

Notice is given that an extraordinary meeting of Full Council will be held on:

**Date:** Thursday 4 July 2019  
**Time:** 2.00 pm  
**Meeting Room:** Tasman Council Chamber  
**Venue:** 189 Queen Street  
Richmond

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## Full Council

### AGENDA

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#### MEMBERSHIP

<b>Mayor</b>	Mayor Kempthorne	
<b>Deputy Mayor</b>	Cr King	
<b>Councillors</b>	Cr Brown	Cr McNamara
	Cr Bryant	Cr Ogilvie
	Cr Canton	Cr Sangster
	Cr Greening	Cr Tuffnell
	Cr Hawkes	Cr Turley
	Cr Maling	Cr Wensley

(Quorum 7 members)

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## **AGENDA**

### **1 OPENING, WELCOME**

### **2 APOLOGIES AND LEAVE OF ABSENCE**

#### **Recommendation**

**That apologies be accepted.**

### **3 DECLARATIONS OF INTEREST**

### **4 LATE ITEMS**

### **5 CONFIRMATION OF MINUTES**

**That the minutes of the Extraordinary Full Council meeting held on Thursday, 7 February 2019, be confirmed as a true and correct record of the meeting.**

**That the minutes of the Full Council meeting held on Thursday, 9 May 2019, be confirmed as a true and correct record of the meeting.**

**That the minutes of the Full Council meeting held on Friday, 31 May 2019, be confirmed as a true and correct record of the meeting.**

### **6 REPORTS**

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- 6.2 Adoption of Port Tarakohe Business Case for Public Consultation ..... 17

### **7 CONFIDENTIAL SESSION**

- 7.1 Procedural motion to exclude the public..... 31
- 7.2 Port Tarakohe - Business Case Negotiations..... 31



## 6 REPORTS

### 6.1 APPROVAL FOR TERMS OF REFERENCE FOR COMMUNITY HOUSING

Decision Required

<b>Report To:</b>	Full Council
<b>Meeting Date:</b>	4 July 2019
<b>Report Author:</b>	Richard Hollier, Reserves and Facilities Manager
<b>Report Number:</b>	RCN19-07-1

#### 1 Summary

- 1.1 Council identified the increasing demand for community housing as a key issue in the Long Term Plan 2018-2028 (LTP) stating its intention to continue the provision of 101 units over the next three years and to investigate future options for community housing in the medium to long term.
- 1.2 I am seeking your approval for the draft terms of reference for the community housing review. The review will enable Council to consider its future role in the provision of community housing having looked at the options related to ownership, development and eligibility with consultation and input from the community.
- 1.3 The review will commence with analysis of the current portfolio, including financial performance, the policy framework at a national and local level and a review of other Council involvement in community housing. We will follow this with an options analysis and preparation of a range of scenarios for initial consideration in November 2019. We will refine the options and scenarios through a process of community consultation until a draft proposal is finalised in March 2020 for consultation as part of the LTP 2021-2031 process.

#### 2 Draft Resolution

##### That the Full Council

1. receives the Approval for Terms of Reference for Community Housing RCN19-07-1; and
2. approves the Terms of Reference for Community Housing 2019, as per Attachment 1 of this report; and
3. appoints a Community Housing Review Steering Group comprising Councillors Bryant (Chair), Ogilvie, Sangster, Wensley and Turley together with the Community Development Manager and Corporate Services Manager; and
4. requests that the Steering Group oversees the Community Housing Review and reports back to the Community Development Committee with a draft proposal for public consultation and with recommendations following consultation in order for Council to adopt a final proposal for inclusion in the LTP 2021-2031.

### 3 Purpose of the Report

- 3.1 This report seeks approval of the Terms of Reference for the Community Housing review and appointment of Councillors to the Steering Group.

### 4 Background and Discussion

- 4.1 In the Long Term Plan 2018-2028, Council identified the increasing demand for community housing as a key issue. Council stated that it would continue to provide the existing 101 units over the next three years and that a working party of Councillors and key staff would investigate future options for community housing in the medium to long term.
- 4.2 The review of community housing is in the 2018/19 work programme and we have developed a Terms of Reference for the review. A workshop for Councillors was held on 13 June where the scope and Terms of Reference were discussed and a number of amendments suggested. I have revised the Terms of Reference to reflect changes to the scope discussed at the workshop and they are contained in Attachment 1 to this report.
- 4.3 The changes to the scope discussed at the workshop were:
- 4.3.1 remove an option to divest or dispose of housing units on the open market at a market rate;
- 4.3.2 amend an option to divest or dispose of housing units to a housing trust at a concessional rate by adding other social housing providers, in addition to a housing trust and removing the reference to a concessional rate; and
- 4.3.3 retain the focus on providing community housing to older adults rather than widening the scope to provide social housing to those with the highest need.
- 4.4 The suggested Councillor nominees for the steering group were: Councillors Ogilvie, Sangster, Wensley, Turley and Bryant. The rationale for this was based on having representation from each ward. The need for Community Board consultation was also included in the process.

### 5 Options

- 5.1 The Council has the options to:
- 5.1.1 **Option 1: Adopt the Terms of Reference with or without amendments for the Community Housing Review (recommended)** – A number of Councillors have provided input into the Terms of Reference during a Councillor workshop and I have updated the draft document (Attachment 1) to include the discussed changes. The review is comprehensive and provides an opportunity for Council to review the extent of its involvement in community housing but also, to consider whether there are advantages in altering the way in which the service is delivered, which may open up additional funding opportunities. The process includes several opportunities for input from the wider community.
- 5.1.2 **Option 2: Not proceed with the review and retain the status quo (not recommended)** – Through the LTP, Council has signaled its intention to investigate future options for community housing in the medium to long term. The current demand

for community housing is high and there may be scope to add additional units or to change the management model to access additional subsidies and grants. These opportunities would be lost if a review was not undertaken.

## 6 Strategy and Risks

- 6.1 This review will provide analysis of Council's current role in the provision of community housing and put forward a proposal for the future ownership and management of this activity. This aligns with Council's stated intention in the LTP.
- 6.2 Not undertaking this review could expose Council to some community criticism, given it signaled the review in the LTP. However, there will also be members in the community who will support the status quo and not want Council to undertake the review.

