



NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri

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PROSPEROUS NAPIER COMMITTEE

Open Agenda

Meeting Date:	Thursday 27 February 2020
Time:	Following People and Places Napier Committee
Venue:	Council Chambers Hawke's Bay Regional Council 159 Dalton Street Napier

Committee Members	Mayor Wise, Councillor Taylor (In the Chair), Deputy Mayor Brosnan, Councillors Boag, Browne, Chrystal, Crown, Mawson, McGrath, Price, Simpson, Tapine and Wright
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Officer Responsible	Director Corporate Services
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Administration	Governance Team
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Next Prosperous Napier Committee Meeting
Thursday 9 April 2020

ORDER OF BUSINESS

Apologies

Nil

Conflicts of interest

Public forum

Nil

Announcements by the Mayor

Announcements by the Chairperson including notification of minor matters not on the agenda

Note: re minor matters only - refer LGOIMA s46A(7A) and Standing Orders s9.13

A meeting may discuss an item that is not on the agenda only if it is a minor matter relating to the general business of the meeting and the Chairperson explains at the beginning of the public part of the meeting that the item will be discussed. However, the meeting may not make a resolution, decision or recommendation about the item, except to refer it to a subsequent meeting for further discussion.

Announcements by the management

Confirmation of minutes

Nil

Agenda items

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AGENDA ITEMS

1. RESERVE FUNDING CHANGES

<i>Type of Report:</i>	Legal and Operational
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	872505
<i>Reporting Officer/s & Unit:</i>	Adele Henderson, Director Corporate Services

1.1 Purpose of Report

To approve changes to Financial Reserves and reserve funding.

Note: this report was initially taken to the Council meeting held on 19 November 2019 where it was laid on the table.

Officer's Recommendation

The Prosperous Napier Committee:

- a. Approve the transfer of rates funds of \$7,410,078, previously transferred into the Financial Contributions Reserve, back into the Subdivision and Urban Growth Fund.
- b. Transfer the General Reserve No 1 remaining reserve balance of \$20,681 as at 30 June 2019 to the Capital Reserve Account.
- c. Approve a change in funding, for the following existing projects to now be funded from the Subdivision and Urban Growth Fund
 - i. District Plan Review (\$1.2m total)
 - ii. Asset Management Transformation Project (\$225,000 2019/20 and \$1.5m in total)
 - iii. Te Awa Development Investigation (\$255,500 2019/20)
- d. Approve a change in funding, the following existing projects to now be funded from the Solid Waste Disposal Income Account.
 - i. Smoothing impact of Kerbside recycling in 2019/20 and 2020/21 (\$1.3m)

Chairperson's Recommendation

That the Council resolve that the officer's recommendation be adopted.

1.2 Background Summary

As defined in the Local Government Act 2002, a reserve fund means money set aside by a local authority for a specific purpose, in accordance with clause 31 of Schedule 10 of the Local Government Act 2002.

Councils Reserve Funds are classified into three categories

- Council Created Reserves – created by Council for specific purposes
- Restricted Reserves – where there are legal obligations which restrict the use of the funds
- Bequest and Trust Funds – amounts received from bequests, donations or funds held on behalf of a community organisation

1.3 Issues

Reserve Funds

Officers have been working to review the history and use of various Council reserve funds. Part of this review has identified that funds should be moved between funds to more accurately reflect the nature and purpose for which funds are held in reserves.

General Reserve No 1

This was created to fund costs associated to former NZ Rail Land in the city where loans were raised to fund associated infrastructure to support development. As at 30 June 2019 there were sufficient funds in the reserve to repay the outstanding loans so additional loan principal of \$442,094 was repaid as at 30 June 2019. Following the repayment of the debt the remaining balance of this reserve of \$20,681 can be transferred to the Capital Reserve.

Financial Contributions Reserve Fund

LGA Section 106 enables Napier City Council to require development or financial contributions from developers to help fund the cost of new or expanded infrastructure and services, which are required to meet the additional demand created by growth.

Financial Contributions are applicable to lots and units for residential purposes and they are also applicable to construction and/or development of lots and units for commercial and/or industrial purposes.

The Financial and Development Contribution charges are adjusted annually on 1 July in accordance with the provisions of Sections 106(2B) and 106(2C) of the LGA, based on the Statistics NZ Producers' Price Index outputs for construction (PPI).

Council is required to have a policy on Development Contributions and/or Financial Contributions as a component of its Funding and Financial Policies. Section 106 of the LGA details the specific matters to be covered in any Development Contributions or Financial Contributions Policy.

The current policy states that Council considers, at this stage, that it will rely on the financial contributions specified in the City of Napier District Plan prepared under the Resource Management Act 1991 (RMA) mainly for residential development, as this has been subject to considerable community consultation and is well accepted by the community. Residential activity for the purposes of this policy means the development of land and buildings (including

accessory buildings such as garages, carports and storage sheds) primarily for the use of a household (whether any person is subject to care, supervision or not).

The policy states that Council requires Development Contributions under Section 198 of the Act for Commercial and Industrial activities throughout the City. Council is also able to charge Financial Contributions for Commercial and Industrial Activities using the provisions in the District Plan instead of development contributions under S198.

Commercial activity for the purposes of this policy means development of land and buildings primarily to be used for the display, offering, provision, sale or hire of goods, equipment or service and includes retailing, travellers' accommodation, day care centres, off-licence premises, wholesale liquor outlets, offices, shops, medical clinics/hospitals, churches, residential care facilities, educational facilities and retirement complexes but does not include activities specifically excluded under the LGA. Industrial activity for the purposes of this policy means development of land and buildings primarily to be used for manufacturing, assembling, testing, fabricating, processing, packing or associated storage of goods and the servicing and repair of goods and vehicles and includes service stations, transport depots warehouses, factories, network utility operations and unsealed yards.

This Financial and Development Contribution policy sets out the development and financial contributions payable, specifies how and when they are to be calculated and paid, and summarises the methodology and rationale used in calculating the level of contributions.

Any Development Contributions charged under this policy are distinct from and in addition to the provisions in the District Plan that provide Council with the discretion to require financial contributions under the RMA 1991.

Funding Transfer recommendation

Over the years Council had a practice of making payments into the Financial Contributions Reserve. These were made out of rates transferred into the Subdivision & Urban Growth Fund.

The total amounts of rates transferred into the Financial Contributions Account were \$7,408,013. As these funds were collected for a rates contribution, Council is able to determine the use of rates funds.

To ensure we have a clear separation between council funds from rates, and the actual financial contributions received on development, we recommend that the rates funds of \$7,408,013 are transferred back into the Subdivision and Urban Growth Fund where future decisions can be made on the use of these funds at Councils discretion.

Subdivision and Urban Growth Fund

Prior to the 2018/28 LTP Council had a practice of transferring rates funds into this reserve each year representing new rates collected as a result of subdivisions. These funds were then used to provide an offset against rates as well as funding the costs of servicing growth related debt. Some funds were also periodically transferred into the Financial Contributions Reserve.

