Smart Finance Committee

10 September 2026

Report for Agenda Item | Rīpoata moto e Rāraki take [1]

Department: **Assurance, Finance & Risk**

Title | Taitara: **Local Government Funding Agency (LGFA) 2026-2029 Statement of Intent**

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to present the Smart Finance Committee with the Local Government Funding Agency (LGFA) 2026-2029 Statement of Intent.

Recommendation | Kā Tūtohuka

That the Smart Finance Committee:

1. **Note** the contents of this report.

Prepared by:	**Reviewed by:**	**Authorised by:**
Name: Vanessa Fauth	**Name:** Tanea Hawkins	**Name:** Katherine Harbrow
Title: Financial Controller	**Title:** Acting Finance Director	**Title:** General Manager Assurance, Finance & Risk
Date: 18 August 2026	**Date:** 18 August 2026	**Date:** 20 August 2026

Context | Horopaki

1. The Local Government Funding Agency (LGFA) is enabled under the Local Government Borrowing Act 2011 and is a council-controlled organisation (CCO) for the purposes of the Local Government Act 2002.

2. The attached Statement of Intent (SOI) sets out the nature and scope of the activities, objectives, and performance targets for the LGFA for the three-year period 1 July 2026 to 30 June 2029.

3. The SOI is prepared in accordance with section 64(1) of the Local Government Act 2002.

4. LGFA raises debt funding to provide financing to New Zealand local authorities and CCOs that are members of the agency.

5. In August 2024, LGFA confirmed its intention to provide financing to support water CCOs established under the Local Water Done Well framework. Four water CCOs joined LGFA during the 2025/26 financial year, with a further 13 expected to join in 2026/27.

6. LGFA may raise debt funding domestically and internationally, in either New Zealand dollars or foreign currencies. Its objective is to minimise borrowing costs for participating councils and CCOs.

7. LGFA is required to pay a 2% Approved Issuer Levy (AIL) on interest paid on foreign currency borrowings to the Crown, whereas no AIL is payable on New Zealand dollar borrowings. The AIL is forecast to be LGFA's largest single expense, totalling $23.8 million over the three-year period, and effectively represents a tax on local government funding.

8. LGFA only lends to members that have completed required relevant legal and operational arrangements and comply with the LGFA’s lending policies and covenants.

9. In addition to its core lending activities, LGFA may undertake any other activities that the Board considers reasonably related or incidental to, or connected with, its business.

10. Subject to shareholder approval, the LGFA board has agreed to support the development of the Ratepayer Assistance Scheme (RAS).

11. All Councils that borrow through LGFA are jointly liable for LGFA's debt obligations, and this contingent liability is disclosed in the QLDC Annual Report. LGFA credit rating is aligned with that of the New Zealand Government.

12. Staff note that the LGFA Annual Report is due to be published at the end of August 2026 on the LGFA website. This can be found by following this link once it is released: News and market announcements | New Zealand Local Government Funding Agency

Analysis and Advice | Tatāritaka me kā Tohutohu

13. There is no analysis or advice being given as this is an information only report.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

14. This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy 2024 because it is provided for information only.

15. The persons who are affected by or interested in this matter are council staff and the members of the committee.

Māori Consultation | Iwi Rūnaka

16. The Council has not specifically consulted iwi on the matters contained in this report.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

17. This matter relates to the Financial risk category. It is associated with RISK10013 Unexpected change in cost or funding within the QLDC Risk Register. This risk has been assessed as having a high residual risk rating.

18. This is an information report. This report assists with providing understanding of the Treasury Management Policy.

Financial Implications | Kā Riteka ā-Pūtea

19. There is no operational and capital expenditure requirements or other budget or cost implications resulting from receiving this report.

Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

20. The following Council policies, strategies and bylaws were considered:

- Long Term Plan 2024 -34 - Financial Strategy; and
- Treasury Management Policy.

21. This matter is included in the Long Term Plan/Annual Plan as part of the Treasury Management Policy.

Local Government Act 2002 Purpose Provisions | Te Whakatureture 2002 o te Kāwanataka ā-Kīaka

22. Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. LGFA raises debt funding to provide financing to New Zealand local authorities and CCOs that are members of the agency so is therefore vital to the functioning of local councils and within the ambit of section 10 of the Local Government Act 2002.

23. The recommended option:

    - Is consistent with the Council's plans and policies; and

    - Would not significantly alter the intended level of service provision for any significant activity undertaken by or on behalf of the Council or transfer the ownership or control of a strategic asset to or from the Council.

Attachments | Kā Tāpirihaka

A	LGFA Letter to stakeholders to accompany 2026-29 Statement of Intent
B	LGFA Statement of Intent 2026-2029