## 7 Policy / Legal Requirements / Plan

### Significance and Engagement Policy

- 7.1 The Significance and Engagement Policy identifies that a proposal to transfer the ownership or control of a 'strategic asset' is significant.
- 7.2 The Council must follow the Special Consultative Procedure as set out in the Local Government Act (LGA) 2002 for a proposal for transfer of ownership of a strategic asset. The definition of a strategic asset in Section 5 of the LGA includes; "*any land or building owned by the Local Authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy.*" This requires a comprehensive consultative process and determines the information that needs to be provided as part of the process. The process outlined in the Terms of Reference will meet the requirements in the Significance and Engagement Policy.

### Housing for Older Adults Policy

- 7.3 The Housing for Older Adults Policy 2017 provides guidelines for the operation and management of Council's cottages for older adults and identifies that there are opportunities for Council to investigate alternative options for the management, divestment or development of Council cottages in the District.

### Reserves and Facilities Activity Management Plan

- 7.4 The Reserves and Facilities Activity Management Plan identifies increasing demand for community housing as a key issue with this review providing the opportunity for investigation of future options for community housing.

### Climate Change

- 7.5 Sea level rise predictions would suggest that there may be issues in the long term with the location of some of the cottages in Motueka. These issues are not likely to be a major consideration in this proposal due to the age and expected life of these cottages.

## 8 Consideration of Financial or Budgetary Implications

- 8.1 The existing community housing units are well maintained and operated. The driver for this review has not arisen from any concerns with the current management or condition of the units or state of the housing.
- 8.2 The financial or budgetary implications related to any changes to the management and operation of the Council Community Housing portfolio will be considered fully during the development of the proposal and included in the Long Term Plan 2021-2031.

## 9 Significance and Engagement

- 9.1 The decisions arising from the review will be of high significance to the community. Any proposal that includes transfer of ownership will require the Council to follow the consultation requirements of the Special Consultative Procedure. However, the decisions sought in this report are to adopt the Terms of Reference for the review and to establish a Steering Group to undertake the review. These decisions are of low to moderate significance and I consider that the Council can make them without prior consultation. The Terms of Reference identify three opportunities for public consultation prior to Council making any final decisions on the future of Community Housing through the LTP 2021-2031.

Issue	Level of Significance	Explanation of Assessment
Is there a high level of public interest, or is decision likely to be controversial?	Low	There is likely to be a high level of public interest in changes to the level of Council involvement in this activity. However, the decision to adopt the Terms of Reference is likely to be of low public interest.
Is there a significant impact arising from duration of the effects from the decision?	Low	While a proposal to change the ownership or management of this service will have a long term effect, the adoption of the Terms of Reference will have a relatively short duration.
Does the decision relate to a strategic asset? (refer Significance and Engagement Policy for list of strategic assets)	High	The review could include a proposal to divest or dispose of a sale of a strategic asset to another community housing provider.



Does the decision create a substantial change in the level of service provided by Council?	Low	Council currently operates and maintains community housing. An option through the review could be to outsource management or divest of these assets. The decision to adopt the Terms of Reference will not of itself change any levels of service.
Does the proposal, activity or decision substantially affect debt, rates or Council finances in any one year or more of the LTP?	Low	Financial management for community housing is within a closed account and the activity has very low debt. A proposal to increase involvement in this area could incur additional capital cost. However that will be a decision for the LTP 2021-2031.
Does the decision involve the sale of a substantial proportion or controlling interest in a CCO or CCTO?	N/a	
Does the proposal or decision involve entry into a private sector partnership or contract to carry out the deliver on any Council group of activities?	Low	The review could result in a proposal to enter into a contract or partnership with another agency for the management and operation of this service. However, this decision does not result in a change to the delivery of the assets or service.
Does the proposal or decision involve Council exiting from or entering into a group of activities?	Low	An outcome of the review could involve Council divesting or disposing of housing units to a housing trust or another community housing provider. The decisions sought in this report do not involve Council exiting from a group of activities.

## 10 Conclusion

- 10.1 Adopting the Community Housing Review 2019 – Terms of Reference will enable the Council to consider its future role in the provision of Community Housing having looked at the options related to ownership, development and eligibility, with consultation and input from the community.

## 11 Next Steps / Timeline

- 11.1 Following adoption of the Terms of Reference, the review will commence with analysis of the current portfolio, including financial performance, the policy framework at a national and local level and a review of other council involvement in community housing. This will be followed by an options analysis and preparation of a range of scenarios for initial consideration by the steering group in November 2019. The options and scenarios will then continue to be refined through a process of community consultation until a draft proposal is finalised in March 2020 for consultation as part of the LTP 2021-2031 process.

<b>12 Attachments</b>
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| 1. Community Housing Review 2019 - Terms of Reference | 11 |
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## Introduction

Tasman District Council has historically provided cottages throughout the District to assist those people (generally over 65 years of age) who cannot afford a home in the private housing market, with accommodation at a rental less than the current market rate. The cottages were largely funded by government loans that had low concessionary interest rates.

There are a total of 101 Council cottages in the Tasman District with 45 in Motueka, 34 in Richmond, seven in Brightwater, seven in Wakefield, four in Murchison and four in Takaka. Most of these are one-bedroom units with a separate lounge/kitchen area, shower/toilet/utility room and separate storage area.

Demand for these cottages is high in most areas of the District except Murchison. Currently there is a waiting list of 81, with 25 in Motueka, 46 in Richmond and 10 in other areas.

The management of the housing for older adults activity is undertaken by Council staff in the Reserves and Facilities team of the Community Development Department.

The financial management of the Housing for Older Adults is ringfenced in a closed account. The rental income (set at 80% of market rent) covers all maintenance and operating costs (including depreciation which is used to fund capital renewals) and pays 15% of rental income to the Parks and Reserves activity. There is one loan of \$55,925 as at 30 April 2019 for Aotea Flats associated with this activity. Depreciation is currently being progressively funded such that depreciation will be fully funded by 2024/25.

A Housing for Older Adults policy was adopted in 2008 and was reviewed in 2017. This policy provides management guidance on tenant eligibility, rental levels, the funding of facilities and the treatment of surpluses. It also provides the opportunity for Council to investigate alternative options for management, divestment or development of additional cottages in the District.

