



NEW ZEALAND

Government Treasury Bills

Product Disclosure Statement

*for an offer of
New Zealand Government Treasury Bills*

*issued by
Her Majesty the Queen in right of New Zealand*

Dated: 10 November 2016

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on www.companiesoffice.govt.nz/disclose. The Crown has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you to make an investment decision.

1 Key Information Summary

What is this?

This is an offer of New Zealand Government Treasury Bills which are New Zealand dollar, fixed-term, debt securities (the "Bills"). The Bills are issued by Her Majesty the Queen in right of New Zealand (the "Crown"). You give the Crown money, or you purchase the Bills in the secondary market, and in return the Crown promises to repay money at the end of the term. If the Crown runs into financial trouble, you might lose some or all of the money you invested.

About the Crown

The Crown is the Head of State of New Zealand.

The Crown's financial statements are prepared and published in accordance with Part 3 of the Public Finance Act 1989. The Crown's financial statements are available on the Treasury website at:
<http://www.treasury.govt.nz/government/financialstatements>.

Purpose of this offer

The Crown issues the Bills to raise money for the general financing purposes of the Crown.

You should also read section 3 of this document (*Purpose of the offer*).

Key terms of the offer

Issuer	Her Majesty the Queen in right of New Zealand (the "Crown").
Description of the debt securities	The Bills are New Zealand dollar, fixed-term, debt securities.
Initial offer of Bills to Wholesale Investors only	The initial offer of the Bills by the Crown will be made to Wholesale Investors only. Retail Investors can only purchase the Bills in the secondary market. See section 9 of this document (<i>How to apply</i>) for further details on how to apply for the Bills in the secondary market. Regulation 72A of the Financial Markets Conduct Regulations applies to this offer. This means that, except in very limited circumstances, before selling any Bills to a Retail Investor in the secondary market a Wholesale Investor must provide the Retail Investor with a copy of the most recent Product Disclosure Statement for the

	Bills. See section 4 of this document (<i>Key features of Bills</i>) under the sub-heading "Selling restrictions" for further details.
Opening Date	No applications may be made for Bills under this Product Disclosure Statement before 18 November 2016.
Term	The Bills are available in a range of maturities, although usually Bills are issued with maturities of three months, six months, or one year.
Principal	The Principal amount of the Bills is repaid on the Maturity Date.
Interest	No interest is payable on the Bills. The Bills are usually issued at a discount to their Principal amount. The level of the discount determines the initial rate of return on the Bills.
Yield	The Bills are traded in the secondary market on a yield to maturity basis. This means the overall rate of return on the Bills depends on the difference between the price paid for the Bills and the Principal amount of the Bills.
Further information about the Bills	You should read the Information Memorandum which contains further information about the Bills.
Further payments, fees or charges	You are not required to pay any fees, duty, charges, deductions or levies (except to the extent required by law) to the Crown or the Registrar for the registration, transfer, or any other aspect relating to the Bills or for the payment of Principal.

How you can get your money out early?

The Bills are not redeemable prior to the Maturity Date.

The Crown does not intend to quote these Bills on a market licensed in New Zealand but they will be able to be traded with registered banks and other financial institutions on the established 'over-the-counter' (OTC) market for the Bills. This means that you may be able to sell the Bills to registered banks and other financial institutions before the end of their term. If you sell your Bills, the price you get will vary depending on factors such as the financial condition of the Crown and movements in the market interest rates. You may receive less than the full amount that you paid for them.

There may not be an active trading market in the Bills. See "Secondary market risk" in section 5 of this document (*Risks of Investing*) for further details.

No security

The Bills are not secured against any identifiable assets of the Crown. However, section 55 of the Public Finance Act 1989 provides that all money payable in relation to money borrowed by the Crown, including all money payable to Billholders is secured by a charge upon and payable out of the revenues of the Crown.

Key risks affecting this investment

Investments in debt securities have risks. A key risk is that the Crown does not meet its commitments to repay you (credit risk). Section 5 of this document (*Risks of investing*) discusses this risk. You should also read section 4 of this document (*Key features of Bills*).

What is the Crown's credit rating?

A credit rating is an independent opinion of the capability and willingness of an entity to repay its debts (in other words, its creditworthiness). It is not a guarantee that the financial product being offered is a safe investment. A credit rating should be considered alongside all other relevant information when making an investment decision.

