

Investor Update

October 2024



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.

This presentation is strictly confidential and is being provided only to persons who are professional, institutional and/or wholesale investors to whom it can be lawfully provided in any jurisdiction ("Relevant Persons"). It is only directed at Relevant Persons.

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. Auckland Council and its councillors, officers, employees and agents expressly disclaim any and all liability relating to or resulting from inaccurate or incomplete information or the use of or reliance on all or any part of the information contained within this presentation, except to the extent such liability is found by a court to arise under the Financial Markets Conduct Act 2013 (NZ) or cannot be disclaimed as a matter of law.

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 at the date hereof, and do not bind Auckland Council. Except as required by law, Auckland Council undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

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.

Any internet site addresses provided in this presentation are for reference only and, except as expressly stated otherwise, the content of any such internet site is not incorporated by reference into, and does not form part of, this presentation.

All currency amounts are in New Zealand dollars unless otherwise stated and figures, including percentage movements, are subject to rounding.

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.

Contents

Overview	5
Drivers of Auckland Council's credit profile	8
Key focus areas and group financial highlights	12
Funding approach and debt market activity	23
Auckland Council sustainability programme	28
Auckland Council summary	33
Appendix	35
Contact details	40



Overview

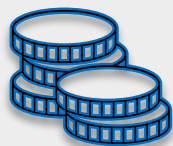


New Zealand overview



5.3m¹

New Zealand's population



NZ\$415b¹

New Zealand's GDP



-0.2%¹

Annual GDP Growth



2.2%⁴

New Zealand's annual CPI



0.61²

NZD/USD
Exchange Rate



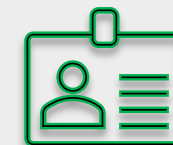
0.91²

NZD/AUD
Exchange Rate



4.6%¹

Unemployment
Rate



4.75%³

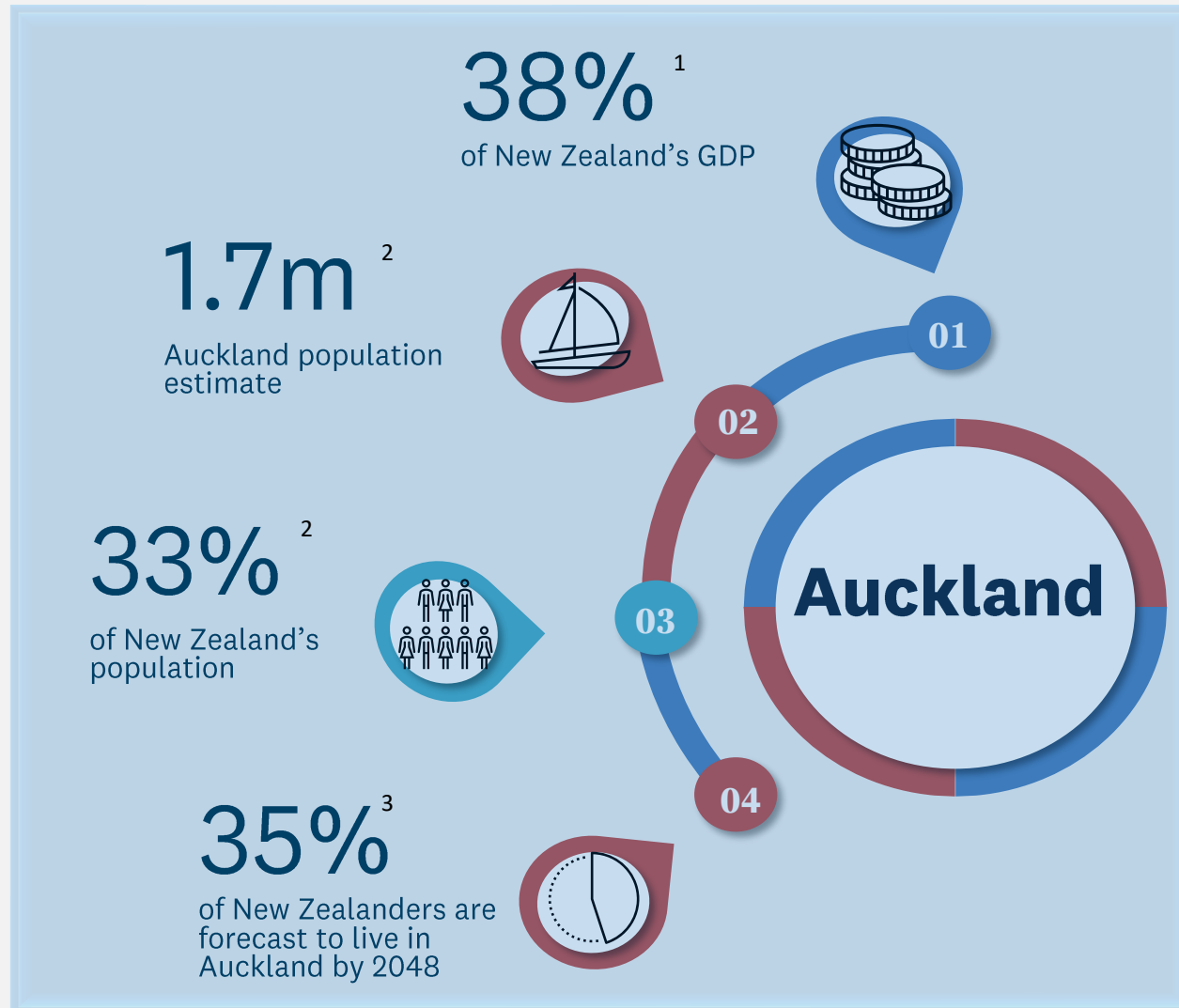
Official Cash Rate



1. Statistics New Zealand June 2024
2. Bloomberg as at 14 October 2024
3. RBNZ as at 9 October 2024
4. Statistics New Zealand October 2024