In the Long Term Plan 2018-2028 the Council identified the increasing demand for community housing as a key issue. The Council stated that it would continue to provide the existing 101 units over the next 3 years but that a working party of Councillors and key staff would investigate future options for community housing in the medium to long term. This document provides the terms of reference and scope for this review.

## Scope

The scope of the community housing review is to investigate, consider options and the social and financial implications of the following:

### Ownership

- Divest or dispose of housing units to a housing trust or another community housing provider
- Retain ownership of the 101 existing cottages (status quo)
- Retain ownership of the existing cottages and build additional housing

### Management

- Retain management in house
- Outsource management to a property manager
- Outsource management to another social housing provider

### Eligibility

- Provide community housing to older adults only

### Objectives

The objectives for the review are:

1. To consider Council's role in the provision of housing for older persons.
  - a) Review the current contribution that Council makes in the provision of housing for older people and whether there is a continuing need for this level of contribution and at what level.
  - b) Identify the direction other councils are taking in the provision of housing for older persons including funding of capital improvements, renewals and maintenance.
2. To consider the overall demand for housing for older persons and the opportunities and constraints to either increase or reduce the level of provision.
3. To complete a detailed analysis of the current community housing stock to confirm the cost of ownership and management.
4. To draft a proposal that recommends a scenario on the future involvement of Council in housing for older persons following consideration and consultation on a full range of options and scenarios.
  - a) Identify and detail a full range of options including; expansion, continuance, transfer or divestment of Council's interest in housing for older persons.
  - b) Develop a number of scenarios based on the options analysis which combine financial, management and eligibility factors to provide Council with a spectrum of potential opportunities for involvement and investment in housing for older persons.

### Considerations

- Review the implications of central government direction and policy direction for responding to the need for housing for older persons. Consideration needs to be given to opportunities for partnering including, Council becoming a community housing provider or entering into a relationship with another community housing provider; access to capital and rent subsidies and other funding streams.
- Clarify rationale for the historic and current Council involvement in housing for older persons and identify rationale/parameters for continued involvement. Include consideration of Council commitments in the Housing Accord and other policy documents.
- Ensure that options related to divestment recognise any original funding conditions, restrictions or reservations on land titles that would prevent use for other than housing for older persons, or constrain sale of the land and/or improvements.
- Identify what factors Council would need to consider in transferring the asset to another social housing provider including the financial prudence requirements of the Local Government Act.
- Current funding model includes a payment (based on 15% of rental income) being paid to the parks and reserves account to cover the cost of staff and other Council overheads, ensure that the costing of options considers the overhead component and the degree to which the current

dividend represents the true cost. Identify alternative mechanisms for quantifying and recognising these inputs.

- Rentals are currently assessed at 80% of the market rental for a comparable unit that is privately owned, consider the appropriateness of this level of subsidy, the basis for establishing a subsidy level in future, whether a subsidy should be continued and the need to fund ongoing maintenance of the units.
- Existing cottages are of variable quality and some are moving toward the end of their useful life. Determine the remaining life of existing stock and the funding required for the replacement at the end of life. Note, all tenants are on a tenancy agreement that meets the requirements of the Residential Tenancies Act 1986.
- Determine options for transfer or management by another provider (e.g. Nelson Tasman Housing Trust) and an assessment of alternatives for divestment. Include consideration of benefits, risks and impacts on existing tenants.
- There is Council land in Wakefield and Murchison that could be utilised for additional housing units, the demand for additional cottages in this areas and the limitations of utilising these sites should be included in options for additional housing.
- Opportunities and mechanisms to encourage development of communal housing (e.g. Abbeyfield Trust) or similar on land gifted or provided on a concessional basis by Council.
- Ensure demand for housing for older persons takes account of Council waiting lists.
- The views and policy position of social housing providers (Nelson Tasman Housing Trust), government agencies (Ministry of Housing and Urban Development, Housing NZ, Ministry of Social Development) and iwi are taken into account.

## Key Task Overview

1. Project team to review and confirm the project plan and associated timeline for the review.
2. Analysis of current portfolio to confirm the key attributes including; type, age, condition, value, and any restrictions or constraints.
3. Analyse financial performance of current portfolio including revenues, expenditure, overheads, depreciation, dividends, capital renewals and development.
4. Review policy framework for housing for older adults at a national and local level to identify constraints and opportunities. This will include review of central government public housing plan, funding settings and social housing providers.
5. Consult with social providers (Nelson Tasman Housing Trust), government agencies (Ministry of Housing and Urban Development, Housing NZ, Ministry of Social Development) and iwi.
6. Review the direction other councils in the top of the South and in other comparable regional centres are taking in the provision of housing for older persons.
7. Complete an options analysis and prepare a range of scenarios on the future involvement of Council in housing for older persons.

**Item 6.1**

8. Prepare and facilitate workshops and presentations with staff and councillors and incorporate feedback into outputs.
9. Initial consultation on the options and scenarios.
10. Draft proposal.
11. Public Consultation on draft proposal.
12. Recommend changes based on consultation.
13. Adopt a proposal for consultation as part of the LTP 2021-2031 process.
14. Plan implementation.

**Attachment 1**

## Outputs

The outputs anticipated from the review include:

1. A project plan
2. A report and presentation for discussion with staff and councillors to outline:
  - Key attributes of the current portfolio
  - Financial performance of the portfolio and implications of any proposed change
  - Policy framework at national and regional level
  - Directions of other local authorities
  - Options analysis
  - Draft scenarios
  - Cost scenarios and identify funding opportunities
3. Prepare and facilitate workshop to discuss and confirm options and scenarios
4. Finalise options & scenarios report for adoption by the steering group
5. Prepare materials for use in public consultation
6. Report and presentation summarising feedback received through consultation and suggested amendments to the options and scenarios
7. Prepare draft proposal for consideration by Steering Group
8. Finalise proposal for adoption by Council for consultation as part of the LTP 2021-2031

## Project Structure

### Steering Group

Councillors – Bryant (Chair), Ogilvie, Sangster, Turley, Wensley, Community Development Manager, Corporate Services Manager

### Project Team

Reserves & Facilities Manager, Senior Management Accountant, Environmental Policy Planner, Reserves & Facilities Coordinator, Strategic Policy Senior Adviser, Property Services Manager.

