

LGFA UPDATE FOR WESTLAND DISTRICT COUNCIL



LGFA - A WELL ESTABLISHED MODEL

- ❑ Local Government Funding Agencies have proven track records around the world.
- ❑ Bringing together local councils to pool their funding in the capital markets has been particularly successful in various European countries.
- ❑ 120 years of history in Western Europe.
- ❑ Agence France Locale was created October 2013.
- ❑ The English Local Government Association is now in the process of forming a Municipal Bond Agency.
- ❑ Japan Finance Organization for Municipalities was originally established in 1957 and since 2008 objective to provide long-term and low-interest rate loans exclusively to Japanese local governments.
- ❑ Local Government Funding Vehicle established in Victoria, Australia in November 2014



Source: LGFA

LGFA OVERVIEW

SHAREHOLDERS

- ❑ Central Government largest shareholder at 20%
- ❑ 30 councils hold 80% shareholding
- ❑ Can only sell shares to Central Government or local authorities (“councils”)

GOVERNANCE

- ❑ Board of six directors with 5 Independent and 1 Non Independent
- ❑ Bonds listed on NZX so under listing rules
- ❑ Independent Trustee
- ❑ Issue of securities under the Financial Markets Conduct Act
- ❑ Audited by Audit NZ

GUARANTORS

- ❑ 54 guarantors of LGFA
- ❑ Guarantors comprise:
 - All shareholders except the NZ Government
 - Any non shareholder who may borrow more than NZ\$20 million
- ❑ Security granted by each of the guarantors is over their rates income (property taxes)
- ❑ Guarantors cannot exit guarantee until
 - Repaid all their borrowings
 - Wait for longest outstanding LGFA bond to mature (currently 2033)

LIQUIDITY

- ❑ NZ\$1 billion standby facility from NZ Government
- ❑ NZ\$650 million liquid assets portfolio
- ❑ NZ\$450 million of Treasury Stock for repo

BORROWERS

- ❑ 68 member councils
- ❑ Approx. 92% market share
- ❑ Under Local Government Act 2002 councils must manage finances prudently – implies must run balanced operating surplus and only borrow for capital expenditure
- ❑ Councils borrow secured against rates
- ❑ Must meet LGFA financial covenants

CAPITAL STRUCTURE

- ❑ NZ\$25 million paid in capital
- ❑ NZ\$20 million uncalled capital
- ❑ NZ\$54 million retained earnings
- ❑ NZ\$155 million Borrower Notes that can be converted to equity
- ❑ Current capital ratio of 2.20% with policy of 2% minimum and target of 3%

As at 24 February 2020

Source: LGFA

❑ Fitch Ratings - November 2019

Local Currency AA+ / Stable / F1+

Foreign currency rating AA / Stable / F1+

Fitch notes:

- strong links to the sovereign – classified as a credit linked Public Sector Entity;
- deemed to be of strategic importance;
- sound underlying asset quality of its shareholders, local councils;
- long-term rating is capped by the ratings of the sovereign;
- support of a joint and several liability guarantee.

❑ S&P Global Rating's – February 2019

Local Currency AA+ / Positive / A-1+

Foreign Currency AA / Positive / A-1+

Both long-term ratings placed on “positive outlook” on 4th February 2019

Strengths:

- dominant market position as a lender to New Zealand local government;
- high credit quality of underlying lending;
- extremely strong likelihood of support from the New Zealand Government in a stress scenario;
- robust and experienced management and governance.

Weaknesses:

- highly concentrated loan portfolio;
- modest risk adjusted capital ratio;
- reliance upon domestic market funding.

Source: S&P, Fitch, LGFA

LGFA BOND ISSUANCE – FUNDING STRATEGY

Issuance Strategy

- Match NZ Government Bond where possible
 - Maturities, Tenders, AIL paid on behalf of offshore holders
- Recent issuance of non NZGB maturity (April 2022)
- Recent move to syndication of April 2024 and April 2029
- Liquidity important – objective of NZ\$1 billion plus series and soft cap of \$1.5 billion per series
- NZD issuance only to date
- All LGFA bonds listed on NZX
- Objective to target tender issuance every five weeks of NZ\$125 million to NZ\$175 million in size and at least three maturities tendered

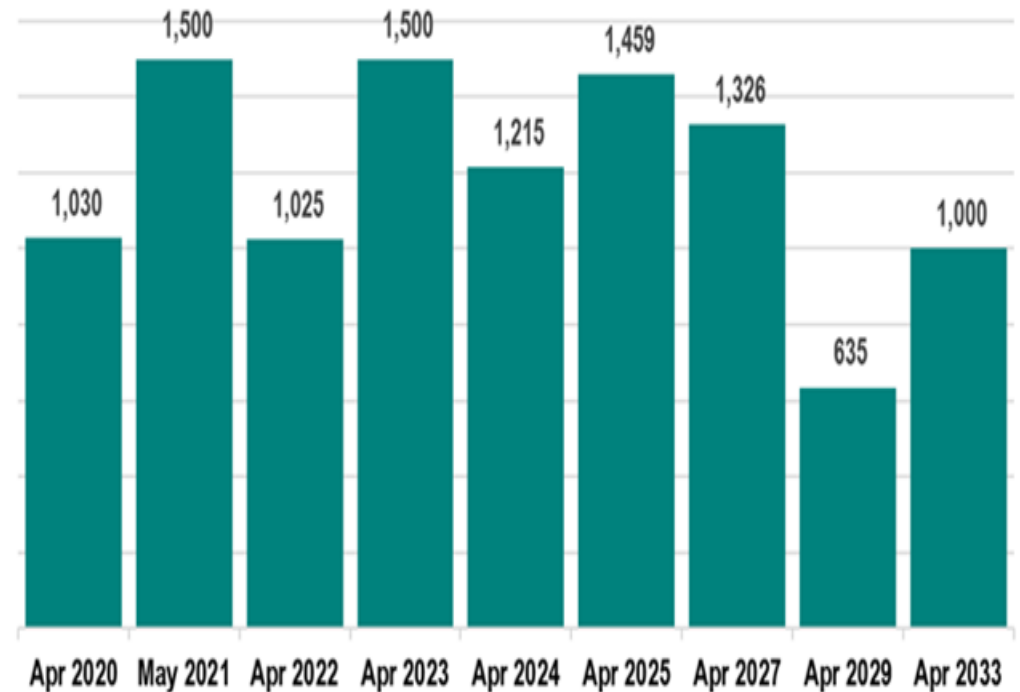
SOI Forecast	Projected Gross Issuance	Projected Net Issuance
2019-20	NZ\$1.64 billion	NZ\$660 million
2020-21	NZ\$1.65 billion	NZ\$200 million
2021-22	NZ\$1.35 billion	NZ\$190 million

Based on assumed council long-term borrowing of NZ\$1.08 billion in 2019-20 year, \$1.72 billion in 2020-21 year and \$1.22 billion in 2021-22 year.

