

# Auckland Council Investor Update

**Matthew Walker, Group Chief Financial Officer**  
**John Bishop, Treasurer**

*October 2019*

# Important Disclaimer

The information in this presentation has been prepared by Auckland Council for general information purposes only. By listening to or reading this presentation, you acknowledge and agree to the contents of this disclaimer.

Auckland Council makes no representation or warranty as to the accuracy, adequacy reliability, completeness or currency of any statements, estimates or opinions or other information contained in this presentation. This presentation has been prepared in good faith but has not been independently verified. Certain information and data contained in this presentation was derived by Auckland Council from other sources.

This presentation may contain forward-looking information including estimates, forecasts and projections. This forward-looking information speaks only as of the date of this presentation and is based on assumptions which may or may not prove to be correct. No express or implied representations or warranties are, or will be, made by Auckland Council or any other person as to the accuracy or completeness of this forward-looking information or the reasonableness of any assumptions that underpin it. The forward-looking information involves known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by this forward-looking information. Any opinions expressed in this presentation reflect the judgement of Auckland Council as the date hereof, and do not bind Auckland Council.

This presentation does not, and is not intended to, constitute an offer, invitation or recommendation by Auckland Council to any person to subscribe for, purchase or otherwise deal in any financial products. Any person considering investing in a financial product offered by Auckland Council must refer to the relevant offer document that has been expressly issued by Auckland Council for that purpose and the disclosures provided expressly in connection with those financial products and should take their own independent financial and legal advice on their proposed investment.

This presentation is proprietary to Auckland Council and may not be copied, distributed, disclosed or used without Auckland Council's express written consent.

# Contents

---

Overview and Main Focus and	4
Financial Overview & Group Financial Highlights	7
Funding Approach & Debt Market Activity	14
Appendix	20
Contact Details	25

---



# Overview and Main Focus



# Auckland – Overview



## Biggest

200k new residents in the last 5 years

## 35%

of New Zealand's population



## 38%

of New Zealand's GDP

## 4

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



## 3<sup>rd</sup>=

Most liveable city\*



## 220+

Ethnicities in Auckland and 44% of the workforce born overseas

Auckland



# Main focus areas

- Update on the local government elections
- Cost saving initiatives
- Capital programme including CRL
- Central Government engagement/IFF

