



KOMITI RATONGA RANGATŌPŪ ME TE RAUTAKI POLICY, FINANCE AND STRATEGY COMMITTEE

30 September 2025

Order Paper for the meeting to be held in the
Council Chambers, 2nd Floor, 30 Laings Road, Lower Hutt,
on:

Tuesday 7 October 2025 commencing at 2:00 pm

The meeting will be livestreamed on Council's YouTube page.

Membership

	Cr A Mitchell (Chair)
	Deputy Mayor T Lewis (Deputy Chair)
Mayor C Barry	Cr K Brown
Cr B Dyer	Cr S Edwards
Cr K Morgan	Cr C Parkin
Cr T Stallinger	

For the dates and times of Council Meetings please visit www.huttcity.govt.nz

Have your say

You can speak under public comment to items on the agenda to the Mayor and Councillors at this meeting. Please let us know by noon the working day before the meeting. You can do this by emailing DemocraticServicesTeam@huttcity.govt.nz or calling the Democratic Services Team on 04 570 6666 | 0800 HUTT CITY

KOMITI RATONGA RANGATŌPŪ ME TE RAUTAKI POLICY FINANCE AND STRATEGY COMMITTEE

Chair:	Cr Andy Mitchell
Deputy Chair:	Deputy Mayor Tui Lewis
Membership:	Mayor Campbell Barry Cr Keri Brown Cr Brady Dyer Cr Simon Edwards Cr Karen Morgan Cr Chris Parkin Cr Tony Stallinger Refer to Council's Standing Orders (SO 31 Provisions for Mana Whenua)
Quorum:	Half of the membership
Meeting Cycle:	Meets on an eight-weekly basis or at the requisition of the Chair
Reports to:	Council
Membership RMA Hearings	An independent Commissioner plus a minimum of either three or four elected members (including the Chair) and alternates who have current certification under the Making Good Decisions Training Assessment and Certification programme for RMA Decision Makers

OVERVIEW:

This committee assists Council in setting the broad direction of the city, discharging statutory functions and overseeing organisational performance. The committee is aligned with the Office of the Chief Executive and Strategy and Engagement Directorate.

Its areas of focus are:

- Long term/high-level strategic focus
- Long Term Plan/ Annual Plan oversight
- Treaty partnerships
- Economic development
- Financial and non-financial performance reporting
- Oversight of the Property Working Group
- Oversight and general co-ordination (including community engagement) of strategies and policies
- Bylaw development
- Oversight of Council Controlled Organisations/Statements of Expectation/Statements of Intent
- Strategic oversight of current community engagement

PURPOSE:

To assist the Council in setting the broad vision and direction of the city to promote the social, economic, environmental and cultural well-being of the city's communities in the present and for the future.

This involves determining specific outcomes that need to be met to deliver on the vision for the city, and overseeing the development of strategies, policies, bylaws and work programmes to achieve those

goals. This committee is also responsible for monitoring the overall financial management and performance of the Council Group.

DELEGATIONS FOR THE COMMITTEE'S AREAS OF FOCUS:

- All powers necessary to perform the committee's responsibilities including the activities outlined below.
- Develop required strategies and policies. **Recommend draft and final versions to Council** for adoption where they have a city-wide or strategic focus.
- Implement, monitor and review strategies and policies to ensure policies and strategies are consistent, effective and current.
- Identify the need for any new strategies and policies.
- Oversee the implementation of major projects provided for in the Long Term Plan or Annual Plan.
- Oversee budgetary decisions provided for in the Long Term Plan or Annual Plan.
- **Recommend to Council** the approval of any financial decisions required outside of the annual budgeting process.
- Advocate for strong relationships with Council's Mana Whenua partners as outlined in the Tākai Here agreements ensuring the outcomes of the committee are in line with the aspirations of the partners.
- Advocate for the best interests of Māori communities in Lower Hutt having regard to the committee's goals.
- Ensure the committee is operating in a way that is consistent with various pieces of legislation that provide for Te Tiriti o Waitangi.
- Maintain an overview of work programmes carried out by Council's Office of the Chief Executive and Strategy and Engagement, Directorate.
- Oversee any consultation/engagement processes required on issues before the committee.
- Approve and forward submissions (other than those delegated to the District Plan Review Committee).
- Any other matters delegated to the committee by Council in accordance with approved policies and bylaws.
- The committee has the powers to perform the responsibilities of another committee where it is necessary to make a decision before the next meeting of that other committee. When exercised, the report/ minutes of the meeting require a resolution noting that the committee has performed the responsibilities of another committee and the reason/s.
- If a policy or project relates primarily to the responsibilities of the Komiti Ratonga Rangatōpū me te Rautaki | Policy, Finance and Strategy Committee, but aspects require additional decisions by the Komiti Hapori Ahurea me ngā Rangapū | Communities, Culture and Partnerships Committee, Komiti Hanganga | Infrastructure and Regulatory Committee and/or Komiti Kaupapa Taiao | Climate Change and Sustainability Committee, then the Komiti Ratonga Rangatōpū me te Rautaki | Policy, Finance and Strategy Committee has the powers to make associated decisions on behalf of those other committees. For the avoidance of doubt, this means that matters do not need to be taken to more than one of those committees for decisions.

Bylaw Delegations:

- Develop and agree the Statement of Proposal for new or amended bylaws for consultation/engagement.
- **Recommend to Council** the approval of draft bylaws before consultation.
- The Chair of the Komiti Ratonga Rangatōpū me te Rautaki | Policy, Finance and Strategy Committee, in conjunction with the Chief Executive, is authorised to appoint a subcommittee of suitably qualified persons to conduct hearings on draft bylaws on behalf of the committee.
- **Recommend to Council** new or amended bylaws for adoption.

Financial, Project and Performance Reporting Delegations:

- **Recommend to Council** the budgetary parameters for the preparation of Council's Long Term Plans and Annual Plans.
- Monitor progress towards achievement of budgets and objectives for the Council Group as set out in the Long Term Plan and Annual Plans, including associated matters around the scope, funding, prioritising and timing of projects.
- Monitoring and oversight of significant city-wide or strategic projects including operational contracts, agreements, grants and funding, except where these are the responsibility of another standing committee.
- Monitor progress towards achievement of the Council's outcomes as set out in its overarching strategies for the city and their associated plans.
- Oversee the activities of the Property Working Group in its implementation of the Purchase and Sale of Property for Advancing Strategic Projects Policy.
- Oversee the acquisition and disposal of property in accordance with the Long Term Plan.
- Monitor the integrity of reported performance information at the completion of Council's Annual Report process.
- **Review and recommend to Council** the adoption of the Annual Report.
- **Recommend to Council** the approval of annual Statements of Intent and annual Statements of Expectation for Council Controlled Organisations and Council Controlled Trading Organisations and granting shareholder approval of major transactions.
- Monitor progress against the Council Controlled Organisations and Council Controlled Trading Organisations Statements of Intent and **make recommendations to Council** in the exercising of Council powers, as the shareholder, about Council Controlled Organisations/Council Controlled Trading Organisations under sections 65 to 72 of the Local Government Act.
- Oversee compliance with Council's Treasury Risk Management Policy.
- Consider and determine requests for rate remissions.
- Consider and determine requests for loan guarantees from qualifying community organisations where the applications are within the approved guidelines and policy limits.

HUTT CITY COUNCIL

KOMITI RATONGA RANGATŌPŪ ME TE RAUTAKI
POLICY, FINANCE AND STRATEGY COMMITTEE

Meeting to be held in the Council Chambers, 2nd Floor, 30 Laings Road,
Lower Hutt on
Tuesday 7 October 2025 commencing at 2:00 pm.

ORDER PAPER

PUBLIC BUSINESS

1. OPENING FORMALITIES - KARAKIA TIMATANGA

Whakataka te hau ki te uru
 Whakataka te hau ki te
 tonga
 Kia mākinakina ki uta
 Kia mātaratara ki tai
 E hī ake ana te atakura
 He tio, he huka, he hau hū
 Tihei mauri ora.

*Cease the winds from the west
 Cease the winds from the south
 Let the breeze blow over the land
 Let the breeze blow over the ocean
 Let the red-tipped dawn come with a
 sharpened air.
 A touch of frost, a promise of a glorious
 day.*

2. APOLOGIES

No apologies have been received.

3. PUBLIC COMMENT

Generally up to 30 minutes is set aside for public comment (three minutes per speaker on items appearing on the agenda). Speakers may be asked questions on the matters they raise.

4. CONFLICT OF INTEREST DECLARATIONS

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have

5. RECOMMENDATIONS TO TE KAUNIHERA O TE AWA KAIRANGI
COUNCIL - 7 October 2025

- a) Hutt City Council Group Annual Report 2024-2025

To be circulated separately.

- b) Proposed budget changes for 2025/26

Report No. PFSC2025/5/273 by the Manager Financial Planning & Performance

8

CHAIR'S RECOMMENDATION:

"That the recommendations contained in the report be endorsed."

- c) New Zealand Local Government Funding Agency Annual General Meeting 2025

Report No. PFSC2025/5/274 by the Treasury Officer

26

CHAIR'S RECOMMENDATION:

"That the recommendations contained in the report be endorsed."

6. **NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY
2025 ANNUAL REPORT**

Report No. PFSC2025/5/275 by the Treasury Officer

38

CHAIR'S RECOMMENDATION:

"That the recommendation contained in the report be endorsed."

7. **URBAN PLUS LIMITED GROUP ANNUAL REPORT FOR THE
YEAR ENDED 30 JUNE 2025**

Report No. PFSC2025/5/276 by the Senior Financial Accountant

120

CHAIR'S RECOMMENDATION:

"That the recommendation contained in the report be endorsed."

8. **SEAVIEW MARINA LIMITED ANNUAL REPORT FOR THE
YEAR ENDED 30 JUNE 2025**

Report No. PFSC2025/5/277 by the Senior Financial Accountant

160

CHAIR'S RECOMMENDATION:

"That the recommendation contained in the report be endorsed."

9. **QUESTIONS**

With reference to section 32 of Standing Orders, before putting a question a member shall endeavour to obtain the information. Questions shall be concise and in writing and handed to the Chair prior to the commencement of the meeting.

10. CLOSING FORMALITIES - KARAKIA WHAKAMUTUNGA

Unuhia!	<i>Release us from the supreme sacredness</i>
Unuhia!	<i>of our tasks</i>
Unuhia i te uru-tapu-nui	<i>To be clear and free</i>
Kia wātea, kia māmā	<i>in heart, body and soul in our continuing</i>
Te ngākau, te tinana, te	<i>journey</i>
wairua i te ara takatū	<i>Oh Rongo, raise these words up high</i>
Koia rā e Rongo	<i>so that we be cleansed and be free,</i>
whakairihia ake ki runga	<i>Yes indeed, we are free!</i>
Kia wātea, kia wātea!	<i>Good and peaceful</i>
Ae rā, kua wātea!	
Hau, pai mārire.	

Vanessa Gilmour
DEMOCRACY ADVISOR

16 September 2025**Report no: PFSC2025/5/273**

Proposed budget changes for 2025/26

Purpose of Report

1. To seek approval for budget changes to 2025-26 and later years.

Recommendations

That the Committee recommends that Council:

- (1) notes the 2024-25 year-end budget changes to projects due to timing changes;
- (2) agrees to amend the operating and capital budgets for 2025-26 and later years as detailed in this report due to the changes and delays that have been identified, refer to Tables 1 and 2 contained in the report and Appendix 1 attached to the report; and
- (3) agrees to the operating and capital budget changes for 2025-26 and future years as detailed in Table 3 of this report to be included in the Revised budget 2025-2026 and the Draft Annual Plan 2026-2027.

For the reasons outlined in the report.

Section A: Background

2. The Annual Plan 2025-26 (AP26) was adopted by Council on 27 June 2025. The budgets included in the plan were based on the latest available financial information and estimates at the time of plan preparation. Several budget changes for 2024-25 were identified early and approved for inclusion in the AP26.
3. Through the review of the year-end financial results for 2024-25, there have been additional changes identified which have budgetary impacts for 2025-26 and the following years. These changes relate to project delays or early delivery of some projects. The budget in 2025-26 and the following years is proposed to be updated to reflect the timing difference based on the latest available information.

4. In recent years, when budget changes to existing approved budgets have been required, the change to the budget has been treated as a 'Revised Budget.' This report seeks Council approval related to a Revised Budget for 2025-26 to reflect the inclusion of the new budget carryovers and changes required to improve the accuracy of budgets and the associated reporting of variances.

Section B: Performance reporting

5. Council is legislatively required to prepare an Annual Report and for this report to include financial results which compare to the Annual /Long Term Plan budgets. There is no change proposed in relation to this process.
6. From a financial performance monitoring perspective, the quarterly reporting to the Policy, Finance and Strategy Committee (pending decisions by the new Council on Committee structure) would include information on Annual Plan budgets and the Revised Budgets which have been approved by Council. The focus of performance monitoring will be on financial results compared to the Revised Budgets as this would be the most meaningful and useful from a performance perspective. This is in line with the process applied in the past five financial years.
7. Monthly internal performance monitoring processes for Council will focus on delivery of the work programme against the Revised Budgets.
8. There could be further changes to the Revised Budget during the year. For example, the Council may decide during the year to make further savings by pausing or stopping some work or projects, progressing a new priority initiative and/or reprioritising funding. This would be included as a Revised Budget change in further reporting which would provide officers with the authority to progress the initiative.

Section C: Year-end carryovers/deferrals and budget changes

9. Council delivered \$145M of capital expenditure in 2024-25, which was 58% of the \$247.9M Annual Plan budget and 85% of the \$170.1M Revised Budget.
10. As part of the AP26 considerations and final adoption, Council approved several changes to operating and capital budgets from 2024-25 to 2025-26 and later years or vice versa. These were prepared based on best information available at the time.
11. As part of the 2024-25 year-end process, officers have reviewed the final results against the Revised Budget and re-assessed the need to carryover unspent budgets into the subsequent financial years or bring forward funding where there has been early delivery. The assessment is based on specific criteria:
 - a) Deferrals are for projects that are in execution phase but have experienced unexpected timing changes;
 - b) Deferrals relate to specific circumstances, for example grants committed to third parties etc;

- c) Ongoing development and renewal programme budgets cannot be carried forward unless they meet the requirements of a) above;
 - d) Savings and unused contingencies of completed projects cannot generally be carried forward and cannot be used to offset other projects; and
 - e) The whole of life project cost cannot be changed unless there is an approved variation. The budget changes represent a timing change only.
12. Alongside these criteria is the need to assess overall financial performance and check whether there are any other reasons not to progress the carryover of budget.
13. Carryovers being requested are required to address the state of some of Council's assets. Many projects have been delayed due to a range of reasons such as delays in funding confirmation, prolonged engagement/consultation processes, scoping and design changes to manage cost escalations, contractor availability and internal resourcing shortages.
14. Appendix 1 attached to the report provides a detailed project listing of the proposed year-end budget changes for which approval is sought. Council approval is sought to revise the 2025-26 budgets to include these carryovers to enable improved performance monitoring of project budgets. The overall financial impact of these changes is minor as it is timing changes only.

Section D: Summary financial impact on 2025-26 of all budget changes from 2024-25

15. The following table shows a summary of the financial impact of changes proposed to year 1 of the Annual Plan 2025-26 (refer to Appendix 1 of this report for further details).

Table 1: Financial impact summary for 2025-26

Detail	Net operating position	Capital investment
Approved Annual Plan 2025-26 Year	\$17.56M Deficit	\$255.57M
Carryover changes from 2024-25	\$1.07M Net Opex increase	\$15.67M
Revised Budget 2025-26 Year	\$18.63M Deficit	\$271.24M

16. The impact of the capital budget changes is only on the timing of borrowings across years and interest cost changes.
17. Table 2 that follows provides an overview by activity of the proposed budget changes.

Table 2: Summary by activity of proposed budget changes

	Budget impact 2025-26		Budget impact later years 2027-2034		
Activity	Operating budget changes \$'M	Capex \$'M	Operating budget changes \$'M	Capex \$'M	Commentary
Three Waters	(1.11)	13.42	-	0.62	A range of WWL project carryovers make up the majority of the total water services carryovers which are delayed largely due to a change in WWL's procurement process following a review earlier in the year. IAF projects have slight timing changes with earlier delivery of some aspects and delays in others. The operating budget change relates to UHCC subsidy for delayed JV wastewater projects.
Solid Waste	-	1.89	-	-	Carryover is related to the landfill project which is delayed as a result of complexity requiring design and additional scope and contractor resourcing constraints.
Sustainability and resilience	-	0.26	-	-	This is linked to the Emergency response team storage facility which experienced consent approval delays.
Transport	-	(3.66)	-	-	The overall decrease reflects the accelerated delivery of Tupua Horo Nuku in 2024-25 which is proposed to be offset through a budget reduction in 2025-26 budget. This is offset by the underspends in Cuba Street Bridge and Network Resilience projects which are delayed due to reasons outside of Council control.

	Budget impact 2025-26		Budget impact later years 2027-2034		
Activity	Operating budget changes \$'M	Capex \$'M	Operating budget changes \$'M	Capex \$'M	Commentary
City Development	1.51	-	(0.78)	4.09	Opex is related to committed operating project timing differences outside of Council control such as the Development stimulus fund. There is also revenue linked to property sales for the RiverLink project which has been delayed. Capital relates to the Riverlink projects which have been delayed due to project scoping and funding decision delays.
Connectivity, Creativity, Learning & Recreation	-	2.49	-	0.04	Carryovers are related to Huia pool and library stock replacement budgets which were underspent due to timing changes in the projects. Council will consider a range of options on the use of unspent budget for Te Ngaengae pool (such as operational and safety enhancements, investment in a Solar PV system etc.) at a meeting on 29 September 2025.
Open Spaces, Parks & Reserves	-	0.93	-	1.27	Carryover is related to a range of capital projects which are delayed largely as a result of resourcing and contractor capacity constraints. This also includes unspent budget for the joint Akatarawa cemetery development which is managed by UHCC.
Community Partnering & Support	0.55	0.34	-	0.20	Opex is related to another funding round in June - August 2025 which was endorsed by the Communities, Culture and Partnership Committee for various community grants on 30 April 2025. Capex carryover is mainly to progress committed Community Panel Projects and various Community Halls and Houses

	Budget impact 2025-26		Budget impact later years 2027-2034		
Activity	Operating budget changes \$'M	Capex \$'M	Operating budget changes \$'M	Capex \$'M	Commentary
					renewals which were delayed due to capacity constraints and engagement delays.
Corporate Services	0.12	-	0.38	-	Opex is related to the Go Digital programme CRM, HRIS/Payroll projects which were delayed due to further due diligence required for procurement processes and reprioritisation. There is also a portion of carryover funding related to the completion of the City Strategy work.
Total	1.07	15.67	(0.40)	6.22	

Climate Change Impact and Considerations

18. The matters addressed in this report have been considered in accordance with the process set out in Council's [Climate Change Considerations Guide](#).

Consultation

19. Consultations were carried out when preparing the Long Term Plan 2024-34 and Annual Plan 2025-26. These changes do not result in changes to approved project budgets.

Legal Considerations

20. The most relevant legislation includes the Local Government Act 2002.

Financial Considerations

21. The financial considerations are detailed in this report.

Appendices

No.	Title	Page
1 ↓	Detailed information to support budget decisions	15

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Manager Financial Planning & Performance

Reviewed By: Jenny Livschitz
Group Chief Financial Officer

Approved By: Jo Miller
Chief Executive

Appendix – Budget changes for 2024–25 with impacts on 2025–26 and out years

The budget changes being proposed are reflected below. This table is comparing the 2024–25 full year spend in column A to the annual revised budget in Column B with the favourable or unfavourable variance in column C. Column D represents the change in budget change required to be approved for 2025–26 and out years. Columns E and F reflect how the change impacts 2025–26 and out years.

	A	B	C	D		E	F
Water Supply	2024-25					Budget change Spread	
Project	Full Year	Annual	(Over)/Under	Budget change requiring approval		Budget change to	Budget change to
	Actual	Revised Budget	Spend	\$000	Reasons for carryover from 2024-25 to later years	2025-26	Later years
	\$000	\$000	\$000	\$000		\$000	\$000
Capital Projects							
WWL Total capital	27,227	34,933	7,707	(7,707)	Wellington Water Limited (WWL) manages, maintains and operates the planning and delivery of the Water Supply capital programme on behalf of Council under a management services agreement. The underspend relates to a range of network renewals and improvement projects which have been delayed due largely to a change in WWL's procurement process following a review earlier in the year. The revised programme of work is in line with the Stage 2 advice approved by Council in February 2025.	7,707	-

Wastewater 2024-25						Budget change Spread	
Project	Full Year Actual \$000	Annual Revised Budget \$000	(Over)/Under Spend \$000	Budget change requiring approval \$000	Reasons for carryover from 2024-25 to later years	Budget change to 2025-26 \$000	Budget change to Later years \$000
Operating budgets							
Upper Hutt City Council capital subsidy - revenue	5,777	6,885	1,108	(1,108)	This is linked to JV wastewater programme delays.	1,108	-
Capital Projects							
WWL capital	28,325	31,911	3,585	(3,585)	Wellington Water Limited (WWL) manages the planning and delivery of the Wastewater capital programme on behalf of Council under a management services agreement. The underspend relates mainly to work on the Seaview sludge renewal and odour control upgrade, and deferral of Knights Road, Wise St North and Totara Park road Bridge. The revised programme of work is in line with the Stage 2 advice approved by Council in February 2025.	3,585	-
Wastewater Valley Floor Infrastructure Growth	532	-	(532)	532	Wastewater Valley Floor Infrastructure is delivered internally by Council and is delayed due to a change in the delivery plan.	-	(532)
Total capital	28,857	31,911	3,053	(3,053)		3,585	(532)

Stormwater						Budget change Spread	
Project	2024-25					Budget change to	Budget change to
	Full Year	Annual	(Over)/Under	Budget change	Reasons for carryover from 2024-25 to later years	2025-26	Later years
	Actual	Revised Budget	Spend	requiring approval		\$000	\$000
	\$000	\$000	\$000	\$000			
Capital Projects							
WWL capital	2,295	4,424	2,128	(2,128)	Wellington Water Limited (WWL) manages the planning and delivery of the Stormwater capital programme on behalf of Council under a management services agreement. The underspend in Stormwater is largely due to the deferral of Seaview Road upgrade.	2,128	-
Stormwater Valley Floor Infrastructure Growth	1,056	2,206	1,150	(1,150)	Work on this project was delayed due to the timing of the appointment of the main contractor, McConnell Dowell. Expenditure commnce in May 2025 (later than budgeted). Budget to be carried over to cover the agreed work programme in 2025/26.	-	1,150
Total	3,351	6,630	3,278	(3,278)		2,128	1,150
Three waters capital total	59,435	73,474	14,038	(14,038)		13,420	618

Solid Waste 2024-25						Budget change Spread	
Carryover listing	Full Year Actual \$000	Annual Revised Budget \$000	(Over)/Under Spend \$000	Budget change requiring approval \$000	Reasons for carryover from 2024-25 to later years	Budget change to 2025-26 \$000	Budget change to Later years \$000
Capital Projects							
Silverstream LF Stg 2 Design & Const	7,305	9,200	1,895	(1,895)	Landfill work has been delayed due to: •Contractors' resourcing being insufficient to manage the quantum of work. •The complexity of the work has required additional resourcing to manage and increased the overall scope of work. The risk is being managed in conjunction with the contractor to catch up the programme in 2025-26 and is committed costs.	1,895	-
Total	7,305	9,200	1,895	(1,895)		1,895	-
Sustainability and Resilience 2024-25						Budget change Spread	
Carryover listing	Full Year Actual \$000	Annual Revised Budget \$000	(Over)/Under Spend \$000	Budget change requiring approval \$000	Reasons for carryover from 2024-25 to later years	Budget change to 2025-26 \$000	Budget change to Later years \$000
Capital Projects							
105 Western Hutt Road ERT Facility	3	259	256	(256)	The project has experienced extended approval and construction timelines, with key activities and final completion now scheduled for late 2025. Therefore, the budget will need to be carried over again to align funding with the actual delivery schedule and ensure project completion.	256	-
Total	3	259	256	(256)		256	-

Transport						Budget change Spread	
2024-25							
Project	Full Year Actual \$000	Annual Revised Budget \$000	(Over)/Under Spend \$000	Budget change requiring approval \$000	Reasons for carryover from 2024-25 to later years	Budget change to 2025-26 \$000	Budget change to Later years \$000
Capital Projects							
Tupua Horo Nuku Eastern Bays	28,829	23,860	(4,969)	4,969	Work on this project has been progressing ahead of schedule hence there is an overspend in 2024-25. This is proposed to be offset through bringing budget forward from 2025-26 and keeping the overall project costs the same. Subsidies and grants for this project are not affected by the proposed rephasing.	(4,969)	-
Bridge Seismic Strengthening Cuba St. C	1,498	2,169	671	(671)	Work on this project has been delayed due to access to the rail corridor which has been restricted after it was discovered that there wasn't a deed of Grant in place for the structure. The terms of the deed are being worked through. Due to the delay a carryover is being requested.	671	-
Network Resilience - Eastern Hutt Road	286	920	634	(634)	Work on this project which spans over a number of years has been delayed due to uncertainty over NZTA funding. Council has been required to submit an addendum to the original business case which is currently with NZTA to confirm funding. The unspent budget in 2024-25 is proposed to be carried over to 2025-26 to retain the overall total budget to complete this programme of work.	634	-
Total	30,612	26,949	(3,664)	3,664		(3,664)	-

City Development					2024-25			Budget change Spread	
Project	Full Year Actual \$000	Annual Revised Budget \$000	(Over)/Under Spend \$000	Budget change requiring approval \$000	Reasons for carryover from 2024-25 to later years			Budget change to 2025-26 \$000	Budget change to Later years \$000
Operating budgets									
Development Stimulus Package	1,273	2,740	1,467	(1,467)	The budget was underspent due to delays in private developments outside of Council's control. A carryover is required to cover these costs in 2025-26. Excluding the carryover, there is a further \$4.4M budgeted over the next three years to cover the remaining developments.			1,467	-
Economic Development Strategy	47	147	100	(40)	Budget was set aside to cover the relocation of the Riverbank market which needed to move due to the Te Wai Takamori o Te Awa Kairangi (RiverLink) project. This was not completed in 2024-25 due to changes with the RiverLink project scheduling. A carryover is required to cover this cost in 2025-26.			40	-
Daly Street Properties	30	318	288	(288)	Land in Daly Street was acquired by Council to facilitate the GWRC stopbank upgrade under RiverLink. The purpose of this budget is to enable due diligence, investigations, legal and procurement activities to support new urban development on this land. The unspent budget is proposed to be re-phased to 2027-28 which is more aligned with the overall RiverLink project scheduling.			-	288
Profit on sale of property	0	1,073	(1,073)	(1,073)	This is linked to property purchases for the RiverLink project which has experienced delays and been rescheduled.			-	1,073
Total	1,350	4,278	782	(2,868)				1,507	1,361

City Development					2024-25			Budget change Spread	
Project	Full Year Actual \$000	Annual Revised Budget \$000	(Over)/Under Spend \$000	Budget change requiring approval \$000	Reasons for carryover from 2024-25 to later years	Budget change to 2025-26 \$000	Budget change to Later years \$000		
Capital Projects									
Te Wai Takamori o Te Awa Kairangi (RiverLink)	1,306	5,400	4,094	(4,094)	Funding decisions by NZTA were not made in 2024-25, which resulted in less spend on Intersections. The activities on City Link Bridge had allowed for consenting and procurement to begin in 2024-25, both were pushed back until Council decision in June 2025 could be finalised around the project delivery aspects. Streetscapes activity was confined to delivering City Centre Transformation Plan and Daly Street Activation, with strategy and consenting pushed back pending agreement with GWRC and NZTA.	-	4,094		
Total	1,306	5,400	4,094	(4,094)		0	4,094		

Connectivity, Creativity, Learning & Recreation						Budget change Spread	
2024-25							
Project	Full Year Actual \$000	Annual Revised Budget \$000	(Over)/Under Spend \$000	Budget change requiring approval \$000	Reasons for carryover from 2024-25 to later years	Budget change to 2025-26 \$000	Budget change to Later years \$000
Capital Projects							
Naenae Pool & Fitness Rebuild	7,802	8,847	1,044	(1,044)	Officers are working towards developing options for the second phase of Te Ngaengae pool which is proposed to include safety ramps, protective barriers for hydrosides and solar to help offset increasing utility costs.	1,044	-
Other Pool Projects	4,185	6,126	1,941	(1,350)	Carryover is required for the ongoing Huia Pool renewal project which is forecast to be completed in late 2025/early 2026.	1,350	-
Libraries Stock Replacement	532	680	148	(140)	Reduced spend has been incurred against this project as there were offsite storage requirements while work is ongoing at Petone and War Memorial Library. The budget is required to replenish stock at these sites in future years.	100	40
Total	12,520	15,653	3,133	(2,534)		2,494	40

Open Spaces, Parks & Reserves					2024-25		Budget change Spread	
Project	Full Year	Annual	(Over)/Under	Budget change	Reasons for carryover from 2024-25 to later years	Budget change	Budget change	
	Actual	Revised Budget	Spend	requiring approval		to	to	
	\$000	\$000	\$000	\$000		2025-26	Later years	
Capital Projects								
Reserve Developments	4,084	4,446	362	(295)	Carryover required for projects that are still ongoing to be completed in 2025-26. The Reserve Developments programme is a suite of projects in different stages of the project lifecycle. These projects have been delayed as the team was not fully resourced until half-way through the year.	295	-	
Toilets Upgrade	10	350	340	(350)	Carryover required for the purchase of accessible toilets for Bay St. Project is expected to be complete in 2025-26.	350	-	
New Cemetery Development, Akatarawa Road	1	1,275	1,274	(1,274)	This is an asset in joint ownership with Upper Hutt City Council, where we are contributing to the development of the cemetery and UHCC is managing the project. Previous contributions are not yet fully spent therefore deferring budget until the project requires more funding.	-	1,274	
Petone Wharf	97	247	150	(150)	Project is still in initiation, carryover required to maintain the capped total allocated budget of \$12M for the Wharf.	150	-	
Track Renewal	88	225	137	(137)	Not all planned tracks were renewed in 2024-25 therefore carryover of the remainder of the budget is requested. This work was delayed due to internal capacity constraints and weather conditions.	137	-	
Total	4,280	6,543	2,263	(2,206)		932	1,274	

Community Partnering & Support 2024-25						Budget change Spread	
Project	Full Year Actual \$000	Annual Revised Budget \$000	(Over)/Under Spend \$000	Budget change requiring approval \$000	Reasons for carryover from 2024-25 to later years	Budget change to 2025-26 \$000	Budget change to Later years \$000
Operating budgets							
Grants paid (subject to GST) - expenses	1,641	2,230	588	(550)	This funding is required to complete the funding rounds in June - August 2025 which were endorsed by the Communities, Culture and Partnership Committee for various community grants on 30 April 2025.	550	-
Total	1,641	2,230	588	(550)		550	0
Capital Projects							
Community Panel Projects	-	576	576	(226)	The carryover is required to complete work on committed projects which include Stokes Valley entrance sign, Te Whiti park path and Walter Mildenhall Park.	226	-
Community halls and houses renewals (Maungaraki Hall, Community Houses Buildings, Moera Community Hall ,Treadwell Community Hall)	55	371	317	(315)	There have been delays to the community hall and houses renewal projects due to internal resourcing capacity constraints and ongoing community engagement. The remaining budget is required to progress these works in the future.	113	202
Total	55	947	893	(541)		339	202

Corporate Services						Budget change Spread	
Project	Full Year	Annual	(Over)/	Budget	Reasons for carryover from 2024-25 to later years	Budget change	Budget change
	Actual	Revised	Under	change		to	to
	\$000	Budget	Spend	requiring		2025-26	Later years
		\$000	\$000	approval		\$000	\$000
Operating budgets							
Go Digital Program	2,739	3,119	381	(381)	Rephasing of projects due to savings, delayed timeframe for CRM, HRIS projects due to further due diligence required for procurement processes and reprioritisation of projects into 2026.	-	381
Community Engagement Research	23	398	376	(120)	Carryover requested due to timing delays in establishing the City Leadership Group and completing the City Strategy, to finalise drafting, public engagement, and implementation planning. Carryover will ensure continuity of work and allow for a smooth transition to the implementation phase in 2025/26.	120	-
Total	2,761	3,518	757	(501)		120	381

10 September 2025

Report no: PFSC2025/5/274

New Zealand Local Government Funding Agency Annual General Meeting 2025

Purpose of Report

1. To confirm an agreed approach regarding the Local Government Funding Agency (LGFA) Annual General Meeting (AGM) regarding the appointment of directors and Nominating Local Authority Councils to the Shareholders Council.

Recommendations

That the Committee recommends Council:

- (1) notes that the next Local Government Funding Agency (LGFA) Annual General Meeting (AGM) is scheduled for 18 November 2025;
- (2) agrees that the Group Chief Financial Officer attend the AGM and vote on behalf of Hutt City Council, in line with the decisions that follow;
- (3) agrees to vote in support of the appointment of the following as directors of the LGFA Board:
 - Helen Robinson; and
 - Paul Anderson as detailed in Section B of the officer's report; and
- (4) agrees to vote in support of Christchurch and Tasman District Councils being reappointed as Nominating Local Authority members, as detailed in Section C of the officer's report.

Section A - Background

2. Council is a minor shareholder in LGFA with a 0.4% shareholding.
3. LGFA's 2025 AGM is scheduled for 18 November 2025. The AGM will cover the usual matters relating to the Financial Statements and Reports, election of company directors, and election of Nominating Local Authorities to the Shareholders Council. The agenda and Notice for the AGM are available in Appendices 1 and 2 of this report.

4. Officers are seeking Council direction on the matters to be voted on at the AGM. The Group Chief Financial Officer plans to attend the AGM on behalf of Council.

Section B - Election of Directors

5. The LGFA Shareholders' Agreement (the Agreement) requires that the number of Directors serving on the Board shall be between five and seven Directors, and that no less than five of those Directors are to be Independent Directors. There are currently seven Directors (six of whom are Independent Directors). With one Director retiring and one Director retiring and seeking re-election (both being Independent Directors), there are two vacant Board positions available. Of those positions, at least one must be filled by an Independent Director. There is a proposed vote to elect up to two Directors as detailed in the AGM notice.

The following resolutions will be put to the meeting. To:

- (a) *Re-elect Helen Robinson as an Independent Director, by way of Ordinary Resolution; and*
 - (b) *Elect Paul Anderson as an Independent Director, by way of Ordinary Resolution.*
6. Biographies of the candidates are also included in Appendix 2.
7. The Shareholders' Council has considered the candidates. Recommendations on the proposed voting and the rationale behind these are detailed in Appendix 3. In summary they recommend:
 - *Helen Robinson is re-elected as an independent director for an additional three-year term; and*
 - *Paul Anderson is elected as an independent director for a three-year term.*
8. Council officer advice is that Council vote in line with these recommendations from the Shareholder's Council.

Section C - Election of Nominating Local Authorities to Shareholders' Council

9. The Shareholders' Council comprises between five and 10 members with the current members being the Crown (Department of Internal Affairs and the Treasury) and nine Council members (Wellington City Council, Auckland City Council, Bay of Plenty Regional Council, Christchurch City Council, Hamilton City Council, Tasman District Council, Tauranga City Council, Western Bay of Plenty District Council and New Plymouth District Council).
10. The Agreement requires the two Nominating Local Authority members who have been in office the longest since their election to retire by rotation. Christchurch City and Tasman District Councils will retire at the AGM and are seeking re-election.

11. Christchurch City and Tasman District Councils have each offered themselves for re-election as Nominating Local Authority members. There is a proposed vote to re-elect Christchurch City and Tasman District Councils, as detailed in the AGM notice.
12. The Shareholders' Council advice is in support of these nominations. Council officer advice is to vote in line with the recommendations from the Shareholder's Council.

Consultation

13. There are no consultation requirements arising from this report.

Legal Considerations

14. There are no legal considerations arising from this report.

Financial Considerations

15. The financial considerations are detailed in the report in the relevant areas.

Appendices

No.	Title	Page
1 ↓	Appendix 1 - LGFA Annual Meeting Agenda 2025	29
2 ↓	Appendix 2 - Notice of LGFA Annual Meeting November 2025	30
3 ↓	Appendix 3 - LGFA Shareholders Recommendations Letter 2025	35

Author: Glenn Usoalii-Phillips
Treasury Officer

Reviewed By: Darrin Newth
Financial Accounting Manager

Reviewed By: Jenny Livschitz
Group Chief Financial Officer

Approved By: Jo Miller
Chief Executive



Agenda

Annual Meeting

18 November 2025

The Bolton Hotel, Wellington

3:00pm – 4:00pm

Microsoft Teams details upon request from jane.phelan@lgfa.co.nz

	Agenda Item	Leading Discussion
1	Afternoon Tea on arrival	All
2	Introduction from Chair	Craig Stobo
3	Quorum	Craig Stobo
4	Financial Statements and Reports	Mark Butcher
5	Election of Company Directors	Craig Stobo
6	Election of Nominating Local Authorities to Shareholders' Council	Craig Stobo
8	Questions and Comments from Shareholders	Craig Stobo
9	General Business	Craig Stobo



NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED NOTICE OF ANNUAL MEETING

Notice is given that the 2025 annual meeting of shareholders of New Zealand Local Government Funding Agency Limited ("**Company**" or "**LGFA**") will be held at the **Bolton Hotel, 11 Bolton Street, Wellington** on **18 November 2025** commencing at **3:00pm**.

For those shareholders unable to attend in person you can attend via Teams. **Jane Phelan will provide the Teams link upon request at jane.phelan@lgfa.co.nz.**

BUSINESS

1. **FINANCIAL STATEMENTS AND REPORTS:** To receive and consider the financial statements of the Company for the year ended 30 June 2025 together with the directors' and auditor's reports to shareholders.

2. **ELECTION OF COMPANY DIRECTORS**

In accordance with clause 3.3 of the Shareholders Agreement ("**SHA**"), **Helen Robinson** retires by rotation and being eligible, offers herself for re-election as an Independent Director.

In accordance with clause 3.5 of the SHA, **Paul Anderson** has been nominated by **Bay of Plenty Regional Council** to the Independent Director position made available by the retirement of Linda Robertson.

Accordingly, to:

- (a) Re-elect **Helen Robinson** as an Independent Director of the Company, by way of Ordinary Resolution;
- (b) Elect **Paul Anderson** as an Independent Director of the Company, by way of Ordinary Resolution.

(See Explanatory Note 2)

3. **ELECTION OF NOMINATING LOCAL AUTHORITIES TO THE SHAREHOLDERS' COUNCIL**

In accordance with clause 4.6 of the SHA, **Christchurch City Council** and **Tasman District Council** retire by rotation. **Christchurch City Council** and **Tasman District Council** being eligible, offer themselves for re-election.

Accordingly, to re-elect or elect (as appropriate) as a Nominating Local Authority, by way of Ordinary Resolution:

- (a) **Christchurch City Council** as a Nominating Local Authority;
- (b) **Tasman District Council** as a Nominating Local Authority

(See Explanatory Note 3)

4. **QUESTIONS AND COMMENTS FROM SHAREHOLDERS**

Opportunity for shareholders to comment or question directors, Shareholders' Council or management.

5. **GENERAL BUSINESS**

To consider such other business as may properly be raised at the meeting.

Please refer to the explanatory notes that accompany this notice of meeting.

By order of the board:



Craig Stobo, LGFA Board Chair

15 September 2025

ORDINARY RESOLUTIONS: *Ordinary resolutions are resolutions approved by a simple majority of more than 50% of the votes of the shareholders entitled to vote and voting at the annual meeting.*

SHAREHOLDERS ENTITLED TO ATTEND AND VOTE: *Pursuant to section 125 of the Companies Act 1993, for the purposes of voting at the annual meeting, those registered shareholders of the Company as at 9.00am on Monday 17 November 2025 shall be entitled to exercise the right to vote at the meeting.*

CAPITALISED TERMS: *Unless otherwise defined in this notice, capitalised terms have the meanings given to them in the Shareholders' Agreement dated 7 December 2011 (as amended and restated on 23 November 2021).*

EXPLANATORY NOTES

EXPLANATORY NOTE 1 - PROXY VOTE

A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of the shareholder. The proxy need not be a shareholder. To be effective, a copy of the proxy form must be received by the Company at **Level 11, City Chambers, 142 Featherston Street, Wellington 6145** or via email to jane.phelan@lgfa.co.nz not later than 48 hours before the start of the meeting.

A corporation may appoint a person to attend the meeting as its representative in the same manner as that in which it could appoint a proxy.

EXPLANATORY NOTE 2 - ELECTION OF DIRECTORS

Clause 3.3 of the SHA was amended by shareholder resolution at the 2021 AGM to state that a Director must not hold office (without re-election) past the third annual meeting of the Company following the Director's appointment or three years, whichever is longer. A retiring Director shall be eligible for re-election.

In this case, **Helen Robinson** who was elected on 22 November 2022 shall retire at this annual meeting.

Helen Robinson being eligible, offers herself for re-election.

Paul Anderson offers himself for election.

In accordance with the Ordinary Resolution passed by Shareholders at the 2021 annual meeting of Shareholders, and clause 3.1 of the SHA, the size of the Board shall be between five and seven Directors, including no less than five Independent Directors. The Board currently consists of seven Directors (being Alan Adcock (non-Independent Director), Philip Cory-Wright (Independent Director), David Rae (Independent Director), Linda Robertson (Independent Director), Helen Robinson (Independent Director), Craig Stobo (Independent Director) and Elena Trout (Independent Director)). As Linda Robertson and Helen Robinson are retiring at this meeting, the Shareholders can appoint at least one Independent Director and up to two Directors in total to the Board.

The following biographies have been provided by the candidates and are attached at Appendix One to this notice of meeting:

- **Helen Robinson**
- **Paul Anderson**

EXPLANATORY NOTE 3 - ELECTION OF NOMINATING LOCAL AUTHORITIES TO THE SHAREHOLDERS' COUNCIL

Clause 4.3 of the SHA provides that a Principal Shareholder may be appointed or removed as a nominator to the Shareholders' Council ("**Nominating Local Authority**") at any time by an Ordinary Resolution, provided that no more than nine Nominating Local Authorities may be so appointed. Each Nominating Local Authority, and the New Zealand Government (for so long as it is a Shareholder), may appoint one member of the Shareholders' Council, and remove and replace any member so appointed, in accordance with clause 4.4 of the SHA.