In the 2018/28 LTP the practice of flowing funds through this reserve was discontinued with all rates reflected in the consolidated view. This left a remaining balance of \$2.6m in this reserve. With the rates funds, previously transferred into the financial contributions reserve, to be transferred back to this reserve this can now be the source of funding for projects linked to growth. This will bring the total Subdivision and Urban Growth Fund reserve once approved changes have been made to \$10m

The approved reserve funded costs for projects linked to growth, such as the District Plan Review (\$1.2m), Asset Management Transformation Project (\$225,000 in 2019/20, with a total cost of \$1.5m) and Te Awa Development Investigation (\$255,500) can then be funded from the Subdivision and Urban Growth Fund.

Solid Waste Disposal Income Account

Council has a substantial reserve which has been built up from the NCC share of distributions from the Joint Landfill facility. This fund provides a source of funds to meet Council's share of capital expenditure at the landfill. A review has identified that the current balance of \$6.7m is more than is needed for Landfill related capital at this stage. This fund was identified as the source of funding for the new recycling bins. This reserve fund can also be used to assist with funding the introduction of the new "wheelie bin" refuse collection service.

In addition, previously Council has approved the allocation of reserve funds to assist with smoothing the impact of the new Kerbside recycling service. This required \$520k in 2018/19, \$700k in 2020/21 and \$600k in 2021/22. The 2018/19 allocation was funded from the Capital Reserve however this reserve does not have sufficient funds to cover the 2019/20 and 2020/21 funding allocations. These costs can be funded from the Solid waste Disposal income account as there will not be sufficient funds in the capital reserve to cover these reserve allocations. In addition it is recommended that the purchase of new bins required for the new waste contract are funded from this reserve.

Changes to Source of Funding for projects

The following, reserve funded projects, projects can now, more appropriately be funded from the Subdivision and Urban Growth Fund:-

- District Plan Review
- Asset Management Transformation Project
- Te Awa Development Investigation

The following projects can now, more appropriately, be funded from the Solid Waste Disposal income Account:-

- Funds for smoothing cost of Kerbside Recycling Service

1.4 Significance and Engagement

N/A

1.5 Implications

Financial

N/A

Social & Policy

The above changes to the reserve balance does not impact on the Financial and Development Contribution Policy itself

Risk

N/A

1.6 Options

The options available to Council are as follows:

A – Approve the following changes/movements to Reserve funds

- a. Approve the transfer of rates funds of \$7,410,078, previously transferred into the Financial Contributions Reserve, back into the Subdivision and Urban Growth Fund.
- b. Approve to transfer the General Reserve No 1 remaining reserve balance of \$20,681 as at 30 June 2019 to the Capital Reserve Account.
- c. Approve a change in funding, for the following existing projects to now be funded from the Subdivision and Urban Growth Reserve
 - a. District Plan Review (\$1.2m total)
 - b. Asset Management Transformation Project (\$225,000 2019/20 and \$1.5m in total)
 - c. Te Awa Development Investigation (\$255,500 2019/20)
- d. Approve a change in funding, the following existing projects to now be funded from the Solid Waste Disposal Income Account.
 - a. Smoothing impact of Kerbside recycling in 2019/20 and 2020/21 (\$1.3m)

B – Amend proposed changes/movements to Reserve Funds**C – Not approve changes to Reserve Funds****1.7 Development of Preferred Option**

A – Approve the following changes/movements to Reserve funds

1.8 Attachments

Nil

2. HAWKE'S BAY AIRPORT LTD HALF YEAR REPORT TO 31 DECEMBER 2019

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	895314
<i>Reporting Officer/s & Unit:</i>	Caroline Thomson, Chief Financial Officer

2.1 Purpose of Report

To receive the half year report to shareholders from Hawke's Bay Airport Limited to 31 December 2019.

Officer's Recommendation

The Prosperous Napier Committee:

- a. Receive the Hawke's Bay Airport Limited half year report to shareholders, to December 2019.

Chairperson's Recommendation

That the Council resolve that the officer's recommendation be adopted.

2.2 Background Summary

Section 66 of the Local Government Act 2002 requires that a Council-controlled organisation must report to Council each half year. However, Section 65 requires regular monitoring of performance of a Council Controlled Organisation.

The Hawke's Bay Airport Limited is a Council-controlled organisation. It is a company incorporated under the Companies Act and is owned by the Crown, Hastings District Council and Napier City Council. Napier City Council has a 26% shareholding.

The Company produces separate annual accounts. No payments are made by Napier City Council to the Company and there is no financial provision included in Council budgets. The Napier City Council share in the Company is included in its annual financial statements as an investment, valued using the equity method of accounting.

In accordance with Part 5, Section 65 of the Local Government Act 2002, Napier City Council has a responsibility to regularly undertake performance monitoring of the Hawke's Bay Airport Limited. The half yearly report to shareholders to 31 December 2019 has been received from Hawke's Bay Airport Limited for Council's information.

2.3 Issues

The voluntary administration of the head contractor on the HBAL terminal expansion project and subsequent withdrawal of Jetstar services may necessitate a request for dividend relief. It is HBAL's intention to keep shareholders fully informed in this regard.

2.4 Significance and Engagement

N/A

2.5 Implications

Financial

HBAL has delivered a net profit after tax (NPAT) result of \$188k (9.6%) for the second quarter of the 2020 financial year. The result is lower than the Statement of Intent (SOI) and the same quarter last year which delivered a net profit return of 26.7%. This was expected given the impact on airline and passenger related revenue due to the withdrawal of JetStar services and the reduction in airline capacity noted prior to this. The result was further impacted by the timing of some expenditure and higher than budgeted depreciation. The report to shareholders includes the financial report for the three months ended 31 December 2019 in attachment A.

Social & Policy

N/A

Risk

N/A

2.6 Attachments

A HBAL report to shareholders to December 2019 [↓](#)

Hawke's Bay Airport Ltd

Report to Shareholders Q2 2020 (1 October – 31 December 2019)

The Company has delivered a NPAT result of \$188k (9.6%) for the second quarter of the 2020 financial year. The result is lower than the SOI and the same quarter last year which delivered a net profit return of 26.7%, This was expected given the impact on airline and passenger related revenue due to the withdrawal of JetStar services and the reduction in airline capacity noted prior to this. The result was further impacted by the timing of some expenditure and higher than budgeted depreciation charges relating to the new terminal.

