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.

Whakatuwherahia ō ringa, kūmea mai ki i tō uma.

Tāmaki Makaurau
he tāone ūmanga kurupounamu koe;
tukua tō rongo 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



New Zealand overview



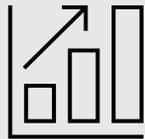
5.3m¹

New Zealand's population



NZ\$400b¹

New Zealand's GDP



1.3%¹

Annual GDP Growth



4.7%²

New Zealand's annual CPI



0.61³

NZD/USD
Exchange Rate



0.56³

NZD/EUR
Exchange Rate



4.0%²

Unemployment
Rate



5.5%⁴

Official Cash Rate



1. Statistics New Zealand September 2023
2. Statistics New Zealand December 2023
3. Bloomberg as at 29 February 2024
4. RBNZ as at 28 February 2024 Monetary Policy Statement



Auckland overview



38%¹
of New Zealand's GDP



1.7m²
Auckland population
estimate

Auckland

33%²
of New Zealand's
population



35%³
of New Zealanders are
forecast to live in
Auckland by 2048



1. Infometrics Quarterly Economic Monitor (regional GDP provisional estimate) December 2023
2. Statistics New Zealand June 2023
3. Statistics New Zealand (provisional estimate) December 2022



Drivers of Auckland Council's credit profile



Infrastructure focused local government responsibilities



Central Government	Central and Local Government	Local Government
Education	Public transport Infrastructure	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, arts & cultural amenities and sports fields)



Robust, established institutional framework



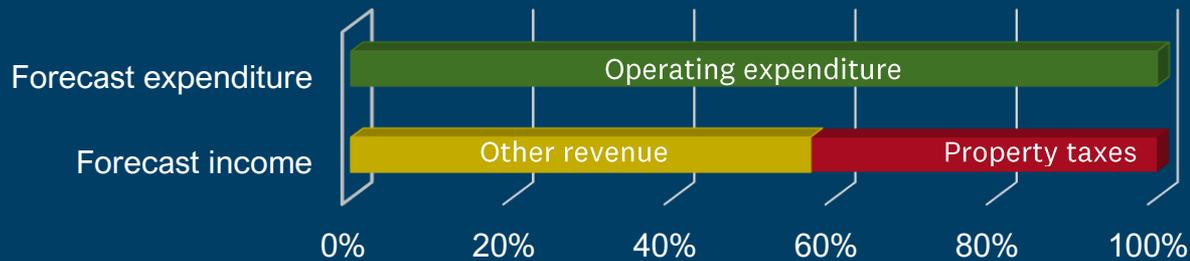
Auckland Council has broad powers to tax (rate) property

- No legal upper limit on property taxes
- Property taxes rank ahead of all other claimants on property
- Security offered to banks/bondholders
- 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



Maintains high quality credit ratings

S&P Global
Ratings

AA (stable)
18 February 2024

MOODY'S

Aa2 (stable)
30 October 2023*

Positives	Negatives
Strong economy	Elevated debt
Experienced financial management	Budgetary performance (i.e. level of cash deficit after capex)
Exceptional liquidity	
Diverse funding sources	
Growing partnership with central government	

* Moody's Investor Services is looking to update its rating methodology for regional and local governments and the currently seeking feedback from market participants. Council is not expecting its rating to change under the proposed methodology.





