



PUBLIC EXCLUDED

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Committee Policy and Finance Committee
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Whareroa Farm - Considerations

1. Purpose

To consider acquiring Whareroa Farm from Landcorp Farming Limited (LCFL) for inclusion into Queen Elizabeth Park (QEP).

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

3. Significance

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

4. History of Whareroa Farm

In 1954, the Queen Elizabeth Park Domain was established as a reserve for recreation and pursuant to the Reserves and Domains Act 1953. The domain consisted of 1,563 acres [625 ha]. The lands included in the schedule include the land now referred to as Queen Elizabeth Park (QEP) and do not include Whareroa farm.

The Department of Lands and Survey originally created Whareroa farm after World War II by amalgamating several properties which the Crown had purchased. The Whareroa Sheep Farm was established partly as an endowment for QEP in order to finance its development and management.

From 1953-1967 Whareroa Farm played a significant role in financing the running of the park as a proportion of farm profits were injected into park management. In 1968 this arrangement ceased. From that time Queen Elizabeth Park was funded directly from the Lands and Survey Reserve vote. The funding grants were tied to separate funding contributions from local authorities.

The 1980s restructuring of government resulted in changes for both QEP and the Whareroa farm. Both properties were farmed jointly by the former Department of Lands and Survey until the replacement of that department by the Department of Conservation and Landcorp. Following the restructure, QEP became the responsibility of the Department of Conservation and Whareroa Farm became the property of Landcorp. However, LCFL continued to lease farmland within the QEP.

In August 1990 the Regional Council was appointed by the Minister of Conservation to control and manage Queen Elizabeth Park pursuant to the Reserves Act 1977.

A more detailed history of Whareroa farm and its relationship to QEP is provided in Attachment 1. In short, Whareroa farm has never been part of QEP, although there have been close associations between the two primarily due to an original common ownership.

The fact that the Crown has never gazetted Whareroa farm as a Domain or Reserve, and that when the Crown separated Lands and Survey functions the farm was given to Landcorp to manage not the Department of Conservation as QEP was, signals clearly the distinction the Crown saw between the two properties.

KCDC officers reported this matter to their Councillors on 27 January 2005. Their interpretation of the history of the two areas suggests there is a strong enough link between Whareroa Farm and QEP for GWRC to purchase Whareroa farm for inclusion into QEP.

4.1 The GWRC interest in Whareroa Farm

During 1996, GWRC commenced discussions with LCFL toward achieving a registered walkway through Whareroa farm in order to link QEP (at SH 1) to the Akatarawa Forest. The rear south boundary of Whareroa is defined by a paper (unformed) road known as Campbells Road. The proposal was to create a walkway for the public through Whareroa, onto the paper road which in turn leads to the Akatarawa Forest Block.

Discussions with LCFL were successful and resulted in LCFL offering to GWRC the right to establish and register a walkway. The LCFL conditions were for LCFL to offer the land for the walkway at no cost to GWRC but for

GWRC to meet the legal and surveying costs. GWRC was also to be responsible for all ongoing development and maintenance costs (signage, toilets, tracks etc.). One final condition was if LCFL required the walkway to be relocated, that was to be done at GWRC cost. The walkway proposal was put before Council (report 97.135) but due to the costs involved (\$38,000 for establishment and \$14,000 for ongoing annual maintenance) the LCFL offer was declined.

The proposal, however, was reactivated in 2003. Around that time, LCFL indicated that it may in future consider closing its operations on both Waitangirua and Whareroa farms. The requirement for part of Whareroa by Transit NZ for the SH 1 upgrade has prompted LCFL to proceed with the farm's disposal. LCFL has recently advised that it had no interest in continuing to farm Whareroa and the property would be sold as soon as the Board of Directors decided upon the best way to optimise the return to their shareholders.

LCFL has exchanged correspondence with GWRC and has confirmed at meetings their commitment to a public walkway through the land (see Attachment 2). Discussions on the detail of the walkway has not taken place as it is not yet known exactly what is required. For example, it may transpire that much of the walkway is on land to be vested as road or access ways within the subdivision. In short, LCFL did not wish to commit to the walkway's exact location at that time in case it hindered their disposal options.

