



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

Date: Thursday, 11 December 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
	Deputy Mayor Penny Hulse	
	Cr Denise Krum	
	Cr Mike Lee	

(Quorum 11 members)

Crispian Franklin
Democracy Advisor

5 December 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

EXCLUSION OF THE PUBLIC – WHO NEEDS TO LEAVE THE MEETING

Members of the public

All members of the public must leave the meeting when the public are excluded unless a resolution is passed permitting a person to remain because their knowledge will assist the meeting.

Those who are not members of the public

General principles

- Access to confidential information is managed on a “need to know” basis where access to the information is required in order for a person to perform their role.
- Those who are not members of the meeting (see list below) must leave unless it is necessary for them to remain and hear the debate in order to perform their role.
- Those who need to be present for one confidential item can remain only for that item and must leave the room for any other confidential items.
- In any case of doubt, the ruling of the chairperson is final.

Members of the meeting

- The members of the meeting remain (all Governing Body members if the meeting is a Governing Body meeting; all members of the committee if the meeting is a committee meeting).
- However, standing orders require that a councillor who has a pecuniary conflict of interest leave the room.
- All councillors have the right to attend any meeting of a committee and councillors who are not members of a committee may remain, subject to any limitations in standing orders.

Staff

- All staff supporting the meeting (administrative, senior management) remain.
- Only staff who need to because of their role may remain.

Local Board members

- Local Board members who need to hear the matter being discussed in order to perform their role may remain. This will usually be if the matter affects, or is relevant to, a particular Local Board area.

IMSB

- Members of the IMSB who are appointed members of the meeting remain.
- Other IMSB members and IMSB staff remain if this is necessary in order for them to perform their role.

CCOs

Representatives of a CCO can remain only if required to for discussion of a matter relevant to the CCO.

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1 Apologies

At the close of the agenda no apologies had been received.

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, 20 November 2014, including the confidential section, 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.: CP2014/28354

Purpose

1. This report seeks approval to sell one non-service council owned site that Auckland Council Property Limited (ACPL) considers suitable for sale. This report also presents two non-service council owned sites for disposal that are subject to compulsory acquisition.

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. Capital receipts from the sale of 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.
3. The first property presented for disposal in this report, 10-22 Totara Avenue, New Lynn, has 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 this site. A detailed overview of the rationalisation process undertaken for this site 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 in Attachment A to this report.
4. The other two sites presented for disposal in this report, being 2/187 Flat Bush School Road, Flat Bush and 17 Galway Street, Onehunga, are being acquired for public works by the Ministry of Education and Watercare Services Limited respectively. Due to this, they have not gone through the rationalisation process. Site specific information is contained in Attachments B and C of this report.

Recommendation/s

That the Finance and Performance Committee:

- a) approve the disposal of the land, subject to the satisfactory conclusion of any required statutory processes, as follows:
 - i. 10-22 Totara Avenue, New Lynn comprised of an estate in fee simple, containing approximately 944m² more or less being part lot 3 deposited plan 8593 and part allotment 257, Parish of Waikomiti contained in certificates of title NA678/300, NA599/156 and NA599/287;
 - ii. 2/187 Flat Bush School Road, Flat Bush comprised of an estate in fee simple, containing approximately 37,329m² more or less being part of lot 2 deposited plan 48950 part contained in certificate of title NA69A/619;
 - iii. approximately 3,052m² from 17 Galway Street, Onehunga comprised of an estate in fee simple, more or less being lot 2, deposited plan 92800 contained in certificate of title NA49B/790;
- b) approve the final terms and conditions under the appropriate delegations.

Discussion

5. 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.
6. 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.
7. If however the reasoning is more subjective a thorough business case is required. An inter-disciplinary 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.
8. 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. The EOI process also 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.
9. Once a property has been internally cleared of any service requirements, ACPL then consults with Local Boards, Ward Councillors, Mana Whenua and the Independent Maori Statutory Board.
10. All sale recommendations must be approved by the ACPL Board before it makes the final recommendation to the Finance and Performance Committee.

