

# Auckland Council Investor Update

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# Contents

Overview and Current Issues	4
Group Financial Highlights	7
Funding Approach and Debt Market Activity	14
Appendix	20



# Overview and Current Issues



# Auckland – Overview



**38%**

of New Zealand's GDP

**1.64m**

Auckland population



Auckland



**200+**

Ethnicities in Auckland  
and 44% of the  
workforce born overseas

**33%**

of New Zealand's  
population

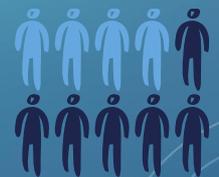


**3<sup>rd</sup>=**

Most liveable city  
globally\*

**4**

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



# Current Issues

- Capital delivery \$1.3 billion at half-year (full year budget \$2.7b) – up 35% on previous year.
- Reduced transport capital subsidies from Central Government as we work with them on accessing agreed funding levels.
- Reduced development contributions revenue – down 31% on previous year due to policy change (likely to be \$100m less than budget for full year).
- Debt to revenue ratio within budget projection – 253%.
- Central Government infrastructure spend.
- Central Government election.
- America's Cup and APEC.
- CRL.
- Management changes.

# Group Financial Highlights



# Group Financial Highlights (31 December 2019\*)

Strong  
Operational  
Cashflows

**\$746m**

Operating  
cashflows before  
gains and losses

Large  
Investment  
Programme

**\$1.3b**

Capital  
investment

Asset Base  
Growth

**\$54.7b**

Total assets

Increased  
Net Debt

**\$9.2b**

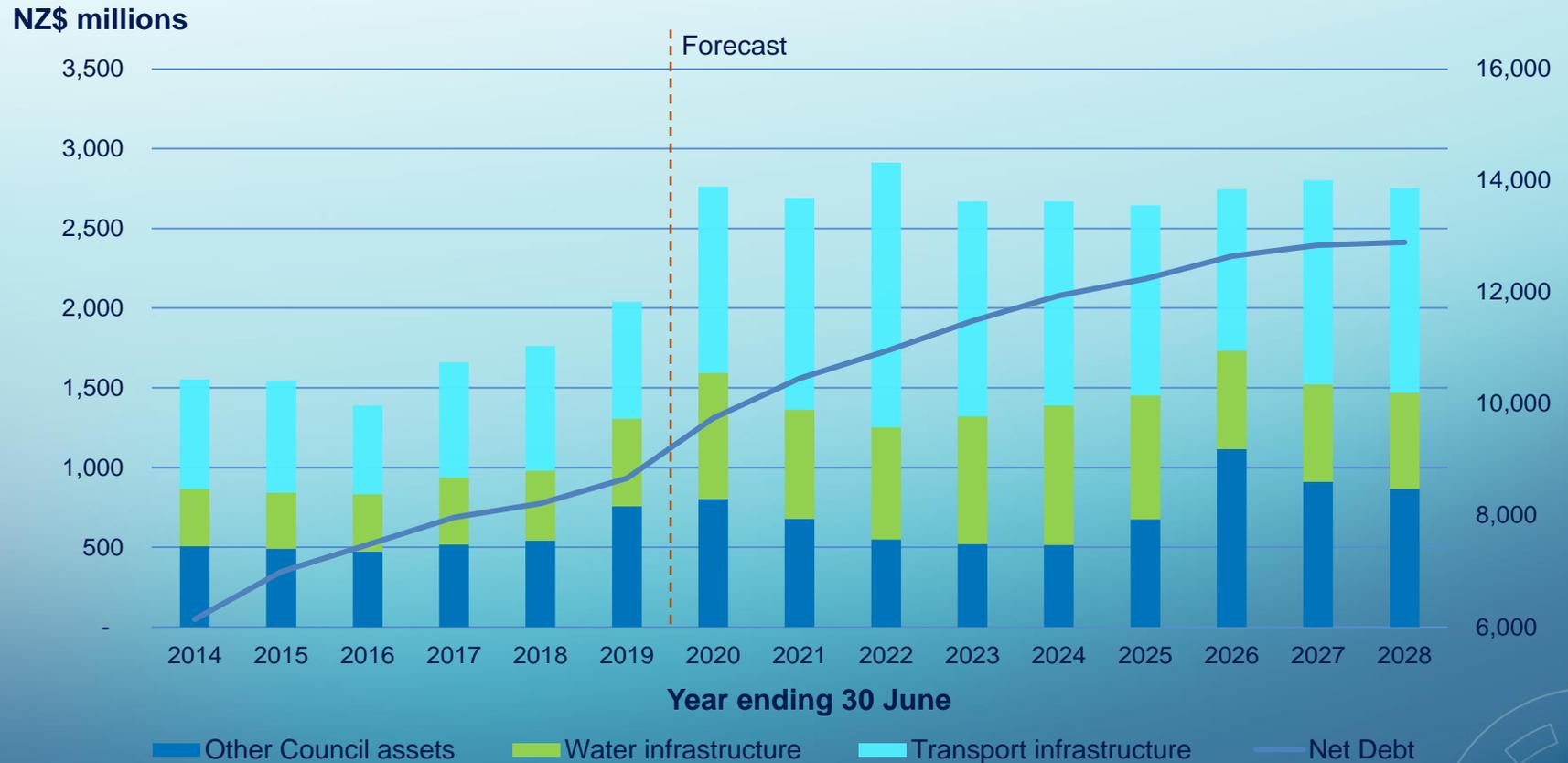
Net debt

# Revenue and Expenditure

NZ\$ millions

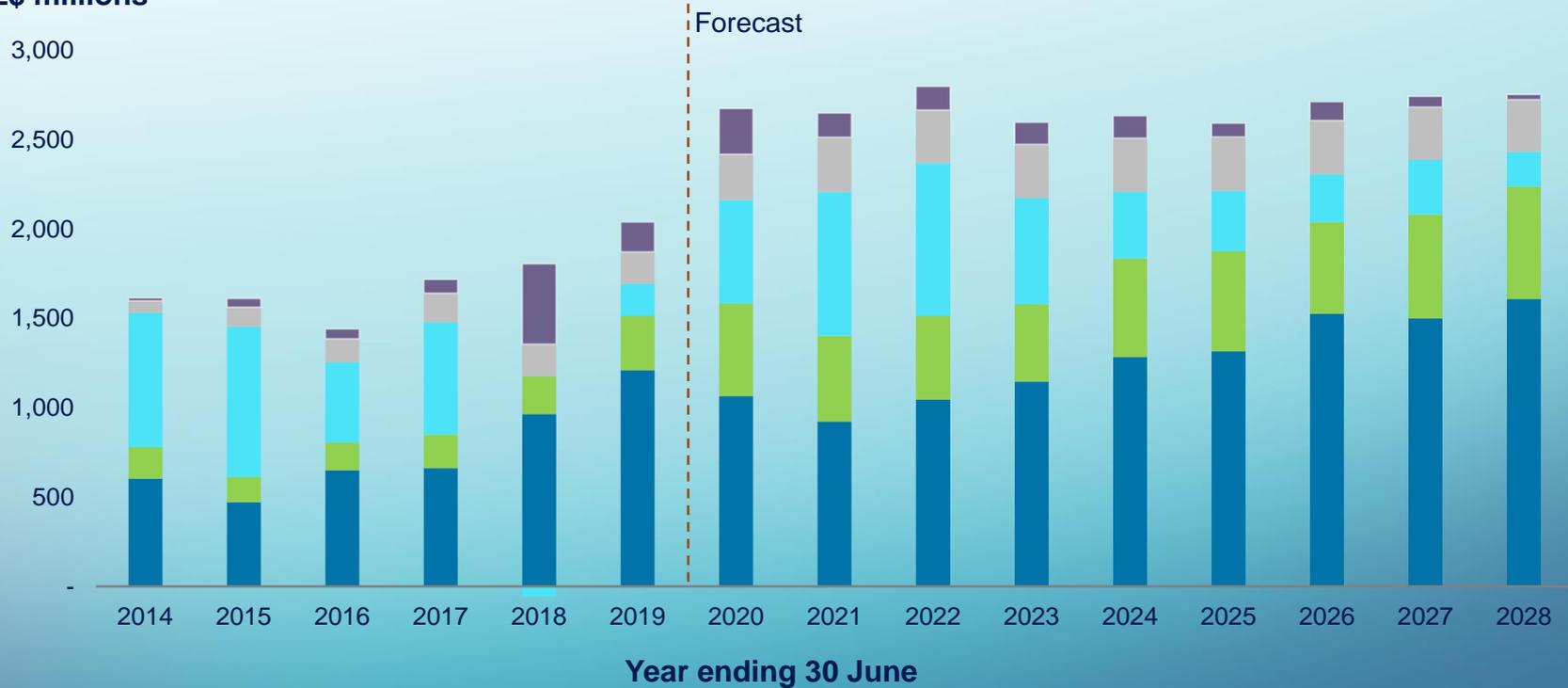


# Capital Investment



# Capital Funding Source

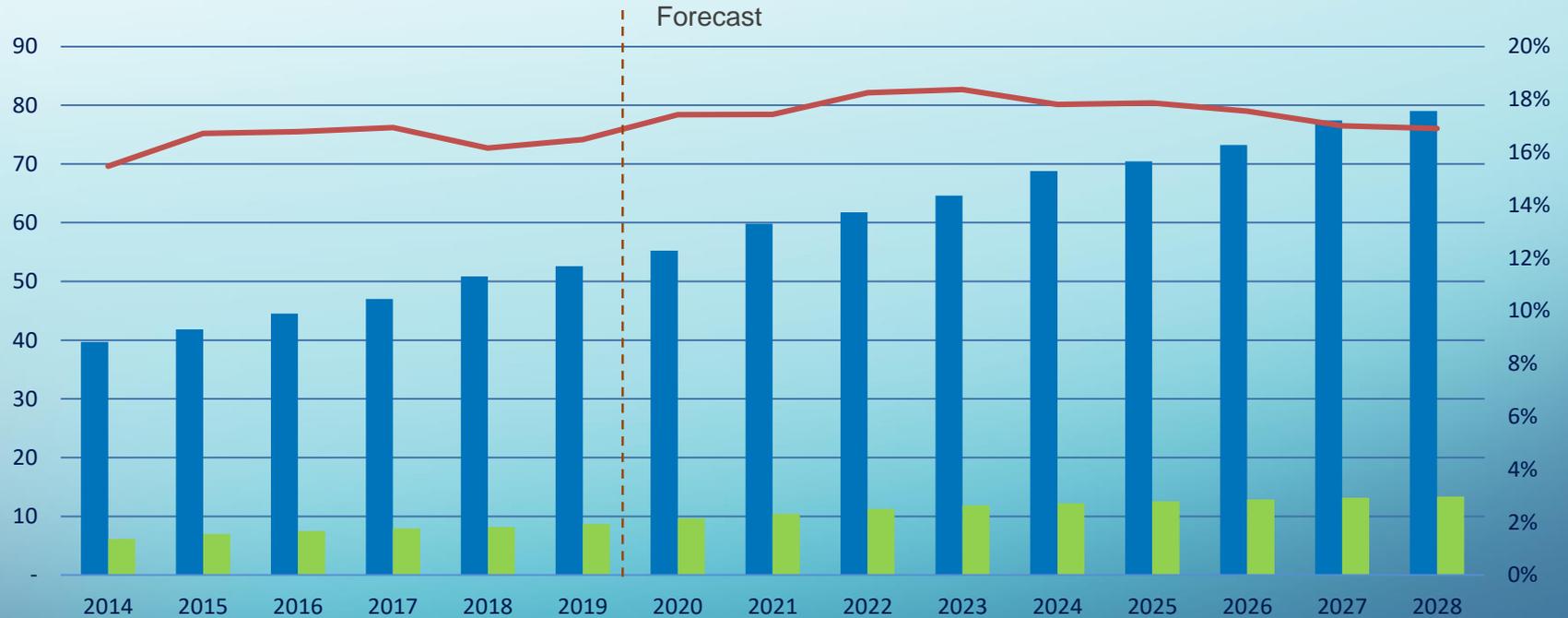
NZ\$ millions



■ Operating surplus 
 ■ Capital grants and subsidies 
 ■ Change in net debt 
 ■ Development contribution revenue 
 ■ Asset sales

