



Report PE 05.573
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Committee Policy, Finance and Strategy
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Managing Whareroa Farm on behalf of the Crown

1. Purpose

To consider a set of principles by which this Council would be agreeable to managing Whareroa Farm as a public facility on behalf of the Crown.

2. Exclusion of the Public

Grounds for the exclusion of the public under Section 48(1) of the Local Government Official Information and Meetings Act, 1987 are:

That the public conduct of the whole or relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists (i.e. to preserve commercial confidentiality and to enable the Council to carry on negotiations), including commercial negotiations, without prejudice or disadvantage.

Interests protected:

Wellington Regional Council

Landcorp Farming Ltd

Department of Conservation

3. Significance of the decision

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

4. Background

On 31 January 2005, the Council was asked whether or not it would consider purchasing Whareroa Farm for inclusion into Queen Elizabeth Park (QEP) (see attachment 1 - report PE 05.5).

At that meeting, the Council resolved not to purchase the farm, but to reconfirm this Council's desire for a public walkway to be created through the farm, and to explore options for protecting the key areas of the farm should they be put at risk through any sale and possible subdivision arrangement. This stance was an acknowledgement that, even though the Council saw there was value in retaining public access to parts of the farm, and that the farm contained some landscape, heritage, ecological and freshwater values, it did not have the resources to purchase it and that purchase was not necessary to achieve these goals.

In August 2005, the Crown (Department of Conservation (DoC)) advised it would seek to purchase the farm outright in order to retain the farm in public ownership for the benefit of future generations. Dated 7 September 2005, DoC confirmed Cabinet had agreed to the Crown purchase of Whareroa Farm. Ownership was to reside with DoC and the land to be held pursuant to the Reserves Act 1977. Cabinet proposed that Council would manage the farm as a regional park. DoC has therefore requested Council to consider adoption of the management role for Whareroa Farm.

5. Crown conditions for the purchase of the Farm

DoC is unable to release to Council the Cabinet Minute regarding the purchase. However, DoC has advised that the key Cabinet decisions are:

- *Noted that, subject to confirmation of the decision by full Council, the Greater Wellington Regional Council (GWRC) will manage Whareroa as a regional park without call on the Crown for ongoing management funding;*
- *Agreed in principle, (subject to the report in paragraph 1.7), to a Crown purchase of the whole of Whareroa Farm from Landcorp, to be held for the purposes of the Reserves Act 1977;*
- *Agreed that the Department of Conservation negotiate the purchase and any continued grazing of the property with Landcorp;*
- *Agreed that, subject to confirmation by the full Council, management and undiluted governance responsibilities are to be held by the GWRC;*
- *Noted that if the GWRC does not accept this role, alternative management and funding arrangements will need to be considered.*

The "report in paragraph 1.7" referred to in summary reported

- *Greater Wellington Regional Council has, subject to confirmation by full Council, agreed to manage Whareroa Farm as a regional park. Kapiti District Council may contribute in out-years.*
- *If Greater Wellington Regional Council do not agree to manage the farm the preferred fall-back is for management by the Department of Conservation, again with the community in a supportive but not governance role. If this fall-back option is taken, the Department of Conservation will be seeking additional funding to cover the costs of managing and developing the farm.*

If the Council are agreeable to the transfer, DoC would be keen to do the purchase and Reserves Act transactions and pass the property on to Council as soon as they can as they are keen to avoid starting an extensive visioning/management planning engagement with the community only to have it overtaken by the more appropriate Council process. They would also want to restrict the need to take management decisions that pre-empt Council taking due time to consider and act.

DoC will, however, be taking advice from the Guardians of Whareroa (the Guardians) over matters they consider relevant to the sale and establishment of grazing, but resisting starting an ongoing planning engagement with them.

DoC has offered to look at how it can help brief Council for its decision on Whareroa and how GWRC can help appropriately with DoC's purchase and grazing negotiation.

6. Principles to consider

Prior to starting discussions with DoC about managing the farm, it is important to first consider under what circumstances the Council would be comfortable taking the management of the farm.

The following issues are important if the Council wishes to consider managing the farm on a long-term basis.

6.1 Financing the ongoing running of the property

Taking on the management of the farm would mean that there would be ongoing costs associated with it given that Cabinet have indicated that no ongoing management funding will be forthcoming from the Crown. The Council should consider how it would finance these costs. The Council will also need to consider that there has been strong support for the retention of the farm in public ownership by the local community. Now that the farm has been secured for the future use of the public, there is, and always will be, an expectation that the farm be developed into a useable recreational facility, as well as protecting the many values that the farm holds. Managing the expectations for development that the community will have to be carefully balanced with the amount of investment the Council is able to invest in the farm.

The ongoing cost implications of managing the land would need to include such things as pest plant and animal control, track and facility development and maintenance, additional ranger support, and fencing if the Council were to make a park out of the farm over time.

Currently there is no funding that has been made available by this Council, the Crown, the leaseholder or the local community that can be used to fund any development or ongoing management and maintenance on the farm. Funding may be forthcoming from Kapiti Coast District Council or the local community, however these source are not guaranteed to eventuate, and may be sporadic. As such, it would be prudent for this Council to ensure that there is a consistent revenue stream coming from the operation of the farm, at least in the short term. If that revenue was not forthcoming, the Council would be faced with funding any development of the farm through the regional rate as Cabinet have indicated that no ongoing management funding will be forthcoming from the Crown.