Clause 4.6 of the SHA provides that, beginning at, and including, the annual meeting for 2013, the Shareholders shall ensure that two Nominating Local Authorities retire from office at the annual meeting of the Company in each year. The Nominating Local Authorities to retire shall be those who have been

longest in office since their last election, and if two or more of those Nominating Local Authorities were last elected on the same day, the Nominating Local Authority to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Nominating Local Authority is eligible for re-election.

In this case, Christchurch City Council having been re-elected as a Nominating Local Authority on 23 November 2021 and Tasman District Council having been re-elected as a Nominating Local Authority on 19 November 2020 are the Nominating Local Authorities who have been longest in office since their last election (New Plymouth having been re-elected on 23 November 2021, Bay of Plenty Regional Council having been re-elected on 23 November 2022, Hamilton City Council having been re-elected on 23 November 2022, Tauranga City Council having been re-elected on 23 November 2023, Western Bay of Plenty District Council having been elected on 23 November 2023, Auckland Council having been re-elected on 21 November 2024 and Wellington City Council having been re-elected on 21 November 2024). Accordingly, being the longest in office since their last election, **Christchurch City Council** and **Tasman District Council** shall retire by rotation at this annual meeting.

The Shareholders' Council is comprised of between five and ten members. The New Zealand Government can appoint a member, and the remaining members are nominated by up to nine Nominating Local Authorities. Following the retirement of **Christchurch City Council** and **Tasman District Council** there are currently two positions available.

Christchurch City Council offers themselves for re-election as a Nominating Local Authority.

Tasman District Council offers themselves for re-election as a Nominating Local Authority.

APPENDIX ONE: HELEN ROBINSON AND PAUL ANDERSON BIOGRAPHIES**HELEN ROBINSON - BIOGRAPHY**

Helen is an experienced business leader locally and internationally mostly in the technology and sustainability sectors. Helen was Managing Director of Microsoft New Zealand, VP of Pivotal Corporation Asia Pacific and Managing Director, Markit Group (co-founding its Environmental Registry; now part of S&P Global).

Helen has decades of governance experience acting as Director or Chair for numerous public, private and public sector organisations.

She is a member of Global Women, INFENZ, a Chartered Member of the NZ Institute of Directors, and has been recognised in numerous awards for business and innovation including the NZ Women of Influence Supreme Award and as an Officer of Merit in the Queens Honours.

PAUL ANDERSON – BIOGRAPHY

Paul Anderson is Chief Executive Officer of Queenstown-based NZSki Limited and Executive Director of its parent company, Trojan Holdings Limited. NZSki owns and operates Coronet Peak, The Remarkables and Mt Hutt ski areas, catering for more than 700,000 guests each year and employing more than 1,400 staff at the height of the season.

Paul's governance experience spans private sector and council-controlled trading organisations including the Establishment Board of the NZ Local Government Funding Agency, EcoCentral Limited and Port Hills Leisure Limited.

Paul previously held executive roles in the private, public and local government sectors. Prior to his current role he was General Manager Corporate Services for Christchurch City Council, and he held corporate and business finance roles at Telecom New Zealand and London-based Natwest Global Financial Markets. He started his career as a policy analyst at the New Zealand Treasury. Paul holds a Master of Commerce (First Class Honours) from the University of Canterbury, is a Chartered Accountant (CA) and a Chartered Member of the Institute of Directors.



15 September 2025

The Shareholders
NZ Local Government Funding Agency Limited

Dear Shareholder.

The LGFA will hold its Annual Meeting (AM) on 18 November 2025. The Shareholders' Council has considered the material for the Annual Meeting and wishes to make recommendations to help with your decision making prior to the AM.

Our role (as per the Shareholders' Agreement) includes requirements to:

- Make recommendations to Shareholders about the appointment, removal, re-election, replacement and remuneration of Directors.
- Make recommendations to Shareholders about any matters which require the approval of Shareholders.

Our recommendations on the AM resolutions are as follows:

Resolutions 2 (a) and (b) – Election of Company Directors

In accordance with clause 3.3 of the Shareholders Agreement ("SHA"), **Helen Robinson** retires by rotation and being eligible, offers herself for re-election as an Independent Director.

In accordance with clause 3.5 of the SHA, **Paul Anderson** has been nominated by Bay of Plenty Regional Council to the Independent Director position made available by the retirement of Linda Robertson.

The biographies of Helen Robinson and Paul Anderson are attached as Appendix one to the Notice of Annual Meeting.

Regarding Director appointments, the Shareholders' Council considers there are core competencies that every Director should have, related to Governance, financial and commercial experience. There are a range of other skills and experience required that are achieved through the mix on the Board. Diversity in thinking and experience can be achieved by having a Board with a wide range of backgrounds and the Shareholders Council considers the skills matrix of the

Board in selecting preferred nominees.

Reappointment of Helen Robinson as an Independent Director

The Shareholder's Council supports the re-appointment of Helen Robinson for a second term. Helen has broad experience as a business leader with strong skills in technology and sustainability.

Appointment of Paul Anderson as an Independent Director

Paul Anderson was identified as the preferred candidate for nomination through a robust recruitment process conducted by a Nomination Panel made up of representatives from the LGFA Board and the LGFA Shareholders' Council.

The Panel concluded that Paul Anderson provided a valuable mix of core commercial and financial experience through his current role as CEO of NZSKI and previous corporate business finance roles as well as experience within the local and central government sectors. Paul is a Chartered Accountant and a Chartered Member of the Institute of Directors.

Paul's range of skills and experience will complement the existing skills of the Board and ensure ongoing strength across core financial and commercial areas of LGFA governance as some of our long-standing board members retire over the next few years.

Paul has strong stakeholder relationship capabilities and has good foundations for relationship building with central government as well as Local Government.

The Shareholders' Council recommends Helen Robinson is re-elected for a further term and Paul Anderson is elected as an independent director for a three-year term.

Resolutions 3 (a) and (b) – Appointment of Nominating Local Authorities to the Shareholders Council

Clause 4.6 of the SHA provides that the shareholders shall ensure that two Nominating local Authorities retire from office at the Annual Meeting each year. This year Christchurch City Council and Tasman District Council shall retire by rotation at this meeting.

Christchurch City Council offer themselves for re-election, with Primary representative Steven Ballard – Group Treasurer.

Tasman District Council offer themselves for re-election, with primary representative Leonie Rae – Chief Executive.

The Shareholders' Council recommends the re-election of Christchurch City Council and the re-election of Tasman District Council.

I trust you find this information helpful. Please contact me or one of the Shareholders' Council members below should you wish to discuss any matter relating to this letter or any other aspects of LGFA operations.

Contact details for the Shareholders Council representatives are as follows:

Chair: Kathryn Sharplin – Tauranga City Council - kathryn.sharplin@tauranga.govt.nz

Deputy Chair: Sarah Houston-Eastergaard – Wellington City Council - sarah.houston-eastergaard@wcc.govt.nz

Other Local Authority Members:

- Kumaren Perumal – Bay of Plenty Regional Council - kumaren.perumal@boprc.govt.nz
- Mike Drummond – Tasman District Council - mike.drummond@tasman.govt.nz
- Gary Connolly – Hamilton City Council – Gary.Connolly@hcc.govt.nz
- Andrew John – Auckland City Council - andrew.john@aucklandcouncil.govt.nz
- Steven Ballard – Christchurch City Council - steve.ballard@ccc.govt.nz
- Adele Henderson – Western Bay of Plenty District Council- adele.henderson@westernbay.govt.nz
- Jacqueline Baker – New Plymouth District Council- jacqueline.baker@NPDC.govt.nz

Yours sincerely



Kathryn Sharplin
Chair, LGFA Shareholders' Council

cc. Mark Butcher, Chief Executive LGFA

04 September 2025

Report no: PFSC2025/5/275

New Zealand Local Government Funding Agency 2025 Annual Report

Purpose of Report

1. The purpose of this report is to provide the Committee with the Local Government Funding Agency (LGFA) Annual Report for the year ended 30 June 2025.

Recommendation

That the Committee notes and receives the Local Government Funding Agency Annual Report for the year ended 30 June 2025 attached as Appendix 1 to the report.

Background

2. The LGFA was incorporated on 1 December 2011 with the primary objective of optimising the debt funding terms and conditions for participating local authorities. This includes providing savings in annual interest costs, making longer-term borrowings available and enhancing the certainty of access to debt markets. Council became a principal shareholding local authority in the LGFA in May 2012.
3. The LGFA issues bonds to wholesale and retail investors and on-lends the funds raised to participating local authorities with borrowing needs. The quality of the LGFA's credit rating, and the liquidity created by issuing homogenous local authority papers ensures that participating Councils can raise funds from the LGFA on better terms than if they were issuing in their own name.
4. Borrowing councils are required to subscribe to LGFA Borrower Notes (subordinated convertible non-voting bonds), at 5.0% of the face value of each borrowing from LGFA. LGFA requires the Borrower Notes as equity as their balance sheet grows, and this avoids the need to continually go back to shareholders for additional capital. Borrower Notes pay interest on the maturity of the notes at LGFA's cost of funds.
5. The LGFA meets the Local Government Act 2002 (the Act) definition of a Council Controlled Organisation (CCO) as one or more local authorities have the right, directly or indirectly, to appoint 50% or more of the directors.

6. As a shareholder in the LGFA, Council must regularly undertake performance monitoring to evaluate its contribution to achieving its Council's desired outcomes. The Cover Letter to Shareholders is attached as Appendix 2 to the report.

Discussion

7. The LGFA recorded a strong financial performance result for the year ended 30 June 2025, realising a net operating profit of \$19.0M (2024: \$10.05M), with Shareholder Equity of \$121.8M (2024: \$113.2M) as of 30 June 2025. The increase in net operating profit from 2024 can be attributed to increased interest income, increased operating income, lower operating expenses and larger holdings of liquid assets.
8. By 30 June 2025, LGFA had loans outstanding of \$22.66B, an increase of \$2.1B on the prior year. LGFA provided an estimated 75% of the local government sectors' borrowing requirements in 2024/25.
9. Additionally, lending to the local government sector was \$5.2B for the financial year, down from \$6.1B the previous financial year. Of the \$5.2B, short-term lending increased by 77% to \$1.05B. Borrowing by councils was primarily to refinance 2025 loan maturities and to continue to finance infrastructure projects.
10. Regarding the Governments Local Water Done Well programme, LGFA has announced that financially supported water CCO's will be able to join LGFA and be able to have access to their range of competitively priced lending products. LGFA continues to work with Government, officials, regulators and councils to ensure a successful outcome for councils in their water reform journey.
11. The financial strength of LGFA was affirmed by credit rating agencies S&P Global Ratings at AAA (Stable Outlook) and Fitch Ratings at AA+ (Stable Outlook). The New Zealand Government is rated AAA with a Stable Outlook by S&P and AA+ with a Stable Outlook by Fitch.
12. Council had borrowed \$571.7M from the LGFA as of 30 June 2025 including interest (2024: \$510.7M).
13. LGFA borrowings include those on behalf of Council's CCOs, and all borrowings are in accordance with approved limits contained in Council's Treasury Risk Management Policy.
14. Council had \$16.01M of LGFA Borrower Notes as of 30 June 2025 (2024: \$11.78M). Council's annual report discloses \$16.54M which includes an independent revaluation.
15. The full LGFA 2024/25 Annual Report is attached to this report as Appendix 1, together with the cover letter to Shareholders attached as Appendix 2, and advice of the dividend distribution attached as Appendix 3.

Climate Change Impact and Considerations

16. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.

Consultation

17. There are no consultation requirements arising from this report.

Legal Considerations

18. The Board of LGFA must deliver to Council (as shareholder), and make available to the public, its 2024/25 Annual Report by no later than 30 September 2025.
19. The final Annual Report was provided to Council officers on 28 August 2025 and was made publicly available via the LGFA website within the statutory deadline.

Financial Considerations

20. The Board of LGFA declared a dividend payment of \$1.676M (2024: \$1.843M) for the year ended 30 June 2025. The dividend rate was \$0.067 per paid up share. Council will receive a dividend of \$6,702 (2024: \$7,370) on 1 September 2025 from its \$100,000 investment. Council's dividend is attached as Appendix 3 to the report.
21. The Board of LGFA approved the Annual Report on 28 August 2025 and KPMG issued an unmodified audit opinion on the same date.

Appendices

No.	Title	Page
1	Appendix 1 - LGFA Annual Report 2024-25	41
2	Appendix 2 - Cover Letter to Shareholders	118
3	Appendix 3 - LGFA 2024-25 Dividend Advice	119

Author: Glenn Usoalii-Phillips
Treasury Officer

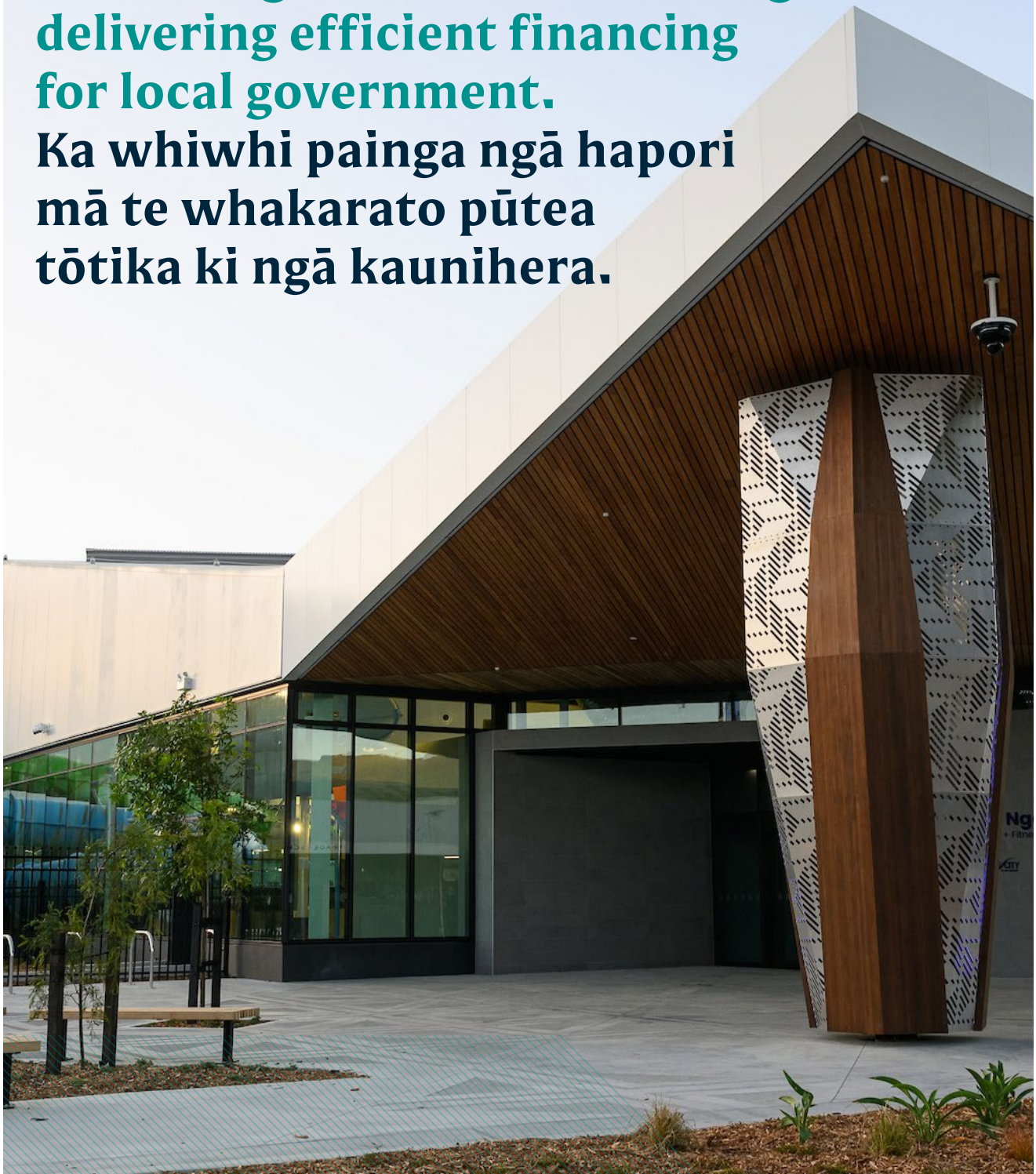
Reviewed By: Darrin Newth
Financial Accounting Manager

Approved By: Jenny Livschitz
Group Chief Financial Officer

ANNUAL REPORT 30 JUNE 2025

**Benefiting communities through
delivering efficient financing
for local government.**

**Ka whiwhi painga ngā hāpori
mā te whakarato pūtea
tōtika ki ngā kaunihera.**



Contents

Ngā Ihirangi

Message from the Chair and Chief Executive	3	Financial statements	44
He karere nā te Heamana me te Tumu		Ngā Tauākī Ahumoni	
Whakarae		Statement of comprehensive income	44
5-year summary	5	Statement of changes in equity	45
He whakarāpopoto 5-tau		Statement of financial position	46
Our history	6	Statement of cash flows	47
Rārangi wā		Notes to the financial statements	48
Funding and markets	8	Other disclosures	75
Te pūtea me ngā māketē		He whākitanga anō	
Lending to the local government sector	11	Directory	76
Te hoatu taurewa ki te rāngai kāwanatanga ā-rohe		Rārangi tauwaea	
Industry leadership and engagement	14		
Te ārahitanga me te tūhononga i te ahumahi			
Sustainable funding and lending	16		
Te pūtea me te hoatu taurewa toitū			
Governance	22		
Te mana urungi			
People and culture	33		
Ngā tāngata me te ahurea			
Managing risk	35		
Te whakahaere tūraru			
Performance against objectives	38		
Te whakatutukinga ki ngā whāinga			

Cover photo: Te Ngaengae Pool + Fitness, New Zealand's first aquatic centre to achieve a 5 Green Star rating, setting a national benchmark for low-carbon infrastructure. **Hutt City Council**

Contents photo: The Waterfront Playground in Tauranga City Centre is a bold celebration of culture, creativity, and community. **Tauranga City Council**



Message from the Chair and Chief Executive

He karere nā te Heamana me te Tumu Whakarae

For the year ended 30 June 2025

The 2024-25 year was a period of strong financial and non-financial outcomes alongside the delivery of new initiatives to sustain the business.

LGFA delivered a record financial outcome for the year ending 30 June 2025. Whilst the year focused on meeting the needs of stakeholders, the organisation also delivered initiatives which will help underpin the success of the business well into the future. These include:

- Broadening LGFA's funding by establishing a European Medium Term Notes (EMTN) programme to join LGFA's existing AUD and NZD Bond programmes;
- Negotiating a refreshed Crown Liquidity Facility which will be upsized and extended in tenor;
- The improvement by two notches of LGFA's Stand Alone Credit Profile under the revised credit rating methodology of S&P Global Ratings; and
- Introducing more flexible financing for high growth councils, and enabling lending to new water Council-controlled organisations (CCOs).

We believe these important foundations position LGFA well to meet its purpose of delivering efficient financing for local government.

We established the EMTN programme in January 2025 and in March issued NZ\$2.24 billion worth of CHF, EUR, and USD denominated bonds. This issuance, combined with the AUD issuance in August 2024 under our Australian Dollar programme, delivered 59% of our annual funding requirement at a cost of borrowing (when fully hedged back into NZD) lower than our NZ bonds.

Our LGFA NZD Bond Repurchase programme was established in May 2025 and we began conducting weekly repurchase tenders. This supports our liquidity management, reduces refinancing risk, and provides added support to the market for our bonds on issue.

In August 2024, as part of Central Government's Local Water Done Well programme, LGFA announced that financially supported water CCOs would be able to join LGFA and access competitive financing through our range of lending products. We have continued to work with the Minister of Local Government and officials, regulators, councils and their advisers to ensure a successful outcome for our council members as they implement water reform.

In November 2024, our shareholders resolved to allow the LGFA Board to grant bespoke financial covenants to assist high growth councils meet their infrastructure financing requirements.

Over the past several years we have looked for ways to deliver operational efficiency for our council borrowers. We are looking forward to councils adopting these changes in the coming financial year that will reduce administration requirements relating to the Section 118 and Global Security Stock Certificates.

Our strong ties to Central Government were affirmed with the Minister of Local Government announcing an extension and upsizing of the Crown Liquidity Facility provided to LGFA. This strengthened

relationship to Central Government alongside the initiatives undertaken at the start of the financial year to improve our financial position and capital base ensured our credit rating remains the same as the New Zealand Government. Under the revised ratings methodology announced by S&P Global Ratings Limited (S&P), our Stand Alone Credit Profile improved by two notches to AA+. This is a strong outcome given that many councils' credit ratings were lowered by S&P due to a weakening credit outlook by S&P over the year.

2024-25 Financial and operational performance

Directors are pleased we have delivered a record financial and operational performance:

Total interest income for the financial year was NZ\$1,267 million, a 4% increase over the prior year.

Total operating income of NZ\$35.6 million was \$4.4 million above the Statement of Intent (SOI) forecast primarily due to our offshore cost of borrowing being lower (after hedging costs) than borrowing in the domestic debt capital markets. Larger holdings of liquid assets also improved income.

Operating expenses, excluding Approved Issuer Levy (AIL), at NZ\$11.2 million were \$0.2 million under the SOI forecast. AIL expense for the year totalled \$5.3 million, in line with our SOI forecast.

Net operating profit rose to NZ\$19.0 million, up 89% from the previous year.

Lending activity

Long-term lending totalled NZ\$4.15 billion during the year as members refinanced loans and increased borrowing to finance infrastructure projects. Sustainable lending under our Green, Social and Sustainability Loans and Climate Action Loans was 24% of total lending during the year. Our lending over the year represented an estimated 75% of all council long-term borrowing. Short-term lending at year end was \$1.05 billion, a 77% increase over the prior year.

We welcomed three new CCO members during the year with Christchurch City Holdings Limited, Far North District Holdings Limited, and Timaru District Holdings Limited joining.

Over the year, LGFA operations processed over 16,000 transactions with total gross cash flows of \$73 billion. This included 2,500 new trades, and all transactions were completed without settlement errors. Where possible, LGFA employ straight-through processing to minimise operational risk across our treasury operations.

Statement of Intent targets

We achieved 17 out of 21 performance targets outlined in our Statement of Intent for the year. Two unmet targets were due to lower-than-forecast lending requirements from members. Additionally, there was a breach of the Foundation Policy where the nominal amount of loans to a guarantor exceeded the \$20 million limit by \$186k. The breach occurred because of the refinancing of a long term loan with a short-term loan and the excess loan amount was repaid immediately and there was no financial loss to LGFA. Finally, while our market share remains high, it did dip below our 80% performance target over the year.

Stakeholder engagement

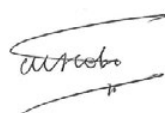
Over the year, LGFA held over 100 meetings with our council and CCO members, a higher than usual number driven by our support in assisting councils and their advisors develop water service delivery plans.

We continue to invest in sustainability initiatives and support the sector through increasing our engagement on sustainability. This included discussions with members on how LGFA can help councils with sustainability financing. In March 2025, we hosted the inaugural LGFA Sustainable Finance Series, featuring panel discussions and keynote presentations from council representatives, our Sustainability Committee, management team, and Hon. James Shaw, former NZ Climate Change Minister. The sessions attracted up to 180 attendees from 54 councils. We plan to continue this initiative in the future.

Acknowledgements

Over the past year, LGFA received the KangaNews Award for the New Zealand Dollar Rates Deal and the New Zealand Sustainability Deal of the year for the 2032 Sustainable Financing Bond. The Agency's work and success cannot be achieved without the support of our staff, fellow directors, Shareholders Council, The Treasury, Department of Internal Affairs and the Minister of Local Government and Minister of Finance, all whose efforts and support should be acknowledged.

We believe the Agency's future remains positive and look forward to working with all stakeholders in the year ahead.



Craig Stobo
Chair, LGFA Board



Mark Butcher
Chief Executive

5-year summary

He whakarāpopoto 5-tau

	2025	2024	2023	2022	2021
 Financial Statements	\$m	\$m	\$m	\$m	\$m
Net interest income	34.7	19.5	10.3	17.5	19.5
Net operating profit	18.9	10.1	2.5	10.7	12.0
Total comprehensive income	10.4	9.1	2.5	10.7	12.0
Loans to local government sector	22,657	20,549	16,314	14,042	12,066
Other assets	3,810	2,959	1,861	2,208	2,419
Total assets	26,467	23,508	18,175	16,250	14,485
Bills / ECP on issue	1,605	920	792	563	610
Bonds on issue	22,653	21,306	15,943	14,016	13,218
Other liabilities	2,087	2,089	2,126	2,130	1,173
Total liabilities	26,345	23,395	18,069	16,146	14,390
Equity	121	113	106	105	95
Equity + borrower notes	790	606	466	388	319
 Bonds issued over year (NZD equivalent)					
NZD	2,150	3,730	3,533	3,900	3,270
AUD	862	2,650	-	-	-
EMTN (EUR, CHF, USD)	2,243	-	-	-	-
Total bonds issued	5,255	6,380	3,533	3,900	3,270
 LGFA Members					
Guarantors	72	72	70	68	63
Non-guarantors	5	5	7	7	9
CCO members	8	5	3	1	-
% of loans to guarantors	97%	99%	99%	99%	99%
 Credit rating					
S&P Global Foreign / Domestic	AAA/AA+	AAA/AA+	AAA/AA+	AAA/AA+	AAA/AA+
Fitch Foreign / Domestic	AA+/AA+	AA+/AA+	AA+/AA+	AA+/AA+	AA+/AA+

Our history

Rārangi wā

by financial year ended

2012

Commenced
bond issuance
February 2012

INCORPORATED ON 1 DEC 2011

2013

KangaNews
NZ Domestic
Issuer of the
Year 2012

INFINZ award
for Best Bond
issue of 2012

Inaugural LGFA
Borrowers'
Forum

2014

Inaugural dividend of \$1.5m
declared

2015

Bespoke lending
introduced

Implemented Treasury
Management System and
transitioned outsourced services
from NZDM

Total lending
\$5 billion

2016

LGFA Bonds
listed on NZX
November 2015

Commenced
LGFA Bill
issuance

Commenced
short-term
lending to
councils

Transitioned to Financial Markets
Conduct Act

2017

Bond lending facility established
October 2016

2018

First LGFA bond not matched to
a New Zealand Government bond
maturity



[Back to contents](#)

2019

Inaugural syndication (\$1b)

2020

KangaNews.
NZ Domestic
Bond Deal of
the YearReserve Bank adds LGFA bonds
to its Large Scale Asset Purchase
programme. April 2020Total lending
\$10 billion

2021

S&P AAA credit rating achieved

2022

10 year
anniversaryCommenced lending to Council-
controlled OrganisationsFuture Director
programme
launchedRecord \$3.9
billion bonds
issued in year

2023

KangaNews New Zealand Issuer
of the Year 2022Total lending
\$15 billion

2024

KangaNews.
Five awards at
2023 AwardsInaugural AUD
bond issueInaugural ECP
issueINFINZ
Excellence in
Treasury AwardTotal lending
\$20 billion

2025

LGFA announces
intention to lend
to water CCOsShareholders
approve
increasing
a financial
covenant for
high growth
councilsMinisterial
announcement
of upsize and
extension
to Crown
Liquidity Facility
AgreementFirst issuance
under EMTN
ProgrammeNZD Bond
Repurchase
Programme
commenced

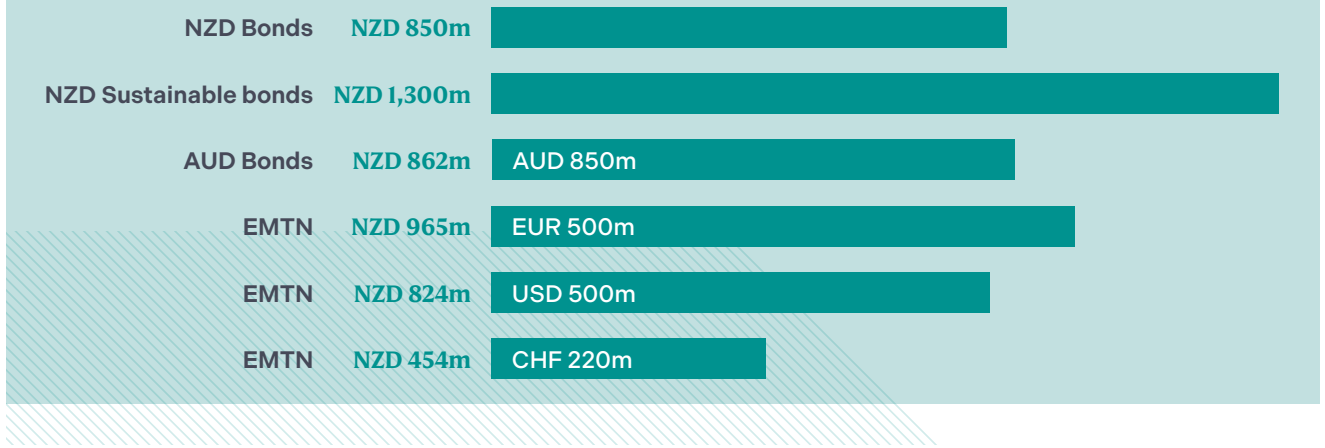
Our sustainability timeline and achievements are shown separately on [page 20](#).

[Back to contents](#)

Funding and markets

Te pūtea me ngā māketete

2024-25 Long-term Issuance: NZD 5,255 million



LGFA funds itself to facilitate member lending and for the management of our liquid asset portfolio. LGFA funding requirements are met through the following programmes:

- NZD Bond programme, including Sustainable Financing Bonds
- NZD Bills
- AUD 5 billion Debt Issuance Programme
- USD 10 billion Euro Medium Term Note (EMTN) Programme
- USD 2 billion Euro-Commercial Paper (ECP) programme

Year in review

The past year marked a significant development in our funding history with the establishment of the EMTN programme and inaugural issuance under the programme. This offshore borrowing has diversified our funding sources and investor base, reducing our refinancing risk:

Year ended	Funding currencies	Funding mix % of NZD bonds
June 2023	NZD	100% NZD
June 2024	NZD, AUD	57% NZD
June 2025	NZD, AUD, EUR, USD, CHF	41% NZD

The average term of our bond issuance during the year at 6.0 years was slightly longer than the prior year of 5.9 years. This remains shorter than preferred

as a longer term of debt reduces our refinancing risk. However, our council and CCO members borrowed for an average term of 4.64 years over the year to June 2025, making it difficult for us to issue bonds with a significantly longer term.

The yield curve steepened and declined over the year as the RBNZ eased monetary policy by cutting the Official Cash Rate (OCR) from 5.50% to 3.25%. Long-dated bond yields did not fall as much as short-dated bond yields as ongoing supply of New Zealand Government Bonds (NZGB) impacted long-dated yields. The 2027 LGFA NZD bond yield declined 150 basis points (bps) over the year and the 2037 LGFA NZD bond yield declined 12 bps over the year.

Over the year, the spread at which LGFA bonds trade narrowed against NZGBs but widened over interest rate swaps. Our spreads to NZGB narrowed between 2 bps (2037 bond) and 24 bps (2026 bond) while spreads to swap moved between 2 bps (2026 bond) and by 26 bps (2037 bond). This change was similar to the spread movements on other high-grade NZD issuers where the additional supply of NZGBs has been the dominating influence on the domestic bond market.

During the year, we established the LGFA Bond Repurchase Programme and commenced weekly repurchase tenders of the LGFA 2026 bond on 14 May. The programme will assist with our liquidity management and reduce our refinancing risk while providing market support. As at 30 June 2025 we had repurchased \$153 million of the LGFA 2026 LGFA bond.

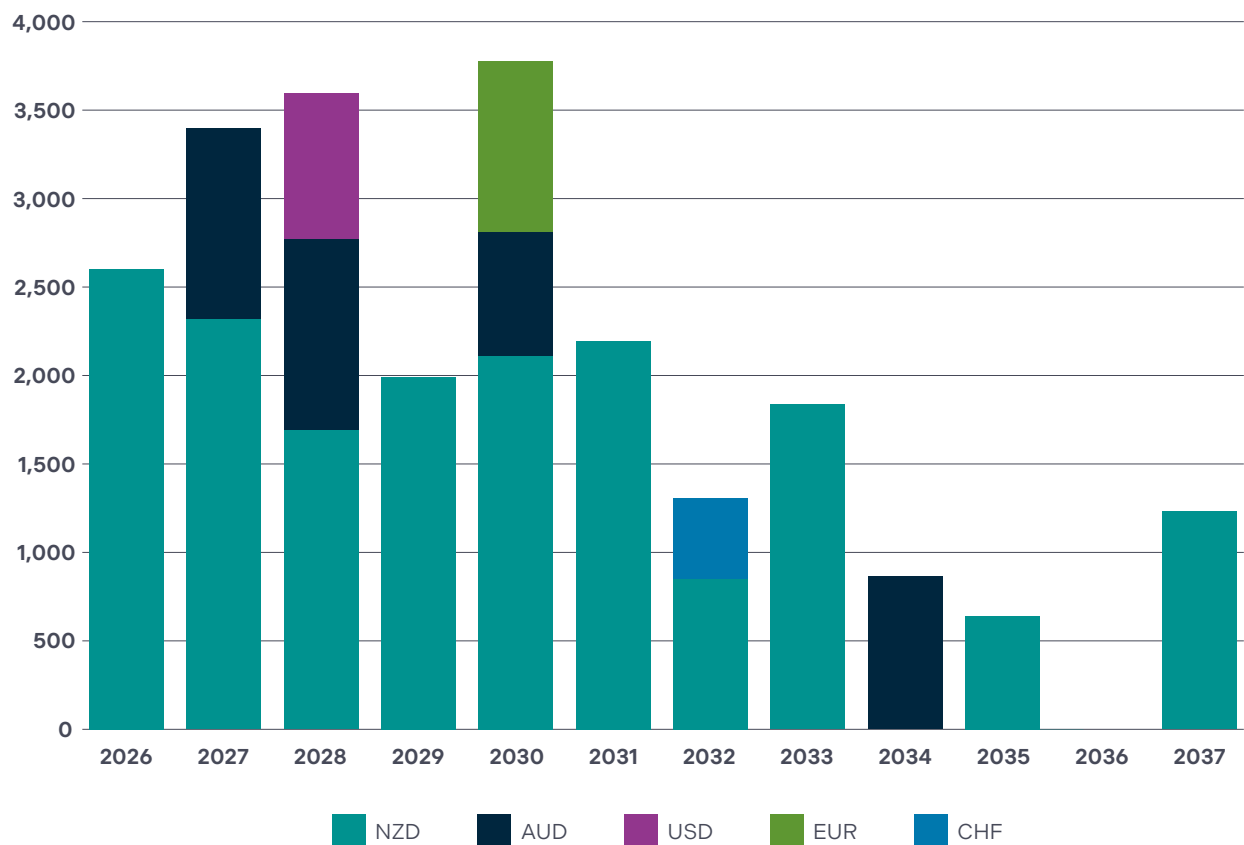
Short-term funding from LGFA bills and ECP totalled NZD \$1.6 billion as at 30 June 2025.

Bonds and bills on issue as at 30 June 2025

FACE VALUE NZD MILLION	OUTSTANDING AT 30 JUNE 2025	2024-25 NET CHANGE
New Zealand dollar bonds		
NZD Bonds	14,508	(2,022)
NZD Sustainable Finance Bonds	2,960	1,300
Foreign currency bonds		
AUD issuance programme	3,716	820
Euro Medium Term Note programme	2,243	2,243
Bills and ECP		
NZD Bills	996	76
Euro-Commercial Paper programme	615	(221)
Total borrowings	25,038	2,196

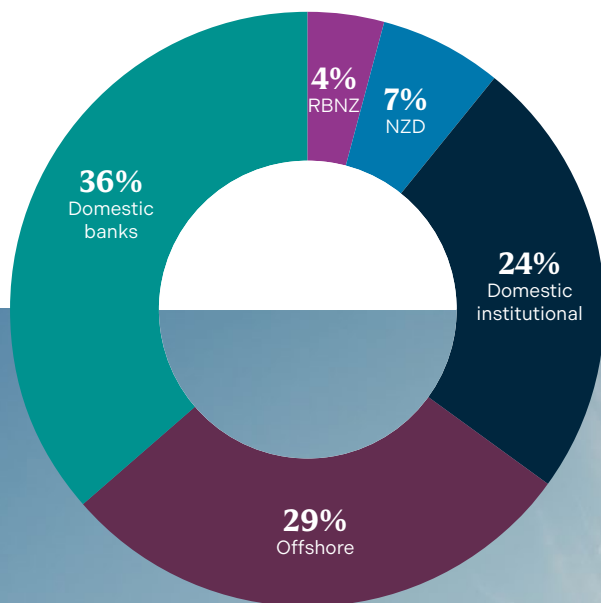
LGFA bonds on issue

NZD millions as at 30 June 2025, excluding treasury stock



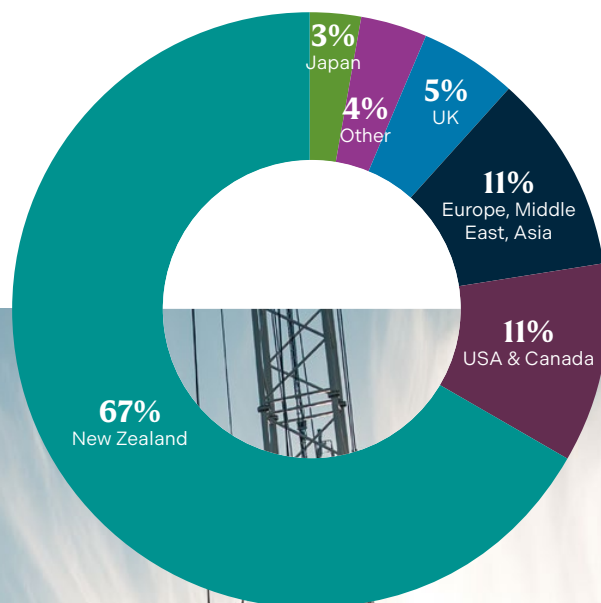
LGFA bond holders by investor group as at 30 June 2025

Source: LGFA analysis of Computershare Registry data

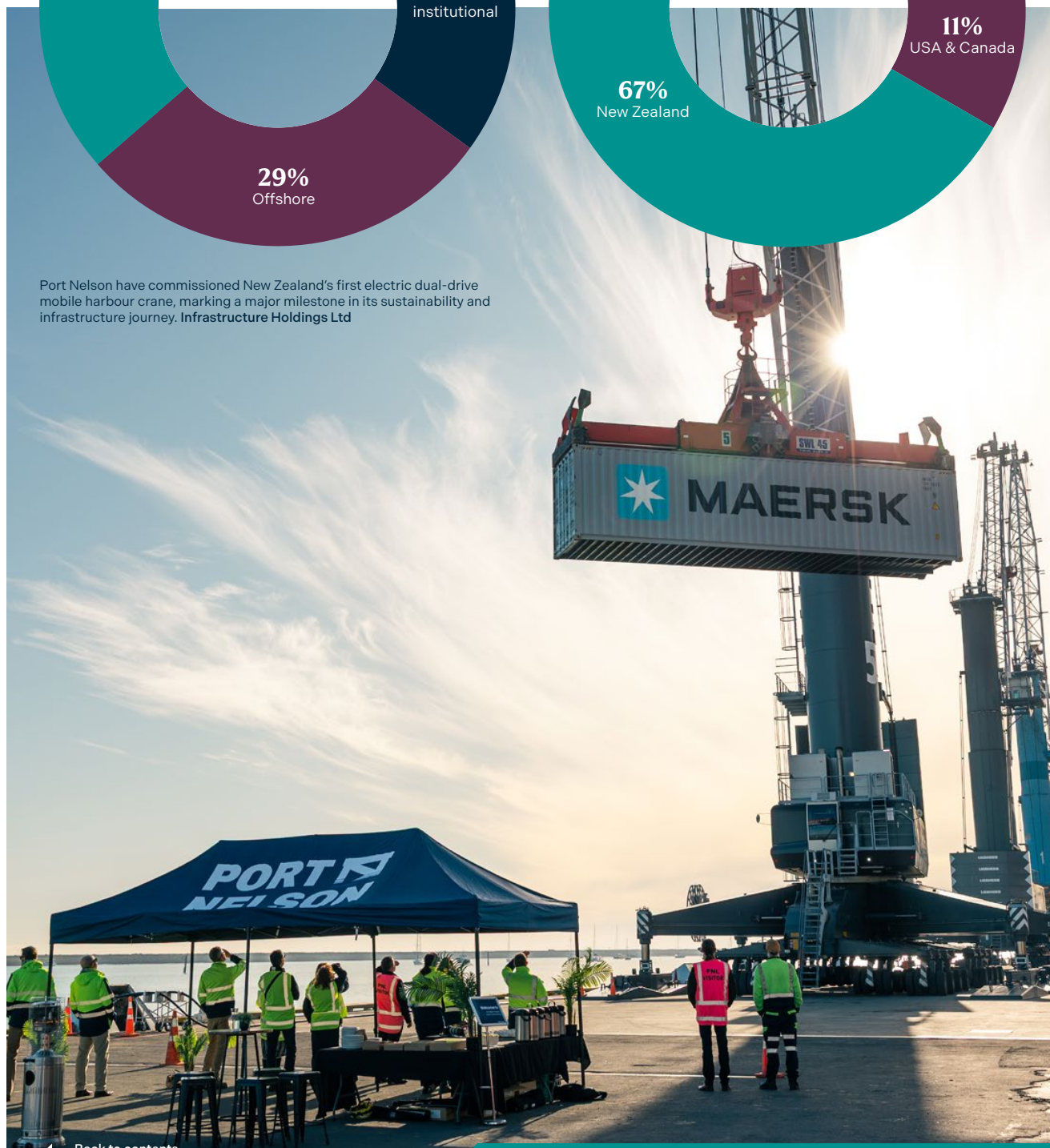


LGFA bond holders by country of residence as at 31 March 2025

Source: LGFA analysis of Merlin Consulting data



Port Nelson have commissioned New Zealand's first electric dual-drive mobile harbour crane, marking a major milestone in its sustainability and infrastructure journey. Infrastructure Holdings Ltd



[Back to contents](#)

Lending to the local government sector

Te hoatu taurewa ki te rāngai kāwanatanga ā-rohe

LGFA operates with the primary objective to optimise the terms and conditions of the debt funding it provides to participating borrowers.

