# New Plymouth District Council

**April 22, 2026**

This report does not constitute a rating action.

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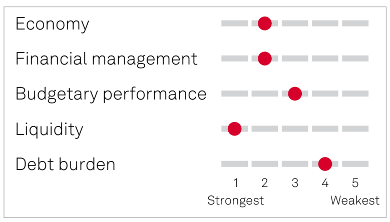
## Ratings Score Snapshot

**Institutional framework**

- Extremely predictable and supportive
- **Very predictable and well-balanced**
- Evolving but balanced
- Evolving but unbalanced
- Volatile and unbalanced
- Very volatile and underfunded

**Individual credit profile**




**Issuer credit rating**

**AA/Stable/A-1+**

## Credit Highlights

### Overview

| Credit context and assumptions | Base-case expectations |
|---|---|
| Sound and diversified economy, though slightly hampered by weaker demographics than peers | Large after capital account deficits to narrow as the council pulls back capital expenditure (capex) plans from record levels and addresses operating expense pressures |
| Solid financial management, with exceptional liquidity thanks to a large investment fund compared with that of global peers | Liquidity will remain exceptional despite weakening temporarily as the council prepares to transfer water-related debt to a new entity from July 1, 2027. |
| New Zealand's institutional framework settings are strong, albeit weaker than in the past | Perpetual Investment Fund (PIF) will continue to provide budgetary flexibility, buttress liquidity coverage, and remain a key credit strength |

**New Plymouth's exceptional liquidity is a key rating strength.** The council's PIF, which holds NZ$430 million of financial assets as at Jan. 31, 2026, provides a large liquidity buffer and additional flexibility that supports New Plymouth's credit profile.

**We expect after capital account deficits to average about 22% of total revenue over fiscals 2024-2028.** This level is in line with many domestic peers', but very large on a global scale. The deficits are underpinned by New Plymouth's large capex.

The deficits should moderate over the next three years as cost pressures ease, operating margins improve, and the council reduces its capex compared to its 2024 Long-Term Plan.

**New Plymouth's debt is likely to stabilize at higher levels.** The council's debt is rising to midrange levels compared to domestic peers, but is high on a global scale. The principal driver of the rise is higher infrastructure spending.

Nevertheless, revenue increases and some pullback in the council's capital program should help to stabilize the debt burden. We project total tax-supported debt at 191% of operating revenue by fiscal 2028 (year ending June 30, 2028).

**We include all water-related revenues, expenses, assets and liabilities in our financial metrics.** New Plymouth will establish a new single council-controlled water organization (WCCO) as part of the Crown's Local Water Done Well reforms. The council will hand over responsibility for the district's drinking water and wastewater services to this WCCO on July 1, 2027. The WCCO will be captured in New Plymouth's group accounts, and we believe the council would provide financial support to it in the event of financial distress. Therefore, we continue to include all water-activities in our financial metrics.

We have updated our analysis through to fiscal 2028 following the release of the council's 2025 annual report and 2027 draft annual plan.

# Outlook

The stable rating outlook reflects our expectation that New Plymouth will prudently manage its budgetary performance and debt burden. Although debt will rise, the council's large investment fund will help sustain a very high level of liquidity.

## Downside scenario

We could lower our ratings on New Plymouth if the council's deficits after capital accounts rise. This could occur if the council materially increases its capex without offsetting revenue increases or savings measures.

## Upside scenario

We could raise our ratings on New Plymouth if we see a sustained upturn in its budgetary performance, leading to a declining debt burden.

# Rationale

## New Zealand's institutional settings, resilient local economy, and solid financial management support the ratings

The institutional framework in which New Zealand councils operate is a key credit strength supporting New Plymouth's creditworthiness. That said, we believe the sector's revenue and expenditure imbalance is wider and the predictability of its policy settings is weaker than in the past. This framework is still strong compared with those of global peers, ranking the second-highest assessment on our six-point scale (see "New Zealand Local Governments Face Rising Fiscal Imbalances And Less Certain Policy Settings," published March 17, 2025).

New Plymouth has one of the wealthier economies across New Zealand, due in part to the district's large oil and gas sector. According to economics consultancy Infometrics, the district had GDP per capita of about NZ$88,400 as of March 2025, compared with the national average of NZ$81,000.

New Plymouth's demographic profile is slightly weaker than the New Zealand average, with 20.4% of its population aged 65 and above, compared with 16.9% nationally. The council's mean household income is about NZ$116,000 as of March 2025, about NZ$19,000 lower than the national average. The district had a population of about 90,100 people as of June 2025.

We consider New Plymouth's fiscal processes to be credible and well established. The council prepares long-term plans every three years, annual plans in the intervening years, and audited end-of-year annual reports, in line with New Zealand requirements. It has internal policies that set prudent limits on external borrowing, liquidity, and interest-rate risk. New Plymouth borrows only in the local currency, in accordance with legislation. The council is currently consulting with the public on its draft 2026-2027 annual plan.

