

Auckland Council Investor Update

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September 2019

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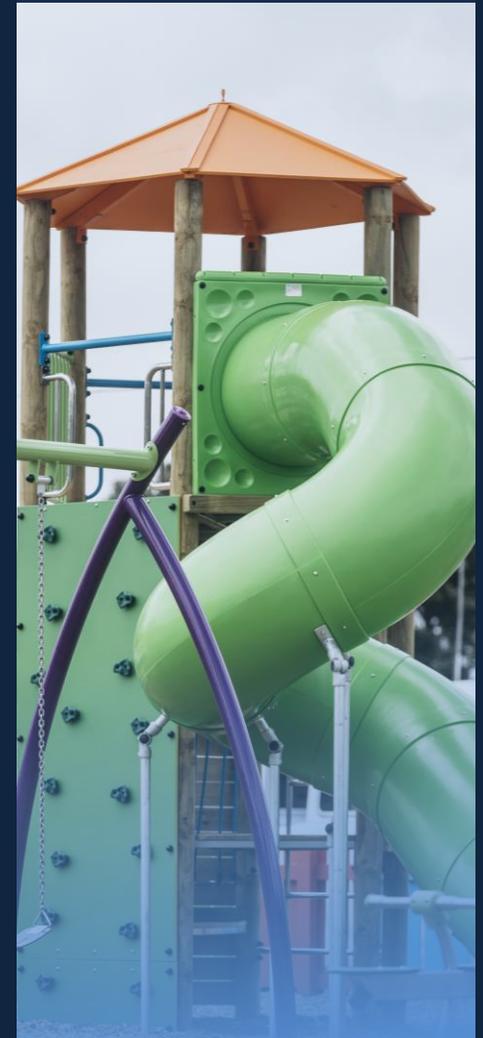
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Main Focus and Overview



New Zealand – Overview



4.96m

New Zealand's population

1.57

USD/NZD Exchange Rate



\$296b

New Zealand's GDP

Auckland

1.74

EUR/NZD Exchange Rate



2.7%

Annual GDP Growth

3.9%

Unemployment Rate



1.70%

New Zealand's annual CPI

1.0%

Official Cash Rate



Auckland – Overview



Biggest

200k new residents in the last 5 years

35%

of New Zealand's population



38%

of New Zealand's GDP

Auckland



4

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



220+

Ethnicities in Auckland and 44% of the workforce born overseas

3rd=

Most liveable city*



Principles of Local Government in New Zealand



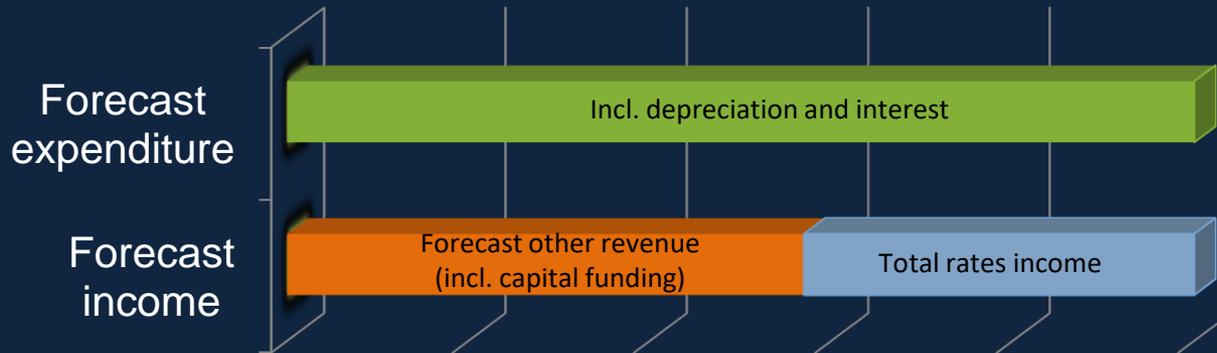
Local Government Responsibilities

Low Risk Profile

Central Government	Central and Local Government	Auckland Council Group
Education (primary, secondary and tertiary)	Public transport operation (typically 53% from Central Government)	Water supply
Police and fire services	Rail infrastructure (negotiated)	Wastewater and sewers
Public healthcare and hospitals	Local roads (construction, maintenance and cleaning)	Storm water
Public housing (vast majority)		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)