Financial Performance Hawkes Bay Airport Ltd For the 3 months ended 31 December 2019

	Actual	Budget	Var NZD	Var %
Total Revenue	1,955,278	2,081,123	(125,845)	-6%
Operating Expenses	1,052,538	946,620	(105,918)	-11%
EBITDA	902,740	1,134,503	(231,763)	-20%
Profit after Tax	188,423	481,925	(293,502)	-61%
Passengers Numbers	184,191	199,730	(15,539)	-8%

Financial Performance Highlights

- Total Revenue for the quarter at \$1.955m was 2% above the same quarter last year and particularly recognises good progress made to uplift non aeronautical revenue streams.
- Subdued economic/business conditions earlier this year prompted both Air NZ and JetStar to reduce their flight schedules from July 2019 and ultimately the withdrawal of the JetStar service. This had a negative impact on landing charge revenue which is the primary contributor to Q2 revenue being behind the SOI budget by \$126k. Passenger numbers for Q2 are 3% behind the SOI (which was based upon a passenger growth rate of 4%) and 5% below the same quarter last year.
- Operating expenditure for the quarter of \$1.053m was 11% higher than budget and 21% higher than last year. The Q2 variance to budget and last year is predominantly related to the expensing of demolition costs associated with stage 2 of the terminal development, the unbudgeted cost of the 30/6/19 PP&E asset revaluation; the timing of compliance expenditure and increased insurance charges for the 19/20 year. Management are closely focused on expense management to ensure controllable expenditure is brought in on or under budget for FY20.
- Depreciation charges for Q2 are 53% higher than the same quarter last year and reflects that stages 1 and 2 of the new terminal are now operational. Additionally, the revaluation of the PP&E asset base has further increased the depreciation charge for FY20. The variance against budget is significant and will be amended in the half year re-forecast due 28 Feb 2020.

- As a consequence of the above factors, EBITDA at \$0.903m was 20% below budget and 14% below the same quarter last year, reflecting the reduced revenue from aviation landing charges, the impact of the unbudgeted operating expenditure items incurred during the quarter and the higher depreciation charges.
- Profit after Tax for the quarter at \$0.188m was 61% below budget and 63% below the same quarter last year. Depreciation is \$164k higher than the SOI budget but this is partially offset by savings in interest costs and tax expense, resulting in a net -\$62k movement between EBITDA and NPAT variances to budget.

Financial Performance and Position

Statements of Financial Performance and Position for Quarter 2 FY2019/20 are attached for information. I am pleased to report that we are continuing to make good progress towards the achievement of our objectives for the year.

Governance

Recruitment is underway to address succession for Taine Randel, HBAL Treasury Appointed Director, whose tenure comes to an end this year.

Business Activity Summary

Aeronautical Development

Rolling 12-month passenger growth for the period ended 31 December 2019 was up 2.2% on last year, despite a 1.7% decrease in capacity and a 3% increase in average load factors. Passenger numbers for the quarter were 184,191 (last year: 194,117).

HBAL Management are engaging with our regional partners including HB Tourism and Business Hawkes Bay to develop a Regional Aviation Development Strategy for the Hawkes Bay Region. The focus is on attracting second tier airlines, enhanced seat capacity with Air New Zealand and route development. Work has also commenced on the next aeronautical pricing review which is anticipated to be completed by Q1 FY2021.

Terminal Development Project

Stage 2 which incorporates the new airline front and back of house facilities to the south of the existing terminal building was completed and opened successfully on 5 November 2019. HBAL Management and Air NZ have relocated into the new back of house offices. The new baggage make-up space is fully commissioned and operational. The final stage of the project Stage 3 is now well under way with approx. 30% of the demolition works completed.

The design development for a revised forecourt layout has been completed which will integrate with the new car park and terminal layout. The design has been developed to enhance safety, security, control of commercial vehicles and a plaza area for passengers which will reflect the design inspiration from the Watchman Road Project.

Airport Access & Internal Airport Infrastructure

Further to a revised traffic management plan being completed for the airport's internal roading network, civil works for the internal roading were completed mid December 2019.

New carpark access equipment was also installed following the completion of the required civil enabling works. The works greatly enhance the ability for management reporting, safety and more efficient use of the car park hard stand.

During Q2 the Watchman Road Entry Project won the NZ Airports Association Infrastructure Award. The project has now received five National Awards.

HBAL Management are advancing plans with Unison for enhancements to the site wide electrical reticulation which will create additional capacity and network resilience works are due to commence in Q3

Airport Masterplan

The technical studies for HBAL's 2040 Master Plan are complete with the final Masterplan workshop (i.e. one of three) led by Airbiz with HBAL Management to review land use completed during early August. Airport stakeholder engagement of the Masterplan commenced in October 2019 and was complete by the end of Q2. Public engagement will commence in Q3.

Aeronautical Forecasting

Following the announcement by Jetstar in October to pull turbo prop services from Regional New Zealand, HBAL Management have started to review the impact and are adjusting their findings on the aeronautical forecasting following the departure of Jetstar on the RPT movements and are also finalising the General Aviation Forecast.

The review is being support by Christchurch International Airport Limited ("CIAL"). This has been reviewed in line with the completed first phase of the Air Freight Feasibility Study, which will feed into the overall forecast (for aero movements).

Air Freight Feasibility Study

The revised Phase 3 scope for the HBAL Airfreight Study was approved by Ministry of Business, Innovation and Employment ("MBIE") and Business and Economic Research Limited ("BERL") and completed during Q2.

The revised Phase 3 scope includes further information on the proposed scope of a facility; the costs of charter freight services; further in-depth engagement with local exporters and potential exports, and freight forwarders (via workshops). The results of Phase 2 have fed into the Master Plan development and land has been identified for both airline freight growth and a dedicated freight service. The CEO has been appointed the Chair of Export NZ, Hawke's Bay.

RMA Planning Framework

Work continues alongside the Master Plan on the Resource Management Act ("RMA") planning framework for HBAL. As discussed above CIAL are working on the draft general aviation forecast. This will be further refined during the engagement process underway with key general aviation tenants. This forecast is essential for confirming overall aircraft movements for HBAL and will further inform the inputs into developing the proposed noise boundaries for the Napier City Council ("NCC") District Plan.

Napier City Council: District Plan Review

Engagement is on-going with NCC regarding the proposed district plan review and HBAL's RMA Planning Framework. Work is underway on the draft Airport Zone for inclusion in the draft district plan, which NCC have recently highlighted that the draft district plan public release will be delayed to Q2 FY2021.

Property Development

An agreement with Airport Holdings Ltd to develop a new Jet hangar adjacent to the existing Skyline Aviation site is nearing completion.

The relocation of BP for their Jet A1 storage site and distribution is also nearing completion and due to complete by Q3. One new 500m² General Aviation hangar has been completed with a new ground lease tenant and is operational.

Feasibility is underway into the viability of a fuel service station on site at the location of the old entry/exit into the airport and a significant property development which aligns with HBAL's Transport & Logistic aspirations.

Commercial Activity

The Airport has finalised negotiation with Uber who have now commenced services at HBAL. Uber drivers are being charged a per pick up a fee in alignment with Taxi Operators.

The installation of new digital advertising screens is complete with a new video wall installed in the arrival's hall during November. The new digital advertising will enhance revenue generation

Request for Proposals have been received for three new retail concessions for delivery ahead of the October 2020 terminal opening. It is anticipated to finalise concession agreements by the end of Q3.

Sustainability

HBAL has finalised the development of its Sustainability Framework. Level 1 Airport Accreditation verification audit was undertaken in January 2020. The aim is to attain Level 3 Airport Carbon Accreditation within 3 years.

HBAL Management have commenced a feasibility review for the development of a potential 1MW Solar Farm on airport land. The feasibility study is being co-funded by Centralines, Central Hawkes Bay.

