

 <small>Kaipara District</small>	Title of Policy	Application of Sale Proceeds to Debt		
	Sponsor	General Manager Finance	Authorised/Adopted by	Council
	Written By	Sue Davidson, GM Risk, IT and Finance	Date adopted	28/03/2019
	Type of Policy	Finance	Review date	March 2022
	File Reference	2304.14		

1 Background

Council has commenced a programme of selling surplus property. The proceeds of these sales are to be applied to debt

This policy gives guidance to the application of sale proceeds, and any other proceeds¹, that are to be applied to debt.

2 Objective

To ensure that the application of sales or other proceeds to debt is systematic, fair and transparent.

3 Definitions

1. Mangawhai Community Wastewater Scheme (MCWWS) debt - Debt funded in three tranches:
 - General rates funded (district-wide);
 - Targeted rates funded (current community);
 - Development contributions (future community).
2. Targeted debt - Debt funded by targeted rates or development contributions, other than MCWWS debt.
3. General debt - Debt funded from general rates, other than MCWWS debt.
4. Surplus property - Property that is not needed for business or strategic objectives as defined in the treasury management policy.

4 Policy

Proceeds will be applied:

First: to any debt that the proceeds are attached to.

Second: If proceeds are from Mangawhai land sales then this should go against the general rate of the MCWW or should be applied to the future community tranche of the debt to reduce financial risk to the district.

Third: to general debt.

Fourth: to all other debt (on a pro-rata basis if material).

Any exceptions to the policy need to be explicitly authorised by Council.

¹ Other than routine planned debt repayment

5 Notes

The current process for the property sale programme will continue with each property for sale being authorised by Council. The sales report outlines the source and original purpose of the property.

It may be appropriate for the sales report to note where the proceeds are to be applied.