Consideration

Local Board Views and Implications

11. 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.
12. 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 may be 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.
13. 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.
14. The views of the relevant local board are contained in the respective property attachments.

Maori Impact Statement

15. 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.

16. 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.
17. 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.
18. 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.
19. 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.

General

20. N/a

Implementation Issues

21. 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	Property information for 10-22 Totara Avenue, New Lynn	13
B	Property information for 2/187 Flat Bush School Road, Flat Bush	17
C	Property information for 17 Galway Street, Onehunga	19

Signatories

Authors	Letitia McColl, Senior Engagement Advisor, Portfolio Review, Auckland Council Property Limited
Authorisers	David Rankin, Chief Executive, Auckland Council Property Limited
Authorisers	Ian Wheeler, Manager Property, Auckland Council Property Department
Authorisers	Kevin Ramsay, Chief Financial Officer, Auckland Council

10-22 Totara Avenue, New Lynn

Property summary

1. The subject site was acquired for commercial and residential redevelopment purposes. The site forms part of 'Area C' of the New Lynn Transformation Project (NLTP), and has been rationalised to progress the NLTP. No alternative uses for this site were identified during the rationalisation process. The Whau Local Board 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 disposed of and used for commercial and residential redevelopment purposes, as set out in the NLTP.

Property information

2. This property is a 944m² site with seven retail shops and two residential accommodations on it. A recent seismic assessment for this building was extremely low and parts of the building are currently vacant as they are not safe to be tenanted. The site has a 2014 capital value of \$2,500,000. The site is currently zoned Community Periphery under the Human Environment rules of the Auckland Council District Plan – Waitakere Section 2003.
3. The subject site was acquired by Waitakere City Council in 2006 for commercial and residential development purposes, and to provide a financial return through income and capital gain.
4. The site is included in the NLTP plans. This site forms part of 'Area C' of the NLTP. Proposed plans for the NLTP indicate that Area C will contain a public square, a new public ROW and a large brownfields development site. The proposed redevelopment of this site includes the facade of the building on the subject site being retained. The site has been rationalised to allow the proposed NLTP plans to be progressed.

Consideration

Internal consultation

5. The rationalisation process commenced in June 2014. No alternative uses for this site identified during this process.
6. The Heritage Unit was invited prior to the EOI process to raise any particular archaeological issues. The Closed Landfills and Contaminated Land Response team were also asked to assess these sites prior to the EOI process commencing to ensure any possible contamination issues were identified. Neither party has flagged any relevant issues.
7. The EOI process provided the Maori Strategy Relations team the opportunity to flag any issue that is of particular relevance to Maori. No issues have been raised.

Local board views and implications

8. The Whau Local Board supports the proposed disposal and development of this site, conditional upon the facade of the building being retained and that the development is progressed in line with the NLTP.

Iwi feedback

9. Six iwi authorities were contacted regarding the potential sale of 10-22 Totara Avenue – Area C, New Lynn. The following feedback was received.
 - a) **Te Rūnanga o Ngāti Whātua**

No site specific feedback was received.

b) **Ngāti Whātua o Kaipara**

No site specific feedback was received.

c) **Ngāti Whātua o Ōrakei**

No site specific feedback was received.

d) **Te Kawerau-ā-Maki**

Te Kawerau-ā-Maki has expressed potential commercial interest in any council owned properties that may become available for sale.

e) **Te Akitai Waiohua**

Te Akitai Waiohua has expressed potential commercial interest in any council owned properties that may become available for sale.

f) **Ngāti Te Ata Waiohua**

No site specific feedback was received.

Technical Considerations

10. This site was not acquired for the purpose of a public work within the meaning of the Public Works Act 1981. Therefore it is not subject to the offer back requirement under section 40 of the Act.
11. This site is not one of council's strategic assets to which the Significance Policy applies.

