

**QLDC Council
24 September 2015**

Report for Agenda Item: 4

Department: CEO Office

Contact Energy proposed transfer of land parcel to QLDC

Purpose

For Council to consider whether to adopt the recommendation of the Wanaka Community Board (WCB) and 'buy' the land for \$1.

Recommendation

That Council:

1. **Note** the contents of this report; and
2. **Adopt** the recommendation from the Wanaka Community Board that the land described as Section 12, Block VIII Lower Hawea Survey District, being that land comprised and described in Computer Freehold Register OT12C/598, be acquired for \$1 from Contact Energy Limited and authorise the transaction.

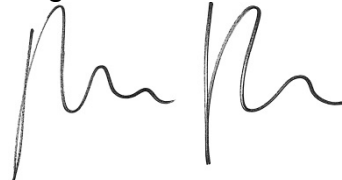
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9/09/2015

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9/09/2015

Background

- 1 The Wanaka Community Board on 19 August 2015 made the following resolution:

Recommend to Council that the land described as Section 12, Block VIII Lower Hawea Survey District, being that land comprised and described in Computer Freehold Register OT12C/598 be acquired for \$1 from Contact Energy Limited.

- 2 By way of background Contact Energy Limited [Contact] has offered to gift a parcel of land to Council. The land is located Luggate/Tarras area near the Clutha River (Section 12 Block VIII Lower Hawea Survey District being that land comprised and described in Computer Freehold Register OT12C/598). Legally the land will be sold to Council for \$1. The only other issues to note in the proposed transaction are that the land will carry three encumbrances in the favour of Contact, summarised below:
- a. Ensuring that the land is not used by Council in connection with any Hydro-Electricity Generation;
 - b. That Contact has an enduring right of refusal to purchase the land in the event that Council ever wish to sell it;
 - c. Any future land owner doesn't oppose any consent applications made by Contact and will complete an affected party approval if requested by Contact (this will not include Council as a landowner).
- 3 The land is in its natural state and has not been actively maintained by Contact Energy to date. It is not envisaged that the land will be a financial burden to Council in terms of immediate maintenance should the land remain unaltered. In terms of future use of the land the Department of Conservation (DoC) have contacted Council since the recent Wanaka Community Board meeting where the land vesting was discussed. DoC has an interest in the future of this land due to being adjacent to the Reko Point Conservation Area and the Clutha River Marginal Strip and would welcome the opportunity to be involved in talks on the development of this site with Council. Further, in the past DoC was approached by a community group regarding their plans for the adjoining marginal strip. It is possible that this community group may enter into an agreement or understanding with Council regarding future use and maintenance of the land in question.

Options

- 4 This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002:
- 5 The first step is to identify all "reasonably practicable" options. If an option is not reasonably practicable, then it will not require consultation. One option that should always be considered is the option of doing nothing – the status quo.
- 6 Option 1 Accept the offer from Contact to acquire the land subject to the encumbrances in favour of Contact.

Advantages:

- 7 Council receives a portion of land for free. Commercially it makes complete sense.

Disadvantages:

- 8 The encumbrances which will be attached to the land are not financially restrictive.

9 Option 2 Status Quo – Decline the offer for the land.

Advantages:

10 Council doesn't have to worry about a piece of land.

Disadvantages:

11 Council doesn't receive an asset for free.

12 This report recommends Option 1 for addressing the matter.

Significance and Engagement

13 This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy because there is very little or no risk to Council given the recommendation is to acquire an asset.

Risk

14 OR11 documented in the Council's risk register. The risk is classed as moderate. This matter relates to this risk because it is purely a commercial decision.

Financial Implications

15 Council receives an asset for free.

Council Policies, Strategies and Bylaws

16 The following Council policies, strategies and bylaws were considered:

- Property Sale and Acquisition Policy 2014 (**Policy**).

17 The recommended option is consistent with the principles set out in the Policy. The property acquisition is commercially sensible and is a prudent strategic acquisition for Council.

Local Government Act 2002 Purpose Provisions

18 The recommended option:

- Will help meet the Council's commercial objectives by acquiring an asset; and
- Is consistent with the Council's plans and policies.

Attachments

None (refer to WCB agenda of 19 August 2015 for proposed Sale and Purchase Agreement, if desired)