

15. TRANSWASTE CANTERBURY LIMITED

Officer responsible Director of Finance	Author Bob Lineham
Corporate Plan Output: Solid Waste – New Assets	

The purpose of this report is to obtain confirmation for the Council's investment in shares in Transwaste Canterbury Limited.

BACKGROUND

In 1998 the Council made a commitment, by signing a Memorandum of Understanding with other regional local authorities and the commercial investors in Transwaste Canterbury Limited which detailed the commitment by all parties, to invest in this company. The commercial investors have 50% interest in Transwaste Canterbury Limited and the local authorities have amongst them the remaining 50%. This Council's proportion is 37.85% of the total or 75.7% of the local authority share.

ISSUE OF SHARES

Transwaste Canterbury Limited initially issued share capital of \$11m and this Council's share of that is \$4,163,500. The Council authorised these funds to be raised by way of loan and this was covered by the Capital Funding Loan 1999 of \$7.5M of which \$4.2M was earmarked for Transwaste Canterbury Limited investment.

It was always envisaged that the company would require a further issue of capital of up to a maximum of \$21.5M. The company has now resolved to increase its capital further to a total of \$20M and this would bring this Council's total shareholding to \$7,570,000.

The company has been progressively calling up the issued capital as required and so far \$3,785,000 of equity calls have been made on this Council against the first block of issued capital. A request has now been received from TCL for a further issue to this Council of \$3,406,500 being the balance of issued capital to bring this Council's investment up to its share of the total of \$20m issued. The offer from TCL was required to be accepted by 14 September 2000.

As full budget provision has been made for the full amount of this issued capital, the consent has been given to issue these shares to the Council and the Council's seal attached. It is now necessary for the Council to confirm this action.

FUNDING

As part of the Annual Plan round the Council made a policy decision to fund equity investments by borrowing. The 1999 Capital Funding Loan provided for \$4.2m and it is now necessary to authorise a further loan of \$3,370,000 for the balance of shares subscribed for. This is in accordance with the provisions of the current financial plan and programme.

Recommendation:

1. That the Council confirm the subscription of a total of \$7.57m in share capital in Transwaste Canterbury Limited.
2. That the staff be authorised to pay the call on these shares in accordance with the budget provision in the financial plan and programme.
3. That the necessary loan resolution be submitted to the Council for adoption.