Rates (Property Tax) Certainty & Balanced Budget

- Council has broad powers to tax (rate) property
- No legal upper limit on rates income
- Level of rates income unaffected by level of property prices or economic cycle
- General requirement to balance operating expenditure with operating income (unless financially prudent to do so otherwise)



Rates collection ranks ahead of all other claimants on a property

Financial Overview & Group Financial Highlights



Group Financial Highlights (Unaudited 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

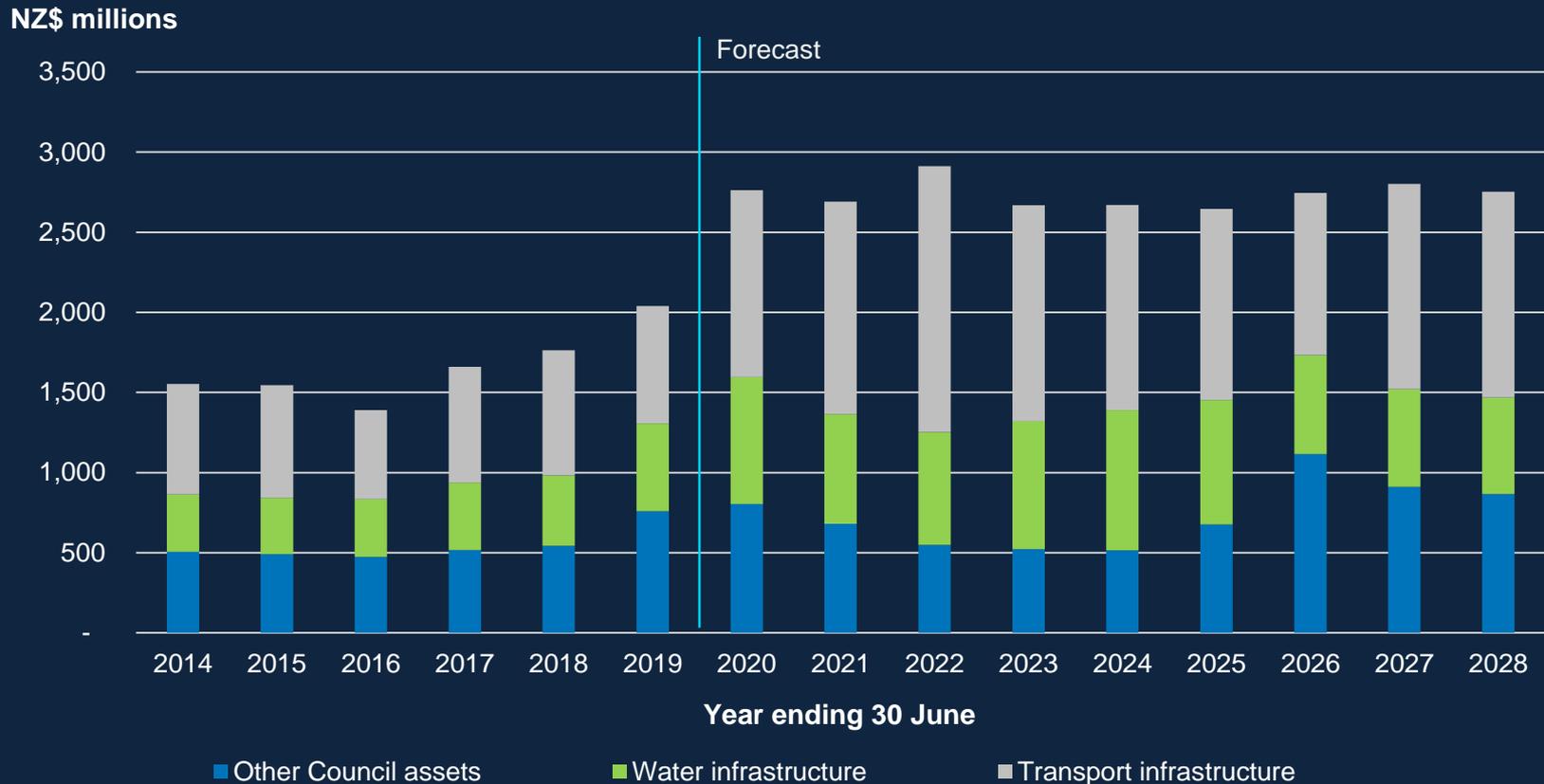
Total assets

Lower Net