Key focus areas and group financial highlights

Key focus areas

Recovering from the weather events of 2023

10-year budget 2024-34 process

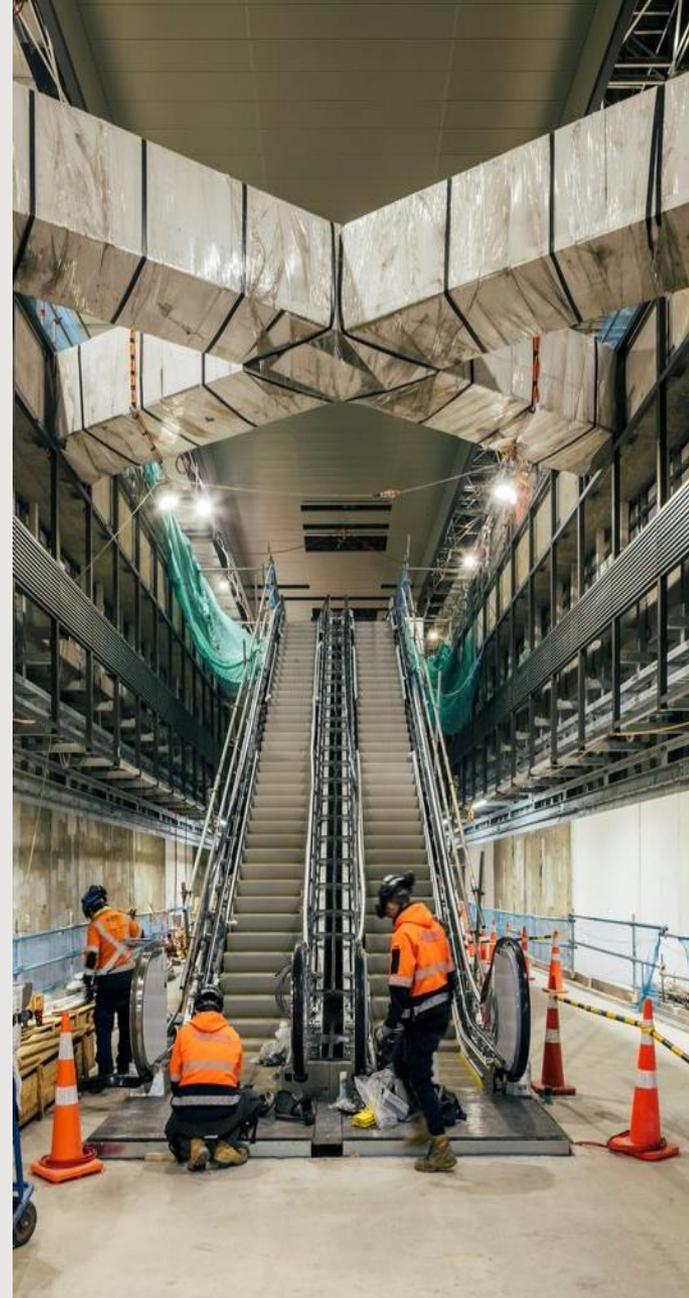
Planned capital expenditure delivery

Government reforms (e.g. local water done well, transport policy, including regional fuel tax)

Management refresh

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

[Link to Long-term Plan 2024-2034 \(10-year budget\) documents](#)



Strong group financial results (31 December 2023)

Strong
operational
cashflows

\$1.0b

Net cash inflow
from operating
activities

Significant
investment
programme

\$1.4b

Capital
investment
(FY24 full year
of \$3.2b)

Increased
asset base

\$75b

Total assets

Net debt

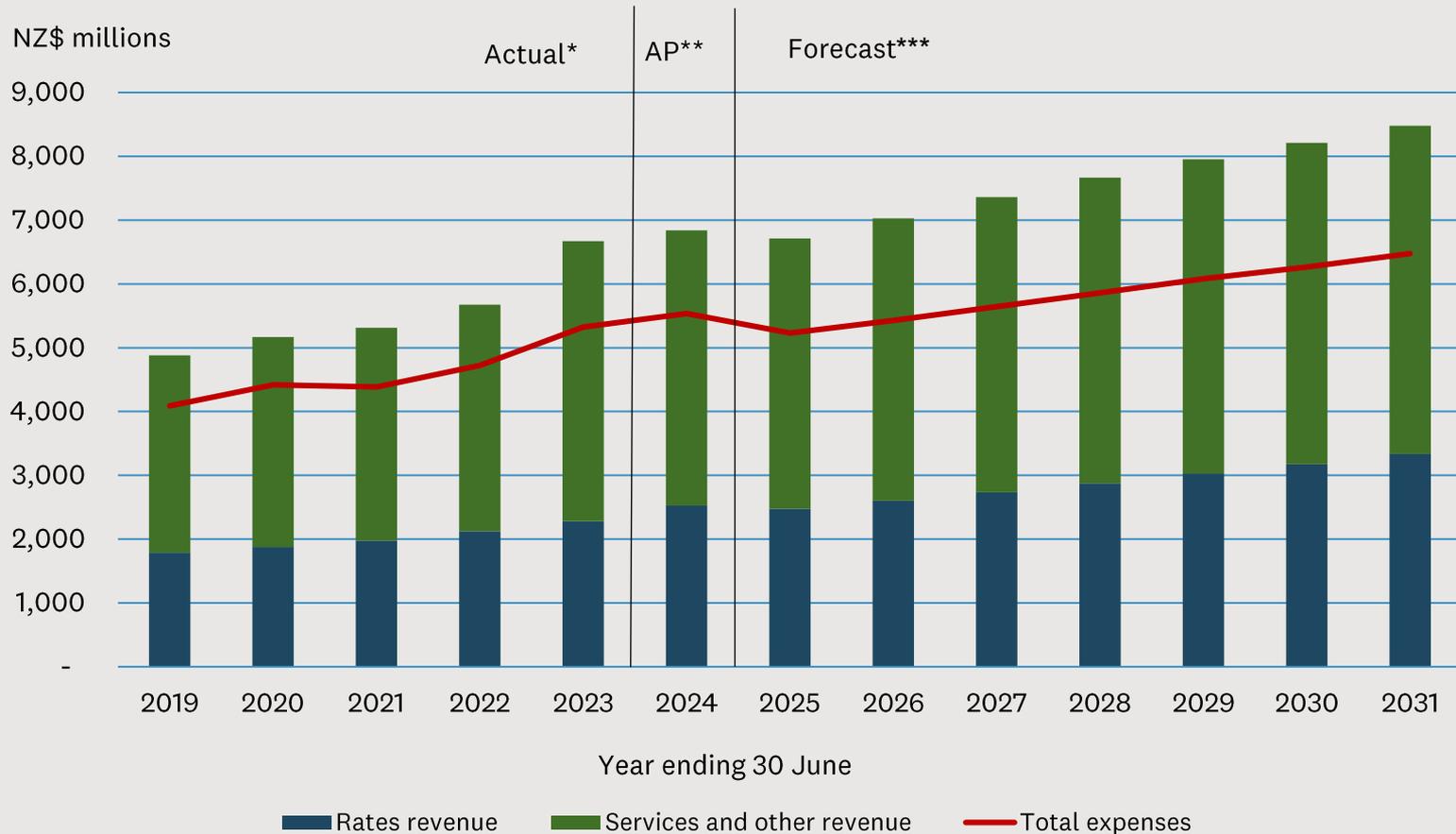
\$11.9b

Net debt
decrease of
\$0.4b from 30
June 2023

[Link to Interim Report 31 December 2023](#)