Safety Management

HBAL Management launched its new safety brand Safety on Airport and Runways, "SOAR" during Airport Safety Week in the second week of October.

The brand was developed by a local design agency Coast & Co and will be used to anchor future safety related communications on and around the airport.

The HBAL Safety Management System was submitted to CAA at the end of September on programme and the CAA Certification audit was undertaken on the 12/13th November 2019.

HBAL were awarded the Safety Management Certification on 30th November 2019, the first airport out of 13 audited including Major City airports to have nil audit findings

Concerted effort on wildlife management has achieved a significant reduction in bird strike activity during Q2.

People & Organisation

The voluntary ambassador programme of over 30 community-based volunteers continues to be well received by the travelling public providing a helping hand, advice and customer service.

Looking Forward

The below table summarises the key strategic workstreams that HBAL management will be focussing on over the coming 12-month period noting that all Q2 activities are complete, with the exception of the property marketing plan and preliminary masterplan consultation which will progress during Q3.

FY19/20	Target PAX	Airport Masterplan	Property & Retail Development	Car Parking Improvement Project	Air Freight Development	Whole of Business Safety Culture	Terminal & Apron Expansion	Sustainability Framework
	Q1	Aeronautical Technical Studies Complete		New Car Park System Installed	Air Freight Feasibility Complete		Stage 2 Departures Complete	Sustainability Framework Complete
	Q2	Preliminary Consultation	Property Marketing Strategy	Internal Road Enhancements Complete	Infrastructure/ Business case Review	Safety Management System Certified		
	Q3	Draft Masterplan & Consultation					New Retail Concessions Awarded	Three Waters Policy Developed
	Q4	Finalised Masterplan/RMA Review		Review park Commercial Model/Tariff Structure		Safety Campaign/ Branding Rollout		

Key Areas of Focus

The terminal redevelopment, masterplan, property development and car park commercial review will be the primary focus for the company over the coming period. There will also be a continued commitment to participate in consultation on the proposed revisions to the Napier City Council district plan in relation to both the airport's noise contours and airport designation under the RMA – both of which are considered key strategic enablers for future growth of the airport business.

A small team from the voluntary ambassadors have completed the first round of bi-annual Airport Service Quality surveys. The results will be shared in the Quarter 3 updates but preliminary indicate key improvement areas as Terminal Retail choice/Value for Money and Car Parking Value for Money.

These results will provide management with ongoing metrics to monitor the success of customer centric strategies and form a key part of HBAL's commitment to continual improvement creating a great base to benchmark the finalised terminal expansion against.

Stuart Ainslie, CEO, Hawke's Bay Airport Limited

Operating Statement

Hawkes Bay Airport Ltd

For the 3 months ended 31 December 2019

	Dec-19			Quarter 2			Full Year
	Actual	Budget	Last Year	Actual	Budget	Last Year	Budget
Passenger Numbers	56,225	63,605	61,831	184,191	199,730	194,117	772,358
REVENUE							
Aviation Revenue							
Total Landing Charges	300,008	359,011	350,710	991,607	1,116,645	1,072,943	4,327,896
Other Aviation Revenue	60,955	57,618	52,582	191,552	177,161	209,711	695,112
Total Aviation Revenue	360,963	416,629	403,293	1,183,159	1,293,806	1,282,654	5,023,008
Carpark Revenue	186,732	194,040	157,646	622,214	634,545	542,759	2,640,696
Business Park Revenue	34,155	35,272	30,731	103,031	105,816	68,945	423,264
Other Revenue	18,625	15,652	14,946	46,875	46,956	21,907	187,824
Total Revenue	600,475	661,593	606,616	1,955,278	2,081,123	1,916,265	8,274,792
Expenditure	396,850	315,540	211,863	1,052,538	946,620	872,256	3,815,748
EBITDA	203,625	346,053	394,753	902,740	1,134,503	1,044,009	4,459,044
% of Total Revenue	33.9%	52.3%	65.1%	46.2%	54.5%	54.5%	53.9%
Depreciation	221,211	123,047	116,008	527,370	363,650	344,742	1,486,002
Operating Profit	(17,586)	223,006	278,744	375,370	770,853	699,267	2,973,042
% of Total Revenue	-2.9%	33.7%	46.0%	19.2%	37.0%	36.5%	35.9%
Interest Income	1	0	0	18	46	37	557
Interest Expense	33,013	29,245	(97,762)	79,908	83,526	(39,277)	370,773
Profit before Tax	(50,598)	193,761	376,506	295,480	687,373	738,581	2,602,826
% of Total Revenue	-8.4%	29.3%	62.1%	15.1%	33.0%	38.5%	31.5%
Taxation	(6,250)	61,010	108,461	107,058	205,448	226,314	728,803
Profit after Tax	(44,348)	132,751	268,045	188,423	481,925	512,267	1,874,023
% of Total Revenue	-7.4%	20.1%	44.2%	9.6%	23.2%	26.7%	22.6%
Revenue Split							
Airside Revenue	310,892	372,898	365,726	1,030,881	1,158,306	1,153,312	4,494,540
Landside Revenue	255,428	253,423	210,159	821,366	817,001	694,008	3,356,988
Business Park Revenue	34,155	35,272	30,731	103,031	105,816	68,945	423,264
Total Revenue Split	600,475	661,593	606,616	1,955,278	2,081,123	1,916,265	8,274,792

Statement of Financial Position**Hawkes Bay Airport Ltd
As at 31 December 2019**

	31 Dec 2019	30 Nov 2019	31 Oct 2019
Fixed assets	56,159,330	55,615,047	55,152,244
Cash	159,924	207,575	90,914
Current Assets	810,180	801,325	769,702
Other Non-Current Assets	59,873	59,873	53,704
Current Liabilities	(1,420,073)	(1,350,984)	(2,024,588)
Bank Debt	(15,670,462)	(15,156,116)	(13,967,718)
Other Term Liabilities	(5,490,316)	(5,523,916)	(5,530,930)
Funds Employed	34,608,456	34,652,804	34,543,329
Net Gearing Ratio %	31.2%	30.4%	28.8%

3. DIGITAL PROPERTY FILE FEE AMENDMENT

<i>Type of Report:</i>	Operational and Procedural
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	902624
<i>Reporting Officer/s & Unit:</i>	Rachael Horton, Manager Regulatory Solutions

3.1 Purpose of Report

To review the fee for a digital property file contained in the Schedule of Fees and Charges for 2019/20 with a view to amending the fee and offering an additional service option.

Officer's Recommendation

The Prosperous Napier Committee:

- a. Resolve to amend the fees for digital property files to the following:

Full digital property file	\$40
Building File only	\$20

- i. A reduced fee of \$15 will be charged if a customer subsequently requests a full digital property file on a property after previously only requesting a Building File.

Chairperson's Recommendation

That the Council resolve that the officer's recommendation be adopted.

3.2 Background Summary

Council are required to review fees and charges annually and formally approve any changes. The Schedule of Fees and Charges for 2019/20 was adopted by Council on 4 June 2019 for commencement from 1 July 2019. The fee for the provision of a digital property file was set at \$95.