Auckland overview



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)



Infrastructure-focused local government responsibilities

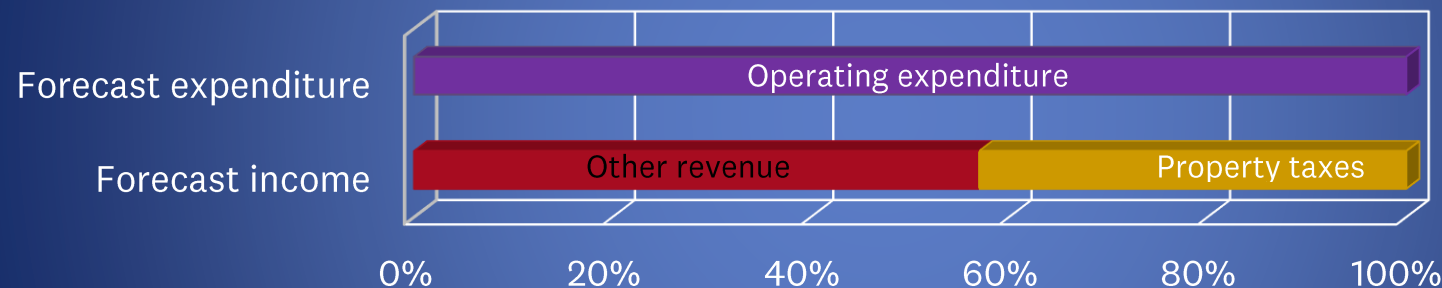
Auckland Council has broad powers to tax property (rates)

- 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



AA (stable)
25 September 2024



Aa2 (stable)
18 September 2024

Strengths	Risks
Strong economy	Elevated debt
Experienced financial management	Budgetary performance (i.e. level of cash deficit after capex)
Exceptional liquidity	Weakening institutional framework assessment
Diverse funding sources	
Growing partnership with central government	



Key focus areas and group financial highlights



Key focus areas

- Long-term plan 2024-2034 execution
- Central/Local government collaboration
- Planned capital expenditure delivery
- Local Water Done Well – Watercare funding separation
- Auckland Future Fund



[Link to Long-term plan 2024-2034 documents](#)

Long-term Plan 2024-2034 focus



Auckland Future Fund, investment in financial and physical resilience



LTP 2024 -2034

is about making the most of what we have, and targeting investment in areas where it is needed most or will have the highest impact



The Long-term Plan 2024-2034 includes

- Prioritised investment in transport and water, fairer funding for communities and an Auckland Future Fund.
- Rates increases of
 - 6.8 per cent for 2024/2025
 - 5.8 per cent in 2025/2026
 - 7.9 per cent in 2026/2027



Investing to manage growth

Transport		
KEY AREA OF SPEND	CAPITAL SPEND	OPERATING SPEND
	\$14,594m (includes \$592m for CRL over 3 years)	\$28,152m

Includes support for City Rail Link, Northwest Rapid Transit build, Eastern Busway

Water		
KEY AREA OF SPEND	CAPITAL SPEND	OPERATING SPEND
	\$16,016m	\$16,496m

Includes completion of Central Interceptor and progressing Huia water treatment plan upgrade, as well as Making Space for Water programme

Built environment		
KEY AREA OF SPEND	CAPITAL SPEND	OPERATING SPEND
	\$1,181m	\$1,590m

Include suburban regeneration Strategic Development Fund, waterfront plan and implementing the city masterplan

Natural environment		
KEY AREA OF SPEND	CAPITAL SPEND	OPERATING SPEND
	\$517m	\$7,882m

Includes targeted rate for environmental programmes, improvements to waste division and rates funded refuse collection



Investing to manage growth (cont.)

Community		
KEY AREA OF SPEND	CAPITAL SPEND	OPERATING SPEND
	\$4,240m	\$12,386m

Includes additional capital investment in community assets while also supporting a transition to new service model that is less reliant on assets

Economic and cultural development		
KEY AREA OF SPEND	CAPITAL SPEND	OPERATING SPEND
	\$587m	\$2,870m

Includes promoting Auckland as a place to live, work, visit and study, as well as investment in regional facilities

Well managed local government		
KEY AREA OF SPEND	CAPITAL SPEND	OPERATING SPEND
	\$2,205m	\$6,536m

