

# AUCKLAND COUNCIL



<b>SECTOR</b>	SUBSOVEREIGN		
<b>CREDIT RATINGS (S&amp;P/M)</b> LONG-TERM NZD	AA/Aa2 (both stable)		
<b>CREDIT RATINGS (S&amp;P/M)</b> LONG-TERM FOREIGN CURRENCY	AA/Aa2 (both stable)		
<b>TERM FUNDING REQUIREMENT</b> (NZ\$BN)	FY20 1.8	FY19 0.5	FY18 1.2
<b>RBA REPO ELIGIBLE</b>	NO		
<b>RBNZ REPO ELIGIBLE</b>	YES		

## About Auckland Council

**A**uckland Council was established on 1 November 2010 under the *Local Government (Auckland Council) Act 2009*, through the amalgamation of eight councils in the Auckland region. The council is New Zealand's largest local authority. It is responsible for the regulation, management and direction of the Auckland region and has a range of related mandatory and discretionary functions. Auckland is New Zealand's leading economic region, generating more than a third of the nation's GDP.

The council is responsible for issuing permits and consents for building activity within the Auckland region and the enforcement legislation concerning parking, licensing and the environment.

The authority and its subsidiaries provide and maintain infrastructure, such as transport networks, and essential public services such as water, sewerage, refuse collection and street lighting. The council also operates libraries and community facilities, and provides and maintains parks, reserves and sports fields.

Under the *Local Government (Rating) Act 2002*, Auckland Council has flexible powers to set, access and collect rates to fund its activities. The council's bond investors have security over rates and rates revenue under a debenture trust deed.

## Debt position

The Auckland Council group had about NZ\$9 billion of debt outstanding at the end of June 2019. It has issued debt in a range of maturities up to 20 years. The main funding sources are the domestic retail and wholesale markets, New Zealand Local Government Funding Agency (LGFA), and offshore markets through an EMTN programme and an Australian dollar debt-issuance programme.

## Funding strategy

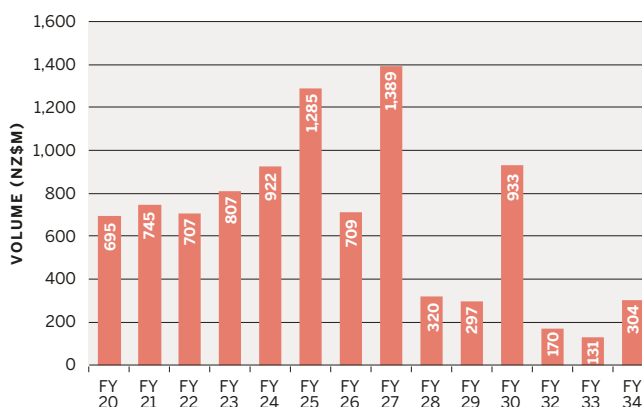
Auckland Council, in its 10-year budget 2018-28, has plans for about NZ\$26 billion in capital expenditure. It expects debt to grow to NZ\$13 billion during this period. Domestic investors,

including LGFA, may not entirely meet these funding requirements. Therefore, the council has focused recently on developing a strategic presence in offshore markets.

In general, the council seeks to spread its debt maturities and looks to offshore markets for the majority of its longer-dated funding requirements. It is agnostic as to the currency in which debt is issued, provided it meets acceptable New Zealand dollar pricing levels, because all debt raised in foreign currencies is swapped back to New Zealand dollars.

Auckland Council expects to have annual funding requirements ranging from NZ\$800 million to NZ\$1.6 billion up to 2028, including the refinancing of existing debt. The debt requirement for the year to the end of June 2020 is expected to be NZ\$800-900 million.

## AUCKLAND COUNCIL DEBT MATURITY PROFILE



SOURCE: AUCKLAND COUNCIL DECEMBER 2019

## FOR FURTHER INFORMATION PLEASE CONTACT

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