The Crown has been given a short-term local currency rating by S&P Global Ratings, Moody's Investor Services and Fitch Ratings. S&P Global Ratings gives short-term ratings from A-1+ through to C, Fitch Ratings gives short-term ratings from F1+ through to C and Moody's Investor Services gives short-term ratings from P-1 through to NP.

As at the date of this Product Disclosure Statement, the Crown's short-term local currency credit ratings are A-1+ by S&P Global Ratings, P-1 by Moody's Investor Services and F1+ by Fitch Ratings.

Summary description of the short-term credit ratings from S&P Global Ratings .	Capacity to meet its financial commitments				Vulnerability to non-payment		
	Extremely Strong	Strong	Satisfactory	Adequate	Vulnerable	Currently Vulnerable	In Default
Range of short-term credit ratings for S&P Global Ratings	A-1+ Credit rating for the Crown is A-1+	A-1	A-2	A-3	B	C	SD or D
Range of short-term credit ratings for Moody's Investor Services*	P-1 Credit rating for the Crown is P-1		P-2	P-3	NP		
Range of short-term credit ratings for Fitch Ratings	F1+ Credit rating for the Crown is F1+	F1	F2	F3	B	C	RD or D

Note:

* Moody's Investor Services' short-term credit ratings may also be referred to as Prime-1 (P-1), Prime-2 (P-2), Prime-3 (P-3) or Not Prime (NP).

The offer has not been rated. However, one or more of the independent credit rating agencies above may assign credit ratings to Bills with certain Maturity Dates offered under this Product Disclosure

Statement from time to time. The Crown expects that any credit rating assigned to any Bills by such credit rating agencies will be the same as the Crown's short-term local currency rating described above.

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2 Terms of the offer

Issuer	Her Majesty the Queen in right of New Zealand (the “Crown”).	Yield	The Bills are traded in the secondary market on a yield to maturity basis. This means the overall rate of return on the Bills depends on the difference between the price paid for the Bills and the Principal amount of the Bills. If purchasing Bills in the secondary market the price which you pay the Counterparty for the Bills may be equal to, above or below their Principal amount.
Description of the debt securities	The Bills are New Zealand dollar, fixed-term debt securities.	Further information about the Bills	You should read the Information Memorandum which contains further information about the Bills, including the terms of the Bills. A copy of the Information Memorandum may be obtained from the offer register at www.companiesoffice.govt.nz/disclose . See section 8 of this document (<i>Where you can find more information</i>) for further information on where this may be obtained.
Initial offer of Bills to Wholesale Investors only	The initial offer of the Bills by the Crown will be made to Wholesale Investors only. Retail Investors can only purchase the Bills in the secondary market. See section 9 of this document (<i>How to apply</i>) for further details on how to apply for the Bills in the secondary market. Regulation 72A of the Financial Markets Conduct Regulations applies to this offer. This means that, except in very limited circumstances, before selling any Bills to a Retail Investor in the secondary market a Wholesale Investor must provide the Retail Investor with a copy of the most recent Product Disclosure Statement for the Bills. See section 4 of this document (<i>Key features of Bills</i>) under the sub-heading “Selling restrictions” for further details.	Redemption	The outstanding Principal amount of each Bill will, subject to any deductions on account of Tax, be payable at maturity. The Bills are not redeemable prior to the Maturity Date.
Opening Date	No applications may be made for Bills under this Product Disclosure Statement before 18 November 2016.	Minimum initial application amount (Wholesale Investors only)	\$1,000,000 and multiples of \$1,000,000 thereafter.
Term	The Bills are available in a range of maturities, although usually Bills are issued with maturities of three months, six months, or one year.	Minimum purchase amount (when purchasing in the secondary market)	\$10,000 and multiples of \$1,000 thereafter.
Principal	The Principal amount of the Bills is repaid on the Maturity Date.	Transfer restrictions	Transfers must be in multiples of \$1,000 and (unless the transfer of Bills results in a nil holding by the transferor) no transfer can be made where the result would be that the Principal amount of the Bills Registered in the name of the transferor or the transferee would be less than \$10,000.
Interest	No interest is payable on the Bills. The issue price of the Bills is calculated in accordance with the Information Memorandum. The Bills are usually issued at a discount to their Principal amount. The level of the discount determines the initial rate of return on the Bills.		