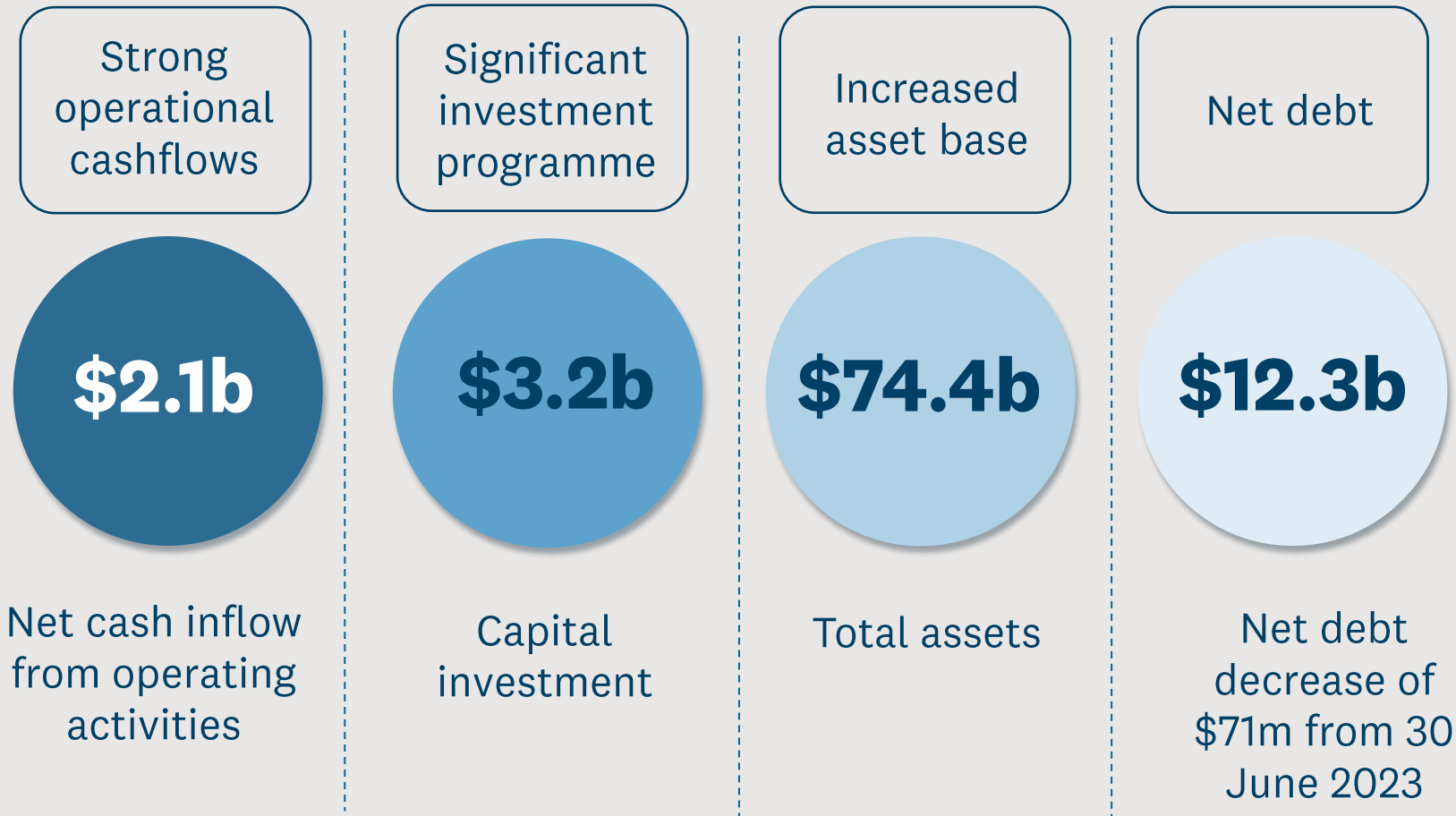
Includes investment in fit-for purpose technology, accelerating group shared services and flood-risk property buyouts

