

**QLDC Council
24 September 2015**

Report for Agenda Item: 7

Department: Operations

Proposed New Lease – Queenstown Golf Club

Purpose

The purpose of this report is to consider whether or not to grant a new lease for the Queenstown Golf Club to replace the existing lease with similar terms and conditions as the existing lease apart from the ability for the Club to hold events in their clubrooms and aligning the rent to the Community Facility Funding Policy.

Recommendation

That Council:

1. **Note** the contents of this report;
2. **Approve** the surrender of the existing registered lease of land described in Computer Interest Register 259427;
3. **Approve** a new lease to the Queenstown Golf Club Incorporated over Part Section 29 Block I Coneburn SD and being part of the land described in Computer Freehold Register 657995, subject to the following terms:
 - a) Commencement 1 October 2015
 - b) Term 24 years and 3 months (balance of current term)
 - c) Rent to be set pursuant to the Community Facility Pricing Policy
 - d) Permitted use under the new lease to permit the land to be used as a golf course, with the clubrooms able to be leased for events so long as those events facilitate, and do not impinge on the core golf activity undertaken at the reserve;
 - e) The new lease is to provide that any income generated by those events is reallocated into the reserve and associated facilities in the form of improvements and ongoing maintenance to enhance the public's enjoyment of the reserve and facility.
 - f) All other terms and conditions in the new lease must reflect the existing lease (and variations) and/or the requirements of the

Reserves Act 1977, as determined by the General Manager, Infrastructure.

- b. **Agree** to the exercise of the Minister's prior consent (under delegation from the Minister of Conservation) to the granting of a new lease to the Queenstown Golf Club Incorporated over recreation reserve being Part Section 29 Block I Coneburn SD.

Prepared by:
Joanne Conroy



Property Manager – APL

25/08/2015

Reviewed and Authorised by:
Stephen Quin



Parks Planning and Projects
Manager – Acting

15/09/2015

Background

1. The Queenstown Golf Club Incorporated was granted a lease over the Kelvin Heights golf course from the Crown in 1973 for 33 years with the ability to renew for further terms of 33 years in perpetuity. The Crown subsequently vested the reserve on which the golf course is located to the Queenstown Lakes District Council and as a result, the Council is not the landlord under the existing lease. The lease is registered on the title to the land and the current term expires 31 December 2038.
2. The Golf Club has enquired whether the lease would permit it to use the clubroom facilities as a venue for a small number of events. They are seeking a variation to their lease to facilitate this. They also wish to ensure the rent under the new lease is calculated in accordance with the Community Facility Pricing Policy.
3. The lease was granted pursuant to the Reserves and Domains Act 1953 which has been superseded by the Reserves Act 1977. There are a number of issues with the existing lease document that could be resolved as part of a process to address the two issues raised by the Golf Club. In particular:
 - a. The lease content and format does not reflect the requirements of the Reserves Act (as it was initially entered into before that Act came into force);
 - b. The file copies of the original lease have been reproduced a number of times and are now very hard to read;
 - c. The original lessee was the 'Wakatipu Golf Club Incorporated' but they changed their name in the 1970s to the 'Queenstown Golf Club Incorporated';

- d. There have been a number of variations to the existing lease which have to be read in conjunction with the original document, making it quite cumbersome to manage and difficult to interpret.
4. It is considered that, rather than preparing and registering a further variation of the existing lease to facilitate the changes requested by the Golf Club, it is preferable that the existing lease is surrendered and replaced with a new lease granted pursuant to section 54(1)(c) the Reserves Act 1977 that can incorporate the terms of the previous variations, the correct land description and area, name Council as the Lessee (rather than Her Majesty the Queen) and include the proposed changes requested by the Golf Club.
5. The intention to grant a lease was notified on 3 June 2015 seeking submissions. One submission was received from Mr Basil Walker. A copy of that submission is attached. A hearing was held on 4 August 2015 with a hearings panel consisting of Mayor van Uden and Councillor Aoake. The minutes from the hearing are attached.
6. It is noted in the minutes under "general discussion" that Mrs Conroy had advised that the camping ground permits were different from the Golf Club lease in that they have an expiry date. It was later noted that one permit at the camping ground does have a perpetual right of renewal so that comment could be misleading.
7. The hearings panel recommendation is as follows:

On the motion of The Mayor and Councillor Aoake it was resolved that the hearings panel recommend to Council that a new lease be put in place to update the present lease and that the Chief Executive be directed to negotiate the terms and conditions of the lease.

