

6. CENTRAL PLAINS WATER TRUST (CPWT)/CENTRAL PLAINS WATER COMPANY (CPWL): MATTERS FOR DECISION

Officer responsible General Manager Strategic Development	Author Allan Watson, Infrastructure Policy Leader, DDI 941-8303
---	---

The purpose of this report is to obtain Council decisions on a number of administrative matters affecting the work of the Central Plains Water Trust (CPWT) and the Central Plains Water Company (CPWL).

ROTATION OF TRUSTEES

In accordance with the provisions of the trust deed four trustees, being Doug Marsh, Willie Palmer, Doug Catherwood and David Haslam, are due to retire after one year's service, effective from 30 June 2004. All four trustees have made themselves available for reappointment and it is the trust's recommendation that they be reappointed for a further three year term.

NGAI TAHU REPRESENTATION ON THE TRUST

The Trust has previously reported on this matter as follows:

The constitution of the Central Plains Water Trust requires that one trustee be appointed by Te Runanga o Ngai Tahu (TRONT). The Trust has sought this nomination from Ngai Tahu but after some deliberation TRONT has requested that the Trust appoint two trustees to represent its interests to reflect the fact that the proposed scheme involves the interests of two runanga, Tuahuriri and Te Taumutu.

During the period of deliberation TRONT has been provided with all of the Trust documentation and on occasions has been represented at Trust meetings by David Connell, a TRONT officer.

A recommendation will be made to the Trust at its meeting on 6 May that it accepts TRONT's request and accommodates two new trustees. The proposal is that the Trust will appoint the second Ngai Tahu representative using its power to co-opt new trustees and then in due course seek approval from the two parent Councils to change the constitution, creating this appointment as a normal trustee position.

The Trust now requests Council approval to alter the trust deed to accommodate two trustee appointments from Te Runanga o Ngai Tahu in substitution for the one currently mandated by the deed.

FUTURE ASSIGNMENT OF COUNCIL CONTRIBUTIONS

Selwyn District Council, Christchurch City Council and the Canterbury Economic Development Fund Trust (CEDF) have all indicated that funds provided to the initial steering committee, the trust or the company are to be viewed as interest free loans which will lapse if no scheme eventuates but which, in the event of a scheme proceeding, are either to be re-paid or be converted into equity in the scheme. For example the CEDF's notification of its approval of the funding application made to it stated, in part:

All these loan monies are to be on the condition that if the scheme proceeds the \$625,000 total is to be either repaid at 0% interest, or to be converted to equity in the scheme.

In their contract agreement with Central Plains Water Ltd the CEDF has spelt out in some detail how such a conversion would be managed.

Because such liabilities have to be clearly specified in the prospectus now being prepared by Central Plains Water Ltd to raise the funds required for resource consent application and acquisition, it is necessary that that the two Councils provide some formality around the concept of reimbursement or equity holding in the event of a scheme proceeding. The three situations of (a) the loan lapsing, (b) loan repayment and (c) taking equity need to be described in a resolution as set out in the recommendations below.

RESOLUTION TO ALLOW PAYMENT

Selwyn District Council is providing financial services for both the trust and the company. The company is about to pay Selwyn District in reimbursement for a number of invoices paid by the Council on the company's behalf and it is considered that the size of this transaction (\$180,829.27) requires the specific approval of the directors and of the shareholders. Documentation has been received, and is tabled, requesting that the Council as a shareholder in the company resolves *"that in accordance with section 122 of the Companies Act 1993 (the Act) the proposed transaction set out in the accompanying directors resolutions, be and is hereby approved as a major transaction for the purposes of section 129 of the Act."*

Staff

Recommendation: That the Council resolve as follows, noting that the resolutions only become effective when the Selwyn District Council has made equivalent decisions:

1. That the four retiring Trustees of the Central Plains Water Trust being Doug Marsh, Doug Catherwood, David Haslam and Willie Palmer, be reappointed for a further three year term effective from 1 July 2004.
2. That the Council approve a change to the Deed of the Central Plains Water Trust amending the number of Trustees to be appointed by Te Runanga o Ngai Tahu from one to two.
3. That the Council confirm its earlier intention with regard to funds provided to the Central Plains Water Enhancement Steering Committee, the Central Plains Water Trust and Central Plains Water Ltd as follows:
 - (a) The funds shall be viewed as an interest-free suspensory loan.
 - (b) If no physical project results from the initiatives currently being taken by the trust and the company to establish a water enhancement scheme the loans will be deemed by the Council to have been written off.
 - (c) If a scheme eventuates the Council at its sole discretion will decide whether it will require repayment of the loan(s) or alternatively take equity in the scheme. This would be achieved through a shareholding or other mechanism appropriate to the entity responsible for scheme construction and ownership in a manner that protects the Council's interest.
 - (d) That the Director Strategic Investment be authorised to implement the relevant agreements.
4. That, in respect of the proposed transaction whereby Central Plains Water Ltd will pay to the Selwyn District Council the amount of \$180,829.27, the Council resolves that in accordance with section 122 of the Companies Act 1993 (the Act) the proposed transaction set out in the accompanying directors' resolutions, be and is hereby approved as a major transaction for the purposes of section 129 of the Act.

Chair's

Recommendation: That the above recommendation be adopted.