Among other things this includes:

- Providing savings in annual interest costs
- Offering flexible lending terms on short-term and long-term borrowings
- Enhancing the certainty of access to debt markets
- Being the lender of choice for the New Zealand local government sector

To become a LGFA member, a council or Council Controlled Organisation (CCO) is required to complete a formal application. Following an application for membership, LGFA completes a review of the prospective member's financial

position and its ability to comply with LGFA's financial covenants, which is considered by the Board who approve all council memberships. All member councils are required to complete a compliance certificate each year which certifies that the council has complied with LGFA's financial covenants. In addition, LGFA monitors all councils and CCOs annual reports, annual plans and long-term plans on an ongoing basis to ensure that the financial forecasts are consistent with the LGFA financial covenants.

Participating councils and CCOs are collectively referred to as LGFA members.

Over the past year, we approved three new CCO members: Far North Holdings Limited, Timaru District Holdings Limited and Christchurch City Holdings Limited, bringing total CCO membership to eight. Our 77 council members represent all councils, except for Chatham Islands District Council.

Long-term lending over the year totalled NZ\$4.155 billion as members refinanced their 2025 loans and increased borrowing to finance infrastructure projects. Our lending over the year represented an

estimated 75% of all council long-term borrowing.

The average tenor of long-term borrowing by members of 4.6 years over the year was shorter than last year's 4.9 years.

Short-term lending for terms less than 12 months continues to be well supported by members. As at 30 June 2025, there was NZ\$1.05 billion of short-term loans outstanding to 44 members, a 77% increase over the prior year of NZ\$597 million to 37 members.

The Tom Parker Fountain was returned to active service as part of the Marine Parade Heritage Restoration Programme. **Gisborne District Council**

As at 30 June 2025

77

**Member councils
eligible to borrow**

30

**Member councils
are shareholders**

72

**Member councils
were guarantors**

8

CCO members

[Back to contents](#)

Over the 12 months to 30 June 2025

\$4,160

million of
long-term loans

were lent to

75

members

across

366

individual term loans

with an average term of

4.64

years

As at 30 June 2025

\$1,052

million of
short term loans

were outstanding to

36

members

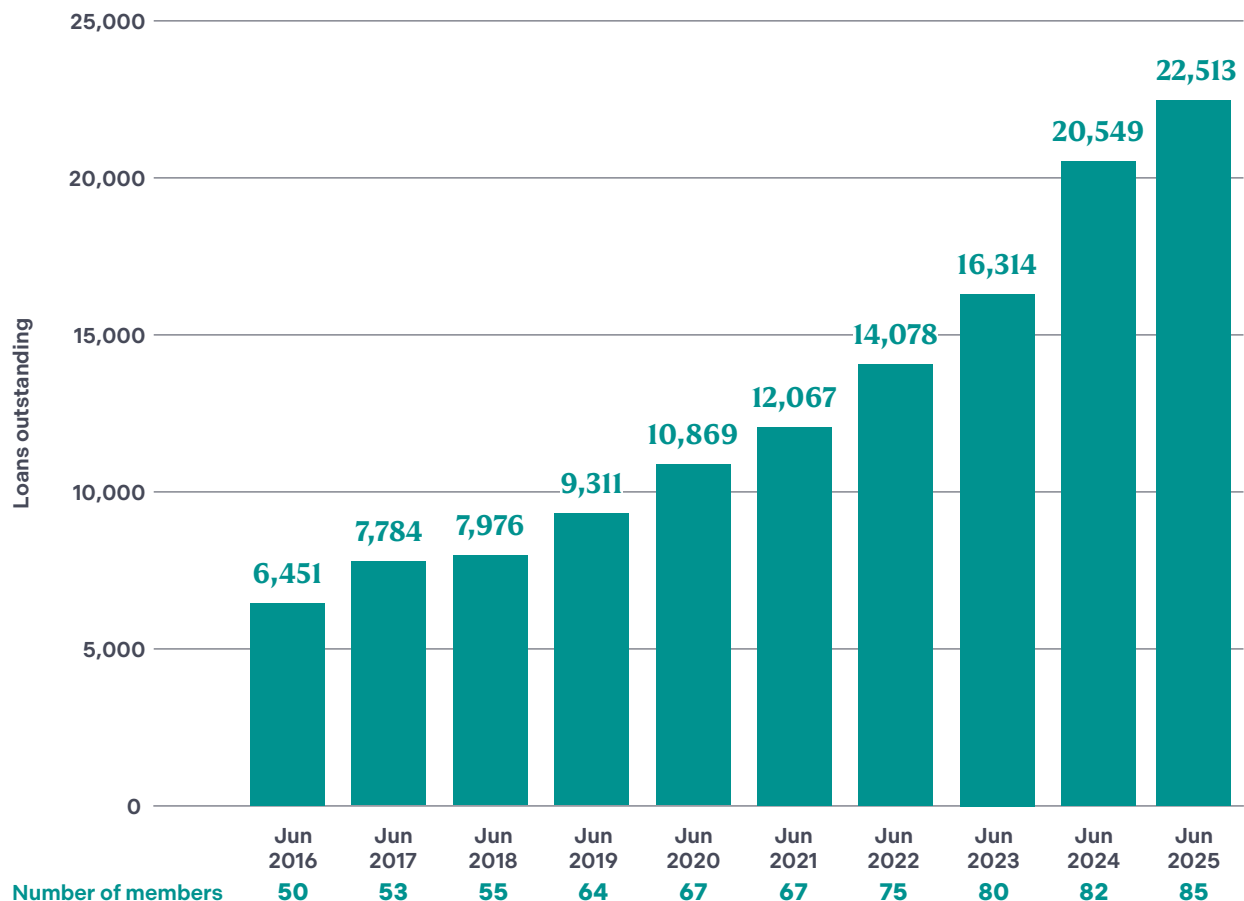
Member councils
are required to
comply with LGFA
financial covenants
at all times

75%

LGFA's estimated
market share of local
government debt

LGFA members and nominal loans outstanding

NZD million, nominal



[Back to contents](#)

Top 10 Member borrowers	Amount borrowed	% of total borrowings
NZD MILLION		
Auckland Council	3,160	13.9%
Christchurch City Council	2,749	12.1%
Wellington City Council	1,843	8.1%
Tauranga City Council	1,277	5.6%
Hamilton City Council	1,023	4.5%
Greater Wellington Regional Council	1,021	4.5%
Queenstown-Lakes District Council	707	3.1%
Hutt City Council	577	2.5%
Hastings District Council	475	2.1%
Rotorua District Council	472	2.1%
74 other member councils and CCOs	9,353	41.3%
	22,657	100%

Councils with an external rating of

AA- or better

comprise

73%
of total loans

77
of New Zealand's
78 councils

are approved borrowers
as at 30 June 2025

Taituarā LGFA Local Government Excellence Awards

This year we are delighted to announce that Wellington City Council's groundbreaking initiative, 'Predator Free Wellington', won the 2025 LGFA Supreme Award for Local Government Excellence, after winning the GHD Award for Excellence in Environmental Leadership.

Predator Free Wellington (www.pfw.org.nz) was selected from a field of 60 entries submitted by councils from across the sector, underscoring its exceptional impact and innovation.

The judging panel praised the initiative, stating "Predator Free Wellington is an exemplar of building social licence and deputising the community to assist with delivery. The clear and meticulous plan for rolling this programme out is both readily scalable and highly transferable to projects of any type. We were also highly appreciative of the clear and unambiguous evidence of the success of this project."

The aim is to make Wellington the world's first predator free capital city, a place where native species and communities can thrive.

This ambitious project involves thousands of households, community groups and organisations all working together to remove every single rat, possum, stoat and weasel from the Wellington area.

The project is special because it moves beyond typical conservation with fences and offshore islands. The work sees the precious native taonga living among a city where 212,000 people live, work and play, every day.

The project covers 30,000ha and around 70,000 households, stretching from Miramar Peninsula to the south-west corner of Mākara and along the SH1 motorway to the Porirua border.

Across this area there are 58 community trapping groups – that's one for every suburb in Wellington and most of the reserves in between. Some of these volunteer groups were active long before the project began. Wildlife is bouncing back thanks to the efforts of trappers and the spill-over from Zealandia Te Māra a Tāne.



Industry leadership and engagement

Te ārahitanga me te tūhononga i te ahumahi

LGFA takes a proactive role to enhance the financial strength and depth of the local government debt market and works with key central government and local government stakeholders on sector issues.

Over the past year we have made significant progress in our commitment to enhancing the local government debt market and working with key stakeholders on sector issues. This section highlights key achievements and initiatives that reflect our leadership in leading and engaging across the sector.

Council engagement / visits

In the 12 months to June 2025, LGFA conducted 109 meetings, the majority of these in person, with our council and CCO members.

The number of meetings was higher than normal due to LGFA proactively assisting councils and their advisors on developing their water service delivery plans.

LGFA has also increased its engagement with councils on sustainability. In addition to discussing councils' financial strategy, LGFA scheduled additional meetings with councils' sustainability teams to discuss how we might help them with sustainability financing.

LGFA has actively engaged with councillors. In the past 12 months, LGFA attended eight council meetings. These meetings included presentations on LGFA's Statement of Intent, our annual report and sustainability strategy. LGFA also presented at several regional forums to provide councillors with background information on the water reforms.

Local Water Done Well

Central Government's Local Water Done Well Programme will have a significant impact on the local government sector.

The Local Government (Water Services) Bill establishes the enduring settings for the new water services system. The Bill was introduced to Parliament in December 2024 and reflects key policy decisions announced by the Government in August 2024. As part of the reforms, LGFA announced that water CCOs would be able to join LGFA and access competitive financing.

LGFA has actively engaged with its council members and their advisors over the past 12 months to provide information on how it will be able to assist councils with the financing of their water operations. LGFA has also been actively involved with organisations that are involved in the water reforms including the Department of Internal Affairs, Taituarā, Local Government New Zealand, Water New Zealand, the Commerce Commission, Taumata Arowai, National Infrastructure Funding and Financing and the New Zealand Infrastructure Commission.

LGFA also financially contributed towards the local government sector work on establishing sector-wide climate scenarios, which will be published on the LGFA website when complete.

LGFA Sustainable Finance Series

In March 2025, LGFA organised a series of panel discussions and keynote presentations over four separate dates.

The objective of the series was to:

- Provide guidance to councils on accessing climate-related funding and green, social, and sustainable financing instruments.
- Assist in building capability to effectively source climate-related funding.
- Highlight useful data and tools (development, collection and communication of risk information).

Speakers included representatives from council members, LGFA's Sustainability Committee and our management team as well as:

- Hon. James Shaw, former NZ Climate Change Minister
- Mike Brown – Global Cities Lead, Climate Bond Initiative
- Rikki Stancich – Partner, Climate and Sustainability, Deloitte
- Lauren Boyd, Planetary Accounting Specialist, Planetary Accounting Network
- Gillian Blythe, Chief Executive, Water New Zealand

For each session, there were up to 180 attendees from 54 councils. LGFA will be looking at continuing this initiative.

2024 Shareholder / Borrower Day

LGFA held its annual Shareholder Borrower Day in Wellington in November. A highlight was a keynote address by the Minister of Local Government, Hon Simeon Brown.

In addition, there were presentations from:

- Dr Rod Carr (Climate Change Commission)
- Allan Pragell (Taumata Arowai)
- Nick Leggett (Infrastructure New Zealand)
- Michael Lovett and John Forster (Department of Internal Affairs)

Supporting the sector

LGFA has continued its long-standing relationship with Taituarā. Its key sponsorships are the Taituarā LGFA Local Government Excellence Awards, the Taituarā Strategic Finance Forum and the Taituarā Funding and Rating Forum.

LGFA is a member of Infrastructure NZ and INFENZ. LGFA also presents at several conferences and industry workshops including KangaNews, Water New Zealand, and Taituarā.

Ratepayers Assistance Scheme

LGFA continues to assist the local government sector-led initiative for developing a Ratepayer Assistance Scheme (RAS) with the objective of providing lower cost financing options to ratepayers.

Products that are being considered for inclusion into the RAS include development contributions, postponement of rates, and property improvement loans.

A business case for the RAS is being refreshed ahead of seeking Central Government endorsement to establish the scheme.

Quarterly Updates

LGFA provided quarterly business update webinars to councils and CCOs on operations and initiatives as well as hosted three economic and financial market updates for councils throughout the year.

Sustainable funding and lending

Te pūtea me te hoatu taurewa toitū

As at June 2025

Sustainable Financing Bonds

\$3.26 billion

Sustainable Finance Loan Asset Pool

\$4.12 billion

**Climate Action
Loans**

\$3.67 billion

**Green, Social and
Sustainability Loans**

\$454 million

LGFA is committed to improving sustainability outcomes within the company, as well as assisting the local government sector achieve their sustainability and climate change objectives within their communities.

LGFA recognises the emerging risks for councils and CCOs from climate change and supports their commitment towards improving sustainable outcomes for local communities. As the primary lender to the local government sector, LGFA finances members' core investment into improving the resilience of New Zealand's infrastructure and services to residents and visitors. By extension, these members' investments form an important element of LGFA's sustainability context.

Climate-related disclosure framework

LGFA is a designated Climate Reporting Entity under the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021 and is required to produce annual climate statements in accordance with disclosure standards in the Aotearoa New Zealand Climate Standards issued by the External Reporting Board.

Disclosures under the climate standards cover governance arrangements, risk management, strategies and metrics and targets for mitigating and adapting to climate change impacts.

LGFA's Climate-related disclosures (CRD) for the year ended 30 June 2025 are our second annual disclosures under the Climate Standards. Our CRD will be available on the following link from 30 September 2025.

[LGFA Climate-related Disclosures for the year ended 30 June 2025](#)

Sustainability Committee

The LGFA Sustainability Committee assists us to achieve our sustainability objectives.

The Committee is chaired by a representative of the Board and comprises three LGFA employees and four independent members.

The Committee's purpose is to advise the Chief Executive on sustainability issues and opportunities within LGFA, across its operating, borrowing and lending activities. Responsibilities of the Committee includes providing input into the governance and oversight process of the Green, Social and Sustainability Loans (GSS) lending programme, Climate Action Loans (CAL) lending programme and Sustainable Financing Bond issuance. GSS applications are reviewed by LGFA's Sustainability Committee prior to approval, with approved loans monitored for ongoing compliance.

Independent members of the LGFA Sustainability Committee as at 30 June 2025

Alison Howard

Erica Miles

Chris Thurston

David Woods

LGFA Sustainable Financing Bond Framework

In March 2023, LGFA announced its Sustainable Financing Bond Framework.

The Framework outlines the process by which LGFA will issue and manage sustainable financing bonds that will be notionally allocated to a pool of Sustainable Loans that meet the eligibility criteria set out in the Framework.

The Framework enables LGFA to:

- demonstrate its commitment to support council and CCO borrowers to fund sustainable assets and activities, and incentivise GHG emissions reductions;
- issue bonds that are notionally allocated to the Sustainable Loans on LGFA's balance sheet; and
- advance the market for sustainable finance by providing an innovative opportunity for investors to support council and CCO borrowers to achieve their sustainability aspirations.

The Framework follows the proceeds-based pillars of the general market standards for sustainable finance, namely the International Capital Markets Association's Green Bond Principles (GBP), Social Bond Principles (SBP), and Sustainability Bond Guidelines (SBG). However, LGFA does not claim direct alignment of the Framework with these principles as the pool of Sustainable Loans comprises both GSS Loans and CALs together in the same asset pool.

The Framework is supported by a Second Party Opinion (SPO) provided by Sustainalytics.

Te Manawataki o Te Papa green building project. Tauranga City Council



As at 30 June 2025, LGFA had two sustainable bonds, the total amount on issue being \$3.26 billion:



Sustainable lending products

Offering members innovative sustainable lending products aligns to LGFA's commitment to demonstrate sector leadership on sustainable lending and incentivising member councils and CCOs to progress sustainability opportunities.

Our sustainable lending products comprise GSS lending and the CAL lending programme.

Green, social and sustainability lending

A commitment to assist our members to finance projects that promote environmental and social wellbeing in New Zealand.

LGFA acknowledges the importance of financing projects that promote environmental and social wellbeing in New Zealand, and which fund eligible green and/or social projects.

Our GSS lending programme, launched in 2021, provides funding for our members across the following nine green project categories and three social project categories:

Green Project Categories

- Energy Efficiency
- Green Buildings
- Clean Transportation
- Sustainable Water and Wastewater Management
- Renewable Energy
- Pollution Prevention and Control
- Environmentally Sustainable Management of Living Natural Resources and land use
- Climate Change Adaptation
- Terrestrial and Aquatic Biodiversity Restoration, Conservation and Enhancement

Social Project Categories

- Affordable Basic Infrastructure
- Access to Essential Services
- Affordable or Social Housing

Under the GSS programme, LGFA lends to councils and CCOs at a discounted margin to incentivise them to undertake projects that help drive forward climate, environmental and social projects across the New Zealand local government sector.

During the year ending 30 June 2025, \$77 million was advanced under the GSS lending programme. As at 30 June 2025, LGFA had approved a total of seven GSS loans across three green project categories, and one social project category, totalling \$675 million approved of which \$454 million had been advanced.

Te Manawataki o Te Papa Tauranga City Council

Under the Green Buildings category, Tauranga City Council has commenced borrowing up to \$103 million for the Te Manawataki o Te Papa green building project, incorporating a library and community hub, civic whare (public meeting house), museum, and exhibition gallery.

Developing the civic precinct will see the city's heart transformed into a vibrant community space over the coming years, breathing new life into what will become a key cultural, heritage and economic driver for the region.

Funding for Te Manawataki o Te Papa project was approved in March 2025 and it is the fourth green buildings project approved for GSS lending by LGFA since launching the programme at the end of 2021.



Te Manawataki o Te Papa green building project. Tauranga City Council

Climate Action Loans

A commitment to incentivise our members to act on climate change and reduce greenhouse gas emissions.

CALs are target-based lending structures designed to incentivise councils and CCOs to act on climate change and reduce greenhouse gas (GHG) emissions.

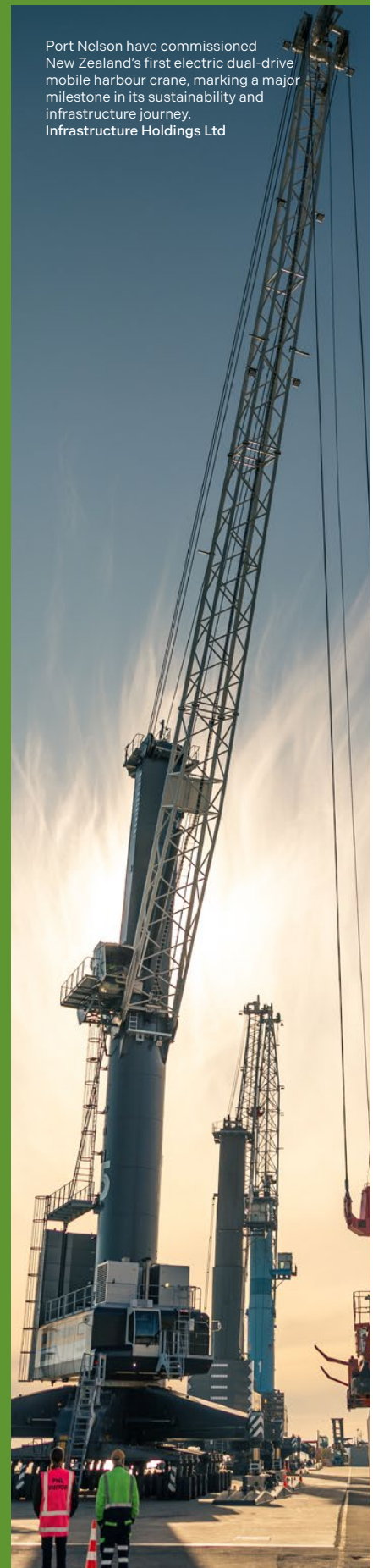
A CAL rewards a borrower through a lending margin discount if they have adopted an Emission Reduction Plan setting out specific Emissions Reduction Targets for their operational greenhouse gas emissions at member council or CCO level. CALs are available for all members, including those who may not have eligible projects to access GSS loans.

During the year ending 30 June 2025, \$923 million was advanced under the CAL lending programme. As at 30th June 2025, LGFA had advanced CAL loans totalling \$3.67 billion across seven member councils.

Our Sustainability timeline

	Apr 2021	Head of Sustainability appointed
Toitū Envirocare net carbonzero certification	Jun 2021	
	Sep 2021	Sustainability Committee established
Green, Social And Sustainability Lending Programme launch	Oct 2021	
	Dec 2021	First GSS Loans approved
Climate Action Loans Lending Programme launch	Dec 2022	
	Mar 2023	Sustainable Financing Bond Framework established
First Climate Action Loans approved	Mar 2023	
	Apr 2023	\$1.1 billion Inaugural 2030 Sustainable Financing Bond issued
Climate Action Loans surpass \$1 billion	Oct 2023	
	Apr 2024	Environmental Finance. 2024 Sustainability bond of the year – supranational
Climate Action Loans surpass \$3 billion	Aug 2024	
Inaugural Climate-related disclosures released	Oct 2024	\$800 million 2032 Sustainable Financing Bond issued
Senior Manager Sustainable Finance Appointed	Nov 2024	
	Jan 2025	Total Sustainable Financing Bond issuance reaches \$3 billion
Sustainable Finance Workshop Series	Mar 2025	
	Jun 2025	Combined Sustainable Loan Asset Pool reaches \$4.1 billion

Port Nelson have commissioned New Zealand's first electric dual-drive mobile harbour crane, marking a major milestone in its sustainability and infrastructure journey. Infrastructure Holdings Ltd



[Back to contents](#)

KangaNews Awards 2024

LGFA has been recognised with the following two KangaNews Awards for 2024:

- New Zealand Dollar Rates Bond Deal of the Year, for the NZ\$800 million 4.50% May 2032 Sustainable Financing Bond
- New Zealand Sustainability Deal of the Year, for the NZ\$800 million 4.50% May 2032 Sustainable Financing Bond



NEW ZEALAND DOLLAR RATES
BOND DEAL OF THE YEAR

New Zealand Local Government Funding Agency
NZ\$800 MILLION 4.50% MAY 2032 SUSTAINABLE FINANCING BOND

LEAD MANAGERS:

ANZ, BNZ, Commonwealth Bank of Australia,
Westpac Banking Corporation New Zealand Branch



NEW ZEALAND SUSTAINABILITY
BOND DEAL OF THE YEAR

New Zealand Local Government Funding Agency
NZ\$800 MILLION 4.50% MAY 2032 SUSTAINABLE FINANCING BOND

LEAD MANAGERS:

ANZ, BNZ, Commonwealth Bank of Australia,
Westpac Banking Corporation New Zealand Branch



Toitū Net Carbon Zero Certification

LGFA has maintained a Toitū net carbonzero certification since 2021. The Toitū certification recognises the processes LGFA has put in place to measure our greenhouse gas (GHG) emissions, as well as management plans to reduce our company's emissions. Where LGFA are unable to eliminate emissions, these are offset through the purchase of high-impact carbon credits from a Gold Standard-certified international project.

Work underway on Ranfurly Gully wastewater upgrade. Photo credit CB Civil. Hamilton City Council



[Back to contents](#)

Governance

Te mana urungi

The LGFA Board is responsible for the strategic direction and control of LGFA’s activities. The LGFA Board is committed to ensuring LGFA demonstrates ongoing commitment to strong and sound corporate governance, and that the conduct of both directors and staff always meets the high standards required to reflect the company’s values and to protect its reputation.

LGFA governance policies and documents

- Audit and Risk Committee Charter

Board Charter

Code of Ethics

Diversity Policy

Internal Audit Charter

LGFA Constitution

LGFA Foundation Policies
- Remuneration Policy

Responsible Investment Policy

Risk Management Policy

Shareholders Agreement

Sustainability Policy

Treasury Policy

NZX Corporate Governance Code

LGFA is a listed issuer on the NZX Debt Market and complies with the eight core principles underpinning the NZX Corporate Governance Code (January 2025).

LGFA considers that its governance practices have not materially differed from the NZX Code for the year ended 30 June 2025. Areas where LGFA has implemented alternative measures to the Code are as follows:

- An issuer should establish a nomination committee to recommend director appointments to the board.

→
- An issuer should have a remuneration committee which operates under a written charter.

→
- The process for the nomination and remuneration of directors is documented in the Constitution of New Zealand Local Government Funding Agency Limited and outlined on [page 29](#).**

Ethics and standards of conduct

LGFA's required standards for conduct are defined in our Code of Ethics and is reflected throughout the following key governance documents: The Constitution; Shareholders' Agreement; Board Charter; Audit and Risk Committee Charter; Internal Audit Charter; and the Diversity Policy.

Code of Ethics

LGFA has adopted a formal Code of Ethics, incorporating its Conflicts of Interest and Code of Conduct, which sets out the standards and values that directors and employees are expected to follow.

Impartiality and transparency in governance and administration are essential to maintaining the integrity of LGFA. Accordingly, our Conflicts of Interest Policy provides guidance to directors and employees in relation to actual and potential conflicts of interest, including specific guidance on managing potential conflicts that may arise for non-independent directors. Directors and employees are expected to avoid all actions, relationships and other circumstances that may adversely impact on their ability to exercise their professional duties.

Our Code of Conduct requires employees and directors to maintain high standards of integrity and conduct by clearly setting out expected standards for behaviour. In addition, the policy sets out our commitment to employees to act in a fair and reasonable manner, while providing a fair and safe working environment.

Protected Disclosures and Whistle Blowing

Our Protected Disclosures and Whistle Blowing Policy outlines procedure, support and protection to persons who disclose information which they reasonably believe to be about serious wrongdoing in or by LGFA.

Financial Products Trading Policy

Our Financial Products Trading Policy, which applies to directors, employees and contractors, details the policy and rules for dealing in listed debt securities issued by LGFA and any other LGFA-quoted financial products.

Transparency and disclosure

Transparency and disclosure are essential for shareholder, rating agencies and investor confidence and codified through:

- Shareholders' agreement
- NZX listing rules
- Financial accounting standards
- Regulatory compliance

LGFA is committed to ensuring the highest standards are maintained in financial reporting and disclosure of all relevant information.

Transparency in how we operate is core to achieving our shareholders' objectives as well as for our wider stakeholders including investors, banks and other financial intermediaries and the credit rating agencies. As such, transparency in how we operate is reflected in operating requirements outlined in our foundation documents, including the Constitution, Shareholders' Agreement and Board Charter, as well as Company policies on Continuous Disclosure, Financial Products Trading, and Protected Disclosures and Whistle Blowing.

LGFA demonstrates transparency through its annual Statement of Intent (SOI) and quarterly reporting to shareholders on its performance against the objectives set out in the SOI.

The Audit and Risk Committee has responsibility to provide assurance to the Board that due process has been followed in the preparation and audit of the financial statements and to ensure there are appropriate processes and activities to ensure compliance with relevant regulatory and statutory requirements.

LGFA has adopted a formal Continuous Disclosure Policy, the requirements of which ensure that we meet the continuous disclosure requirements of the NZX Listing Rules, including the disclosure for material environmental, social and governance (ESG) factors.

Audit and Risk Committee

The Audit and Risk Committee is a committee of the Board.

The Audit and Risk Committee is governed by its own Charter which states that the purpose of the Committee is to provide advice, assurance and observations to the Board relating to the effectiveness and adequacy of internal control and risk management systems, processes and activities across LGFA. The Committee assists the Board to fulfil its duties by considering, reviewing and monitoring:

- Risk management framework and processes;
 - Internal control environment and mechanisms;
 - Operations and effectiveness of the internal audit function;
 - Preparation and audit of financial statements;
 - Integrity of performance information, including financial reporting;
 - Governance framework and process;
 - Processes to ensure compliance with legislation, policies and procedures; and
 - Statutory/regulatory disclosure and reporting and performance against Statement of Intent targets.
- Audit and Risk Committee members are appointed by the Board. Membership comprises at least three directors, the majority of whom must be independent.

Internal audit

LGFA has an internal audit function to provide assurance that its risk management, governance and internal controls are operating effectively.

The Audit and Risk Committee has responsibility for oversight of the internal audit function, including:

- Reviewing the Internal Audit Charter, the operations of the internal audit and organisational structure of the internal audit function;
- Approving the annual audit plan;
- Reviewing the effectiveness of the internal audit function; and
- Meeting separately with the internal auditor to discuss any matters that the Audit and Risk Committee or Internal Audit considers should be discussed privately.

External audit

The external audit of LGFA is conducted in accordance with Section 14 of the Public Audit Act 2001, including the appointment of the external auditors of LGFA by the Auditor- General.

The Audit and Risk Committee has responsibility for all processes relating to the audit of financial statements, including the setting of audit fees and ensuring the independence and objectivity of the auditors.

The external audit of LGFA is conducted in accordance with a formal external audit plan which is reviewed and approved by the Audit and Risk Committee on an annual basis. The external auditor attends LGFA's Annual General Meeting.



Our Board

The LGFA Board Charter sets out the roles and responsibilities of the Board. The Charter states that the role of the Board is to ensure that LGFA achieves its goals. Having regard to its role, the Board will direct and supervise the management of the business and affairs of LGFA, including:

- ensuring that LGFA's goals are clearly established, and that strategies are in place for achieving them;
- establishing policies for strengthening LGFA's performance;
- ensuring strategies are in place for meeting expectations set out in the Statement of Intent and monitoring performance against those expectations, in particular LGFA's primary objective to optimise the debt funding terms and conditions for participating borrowers;
- monitoring the performance of management;
- appointing the CEO, setting the terms of the CEO's employment contract and, where necessary, terminating the CEO's employment;
- deciding on whatever steps are necessary to protect LGFA's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- ensuring that LGFA's financial statements are true and fair and otherwise conform with law;
- ensuring that LGFA adheres to high standards of ethics and corporate behaviour;
- ensuring that LGFA has appropriate risk management/regulatory compliance policies in place. In the normal course of events, day-to-day operations of LGFA will be in the hands of management. The Board will satisfy itself that LGFA is achieving its goal and engaging and communicating with Shareholders Council; and
- engaging and communicating with shareholders.

Board composition

The Board comprises six independent directors and one non-independent director. An independent director is a director who, within five years prior to appointment, was not an employee of any shareholder, employee of a Council-controlled organisation owned by a shareholder, or a councillor of any local authority which is a shareholder.



Craig Stobo

Independent Chair

BA (Hons) Economics First Class, Otago; C.F.Inst.D

Advanced Management Programme,
The Wharton School, Philadelphia

Associate Member CFA Society New Zealand

Craig has worked as a diplomat, economist, investment banker, Chief Investment Officer, and CEO. He has authored reports to the New Zealand Government on the Taxation of Investment Income (which led to the PIE regime), and the creation of New Zealand as a funds domicile. Craig is a Taumata of the University of Otago Business School.

Chair

Financial Markets Authority

Saturn Portfolio Management Limited
Investment Committee

Sahara Ltd

Cancer Society Finance Risk and Audit
Committee (Auckland and Northern)

Director

Stobo Group Limited

Appello Services Limited

Biomarine Group Limited

Legend Terrace Limited

New Zealand Windfarms Limited

Desert Holdings Ltd

Auckland Future Fund

Indi

Advisor

AMP Financial Services Investment Committee

Member of the Ministerial Advisory Group
to the Minister of Education



Alan Adcock

Non-Independent Director Member Audit and Risk Committee

B.Com, MBA (with Distinction)

Alan has over 35 years' experience in the financial services and local government sectors at executive level, with over twenty years in banking, insurance and funds management followed by his current role as General Manager Corporate/CFO at Whangārei District Council.

His involvement with LGFA began in its initial planning stage, as a representative of the 'tight nine' councils that worked together to turn the concept into reality in 2011. He was an inaugural member of the Shareholders' Council, which he chaired from 2014 before joining the Board in 2021.

Chief Financial Officer

Whangarei District Council

Director

Whangarei Waste Ltd



Philip Cory-Wright

Independent Director Member Audit and Risk Committee

LLB (Hons), BCA Business Management

INFNZ (Cert), C.F.Inst.D

Philip is a solicitor of the High Court of New Zealand and Victoria. He has worked as a corporate finance adviser in New Zealand to the corporate sector on debt and equity matters for more than 30 years. Philip is also a strategic adviser to clients in the energy and infrastructure sectors. He was a member of the Local Government Infrastructure Expert Advisory Group tasked with advising the Minister of Local Government on improvements in local government infrastructure efficiency.

Chair

Papa Rererangi i Puketapu
(New Plymouth Airport)

South Port New Zealand Limited

Director

Matariki Forests

Powerco Limited

NZ Windfarms Limited

Te Rere Hau Holdings Limited

Te Rere Hau Limited

Advisory Board

United Civil Construction Ltd



David Rae

Independent Director Member Audit and Risk Committee

M.Sc (distinction) in Economics, London School of Economics, C.M.Inst.D

David is a co-owner of an investment consulting firm, Māpua Wealth Ltd, which provides portfolio advice and implementation for institutional investors including charitable trusts and iwi. His background is in economic policy and investing, having worked for the NZ Superannuation Fund and the OECD.

He has held current and past roles as an investment trustee and as a director of regulated utilities in the gas and transport sectors both in New Zealand and overseas.

David has an M.Sc in Economics from the London School of Economics, and a B.Soc. Sci (Hons) in Economics and Physics from the University of Waikato.

Director and Shareholder

Māpua Wealth Ltd

Director and Owner

David Rae Associates Ltd

Director

Galileo Green Energy GmbH

New Zealand Refining Nominees Ltd

General Disclosure

New Zealand Refining Company Pension Fund – Trustee

Te Pūia Tāpapa Ltd Partnership – Investment Committee Member

Public Infrastructure Partners Fund III – Advisory Committee Member



Linda Robertson

Independent Director Chair Audit and Risk Committee

B.Com; Dip.Bank; C.F.InstD; CGP; D.F.INFINZ; GCB.D; GAICD

Linda is a professional company director with over 25 years governance experience, combined with 30 years senior financial management experience having worked in both the banking and energy sectors in New Zealand.

Linda has been a full-time company director since 2015. Linda's governance experience spans many industries such as banking, funds management, electricity generation, retail and distribution; broadcasting services, co-operatives, local authority owned and state-owned entities and charities. Linda has a Bachelor of Commerce Degree and a Diploma in Banking. She also holds a Sustainability and ESG Designation; a Climate and Biodiversity Certificate and is a member of Chapter Zero New Zealand.

Linda is a Distinguished Fellow of the Institute of Finance Professionals New Zealand (INFINZ), a Graduate Member of the Australian Institute of Company Directors, a Chartered Governance Professional and a Chartered Fellow of the Institute of Directors in New Zealand.

Chair

Central Lakes Trust

Crown Irrigation Investments Limited

Director and Shareholder

RML Consulting Limited

Director

Central Lakes Direct Limited

Horizon Energy Group Companies

Invercargill City Holdings Ltd

Kordia Group Ltd

SBS Bank (Southland Building Society)

Fraser Properties Limited

Member

Risk and Audit Committee, The Treasury

Capital Markets Advisory Committee, NZ Treasury

Audit and Risk Committee – OAG and Audit New Zealand



Helen Robinson ONZM

Independent Director Member Audit and Risk Committee

Helen is an experienced business leader locally and internationally mostly in the technology and sustainability sectors. Helen was Managing Director of Microsoft New Zealand, VP of Pivotal Corporation Asia Pacific and Managing Director, Markit Group (co-founding its Environmental Registry; now part of S&P Global).

Helen has decades of governance experience acting as Director or Chair for numerous public, private and public sector organisations.

She is a member of Global Women, INFINZ, a Chartered Member of the NZ Institute of Directors, and has been recognised in numerous awards for business and innovation including the NZ Women of Influence Supreme Award and as an Officer of Merit in the Queens Honours.

Chair

Kara Technologies Limited
Astrix Astronautics Limited
REANNZ (Research and Education Advanced Network New Zealand)
Group Shared Services, Auckland Council
JUNOFEM Limited
NZTE Beachhead Advisors
LGFA Sustainability Committee

Director and Shareholder

Organic Initiative Limited
Penguin Consulting Limited

Director

NZTech
Generate Kiwisaver and all related companies



Elena Trout

Independent Director

B Technology (Biotechnology) Massey

M Engineering (Civil) Canterbury CF Ins D, DistF Eng NZ
and Past President Eng NZ

Elena is an experienced company director and a professional engineer who has held a number of leadership positions in the transport, infrastructure and energy sectors. She has over 30 years of experience in the management, planning and delivery of large projects and continues to provide advice on nationally significant infrastructure developments.

She is a well-seasoned professional director, has held a number of governance roles including chairing independent government inquiries and reviews by local authorities in accordance with Section 17 (a) of the Local Government Act. Her current directorships include Chair of Energy Efficiency Conservation Authority, Chair of Chartered Professional Engineers Council, Co Chair Waihanga Ara Rau Construction and Infrastructure Development Council, director of Contact Energy, City Care, Opuha Water Ltd, Worksafe and Callaghan Innovation.

Chair

Energy Efficiency Conservation Authority
Chartered Professional Engineers Council

Director

Ara Ake (Deputy Chair)
Contact Energy
Ngāpuhi Asset Holdings Ltd
Kaikohe Berry Fruit Ltd
Spenser Henshaw
CityCare
Callaghan Innovation (Chair from 5 July 2025)
Te Rāhui Herenga Waka Whakatāne
Opuha Water Ltd

Co-Chair

Waihanga Ara Rau

Member

Worksafe

Director tenure and meetings of the Board

Elena Trout was appointed to the Board on 19 November 2024.

There were 7 scheduled Board meetings and 5 Audit and Risk Committee meetings over the year. The Board met for 5 additional meetings over the course of the year.

All directors are considered by the LGFA Board to be independent pursuant to the New Zealand Stock Exchange (NZX) Listing Rule 2.6. except for Alan Adcock who is the General Manager Corporate at Whangarei District Council.

Director	Date commenced in office	Scheduled Board meetings held/attended	Audit and Risk Committee held/attended
Craig Stobo (Chair)	1 December 2011	7/7	N/A
Alan Adcock	23 November 2021	6/7	5/5
Philip Cory-Wright	1 December 2011	7/7	4/5
David Rae	23 November 2023	6/7	4/5
Linda Robertson	24 November 2015	7/7	5/5
Helen Robinson	23 November 2022	5/7	4/5
Elena Trout	19 November 2024	2/3	N/A

Board performance review

The Board has an annual formal self-assessment to assess director, Board and committee performance.

In 2025, the Board commissioned an independent review of required skills and competencies for LGFA directors.

Nomination of Directors

Director nominations can only be made by a shareholder by written notice to LGFA and the Shareholders' Council, no more than three months, nor less than two months, before a meeting of shareholders. All valid nominations are required to be sent by LGFA to all persons entitled to attend the meeting.

Retirement and re-election of Directors

Directors are appointed to the Board by an Ordinary Resolution of shareholders. A Director must not hold office (without re-election) past the third annual meeting of the Company following the Director's appointment or three years, whichever is longer.

A retiring Director shall be eligible for re-election.

Indemnities and insurance

Under LGFA's constitution, LGFA indemnifies directors for potential liabilities and costs they may incur for acts of omission in their capacity as directors. LGFA has arranged directors' and officers' liability insurance covering directors and management acting on behalf of the company. Cover is for damages, judgements, fines, penalties, legal costs awarded and defence costs arising from wrongful acts committed while acting for LGFA. The types of acts that are not covered are dishonest, fraudulent, malicious acts, or omissions, wilful breach of statute or regulation, or duty to LGFA, improper use of information to the detriment of LGFA, or breach of professional duty.

Remuneration

The remuneration of the Board reflects LGFA's size and complexity and the responsibilities, skills, performance and experience of the directors. A specialist independent adviser is used periodically to ensure the remuneration is appropriate.

Board remuneration is determined by an Ordinary Resolution of shareholders. The current board remuneration was approved by shareholder resolution at the Annual General Meeting on 19 November 2024.

Director annual fee breakdown

Position. Fees per annum	2025	2024
Board Chair	\$127,720	\$124,000
Audit and Risk Committee Chair	\$80,340	\$78,000
Director/ARC Member	\$75,190	\$73,000
Director	\$72,100	\$70,000

Director	2025
Craig Stobo (Chair)	\$127,720
Alan Adcock	\$75,190
Philip Cory-Wright	\$75,190
David Rae	\$75,190
Linda Robertson	\$80,340
Helen Robinson	\$75,190
Elena Trout	\$44,462

Chief Executive remuneration

The remuneration of the CEO is determined by the Board and is reviewed annually taking into consideration the scope and complexity of the position with reference to the remuneration of CEOs of similar organisations. A specialist independent adviser is used periodically to ensure the remuneration is appropriate. The CEO remuneration package comprises a fixed cash component of \$804,518 per annum as at 30 June 2025 (\$804,518, 2024) and an at-risk short-term incentive of the fixed cash component. The short-term incentive payment is made annually at the Board’s discretion subject to the CEO and LGFA meeting a range of specific performance objectives for the financial year.

Per annum	2025	2024
Salary	\$804,518	\$804,518
Taxable benefits	-	-
Subtotal	\$804,518	\$804,518
Pay for Performance STI	\$172,971	\$120,678
Kiwisaver Employer Contribution	\$39,100	\$37,008
Total remuneration	\$1,016,589	\$962,204

Staff remuneration

The following table shows the number of staff who received more than \$100,000 in total remuneration, in \$10,000 bands.

Total remuneration	2025
\$160,000 to \$170,000	1
\$180,000 to \$190,000	1
\$240,000 to \$250,000	1
\$250,000 to \$260,000	1
\$260,000 to \$270,000	1
\$290,000 to \$300,000	2
\$350,000 to \$360,000	1
\$390,000 to \$400,000	1
\$410,000 to \$420,000	1
\$1,000,000 to \$1,100,000	1



Staff interests

Mark Butcher

Chair

Waikato-Tainui Group Investment Committee

Member

Nominating Committee for Guardians of New Zealand Superannuation
Board member, NZ Financial Markets Association

LGFA Future Director

In 2024, LGFA appointed Sarah Matthews as its Future Director under the LGFA Future Directors programme, effective from January 2024 for a period of 18 months.

