

## PROCEEDS FROM ORION SALE OF NORTH ISLAND GAS NETWORK ASSETS

	2003/04	2004/05	2005/06
Forecast Rate Increases	4.97%	8.60%	3.27%
Reduce Rates Required by	0	\$4M	0
Amended Rates Required (million's)	\$154.6M	\$166.06M	177.69M
Amended Rates Increase	4.97%	6.04%	5.73%

- As proposed with \$100M to debt reduction and \$75M to capital endowment.
- Funds allocated as \$75M to debt reduction and \$100M to capital endowment.
- Funds allocated as \$125M to debt reduction and \$50M to Capital Endowment.
- No Capital available. (What the budget would be line without the Capital funds.)

### Impact on this Financial Plan

The proposal of the Council to apply \$100M to debt reduction and \$75M to the Capital Endowment Reserve is subject to public consultation as part of the annual plan process. It has been incorporated into the plan to reflect the current view of the Council but is subject to change following the consultation process.

If the Council's proposal is adopted, there will be interest saving from the reduction in debt combined with an income stream from the Capital Endowment Fund which would significantly reduce the Council's net interest cost and increase its financial flexibility to achieve the purposes outlined for the Capital Fund.

This Draft Financial Plan proposes that the rates increase for 2001/02 will be 2.20%. The following table indicates the impact of four scenarios:

	Currently Proposed	\$75M-Debt \$100M - Endowment Fund	\$125M-Debt 50M - Endowment Fund	No Capital Available
Rates 2001/02	2.20%	3.03%	1.37%	3.73%
Rates 2002/03	2.82%	3.07%	2.57%	5.06%
Term Debt 2001/02	\$11.86M	\$36.8M	-\$13.1M	\$111.9M
Net Debt 2010/11	\$88.19M	\$76.6M	\$98.7M	\$250.3M

It will be noted from column three that a reduction in the rates increase, in the short term has an impact on debt in the long term.



Fendalton Library / Service Centre from Jeffreys Road



The recently completed Pioneer Stadium



A roadside view of the Hospital Car Park Building