Further payments, fees or charges	You are not required to pay any fees, duty, charges, deductions or levies (except to the extent required by law) to the Crown or the Registrar for the registration, transfer, or any other aspect relating to the Bills or for the payment of the Principal.
Other possible fees or charges	Taxes may be deducted from the payment of the Principal amount of the Bills on maturity. See section 6 of this document (<i>Tax</i>) for further details. If you buy Bills in the secondary market, you may have to pay transaction (or other) fees or charges to the Counterparty. You should ask the Counterparty for details of any such fees and charges, including how those

	fees or charges will be calculated and how they can be altered.
Registrar, Paying Agent and Calculation Agent	Computershare Investor Services Limited.

3 Purpose of the offer

The purpose of this offer is to raise money for the general financing purposes of the Crown.

4 Key features of Bills

The return on your Bills is determined by the difference between the amount you pay for the Bills and the Principal amount of the Bills that you will receive if you sell the Bills or hold the Bills until maturity.

Interest

Bills do not pay interest.

The Bills are usually issued at a discount to their Principal amount. The level of the discount determines the initial rate of return on the Bills and the rate of return can be expressed as a percentage rate per annum. See “Yield” in section 2 of this document (*Terms of the offer*) above for further information.

Principal

The Principal amount of the Bills will be paid to the Billholder Registered on the Record Date immediately prior to the Maturity Date.

The Principal repayment will be made on the Maturity Date and will be credited to the New Zealand bank account that the Billholder nominates.

If the Bills are held through NZClear, the Principal repayment will be made to NZClear. NZClear will credit the NZClear cash accounts of the members who, at the close of business on the Banking Day prior to the Maturity Date, are holders of the Bills.

If the Maturity Date is not a Banking Day payment will be made on the next Banking Day (without payment of any additional Interest).

Further information about how the Principal amount of the Bills is repaid is available in the Information Memorandum.

Transfers

Billholders may sell or transfer any or all of their Bills to any person, at any time before the Record Date immediately prior to the Maturity Date by completing a transfer request form. Transfer request forms are

available from the Registrar. If you fail to provide the required information on any transfer form, the Registrar may request further information from you resulting in a delay in processing the transfer.

Sale/transfer charges may apply – see “Other possible fees or charges” in section 2 of this document (*Terms of the offer*) above.

NZClear members may sell or transfer Bills to other NZClear members between the Record Date and the close of business on the Banking Day prior to the Maturity Date.

Selling restrictions

The Bills may only be sold in conformity with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered. No product disclosure statement, information memorandum, advertisement or other offer material in respect of the Bills may be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws.

Regulation 72A of the Financial Markets Conduct Regulations applies to the initial offer of the Bills by the

Crown under this Product Disclosure Statement. This means that an offer of the Bills for sale by a Wholesale Investor to a Retail Investor in New Zealand does not need to comply with certain disclosure requirements in the Financial Markets Conduct Act and the Financial Markets Conduct Regulations, provided that, except in very limited circumstances, the Wholesale Investor provides a copy of the most recent Product Disclosure Statement that is available on the offer register at www.companiesoffice.govt.nz/disclose for the Bills to the Retail Investor before selling the Bills to the Retail Investor.

More information on Regulation 72A is available in the Information Memorandum. A copy of the Information Memorandum is also available on the offer register at www.companiesoffice.govt.nz/disclose.

The Crown has not taken and will not take any action which would permit a public offering of the Bills, or possession or distribution of any offering material in respect of the Bills in any country or jurisdiction where action for that purpose is required (other than New Zealand).

5 Risks of investing

General Risks

Your investment in the Bills is subject to the following general risks:

Credit risk

If the Crown defaults on, or is otherwise unable to comply with, its payment obligations under the Bills you may not recover the money you pay for the Bills or receive the expected returns.

Consequences of Crown defaulting

Although the Crown could, in theory, default on its obligations under the Bills it cannot be put into liquidation or wound up. Accordingly, the provisions of New Zealand law that give priority to certain creditors over others in the liquidation or winding up of a debtor do not apply to the Crown. Claims of all creditors of the Crown would be brought under, and governed by, the Crown Proceedings Act 1950. You would not be liable to pay any money to any person as a result of the Crown's insolvency solely because you are a Billholder.

Secondary market risk

If you want to sell your Bills prior to their maturity you will have to sell them on the secondary market. The Crown believes that there is an established over-the-counter market for the Bills. This means that there are registered banks and other financial institutions in New Zealand who will buy Bills from Billholders prior to the Maturity Date of the Bills. However, there may be no active trading market and the market for the Bills may not be very liquid.