LCFL has sought development proposals from three selected parties for the subdivision and development of the property. Those proposals are currently being assessed and considered. Although not confirmed, LCFL actions indicate that the land has been offered to the Office of Treaty Settlements (OTS) for treaty claims settlement land bank purposes and that no interest has been expressed by OTS.

Landcorp has not come to GWRC to offer it an option to purchase the property as GWRC has never formally expressed an interest in acquiring the whole property. LCFL is intent on selling the property in a way that will maximise its sale value. As such, LCFL have indicated to GWRC officers that unless GWRC is extremely serious about a purchase of the entire block for an amount that would meet LCFL's requirements, no negotiations will be entered into with this Council at this time.

5. Area offered for potential subdivision

Attachment 3 shows Whareroa farm. It occupies the main ridgeline and coastal plains between QEP to the west and the Akatarawa Forest to the east. The farm's total area is 447 Hectares.

Subdivision is a controlled activity in the KCDC District Plan. The allowable lot size is 20 acres in the hill country and 4 – 6 acres on the alluvial plain. Recreational access across the farm has not been formalised through easements or registered walkways. Public access through the block has always been at LCFL's discretion. There are a number of bush remnant areas (see Attachment 4) that have been identified by Kapiti Coast District Council in their District

Plan. All seven of these areas have Department of Conservation Covenant status and therefore already have protection from a potential subdivision. Conservation Covenant registered B.198789.3 on CT 40A/774 protects a total of 21.2070 hectares of remnant bush and gully areas.

The land is zoned Rural in the KCDC District Plan. Farming and recreation are permitted activities for this zone in the District Plan.

6. The estimated value of the property:

GWRC has not commissioned an independent valuation of the property so our estimates of the financial worth of the property are speculative.

The current rateable value of the property is *\$2.1 Million*. However this valuation is based on the farm remaining a farming operation. LCFL has indicated that they will be looking to sell the property for development to maximise its return. If a valuation were to be made on the property's highest value use (i.e. for subdivision), a valuation of between \$4 and \$6 million would be expected.

7. Whareroa Farm's importance to the regional park network

The current QEP management plan states that:

Policy 1.6 (1) *Queen Elizabeth Park will be developed so as to compliment other regional parks and recreation areas*

Policy 1.6 (2) *The possibility of purchasing all or part of Whareroa farm, should the opportunity arise, will be investigated*

Explanation: *QEP is a component of the GWRC park system. This system is designed to provide recreational access to a representative range of regional landscape types. QEP provides access to the landscape of the Kapiti coastal plain. It preserves a tract of this landscape in its natural state and enables the public to experience this landscape and to pursue recreational activities that are appropriate to the Park's beaches, dune lands and peatlands.*

Acquisition of all or part of Whareroa farm would place in public ownership a cross section of the coastal landscape extending from the shoreline to the top of Mount Wainui, and would connect the recreational opportunities in the park with those in the Akatarawa forest.

In essence, the management plan is looking to:

- Establish access from QEP to the Akatarawa Forest through Whareroa Farm, and
- Protect a significant landform of the Kapiti Coast being the coastal landscape extending from the shoreline to the top of mountain range.

7.1 Priority for acquisition

Report 00.277 provides guidance on land purchases for the regional park network. The report identified the purchase of land to “create linear trails and facilitate access to coasts or rivers” as the Council’s *third priority* for regional park land purchase behind “maintaining existing regional parks” (e.g. land within Belmont and East Harbour Regional Parks) and “creating new regional parks” (Whitireia and Wairarapa wetland). I should note at this point that the Council is considering engaging in negotiations with LCFL over the purchase of parts of Waitangirua Farm which the land purchase guidelines assess as a *priority 1* purchase.

7.2 Providing access through Whareroa Farm

Report 00.277 specifically mentions Whareroa farm as a strategic piece of land for establishing the Te Araroa Walkway, a walkway running the length of the North Island. The walkway proposal has been supported by this Council as it provides a wider range of outdoor recreation opportunities in line with the Council’s Take 10 objectives for Recreation and Parks.

It would appear that in the recent past, the Council has considered the main value in acquiring part or all of Whareroa farm was to create a public access link between QEP and the Akatarawa forest. Over the last few years, the focus of Parks and Forests regarding the farm has been the creation of a registered public walkway through the block. As was stated in section 4 of this report, the notion of providing public access through the farm has been previously considered by GWRC and LCFL but has not come to fruition yet.