Property Files

Council maintain a public file of all properties within Napier. There are around 28,000 property files currently held, some dating back to pre-1931. Property files contain information relating to the land and buildings of the property, including but not limited to:

- consents
- plans
- information regarding hazards
- infrastructure services

Access to the property files are sought by homeowners and businesses for a range of reasons, such as purchase and sale, development and improvements, fire installation, and surveying.

Property File Digitisation Project

In 2017 a project was commenced to digitise all property files, which were currently held in paper form. Up until this project commenced, the public could access these files free of charge by coming into the council office and photocopying the paper file. However, this type of access was high risk to Council where damage or removal of all or part of the file was possible.

To fund the digitisation project and to ensure fairness across all users of the service, a flat fee of \$95 was set based on the administrative time required to review, digitise and provide the digital information to the user. It is estimated to take, on average, just over 1.5 hours per property file, however large commercial property files, containing hundreds of documents take significantly longer. With allowances for council's time, supervision and general overheads, council has set the fee at \$95 including GST.

The digitisation project is a transformational initiative for council to meet the growing need for online services and digital information. The project aligns with central government initiatives including Better Property Services project (integrating central and local government property and building), and Better Public Services Result Area 10 (New Zealanders can complete their transactions with government easily in a digital environment) Most territorial authorities have either completed or are in the process of digitising their paper files.

3.3 Issues

From 1 July 2019, access to property files has only been through the provision of a digital file. On receipt of a request and payment of the \$95 fee, the paper file is reviewed, scanned, and sent to the user in digital format.

Feedback

Council has received informal feedback about the introduction of the fee. Some customers were pleased to have an online digital service. Commercial customers are able to pass on the cost to their customers or absorb the cost into the current fees. Other customers, however, felt that the free paper-based service should continue or that the digital service should be free of charge. Others believed the \$95 fee was too high.

We also received feedback that it was unreasonable for council to charge a flat fee of \$95 when the customer only wanted access to a small part of the file, such as the building plan. For example: a commercial fire installer only wants to view the building plan and does not require the entire property file.

Survey - type of service

To understand our customer needs, we surveyed all users of the service since 1 July 2019 – a total of 395 customers. We received 104 responses.

A summary of the survey is provided below. The survey results are attached.

Survey respondents were asked to indicate how likely or unlikely they are to use each of the following options:

- Full digital property file – residential/rural/commercial/industrial

- 69% of 103 respondents for this option indicated they are very likely to use this service
- Building File only (just Building Permits/Consents and building file notes – no Planning information or Resource Consents)
 - 34% of 96 respondents for this option indicated they are very likely to use this service
- Building Consent Plans and Building Permits (Building Plans only, i.e. no scheme plans, subdivision plans etc)
 - 39% of 98 respondents for this option indicated they are very likely to use this service
- Drainage Plan only
 - 21% of 93 respondents for this option indicated they are very likely to use this service

Fee amount

- There are 25 councils who charge for a full digital property file, with fees ranging from \$10 to \$95. The average of these fees is \$38.84. We are proposing our fee be set at \$40.
- There are only a few councils who offer an alternative service, such as Building File only, and these services varied in type and could not be considered the same service. We could not establish an average, but consider \$20 to be an appropriate fee. Noting that some Building Files can be extremely large, in excess of 100 pages.

Proposed fee and charges

Taking into account the survey results, we propose offering the following two services:

1. Full digital property file \$40
2. Building File only \$20
 - a. A reduced fee of \$15 will be charged for a subsequent request of a full digital property file after requesting a Building File

We propose these two options for the following reasons:

- The most popular option from the survey was the Full Digital Property file.
- The next options chosen were the Building File only and Building Consent Plans and Building Permits. As the Building File contains all of the information of the other options, it was considered the next best service to offer customers. The more information customers have, the better informed they will be about the property they have an interest in.

3.4 Significance and Engagement

As this is a minor single line change to Fees and Charges for 2018/19 adopted in March. Council is able to make a decision on this matter without further consultation.

3.5 Implications

Financial

The fee was first set at \$95 to fund the digitisation project over the expected life of the project. Reducing the fee as proposed will mean that the charges will need to apply for longer to recover the costs of the project.

How long these fees will need to be charged for will be worked through in a separate funding decision as part of the 2020 Annual Plan process.

Social & Policy

N/A

Risk

N/A

3.6 Attachments

A Digital Property File Survey Results [↓](#)