Total Capex	Total Opex
\$39b	\$76b

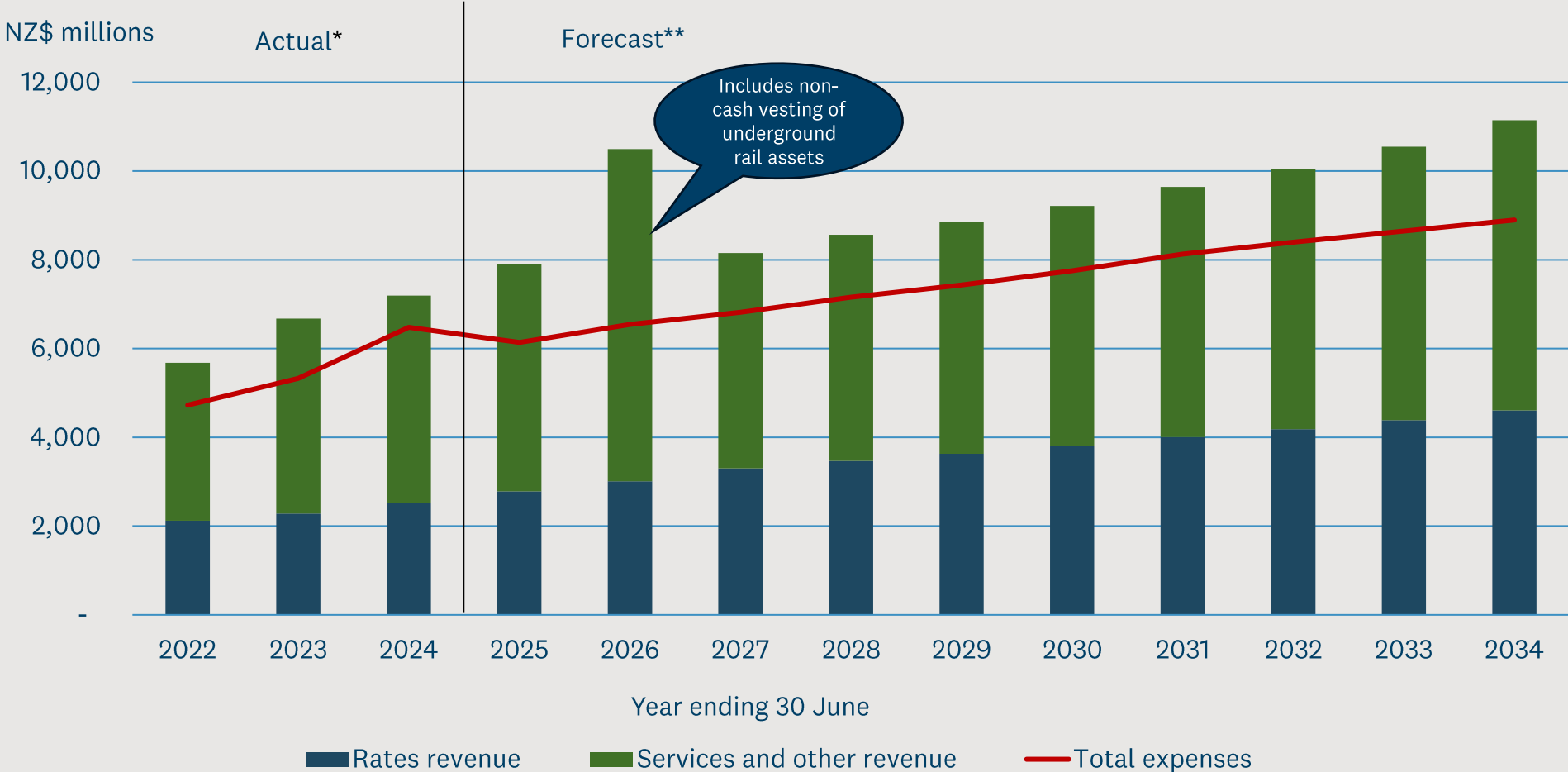


Strong group financial results

30 June 2024



Growing revenues vs expenditure

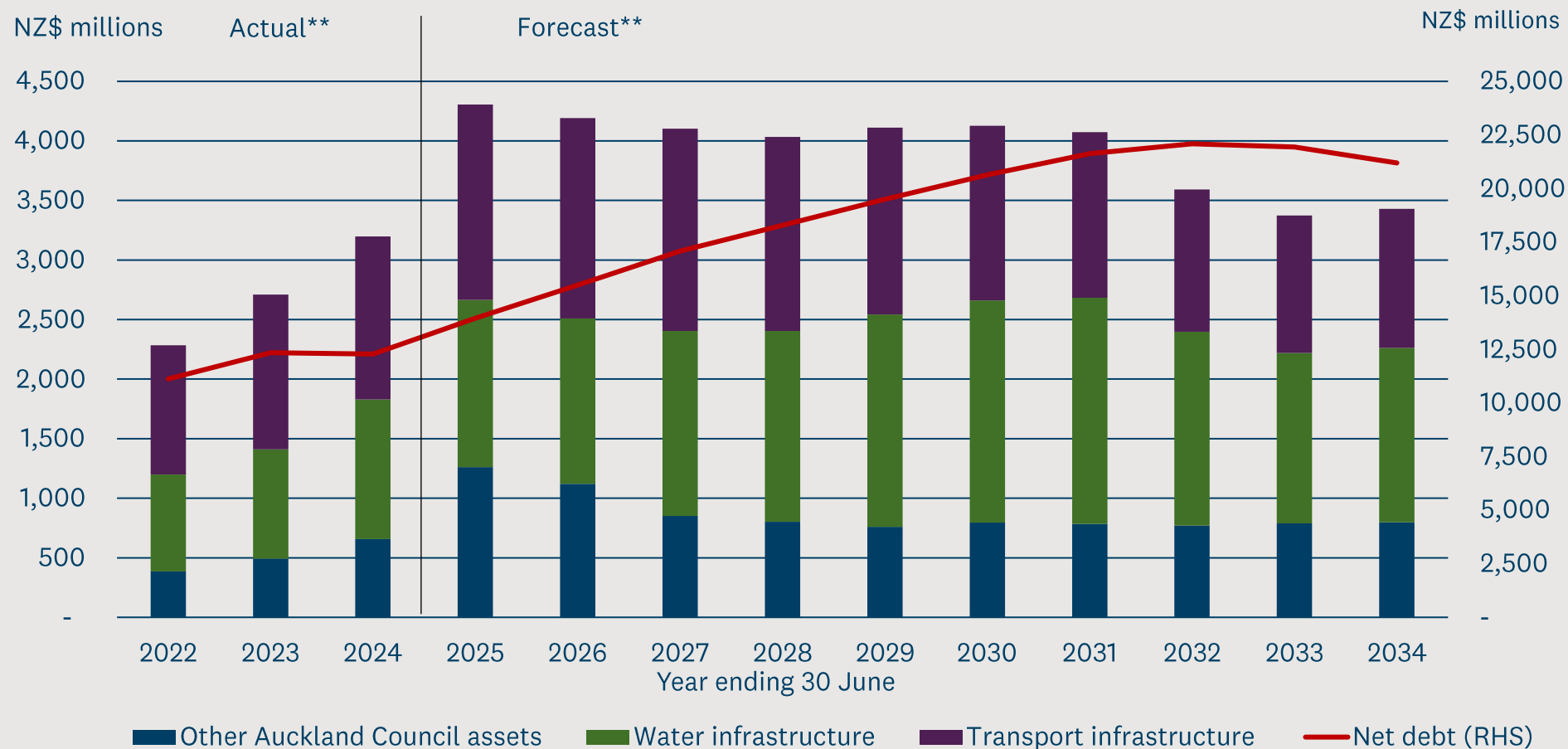


*Actual are audited results, except for 2024 which are unaudited

** Forecast based on the Long-Term Plan 2024-2034.



Consistent investment in infrastructure

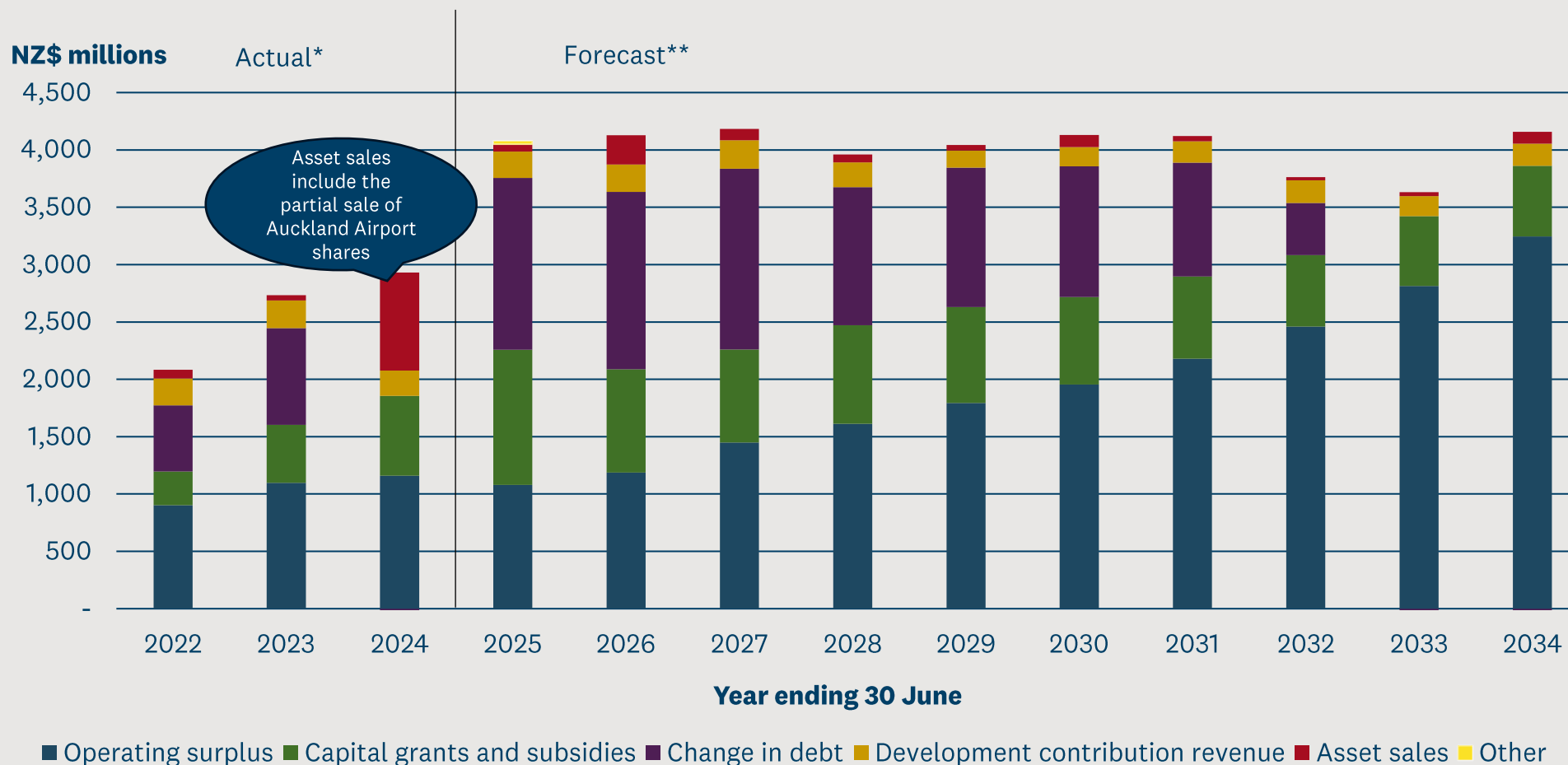