ACPL's independent commercial advice

12. Given there were no requests to retain this site for a service need, it appears to be surplus to council requirements and as such we recommend that the site be sold. Should a resolution to dispose of this site be obtained, ACPL will continue to progress the proposed commercial and residential development of this site in line with the NLTP.

Images of 10-22 Totara Avenue, New Lynn



Item 9

Attachment A

2/187 Flat Bush School Road, Flat Bush

Property summary

1. The subject property is a vacant site that forms part of a larger council-owned site which will be used for Special Housing Areas, public open space and stormwater management. The subject site has not been through the rationalisation process as it is being acquired by the Ministry of Education (MOE) for a school, which is scheduled to be built in 2017. ACPL support disposing of this site to the MOE for use as a school site.

Property information

2. The subject site is a vacant, 3.1 hectare site. It has a registered valuation of \$11 million. The MOE seek to use this site for school, with construction due to commence in 2017. If this site is not made available to the MOE, it can be acquired under the Public Works Act 1981.
3. The subject site forms part of a larger site that was acquired by the Manukau City Council in 2000 for public open space, stormwater management and the ability to sell the residual land for residential development in the future. Sections 1, 3, 4 and 5, 187 Flat Bush School Road went through the rationalisation process and were approved for disposal by the Finance and Performance Committee on 23 October 2014. Sections 1, 3, 4 and 5, 187 Flat Bush School Road sites sit within a Special Housing Area and ACPL's Development team have been working on the proposed development of these sections.

Consideration

Internal consultation

4. This site has not been through the rationalisation process as it is being acquired by the MOE for a school. The building of this school is scheduled to commence in 2017. Should this site not be made available to the MOE, it could take the site under the Public Works Act 1981 if necessary.

Local board views and implications

5. Local board engagement was not undertaken for this site given it is being acquired by the Ministry of Education, who can designate and acquire the site under the Public Works Act.

Iwi feedback

6. Iwi engagement was not undertaken for this site given it is being acquired by the Ministry of Education, who can designate and acquire the site under the Public Works Act.

Technical Considerations

7. Given this site is to be used for another public work, s40 Public Works Act 1981 offer back requirements do not apply.
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. Given this site is required for another public work, ACPL support disposing of this site to the MOE for use as a school site.

Images of 2/187 Flat Bush School Road, Flat Bush

Item 9

Attachment B



17 Galway Street, Onehunga

Property summary

1. Watercare Services Limited (Watercare) is acquiring 3,052m² from a 1.0251 hectare council-owned site under the Public Works Act 1981, for the construction and installation of a new bulk water supply pipeline. The property is currently subject to a commercial lease that is over part of the land that is not subject to acquisition. Given Watercare is acquiring this site subject to the Public Works Act 1981, the standard internal consultation, local board engagement and iwi engagement has not been undertaken for this property.

Property information

2. The subject site is a 1.0251 hectare site that has a 2014 capital value of \$2,900,000. This site is currently leased to Hauraki Piling on a monthly tenancy for storage of industrial equipment associated with the piling process. A right of way is registered against the title in favour of the adjoining land owners. This right of way runs the length of the northside boundary of the site, extending six metres into the subject parcel of land.
3. Watercare are compulsorily acquiring 3,052m² from along the length of the southern boundary of this site for the construction and installation of a new bulk water supply pipeline known as Hunua No. 4 Pipeline. The area Watercare are acquiring will not impact upon the section currently leased to Hauraki Piling.

Consideration

Internal consultation

4. This site has not been through the internal consultation process as it is being acquired by Watercare for a bulk water pipeline.

Local board views and implications

5. Local board engagement was not undertaken for this site given Watercare are acquiring for a public work.

Iwi feedback

6. Iwi engagement was not undertaken for this site given Watercare are acquiring it for a public work.

Technical Considerations

7. Given this site is to be used for another public work, s40 Public Works Act 1981 offer back requirements do not apply.
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. Given this site is required for another public work, ACPL support Watercare acquiring 3,052m² from this site. An independent joint valuation has been prepared to assess the compensation payable to Auckland Council under the Public Works Act 1981.
10. ACPL also will investigate the possibility of using the balance of the land at 17 Galway Street for a Community Recycling Centre with the Solid Waste team.

