

HALF YEAR REPORT 31 December 2024

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

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

**LGFA**



New Zealand Local  
Government Funding Agency  
Te Pūtea Kāwanatanga ā-rohe



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# Message from the Chair and Chief Executive

## He karere mai i te Toihau me te Tumuaki

### For the six-months ended 31 December 2024

The six-month period to 31 December 2024 was an important period for LGFA. We enjoyed a constructive relationship with Central Government and improved our credit quality through our Stand Alone Credit Profile (SACP) increasing two notches under the revised S&P Global Ratings methodology.

We also made significant progress assisting councils with Local Water Done Well, assisting high growth councils with future borrowing to invest in growth infrastructure, negotiating a term extension and volume upsize to the Crown Liquidity Facility and taking steps to broaden our sources of borrowing in offshore markets.

Domestic market conditions are more settled as the RBNZ has commenced its monetary policy easing cycle. However, the significant amount of current and projected borrowing by the New Zealand Government has made New Zealand dollar (NZD) issuance more challenging for us and is reflected in the widening in borrowing spreads for the sector.

Council and Council Controlled Organisation (CCO) borrowing from LGFA continues to increase and we remain focussed on delivering value to both our members and our investor base while meeting our financial targets.

On behalf of the directors and staff of LGFA, we are pleased to highlight the following developments over the past six month period.

### Financial and Operational Performance

LGFA's total interest income for the six-month period to 31 December 2024 of \$683.2 million was an 18.2% increase over the 2023 comparable period (\$578.1 million), while net operating profit of \$8.6 million for the six-month period was a 65.4% increase on the 2023 comparable period (\$5.2 million).

The increase in net operating profit reflected the growth in the balance sheet and the positive impact from the increase in the base lending margin on 1 July 2024.

Net operating profit was \$142k above budget with total operating income below budget by \$14k, with total operating expenses \$156k under the budget. We are confident we will meet budget by the end of the current financial year. As our borrowing requirement has increased, we are having to source a greater proportion of our borrowing requirement from offshore markets. As a result, our Approved Issuer Levy (AIL) payment to Central Government is now our single largest expense. The AIL payment was \$2.54 million for the six month period compared to \$0.54 million for the comparable period a year ago.

The financial strength of LGFA was affirmed by Fitch Ratings who maintained our domestic currency credit rating at AA+ in October 2024. S&P Global Ratings affirmed our AAA/AA+ ratings in September 2024 and under their revised methodology, our SACP improved from AA- to AA+. Our credit ratings from both rating agencies remain the same as the New Zealand Government.

We are on track to meet almost all of our twenty-one performance objectives, with the only objectives not currently on track being the number of new Green, Social and Sustainability (GSS) loans and the amount of council lending. We recognise that it is a busy time for the Local Government sector and have therefore increased our sustainability capability through the appointment of a

Senior Manager Sustainable Finance. This will allow us to provide greater support to council and CCO members regarding sustainability and assist them with identifying eligible projects for GSS loans.

We continue to support the sector and promote best practice with our quarterly business updates, the annual shareholder borrower day, and economic updates for council and CCO members.

### Lending to the sector

LGFA was established in 2011 to provide long-dated borrowing, certainty of access to markets and to reduce the borrowing costs for the local government sector. The original 31 shareholders including the Crown remain as shareholders. We now have 77 councils (all NZ councils but Chatham Islands) and seven CCOs as members. In the last six months Far North District Holdings Limited and Timaru District Holdings Limited joined as CCO members. There was no change to the 72 councils who are guarantors during the past six months.

Long-dated lending to council and CCO members over the six-month period was \$2.1 billion provided to sixty-two council and CCO members. This was below our forecast lending for the period of approximately \$2.5 billion. Our estimated market share of total council borrowing of 88% remains above the long-term average. The average tenor of long-dated borrowing by councils of 4.41 years over the six-month period was shorter than prior periods.

Short-dated lending for terms less than 12 months continues to be supported by councils. As at 31 December 2024, LGFA had \$672 million of short-term loans outstanding to 39 council and CCO members.

LGFA has \$22.155 billion of loans outstanding to 79 council and CCO borrowers as well as \$742 million of standby facilities.

## Our borrowing activity

LGFA issued NZ\$1.63 billion of NZD bonds over the past six months and outstandings now total NZ\$21.14 billion (including \$1.4 billion of treasury stock) across eleven maturities ranging between 2025 to 2037. It is pleasing to note that the average term of our NZD bond issuance during the six month period at 6.8 years was significantly longer than the 2023-24 full year period of 5.93 years.

LGFA commenced issuing under our Australian Medium Term Note programme in August 2023 to diversify our funding sources. We have four bond maturities outstanding and during the six month period we successfully increased the amount on issue of the 2027 bond by A\$500 million and the 2034 bond by A\$350 million. Our A\$ outstandings are now A\$3.45 billion.

LGFA has the largest amount of New Zealand dollar (NZD) bonds on issue after the New Zealand Government and our individual bond tranches are amongst the largest and most liquid NZD debt instruments available for investors. Secondary market activity in our bonds continues to rise, assisting investors' access to our bonds throughout the year.

The performance of LGFA bonds over the past six months was heavily influenced by the significant amount of NZ Government Bond (NZGB) issuance. As would be expected with the large amount of NZGB issuance, LGFA spreads to NZGB have narrowed, but LGFA spreads to swap have widened. LGFA bond spreads to NZGB have narrowed on average by 5 bps but our spread to swap is wider on average by 25bps. The outright yields on LGFA bonds declined between 144 bps (2026s) and 27 bps (2037s) over the six-month period as the RBNZ eased monetary policy and short dated yields closed the six month period on their lows with the 2026 LGFA bond at 3.73% while the 2037 LGFA bond yield closed in the middle of the six month trading range at 5.09% on 31 December 2024.