# Financial Overview & Group Financial Highlights



# Group Financial Highlights (30 June 2019)

Strong  
Operational  
Performance

**\$791m**

Operating  
surplus before  
gains and  
losses

Large  
Investment  
Programme

**\$2.0b**

Capital  
investment

Asset Base  
Growth

**\$52.9b**

Total assets

Lower Net  
Debt Than  
Expected

**\$8.7b**

Net debt

# Capital Investment for Auckland



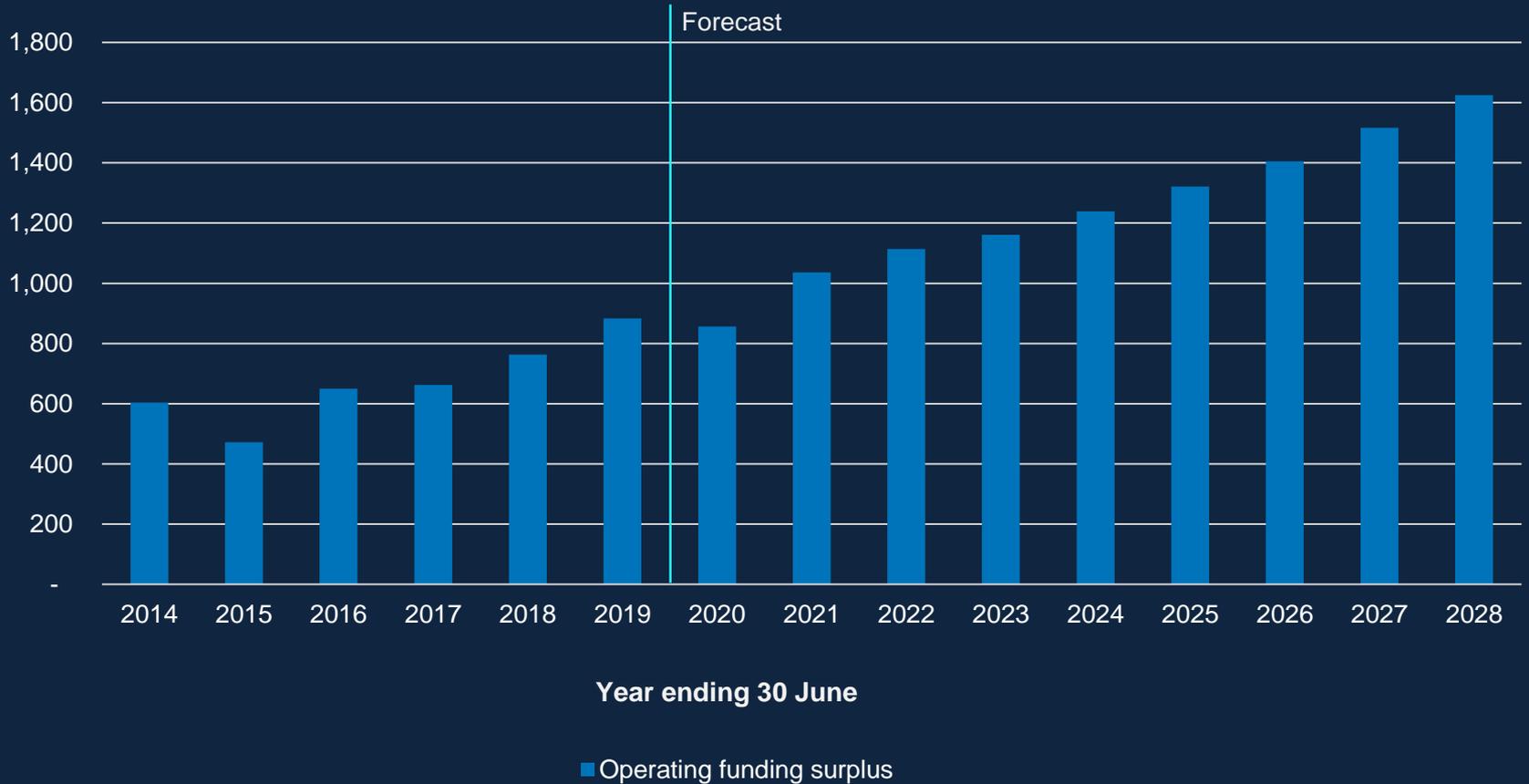