The purpose of the Future Director programme is to give talented people working in the Local Government sector the opportunity to observe and participate in Board room discussions over an 18-month period. During this time, the Future Director actively participates in all Board meetings, although they do not possess voting rights and are not involved in decision-making.

Sarah is a Chartered Accountant with a professional career spanning business advisory, financial management, and corporate services. She is currently GM – Organisation Performance of Taupō District Council and has been in local government leadership roles since 2017, across three different Councils. She is a member of Taituara Financial Management Reference Group and is also a Chartered Member of the Institute of Directors and has held board positions with several community organisations.

Sarah reflects on her experience as LGFA's Future Director



“Serving as the Future Director of LGFA has been a fantastic experience. Over the past 18 months, I've had the privilege of observing and contributing to the governance of a high-performing, purpose-driven board that plays a pivotal role in the local government sector.

Going into the Future Director role, I had many years of positive experience with LGFA and their amazing team at Council-level. This gave me a good idea of the positive impact LGFA makes to the sector through its purpose of benefiting local communities through delivering efficient financing for local government. The past 18 months have built on my positive Council-level experience and given me perspective on how LGFA's purpose is led at governance level, being embedded in every strategic decision the Board makes.

The opportunity to engage with complex financial and policy challenges, particularly during a time of significant sector changes, has expanded my governance capability and deepened my understanding of the sector's evolving needs. The opportunity to work with Central Government throughout these changes has also been a positive and insightful experience.

As a Future Director, I brought sector insight to the Board during these major transitions, also serving on the Audit and Risk Committee throughout this time. I am proud that I was able to bring my experience to the table and grateful that the Board fostered a supportive culture which allowed me to voice my perspective. The Board's openness and commitment to excellence have made this a truly memorable experience.

I am leaving the role being proud to have played a small part in LGFA's journey and its achievements. I would like to formally thank LGFA Board and staff for this opportunity and experience. The Future Director programme is a testament to LGFA's leadership in fostering talent and strengthening governance across the local government sector.”


[Back to contents](#)

Shareholders

Foundation documents

The Constitution and the Shareholders Agreement are foundation documents.

The Constitution defines the rights and powers of shareholders, the acquisition and redemption of company shares, proceedings of shareholder meetings, voting at meetings and the right to demand polls, shareholder proposals and review of management.

The Shareholders Agreement is an agreement between LGFA and its shareholders which clearly defines LGFA's business, its objectives, the role of the Board, the establishment of the Shareholders Council and the approval rights of the shareholders.

Members of the Shareholders Council as at 30 June 2025

Kathryn Sharplin (Chair)

Tauranga City Council

Sarah Houston-Eastergaard (Deputy Chair)

Wellington City Council

Kumaren Perumal

Bay of Plenty Regional Council

Mike Drummond

Tasman District Council

Andrew John

Auckland Council

Gary Connelly

Hamilton City Council

Steve Ballard

Christchurch City Council

Adele Henderson

Western Bay of Plenty District Council

Jacqueline Baker

New Plymouth District Council

James Stratford

New Zealand Government – DIA

Nyika Gwanoya

New Zealand Government – The Treasury

Hurunui District Water Safety Project. Hurunui District Council

People and culture

Ngā tāngata me te ahurea

Our values

Ō mātau uara



We act with integrity

E pono ana mātau

We are honest, transparent and are committed to doing what is best for our customers and our company.



We are customer focused

E arotahi ana mātau ki te kiritaki

Our customers are our council borrowers, investors, and all other organisations that we deal with. We listen to them and act in their best interests to deliver results that make a positive difference.



We strive for excellence

E whakapau kaha mātau kia hiranga te mahi

We strive to excel by delivering financial products and services that are highly valued at least cost while seeking continuous improvement in everything we do.



We are innovative

He auaha mātau

To meet our ever-changing customer requirements, we will encourage innovation and provide a diverse range of financial products and services.



We provide leadership

He kaiārahi mātau

We are here for our stakeholders in being strategically minded, providing resilience and executing our strategy. We embrace a high-performance culture and can be relied upon to deliver results.

Health, safety and wellbeing

LGFA is committed to providing a safe and healthy working environment for all employees and a flexible workplace environment that promotes increasing employee engagement, productivity and enhancing recruitment and retention.

LGFA maintains policies on health and safety, remote working, diversity and employment which outlines the company's commitment to health, safety and wellbeing.

Our Health and Safety Policy sets out the duty of directors and staff under the Health and Safety at Work Act 2015. A staff health and safety committee has been established with responsibility to

continuously review health and safety issues and ongoing compliance with the Act, with reporting on health and safety issues at each Board meeting.

LGFA provides staff with access to professional support for general counselling services, individual case management and ongoing monitoring of an employee's progress to ensure they have access to assistance and treatment to meet their needs.

Capability and development

LGFA is committed to ongoing education and professional development for staff and directors by funding professional development courses, membership of professional bodies and attendances at industry conferences.

The Future Director programme, launched in 2021 by the Board and Shareholder Council, aims to give talented people within the Local Government sector with an interest in corporate governance the opportunity to observe and participate in Boardroom discussions for an 18-month period. The Future Director actively participates at Board meetings, but they have no voting rights. Sarah Matthews was appointed as our second Future Director in January 2024 for an 18 month term.

Diversity and inclusion

LGFA is committed to promoting a culture that supports both workplace diversity and inclusion within the organisation.

Diversity at LGFA involves recognising and valuing the contribution that people can make because of their skills, experience, background and differing perspectives. LGFA values employees by encouraging participation and providing opportunities for its people to succeed.

LGFA has formally adopted a Diversity Policy which applies to both LGFA employees and directors.

Diversity and inclusiveness at LGFA involves recognising the value of individual differences and managing them in the workplace. Diversity in this context includes gender, age, ethnicity, cultural background, sexual orientation, religious belief, disability, education and family responsibilities.

Each year, we complete a diversity review which is reported through to the Board and, when undertaking recruitment, selection panels for interview are split by gender.

Appointments to the Board are made in accordance with our Constitution and the Shareholders Agreement.

	2025		2024	
	Female	Male	Female	Male
Board	3	4	2	4
Staff	4	7	3	7

	2025			2024		
	Under 30 years	30-50 years	Over 50 years	Under 30 years	30-50 years	Over 50 years
Board	-	-	100%	-	-	100%
Staff	-	33%	67%	-	30%	70%



The Old Municipal Building has undergone an extensive programme of strengthening and restoration work. Christchurch City Council

Managing risk

Te whakahaere tūraru

An effective risk management framework is a critical component of LGFA's structure for managing the company's exposure to business and treasury risks arising from its operations of raising and on-lending funds to local councils and approved council-controlled organisations.

The objective of LGFA's risk management

function is to ensure that frameworks and controls are implemented to manage risks effectively and in compliance with LGFA's governance and legislative requirements. The risk management function ensures that LGFA achieves its objectives, as set out in the Statement of Intent, within the risk appetite of the company's shareholders and Board.

The objective of LGFA's risk management

framework is to ensure that the organisation operates within shareholder and Board approved risk limits. LGFA's approach to risk management is based on the following core elements:

- The Board oversees the risk appetite of the organisation and ensures that it is consistent with the constitution and shareholders agreement.
- Risk appetite is reflected in policies approved by the Board and Audit and Risk Committee.
- LGFA management implements policies and controls to ensure that all relevant risks are identified, measured, monitored, and managed effectively.
- The Risk and Compliance and Internal Audit (IA) functions provide assurance to both the Board and the Audit and Risk Committee on the performance of internal controls and risk management systems.

LGFA adopts the three lines of defence model to ensure that essential risk management functions adopt a systematic approach that reflects industry best practice:

- The first line of defence establishes risk ownership within the company and is represented by its operational risk and control processes. LGFA managers are responsible for identifying and maintaining effective controls and mitigating risks.
- The second line of defence relates to establishing risk control within the organisation and involves ensuring policies are in place and up to date, reviewing risk reports, checking compliance against the risk management framework and ensuring that risks are actively and appropriately managed.
- The third line of defence is the independent assurance provided by both the internal and external audit functions which review and highlight control weaknesses and inefficiencies to management and the Board.

LGFA risk register

The LGFA risk register is a key component of the company's risk management framework.

The key objective of the risk register is to ensure that the company assesses the risks faced by the business on an ongoing basis.

The risk register:

- Identifies the inherent risks that LGFA is exposed to when conducting its core business activities;
- Assesses the likelihood and potential impact of the inherent risks on the business;

- Describes the internal control framework and management processes for managing and mitigating the identified inherent risks;
- Provides commentary on internal audit coverage of the identified inherent risks; and
- Provides an overall residual risk assessment and compares these to approved risk appetite settings and risk tolerance ranges.

The risk register is reviewed monthly by management and at each meeting of the Audit and Risk Committee.

Treasury risk management

LGFA funds itself through domestic and international wholesale and retail debt capital markets, with the funds raised on-lent to members. LGFA activities are governed by the Local Government Borrowing Act 2011, the Local Government Act 2002, and the Companies Act 1993. In addition, the company is required to comply with Foundation Policies outlined in the Shareholders Agreement. Any change to the Foundation Policies requires shareholder's consent.

LGFA's risk management uses an approved risk identification and assessment framework to actively monitor and manage all treasury and financial risk by applying best practice risk management principles and processes.

LGFA has treasury exposures arising from its normal business activities of raising and on-lending of funds. Specific treasury exposures relate to debt issuance and refinancing, liquidity, interest rate, foreign exchange, counterparty credit, operational

and lending risks. LGFA manages treasury exposures under a Board-approved Treasury Policy, the objectives of which are to:

- Effectively manage treasury risks, within approved compliance limits, to protect LGFA's capital position and net interest margin over time.
- Fund members in the most cost-effective manner and in accordance with LGFA's operating principles, values and objectives.
- Protect LGFA's assets and prevent unauthorised transactions.
- Minimise operational risk by maintaining adequate internal controls, systems and staffing competencies.
- Provide timely reporting to the Board with meaningful and accurate measurement of risk exposures and policy compliance.

Key treasury risks

Counterparty credit risk	Counterparty credit risk is the risk of financial loss arising from a counterparty defaulting on an investment, security and/or financial instrument where LGFA is a holder or party.	Counterparty credit risk risk is managed through counterparty limits for investments. These limits are determined as a function of the term of investment, liquidity and credit quality of the counterparty (as measured by a recognised credit rating). All derivative contracts are subject to formal collateral arrangements to mitigate counterparty credit risk. Investment is restricted to approved financial instruments listed in the Treasury Policy.
Debt Funding and Refinancing Risk	Funding risk is the potential inability to access capital markets to fund on-lending requirements. Refinancing risk is the potential inability to issue new debt to meet maturing debt obligations.	Funding and refinancing risk is managed through diversifying the concentration of debt instruments and maturities, and through the establishment of diverse funding programmes; long-term and short-term, onshore and offshore. Other important aspects include ongoing engagement with the investor community and maintaining a strong credit rating.
Foreign currency risk	Foreign currency risk is the risk of an adverse change in the fair value of a financial instrument due to a change in foreign exchange rates.	Exposure to foreign currency risk arises when LGFA accesses foreign capital markets for funding purposes. Foreign exchange risk is managed by fully hedging all foreign currency cash flows back to the New Zealand dollar. Any residual foreign currency risk arising from a timing mismatch of foreign currency cash flow, or arises from operational expenditure, is not material and is managed within a Board approved risk limit.

Interest rate risk	Interest rate risk is the risk that financial assets may re-price/mature at a different time and/ or by a different amount than financial liabilities.	Interest rate risk is managed using Value at Risk (VaR) and Partial Differential Hedge (PDH) limits to mitigate the potential change in value of the balance sheet due to changes in interest rates. • VaR calculates the potential amount a portfolio could be expected to lose over a given time period. It is calculated using historical changes in underlying risk variables and applying those changes to the current portfolio. • VaR is measured over a daily time horizon with a 95% confidence interval. A daily 95% VaR exposure of \$1 million means that there is a 5% chance that the portfolio could potentially lose more than \$1 million over the next business day. • PDH measures the sensitivity of a portfolio to a one basis point change in underlying interest rates. For example, a PDH of NZD\$100,000 means that the portfolio value will increase by NZD\$100,000 for a one basis point fall in interest rates. In addition, LGFA also undertakes scenario analysis to model the potential effect of changing market environments on the balance sheet.
Lending risk	Lending risk is the risk of financial loss that could occur from lending funds to councils or council-controlled organisations.	LGFA is restricted through the Foundation Policies to lending only to councils and council-controlled organisations that are members of LGFA. The Foundation Policies lay out the conditions of borrowing with which members must comply. These include the provision of security, equity commitment liabilities and guarantee liabilities (if relevant), as well as complying with their own internal borrowing policies and complying with the financial covenants outlined in the Foundation Policies. Lending risk is further managed through regular engagement with borrowers and monitoring by LGFA of compliance with the lending covenants detailed in the Foundation Policies.
Liquidity risk	Liquidity risk is the potential inability to meet financial obligations when they become due, under normal or abnormal/stressed operating conditions.	Liquidity risk is managed using a forecast cashflow approach measured over a 90-day period. LGFA is required to maintain sufficient liquidity, comprising holdings of cash and liquid investments, and a Crown liquidity facility, to support six months of funding commitments.
Operational risk	Operational risk, with respect to treasury management, is the risk of financial and/ or reputation loss arising from human error, fraud, negligent behaviour, system failures or inadequate procedures and controls.	Operational risk is managed using internal controls and procedures across operational functions. Segregation of duties between staff members who have the authority to enter transactions with external counterparties and the staff who control, check and confirm such transactions is a cornerstone internal control principle. Financial instruments are not entered into if the systems, operations and internal controls do not satisfactorily support the measurement, management and reporting of the risks associated with the instrument.

Performance against objectives

Te whakatutukinga ki ngā whāinga

The statement of service performance provides a summary of LGFA's performance against the objectives and performance targets set out in the LGFA Statement of Intent 2024-27 (SOI).

2024-25 Objectives and performance targets

LGFA objectives and performance targets for 2024-25 fall within the following five strategic priorities which encompass our shareholders' foundation objectives and guide the LGFA Board and management in determining our strategy:

- Governance, capability and business practice
- Optimising financing services for local government
- Environmental and social responsibility
- Effective management of loans
- Industry leadership and engagement

Our quarterly reports to shareholders provide more detail on our performance against objectives and performance targets. The reports for the four quarters' ended June 2025 are available on the LGFA website.

Governance, capability and business practice

LGFA is committed to best practice corporate governance to ensure its long-term sustainability and success.

Objectives	Our performance to 30 June 2025
Demonstrate best practice corporate governance.	LGFA is committed to demonstrating best practice corporate governance and we report annually on our compliance with the eight core principles underpinning the NZX Corporate Governance Best Practice Code. This 2025 Annual Report is the most recent report with commentary on our compliance with the NZX Code.
Set and model high standards of ethical behaviour.	LGFA has adopted a formal Code of Ethics, incorporating its Conflicts of Interest and Code of Conduct policies, which sets out the standards and values that directors and employees are expected to follow.
Achieve the shareholder-agreed objectives and performance targets specified in the Statement of Intent.	Our performance against shareholder-agreed objectives and performance targets, as specified in the Statement of Intent, is reported quarterly to shareholders and annually in this section of our Annual Report.
Ensure products and services offered to participating borrowers are delivered in a cost-effective manner.	LGFA prepares annual operating budgets and monitors progress against these monthly. Our performance against our financial performance targets for the year-ended 30 June 2025 is summarised below under our performance targets.
Be a good employer by providing safe working conditions, training and development and equal opportunities for staff.	We have met this objective and comply. The 2025 Annual Report is our most recent report outlining our health and safety and wellbeing practices and policies, compliance with the Health and Safety at Work Act, diversity and inclusion and capability and development.

Performance targets	2024-2025 target	Our performance to 30 June 2025
Comply with the Shareholder Foundation Policies and the Board-approved Treasury Policy at all times.	No breaches.	Not achieved. There was a breach of the Foundation Policy where the nominal amount of loans to a non-guarantor exceeded the \$20 million limit by \$186k.
Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency.	LGFA credit ratings equivalent to NZ Sovereign.	Achieved. Our ratings remain equivalent to the New Zealand Government for both S&P Global Ratings and Fitch Ratings. Fitch Ratings affirmed LGFA Foreign Currency Rating at AA+ in December 2024. S&P Global Ratings affirmed our domestic currency credit rating at AAA in March 2025.
A succession plan be put in place for the Board and staff and be reviewed annually.		Achieved.
LGFA's total operating income for the year to 30 June 2025.	>\$31.4 million.	Achieved. \$36.3 million at June 2025, excluding unrealised gains/losses on hedged foreign currency issuance.
LGFA's total operating expenses for the year to 30 June 2025.	<\$11.5 million.	Achieved. \$11.2 million at June 2025, excluding AIL.



Predator Free Wellington. Wellington City Council

[Back to contents](#)

Optimising financing services for local government

LGFA's primary objective is to optimise the terms and conditions of the debt funding it provides to participating borrowers. Amongst other things, LGFA will achieve this by delivering operational best practice and efficiency across our lending products and services.

Objectives	How we measure our performance																																																																																																																																																																																											
Provide interest cost savings relative to alternative sources of financing.	LGFA's borrowing margins compare favourably to other high-grade issuers in the New Zealand capital markets. Comparison to other high-grade issuers - secondary market spread to swap (bps) <table><tr><th>30 June 2025</th><th>2026</th><th>2027</th><th>2028</th><th>2029</th><th>2030</th><th>2031</th><th>2032</th><th>2033</th><th>2035</th><th>2037</th></tr><tr><td>LGFA (AAA)</td><td>13</td><td>29</td><td>44</td><td>54</td><td>61</td><td>71</td><td>78</td><td>85</td><td>91</td><td>105</td></tr><tr><td>Kainga Ora (AAA)</td><td>19</td><td>29</td><td>46</td><td></td><td>54</td><td></td><td></td><td></td><td>88</td><td></td></tr><tr><td>Asian Development Bank (AAA)</td><td>11</td><td>24</td><td>30</td><td></td><td></td><td>49</td><td></td><td></td><td></td><td></td></tr><tr><td>IADB (AAA)</td><td>17</td><td>23</td><td>35</td><td></td><td>46</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>International Finance Corp (AAA)</td><td>15</td><td>21</td><td>33</td><td>39</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>KBN (AAA)</td><td>14</td><td>23</td><td></td><td></td><td>53</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Nordic Investment Bank (AAA)</td><td></td><td></td><td></td><td>34</td><td>43</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Rentenbank (AAA)</td><td></td><td>21</td><td></td><td>39</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>World Bank (AAA)</td><td>13</td><td>22</td><td>24</td><td></td><td>46</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>ASB (AA-)</td><td>25</td><td>48</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>ANZ (AA-)</td><td></td><td></td><td>60</td><td></td><td>85</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Kiwibank (AA-)</td><td>42</td><td>63</td><td>78</td><td>98</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>BNZ (AA-)</td><td>26</td><td>47</td><td>61</td><td>84</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Westpac Bank (AA-)</td><td>41</td><td>47</td><td></td><td>88</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Supranational, Sub-Sovereign, Agency Average</td><td>14</td><td>22</td><td>31</td><td>37</td><td>47</td><td>49</td><td></td><td></td><td></td><td></td></tr><tr><td>Bank Average</td><td>34</td><td>51</td><td>66</td><td>90</td><td>85</td><td></td><td></td><td></td><td></td><td></td></tr></table>	30 June 2025	2026	2027	2028	2029	2030	2031	2032	2033	2035	2037	LGFA (AAA)	13	29	44	54	61	71	78	85	91	105	Kainga Ora (AAA)	19	29	46		54				88		Asian Development Bank (AAA)	11	24	30			49					IADB (AAA)	17	23	35		46						International Finance Corp (AAA)	15	21	33	39							KBN (AAA)	14	23			53						Nordic Investment Bank (AAA)				34	43						Rentenbank (AAA)		21		39							World Bank (AAA)	13	22	24		46						ASB (AA-)	25	48									ANZ (AA-)			60		85						Kiwibank (AA-)	42	63	78	98							BNZ (AA-)	26	47	61	84							Westpac Bank (AA-)	41	47		88							Supranational, Sub-Sovereign, Agency Average	14	22	31	37	47	49					Bank Average	34	51	66	90	85					
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Offer flexible short and long-term lending products that meet the borrowing requirements for borrowers.	LGFA provides members with short term loans (less than one year), long-term loans on either a floating or fixed rate basis (between one year and April 2037), Green Social and Sustainable Loans, Climate Access Loans and standby facilities. - Over the year-ended June 2025, our members borrowed \$4.160 billion in 365 long-term loans with an average term of 2.9 years. - As at June 2025 there was \$1.040 billion short-term loans outstanding to 44 members. - As at June 2025, standby facilities totalled \$867 million across 17 members.																																																																																																																																																																																											
Deliver operational best practice and efficiency for lending services.	Over the year-ended 30 June 2025, LGFA operations staff successfully: - settled 2,488 new trades with a gross value of \$39 billion; - processed 16,040 cash flows with a gross value of \$73 billion; and - rate set 13,447 existing trades.																																																																																																																																																																																											
Ensure certainty of access to debt markets, subject always to operating in accordance with sound business practice.	There was significant activity in LGFA bonds in both the primary market (tender or syndicated issuance) and secondary market (between banks and investors). Over the year-ended 30 June 2025, we issued bonds in the following native currency values: NZD 2.150 billion, AUD 800 million, USD 500 million, EUR 500 million, and CHF 220 million. Secondary market turnover in our NZD bonds totalled NZD 16.8 billion.																																																																																																																																																																																											

Performance targets	2024-2025 target	Our performance to June 2025
Share of aggregate long-term debt funding to the Local Government sector.	> 80%	Not achieved. 74.9% at June 2025.
Total lending to Participating Borrowers.	> \$23,957 million.	Not achieved. \$22,657 million as at June 2025.
Conduct an annual survey of Participating Borrowers who borrow from LGFA as to the value added by LGFA to the borrowing activities.	> 85% satisfaction score.	94% satisfaction score in August 2024 Stakeholder Survey.
Successfully refinance existing loans to councils and LGFA bond maturities as they fall due.	100%	Achieved.
Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements.	100%	Achieved.

Environmental and social responsibility

LGFA recognises the risks inherent in climate change for councils and supports New Zealand's shift to a low-carbon economy. LGFA will exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

Objectives	Our performance to June 2025
Assist the local government sector in achieving their sustainability and climate change objectives.	Over the year to June 2025, we: - approved one new GSS loan application to Tauranga City Council for the \$103 million Te Manawataki o Te Papa green building project. As at June 2025, we have approved seven GSS loans with a combined approved value of \$675.3 million of which \$453.9 million has been advanced. - advanced a further \$923 million under our CAL lending programme. As at June 2025, seven councils have been approved for CAL loans with combined qualifying loans totalling \$3.7 billion. Our third Annual Impact Report, to be published on 30 September 2025, will provide information on the allocation of proceeds from LGFA's Sustainable Financing Bond issuance as at June 2025 In March 2025, the LGFA team organised a series of panel discussions and keynote presentations to provide guidance to councils on accessing climate-related financing instruments, as well as to highlight useful data and tools (for the development, collection and communication of risk information).
Improve sustainability outcomes within LGFA.	In 2021, LGFA directors committed to reducing our per employee emissions by 30% by 2030, compared with a 2018/19 base year. We continue to monitor our organisational emissions and remain within target. In addition, we have released our Climate-reporting Disclosures in compliance with XRB standards.

Performance targets	2024-2025 target	Our performance to June 2025
Comply with the Health and Safety at Work Act 2015.	No breaches.	Achieved.
Maintain Toitū Net Carbon Zero certification.	Net Carbon Zero certification maintained.	Achieved.
Meet reduction targets outlined in our carbon reduction management plan.	Reduction targets met.	Achieved. GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emission factors and the values needed to combine emissions from different gases. GHG emissions against targets are reported in the 2025 LGFA Climate-related Disclosures, which will be available on the LGFA website from 30 September 2025.
Increase our GSS lending book and Climate Action Loans.	Two new GSS loans undertaken. Three new borrowers approved for CAL.	Not achieved. One new GSS loan approved, and no new CAL borrowers approved.
Meet all mandatory climate reporting standards.	100%	Achieved.

Effective management of loans

LGFA will ensure its loan book remains at a high standard by ensuring it understands each participating borrower's financial position. LGFA manages its assets within an appropriate risk management framework to ensure shareholder value is not compromised.

Objectives	Our performance to June 2025
Proactively monitor and review each Participating Borrower's financial position, including its financial headroom under LGFA policies. Analyse finances at the Council group level where appropriate and report to shareholders.	Over the twelve months, we reviewed council annual plans, agendas and management reports on an ongoing basis for all members on the LGFA borrower watchlist. We received compliance certificates in respect of the LGFA financial covenants from all of our members with debt outstanding at June 2024. No council has requested that they be measured on a group basis. A small number of certificates were provided based upon unaudited financial statements given a delay in providing final audit signoff. These have subsequently been verified following the eventual publication of the council's annual report.
Endeavour to meet each participating borrower annually, including meeting with elected officials as required, or if requested.	Achieved. LGFA conducted 109 meetings with council and CCO members in the twelve months ended June 2025.
Ensure a smooth transition of water-related loans if the Local Water Done Well Reforms progresses over forecast period.	LGFA has actively engaged with DIA and council members and their advisors to provide information on how it will be able to assist councils with the financing of their water operations.

Performance targets	2024-2025 target	Our performance to June 2025
Review each Participating Borrower's financial position.	100%	Achieved.
Arrange to meet each Participating Borrower over a 15-month period, including meeting with elected officials as required, or if requested.	100%	Achieved.

Industry leadership and engagement

LGFA will take a proactive role to enhance the financial strength and depth of the local government debt market and will work with key central government and local government stakeholders on sector issues.

Objectives	Our performance to June 2025
Take a proactive role to enhance the financial strength and depth of the local government debt market and work with key central government and local government stakeholders on sector and individual council issues.	The Industry leadership and engagement section of this annual report discusses our performance in relation to these objectives.
Assist the local government sector with significant matters such as the Local Water Done Well Reforms and Future for Local Government.	
Maintain productive relationships with central government representatives.	
Support councils and CCOs in the development of reporting disclosures of the impacts of sector activity on climate change.	

Performance targets	2024-2025 target	Our performance to June 2025
Provide input into Local Water Done Well Legislation.	Provide feedback to DIA and Treasury during legislation drafting.	Achieved.
Provide quarterly updates to shareholders and borrowers on sector developments that are impacting LGFA.	Four quarterly updates to councils and CCOs.	Achieved.
Meet annually with Infrastructure Commission, Local Government New Zealand, Taituara, Water New Zealand, Infrastructure New Zealand, Crown Infrastructure Partners, Department of Internal Affairs, Treasury and Minister's office to discuss sector issues from an LGFA perspective.	Nine meetings across stakeholders.	Achieved.

Financial statements

Ngā Tauāki Ahumoni

Income statement	44
Statement of comprehensive income	44
Statement of changes in equity	45
Statement of financial position	46
Statement of cash flows	47
Notes to the financial statements	48

Income statement

For the year ended 30 June 2025 in \$000s

	Note	2025	2024
Interest income		1,267,103	1,213,259
Interest expense		1,232,327	1,193,809
Net interest income	4	34,776	19,450
Other operating income	5	1,551	1,494
Gains / (losses) on financial instruments		(680)	859
Total operating income		35,647	21,803
Operating expenses	6	16,653	11,753
Net operating profit		18,994	10,050

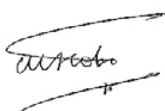
Statement of comprehensive income

For the year ended 30 June 2025 in \$000s

	Note	2025	2024
Net operating profit		18,994	10,050
Items that may be re-classified subsequently to the Income Statement			
Net change in cash flow hedge reserve	9	(6,477)	5,536
Cost of hedging	9	(2,079)	(6,531)
Total comprehensive income		10,438	9,056

These statements are to be read in conjunction with the notes to the financial statements.

The Board of Directors of the New Zealand Local Government Funding Agency Limited authorised these statements for issue on 28 August 2025.



Craig Stobo, Director
Board Chair



Linda Robertson, Director
Chair, Audit and Risk Committee

Statement of changes in equity

For the year ended 30 June 2025 in \$000s

	Note	Share capital	Cash flow hedge reserve	Cost of hedging reserve	Retained earnings	Total equity
Equity as at 1 July 2023		25,000	-	-	80,847	105,847
Net operating profit					10,050	10,050
Other comprehensive income/(expense)			5,536	(6,531)		(995)
Total comprehensive income for the year		-	5,536	(6,531)	10,050	9,055
Transactions with owners					-	-
Dividend paid on 1 September 2023					(1,713)	(1,713)
Equity as at 30 June 2024		25,000	5,536	(6,531)	89,185	113,190
Net operating profit					18,994	18,994
Other comprehensive income/(expense)			(6,477)	(2,079)		(8,556)
Total comprehensive income for the year		-	(6,477)	(2,079)	18,994	10,438
Transactions with owners						-
Dividend paid on 2 September 2024					(1,843)	(1,843)
Equity as at 30 June 2025	28	25,000	(941)	(8,610)	106,336	121,785

These statements are to be read in conjunction with the notes to the financial statements.

Statement of financial position

As at 30 June 2025 in \$000s

	Note	2025	2024
Assets			
Financial assets			
Receivables	11	2,973	378
Cash and cash equivalents		325,728	473,609
Cash pledged as collateral	10	187,836	251,605
Marketable securities		2,458,427	1,397,045
Deposits		578,878	718,493
Derivatives in gain	10	255,271	116,090
Loans to members	12	22,657,300	20,549,350
Non-financial assets			
Other assets	13	1,339	1,245
Total assets		26,467,752	23,507,816
Equity			
Share capital	28	25,000	25,000
Reserves	9	(9,551)	(995)
Retained earnings		106,336	89,185
Total equity		121,785	113,190
Liabilities			
Financial liabilities			
Payables and provisions	14	6,414	9,609
Bond repurchases	17	341,756	58,302
Derivatives in loss	10	1,067,121	1,526,526
Debt securities issued:			
At amortised cost	15	23,645,696	20,490,507
At fair value through income statement	16	613,077	815,175
Borrower notes	18	669,030	492,614
Non financial liabilities			
Other liabilities	19	2,873	1,891
Total liabilities		26,345,967	23,394,625
Total equity and liabilities		26,467,752	23,507,816

These statements are to be read in conjunction with the notes to the financial statements.

Statement of cash flows

For the year ended 30 June 2025 in \$000s

	Note	2025	2024
Cash flows from operating activities			
Cash applied to loans	12	(2,119,168)	(4,174,912)
Interest paid on bonds issued		(737,888)	(596,886)
Interest paid on bills issued		(102,178)	(52,087)
Interest paid on borrower notes		(7,785)	(4,220)
Interest paid on bond repurchases		(9,682)	(10,436)
Interest received from loans		1,124,661	1,031,054
Interest received from cash & cash equivalents		27,512	24,285
Interest received from marketable securities		71,558	43,866
Interest received from deposits		56,100	47,860
Net interest on derivatives		(383,051)	(474,182)
Cash inflows from provision of standby facilities		1,551	1,496
Payments to suppliers and employees		(15,730)	(10,877)
Net cash flows from operating activities	32	(2,094,100)	(4,175,038)
Cash flows from investing activities			
Purchase of marketable securities		(1,008,422)	(233,720)
(Purchase)/maturity of deposits		200,470	(525,977)
Net cash flows from investing activities		(807,952)	(759,698)
Cash flows from financing activities			
Cash inflows from bonds issued	15, 16	5,014,063	3,958,755
Cash outflows from bond maturities	15, 16	(2,719,000)	-
Cash inflows (outflows) from bills issued	15, 16	(118,711)	623,761
Cash inflows (outflows) from bond repurchases		283,303	(71,584)
Cash inflows from borrower notes		158,273	114,288
Dividends paid		(1,843)	(1,713)
Cash applied to derivatives		138,086	558,616
Net cash flows from financing activities		2,754,171	5,182,123
Net increase / (decrease) in cash		(147,881)	247,388
Foreign exchange gains / (losses) on cash balances		1	-
Net cash flows from all activities		(147,880)	247,388
Cash, cash equivalents at beginning of year		473,609	226,222
Cash, cash equivalents at end of year		325,728	473,609

These statements are to be read in conjunction with the notes to the financial statements.

Notes to the financial statements

1. Reporting entity

The New Zealand Local Government Funding Agency Limited (LGFA) is a company registered under the Companies Act 1993 and is subject to the requirements of the Local Government Act 2002.

LGFA is controlled by participating local authorities and is a council-controlled trading organisation as defined under section 6 of the Local Government Act 2002. LGFA is a limited liability company incorporated and domiciled in New Zealand.

The primary objective of LGFA is to optimise the debt funding terms and conditions for participating borrowers.

The registered address of LGFA is Level 11, City Chambers, 142 Featherston Street, Wellington Central, Wellington 6011.

The financial statements are as at and for the year ended 30 June 2025.

These financial statements were authorised for issue by the Directors on 28 August 2025.

2. Statement of compliance

LGFA is an FMC reporting entity under the Financial Markets Conduct Act 2013 (FMCA). These financial statements have been prepared in accordance with that Act and the Financial Reporting Act 2013. LGFA's bonds are quoted on the NZX Debt Market.

LGFA is a profit orientated entity as defined under the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and they comply with NZ IFRS and other applicable Financial Reporting Standard, as appropriate for Tier 1 for-profit entities. The financial statements also comply with International Financial Reporting Standards (IFRS).

3. Basis of preparation

MEASUREMENT BASE

The financial statements have been prepared on a historical cost basis modified by the revaluation of certain assets and liabilities.

The financial statements are prepared on an accrual basis.

FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless separately identified. The functional currency of LGFA is New Zealand dollars.

FOREIGN CURRENCY CONVERSIONS

Transactions denominated in foreign currency are translated into New Zealand dollars using exchange rates applied on the trade date of the transaction.

CHANGES IN ACCOUNTING POLICIES

There have been no changes to accounting policies.

EARLY ADOPTION STANDARDS AND INTERPRETATIONS

LGFA has not early adopted any standards.

STANDARDS NOT YET ADOPTED

LGFA does not consider any standards or interpretations in issue but not yet effective to have a significant impact on its financial statements. This includes NZ IFRS 18 Presentation and Disclosure in Financial Statements.

FINANCIAL INSTRUMENTS

Financial assets

Financial assets, other than derivatives, are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents include cash on hand, bank accounts and deposits with an original maturity of no more than three months.

Cash provided by LGFA as security for financial arrangements remains a financial asset of LGFA and is recognised as cash pledged as collateral in the Statement of Financial Position, separate from cash and cash equivalents.

Purchases and sales of all financial assets are accounted for at trade date.

At each balance date, an expected credit loss assessment is performed for all financial assets and is calculated as either:

- Credit losses that may arise from default events that are possible within the next 12 months, where no significant increase in credit risk has arisen since acquisition of the asset, or
- Credit losses that may arise from default events that are possible over the expected life of the financial asset, where a significant increase in credit risk has arisen since acquisition of the asset.

Impairment losses on financial assets will ordinarily be recognised on initial recognition as a 12-month expected loss allowance and move to a lifetime expected loss allowance if there is a significant deterioration in credit risk since acquisition.

Financial liabilities

Financial liabilities, other than derivatives, are recognised initially at fair value less transaction costs and subsequently measured at either:

- Amortised cost and subsequently measured at amortised cost using the effective interest rate method; or
- Fair value through income statement (FVTIS).

Financial liabilities are classified as FVTIS if they are derivative financial liabilities or if LGFA chooses to classify financial liabilities as FVTIS if the use of the classification removes or significantly reduces an accounting mismatch. This classification includes debt issues that are designated at FVTIS where LGFA has economically hedged the foreign exchange and interest rate risk using derivatives, but hedge account is not applied. Any such classification is made on the date of initial recognition and is irrevocable.

Purchases and sales of all financial liabilities are accounted for at trade date.

OTHER ASSETS

Property, plant and equipment

Items of property, plant and equipment are initially recorded at cost.

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment, less any estimated residual value, over its remaining useful life.

OTHER LIABILITIES

Employee entitlements

Employee entitlements to salaries and wages, annual leave and other similar benefits are recognised in the profit and loss when they accrue to employees.

REVENUE

Interest income

Interest income is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

EXPENSES

Expenses are recognised in the period to which they relate.

Interest expense

Interest expense is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

Approved issuer levy

Approved Issuer Levy is a function of securities held by offshore holders of certain LGFA bond maturities.

Income tax

LGFA is exempt from income tax under Section 14 of the Local Government Borrowing Act 2011.

Goods and services tax

All items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

SEGMENT REPORTING

LGFA operates in one segment being funding of participating borrowers in New Zealand.

JUDGEMENTS AND ESTIMATIONS

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts. For example, the fair value of financial instruments depends critically on judgements regarding future cash flows, including inflation assumptions and the risk-free discount rate.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and these estimates and underlying assumptions are reviewed on an ongoing basis. Where these judgements significantly affect the amounts recognised in the financial statements they are described in the following notes.

Revenue and expenditure**4. Net interest income**

For the year ended 30 June 2025 in \$000s	2025	2024
Interest income		
Cash and cash equivalents	27,668	24,314
Cash pledged as collateral	6,171	9,189
Marketable securities	99,965	62,356
Deposits	47,014	41,124
Derivatives	-	-
Loans	1,086,285	1,076,276
Total interest income	1,267,103	1,213,259
Interest expense		
Bills	84,790	55,627
Bond repurchase transactions	9,832	10,279
Lease liability	-	17
Derivatives	249,784	445,499
Bonds	862,245	660,065
Borrower notes	25,676	22,323
Total interest expense	1,232,327	1,193,809
Net interest income	34,776	19,450

5. Other operating income

As at 30 June 2025, LGFA had provided standby facilities totalling \$867 million (2024: \$747 million) to selected councils. As at balance date, there were no drawdowns outstanding under the facilities.

For the year ended 30 June 2025 in \$000s	2025	2024
Standby facilities fee income	1,551	1,494
Total other operating income	1,551	1,494

6. Operating expenses

Issuance and on-lending expenses are those costs that are incurred as a necessary expense to facilitate the ongoing issuance of LGFA debt securities.

For the year ended 30 June 2025 in \$000s	2025	2024
Issuance & onlending expenses		
Approved issuer levy ¹	5,392	1,982
Rating agency fees	811	697
NZDM facility fee	937	1,500
Legal fees – issuance	1,262	824
NZX	768	800
Trustee fees	119	116
Regulatory, registry, other fees	435	365
	9,724	6,284
Other operating expenses		
Information technology	922	739
Consultants	348	322
Directors fees	553	496
Insurance	107	103
Legal fees	242	108
Other expenses	662	496
Auditors' remuneration		
Statutory audit	180	131
Assurance services ²	30	-
Personnel	3,885	3,074
	6,929	5,469
Total operating expenses	16,653	11,753

1. The amount of Approved Issuer Levy is a function of securities held by offshore holders of certain LGFA bond maturities.

2. KPMG was engaged to provide a comfort letter addressed to LGFA, the Arranger and the Dealers relating to the contents of the EMTN Programme Offering Circular.

Financial instruments

7. Financial instruments accounting policy

Financial instruments recognised in the statement of financial position at amortised cost.

Fair values of financial instruments not recognised in the statement of financial position at fair value are determined for note disclosure as follows:

CASH AND BANK, TRADE AND OTHER RECEIVABLES, TRADE AND OTHER PAYABLES

The carrying value of cash and bank, trade and other receivables, trade and other payables approximate their fair value as they are short-term instruments.

CASH PLEDGED AS COLLATERAL

LGFA enters derivative financial instruments for hedging purpose which may require LGFA to post collateral as security with counterparties.

In line with standard industry practice, collateral is provided for derivative transactions in accordance with the terms set out in the relevant Credit Support Annex. LGFA's practice is to annex each CSA to the International Swaps and Derivatives Association (ISDA) Master Agreement it has with derivative counterparties.

LGFA is required to pledge cash deposits at call to meet its obligations under the CSAs for derivative positions. The pledged assets will be returned to LGFA when the underlying transaction is terminated, but in the event of default the counterparty is entitled to apply the collateral to settle the outstanding liability.

MARKETABLE SECURITIES AND BONDS

The fair value of bonds and marketable securities are determined using the quoted price for the instrument.

DEPOSITS

The fair value for deposits is determined using a discounted cash flow analysis. The interest rates used to discount the estimated cash flows are based on current market interest rates.

LOANS

The fair value of loans is determined using a discounted cash flow analysis. The interest rates used to discount the estimated cash flows are based on LGFA bond yields at the reporting date plus an appropriate credit spread to reflect the counterparty's credit risk.

LEASES

The lease liability is recognised at the present value of the remaining lease payments, discounted using LGFA's incremental borrowing rate, with the corresponding right-of-use asset recognised as an equal amount.

BORROWER NOTES

The fair value of borrower notes is determined using a discounted cash flow analysis. The interest rates used to discount the estimated cash flows are based on LGFA bond yields at the reporting date.

FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following table shows the fair value of financial assets and financial liabilities, together with the carrying amounts shown in the statement of financial position.