Comment

8. The Golf Club have used the clubrooms as a venue from time to time, but want to formalise that use. It is a requirement of leases of recreation reserve, that the land is to be used "solely" for the public recreation purposes specified in the lease, and it is considered that the request of the Golf Club can be accommodated within this criteria, provided the new lease is drafted accordingly. It is not intended to make use of the clubrooms as an events venue a regular occurrence, with golf remaining the primary function of the land. The events will be primarily social and passive recreational in nature and it is considered that use of the facility for such events will enhance its recreational use by providing funds for maintaining and improving the facilities, and emphasising the Golf Club activities to attendees.
9. If approved, this use could be subject to conditions such as:
- a) No more than a specified number of events in any calendar year;
 - b) Any income generated by events that do take place be put back into the reserve and associated facilities in the form of improvements and

ongoing maintenance to enhance the public's enjoyment of the reserve and facility;

- c) That the events would not impinge on the core golf activity undertaken at the reserve.

10. The District Plan addresses other issues such as hours of operation and permitted noise levels.
11. The Golf Club have requested that their rent be changed to reflect the Community Facility Pricing Policy. The current rent provisions were set in the 1981 lease variation at "1% of the total value of the Lessee's cash assets, plant and equipment, buildings and contents on the said land as shown in the balance sheet". Rent received in 2014 was \$12,304 and \$12,051 was paid this year.
12. The Community Pricing Policy sets rent for sporting groups occupying their own buildings on Council land at \$1.00 per annum for the first 10,000 square metres and then \$0.018 per square metres for the subsequent area. As the Golf Club lease covers 457,191 square metres, the rent will be \$8,050.44 per annum.
13. If the new lease is approved, the existing lease will be surrendered and the new lease registered on the title. It is proposed that these changes will take effect from 1 October 2015 with the term reflecting the balance of the current term i.e. 24 years and 3 months. The lease will continue to be perpetually renewable.

Options

- 16 Option One: That Council approve a new lease for the Queenstown Golf Club Incorporated for the land they currently occupy being part Section 29 Block I Coneburn SD subject to the following terms:
- i. Commencement 1 October 2015
 - ii. Term 24 years and 3 months
 - iii. Rent pursuant to the Community Facility Pricing Policy
 - iv. The land to be used as a golf course or ground for playing the game, with the clubrooms able to be leased for events so long as those events do not impinge on the core golf activity undertaken at the reserve, and any income generated by those events is put back into the reserve and associated facilities in the form of improvements and ongoing maintenance to enhance the public's enjoyment of the reserve and facility.
 - v. All other terms and conditions to reflect the current lease (and variations) and/or the requirements of the Reserves Act 1977.

Advantages

- 17 A new lease document enables the Club to hold events to generate additional funds to be used for enhancing and maintaining the Golf Club, brings their rent in line with current policy and makes the management of the lease easier.
- 18 A new lease would assist the Golf club to operate effectively and to continue to provide golfing facilities to the community and tourists for recreation purposes.
- 19 A new lease document containing all of the correct terms and conditions will make management of the lease easier.
- 20 Greater use of the reserve outside traditional golfing hours.

Disadvantages

20. Council will receive approximately \$4,000 per annum less in rent, but that is in line with policy and the Club are entitled to request this change to rent by way of a variation.
21. Option Two: That Council **Approve** a new lease for the Queenstown Golf Club Incorporated for the land they currently occupy being part Section 29 Block I Coneburn SD subject to the different terms.

Advantages

22. The advantages are similar to those considered for option 1.

Disadvantages

23. The disadvantages are similar to those considered for option 1,
24. Any other terms and conditions omitted or introduced may result in other disadvantage that have not been identified in this report. Any change to the terms and conditions would need to comply with the requirements of the Reserves Act.
25. Option Three: Not approve the proposed new lease (the status quo).

Advantages

26. Council would continue to collect the higher rent currently being paid by the Golf Club.

Disadvantages

27. The Golf Club will not be able to hold events to generate additional funds.
28. Management of the lease will continue to be difficult with a higher risk of errors.
29. Option Four: That Council approve a variation of the current lease to the Queenstown Golf Club Incorporated for the land they currently occupy being part

Section 29 Block I Coneburn SD to include the ability to hold events and link the rent and reviews to the Community Pricing Policy.

Advantages

30. This would negate the need to draft and register a new lease document.

Disadvantages

31. The old lease already has a number of variations attached to it and a further variation, whilst legally adequate, compounds the difficulty of administering the lease terms.
32. Would result in a lower rent income to Council,
33. The recommendation in this report is to accept option one

Significance and Engagement

34. This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy because it does not involve a Council strategic asset, is of low importance to the Queenstown Lakes District, is not of interest to the general community, is not inconsistent with policy and strategy and does not impact on Council's capability and capacity.

