

OIR: 2223/350

13 September 2022

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Request for Information under the Local Government and Official Information and Meetings Act 1987 (the Act)

Thank you for your email of 23 August 2022 requesting the following information:

1. What would be the estimated downward rates impact of cancelling the Te Uruhi project?

The response you received via email on 23 August was based on the original estimated costs and excluded both the government funding of \$2.23 million and on-going operating costs.

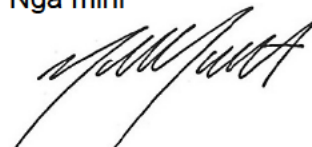
The total estimated capital cost for Te Uruhi is \$7.748 million, with government contributing \$2.230 million. To the end of June 2022, we had spent \$1.221 million (with relatively minor expenditure since).

The final operating cost for Te Uruhi will be based on whatever operating model the Council choose to proceed with for the facility, which is yet to be finalised. So for now, the basic impact on rates is interest payable on the debt and depreciation of the asset itself.

Relative to completing the project, I estimate the rates impact of cancelling it now to be a saving of approximately \$281,000 per annum or 0.34% of 2022/23 rates, as set out below.

	Project costs \$m		Annual impact \$m
Estimated total project cost	\$7.748		
Less: Spent to June 2022	(\$1.221)		
Add: Capex avoided	\$6.527	Depreciated over 50 years	0.131
Less: Government contribution returned	(\$2.230)		
Council debt avoided	\$4.297	at 3.5% interest rate	0.150
		<i>Total impact of cancellation</i>	0.281
		2022/23 rates	83.687
		<i>Estimated rates impact</i>	0.34%

Ngā mihi



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