*Actual are audited results, except for 2024 which are unaudited

** Forecast based on the Long-Term Plan 2024-2034



Reducing dependency on debt as a funding source

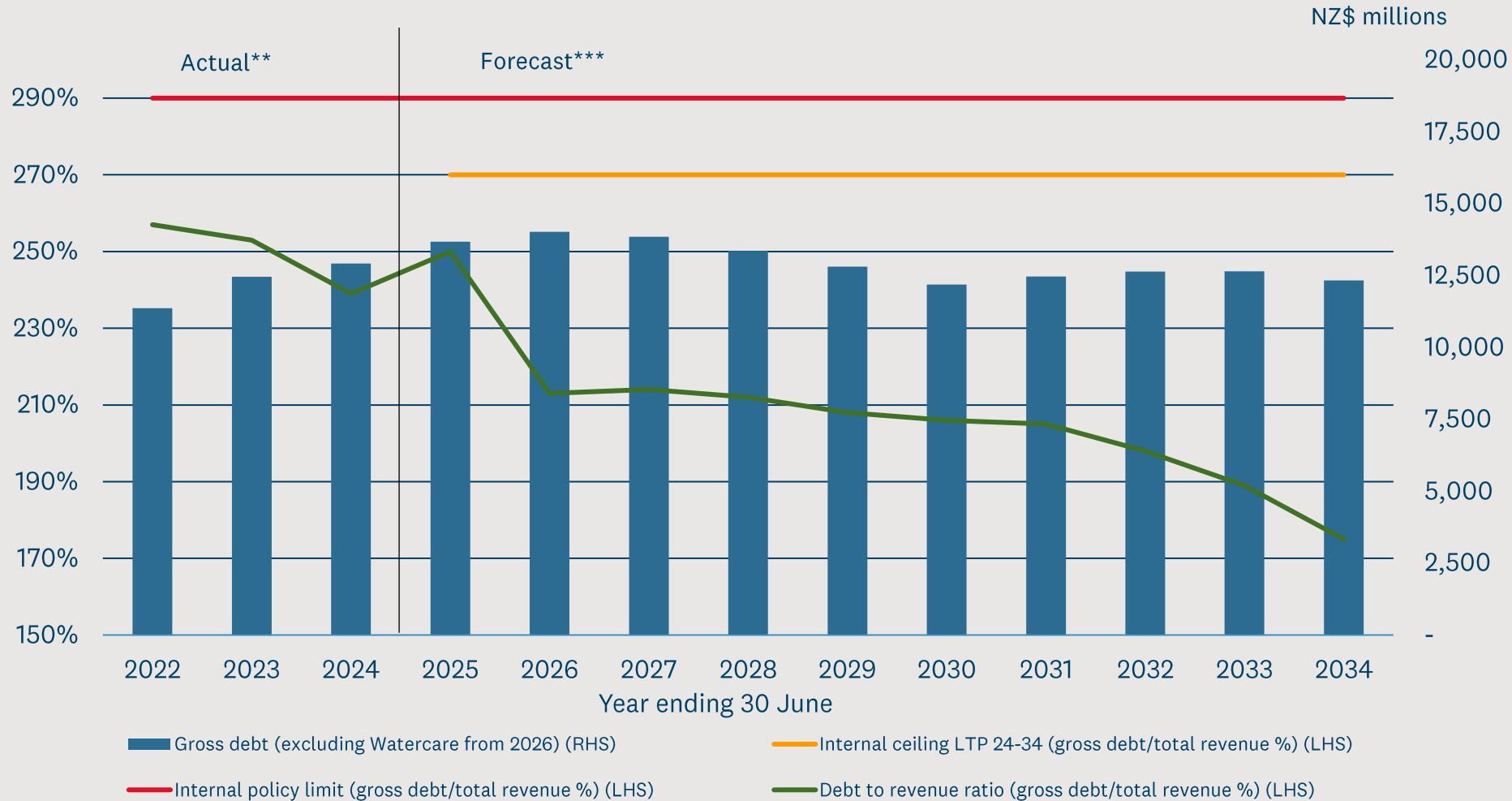


*Actual are audited results, except for 2024 which are unaudited

** Forecast based on the Long-Term Plan 2024-2034



Declining gross debt to revenue ratio *



* 2022-2024 actual and 2025 forecast includes Watercare debt. Watercare debt is excluded from forecasts from 2026 onwards