Debt Than
Expected

\$8.7b

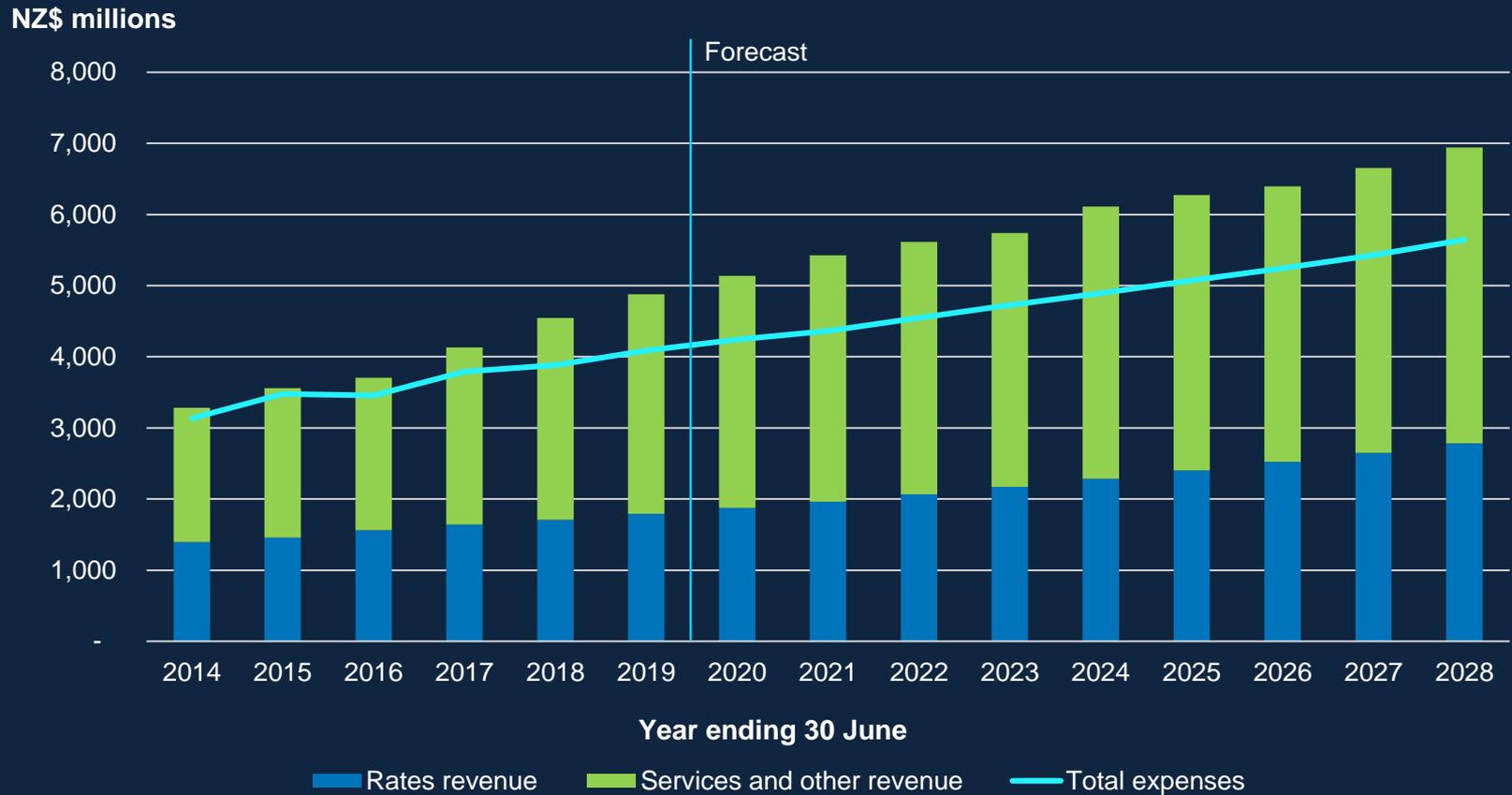
Net debt

Capital Investment for Auckland



Note: 2019 information is unaudited

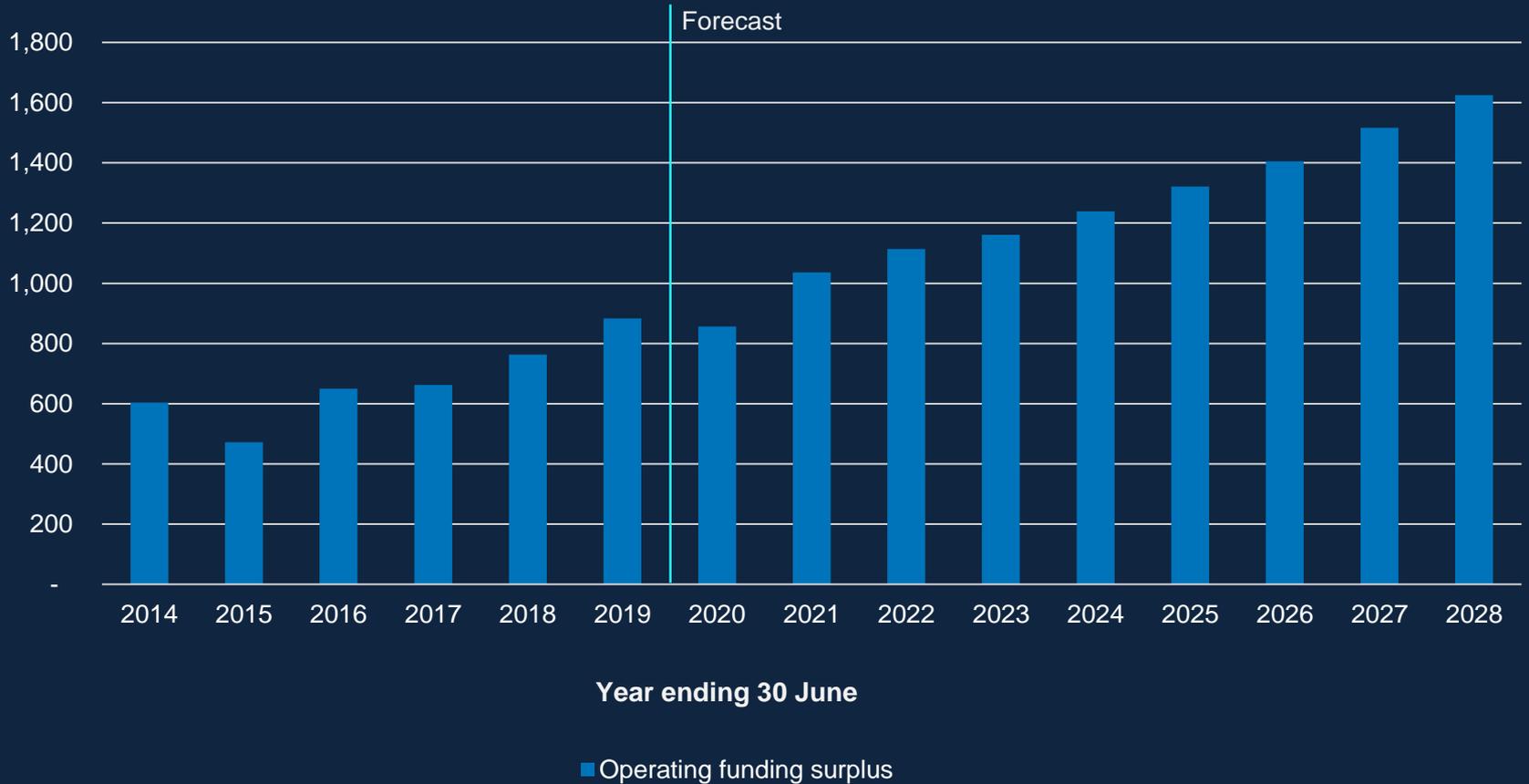
Revenue and Expenditure



Note: 2019 information is unaudited

Operating Funding Surplus

NZ\$ millions