External: Kaihautu, Ministry Social Development Representative

## Specific Tasks & Timelines

### Project Milestones

Councillor workshop terms of reference	13 June 2019
Full Council adoption terms of reference	4 July 2019
Review commencement	15 July 2019
Draft consultant report – options and scenarios	11 October 2019

**Item 6.1**

Steering Group workshop – options and scenarios	14 Nov 2019
Initial Community Board consultation	18-29 Nov 2019
Initial community consultation on the options and scenarios	2 Dec 2019 – 24 Jan 2020
Draft proposal to Steering Group	3 - 7 February 2020
Community Board consultation on draft options and scenarios	10-15 Feb 2020
Consult on the draft proposal	17 Feb – 13 Mar 2020
Finalise draft proposal following consultation	16 Mar – 27 Mar 2020
Council adoption of draft proposal for consultation as part of the LTP 2021-2031 process	31 March 2020

**Attachment 1**



**6.2 ADOPTION OF PORT TARAKOHE BUSINESS CASE FOR PUBLIC CONSULTATION****Decision Required**

<b>Report To:</b>	Full Council
<b>Meeting Date:</b>	4 July 2019
<b>Report Author:</b>	Sharon Flood, Strategic Policy Manager
<b>Report Number:</b>	RCN19-07-2

**Item 6.2****1 Summary**

- 1.1 This report requests that Council adopts the proposed Port Tarakohe Business Case (Attachment 1) prepared by the Port Tarakohe Steering Group for public consultation and submissions.
- 1.2 The aim of consultation is to provide the community an opportunity to comment on the proposed upgrade and reconfiguration of the recreational and commercial areas of the Port. We are proposing to run the public consultation process from 6 July to 30 July 2019, with the hearing of submissions in Takaka on 7 August 2019.
- 1.3 We also recommend that Council establishes a hearing panel comprising up to four Councillors, the Golden Bay Community Board Chair and an iwi representative to hear the submissions and make recommendations back to Council for consideration prior to finalising the business case with the Port Tarakohe Steering Group.
- 1.4 Under the proposal, the upgrade will take place within the current physical footprint of the Port. Council is not considering further expansion. There are four investment objectives for the draft business case, all of which are met by the preferred solution:
  - 1.4.1 an upgrade that reduces risks to food safety standards;
  - 1.4.2 a development that meets the current and future needs of commercial users;
  - 1.4.3 a development that satisfies the needs of existing recreational users; and
  - 1.4.4 a development that will withstand the effects of climate change.
- 1.5 The capital cost at this concept design stage has been estimated at \$33.1 million. This includes a 30% contingency, fees, and consenting costs. Within the draft business case a number of items have been identified that could be undertaken later, reducing the upgrade costs to \$28.3 million.
- 1.6 The proposed upgrade costs and the scope of works are significantly more than we had previously anticipated in our Long Term Plan (LTP) 2018-2028 budgets, and we plan to apply to the Government's Provincial Growth Fund to help fund this project. We intend to bring a paper to Council's August meeting to discuss funding.

- 1.7 The draft business case has been completed in partnership with iwi and a number of key stakeholders including the Marine Farmers Association, recreational users, neighbouring landowners, and a number of central government agencies.
- 1.8 The Government's Provincial Growth Fund has substantially funded the development of the business case.

<b>2 Draft Resolution</b>
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**That the Full Council:**

1. receives the **Adoption of Port Tarakohe Business Case for Public Consultation Report RCN19-07-2**; and
2. receives the **Draft Port Tarakohe Business Case contained in Attachment 1 of this report**; and
3. approves the **Draft Port Tarakohe Business Case as the basis for public consultation in accordance with Section 82 of the Local Government Act 2002**; and
4. agrees that the **Draft Port Tarakohe Business Case will be publicly notified on 6 July 2019 and that submissions will close on 30 July 2019**; and
5. delegates to a **Hearing Panel the task of hearing and deliberating on submissions received on the Draft Port Tarakohe Business Case, and making recommendations on amendments to the Business Case to Council**; and
6. appoints a **Hearing Panel consisting of Councillors: \_\_\_\_\_ (Chair), \_\_\_\_\_, \_\_\_\_\_; and the Chair of Golden Bay Community Board; and an iwi representative to provide a mātauranga Māori perspective (to be appointed by the Mayor)**; and
7. agrees that the **Chair of the Hearing Panel has the ability to appoint another member to the panel, should one of the appointed members be unavailable**; and
8. agrees to the **Mayor and the Chief Executive Officer, signing off any minor editorial amendments prior to the Draft Business Case being finalised for public consultation**; and
9. asks staff to **prepare a summary of the Draft Business Case and to distribute the summary through the GB Weekly and at public meetings**; and
10. notes that **approval to consult on the Draft Business Case does not in itself commit Council to funding a share of the project and that a separate report on funding will be presented to the August Council meeting.**

### 3 Purpose of the Report

- 3.1 The purposes of this report are to request that the Council adopts the Draft Port Tarakohe Business Case, and approves its release for public consultation.

### 4 Background and Discussion

- 4.1 Over the last few months, we have been preparing a draft business case for the upgrade of Port Tarakohe in Golden Bay. The Government's Provincial Growth Fund has largely funded the study. The study has involved a number of technical work streams.
- 4.2 The trigger for the upgrade has come from:
- 4.2.1 the significant forecast growth in the aquaculture sector;
  - 4.2.2 the very strong iwi aspirations for future investment in aquaculture; and
  - 4.2.3 the lack of fit for purpose shore-based infrastructure.
- 4.3 With the recent consenting of the new Marine Aquaculture Areas in Golden Bay and Tasman Bay, mussel produce through the Port is expected to increase exponentially over the next decade, creating economic activity and employment. Mussel production tonnage across the Port is forecast to increase as follows:
- Mussel production landed at Port Tarakohe from Golden Bay at year 2021: 17,687t
  - Mussel production landed at Port Tarakohe from Tasman Bay at year 2021: 2,150t
  - Mussel production landed at Port Tarakohe from Golden Bay at year 2029: 29,535t
  - Mussel production landed at Port Tarakohe from Tasman Bay at year 2029: 2,442t
- 4.4 To accommodate this growth the Port cannot continue to operate in its current state. The facility has reached a point where the imminent growth of aquaculture, health and safety risks, food safety risks, operational inefficiencies, and lack of resilience to climate change threaten the ability for the Port to remain functional. Safe and user-friendly Port infrastructure is required to bring produce ashore. The proposed upgrade will allow the significant economic potential from the aquaculture industry for the District and New Zealand to be realised.
- 4.5 The community widely uses and values the Port and its surrounding area. The community sees the marina, boat club building, recreational area/green spaces and boat ramp as important assets. The area is also an area of high cultural significance for iwi and an important habitat for little blue penguins. Balancing the economic and operational use with social, cultural, recreational and environmental values has been a key consideration in the development of the Draft Business Case.