LGFA bonds on issue (NZ\$ million)

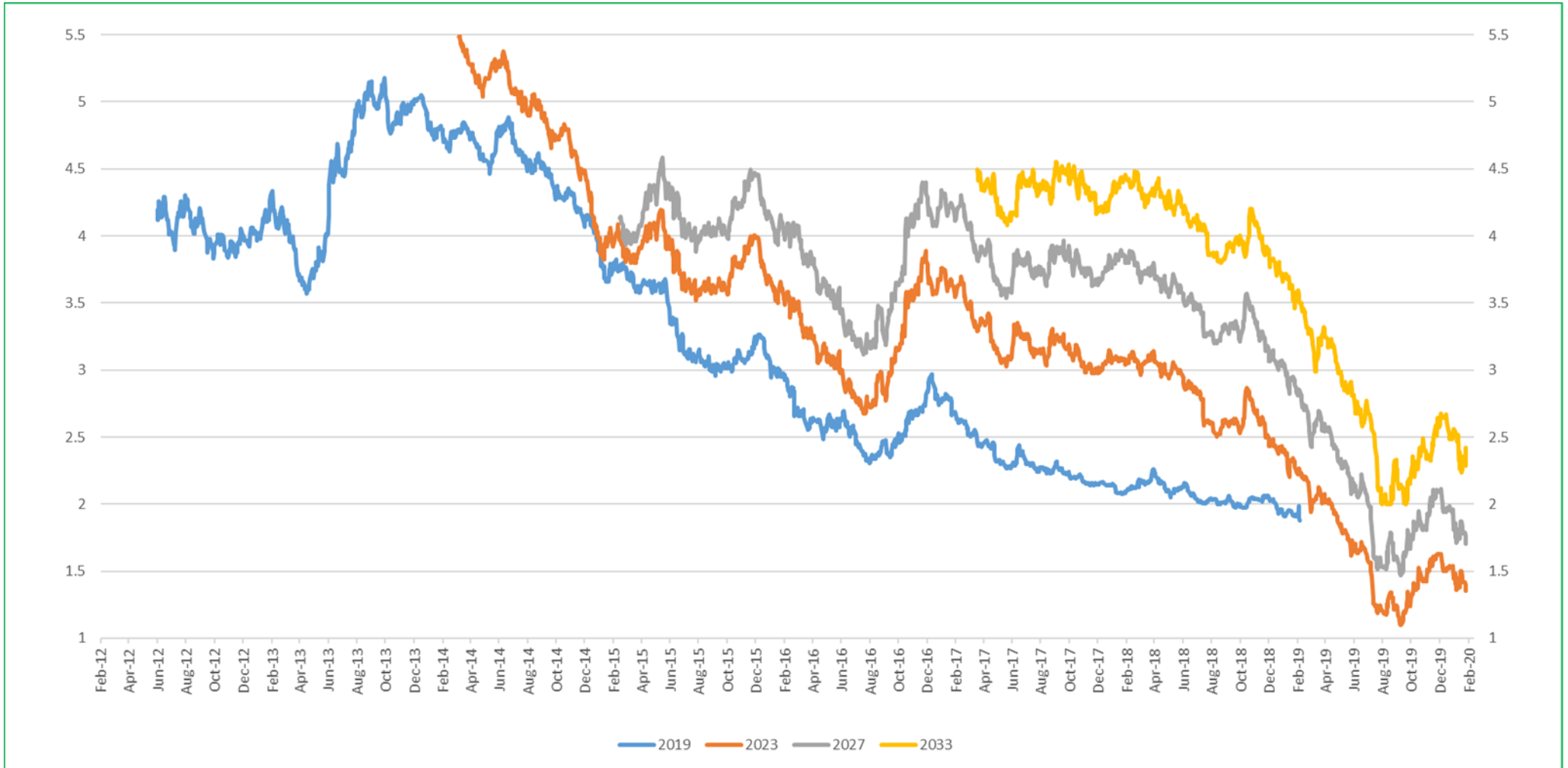
As at 10 February 2020: NZ\$ 10,690 million

Includes NZ\$450 million treasury stock



Source: LGFA and LGFA SOI 2019-20 available at www.lgfa.co.nz/for-investors/annual-reports-and-statement-of-intent