# Net Debt to Assets

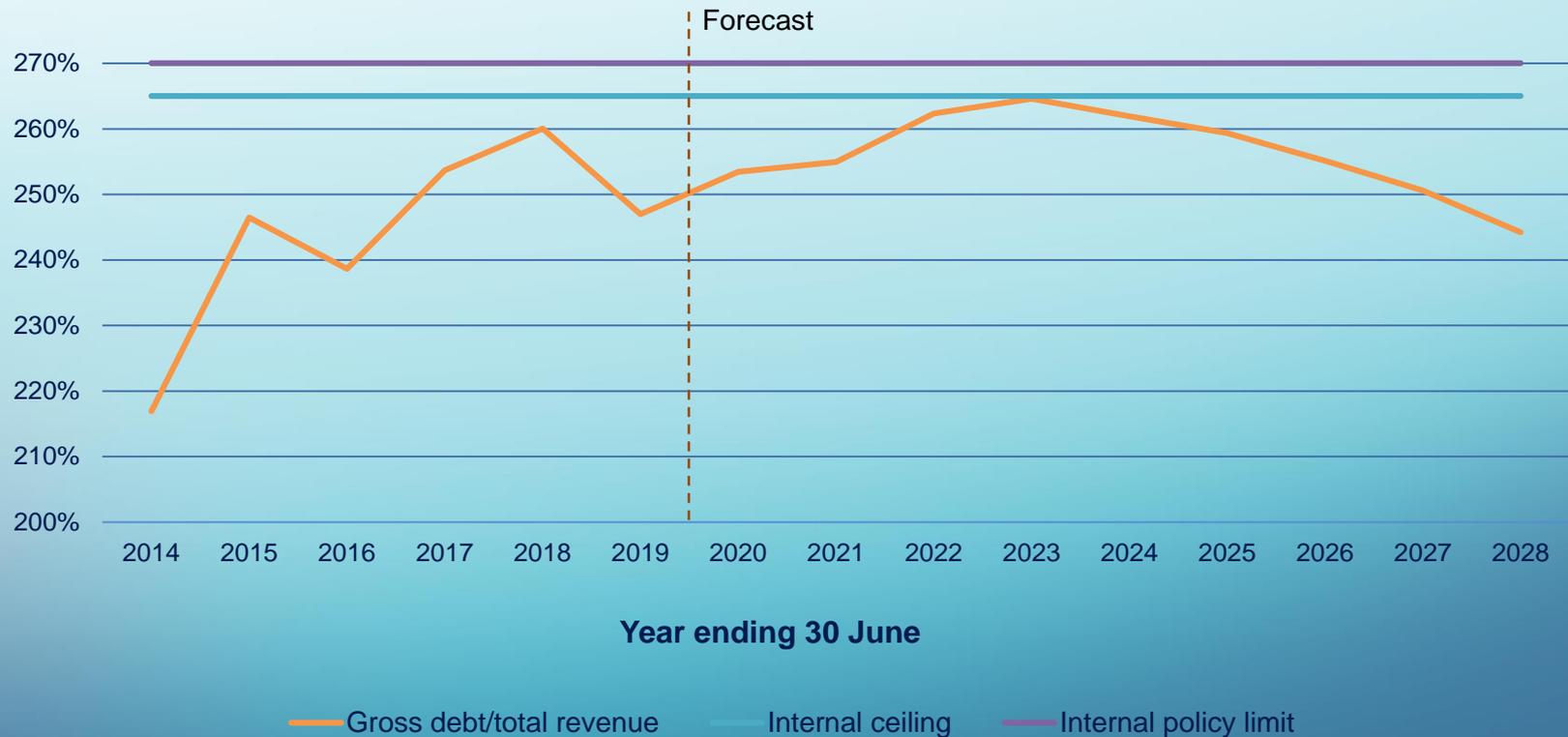
NZ\$ billions



Year ending 30 June

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

# Gross Debt to Revenue Ratio



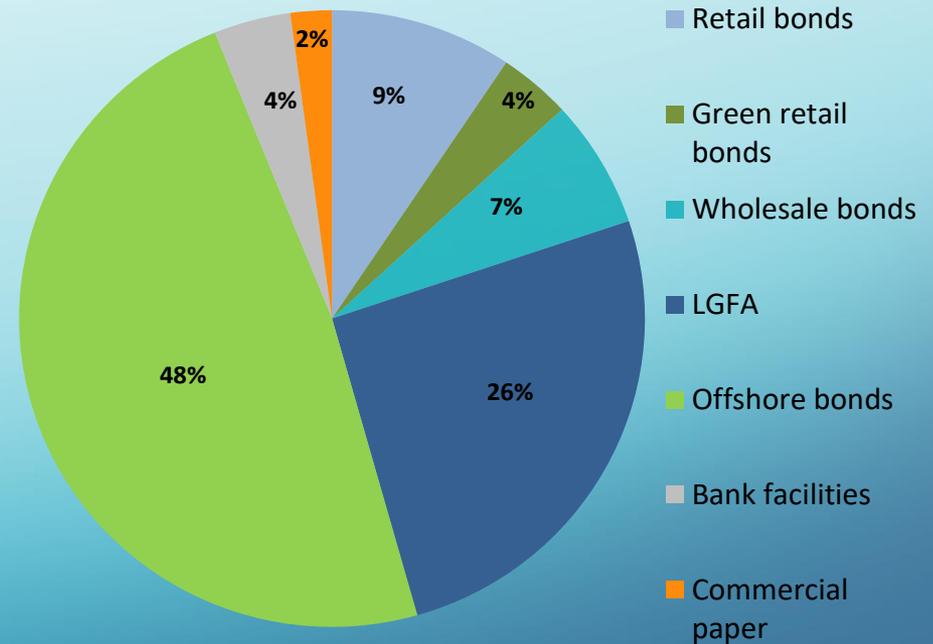
# Funding Approach and Debt Market Activity



# Funding Diversity (as at 31 Dec 2019)

- Gross debt of NZ\$9.4 billion
- Multiple offshore issues (EUR, AUD, CHF and NOK)
- 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