# Revenue and Expenditure

NZ\$ millions



# Operating Funding Surplus

NZ\$ millions

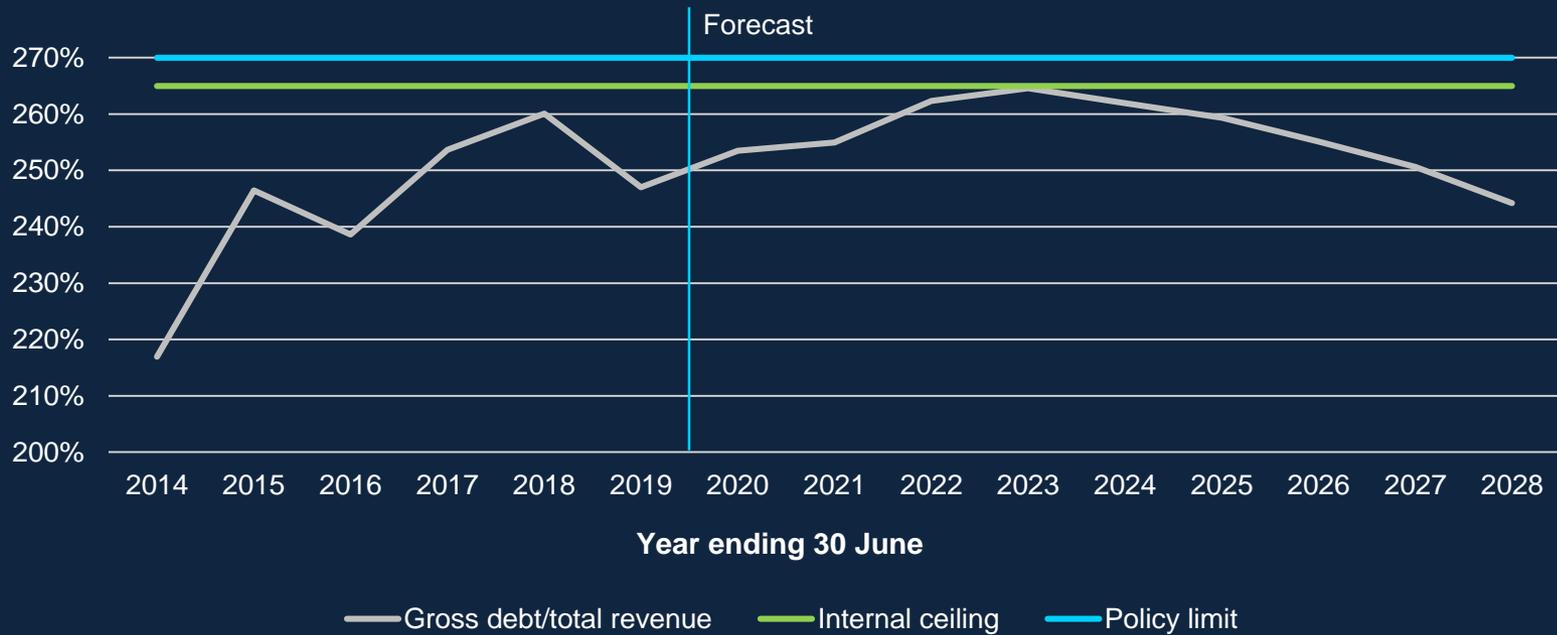


# Net Debt to Assets



■ Total assets - net of cash (LHS)
 ■ Net debt (LHS)
 — Net debt/total assets - net of cash % (RHS)

# Gross Debt to Revenue Ratio



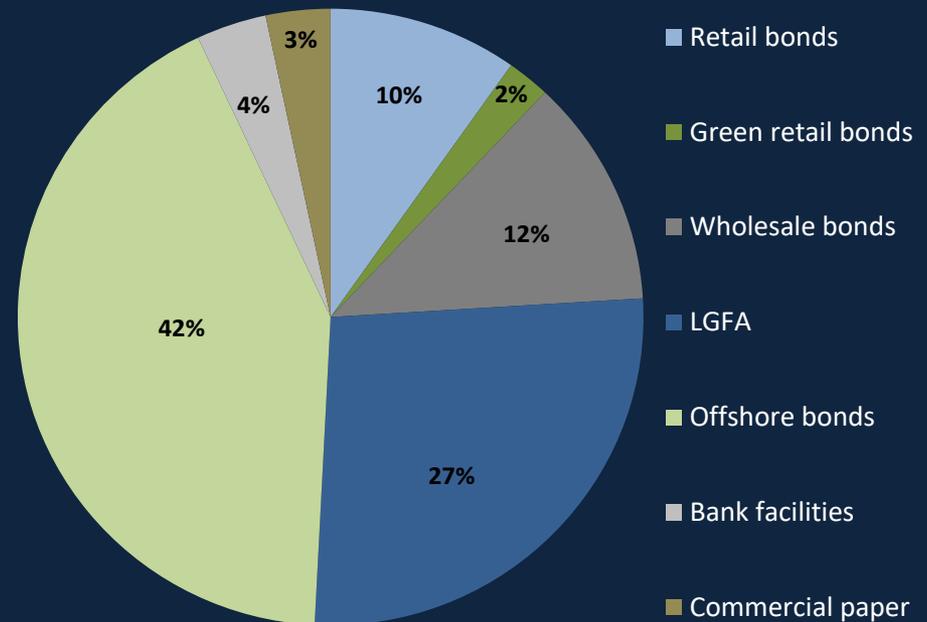
# Funding Approach & Debt Market Activity