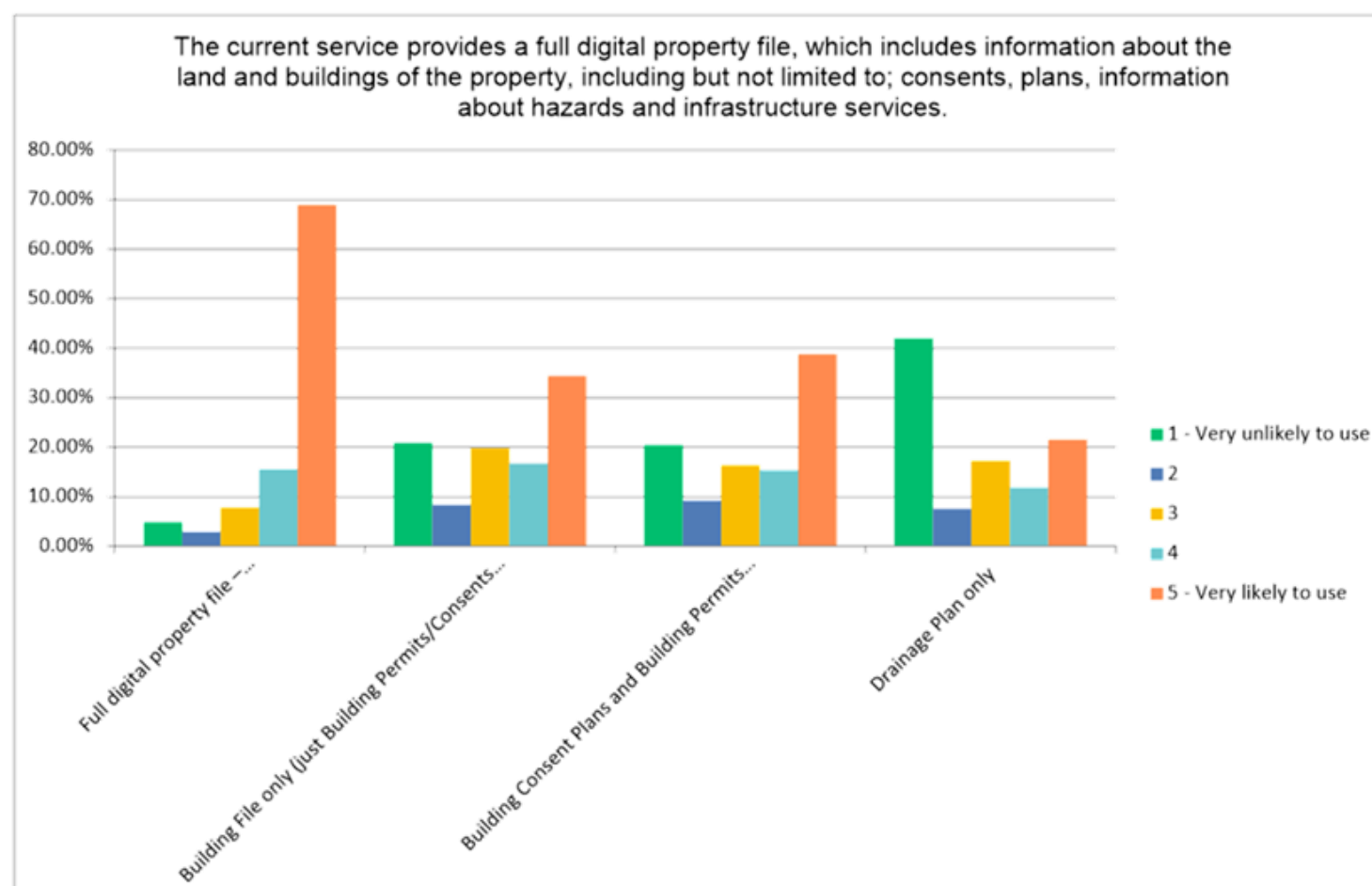
Digital Property File Survey

The current service provides a full digital property file, which includes information about the land and buildings of the property, including but not limited to; consents, plans, information about hazards and infrastructure services. Council is considering offering a range of options for this service, in addition to the full digital property file option.

Please indicate how likely or unlikely you are to use each of the following options.

	1 - Very unlikely to use		2		3		4		5 - Very likely to use		Total
Full digital property file – residential/rural/commercial/industrial (this is the service currently offered)	4.85%	5	2.91%	3	7.77%	8	15.53%	16	68.93%	71	103
Building File only (just Building Permits/Consents and building file notes – no Planning information or Resource Consents)	20.83%	20	8.33%	8	19.79%	19	16.67%	16	34.38%	33	96
Building Consent Plans and Building Permits (Building Plans only, i.e. no scheme plans, subdivision plans etc)	20.41%	20	9.18%	9	16.33%	16	15.31%	15	38.78%	38	98
Drainage Plan only	41.94%	39	7.53%	7	17.20%	16	11.83%	11	21.51%	20	93
										Answered	104
										Skipped	0

The current service provides a full digital property file, which includes information about the



Digital Property File Survey

Are there any other options you would use?

Answered 32

Skipped 72

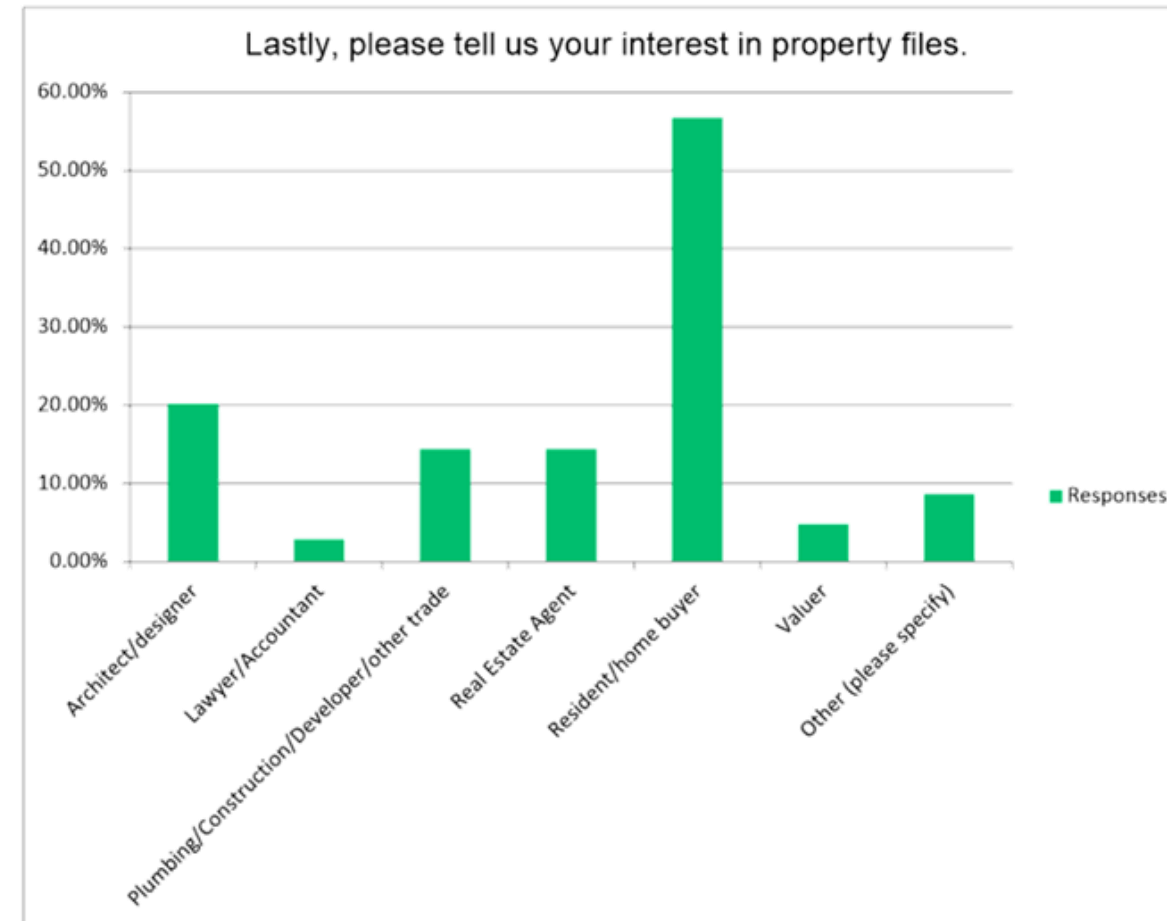
Respondents	Responses
1	I am very dismayed with councils decision to start charging for this service. All of the information in a property file is legally public information. I work with many councils around the country and Napier is the only one that charges for this.
2	Registered owners details
3	No
4	Would have preferred manual file option due to cost? "IE" If home buyer had to view more than one property due to being unsuccessful on the first purchase this would lead to multiple cost which I believe is already on the high side.
5	Receiving the digital file at a reasonable price
6	Viewing file at the council.
7	Other comment, found that plan scans to be if poor quality, had to get staff member to email me a higher resolution plan
8	Any file that can give information on consent /compliance.
9	The files to be readily available as HDC, at no charge.
10	Sometimes just being able to view the file whilst at NCC and taking a photograph or something like that of the particular page we need could be good.
11	The service should be free of charge, it's public information, that Council is responsible for holding, so we shouldn't be paying for information which should be freely available. □
12	Not prepared to pay \$95 to view property file for floor plan for heating installs when customer already paying for building consent. Hastings do not charge and now we can view property files online!!
13	Not really.
14	I think the cost of these files is extortionate. I could understand \$10 - \$15 per download, but at the current cost it limits a house purchaser's ability to truly investigate homes they are interested in.
15	A choice of a combination but not necessarily all of the options
16	cannot think of any other at this moment
17	Paper option should be available
18	Names of builder, plumber, electrician, cladding installer etc
19	I am angry that something that used to be free now costs \$100.00. □ □ I believe NCC are ripping off the people of NAPIER by enforcing these totally extortionate fees. Please reinstate free file searches. It should definitely be free to go to the council office to view the paper file
20	No i paid the \$90 for our file and that was utter shit as we own this house. You need to provide free hard copies again
21	It's currently time consuming and difficult wading through the files for some minor information required □ documents could be dated and/or split into specific contents □ eg separate plans, specifications, from other info □ similar to HDC website and direct online access
22	The full building information file should be made available when paying for a LIM
23	Being a professional in the industry, we should have free access to these files like Hastings District Council. the \$100 fee applied at the moment is an annoying and slow process to have to go through. Hastings provides instant access.
24	It would be great to see NCC remove the current restrictions for accessing information that betters the construction and building industry as well as home owners and potential buyers. Ie. NCC needs to consider removing or significantly reducing the cost to access the full property file. The current cost for property files puts a road block in the way for obtaining important information that should be readily available and accessible to better all parties. \$95 hardly seems justifiable when HDC have full property files and information available for digital download for free. I understand monitoring 'who' is accessing 'what' information is important for safety and intellectual property. However, I don't agree with restricting access to information for only those who can afford it at nearly \$100 per property file. It would also be great to see - and we would most definitely use - a service that has instant access to full property files, such as HDC's trim portal where property files are available on demand.
25	Engineers Plans for Seismic Upgrades
26	I would use them all more of they were cheaper ...I understand that your recouping labour costs to put on line, but surely less per transaction but this is on going makes it more affordable...95 dollars to just see an online file is just too high 19.95 over the years still surely pays the costs back and on going labour costs.
27	Cost to much for what I received □ This was a free service and now is a total rip off
28	no
29	registered access for building related professionals to digital property files for small yearly fee or free like hasting
30	Being able to view at Council in a timely manner would be the best option
31	na
32	Not have ALL information accessible in the same format is going to result in missed information and issues.