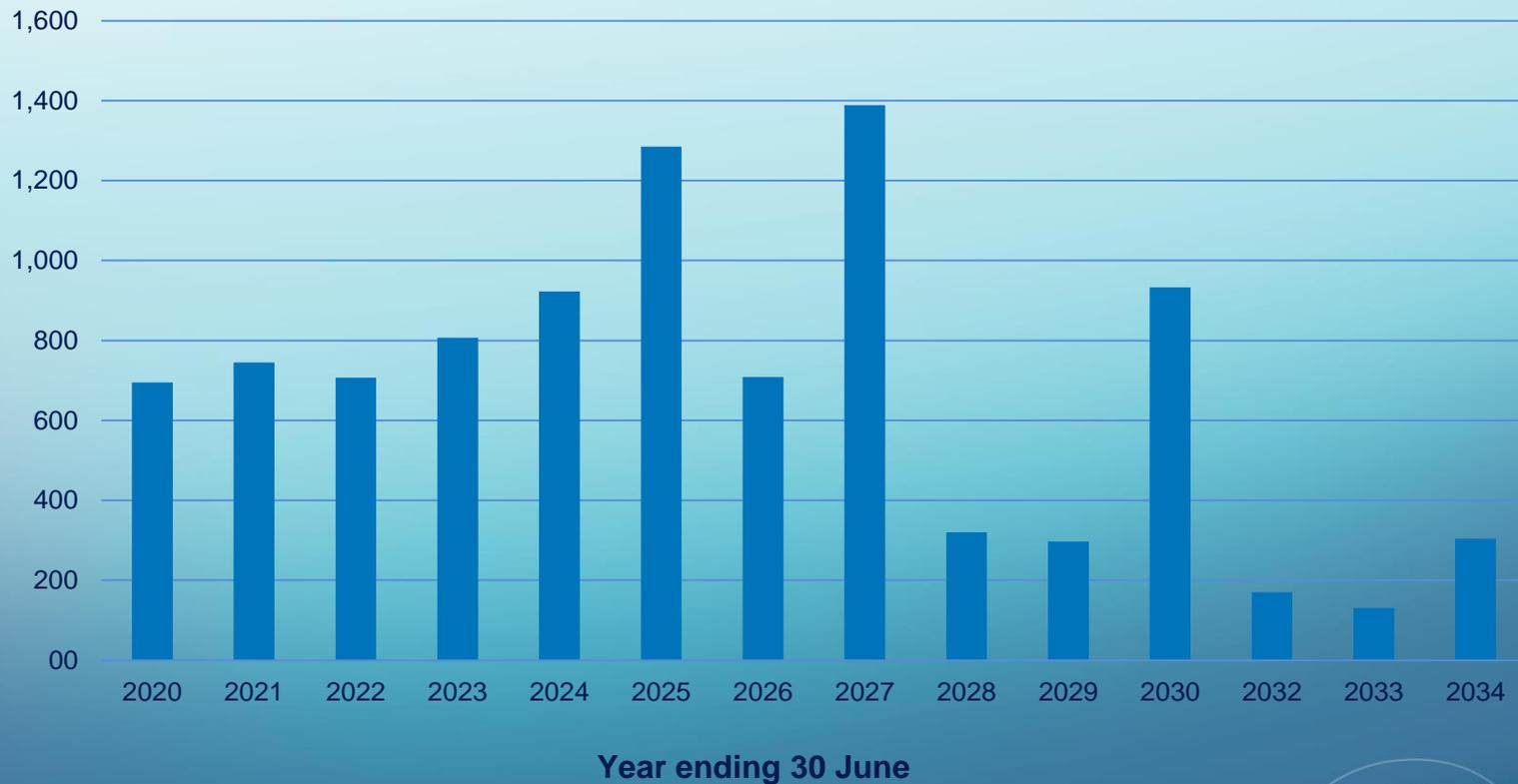
Auckland Council Group funding mix



\* Local Government Funding Agency

# Long-term Debt Maturity Profile (as at 31 Dec 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**

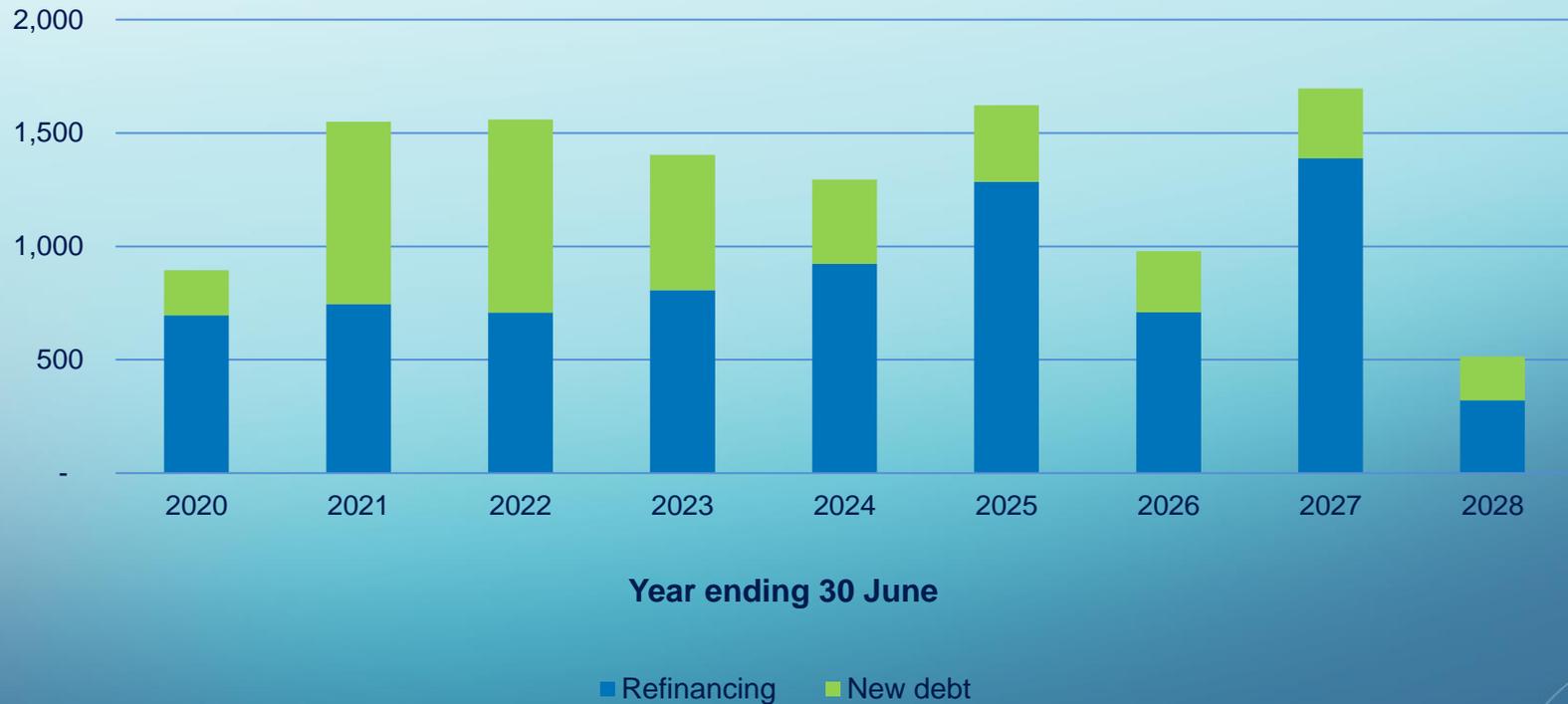
*“Supporting our ratings on Auckland are New Zealand’s institutional settings and the council's experienced management team that has delivered the city's large infrastructure program to support Auckland's strong population growth.”*