LGFA BOND YIELDS – 2019s, 2023s, 2027s, 2033s

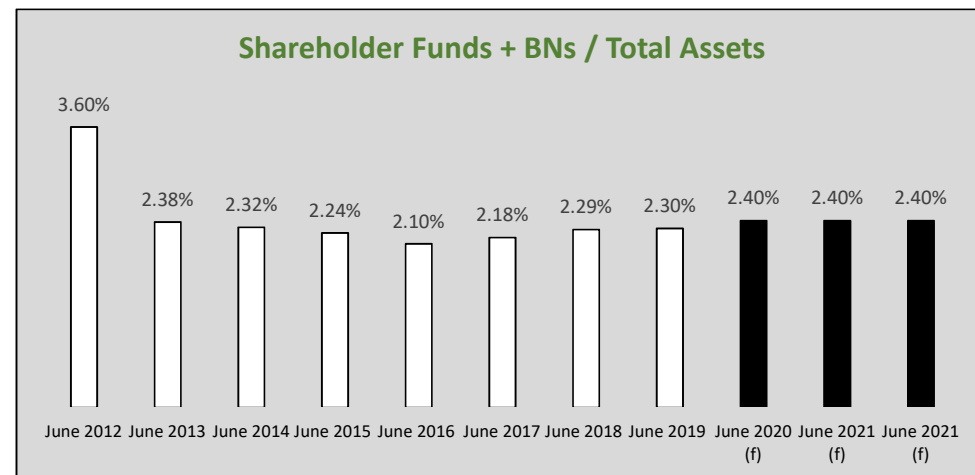
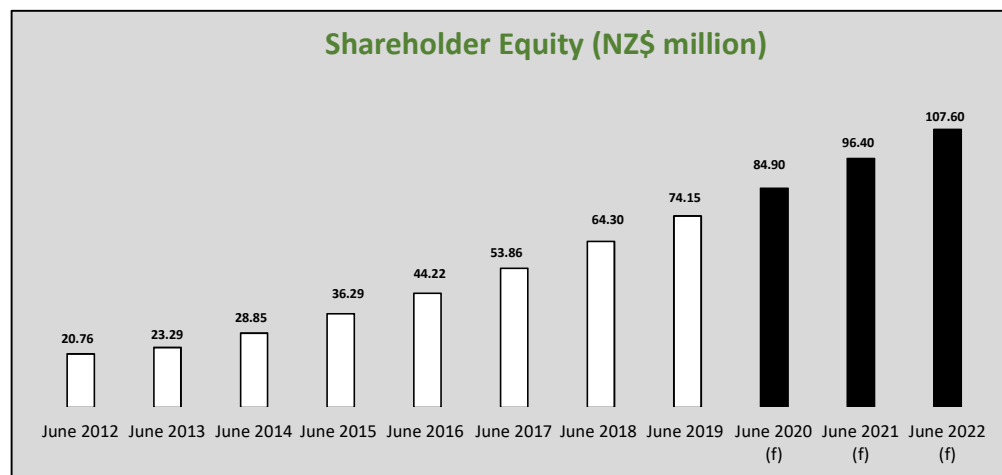
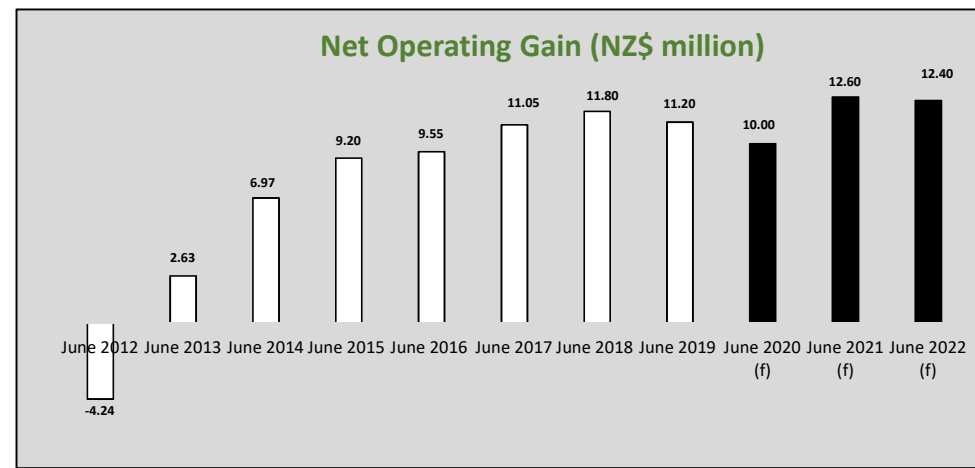
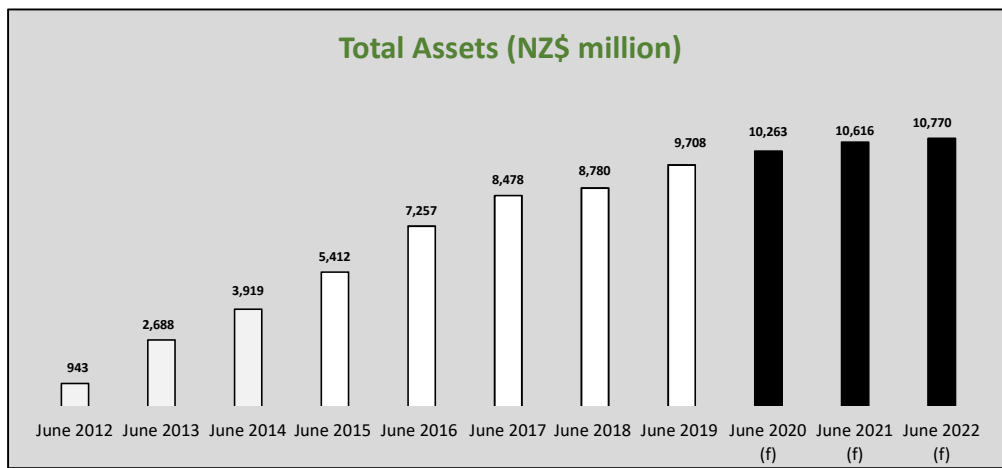


LGFA INVESTOR HOLDINGS OVER TIME (NZ\$ AMOUNTS)



Source: LGFA

HISTORIC & FORECAST FINANCIAL PERFORMANCE

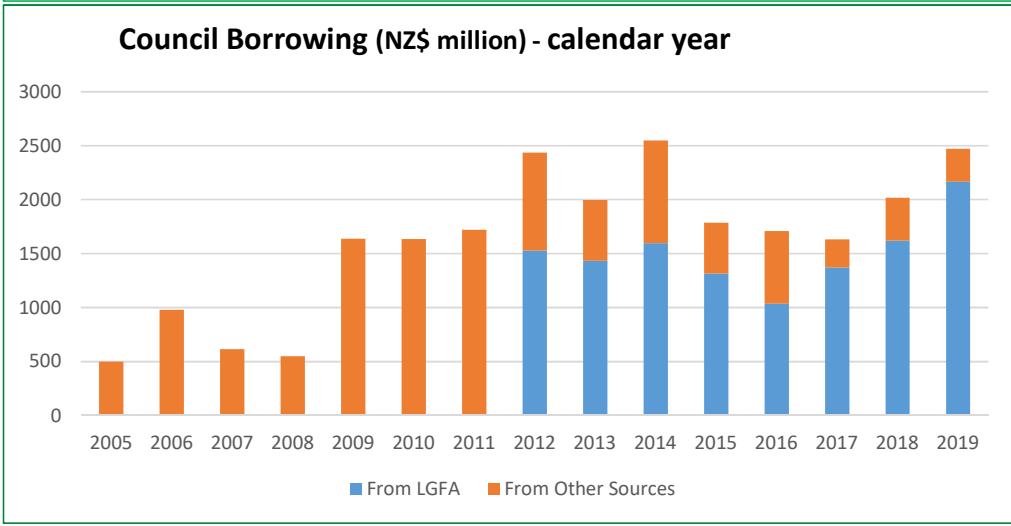
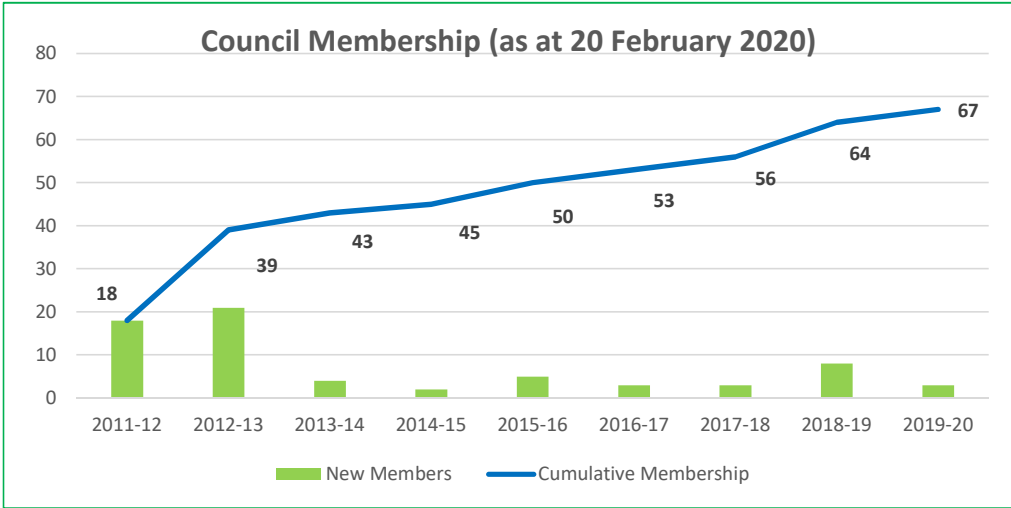