#### History of Port Tarakohe

- 4.6 Port Tarakohe is a highly valued community asset that provides for both recreational and commercial activities. The Port has grown around commercial and recreational local activities that have required maritime access and supporting facilities. The Golden Bay Cement Company established the Port over 100 years ago, in order to ship bulk cement from their adjacent quarry. Council purchased the Port assets in 1994 following the closure of the cement works. As a condition of sale, the Golden Bay Cement Company retained the

## Item 6.2

right to use the port through a port use license agreement (PULA). That agreement is currently held by the Port Tarakohe Ltd.

- 4.7 Currently the Port has a 60 berth marina that caters for both commercial and recreational vessels, a concrete wharf dating from 1977, and 1910 (age to be confirmed) timber wharf which is currently in disrepair and unsafe for use.
- 4.8 Council undertook significant upgrades to the Port in the early 2000's and more recently. These upgrades included:
- 4.8.1 dredging to deepen the shipping channel and inner harbor;
  - 4.8.2 extension through reclamation of the harbour breakwater;
  - 4.8.3 the replacement and erection of finger jetties and vessel berths in the existing marina;
  - 4.8.4 the construction of carparking areas adjacent to the existing boat ramp and marina areas;
  - 4.8.5 upgrading the Port's security;
  - 4.8.6 installing a weighbridge;
  - 4.8.7 replacing the commercial pile berths with a floating marina.
- 4.9 Current commercial uses of the Port include shipping (dolomite rock and other aggregates), and a shore base for wet fish and aquaculture industries. The Port also provides for a range of recreational opportunities that include sheltered boat launching, learn to sail and cultural waka ama experiences. Recreational fishing also occurs off the Port's breakwater. Historically the Port has run at a loss since the cement shipping stopped.
- 4.10 Port Tarakohe is the only all-tide access, all-weather, deep-water port in Tasman District that is commercially and practicably available to the Golden Bay marine farms. Smaller facilities exist at Collingwood Wharf, Waitapu Wharf, and Port Motueka, however they have no significant capacity now, nor expansion potential. Port Tarakohe is the preferred option because of its size and 24-hour tidal access.
- 4.11 Storage facilities are available on land managed by Port Tarakohe Services Ltd (privately owned land) adjacent to the existing port facilities, and also around Pohara and Takaka. There are no feasible alternatives to Port Tarakohe in the District that can support the significant volumes of mussels projected to come on stream over the next decade. Without the Port, the only alternative is for the aquaculture industry to barge the mussel produce to Nelson.
- 4.12 Port Tarakohe also provides critical resilience infrastructure for Golden Bay residents. It provides connectivity to neighbouring areas should natural disasters close key roads such as the Takaka Hill Highway or Abel Tasman Drive.
- 4.13 There have been a number of studies and subsequent development proposals for Port Tarakohe over the years. The Steering Group has considered these studies and other relevant documents, including the review of other similar operations around the country, as part of the concept design process and development of the Draft Business Case.



- 4.14 The Council owns and operates the Port. The Port is included in Council's portfolio of Commercial Activities. Council intends the Port to be commercially viable and to make a profit. Since 2013, Council has been increasing the fees and charges at the Port to reflect its ongoing investment and the need to move the Port into a better financial position. Council operates the Port as a business unit and has a closed account so the activity needs to fund the losses. The ongoing operational losses at the Port are currently being loan funded and that debt rests against the Port activity. The Council's Commercial Committee has oversight of the Port and makes recommendations to Full Council on any investments including those provided for in the Long Term Plan 2018-2028 and any that may come from this proposal. As with other Council activities, Council sets its rates, along with its fees and charges, through a statutory process provided for in the Local Government Act (LGA) 2002. The basis of cost recovery/charging is set out in Council's Revenue and Financing Policy. Council is required to review the Policy on a regular basis, normally every 3 years. The fees and charges for the Port are set pursuant to section 12 of the LGA 2002. The Council makes a decision on fees and charges at the Port after consultation with users and the wider community across the District.
- 4.15 The relatively high level of fees and charges reflects two key factors at the Port. Firstly, the relatively low volumes of materials currently crossing the Port. Secondly, the very limited space available for income earning ancillary activities. This means the Port users need to meet a higher level of costs than at other ports.

### **Charging methodologies**

- 4.16 A group of mussel farmers complained to the Commerce Commission in 2014/15 requesting the Commission initiate an inquiry into the fees and charges at the Port. As part of Council's response to the Commission, the basis of the allocation of costs and the resultant fees and charges were reviewed. Pricewaterhouse Coopers (PwC.) undertook the professional service work, including the methodology to be adopted moving forward. PwC's approach was the basis of the Council's extended discussions with the Commerce Commission. The Commission determined that the costs of regulating Port Tarakohe would clearly exceed the benefits, therefore it would not undertake a preliminary assessment into whether to initiate a Part 4 inquiry into Port Tarakohe. While the calculations will need to be redone following any investments, there is no intention to change the underlying methodology presented to the Commission. The charging approach for mussels supported by Council at the time of the discussions with the Commission was a tonnage levy. Unlike

the private sector, Council has a statutory process and statutory considerations along with public consultation obligations when setting fees and charges.

- 4.17 The Port, as currently configured and with existing volumes of trade, continues to operate at a loss. These losses are being funded from borrowings. Previous budgeted income levels at the Port were based on industry estimates of likely production volumes these estimates are now seen as aspirational as they were not achieved. Council has continued to invest in the Port in recent years – refer paragraph 4.8 above.