Digital Property File Survey

Lastly, please tell us your interest in property files.

Answer Choices	Responses	
Architect/designer	20.19%	21
Lawyer/Accountant	2.88%	3
Plumbing/Construction/Developer/other trade	14.42%	15
Real Estate Agent	14.42%	15
Resident/home buyer	56.73%	59
Valuer	4.81%	5
Other (please specify)	8.65%	9
Answered		104
Skipped		0

Other (please specify)
Surveyor
Fire Installer
Structural engineers
I dont think it is right to have to pay for information that should be publicly available. owners should be able to access the information on their own properties at no cost.
Building inspector
Preliminary/Detailed Site Investigations under NES:CS
Property investor
A big issue we have at the moment is #1 the cost (we have needed to request quite a few of these on our home buying journey) and #2 - time taken to receive. Sometimes this takes the 4 full working days, and we havent received the file before offers have been presented.
one off property pucthse recently



4. POLICY - COUNCIL ORGANISATION APPOINTMENTS AND REMUNERATION

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	902626
<i>Reporting Officer/s & Unit:</i>	Devorah Nícuarta-Smith, Team Leader Governance

4.1 Purpose of Report

To present the Council Organisation Appointments and Remuneration Policy for adoption.

Officer's Recommendation

The Prosperous Napier Committee:

- a. Adopt the Council Organisation Appointments and Remuneration Policy

Chairperson's Recommendation

That the Council resolve that the officer's recommendation be adopted.

4.2 Background Summary

Council regularly reviews its policies. Where a policy is external (public facing) the policy is brought to Council for visibility and adoption.

The main change to the attached Policy is its name, from "Remuneration of Authority and Council Policy", for increased clarity on the subject of the Policy.

Other updates include only increased consistency in considerations and formatting between parts one and two. The Policy has been reviewed in line with that of Hastings District Council, and it has been confirmed that the two align. This is useful for consistency where an individual may be appointed to a joint Council Organisation, Council Controlled Organisation or Council Controlled Trading Organisation.

4.3 Issues

No Issues

4.4 Significance and Engagement

This matter does not trigger Council's Significance and Engagement Policy or other engagement requirements.

4.5 Implications

Financial

The policy outlines considerations that should be taken in to account when appointing Council Organisation Directors or Trustees. However the policy itself does not have direct financial implications at this time.

Social & Policy

N/A

Risk

N/A

4.6 Options

The options available to Council are as follows:

- a. To adopt the Council Organisation Appointments and Remuneration Policy
- b. To request officers to consider amendments to the Policy to be brought back to a future meeting

4.7 Development of Preferred Option

To adopt the Council Organisation Appointments and Remuneration Policy.

4.8 Attachments

- A Council Organisation Appointments and Remuneration Policy [↓](#)



Council Organisation Appointments and Remuneration Policy			
Approved by	Council		
Department	Governance		
Original Approval Date		Review Approval Date	
Next Review Deadline		Document ID	883259
Relevant Legislation	Local Government Act (2002)		
NCC Documents Referenced	This updates and replaces the Remuneration of Authority and Council Policy 2016		

Purpose

The Napier City Council (Council) either owns or has an interest in a number of council organisations (CO's).

A **council organisation (CO)** is a company, trust or other organisation where a local authority owns shares or has the right to appoint a Director or trustee.

Where one or more local authorities controls more than 50% of the shares or votes, or can appoint more than 50% of the Directors or trustees, the organisation is a **council controlled organisation (CCO)**.

The Local Government Act 2002 (s 57) requires Council to have a policy on the appointment and remuneration of Directors of COs. A more detailed definition of COs and CCOs can be found in section 6 of the Local Government Act 2002.

The Local Government Act 2002 requires that Council may appoint a person to a Directorship of a CO only if Council considers the person has the skills, knowledge or experience to:

- guide the organisation given the nature and scope of its activities
- contribute to the achievement of the objectives of the organisation.

Council is required to adopt a policy setting out an objective and transparent process for identifying and considering the skills required of a CO Director, and appointing the Directors of COs.

As there is a wide variation between the nature of some of the organisations, which the policy must cover, the policy is in two parts. The more formal process proposed for larger CCOs would not apply to many of the appointments which have been traditionally made by Council.

Council may from time to time consider and approve exceptions to this policy on a case by case basis.

Policy

PART ONE – COUNCIL CONTROLLED ORGANISATIONS (CCOs)

Organisations where Napier City Council (alone or together with other councils) controls more than 50% of the voting rights or appoints more than 50% of the Directors or trustees (CCOs) include:

- Hawke's Bay Airport (jointly owned by Hastings District Council, Napier City Council and the Crown)
- Hawke's Bay Museums Trust (three of five Trustees appointed by Napier City Council and Hastings District Council with an Independent Chair appointed jointly).

Required Skills and Experience

The Council considers that any person that it appoints to be a Director of a CCO with an annual turnover in excess of \$500,000 should, as a minimum, have the following skills:

- intellectual ability
- an understanding of governance issues
- either business experience or other experience that is relevant to the activities of the organisation (or both)
- sound judgment
- a high standard of personal integrity
- the ability to work as a member of a team.