As at 30 June 2025 in \$000s	Financial liabilities at amortised cost	Financial liabilities at fair value through income statement	Financial assets at amortised cost	Financial assets measured at fair value in accordance with NZ IFRS 9	Fair value
Financial assets					
Receivables	-	-	2,973	-	2,973
Cash and bank balances	-	-	325,728	-	325,728
Cash pledged as collateral	-	-	187,836	-	187,836
Marketable securities	-	-	2,458,427	-	2,501,062
Deposits	-	-	578,878	-	579,011
Derivatives	-	-	-	255,271	255,271
Loans	-	-	22,657,300	-	23,227,171
	-	-	26,211,142	255,271	27,079,052
Financial liabilities					
Payables and provisions	6,414	-	-	-	6,414
Bond repurchases	341,756	-	-	-	341,756
Derivatives	-	-	-	1,067,121	1,067,121
Bills	992,159	-	-	-	992,340
ECP	-	613,077	-	-	613,077
Bonds	22,653,537	-	-	-	22,492,491
Borrower notes	669,030	-	-	-	662,582
	24,662,896	613,077	-	1,067,121	26,175,781

As at 30 June 2024 in \$000s	Financial liabilities at amortised cost	Financial liabilities at fair value through income statement	Financial assets at amortised cost	Financial assets measured at fair value in accordance with NZ IFRS 9	Fair value
Financial assets					
Receivables	-	-	378	-	378
Cash and bank balances	-	-	473,609	-	473,609
Cash pledged as collateral	-	-	251,605	-	251,605
Marketable securities	-	-	1,397,045	-	1,407,237
Deposits	-	-	718,493	-	719,223
Derivatives	-	-	-	116,090	116,090
Loans	-	-	20,549,350	-	20,915,910
	-	-	23,390,480	116,090	23,884,052
Financial liabilities					
Payables and provisions	9,609	-	-	-	9,609
Bond repurchases	58,302	-	-	-	58,302
Derivatives	-	-	-	1,526,526	1,526,526
Bills	911,386	-	-	-	911,396
ECP	-	815,175	-	-	815,175
Bonds	19,579,121	-	-	-	19,909,342
Borrower notes	492,614	-	-	-	480,434
	21,051,032	815,175	-	1,526,526	23,710,784

8. Derivative financial instruments

LGFA use three different types of derivatives financial instruments: interest rate swaps, cross currency interest rate swaps and foreign exchange transactions (spot and forward).

Derivative financial instruments are recognised in the statement of financial position at fair value. Derivatives are categorised as following:

- Derivatives designated into hedge accounting relationships to minimise profit or loss volatility by matching movements in underlying positions relating to hedges of the LGFA's exposures to interest rate risk and currency risk.
- Derivatives designated to manage risks that are not in a designated hedge accounting relationship.

Derivative financial instruments are valued under level 2 of the following hierarchy.

Level 1 Quoted market prices: Fair value based on quoted prices in active markets for identical assets or liabilities.

Level 2 Valuation techniques using observable market inputs: Fair value based on a valuation technique using other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 Valuation techniques using significant non-observable market inputs: Fair value based on a valuation technique using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of derivative financial instruments is determined using a discounted cash flow analysis. Interest rates represent the most significant assumption used in valuing derivative financial instruments. The interest rates used to discount estimated cash flows are based on the New Zealand dollar swap curves at the reporting date.

Treatment of any fair value gains or losses depends on whether the derivative is designated as a hedging instrument. If the derivative is not designated as a hedging instrument, the remeasurement gain or loss is recognised immediately in the Consolidated income statement.

9. Hedge accounting

LGFA uses derivatives to establish economic hedges to manage its interest rate and foreign exchange risk. LGFA's risk management strategy with respect to hedge accounting is to minimise income statement volatility.

Hedge accounting is implemented to manage the following risks:

- Interest rate risk due to a mismatch between fixed and floating interest rates on assets and liabilities; and
- Combined risk on assets or liabilities with interest rate risk that are denominated in currencies other than New Zealand dollars.

LGFA enters cross-currency interest rate swaps to hedge the foreign currency and foreign interest rate risks on issued foreign currency bonds. Using the cross-currency interest rate swaps, LGFA will pay New Zealand Dollar floating interest rates and receive foreign currency fixed interest with coupon payments matching the underlying notes.

LGFA designated the foreign currency bonds and cross-currency interest rate swaps into three-part hedging relationships for each issue:

- a fair value hedge of foreign currency benchmark interest rates,
- a cash flow hedge of margin, and
- a cash flow hedge of the principal exchange.

FAIR VALUE HEDGE

Under a fair value hedge, the hedged item is revalued at fair value in respect of the hedged risk. This revaluation is recognised in the Consolidated income statement to offset the mark-to-market revaluation of the hedging derivative, except for any adjustment on the hedging derivative relating to credit risk.

CASH FLOW HEDGE

Under a cash flow hedge, the effective portion of gains or losses from remeasuring the fair value of the hedging instrument is recognised in Other comprehensive income and accumulated in the cash flow hedge reserve. Accumulated gains or losses are subsequently transferred to the Consolidated income statement when the hedged item affects the Income statement, or when the hedged item is a forecast transaction that is no longer expected to occur.

Any future gains or losses will be processed through the hedge equity reserves as long as the existing cash flow hedge relationships remain effective.

A reconciliation of the cash flow reserve is shown in the following table:

	2025	2024
Opening balance at 1 July	5,535	-
Changes in cash flow hedges	(6,476)	5,536
Closing balance at 30 June	(941)	5,536

COST OF HEDGING

The cost of hedging reserve captures changes in the fair value of the cost to convert foreign currency to NZD of LGFA's cross currency interest rate swaps on the foreign currency bonds.

A reconciliation of movements in the cost of hedging reserve is shown in the table below:

	2025	2024
Opening balance at 1 July	(6,531)	-
Change in currency basis spreads	(2,079)	(6,531)
Closing balance at 30 June	(8,610)	(6,531)

HEDGING INSTRUMENTS

Life to date values as at 30 June 2025			
Carrying amount of the hedging instrument			
\$'000	Nominal amount of hedging instrument	Asset / (liability)	Change in value for hedge ineffectiveness
Fair value hedges			
Interest rate swaps – NZD bonds hedge	14,618,000	(897,105)	417,919
Interest rate swaps – loans hedge	1,365,026	(12,096)	10,322
Interest rate swaps – marketable securities hedge	1,489,022	6,209	18,526
Fair value and cash flow hedges			
Fair value hedges – foreign currency	AUD 3,450,000 CHF 220,000 EUR 500,000 USD 500,000	87,924	(128,631)
Cash flow hedges – foreign currency	NZD 6,002,398		940

Life to date values as at 30 June 2024			
Carrying amount of the hedging instrument			
\$'000	Nominal amount of hedging instrument	Asset / (liability)	Change in value for hedge ineffectiveness
Fair value hedges			
Interest rate swaps – NZD bonds hedge	15,228,000	(1,007,019)	(1,007,019)
Interest rate swaps – loans hedge	700,200	25,510	25,510
Interest rate swaps – marketable securities hedge	611,480	5,917	5,917
Fair value and cash flow hedges			
Fair value hedges – foreign currency	AUD 2,650,000	(6,381)	(6,381)
Cash flow hedges – foreign currency	NZD 2,861,000	35,271	35,271

Year to date values recognised during the year to 30 June 2025					
\$'000	Hedge effectiveness in reserves			Hedge effectiveness	Hedge effectiveness
	Cost of hedging reserve	Cash flow hedge (OCI)	Cash flow hedge reclassified to income statement	Fair value hedge recognised in Income statement	Recognised in Income Statement
Fair value hedges					
Interest rate swaps – NZD bonds hedge	-	-	-	1,424,938	-
Interest rate swaps – loans hedge	-	-	-	(15,188)	-
Interest rate swaps – marketable securities hedge	-	-	-	12,609	-
Fair value and cash flow hedges					
Fair value hedges – foreign currency	-	-	-	122,250	-
Cash flow hedges – foreign currency	2,079	6,477	78,050	-	1,719

Year to date values recognised during the year ended 30 June 2024					
\$'000	Hedge effectiveness in reserves			Hedge effectiveness	Hedge effectiveness
	Cost of hedging reserve	Cash flow hedge (OCI)	Cash flow hedge reclassified to income statement	Fair value hedge recognised in Income statement	Recognised in Income Statement
Fair value hedges					
Interest rate swaps – NZD bonds hedge	-	-	-	333,352	-
Interest rate swaps – loans hedge	-	-	-	(12,340)	-
Interest rate swaps – marketable securities hedge	-	-	-	(16,956)	-
Fair value and cash flow hedges					
Fair value hedges – foreign currency	-	-	-	6,381	-
Cash flow hedges – foreign currency	6,531	(5,536)	(34,497)	-	(859)

10. Offsetting

NZ IAS 32: Financial Instruments Presentation allows financial assets and liabilities to be offset only when there is a current legally enforceable right to set off the amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

LGFA does not offset any amounts.

The following table shows the amounts subject to an enforceable master netting arrangement or similar agreement that are not offset in the statement of financial position.

As at 30 June 2025 in \$000s	Derivative assets	Derivative liabilities
Gross amounts	255,271	1,067,121
Amounts offset	-	-
Carrying amounts	255,271	(255,271)
Amounts that don't qualify for offsetting	-	-
Financial assets & liabilities	(255,271)	(255,271)
Collateral	-	(187,836)
Net amount	-	624,014

As at 30 June 2024 in \$000s	Derivative assets	Derivative liabilities
Gross amounts	116,090	1,526,526
Amounts offset	-	-
Carrying amounts	116,090	(116,090)
Amounts that don't qualify for offsetting	-	-
Financial assets & liabilities	(116,090)	(116,090)
Collateral	-	(251,605)
Net amount	-	1,158,831

11. Receivables

As at 30 June 2025 in \$000s	2025	2024
Bond repurchases to be received	-	-
Borrower notes to be received	-	-
Trade debtors	2,973	378
Total receivables	2,973	378

12. Loans

As at 30 June 2025 in \$000s	2025		2024	
	Short-term loans	Loans	Short-term loans	Loans
Ashburton District Council	20,044	124,440	12,062	119,743
Auckland Council	48,672	3,111,545	-	3,655,028
Bay of Plenty Regional Council	117,701	224,766	50,506	219,044
Buller District Council	9,909	10,018	-	20,037
Canterbury Regional Council	-	96,421	5,085	92,416
Carterton District Council	-	27,279	-	24,839
Central Hawkes Bay District Council	-	49,434	5,132	39,401
Central Otago District Council	5,038	45,618	5,019	30,450
Christchurch City Council	-	2,749,479	-	2,511,678
Clutha District Council	15,522	130,327	11,585	108,398
Dunedin City Treasury	-	443,747	-	293,104
Far North District Council	35,204	120,785	32,703	90,518
Far North Holdings Ltd	49,036	26,521	-	-
Gisborne District Council	9,920	185,413	-	174,991
Gore District Council	8,534	49,873	8,554	46,998
Greater Wellington Regional Council	-	1,021,955	-	941,217
Grey District Council	3,971	31,768	3,972	28,807
Hamilton City Council	101,343	922,069	-	950,852
Hastings District Council	18,974	456,568	-	397,160
Hauraki District Council	-	141,000	-	101,092
Hawkes Bay Regional Council	-	115,630	-	110,708
Horizons Regional Council	9,952	69,472	9,906	62,026
Horowhenua District Council	14,054	227,539	21,199	182,674
Hurunui District Council	14,079	73,632	10,067	57,666
Hutt City Council	-	577,424	-	515,520
Infrastructure Holdings Ltd	9,994	109,297	9,989	104,463
Invercargill City Council	28,187	126,432	47,502	104,262
Invercargill City Holdings Ltd	-	-	48,252	48,403
Kaikoura District Council	-	7,354	-	7,374
Kaipara District Council	-	44,314	-	54,639
Kapiti Coast District Council	-	367,751	-	323,722
Kawerau District Council	-	6,058	-	4,051
Mackenzie District Council	4,016	19,255	4,040	16,257
Manawatu District Council	11,594	93,445	13,014	83,139
Marlborough District Council	14,606	230,935	14,694	190,067
Masterton District Council	-	66,918	-	63,357
Matamata-Piako District Council	-	85,673	-	66,201

As at 30 June 2025 in \$000s	2025		2024	
	Short-term loans	Loans	Short-term loans	Loans
Napier City Council	-	65,572	-	20,191
Nelson City Council	-	266,619	-	262,320
New Plymouth District Council	-	357,122	10,117	293,577
Northland Regional Council	6,883	59,605	-	24,741
Opotiki District Council	4,102	10,588	-	12,595
Otago Regional Council	42,767	132,638	35,739	104,122
Otorohanga District Council	10,123	2,019	9,110	-
Palmerston North City Council	-	305,995	-	273,466
Porirua City Council	-	362,827	-	269,807
Queenstown Lakes District Council	88,141	619,296	76,334	575,080
Rangitikei District Council	10,037	44,385	-	44,358
Rotorua District Council	-	472,652	1,889	448,948
Ruapehu District Council	10,039	54,191	8,050	50,214
Selwyn District Council	40,375	256,744	20,035	166,778
South Taranaki District Council	-	137,017	-	140,634
South Waikato District Council	-	50,369	-	44,469
Southland District Council	-	92,384	-	36,153
Southland Regional Council	-	7,003	-	-
South Wairarapa District Council	17,125	11,565	8,190	27,166
Stratford District Council	-	38,927	-	36,908
Taranaki Regional Council	-	57,934	-	31,780
Tararua District Council	-	80,621	-	69,986
Tasman District Council	31,537	317,397	25,379	325,787
Taupo District Council	-	200,203	-	165,543
Tauranga City Council	4,840	1,272,492	-	1,050,800
Thames-Coromandel District Council	-	91,729	-	84,003
Timaru District Council	39,727	212,425	19,340	202,822
Timaru District Holdings Ltd	9,316	-	-	-
Upper Hutt City Council	-	216,098	-	180,900
Waikato District Council	14,621	221,629	-	207,254
Waikato Regional Council	10,042	39,323	-	32,384
Waimakariri District Council	-	221,613	-	202,169
Waimate District Council	-	5,035	-	3,541
Waipa District Council	63,492	341,285	15,009	313,011
Wairoa District Council	-	9,624	-	11,100
Waitaki District Council	1,997	71,474	7,483	64,158
Waitomo District Council	6,024	27,165	6,103	27,246
Wellington City Council	-	1,843,472	-	1,595,914

As at 30 June 2025 in \$000s	2025		2024	
	Short-term loans	Loans	Short-term loans	Loans
West Coast Regional Council	2,991	21,234	2,986	14,715
Western Bay Of Plenty District Council	15,109	161,226	10,009	106,249
Westland District Council	3,928	35,051	4,713	32,666
Westland Holdings Ltd	-	-	-	-
Whakatane District Council	-	178,821	6,011	149,114
Whanganui District Council	7,551	196,538	7,560	176,878
Whangarei District Council	48,915	246,882	9,922	257,756
Fair value hedge adjustment	-	10,322	-	(25,510)
	1,040,033	21,617,267	597,260	19,952,095

Short-terms loans are loans that have a term to maturity of less than 12 months at origination. Loans have a term to maturity of 12 months or greater at origination. As at 30 June 2025, all short term loans and \$2,836 million of loans will mature within 12 months.

13. Other assets

As at 30 June 2025 in \$000s	2025	2024
Prepayments	980	987
Furniture and Fixtures	105	-
Right-of-use lease asset	254	258
Total other assets	1,339	1,245

14. Payables and provisions

As at 30 June 2025 in \$000s	2025	2024
Loans to be advanced	-	8,190
Trade creditors	5,909	1,038
Credit provision	301	249
Other provisions	204	132
Total payables	6,414	9,609

15. Debt securities issued at amortised cost

As at 30 June 2025 in \$000s					
	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
NZD Fixed interest bonds					
15 April 2026	2,602,097	(33,254)	8,212		2,577,055
15 April 2027	2,321,000	29,456	21,973		2,372,429
15 May 2028	1,693,000	(57,147)	4,865		1,640,718
20 April 2029	1,992,000	(90,984)	5,878		1,906,894
15 May 2030	2,110,000	(38,228)	12,127		2,083,899
15 May 2031	2,195,000	(206,372)	6,308		1,994,936
14 May 2032	850,000	(5,841)	4,989		849,148
14 April 2033	1,835,000	(26,924)	13,687		1,821,763
15 May 2035	640,000	(38,955)	2,452		603,497
15 April 2037	1,230,000	(155,661)	5,175		1,079,514
Fair value hedge adjustment				(418,101)	(418,101)
	17,468,097	(623,910)	85,666	(418,101)	16,511,752
Foreign Currency Fixed interest bonds & EMTN					
8 September 2027 (AUD)	1,077,202	(1,914)	14,812		1,090,100
20 March 2028 (USD)	823,927	(1,150)	9,513		832,290
1 August 2028 (AUD)	1,077,202	(1,874)	20,979		1,096,307
1 April 2030 (EUR)	965,354	(1,504)	6,919		970,769
28 November 2030 (AUD)	700,181	(2,034)	3,299		701,446
2 April 2032 (CHF)	453,667	(1,328)	873		453,212
8 March 2034 (AUD)	861,762	(6,197)	13,465		869,030
Fair value hedge adjustment				128,631	128,631
	5,959,295	(16,001)	69,860	128,631	6,141,785
Total Fixed interest bonds	23,427,392	(639,911)	155,526	(289,470)	22,653,537
NZD Bills					
16 July 2025	331,000	-	(459)		330,541
30 July 2025	250,000	-	(744)		249,256
6 August 2025	25,000	-	(84)		24,916
13 August 2025	30,000	-	(119)		29,881
20 August 2025	20,000	-	(91)		19,909
27 August 2025	105,000	-	(520)		104,480
3 September 2025	77,000	-	(459)		76,541
8 September 2025	25,000	-	(157)		24,843
18 September 2025	48,000	-	(349)		47,651
25 September 2025	40,000	-	(311)		39,689
5 November 2025	25,000	-	(282)		24,718
27 November 2025	15,000	-	(197)		14,803
3 December 2025	5,000	-	(69)		4,931
Total NZD Bills	996,000	-	(3,841)	-	992,159
Total debt securities issued at amortised cost	24,423,392	(639,911)	151,685	(289,470)	23,645,696

Audited as at 30 June 2024 in \$000s					
	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
NZD Fixed interest bonds					
15 April 2025	2,719,000	(23,467)	15,731		2,711,264
15 April 2026	2,755,000	(73,596)	8,694		2,690,098
15 April 2027	2,261,000	46,176	21,405		2,328,581
15 May 2028	1,653,000	(72,604)	4,750		1,585,146
20 April 2029	1,932,000	(103,640)	5,701		1,834,061
15 May 2030	1,660,000	(45,881)	9,321		1,623,439
15 May 2031	2,095,000	(222,442)	6,020		1,878,578
14 April 2033	1,605,000	(6,347)	11,972		1,610,625
15 May 2035	550,000	(27,458)	2,107		524,649
15 April 2037	960,000	(84,540)	4,039		879,499
Fair value hedge adjustment				(1,007,019)	(1,007,019)
	18,190,000	(613,800)	89,741	(1,007,019)	16,658,921
AUD Fixed interest bonds					
8 September 2027	546,456	(1,140)	7,514		552,830
1 August 2028	1,092,912	(3,193)	21,309		1,111,028
28 November 2030	710,393	(1,560)	3,347		712,180
8 March 2034	546,456	(4,451)	8,538		550,543
Fair value hedge adjustment				(6,381)	(6,381)
	2,896,217	(10,344)	40,708	(6,381)	2,920,200
Total Fixed interest bonds	21,086,217	(624,144)	130,449	(1,013,400)	19,579,121
NZD Bills					
5 July 2024	25,000	-	(15)		24,985
12 July 2024	130,000	-	(171)		129,829
19 July 2024	190,000	-	(489)		189,511
1 August 2024	55,000	-	(252)		54,748
7 August 2024	40,000	-	(225)		39,775
16 August 2024	50,000	-	(338)		49,662
29 August 2024	20,000	-	(181)		19,819
6 September 2024	75,000	-	(749)		74,251
18 September 2024	55,000	-	(659)		54,341
26 September 2024	50,000	-	(666)		49,334
2 October 2024	25,000	-	(348)		24,652
7 October 2024	40,000	-	(587)		39,413
6 November 2024	25,000	-	(481)		24,519
4 December 2024	55,000	-	(1,292)		53,708
19 December 2024	85,000	-	(2,158)		82,842
Total NZD Bills	920,000	-	(8,614)		911,386
Total debt securities issued at amortised cost	22,006,217	(624,144)	121,836	(1,013,400)	20,490,508

16. Debt securities issued at fair value through income statement

As at 30 June 2025 in \$000s	Face Value	Unamortised premium	Accrued interest	Fair value adjustment	Total
Euro Commercial Paper	614,538		(1,693)	232	613,077

As at 30 June 2024 in \$000s	Face Value	Unamortised premium	Accrued interest	Fair value adjustment	Total
Euro Commercial Paper	835,052	-	(14,303)	(5,574)	815,175

17. Treasury stock and bond repurchases

Periodically, LGFA subscribes for LGFA bonds as part of its tender process and holds these bonds as treasury stock. LGFA bonds held by LGFA as treasury stock are derecognised at the time of issue and no liability is recognised in the statement of financial position. As at 30 June 2025, \$1,300 million of LGFA bonds had been subscribed as treasury stock (2024: \$1,100 million).

LGFA makes treasury stock bonds available to banks authorised as its tender counterparties to borrow under short-term repurchase transactions. The objective of the bond lending facility is to assist with improving secondary market liquidity in LGFA bonds. Bonds lent to counterparties are disclosed as a separate stock lending liability on the face of the statement of financial position.

As at 30 June 2025 in \$000s	2025	2024
15 April 2026	-	-
15 April 2027	-	-
15 May 2028	5,769	-
20 April 2029	-	-
15 May 2030	112,942	58,302
15 May 2031	-	-
14 May 2032	132,314	-
14 April 2033	25,928	-
15 May 2035	-	-
15 April 2037	64,803	-
	341,756	58,302

18. Borrower notes

Borrower notes are subordinated debt instruments which are required to be held by each local authority that borrows from LGFA in an amount equal to a fixed percentage of the aggregate borrowings by that local authority. The fixed percentage is 5% for loans issued from 1 July 2024. Prior to this date, the fixed percentage was 2.5% for loans issued from 1 July 2020, and 1.6% for loans issued prior to this date.

LGFA may convert borrower notes into redeemable shares if it has made calls for all unpaid capital to be paid in full and the LGFA Board determines it is still at risk of imminent default.

19. Other liabilities

As at 30 June 2025 in \$000s	2025	2024
Lease liability	255	258
Accruals	2,618	1,633
Total other liabilities	2,873	1,891

20. Operating leases

As at 30 June 2025 in \$000s	2025	2024
Less than one year	8	127
Between one and five years	197	131
Greater than five years	50	-
Total non-cancellable operating leases	255	258

Risk management

21. Financial risk management

The Board of Directors has overall responsibility for carrying out the business of LGFA in accordance with risk management policies, including those relating to investing, lending, borrowing and treasury activities. The use of financial instruments exposes LGFA to financial risks, the most significant being market risk, credit risk, and liquidity risk. The exposure and management of these risks is outlined below.

22. Market risk

Market risk is the risk that changes in market prices will affect LGFA's income or value of financial instruments. The most significant market risk which LGFA is exposed to is interest rate risk. LGFA has no significant unhedged exposure to foreign exchange risk and a 10% increase or decrease in the exchange rate, with all other variables held constant, would have minimal impact on profit and equity reserves of LGFA.

23. Interest rate risk

Interest rate risk is the risk that future cash flows or the fair value of financial instruments will decrease because of a change in market interest rates. LGFA is exposed to interest rate risk through its interest-bearing financial assets and liabilities.

Interest rate risk is managed using Value at Risk (VaR) and Partial Differential Hedge (PDH) limits to mitigate the potential change in value of the balance sheet due to changes in interest rates. PDH risk measures the sensitivity of a portfolio to a one basis point change in underlying interest rates, whereas VaR measures the expected loss for a given period with a given confidence.

The following table indicates the earliest period in which the interest-bearing financial instruments reprice.

As at 30 June 2025 in \$000s	Face value	Less than 6 months	6 months-1 year	1-2 years	2-5 years	Over 5 years
Financial assets						
Cash and bank Balances	325,728	325,728	-	-	-	-
Marketable securities	2,459,831	892,125	154,650	525,096	692,960	195,000
Deposits	764,493	714,493	50,000	-	-	-
Loans	22,508,207	17,282,842	805,385	822,837	2,722,274	874,869
Financial liabilities						
Bills	(996,000)	(996,000)	-	-	-	-
ECP	(614,538)	(614,538)	-	-	-	-
Bond repurchases	(341,553)	(341,553)	-	-	-	-
Derivatives	-	(17,790,649)	1,967,000	1,119,982	7,150,141	7,553,526
Bonds	(23,427,392)	-	(2,602,097)	(2,321,000)	(9,738,685)	(8,765,610)
Borrower notes	(611,420)	(466,374)	(11,308)	(20,523)	(82,577)	(30,638)
Total	67,356	(993,927)	363,630	126,392	744,113	(172,853)

As at 30 June 2024 in \$000s	Face value	Less than 6 months	6 months- 1 year	1-2 years	2-5 years	Over 5 years
Financial assets						
Cash and bank Balances	473,609	473,609	-	-	-	-
Marketable securities	1,426,042	708,426	38,930	195,742	422,944	60,000
Deposits	718,493	618,493	100,000	-	-	-
Loans	20,380,577	16,130,830	395,029	512,967	2,318,894	1,022,858
Financial liabilities						
Bills	(920,000)	(920,000)	-	-	-	-
ECP	(835,052)	(835,052)	-	-	-	-
Bond repurchases	(58,249)	(58,249)	-	-	-	-
Derivatives	-	(16,842,390)	2,361,000	2,103,500	5,454,770	6,923,120
Bonds	(20,840,000)	-	(2,719,000)	(2,755,000)	(7,346,000)	(8,020,000)
Borrower notes	(453,103)	(353,829)	(7,716)	(11,938)	(55,175)	(24,446)
Total	(107,683)	(1,078,162)	168,243	45,271	795,433	(38,468)

INTEREST RATE SENSITIVITY

Changes in interest rates impact the fair value of fixed rate assets and liabilities, cash flows on floating rate assets and liabilities, and the fair value and cash flows of interest rate swaps. A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss and equity by the amounts shown in the following table. This analysis assumes that all other variables remain constant.

For the year ended 30 June 2025 in \$000s	2025		2024	
	P&L	Equity	P&L	Equity
Fair value sensitivity analysis				
100bps increase	1,184	4,287	376	(1,351)
100bps decrease	(1,203)	(4,520)	(372)	1,355

24. Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. LGFA is exposed to credit risk through its lending and investing activities.

Credit risk associated with lending activities is managed by requiring local authorities that borrow from LGFA to meet specific credit lending criteria and to provide security against the borrowing. The LGFA's credit risk framework restricts credit exposures to specific counterparties.

Credit risk associated with investing activities, excluding on-lending, is managed by only investing with New Zealand Government Agencies or counterparties that meet a minimum credit rating of A (Standard & Poor's equivalent). The LGFA's credit risk framework limits concentrations of credit risk for any single counterparty.

Credit risk for derivatives is managed under International Swaps and Derivatives Association (ISDA) agreements, which include provisions such as netting and collateral arrangements to mitigate counterparty risk.

EXPOSURE TO CREDIT RISK

LGFA monitors the concentration of credit risk by the type of counterparty. The following table shows the carrying value and maximum exposure to credit risk at the reporting date, before taking account of collateral or other credit enhancements, for significant counterparty types.

As at 30 June 2025 in \$000s	NZ government agencies	NZ local authorities	NZ registered banks	Other counter-parties	FV hedge adjustment	Total carrying value
Financial assets						
Receivables	-	-	-	2,973	-	2,973
Cash and bank balances	325,098		630			325,728
Cash pledged as collateral	-	-	187,836	-	-	187,836
Marketable securities	730,484	68,470	1,139,772	501,175	18,526	2,458,427
Deposits			578,878	-		578,878
Derivatives	38,958	-	116,157	100,156	-	255,271
Loans	-	22,646,978	-	-	10,322	22,657,300
	1,094,540	22,715,448	2,023,273	604,304	28,848	26,466,413

As at 30 June 2024 in \$000s	NZ government agencies	NZ local authorities	NZ registered banks	Other counter-parties	FV hedge adjustment	Total carrying value
Financial assets						
Receivables	-		-	378		378
Cash and bank balances	470,054	-	3,556	-		473,609
Cash pledged as collateral	-		251,605			251,605
Marketable securities	90,557	4,973	310,218	997,212	(5,917)	1,397,043
Deposits	-	-	701,894	16,599		718,493
Derivatives	(1,151,829)	-	(258,607)	-	-	(1,410,436)
Loans	-	20,574,861	-	-	(25,510)	20,549,350
	(591,218)	20,579,834	1,008,666	1,014,189	(31,427)	21,980,043

COLLATERAL AND CREDIT ENHANCEMENTS

LGFA holds collateral against borrowings from local authorities in the form of debenture securities and guarantees.

CREDIT QUALITY OF FINANCIAL ASSETS

All financial assets are neither past due nor impaired. The carrying value of the financial assets is expected to be recoverable.

25. Liquidity risk

Liquidity risk is the risk that LGFA will encounter difficulty in meeting the obligations of its financial liabilities. LGFA manages liquidity risk by holding cash and a portfolio of liquid assets to meet obligations when they fall due. LGFA is required by policy to maintain sufficient liquidity (comprising a committed liquidity facility and holdings of cash and liquid investments) to meet all operating and funding commitments over a rolling 12-month period.

The Treasury (New Zealand Debt Management) provides a committed liquidity facility that LGFA can draw upon to meet any exceptional and temporary liquidity shortfall. As at 30 June 2025, the undrawn committed liquidity facility was \$750 million (2024: \$1,500 million). The facility is due to expire in December 2031.

26. Contractual cash flows of financial instruments.

The following table shows the contractual cash flows associated with financial assets and liabilities.

As at 30 June 2025 in \$000s	On demand	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total contractual cash flows	Total carrying value
Financial assets							
Receivables	2,973	-	-	-	-	2,973	2,973
Cash and bank balances	325,728	-	-	-	-	325,728	325,728
Cash pledged as collateral	187,836	-	-	-	-	187,836	187,836
Marketable securities	-	295,407	306,865	1,853,457	205,110	2,660,839	2,458,428
Deposits	-	350,473	233,622	-	-	584,095	578,878
Loans	-	962,672	3,802,395	16,703,202	4,422,368	25,890,637	22,657,300
Financial liabilities							
Payables and provisions	(6,414)	-	-	-	-	(6,414)	(6,414)
Bills	-	(951,000)	(45,000)	-	-	(996,000)	(992,159)
ECP	-	(565,103)	(49,436)	-	-	(614,538)	(613,083)
Bond repurchases	-	(341,765)	-	-	-	(341,765)	(341,756)
Bonds	-	(87,550)	(3,218,110)	(14,198,405)	(9,549,657)	(27,053,722)	(22,653,537)
Borrower notes	-	(5,564)	(74,284)	(505,669)	(174,754)	(760,271)	(669,030)
Derivatives	-	(93,481)	(42,760)	(397,974)	(265,205)	(799,420)	(811,850)
	510,123	(435,909)	913,291	3,454,612	(5,362,138)	(920,021)	123,319

As at 30 June 2024 in \$000s	On demand	Up to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Total contractual cash flows	Total carrying value
Financial assets							
Receivables	378	-	-	-	-	378	378
Cash and bank balances	473,609	-	-	-	-	473,609	473,609
Cash pledged as collateral	251,605	-	-	-	-	251,605	251,605
Marketable securities	-	240,165	291,490	955,751	61,800	1,549,207	1,397,045
Deposits	-	208,790	526,414	-	-	735,204	718,493
Loans	-	900,617	3,289,336	14,976,059	5,956,294	25,122,306	20,549,350
Financial liabilities							
Payables and provisions	(9,609)	-	-	-	-	(9,609)	(9,609)
Bills	-	(690,000)	(230,000)	-	-	(920,000)	(911,386)
ECP	-	(331,870)	(483,306)	-	-	(815,175)	(815,175)
Bond repurchases	-	(58,362)	-	-	-	(58,362)	(58,302)
Bonds	-	(36,694)	(3,361,528)	(11,966,381)	(8,848,775)	(24,213,378)	(19,579,121)
Borrower notes	-	(4,741)	(52,232)	(350,211)	(188,464)	(595,648)	(492,614)
Derivatives	-	(214,117)	(290,108)	(1,317,951)	(745,798)	(2,567,974)	(1,410,436)
	715,983	13,788	(309,934)	2,297,268	(3,764,943)	(1,047,838)	113,837

Capital and dividends

27. Share capital

As at 30 June 2025, LGFA had 45 million ordinary shares on issue, 20 million of which remain uncalled.

All ordinary shares rank equally with one vote attached to each ordinary share. Ordinary shares have a face value of \$1 per share.

28. Shareholder information

Registered holders of equity securities	As at 30 June 2025		As at 30 June 2024	
Minister of Finance and Minister for Local Government	5,000,000	11.1%	5,000,000	11.1%
Auckland Council	3,731,960	8.3%	3,731,960	8.3%
Christchurch City Council	3,731,960	8.3%	3,731,960	8.3%
Hamilton City Council	3,731,960	8.3%	3,731,960	8.3%
Bay of Plenty Regional Council	3,731,958	8.3%	3,731,958	8.3%
Greater Wellington Regional Council	3,731,958	8.3%	3,731,958	8.3%
Tasman District Council	3,731,958	8.3%	3,731,958	8.3%
Tauranga City Council	3,731,958	8.3%	3,731,958	8.3%
Wellington City Council	3,731,958	8.3%	3,731,958	8.3%
Western Bay of Plenty District Council	3,731,958	8.3%	3,731,958	8.3%
Whangarei District Council	1,492,784	3.3%	1,492,784	3.3%
Hastings District Council	746,392	1.7%	746,392	1.7%
Marlborough District Council	400,000	0.9%	400,000	0.9%
Selwyn District Council	373,196	0.8%	373,196	0.8%
Gisborne District Council	200,000	0.4%	200,000	0.4%
Hauraki District Council	200,000	0.4%	200,000	0.4%
Horowhenua District Council	200,000	0.4%	200,000	0.4%
Hutt City Council	200,000	0.4%	200,000	0.4%
Kapiti Coast District Council	200,000	0.4%	200,000	0.4%
Manawatu District Council	200,000	0.4%	200,000	0.4%
Masterton District Council	200,000	0.4%	200,000	0.4%
New Plymouth District Council	200,000	0.4%	200,000	0.4%
Otorohanga District Council	200,000	0.4%	200,000	0.4%
Palmerston North District Council	200,000	0.4%	200,000	0.4%
South Taranaki District Council	200,000	0.4%	200,000	0.4%
Taupo District Council	200,000	0.4%	200,000	0.4%
Thames - Coromandel District Council	200,000	0.4%	200,000	0.4%
Waimakariri District Council	200,000	0.4%	200,000	0.4%
Waipa District Council	200,000	0.4%	200,000	0.4%
Whakatane District Council	200,000	0.4%	200,000	0.4%
Whanganui District Council	200,000	0.4%	200,000	0.4%
	45,000,000	100%	45,000,000	100%

29. Capital management

LGFA's capital is equity, which comprises share capital and retained earnings. The objective of managing LGFA's equity is to ensure LGFA achieves its goals and objectives for which it has been established, whilst remaining a going concern.

30. Dividend

LGFA paid a dividend of \$1,842,500 on 2 September 2024, being \$0.0737 per paid up share (2024: \$1,712,500 on 1 September 2023 being \$0.0685 per paid up share).

31. Capital commitments

As at 30 June 2025, there are no capital commitments.

Other notes

32. Reconciliation of net profit to net cash flow from operating activities

For the year ended 30 June 2025 in \$000s	2025	2024
Net profit/(loss) for the period	18,994	10,050
Cash applied to loans	(2,119,168)	(4,174,912)
Non-cash adjustments		
Financial instrument amortisation	6,189	(11,053)
Working capital movements	(115)	876
Net Cash From Operating Activities	(2,094,100)	(4,175,038)

33. Contingencies

There are no contingent liabilities at balance date.

34. Related parties

IDENTITY OF RELATED PARTIES

LGFA is related to the local authorities set out in the Shareholder Information in Note 28.

LGFA operates under an annual Statement of Intent that sets out the intentions and expectations for LGFA's operations and lending to participating borrowers.

Shareholding local authorities, and non-shareholder local authorities who borrow more than \$20 million, are required to enter a guarantee when they join or participate in LGFA. The guarantee is in respect of the payment obligations of other guaranteeing local authorities to the LGFA (cross guarantee) and of the LGFA itself.

RELATED PARTY TRANSACTIONS

LGFA was established for the purpose of raising funds from the market to lend to participating borrowers. The lending to individual councils is disclosed in Note 12, and interest income recognised on this lending is shown in the statement of comprehensive income.

The purchase of LGFA borrower notes by participating borrowers. Refer Note 18.

The Treasury (New Zealand Debt Management) provides LGFA with a committed credit facility and is a derivatives counterparty.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Salaries (2) \$1,413,300 (2024: \$1,151,293)

Fees paid to directors are disclosed in operating expenses in Note 6.

35. Subsequent events

On 28 August 2025, the Directors of LGFA declared a dividend of \$1,675,500 (\$0.0670 per paid up share). Subsequent to balance date, LGFA has issued bonds of NZD 200 million.

INDEPENDENT AUDITOR'S REPORT TO THE READERS OF NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2025



The Auditor-General is the auditor of New Zealand Local Government Funding Agency Limited (the Company). The Auditor-General has appointed me, David Gates, using the staff and resources of KPMG, to carry out the audit of the financial statements and the performance information of the Company on his behalf.

Opinion

We have audited the financial statements of the Company on pages 44 to 70, that comprise the statement of financial position as at 30 June 2025, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information and the performance information of the Company for the year ended 30 June 2025 on pages 38 to 43.

In our opinion:

- the financial statements present fairly, in all material respects the financial position of the Company as at 30 June 2025 and its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS); and
- the performance information accurately reports, in all material respects, the Company's actual performance compared against the performance targets and other measures by which the Company's performance can be judged in relation to the Company's objectives in its statement of intent, and has been prepared, in all material respects, in accordance with section 68 of the Local Government Act 2002 (the Act).

Basis for our opinion

We conducted our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements and the performance information* section of our report. We are independent of the Company in accordance with the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, as applicable to audits of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Auditor-General's Auditing Standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

For the year ended 30 June 2025 and subsequently, the Chair of the Audit and Risk Committee of the Company is a member of the Auditor-General's Audit and Risk Committee. The Auditor-General's Audit and Risk Committee is regulated by a Charter that specifies that it should not assume any management functions. There are appropriate safeguards to reduce any threat to auditor independence, as a member of the Auditor-General's Audit and Risk Committee (when acting in this capacity) has no involvement in, or influence over, the audit of the Company.

In addition to the audit we have carried out engagements in the areas of limited assurance over greenhouse gas emissions and provided a comfort letter in relation to the Company's offshore funding programme, which are compatible with those independence requirements. Other than the audit and these engagements, and the relationship with the Auditor-General's Audit and Risk Committee, we have no relationship with or interests in the Company.

Emphasis of Matter – Inherent uncertainties in the measurement of greenhouse gas emissions

The Company has chosen to include a measure of its greenhouse gas (GHG) emissions in its performance information. Without modifying our opinion and considering the public interest in climate change related



information, we draw attention to page 42 of the annual report, which outlines the uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements and the performance information of the current period. These matters were addressed in the context of our audit of the financial statements and the performance information as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matter	How we addressed this matter
Existence and impairment of loans	
Refer to Note 12 to the Financial Statements. The loans LGFA has provided to local government make up over 82% of total assets. The loans are recognised at amortised cost and the nature of the counterparties is such that we do not consider these loans to be at high risk of significant misstatement. However, based on their materiality, and the judgement involved in assessing the credit worthiness of counterparties they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	Our audit procedures included: - performing a walkthrough to understand the processes and controls LGFA has in place to assess borrowers and to record loan transactions. - agreeing the 30 June 2025 loan balances to external confirmations received from NZ Clear. - assessing the borrowers' compliance with financial covenants. We did not identify material differences in relation to the existence or impairment of loans.
Application of hedge accounting	
Refer to Notes 8 and 9 of the Financial Statements. LGFA enters into derivatives (interest rate swaps and, beginning in FY24, cross currency interest rate swaps) to manage interest rate risk and foreign exchange risk related to issuing fixed rate borrowings (NZD and AUD), fixed rate loans and investing in fixed rate securities. Hedge accounting is applied where specific requirements are met around documentation of the hedge relationship and the relationship is demonstrated as being an effective hedge. Hedge accounting is complex, particularly in the area of whether the requirements (both initial and ongoing) for its application are met. Should the requirements for hedge accounting not be met, LGFA could experience significant volatility in the Statement of Comprehensive Income from changes in the fair value of the derivatives.	Our audit procedures included: - reviewing LGFA's accounting policies related to financial instruments. - agreeing the terms of the derivatives to the confirmation provided by the derivative counterparty. - ensuring the hedge documentation supporting the application of hedge accounting was in accordance with NZ IFRS 9. - using our treasury valuation specialists we: - independently recalculated the fair value of all of the derivatives recorded by LGFA; and - evaluated the hedge effectiveness of the derivatives including independently modelling the future changes in value of these instruments to assess whether the underlying derivatives were effective. - ensuring the disclosures made in the financial statements were appropriate. We did not identify material differences in relation to the application of hedge accounting.



Other Information

The Board of Directors is responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and the performance information, and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the 2025 LGFA Climate-Related Disclosures, which is expected to be made available to us after that date.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the 2025 LGFA Climate-Related Disclosures, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Company for the preparation and fair presentation of financial statements in accordance with generally accepted accounting practice in New Zealand in accordance with NZ IFRS and IFRS. The Board of Directors is also responsible for the preparation of the performance information in accordance with the Act. The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Company for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Markets Conduct Act 2013.

Auditor's responsibilities for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of readers, taken on the basis of these financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Evaluate the overall presentation, structure and content of the performance information, including the disclosures, and assess whether the performance information achieves its statutory purpose of enabling the Company's readers to judge the actual performance of the Company against its objectives in its statement of intent.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements and performance information of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Our responsibilities arise from the Public Audit Act 2001.

David Gates

KPMG

On behalf of the Auditor-General

Wellington, New Zealand

28 August 2025

Other disclosures

He whākitanga anō

Donations

A donation of \$4,000 was made to Kauri 2000 for the year ended 30 June 2025.

Earnings per security

Earnings per \$1,000 of bonds on issue as at 30 June 2025 is \$0.81 (2024: \$0.46).

Net Tangible Assets

Net tangible assets per \$1,000 of listed bonds as at 30 June 2025 is \$5.20 (2024: \$5.12).