Forecast performance based upon assumptions outlined in LGFA SOI 2019-20 available at www.lgfa.co.nz/for-investors/annual-reports-and-statement-of-intent

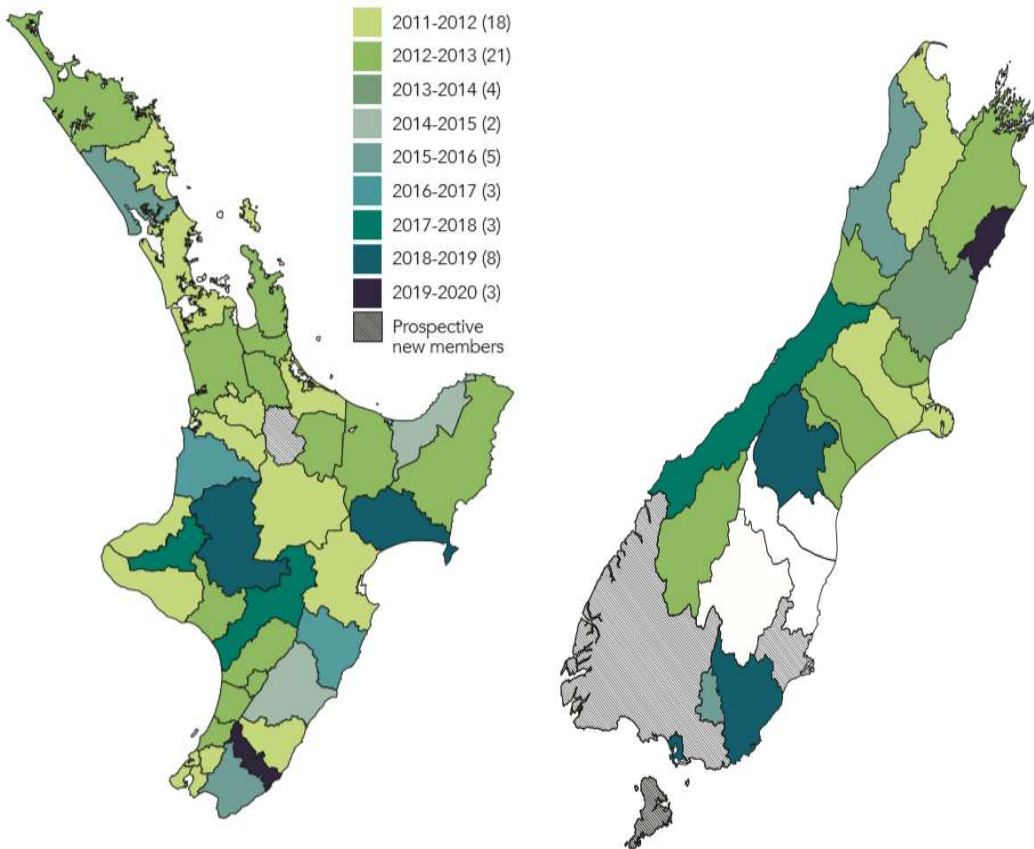
Note: Based upon nominal values

Source: LGFA Annual Reports and SOI

DOMINANT LENDER TO SECTOR AND SYSTEMICALLY IMPORTANT



LGFA member councils highlighted with year of joining



Note there are 10 councils not currently members of LGFA. Some of these (notably Regional Councils) may overlap on this map.

Source: LGFA, PwC Quarterly Local Government Debt Report 9

LGFA MARKET SHARE OF COUNCIL LENDING

LGFA Market Share – rolling one year average



LGFA MEMBERS CONTINUED (As at 3 February 2020)



Shareholders	Total Shares (NZ\$)	Shareholding (%)	Amount borrowed (NZ\$ million)	Borrowing (%)	Share Guarantee (%)
New Zealand Government	5,000,000	11.10%			
Auckland Council	3,731,960	8.30%	2,457.0	24.1	31.9
Christchurch City Council	3,731,960	8.30%	1,912.6	18.8	8.6
Hamilton City Council	3,731,960	8.30%	385.0	3.8	3.0
Bay of Plenty Regional Council	3,731,958	8.30%	191.7	1.9	0.7
Greater Wellington Regional Council	3,731,958	8.30%	400.0	3.9	2.9
Tasman District Council	3,731,958	8.30%	177.9	1.7	1.3
Tauranga City Council	3,731,958	8.30%	560.0	5.5	2.9
Wellington City Council	3,731,958	8.30%	584.5	5.7	5.5
Western Bay of Plenty District Council	3,731,958	8.30%	90.0	0.9	1.2
Whangarei District Council	1,492,784	3.30%	142.0	1.4	1.7
Hastings District Council	746,392	1.70%	149.0	1.5	1.4
Marlborough District Council	400,000	0.90%	100.9	1.0	1.2
Selwyn District Council	373,196	0.80%	15.0	0.1	1.0
Gisborne District Council	200,000	0.40%	58.6	0.6	1.1
Hauraki District Council	200,000	0.40%	43.0	0.4	0.5
Horowhenua District Council	200,000	0.40%	110.1	1.1	0.7
Hutt City Council	200,000	0.40%	186.0	1.8	2.0
Kapiti Coast District Council	200,000	0.40%	222.0	2.2	1.1
Manawatu District Council	200,000	0.40%	69.0	0.7	0.6
Masterton District Council	200,000	0.40%	55.0	0.5	0.5
New Plymouth District Council	200,000	0.40%	114.5	1.1	1.6
Otorohanga District Council	200,000	0.40%	3.0	0.0	0.2
Palmerston North City Council	200,000	0.40%	127.0	1.2	1.7
South Taranaki District Council	200,000	0.40%	105.0	1.0	0.7
Taupo District Council	200,000	0.40%	115.0	1.1	1.2
Thames-Coromandel District Council	200,000	0.40%	56.0	0.6	1.2
Waimakariri District Council	200,000	0.40%	145.1	1.4	1.0
Waipa District Council	200,000	0.40%	82.2	0.8	1.1
Whanganui District Council	200,000	0.40%	86.0	0.8	1.1
Whakatane District Council	200,000	0.40%	62.0	0.6	0.8
Total	45,000,000		8,805.3	86.5	80.3

LGFA MEMBERS (As at 3 February 2020)