7.3 Protecting the Kapiti Coast landform

The farm contains landscape, ecological and freshwater values according to the Council’s Regional Policy Statement (RPS). Each of these values and how they are recognised in the RPS are set out in Attachment 4. It is important to highlight that these are values that the Council would look to protect as a matter of course should a subdivision of that farm occur.

Outright purchase of the land is the ultimate means of protecting the landform, but is by no means the only method of achieving suitable or adequate protection. It might be able to be argued that the Council could consider land purchase as a means of ensuring the protection of these landscape values as part of its broader Quality for Life outcomes. Traditionally, the Council has not embarked on land purchase to achieve landscape protection. Thus, at this point, the Council does not have a framework on which to base an assessment of this property for purchase under the wider “Take 10” values

A sympathetic developer and well run subdivision/resource consent process can result in good levels of protection for these values, although a poor development could result in significant degradation to the landscape values. KCDC has confirmed its intention to ensure that it and GWRC have an active role in ensuring that landform values on Whareroa are identified, and that any subdivision does take those values into account and caters for their protection.

KCDC proposes to exercise all of its available powers through the resource consent process to achieve all the landform objectives nominated by it and GWRC. KCDC envisages LCFL and its development partner attending a number of pre-subdivision plan meetings where all aspects of the subdivision will be debated and agreed. GWRC has agreed to participate in this process.

8. Financing any purchase:

If the Council were to purchase Whareroa Farm there are two funding sources available:

- The Parks and Forests **Land Purchase Reserve**: Currently this has a balance of \$877,000 (plus any accrued interest for the 2004/05 financial year). However, \$104,000 has been committed to pay GW's half share of the State Highway 2 underpass at Kaitoke (see report 03.449). This would leave a balance of approximately \$800,000. (Note the earlier comment on the current priority 1 purchase of significant portions of Waitangirua Farm).
- **Loan Funding**: The remaining balance of approximately \$4.2 Million (based on an estimated purchase price of \$5 Million) would incur annual debt repayment of *\$406,000 per annum*. This repayment amount however assumes that the interest rate on the debt continues to be 7.25% p.a. and that the loan is funded over 20 years in line with the current Council Treasury Management Policy for loan funding land purchases.

Some time ago GW staff informally raised the prospect of the Crown assisting to purchase the land as part of the DoC estate. This arrangement would enable the land to be retained under public ownership and GW management (much like the Takapu block). At the time DoC staff did not believe this concept would gain support. Since then, Cr Laidlaw has written to the Minister of Conservation asking if the Department of Conservation could assist in acquiring Whareroa Farm (and Waitangirua farm) from Landcorp. A reply is expected from the Minister prior to the Landcare Committee meeting.

Officers have also received indications of financial support from KCDC and other external parties. KCDC has indicated that it would be prepared to *lend* GWRC an amount of around \$500,000 to assist in the farm's purchase (for a short term). Unspecified offers of financial assistance have also come in from the Buddhist and Paekakariki communities, as well as various other environmental groups on the Kapiti Coast. The indications so far are that, even with these contributions, GWRC would have to contribute the great majority of any purchase price.

9. Financing the ongoing running of the property

LCFL has indicated it will not remain on the farm as a lessee if the land is purchased by GWRC.

Gaining any future income from the land would then rely on the farm being attractive to an alternative long-term grazing lessee. We estimate that an annual

return of approximately \$40,000 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. With the land being in public ownership, pressure will come on GW to provide recreation, environmental and heritage enhancement on the property. As well as this, there will be an increased farm management role on the existing ranger service at QEP.

The ongoing cost implications of purchasing the land, (in excess of funding the purchase price) would need to include such things as pest plant and animal control, track and facility development and maintenance, additional ranger support, and fencing. All this we would estimate to cost in the order of an additional \$50,000 per annum.

It would be pragmatic to acknowledge that income from a farming operation would not be significant enough to create a positive return to the Council if Council were to purchase the entire block.

10. Options

The following options are being made available to Council for consideration at this time.

10.1 Give a firm indication to LCFL that GWRC is prepared to purchase the property for the estimated price

With the asking price for the property being unknown at this point, it is premature to assume whether the valuation is accurate or not. However, indications from LCFL are that the \$4 - \$6 million mark is our expected price for the entire block as is. If Council and any other joint venture parties are prepared to pay that amount, LCFL may be prepared to consider selling directly to the Council.