Amount per security of final dividends

Not applicable

Spread of Quoted Security Holders NZD Bonds

Holding Range	Holder Count	Holder Count %	Holding Quantity NZD 000's	Holding Quantity %
10,000 to 49,999	394	49%	9,096	0.06
50,000 to 99,999	120	15%	7,568	0.07
100,000 to 499,999	156	19%	30,495	0.25
500,000 to 999,999	27	3%	18,178	0.11
1,000,000 or more	108	13%	18,702,760	99.51
Total	805	100%	18,768,097	100.00

Top 20 bondholders across all NZD bonds

As at 30 June 2025	Total NZD 000's
HSBC Nominees (New Zealand) Limited O/A Euroclear Bank	3,749,966
Bank of New Zealand	1,946,020
ANZ Bank New Zealand Limited	1,746,855
BNP Paribas Nominees (NZ) Limited	1,899,033
HSBC Nominees (New Zealand) Limited	1,269,941
Westpac New Zealand Limited	1,057,777
TEA Custodians Limited Client Property Trust Account	871,545
ASB Bank Limited	738,400
Reserve Bank of New Zealand	732,000
HSBC Nominees (New Zealand) Limited A/C State Street	361,620
Westpac Banking Corporate NZ Financial Markets Group	353,520
Citibank Nominees (New Zealand) Limited	309,786
ANZ Fixed Interest Fund	264,960
Kiwibank Limited	255,000
FNZ Custodians Limited	210,406
ANZ Custodial Services New Zealand Limited	204,951
Hong Kong and Shanghai Banking Corporation Limited	187,550
Custodial Services Limited	187,484
Forsyth Barr Custodians Limited	168,193
ANZ Wholesale NZ Fixed Interest Fund	108,030

Directory

Rārangi tauwaea

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Wellington 6145

Phone

+64 4 974 6530

Office hours

Monday – Friday, 9am to 5pm
Except Public Holidays

General enquiries

lgfa@lgfa.co.nz

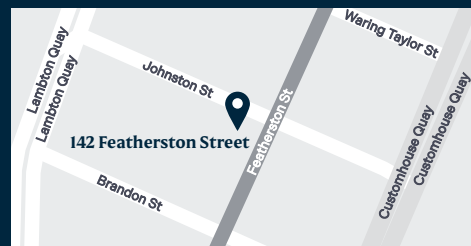
Staff e-mail addresses

firstname.lastname@
lgfa.co.nz

Wellington

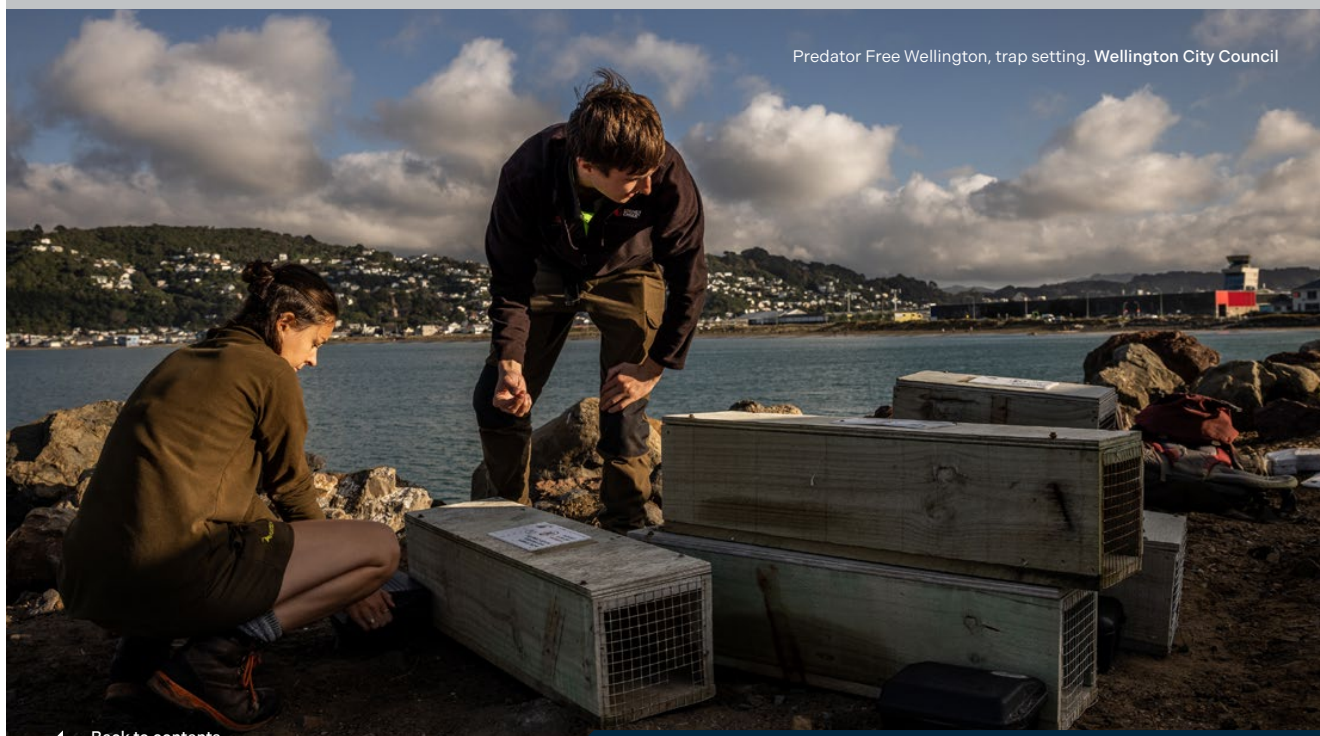
Registered office

Level 11
City Chambers
142 Featherston Street
Wellington 6011
(entrance on Johnston Street)



Auckland

Level 7
The Shortland Centre
55 Shortland Street
Auckland 1010



Predator Free Wellington, trap setting. Wellington City Council

[Back to contents](#)



28 August 2025

Dear Shareholder,

LGFA 2025 Annual Report

The LGFA Annual Report for the 12-month period to 30 June 2025 is now available from the LGFA website: [LGFA 2025 Annual Report](#)

We are pleased to highlight a strong year for LGFA that included a number of financial and non-financial achievements.

Financial performance was strong with Net Operating Profit of \$19.0 million compared to \$10.05 million for the prior year. Our total operating income was higher, and our operating expenses were lower than the Statement of Intent (SOI) forecasts.

We achieved 17 out of 21 SOI performance objectives. Sector borrowing was less than our forecast and we missed the SOI targets for loans made to the sector, market share and the number of new sustainable loans. We had one minor breach of the Foundation Policies which was regrettable but was rectified immediately without any financial loss.

We undertook several initiatives which will underpin the success of the business well into the future.

- We broadened our funding base with the establishment of a European Medium-Term Notes (EMTN) Programme. This reduces our financing and liquidity risk and delivered a cost of borrowing (on a fully hedged basis) over the past financial year below that of our comparable domestic borrowing levels.
- We negotiated a refreshed Crown Liquidity Facility that is upsized and extended in tenor.
- Our Stand Alone Credit Profile increased two notches under the revised credit ratings methodology adopted by S&P Global Ratings.
- We introduced more flexible financing for high growth councils and enabled lending to new water Council controlled Organisations.

Our Annual General Meeting (AGM) will be held on Tuesday 18 November 2025 in Wellington. We will send out a Notice of AGM by Tuesday 16 September 2025 and look forward to seeing you there.

Please do not hesitate to contact me if you have any comments or questions.

Kind regards

A handwritten signature in black ink, appearing to read 'Mark Butcher', is written over a light blue horizontal line.

Mark Butcher
Chief Executive

New Zealand Local Government Funding Agency Limited
Auckland Level 7, The Shortland Centre, 55 Shortland Street
Wellington Level 11, City Chambers, 142 Featherston Street
PO Box 5704, Lambton Quay, Wellington 6145 | Phone +64 4 974 6530
lafa.co.nz





Hutt City Council
Private Bag 31912
Lower Hutt 5040

Attn: Jenny Livschitz

DIVIDEND STATEMENT

Record date: 28 August 2025
Payment date: 1 September 2025

Bank account to be credited: 03-0531-0429500-04
IRD Number: 52-097-053

FINAL DIVIDEND OF 6.70 CENTS PER SHARE

Class of Security	Holding	Payment Rate	Dividend Amount
ORDINARY PAID UP SHARES	100,000	6.70c	6,702.00

No imputation credit is attached or withholding tax deducted.

Kind regards,

A handwritten signature in black ink, appearing to read 'Mark Butcher', is written over a light blue horizontal line.

Mark Butcher
Chief Executive

New Zealand Local Government Funding Agency Limited
Auckland Level 7, The Shortland Centre, 55 Shortland Street
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lafa.co.nz



19 September 2025**Report no: PFSC2025/5/276**

Urban Plus Limited Group Annual Report for the year ended 30 June 2025

Purpose of Report

1. To provide the Committee with the unaudited Annual Report for Urban Plus Limited and Group (UPL) for the year ended 30 June 2025.

Recommendation

That the Committee receives and notes the unaudited Annual Report for Urban Plus Limited and Group for the year ended 30 June 2025 attached as Appendix 1 to the report.

Background

2. It is a requirement of the Local Government Act 2002 that a Council Controlled Organisation (CCO) delivers to its shareholders an annual report on the organisation's operations. This report is presented to the Committee for information.
3. Cameron Madgwick (Board Chair) and Daniel Moriarty (Chief Executive) will be at the meeting to present the unaudited Annual Report 2024-25 and answer any questions.

Discussion

4. Due to Audit New Zealand resourcing constraints, they have been unable to complete the audit of the annual report for the 2024-25 yet and ahead of the statutory deadline of 30 September 2025. The audit is expected to be completed in late October.
5. The unaudited Annual Report is attached as Appendix 1 to this report. The Annual Report details the results and achievements for the year. This report was approved by the board on 26 September 2025, subject to final audit clearance.
6. Once completed, Council is expecting to receive an unmodified audit opinion from Audit New Zealand.

Climate Change Impact and Considerations

7. The implementation of the HomeStar 6 Rating and new environmental standards for new housing developments will support Council in its objective to address the impacts of climate changes.

Consultation

8. There are no consultation requirements arising from this report.

Legal Considerations

9. The statutory deadline for completion of the Annual Report 2024-25 was on 30 September 2025 for all Council Controlled Trading Organisations with 30 June balance dates. However, as noted in paragraph 4, it is unlikely to be completed by this date.

Financial Considerations

10. The audit is yet to be completed; however an unmodified audit opinion is expected.

Appendices

No.	Title	Page
1 ↓	Urban Plus Limited and Group Annual Report 30 June 2025	122

Author: Yaolang Chung
Senior Financial Accountant

Reviewed By: Darrin Newth
Financial Accounting Manager

Reviewed By: Jenny Livschitz
Group Chief Financial Officer

Approved By: Daniel Moriarty
Chief Executive, Urban Plus



DRAFT URBAN PLUS LIMITED & GROUP ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2025



Render Image of 12 Hollard Grove, Avalon

Urban Plus Limited | 2024-25 Annual Report

CHAIR'S REPORT

The Urban Plus Group Board is privileged to continue to serve the Hutt City community. The focus of the past year has been managing multiple projects that came to the sales point in the development cycle in a challenging economic environment.

During the 2024/25 FY, the nationwide residential construction and property development sector experienced significant shifts. After several years of heightened activity, escalating property values, and market volatility, the industry entered a phase of recalibration marked by restrained optimism.

Residential construction volumes declined by approximately \$1 billion compared to the previous year. This downturn was primarily driven by rising interest rates, decreasing housing affordability, reduced developer confidence, and a general slowdown in projects as many adopted a wait-and-see approach.

While building consent numbers fell sharply, construction costs saw a modest increase. This saw continued pressure on project viability despite reduced activity levels. Population growth remained out of step with new housing supply. This led to some local developers holding but not developing their land in anticipation of a market rebound.

The Wellington region and Auckland were among the most impacted areas, with Wellington experiencing a notable 25% drop in property values over the period.

The delivery team has been well coordinated by our Chief Executive to achieve a finely detailed sequential programme across a range of active construction sites. This precision execution is within the context of an increasingly tight construction industry and real estate market, with high interest rates and an economic slowdown providing increasing pressures on both delivery and sales.

The Urban Plus Group Board members bring a range of knowledgeable perspectives across local community, social housing, construction innovation, legal, financial, health and safety, and are experienced governors. The Board remains focused on delivering a strategic response to the evolving economic landscape while meeting the expectations of its shareholder.

The Board remains connected to the broader national political context and the changes to community housing financing. Urban Plus Group is well positioned to deliver across the housing continuum (with a focus on social housing) to a wide range of stakeholders. Partnerships with mana whenua and housing provision entities are increasingly important.

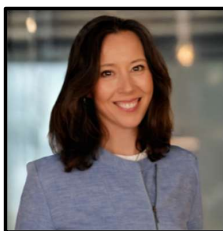
At an operational level, the Board is fully committed to supporting our Chief Executive and the Group team. Enabling our tenants with increased community-based amenities and heating upgrades is a core focus. Achieving sustainable design through the Homestar 6-star certification remains a priority, as is the achievement of Lifemark 5-star accessible units for ground-floor conditions.

The Urban Plus Group Board looks forward to working to deliver more safe, dry, healthy homes in Te Awa Kairangi Ki Tai in the year ahead.



A blue ink signature of Cameron Madgwick, written in a cursive style.

Cameron Madgwick
Chair (February 2025 – June 2025)



A blue ink signature of Pamela Bell, written in a cursive style.

Pamela Bell
Chair (April 2021 – February 2025)

CHIEF EXECUTIVE'S REPORT

I am pleased to report on the year's activities and results – it has been a year of focussing on the completion (and bringing to market) of several residential development projects in what has been a very sluggish and low-value housing market - the antithesis of what the prior few years had been for the property market.

Our in-house construction capability demonstrated, yet again, its worth by completing projects ahead of programme, and within approved budget. We continued to maintain our high-quality standards, which are critical to our success and reputation in delivering warm dry, safe homes to the three operational tranches of our business – Community Housing Providers, the general market, and our own residential rental portfolio.

Whilst our internal capabilities have delivered, it has been the significant changes to property values that have affected our financial aspirations. Over the last year, the Wellington property market has decreased by 25% - a significant value change considering when our business cases were approved. The magnitude of the drop in values has been the core reason for the Group's lower than anticipated financial performance this year.

Current Development Projects within the Three Operational Tranches

UPL Residential Portfolio

Our development team progressed our strategic project in Hollard Grove, Avalon, by engaging Miles Construction as main contractor to build eighteen units (within a multi-level building), as well as obtaining Building Consent. Construction will commence in July 2025, with completion planned for October 2026. This project forms part of a wider redevelopment of adjacent UPL-owned properties in the upcoming years.

Officers undertook a review of infill potential within the existing portfolio. Minimal opportunities exist due to UPL strategically undertaking these opportunities in previous years, when options in the market were scarce.

Community Housing Provider (CHP) Partnership Projects

The construction of seventeen homes was completed in Stanley Street (Wainuiomata) and sold to Poua ki Raro (the housing entity of He Herenga Kura). This project provided a mix of two-, three- and four-bedroom homes with provision for off-street parking. We are pleased to have partnered again with He Herenga Kura (HHK) - formerly Kahungunu Whānau Services (KWS) on this exciting project, with who UPL successfully partnered with three years ago in Taita to deliver another nineteen homes for whānau.

Our project at 55 Britannia Street (Petone), consisting of twelve three-bedroom townhouses, was intended to be sold to a CHP upon completion. Fiscal pressures on CHPs and changes at Central Government levels regarding placement numbers and funding allocation pathways restricted any certainty on an end CHP partner for the project, and despite our best endeavours to source a partner,

the decision was made to pivot towards taking these homes to market to sell. See below in the **‘For Market’ Projects** section for further information.

Our Tawhai Street development offers a variety of housing typologies and a communal area for everyone to socialise and promote community outcomes. The 24/25 FY was focussed on construction and keeping to programme (completion is on track for September 2025). UPL has sought a CHP to partner with, and sell this development to – however, over a dozen CHPs have already declined the opportunity. With the changes made at central government level, a CHP sale looks increasingly unlikely.

‘For Market’ Projects

We achieved the completion of Brook Street (20 homes) and Tama Street (6 homes) projects and brought these to market. Whilst we saw good numbers through open homes at both locations, sales were very sluggish, with purchasers benefitting from a wide variety of housing stock in the market. Potential purchasers chose to wait for Reserve Bank announcements, and with market commentary that the OCR would continue to fall (thus affecting further drops to mortgage rates). They also continued to wait prior to fully committing to any new-build purchase. Additionally, the market saw more interest and uptake in existing homes, where a larger backyard and internal garaging offered more than the new build townhouse typology for the same monetary value. At year-end, sixteen sales were achieved at Brook Street, and four conditional contracts were in place for Tama Street (to settle in early 25/26 FY).

As mentioned above, UPL pivoted its Petone project to the general market from the intended CHP outcome. The financial impact of moving to market and non-forecast holding costs in doing so saw an unfavourable year-end position for this project. The aforementioned drop in Wellington property values meant UPL had to recalibrate its sales expectations from its original forecasts.

At year-end, twenty-one sales were achieved, with three homes under conditional offer, and eight remaining unsold.

Our next market development has already commenced. Thirty homes (all two-bedroom typologies) in Epuni are under construction. UPL conditionally entered into a Development Agreement with Kāinga Ora to purchase and develop a 4,400m² land parcel in Cambridge Terrace – with requirements to offer at least one-third of the homes to entities that provide Progressive Home Ownership (PHO) models to their cohorts. The project will be completed mid-25/26 FY.

Residential Portfolio

Our regular maintenance work across the portfolio continues; as well as this, planned capital upgrade works are actioned, especially where vacancies occur, and contractors can provide a significant refresh of units before a new tenancy commences.

Our annual survey for tenants was recently completed. We received a tenant satisfaction rating of 94%. This is an increase of 4% from the previous year’s results which is really pleasing.

Note: Our housing portfolio numbers remain at 187 units (this does not include the 19 bedsit rooms at 38 Britannia Street which UPL leases to Wellington City Mission). Additionally, UPL continues to manage three apartments on behalf of the Shareholder.

Healthy Homes Upgrade to Residential Portfolio

The Healthy Homes upgrade programme has been an extensive piece of work to manage and implement over the last two years, and my thanks go to our Housing Manager for her continued focus, contractor management, and delivery of these works. I am pleased to confirm that our residential portfolio is Healthy Homes compliant.

Mana Whenua

As noted above (see Community Housing Provider Partnership Projects), UPL continued its partnership with He Herenga Kura (HHK) formerly Kahungunu Whānau Services, by undertaking and completing a seventeen-home development in Stanley Street, Wainuiomata.

Wainuiomata Marae Papakāinga Project Management: UPL is leading a twelve-home papakāinga project on behalf of the Wainuiomata Marae Charitable Trust. The development's kaupapa is focused on whānau and environmental wellbeing, utilising the marae's whenua to provide affordable rentals to whānau in the local community. This project is a testament to the vision and dedication of the Wainuiomata Marae, and its commitment to enabling and empowering its whānau with sustainable and community-oriented housing. We have already received Resource Consent, and the Trust has secured 100% funding for the project.

Officers continue to look at ways to provide pathways for Māori and Pasifika students / cadets into UPL project workstreams directly, and indirectly via our main / subcontractors by way of apprenticeships.

38 Britannia Street - Leasing Arrangements

UPL renewed its lease with Wellington City Mission for another year regarding the 38 Britannia Street premises (19 rooms) in Petone.

Health, Safety & Wellbeing

UPL has continued to strengthen its knowledge and approach to health and safety throughout the year. We extend our thanks to HCC's Health & Safety Manager, Steffan Cavill-Fowler, for his ongoing support through regular updates, training sessions, and valuable insights provided to our team.

As part of our commitment to continuous improvement, UPL has developed a Contractor Expectations document, which will be implemented for the upcoming 12 Hollard Grove project. In parallel, UPL officers have identified and created a Critical Risk Register. The next phase of this work will involve a detailed analysis of the critical controls currently in place to mitigate these identified risks.

Health and safety regulations and compliance requirements remain a key area of focus across all UPL construction sites. We continue to ensure that protocols and standards are actively followed by all contractors and their teams.

Early Contractor Involvement (ECI)

Our ECI panel remains available for large-scale projects. UPL engaged Miles Construction to design (and subsequently build in 2025/26 FY) our 12 Hollard Grove project. This development will add a further 18 one-bedroom homes in Avalon to UPL's residential portfolio, aimed at accommodating the low-income elderly. UPL benefits from utilising the in-house experience, learned knowledge, access

to better buying power (in terms of suppliers) and capabilities Miles Construction offers. Both Resource and Building Consents have been issued, and the construction contract has been formalised with Miles Construction. On-site works will commence in July 2025.

Director Appointments & Resourcing changes

There have been some resourcing changes at both Board and officer levels at UPL. Pamela Bell stepped down as Chair in February (but remains a Director), with Cameron Madgwick appointed as UPL Board Chair at that time.

We welcomed Angelique Jackson, who was appointed as a UPL Director in late May. Angelique replaced Peter Fa'afiu as Director, whose five-year tenure ended in June.

At an operational level there were departures in the Development Manager and Construction Manager roles in the latter stage of the FY. Whilst the employment market is buoyant currently, finding suitable resources to fill these roles has been challenging. We successfully onboarded one Development Manager in late June.

Homestar 6

We also continue to utilise the Homestar 6 methodology in all our design and construction processes for residential development. Our continued aim is to act as a local leader and promote this sustainable and environmentally responsible way of construction in the hope that it is embraced by others working within the industry – locally and nationwide. Our hope is that it acts as a starting point for others and raises the overall standards of housing development within Lower Hutt.

At year-end, every completed UPL project had achieved Homestar 6 Design & Build accreditation. Our commitment to the Homestar model was acknowledged recently at the New Zealand Green Building Council (NZGBC) conference in Tāmaki Makaurau/ Auckland.

Final thoughts

My sincere thanks to the UPL team – it has been a very challenging year in a variety of ways. Despite these pressures, we have always kept positive, dedicated and maintained our supportive culture. I am very proud of the team and what they have achieved both individually in their respective roles, and as a team in delivering our wider objectives.

My final thanks go to our Board of Directors – (new) UPL Chair Cameron Madgwick, (former) UPL Chair Pamela Bell, Keri Brown, Peter Glensor, Peter Fa'afiu, and Phillip Jacques. Thank you all for your valued contributions and support of me and our fantastic team. We bid a sincere farewell to Peter Fa'afiu, who departs the Board after his five-year service. Peter has brought an incredible amount of value to UPL, from which we have greatly benefited.

Our focus for the 2025/26 FY will be on delivering for our tenants, partners, and the Shareholder, and ensuring our quality standards are kept high while providing warm, safe, and dry homes to our partners and the wider community.



A handwritten signature in dark ink, appearing to read 'D Moriarty', written in a cursive style.

Daniel Moriarty
Chief Executive

INTEREST REGISTER

Urban Plus Limited	Interests
Directors	
Cameron Madgwick (Chair)	Laura Fergusson Trust Wellington Incorporated – Chair Laura Fergusson Trust New Zealand Incorporated – Chair Laura Fergusson New Zealand Limited – Chair Morley Nominees Limited – Director Magma Healthcare Limited – Chair Gibson Sheat Lawyers – Chief Executive UPL Developments Limited – Director UPL Limited Partnership – Director Urban Plus Limited – Director
Pamela Bell	ConCOVE – Board Member Project Bellbird Limited – Director & Shareholder UPL Developments Limited – Director UPL Limited Partnership – Director Urban Plus Limited – Director Victoria University of Wellington – Adjunct Professor at School of Architecture Seaview Marina – Director (ceased June 2025) NZ Institute of Building – Chief Executive Abodo Wood Ltd – Independent board advisor (ceased April 2025) New Zealand Construction Industry Council – Chair
Peter Edwin Glensor	Common Life Limited – Director & Shareholder Hutt City District Licencing Committee – Member Problem Gambling Foundation – Board Member Shetland Society of Wellington – Secretary Te Reo o Nga Tangata/The People Speak – Member UPL Developments Limited – Director UPL Limited Partnership – Director Urban Plus Limited – Director Wesley Community Action – Chairman Neighbours Day Aotearoa – Trustee
Cr Keri-Anne Pania Brown	Arakura School Board Hutt City Councillor – Wainuiomata Ward Hutt Valley DHB Board Fulton Hogan / John Holland (Partner) – Logistics Manager Shea Pita Associates Limited – Associate Urban Plus – (Mother is a tenant in Bell Road) UPL Developments Limited – Director UPL Limited Partnership – Director Urban Plus Limited – Director Wainuiomata Community Board Energy Hardship Independent Panel – Chair Tuanui Housing Project – Steering Group Member Wainuiomata Marae Housing Steering Group Electricity Authority – Advisory Panel
Petelo (Peter) Fa'afiu	Amnesty International Charity Limited - Global Vice Chair Finance Advice NZ - Independent Director CORE Education Limited - Independent Director Counties\Manukau Rugby Football Union - Independent Director Monte Cecilia Housing Trust - Chair Sacred Heart College (Auckland) BOT - Trustee

	Innovation Franklin - Trustee Navigator Limited - Shareholder / Partner Environmental Protection Authority - Expert Panellist UPL Developments Ltd - Director (ceased 01 July 2025) UPL Limited Partnership - Director (ceased 01 July 2025) Urban Plus Limited - Director (ceased 01 July 2025)
Phillip Jacques	UPL Developments Limited - Director UPL Limited Partnership - Director Urban Plus Limited - Director Te Ātiawa Asset Holding Company Ltd - Non-executive Director Medical Council of New Zealand - Independent Member – Audit and Risk Committee Te Ātiawa o Te Waka-a-Māui Trust – Member Audit and Risk Committee Human Rights Commission - Independent Member - Audit and Finance Committee Jacques Consulting Limited - Director New Zealand Law Society - Chair – Finance, Audit and Risk Committee The New Zealand Treasury - Primary Client Tū Ora Compass Health - Trustee and Chair Finance and Risk Committee Tōtaranui Te Ātiawa General Partner Limited New Zealand International Commercial Pilot Academy Limited – Director (ceased 23 May 2025) Aero Care Limited – Director (ceased 23 May 2025)
Angelique Jackson	Tuia Group - Principal Consultant Te Hopai Trust - Trustee UPL Developments Limited - Director UPL Limited Partnership - Director Urban Plus Limited - Director
Chief Executive	
Daniel Christopher Moriarty	DNA Family Trustee Limited, Shareholder DNA Holdings (2018) Limited, Director Forza Limited, Director

STATEMENT OF SERVICE PERFORMANCE

Measure	Target 2025	Achievement 2025	Target 2024	Achievement 2024
Rental Housing				
1.1. Capital expenditure within budget.	Capital \$5,849,064	Achieved \$618,063 89% under budget Mainly due to the start date of civil and construction phase for 12 Hollard Grove have been rescheduled to July 2025.	Capital \$3,722,282	Achieved \$2,131,428 43% under budget
1.2. Operational expenditure within budget ⁽¹⁾	Operating \$1,719,522	Not Achieved \$1,763,079 3% over budget Due to a number of vacant units undergoing refurbishment before being re-tenanted.	Operating \$1,703,405	Not Achieved \$1,884,077 11% over budget
1.3. Net surplus before depreciation and tax and after finance expenses as a proportion of the net book value of residential land and buildings at the start of the year greater than 2.25% ⁽²⁾	2.25%	Not Achieved 0.76% The target of 2.25% has been set for many years. It is not achievable due to the age of the properties which require a lot of maintenance especially after tenants moved out.	2.25%	Not Achieved 0.47%
1.4. Tenant satisfaction with the provision of the company's rental housing greater than or equal to 90% ⁽³⁾	90%	Achieved 94%	90%	Achieved 90%
1.5. Percentage of total housing units occupied by low-income elderly greater than or equal to 90% ⁽⁴⁾	90%	Not Achieved 80.77% identified NZ National Superannuation as their primary source of income. The existing tenants at previously acquired properties have lowered this percentage. ⁽⁴⁾	90%	Not Achieved 80.77% identified NZ National Superannuation as their primary source of income. The existing tenants at recently acquired properties have lowered this percentage. ⁽⁴⁾
1.6. Annual rental increases to be no greater than \$50 per week per unit	No greater than \$50 per week per unit	Achieved Rent increase \$11 per week per unit .	No greater than \$50 per week per unit	Achieved Rent increase no less than \$4 and no greater than \$20 per week per unit
1.7. Increase the portfolio size to 220 units by December 2025	220 units by December 2025	Not Achieved UPL has 187 units (not including 38 Britannia St). Due to delays in starting 12 Hollard Grove project. The measure will change in 2025/26 SOI to 10 units per year.	220 units by December 2024	Not Achieved UPL has 188 units (including 5 units at 17 Britannia St, which were completed in June 2024)

Measure	Target 2025	Achievement 2025	Target 2024	Achievement 2024
1.8. Any rental housing units purchased and not already utilising electricity or renewable sources of energy for space heating, water heating, and cooking facilities, shall be converted to utilise only electricity or renewable sources of energy within five years of acquisition	Convert all purchased units that do not already do so, to utilise only electricity or renewable sources of energy for space heating, water heating, and cooking facilities within five years of acquisition	N/A No units in the existing portfolio utilise non-renewable energy sources. No units acquired during 2024/25 utilise non-renewable energy sources	Convert all purchased units that do not already do so, to utilise only electricity or renewable sources of energy for space heating, water heating, and cooking facilities within five years of acquisition	N/A No units in the existing portfolio utilise non-renewable energy sources. No units acquired during 2023/24 utilise non-renewable energy sources
1.9. New rental housing units constructed by UPL to utilise only electricity or renewable sources of energy for space heating, water heating and cooking facilities	All units constructed by UPL to utilise only electricity or renewable sources of energy for space heating, water heating and cooking facilities	Achieved	All units constructed by UPL to utilise only electricity or renewable sources of energy for space heating, water heating and cooking facilities	Achieved 5 units were constructed during 2023/24
Measure	Target 2025	Achievement 2025	Target 2024	Achievement 2024

Property Development				
1.10. Capital expenditure within budget	Capital \$27,958,346	Achieved \$19,924,803 29% under budget The start date of the construction phase for the Cambridge Terrace project was rescheduled to two months later and the \$3.6M land payment was not expected to happen until the new financial year. The commencing of Colson/Hollard Grove project has been delayed due to public consultation regarding the reserve land, which takes time. As result, the land transfer from UPL Limited and UPL DL for this project has not taken place. Additionally, the civil and construction phase of the Tawhai St, Stanley and Tama projects caught up in the current year after being delayed in prior year. The Brook St project was ahead of the budget last year, however, the budget was set in the current year.	Capital \$11,858,328	Not Achieved \$12,643,390 7% over budget
1.11. Operational expenditure within budget ⁽¹⁾	Operating \$2,084,096	Achieved \$1,963,510 6% under budget	Operating \$1,745,709	Achieved \$1,496,144 14% under budget

Measure	Target 2025	Achievement 2025	Target 2024	Achievement 2024
1.12. All new developments shall only utilise electricity or renewable sources of energy for space heating, water heating and cooking facilities	All new developments shall only utilise electricity or renewable source of energy for space heating, water heating and cooking facilities	Achieved	All new developments shall only utilise electricity or renewable source of energy for space heating, water heating and cooking facilities	Achieved
1.13. All new housing units (standalone house or townhouse) shall achieve a certified HomeStar design rating of at least six stars ⁽⁵⁾	All new housing units to achieve a HomeStar™ rating of at least six stars	N/A No projects received HomeStar design rating accreditation within this financial year	All new housing units (standalone house or townhouse) shall achieve a certified HomeStar design rating of at least six stars ⁽⁵⁾	Achieved All housing units received a HomeStar™ design rating of at least six stars
1.14. A pre-tax return of not less than 20% on Development Costs including Contingency on each commercial development project (except where the Board and Shareholder agree otherwise to achieve specified objectives)		N/A – Removed as a performance measure in 2024/25 SOI	20%	N/A No 'Market' housing development projects were completed during 2023/24.
1.15. A pre-tax return of not less than 15% on Development Costs including Contingency on housing released to market as 'Affordable' (except where the Board and Shareholder agree otherwise to achieve specified objectives)	Not less than 15%	Not Achieved Overall 12.08% The pre tax return was not achieved due to a reduction in property values and slow sales, increased holding costs.	15%	N/A No 'Affordable' housing development projects were completed during 2023/24
1.16. Value of divestment to Community Housing Provider (or socially likeminded organisations) set at each project's Development Cost (includes contingency and GST) plus a margin of no greater than 12.5% (except where the Board and Shareholder agree otherwise to achieve specified objectives)	Not greater than 12.5%	Achieved 5.54% Board approved a reduced sales price	12.5%	N/A No divestments to Community Housing Providers were made during 2023/24
1.17. Long-term public rental accommodation pre-tax returns at no less than (or equal to) 3.0% after depreciation.	Not less than or equal to 3.0%	Not Achieved Five new units at 17a Britannia St have a pre-tax return after depreciation of 0.93% due to incurring higher depreciation charges than budgeted.	3.5%	N/A We completed 5 long-term public rental accommodations in June 2024, but they were untenanted.

Measure	Target 2025	Achievement 2025	Target 2024	Achievement 2024
Professional Property Advice				
1.18. Achieve a market return on additional services provided to the shareholder	Achieve a market return on additional services provided to the shareholder	N/A Additional services were not charged to the shareholder during 2024/25	Achieve a market return on additional services provided to the shareholder	N/A Additional services were not charged to the shareholder during 2023/24

- (1) Operating expenditure before depreciation and tax expense and finance cost
- (2) Calculated as net surplus plus depreciation, over the opening value of residential land and buildings.
- (3) This measure is from a survey of tenants who on a 5-point rating scale, with 3 being 'neutral', rated their satisfaction as satisfied or better. There was a response rate of 45.6% from the 182 surveys sent.
- (4) Information on the existing tenants at 38 Britannia St are not included in the calculation as this property has leased out to Wellington City Mission.
- (5) Homestar™ is an independent rating tool for assessing the health, efficiency, and sustainability of homes. Homestar™ built ratings are achieved after assessments completed once projects obtain practical completion.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

Urban Plus Limited | 2024-25 Annual Report

FINANCIAL STATEMENTS

Statement of Compliance and Responsibility

The Board and management of Urban Plus Limited (UPL) and Group (the Group) confirm in relation to the Annual Report that all statutory requirements as outlined in the Local Government Act 2002 have been complied with.

Responsibility

The Board and management of the Group accept responsibility for the preparation of the annual Financial Statements and the Statement of Service Performance, and the judgements used in them.

The Board have authority to sign these financial statements.

The Board and management of the Group accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Board and management of the Group, the annual Financial Statements and the Statement of Service Performance for the year ended 30 June 2025 fairly reflect the financial position and operations of the Company.



A blue ink signature of Cameron Madgwick, written in a cursive style.

Cameron Madgwick

Chair



A blue ink signature of Phillip Jacques, written in a cursive style.

Phillip Jacques

Director

Statement of Comprehensive Revenue and Expenses for the Year Ended 30 June 2025

	Notes	PARENT			GROUP		
		Actual 2025	Budget 2025	Actual 2024	Actual 2025	Budget 2025	Actual 2024
Revenue							
Property rents/leases		2,792,887	2,842,460	2,661,268	2,792,887	2,842,460	2,661,268
Interest revenue	2	2,294,958	2,237,636	1,877,557	458,102	711,416	1,054,346
Property management fees		481,448	356,946	329,160	69,840	464,594	8,160
Commercial development sales		-	-	-	23,246,087	38,065,347	-
Total revenue		5,569,293	5,437,042	4,867,985	26,566,916	42,083,816	3,723,774
Expenses							
Personnel expenses	4	1,237,512	1,359,131	1,107,599	1,237,514	1,359,131	1,107,599
Operating expenses	5	2,130,920	2,160,187	2,175,330	2,489,075	2,444,517	2,217,519
Finance expenses	3	2,629,184	2,745,478	2,087,283	2,629,184	2,745,478	2,087,283
Cost of commercial development sales		-	-	-	20,884,720	30,615,976	-
Asset write-offs		-	-	55,104	-	-	55,104
Depreciation and amortisation	11	1,095,814	746,425	724,466	1,095,814	746,427	724,466
Total expenses		7,093,431	7,011,221	6,149,782	28,336,308	37,911,529	6,191,971
Surplus/(Deficit) before tax		(1,524,137)	(1,574,181)	(1,281,797)	(1,769,392)	4,172,287	(2,468,197)
Income tax expense / (benefit)	6	(71,100)	419,534	(173,993)	(64,935)	419,534	(180,158)
Surplus/(Deficit) after tax		(1,453,037)	(1,993,715)	(1,107,805)	(1,704,457)	3,752,753	(2,288,039)
<i>Surplus/(Deficit) attributable to:</i>							
Urban Plus Limited		(1,453,037)	(1,993,715)	(1,107,805)	(1,704,457)	3,752,753	(2,288,039)
Other comprehensive revenue and expenses							
<i>Items that will not be reclassified to surplus / (Deficit)</i>							
Gain/(loss) on property revaluation		-	-	(91,689)	-	-	(91,689)
Add/(Less) tax on revaluation		-	-	(1,734,687)	-	-	(1,734,687)
Total other comprehensive revenue and expenses		-	-	(1,826,376)	-	-	(1,826,376)
Total comprehensive revenue and expenses		(1,453,037)	(1,993,715)	(2,934,181)	(1,704,457)	3,752,753	(4,114,415)

Explanations of major variances against budget are detailed in note 27. The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the Year Ended 30 June 2025

	Notes	PARENT			GROUP		
		Actual 2025	Budget 2025	Actual 2024	Actual 2025	Budget 2025	Actual 2024
Balance at 1 July		46,095,922	47,624,064	49,030,103	49,161,053	50,601,519	53,275,468
Total comprehensive revenue and expenses for the year		(1,453,037)	(1,993,715)	(2,934,181)	(1,704,457)	3,752,753	(4,114,415)
Distribution of subsidiary surplus			8,049,689				
Balance at 30 June	19	44,642,884	53,680,038	46,095,922	47,456,596	54,354,272	49,161,053

Explanations of major variances against budget are detailed in note 26. The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2025

	Notes	PARENT			GROUP		
		Actual	Budget	Actual	Actual	Budget	Actual
		2025	2025	2024	2025	2025	2024
Current assets							
Cash and cash equivalents	7	21,079,408	18,084,665	9,429,277	21,082,442	18,088,339	9,589,615
Debtors and other receivables	8	18,801	-	30,793	44,628	-	39,236
Inventories	9	-	-	-	23,963,883	31,017,864	24,927,325
Loans to subsidiaries	10	1,370,000	-	10,370,784	-	-	-
Related party receivables	8	-	56,285	176,652	-	56,285	-
Tax receivables		19,010	-	19,212	19,021	-	19,212
Total current assets		22,487,219	18,140,950	20,026,718	45,109,974	49,162,488	34,575,388
Non current assets							
Property, plant and equipment	11	44,960,157	43,020,983	45,607,794	44,960,157	43,020,983	45,607,794
Assets under construction	13	1,905,543	3,102,193	1,752,569	1,905,543	6,827,018	1,752,569
Investment property	14	3,737,642	3,724,825	3,734,117	3,737,642	-	3,734,117
Loans to subsidiaries	9	17,605,000	30,335,275	10,847,022	-	-	-
Total non current assets		68,208,342	80,183,276	61,941,502	50,603,342	49,848,001	51,094,480
Total assets		90,695,561	98,324,226	81,968,220	95,713,316	99,010,489	85,669,868
Current liabilities							
Creditors and other payables	15	229,300	168,907	222,120	272,312	180,936	421,946
Employee entitlements	18	52,403	51,701	55,765	52,403	51,701	55,765
Liabilities to related parties		245,777	-	-	2,406,810	-	442,856
Tax payable		-	276,082	-	-	276,082	-
Total current liabilities		527,480	496,690	277,885	2,731,525	508,719	920,567
Non current liabilities							
Employee entitlements	18	52,553	50,669	50,670	52,553	50,669	50,670
Borrowings	16	43,000,000	43,000,000	33,000,000	43,000,000	43,000,000	33,000,000
Deferred tax liability		2,472,643	1,096,828	2,543,743	2,472,643	1,096,828	2,537,578
Total non current liabilities		45,525,196	44,147,497	35,594,413	45,525,196	44,147,497	35,588,248
Total liabilities		46,052,677	44,644,188	35,872,298	48,256,721	44,656,217	36,508,815
Net Assets		44,642,884	53,680,039	46,095,922	47,456,595	54,354,272	49,161,053
Equity							
Accumulated funds	15	928,657	8,139,436	2,381,695	3,742,368	8,813,669	5,446,826
Share capital	15	15,300,000	15,300,000	15,300,000	15,300,000	15,300,000	15,300,000
Revaluation reserve	15	28,414,227	30,240,603	28,414,227	28,414,227	30,240,603	28,414,227
Total equity		44,642,884	53,680,039	46,095,922	47,456,595	54,354,272	49,161,053

Explanations of major variances against budget are detailed in note 26. The accompanying notes form part of these financial statements.

