

Title: China Rail Zhongji Group – Gisborne District Council Heads of Agreement

Prepared by: Meng Foon (District Mayor)

Meeting Date: 23 February 2017

Report to COUNCIL for decision with the PUBLIC EXCLUDED

INTRODUCTION

“Section 10 – Purpose of Local Government

(1) The purpose of local government is –

- (a) to enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.”

I have been approached by China Rail Zhongji Group (CRZJ) as they are interested funding Council's long term projects.

Information about CRZJ is attached.

CRZJ indicated previously they wanted to build our projects for good funding rates.

I advised them that as we had a fiduciary responsibility to get the best value for our community it was Council policy to call for tenders from all interested firms.

They have accepted that and plan to cooperate with local firms to be able to participate in the tender process.

CRZJ has offered fixed interest rates of 2.9% for a term of 10 years which is very attractive provided that the loan is in New Zealand dollars.

Generally throughout the world, interest rates are creeping upwards. Acting Operations Manager Herman Koenders will provide Council with an update regarding the current LG Funding agency rate.

I believe we should seriously consider this offer and ask staff to complete due diligence on the proposition and the organisations mentioned in the draft heads of agreement see attached.


New Zealand Trade and Enterprises is aware of CRZJ and they will be able to assist Council with its due diligence.

The Prime Minister of China Li Keqiang is coming to New Zealand at the end of March 2017 and he would like to sign his support for the Memorandum of Agreement.

RECOMMENDATIONS

That the Council

1. Notes the contents of this report.
2. Requests the Chief Executive to perform due diligence and report back to Council on 6 April 2017.

A handwritten signature in blue ink, appearing to be 'Meng Foon', written over a horizontal line.

Meng Foon
District Mayor