# Funding Diversity (as at 30 June 2019)

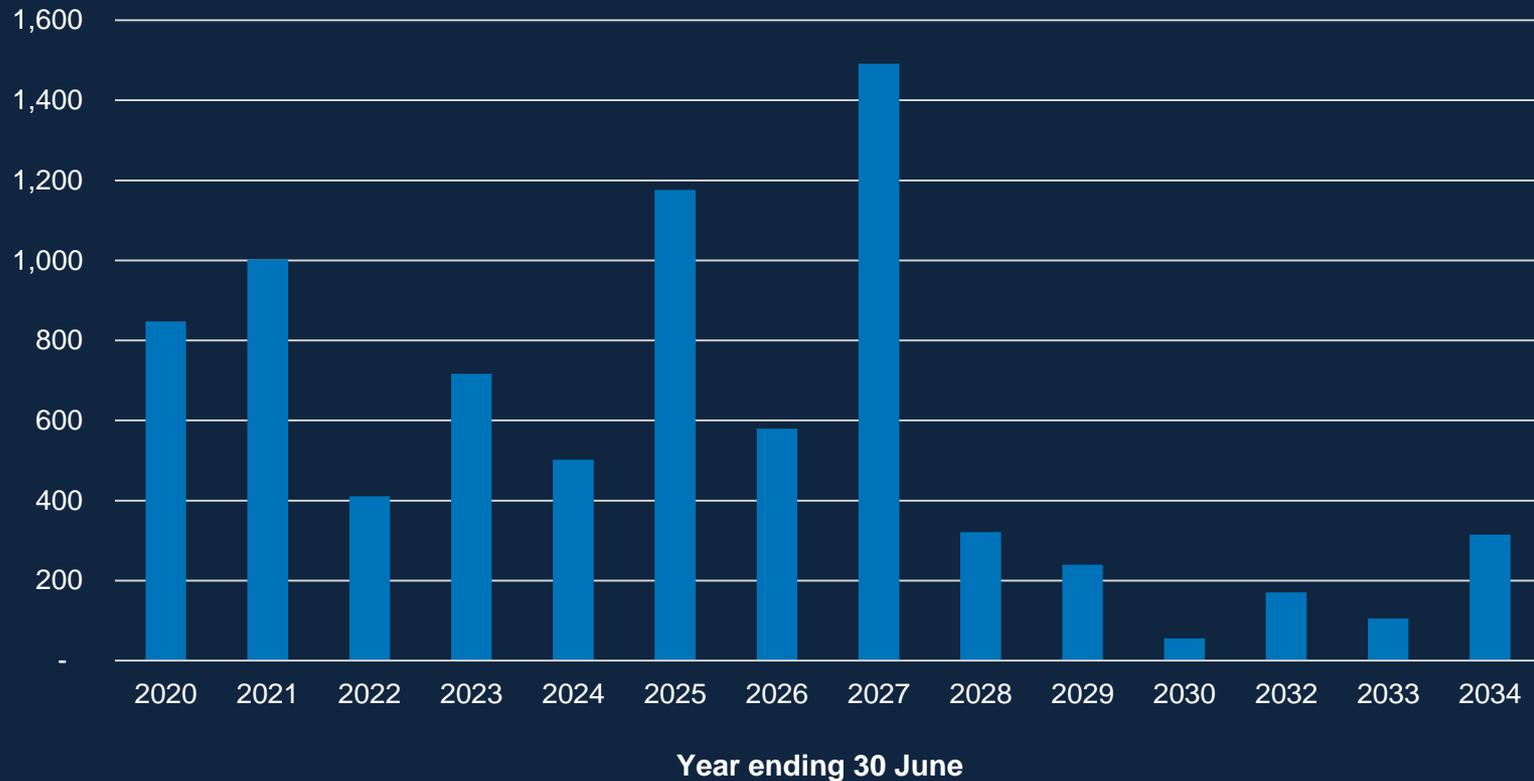
- Gross debt of NZ\$9.0 billion
- Multiple offshore issues (2 prior benchmark Euro issues)
- Weighted average term of 5.4 years
- Funding via LGFA\* = 25% of their lending (capped at 40%)
- Backed by NZ\$1.3 billion standby facility
- Green bond issuance

Auckland Council Group funding mix



# Long-Term Debt Maturity Profile (as at 30 June 2019)

NZ\$ millions



# Credit Ratings

- Rating target AA/Aa2 is a core treasury policy
- S&P Global Ratings: Local government rating methodology review

## S&P Global Ratings

**AA (Stable Outlook)**

**reaffirmed September 2019**

*“Supporting our ratings are New Zealand’s institutional settings and the council’s experienced management team. The Council is successfully managing the delivery of the city’s large infrastructure program required to cater for Auckland’s strong population growth.”*

## Moody’s

**Aa2 (Stable Outlook)**

**reaffirmed April 2019**

*“The stable outlook reflects the Crown’s well-established institutional framework for local governments, as well as the Council’s healthy gross operating balance and robust local economy.”*

