



CORPORATE & PERFORMANCE COMMITTEE

Open Minutes Attachments

Meeting Date: Thursday 14 May 2026

Time: 9.30am

Venue: The Ocean Suite
East Pier Hotel
50 Nelson Quay
Ahuriri

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Credit Rating Benefit Analysis

14 May 2026

Corporate & Performance Committee



NAPIER
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Credit Rating Benefit Analysis

Status Quo, \$m

Annual Break Even Debt Level	\$40.000	\$60.000	\$30.000
Credit Rating Cost	\$0.060	\$0.060	\$0.060
Credit Rating Benefit	0.15%	0.10%	0.20%

Initial Rating Cost	\$0.065
Ongoing Rating Cost	\$0.060
Interest Saving	0.15%

NCC Credit Rating Benefit Analysis_Status Quo, \$m									
Year	Debt	New	Refinance	Total New	Cumulative	Gross Saving	Rating Cost	Net Benefit	
25/26	\$145.000						\$0.065	-\$0.065	
26/27	\$247.000	\$102.000	\$15.000	\$117.000	\$117.000	\$0.176	\$0.060	\$0.116	
27/28	\$296.684	\$49.684	\$15.000	\$64.684	\$181.684	\$0.273	\$0.060	\$0.213	
28/29	\$331.406	\$34.722	\$15.000	\$49.722	\$231.406	\$0.347	\$0.060	\$0.287	
29/30	\$358.228	\$26.822	\$15.000	\$41.822	\$273.228	\$0.410	\$0.060	\$0.350	
30/31	\$393.751	\$35.523	\$15.000	\$50.523	\$323.751	\$0.486	\$0.060	\$0.426	
31/32	\$406.130	\$12.379	\$15.000	\$27.379	\$351.130	\$0.527	\$0.060	\$0.467	
32/33	\$384.752	-\$21.378	\$15.000	-\$6.378	\$344.752	\$0.517	\$0.060	\$0.457	
33/34	\$343.244	-\$41.508	\$15.000	-\$26.508	\$318.244	\$0.477	\$0.060	\$0.417	
Total				\$318.244				\$2.667	

The benefit of a credit rating is cumulative.

Debt is alligned to long term assets - and supports financial performance of assets/activities.

Interest Saving	Net Benefit
0.10%	\$1.596
0.20%	\$3.737

Debt to Revenue		Headroom	
		175%	280%
201.485	123%	52%	157%
248.599	119%	56%	161%
248.934	133%	42%	147%
263.679	136%	39%	144%
271.099	145%	30%	135%
272.067	149%	26%	131%
289.204	133%	42%	147%
307.825	112%	63%	168%



Credit Rating Benefit Analysis After Waters, \$m

This is the most conservative scenario based on current LTP debt and revenue forecasts.

Debt reduced to \$17.8m in 33/34 as the depreciation reserve is now funding capital renewals.

NCC may need/decide to increase debt towards 33/34 e.g. for Inner Harbour, NCC Investment Portfolio.

New debt is aligned to long term assets and generates a return – above cost of capital for Investment Portfolio.

Other benefits of credit rating to consider:

- Increased debt headroom capacity
- Benefits passed on to Water Entity – lower funding costs (average of shareholder credit ratings)
- Improved financial discipline from credit rating process and annual compliance

Initial Rating Cost	\$0.065
Ongoing Rating Cost	\$0.060
Interest Saving	0.15%

NCC Credit Rating Benefit Analysis_Excluding Waters, plus \$60m IP Debt, \$m								
Year	Debt	New Refinance	Total New	Cumulative	Gross Saving	Rating Cost	Net Benefit	
25/26	\$95.446					\$0.065	-\$0.065	
26/27	\$149.091	\$53.645	\$10.000	\$63.645	\$63.645	\$0.095	\$0.060	\$0.035
27/28	\$146.541	-\$2.550	\$10.000	\$7.450	\$71.095	\$0.107	\$0.060	\$0.047
28/29	\$134.310	-\$12.232	\$10.000	-\$2.232	\$68.863	\$0.103	\$0.060	\$0.043
29/30	\$129.480	-\$4.830	\$10.000	\$5.170	\$74.033	\$0.111	\$0.060	\$0.051
30/31	\$149.601	\$20.122	\$10.000	\$30.122	\$104.155	\$0.156	\$0.060	\$0.096
31/32	\$132.111	-\$17.491	\$10.000	-\$7.491	\$96.664	\$0.145	\$0.060	\$0.085
32/33	\$74.720	-\$57.391	\$10.000	-\$47.391	\$49.274	\$0.074	\$0.060	\$0.014
33/34	\$17.853	-\$56.867	\$10.000	-\$46.867	\$2.406	\$0.004	\$0.060	-\$0.056
Total				\$2.406				\$0.250

The benefit of a credit rating is cumulative.
Debt is aligned to long term assets - and supports financial performance of assets/activities.

Interest Saving	Net Benefit
0.10%	-\$0.015
0.20%	\$0.640

Debt to Revenue				Headroom	
		175%	280%		
166.426	90%	85%	190%		
217.680	67%	108%	213%		
214.035	63%	112%	217%		
223.224	58%	117%	222%		
225.701	66%	109%	214%		
220.368	60%	115%	220%		
229.334	33%	142%	247%		
240.294	7%	168%	273%		



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