

I hereby give notice that an ordinary meeting of the Finance and Performance Committee will be held on:

Date: Thursday, 21 August 2014
Time: 9.30am
Meeting Room: Reception Lounge
Venue: Auckland Town Hall
301-305 Queen Street
Auckland

Finance and Performance Committee

OPEN AGENDA

MEMBERSHIP

Chairperson	Cr Penny Webster	
Deputy Chairperson	Cr Ross Clow	
Members	Cr Anae Arthur Anae	Cr Calum Penrose
	Cr Cameron Brewer	Cr Dick Quax
	Mayor Len Brown, JP	Cr Sharon Stewart, QSM
	Cr Dr Cathy Casey	Member David Taipari
	Cr Bill Cashmore	Member John Tamihere
	Cr Linda Cooper, JP	Cr Sir John Walker, KNZM, CBE
	Cr Chris Darby	Cr Wayne Walker
	Cr Alf Filipaina	Cr John Watson
	Cr Hon Christine Fletcher, QSO	Cr George Wood, CNZM
	Cr Penny Hulse	
	Cr Denise Krum	
	Cr Mike Lee	

(Quorum 11 members)

Crispian Franklin
Democracy Advisor

15 August 2014

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TERMS OF REFERENCE

Responsibilities

This committee will be responsible for monitoring overall financial management and the performance of the council parent organisation and the financial monitoring of the Auckland Council Group. It will also make financial decisions required outside of the annual budgeting processes. Key responsibilities include:

- Financial management
- Approval of non-budgeted expenditure
- Write-offs
- Acquisition and disposal of property relating to the Committee's responsibilities
- Monitoring achievement of financial and other measures of performance and service levels
- Recommending the Annual Report to the Governing Body

Powers

(i) All powers necessary to perform the committee's responsibilities.

Except:

- (a) powers that the Governing Body cannot delegate or has retained to itself (see Governing Body responsibilities)
 - (b) where the committee's responsibility is limited to making a recommendation only
- (ii) Approval of a submission to an external body
- (iii) Powers belonging to another committee, where it is necessary to make a decision prior to the next meeting of that other committee.
- (iv) Power to establish subcommittees.

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1 Apologies

Apologies have been received from Councillor Webster, Councillor Filipaina and Councillor Cooper.

2 Declaration of Interest

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

3 Confirmation of Minutes

That the Finance and Performance Committee:

- a) confirm the ordinary minutes of its meeting, held on Thursday, 24 July 2014, as a true and correct record.

4 Petitions

At the close of the agenda no requests to present petitions had been received.

5 Public Input

Standing Order 3.21 provides for Public Input. Applications to speak must be made to the Committee Secretary, in writing, no later than **two (2)** working days prior to the meeting and must include the subject matter. The meeting Chairperson has the discretion to decline any application that does not meet the requirements of Standing Orders. A maximum of **thirty (30) minutes** is allocated to the period for public input with **five (5)** minutes speaking time for each speaker.

At the close of the agenda no requests for public input had been received.

6 Local Board Input

Standing Order 3.22 provides for Local Board Input. The Chairperson (or nominee of that Chairperson) is entitled to speak for up to **five (5)** minutes during this time. The Chairperson of the Local Board (or nominee of that Chairperson) shall wherever practical, give **two (2)** days notice of their wish to speak. The meeting Chairperson has the discretion to decline any application that does not meet the requirements of Standing Orders.

This right is in addition to the right under Standing Order 3.9.14 to speak to matters on the agenda.

At the close of the agenda no requests for local board input had been received.

7 Extraordinary Business

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“An item that is not on the agenda for a meeting may be dealt with at that meeting if-

- (a) The local authority by resolution so decides; and

- (b) The presiding member explains at the meeting, at a time when it is open to the public,-
 - (i) The reason why the item is not on the agenda; and
 - (ii) The reason why the discussion of the item cannot be delayed until a subsequent meeting.”

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“Where an item is not on the agenda for a meeting,-

- (a) That item may be discussed at that meeting if-
 - (i) That item is a minor matter relating to the general business of the local authority; and
 - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
- (b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.”

8 Notices of Motion

At the close of the agenda no requests for notices of motion had been received.

Disposal Recommendation Report

File No.: CP2014/17911

Purpose

1. This report seeks approval to sell three non-service council owned properties that Auckland Council Property Limited (“ACPL”) consider suitable for sale. This report also seeks approval to retain a site with a legacy council resolution to sell.

Executive summary

2. ACPL is required to identify properties from within council’s portfolio that may be suitable for potential sale to a combined value of \$30 million by 30 June 2015. ACPL and Auckland Council Property Department (“ACPD”) work collaboratively on a comprehensive review process to identify such properties.
3. Capital receipts from the sale of the surplus properties will contribute to all Auckland Plan outcomes by providing the council with an efficient use of capital and prioritisation of funds to achieve its activities and projects.
4. Two of the properties proposed for sale in this report relate to the \$30 million target and have a cumulative rating value of \$316,000. These properties have been through the agreed consultative process including organisation wide internal officer consultation, local board and Iwi engagement. The feedback has been supportive of the proposed disposal of the sites.
5. A detailed overview of the rationalisation process undertaken for these properties is outlined in the Comments, Local Board Views and Implications, and Maori Impact Statement sections of this report. Site specific detail, including information and feedback gathered through the rationalisation process, is contained herein under the respective property attachment.
6. The other property proposed for disposal is subject to a development agreement between ACPL and Todd Property Group. This land has a rating value of \$35.45 million.
7. Information about a property with a legacy council resolution to sell has been included in this report with a recommendation to retain the site.