Image of 17 Galway Street, Onehunga

Item 9

Attachment C



*Area outlined in red indicates the entire site. Area outlined in yellow indicates the section of this site being acquired by Watercare.

Value of properties presented by Auckland Council Property Ltd (ACPL) 2014

File No.: CP2014/28466

Purpose

1. The purpose of this report is to provide information requested by the Finance and Performance Committee regarding the value of properties presented to the committee by ACPL this year, and the sales prices achieved for these properties.

Executive Summary

2. This report provides the Finance and Performance Committee with information it requested regarding the value of the properties that have been presented by ACPL to the committee this year. It also provides the sales prices achieved for the properties that have subsequently been sold.
3. The table set out in Attachment A shows that in the January to June 2014 period, ACPL presented \$14 million worth of property to the Finance and Performance Committee, against an SOI target of \$12 million. Of this, \$1.4 million worth of properties were deferred by the committee.
4. A further nine properties with a cumulative value of \$16.5 million that had previously been presented to the Strategy and Finance Committee and were deferred were re-presented to the Finance and Performance Committee in the January to June 2014 period. Seven of these properties were approved for disposal. They had a cumulative value of \$2.5 million. Two properties, being 34 Moore Street, Howick and 27 Normanby Road, Mt Eden, were further deferred. These two properties have a cumulative value of \$14 million.
5. The table in Attachment A also shows that in the 2014/15 financial year, ACPL has presented \$23 million worth of property against a \$30 million SOI target. ACPL are on track to achieve its 2014/15 SOI target.
6. Finally, the table in Attachment A sets out the sales prices of the properties that have already been sold. The actual sales prices achieved for the properties that have been cleared for sale in 2014 are above the valuations presented to the committee. The table also sets out the net sales price for these properties. The net sales price differs from the actual sales price due to the deduction of the costs incurred with the sale of each property. Such costs include valuations, remedial works, building reports, building repairs and works, surveying charges, marketing, commission, GST, legal fees, ACPL time and any other costs incurred with the sale of each property. Net sales prices are subject to change following the deduction of additional costs.
7. The table in Attachment A will in future be presented as part of the Auckland Council performance report that is submitted to the Finance and Performance Committee quarterly.

Recommendation/s

That the Finance and Performance Committee:

- a) receive the report.

Attachments

No.	Title	Page
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Item 10

A	Properties presented to the Finance & Performance Committee January 2014 - November 2014	23
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Signatories

Authors	Crispian Franklin - Democracy Advisor
Authorisers	Ian Wheeler - Manager Property Kevin Ramsay - Chief Financial Officer