### **Business Case**

- 4.18 The purpose of the Draft Business Case is to inform future decision-making and investment in the Port. The Draft Business Case has been developed based on a number of workstreams that have included engineering, health and safety, cultural values, consent assessment, commercial return, and an economic analysis of the costs and benefits of the required investment.
- 4.19 The project has involved both a Working Group and Steering Group to guide and oversee the Business Case preparation.
- 4.20 The purpose of the Working Group was to provide technical assistance and direction for the development of the Business Case, and make recommendations to the Steering Group. The Working Group involved manawhenua iwi and a number of key stakeholders including the Marine Farmers Association, Port Tarohe Ltd, Port Tarohe Services Ltd, Talley's Group Ltd, Maara Moana Ltd, Department of Conservation, Ministry of Primary Industries, Provincial Growth Unit (Ministry of Business Innovation and Employment) and Council staff.
- 4.21 The Steering Group has provided guidance and direction to the Port Tarohe Business Case project. They approved the key deliverables that included the individual technical studies, commercial operating model, and largely support the Draft Business Case presented to Council for public consultation.
- 4.22 The Steering Group members included Councillors King (Chair), Brown, and Sangster, Janine Dowding (Council CEO), Jonathan Large (MFA President), Toni Grant (Maana Moana Ltd), Katie Hames (Port Tarohe Services Ltd Director), Bob Butts (Port Tarohe Ltd Director) and a manawhenua iwi representative has been invited to meetings.

### **Iwi and Stakeholder Engagement**

- 4.23 Port Tarohe and the surrounding area has deep ancestral relationships and is of significance to iwi. Iwi representatives have been involved in the project and have contributed to the development of the Draft Business Case. Manawhenua ki Mohua, as the umbrella entity of the three manawhenua iwi living in Golden Bay, has provided a strategic overview of cultural values for the Port and surrounding area. Looking forward we intend to keep working with iwi to ensure cultural values and relationships inform any future decisions.
- 4.24 We undertook targeted stakeholder engagement to gather recreational, community and environmental input to inform the development of the Business Case. Engagement focused on several meetings with a wide range of groups from the Tarohe Boat Club, to Friends of Golden Bay, to the Department of Conservation and business owners. We also sent letters to nearby property owners to gather their feedback on the project.

- 4.25 Overall, the discussions and feedback received has been positive, with the community having a clear vision for the Port. A vision that balances economic and operational use with social, environmental and recreational values.

### The Proposal

- 4.26 The key guiding principles for the development of the Business Case have been to contain the Port upgrade within the current physical footprint, and to physically separate the Port's commercial and recreational uses.
- 4.27 The proposed upgrade to the Port should:
- 4.27.1 enhance social and economic resilience;
  - 4.27.2 comply with various government regulations, including health and safety/ food safety/ water standards/ environmental requirements;
  - 4.27.3 meet the operational needs for current and future recreational and commercial users;
  - 4.27.4 account for climate change; and
  - 4.27.5 retain and protect the community asset for future generations.
- 4.28 The final design presented in the Draft Business Case represents the preferred layout endorsed by the Port Tarakohe Steering Group. In the opinion of the Steering Group, it also represents the best value for money of the options considered, and offers the most appropriate solution for both commercial and recreational users.
- 4.29 The Port design includes (please refer to the Draft Business Plan for details and a map):
- a) reconfiguration of the existing marina area to become a commercial marina with new floating concrete pontoons;
  - b) new wave barriers to protect the inner harbour areas;
  - c) construction of a new recreational marina, including associated required dredging;
  - d) construction of a permanent concrete ramp;
  - e) demolition of the existing timber wharf and construction of a new sheet piled wharf area;
  - f) repairs to existing concrete wharf;
  - g) upgrade of the power and water networks; and
  - h) two new ablution buildings – one each for the commercial and recreational users.
- 4.30 The Draft Business Case proposes that the new recreational marina will initially have two piers constructed to allow for future expansion of the recreational marina, and proposes a larger area being dredged to enable a future third pier as demand increases.
- 4.31 The Draft Business Case (attached) discusses the specifics of the Port design, with further detail included in the full Port Tarakohe Preliminary Design report by Stantec.
- 4.32 Climate change impacts on the Port could be substantial with sea level changes and increased frequency of storm events occurring. Although the timeframe and scale of these impacts remains unproven, a strategy to deal with this issue will be required. The Draft Business Case has considered climate change related impacts by adopting a long term (50 year) outlook on upgrades to infrastructure assets. Over recent years, we have experience damage to the Port from adverse weather events. These impacts have seen insurers reduce the cover on parts of the Port to indemnity only. Therefore, the need to maintain the infrastructure will require higher operational expenditure in the future.

- 4.33 With the forecast increased mussel production coming into the Port, we anticipate higher traffic volumes on the roading network. The study has identified a number of site issues including poor sight distance for vehicles leaving the Port, a narrow road corridor with tight corners, and an existing rock tunnel located adjacent to the Port egress.
- 4.34 As part of the project, we assessed a number of options to reduce the associated traffic risks. The final traffic design at the Port is dependent somewhat on the commercial charging model and whether the mussel produce is based on a weight system (meaning trucks must be weighed into and out of the site) or a line levy. Aside from the final design, the Steering Group recommends that Council reduces the speed limit from 60 km per hour to 50 km per hour to maintain a consistent speed throughout the area.

### Capital Cost Estimate

- 4.35 For the proposed commercial and recreational upgrade works, the estimated costs are circa \$35.1 million. The costs include a 30% contingency, but do not make an allowance for inflation.
- 4.36 Given the significant investment required for the upgrade, we have identified some items that may be viewed as beneficial to undertake, and could be undertaken later in order to reduce initial costs. It should be noted that constructing at a later stage may incur higher costs due to the mobilisation of specialist construction equipment.
- 4.37 The items identified include:
- a) not to construct the new (resilience) ramp for rock;
  - b) retain the existing main wharf fender system;
  - c) not to construct sheet pile to the north of the new harbourmaster building;
  - d) not to construct the maintenance wharf for commercial boats;
  - e) not to construct the third pontoon for the recreational marina; and
  - f) locating the public toilets close to the boat club as opposed to near the recreational marina.
- 4.38 When adjusted to exclude the items above, the new estimated costs for the upgrade are closer to circa \$28.3 million.