Growing revenues vs expenditure



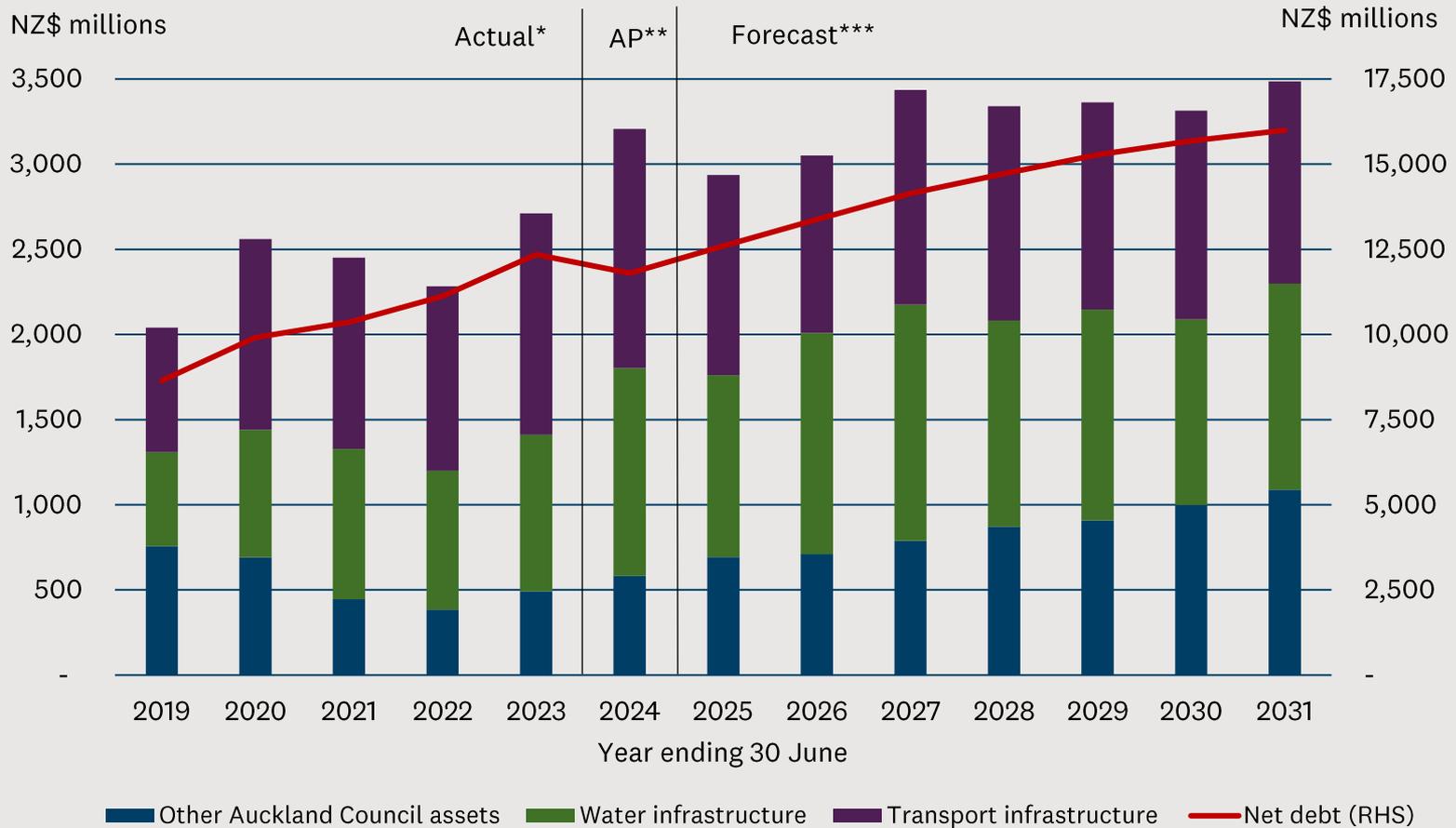
*Actual are audited results

**AP (Annual Plan) based on Annual Budget 2023/2024

***Forecast based on Amendment to the 10-year Budget 2021-2031



Consistent investment in infrastructure



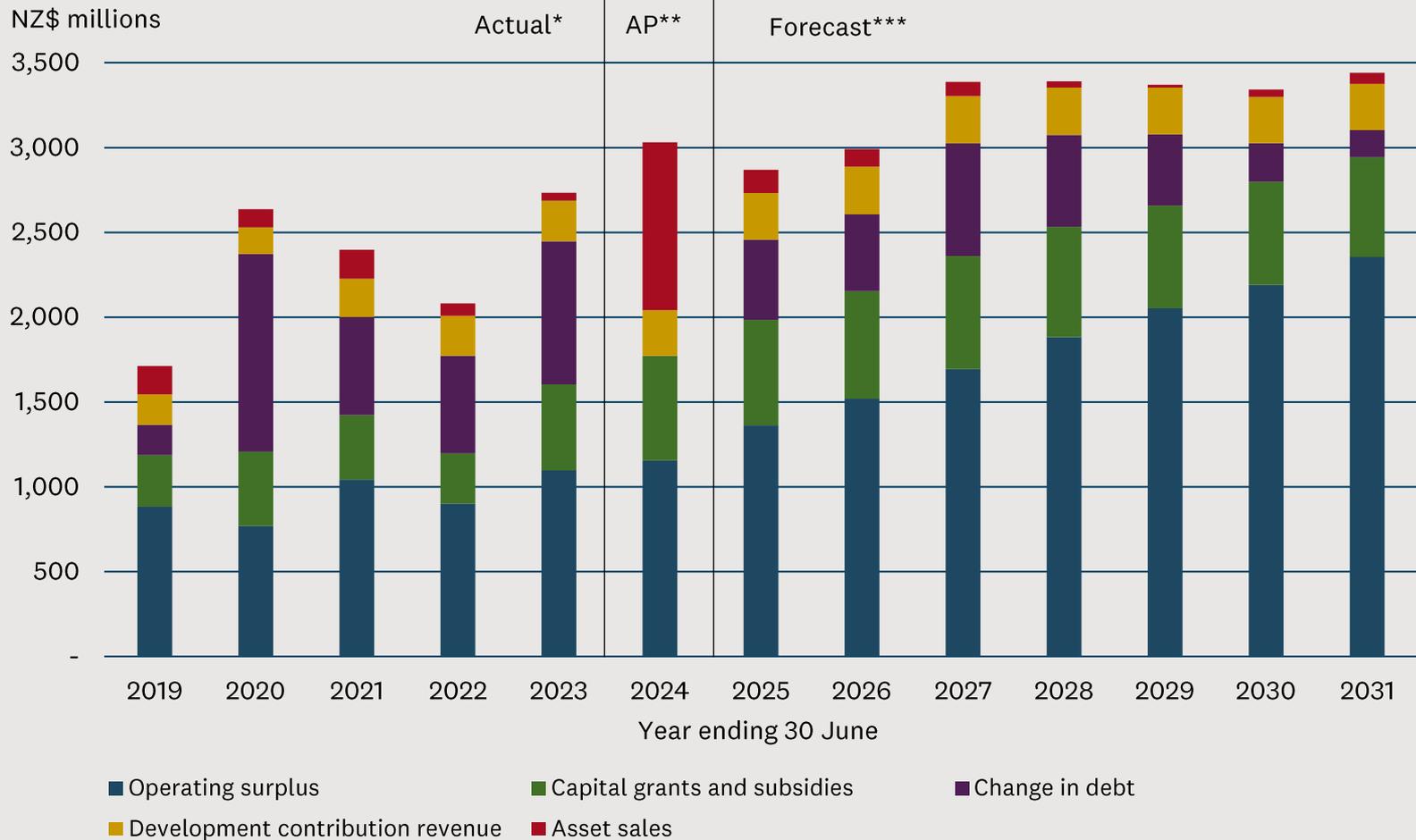
*Actual are audited results

**AP (Annual Plan) based on Annual Budget 2023/2024

***Forecast based on Amendment to the 10-year Budget 2021-2031



Reducing dependency on debt as a funding source



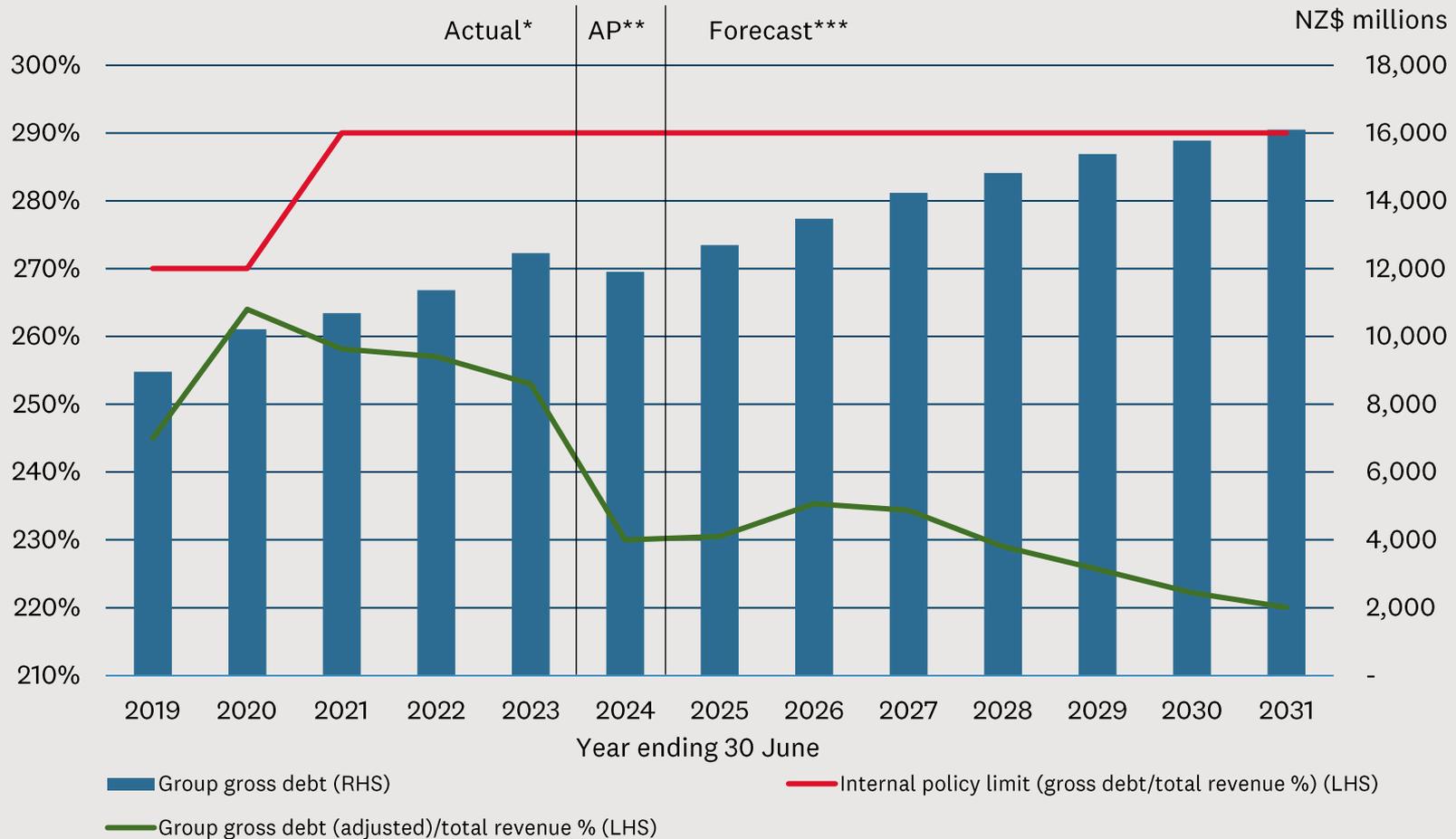
*Actual are audited results

