



Capital Endowment Fund

Background

In April 2001, the Council set up a Capital Endowment Fund of \$75 million. This fund was established using a share of the proceeds from the sale of Orion's investment in a gas company. The Fund is to provide an ongoing income stream which can be applied to economic development and civic and community projects.

The terms of the Fund require that the capital sum is inflation protected on a quarterly basis. The policies relating to the Capital Endowment Fund are set out in Council resolutions dated 23 March 2001 and 12 July 2001 and as published in the 2002 edition of the Council Financial Plan and Programme.

Funds are managed in accordance with Council's Investment Policy.

Capital Endowment Fund Movements

	Plan 2006/07 \$000's	Plan 2007/08 \$000's	Plan 2008/09 \$000's	Forecast 2009/10 \$000's	Forecast 2010/11 \$000's	Forecast 2011/12 \$000's	Forecast 2012/13 \$000's	Forecast 2013/14 \$000's	Forecast 2014/15 \$000's	Forecast 2015/16 \$000's
Inflation Adjusted Capital	83,354	85,855	88,430	90,730	92,726	94,580	96,472	98,401	100,369	102,377
Unallocated Funds carried forward (Civic)	401									
Total Projected Opening Balance 1 July 2006	83,755	85,855	88,430	90,730	92,726	94,580	96,472	98,401	100,369	102,377
Plus Net Interest Earnings	5,863	6,010	5,969	6,124	6,259	6,384	6,512	6,642	6,775	6,910
Less Drawdowns for Projects (Funding Allocations)	(3,763)	(3,434)	(3,670)	(4,128)	(4,404)	(4,493)	(4,582)	(4,674)	(4,768)	(4,863)
Projected Closing Balance 30 June 2007	85,855	88,430	90,730	92,726	94,580	96,472	98,401	100,369	102,377	104,424

Capital endowment fund

Capital Endowment Fund - Funding Allocations

	Plan 2006/07 \$000's	Plan 2007/08 \$000's	Plan 2008/09 \$000's	Forecast 2009/10 \$000's	Forecast 2010/11 \$000's	Forecast 2011/12 \$000's	Forecast 2012/13 \$000's	Forecast 2013/14 \$000's	Forecast 2014/15 \$000's	Forecast 2015/16 \$000's
Estimated total available income from Fund after management expenses	3,362	3,434	3,670	4,128	4,404	4,493	4,582	4,674	4,768	4,863
Less not to be allocated until later years (25%)		(859)	(917)	(1,032)	(1,101)	(1,123)	(1,146)	(1,169)	(1,192)	(1,216)
Total income available for allocation this year	3,362	2,576	2,752	3,096	3,303	3,369	3,437	3,506	3,576	3,647
Economic Development 70%	70%									
70% of net income available for allocation	2,354	1,803	1,927	2,167	2,312	2,359	2,406	2,454	2,503	2,553
Previously unspent budgets available for reallocation										
Less already allocated										
New initiatives	(100)									
Unspecified economic development - Canterbury Economic Development Fund	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)
Balance available for Economic Development Projects	754	303	427	667	812	859	906	954	1,003	1,053
Civic and Community 30%	30%									
30% of Net Income Available for Allocation	1,009	773	826	929	991	1,011	1,031	1,052	1,073	1,094
Previously Unspent Budgets Available for Reallocation	401									
Less already allocated										
Canterbury Museum Trust Board Building and Development Project Grant	(733)	(250)								
Balance available for Civic and Community Projects	677	523	826	929	991	1,011	1,031	1,052	1,073	1,094