

**SUBMISSION TO THE KAPITI COAST DISTRICT COUNCIL**  
**Proposed 2011 Amendment to the 2009 Long Term Council Community Plan and**  
**Participation in the Local Government Funding Agency Limited**

I do not support the recommendation for Kapiti Coast District Council (KCDC) to become a founding member of the Local Government Funding Authority (LGFA).

Whilst the signaled benefit of savings on debt interest payments may be laudable, there is little detail in the Council report in respect of possible or real risks of joining the scheme to make an informed decision. Some of the risks that need addressing are:

- A worsening global economy – the IMF has issued a warning that the global economy is in a very dangerous state.
- Global economies have a reduced appetite for debt risk.
- If any of the LGFA member councils experience a credit downgrade, this will impact on KCDC's interest rate.
- Once KCDC has signed up as a participant, they guarantee the debts of all other Councils in the scheme. This could pose a burden beyond the ability of our ratepayers.
- Every shareholding Council is required to jointly and severally guarantee every debt incurred by the Agency. This requirement should be of great concern to Council; witness the disgruntlement of Germans facing the prospect of "bailing out" Greece and other euro countries with unmanageable debt problems.
- The controls and conditions of use of borrowings and the cost of borrowings are as yet undetermined.

In the current economic climate, it would be preferable to see Council actively working to reduce debt and the need for borrowings over the next few years rather than to propose joining the LGFA with what appears to be little research into the risks and the ability of ratepayers with a very low median income to fund any debt obligations incurred by the scheme.

I have read and support the Waikanae on One submission, as well as the Kapiti Coast Grey Power Association submission.

I would like to be heard by Council at public hearings.

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