**AP (Annual Plan) based on Annual Budget 2023/2024. Asset sales assumes \$866m from the partial sale of council's shares in Auckland International Airport limited

***Forecast based on Amendment to the 10-year Budget 2021-2031



Declining gross debt to revenue ratio



* Actual are audited results

**AP (Annual Plan) based on Annual Budget 2023/2024

***Forecast based on Amendment to the 10-year Budget 2021-2031 and gross debt/total revenue % is based on revised forecast following the Annual Budget 2023/2024



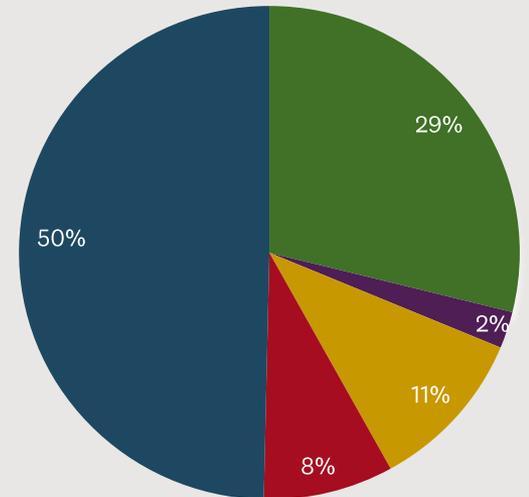


Funding approach and debt market activity

Robust and established funding strategy

- Diversified debt across three main funding sources
 - NZ\$ debt (wholesale and retail)
 - Foreign currency debt (ECP, strategic markets including EUR and tactical markets)
 - LGFA*
- Spreading debt across time (no more than NZ\$2.5 billion maturing in any 12-month period) - weighted average term 5.0 years
- Maintaining reasonable debt headroom with LGFA* - Actual 19% vs 40% cap of LGFA's total lending

**Auckland Council Group funding mix
(as at 31 December 2023)**



- NZ\$ LGFA borrowings
- NZ\$ CP and short term borrowings
- NZ\$ Retail Bonds
- NZ\$ Wholesale and long term borrowings
- Foreign currency funding