Statement of Cash Flows for the Year Ended 30 June 2025

	PARENT			GROUP		
	Actual 2025	Budget 2025	Actual 2024	Actual 2025	Budget 2025	Actual 2024
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Cash was provided from:</i>						
Receipts from rent and leases	2,799,974	2,842,460	2,639,722	2,799,974	2,842,460	2,631,280
Receipt for management fee	481,448	356,946	329,160	52,174	464,594	8,160
Interest received	2,300,066	2,237,637	1,877,355	463,480	711,416	1,054,144
Receipts from sales of commercial developments	-	6,914,825	-	23,246,087	38,065,347	-
	5,581,488	12,351,867	4,846,237	26,561,714	42,083,816	3,693,583
<i>Cash was applied to:</i>						
Payments to employees	(1,238,992)	(1,359,131)	(1,108,176)	(1,238,994)	(1,359,131)	(1,108,176)
Payments to suppliers	(2,106,828)	(2,079,817)	(2,191,142)	(2,621,797)	(2,701,928)	(2,100,431)
Interest paid	(2,629,184)	(2,745,478)	(2,084,596)	(2,629,184)	(2,745,478)	(2,084,596)
Purchase of assets held for commercial developments	(3,525)	-	-	(19,924,803)	(27,958,346)	(12,643,390)
Tax paid	-	-	(304,710)	-	-	(304,710)
	(5,978,529)	(6,184,426)	(5,688,624)	(26,414,778)	(34,764,883)	(18,241,303)
Net cash flows from operating activities	(397,041)	6,167,441	(842,387)	146,936	7,318,933	(14,547,720)
CASH FLOWS FROM INVESTING ACTIVITIES						
<i>Cash was provided from:</i>						
Proceeds from loans to related parties	25,580,000	25,213,964	719,000	-	-	-
Other investment receipts	-	8,049,689	-	-	-	-
	25,580,000	33,263,653	719,000	-	-	-
<i>Cash was applied to:</i>						
Purchase and construction of property, plant and equipment	(618,063)	(5,849,064)	(2,131,427)	(618,063)	(5,849,064)	(2,131,426)
Loans to related parties	(23,337,194)	(32,002,714)	(14,166,191)	-	-	-
	(23,955,257)	(37,851,777)	(16,297,618)	(618,063)	(5,849,064)	(2,131,426)
Net cash flows from investing activities	1,624,743	(4,588,124)	(15,578,618)	(618,063)	(5,849,064)	(2,131,426)
CASH FLOWS FROM FINANCING ACTIVITIES						
<i>Cash was provided from:</i>						
Advances from related parties	422,429	-	-	1,963,953	-	-
Proceeds from borrowings	10,000,000	10,000,000	-	10,000,000	10,000,000	-
	10,422,429	10,000,000	-	11,963,953	10,000,000	-
<i>Cash was applied to:</i>						
Repayment of advances from related parties	-	-	-	-	-	418,374
	-	-	-	-	-	418,374
Net cash flows from financing activities	10,422,429	10,000,000	-	11,963,953	10,000,000	418,374
Net increase/(decrease) in cash and cash equivalents	11,650,131	11,579,317	(16,421,005)	11,492,827	11,469,869	(16,260,772)
Cash and cash equivalents at the beginning of the year	9,429,277	6,505,348	25,850,282	9,589,615	6,618,469	25,850,387
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	21,079,408	18,084,665	9,429,277	21,082,442	18,088,339	9,589,615

Explanations of major variances against budget are detailed in note 26. The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies

REPORTING ENTITY

Urban Plus Limited (UPL) is 100% owned by the Hutt City Council (HCC).

The Group consists of the ultimate parent, UPL, and its subsidiaries – UPL Developments Limited and UPL Limited Partnership - all 100% owned by UPL.

The Group's activities include property development, rental property management, provision of strategic property advice to Council and the purchase of surplus property.

UPL provides a portfolio of rental housing for the elderly and socially disadvantaged. UPL also provides professional property management services to HCC and will deal with any development property sold to it by HCC.

UPL is designated as a public benefit entity for financial reporting purposes. UPL has chosen to present the parent's financial results within the financial statements notwithstanding that this is not required by legislation.

The financial statements of UPL and the Group are for the year ended 30 June 2025. The financial statements were authorised for issue by the Board of Directors on xxxx 2025.

BASIS OF PREPARATION

Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 and the Companies Act 1993, including the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with International Public Sector Accounting Standards (IPSAS) and other applicable Financial Reporting Standards, as appropriate for public benefit entities (PBE) that apply the Public Benefit Entity Standards Reduced Disclosure Regime. As the Group's total expenses are under \$30,000,000 and the Group does not have public accountability as defined by the External Reporting Board (XRB) it can elect to report under this framework.

The consolidated financial statements have been prepared on a going concern basis, and the accounting policies have been consistently applied throughout the period.

Measurement base

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The consolidated financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings.

The financial statements are presented in New Zealand dollars and are rounded to the nearest dollar. The functional currency of the Group is New Zealand dollars. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the

transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the Statement of Comprehensive Revenue and Expenses.

New or amended standards adopted***Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1)***

Amendments to PBE IPSAS 1 Presentation of Financial Reports change the required disclosures for fees relating to services provided by the audit or review provider, including a requirement to disaggregate the fees into specified categories. The amendments to PBE IPSAS 1 aim to address concerns about the quality and consistency of disclosures and entity provides about fees paid to it audit or review firm for different types of services. The enhanced disclosures are expected to improve the transparency and consistency of disclosures about fees paid to an entity's audit or review firm. Refer to note 4 for details.

Standards, amendments and interpretations not yet effective

There is no other standards, amendments and interpretations that have been issued but are not yet effective or have been early adopted.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of consolidation**

The consolidated Financial Statements are prepared by adding together like items of assets, liabilities, equity, revenue and expenses of entities in the Group on a line-by-line basis. All intragroup balances, transactions, revenue and expenses are eliminated on consolidation.

Subsidiaries

UPL consolidates in the Group Financial Statements all entities where UPL has the capacity to control their financial and operating policies so as to obtain benefits from the activities of the subsidiary. The power exists where UPL controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by UPL or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary.

The Financial Statements of the subsidiary entities are prepared for the same reporting period as UPL, using consistent accounting policies. Subsidiary entities are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is lost. Assets, liabilities, revenue and expenses of a subsidiary entity acquired or disposed of during the year are included in the Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary entity.

Comparative data

Comparatives have been reclassified as appropriate to ensure consistency of presentation with the current year.

Goods and services tax

All items in the financial statements are stated exclusive of GST, except for receivables and payables. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by the Board at the beginning of the year. The same budget figures are used in UPL and Groups Statement of Intent, which was approved by HCC. The budget figures have been prepared in accordance with Tier 2 standards, using accounting policies that are consistent with those adopted by the Board for the preparation of the financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements, the Group has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Classification of property

The Group owns a number of properties held to provide housing to low-income elderly. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of UPL's social housing policy. The properties are therefore accounted for as property, plant and equipment rather than as investment property.

Estimation of the useful life and residual value of property, plant and equipment

At each balance date, the Group reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates requires the Group to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Group, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will affect the depreciable amount of an asset, therefore affecting the depreciation expense recognised in the surplus or deficit and the asset's carrying amount. The Group minimises the risk of this estimation uncertainty by:

- Physical inspection of assets;
- Asset replacement programs;
- Review of second hand market prices for similar assets; and
- Analysis of prior asset sales.

The Group has not made significant changes to past assumptions concerning useful lives and residual values.

Refer to the note 11 for a discussion of estimates and judgments in applying accounting policies.

Revenue

Revenue is measured at the fair value of consideration received.

Revenue from the rendering of services is recognised in proportion of the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Sale of goods are recognised when a product is sold to the customer. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in other expenses.

Property sales are recognised on settlement date, along with other expenses.

2. Interest revenue

Accounting policy

Interest revenue is recognised using the effective interest method. Interest revenue consists of interest received from the bank on call, short-term deposits with maturities of three months or less and its subsidiaries. Interest revenue is recognised in the statement of comprehensive revenue and expense as it is earned.

	Parent		Group	
	2025	2024	2025	2024
Interest revenue				
Call and term deposits	455,712	1,053,078	458,102	1,054,346
Related party deposits	1,839,246	824,479	-	-
Total interest revenue	2,294,958	1,877,557	458,102	1,054,346

3. Finance expenses

Accounting policy

Finance expenses consist of interest costs that the Group incurs in connection with the borrowing of funds from the Council. Finance costs are recognised as an expense in the financial year in which they are incurred.

	Parent		Group	
	2025	2024	2025	2024
Finance expenses				
Interest paid to related parties	2,629,184	2,084,596	2,629,184	2,084,596
Interest paid to bank	-	2,687	-	2,687
Total finance expenses	2,629,184	2,087,283	2,629,184	2,087,283

4. Personnel expenses

Accounting policy

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

Superannuation schemes

Defined contribution schemes

Employer contributions to KiwiSaver and is accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

	Parent		Group	
	2025	2024	2025	2024
Salaries and wages	1,156,324	1,003,686	1,156,326	1,003,686
Recruitment expenses	20,000	36,956	20,000	36,956
Training	9,431	10,652	9,431	10,652
Other employee expenses	25,464	28,156	25,464	28,156
Retiring and long service leave	1,141	1,141	1,141	1,141
Defined contribution plan employer contributions	33,881	25,942	33,881	25,942
Increase/(decrease) in employee entitlements/liabilities	(8,729)	1,066	(8,729)	1,066
Total personnel expenses	1,237,512	1,107,599	1,237,514	1,107,599

Employee staffing levels and remuneration

	Parent		Group	
	2025	2024	2025	2024
Full-time equivalent salaried employees	7	8	7	8
Full-time equivalent waged and temporary employees	-	-	-	-
Total Full Time Equivalent	7	8	7	8
Total number of staff	7	8	7	8

The number of employees earning per annum

Salary range	Parent		Group	
	2025	2024	2025	2024
\$170,000 - \$249,999	1	1	1	1
\$160,000 - \$169,999	1	3	1	3
\$150,000 - \$159,999	1	1	1	1
\$140,000 - \$149,999	-	-	-	-
\$130,000 - \$139,999	-	-	-	-
\$120,000 - \$129,999	1	-	1	-
\$110,000 - \$119,999	-	1	-	1
\$100,000 - \$109,999	-	-	-	-
Total Full Time Equivalent	4	6	4	6
Total number of staff	4	6	4	6

5. Operating expenses

	Parent		Group	
	2025	2024	2025	2024
Auditors' fees - Audit New Zealand on behalf of the Auditor General				
- for auditing the financial statements and service performance - current year	66,491	61,712	88,095	81,817
- additional fee for auditing the financial statements and service performance - prior year	11,277	-	11,703	-
Rent and lease costs	34,180	34,180	34,180	34,180
Professional services charges - Hutt City Council	99,082	97,169	99,082	97,169
Rates and waste water charges - Hutt City Council	330,594	283,638	330,594	283,638
Bank charges	24	10	278	187
Directors' fees	113,296	108,455	113,296	108,455
Insurance	238,713	233,162	243,663	233,162
Specialist services	97,985	92,535	113,685	112,499
Operational contracts	160,606	167,537	160,606	167,537
Repairs and maintenance	777,828	867,963	777,828	869,906
Other expenses	200,842	228,970	516,063	228,969
Total operating expenses	2,130,920	2,175,330	2,489,075	2,217,519

6. Taxation**Accounting policy**

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expenses or directly in equity.

Components of tax expense

	Parent		Group	
	2025	2024	2025	2024
Current tax expense	-	-	-	-
Adjustments to current tax in prior years	-	(1,044)	95,673	(1,044)
Deferred tax expense	(71,100)	(172,947)	(160,608)	(179,114)
Tax expense	(71,100)	(173,991)	(64,935)	(180,158)

Relationship between tax expense and accounting profit

	Parent		Group	
	2025	2024	2025	2024
Net surplus/(deficit) before tax	(1,524,139)	(1,281,796)	(1,769,403)	(2,468,197)
Tax at 28%	(426,759)	(358,903)	(495,430)	(691,095)
Non deductible expenditure	696	487	696	487
Prior year adjustment	89,508	(1,044)	95,673	(1,044)
Deferred tax adjustment	51,262	166,536	51,262	166,536
Non-taxable income	-	-	58,773	320,733
Tax on partnership share	136,470	(5,293)	-	-
Group loss offset	77,723	24,225	224,090	24,225
Tax expense	(71,100)	(173,993)	(64,935)	(180,158)

	Parent				
	Property, Plant & Equipment	Employee Entitlements	Other Provisions	Tax Losses	Total
Balance at 30 June 2023	(1,013,406)	31,594	(191)	-	(982,003)
Charged to surplus or deficit	29,374	(3,597)	853	146,316	172,947
Charged to other comprehensive income	(1,734,687)	-	-	-	(1,734,687)
Balance at 30 June 2024	(2,718,719)	27,998	662	146,316	(2,543,743)
Charged to surplus or deficit	219,335	(2,045)	126	(146,316)	71,100
Charged to other comprehensive income	-	-	-	-	-
Balance at 30 June 2025	(2,499,384)	25,951	788	-	(2,472,643)

	Group				
	Property, Plant & Equipment	Employee Entitlements	Other Provisions	Tax Losses	Total
Balance at 30 June 2023	(1,013,406)	31,594	(191)	-	(982,003)
Charged to surplus or deficit	29,374	(3,597)	853	152,481	179,112
Charged to other comprehensive income	(1,734,687)	-	-	-	(1,734,687)
Balance at 30 June 2024	(2,718,719)	27,998	662	152,481	(2,537,578)
Charged to surplus or deficit	219,335	(2,045)	126	(152,481)	64,935
Charged to other comprehensive income	-	-	-	-	-
Balance at 30 June 2025	(2,499,384)	25,951	788	-	(2,472,643)

During the year, tax losses of \$411,729 were transferred to HCC and Seaview Marina Limited by loss offset. No amount was paid in relation to this loss transfer. In relation to the current year, the Group is also intending to transfer tax losses of \$277k to HCC and \$378K to Seaview Marina by loss offset.

7. Cash and cash equivalents

Accounting policy

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

The carrying value of cash at bank and term deposits with maturities less than three months approximate their fair value. UPL does not hold funds (included in cash or cash equivalents) with restrictions specifying how the funds are to be spent.

	Parent		Group	
	2025	2024	2025	2024
Cash at bank on call & short term deposit	12,149,408	22,277	12,152,442	182,615
Cash on hand	8,930,000	9,407,000	8,930,000	9,407,000
Total cash and cash equivalents	21,079,408	9,429,277	21,082,442	9,589,615

8. Debtors and other receivables

Accounting policy

Debtors and other receivables are initially measured at the amount due, less an allowance for expected credit losses.

A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected. Indicators that there are no reasonable expectations of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

	Parent		Group	
	2025	2024	2025	2024
Debtors and rent receivable	18,800	30,793	44,627	39,236
Other receivables:				
Related party receivables	-	176,652	-	-
Gross debtors and other receivables	18,800	207,445	44,627	39,236
Less allowance for credit losses	-	-	-	-
Total debtors and other receivables	18,800	207,445	44,627	39,236
Total receivables comprises:				
Receivables from the sale of goods and services (exchange transactions)	18,800	207,445	44,627	39,236
Receivables from grants (non exchange transactions)	-	-	-	-

Fair value

Debtors and other receivables are non-interest bearing and receipts are normally on 30-day terms; therefore the carrying value of debtors and other receivables approximates their fair value.

Impairment

The carrying amount of receivables that would otherwise be past due or impaired, whose terms have been renegotiated, is \$nil (2024: \$nil).

9. Inventories

Accounting policy

Where development property is held for sale or development for sale, in the ordinary course of business, it is classified as inventory. Such property is recorded at the lower of cost and net realisable value (selling price less costs to complete and sale costs). Cost is allocated using Weighted Average method. Inventories acquired through non exchange transactions are measured at fair value at the date of acquisition.

Any write-downs to net realisable value are expensed in the net surplus/(deficit) for the year.

	Parent		Group	
	2025	2024	2025	2024
Commercial property development at 1 July	-	-	24,927,325	12,283,935
Cost of Sales of Commercial Development Property	-	-	(20,884,720)	-
Additional Developments during the year	-	-	19,921,278	12,643,390
Commercial property development at 30 June	-	-	23,963,883	24,927,325

No inventory is pledged as security for liabilities (2024: \$nil).

The write-down of inventory during the year was \$nil (2024: \$nil)

10. Loans to Subsidiaries

Accounting policy

Loans to subsidiaries are recognised at fair value and subsequently measured at amortised cost using the effective interest method less any expected credit losses (ECL).

	Parent		Group	
	2025	Actual 2024	2025	2024
Current portion				
Loans to subsidiaries	1,370,000	10,370,784	-	-
Total Current portion	1,370,000	10,370,784		
Non Current portion				
Loans to subsidiaries	17,605,000	10,847,022	-	-
Total Non Current portion	17,605,000	10,847,022		
Total loans to subsidiaries	18,975,000	21,217,806	-	-

Loans to subsidiaries are those transactions with UPL Limited Partnership and UPL Developments Limited - 100% owned subsidiaries.

11. Property, plant and equipment

Accounting policy

Property, plant and equipment consist of the following asset classes: land, buildings, and plant and equipment and vehicles.

Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Revaluation

Land and buildings are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. All other asset classes are carried at depreciated historical cost. The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expenses and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expenses but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expenses.

Additions

Expenditure of a capital nature of \$1,000 or more has been capitalised. Expenditure of less than \$1,000 has been charged to operating expenditure. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to UPL and the cost of the item can be measured reliably.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are recognised in the Statement of Comprehensive revenue and expenses.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to UPL and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The straight line depreciation rates are as follows:

Estimated economic lives	Years	Rate
Buildings	2 - 62	1.61% - 80.00%
Plant and equipment	3 - 7	14.29% - 33.33%
Vehicles	3 - 8	12.74% - 33.33%

The residual value and useful life of an asset is reviewed and adjusted if applicable at each financial year end. In respect of revalued assets, the useful life is adjusted to a rate recommended by the independent valuer as at the date of the revaluation.

Parent/Group	Opening		Movements during the year						Closing	
	Accumulated depreciation Cost and impairment	Carrying amount	Additions	Disposals	Depreciation	Depreciation on Disposals	Elimination of accumulated depreciation on revaluation	Revaluation surplus	Accumulated depreciation Cost and impairment	Carrying amount
2025										
Property, plant & equipment										
Land	24,940,000	-	24,940,000	-	-	-	-	-	24,940,000	-
Buildings	20,646,563	(81,405)	20,565,158	421,426	(1,066,777)	-	-	-	21,067,989	(1,148,183)
Vehicles	135,891	(34,864)	101,026	-	(23,674)	-	-	-	135,891	(38,539)
Plant and equipment	2,656	(1,046)	1,610	26,752	(5,362)	-	-	-	29,408	(6,408)
Total property plant & equipment	45,725,110	(117,315)	45,607,794	448,177	(1,095,814)	-	-	-	46,173,287	(1,213,130)
2024										
Property, plant & equipment										
Land	31,227,000	-	31,227,000	-	-	-	-	(6,287,000)	24,940,000	-
Buildings	12,911,000	-	12,911,000	2,220,981	(57,000)	(705,134)	-	623,729	20,646,563	(81,405)
Vehicles	86,295	(17,529)	68,766	49,595	-	(17,335)	-	-	135,891	(34,864)
Plant and equipment	945	(945)	-	1,711	-	(101)	-	-	2,656	(1,046)
Total property plant & equipment	44,225,240	(18,474)	44,206,766	2,272,287	(57,000)	(722,570)	-	623,729	45,725,110	(117,315)

No class of Property, plant and equipment is pledged as security for liabilities, nor are any tiles restricted.

Land is valued as vacant and incorporates the influences of size, contour, quality, location, zoning, designation and current potential usage. Buildings comprise of residential dwellings that have been valued in relation to market-based evidence.

Estimating the fair value of land buildings:

We have utilised two methods.

The capitalisation of income method of valuation where a yield is applied to an income to assess a market value. In addition, the valuer has used the comparable sales method to value. This method considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. In general, the subject property is compared with sales of similar properties that have been transacted in the open market. Where required, adjustments for required structural maintenance and earthquake strengthening costs were applied. The most recent independent valuation was performed by Peter Erceg and Chris McCashin (MPINZ) of Aon Risk Solutions and the valuation is effective as at 31 May 2024.

The fair value assessment has been done as at 30 June 2025 which indicated that residential land values have decreased by -5% based on year-on-year sales analysis. Limited sales of improved residential rental properties show average movement ranging from a small increase to a small decrease. Indicators such as the -1.5% drop in average house sales prices and the -1.6% reduction in REINZ median house prices suggest a value movement of 0% to -5% also impacted by increased operating expenses for these assets.

12. Intangible assets

Accounting policy

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by UPL, are recognised as an intangible asset.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Estimated economic lives	Years	Rate
Computer software	7	14.29%

Parent/Group	Opening			Movements during the year		Closing		
	Cost	Impairment	Carrying amount	Additions	Impairment	Cost	Accumulated impairment	Carrying amount
2025								
Intangible assets	577	(577)	-	-	-	577	(577)	-
Total intangible assets	577	(577)	-	-	-	577	(577)	-
2024								
Intangible assets	577	(577)	-	-	-	577	(577)	-
Total intangible assets	577	(577)	-	-	-	577	(577)	-

13. Asset under construction

Assets under construction are recognised at cost less impairment and are not depreciated.

	Parent		Group	
	2025	2024	2025	2024
Land and site improvements	-	-	-	-
Buildings	1,905,543	1,752,569	1,905,543	1,752,569
Total assets under construction	1,905,543	1,752,569	1,905,543	1,752,569

14. Investment Property

Accounting policy

Investment property is measured at its cost, including transaction costs.

Critical judgements in applying accounting policies

Classification of unoccupied land

The Group purchased and now owns unoccupied land that has been identified as a potential site for the construction of pensioner housing or development. The final decision as to the suitability of the site as pensioner housing is still dependent on the outcomes of community consultation and resource consent processes. On completion of consultation process the Group will reassess the best use of the land. Given the uncertainty over the future intended use of the land, the property has been classified as investment property.

	Parent		Group	
	2025	2024	2025	2024
Balance at 1 July	3,734,117	3,720,504	3,734,117	3,720,504
Additions	3,525	13,613	3,525	13,613
Disposals	-	-	-	-
Balance at 30 June	3,737,642	3,734,117	3,737,642	3,734,117

15. Trade and other payables

Accounting policy

Creditors and other payables are recorded at amount payable.

	Parent		Group	
	2025	2024	2025	2024
Creditors and other payables	143,880	150,110	186,892	349,936
Accrued Salary	23,754	24,301	23,754	24,301
Receipts in advance	61,665	47,709	61,665	47,709
Total trade and other payables under exchange transactions	229,300	222,120	272,312	421,946

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value and other payable approximate their fair value.

All creditors and other payables are classified as exchange transactions.

16. Borrowings

Accounting policy

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs.

Borrowings are classified as current liabilities unless UPL or the Group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

	Parent		Group	
	2025	2024	2025	2024
Non-current				
Unsecured loans - non current	43,000,000	33,000,000	43,000,000	33,000,000
Total non-current portion	43,000,000	33,000,000	43,000,000	33,000,000
Total borrowings	43,000,000	33,000,000	43,000,000	33,000,000

Security

All borrowings are secured by a fixed charge over the issued but uncalled share capital of UPL.

17. Categories of financial instruments

Accounting policy – financial assets and liabilities

The financial assets and financial liabilities are recognised when the Group become a party to the contractual provisions of the instrument and are initially measured at amortised cost (except for financial instruments measured at fair value through profit or loss).

Financial assets at amortised cost

Financial assets are measured at amortised cost.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

	Parent		Group	
	2025	2024	2025	2024
Financial Assets				
<i>Financial assets at amortised cost</i>				
Cash and cash equivalents	21,079,408	9,429,277	21,082,442	9,589,615
Debtors and other receivables	18,800	30,793	44,627	39,236
Loans to subsidiaries	18,975,000	21,217,806	-	-
Related party receivables	-	176,652	-	-
Total financial assets at amortised cost	40,073,208	30,854,528	21,127,069	9,628,851
Financial Liabilities				
<i>Financial liabilities at amortised cost:</i>				
Liabilities to related parties	245,777	-	2,406,810	442,856
Borrowings	43,000,000	33,000,000	43,000,000	33,000,000
Trade and other payables	229,300	222,120	272,312	421,946
Total financial liabilities at amortised cost	43,475,077	33,222,120	45,679,120	33,864,802

a) Financial risk management objectives

The Group is party to financial instruments as part of its everyday operations. These include instruments such as bank balances, accounts receivable, accounts payable and term loans. The company has policies providing for risk management for interest rates and the concentration of credit.

b) Credit risk

Credit risk is the risk that a third party will default on its obligations to the Group, causing the Group to incur a loss. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the company's maximum exposure to credit risk, without taking account of the value of any collateral obtained. The company manages this risk by depositing its cash and cash equivalents with high quality financial institutions and by carrying out credit checks on all new customers.

c) Foreign currency risk management

The Group has no exposure to foreign currency risk as a result of transactions are all in New Zealand Dollars.

d) Market risk

Management considers the market risks faced by the Group to be limited to those risks disclosed above credit risk, liquidity risk and interest risk.

e) Interest rate risk and management

The interest rate risk is the risk that the value of a financial instrument will fluctuate due to the changes in market interest rates. This could particularly impact on the cost of borrowings; however, the Group borrowings are on a fixed rate.

f) **Liquidity risk**

Liquidity risk represents the risk that the Group may not be able to meet its financial contractual obligations. Ultimate responsibility for liquidity risk management rests with the Directors, who have built an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, and by continuously monitoring forecast and actual cash flows.

All current payables are paid within 6-month timeframe.

18. Employee entitlements

Accounting policy

Short-term employee entitlements

Employee benefits that the Group expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include annual leave earned to, but not yet taken at balance date and long service leave entitlements expected to be settled within 12 months.

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Employee benefits due to be settled beyond 12 months after the end of the period in which the employee renders the related service, include retiring leave and a retiring grant.

Due to the low value of the benefit and the fact that most employees who are entitled to this benefit have now accrued full entitlements, no actuarial valuation has been undertaken. The calculation is based on the entitlements accruing for eligible staff based on years of service using current remuneration rates.

Presentation of employee entitlements

Annual leave and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

	Parent		Group	
	2025	2024	2025	2024
Current portion				
Annual leave	49,373	52,888	49,373	52,888
Long service leave	3,030	2,877	3,030	2,877
Total Current portion	52,403	55,765	52,403	55,765
Non-current portion				
Retirement leave and grant	52,553	50,670	52,553	50,670
Total Non-current portion	52,553	50,670	52,553	50,670
Total employee entitlements	104,955	106,435	104,955	106,435

*Refer accrued salary in note 15.

19. Equity

	Parent		Group	
	2025	2024	2025	2024
Accumulated funds				
Balance at beginning of year	2,381,695	3,489,500	5,446,826	7,734,865
Net surplus/(deficit)	(1,453,037)	(1,107,805)	(1,704,457)	(2,288,039)
Share of Subsidiary surplus	-	-	-	-
Balance at year end	928,657	2,381,695	3,742,368	5,446,826
Share capital				
Balance at beginning of year	15,300,000	15,300,000	15,300,000	15,300,000
Movements during the year	-	-	-	-
Balance at year end	15,300,000	15,300,000	15,300,000	15,300,000
Asset revaluation reserve				
Balance at beginning of year	28,414,227	30,240,603	28,414,227	30,240,602
Movements during the year taken to equity	-	-	-	-
Movements during the year from revaluation	-	(1,826,376)	-	(1,826,376)
Movements during the year from asset disposal	-	-	-	-
Balance at year end	28,414,227	28,414,227	28,414,227	28,414,227
Asset revaluation reserve consist of:				
Buildings	8,574,407	8,574,407	8,574,407	8,574,407
Land	19,839,820	19,839,820	19,839,820	19,839,820
Total	28,414,227	28,414,227	28,414,227	28,414,227
Total equity				
Balance at beginning of year	46,095,922	49,030,103	49,161,053	53,275,468
Movements during the year	(1,453,037)	(2,934,181)	(1,704,457)	(4,114,415)
Balance at year end	44,642,885	46,095,922	47,456,595	49,161,053

Equity is Hutt City Council's interest in UPL, as measured by total assets less liabilities. Equity has been classified into various components to identify those portions of equity held for specific purposes.

These components of equity are:

- Accumulated funds;
- Share capital; and,
- Buildings and land revaluation reserves (these reserves relate to the revaluation of buildings and land to fair value).

As at 30 June 2025, UPL had 27,000,001 ordinary shares, all of which have a face value of \$1 per share and are held by the controlling entity Hutt City Council. 12,000,001 are fully paid and 15,000,000 are issued but uncalled. No rights, preferences or restrictions attach to the shares. No shares are reserved for issuance under options and sales contracts.

Registered holders of equity shares as at 30 June	Parent			
	2025	2025	2024	2024
Hutt City Council	27,000,001	100%	27,000,001	100%

20. Key management personnel

Key management personnel consist of the Chief Executive and Board members.

Key management personnel costs	Parent		Group	
	2025	2024	2025	2024
Salary and other short term benefits	240,933	231,212	240,933	231,212
Post-employment benefits	7,228	6,936	7,228	6,936
Total key management personnel costs	248,161	238,149	248,161	238,149
Full-time equivalents	1.00	1.00	1.00	1.00

Due to the difficulty in determining the full-time equivalent for Board members, the full time figure is taken as the number of Board members. Total remuneration includes any non-financial benefits provided to employees. A full time employee (FTE) is determined on the basis of a 40 hour working week.

Remuneration of Board members	Parent		Group	
	2025	2024	2025	2024
K Brown	14,960	14,960	14,960	14,960
P Bell (from 1 October 2020)	25,331	28,219	25,331	28,219
P Glensor (from 1 October 2020)	18,778	14,754	18,778	14,754
P Fa'afiu (from 1 April 2021)	16,690	16,159	16,690	16,159
C Madgwick (from 1 April 2021)	18,774	16,052	18,774	16,052
P Jacques (from on 30 May 2023)	18,763	18,310	18,763	18,310
A Jackson (30 May 2025)	-	-	-	-
Total Board remuneration	113,296	108,455	113,296	108,455
Number of Board members	7.00	6.00	7.00	6.00

Severance payments

For the year ended 30 June 2025, UPL made no severance payments, (2024: \$Nil).

21. Related party disclosures

Related party disclosures have been made for transactions with related parties:

	Parent		Group	
	2025	2024	2025	2024
Property Management fee from Urban Plus Development Limited	481,448	329,160	-	-
Interest Revenue from Urban Plus Development Limited	1,253,974	532,935	-	-
Interest Revenue from Urban Plus Limited Partnership	585,272	291,544	-	-
Payment of support costs to Hutt City Council	183,952	180,375	183,952	180,375

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	Parent		Group	
	2025	2024	2025	2024
Payables (purchase of goods and services)				
Current payables				
Advances from Hutt City Council	245,777	-	2,406,810	442,856
Non current payables				
Borrowings from Hutt City Council	43,000,000	33,000,000	43,000,000	33,000,000
Current receivables				
Advance to Urban Plus Limited Partnership	1,370,000	10,370,784	-	-
Advances to Hutt City Council	-	176,652	-	-
Non current receivables				
Advance to Urban Plus Development Limited	17,605,000	10,847,022	-	-

The Group is 100% owned by the Hutt City Council.

22. Capital commitments

Capital commitments

Capital commitments as at 30 June 2025 is \$nil (2024: \$nil) for UPL and the Group.

23. Leased assets

Accounting policy

Operating leases as lessee

The Group leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments payable under non-cancellable leases are as follows:

	Parent		Group	
	2025	2024	2025	2024
Not later than one year	9,827	39,307	9,827	39,307
Later than one year and not later than two years	-	9,827	-	9,827
Later than two years and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total non-cancellable operating leases	9,827	49,134	9,827	49,134

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2024: \$nil).

Leases can be renewed at The Group's option, with rents set by reference to current market rates for items of equivalent age and condition. The Group does not have the option to purchase the asset at the end of the lease term.

There are no restrictions placed on the Group by any of the leasing arrangements.

Operating leases as lessor

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased items are classified as operating leases. Payments made under these leases are expensed in the Statement of Comprehensive Revenue and Expenses on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Revenue and Expenses as an integral part of the total lease payment.

The Group leases housing properties under operating leases that have a non-cancellable term of 3 weeks. No contingent rents have been recognised in the statement of comprehensive revenue and expenses during the period.

24. Contingencies

Contingent liabilities

As at 30 June 2025 there were nil contingent liabilities for UPL and the Group (2024: \$nil).

Contingent assets

As at 30 June 2025 contingent assets were \$nil for UPL and the Group (2024: \$nil).

25. Events after balance date

UPL Group had intended to dissolve the UPL Limited Partnership within the 2024/25 financial year. However, due to a sluggish market and low sales volumes from completed projects, this did not occur. Once the revenues and final financial wash-up from the Petone and Waterloo projects have been concluded, the Limited Partnership will be dissolved.

There have been no other significant events since balance date (2024: \$nil).

26. Variance explanations

Statement of Comprehensive Revenue and Expenses

Revenue

Revenue is below the budget of \$42.1M by \$15.5M. This is mainly due to slow sales, with not all units were sold as of 30 June 2025, resulting in increased holding costs and revenue from sales being much lower than anticipated. This has caused the finance revenue to fall below the budget due to less cash on hand during the year.

Property management fees below the budget of \$465K by \$395K. This is mainly due to delays from the Wainuiomata Marae project and the agency fee revenue from this project has been reduced significantly since the budget was set.

Expenses

Cost of commercial development sales are under the budget of \$30.6M by \$9.7M, as explained above.

Statement of Financial Position

Cash and cash equivalents are over the budget, mainly due to the delays in Cambridge Terrace and Colson/Hollard Grove projects.

Inventories are below the budget of \$31M by \$7.05M due to the delays in the progression of the Cambridge Terrace and the transfer of Colson/Hollard Grove land from Urban Plus Limited to Urban Plus Development Limited for development did not take place, resulting, both Property, Plant and Equipment and Investment Property are over budget. The sale of Tama St did not happen, so the costs remain in the inventories.

Liabilities to related parties are high this year. It relates to the GST of \$1.6M from a settlement completed on 30 June 2025.

No tax payable for the year due to the Group incurring an overall loss.

Assets under construction are under the budget of \$6.8M by \$4.9M due to the start date of civil and construction phase for 12 Hollard Grove development has been rescheduled to July 2025.

Deferred tax liability is over the budget. Resulting from change in tax legislation around the deductibility of depreciation on buildings.

Revaluation reserve has decreased compared to the budget due to the loss from last year's property revaluation.

Statement of Cash Flow

Net cash flows from operations is \$7.2M below budget, mainly because not all completed units were sold within the financial year.

Net cash flow from investing \$5.2M below budget, primarily due to delay of the 12 Hollard Grove project.

Net cash flow from financing is \$2M over budget, primarily due to the GST from a settlement completed on 30 June 2025.

19 September 2025

Report no: PFSC2025/5/277

Seaview Marina Limited Annual Report for the year ended 30 June 2025

Purpose of Report

1. To provide Council with the Annual Report for Seaview Marina Limited (SML) for the year ended 30 June 2025.

Recommendation

That the Committee receives and notes the Annual Report for Seaview Marina Limited for the year ended 30 June 2025 attached as Appendix 1 to the report.

Background

2. The Local Government Act 2002 requires a Council Controlled Organisation (CCO) to deliver to its shareholders an annual report on the organisation's operations. This report is presented to the Committee for information.
3. Mr Peter Steel (Chairman) and Mr Tim Lidgard (Chief Executive) will be at the meeting to present the Annual Report and answer any questions.

Discussion

4. The audited Annual Report 2024/25 is attached as Appendix 1 to this report. The Annual Report details the results and achievements for the year. The Annual Report was approved by the Board on 18 September 2025.
5. The Annual Report received an unmodified audit opinion from Audit New Zealand.

Climate Change Impact and Considerations

7. There are no climate change impact and consideration requirements arising because of this report.

Consultation

8. There are no consultation requirements arising because of this report.

Legal Considerations

9. The statutory deadline for completion of the Annual Report 2024/25 is on 30 September 2025 for all Council Controlled Organisations with 30 June balance dates.

Financial Considerations

10. The audit was concluded on 18 September 2025, and an unmodified audit opinion was issued.

Appendices

No.	Title	Page
1 <u>d</u>	Seaview Marina Limited Annual Report 30 June 2025	162

Author: Yaolang Chung
Senior Financial Accountant

Reviewed By: Darrin Newth
Financial Accounting Manager

Reviewed By: Jenny Livschitz
Group Chief Financial Officer

Approved By: Tim Lidgard
Chief Executive, Seaview Marina



SEAVIEW MARINA

LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2025

Contents

Chairman's Report	3
Chief Executive's Report	5
Independent auditor's report	12
Financial statements	12
Statement of Comprehensive Revenue and Expense	17
Statement of Changes in Equity	17
Statement of Financial Position	18
Statement of Cash Flows	19
Notes to the Financial Statements	20
Company information	42

Chairman's Report

For the year ended 30 June 2025

This has been another busy and successful year for the marina, with a strong level of activity on land and in water. It is good to see the activity in the marina's businesses and boat owners as well as visitors and members of public enjoying the marina's facilities.

The marina has seen sound financial performance with the end of year result meeting the budget. This outcome has arisen from control of costs through a period of uncertainty in the income from the business and I would like to congratulate Tim Lidgard for this achievement.

This year has been the second year when Seaview Marina Ltd has paid a dividend to our shareholder the Hutt City Council. With this dividend, this year SML has contributed \$352,000 to the Council in dividend payments plus service and lease costs which relates to 9.5% of our revenue, and excludes \$175,500 in HCC rates and water charges.

We have continued to work with the Council on the transfer of the Marina Breakwaters to SML. As the longer, northern breakwater is land which was inherited from the Wellington Harbour Board, is coastal, and designated as a reserve, there are of complexities and legal requirements which need to be observed, and this transaction will now see the northern breakwater sold to SML under a 99 year lease, with up-front payment for this. We are moving through the process for this and expect that this transaction will occur in the 2025/26 year, rather than the 2024/25 year as originally intended. There will be no difference in what our community sees or experiences following this transaction but SML will control and be able to manage any maintenance or topping of the breakwaters which may be required in the future.

Noteworthy activities undertaken by the Marina over the past year have been:

- Re-accreditation under the Clean Marina Programme for the third year running.
- A brand-new diesel facility installed for improved function, convenience, and environmental safety.
- Marina community engagement meeting on 27th February 2025.
- Continued support for Sailability Wellington, the largest sailing program for people with disabilities in Aotearoa.

Input by the Board this year has continued at a high level and I would like to thank my fellow directors Pamela Bell, Rick Wells and Tui Lewis for their unstinting commitment to supporting the business.

The end of the financial year is the end of the Board term for Pamela Bell and I would like to thank her for her valuable input to the governance of the company over the four years that she has been

on the Board. Rick Wells continues to serve on the Board and will be joined at the start of the 2025/26 financial year by Kit Nixon and Sarah Rusholme.

The Board have been well supported by Tim Lidgard and the Marina team, who have been joined over the year by Paula Barrington as our Office Manager, Hayley Albers as our Marina Administrator and Prashanth Hannikeri as our Health, Safety and Welfare leader. Appreciation must also go to our shareholder the Hutt City Council for its ongoing support and encouragement.

Peter Steel

CHAIRMAN

A handwritten signature in black ink, appearing to read 'P. Steel', written over a faint circular stamp.

Chief Executive's Report

For the year ended 30 June 2025

Overview

This report concludes my fourth year as Chief Executive of Seaview Marina Ltd. (SML). The 2024/25 financial year has been one of adaptation and resilience in the face of increasing operational pressures. While challenges have persisted, I remain optimistic about SML's long-term position in the region's marine infrastructure.

Rising costs across the wider economy have had a noticeable impact on Seaview Marina. The effects of inflation and tightened household budgets reduced demand for both vessel berthage and related marina services. Commercial tenancy occupancy and discretionary marine activity were particularly affected.

This year we welcomed new staff into several critical roles, solidifying the foundation of our team. I continue to be impressed by their energy and commitment to delivering high standards of service to our customers. Staff wellbeing and continuity remain a top priority as we focus on building resilience into all aspects of our operations.

In the Chief Executive's office, work has centred around ensuring SML remains strategically positioned to meet the future. Key areas of focus included:

- Navigating implications of the Hutt City Council (HCC) district plan review.
- Securing appropriate investment outcomes in the HCC long-term plan (LTP).
- Progressing financial modelling for the agreed transfer of breakwater ownership from HCC to SML.
- Advancing planning for the mid-life refurbishment of SML's floating infrastructure.

Financial Results

Total revenue for the year was \$3.744m, a 10.03% increase over the prior year yet 3.2% behind budgeted expectations. The reduction in berthage demand and pressure on discretionary spending impacted key revenue streams, particularly in boat storage and marine centre leasing.

However, consistent performance from SML's launching ramp and commercial tenancies offset shortfalls. Hardstand usage remained strong due to its convenience and the continued preference by marine contractors for the paved and undercover working environments available at SML.

Total expenses, including depreciation, for the year came in at \$3.345m, a 3.7% growth in expenses over the prior year yet below budget by 8.5%. Inflationary impacts were again evident across utilities, insurance, maintenance, and service contracts. SML also faced additional unplanned costs related to infrastructure maintenance, none of which qualified for insurance claims.

Despite these pressures, SML achieved a pre-tax surplus of \$399k. This result is \$188k better than budgeted and reflects careful cost management and a dedicated team effort.

Equity

SML's total equity as of 30 June 2025 stands at \$22.1M, up from \$21.8M the previous year.

Health, Safety, and the Environment

There were two notifiable safety incidents during the 2024/25 year. One a near miss at the other a hand-injury to a staff member. WorkSafe were satisfied in the reporting, subsequent investigations, and follow up actions. The staff member has since made a full recovery.

April 2025 saw the successful fulfilment of a Health, Safety and Wellbeing Supervisor role. SML are one of few marinas nationwide that see this as essential in our duty of care toward staff and customers. Health and safety remain a cornerstone of our operation, and I am proud of the strong safety culture across the team.

Environmentally, SML continues to hold Clean Marina certification under the Aotearoa New Zealand Clean Marina Programme. We take great pride in maintaining and improving our environmental performance each year.

Public Good

Our role in the community is a source of great pride. During 2024/25, SML supported a number of local initiatives and charitable events, including:

- Regional Men's Health and Prostate Cancer Awareness
- Petone Charity Fishing Competition
- NZME Special Children's Christmas Party
- Sailability Charitable Trust
- Wellington Water Ski Club – ramp pass subsidies
- Lowry Bay Yacht Club – event sponsorship and prizes

Conclusion

Achieving financial and operational success in such a challenging year is a credit to the outstanding staff of SML. Their professionalism, attitude, and customer-first approach are the engine room of this organisation. I extend my sincere thanks to each of them.

I also thank the Board of Directors for their unwavering support and guidance, and Hutt City Council as our shareholder for its continued engagement in securing SML's future.

Finally, to our loyal customers: your continued trust in Seaview Marina enables us to grow, adapt, and improve. Thank you for being part of our journey.



Tim Lidgard
CHIEF EXECUTIVE

Statement of Service Performance

Mission

To provide industry-leading facilities and services that delight customers and stimulate related economic activity whilst meeting shareholder expectations.