## Our role in assisting Local and Central Government

The local government sector continues to face a period of change and uncertainty having to deal with climate-related events, rising cost pressures and managing its waters assets during the reform process.

LGFA is assisting both Central Government and our council members with the Local Water Done Well Programme. In August 2024, we jointly announced with the Minister of Local Government that we would lend to water CCOs that are financially supported by their parent councils. In December 2024 we provided guidance on how we would lend to water CCOs.

LGFA shareholders approved changes to the Foundation Policies at the November 2024 Annual Meeting to allow the LGFA Board to grant a bespoke Net Debt/Total Revenue covenant up to 350%. This increase over the previous 280% level is intended to provide support to a small number of high growth councils if required.

LGFA continues to assist the local government sector-led initiative in developing a Ratepayer Assistance Scheme that may provide some financial relief to ratepayers.

We welcomed the announcement by the Minister of Local Government in November 2024 of the intention to extend and increase the Crown Liquidity Facility for LGFA.

## New products and initiatives

We launched Green, Social and Sustainable (GSS) lending in October 2021 and Climate Action Loans (CALs) for councils and CCOs in December 2022. Both lending products offer discounted loan margins to councils and CCOs. As at 31 December 2024 we have undertaken \$401.2 million of GSS Loans to six councils and \$3.217 billion of CALs to seven councils and CCOs. We continue to work with council and CCO members to assist them with their eligibility for sustainable lending. Our sustainable loans now comprise 16.9% of our total long term loans to councils and CCOs.

In October 2024 we issued our second Sustainable Financing Bond (SFB) under our innovative SFB Framework. The \$800 million May 2032 SFB was acknowledged at the 2024 KangaNews Awards for the NZD Rates Bond Deal and the NZ Sustainability Deal of the year.

We have been establishing a Euro Medium Term Notes (EMTN) Programme and intend to have this completed in early 2025. This will allow further diversification to our sources of foreign currency borrowing beyond the current Euro Commercial Paper (ECP) and Australian Dollar Medium Term Notes (AMTN) programmes.

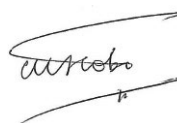
## Increasing focus on sustainability

Sustainability plays an important part within the local government sector and at LGFA. We have undertaken several initiatives over the past year, including maintenance of Net Carbon Zero certification from Toitū Envirocare, and actively marketing our GSS loan product. We published our second Annual Impact Review Report and our first report under the Climate Related Disclosure requirements for the Financial Year ending 30 June 2024.

## Acknowledgments

The Agency's work cannot be implemented without the support of our Shareholders Council, board directors, staff, Central Government and LGNZ, all whose efforts are acknowledged.

We believe LGFA's future remains positive and look forward to working with our stakeholders to deliver value to our council and CCO members by providing ease of access to low cost, long dated financing.



**Craig Stobo**  
Chair, LGFA Board



**Mark Butcher**  
Chief Executive

# Performance against objectives

## Ko ngā 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 two quarters ended December 2024 are available on the LGFA website.

### Governance, capability and business practice

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

Objectives	Our performance to 31 December 2024
Demonstrate best-practice corporate governance.	LGFA is committed to best-practice corporate governance and we report annually on our compliance with the eight core principles underpinning the NZX Corporate Governance Best Practice Code.  The 2024 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. Our performance against our financial performance targets for the six months ended 31 December 2024 is summarised under each of the targets.
Be a good employer by providing safe working conditions, training and development and equal opportunities for staff.	LGFA is committed to being a good employer. We report our employment practices in our Annual Report.  The 2024 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 31 December 2024
Comply with the Shareholder Foundation Polices and the Board-approved Treasury Policy at all times.	No breaches.	Met.
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.	Met.
A succession plan be put in place for the Board and staff and be reviewed annually.	Plan established. Staff plan shared with Board and Board Plan shared with Shareholders' Council.	On track.
LGFA's total operating income for the period to 30 June 2025.	>\$31.4 million	On track. \$16.4 million as at 31 December 2024.
LGFA's total operating expenses (excluding AIL) for the period to 30 June 2025.	<\$11.5 million	On Track. \$5.2 million as at 31 December 2024.