Recommendation/s

That the Finance and Performance Committee:

- a) That subject to the satisfactory conclusion of any required statutory processes, the Finance and Performance Committee approves the disposal of the land at:
 - i) 20 McAnnalley Street, Manurewa comprised of an estate in fee simple containing 675m² more or less being Lot 3 DP 48621 contained in Certificate of Title NA1967/30
 - ii) 8 John Street, Patumahoe comprised of an estate in fee simple, containing 278m² more or less being DP 1388 contained in certificate of title CFR NA752/139
 - iii) Ormiston Town Centre, Ormiston comprising 19.8 hectares more or less being Lot 1 DP 462233 contained in certificate of title 609374, Lot 2 DP 462233 contained in certificate of title 609375 and Lot 3 DP 370733 contained in certificate of title 286614
- b) Final terms and conditions to be approved under the appropriate delegations;
- c) That the property at 78 Te Henga Road, Te Henga comprised of an estate in fee simple containing 750m² more or less being Lot 23 DP40739 be retained and

incorporated into the parks sports and recreation service portfolio.

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Comments

8. ACPL and ACPD work collaboratively on a comprehensive review process to identify properties in the council portfolio that may be suitable to sell. Once identified as a potential sale candidate ACPL takes the property through a multi stage engagement process.
9. The first phase of the process involves engagement with all council departments and relevant CCOs. The engagement establishes whether a property is needed for a future funded project or whether it must be retained for some clear strategic purpose. This is determined by an Expression of Interest (“EOI”) process whereby officers can request that all or part of a property is retained. Alternatively officers may request that the property be encumbered or covenanted as part of the disposal process. If the EOI sets out a robust financial analysis and evidence based rationale to retain the properties, then the EOI is endorsed.
10. If however the reasoning is more subjective a thorough business case is required. An interdisciplinary council and ACPL steering group comprised of senior managers, called the Property Review Steering Group (“PRSG”) meets on a monthly basis to assess the business cases. The PRSG provides an opportunity for properties to be considered in a cohesive and integrated manner by relevant council departments and CCOs.
11. The Heritage Unit is invited prior to the EOI process to flag any sites of particular archaeological merit that need to be assessed further. ACPL also engages with the Closed Landfills and Contaminated Land Response team prior to the EOI process commencing to ensure any possible contamination issues that may be associated with a property are identified.
12. The EOI process provides the Maori and Strategy Relations team the opportunity to flag any issue that is of particular relevance to Maori in connection with the potential disposal of a site.
13. Once a property has been cleared of any service requirements, ACPL then consults with Local Boards, Ward Councillors, Mana Whenua and the Independent Maori Statutory Board.
14. All sale recommendations must be approved by the ACPL Board before it makes the final recommendation to the Strategy and Finance Committee.

Consideration

Local board views and implications

15. Local Boards are informed of the commencement of the rationalisation process for specific properties. Following the close of the EOI period, relevant Local Boards are engaged with. ACPL attend a workshop with the relevant Local Board and provide information about properties being rationalised in their local board area. Local Boards may then request that ACPL prepare a report for their business meeting so that their views can be formalised.
16. If a Local Board wishes to retain a site, its’ views are considered by ACPL and if necessary referred to relevant council departments for consideration. The Local Board is asked to prepare a business case which sets out the clear service need that will be met by retaining the site, along with how the use will be funded.
17. ACPL and relevant council departments or CCOs work with Local Boards in preparing the business case. The business case is then considered by the PRSG. If the PRSG accepts the business case and funding is identified, the property is transferred back to the service portfolio. If the PRSG does not accept the business case, the business case is included in the report to the Finance & Performance Committee for a political decision.

18. The views of the relevant Local Board are contained in the respective property attachments.

Maori impact statement

19. The importance of effective communication and engagement with Maori on the subject of land is understood. ACPL has accordingly developed a robust form of engagement with Mana Whenua groups across the region. Each relevant mana whenua group is contacted independently by email based on a contact list which is regularly updated. Each group is provided general property details, including a property map, and requested to give feedback within 15 working days. Contacts are sent reminder notices a week out from the due date, and alerted of the passing of the due date in the week following if no feedback has been submitted. Confirmation of any interest expressed is sent in writing and recorded for inclusion in the disposal recommendation report. A feedback spreadsheet is provided to facilitate responses. Any requests for extensions of a due date are handled on a case by case basis.
20. ACPL's engagement directs mana whenua to respond with any issues of particular cultural significance the group would like to formally express in relation to the subject properties. We also request express notes regarding any preferred outcomes that the group would like us to consider as part of any disposal process.
21. From discussions with our Maori and Strategy Relations team we are developing an understanding of what could amount to a 'matter of significant cultural relevance' to Iwi. We are also developing a range of reasonable outcomes that could be employed when such a matter of cultural significance is raised in relation to a potential disposal property. Possible outcomes could include commemoration or physical acknowledgment in the form of plaques or other mutually agreed means of recognition. In the event of any issues of particular cultural significance being raised, ACPL will work with the relevant council departments to assess the merits of any such requests and keeps the interested parties informed along the way.
22. Mana whenua groups are also invited to express potential commercial interest in any sites and are put in contact with ACPL's Development team for preliminary discussions if appropriate to the property. This facilitates the groups' early assessment of the merits of a development opportunity to their Iwi. In the event a property is approved for sale all groups are alerted of the decision, and all groups are alerted once a property comes on the market.
23. Lastly a report is presented to the Independent Maori Statutory Board ahead of presenting any recommendations to sell to the Finance and Performance Committee detailing how Maori have been engaged throughout the process.

Implementation

24. As part of the overall review process each property is also legally assessed to see if there are any impediments to sell or if there is a prescribed legal way in which it must be sold. The last stage of the process is triggered once a resolution to sell is obtained. This involves a robust 'add value' assessment as part of the development of the final sales strategy. There is specific attention applied to the possible suitability of the site for housing purposes.

Attachments

No.	Title	Page
A	20 McAnnalley Street, Manurewa property information	11
B	8 John Street, Patumahoe property information	15
C	Ormiston Town Centre, Ormiston property information	19
D	78 Te Henga Road, Te Henga property information	21

Signatories

Authors	Letitia McColl, Senior Engagement Advisor, Portfolio Review, Auckland Council Property Limited Allan Young, Manager, Development, Auckland Council Property Limited
Authorisers	David Rankin, Chief Executive, Auckland Council Property Limited
Authorisers	Ian Wheeler, Manager Property, Auckland Council Property Department
Authorisers	Andrew McKenzie, Chief Financial Officer, Auckland Council

20 McAnnalley Street, Manurewa

Property summary

1. The subject property is a residential site with a vacant house located on it. No funded service use has been identified for this site. The Manurewa Local Board (MLB) and relevant Iwi have been consulted and do not oppose the proposed disposal of this site. As this property is not required for current or future service requirements, we recommend that this site be sold.