** Actual are audited results, except for 2024 which are unaudited

*** Forecast based on the Long-Term Plan 2024-2034



Funding approach and debt market activity

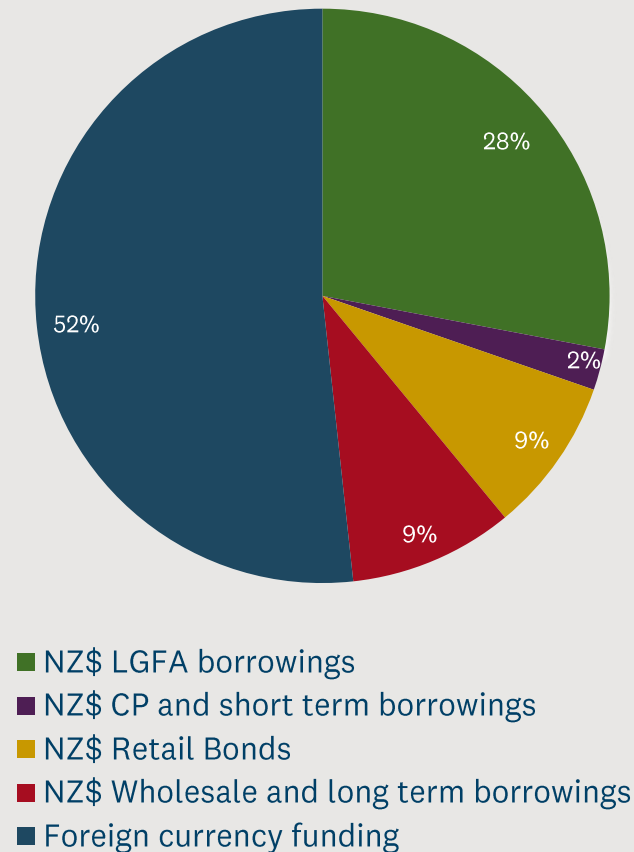


Robust and established funding strategy

- 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 5.69 years
- Maintaining reasonable debt headroom with LGFA - Actual 17% vs 40% cap of LGFA's total lending

