

**Hon Nicola Willis
Minister of Finance**



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Crown Liquidity Facility for New Zealand Local Government Funding Agency increased

The Government is increasing and extending the Crown Liquidity Facility (CLF) that it provides to the New Zealand Local Government Funding Agency Limited (LGFA) to support local government sector borrowing, Finance Minister Nicola Willis says.

The CLF assists LGFA to secure competitively priced financing for local authorities by assuring lenders the agency has sufficient tools to manage exceptional circumstances such as global financial market disruptions.

The facility was established in December 2011 when LGFA was created and has never been drawn on.

Nicola Willis says the facility is being increased from \$1.5 billion to \$3 billion and its term extended from December 2031 to June 2037.

“The changes will enable the agency to continue to secure competitively priced financing which supports the delivery of critical infrastructure and public services. The increase takes effect today.”

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Notes to editors:

LGFA is the largest lender to New Zealand’s local government sector, with approximately 80 per cent market share of annual sector borrowing and has loans outstanding to councils and Council-Controlled Organisations of \$23.4 billion. The Crown owns 20% of the paid up capital of LGFA and thirty councils own the remaining 80%.

The establishment of the LGFA was driven in part by the experience of councils during the Global Financial Crisis when access to finance became more challenging. LGFA has provided certainty of access to long dated financing for the local government sector since it was established.

A facility fee paid by LGFA for the CLF covers the cost of the extra liquidity held on the Crown's books to support local government borrowing, meaning the provision of the facility does not have a significant cost to the Crown.