Property information

2. This property is a 675m², residential site containing a vacant house. It has a capital value of \$285,000. The Proposed Auckland Unitary Plan zoning is Residential – Terrace Housing and Apartment Buildings. This site was purchased in 2006 for the purpose of improving access to Gallaher Park as laid out in the Manurewa Town Centre Concept Plan.

Consideration

Internal consultation

3. The rationalisation process was commenced in 2012. During the internal consultation process a possible land swap with a Housing New Zealand (HNZ) site was investigated to enable the creation of a public space. HNZ advised that they were not interested in a land swap. No funded service uses for this site were identified through the internal consultation.
4. The EOI process provided the Maori and Strategy Relations team the opportunity to flag any issue that is of particular relevance to Maori. The Heritage Unit was also invited through the EOI process to flag any particular issues. Neither party has raised any relevant issues.

Local board views and implications

5. The Manurewa Local Board endorsed the proposed disposal of this site at its business meeting held on 8 August 2013. The Manurewa Local Board also resolved that the funds from assets disposed of within local board boundaries should be available to reinvest in that area.

Iwi feedback

6. Twelve Iwi Authority contacts were contacted regarding the potential sale of 20 McAnnalley Street, Manurewa. Five responded, with feedback as outlined below.
 - a) **Ngai Tai ki Tamaki Tribal Trust**

20 McAnnalley Street, Manurewa is located in area of general cultural relevance to Ngai Tai, but practical interests in Manurewa region are predominantly social due to large numbers of Ngai Tai living there. Ngai Tai do not oppose the sale of this property, and are potentially commercially interested in all sites, as well as focused on positive community outcomes across all areas of interest. They have a keen interest in partnering with Auckland Council to achieve these outcomes.
 - b) **Pukaki Maori Marae Committee - Te Akitai Iwi Authority**

Te Akitai have lodged an expression of interest in potential purchase of 20 McAnnalley Street, Manurewa.
 - c) **Patukirikiri**

Patukirikiri confirm they have no specific links to 20 McAnnalley Street, Manurewa.

d) **Te Ara Rangatu o Te Iwi o Ngati Te Ata Waiohua Incorporated**

The Ngati Te Ata stakeholder contact indicates they are unhappy with council process/policies in that council owned properties are considered outside of treaty settlement processes. He requests some attention be given to redressing treaty violations, possibly via preferential discounted offers to purchase with right of first refusal.

e) **Ngati Tamaoho Trust**

Ngati Tamaoho have no specific issues of cultural significance to raise around this property.

Technical Considerations

7. This site is subject to offer back requirements under section 40 of the Public Works Act 1981.
8. This property is not one of the Council's strategic assets to which the significance policy would apply.

ACPL's independent commercial advice

9. The results of the rationalisation process to date indicate that this property is not required for current or future service requirements. As such we recommend that this site be sold.

Images of site



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Attachment A

8 John Street, Patumahoe

Property summary

1. The subject property is a small, vacant, corner site. No funded service uses for this site were identified. The Franklin Local Board (FLB) and relevant Iwi have been consulted and do not oppose the proposed disposal. As this property is not required for current or future service requirements, we recommend that this site be sold.

Property information

2. The subject site is a 278m² (limited as to parcels), vacant, industrial section. The capital value of the property is \$35,000 and the Proposed Unitary Plan zoning is Business – Neighbourhood Centre.
3. The Franklin District Council (FDC) successfully applied for the sale of this property due to unpaid rates, and the property was declared abandoned in 1991. The FDC unsuccessfully attempted to sell this property to the adjoining landowner who had been utilising the site. Following flooding in the area the FDC placed a kerb and channel through a section of both this site and the adjoining property. To compensate the owner of the adjoining property for this, the FDC resolved in 1996 that the land at 8 John Street not vested as road be amalgamated with the adjoining property. Plans to amalgamate the properties and vest the kerb and channel as road were prepared in 1997 but were not deposited and the matter has remained unresolved.

Consideration

Internal consultation

4. The rationalisation process commenced in August 2013. No funded service uses for this site were identified through the internal consultation.
5. The EOI process provided the Maori and Strategy Relations team the opportunity to flag any issue that is of particular relevance to Maori. The Heritage Unit was also invited through the EOI process to flag any particular issues. Neither party has raised any relevant issues.

Local board views and implications

6. The FLB endorsed the proposed disposal of this site at its business meeting held on 22 July 2014.

Iwi feedback

7. Eleven iwi authorities were contacted around the potential sale of 8 John Street, Patumahoe. The following feedback was received.
 - a) **Ngati Whatua o Orakei**
Ngati Whatua o Orakei has no commercial interest in this property.
 - b) **Te Akitai Waiohua**
Te Akitai Waiohua has potential commercial interest in any properties that council deems surplus to service requirements.
 - c) **Ngati Tamaoho**
Ngati Tamaoho expressed the general cultural significance of the Patumahoe area to their iwi. They identify the locality as being within the confiscation area where Ngati Tamaoho had large tracts of land taken. They also note that accounts refer to unmarked urupa (grave sites) throughout the area. The representative indicated they

have had some preliminary discussions with Waikato-Tainui around this site and other land in their rohe that is going through the Rationalisation Process. They indicated that despite the property being in an awkward position they have made an effort to canvas their members for interest in the site.

The outcome of that discussion was received on 3 February 2014 with Ngati Tamaoho confirming no further interest in 8 John Street, Patumahoe.