Waimea Community Dam in operation, August 2024. Tasman District Council



## 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.	<p>LGFA's borrowing margins compare favourably to other high-grade issuers in the New Zealand capital markets.</p> <p><b>Comparison to other high-grade NZD issuers – secondary market spread to swap (bps)</b></p> <table border="1"> <thead> <tr> <th>31 Dec 24</th> <th>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>2034</th> <th>2035</th> <th>2037</th> </tr> </thead> <tbody> <tr> <td>LGFA (AAA)</td> <td>17</td> <td>22</td> <td>40</td> <td>56</td> <td>68</td> <td>78</td> <td>86</td> <td>91</td> <td>95</td> <td>96</td> <td>97</td> <td>105</td> </tr> <tr> <td>Kainga Ora (AAA)</td> <td>19</td> <td>24</td> <td>31</td> <td>48</td> <td></td> <td>63</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>88</td> </tr> <tr> <td>Asian Development Bank (AAA)</td> <td>10</td> <td>16</td> <td>22</td> <td>31</td> <td></td> <td></td> <td>48</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>IADB (AAA)</td> <td>11</td> <td>19</td> <td>24</td> <td>35</td> <td></td> <td>43</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>International Finance Corp (AAA)</td> <td>11</td> <td>16</td> <td>24</td> <td>35</td> <td>39</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>KBN (AAA)</td> <td>11</td> <td>17</td> <td>26</td> <td></td> <td></td> <td>50</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Nordic Investment Bank (AAA)</td> <td>10</td> <td></td> <td></td> <td></td> <td>35</td> <td>40</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Rentenbank (AAA)</td> <td>10</td> <td></td> <td>25</td> <td></td> <td>39</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>World Bank (AAA)</td> <td>11</td> <td>15</td> <td>23</td> <td>27</td> <td></td> <td>42</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>ASB (AA-)</td> <td></td> <td>29</td> <td>51</td> <td></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></td> <td>61</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>BNZ (AA-)</td> <td>23</td> <td>32</td> <td>51</td> <td>72</td> <td>89</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Westpac Bank (AA-)</td> <td>25</td> <td>30</td> <td>52</td> <td></td> <td>88</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>SSA Average</td> <td>11</td> <td>17</td> <td>24</td> <td>32</td> <td>38</td> <td>44</td> <td>48</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Bank Average</td> <td>24</td> <td>30</td> <td>51</td> <td>67</td> <td>89</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	31 Dec 24	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2037	LGFA (AAA)	17	22	40	56	68	78	86	91	95	96	97	105	Kainga Ora (AAA)	19	24	31	48		63						88	Asian Development Bank (AAA)	10	16	22	31			48						IADB (AAA)	11	19	24	35		43							International Finance Corp (AAA)	11	16	24	35	39								KBN (AAA)	11	17	26			50							Nordic Investment Bank (AAA)	10				35	40							Rentenbank (AAA)	10		25		39								World Bank (AAA)	11	15	23	27		42							ASB (AA-)		29	51										ANZ (AA-)				61									BNZ (AA-)	23	32	51	72	89								Westpac Bank (AA-)	25	30	52		88								SSA Average	11	17	24	32	38	44	48						Bank Average	24	30	51	67	89							
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Offer flexible short and long-term lending products that meet the borrowing requirements for borrowers.	<p>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.</p> <ul style="list-style-type: none"> <li>Over the six months ended 31 December 2024, our members borrowed \$2,186.7 billion in 184 long term loans with an average term of 4.2 years.</li> <li>As at 31 December 2024 there was \$663 million short-term loans outstanding to 39 members.</li> <li>As at 31 December 2024, standby facilities totalled \$742 million across 14 members.</li> </ul>																																																																																																																																																																																																																
Deliver operational best practice and efficiency for lending services.	<p>Over the six months ended 31 December 2024, LGFA operations staff successfully:</p> <ul style="list-style-type: none"> <li>settled 1,271 new trades with a gross value of \$19 billion,</li> <li>processed 8,842 cash flows with a gross value of \$32 billion, and</li> <li>rate set 6,630 existing trades.</li> </ul>																																																																																																																																																																																																																
Ensure certainty of access to debt markets, subject always to operating in accordance with sound business practice.	<p>There was strong activity in LGFA bonds in both the primary market (tender or syndicated issuance) and secondary market (between banks and investors). Over the six months ended 31 December 2024, we issued NZD 1,535 million of NZD retail bonds across nine maturities, AUD 800 million of Medium-Term Notes and secondary market turnover in our NZD retail bonds totalled \$8.78 billion.</p>																																																																																																																																																																																																																

Performance targets	2024-2025 target	Our performance to 31 December 2024
Share of aggregate long-term debt funding to the Local Government sector.	> 80%	Met. 87.7% as at 31 December 2024.
Total lending to Participating Borrowers.	> \$23,957 million	Annual target. \$22,342 million as at 31 December 2024.
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	Met. 94% score in December 2024 survey.
Successfully refinance existing loans to councils and LGFA bond maturities as they fall due.	100%	Met.
Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements.	100%	Met.

## 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 31 December 2024
Assist the local government sector in achieving their sustainability and climate change objectives.	<p>On 30 September 2024, LGFA published our second 'Annual Impact Report – Green, Social and Sustainability Loans and Climate Action Loans financed with Sustainable Financing Bonds'. This report provides information about the allocation of proceeds from LGFA's Sustainable Financing Bond issuance as at June 2024.</p> <p>Over the six months to December 2024, advances under existing GSS loans increased to \$401.2 million out of an approved total value of \$572.3 million. New Zealand's first Green Star rated swimming pool (Naenae Pool and Fitness Centre) was opened in December 2024, partly funded by a GSS loan.</p> <p>A further \$471.2 million was advanced under the CAL lending programme. As at December 2024, we have approved CAL loans to seven councils, with CAL-qualifying loans totalling \$3.218 billion.</p>
Improve sustainability outcomes within LGFA.	<p>In 2021, LGFA directors committed to reducing our carbon emissions over time, with our target of cutting per employee emissions by 30% by 2030, compared with a 2018/19 base year. We are on track to meet our reduction target for the 2024-25 year.</p> <p>In November 2024, a further highly experienced member was added to the Sustainability team.</p>

Performance targets	2024-2025 target	Our performance to 31 December 2024
Comply with the Health and Safety at Work Act 2015.	No breaches.	Met.
Maintain Toitū Carbon Zero certification.	Carbon-zero certification maintained.	Met.
Meet reduction targets outlined in our carbon reduction management plan.	Reduction targets met.	Met.
Increase our GSS lending book and Climate Action Loans.	Two new GSS loans undertaken.	Not met. No new CAL borrowers or new GSS loan eligible projects approved.
Meet all mandatory climate reporting standards.	100%	Met.
Provide annual seminar for councils updating them on latest sustainability developments, climate change impact and LGFA reporting requirements.	One seminar for councils and CCOs.	On track. Seminar planning complete and dates confirmed with councils.