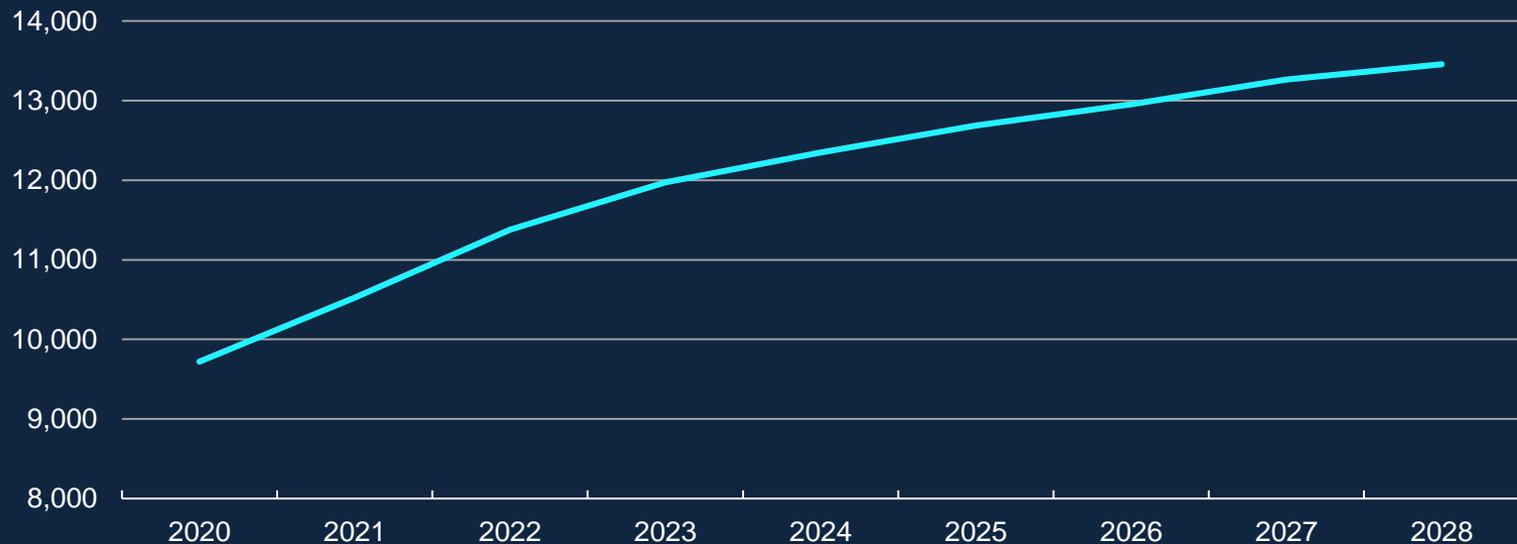
# Annual Debt Requirement

NZ\$ millions



# Projected Debt

NZ\$ millions



Year ending 30 June

— Gross debt

# Appendix



# Sustainability at Auckland Council

- Our approach to sustainability is framed by **the Auckland Plan** ([www.theaucklandplan.govt.nz](http://www.theaucklandplan.govt.nz)) which identifies **six outcomes** for Auckland in 2050 and a **Development Strategy** that shows how Auckland will physically grow and change over this time



**Belonging & participation**



**Homes and places**



**Māori identity and wellbeing**



**Opportunity and prosperity**



**Transport and Access**



**Environment and Cultural Heritage**

- Sitting underneath the Auckland Plan are strategic action plans to address key sustainability issues such as climate, water and biodiversity.

# Comprehensive Revenue and Expenditure – 30 June 2019

For the period (NZ\$m)	30 June 2019	30 June 2018	30 June 2017
Rates revenue	1,790	1,707	1,641
Services and other revenues	3,089	2,836	2,488
Total revenue	4,879	4,543	4,129
Operating expenses	3,610	3,412	3,318
Finance costs	478	472	471
Total expenses	4,088	3,884	3,789
<b>Operating surplus before gains and losses</b>	<b>791</b>	<b>659</b>	<b>340</b>
Surplus after adjustments	175	660	640

# Financial Position – 30 June 2019

As at (NZ\$m)	30 June 2019	30 June 2018	30 June 2017
Cash	294	618	337
Total assets	52,873	51,462	47,359
Total debt	8,958	8,832	8,300
Total liabilities	13,831	12,660	11,583
<b>Net assets</b>	<b>39,042</b>	<b>38,802</b>	<b>35,776</b>
Net debt to total assets	16.4%	16.0%	16.8%

# Cash Flow – 30 June 2019

For the period (NZ\$m)	30 June 2019*	30 June 2018	30 June 2017
Operating cash flow	1,248	1,101	892
Investing cash flow	(1,683)	(1,134)	(1,367)
Funding cash flow	116	312	678

# Contact Details

Group Chief Financial Officer

**Matthew Walker**

Tel: + 64 9 977 6761

email: [matthew.walker@aucklandcouncil.govt.nz](mailto:matthew.walker@aucklandcouncil.govt.nz)

Treasurer

**John Bishop**

Tel: + 64 9 977 6598

email: [john.bishop@aucklandcouncil.govt.nz](mailto:john.bishop@aucklandcouncil.govt.nz)

Funding Manager

**Andrew John**

Tel: + 64 9 977 6592

email: [andrew.john@aucklandcouncil.govt.nz](mailto:andrew.john@aucklandcouncil.govt.nz)

[www.aucklandcouncil.govt.nz](http://www.aucklandcouncil.govt.nz)



