

4.6. Infrastructure Upgrade Reserve

(Report prepared by C Lake/M Fletcher)

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Purpose of report

- To provide the Council with an update on the Infrastructure Upgrade Reserve.

RECOMMENDATION

That Council receive and adopt this paper as supporting information.

Background/Context

2023-24 \$M	2024-25 \$M	2025-26 \$M	2026-27 \$M	2027-28 \$M	2028-29 \$M	2029-30 \$M	2030-31 \$M	2031-32 \$M	2032-33 \$M
15.87	16.07	14.36	11.69	8.93	6.28	3.81	1.50	(0.57)	(2.52)

- By way of comparison for the 2021-31 LTP the 2030-31 balance was forecast to be \$8.50M.
- This Reserve was originally established to assist funding (up to 50%) of essential infrastructural assets (e.g. Combined Sewerage schemes (including Grovetown), Picton water, now part of Combined Water schemes, and the Aquatic Centre). Infrastructural assets are defined in the Long Term Plan as fixed assets that are not generally regarded as tradable and which provide a continuing service to the community – such as Reserves and parks, toilets, memorials, roads, bridges and wharves, water and sewerage schemes.
- The Reserve has the following income streams:
 - MDC Holdings Limited dividend (full value) - \$3.45M for the first year then an average of \$4.96M for the next 9 years.
 - Property lease income - \$2.57M to \$4.10M per annum based on projections supplied by APL.
- The property lease income is derived from three leases at Conders Bend with varying review frequencies (five or six years) and differing bases for calculation, consistent with the Long Term Plan.
- This Reserve and its associated income streams have been set up to service debt.
- Further allocations may not be possible from this Reserve as after 10 years we are budgeting this Reserve to be in deficit. This would not change to a positive figure for a number of years.
- For Council's information, previous Council decisions have provided the following guidance as to the use of Infrastructure Upgrade Reserve:
 - that it is applied to essential infrastructure;
 - that it assists funding new assets (to a maximum of 50%) after taking account of subsidies provided by Central Government; and
 - that it assists significant capital upgrades required to increase the targeted level of service supplied to the community (to a maximum of 50%) after taking account of other subsidies supplied by Central Government.

9. Below is a table of all items that have been approved to be funded by the Infrastructure Upgrade reserve. The borrowed column shows the funds that have already been borrowed from this fund, while the other column shows the amounts approved, that have not yet been taken up.

Project	Borrowed	Allocated but not yet borrowed
Lansdowne Park	\$2.51M	-
Blenheim Library	\$3.16M	\$3.12M
Picton Library	\$1.82M	-
Aquatic Centre	\$4.00M	-
Combined Water: Blenheim	\$0.20M	\$21.05M
Combined Water: Havelock	\$0.62M	\$11.06M
Combined Water: Picton	\$3.41M	\$19.05M
Combined Water: Renwick	\$3.05M	\$5.35M
Combined Water: Seddon		\$0.34M
Combined Water Wairau Valley	\$0.06M	\$1.13M
Awatere Water	-	\$1.14M
Combined Sewer: Blenheim	\$14.92M	\$21.6M
Combined Sewer: Havelock	\$0.07M	\$5.29M
Combined Sewer: Picton	\$13.34M	\$10.65M
Combined Sewer: Renwick	-	\$0.96M
Combined Sewer: Seddon	\$0.25M	\$6.93M
Combined Sewer: Spring Creek	\$0.63M	\$0.04M
Grovetown Sewer	\$0.51M	-
St Andrews Sewer	\$0.11M	\$0.48M
General Roding	\$0.74M	\$1.63M

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