

# Raupo drainage property sale

Meeting: Council Briefing  
Date of meeting: Wednesday 4 March 2020  
Reporting officer: Gavin Dawson, Governance Advisor

## Purpose/Ngā whāinga

To consider if the property at 18 Ruawai Wharf Road is surplus and could be sold, and if so how to allocate the proceeds.

## Executive summary/Whakarāpopototanga

The former Raupo Drainage Board owned a property at 18 Ruawai Wharf Road. In 1989 when the Board was reorganised into the newly established Kaipara District Council, its assets and liabilities were transferred as well.

In recent years the house situated on the property has been rented out to a local tenant.

The Raupo Drainage Committee has indicated that it believes the property should be sold and the proceeds utilised within the drainage scheme. However, this is not within the responsibilities delegated to the Committee by Council. Therefore, Council needs to make that decision on the sale and how the proceeds should be utilised.

## Context/Horopaki

- i. The former Raupo Drainage Board owned a property at 18 Ruawai Wharf Road comprising land of 1012m<sup>2</sup>, Board Office and a house for the Board's employee. The legal description for the property is SEC 69 BLK XV TOKATOKA SD. The property has a 2017 CV of \$200,000. Map showing the location of the property is appended to this report as **Attachment A**.
- ii. In 1989 by order of the Local Government Commission, the Raupo Drainage Board was amalgamated with other local government entities including the former Hobson and Otamatea Counties and the Dargaville Borough Council. The merged organisation formed the newly established Kaipara District Council. All the assets and liabilities of the former organisations were transferred to Kaipara District Council on establishment.

As part of the reorganisation order, the Local Government Commission established the Raupo Drainage Committee (RDC) as a permanent Committee of the Kaipara District Council. As such its responsibilities are defined in the Committee terms of reference approved by the Council. A copy of the RDC terms of reference are appended to this report as **Attachment B**.

## Discussion/Ngā kōrerorero

In recent years the former Board employee's house has been rented out to a local tenant for \$200 per week. During the period it has been rented the property has required maintenance repairs and upgrading to meet installation standards. Both the revenue and costs of the tenancy have been recorded in the Raupo drainage scheme accounts. The Drainage Coordinator has also been spending some of his time coordinating tenancy matters. This appears to be inefficient use of the Drainage Coordinator's capacity. The offices of the former Raupo Drainage Board are also located at the front of the property. These offices are no longer utilised for any particular purpose and the meetings of this Committee can be held elsewhere.

The Committee has indicated at previous meetings that it believes the property should be sold and the proceeds utilised within the drainage scheme. However, as its not with the responsibilities delegated to the RDC by Council. The Committee have indicated that it believes Council should allocate the net proceeds to capital projects within the drainage scheme, however this is contrary to Council policy which requires the proceeds of property sales

## Options

**One:** That the former Raupo Drainage Board property at 18 Ruawai Wharf Road be sold and that Council allocates any net proceeds of the sale to the repayment of Council debt.

**Two:** That the former Raupo Drainage Board property at 18 Ruawai Wharf Road be sold and that Council allocates any net proceeds of the sale to the Raupo Drainage scheme budget for capital works.

**Three:** Status Quo -Do Nothing.

The recommended option is **Option One**.

## Assessment of options

Should the Council want to continue with the current allocation of the small net income to the scheme accounts, it would do nothing.

If it believes the property is essentially a long-term liability and the capital could be better employed elsewhere, it should decide that the property be sold.

As noted below, Council's policy on the sale of property is to use any net proceeds to reduce debt. If Council believes that this is not appropriate due to historical matters in these circumstances, it could consider making an exception to current policy in this case and allocate the net proceeds to capital works in the Raupo Scheme. However, this would be inconsistent with previous decisions made in relation to proceeds of property sales e.g. Forest's in 2017. It would be inconsistent with the Policy, and therefore Council would need to consider if it wants to amend the policy as a result.

## Policy and planning implications

The Property Sales and Acquisition Policy requires that the Council property portfolio should be regularly reviewed to ensure that: The purpose for which the property is held remains valid and the property continues to be fit for purpose.

Council's Treasury Policy states that 'Council's overall objective is to only own property that is necessary to achieve its strategic objectives'. Generally, Council will not maintain a property investment where it is not essential to the delivery of relevant services, and property is only retained where it relates to a primary output of Council.

Council's current policy on the proceeds of property sales is that these are used to offset debt.

## Financial implications

At present Council receives a small income from the income net after expenses. However, the house will require further expenditure for upgrading to meet new standards for rental housing. Any expenses related to the sale of the property would be offset by the proceeds from the sale.

## Risks and mitigations

Any risk to Council's reputation would be mitigated by making a decision in the best interests of Council's ratepayers and the wider community.

Financial and legal risk could be mitigated by the sale of property as long as due process is strictly adhered to.

## Significance and engagement/Hirahira me ngā whakapāpā

The decisions or matters of this report do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda on the website.

Iwi would be consulted prior to any sale of the house.

**Next steps/E whaiake nei**

- Consultation with Iwi
- Listing of property with local real estate agents.

**Attachments/Ngā tapiritanga**

	Title
A	Map showing location of property (18 Ruawai Wharf Road, Ruawai)
B	Raupo Drainage Committee Terms of Reference