

**Report** PE06.339  
**Date** 11 July 2006  
**File** CFO/09/01/01

**Committee** Policy, Finance and Strategy Committee  
**Author** Barry Turfrey Chief Financial Officer

## **WRC Holdings Limited Loan**

### **1. Purpose**

To obtain Council's approval as shareholder of WRC Holdings Limited to allow it to enter into a new loan.

### **2. Significance of the decision**

The matters for decision in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

### **3. Exclusion of the Public Confidentiality**

Ground for the exclusion of the public under Section 48(1) of the Local Government Official Information and Meetings Act of 1987 are:

*That the public conduct of the whole or relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists, to protect commercially sensitive information.*

### **4. Background**

WRC Holdings Limited borrowed \$44 million in 1998 to finance the purchase of the Council's shareholding in CentrePort Ltd. This loan is due to expire in October of this year and WRC Holdings Limited is proposing to replace it with a new loan. The size of the loan qualifies as a material transaction for WRC Holdings Limited and therefore shareholder approval is required.

Subject to shareholder approval the Board of WRC Holdings Limited will be considering this matter on 20<sup>th</sup> July.

## 5. Comment

The current loan is with ANZ National and has an interest margin over the bank bill rate of 0.45%.

The current loan is secured over the uncalled capital held by WRC Holdings Limited. In simple terms if the company defaults under its obligations with the bank, then the bank can oblige GWRC to subscribe to this uncalled capital. The proceeds from this capital would be then used to repay the bank loan.

A term sheet outlining the main conditions for a new three year loan was sent to a number of banks. Four banks have responded proposing interest margins over the relevant bank bill rate of between 0.11% and 0.23%, this compares favourably with the current margin of 0.45%.

It is proposed to keep the same security structure in respect of the uncalled capital held by WRC Holdings Limited. The amount of the uncalled capital will be limited to \$50 million.

## 6. Communication

No communication is necessary.

## 7. Recommendations

*That the Committee recommends that Council:*

1. ***Receives*** the report.
2. ***Notes*** the content of the report.
3. ***Approves*** WRC Holdings Limited entering into a new loan facility for \$44 million.
4. ***Notes*** that the terms and conditions of the new facility will be approved by the Directors of WRC Holdings Limited.

Report prepared by:

Report approved by:

**Barry Turfrey**  
Chief Financial Officer

**David Benham**  
Chief Executive Officer