A meeting was scheduled for 12 December 2013 to discuss Ngati Tamaoho interests in property in general. However the meeting was cancelled by Ngati Tamaoho due to timing issues. ACPL has been actively pursuing further engagement since that time and hopes to have a meeting date set in the near future.

d) **Ngati Te Ata Waiohua**

Ngati Te Ata Waiohua has potential commercial interest in any properties that council deems surplus to service requirements. Their representative has additionally stated that due to the cost of land in Auckland it would be important for council to consider discounted rates for land sales to iwi to enable displaced iwi to live in their rohe.

e) **Waikato-Tainui**

Waikato-Tainui confirms this land does not hold any specific cultural significance to Waikato-Tainui. They confirm potential commercial interest in any properties that council deems surplus to service requirements. They additionally note that they support the settlement aspirations of Ngati Tamaoho and Te Akitai.

Technical Considerations

8. This site is not subject to offer back requirements under section 40 of the Public Works Act 1981.
9. This property is not one of the Council's strategic assets to which the significance policy would apply.

ACPL's independent commercial advice

10. The results of the rationalisation process to date indicate that this property is not required for current or future service requirements. As such we recommend that this site be sold. Should a resolution to dispose of this property be obtained from the Finance and Performance Committee, ACPL will in the first instance address the historical issues and the FDC's 1996 resolution to amalgamate this site with the adjoining property.

Images of site



Ormiston Town Centre

Property summary

1. The site comprises approximately 19.8ha of vacant undeveloped land which, pursuant to the terms of a Development Agreement between ACPL and Todd Property Group, is to be progressively sold to, and developed by, Todd as the new Ormiston Town Centre.
2. This is a legacy project inherited from Manukau City Council by ACPL and a fresh Council resolution for disposal is sought as a matter of procedure.

Property information

3. The vacant site comprises 19.8ha more or less and is described as Lot 1 DP 462233 CT 609374, Lot 2 DP 462233, CT 609375, and Lot 3 DP 370733, CT 286614. The land has a rating valuation of \$35.45 million and is zoned Flat Bush Town Centre.
4. The land was originally acquired by Manukau City Council specifically for development as a town centre and was transferred to Tomorrow's Manukau Property Limited (TMPL).

Consideration

Internal consultation

5. This is a project inherited from Manukau City, which acquired the land for town centre purposes, implemented a plan change to change its' zoning to Flat Bush Town Centre. Manukau City Council authorised TMPL to progressively sell the land for town centre purposes.

Local board views and implications

6. This report is a technical procedural report to formally enable disposal of the land. The Local Board has been fully informed on progress with the Master Plan and development of Ormiston Town Centre.

Iwi feedback

7. This report is a technical procedural report to formally enable disposal of the land. Iwi consultation in regard to Ormiston Town Centre is on-going as part of the Development Agreement

Technical Considerations

8. The land is not subject to offer back requirements under section 40 of the Public Works Act 1981.
9. The land is not one of the Council's strategic assets to which the significance policy would apply.

ACPL's independent commercial advice

10. Under the terms of the Development Agreement, ACPL is required to progressively transfer the Property to Todd. As Todd performs its obligations under the Development Agreement ACPL will be required to progressively transfer the land in stages for consideration calculated in accordance with the terms of the Development Agreement. Accordingly we recommend that the land be sold in accordance with the terms of the Development Agreement.

78 Te Henga Road, Te Henga

Property summary

1. This property is a vacant site that the Waitakere City Council resolved to dispose of in 2008. The site was not subsequently sold. Parks Sports and Recreation (PSR) now seek to retain this site to provide an access way between an adjacent regional park and a scenic reserve. PSR will provide the budget for the creation and ongoing maintenance of the proposed accessway. The proposal has been considered by the Portfolio Review Steering Group (PRSG), and it supports this proposal. As this property is required for service requirements, we recommend that this site be retained.

Property information

2. The subject site is a 750m² vacant site located in Waitakere. The capital value of the site is \$102,000. This site was held by the Waitakere City Council for quarrying purposes, along with neighbouring sites at 74 and 76 Te Henga Road and 11, 13 and 15 Falls Road, Te Henga. Quarrying ceased on the south side of Te Henga Road some years ago, and accordingly these sites were no longer required. On 8 December 2008 the Waitakere City Council resolved to dispose of these sites. The Te Henga Road sites were not subsequently sold.

Consideration

Internal consultation

3. Following the formation of Auckland Council, ACPL undertook the sale of properties which had legacy resolutions to be divested. Prior to the divestment of such sites, ACPL undertook internal consultation to ensure there were no alternative service uses for these sites.
4. During the internal consultation for 74, 76 and 78 Te Henga Road, PSR submitted a business case to retain 78 Te Henga Road. The rationale for retaining this site was that it is contiguous with regional park land on the south side of the site and a scenic reserve on the northern side of the site. This site can provide a linkage between the regional park land and the scenic reserve. The business case advocated retaining this site and incorporating it into the regional park to enable an access way between the parks land and the scenic reserve. The business case noted that incorporating this site into the adjacent regional park is consistent with the parks and open space acquisition policy. The business case also provided a budget for the development and ongoing maintenance of the proposed access way on this site.
5. The business case was considered by the PRSG. At the PRSG meeting held on 3 June 2014, the PRSG accepted the business case, finding that the linkage between the regional park and the scenic reserve was a valid service use and PSR had opex budget available to fund the creation and ongoing maintenance of the access way.

Local board views and implications

6. Local board engagement was not undertaken given there was an existing legacy council resolution to dispose of this site.

Iwi feedback

7. Iwi engagement was not undertaken given there was an existing legacy council resolution to dispose of this site.

Technical Considerations

8. Given the proposal to transfer this site back to the service portfolio, section 40 Public Works Act 1981 offer back requirements are not applicable.

ACPL's independent commercial advice

9. In our view this site should be transferred to the service portfolio as a legitimate service use and budget has been identified for the retention of this site.

Auckland Council 2014 General Revaluation Project

File No.: CP2014/17626

Purpose

1. The purpose of this report is to provide an overview of the Auckland Council 2014 General Revaluation process including early indicative value movements for residential properties by Local Board. Values for Commercial, Industrial and Rural properties will be available in October.