### Economic Analysis

- 4.39 As a result of the recent regulatory approval of the aquaculture management areas (AMA's) and new mussel farming areas, the sector has committed to significant new investment in excess of \$100 million over the next decade. This investment includes:
- a) on-farm servicing and construction of 19 new harvesting vessels, at a cost of approximately \$46 million;
  - b) new marine farming (on-water) infrastructure, including seed supply and seeding of new lines of approximately \$47 million; and
  - c) new processing facilities that will provide between \$100-\$200 million in new export earnings.
- 4.40 The expected impact from the investment in the industry includes:
- a) additional 80 vessel-based staff;
  - b) additional 270 factory/land-based staff (spread across existing processing facilities);
  - c) in total, 350 new direct jobs for the Top of the South;



d) based on current product split, increased tonnage will result in an additional \$100 million in export earnings.

- 4.41 Based on discussions with industry parties, the mussel industry is the primary industry with forecast growth that will generate additional revenue for Port Tarkohe if it is re-developed. Revenue generated from the rock industry is likely to decrease significantly in the foreseeable future.

### Funding and Ownership

- 4.42 As outlined above, the Steering Group expects that the proposed Port redevelopment costs at this stage will in the order of circa \$28 million to \$35 million. This includes a 30% contingency, and anticipated resource consent costs.
- 4.43 With Council's high current debt and high rates position, we do not have the headroom or ability to fund the proposed investment in the Port. It is also unlikely that the aquaculture industry will be willing or able to fund the proposed upgrades in addition to the required investment to increase mussel production.
- 4.44 The ultimate success of the Port and industry requires capital investment from Government. Regional aquaculture growth aligns with the current Government's strategic priorities, as it is a priority for regional economic development in New Zealand. The project also entirely aligns with the four goals of the Government's Provincial Growth Fund (PGF) in terms of:
- 4.44.1 **increased economic output** – for every \$1 received from the PGF, the economy would see a net benefit of up to \$4.31 and the total GDP increase is between \$983 million and \$1,466 million over 25 years as a result of the mussel sector growth;
- 4.44.2 **enhanced utilisation of and/or returns for Maori assets** – 20% of the approved mussel farm space is allocated for iwi (approx. 9,200 tonnes/year), in addition to significant planned investment by a Maori owned business. A new iwi-owned entity (Maara Moana Ltd) has been created to operate the 20% allocated mussel farm space;
- 4.44.3 **increased productivity and growth** – farmed mussel production will grow (as outlined in paragraph 4.3 above) and improved Port facilities and infrastructure will assist Port tourism related businesses to grow and develop in the Region; and
- 4.44.4 **increased local employment and wages (in general and for Maori)** – Aquaculture sector jobs are highly productive, with remuneration significantly higher than average wages in the District. Once fully operational, the economic activity would support 1,030 employees (across the NZ economy), 59% of the employment would be in Nelson City (31%) and Tasman District (28%).
- 4.45 We intend to bring a report to the August Council meeting on the funding of the proposed Port upgrade. The report will address the capital funding required, as well as ongoing maintenance costs. We will need to have ongoing negotiations with the Provincial Growth Unit (Ministry of Business Innovation and Employment) on the funding arrangements for any Port development. These negotiations will come at a cost and Council will need to work through with the other parties in the project as to how these costs will be funded.
- 4.46 Council is the current owner and operator of Port Tarkohe and it currently has no intentions to sell or dispose of this asset. Council has listed the Port as a strategic asset in its Long Term Plan 2018-2028. In addition to the commercial activities and associated community

benefits, Council has social, cultural and environmental outcomes, which support making it available for community access and use.

## Item 6.2

### Consent Assessment

- 4.47 Port Tarakohe is an existing Port environment and has a number of consents for activities associated with the Port. For these reasons, it is considered that the proposed upgrade has a high degree of consentability. The relevant statutory planning documents also provide a positive pathway for the consenting of the proposed Port redevelopment.
- 4.48 At a conceptual level the proposed facilities, services and activities at Port Tarakohe have been categorised under four headings:
- a) removal and demolition works (Gantry Tower, timber wharf and Fender system);
  - b) land based works (ablution facilities, administrative block, onsite road access and turning, storage, and security fence and gate);
  - c) marine based works (mooring piles, boat ramp, sheet piling, breakwater extension, minor reclamation, fuel, water and sewer); and
  - d) dredging of the seabed in two areas (resilience boat ramp and new recreational marina area).
- 4.49 The proposed works and activities are likely to require several separate coastal permits and land use consents. Given the current consents and technical information and studies that are available to inform the applications for consent, the next step is to determine what further information, if any, is required.
- 4.50 The removal of the old wharf may also require consent from Heritage New Zealand, depending on its age.

<h2>5 Options</h2>
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- 5.1 Council has three main options that it could choose.
- 5.2 **Option 1 – Preferred Option.** Adopt the proposed Draft Business Case for public consultation. The advantages of this option are that this provides the community with an opportunity to input into the proposed design of any upgrade. The disadvantages are that this may raise expectations from the community and interested stakeholders that all their ideas and comments will be implemented, and that the proposals will definitely proceed even though funding is still to be identified.
- 5.3 **Option 2 –** Make amendments to the Draft Business Case prior to adoption for public consultation. The advantage of this option is that it provides Councillors with the ability to make amendments to the proposal. The disadvantages of this are that the changes would not have been through the Steering Group and that changes may delay the process.
- 5.4 **Option 3 –** Decide not to support the Draft Business Case. Staff do not support this option. The upgrade of Port Tarakohe is required if it is to be used as the primary Port to receive the expected increase in mussel produce in Golden Bay. The aquaculture industry have signaled their preference is to use Port Tarakohe as opposed to barging the mussels to Nelson. The Port is a regionally significant asset for New Zealand's ocean economy. The Port is also in need of maintenance and repair. The current financial performance of the port cannot be improved without an increase in tonnage through the facilities. There will be costs

for Council regardless of whether the proposed upgrade proceeds. The only advantage of this option is that there would be no associated capital costs for Council in the short term.