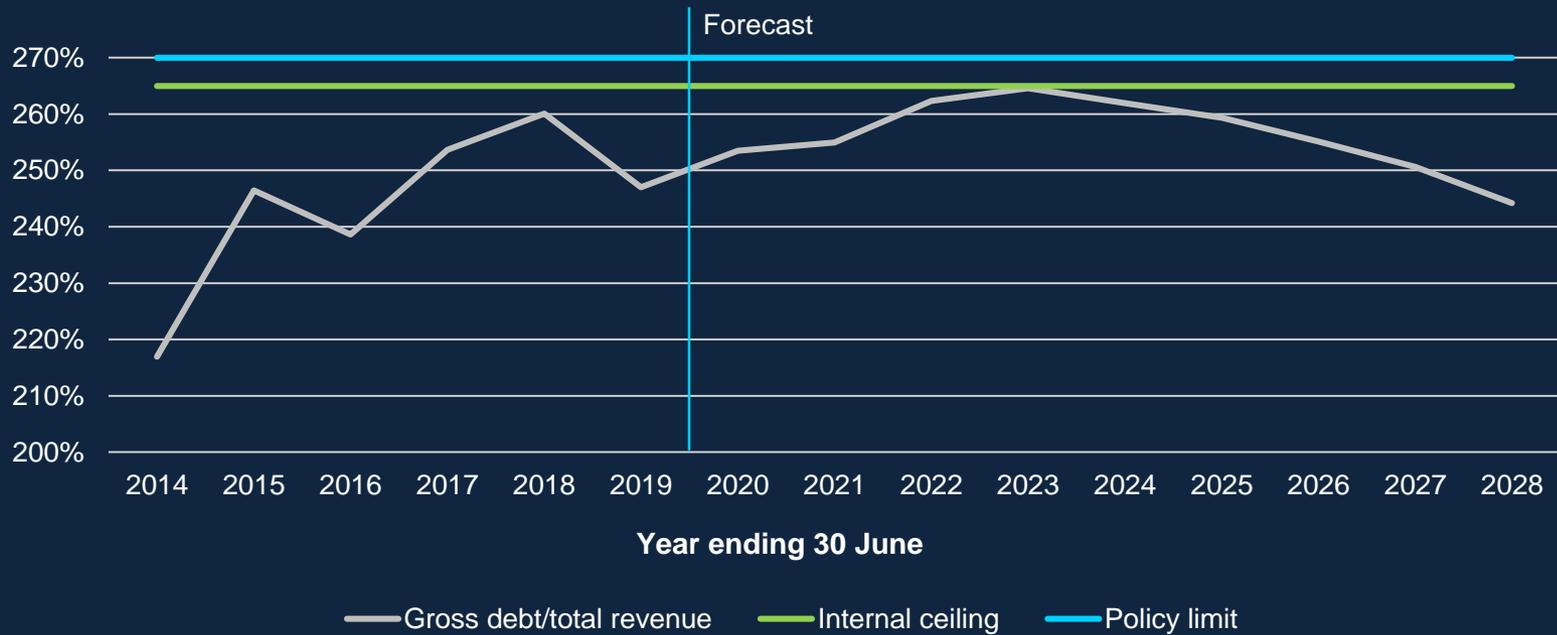
Note: 2019 information is unaudited

Net Debt to Assets



Note: 2019 information is unaudited

Gross Debt to Revenue Ratio



Note: 2019 information is unaudited

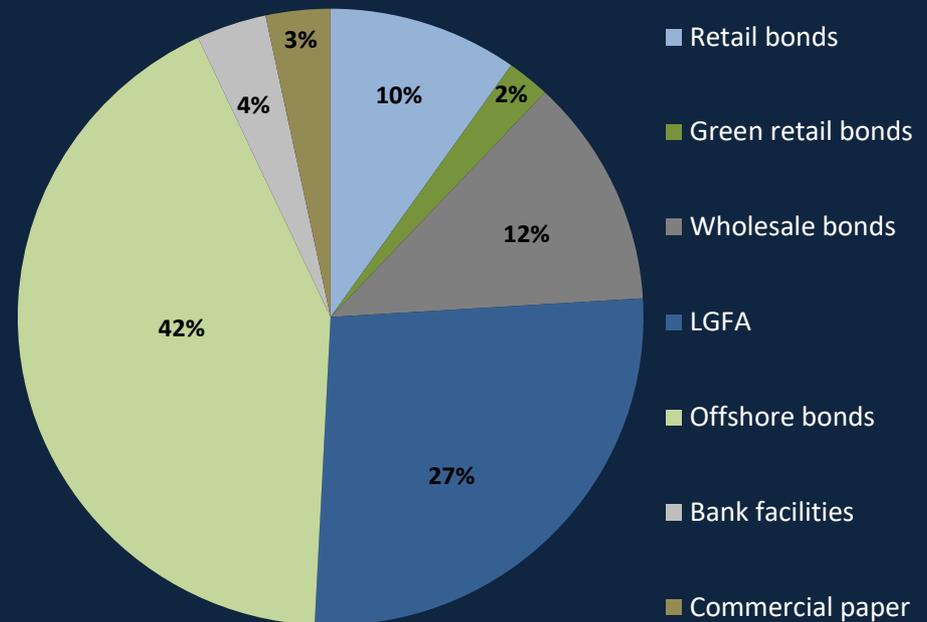
Funding Approach & Debt Market Activity



Funding Diversity (as at 30 June 2019)