Executive summary

2. The Rating Valuations Act 1998 (the Act) requires each Territorial Authority to maintain a District Valuation Roll showing the Rateable Values (Capital, Improvement and Land Values) for every property within its District. Section 9 of the Act requires every Territorial Authority to undertake a General Revaluation no more than three yearly to refresh the rating base (values which council bases rates upon) for the next three years.
3. Revaluations are undertaken in accordance with the Act, Regulations and Rating Valuations Rules 2008 (1 October 2010 version). They are subject to certification by the Valuer-General and this is required prior to the values being publicly notified and before Council can use the values for rating purposes.
4. Values will be publicly notified to ratepayers and owners from 10 November 2014 and used for rating purposes from 1 July 2015. The effective date of the revaluation is 1 July 2014, which means that all new rating values will reflect what each property would most likely have sold for on 1 July 2014.
5. Individual properties on the District Valuation Roll (DVR) are legally defined as rating units and Auckland Council with approximately 525,000 entries is the largest DVR in the country.
6. Ratepayers have the statutory right of objection to their valuations. An objection to valuation does not necessarily mean that the published value is incorrect and not every objection meets the criteria for reappraisal.
7. Analysis of residential sales shows an average increase in residential values of 33%. This is likely to be within five per cent of the average final valuations for Local Boards. Average value movements by board range between a 44% increase and a 12% decrease. Within each local board there will be variations due to type, location, zoning, etc
8. The council will be reviewing the Revenue and Financing policy, which includes the Rates policy, as part of the development of the Long-term Plan 2015-2025. Information and analysis of options will be work-shopped with council in mid-October ahead of the Mayor's proposal for financial policies at the end of October.

Recommendation/s

That the Finance and Performance Committee:

- a) That the report of the Auckland Council 2014 General Revaluation Project be received.
- b) That the Committee notes the information contained in this report and references it when informing constituents.

Comments

Background

9. In 2011 Accounting Services engaged with the Valuer General (VG) to change the certification process for Rating Valuations which under the Rating Valuation Rules 2008 provides for the audit being undertaken in a 15 day window immediately prior to certification. The VG agreed to a “front end” audit process in 2011 which involved the VG providing a regulatory overview of the Revaluation process from start to finish. ‘Front-end’ regulation enables Council to minimise the risk of non-approval by addressing issues as they arise during the revaluation period as well as enabling the VG to obtain a more in depth understanding of the process and a higher level of confidence with regards valuation outcomes and movements. The front end regulatory approach was successful in 2011 and has been adopted again for the 2014 Revaluation.
10. The enabling legislation for Auckland Council specified that Capital Value was to be used as the rating base for the 2012/2013 year and this remains unchanged. In accordance with statutory definitions in the Rating Valuations Act 1998 (the Act), Capital Value is the most likely selling price of a property if offered for sale on the open market as at the effective date of valuation exclusive of chattels. Land Value is the value of the vacant land as at 1 July 2014 and the Value of Improvements is the residue.
11. The council developed its new uniform rating policy as part of the Long-term Plan 2012-2022. This was first used, along with the new values from the last general revaluation, to set rates for 2012/2013. The key aspects of the new rating policy were:
 - the council was required to use capital value as the basis to set rates, previously rates were set on annual value and land value
 - a standard uniform annual general charge, starting at \$350 and increased over time in-line with the average increase in rates
 - a standard set of differentials, including business, rural, and farm differentials. Including the long-term differential strategy which slowly lowers the business differential over time
 - a transition policy where changes to rates due to the implementation of the new policy were phased in over time. Rates increases for residential properties were capped at 10% per year and changes for business properties were phased in with equal steps over three years.
12. The council will be reviewing the Revenue and Financing policy, which includes the Rates policy, as part of the development of the Long-term Plan 2015-2025. Information and analysis of options will be work-shopped with council in mid-October ahead of the Mayor’s proposal for financial policies at the end of October.

Project Objectives

13. The main objectives of the Auckland Council 2014 General Revaluation are to:
 - Harmonise outputs from the Auckland Council and Quotable Value valuation teams to ensure the assessed values are accurate and consistent
 - Produce a fair and equitable set of values for Rating purposes
 - Obtain the Valuer-General’s certification
 - Publish a transparent and seamless General Revaluation which will obtain ratepayer confidence

- Provide a “no surprises” environment for the ratepayer through good communication and on-line access to information
- Develop a transparent and effective on-line objection process for the benefit of ratepayers
- Establish a strong legacy for Auckland Council to build on for future revaluations

Valuation Process

14. The 2014 Revaluation will see all properties in Auckland Council being valued at the same effective date of valuation 1 July 2014. The process is led by the Valuation Team in Accounting Services and has touch points with many business units within Council such as Information Services, Communications and Building Control. The revaluation process takes approximately 14 months. The new values will be published on 10 November 2014 although they will have an effective date of valuation of 1 July 2014. It is standard practice in Rating Valuations to adopt a retrospective date of valuation as this ensures that there is a sufficient volume of sales to base the values upon as at the effective date of valuation. There is typically a time delay of between one to three months between when sales occur in the market place and when they are formally notified to council.
15. Rating valuations are calculated using mass appraisal techniques and are not full valuation reports of every property like those undertaken by private valuers. Mass appraisal valuation techniques enable accurate estimates of value on a time and cost effective basis. Mass appraisal valuation techniques are the only practical way of valuing the 525,000 rating units at the same effective date.
16. The statistical standards for Rating Valuations in New Zealand are similar to those in countries such as Australia, Canada and the United States. The proposed rating values are subject to extensive statistical testing to ensure the values are at market levels as at the effective date of valuation and that they fall within acceptable statistical variances. The minimum standards for these tests are prescribed in the Rating Valuation Rules 2008 and the Valuer-General ensures that these standards have been achieved during the audit process. The principles are well established and the techniques approved and audited by the Valuer-General.
17. Conclusions from analysis of sales and rentals are applied to similar property groupings in defined locations using mathematical and computer techniques. The values of individual properties are determined by information held against that property: e.g. previous values, site areas, district plan zoning, age, size and quality of improvements etc. Property inspections for General Revaluations are undertaken on a roadside basis and internal inspections are not typically performed.
18. Revaluation inspections are focussed on those locations that do not achieve the required statistical standards and those achieving marginal compliance. Properties with consented building work are inspected annually and the property records and values updated at that time as required. Properties are inspected from the roadside to verify land attributes the presence of buildings and their general external condition – this does not include an internal inspection of the buildings. Valuers also obtain further information from plans held by Building Control, Real Estate agents and web sites plus geospatial systems.
19. One of the main differences between a private valuation and a rating valuation is that private valuers undertake specific property inspections for each valuation while rating valuations are based on the data held in records. However, where a property owner thinks the valuation is incorrect they may enter the statutory objection process.
20. To ensure value relativity and the application of consistent valuation methodologies across the region, valuers from Auckland Council and Quotable Value have been working together to agree common valuation approaches, application of valuation methodologies, policy and quality control measures. These measures include common basis documentation, standardised testing and reporting, the use of thematic mapping, compliance with the