## 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 and managing assets within an appropriate risk management framework to ensure shareholder value is not compromised.

Objectives	Our performance to 31 December 2024
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.	LGFA received compliance certificates in respect of the LGFA financial covenants from all council and CCO members with debt outstanding at June 2024. All councils and CCOs were compliant with their financial covenants. Seven certificates were provided from councils based upon unaudited financial statements. These will need to be verified once their annual reports are adopted.  None of the 75 councils with debt as at 31 December 2024 has requested that its financial covenants be measured at group level.
Endeavour to meet each participating borrower annually, including meeting with elected officials as required, or if requested	LGFA conducted 50 meetings with council and CCO members in the six months ended December 2024.
Ensure a smooth transition of water-related loans if the Local Water Done Well Reforms progresses over forecast period.	LGFA provided guidance to councils on how LGFA can assist with the financing of different water models that are available to councils.

Performance targets	2024-2025 target	Our performance to 31 December 2024
Review each Participating Borrower's financial position.	100%	On Track.
Arrange to meet each Participating Borrower over a 15-month period, including meeting with elected officials as required, or if requested.	100%	Met.

## 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 31 December 2024
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.	Over the six months, LGFA conducted quarterly updates webinars as well as our annual Borrower Day in November which was well attended by members.  LGFA has continued to provide input into the proposed Ratepayers Assistance Scheme.
Assist the local government sector with significant matters such as the Local Water Done Well Reforms and Future for Local Government	LGFA provided councils with guidance on how it will be able to assist the sector with their proposed models for managing water assets.
Maintain productive relationships with central government representatives.	LGFA continues to work closely with the Minister of Local Government, Treasury, and the Department of Internal Affairs, and their advisers, regarding Water Reforms.
Support councils and CCOs in the development of reporting disclosures of the impacts of sector activity on climate change.	LGFA has assisted individual councils with advice on emissions inventory reporting and promoting Climate Action Loans. LGFA has also encouraged councils to consider their own impacts and risks relating to climate change. During March 2025, LGFA will host four educational sessions to highlight importance of developing emissions reduction plans and an increasing focus on the sustainability of their new projects.

Performance targets	2024-2025 target	Our performance to 31 December 2024
Provide input into Local Water Done Well Legislation.	Provide feedback to DIA and Treasury during legislation drafting.	Met.
Provide quarterly updates to shareholders and borrowers on sector developments that are impacting LGFA.	Four quarterly updates to councils and CCOs.	Met.
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.	On track.

Mills Street Stop Bank, Te Wai Takamori o Te Awa Kairangi. Greater Wellington Regional Council





# Financial statements

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### Income statement

For the six months ended 31 December 2024 in \$000s	Note	Unaudited six months ended 31 December 2024	Unaudited six months ended 31 December 2023
Interest income		683,225	578,134
Interest expense		668,958	568,323
<b>Net interest income</b>	4	<b>14,267</b>	<b>9,811</b>
Other operating income	5	753	753
Gains / (losses) on financial instruments	6	1,380	-
<b>Total operating income</b>		<b>16,400</b>	<b>10,564</b>
<b>Operating expenses</b>	7	<b>7,782</b>	<b>5,355</b>
<b>Net operating profit</b>		<b>8,617</b>	<b>5,209</b>

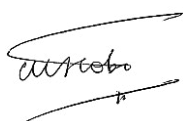
### Statement of comprehensive income

For the six months ended 31 December 2024 in \$000s	Note	Unaudited six months ended 31 December 2024	Unaudited six months ended 31 December 2023
<b>Net operating profit</b>		<b>8,617</b>	<b>5,209</b>
<b>Items that may be re-classified subsequently to the Income Statement</b>			
Net change in cash flow hedge reserve	8	(7,327)	-
Cost of hedging	8	8,091	-
<b>Total comprehensive income</b>		<b>9,381</b>	<b>5,209</b>

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

Due to rounding, numbers presented in the financial statements and associated notes may not add up precisely to the reported totals.

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



**Craig Stobo, Director**  
Board Chair



**Linda Robertson, Director**  
Chair, Audit and Risk Committee

## Statement of changes in equity

For the six months ended 31 December 2024 in \$'000s

	Note	Share capital	Cash flow hedge reserve	Cost of hedging reserve	Retained earnings	Total equity
<b>Equity as at 1 July 2023</b>		<b>25,000</b>	-	-	<b>80,847</b>	<b>105,847</b>
Net operating profit					10,050	10,050
Other comprehensive income/(expense)			5,536	(6,531)		(995)
<b>Total comprehensive income for the year</b>			<b>5,536</b>	<b>(6,531)</b>	<b>10,050</b>	<b>9,055</b>
Transactions with owners					-	-
Dividend paid on 1 September 2023					(1,713)	(1,713)
<b>Equity as at 1 July 2024</b>		<b>25,000</b>	<b>5,536</b>	<b>(6,531)</b>	<b>89,185</b>	<b>113,190</b>
Net operating profit					8,617	8,617
Other comprehensive income/(expense)			(7,327)	8,091		763
<b>Total comprehensive income for the year</b>			<b>(7,327)</b>	<b>8,091</b>	<b>8,617</b>	<b>9,381</b>
Transactions with owners					-	-
Dividend paid on 2 September 2024					(1,843)	(1,843)
<b>Equity as at 31 December 2024</b>	19	<b>25,000</b>	<b>(1,791)</b>	<b>1,560</b>	<b>95,959</b>	<b>120,728</b>



