


7. CAPITAL INJECTION TO TUAM LTD



General Manager responsible:	Acting CEO, Stephen McArthur DDI 941-8553
Officer responsible:	Stephen McArthur
Author:	Stephen McArthur

PURPOSE OF REPORT

1. The purpose of this report is to support a request from Tuam Ltd (copy attached as Appendix 1) to inject \$4m cash (as equity) into Tuam Ltd.

EXECUTIVE SUMMARY

2. When developing the 2006-16 LTCCP, the Council considered, as part of the 'omnibus report' a paper discussing the poor condition of the Civic Offices in Tuam Street. The report identified the need to provide funding to address a number of maintenance issues.
3. Tuam Ltd owns the Civic Offices in Tuam Street and is responsible for the condition of the building, including compliance with health and safety legislation.
4. The LTCCP made financial provision of an extra \$500k pa opex/rental costs and \$2m capital for 2006/07 and 2007/08.
5. At the time it was unclear what costs would be 'landlord' or 'tenant' and the resolution noted specifically that the capital spend be determined in the most financially efficient way.
6. The attached request from Tuam Ltd seeks to implement what the Council resolved as part of the LTCCP.

FINANCIAL AND LEGAL CONSIDERATIONS

7. The LTCCP has the financial provision, and clearly the money needs to transfer to Tuam Ltd.
8. Officers believe that the most financially effective approach is for Tuam Ltd to undertake all significant maintenance on the Civic Offices as the landlord. Money spent by Tuam in this area would be 'recovered' through increased rental charges. Both the capex spend and rental increases are provided for in the LTCCP so there is no additional rate impact.

STAFF RECOMMENDATIONS

It is recommended that the Council:

- (a) Receive the report and accompanying request from Tuam Ltd.
- (b) Approve increasing the equity in Tuam Ltd by \$4m to enable Tuam Ltd to undertake necessary maintenance on the Tuam Street Civic Offices.
- (c) Note that (b) above is fully provided for in the LTCCP and is necessary to implement the Council's intent.