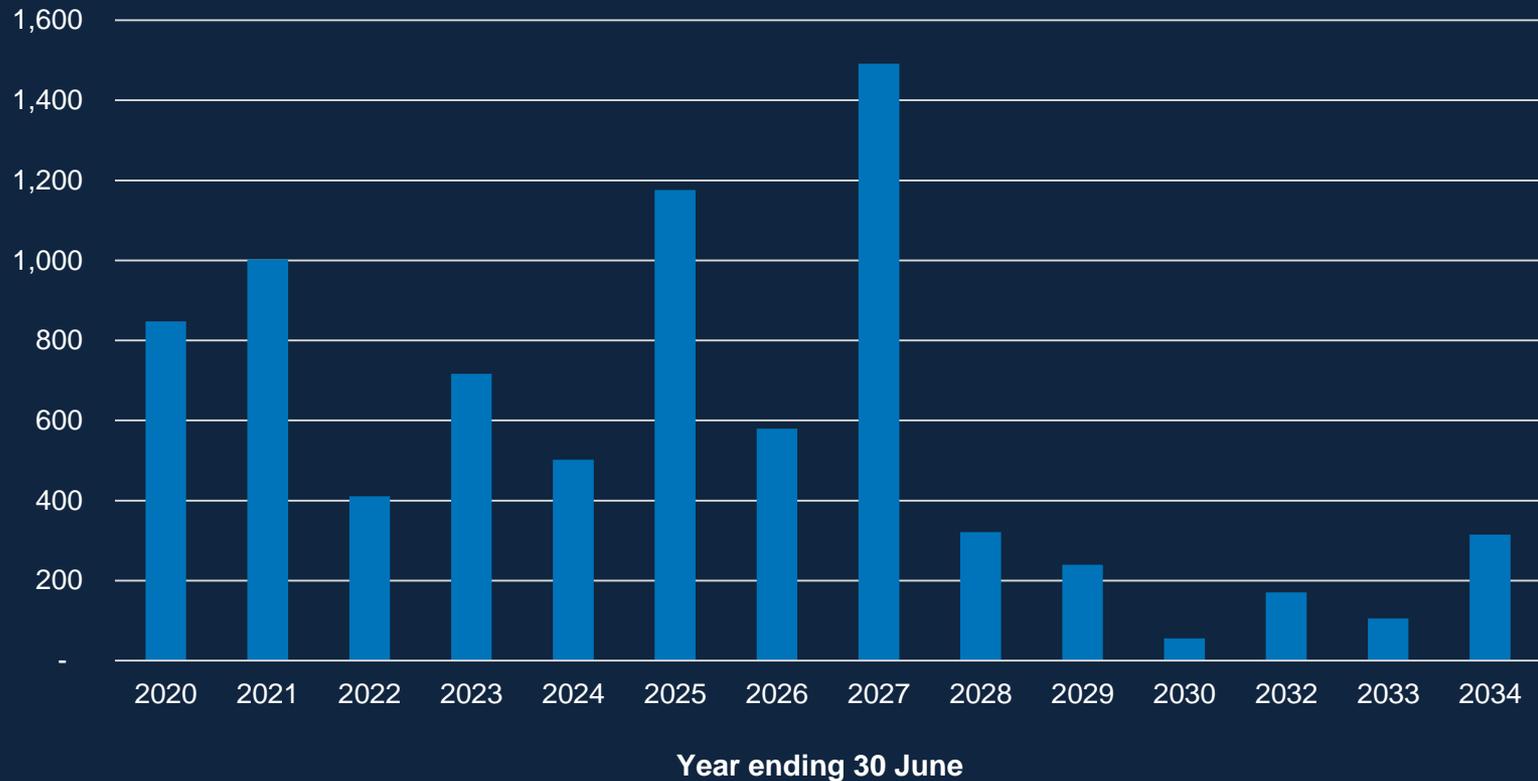
- Gross debt of NZ\$9.0 billion
- Multiple offshore issues (2 prior benchmark Euro issues)
- Weighted average term of 5.4 years
- Funding via LGFA* = 25% of their lending (capped at 40%)
- Backed by NZ\$1.3 billion standby facility
- Green bond issuance

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 2018**

“Supporting our ratings on Auckland are New Zealand’s institutional settings and the council’s experienced management team that has delivered the city’s large infrastructure program to support 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.”