## Statement of financial position

As at 31 December 2024 in \$000s

	Note	Unaudited as at 31 December 2024	Audited as at 30 June 2024
<b>Assets</b>			
<b>Financial assets</b>			
Receivables	9	3,270	378
Cash and cash equivalents		361,403	473,609
Cash pledged as collateral		97,960	251,605
Marketable securities		2,440,896	1,397,045
Deposits		961,149	718,493
Derivatives in gain		314,797	116,090
Loans to members	10	22,342,273	20,549,350
Other financial assets		-	-
<b>Non-financial assets</b>			
Other assets	11	1,747	1,245
<b>Total assets</b>		<b>26,523,496</b>	<b>23,507,816</b>
<b>Equity</b>			
Share capital	18	25,000	25,000
Current earnings		8,617	-
Reserves	8	(231)	(995)
Retained earnings		87,342	89,185
<b>Total equity</b>		<b>120,728</b>	<b>113,190</b>
<b>Liabilities</b>			
<b>Financial liabilities</b>			
Payables and provisions	12	60,927	9,609
Bond repurchases	15	273,958	58,302
Derivatives in loss		1,121,498	1,526,526
Debt securities issued:			
At amortised cost	13	23,272,327	20,490,507
At fair value through income statement	14	1,068,972	815,175
Borrower notes	16	603,005	492,614
<b>Non financial liabilities</b>			
Other liabilities	17	2,081	1,891
<b>Total liabilities</b>		<b>26,402,767</b>	<b>23,394,625</b>
<b>Total equity and liabilities</b>		<b>26,523,496</b>	<b>23,507,816</b>

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

## Statement of cash flows

For the six months ended 31 December 2024 in \$000s

	Note	Unaudited six months ended 31 December 2024	Unaudited six months ended 31 December 2023
<b>Cash flows from operating activities</b>			
Cash applied to loans	10	(1,712,402)	(2,407,840)
Interest paid on bonds issued		(362,576)	(243,566)
Interest paid on bills issued		(60,011)	(26,733)
Interest paid on borrower notes		(1,359)	(558)
Interest paid on bond repurchases		(5,067)	(5,303)
Interest received from loans		595,193	475,616
Interest received from cash & cash equivalents		15,551	12,273
Interest received from marketable securities		31,048	19,511
Interest received from deposits		24,482	16,943
Net interest on derivatives		(235,073)	(247,902)
Cash proceeds from provision of standby facilities		753	753
Payments to suppliers and employees		(8,640)	(6,011)
<b>Net cash flows from operating activities</b>	20	<b>(1,718,101)</b>	<b>(2,412,818)</b>
<b>Cash flows from investing activities</b>			
Purchase of marketable securities		(1,004,550)	(458,717)
(Purchase)/maturity of deposits		(82,122)	(458,062)
<b>Net cash flows from investing activities</b>		<b>(1,086,672)</b>	<b>(916,778)</b>
<b>Cash flows from financing activities</b>			
Cash proceeds from bonds issued	13,14	2,359,930	1,485,329
Cash proceeds (outflows) from bills issued	13,14	(88,884)	74,264
Cash proceeds (outflows) from bond repurchases		215,420	(168)
Cash proceeds from borrower notes		95,352	59,984
Dividends paid		(1,843)	(1,712)
Cash applied to derivatives		112,589	1,845,365
<b>Net cash flows from financing activities</b>		<b>2,692,564</b>	<b>3,463,063</b>
<b>Net increase/(decrease) in cash</b>		<b>(112,209)</b>	<b>133,467</b>
Foreign exchange gains / (losses) on cash balances		3	-
<b>Net cash flows from all activities</b>		<b>(112,206)</b>	<b>133,467</b>
Cash, cash equivalents at beginning of year		473,609	226,222
<b>Cash, cash equivalents at end of year</b>		<b>361,403</b>	<b>359,688</b>

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 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.

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

## 2. Statement of compliance

The interim financial statements are for the six months ended 31 December 2024 and are to be read in conjunction with the annual report for the year ended 30 June 2024.

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and in compliance with NZ IAS 34 Interim Financial Reporting.

## 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.

### 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).

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 accounting is not applied. Any such classification is made on the date of initial recognition and is irrevocable.

## 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.

### Intangible assets

Intangible assets comprise software and project costs incurred for the implementation of the treasury management system. Capitalised computer software costs are amortised on a straight-line basis over the estimated useful life of the software (three to seven years). Costs associated with maintaining computer software are recognised as expenses.

## 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.

### Approved issuer levy

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

## 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.

### 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

in \$000s	Unaudited six months ended 31 December 2024	Unaudited six months ended 31 December 2023
Cash and cash equivalents	15,624	16,804
Cash pledged as collateral	3,033	-
Marketable securities	47,092	33,313
Deposits	28,338	20,237
Derivatives	-	-
Loans	589,138	507,780
<b>Total interest income</b>	<b>683,225</b>	<b>578,134</b>
<b>Interest expense</b>		
Bills	80,660	26,733
Bond repurchase transactions	5,303	5,415
Lease liability	73	17
Derivatives	147,176	227,217
Bonds	422,351	298,564
Borrower notes	13,396	10,377
<b>Total interest expense</b>	<b>668,958</b>	<b>568,323</b>
<b>Net interest income</b>	<b>14,267</b>	<b>9,811</b>

### 5. Other operating income

As at 31 December 2024, LGFA had provided standby facilities totalling \$742 million (2023: \$747 million) to selected councils. As at balance date, there were no drawdowns outstanding under the facilities.

in \$000s	Unaudited six months ended 31 December 2024	Unaudited six months ended 31 December 2023
Standby facilities fee income	753	753
<b>Total other operating income</b>	<b>753</b>	<b>753</b>

## 6. Gains / (losses) on financial instruments

Gains and losses on financial instruments primarily represents any hedge ineffectiveness of derivatives, as well as any revaluation on instruments accounted for at fair value through the profit and loss.