**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.”*

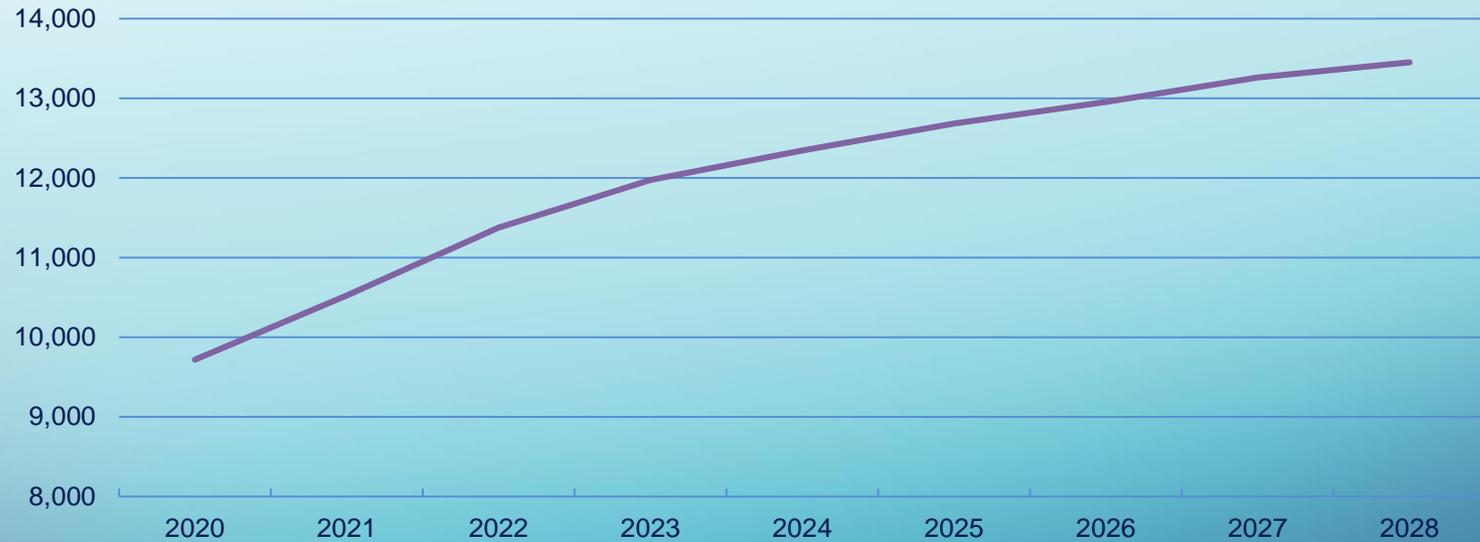
# Annual Debt Requirement Forecast (as at Dec 2019)

NZ\$ millions



# Projected Debt Forecast

NZ\$ millions



Year ending 30 June

— Gross debt

# Appendix



# Comprehensive Revenue and Expenditure

31 December 2019

For the period (NZ\$m)	Six months to 31 Dec 2019*	Six months to 31 Dec 2018	Year to 30 Jun 2019	Year to 30 Jun 2018
Rates revenue	1,871**	1,778*	1,790	1,707
Services and other revenues	1,623	1,483	3,089	2,836
<b>Total revenue</b>	<b>3,494</b>	<b>3,261</b>	<b>4,879</b>	<b>4,543</b>
Operating expenses	1,928	1,809	3,610	3,412
Finance costs	217	238	478	472
<b>Total expenses</b>	<b>2,145</b>	<b>2,047</b>	<b>4,088</b>	<b>3,884</b>
<b>Operating surplus before gains and losses</b>	<b>1,349</b>	<b>1,214</b>	<b>791</b>	<b>659</b>
Surplus after adjustments	1,316	1,039	175	660

\* Unaudited results

\*\* Note full year rates revenue recognised in interim results

# Financial Position – 31 December 2019

As at (NZ\$m)	31 Dec 2019*	31 Dec 2018	30 Jun 2019	30 Jun 2018
Cash	173	280	294	618
Total assets	54,692	52,405	52,873	51,462
Borrowings	9,378	8,564	8,958	8,832
Total liabilities	14,321	12,564	13,831	12,660
<b>Net assets</b>	<b>40,371</b>	<b>39,841</b>	<b>39,042</b>	<b>38,802</b>
Net debt to total assets	16.8%	15.8%	16.4%	16.0%

\* Unaudited results

# Cash Flow – 31 December 2019

For the period (NZ\$m)	Six months to 31 Dec 2019*	Six months to 31 Dec 2018	Year to 30 Jun 2019	Year to 30 Jun 2018
Operating cash flow	746	707	1,248	1,101
Investing cash flow	(1,370)	(803)	(1,713)	(1,134)
Funding cash flow	497	(235)	146	312

\* Unaudited results

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