



## PUBLIC EXCLUDED

**Report** PE05.344  
**Date** 7 July 2005  
**File** CFO/22/03/01

**Committee** Policy, Finance and Strategy  
**Author** Barry Turfrey Chief Financial Officer

### Wairarapa Building

#### 1. Purpose

To note and approve the intention of the sale of the Wairarapa Buildings from the Council to Pringle House Limited, a company wholly owned by the Council.

#### 2. Public Excluded

Grounds for exclusion of the public under section 48 (1) of the Local Government Official Information and Meetings Act are that the public conduct of the whole or relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists (i.e. to preserve commercial confidentiality).

#### 3. Significance of Decision

The matters in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

#### 4. Background

A number of years ago the Council sold the Regional Council Centre to Pringle House Ltd (PHL). PHL is 100% owned by WRC Holdings Limited, which in turn is 100% owned by the Council.

The Regional Council Centre was sold to PHL to satisfy the Council policies in respect of:

- Appropriate separation of management and governance.
- Imposing commercial disciplines on the Group's activities to produce appropriate returns.
- Separation of Council investment assets from public good assets.

The Council leases the space it requires in the Regional Council Centre from PHL on market basis.

It is proposed that the Wairarapa buildings which are currently owned by Council be sold to PHL and leased back to the Council.

## **5. Comment**

It is appropriate that the Wairarapa buildings be owned by PHL. It is in accordance with Council's policy and practice. If the Council approves (in principle) the selling of the buildings, then the offer to sell the building will have to be made to the Board of PHL for their consideration. If they accept the proposal then detailed negotiations between the two parties can commence.

## **6. The Buildings**

The two buildings involved are:

- a) 34 Chapel Street, leased to GWRC, for \$125,973. This lease has three yearly rent reviews, the last review was on 1 July 2003.
- b) 24-26 Chapel Street, leased to Wairarapa District Health Board for \$26,125. This lease is due to expire in December 2005.

## **7. Process**

Subject to the Council agreeing to the offering of the Wairarapa Building for sale to PHL and PHL's agreement, the process will be as follows:

- Agreement by the Council to offer for sale the Wairarapa building to PHL.
- Offer the building for sale.
- Obtaining of independent valuations for the building.
- Completion of the lease between the Council and PHL.
- Completion of negotiations and finalisation of purchase agreement.

It is expected that the process will take about a month.

Once negotiations on the above have been completed satisfactorily, the proposal will come back to Council for their final approval.

## **8. Other Matters**

Oakley Moran have confirmed there are no issues regarding section 40 of the Public Works Act 1981. This section can require the public body owning the land to offer it back to the original owners.

A copy of their opinion is attached (**Attachment 1**).

A preliminary valuation of the properties indicates a value in the region of \$1.9 million.

## **9. Communication**

No communications are necessary.

## **10. Recommendations**

*That the Policy, Finance and Strategy Committee recommend to Council that it:*

- (1) **Receive** the report.*
- (2) **Note** its contents.*
- (3) **Approve** in principle offering the Wairarapa buildings for sale to Pringle House Ltd.*
- (4) **Note** that any sale is subject to final approval by Council.*

Report prepared by:

**Barry Turfrey**  
Chief Financial Officer

**Attachment 1:** Opinion on Public Works Act 1981 - Oakley Moran