## **6 Strategy and Risks**

- 6.1 The ocean economy is a key focus area for Government and for this Region. The upgrade of Port Tarakohe supports and complements this focus. Port Tarakohe, and the Sugarloaf Wharf in the Coromandel, are seen as two key strategic assets for New Zealand's ocean economy. Once we have been through a public consultation process and taken on board comments and suggestions, and amended the Business Case as appropriate, we propose that Council applies to the Provincial Growth Fund for the majority of the capital investment required.
- 6.2 There is a risk to Council that if the anticipated mussel tonnage does not eventuate, or there is a future collapse of the industry, it may be left with significant debt (depending on the funding arrangement), and ongoing Port maintenance costs which may need to be met from rates.
- 6.3 With regard to climate change, the climate impact on the Port could be substantial with sea level changes and increased frequency of storm events occurring. The Draft Business Case has considered climate change related impacts by adopting a long term (50 year) outlook on upgrades to the infrastructure assets of the Port.
- 6.4 The Draft Business Case has a strong focus on developing the Port for the mussel industry. Focusing on developing for the mussel industry creates a risk that we will displace other current or future Port users.

## **7 Policy / Legal Requirements / Plan**

- 7.1 The primary policy and planning factors relating to these proposals are the resource consenting and any heritage consent that may be needed in order to implement the changes contained in the Draft Business Case. These factors have been identified and will be addressed as part of the implementation process, if the draft proposal proceeds.
- 7.2 If the Draft Business Case receives public support, Council will need to consider whether an amendment is required to its Long Term Plan 2018-2028 to address the Council's share of the funding, to deal with any Revenue and Financing Policy or other policy changes, and to deal with any changes to levels of service. Any such amendment will take time and may pose a risk to the project.

## **8 Consideration of Financial or Budgetary Implications**

- 8.1 This project has significant budgetary implications. The Draft Business Case has estimated the costs of the Port upgrade at \$28 - \$35 million. In order to fund the costs, we propose to make an application to the Government's Provincial Growth Fund (PGF). As Port owners, we anticipate that Council will be required to contribute in some way towards the cost of the upgrade. That would be at least to the extent that it has budgeted capital expenditure in its LTP (\$6m).

- 8.2 The Draft Business Case includes financial modelling for the commercial users of the Port. That study recommended that commercial users are charged on a weight based system, as is the current case. Council supports the current model for allocation of Port costs amongst users. This model will need to be updated to reflect the proposed capital investment and any resultant change in the Port's operating costs. This will impact on future charges following the allocation of revised costs between different port activities.
- 8.3 Subject to the outcome of the consultation on the Draft Business Case, we intend bringing a paper to the Council meeting in August 2019 to approve an application to the PGF for funding of the proposed Port upgrade, including our contribution and how this could be funded within our current debt and rate limits. Subsequently, we may have to make changes to a range of Council policies and possibly the Long Term Plan (LTP) 2018-2028, prior to being able to make a final commitment to the project and any funding.
- 8.4 The Council has in its LTP 2018-2028 capital funding of \$5.974 million (inflation adjusted to 6.603 million as it is in future years in the Plan). I have outlined the funding below:
- New Wharf Construction: \$1M financial year 2018/19, with Inflation (\$1.020M) and financial year 2025/26 \$1M with Inflation (\$1.2M)
- New Recreational Marina \$3.5M financial year 2022/23 with Inflation (\$3.9M)
- Weighbridge and Security \$100k financial year 2021/22, with Inflation (\$109k)
- We have a carryover funding from financial year 2017/18 of \$374k, which was the budget for the proposed new Ablution Block.
- 8.5 If the Draft Business Case proposals proceed, we will need to bring this funding forward, unless we can get PGF funding to underwrite it in the interim.
- 8.6 Any investment will require consideration of the Business Case and a recommendation to Council by the Commercial Committee.

## 9 Significance and Engagement

- 9.1 This report proposes to release the Draft Business Case for public consultation and submissions. I consider that the proposed upgrade of Port Tarkohe is likely to be of high significance to the Port users and to the wider Golden Bay community. However, I consider it is likely to be of a low to medium significance to the wider District. Council has identified the Port as a Strategic Asset in our LTP 2018-2028. Therefore, staff recommend that the next step in the process is to undertake public consultation on the proposal under section 82 of the Local Government Act 2002.

Issue	Level of Significance	Explanation of Assessment
Is there a high level of public interest, or is decision likely to be controversial?	High - low	There is likely to be a high public interest from the Community in Golden Bay, however the wider community interest is likely to be lower.
Is there a significant impact arising from duration of the effects from the decision?	Low	The decision sought in this report is for Council to publicly notify the Draft Business Case, which is of short duration. The Port upgrade would be of a longer duration, should that proceed. It provides for both commercial and recreational needs, but in a different configuration with separation of users and new facilities. However, the decision of whether to proceed with the upgrade will occur later in the process.
Does the decision relate to a strategic asset? (refer Significance and Engagement Policy for list of strategic assets)	Yes	Port Taroakohe is listed as a strategic Asset.
Does the decision create a substantial change in the level of service provided by Council?	No	The decision is to undertake public consultation on the Draft Business Case.
Does the proposal or decision substantially affect debt, rates or Council finances in any one year or more of the LTP?	No	This decision in this report is to undertake consultation. A future paper to Council will address how the proposed upgrade will be funded.
Does the decision involve the sale of a substantial proportion or controlling interest in a CCO or CCTO?	No	
Does the proposal or decision involve entry into a private sector partnership or contract to carry out the deliver on any Council group of activities?	No	
Does the proposal involve Council exiting from or entering into a group of activities?	No	

**10 Conclusion**

- 10.1 Staff recommend that Council agrees to the Draft Business Case proceeding to the public consultation phase. This action will ensure that the public have a say in the proposals for Port Tarkohe, given Council has identified the Port as a strategic asset.
- 10.2 We also recommend that Council establishes a hearing panel comprising up to four Councillors, the Golden Bay Community Board Chair and an iwi representative to hear the submissions and make recommendations back to Council for consideration prior to finalising the Business Case.

**11 Next Steps / Timeline**

- 11.1 If agreed, we will advertise the Draft Business Case for public consultation, with submissions closing 30 July 2019.
- 11.2 We are proposing that the hearings will be in Takaka at our Golden Bay Service Centre on 7 August 2019.

**12 Attachments**

Nil

## 7 CONFIDENTIAL SESSION

### 7.1 Procedural motion to exclude the public

The following motion is submitted for consideration:

**That the public be excluded from the following part(s) of the proceedings of this meeting. The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.**

**This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:**

### 7.2 Port Tarakohe - Business Case Negotiations

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	<p>s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p>s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	<p>s48(1)(a)</p> <p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>