

Report 07.421
Date 19 June 2007
File WRS/08/02/01

Committee Policy, Finance and Strategy Committee
Author Barry Turfrey Chief Financial Officer

Loan to Regional EDA Limited

1. Purpose

To seek approval to advance funds to Regional EDA Ltd (REDA) to enable it to purchase the fixed assets of Positively Wellington Business (PWB).

2. Significance of the decision

The matters for decision in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

3. Background

Following extensive consultation, REDA was established to undertake regional economic development activities. This will commence on 1 July and will largely take over the role of PWB.

To enable the staff, including those transferring from PWB, to carry out their roles, the fixed assets of PWB will be purchased at book value.

4. Board Resolution

The interim Board of REDA resolved to purchase the fixed assets at their book value as at 30 June 2007.

5. The Loan

The book value of the assets is approximately \$166,000. It is proposed that Greater Wellington Regional Council advance up to \$175,000 to purchase these assets. The loan will, in part, be used to repay a loan from Wellington City Council. The amount of the loan will be confirmed when the book value of the fixed assets at 30 June 2007 is confirmed

6. Interest Rate

REDA is a Council Controlled Organisation (CCO) of Greater Wellington Regional Council, as such it is not permitted under the Local Government Act to provide an interest free loan to it.

The interest rate of the loan will be 7.95%, the same as the Greater Wellington Regional Council internal interest rate.

7. Repayment of loan

The loan will be repaid over five years.

8. Documentation

A simple loan document between REDA and Greater Wellington Regional Council will be prepared in a similar format to the current agreements between Greater Wellington's other CCOs.

9. Communication

No communication is necessary

10. Recommendations

That the Committee recommends that Council:

1. **Receive** the report.
2. **Note** the content of the report.
3. **Approve** a loan to Regional EDA Ltd up to a maximum of \$175,000 at an interest rate in 2007/08 of 7.95%.
4. **Authorise** the Chief Financial Officer to sign a loan document on similar terms and conditions with those agreements between Greater Wellington Regional Council and its other Council Controlled Organisations.

Report prepared by:

Report approved by:

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Chief Financial Officer

David Benham
Chief Executive