PROPERTIES PRESENTED TO THE FINANCE PERFORMANCE COMMITTEE
JANUARY 2014 - NOVEMBER 2014

Street no	Street name	Suburb	Property pipeline stage	Strategy and finance date	Value presented to F&P Committee	Valuation type	Actual sales price	Net sale proceeds
1/41	Anzac Street	Takapuna	Settled	16-Apr-2014	\$430,000.00	Rating	\$486,000.00	\$471,000.00 *
3/41	Anzac Street	Takapuna	Settled	16-Apr-2014	\$415,000.00	Rating	\$493,000.00	\$478,000.00 *
161	Dominion Road	Mt Eden	Settled	16-Apr-2014	\$530,000.00	Rating	\$733,500.00	\$683,500.00 *
514	Dominion Road	Mt Eden	Settled	16-Apr-2014	\$510,000.00	Rating	\$760,000.00	\$620,000.00 *
397	Lake Road	Takapuna	Unconditional agreement	16-Apr-2014	\$610,000.00	Rating	\$1,000,000.00	\$830,000.00 *
Sec 4	East Coast Road	Dairy Flat	Preparing for sale	16-Apr-2014	\$415,000.00	Registered valuation		
90	Smales Road	East Tamaki	Preparing for sale	16-Apr-2014	\$920,000.00	Rating		
90A	Smales Road	East Tamaki	Preparing for sale	16-Apr-2014	\$119,000.00	Rating		
1815	Great North Road	Avondale	Preparing for sale	16-Apr-2014	\$608,000.00	Registered valuation		
1817	Great North Road	Avondale	Preparing for sale	16-Apr-2014	\$835,200.00	Registered valuation		
1823	Great North Road	Avondale	Preparing for sale	16-Apr-2014	\$1,014,400.00	Registered valuation		
25A	Verran Road	North Shore	Preparing for sale	16-Apr-2014	\$270,000.00	Rating		
24-26	Racecourse Pde	Avondale	Preparing for sale	16-Apr-2014	\$2,900,000.00	Registered valuation		
199	Cavendish Drive	Manukau	Preparing for sale	16-Apr-2014	\$345,000.00	Rating		
203	Cavendish Drive	Manukau	Preparing for sale	16-Apr-2014	\$345,000.00	Rating		
207	Cavendish Drive	Manukau	Preparing for sale	16-Apr-2014	\$345,000.00	Rating		
211	Cavendish Drive	Manukau	Preparing for sale	16-Apr-2014	\$345,000.00	Rating		
215	Cavendish Drive	Manukau	Preparing for sale	16-Apr-2014	\$345,000.00	Rating		
219	Cavendish Drive	Manukau	Preparing for sale	16-Apr-2014	\$345,000.00	Rating		
56	Clendon Avenue	Manukau	Preparing for sale	16-Apr-2014	\$325,000.00	Rating		
*34	Moore Street	Howick	Deferred	16-Apr-2014	\$3,000,000.00	Rating		
*27	Normanby Road	Mt Eden	Deferred	16-Apr-2014	\$11,000,000.00	Desktop		
660	New North Road	Kingsland	Under negotiation	22-May-2014	\$84,000.00	Rating		
14	Sandstone Road	Whitford	Unconditional agreement	22-May-2014	\$550,000.00	Rating	\$600,000.00	\$515,000.00 *
24	King Edward Avenue	Papakura	Preparing for sale	22-May-2014	\$220,000.00	Rating		
	Paerata Road, Pt Allot 79 Psh of Karaka	Pukekohe	Preparing for sale	22-May-2014	\$40,000.00	Rating		
42	Bancroft Crescent	Glendene	Preparing for sale	22-May-2014	\$490,000.00	Rating		
40	Queen Street	Papakura	Preparing for sale	22-May-2014	\$250,000.00	Rating		
75	Waimahia Avenue	Weymouth	Preparing for sale	22-May-2014	\$195,000.00	Rating		
*172	Manukau Road	Pukekohe	Deferred	19-Jun-2014	\$25,000.00	Rating		
*174	Manukau Road	Pukekohe	Deferred	19-Jun-2014	\$410,000.00	Rating		
*180A	Manukau Road	Pukekohe	Deferred	19-Jun-2014	\$435,000.00	Rating		
*180B	Manukau Road	Pukekohe	Deferred	19-Jun-2014	\$30,000.00	Rating		
*180C aka 182	Manukau Road	Pukekohe	Deferred	19-Jun-2014	\$560,000.00	Rating		
14	Weza Lane	Kumeu	Preparing for sale	19-Jun-2014	\$265,000.00	Rating		
18	Weza Lane	Kumeu	Preparing for sale	19-Jun-2014	\$200,000.00	Rating		
19	Weza Lane	Kumeu	Preparing for sale	19-Jun-2014	\$435,000.00	Rating		
906	Leigh Road	Big Omaha	Under negotiation	19-Jun-2014	\$170,000.00	Rating		
68	Henwood Road	Mangere East	Preparing for sale	19-Jun-2014	\$148,000.00	Rating		
20	McAnnalley Street	Manurewa	Preparing for sale	21-Aug-2014	\$281,000.00	Rating		
8	John St, Patumahoe	Patumahoe	Preparing for sale	21-Aug-2014	\$35,000.00	Rating		
20	Barrowcliffe Place	Manukau	Preparing for sale	18-Sep-2014	\$7,000,000.00	Desktop		
31-33	Manukau Station Road (aka Lot 59)	Manukau	Preparing for sale	18-Sep-2014	\$6,100,000.00	Registered valuation		
1/187	Flat Bush School Road (North)	Flat Bush	Preparing for sale	23-Oct-2014	\$4,000,000.00	Desktop		
3/187	Flat Bush School Road (East)	Flat Bush	Preparing for sale	23-Oct-2014	\$1,800,000.00	Desktop		
4/187	Flat Bush School Road (East)	Flat Bush	Preparing for sale	23-Oct-2014	\$1,200,000.00	Desktop		
5/187	Flat Bush School Road (South)	Flat Bush	Preparing for sale	23-Oct-2014	\$2,500,000.00	Desktop		
TOTAL					\$53,394,600.00		\$4,072,500.00	\$3,597,500.00