Valuer-General's Revaluation Handbook and an independent peer review process. In addition, the Revaluation Manager who has a regulatory rating valuation background undertakes quality assurance testing across the outputs of both valuation teams.

21. A fundamental part of the revaluation process is the capture, review and coding of sales to market or non-market classifications. Only market sales are used to set value levels for the new 2014 values.
22. The revaluation process is near completion and to date we have proposed values on all residential properties and half of the of non-residential properties. Values will be finalised and submitted to the Valuer-General 26 September 2014 for certification.

Capital Value, Land Value and Improvement Value

23. Capital Value: The assessment of the most likely selling price had the property (including building/s and all other improvements on the land but excluding chattels) been sold on 1 July 2014.
24. Land Value: The assessment of the probable price that would have been paid for the bare land as at 1 July 2014. It includes development work such as drainage, retaining walls and levelling, but disregards any buildings or other improvements to the property.
25. Improvement Value: This is the difference between Capital and Land Value. It does not necessarily reflect replacement value (how much it would cost to rebuild the home) or depreciated replacement value. It should not be used for insurance purposes.
26. Home owners should obtain insurance valuations specifically for insurance purposes from suitability a qualified Registered Valuer, Quantity Surveyor or Builder detailing the cost to rebuild the home and other necessary allowances.

General Value Movements

27. Since 2011 the economy has been strengthening and the movement of residential property in Auckland reflects this with recent sales showing an average sale price increase across Auckland for residential properties of approximately 33% compared to the 2011 Capital Values.
28. The high value residential suburbs closest to the CBD and those with coastal influence had the highest value increases in 2011. This revaluation we are seeing the largest value increases for residential properties in the medium value locations adjoining the central suburbs. High value levels in the central suburbs, affordability and future development potential appear to be driving value increases in 2014. The demand for coastal properties has fallen since 2011.
29. Residential properties comprise approximately 85% of properties in the Auckland Region. Non-residential properties such as Commercial, Industrial, Rural, Lifestyle and community use type properties comprise the balance.
30. Indicative value movements for non-residential properties will be released when the valuers have completed the valuations towards the end of October 2014.

Objections

31. Any owner or Ratepayer can object to values assessed within the prescribed period of 30 business days. The Council website will have detailed information in relation to Frequently Asked Questions and information for owners and ratepayer to lodge an objection on-line if they believe their valuation is incorrect. The contact centres will be well briefed to ensure the customer experience is as informative as possible so that ratepayers do not need to lodge unnecessary objections.

32. Objectors will have the statutory 30 days to lodge an objection which begins on 10 November 2014 and ends on 19 December 2014. The Valuer-General advises that level of objections for revaluations falls between 2.0% and 3.0% nationally. The objection rate for Auckland Council was 2.3% in 2011 and we can expect a similar level in 2014.

Time frame for Objection Processing

33. The valuers will process the majority of objections before the 2014/2015 rates are generated to ensure property owners are rated on accurate values. Where objections have not been settled before the 2014/15 rating year rates will be struck on the notified 2014 values. Objectors can elect to have their case heard by the Land Valuation Tribunal if they do not agree with Auckland Council's initial review of their objection.

Residential Value movements by Local Board

34. Sales data and other property information is used to determine the Capital Value for properties. Recent sales data gives us a reasonably accurate indication where final values will fall.
35. To give an early indication we have analysed sales for residential properties and compared recent sale prices to the 2011 Capital Values. This 33% movement tells us how much the average sale prices within Local Board areas have moved in the last three years. This is likely to be within five per cent of the final average value movement for that area.
36. Within each area there will be differences between individual properties based on characteristics including type, location, zoning etc.
37. The Local Boards with the largest average movements are:
- Kaipatiki Local Board including suburbs such as Northcote, Birkenhead, Birkdale, Beach Haven and Glenfield showing a 41% increase. Value movements reflect increased demand for land with future development potential and easy access to motorways.
 - The Whau Local Board including the suburbs of Avondale, New Windsor, Blockhouse Bay, New Lynn, Kelston and Green Bay are showing a 41%. Value increases are influenced by the Proposed Unitary Plan particularly in areas identified for more intensive land use. The extension of State Highway 20 and the Waterview connection are also contributing factors.
 - The Puketapapa Local Board including areas such as Mount Roskill, Three Kings, Hillsborough, Lynfield is showing a 41% increase. This is driven by the central location and improving transport infrastructure particularly in Mt Roskill.
 - The Maungakiekie-Tamaki Local Board including Onehunga, Oranga, Mt Wellington, Panmure and Pt England is showing a 44% increase. Again due to the central location and improving transport infrastructure.
38. Other movements of interest are:
- Great Barrier Local Board is showing a 12% decrease influenced by decline in the permanent population along with higher relative costs for transportation, services and building etc.
 - Waiheke Local Board is showing a 10% value increase. This is influenced by the general decline in the values of coastal properties plus development costs and travel considerations
39. Average movements within the remaining Local Boards range between 22% and 39% with the larger movements again being due to the proximity to central Auckland with the lower increases exhibited in the suburban/rural local board areas.