* Local Government Funding Agency

**Auckland Council Group funding mix
(as at 30 June 2024)**



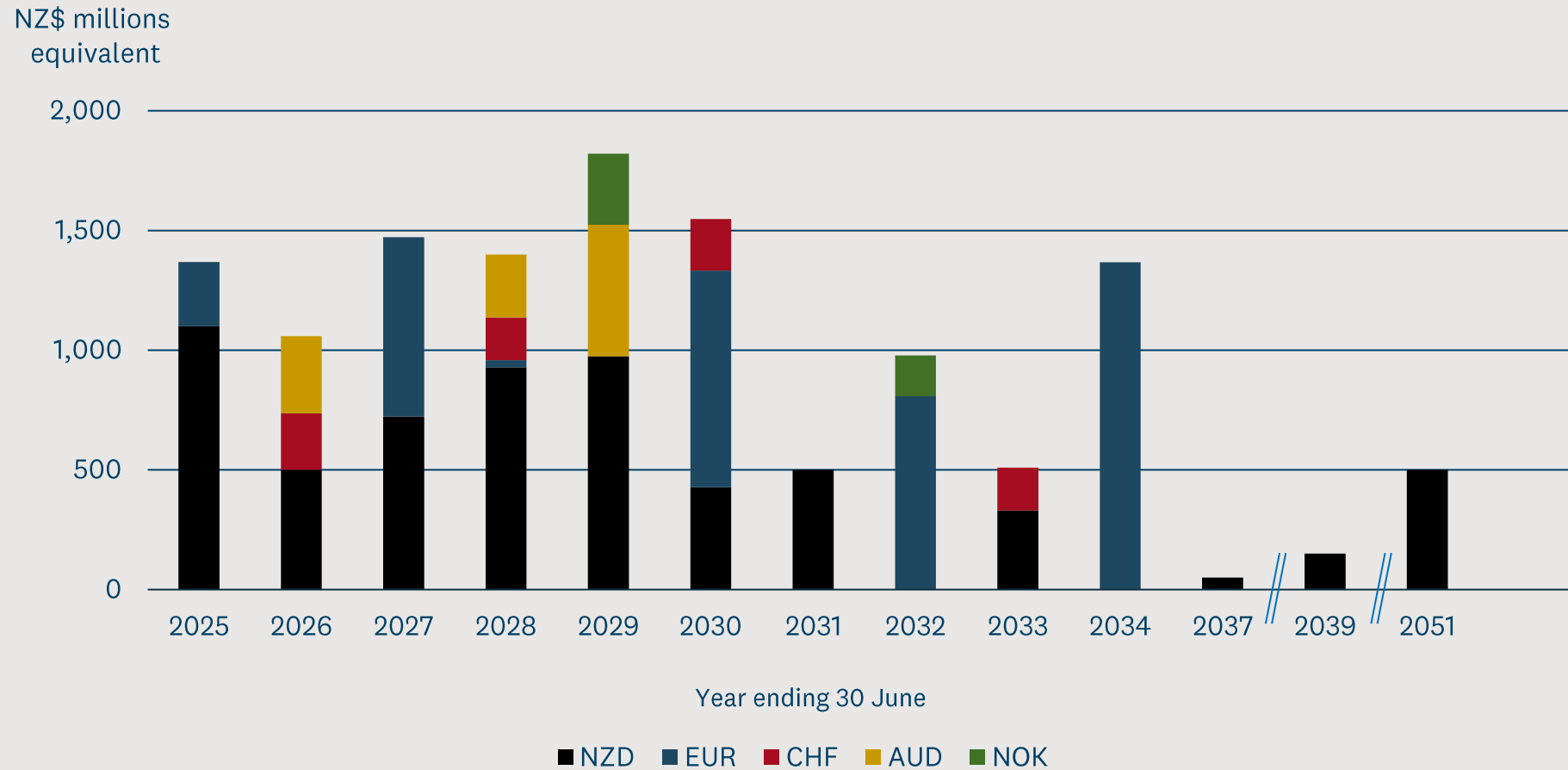
Robust and established funding strategy (cont.)

- 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 = 53% of total debt is listed
- Hedging all FX exposure on foreign currency debt
- Disciplined approach to investor engagement – regular investor updates
- Green bond issuance – 9 green bonds totalling NZ\$3.7 billion currently outstanding (NZ\$, EUR and CHF issues) = 29% of total debt

