

RATING ACTION COMMENTARY

Fitch Revises Outlook on New Zealand's LGFA to Negative on Sovereign Rating Action; Affirms at 'AA+'

Wed 25 Mar, 2026 - 7:51 pm ET

Fitch Ratings - Sydney - 25 Mar 2026: Fitch Ratings has revised the Outlook on the Long-Term Foreign- and Local-Currency Issuer Default Ratings (IDRs) of the New Zealand Local Government Funding Agency Limited (LGFA) to Negative from Stable, and affirmed the IDRs at 'AA+'. A full list of rating actions is below.

KEY RATING DRIVERS

The Outlook revision follows Fitch's [20 March 2026 action](#) revising the Outlook on New Zealand's 'AA+' sovereign rating to Negative from Stable. Under Fitch's Government-Related Entities (GRE) Rating Criteria, LGFA is considered a GRE and is credit-linked to the New Zealand sovereign. LGFA's Long-Term IDRs reflect the government's significant responsibility and incentive to provide financial support, given the agency's key policy role in providing most of the local government financing. As a result, LGFA's ratings are equalised with those of the New Zealand sovereign.

ISSUER PROFILE

LGFA is a centralised financing entity for New Zealand's local government sector. Its primary objective is to raise debt for local authorities to optimise their debt funding terms and conditions.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

Negative rating action on LGFA could result from a downgrade of New Zealand's sovereign ratings, or from a weaker assessment of the government's responsibility or incentive to provide support, resulting in a support score below 45 under our GRE criteria.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

A revision of the Outlook to Stable on New Zealand's sovereign ratings would result in the same action on LGFA's ratings.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

The ratings of LGFA are linked to the New Zealand sovereign's ratings.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

RATING ACTIONS

ENTITY / DEBT ◆	RATING ◆			PRIOR ◆
New Zealand Local Government Funding Agency Limited (LGFA)	LT IDR	AA+ Rating Outlook Negative		AA+ Rating Outlook Stable
	Affirmed			
	ST IDR	F1+	Affirmed	F1+
	LC LT IDR			AA+ Rating Outlook Stable
	AA+ Rating Outlook Negative	Affirmed		

	LC ST IDR	F1+	Affirmed	F1+
senior unsecured	LT	AA+	Affirmed	AA+
senior unsecured	ST	F1+	Affirmed	F1+

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[Public Policy Revenue-Supported Entities Rating Criteria \(pub. 13 Jan 2024\) \(including rating assumption sensitivity\)](#)

[Government-Related Entities Rating Criteria \(pub. 19 Jul 2025\)](#)

ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

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New Zealand Local Government Funding Agency Limited (LGFA)

EU Endorsed, UK Endorsed

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