Any person appointed to a CCO with a turnover of less than \$500,000 should have:

- knowledge or experience relevant to the activities of the organisation
- familiarity with Council policy, programmes and activities relevant to the organisation
- a high standard of personal integrity.

Appointment Processes

Appointment Process through a Joint Appointments Committee

Where appointments of Directors are made through an appointments committee of jointly funded organisations, the responsibility for Council on this matter would be to appoint an elected member to the appointments committee and receive the recommendation of the appointments committee. Council's appointment to the joint appointments committee will be the Mayor or their appointed delegate.

It is understood that the appointments committee will be responsible for determining the manner in which the appointments process will be undertaken, and the terms and conditions of the selected candidate.

The elected member on the appointments committee will take into consideration Council's goals and objectives, and also the skills required for the position when making a selection.

Appointment Process for Directors and Trustees of a CCO Appointed Directly by the Council

This applies to all organisations where Council (alone or together with other Councils and organisations) controls 50% or more of the voting rights or appoints 50% or more of the Directors or Trustees.

Where a vacancy is due to arise due to the term of a Director or Trustee coming towards an end, three months to the end of the term, the Council will follow the following process for appointing a new Director or Trustee:

The Council will, after receiving a recommendation from the relevant appointments committee, decide at an open council meeting whether to advertise a particular vacancy or make an appointment without advertisement. When making the decision whether to advertise a particular vacancy or make an appointment without advertising, the Council will consider:

- the costs of any advertisement and process
- the availability of qualified candidates
- the urgency of the appointment (e.g. a CCO that is without a quorum cannot hold board meetings).
- agreements with other organisations (which have an interest) on the selection process.

Where a vacancy arises due to the resignation or death of a Director or Trustee, Council will:

- appoint an elected member or officer in an open meeting on a temporary basis if the constitution requires that a new appointment is necessary, in order for the organisation to continue to function, and then go through the process outlined above, or

- immediately follow the process outlined above where the organisation can continue with the remaining Directors or Trustees until an appointment is made.

Appointment by Advertisement

Where the Council decides to advertise a vacancy, the appointments committee will consider applications and make a recommendation to the Council.

The appointments committee may second external members for the interviewing process; this external member may be the Chair of the Board being recruited for.

A shortlist of candidates will be made and interviewed by the appointments committee, and the committee will report to Council on each of the candidates. The committee may make a recommendation in relation to the candidates.

Appointment without Advertisement

Where the Council decides not to advertise a particular vacancy, it will refer the matter to the appointments committee. The Committee will identify a shortlist of candidates whom it considers meet the above criteria and will forward those to the Council, together with a report explaining why these candidates meet the criteria. The committee may make a recommendation in relation to the candidates.

Final Appointment

When considering the candidates for potential appointment, the Council will undertake this discussion and make a decision in a public excluded section of a Council meeting (protecting the privacy of natural persons). Public announcement of the appointment will be made as soon as practicable after the Council has made its decision.

An elected member who is under consideration to fill a particular vacancy may not take part in the discussion or vote on that appointment.

Conditions

Term of Appointment

CCO Directors and Trustees will normally be appointed for a term of up to three years. Subject to a review of the Director or Trustee's performance, the term may be renewed for a further two terms of up to three years (i.e. to a maximum of nine years).

Conflicts of Interest

The Napier City Council expects that CCO Directors and Trustees will avoid situations where their actions could give rise to a conflict of interest. To minimise these situations Council requires Directors to follow the provisions of the New Zealand Institute of Directors' Code of Ethics. All Directors are appointed "at the pleasure of the Council and may be dismissed for breaches of this code."

Remuneration

Remuneration of CCO Directors and Trustees is a matter of public interest.

Where the Council is the sole shareholder in a particular organisation, the Council will review salaries on an annual basis. In reaching a view on the appropriate level of remuneration for CCO Directors and Trustees, Council will consider the following factors:

- the need to attract and retain appropriately qualified people

- the levels and movement of salaries in comparable organisations (if deemed necessary, Council will retain professional advice on salary levels and movements)
- the objectives of the CCO (in particular whether or not the CCO operates on a charitable basis)
- the past performance of the CCO
- whether the CCO is operating as a trading undertaking (a Council-Controlled Trading Organisation or CCTO)
- the financial situation of the CCO.

In cases where the Council cannot exercise direct control, such as in an organisation where it is one shareholder among many, it will conduct its own monitoring of salaries against the above factors, and will publicly disclose the name of any CCO which it considers is not complying with the above factors.

No elected member appointed to a CCO by the Council shall be paid any remuneration by any CCO without the prior approval of the Council.

PART TWO – COUNCIL ORGANISATIONS (COs)

The Napier City Council appoints elected members and other representatives to a number of community and not-for profit organisations following a triennial election.

Required Skills and Experience

Any person appointed to a CO should have knowledge or experience relevant to the activities of the organisation and familiarity with Council policy, programmes and activities relevant to the organisation.

Appointment Process

Appointments to COs are usually made at the beginning of each triennium on the recommendation of the Mayor. Such appointments are generally elected members.

Vacancies may occur during a triennium, or new organisations may seek a Council representative on their governing body. In such cases, the appointments will be made through the normal Council process, having regard to the criteria specified in this policy.

Conditions

Term of Appointment

Appointments to a CO are generally for a three year term and are made after the triennial Council elections.

Conflicts of Interest

Elected members appointed as representatives to COs should not hold other interests in the organisation they have been appointed to. They should identify, notify Council of, and manage any actual or potential interests appropriately.

Remuneration

No separate remuneration will be paid by either the Council or the CO to any elected member who is appointed by the NCC to that organisation. Neither will any remuneration will be paid by Council to any Council appointee who is not an elected member.

Remuneration by the CO of appointees who are not elected is a matter for the organisation concerned. However, where the CO concerned is a CCO/ CCTO, the matter of remuneration will be dealt with in line with the policy on CCO Director/ Trustee remuneration.

Policy Review

The review timeframe of this policy will be annually.

Document History

Version	Reviewer	Change Detail	Date
1.0.0	Devorah Nicuarta-Smith	Update and replace Remuneration of Authority and Council Policy 2016	27.11.2019
1.0.0	Caroline Thomson	Reviewed and confirmed	19.12.2019

PUBLIC EXCLUDED ITEMS

That the public be excluded from the following parts of the proceedings of this meeting, namely:

AGENDA ITEMS

1. Request for Remission for Special Circumstances
2. Recommendations for Appointment to the Napier District Licensing Committee

The general subject of each matter to be considered while the public was excluded, the reasons 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 were as follows:

General subject of each matter to be considered.	Reason for passing this resolution in relation to each matter.	Ground(s) under section 48(1) to the passing of this resolution.
1. Request for Remission for Special Circumstances	7(2)(b)(ii) Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	48(1)A That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.
2. Recommendations for Appointment to the Napier District Licensing Committee	7(2)(a) Protect the privacy of natural persons, including that of a deceased person	48(1)A That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.