Like all New Zealand councils, New Plymouth is governed by an elected group of councilors. Day-to-day management is delegated to a chief executive. An interim chief executive, Steve Ruru was appointed in March 2026. He also serves as chief executive of Taranaki Regional Council, and will split his time between the two roles. Following local council elections in October 2025, New Plymouth elected a new mayor, Max Brough and elected seven new councilors out of 14. We expect the financial direction of the new council will be largely unchanged, with a heightened focus on driving efficiencies and minimizing property rates increases.

New Plymouth's prudent management of the PIF supports our strong assessment of the council's financial management. Assets are diversified across listed equities, fixed income, alternative assets, private equity, and cash. The council has outsourced management to Mercer (N.Z.) Ltd., and an independent "board of guardians" monitors the PIF. The New Plymouth District Council (Perpetual Investment Fund) Act 2023 was passed in the New Zealand Parliament in July 2023. The Act aims to ringfence the benefits from the PIF to current New Plymouth residents, protecting the fund from future local government amalgamations. The bill also outlines general principles for sustainable management of the fund.

## New Plymouth's exceptional liquidity counterbalances its moderate deficits driven by large capex

We expect New Plymouth to strengthen its cash operating margins over fiscals 2026-2028. We forecast its operating surpluses will average about 18% of operating revenue over the period.

Large increases in property rates, including a 9.9% hike in fiscal 2026, have supported stronger operating margins. However, given the council’s, and the Crown’s, focus on minimizing future property rates increases, we expect a stronger commitment to containing operating expenses. This should further strengthen the council’s operating position over the next two years.

New Plymouth's PIF also bolsters the council’s operating revenues. The fund had a balance of NZ$430 million as of January 2026, sufficient to cover about 220% of the council’s operating expenses. PIF targets a total return on its portfolio of 3.3% a year plus inflation over the medium term. This will allow it to pay an annual "release" to the council to subsidize the latter's budgets. We expect the cash release will be about NZ$12.5 million net of management fees in fiscal 2026.

We forecast New Plymouth's after capital deficits will average about 22% over fiscals 2024-2028. Large after capital deficits in fiscals 2024 and 2025 reflect a weaker operating position and a large capex program. This includes completing construction of a thermal dryer wastewater treatment plant for a total cost of NZ$75 million. We expect a pullback in the capex program compared to its 2024 Long-Term Plan to lead to narrower after capital account deficits.

We project annual capex of NZ$110 million-NZ$120 million over fiscals 2026-2028. Our forecasts assume New Plymouth will underdeliver compared to budget and pullback the size of the capital program, as signaled in its 2027 draft annual plan.

We assess New Plymouth on a group basis and consolidate Papa Rererangi i Puketapu Ltd. (PRIP; New Plymouth Airport) and the future WCCO.

We believe New Plymouth has strong flexibility to adjust its budget compared with global peers. The council's largest source of revenue is property rates, which can be readily adjusted and are relatively immune to economic downturns. The Crown announced that it intends to limit growth in councils' property rates to 2%-4% per year. If legislation is enacted this year, as planned, the cap will come into effect in fiscal 2030 and is likely to constrain this revenue source.

Nevertheless, the PIF provides the council with an additional source of income and contingency funding in the case of a major natural disaster or other crisis. The council could also pull back its capex, if needed.

We forecast New Plymouth's gross debt ratio will be about 191% of operating revenues by fiscal 2028. This debt burden is high in a global context, and much higher than in the past. However, it is mid-range compared to domestic peers. Our measure of total tax-supported debt includes NZ$36 million borrowed by the council and on-lent to PRIP, and all water-related debt. We estimate interest expenses will average about 7.5% of operating revenue over fiscals 2025-2027. Contingent liabilities are negligible.

New Plymouth's PIF underpins its strong liquidity coverage. We expect liquidity coverage to strengthen significantly over the next 12-24 months after temporarily weakening this year. The council has substantially increased its usage of short-dated commercial paper in the lead up to the establishment of its WCCO. This has weakened its debt servicing ratio for the next 12 months to about 92%, from 220% a year earlier. Once the WCCO is established, the council will transfer or novate water-related debt to the newly established entity. This will likely improve the liquidity ratio.

New Plymouth's debt-servicing needs over the next 12 months include NZ$65 million in term debt maturing in April 2027, NZ$93 million in short-dated commercial paper, and about NZ$17 million in annual interest payments. In addition, the council has access to undrawn committed standby facilities totaling NZ$20 million. Commercial paper holdings were just NZ$29 million 12 months ago.

The New Zealand Local Government Funding Agency (LGFA) provides New Plymouth, and most of its domestic peers, with strong access to a well-established source of external liquidity. In our view, LGFA benefits from an extremely high likelihood of extraordinary central government support (see "New Zealand Local Government Funding Agency Ltd," published March 16, 2026). The agency has helped councils to both lengthen their maturity profiles and reduce borrowing costs.