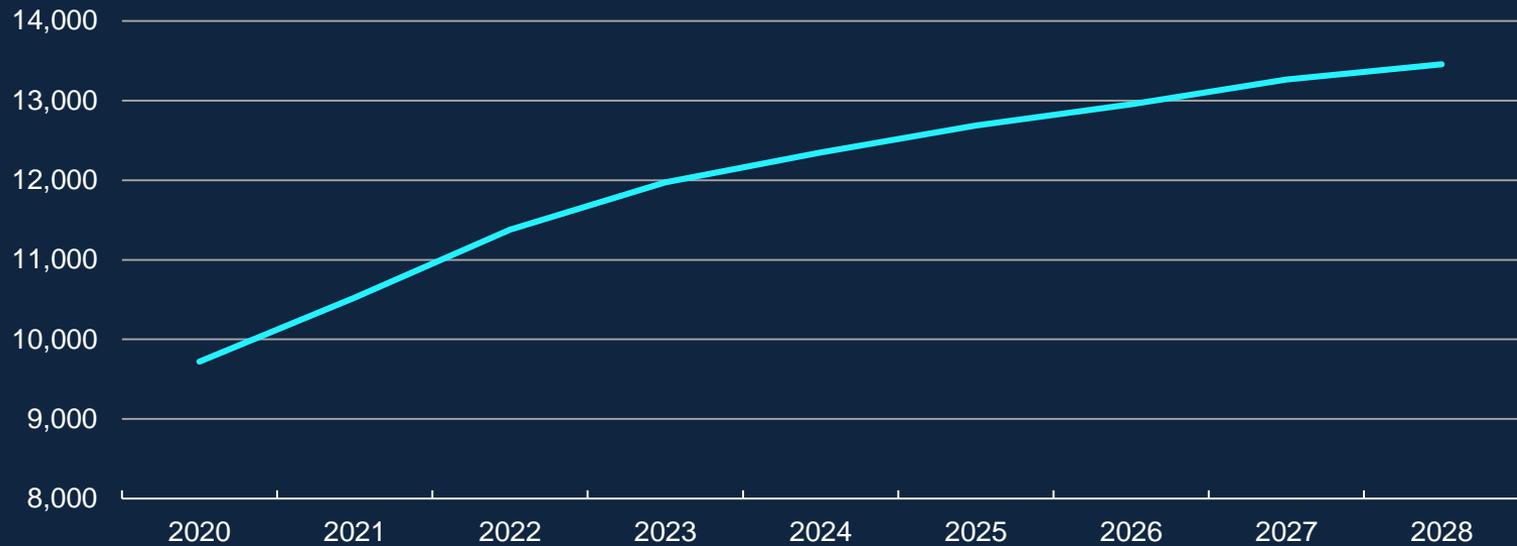
Annual Debt Requirement

NZ\$ millions



Projected Debt

NZ\$ millions



Year ending 30 June

— Gross debt

Auckland Council – Credit Proposition

Strong credit ratings of AA/Aa2 from S&P/Moody's – both “Stable” outlook

- Simple, transparent and supportive governance framework
- Auckland is politically significant and integral to the New Zealand economy
- Legislated and unlimited ability to raise property taxes (rates) and enforce payment
- Consistently strong financial results and strict financial parameters imposed
- Mature and advanced funding strategy

Appendix



Sustainability at Auckland Council

- Our approach to sustainability is framed by **the Auckland Plan** (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
Operating surplus before gains and losses	791	659	340
Surplus after adjustments	180	660	640

* Unaudited information

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
Net assets	39,042	38,802	35,776
Net debt to total assets	16.4%	16.0%	16.8%

*Unaudited information

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

*Unaudited information

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