Nature and scope of activities

Seaview Marina Limited (the Company) is responsible for the operation of the boating facilities and services, the maintenance of infrastructural assets and the development of additional facilities and services as demand dictates.

Specific Objectives for the year ended 30 June 2025

In pursuit of its corporate goals, the Company has the following objectives:

General

1. To review the Statement of Intent and Strategic Plans for consistency with the objectives of Hutt City Council (HCC)
2. To review the operating activities of the Company for compliance with the goals and objectives stated in the Statement of Intent and Strategic Plan
3. To report all matters of substance to the Shareholder

Economic

1. To achieve all financial projections
2. To achieve or exceed a Return on Equity (ROE) as defined by the Shareholder of 1.0%
3. To ensure that the reporting requirements of the Company and the Shareholder are met.

Social and environmental

1. To maintain good employer status by:
 - a. complying with all employment legislation
 - b. operating open and non-discriminatory employment practices
2. To ensure no transgression of environmental and resource laws

To review the activities undertaken by the Company to be a good socially and environmentally responsible corporate citizen.

Performance measures

Key performance indicators	2024/25 Target	2024/25 Actuals	2023/24 Target	2023/24 Actual
Financial				
Deliver the total annual budgeted income	Achieve 100% of the total budgeted income	Not achieved – 96.8% due to lower than planned marina berth occupancy rates.	Achieve 100% of the budgeted income.	Achieved
Control operational expenses within budget	N/A – Removed as a performance measure in the 2024/25 S.o.I	N/A – Removed as a performance measure in the 2024/25 S.o.I	Operational expenses within budget \$1,376,513	Not Achieved \$1,565,581
Deliver the total annual budgeted net surplus ⁽¹⁾	Net surplus within budget	Achieved – mainly due to unfilled staff positions. Additionally, the \$3.4M loan was not drawn down resulting in finance expenses coming in below budget.	N/A	N/A
Achieve the prescribed return on equity ⁽²⁾	Achieve greater than or equal to 1.0%	Achieved with 1.9% – primarily due positive return in the current year.	Achieve greater than or equal to 0.8%	Achieved 0.87%.
Manage capital expenditure	Complete within capital budget	Achieved – primarily due to deferred Pier refurbishment.	Complete within budget and on time.	Achieved
Client Service & Customer Needs ⁽⁴⁾	80% satisfaction in the bi-annual survey	Not Achieved 78.3% – mainly attributable to significant price increases and long-running repair time frames.	Not included in the 2023/24 Statement of Intent	N/A
Special Interest Messages	Complete four messages per annum	Achieved – 3 x Newsletters, 31 customer messages.	Complete four messages in 2023/24	Achieved – 45 messages were sent to Seaview Marina customers in 2023/24 on various subjects.
Meet all shareholder reporting deadlines.	Reporting deadlines for 2024/25	Achieved – all reporting deadlines met.	Reporting deadlines for 2023/24	Achieved
Risk management and human resources				
Notifiable health and safety incidents	None	Not achieved – 2 notifiable health and safety incidents.	Nil incidents	Achieved
Staff satisfaction	Achieve 85% staff satisfaction	Achieved – Staff Satisfaction of 92%	Achieve 85% staff satisfaction.	Not applicable. A survey will be

				undertaken in 2024/25
Marketing				
Implement a marketing strategy to improve occupancy rates	Berth occupancy equal or greater than 80%	Achieved – Average occupancy 80% (nearest whole %)	Berth occupancy equal to or greater than 80%	Achieved. Average occupancy 84%
Non-financial				
To provide financial or non-financial support to at least three charitable (non-profit) ventures with a marine focus during any given year.	Support to at least three organisations	Achieved – - Sailability - Petone Fishing Competition - Blue September (Prostate Cancer Foundation) via Regional News.	Support for at least three organisations	Achieved
Public benefit	N/A – Performance measure shifted to 2025/26 in the 2024/25 S.o.I, in order to alternate years with the customer satisfaction survey.	N/A – Performance measure shifted to 2025/26 in the 2024/25 S.o.I, in order to alternate years with the customer satisfaction survey.	Not applicable in the current year as the survey is biannual.	N/A
Environmental				
Reduce direct emissions	Perform analysis to establish annual baseline emissions from fossil fuelled vehicles, plant, and equipment	Achieved Completed an initial analysis to define Seaview Marina's emissions. Further work is required to identify all emission sources and establish an appropriate baseline.	Reduce direct emissions by 50% by 2030, and achieve net-zero emissions by 2050	This is a future 2030 target. 2024/2025 will see a beginning analysis to identify individual emission levels from individual machinery items.
Fleet and equipment	N/A – Removed as a performance measure in the 2024/25 S.o.I	N/A – Removed as a performance measure in the 2024/25 S.o.I	Equipment or vehicles utilising fossil fuels be replaced by equipment or vehicles that are electric or utilise other low carbon alternative.	Seaview Marina purchased an electric sweeper late 23/24. Analysis of SML's highest emitting machinery & equipment will occur 24/25. Based on findings and economic feasibility, the following items are scheduled to be

				replaced within 5 years. 1. Electric work vehicle (replaces diesel powered vehicle) 2. Electric water blaster (replace gasoline powered equipment) 3. Electric conversion for all hot water heating in ablution areas (replaces LPG heating) 4. Electric forklift (replaces LPG powered vehicle) Note: After replacement of this machinery, there would be only 2 machinery items that remain fossil fuel powered – 50 MT Travelift and 8MT Tractor.
Plan use of incentives	N/A – Removed as a performance measure in the 2024/25 S.o.I	N/A – Removed as a performance measure in the 2024/25 S.o.I	Explore pricing incentives to transition to electric or other low carbon propulsion, and consider actions to reduce indirect emissions from marina users	Incentives to reduce indirect emissions (i.e. encourage customers to switch to electric propulsion) are paused to documented fire risk around D.I.Y conversions. Legislation is currently being consulted on with a panel of industry professionals. D.I.Y conversions restrict vessels' ability to be insured, which is a condition of berthage at Seaview Marina.

1. Calculated as net surplus before tax excluding losses or gain arising from the revaluation.
2. ROE is calculated as the Net Surplus/ (Deficit) before tax excluding losses or gains arising from the revaluation of similar assets within an asset class, divided by the opening balance of equity at the start of the year.
3. Seaview Marina (SML) carefully choose the appropriate information to report on performance. This includes measures that show how SML helps the community, how SML operates daily, and how SML is aligning with longer-term strategic objectives. In cases where the way SML report things internally are different from external requirements, SML explained those differences.

*When deciding what to include, SML followed the rules in **PBE FRS 48**, which guide how to choose, measure, and present performance information. SML also listened to feedback from people who use the marina. The goal is to make the report clear, fair, and useful for everyone reading it.*

4. *Seaview Marina Ltd conducted its biannual customer satisfaction survey using SurveyMonkey, an online survey platform. The survey was distributed to 1,119 customers, with 88 completed responses received (8% response rate). The survey measured satisfaction across key service areas including facilities, customer service, and overall experience. The reported satisfaction score was 78.3%, slightly below the target of 80%. The margin of error and comparability to prior years have been considered, and the methodology, sample size, and response rate are disclosed to support transparency and informed interpretation of results*



Independent auditor's report

To the readers of Seaview Marina Limited's financial statements and statement of service performance for the year ended 30 June 2025

The Auditor-General is the auditor of Seaview Marina Limited (the Company). The Auditor-General has appointed me, Debbie Bradfield, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the statement of service performance of the Company on his behalf.

We have audited:

- the financial statements of the Company on pages 13 to 35, that comprise the statement of financial position as at 30 June 2025, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Company for the year ended 30 June 2025 on pages 8 to 10.

Opinion

In our opinion:

- the financial statements of the Company:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2025; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime; and
- the statement of service performance, in all material respects:
 - accurately reports, the Company's actual performance compared against the performance targets and other measures by which the Company's performance can be judged in relation to the Company's objectives in its statement of intent for the year ended 30 June 2025; and

- has been prepared, in all material respects, in accordance with section 68 of the Local Government Act 2002 (the Act).

Our audit was completed on 18 September 2025. This is the date at which our opinion is expressed.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Responsibilities of the auditor for the audit of the financial statements and the statement of service performance* section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the statement of service performance

The Board of Directors is responsible on behalf of the Company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the statement of service performance in accordance with the Act.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and the statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the statement of service performance, the Board of Directors is responsible on behalf of the Company for assessing the Company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors either intend to liquidate the Company or to cease operations or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Act.

Responsibilities of the auditor for the audit of the financial statements and the statement of service performance

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of service performance, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the statement of service performance.

For the budget information reported in the financial statements and in the statement of service performance, our procedures were limited to checking that the information agreed to the Company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the statement of service performance.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the statement of service performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the statement of service performance or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We evaluate the overall presentation, structure and content of the statement of service performance, including the disclosures, and assess whether the statement of service

performance achieves its statutory purpose of enabling the Company's readers to judge the actual performance of the Company against its objectives in its statement of intent.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and the statement of service performance, and our auditor's report thereon.

Our opinion on the financial statements and the statement of service performance does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the statement of service performance, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the statement of service performance, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Company in accordance with the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Company.



Debbie Bradfield
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Financial statements

Statement of Compliance and Responsibility

The Board and management of the Company confirm that all statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been complied with.

Responsibility

The Directors and management of the Company accept responsibility for the preparation of the annual Financial Statements and the Statement of Service Performance, and the judgements used in them.

The Directors have the authority to sign the Financial Statements and the Statement of Service Performance.

The Directors and management of the Company accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the finances, including performance reporting.

In the opinion of the Directors and management of the Company, the annual Financial Statements and the Statement of Service Performance for the year ended 30 June 2025 fairly reflect the financial position and operations of the Company.



Peter Steel
Director and Chair of the Board

18 September 2025



Tui Lewis
Director

18 September 2025

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2025

Revenue	Note	Actual 2025	Budget 2025	Actual 2024
Rental revenue	2	3,246,300	3,368,657	2,965,868
Other user charges		73,785	143,392	58,871
Interest revenue	3	63,679	22,999	30,583
Product sales		305,818	315,613	323,769
Other revenue		54,940	17,444	23,981
Total revenue		3,744,521	3,868,105	3,403,072
Expenses				
Personnel expenses	4	634,752	890,227	687,316
Operating expenses	5	1,694,590	1,662,688	1,565,581
Loss on sale of asset		3,520	-	4
Product cost of sales		298,377	293,563	287,848
Finance expenses	3	170,910	250,730	171,378
Depreciation	12	542,883	559,677	513,513
Total expenses		3,345,031	3,656,886	3,225,641
Surplus before tax		399,490	211,219	177,431
Tax expense	6	6,850	59,141	630,814
Surplus / (Deficit) after tax		392,639	152,078	(453,383)
Other comprehensive revenue and expenses				
<i>Items that will not be reclassified to surplus / (deficit)</i>				
Gain on property revaluation		-	-	2,021,786
Less tax on revaluation		-	-	17,860
Total other comprehensive revenue and expenses		-	-	2,003,926
Total comprehensive revenue and expenses		392,639	152,078	1,550,543

Explanations of the major variance against budget are provided in note 24. The accompanying notes form part of these statements.

Statement of Changes in Equity

For the year ended 30 June 2025

	Actual 2025	Budget 2025	Actual 2024
Balance at 1 July	21,804,771	20,379,884	20,454,228
Total comprehensive revenue and expense for the year	392,639	152,078	1,550,543
Dividend - Hutt City Council	(100,000)	(100,000)	(200,000)
Balance at 30 June	22,097,411	20,431,961	21,804,771

Explanations of the major variance against budget are provided in note 24. The accompanying notes form part of these statements.

Statement of Financial Position

As at 30 June 2025

	Note	Actual 2025	Budget 2025	Actual 2024
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	7	1,342,793	986,273	620,049
Debtors and other receivables	8	368,810	433,585	456,802
Inventory	9	7,477	12,289	11,410
Tax receivables		53,934		
Related party receivables	15	34,411		
Prepayments		268,206	-	269,377
Total current assets		2,075,630	1,432,147	1,357,638
NON CURRENT ASSETS				
Property, plant and equipment	12	24,305,251	24,989,885	24,636,267
Intangible assets	13	895	-	955
Assets under construction	14	2,998	1,977,750	97,420
Total non-current assets		24,309,144	26,967,635	24,734,642
TOTAL ASSETS		26,384,774	28,399,782	26,092,280
LIABILITIES				
CURRENT LIABILITIES				
Payables and deferred revenue	10	369,274	401,015	388,116
Current tax liability		-	59,141	-
Employee entitlements	17	85,153	26,049	70,560
Advances to related parties	15	-	51,124	2,945
Total current liabilities		454,427	537,329	461,621
NON-CURRENT LIABILITIES				
Deferred Tax Liability	6	1,132,936	330,490	1,125,887
Borrowings	11	2,700,000	7,100,000	2,700,000
Total non-current liabilities		3,832,936	7,430,490	3,825,887
TOTAL LIABILITIES		4,287,362	7,967,819	4,287,508
Net assets	16	22,097,411	20,431,961	21,804,772
EQUITY				
Accumulated funds		(13,998,829)	(13,660,353)	(14,291,468)
Revaluation reserve		14,814,337	12,810,411	14,814,337
Share capital		21,281,903	21,281,903	21,281,903
Total equity attributable to Seaview Marina Limite	16	22,097,411	20,431,961	21,804,772

Explanations of the major variance against budget are provided in note 24. The accompanying notes form part of these statements.

Statement of Cash Flows

For the year ended 30 June 2025

	Actual 2025	Budget 2025	Actual 2024
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Receipts from rentals	3,295,180	3,411,139	2,702,092
Interest received	37,096	22,999	30,583
Receipts from user charges and other income	409,578	460,445	561,618
Tax receivable	11,960	-	-
	3,753,814	3,894,583	3,294,293
<i>Cash was applied to:</i>			
Payments to employees	(602,958)	(890,227)	(708,233)
Payments to suppliers	(1,998,942)	(1,961,666)	(2,062,042)
Dividend payment	(100,000)	(100,000)	(200,000)
Interest paid	(170,910)	(250,730)	(171,378)
Provisional tax		(48,866)	(102,894)
	(2,872,810)	(3,251,489)	(3,244,547)
Net cash flows from operating activities	881,004	643,094	49,745
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash was applied to:</i>			
Purchase of property, plant and equipment	(120,904)	(3,428,000)	(268,408)
Purchase of assets under construction	-	(1,403,273)	-
	(120,904)	(4,831,273)	(268,408)
Net cash flows from investing activities	(120,904)	(4,831,273)	(268,408)
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Cash was provided from:</i>			
Proceeds from borrowings - Hutt City Council	-	4,400,000	-
	-	4,400,000	-
<i>Cash was applied to:</i>			
Repayment of borrowings - Hutt City Council	(37,357)	-	(16,086)
	(37,357)	-	(16,086)
Net cash flows from financing activities	(37,357)	4,400,000	(16,086)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	722,743	211,821	(234,750)
Cash, cash equivalents and bank overdrafts at the beginning of the year	620,049	774,453	854,798
Cash, cash equivalents and bank overdrafts at the end of the year (Note 7)	1,342,793	986,273	620,049

Explanations of the major variance against budget are provided in note 24. The accompanying notes form part of these statements.

Notes to the Financial Statements

1. Statement of Accounting Policies

Reporting Entity

The Company is 100% owned by the Hutt City Council.

The primary objective of the Company is to operate a marina, which benefits the Hutt region. The Company is designated a public benefit entity for financial reporting purposes.

The financial statements of the Company are for the year ended 30 June 2025. The financial statements were authorised for issue by the Board of Directors on 18 September 2025.

Basis of Preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of Compliance

These financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 and the Companies Act 1993, including the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with IPSAS and other applicable Financial Reporting Standards, as appropriate for public benefit entities (PBE) that apply Tier 2 PBE accounting standards. As the Company's total expenses are under \$30,000,000 it has elected to apply Tier 2 PBE accounting standards.

Measurement Base

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings.

The financial statements have been prepared on a going-concern basis, and the accounting policies have been consistently applied throughout the period.

Functional and Presentation Currency

The financial statements are presented in New Zealand dollars, and all values have been rounded to the nearest dollar. The functional currency of the Company is New Zealand dollars.

Goods and Services Tax

All items in the financial statements are stated exclusive of Goods and Services Tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

Commitments and contingencies are disclosed exclusive of GST.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Critical accounting estimates and assumptions

In preparing these financial statements, the Company has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimating the fair value of land, buildings, plant and equipment assets: refer to note 12: Property, plant and equipment.

New or amended standards adopted

Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1)

Amendments to PBE IPSAS 1 Presentation of Financial Reports change the required disclosures for fees relating to services provided by the audit or review provider, including a requirement to disaggregate the fees into specified categories. The amendments to PBE IPSAS 1 aim to address concerns about the quality and consistency of disclosures and entity provides about fees paid to its audit or review firm for different types of services. The enhanced disclosures are expected to improve the transparency and consistency of disclosures about fees paid to an entity's audit or review firm.

Standards, amendments and interpretations not yet effective

There is no other standards, amendments and interpretations that have been issued but are not yet effective or have been early adopted.

2. Rental revenue

Accounting policy

Revenue is measured at the fair value of the consideration received. Sales of goods are recognised when a product is sold to the customer. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in other expenses.

	2025	2024
Berth and trailer park rentals	2,486,061	2,259,896
Boat lifts and hardstand rentals	376,243	364,130
Wellington Marine Centre rentals	383,996	341,842
Total rental revenue	3,246,300	2,965,868

3. Interest revenue and finance expenses

Accounting policy

Interest revenue is recognised using the effective interest method. Interest revenue consists of interest received from the bank on call, short-term deposits with maturities of three months or less. Interest revenue is recognised in the statement of comprehensive revenue and expense as it is earned.

Finance expenses consist of interest costs that the Seaview Marina incurs in connection with the borrowing of funds from the Council. Finance costs are recognised as an expense in the financial year in which they are incurred.

	2025	2024
Interest revenue		
Call and term deposits	63,679	30,583
Related party deposits	-	-
Total interest revenue	63,679	30,583
Finance expenses		
Call and term deposits		
Related party loans	170,910	171,378
Total finance expenses	170,910	171,378
Net finance expenses	(107,231)	(140,795)

4. Personnel expenses

Accounting policy

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

Superannuation schemes

Defined contribution schemes

Employer contributions to KiwiSaver and is accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

	2025	2024
Salaries and wages	573,185	657,918
Employer contributions to defined contribution plans	14,582	15,121
Training	9,179	10,254
Other employee expenses	13,395	13,343
Increase/(decrease) in employee entitlements/liabilities	24,412	(9,321)
Total personnel expenses	634,752	687,316
Employee staffing levels and remuneration	2025	2024
Full-time equivalent salaried employees	7	6
Full-time equivalent waged and temporary employees	-	-
Total Full Time Equivalent	7	6
Total number of staff	7	6
The number of employees earning per annum	2025	2024
Salary range		
\$190,000 - \$199,999	1	
\$180,000 - \$189,999	-	1
Total Full Time Equivalent	1	1
Total number of staff	1	1

Total remuneration includes any non-financial benefits provided to employees. A full-time employee is determined on the basis of a 40-hour working week.

Severance payments

No severance payments were made by the Company during the year (2024: Nil).

5. Operating expenses

	2025	2024
Auditors' fees - Audit New Zealand on behalf of the Auditor General		
- for auditing the financial statements and service performance - current year	34,546	28,599
- additional fee for auditing the financial statements and service performance - prior year	7,493	-
Directors' fees	61,868	64,327
Electricity	65,543	52,685
Insurance	323,552	300,663
Operational contracts	3,801	23,508
Equipment purchases	37,985	19,166
Legal expenses	29,512	8,858
Specialist services	72,406	22,957
Shared services cost	124,772	121,081
Promotion expenses	6,750	11,032
Bad debts written off	8,891	47,085
Printing and stationery	3,292	4,706
Maintenance	159,939	100,366
Rates and water charges	206,083	176,125
Breakwater rental	127,319	123,600
Waste management	146,549	137,577
Security and monitoring	168,626	186,969
Other expenses	105,664	136,278
Total operating expenses	1,694,590	1,565,581

6. Taxation

Accounting policy

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits

will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly in equity.

Components of tax expense

	2025	2024
Current tax	-	-
Current tax expense (prior period)	(199)	(1,435)
Deferred tax expense prior period	(116)	-
Deferred tax expense (current year)	7,165	632,249
Tax expense / (benefit)	6,850	630,814

Relationship between tax expenses and accounting

	2025	2024
Net Surplus / (Deficit) before tax	399,489	177,431
Tax at 28%	111,857	49,681
Plus (less) tax effect of:		
Non-deductible expenditure	(2,651)	4,421
Prior period adjustment	(315)	(1,435)
Imputation credit adjustment	-	-
Removal of tax depreciation on buildings	-	510,482
Tax losses not recognised	-	-
Group loss offset	(105,921)	(24,226)
Deferred tax adjustment and other permanent adjustments	3,880	91,891
Tax expense / (benefit)	6,850	630,814

	Property, Plant & Equipment	Employee Entitlements	Other Provisions	Tax Losses	Total
Balance at 30 June 2023	(501,609)	20,995	5,375	-	(475,239)
Charged to surplus or deficit	(642,532)	(3,872)	13,732	-	(632,672)
Charged to other comprehensive income	(17,860)	-	-	-	(17,860)
Balance at 30 June 2024	(1,162,001)	17,123	19,107	-	(1,125,771)
Charged to surplus or deficit	2,895	6,720	(16,780)	-	(7,165)
Charged to other comprehensive income	-	-	-	-	-
Balance at 30 June 2025	(1,159,106)	23,843	2,327	-	(1,132,936)

It is expected that the taxable income of Seaview for the current year will be eliminated by tax losses of \$378,288 transferred from Urban Development Limited by loss offset.

7. Cash and cash equivalents

Accounting policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

The carrying value of cash at the bank and term deposits with maturities of less than three months approximates their fair value. The Company does not hold funds

(including cash or cash equivalents) with restrictions specifying how the funds are to be spent.

	2025	2024
Cash at bank and on hand	23,793	27,049
Cash on call	1,319,000	593,000
Cash and cash equivalents	1,342,793	620,049

8. Debtors and other receivables

Accounting policy

Debtors and other receivables are recorded at the amount due, less an allowance for expected credit losses.

	2025	2024
Rent receivable	332,961	447,436
Other receivables	41,576	76,912
Gross debtors and other receivables	374,538	524,348
Less allowance for credit losses	(5,728)	(67,546)
Total debtors and other receivables	368,810	456,802

Fair value

Debtors and other receivables are non-interest bearing and receipts are normally on 30-day terms, therefore, the carrying value of debtors and other receivables approximates their fair value.

Expected credit losses

The carrying number of receivables that would otherwise be past due or impaired, whose terms have been renegotiated, is \$nil (2024: \$nil).

The expected credit losses has been calculated based on expected losses for the Company's pool of debtors. Expected losses have been determined based on an analysis of the Company's losses in previous periods, and a review of specific debtors as detailed below:

	2025	2024
Individual impairment	5,728	67,546
Total expected credit losses	5,728	67,546

	2025	2024
At 1 July	67,546	(20,461)
Additional provisions made during the year	5,728	67,546
Provisions reversed during the year	(9,194)	19,959
Receivables written-off during the period	(58,352)	502
At 30 June	5,728	67,546

At 30 June 2025, one boat and a residential property were held as collateral for unpaid debts (2024: \$nil). No other credit enhancements over receivables that are either past due or impaired, is held.

9. Inventory

Accounting Policy

Inventory is measured at cost upon initial recognition. After initial recognition, inventory is measured at the lower of cost and net realisable value. Cost is allocated using first-in, first-out basis.

	2025	2024
<i>Commercial inventories held for sale:</i>		
Diesel	7,477	11,410
Total inventory	7,477	11,410

No inventory is pledged as security for liabilities (2024: \$nil).

10. Payables and deferred revenue

Accounting Policy

Short-term creditors and other payables are recorded at their face value.

	2025	2024
Deposits and bonds	1,770	1,770
Trade payables and accrued expenses	136,194	144,671
Accrued salary	14,600	-
Rentals in advance	216,710	241,675
Total payables and deferred revenue under exchange transactions	369,275	388,116

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value and other payable approximate their fair value.

All creditors and other payables are classified as exchange transactions.

11. Borrowings

Accounting Policy

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

	2025	2024
Current portion		
Loans from related parties	-	-
Total current portion	-	-
Non-current portion		
Loans from related parties	2,700,000	2,700,000
Total non-current portion	2,700,000	2,700,000
Total borrowings	2,700,000	2,700,000

No securities are held over the borrowings

12. Property, Plant and Equipment

Accounting policy

Property, Plant and Equipment

Land is measured at fair value, and buildings include site improvements, which are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Additions

Expenditure of a capital nature of \$1,000 or more has been capitalised. Expenditure of less than \$1,000 has been charged to operating expenditure. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably.

Assets under construction are recognised at cost less impairment and are not depreciated.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are recognised in the Statement of Comprehensive Revenue and Expenses.

Subsequent Costs

Costs incurred after initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably.

Revaluation

Land and buildings are reviewed each year to ensure that their carrying amount does not differ materially from fair value and are revalued when there has been a material change. All other asset classes are carried at depreciated historical cost. Revaluation movements are accounted for on a class of asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expenses and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expenses but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed and then recognised in other comprehensive revenue and expenses.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The straight-line depreciation rates are as follows:

Estimated economic life	Years	Rate
Buildings	5 – 50	2% – 20%
Site improvements	16	6.25%
Piers and marina berths	3 – 80	1.25% – 33.33%
Plant and equipment	1.5 – 80	1.25% – 67%
Vehicles	5	20%

The residual value and useful life of an asset are reviewed and adjusted if applicable at each financial year end. In respect of revalued assets, the useful life is adjusted to a rate recommended by the independent valuer as at the date of the revaluation.

PROPERTY, PLANT AND EQUIPMENT

Movements for each class of property, plant and equipment and Intangibles are as follows:

2025	Balance at 1 July 2024			Movements during the year								Balance at 30 June 2025		
	Accumulated			Category				Category						
	Cost /	depreciation &	Carrying Amount	additions	to cost	Disposals	Depreciation	Disposals	to depreciation	depreciation on	Revaluation	Cost /	Accumulated	Carrying
	Valuation	impairment								revaluation	Surplus	Valuation	depreciation	Amount
Land	14,420,000	-	14,420,000	-	-	-	-	-	-	-	-	14,420,000	-	14,420,000
Site improvements	1,460,800	(7,484)	1,453,316	7,300	-	-	(91,572)	-	-	-	-	1,468,100	(99,056)	1,369,044
Buildings	3,480,046	(8,399)	3,471,646	26,934	-	-	(102,738)	-	-	-	-	3,506,980	(111,137)	3,395,843
Plant and equipment	2,215,406	(946,058)	1,269,348	123,258	-	(14,803)	(135,817)	11,516	-	-	-	2,323,860	(1,070,359)	1,253,501
Vehicle	101,037	(73,741)	27,296	-	-	-	(14,213)	-	-	-	-	101,037	(87,954)	13,083
Piers and Marina Berths	6,468,779	(2,474,119)	3,994,660	57,834	-	(1,438)	(198,482)	1,204	-	-	-	6,525,175	(2,671,397)	3,853,778
Total property, plant & equipment	28,146,067	(3,509,802)	24,636,266	215,326	-	(16,241)	(542,821)	12,720	-	-	-	28,345,153	(4,039,901)	24,305,251
2024	Balance at 1 July 2023			Movements during the year								Balance at 30 June 2024		
Land	12,462,000	-	12,462,000	-	-	-	-	-	-	-	1,958,000	14,420,000	-	14,420,000
Site improvements	2,228,021	(761,864)	1,466,158	5,965	(690,021)	-	(68,649)	-	690,149	132,880	(83,165)	1,460,800	(7,484)	1,453,316
Buildings	3,651,683	(112,829)	3,538,854	22,510	2,969	-	(107,290)	-	(175)	211,895	(197,117)	3,480,046	(8,399)	3,471,647
Plant and equipment	2,494,473	(1,234,314)	1,260,159	143,543	(18,575)	(404,035)	(136,258)	414,121	10,393	-	-	2,215,406	(946,058)	1,269,348
Vehicle	101,037	(59,528)	41,509	-	-	-	(14,213)	-	-	-	-	101,037	(73,741)	27,296
Piers and Marina Berths	6,254,942	(2,396,138)	3,858,804	325,744	15,606	(127,513)	(195,148)	127,513	(10,346)	-	-	6,468,779	(2,474,119)	3,994,660
Total property, plant & equipment	27,192,156	(4,564,673)	22,627,483	497,762	(690,021)	(531,548)	(521,558)	541,634	690,021	344,775	1,677,718	28,146,068	(3,509,801)	24,636,267

No class of property, plant and equipment is pledged as security for liabilities, nor are any titles restricted.

Land, buildings and site improvements are valued at fair value using market based evidence. We have utilised two methods:

The capitalisation of income method of valuation where a yield is applied to an income to assess a market value. In addition, the valuer have used the comparable sales method to value. This method considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. In general, the subject property is compared with sales of similar properties that have been transacted in the open market. Where required, adjustments for required structural maintenance and earthquake strengthening costs were applied. The most recent independent valuation was performed by an independent valuer Peter Erceg and Chris McCashin (MPINZ) of Aon Risk Solutions and the valuation is effective as at 31 May 2024.

The fair value assessment has been done as at 30 June 2025. With few sales available for analysis over the past year, we relied on market research from Jones Lang LaSalle. Industrial vacancy rates remain low at approximately 0.4%, rental growth is up 2.8% year-on year, and net yields are stable at 6% to 7.5%. However, rising operating expenses for gross leases and a challenging economic environment suggest market movement of 0% to -5%.

13. Intangible Assets

Software Acquisition and Development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by the Company are recognised as an intangible asset.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Revenue and Expenses.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Estimated economic life	Years	Rate
Computer software	2.5 – 33	3% – 40%

Impairment of Non-Financial Assets

Assets with a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. The total impairment loss is recognised in the Statement of Comprehensive revenue and expense.

Estimation of the Useful Life and Residual Value of Property, Plant and Equipment

At each balance date, the Company reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates requires the Company to consider several factors such as the physical condition of the asset, expected period of use of the asset by the Company, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will affect the depreciable amount of an asset, therefore affecting the depreciation expense recognised in the surplus or deficit and the asset's carrying amount. The Company minimises the risk of this estimation uncertainty by:

- Physical inspection of assets.
- Asset replacement programs.
- Review of second-hand market prices for similar assets; and.
- Analysis of prior asset sales.

2015	Balance at 1 July 2024			Movements during the year			Balance at 30 June 2025		
	Cost / Valuation	Accumulated impairment	Carrying Amount	Disposals	Amortisation	Depreciation on Disposals	Cost / Valuation	Accumulated impairment	Carrying Amount
Intangible assets									
Software	5,761	(4,806)	955	-	(60)	-	5,761	(4,866)	895
Total intangibles	5,761	(4,806)	955	-	(60)	-	5,761	(4,866)	894
2024	Balance at 1 July 2023			Movements during the year			Balance at 30 June 2024		
Intangible assets									
Software	62,088	(58,381)	3,707	(56,327)	-2,747	56,322	5,761	(4,806)	955
Total intangibles	62,088	(58,381)	3,707	(56,327)	(2,747)	56,322	5,761	(4,806)	955

14. Assets Under Construction

Accounting policy

Assets under construction are recognised at cost less impairment and are not depreciated.

Property, plant and equipment yet to be commissioned or under construction by class of asset is detailed below:

	2025	2024
Plant and equipment	2,001	53,608
Piers and marina berths	997	43,812
Total assets under construction	2,998	97,420

15. Advances Due to Related Parties

	2025	2024
Current portion		
Due to related parties	34,411	-
Total other assets - current portion	34,411	-
Total other assets	34,411	-
Current portion		
Due to related parties	-	2,945
Total other liabilities - current portion	-	2,945
Total other liabilities	-	2,945

16. Equity

Accounting Policy

Equity is HCC's interest in the Company and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

- Accumulated funds.
- Property revaluation reserve; and
- Fair value through other comprehensive revenue and expense reserve.

Asset Revaluation Reserve

The asset revaluation reserve relates to the revaluation of the Company's land, buildings and site improvements to fair value. This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

Fair Value Through Other Comprehensive Revenue and Expense Reserve

This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

	2025	2024
Accumulated funds		
Balance at beginning of the year	(14,291,468)	(13,638,086)
Net surplus/(deficit) after tax	392,639	(453,382)
Less dividends paid	(100,000)	(200,000)
Balance at end of the year	(13,998,828)	(14,291,468)

	2025	2024
Share capital		
Balance at beginning of the year	21,281,903	21,281,903
Movements during the year	-	-
Balance at end of the year	21,281,903	21,281,903

	2025	2024
Asset revaluation reserve		
Balance at beginning of the year	14,814,337	12,810,411
Movements during the year from revaluation	-	2,003,926
Balance at end of the year	14,814,337	14,814,337

	2025	2024
Asset revaluation reserve consists of:		
Buildings	464,053	464,053
Site improvements	377,443	377,443
Land	13,972,842	13,972,842
Balance at end of the year	14,814,337	14,814,337

	2025	2024
Total equity		
Balance at beginning of the year	21,804,772	20,454,228
Movements during the year	292,639	1,350,544
Balance at end of the year	22,097,411	21,804,772

As at 30 June 2025, the Company had 6,000,000 ordinary shares on issue, all of which are fully paid. Ordinary shares have a face value of \$3.55 per share. No shares were outstanding at the beginning or the end of the year. No rights, preferences or restrictions attached to the shares. The shares in the Company are held by the controlling entity HCC. No shares are reserved for issuance under options and sales contracts.

Registered holders of equity shares as at 30 June:	2025	2024
Hutt City Council	6,000,000.00 100%	6,000,000.00 100%

17. Employee Entitlements

Accounting Policy

Short-term Entitlements

Employee benefits that the Company expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned to, but not yet taken at balance date.

The Company recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

	2025	2024
Current portion		
Accrued pay	-	9,819
Annual leave	85,153	60,741
Total employee entitlements - current portion	85,153	70,560
Total employee entitlements	85,153	70,560

*Refer note 10 for accrued salary

18. Financial Instruments

Accounting policy – financial assets and liabilities

The financial assets and financial liabilities are recognised when the company become a party to the contractual provisions of the instrument and are measured at amortised cost (except for financial instruments measured at fair value through profit or loss).

Financial assets at amortised cost

Financial assets are measured at amortised cost.

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

The carrying amounts of financial assets and liabilities in each of the financial instrument's categories are as follows:

	2025	2024
Financial Assets		
<i>Financial assets at amortised cost</i>		
Cash and cash equivalents	1,342,793	620,049
Debtors and other receivables	368,810	456,802
Related parties receivables	34,411	-
Total financial assets at amortised cost	1,746,014	1,076,851
Financial Liabilities		
<i>Financial liabilities at amortised cost</i>		
Borrowings	2,700,000	2,700,000
Advances to related parties	-	2,945
Trade and other payables	369,274	388,116
Total financial liabilities at amortised cost	3,069,274	3,091,061

a) Financial risk management objectives

The company is party to financial instruments as part of its everyday operations. These include instruments such as bank balances, accounts receivable, accounts payable and term loans. The company has policies providing for risk management for interest rates and the concentration of credit.

b) Credit risk

Credit risk is the risk that a third party will default on its obligations to the company, causing the company to incur a loss. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the company's maximum exposure to credit risk, without taking account of the value of any collateral obtained. The company manages this risk by depositing its cash and cash equivalents with high quality financial institutions and by carrying out credit checks on all new customers.

c) Foreign currency risk management

The company has no exposure to foreign currency risk as a result of transactions are all in New Zealand Dollars.

d) Market risk

Management considers the market risks faced by the company to be limited to those risks disclosed above credit risk, liquidity risk and interest risk.

e) Interest rate risk and management

The interest rate risk is the risk that the value of a financial instrument will fluctuate due to the changes in market interest rates. This could particularly impact on the cost of borrowings; however, the company borrowings are on a fixed rate.

f) Liquidity risk

Liquidity risk represents the risk that the company may not be able to meet its financial contractual obligations. Ultimate responsibility for liquidity risk management rests with the Directors, who have built an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity requirements. The company manages liquidity risk by maintaining adequate reserves and banking facilities, and by continuously monitoring forecast and actual cash flows.

All current payables are paid within 6-month timeframe.

19. Key management personnel

Key management personnel consist of the Chief Executive and Board members.

Senior Management Remuneration	2025	2024
Salary and other short term benefits	189,324	182,287
Post -employment benefits	5,680	5,469
Total key management personnel costs	195,004	187,756
Full-time equivalent members	1	1

Remuneration of Board Members	2025	2024
P Steel (New Chair, from 1 July 2021)	20,119	20,066
P Bell (appointed 26 March 2021)	13,412	15,925
R Wells (appointed 26 March 2021)	13,376	13,376
T Lewis (appointed November 2022)	14,960	14,960
Total remuneration	61,868	64,327
Number of Board members	4	4

Due to the difficulty in determining the full-time equivalent for Board members, the full-time equivalent figure is taken as the number of Board members.

20. Related Party Disclosures

Related party disclosures have been made for transactions with related parties:

	2025	2024
Payment of support costs to Hutt City Council	124,772	121,502
Payment of dividend to Hutt City Council	100,000	200,000
Payment of lease to Hutt City Council	127,319	123,600
Payment of interest to Hutt City Council	170,910	171,378
Urban Plus Development Limited via tax losses offset	378,388	86,664

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Payables (purchase of goods and services)	2025	2024
Current payables		
Hutt City Council	-	2,945
Non current payables		
Borrowings from Hutt City Council	2,700,000	2,700,000
Current receivables		
Hutt City Council	34,411	-

The company is 100% owned by the Hutt City Council.

For detailed information on related party transactions with key management personnel, please refer to note 19.

21. Capital Commitments

Capital Commitments

As at 30 June 2025 the Company had no capital commitments. (2024: \$Nil).

22. Operating Leases

Operating Leases as Lessor

Accounting Policy

Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease revenue from operating leases is recognised as revenue on a straight-line basis over the lease term.

Finance Leases

The Company has not entered any finance leases.

The units within the Wellington Marine Centre are leased under operating leases. Most leases have a non-cancellable term of 36 months, some with rights of renewal. The future aggregate minimum lease payments to be collected under non-cancellable leases are as follows:

	2025	2024
Not later than one year	298,220	271,083
Later than one year and not later than five years	364,698	794,663
Later than five years	-	764,023
Total non-cancellable operating leases	662,918	1,829,769

23. Contingencies

Contingent Assets

As at 30 June 2025 the Company had no contingent assets (2024: \$Nil).

Contingent Liabilities

As at 30 June 2025 the Company had no contingent liabilities (2024: \$Nil).

24. Explanation of Major Variances Against Budget

The Company achieved a surplus before tax of \$399k for the year ended 30 June 2025 (2024: \$177k), \$188k ahead of budget.

Operating Revenue

Total revenue of \$3.7M was below budget by \$123k, but \$341k ahead of last financial year. The unfavourable variance is primarily driven by lower-than-expected tenancy revenue of 192k offset by higher than planned live aboard, ramp and interest revenue.

Operating Expenses

Total expenses of \$3.3M were below budget by \$312k, and \$119k ahead of last financial year. Employee expenses were below budget by 255k due to vacancies in the Hardstand Cadet and Health and Safety role, and interest expense below budget by \$79k due to the delay in breakwater purchase.

Statement of Financial Position

Cash and cash equivalents were higher than planned due to a planned refurbishment of piers being deferred until 2025/26 financial year

Debtors and other receivables were lower than expected due to increased efforts in debt recovery.

Prepayments were higher than expected due to the change in renewal dates being brought forward for the company's insurance policies from 1 July to 1 April annually.

Property, Plant and Equipment was lower than expected due to the delay in the breakwater purchase and pier refurbishment but were partially offset by the revaluation increase in the 23/24 year.

Payables and deferred revenue were lower than expected because the insurance payment was prepaid.

Deferred Tax Liability has increased from budget and prior year due to a change in tax legislation around the deductibility of depreciation on buildings.

Borrowings were lower than expected due to the delay in the breakwater purchase and pier refurbishment into the 2025/26 year therefore the additional funding was not drawn down.

Revaluation reserve has increased compared to the budget due to the gain from last year's property revaluation.

Statement of Cash Flows

The Company has continued to maintain a positive cash flow. Operating activities are positive and comparable with prior years. Investing activities were lower than planned due to the delay in the breakwater purchase and pier refurbishment. They have been deferred to the 2025/26 financial year, the budgeted borrowing was not required.

25. Events After Balance Date

There have been no significant events after balance date (2024: No significant event after balance date).

Disclosures

Directors' changes during the year ended 30 June 2025

There have been no changes.

Directors' interests

Director	Entity	Position
Peter Steel	Thorndon Residents Association	Member
Tui Lewis	E Tū Awakairangi Hutt Public Art Trust	Trustee
	Torere Paerata Trust	Trustee
	Puhi & Reen Davis Whanau Trust	Trustee
	Rotary Club of Petone	Member
	Hutt Multicultural Council	Member
	Petone Community Patrol	Member
	CPR Ltd	Director
Pamela Bell	Hutt City Council	Councillor
	Urban Plus Ltd & Group	Chair
	NZ Construction Industry Council	Chair Board Advisor
	Tuhura ConCOVE East	Chief Executive
	Abodo Wood Limited	Trustee
	Bell Family Trust	Trustee

	Family Trust NZ Building Institute Project Bellbird Limited	Board member Innovation Consultant
Richard Wells	Bay of Many Coves Ratepayers & Residents Association Formway Furniture Limited Noho Limited	Chair Director Independent Director

Director appointment dates

The date of each Director's first appointment to the position of Director is provided below.

Director	Appointment date
Peter Steel	1 July 2021
Tui Lewis	November 2022
Pamela Bell	26 March 2021
Richard Wells	16 March 2021

Company information

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Directors

Peter Steel
Tui Lewis
Pamela Bell
Rick Wells

Chief Executive

Tim Lidgard

Auditor

Audit New Zealand

Banker

Westpac New Zealand Limited

Solicitor

Thomas Dewar Sziranyi Letts