Borrowers and Guarantors	Amount borrowed (NZ\$ million)	Borrowing (%)	Share of Guarantee (%)
Ashburton District Council	42.1	0.4	0.6
Canterbury Regional Council	54.0	0.5	1.8
Far North District Council	76.7	0.8	1.6
Gore District Council	19.0	0.2	0.3
Hawkes Bay Regional Council	2.5	0.0	0.4
Hurunui District Council	37.0	0.4	0.3
Horizons Regional Council	37.0	0.4	0.8
Invercargill City Council	67.7	0.7	0.9
Kaipara District Council	44.0	0.4	0.7
Matamata-Piako District Council	21.5	0.2	0.6
Nelson City Council	65.0	0.6	1.3
Porirua City Council	121.5	1.2	1.1
Queenstown Lakes District Council	115.1	1.1	1.2
Rotorua District Council	196.5	1.9	1.6
Ruapehu District Council	19.0	0.2	0.4
Tararua District Council	29.0	0.3	0.4
Taranaki Regional Council	4.0	0.0	0.2
Timaru District Council	79.5	0.8	0.9
South Wairarapa District Council	19.9	0.2	0.3
Upper Hutt City Council	49.0	0.5	0.7
Waikato District Council	85.0	0.8	1.4
Waikato Regional Council	22.0	0.2	1.6
Waitomo District Council	38.1	0.4	0.4
Total	1245.3	12.2	19.7

LGFA MEMBERS (As at 3 February 2020)

Borrowers Only			
Buller District Council	20.0	0.2	
Central Hawkes Bay District Council	16.0	0.2	
Clutha District Council	5.0	0.0	
Grey District Council	20.0	0.2	
Northland Regional Council	9.6	0.1	
Mackenzie District Council	0.0	0.0	
Opotiki District Council	7.0	0.1	
Rangitikei District Council	3.0	0.0	
Stratford District Council	14.5	0.1	
Wairoa District Council	9.0	0.1	
Westland District Council	18.6	0.2	
West Coast Regional Council	7.6	0.1	
Total	130.3	1.3	
Total Borrowing from LGFA	10,180.9	100.0	

2018-2019 LENDING ACTIVITY

Long Term Lending over 2018-19:

- 59 councils borrowed long term
- 236 individual term loans
- Bespoke maturity loans
 - 53% by number of trades
 - 55% by Value of trades
- Average borrowing term of 6 years

Long Term Lending by Quarter 2018-19

September Quarter	\$508,500,000
December Quarter	\$541,500,000
March Quarter	\$778,916,000
June Quarter	\$617,400,000
	<hr/>
	\$2,446,316,000

Short Term Lending as at 30 June 2019:

- 29 councils had short term borrowings outstanding
- \$359.7 million market value of loans outstanding

Council Long Term Borrowing from LGFA 2018-19

Auckland Council	\$675,000,000	Hauraki District	\$11,000,000
Christchurch City	\$429,500,000	Hurunui District	\$11,000,000
Wellington City	\$152,000,000	Gisborne District	\$10,500,000
Greater Wellington Regional	\$120,000,000	Upper Hutt City	\$10,500,000
Tauranga City	\$120,000,000	Nelson City	\$10,000,000
Rotorua District	\$63,000,000	Selwyn District	\$10,000,000
Hamilton City	\$55,000,000	Waikato District	\$10,000,000
Bay of Plenty Regional	\$50,500,000	Waitomo District	\$10,000,000
Hastings District	\$50,500,000	Western Bay of Plenty District	\$10,000,000
Tasman District	\$42,000,000	Wanganui District	\$9,000,000
Hutt City	\$41,000,000	Whangarei District	\$9,000,000
New Plymouth District	\$40,000,000	Masterton District	\$8,000,000
Palmerston North City	\$37,000,000	Taranua District	\$8,000,000
Kapiti Coast District	\$35,000,000	Waipa District	\$8,000,000
Invercargill City	\$30,000,000	Sth Wairarapa District	\$6,400,000
Queenstown Lakes District	\$30,000,000	Kaipara District	\$6,000,000
Waimakariri District	\$30,000,000	West Coast Regional	\$5,600,000
South Taranaki District	\$28,000,000	Buller District	\$5,000,000
Horizons Regional	\$25,000,000	Clutha District	\$5,000,000
Horowhenua District	\$25,000,000	Gore District	\$5,000,000
Porirua City	\$25,000,000	Westland District	\$4,300,000
Waikato Regional	\$22,000,000	Wairoa District	\$3,500,000
Thames Coromandel District	\$21,000,000	Rangitikei District	\$3,000,000
Taupo District	\$20,000,000	Hawkes Bay Regional	\$2,500,000
Whakatane District	\$18,000,000	Matamata-Piako District	\$2,500,000
Manawatu District	\$17,500,000	Ashburton District	\$2,000,000
Timaru District	\$15,000,000	Canterbury Regional	\$2,000,000
Marlborough District	\$14,000,000	Opotiki District	\$1,500,000
Ruapehu District	\$13,000,000	Northland Regional	\$1,016,000
Stratford District	\$12,000,000		

Source: LGFA

COUNCIL FINANCIAL DISTRESS - MITIGANTS

- Local Government Framework reduces risk of financial distress – no historical default by a council
- Council have own Treasury Management and borrowing policies – most have independent advice
- Council financial oversight by Office of Auditor General (OAG), Audit NZ and Department of Internal Affairs
- Councils under Local Government (Financial Reporting and Prudence) Regulations 2014 Act required to report annually on performance against six benchmarks



Six step intervention process possible by Central Government



- Council required to comply with LGFA lending covenants
 - Annual attestation by council
 - LGFA credit watch-list in place
 - LGFA credit analysis and monitoring performed through the year
 - LGFA not required to lend to participating councils
- Covenant breach is an Event of Review – after 30 days LGFA can seek repayment of loans

COUNCIL FINANCIAL DISTRESS – LGFA IMPACT

- 29 LGFA member councils have credit ratings (A+ to AA+ range) as at February 2020
- LGFA undertakes detailed credit analysis of each council if they apply to join LGFA (and ongoing) - not every council has been accepted as a member
- A council default becomes a timing issue for LGFA
 - LGFA lends secured against rates revenue under Debenture Trust Deed
 - Unlikely to be other claimants on rates revenue given LGFA is the dominant lender to councils
 - Trustee appoints receiver and a special rate (property tax) levied on all properties in the council region to meet obligations (interest + principal) when due
 - Property taxes unavoidable and first ranking security over property
 - If council in financial difficulty you would expect some degree of Central Government intervention
- Sources of LGFA liquidity and additional capital
 - \$1 billion standby facility from NZ Government
 - \$650 million Liquid Assets Portfolio
 - Issuance of additional LGFA Bills and Bonds
 - Conversion of \$166 million Borrower Notes
 - \$79 million equity as at December 2019
 - Uncalled capital of \$20 million
- LGFA Board can call upon the guarantee from councils
- **Central Government does not guarantee obligations of either LGFA or council members**

- Councils are guaranteeing the financial obligations of LGFA (not the debt of other councils)
- The guarantee is proportionate based on a council's rate income
- As at June 2019 Westland's share of the guarantee would have been 0.25%
- That means for every \$100 million of new capital called, Westland's share would be around \$250,000
- LGFA's existing equity, including uncalled equity and borrower notes is \$265 million

