
Northland Regional Council

Tabled Item

Council Meeting

Tuesday 13 December 2016
at 2 pm

ISSUE: Tabled Item for Council Meeting – 13 December 2016**ID:** A906129**To:** Council Meeting, 13 December 2016**From:** Chris Taylor, Governance Support Manager**Date:** 13 December 2016

Report Type:	<input type="checkbox"/> Normal operations	<input type="checkbox"/> Information	<input checked="" type="checkbox"/> Decision
Purpose:	<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Public service	<input type="checkbox"/> Regulatory function
	<input checked="" type="checkbox"/> Legislative function	<input type="checkbox"/> Annual\Long Term Plan	<input type="checkbox"/> Other
Significance:	<input type="checkbox"/> Triggered	<input checked="" type="checkbox"/> Not Triggered	

Executive Summary:

The purpose of this report is to place before the council a tabled item for inclusion in the council meeting agenda. The report concludes with the recommendation that the tabled item be received.

- **Tabled Item 7.9: Approval of a Loan to Northland Inc. Limited**

Due to notification not being received at the time of preparing the council agenda a tabled item has been necessary to allow a loan to be approved before the Christmas break. It is recommended that the tabled item be received.

Recommendations:

That as permitted under section 46A(7) of the Local Government Official Information and Meetings Act 1987:

- **Tabled Item 7.9:** Approval of a Loan to Northland Inc. Limited

be received.

TITLE: Approval of a Loan to Northland Inc. Limited**ID:** A905828**To:** Council Meeting, 13 December 2016**From:** Simon Crabb, Finance Manager**Date:** 12 December 2016

Report Type:	<input type="checkbox"/> Information	<input checked="" type="checkbox"/> Decision
Significance & engagement:	<input checked="" type="checkbox"/> Not Triggered	<input type="checkbox"/> Triggered
Māori impact:	<input checked="" type="checkbox"/> Not Impacted	<input type="checkbox"/> Impacted
Financial implications:	<input checked="" type="checkbox"/> No Implications	<input type="checkbox"/> Implications

Purpose:

The purpose of this report is to obtain council's approval to extend a loan of \$26,500 to its Council Controlled Organisation, Northland Inc. Limited (NINC), to enable NINC to purchase the Northland Regional Council (NRC) Chairman's old vehicle. The loan is to be charged interest at 6% and repaid over a period of 36 months.

The report concludes with the recommendation that council approve the loan and delegate authority to the Chief Executive Officer to give effect to this approval.

Report:

- Northland Inc. Limited is able to borrow commercially at an interest rate of 6.9%.
- Council can loan funds to NINC at a proposed interest rate of 6% creating a win:win scenario for both entities, as council receives a fair rate of return on its funds and NINC receives the benefit of reduced borrowing costs.
- It is proposed that council loans \$26,500 to NINC repayable over three years, to enable NINC to purchase the NRC Chairman's old vehicle. The loan repayment schedule is attached as **Attachment One**.
- The Chairman's old vehicle has been valued at \$26,500, being the mid-point between its current book value of \$30,646 and the estimated sale price provided by Turners Auctions of \$23,000.
- Council has previously issued two loans to NINC, both for the purpose of purchasing vehicles:
 - \$25,000 in February 2014 which will be fully repaid in January 2017; and
 - \$60,000 in October 2014, which has an outstanding balance at 30 November 2016 of \$19,638, and will be fully repaid in October 2017.

Recommendations:

1. That the report 'Approval of a Loan to Northland Inc. Limited' dated 12 December 2016 be received.
2. That council approves granting a \$26,500 loan to Northland Inc. repayable over 36 months at an interest rate of 6% per annum payable on the outstanding balance.
3. That all necessary authority is delegated to the Chief Executive Officer to give effect to this resolution.

Considerations:

1. Options

Approve the granting of a loan to NINC at an interest rate of 6% pa, or approve the loan at a different interest rate, or do not approve the loan and leave NINC to source their funds from a commercial institution if desired.

2. Significance and Engagement

In relation to section 79 of the Local Government Act 2002, this issue is considered to be of low significance under council policy because it is part of normal day to day operations of council.

3. Policy and Legislative Compliance

The activities detailed in this report are in accordance with council's Treasury Management Policy and the 2015–2025 Long Term Plan both of which were approved in accordance with council's decision making requirements of sections 76–82 of the Local Government Act 2002.

4. Other Considerations

S63 of the Local Government Act 2002 restricts council lending money to council controlled trading organisations on terms and conditions than those that would apply if council were borrowing the money itself. In this instance S63 does not apply as Northland Inc. Limited is a council controlled organisation, not a council controlled trading organisation.

Authorised by:

Name: Dave Tams

Title: Group Manager – Corporate Excellence

Date: 12 December 2016
