

# Local Government's Funding Revolution

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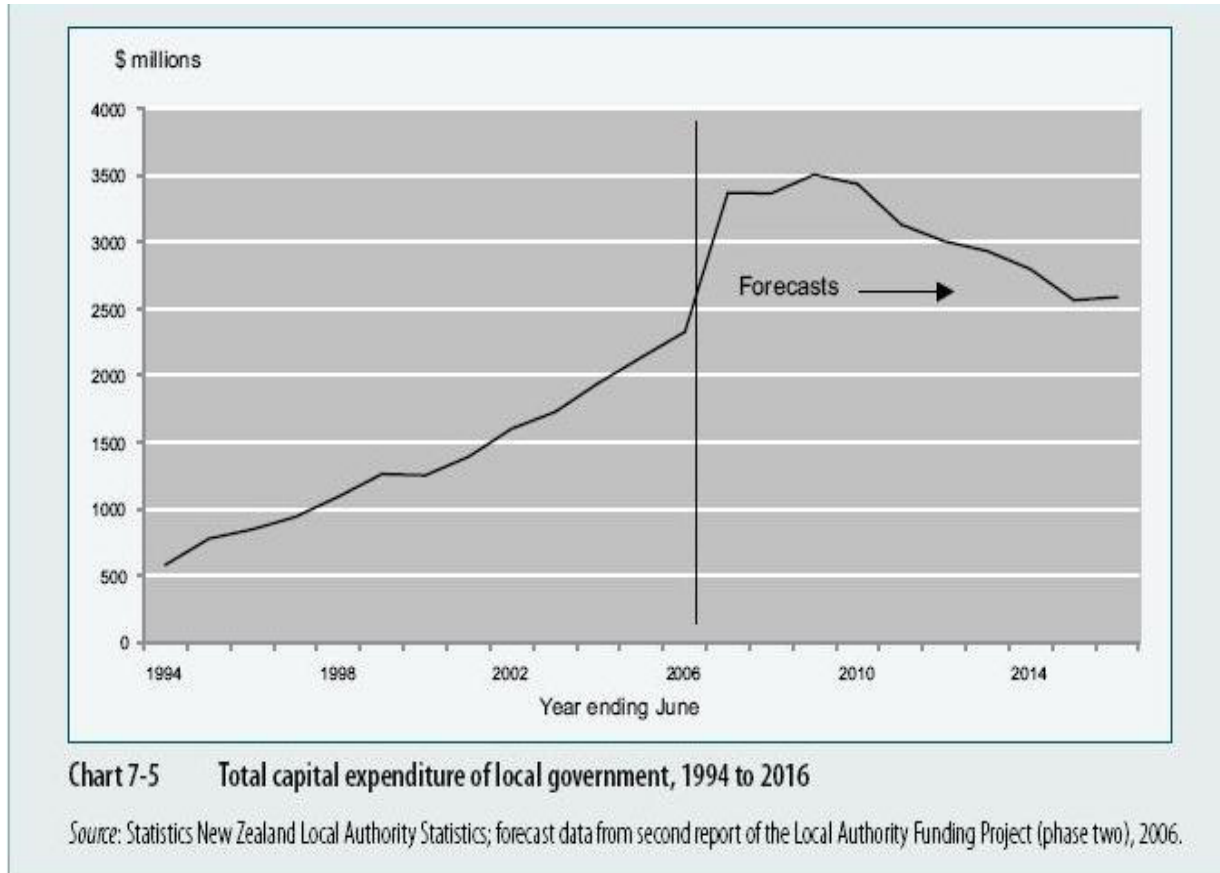
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# The Securities (Local Authorities Exemption) Amendment Act 2008

- Why is it a revolution?

- Pre 1997
  - Local Authorities Loans Act 1956
  - full exemption from Securities Act
- 1997 – 2008
  - full application of the Securities Act 1977
- 2008 onwards
  - modified exemption applies