As a consequence, you may not be able to sell your Bills easily or at prices that will provide you with a return comparable to similar investments that have a more developed market, and you may receive less on a sale of your Bills than the amount you paid for them.

The price at which you may be able to sell Bills may also be affected by other factors such as movements in market interest rates.

6 Tax

On the Maturity Date, the difference between the price that you paid for the Bills and the Principal amount will be deemed to be "interest" for Tax purposes. New Zealand tax residents will have resident withholding tax deducted from the Interest that is deemed to be payable under the Bills, unless they produce to the Registrar a valid certificate of exemption on or before the Record Date for the relevant payment.

For Billholders who are not resident in New Zealand, if the Registrar is satisfied that you are not a tax resident in New Zealand, do not have a Fixed Establishment in New Zealand, and do not derive interest jointly with one

or more holders that are resident in New Zealand, the Crown will pay Approved Issuer Levy on its own account in lieu of deducting non-resident withholding tax (except where you elect otherwise or it is not possible under any law, in which case non-resident withholding tax will be deducted).

There may be other tax consequences from acquiring or disposing of the Bills.

If you have any queries relating to the tax consequences of an investment in the Bills, you should obtain professional advice on those consequences.

7 How to complain

For complaints in relation to the Bills, you may contact the Crown, at:

Address: New Zealand Debt Management Office
The Treasury
1 The Terrace
Wellington 6011
Or
PO Box 3724
Wellington 6140

Telephone: +64 4 472 2733
Fax: +64 4 472 2492
Email: info@nzdmo.govt.nz

If you have any queries about the administration of the Bills (including in relation to payments in respect of the Bills) you should contact the Registrar in first instance at the contact details below:

Address: The Manager, Fixed Interest Registry
Computershare Investor Services Limited
Level 2
159 Hurstmere Road
Takapuna
Auckland 0622
Or
Private Bag 92119
Auckland 1142

Email: enquiry@computershare.co.nz
Freephone: 0800 656 494
Telephone: +64 9 488 8777
Fax: +64 9 488 8787

Please assist the Registrar by quoting your common shareholder number (CSN).

The Crown is not a member of an approved dispute resolution scheme under the Financial Service Providers (Registration and Dispute Resolution) Act 2008, meaning that complaints about the Bills cannot be made to such a scheme.

Complaints may also be directed to the Financial Markets Authority through its website at www.fma.govt.nz.

If the Counterparty is a financial service provider that is a member of an approved dispute resolution scheme, you may be able to make a complaint about the Bills by contacting the dispute resolution scheme of the Counterparty. You should ask the Counterparty for the address and business telephone number of the relevant dispute resolution scheme. The relevant dispute resolution scheme will not charge you a fee to investigate to solve a complaint.

If the Counterparty is a participant of the Insurance and Savings Ombudsman ("ISO") Scheme, you can contact the ISO at:

Address: Level 8
Shamrock House
79-81 Molesworth Street
Wellington 6011
or
PO Box 10 845
Wellington 6143

Freephone: 0800 888 202

As at the date of this Product Disclosure Statement, a list of participants of the ISO Scheme is available at www.iombudsman.org.nz/membership/current-participants/.

If the Counterparty is a registered bank, you can contact the Banking Ombudsman at:

Address: Level 5
Huddart Parker Building
1 Post Office Square

Wellington 6011

or

Freepost 218002
PO Box 25 327
Featherston Street
Wellington 6146

Freephone: 0800 805 950

8 Where you can find more information

Further information relating to the Crown and the Bills is available on the offer register at www.companiesoffice.govt.nz/disclose. A copy of information on the offer register is available on request to the Registrar of Financial Service Providers.

The terms of the Bills are set out in the Information Memorandum which is available on the offer register at www.companiesoffice.govt.nz/disclose. You can also get a free copy of the Information Memorandum from the NZDMO website <https://www.nzdmo.govt.nz/government-securities/treasury-bills> or on request from info@nzdmo.govt.nz or enquiry@computershare.co.nz.

Further information about the Crown is detailed in the Crown's financial statements which contain key financial information relating to the Crown. A copy of the Crown's financial statements and additional information can be obtained free of charge from the Treasury website www.treasury.govt.nz/government/financialstatements.

You can request, free of charge, a certified extract from the Register which confirms the details of your investment. To do so contact the Registrar at the address or on the telephone number set out in section 10 of this document (*Contact information*) below.