## 7. 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.

in \$000s	Unaudited six months ended 31 December 2024	Unaudited six months ended 31 December 2023
<b>Issuance &amp; onlending expenses</b>		
Approved issuer levy <sup>1</sup>	2,540	541
Rating agency fees	372	343
NZDM facility fee	542	750
Legal fees - issuance	306	502
NZX	442	402
Trustee fees	59	56
Regulatory, registry, other fees	213	184
	<b>4,475</b>	<b>2,779</b>
<b>Other operating expenses</b>		
Information technology	485	360
Consultants	150	131
Directors fees	263	249
Insurance	53	49
Legal fees	104	23
Other expenses	354	204
Auditors' remuneration		
Statutory audit	-	60
Advisory services	-	-
Personnel	1,899	1,500
	<b>3,308</b>	<b>2,577</b>
<b>Total operating expenses</b>	<b>7,782</b>	<b>5,355</b>

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



## 8. 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.

### 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 Statement of comprehensive income 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:

	Unaudited as at 31 December 2024	Audited as at 30 June 2024
Opening balance at 1 July	(6,531)	-
Changes in cash flow hedges	8,091	(6,531)
Closing balance	1,560	(6,531)

### 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 AUD bonds.

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

	Unaudited as at 31 December 2024	Audited as at 30 June 2024
Opening balance at 1 July	5,536	-
Change in currency basis spreads	(7,327)	5,536
Closing balance	(1,791)	5,536

### HEDGING INSTRUMENTS

in \$000s	Life to date values as at 31 December 2024		
	Carrying amount of the hedging instrument		
	Nominal amount of hedging instrument	Asset / (liability)	Change in value for hedge ineffectiveness
<b>Fair value hedges</b>			
Interest rate swaps – domestic bonds hedge	16,446,000	(441,216)	(441,216)
Interest rate swaps – loans hedge	1,083,000	(21,778)	(21,778)
Interest rate swaps – marketable securities hedge	1,101,850	(7,896)	(7,896)
<b>Fair value and cash flow hedges</b>			
Fair value hedges – foreign currency	AUD 3,450,000	32,731	32,731
Cash flow hedges – foreign currency	NZD 3,746,630	74,120	74,120

Life to date values as at 30 June 2024			
Carrying amount of the hedging instrument			
in \$000s	Nominal amount of hedging instrument	Asset / (liability)	Change in value for hedge ineffectiveness
<b>Fair value hedges</b>			
Interest rate swaps – domestic 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
<b>Fair value and cash flow hedges</b>			
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 six months to 31 December 2024					
in \$000s	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
<b>Fair value hedges</b>					
Interest rate swaps – domestic bonds hedge	-	-	-	561,300	-
Interest rate swaps – loans hedge	-	-	-	(33,406)	-
Interest rate swaps – marketable securities hedge	-	-	-	(23,191)	-
<b>Fair value and cash flow hedges</b>					
Fair value hedges – foreign currency				(42,783)	
Cash flow hedges – foreign currency	(8,091)	7,327	(26,365)	-	(777)

Year to date values recognised during the year ended 30 June 2024					
in \$000s	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
<b>Fair value hedges</b>					
Interest rate swaps – domestic bonds hedge	-	-	-	333,352	-
Interest rate swaps – loans hedge	-	-	-	(12,340)	-
Interest rate swaps – marketable securities hedge	-	-	-	(16,956)	-
<b>Fair value and cash flow hedges</b>					
Fair value hedges – foreign currency	-	-	-	6,381	-
Cash flow hedges – foreign currency	6,531	(5,536)	(34,497)	-	(859)

## 9. Receivables

in \$000s	Unaudited as at 31 December 2024	Audited as at 30 June 2024
Borrower notes to be received	3,000	-
Trade debtors	270	378
<b>Total receivables</b>	<b>3,270</b>	<b>378</b>

## 10. Loans

in \$000s	Unaudited as at 31 December 2024		Audited as at 30 June 2024	
	Short-term loans	Loans	Short-term loans	Loans
Ashburton District Council	7,023	119,633	12,062	119,743
Auckland Council	-	3,648,723	-	3,655,028
Bay of Plenty Regional Council	87,765	225,706	50,506	219,044
Buller District Council	-	20,025	-	20,037
Canterbury Regional Council	8,631	96,451	5,085	92,416
Carterton District Council	-	24,804	-	24,839
Central Hawkes Bay District Council	3,081	45,444	5,132	39,401
Central Otago District Council	5,016	35,549	5,019	30,450
Christchurch City Council	-	2,701,904	-	2,511,678
Clutha District Council	13,526	121,410	11,585	108,398
Dunedin City Treasury	-	322,711	-	293,104
Far North District Council	25,167	115,823	32,703	90,518
Far North Holdings Ltd	53,945	15,928	-	-
Gisborne District Council	9,909	164,853	-	174,991
Gore District Council	8,543	46,937	8,554	46,998
Greater Wellington Regional Council	-	1,048,847	-	941,217
Grey District Council	3,964	31,802	3,972	28,807
Hamilton City Council	-	1,009,763	-	950,852
Hastings District Council	-	476,033	-	397,160
Hauraki District Council	-	124,078	-	101,092
Hawkes Bay Regional Council	6,010	105,743	-	110,708
Horizons Regional Council	9,938	62,001	9,906	62,026
Horowhenua District Council	21,086	192,591	21,199	182,674
Hurunui District Council	10,018	67,679	10,067	57,666
Hutt City Council	-	598,065	-	515,520
Infrastructure Holdings Ltd	9,886	109,481	9,989	104,463
Invercargill City Council	29,569	116,398	47,502	104,262
Invercargill City Holdings Ltd	-	-	48,252	48,403
Kaikoura District Council	-	9,382	-	7,374