* Local Government Funding Agency



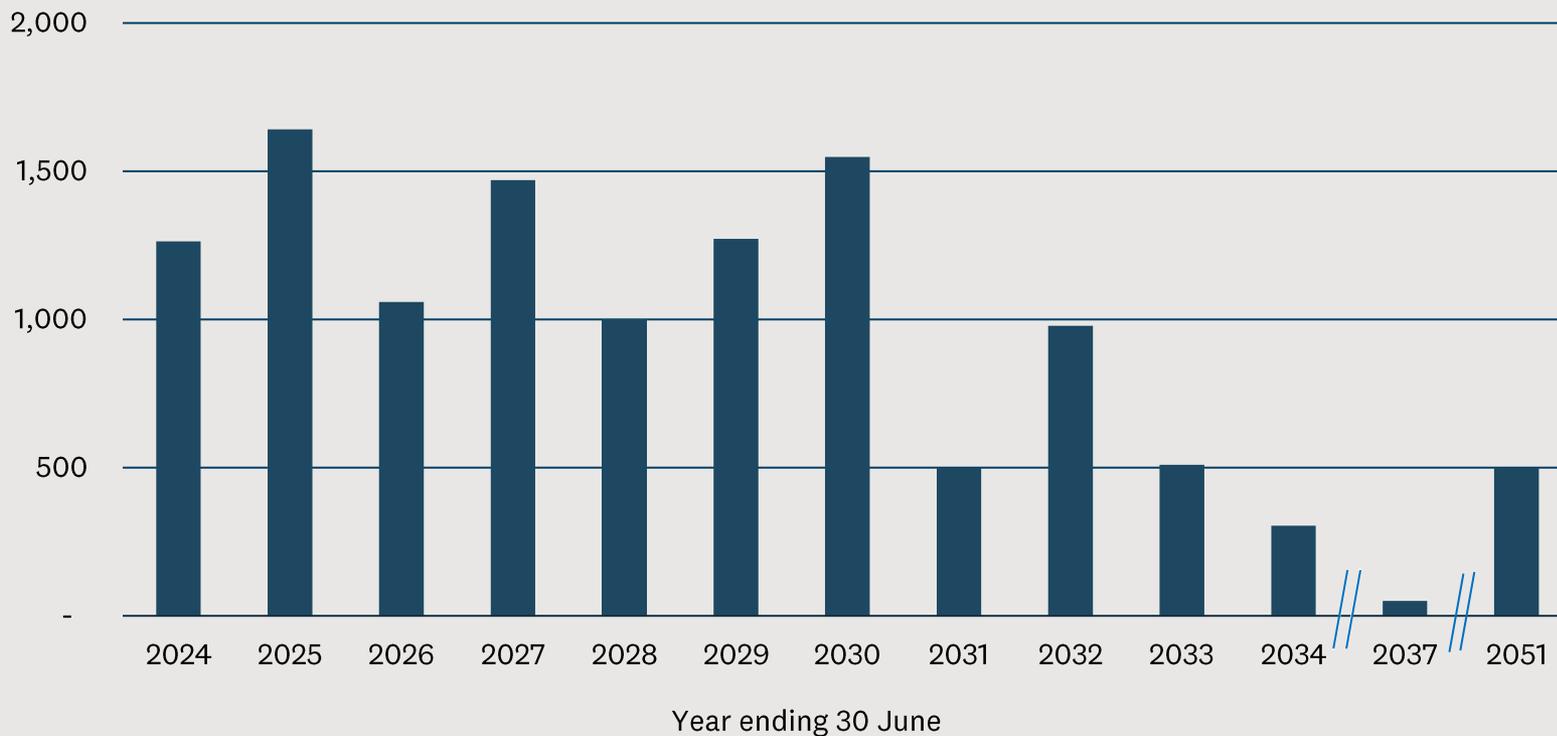
Robust and established funding strategy (cont.)

- Maintaining liquidity at greater than 10% of gross debt – NZ\$1.3 billion LGFA and bank standby facilities
- Preference is to list Auckland Council debt on the NZX, SGX or SIX = 62% of total debt is listed
- Hedging all FX exposure on foreign currency debt
- Disciplined approach to investor engagement – regular investor updates
- Committed to issuing green/sustainable debt – 8 green bonds totalling NZ\$2.6 billion currently outstanding (NZ\$, EUR and CHF issues) = 21% of total debt