40. Average sales price movements compared to the 2011 Capital Value by Local Board are shown in Appendix I.

Effect on Rates

41. The 2014 valuations will be used for the next three rating years from 1 July 2015.
42. A revaluation does not impact on the total amount of rates collected by Council, just the distribution of rates
43. Properties owners' rates are normally affected by a revaluation in the following ways:
- Properties that increase in value at a revaluation by more than the average can expect rate increases greater than the average
 - Properties that increase in value by the average will generally have an average rate increases
 - Properties that experience increases less than the average have lower rate increases or possibly even decreases.

Rates impact

44. In October, staff will be providing information on the impact of the general revaluation on rates. This will be included in the analysis of options on rating policy as part of the long-term plan work programme. The analysis will include the impact of:
- changing the level of the uniform annual general charge
 - changes to differentials
 - the end of the transition policy and options available for transition from 2015/2016.

Communications

45. Auckland Council's communications group has developed an extensive communications plan to ensure the general public and key stakeholders are aware of the revaluation process and key dates.
46. The objective of the communications plan is to ensure transparency around the revaluation process and provide a no surprises environment for ratepayers and owners with respect to value levels and movements.
47. Plans are in place to communicate with stakeholders, staff, elected members, ratepayers and the general public.

Key Dates

Revaluation 2014 Timeline



Consideration

Local board views and implications

48. We have presented to Local Boards chairs to provide them with an overview of the revaluation process. We will continue to engage with them as we progress including seeking feedback regarding presenting at individual Board Level on details specific to their respective Local Board.

Maori impact statement

49. There are approximately 270 parcels of Maori Freehold Land in the Auckland Council area. Maori Land must first be valued the same way as General Land then adjustments are made to take into account the affects of the 'Mangatu Case'⁴. This means valuers will make adjustments to the rating valuation of Maori Land to recognise the difficulty of alienation (selling the land) due to additional processes Maori Land must go through before it can be sold. The 'Mangatu Case' says the valuer must also make adjustments to reflect sites with cultural significance.

⁴ Mangatu Case: The Valuer General issued guidelines for standard deductions to be applied when valuing Maori Freehold Land for rating purposes following this case. The deductions apply where there are multiple owners and/or sites of traditional or cultural significance.

Implementation

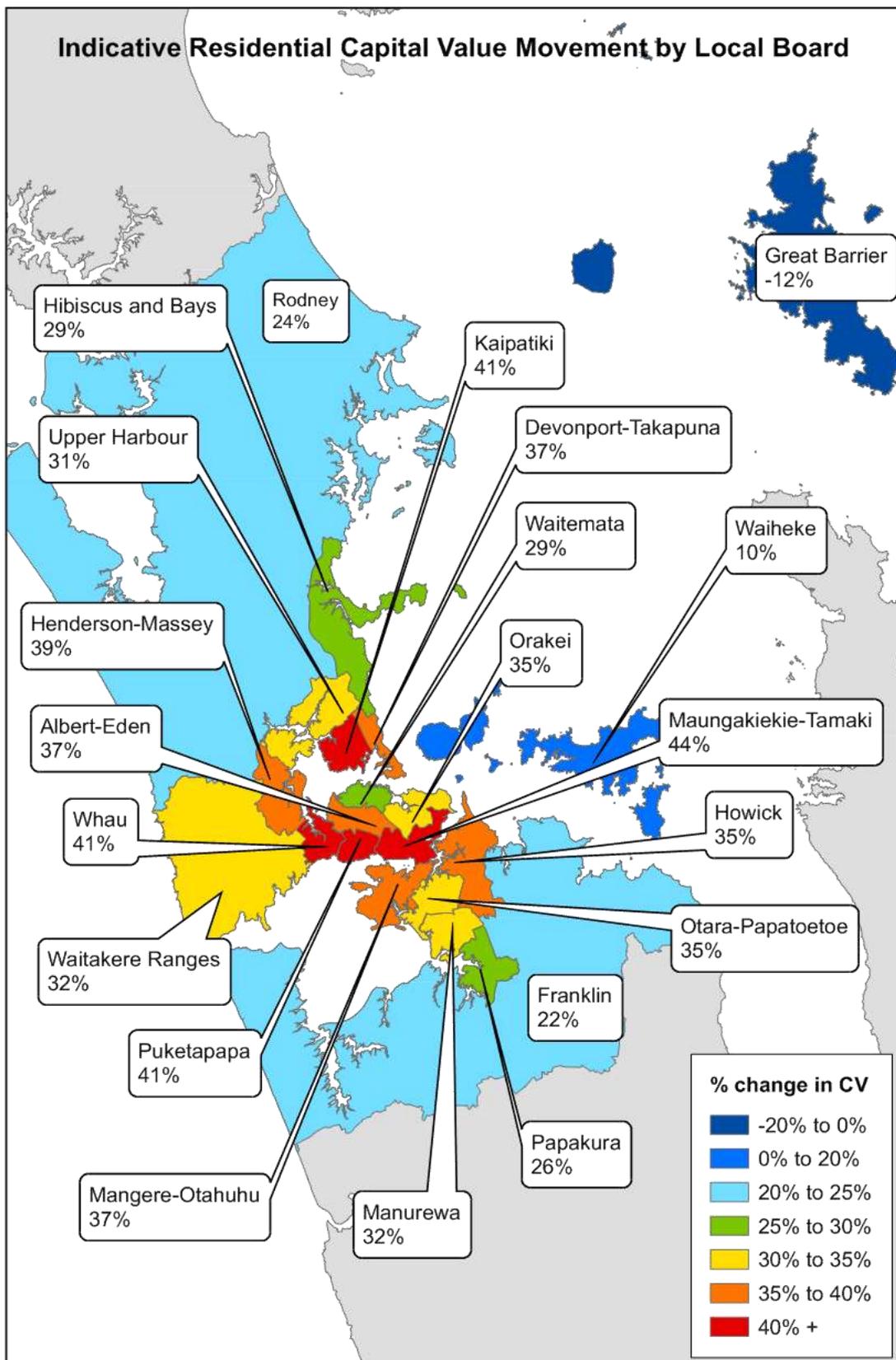
50. There are approximately 50 valuers working on the project from Auckland Council and Quotable Value Limited.
51. A Project Team has been formed for the implementation of this project led by a Steering Committee who meet monthly to monitor progress. The Steering Committee comprises:
- Project Sponsor: Delaine Wilson, Manager Accounting Services
 - Business Owner: Debbie Acott Manager Rates and Valuation and Quotable Value Limited.
 - Committee: Representatives from Council business units including Valuation, Rates, Information Technology, Communications, Customer Services and Building Control plus representatives from Quotable Value.
52. The Valuer-General is consulted as required to ensure regulatory compliance and to reduce the risk of non-certification through the application of required quality assurance measures.