in \$000s	Unaudited as at 31 December 2024		Audited as at 30 June 2024	
	Short-term loans	Loans	Short-term loans	Loans
Kaipara District Council	-	44,432	-	54,639
Kapiti Coast District Council	-	358,442	-	323,722
Kawerau District Council	-	6,075	-	4,051
Mackenzie District Council	4,017	19,298	4,040	16,257
Manawatu District Council	11,580	85,923	13,014	83,139
Marlborough District Council	14,613	231,633	14,694	190,067
Masterton District Council	-	62,254	-	63,357
Matamata-Piako District Council	-	72,173	-	66,201
Napier City Council	-	55,365	-	20,191
Nelson City Council	-	282,144	-	262,320
New Plymouth District Council	-	363,598	10,117	293,577
Northland Regional Council	-	24,743	-	24,741
Opotiki District Council	7,077	10,591	-	12,595
Otago Regional Council	44,337	104,048	35,739	104,122
Otorohanga District Council	10,119	2,019	9,110	-
Palmerston North City Council	-	311,476	-	273,466
Porirua City Council	-	334,754	-	269,807
Queenstown Lakes District Council	94,395	595,005	76,334	575,080
Rangitikei District Council	-	44,392	-	44,358
Rotorua District Council	-	468,875	1,889	448,948
Ruapehu District Council	10,044	54,198	8,050	50,214
Selwyn District Council	15,103	201,681	20,035	166,778
South Taranaki District Council	-	150,467	-	140,634
South Waikato District Council	-	44,408	-	44,469
Southland District Council	-	76,460	-	36,153
South Wairarapa District Council	11,161	19,115	8,190	27,166
Stratford District Council	-	38,931	-	36,908
Taranaki Regional Council	984	52,946	-	31,780
Tararua District Council	-	78,642	-	69,986
Tasman District Council	21,909	343,146	25,379	325,787
Taupo District Council	-	180,504	-	165,543
Tauranga City Council	-	1,278,181	-	1,050,800
Thames-Coromandel District Council	-	91,952	-	84,003
Timaru District Council	17,331	219,776	19,340	202,822
Timaru District Holdings Ltd	8,018	-	-	-
Upper Hutt City Council	-	204,904	-	180,900
Waikato District Council	-	242,171	-	207,254
Waikato Regional Council	-	39,384	-	32,384

in \$000s	Unaudited as at 31 December 2024		Audited as at 30 June 2024	
	Short-term loans	Loans	Short-term loans	Loans
Waimakariri District Council	-	242,081	-	202,169
Waimate District Council	-	5,046	-	3,541
Waipa District Council	25,529	363,561	15,009	313,011
Wairoa District Council	-	11,134	-	11,100
Waitaki District Council	13,331	73,166	7,483	64,158
Waitomo District Council	6,025	27,208	6,103	27,246
Wellington City Council	-	1,655,158	-	1,595,914
West Coast Regional Council	2,989	14,715	2,986	14,715
Western Bay Of Plenty District Council	-	151,509	10,009	106,249
Westland District Council	4,508	32,628	4,713	32,666
Whakatane District Council	10,106	175,175	6,011	149,114
Whanganui District Council	7,569	198,853	7,560	176,878
Whangarei District Council	9,934	267,399	9,922	257,756
Fair value hedge adjustment		9,011	-	(25,510)
	<b>663,756</b>	<b>21,678,517</b>	<b>597,257</b>	<b>19,952,093</b>

Short-terms loans are loans that have a term to maturity of less than 12 months at origination. Loans have a term to maturity greater than 12 months at origination. As at 31 December 2024, all short term loans and \$2,756 million of loans will mature within 12 months.

## 11. Other assets

in \$000s	Unaudited as at 31 December 2024	Audited as at 30 June 2024
Prepayments	1,374	987
Right-of-use lease asset	374	258
<b>Total other assets</b>	<b>1,747</b>	<b>1,245</b>

## 12. Payables and provisions

in \$000s	Unaudited as at 31 December 2024	Audited as at 30 June 2024
Loans/purchases to be advanced	60,000	8,190
Trade creditors	521	1,170
Credit provision	406	249
<b>Total payables</b>	<b>60,927</b>	<b>9,609</b>