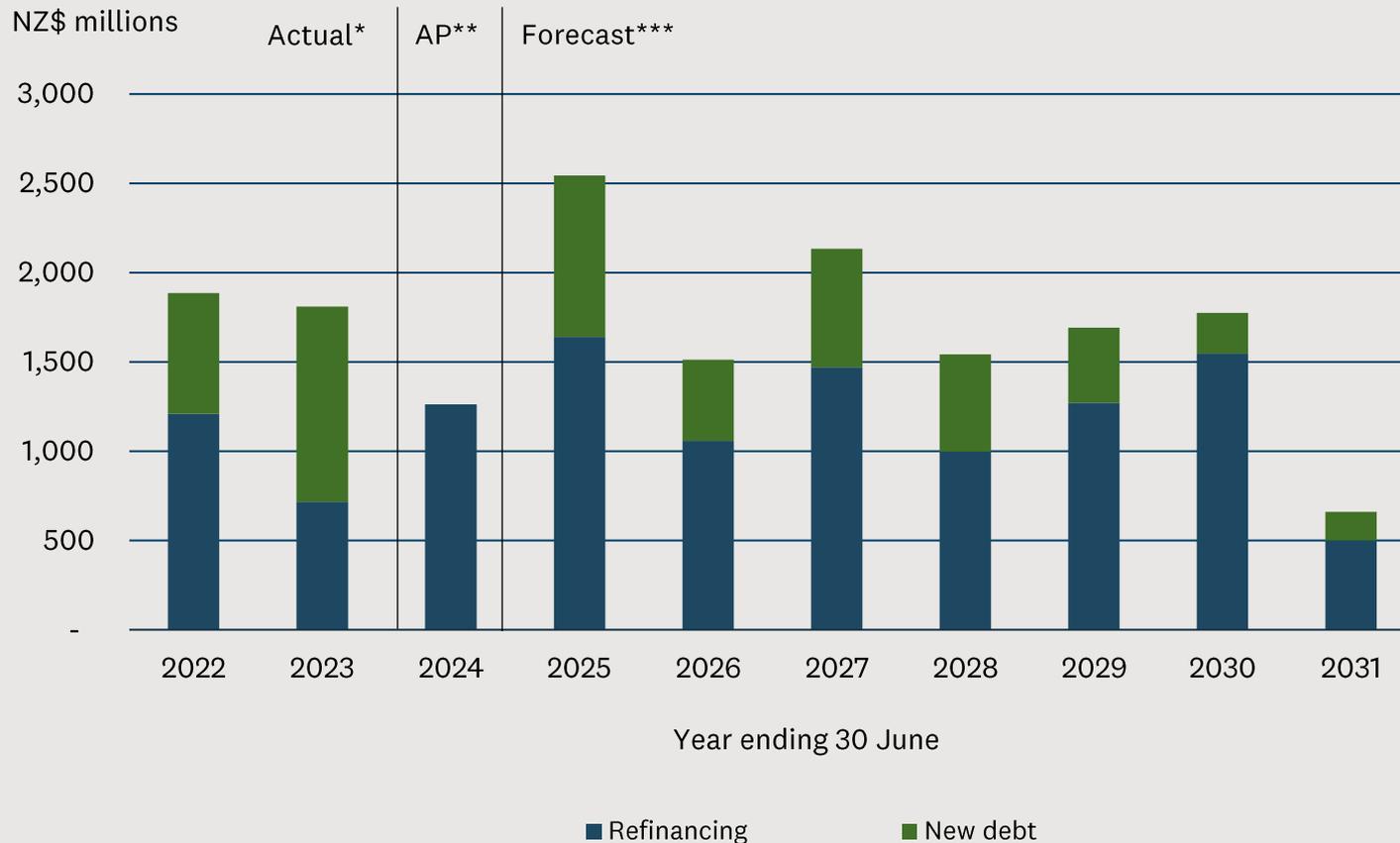


Diversified debt maturity profile (as at 31 December 2023)

NZ\$ millions



Consistent annual debt requirement (as at 31 December 2023)



* Actual are audited results

**AP (Annual Plan) based on Annual Budget 2023/2024. Lower debt requirement due to the partial sale of council's shares in Auckland International Airport Limited

*** New debt and refinancing figures obtained from Amendment to the 10-year Budget 2021-2031, which has been adjusted for the reduction of debt from the partial sale of Auckland Council's shares in Auckland International Airport Limited



Auckland Council's sustainability programme



Holistic approach to sustainability

Governance

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

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 our Inclusive Auckland Framework

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



Holistic approach to sustainability

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



Comprehensive Sustainable Finance Framework

- Align Auckland 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



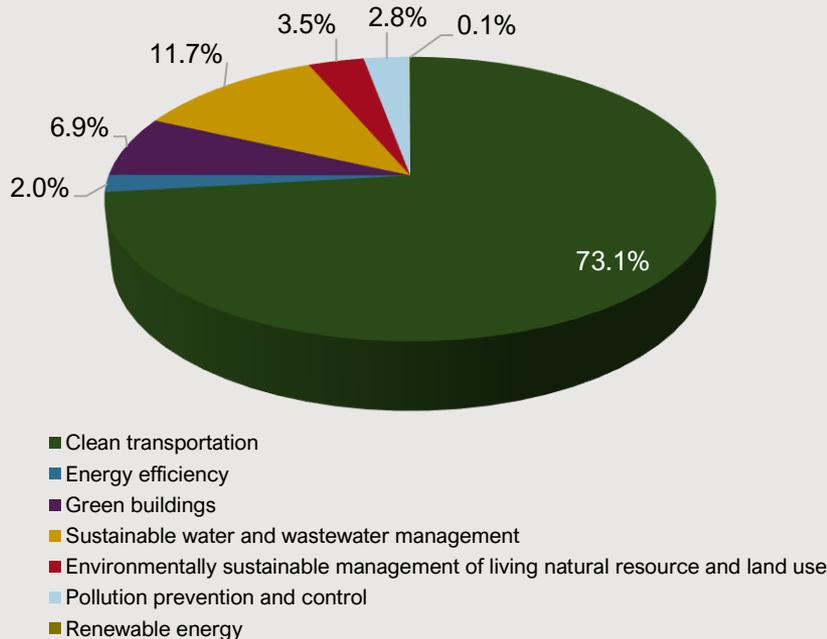
[Link to our green bond page](#)