- Key Benefits for Westland District Council
 - Westland would be able to borrow more than \$20 million from LGFA
 - Based on 2019 revenue LGFA would currently lend Westland \$47.0 million (or \$67.1 million if it obtained an external credit rating)
 - Westland's interest rate margin would decrease by 0.1% - on \$18.6 million of debt this represents an annual saving of \$18,600
 - Bank debt is likely to cost considerably more than LGFA debt. An extra 1% in interest rate costs on \$10 million would cost \$100,000 a year

S&P FRAMEWORK

- ❑ New Zealand councils are viewed as having one of the strongest institutional frameworks of any country
- ❑ New Zealand councils are in “Group 1” on a scale of 1 to 6

Institutional Framework Assessments					
Group 1 (extremely predictable and supportive)	Group 2 (very predictable and well balanced)	Group 3 (evolving but balanced)	Group 4 (evolving and unbalanced)	Group 5 (volatile and unbalanced)	Group 6 (very volatile and underfunded)
Australian states	Austrian states	Chinese Tier 1 LRGs	Bulgarian municipalities	Brazilian states and municipalities	Argentinean provinces and municipalities
Danish regions and municipalities	Belgian regions and communities	Czech municipalities	Chinese Tier 2 LRGs	Chinese Tier 3 LRGs	Ukrainian regions
Finnish municipalities	Canadian provinces, municipalities, and territories	French departments and their syndicates	Colombian states and municipalities, and districts	Croatian municipalities	Uzbekistani regions
German states	French regions, cities, intercities and their syndicates	German municipalities in the state of North-Rhine Westphalia	Indian states	Macedonian municipalities	
New Zealand municipalities	Japanese prefectures and cities	Israeli municipalities and municipal associations for sewage activity	Italian metropolitan cities	Mexican municipalities	
Norwegian municipalities	Swiss municipalities in Cantons of Geneva and Vaud	Italian special status regions, normal status regions, and municipalities	Mexican states	Russian regions and municipalities	
Swedish municipalities and counties	U.K. municipalities	Korean municipalities			
Swiss cantons	U.S. states	Latvian municipalities			
		Malaysian states			
		Polish municipalities			
		Spanish special status regions and provinces, normal status regions, and municipalities			

NEW ZEALAND COUNCILS WITH CREDIT RATINGS

Council	S&P	Fitch	Moody's
Invercargill City Council		AA+	
Selwyn District Council		AA+	
Auckland Council	AA		Aa2
Bay of Plenty Regional Council	AA		
Dunedin City Council	AA		
Greater Wellington Regional Council	AA Positive		
Hastings District Council	AA		
Hutt City Council	AA		
Kapiti Coast District Council	AA		
Marlborough District Council	AA Positive		
Nelson City Council	AA		
New Plymouth District Council	AA Positive		
Palmerston North City Council	AA Positive		
Porirua City Council	AA		
Tasman District Council	AA		
Taupo District Council	AA Positive		
Waimakariri District Council	AA		
Wellington City Council	AA Positive		
Western Bay of Plenty District Council	AA Positive		
Whanganui District Council	AA		
Whangarei District Council	AA Positive		
Hamilton City Council		AA-	
Christchurch City Council	AA-		
Queenstown Lakes District Council		AA-	
Rotorua District Council		AA-	
South Taranaki District Council	AA- Positive		
Tauranga City Council	AA-		
Timaru District Council		AA-	
Waipa District Council		AA-	
Horowhenua District Council	A+		

30 councils in New Zealand have credit ratings
– 29 are members of LGFA

Over the past five years

- Nelson and Tauranga City Councils and Kapiti Coast, South Taranaki, Tasman, Taupo, Western Bay of Plenty (twice), Whanganui and Whangarei District Councils were upgraded
- No council ratings were downgraded

Nine councils with “AA” credit rating placed on positive outlook in 2019

As at 24 February 2020

Source: S&P, Fitch, Moody's, LGFA

WHAT IS THE CREDIT QUALITY OF THE LENDING BOOK ?

- 89.4% of LGFA loans to councils with credit ratings
- 88.3% of LGFA loans to AA- rated councils or better
- Average credit quality is above AA-
- Improving trend in underlying credit quality of local government sector over the past five years
 - 9 councils on positive outlook = NZ\$1.8 billion (17.5% loan book)
 - No councils on negative outlook
- Not all councils have credit ratings due to cost of obtaining a rating vs benefits
 - Average total lending to unrated councils is NZ\$30 million per council
 - NZ\$50 million of debt is approximate breakeven for a borrower to obtain a credit rating
- LGFA undertakes detailed credit analysis of all member councils separate to the external credit rating process performed by S&P, Fitch and Moody's
- Unrated councils are assessed by LGFA as having in general, better credit quality than those councils with credit rating

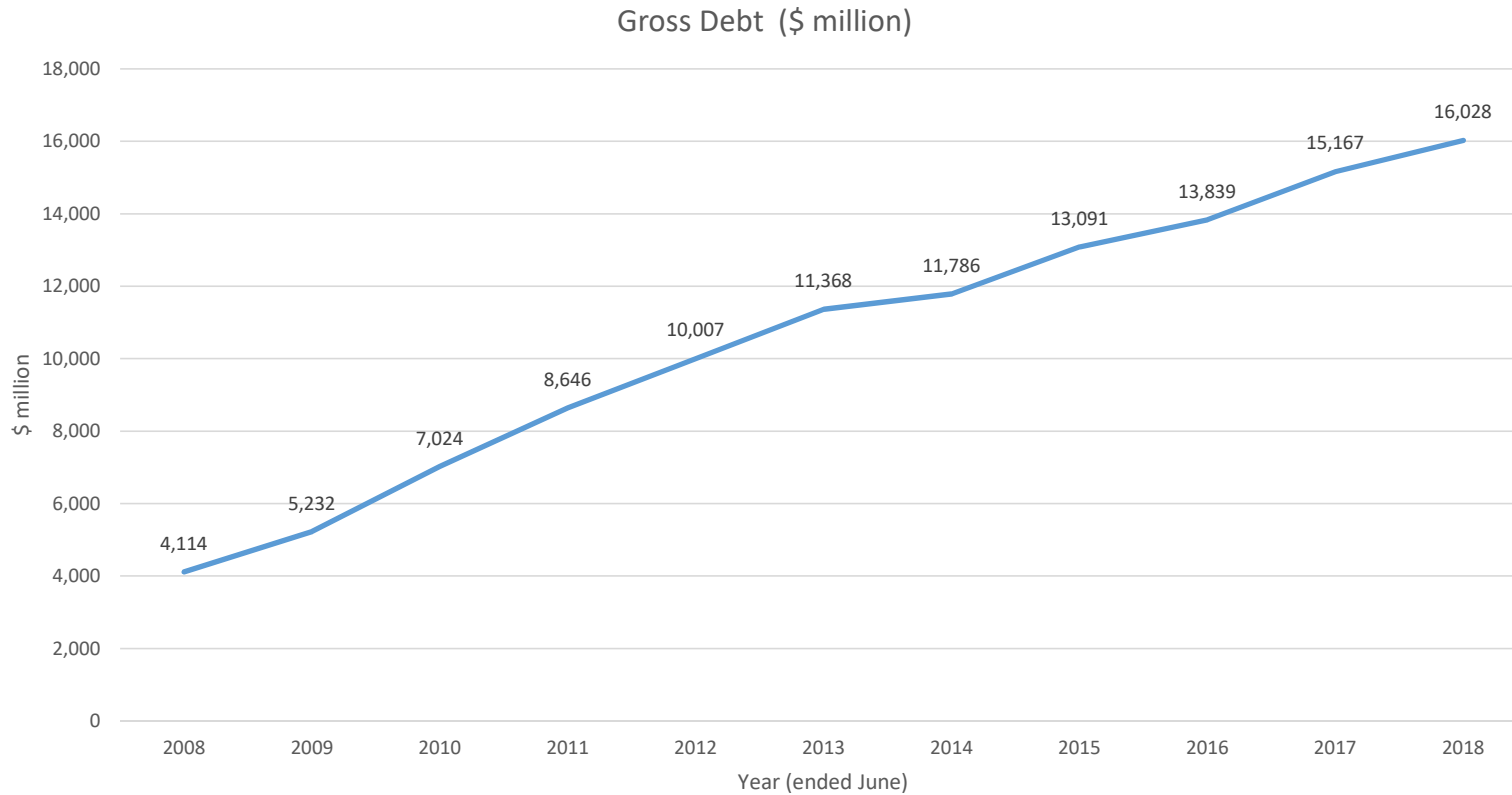
External Credit Rating (S&P, Fitch)	Lending (NZ\$ million)	Lending (%)	Number of Councils
AA+	\$83	0.8%	2
AA	\$5,475	53.8%	18
AA-	\$3,436	33.7%	8
A+	\$110	1.1%	1
Unrated	\$1,077	10.6%	36
Total	\$10,181	100%	65