Attachments

No.	Title	Page
A	Local Board map	31

Signatories

Authors	Mindy James - Revaluation Manager
Authorisers	Delaine Wilson - Manager Accounting Services Andrew McKenzie - Chief Finance Officer



Auckland Council performance report for the period 1 July 2013 to 30 June 2014

File No.: CP2014/17690

Purpose

1. This report provides an overview of the Auckland Council parent performance results for the period 1 July 2013 to 30 June 2014.

Executive summary

2. This report focuses on the highlights and achievements of the Auckland council parent in the key areas to achieve organisational objectives.
3. The financial overview provides an indication of how the organisation is performing against the budget and associated financial risks.
4. The audited group financial results are due to be released to the New Zealand Stock Exchange on 29 August 2014. The chair and deputy chair of the Finance and Performance Committee have delegated authority to approve these for release.
5. The Annual Report for the group is currently being prepared and will be presented to the Audit and Risk Committee, Finance and Performance Committee and Governing Body during the month of September.

Recommendation/s

That the Finance and Performance Committee:

- a) Note the performance report for the twelve months ended 30 June 2014, highlighting:
 - i. Net favourable operating surplus of \$97 million, which is \$124 million favourable compared to budget.
 - ii. Capital expenditure of \$456 million.
- b) Note the following highlights and achievements :
 - i. The new Waiheke Library opened on 26 July 2014.
 - ii. Volunteers in Southern Regional Parks planted 23,000 plants this season whilst in the Northern Local Parks region volunteers planted over 19,000 plants.
 - iii. Youth Advisory Panel: Panel: On 12 May Ella Yelich-O'Connor (aka Lorde) and Parris Goebel (Young New Zealander of the year and international choreographer and entrepreneur) met with the Youth Advisory Panel. Both young Aucklanders participated in a video shoot to promote the launch of "I Am Auckland" – an Auckland wide strategic action plan for children and young people launched during Youth Week (17-25 May).
 - iv. Long Term Plan Recognition in the Ministry for the Environment (MfE) Green Ribbon Awards: Together with project partners, Forest and Bird, council jointly received the 'stewardship champions' award in MfE's Green Ribbon Awards for the Ark in the Park project. This project was also a finalist in the 'protecting our biodiversity' category. The council's La Rosa Daylighting project was also a finalist in two categories at these awards in the 'caring for water' and 'public sector leadership' sections.
 - v. Over the 2013/2014 year the Retrofit Your Home programme received over

3,450 applications and provided over \$9 million in assistance towards insulation and clean heat. A recent social return on investment study concluded a \$3.10 return for every dollar invested in the programme.

- vi. More than 60 separate ecological restoration or water quality improvement projects totalling approximately \$1.1 million were delivered for Local Boards across the Auckland region during the 2013/2014 financial year. These projects ranged from local stream riparian planting to working with businesses to minimise contaminant loads to stormwater.
- vii. Over the last financial year, 5,122 people visited The Waste Minimisation Learning Centre at Waitakere Transfer Station. There were 178 groups of visitors, exceeding the target of 120 groups. The interactive outdoor Experience Trail is due for completion shortly.
- viii. The Institute of Finance Professionals New Zealand (INFINZ) selected the Auckland Council NOK1.4 billion, 15 year private placement as a finalist in the Debt Deal Award.

Comments

- 6. This report provides an overview of the Auckland Council parent performance results for the period 1 July 2013 to 30 June 2014.
- 7. This report presented here is for the Auckland Council parent, not the group. A separate report of the group financial results is presented to the Finance and Performance Committee.

Consideration

Local board views and implications

- 8. Local Boards receive their own reporting for their respective areas.

Maori impact statement

- 9. The report details some high level activities delivered in the fourth quarter of 2013/2014, of which there are several initiatives with positive impacts on, or for, Māori. While this is not a complete list, key activities with positive impacts on or for Māori include:
- 10. Library staff attended the annual Ngāti Whātua o Ōrākei- Education Festival event and presented an interactive information stall of library services to over 1,000 Ngāti Whātua Whānau members. The library services included a Whakapapa session for kaumatua and kuia, storytelling and wriggle and rhyme for pre-schoolers. The mobile library bus was also present, filled with Mātauranga Māori books and items.
- 11. The new Waiheke Library opened on 26 July 2014 with strong support from mana whenua and use of local Maori artwork and installations.
- 12. Young artists and their mentors from the Nga Rangatahi Toa Creative Arts Initiative presented their annual Sole Project event at Artstation on 14 May. Nga Rangatahi Toa is an arts-mentoring and transition programme that connects marginalised youth from south and central Auckland who are in alternative education, with artists, musicians and actors.
- 13. In addition to the above, the report details progress with the Treaty Audit Response Programme (Appendix D) and delivery of Māori outcomes across Council (Appendix E). These programmes are intended to transform the council's approach when responding to and providing services to Māori and form part of wider activities intended to lift council's overall responsiveness to Māori.

14. A further report will be tabled at the next Finance and Performance committee meeting on the six priority areas for Māori.

Implementation

15. There are no financial or resourcing implications arising from receipt of this report.
16. Quarterly reporting on performance is not a legal requirement and there are no legislative implications from the receipt of this request.

Attachments

No.	Title	Page
A	Performance report June 2014 (<i>Under Separate Cover</i>)	

Signatories

Authors	Jenny Livschitz - Manager Corporate Performance and Reporting
Authorisers	Kevin Ramsay - Manager Finance, Auckland CFO Andrew McKenzie - Chief Finance Officer