*Red text indicates properties that were deferred by the Finance & Performance Committee
 *The net sales price differs from the actual sales price due to the deduction of the costs incurred with the sale of each property. Such costs include GST, valuations, building reports, building repairs and works, surveying charges, marketing, commission, legal fees, ACPL time and any other costs incurred with the sale of each property
 *Net sales prices are subject to change following the deduction of additional costs

Monthly Budget Update

File No.: CP2014/27717

Purpose

1. This report is provided on a monthly basis as required. It collates decisions required of the Finance and Performance Committee on changes to the budgets, and provides a financial context within which the decisions can be made.

Executive Summary

2. The table below shows the financial impacts of budget changes considered in this committee meeting. The impacts include:
 - \$108,000 increase in net borrowing for 2014/2015
 - \$2000 negative impact on the council's operating result for 2014/2015
 - \$8000 increase in general rates requirement for 2015/2016. The projected average general rates increase would remain at 3.5 per cent.

Table: Estimated financial impacts on Auckland Council Group

\$000	Closing Group Net Borrowing	Group Net Surplus/(Deficit) After Tax	General Rates		Cumulative % rates increase
	2014/2015	2014/2015	2015/2016	% increase	
Long-term Plan 2015-2025 draft budget	7,278,517	-10,798	1,452,508		3.5%
December proposal Stillwater Hall	108	-2	8	0.0006%	
Potential Position	7,278,625	-10,800	1,452,516		3.5%

3. Rates for 2014/2015 have been set with no provision made for accommodating new or additional expenditure items. Any new expenditure committed to will either require reprioritisation of existing budgets or increased borrowing. When considering funding requests, the impact on 2015/2016 operating expenditure also needs to be taken into account.
4. The Budget Committee will have the opportunity to address these impacts alongside other budget issues through the Long-term Plan (LTP) 2015-2025 process.

Stillwater Hall

5. The development of a community hall in Stillwater was initiated by the legacy Rodney District Council and is now being progressed by the Hibiscus and Bays Local Board. The construction started in September 2014, with a total budget of \$998,215.
6. Despite undertaking geotechnical investigations as part of the design and consenting process, challenges in installing the foundation of the hall have been experienced, which meant that the planned system for the foundation could not be implemented. The revised approach to installing the foundation requires an additional capital funding of \$108,000. No consequential operational expenditure would result, apart from a small increase in depreciation and interest costs (approximately \$2000 and \$8000 for 2014/2015 and 2015/2016 respectively).

7. The Hibiscus and Bays Local Board has committed \$265,000 from its discretionary budget to progress this project to the construction stage. A contingency provision of \$40,000 or 5 per cent was allowed, but will be insufficient to cover the additional cost. As this is an unforeseen but necessary expense, it is recommended that this committee approve \$108,000 of additional capital funding to enable the completion of this facility.