As at 24 February 2020

Source: LGFA

Note: One member council has yet to borrow from LGFA (includes long and short term lending)

HISTORICAL COUNCIL GROSS DEBT



Note: Debt is at parent level except for Auckland Council which is at group level.
2015/25 LTP's forecast gross debt at June 2018 of \$17.4 billion (actual was \$1.4 billion lower).

CHANGE IN NET DEBT LEVELS

Group	2018 (\$ million)	2017 (\$ million)	2016 (\$ million)	2015 (\$ million)	2014 (\$ million)	Per Head Pop 2018 (\$)	Per Head Pop 2017 (\$)	Per Head Pop 2016 (\$)	Per Head Pop 2015 (\$)	Per Head Pop 2014 (\$)
All Councils	11,737	10,609	9,727	9,494	8,769	2,403	2,213	2,072	2,066	1,944
Rural	131	131	157	168	169	413	422	512	552	562
Provincial	949	868	847	965	1,074	708	660	657	761	860
Metro (excl Auckland)	2,410	2,157	1,904	2,054	1,926	1,806	1,646	1,480	1,627	1,549
Regional	-95	-232	-282	-422	-421	-32	-79	-98	-149	-151
Unitary	285	255	234	251	248	1,426	1,293	1,206	1,308	1,301
Auckland Council	8,059	7,424	6,866	6,478	5,773	4,752	4,480	4,254	4,127	3,781

Source: LGFA using data from individual council annual reports / Statistics NZ

LGFA FINANCIAL COVENANTS – MEMBER COUNCIL OUTCOMES FOR JUNE 2018 YEAR

LGFA Financial Covenants – member councils as at 30 June 2018 with an external credit rating (26)

Foundation Policy Covenant	Net Debt / Total Revenue <250%	Net Interest / Total Revenue <20%	Net Interest / Rates <30%
Range of councils compliance	-160.5% to 190.3%	-7.5% to 9.6%	-17.1% to 16.6%

LGFA Financial Covenants – member councils as at 30 June 2018 without an external credit rating (29)

Lending Policy Covenant	Net Debt / Total Revenue <175%	Net Interest / Total Revenue <20%	Net Interest / Rates <25%
Range of councils compliance	-52.8% to 127.4%	-1.5% to 5.4%	-3.1% to 8.6%

- Note some negative outcomes due to some councils having negative Net Debt i.e. financial assets and investments > borrowings
- LGFA councils operating within financial covenants
- Ranges highlights the differences between councils
- Sufficient financial headroom for most councils
- Improvement from 2014 for most councils
 - Revenue increased
 - Interest rates lower
 - Capex and debt restrained

Source: LGFA using data from individual council annual reports

PERFORMANCE UNDER LGFA COVENANTS

LGFA Member Councils with an external credit rating (29 in 2019, 26 in 2018, 23 in 2017, 22 in 2016, 20 in 2015 and 17 in both 2014 and 2013)

Financial Covenant	2019	2018	2017	2016	2015	2014	2013
Net Debt to Revenue	69.8%	76.0%	86.0%	87.9%	96.4%	104.7%	111.8%
Net Interest to Revenue	3.5%	4.0%	5.3%	6.1%	6.8%	6.6%	7.3%
Net Interest to Rates	5.5%	6.1%	8.1%	9.1%	10.0%	9.6%	11.1%

LGFA Member Unrated Councils (34 in 2019, 30 in 2018, 30 in 2017, 28 in 2016, 25 in 2015, 26 in 2014 and 21 in 2013)

Financial Covenant	2019	2018	2017	2016	2015	2014	2013
Net Debt to Revenue	30.0%	32.3%	29.9%	32.4%	38.2%	42.6%	52.5%
Net Interest to Revenue	1.7%	1.9%	1.8%	2.2%	2.4%	2.9%	3.2%
Net Interest to Rates	2.8%	2.9%	2.6%	2.9%	3.1%	4.0%	4.1%

WESTLAND DISTRICT COUNCIL COMPLIANCE WITH LGFA FINANCIAL COVENANTS



HISTORICAL COMPLIANCE

Measure	Limit	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net debt as a percentage of total revenue*	<175%	58.6%	67.5%	61.5%	66.5%	65.4%	55.3%	70.3%	66.9%	48.5%	28.0%
Net interest as a percentage of total revenue*	<20%	12.5%	3.2%	2.8%	3.6%	3.6%	3.4%	3.1%	3.3%	1.5%	0.6%
Net interest as a percentage of annual rates income	<25%	4.4%	4.8%	4.1%	5.7%	5.7%	7.4%	6.8%	6.8%	3.1%	1.1%
Liquidity	>110%	135.4%	157.3%	121.1%	116.1%	129.6%	128.0%	121.1%	121.1%	156.3%	148.0%