Given the sums of money involved, a consultation process may be required before the Council could finalise any purchase.

10.2 Let LCFL continue with its plans to subdivide, and work with other parties to attempt to minimise the effects of a subdivision on the landscape and environmental values

Subdivision of this property is likely to be publicly notified and subject to public consultation. GWRC could enter into these processes and advocate that any subdivision of the farm contains provisions that will protect the farm's landscape and environmental values. Reserve contributions can also be pursued with KCDC as part of this process to provide access and protection to special areas at little cost or no to GWRC.

In discussions, LCFL has indicated that it is prepared to look at this option.

10.3 Only pursue the registration of a public walkway.

A public walkway is being offered by LCFL as part of this subdivision. Once LCFL has selected a preferred developer and development option, it will be able to discuss the walkway proposal in more detail with GWRC. At that time it will become clear which parts of the access will comprise public road vested in KCDC and which parts will be public walkway to be vested in GWRC. As GWRC will no doubt be asked to contribute toward the walkway development, signage and survey costs, these will need to be assessed and reported to Council with a recommended course of action.

10.4 Do nothing

If the Council does nothing, the subdivision will go ahead as programmed and there will be no effect on the operations of QEP or the Akatarawa forest. There will, however, be the opportunity to pursue reserve contributions processes to provide some public walkways through the farm as part of any sale proposal.

11. Discussion of options

Whareroa farm is a strategic parcel of land that links QEP and the Akatarawa forest and such a link would be an important addition to the regional park network. However, the entire property does not need to be acquired in order to achieve the link. Enough land to enable a walkway would suffice.

When we consider:

- the estimated cost of purchase
- the current negotiations regarding Waitangirua farm
- the fact that the Council will almost certainly end up shouldering a large portion of the estimated purchase price (even if there are others willing to contribute financially to the farm's purchase) and *all* the ongoing maintenance costs (none of these costs are currently funded through the LTCCP),

purchasing the property is less desirable.

However, the Council may consider purchase for reasons other than providing a recreational link. For example, the Council could consider that purchase is important as a means of assuring protection of the property's other Take 10 values. To date there has been no precedent that the Council will use land purchase as a means of protecting landscape and environmental values alone. Traditionally, the Council has used advocacy and the RPS as a means of providing protection for regionally significant assets.

While considering your decision, you also need to bear in mind that neither negotiation of an acceptable purchase price for the entire block, nor preferential treatment regarding subdivided properties further on down the track are being offered.

The alternative approach is to enter into a process as part of the subdivision and actively advocate for establishment of the walkway and protection of significant regional landform assets. Discussions with KCDC indicate that they will assist GWRC by taking land for public access as a reserve contribution and placing it under GWRC management. For its part GWRC should be prepared to undertake the subsequent management of any land vested as reserve. The Council could also look at managing ecological sites, ensuring that the landscape isn't littered with developments and that good riparian management are all incorporated into the subdivision mix.

With that in mind, the Council may wish to consider funding some form of land purchase of part of the subdivision at some stage in the future.

Given the high cost of purchasing the farm outright, this option seems to be the most viable one. It would lead to fewer operational costs being incurred while giving the Council some ability to choose what values it wants to pay to provide or preserve. If this option is chosen, officers could contact LCFL and KCDC and signal our desire to be involved in some sort of public process while the subdivision proposal is being progressed.

If the Council choose to do nothing, it will have no effect on the operations of either QEP or the Akatarawa forest. It will be business as usual although we will lose some of the potential value we can add as a regional recreational resource. In addition, we would expect that in years to come the need for open space will increase as urban development continues in the metropolitan area. We may not get another opportunity to secure this land in future.

12. Recommendations

That the Committee

1. *receive the report*
2. *note the contents*
3. *authorise officers to contact Landcorp Farming Limited and advise it that the Council does not wish to purchase Whareroa farm.*
4. *authorise officers to contact Landcorp Farming Limited and reconfirm the Council's desire for a public walkway to be created through Whareroa Farm.*
5. *authorise officers to initiate discussions with Kapiti Coast District Council and Landcorp Farming Limited to explore options for protecting the key areas of Whareroa farm through the subdivision and resource consent process.*
6. *ask Officers to report back to Council on the specifics of the outcomes arising from recommendations 4 and 5 above.*

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