Established green bond programme

- First New Zealand entity to issue a green bond in New Zealand – NZ\$200 million 5-year green bond in June 2018
- Issued eight green bonds totalling NZ\$2.6 billion equivalent, including a NZ\$500 million 30-year bond and EUR500m 10-year green bond

Eligible asset mix by sector



Bonds vs eligible assets



Eligible Assets Schedule

- Updated in June 2023 to NZ\$3.6 billion
- Assets include electric trains, cycleways, new rail tunnel and stations, bus transfer stations, LED street lighting, efficient buildings, waste and water assets



Diverse impacts of our green bonds

- 2,728 tCO₂-e reduced and avoided in financial year 2023 from LED streetlights



- 21,858 tCO₂e reduced and avoided from electric trains in financial year 2023



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



- Community recycling centres that collect unwanted items and materials for reuse and recycling and promote a circular economy



- The Puketutu Island project diverted 138,002 tonnes of waste from landfill during financial year 2023



Growing 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



Auckland Council summary



Auckland Council - Summary

Strong credit rating

- Long-term credit rating (AA by S&P, Aa2 by Moody's both on "Stable" outlook)
- Rating supported by strong governance framework, flexible and broad powers to set rates (property taxes), and strong diversified economy
- Lenders have a charge over current and future rates income (rates rank above all other claimants)

Sound financial position

- Annually balance operating expenditure with operating income
- Total assets of NZ\$75 billion and total net debt NZ\$11.9 billion at 31 December 2023
- Strong operational cash flow as depreciation cash funded
- Debt generally used to fund new assets

Funding strategy

- Diversification important
- Open to multi-currency transactions (via existing offshore programmes)
- Across tenors from 5-30 years

Committed to best practice ESG principles

- Transparent and future focused
- Focus on achieving positive social, economic, environmental and cultural outcomes for Aucklanders
- Commitment to achieving net zero emissions by 2050
- Commitment to a diverse and inclusive workplace
- Focus on sustainable finance





Appendix

New Zealand additional data



NZ\$ 15.5b¹

Trade deficit

126,000²

Annual net migration gain



79.0%²

of pre-COVID tourist levels

3rd³

equal least corrupt countries in the world



1.2%⁴

Forecast GDP growth for the year to March 2025

5.5%⁴

Forecast Official Cash Rate year average at March 2025



2.6%⁴

Forecast NZ's annual CPI at March 2025

5.0%⁴

Forecast unemployment rate at March 2025



1. Statistics New Zealand September 2023
2. Statistics New Zealand December 2023
3. Corruption Perception Index Dec 2023
4. Reserve Bank of New Zealand, Monetary Policy Statement February 2024



Revenue and Expenditure

31 December 2023

(NZ\$m)	Six months to 31 Dec 2023*	Six months to 31 Dec 2022*	Year to 30 Jun 2023	Year to 30 Jun 2022	Year to 30 Jun 2021
Rates revenue	2,500	2,265	2,280	2,122	1,976
Services and other revenues	2,251	2,006	4,393	3,554	3,339
Total revenue	4,751	4,271	6,673	5,676	5,315
Operating expenses	2,995	2,360	4,801	4,287	3,997
Finance costs	291	258	523	438	408
Total expenses	3,286	2,618	5,324	4,725	4,405
Operating surplus before gains and losses	1,465	1,653	1,349	951	910
Surplus after income tax	1,360	1,628	1,010	1,724	1,837

* Unaudited results.



Financial Position

31 December 2023

(NZ\$m)	31 Dec 2023*	31 Dec 2022*	30 Jun 2023	30 Jun 2022	30 Jun 2021
Cash and short-term deposits	513	314	106	239	320
Total assets	74,795	72,735	72,953	70,384	60,667
Borrowings	12,435	11,750	12,457	11,363	10,687
Total liabilities	17,930	16,663	17,402	16,110	16,019
Net assets	56,865	56,072	55,551	54,274	44,648
Net debt to total assets	15.9%	15.7%	16.9%	15.8%	17.1%

* Unaudited results.



Cash Flow

31 December 2023

(NZ\$m)	Six months to 31 Dec 2023*	Six months to 31 Dec 2022*	Year to 30 Jun 2023	Year to 30 Jun 2022	Year to 30 Jun 2021
Operating cash flow	1,039	1,002	1,812	1,459	1,705
Investing cash flow	(664)	(1,326)	(2,753)	(2,130)	(2,311)
Funding cash flow	36	401	795	603	605
Net increase/(decrease) in cash and cash equivalents and bank overdrafts	411	77	(146)	(68)	(1)

* Unaudited results.



Contact details

Acting Group Chief Financial Officer

Nicola Mills

Tel: +64 21 701 439

Email: nicola.mills@aucklandcouncil.govt.nz

Group Treasurer

John Bishop

Tel: +64 9 977 6598

Email: john.bishop@aucklandcouncil.govt.nz

Head of Group Treasury

Andrew John

Tel: +64 9 977 6592

Email: andrew.john@aucklandcouncil.govt.nz

Manager Group Sustainable Finance

Helen Mahoney

Tel: +64 21 581 839

Email: helen.mahoney@aucklandcouncil.govt.nz

<https://www.aucklandcouncil.govt.nz/>