Recommendation/s

That the Finance and Performance Committee:

- a) agree that additional capital expenditure funding of \$108,000 be provided to enable the completion of the Stillwater Hall, and
- b) agree that the council's budgets be updated to reflect the financial implications of the above decision.

Discussion

Background

8. The Finance and Performance Committee has delegated authority to approve changes to budgets during a financial year. Occasionally, it may be necessary for this committee of the whole to make urgent decisions on the budgets for future years, which would ordinarily be made by the Budget Committee as part of the annual/long-term planning processes.
9. Rates for 2014/2015 have been set with no provision made for accommodating new or additional expenditure items. Any new expenditure committed to will either require reprioritisation of existing budgets or increased borrowing. When considering requests, the impact on 2014/2015 and 2015/2016 operating expenditure also needs to be considered.

Stillwater Hall

10. The development of a community hall in Stillwater was initiated by the legacy Rodney District Council and is now being progressed by the Hibiscus and Bays Local Board. The Stillwater community has waited a long time for a community facility in its area and construction for this project finally started in September 2014, with a total budget of \$998,215.
11. Despite undertaking geotechnical investigations as part of the design and consenting process, challenges in installing the foundation of the hall have been experienced, which meant that the planned system for the foundation could not be implemented. The original design called for the foundation holes to be drilled. However, the water table was found to be higher than originally identified and caused any foundation holes drilled to fill up with water and the walls to collapse before any depth could be achieved.
12. The only solution identified is to ram the piles into the ground. These piles have to be of a significant length to achieve the stability required. Along with the installation method, this has resulted in an additional capital funding requirement of \$108,000. No consequential operational funding requirement is identified, other than a small increase in depreciation and interest costs (approximately \$2000 and \$8000 for 2014/2015 and 2015/2016 respectively).
13. The Hibiscus and Bays Local Board has committed \$265,000 from its discretionary budget to progress this project to the construction stage. A contingency amount of \$40,000 or 5 per cent was allowed, but will be insufficient to cover the additional cost. As this is an unforeseen but necessary expense, it is recommended that this committee approve \$108,000 of additional capital funding to enable the completion of this facility.

Overall budget impact

14. The table below shows the financial impacts of budget changes considered in this committee meeting. The impacts include:
 - \$108,000 increase in net borrowing for 2014/2015

- \$2000 negative impact on the council's operating result for 2014/2015
- \$8000 increase in general rates requirement for 2015/2016. The projected average general rates increase would remain at 3.5 per cent.

Table: Estimated financial impacts on Auckland Council Group

\$000	Closing Group Net Borrowing	Group Net Surplus/(Deficit) After Tax	General Rates		Cumulative % rates increase
	2014/2015	2014/2015	2015/2016	% increase	
Long-term Plan 2015-2025 draft budget	7,278,517	-10,798	1,452,508		3.5%
December proposal					
Stillwater Hall	108	-2	8	0.0006%	
Potential Position	7,278,625	-10,800	1,452,516		3.5%

15. The Budget Committee will have the opportunity to address these impacts alongside other budget issues through the 2015-2025 LTP process.

Consideration

Local Board Views and Implications

Stillwater Hall

16. The Hibiscus and Bays Local Board has committed \$265,000 from its discretionary budget to progress this project to the construction stage. It is unable to contribute further funding from its existing budget to absorb the cost pressure.

Maori Impact Statement

17. Staff do not consider that decisions or budget adjustments set out in this report have a specific impact on Māori.

General

18. Staff do not consider that decisions or budget adjustments set out in this report trigger the Significance and Engagement Policy.

Implementation Issues

19. Budgets will be amended in core financial systems and used for internal management reporting, regular reporting to councillors and financial control for the 2014/2015 financial year.

Attachments

There are no attachments for this report.

Signatories

Authors	Neil Huang - Senior Analyst - Evaluation
Authorisers	Ross Tucker - Manager Financial Policy & Strategy Matthew Walker - Manager Financial Planning, Policy and Budgeting Kevin Ramsay - Chief Financial Officer

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