

Report 05.157
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Committee Policy, Finance and Strategy Committee
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Loan Agreement between Wellington Regional Council and the Crown

1. Purpose

To seek approval from the Council to enter into an interest free loan within the Government for the refurbishment of the Wairarapa carriages.

2. Background

The Council is currently reviewing tenders for the refurbishment of 18 carriages for the Wairarapa line. The tenders are expected to be finalised in June at a budgeted cost of \$23.6 million.

Sixty percent of this amount will come by way of a grant from LTNZ, while the local share will be funded by an interest free loan from the Crown.

3. Terms of the Loan

The Crown will make a series of advances to GWRC during the years to 30 June 2005, 2006 and 2007.

Each advance will be limited to 40% of the amounts incurred by GWRC in the refurbishment of the Wairarapa carriages.

The maximum drawdowns in each year are:

2005	-
2006	\$7,420,000
2007	\$3,180,000

Any amounts not drawn in a previous year can (at the Crown's discretion) be transferred to the following year.

GWRC does not require any amounts for 2005.

It is expected that the above drawdowns will meet GWRC requirements.

The loan has to be repaid by 30 June 2007, unless extended by agreement. However, the Minister of Finance has written to the Council stating that the loan will be over the life of the carriages (20 years).

There will be no interest payable on the Crown loans.

Our lawyers (Chapman Tripp) have reviewed the loan document and have no major issues.

4. Where to from here

Subject to any comments from Council the final loan agreement will be signed by GWRC and sent to Treasury. They will then report to the Minister, recommending his approval of the loan.

This process is expected to take 2-4 weeks.

5. Communications

No communications are necessary at this stage.

6. Recommendations

That the Committee recommend to Council that it:

- 1. receive the report and note its contents*
- 2. approve the Council entering into the Loan Agreement with the Crown.*
- 3. authorise the Chief Financial Officer and Chairman to make any minor amendments to the Loan Agreement.*

Report prepared by:

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Chief Financial Officer