

STAFF REPORT

TO: Mayor and Councillors
FROM: Corporate Services Manager
DATE: 24 August 2007
SUBJECT: Port Nelson Share Buyback

PURPOSE

As a result of submissions received on the Port Nelson share buyback staff have been asked to report back to Council on the options available.

DISCUSSION

Various options are available to Council including repaying debt, investing, contributing to various projects or a mixture of the above.

Option 1 – Repay Debt

Debt repayment would give an immediate advantage of \$1,350,000 per annum to ratepayers. If repaid from general rate loans, this would equate to \$62.82 per property.

Option 2 – Invest

Various investment options are available with returns varying according to the risk involved. There is evidence from other local authorities of returns being obtained in excess of the cost of debt.

Option 3 – Project funding

Council has just completed its annual plan round where projects of varying amounts and importance were prioritised. These funding requests were not part of this process.

The funding requests received should be considered and prioritised alongside Council's other funding requests as part of an annual plan process.

RECOMMENDATION

That the funding requests from the Port Nelson share buyback be referred to the respective committees for consideration as part of the 2008/2009 annual plan.

That staff be instructed to report back on whether investing the share buyback will provide a better return to ratepayers than repaying debt.

M Staite

Corporate Services Manager

<http://tdctoday:82/Shared Documents/Meetings/Council/Full Council/Reports/2007/RCN070906 Port Nelson Share Buyback.doc>