### 13. Debt securities issued at amortised cost

Unaudited as at 31 December 2024 in \$000s	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
<b>NZD Fixed interest bonds</b>					
15 April 2025	2,719,000	(8,573)	16,023		2,726,450
15 April 2026	2,755,000	(53,508)	8,855		2,710,348
15 April 2027	2,321,000	37,448	22,381		2,380,829
15 May 2028	1,693,000	(66,347)	4,946		1,631,599
20 April 2029	1,992,000	(101,686)	5,992		1,896,306
15 May 2030	1,960,000	(42,677)	11,451		1,928,774
15 May 2031	2,195,000	(221,443)	6,412		1,979,969
14 May 2032	650,000	(4,083)	3,878		649,795
14 April 2033	1,735,000	(18,925)	13,179		1,729,254
15 May 2035	590,000	(32,513)	2,298		559,785
15 April 2037	1,130,000	(130,769)	4,843		1,004,074
<b>Fair value hedge adjustment</b>				(445,719)	(445,719)
	<b>19,740,000</b>	<b>(643,076)</b>	<b>100,260</b>	<b>(445,719)</b>	<b>18,751,464</b>
<b>AUD Fixed interest bonds</b>					
8 September 2027	1,103,666	(2,405)	15,427		1,116,688
1 August 2028	1,103,666	(2,228)	21,566		1,123,004
28 November 2030	717,383	(2,275)	3,436		718,544
8 March 2034	882,932	(6,710)	14,024		890,247
	<b>3,807,646</b>	<b>(13,619)</b>	<b>54,454</b>	<b>-</b>	<b>3,848,482</b>
<b>Total Fixed interest bonds</b>	<b>23,547,646</b>	<b>(656,695)</b>	<b>154,714</b>	<b>(445,719)</b>	<b>22,599,946</b>
<b>NZD Bills</b>					
15 January 2025	220,000	-	(398)		219,602
30 January 2025	20,000	-	(83)		19,917
5 February 2025	70,000	-	(307)		69,693
13 February 2025	80,000	-	(402)		79,598
18 February 2025	20,000	-	(116)		19,884
27 February 2025	20,000	-	(136)		19,864
7 March 2025	105,000	-	(785)		104,215
20 March 2025	58,000	-	(524)		57,476
24 March 2025	25,000	-	(237)		24,763
7 May 2025	25,000	-	(363)		24,637
<b>Total NZD Bills</b>	<b>643,000</b>	<b>-</b>	<b>(3,350)</b>		<b>639,650</b>
<b>Total debt securities issued at amortised cost</b>	<b>24,190,646</b>	<b>(656,695)</b>	<b>151,364</b>	<b>(445,719)</b>	<b>23,239,596</b>



Audited as at 30 June 2024 in \$000s	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
<b>NZD Fixed interest bonds</b>					
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
<b>Fair value hedge adjustment</b>				(1,013,400)	(1,013,400)
	<b>18,190,000</b>	<b>(613,800)</b>	<b>89,741</b>	<b>(1,013,400)</b>	<b>16,652,540</b>
<b>AUD Fixed interest bonds</b>					
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
	<b>2,896,217</b>	<b>(10,344)</b>	<b>40,708</b>	-	<b>2,926,581</b>
<b>Total Fixed interest bonds</b>	<b>21,086,217</b>	<b>(624,144)</b>	<b>130,449</b>	<b>(1,013,400)</b>	<b>19,579,121</b>
<b>NZD Bills</b>					
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
<b>Total NZD Bills</b>	<b>920,000</b>	-	<b>(8,614)</b>		<b>911,386</b>
<b>Total debt securities issued at amortised cost</b>	<b>22,006,217</b>	<b>(624,144)</b>	<b>121,836</b>	<b>(1,013,400)</b>	<b>20,490,507</b>

## 14. Debt securities issued at fair value through income statement

Unaudited as at 31 December 2024 in \$000s	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
	USD Euro Commercial Paper	1,075,880		(7,329)	422

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

## 15. 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 31 December 2024, \$1,400 million of LGFA bonds had been subscribed as treasury stock.

LGFA makes these 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.

in \$000s	Unaudited as at 31 December 2024	Audited as at 30 June 2024
15 April 2026	4,877	-
15 May 2028	57,753	-
15 May 2030	72,641	58,302
15 May 2031	2,620	-
14 May 2032	41,614	-
14 April 2033	44,893	-
15 April 2037	49,560	-
	<b>273,958</b>	<b>58,302</b>

## 16. 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 all 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.

## 17. Other liabilities

in \$000s	Unaudited as at 31 December 2024	Audited as at 30 June 2024
Lease liability		258
Accruals	2,081	1,633
<b>Total other liabilities</b>	<b>2,081</b>	<b>1,891</b>

## Capital and dividends

### 18. Share capital

As at 31 December 2024, 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.

### 19. Shareholder information

Registered holders of equity securities	As at 31 December 2024		As at 30 June 2024	
	Number of shares	Percentage	Number of shares	Percentage
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%
	<b>45,000,000</b>	<b>100%</b>	<b>45,000,000</b>	<b>100%</b>



## 20. Reconciliation of net profit to net cash flow from operating activities

in \$000s	Unaudited six months ended 31 December 2024	Unaudited six months ended 31 December 2023
Net profit/(loss) for the period	8,617	5,209
Cash applied to loans	(1,712,402)	(2,407,840)
<b>Non-cash adjustments</b>		
Financial instrument amortisation	(13,387)	(15,692)
Working capital movements	(929)	172
<b>Net Cash From Operating Activities</b>	<b>(1,718,101)</b>	<b>(2,412,818)</b>

## 21. Related parties

### IDENTITY OF RELATED PARTIES

LGFA is related to the local authorities set out in the Shareholder Information in note 19.

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 into 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 10, 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 16.

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

# Directory

## Rārangi tauwaea

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Wellington 6145

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### Office hours

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Except Public Holidays

### General enquiries

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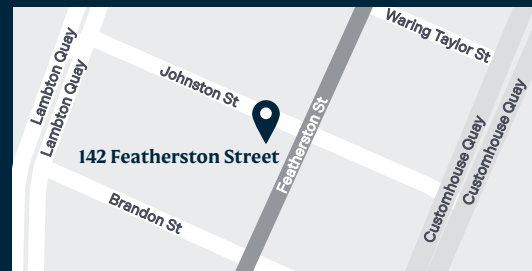
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