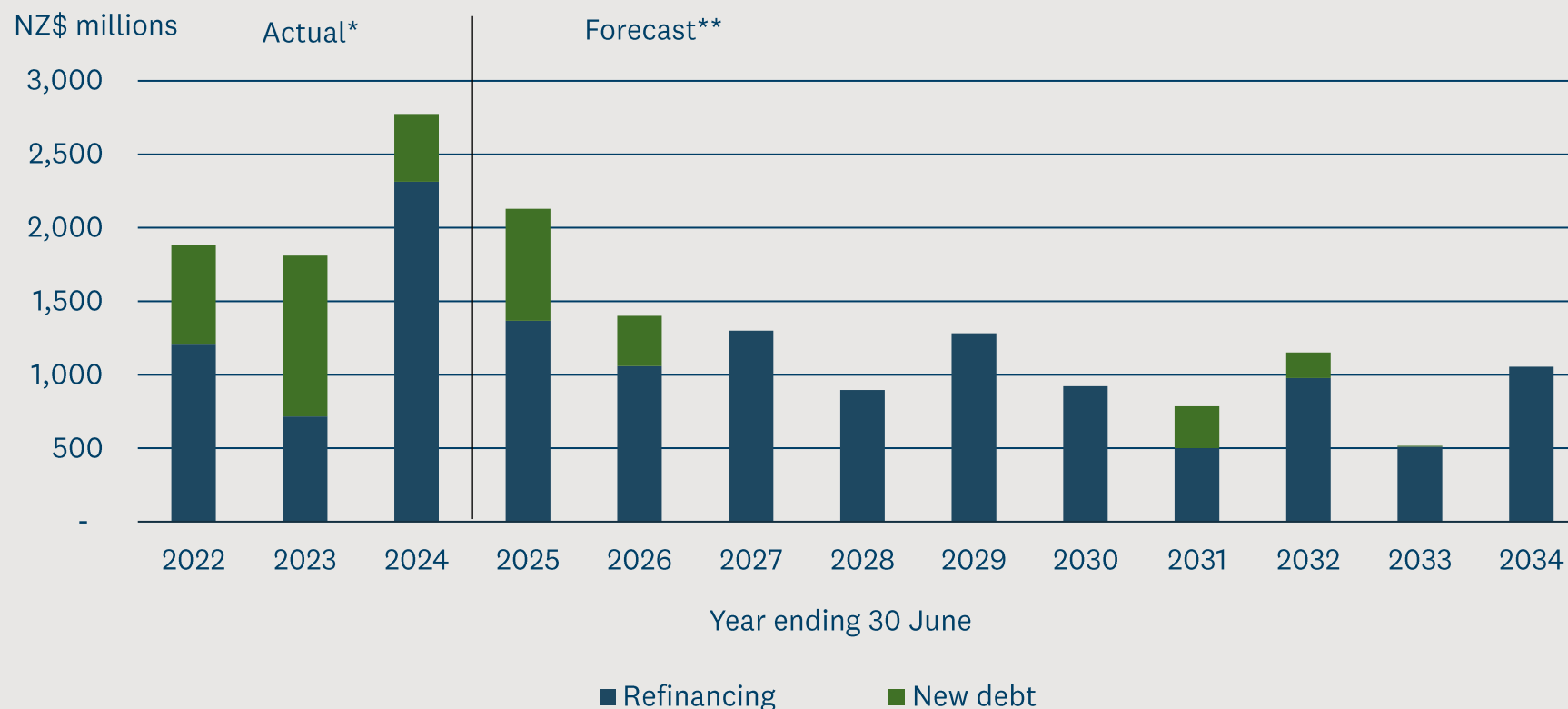


Diversified debt maturity profile

(as at 30 June 2024)



Reducing annual debt requirement for parent (as at 30 June 2024)



*Actual are audited results, except for 2024 which are unaudited

** Forecast based on the Long-Term Plan 2024-2034. Excludes debt independently borrowed by Watercare from 1 July 2025.



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 (cont.)

Environment

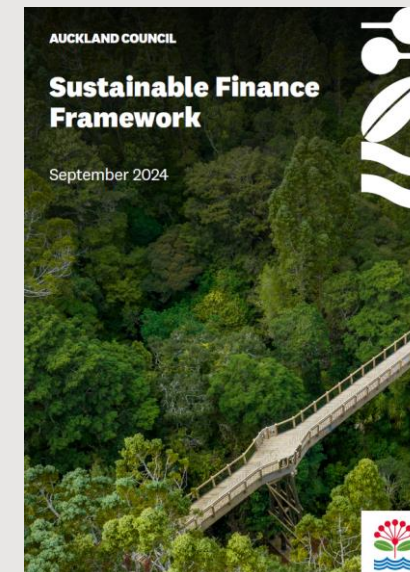
Our core goals:

- 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, we have sought an independent review of our green bond documentation, including our sustainable finance framework and use of proceeds statements



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 10* green bonds totalling NZ\$3.9 billion equivalent, including a NZ\$500 million 30-year bond and EUR500m 10-year green bond

*A \$200m green bond has matured since it was issued



Bonds vs eligible assets



Eligible Assets Schedule

- Updated in June 2024 to NZ\$4.2 billion
- Assets include electric trains, cycleways, new rail tunnel and stations, bus transfer stations, LED street lighting, efficient buildings, waste management and water assets



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\$74 billion and total net debt NZ\$12.3 billion at 30 June 2024
- 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
- Holistic approach to sustainability



Appendix



New Zealand additional data



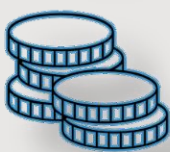
NZ\$ 7.0b¹
Trade deficit

53,800²
Annual net migration gain



85.0%²
of pre-COVID tourist levels

3rd³
least corrupt countries in the world



0.9%⁴
Forecast GDP growth for the year to September 2025

4.5%⁴
Forecast Official Cash Rate year average at September 2025



2.4%⁴
Forecast NZ's annual CPI at September 2025

5.3%⁴
Forecast unemployment rate at September 2025



1. Statistics New Zealand June 2024
2. Statistics New Zealand August 2024
3. Transparency International December 2023
4. Reserve Bank of New Zealand, Monetary Policy Statement August 2024



Revenue and Expenditure

30 June 2024

(NZ\$m)	Year to 30 June 2024	Year to 30 June 2023	Year to 30 June 2022	Year to 30 June 2021	Year to 30 June 2020
Rates revenue	2,523	2,280	2,122	1,976	1,877
Services and other revenues	4,667	4,393	3,554	3,339	3,291
Total revenue	7,190	6,673	5,676	5,315	5,168
Operating expenses	5,915	4,801	4,287	3,997	3,972
Finance costs	562	523	438	408	444
Total expenses	6,477	5,324	4,725	4,405	4,416
Operating surplus before gains and losses	713	1,349	951	910	752
Surplus after income tax	584	1,010	1,724	1,837	35



Financial Position

30 June 2024

(NZ\$m)	30 June 2024	30 June 2023	30 June 2022	30 June 2021	30 June 2020
Cash and short-term deposits	637	106	239	320	306
Total assets	74,394	72,953	70,384	60,667	55,991
Borrowings	12,917	12,457	11,363	10,687	10,214
Total liabilities	18,770	17,402	16,110	16,019	16,142
Net assets	55,624	55,551	54,274	44,648	39,849
Net debt to total assets	16.5%	16.9%	15.8%	17.1%	17.7%



Cashflow

30 June 2024

(NZ\$m)	30 June 2024	30 June 2023	30 June 2022	30 June 2021	30 June 2020
Operating cash flow	2,062	1,812	1,459	1,705	1,370
Investing cash flow	(2,159)	(2,753)	(2,130)	(2,311)	(2,497)
Funding cash flow	633	795	603	605	1,131
Net increase/(decrease) in cash and cash equivalents and bank overdrafts	536	(146)	(68)	(1)	4



Contact details

Group Chief Financial Officer

Ross Tucker

Tel: +64 272 261 468

Email: ross.tucker@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/>