With ongoing revenue, the Council could invest the proceeds into the farm. Any development of the farm could be funded by its proceeds, and its implementation could be staged so that the costs were covered by the revenue as it comes in. Ongoing maintenance could also be covered by the revenue.

6.1.1 The importance of grazing

Gaining any future income from the land relies on the farm being attractive to an alternative long-term grazing lessee. We estimate that an annual return of approximately \$35,000 (before discounting for public access and environmental protection) could be achieved by leasing the farm for grazing dry stock. This return assumes that the lessee would be responsible for ownership of stock, management and maintenance of the land and meeting costs of rates and insurance.

This annual return, however, does not include any costs associated with the community's or the Council's desire for the property to contribute to any sustainability outcomes, and does not include any impacts that the State Highway One - MacKays Crossing upgrade project may have.

Any desire by the community or this Council to provide recreation, environmental and heritage enhancement to the property will reduce any net revenue from the farming operation. Increased public access would interfere with the "normal" running of the farm and the retirement of certain parts of the farm would reduce the area available to graze by the lessee. We would anticipate that the lessee would look for some form of compensation for these. This would normally be dealt with by reducing the annual lease amount.

With that in mind, the immediate and relatively undisturbed leasing of the property by Landcorp Farming Ltd. (LCFL), or another lessee, would be a priority for the Council to want to manage and develop the property.

In addition, part of Whareroa Farm is being purchased by Transit NZ for the State Highway One - MacKays Crossing upgrade project. While the land

acquired for the project is not extensive, it does contain all the important farming infrastructure. A dwelling and the shearing shed in particular will be lost. Because LCFL believed that it would, after the Transit NZ work, cease farming operations on the land and would subdivide for residential purpose, the farming infrastructure is not being replaced. It will therefore be difficult to graze anything other than dry stock on this farm. The land is more suited to farming of sheep, but with no infrastructure available, that will not be possible.

6.2 How would the farm be managed?

The second issue to consider is how the Council would like to manage the farm once it was transferred.

It would seem natural that the farm be managed as a part of Queen Elizabeth Park (QEP). While this doesn't necessarily have to be the case, QEP is already part of the regional park network, and has the staffing structures, management systems, and governance arrangements and would avoid the need for those to be developed and serviced should the farm be managed as an autonomous unit.

As it is Cabinets' intention that the management of the farm be transferred to GWRC "unfettered" and with "undiluted governance", managing the farm as part of QEP ought not to draw resistance from the Crown.

However, there may be a desire for a stronger governance and management involvement by the local community than that which is typically in place on other parks within the network, given the role they played in securing the farm.

As always, the Council would welcome the community's involvement in the farm, as it does within all the regional parks within its network, and does provide various ways for the community to participate. Once the Council is made the manager, if it was to do so, it would then be in a position to consider any input that the community might have regarding the farm's future as a regional recreational, environmental and heritage resource. These needs will, however, have to be carefully balance with the needs of the leaseholder.

7. Discussion

Officers would recommend that Council should look to retain the farming operation for as long as it can to provide a revenue stream to finance the development of the farm into a regional park facility. This should ensure that the ongoing cost of the farm isn't borne unnecessarily by the regional ratepayer, given its last minute possible inclusion into the regional park mix.

With this being the case, it is important that the Council be involved in agreeing the terms and conditions of the lease with the lessee and the Department of Conservation prior to the management and control transfer taking place (DoC will be negotiating the purchase of the farm and any continued grazing of the property). Because of the importance of the lease to the development of the farm into a regional facility, the provisions of the lease need to be carefully constructed so that the lessee's operation and the farm's development are not unnecessarily hindered by the other. This will ensure that

the regional ratepayers' interests are best represented, and that Cabinet's intention to transfer the land unfettered is maintained. The trade-off here is that finding that balance will probably slow the implementation of any development of the farm from a recreational or protection perspective.

Incorporating the farm into the management systems and processes already provided by the Council at QEP makes sense. The expertise and systems are already set up there and the farm should be incorporated relatively seamlessly. There are also a number of synergies that could naturally develop that would be of benefit to the farm. For instance, parking and toileting facilities are already available at MacKays crossing that could be utilised by users of the farm removing the need to upgrade or develop those facilities there. In addition, the farm lease could be incorporated into the lease operations at QEP hence broadening the appeal of the farm to future lessee's.

8. Recommendations

That the Committee recommend that Council

1. **receive the report**
2. **note the contents**
3. **either:**
 - a. **reject the offer to manage Whareroa Farm, or**
 - b. **agree in principle that it would be agreeable to accepting the management and control of Whareroa Farm from the Department of Conservation if the management and control arrangement between the parties satisfies the following principles:**
 - i. *That Council management of Whareroa Farm is to be unfettered.*
 - ii. *That at the time of handover of management, no pre-conditions or arrangements will exist other than a farming licence.*
 - iii. *That any farming licence put in place over Whareroa Farm prior to handover of management will be negotiated, drafted and agreed in full consultation with Council*
 - iv. *That the farm is to be incorporated into Queen Elizabeth Park and managed as part of that park under the same terms and conditions that are currently set between the Department of Conservation and the Council for that park*
 - v. *That an ongoing revenue stream from a farming licence will come across to the Council as part of the management and control transfer.*
4. **authorise officers to enter into discussions with the Department of Conservation regarding the future management of Whareroa Farm, and report back to Council with the outcome of these discussions.**

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Attachment 1: Attachment 1 from Report PE 05.5

Public excluded