



Report 07.389  
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Committee Policy, Finance and Strategy Committee  
Author Mike Timmer Treasurer

## **Loan for refurbishment of Wellington Urban Rail System and Wairarapa Rail Carriages**

### **1. Purpose**

To obtain the Council's approval to enter into an interest free loan with the Crown.

### **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**

On 27 June 2005 the Greater Wellington Regional Council (GWRC) entered into a \$10.6 million interest free loan agreement with the Crown. The loan was to finance 40% of the purchase and refurbishment of 18 rail carriages for the Wairarapa service. The balance of the funds for this project was provided by grants from Land Transport New Zealand.

To date GWRC has only drawn down \$3.857million of this loan which expires on 30 June 2007. The delay in arrival of these rail carriages has limited the amount drawn down from this loan.

The Crown has now agreed to extend the term of the loan until June 2017 and increase the loan from \$10.6 million to \$28.6 million.

### **4. Comment**

The increase in the amount of the loan is to fund the purchase and refurbishment of six SWE passenger cars and three English Electric Units. GWRC will also pay for the refurbishment of two English Electric Units and two to three locomotives, which will not be owned by GWRC.

The loan agreement is in a similar form to that entered into in June 2005.

The Crown retains the discretion to allow (or not allow) changes to the amounts drawn down in any one year. In other words if GWRC does not draw down all the funds scheduled in a particular year the Crown will retain the discretion whether to transfer funds to the following year.

This poses some risk, but will be minimised by having a conservative draw down schedule.

## 5. **Communication**

No communications are necessary.

## 6. **Recommendations**

*That the Committee recommends that Council:*

1. ***Receives** the report.*
2. ***Notes** the content of the report*
3. ***Approves** the Greater Wellington Regional Council entering a \$28.6 million loan with the Crown maturing on 30th June 2017.*
4. ***Authorises** the Chief Financial Officer to enter into such documents, acts, matters or things as are necessary, appropriate or desirable for the purpose of, or in connection with, or give effect to, any document, act or acts, matters or things in relation to the Loan.*

Report prepared by:

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Treasurer

**Barry Turfrey**  
Chief Financial Officer