**New Plymouth District Council Selected Indicators**

| Mil. NZ$ | 2023 | 2024 | 2025 | 2026bc | 2027bc | 2028bc |
|---|---|---|---|---|---|---|
| Operating revenue | 180 | 191 | 223 | 243 | 240 | 273 |
| Operating expenditure | 164 | 172 | 191 | 198 | 204 | 216 |
| Operating balance | 16 | 20 | 33 | 45 | 35 | 57 |
| Operating balance (% of operating revenue) | 9.0 | 10.3 | 14.6 | 18.5 | 14.8 | 20.8 |
| Capital revenue | 23 | 26 | 36 | 22 | 25 | 26 |

**New Plymouth District Council Selected Indicators**

| | | | | | | |
|---|---|---|---|---|---|---|
| Capital expenditure | 87 | 115 | 128 | 116 | 120 | 118 |
| Balance after capital accounts | (48) | (70) | (60) | (49) | (60) | (36) |
| Balance after capital accounts (% of total revenue) | (23.5) | (32.3) | (23.2) | (18.6) | (22.6) | (11.9) |
| Debt repaid | 40 | 16 | 32 | 62 | 129 | 71 |
| Gross borrowings | 100 | 81 | 85 | 109 | 186 | 102 |
| Balance after borrowings | 12 | (5) | (7) | (1) | (2) | (4) |
| Tax-supported debt (outstanding at year-end) | 264 | 332 | 385 | 434 | 492 | 523 |
| Tax-supported debt (% of consolidated operating revenue) | 146.3 | 173.5 | 172.8 | 178.5 | 205.2 | 191.8 |
| Interest (% of operating revenue) | 4.9 | 6.2 | 7.0 | 7.1 | 8.4 | 8.5 |
| National GDP per capita (US$) | N/A | 49,113.7 | 49,794.0 | 49,872.2 | 50,350.2 | 53,224.9 |

The data and ratios above result in part from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information. The main sources are the financial statements and budgets, as provided by the issuer. bc--Base case reflects S&P Global Ratings' expectations of the most likely scenario.

### Rating Component Scores

| Key rating factors | Scores |
|---|---|
| Institutional framework | 2 |
| Economy | 2 |
| Financial management | 2 |
| Budgetary performance | 3 |
| Liquidity | 1 |
| Debt burden | 4 |
| Stand-alone credit profile | aa |
| Issuer credit rating | AA |

**S&P Global Ratings bases its ratings on non-U.S. local and regional governments (LRGs) on the six main rating factors in this table. In the "Methodology For Rating Local And Regional Governments Outside Of The U.S.," published on July 15, 2019, we explain the steps we follow to derive the global scale foreign currency rating on each LRG. The institutional framework is assessed on a six-point scale: 1 is the strongest and 6 the weakest score. Our assessments of economy, financial management, budgetary performance, liquidity, and debt burden are on a five-point scale, with 1 being the strongest score and 5 the weakest.**

## Key Sovereign Statistics

- Sovereign Risk Indicators. An interactive version is available at http://www.spratings.com/sri

## Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Governments | International Public Finance: Methodology For Rating Local And Regional Governments Outside Of The U.S., July 15, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

# Related Research

- New Zealand Local Government Funding Agency Ltd. Ratings Affirmed; Outlook Stable, March 17, 2025
- Various Rating Actions Taken On New Zealand Councils On Lower Institutional Framework Assessment, March 18, 2025
- New Zealand Local Governments Face Rising Fiscal Imbalances And Less Certain Policy Settings, March 17, 2025
- A Closer Look At Our Downgrades Of 18 New Zealand Councils, March 18, 2025
- Subnational Government Outlook 2025: Developed Markets' Regional Differences Intensify, Jan. 16, 2025
- Economic Outlook Asia-Pacific Q1 2025: U.S. Trade Shift Blurs The Horizon, Nov. 24, 2024
- 2023 Annual International Public Finance Default And Rating Transition Study, Aug. 20, 2024
- Global Ratings List: International Public Finance Entities July 2024, July 30, 2024
- Global LRGs Rating History List, June 18, 2024

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see 'Related Criteria And Research'). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Ratings Score Snapshot above.

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see 'Related Criteria And Research').

**Ratings Detail (as of April 22, 2026)***

| | | |
|---|---|---|
| **New Plymouth District Council** | | |
| Issuer Credit Rating | | AA/Stable/A-1+ |
| **Issuer Credit Ratings History** | | |
| 18-Mar-2025 | *Foreign Currency* | AA/Stable/A-1+ |
| 18-Feb-2024 | | AA+/Negative/A-1+ |
| 22-Feb-2021 | | AA+/Stable/A-1+ |
| 18-Mar-2025 | *Local Currency* | AA/Stable/A-1+ |
| 18-Feb-2024 | | AA+/Negative/A-1+ |
| 22-Feb-2021 | | AA+/Stable/A-1+ |

| Ratings Detail (as of April 22, 2026)* |
| --- |
| *Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees. |

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