

28 February 2025

Paul Davidson  
Chief Financial Officer  
Tauranga City Council  
Private Bag 12022  
Tauranga 3143

Dear Paul,

**APPLICATION FOR BESPOKE NET DEBT TO REVENUE COVENANT**

The LGFA Board has considered the application from Tauranga City Council for a bespoke net debt to revenue covenant.

The Board has approved a 350% net debt to revenue covenant starting from 1<sup>st</sup> March 2025. The bespoke covenant is approved subject to the following conditions.

- The covenant will be reviewed if the Council's water debt is transferred to a new water CCO.
- The Council is required to keep at least 20% headroom under the covenant. This should be incorporated into the Council's Liability Management Policy.
- The Council is expected to balance its operating budget as measured by the balanced budget financial benchmark. A balanced budget position of at least 100% is expected to be achieved each financial year as forecast in the Council's 2024-2034 LTP.
- The Council agrees not to undertake any new roading projects that are not funded by NZTA without informing LGFA.
- The Council agrees to provide LGFA with a copy of its monthly management update.

Yours sincerely



Mark Butcher  
Chief Executive Officer