FORWARD LOOKING COMPLIANCE – BASED ON 2018-28 LTP

Covenant	Limit	Annual Plan	Long-term Plan 2018-2028									
		2019/20	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Net debt as a percentage of total revenue*	<175%	62.1%	60.9%	63.1%	56.1%	56.8%	51.9%	45.6%	30.7%	16.8%	3.2%	-10.2%
Net interest as a percentage of total revenue*	<20%	2.7%	0.2%	0.8%	0.9%	1.0%	1.3%	1.5%	1.5%	1.2%	0.9%	0.6%
Net interest as a percentage of annual rates income	<25%	4.0%	0.4%	1.1%	1.2%	1.4%	1.9%	2.1%	2.1%	1.7%	1.3%	0.9%
Liquidity	>110%	129.1%	166.4%	169.2%	177.2%	178.6%	182.8%	187.7%	200.1%	215.1%	231.2%	249.3%

2012-22, 2015-25, 2018-2028 LTP GROSS DEBT FORECASTS

NZ\$ millions

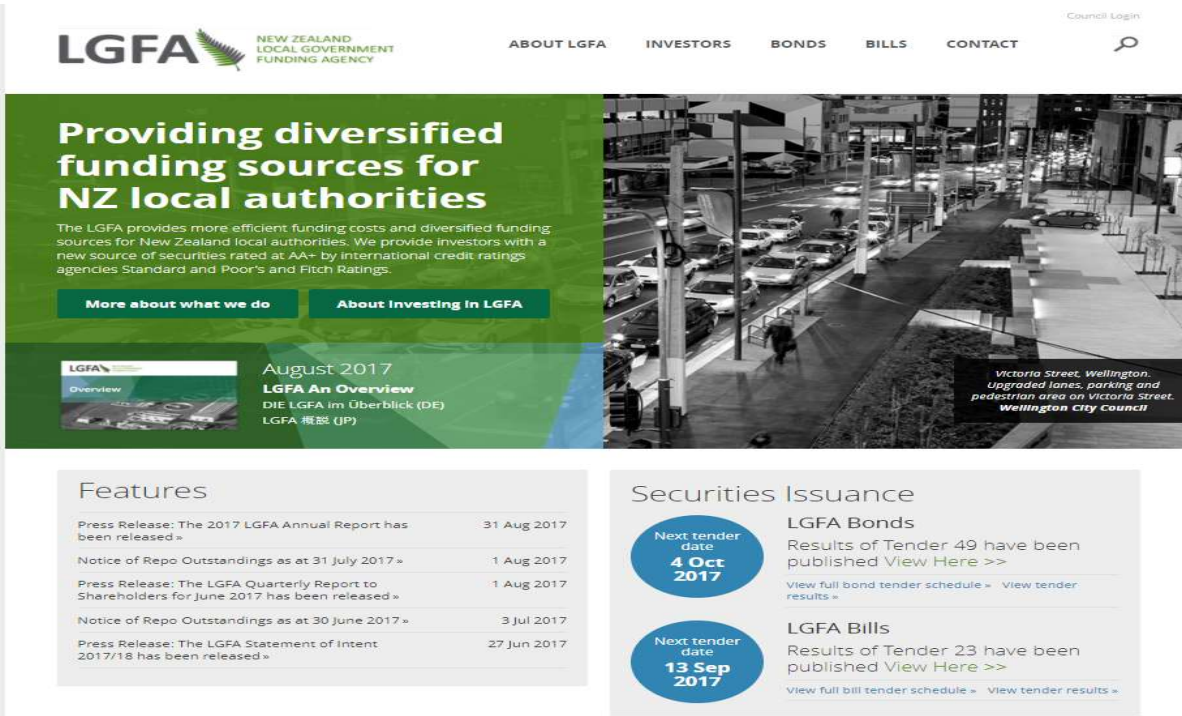
2012-22 LTP	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Gross Debt	10,073	11,755	13,584	14,967	15,659	16,641	17,499	18,266	19,240	19,653	20,135
% Change		16.7%	15.6%	10.2%	4.6%	6.3%	5.2%	4.4%	5.3%	2.2%	2.5%

2015-25 LTP	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Gross Debt	14,119	14,941	16,527	17,440	17,821	18,445	18,943	19,554	19,913	20,031	20,036
% Change		5.8%	10.6%	5.5%	2.2%	3.5%	2.7%	3.2%	1.8%	0.6%	0.0%

2018-28 LTP	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Gross Debt	16,073	17,667	19,767	21,837	23,199	24,250	24,869	25,433	25,851	25,879	25,870
% Change		9.9%	11.9%	10.5%	6.2%	4.5%	2.6%	2.3%	1.6%	0.1%	0.0%

Note: Kaikoura District Council only produced a 3 year plan (no debt added in for Kaikoura from 2022)

WEBSITE AND CONTACTS



The screenshot shows the LGFA website homepage. At the top, there is a navigation menu with links for ABOUT LGFA, INVESTORS, BONDS, BILLS, and CONTACT. A search icon is also present. The main banner features the headline "Providing diversified funding sources for NZ local authorities" and a sub-headline: "The LGFA provides more efficient funding costs and diversified funding sources for New Zealand local authorities. We provide investors with a new source of securities rated at AA- by international credit ratings agencies Standard and Poor's and Fitch Ratings." Below this are two buttons: "More about what we do" and "About Investing in LGFA". There are also links for "August 2017 LGFA An Overview" in various languages (Overview, DE, JP). A secondary banner shows a street scene with the text: "Victoria Street, Wellington. Upgraded lanes, parking and pedestrian area on Victoria Street. Wellington City Council".



Mark Butcher – Chief Executive
Tel: +64 (04) 974 6744
Email: mark.butcher@lgfa.co.nz



Andrew Michl – Manager, Credit & Client
Tel: +64 (04) 974 6743
Email: andrew.michl@lgfa.co.nz



Neil Bain – Chief Financial Officer
Tel: +64 (04) 974 6742
Email: neil.bain@lgfa.co.nz



Jane Phelan – Operations Manager
Tel: +64 (04) 974 6530
Email: lgfa@lgfa.co.nz

Features

Press Release: The 2017 LGFA Annual Report has been released »	31 Aug 2017
Notice of Repo Outstandings as at 31 July 2017 »	1 Aug 2017
Press Release: The LGFA Quarterly Report to Shareholders for June 2017 has been released »	1 Aug 2017
Notice of Repo Outstandings as at 30 June 2017 »	3 Jul 2017
Press Release: The LGFA Statement of Intent 2017/18 has been released »	27 Jun 2017

Securities Issuance

<p>Next tender date 4 Oct 2017</p>	<p>LGFA Bonds Results of Tender 49 have been published View Here >> View full bond tender schedule » View tender results »</p>
<p>Next tender date 13 Sep 2017</p>	<p>LGFA Bills Results of Tender 23 have been published View Here >> View full bill tender schedule » View tender results »</p>

Website: www.lgfa.co.nz

Bloomberg Ticker: NZLGFA

Bloomberg : LGFA

Postal Address

P.O. Box 5704
Lambton Quay
Wellington 6145

Street Address Wellington

Level 8
142 Featherston Street
Wellington 6011

Street Address Auckland

Level 5
53 Fort Street
Auckland