# Total Capital Expenditure of Local Government 1994 – 2016



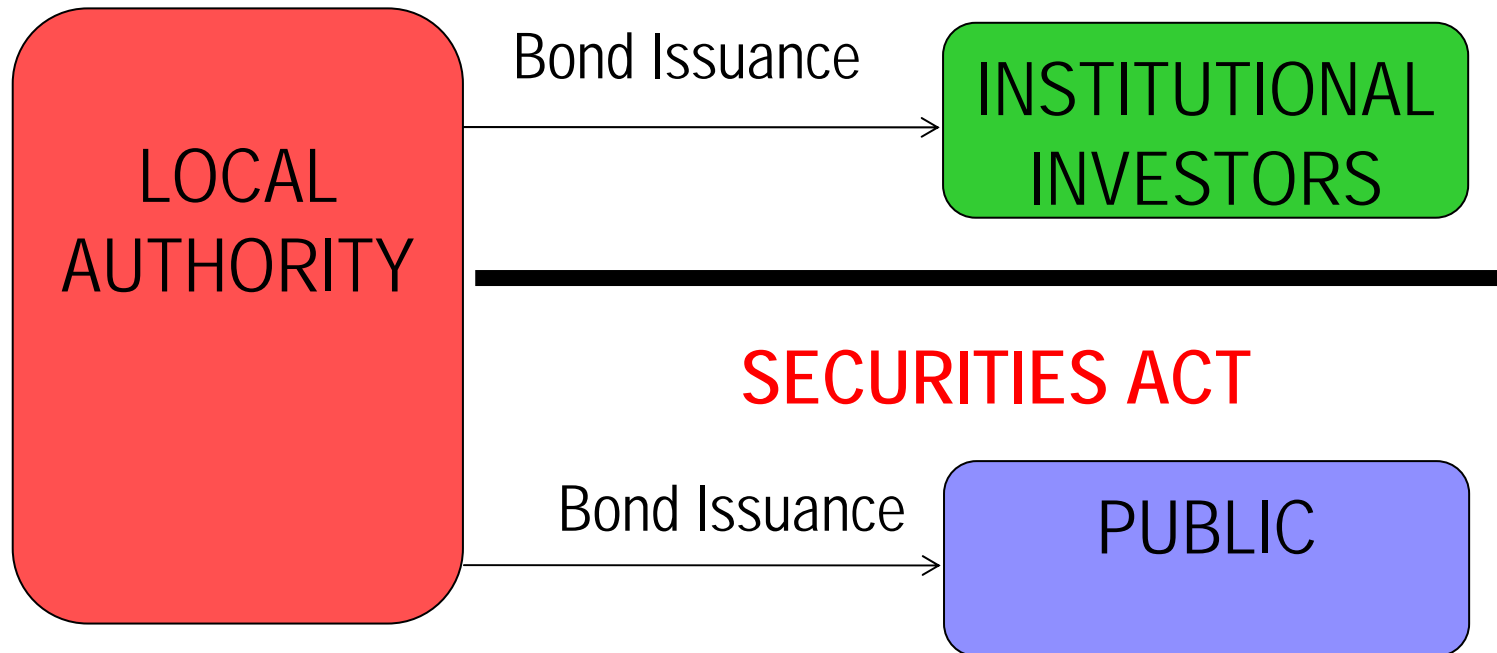
# \$30.8 billion over 10 years

- Transport 44%
- Three Waters 29%
- Community Services 18%
- Other 9%

# Why might it be helpful to be able to offer to the public?

- alternative to institutional debt raising
- public can invest in their communities
- potentially lowering pricing
- a new source of low risk investment

# Institutional vs retail offers

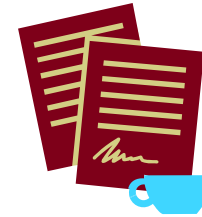


# Securities Act - Disclosure



Offer

Authorised  
Advertisement



Investment  
Statement

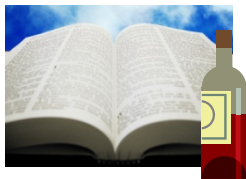


Certificate



Investment  
Statement

Allotment



Prospectus

Allotment



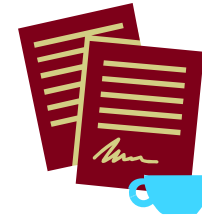
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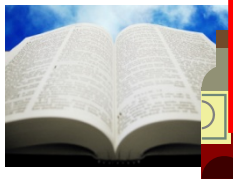


Allotment

Investment

Ex

Most recent audited financial statements and audited consolidated financial statements



Allotment

Balance date less than 9 months prior to allotment



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# Investment Statements

- Schedule 3D sets out information requirements
  - Succinct manner (Reg 7A)
  - Other requirements of Act
- Suggested approach
- Additional information permitted

# Investment Statements

5. What returns will I  
6. What are my risks?  
7. What are the charges?  
provide it for me?

# Investment Statements

10. Is there anyone to  
11. What other  
9. Who do I contact with  
8. How do I cash in my  
information can I obtain  
enquiries about my  
I have investments?  
about this investment?  
investment?

# Securities Act – Other Matters



Trustee



Offences/Liability

# Criminal Offences

- Issuer/Councillor – Advertisement has Untrue Statement
  - Defence of immateriality
  - Defence if reasonable belief of truth
- Issuer/Councillor/Principal Officer – offer, distribution or allotment in breach
  - Defence of immateriality
  - Defence of reasonable excuse
  - Defence if not knowledge and consent

# Civil Liability

- Issuer/Councillor – Advertisement has Untrue Statement
  - Defence if distribution without knowledge or consent
    - Notice to trustee, Registrar, Commission, public
  - Defence if aware before subscription, withdraws consent
    - Notice to trustee, Registrar, Commission, public
  - Defence of reasonable belief

# Mitigating factors

- Defences
- Indemnities
  - Civil - Good faith; pursuance of responsibilities, powers
  - Criminal – successful defence
- Corporate analogy
- Safe investments

# Questions