9 How to apply

Primary issuance of the Bills is done solely to Wholesale Investors by way of tender, syndication or private placement. If you are purchasing Bills in the secondary market, you can purchase Bills from the Counterparty by completing a transfer request form (as required by the Registrar), which can be found at www-au.computershare.com/Investor/help/PrintableForms.

When purchasing the Bills in the secondary market, the minimum Principal amount of Bills you are required to buy is \$10,000 – any additional Bills must be purchased in multiples of \$1,000. The price you pay for the Bills will be calculated based on the market value of such securities, and the Counterparty will agree the purchase price with you at the time of sale.

Privacy

The Registrar, as agent for the Crown and the NZDMO, collects and holds personal information about you for the purposes of administering this investment. This information may be disclosed to the Crown and the NZDMO. You may request access to any personal information held about you by contacting the Registrar at the contact details set out in section 10 of this document (*Contact information*) below. You may also request correction of any personal information held about you. Depending on the nature of your request, the Registrar may impose a charge for providing access to, or correcting, any personal information.

10 Contact information

Issuer:	New Zealand Debt Management Office The Treasury 1 The Terrace Wellington 6011 Or PO Box 3724 Wellington 6140	Registrar:	The Manager, Fixed Interest Registry Computershare Investor Services Limited Level 2 159 Hurstmere Road Takapuna Auckland 0622 Or Private Bag 92119 Auckland 1142
Telephone:	+64 4 472 2733	Email:	enquiry@computershare.co.nz
Fax:	+64 4 472 2492	Freephone:	0800 656 494
Email:	info@nzdmogovt.nz	Telephone:	+64 9 488 8777
		Fax:	+64 9 488 8787

11 Glossary

For the purposes of this Product Disclosure Statement, the following definitions apply:

Approved Issuer Levy	Has the meaning given to that term in Part 6B of the Stamp and Cheque Duties Act 1971.
Banking Day	Means a day not being a Saturday or Sunday on which registered banks are open for general banking business in Wellington, New Zealand.
Billholder or you	Means, in respect of any Bill, the person whose name from time to time is entered in the Register as the holder of that Bill.
Bills	Means the New Zealand Government Treasury Bills issued by the Crown pursuant to the Information Memorandum.
Counterparty	Means the party offering to sell you Bills or buy Bills from you.
Crown	Means Her Majesty the Queen in right of New Zealand.
Dollars and \$	Means the lawful currency of New Zealand.
Financial Markets Conduct Act	Means the Financial Markets Conduct Act 2013.
Financial Markets Conduct Regulations	Means the Financial Markets Conduct Regulations 2014.
Fixed Establishment	Has the meaning given to that term in the Income Tax Act 2007 (as modified by any double taxation treaty to which New Zealand is a party).
Information Memorandum	Means the current Information Memorandum in relation to the Bills.
Interest	Has the meaning given to that term in the Income Tax Act 2007.
Issuer	Means the Crown.

Maturity Date	Means the date, as specified by the Crown when a Bill is first issued, on which that Bill is to be repaid.
NZDMO	Means the New Zealand Debt Management Office of the Treasury.
person	Includes an individual, firm, company, corporation or any state or government or any agency thereof (in each case, whether or not having separate legal personality).
Principal	Means the face, or nominal, amount of a Bill which is paid on the Maturity Date.
Product Disclosure Statement	Means this document.
Record Date	Means close of business on the 10th day before the Maturity Date or, if this is not a Banking Day, the previous Banking Day.
Register	Means the Register of Bills maintained by the Registrar and “Registered” has a corresponding meaning.
registered bank	Has the meaning given to that term in the Reserve Bank of New Zealand Act 1989.
Registrar	Means Computershare Investor Services Limited acting as agent for the Crown and the NZDMO or any other party nominated by the Crown or NZDMO to act as agent.
resident	Means a person defined as ‘resident in New Zealand’ pursuant to the Income Tax Act 2007.
Retail Investor	Has the meaning given to that term in the Financial Markets Conduct Act.
Tax	Means any tax, levy, duty, rate or tariff of any nature, including withholding taxes, which is imposed or collected by a government agency.
Wholesale Investor	Has the meaning given to that term in the Financial Markets Conduct Act.

In this Product Disclosure Statement, any reference to legislation includes, where appropriate, a modification or re-enactment of that legislation or legislation passed in substitution for it. Any legislation referred to in this Product Disclosure Statement can be found at www.legislation.govt.nz.