

26 November 2023

Andrew Mitchell

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Thank you for your further follow-up question (dated 21 November 2023) to our responses to you dated 14 November 2023, 20 October 2023 and 19 September 2023 in relation to your requests for information made under the Local Government Official Information and Meetings Act 1987. The following information is provided in response to your follow-up question as set out below.

1. **"So to clarify, and in layman's terms, a council who has not defaulted may receive a demand to pay (a proportion of a particular amount) towards a loan or loans of a defaulting council?"**

This is incorrect. As stated in our previous responses dated 19 September 2023 and 20 October 2023, local authorities do not provide a guarantee of another local authority's debt.

As noted in our previous responses, when New Zealand Local Government Funding Agency Limited ("**LGFA**") borrows money, its obligations are guaranteed by most of the local authorities who participate in the LGFA borrowing structure (**LGFA Guarantee**).

The LGFA Guarantee is made in favour of a Security Trustee who holds the guarantee for the benefit of LGFA's lenders. Under the LGFA Guarantee each guarantor local authority guarantees moneys owed by LGFA (on the terms set out in our previous responses).

Regards

Mark Butcher
Chief Executive Officer