Risk

- 32 This matter relates to the strategic risk SR3 Management practice – working within legislation. The risk is classed as moderate. The matter relates to this risk because the options highlighted require the Council to follow a regulatory process to consider a lease over a recreation reserve.

Financial Implications

- 33 The Golf Club has agreed to pay for the costs of notification, drafting a new lease to be registered against the title to the land and drafting a surrender of lease.
- 34 Rent received from the Golf Club in the past two years was around \$12,000 per annum but this proposal will see it reduce to just over \$8,000 per annum, a reduction of \$4,000 per annum.

Council Policies, Strategies and Bylaws

The following Council Policies were considered:

- 35 Community Facility Pricing Policy 2011 – this proposal will bring the Golf Club rent in line with the policy section 1.4.1.

Local Government Act 2002 Purpose Provisions

36. The recommended option:

- Will help meet the current and future needs of communities for good-quality local public services by enabling the Golf Club to better manage their facilities;
- Be implemented through current funding under the 10-year plan and annual plan;
- Is consistent with Council's plans and policies; and
- Will not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.

Consultation: Community Views and Preferences

37. The intention to grant a new lease was publicly notified calling for submissions. One submission was received and a hearing was held. No further consultation is anticipated.

Attachments

- A Attachment A – Submission from Basil Walker
- B Attachment B – Minutes of the hearing on 4 August 2015

Submission in regard to the Request for Granting a Lease over Recreation Reserve Queenstown Golf Club Incorporated - Kelvin Peninsula

I oppose the granting of a lease until a full consultation of Issues has been completed with the public in regards to the future requirements of the land .

There are enormous complexities and a plethora of Planning matters happening in the Wakatipu District including massive Town Centre, Transport Strategy Infrastructure and various cumulative effects that are being consulted and the new District Plan is also about to be promulgated this month.

I believe it may have been foolhardy for Queenstown Golf Club Incorporated to enter the fray with this application however I have responded as an Interested member of the Public . I note there is no supporting or opposing submissions for the retention of the lease from members or sponsors or indeed for the matter that the lease has been brought to the attention of the public .

There was no lease provided in the application documents.

I refer to my submission and confirm the content and take it to have been read but emphasize that I was the instigator and named Millbrook and have been heavily involved with sport in Otago/Southland .

it is also worth noting that it was the Wakatipu Rugby Club of which I was on the committee that started the process for the Queenstown Events Centre.

My late wife was a Queenstown Golf Club player /member.at Kelvin Heights

I will strongly refute any suggestion that I am anti sport and leisure .

The Kelvin Heights Golf Course (KHGC) land is some 52.98 ha or 131 acres with a 50% lake front boundary.

I assist in my description with the analysis that the land is similar to 70 sports fields and request your consideration that each of the schools in the Wakatipu have no more than 2 sports fields at each school with > 500 -700 pupils that utilize the fields constantly .

This is stark contrast to the < 70 players on the KHGC course at one time over the weekend .

KHGC has been joined by three arguably superior courses of true International standard in close proximity to KHGC and the championship mantle has been wrested away from KHGC. It is arguable that we are densely populated with golf courses.

A very serious discussion is required before the KHGC lease is renewed about the direction of Queenstown and by association this golf course land.

It is suggested that KHGC enjoys a "Perpetual Lease" however I argue against that because land in the Wakatipu has been set very recently a precedence of complete desecration of the "perpetual lease under QLDC" credibility.

The Lynch Block saga is the precedent and the McPhail property , the LE Bell property and two other Antrim St properties have all been issued with termination notices along with approx 140 other cabins on freehold/reserve land .

There is factual documentation signed by the CEO and minuted QLDC decisions.and the new Lakeview Camping ground lease that I have a copy of and third party interest in.

The two Antrim street perpetual leases purchased by QLDC were without registrable title and paid for with ratepayer funds and the perpetual leases extinguished .

The long standing Queenstown Motor Camp has a new 25 year lease that also includes condition that it may be used for high density multilevel CBD development.

Indeed the PC50 Commissioners decision accepted by QLDC includes the decision of allowing multi story hotels and development on reserve land that is suggested to be amalgamated with QLDC freehold land .

The fact Ben Lomond reserve land specifically disallows large construction has been notably ignored by QLDC and is distinctly different reserve land status from KHGC reserve land,

There is argument of law but that is not this forum.

This precedent of signing away Perpetual lease is now indefeasible unless the above properties are returned to their owners or orders are given by the Courts therefore the security of "Perpetual Lease at KHGC is a myth.

Against this background the KHGC discussion is timely because the issue of housing ,transport and infrastructure is top and centre of the public debate .

Due process will take considerable time and nothing is instantaneous however the clock is ticking for this previously small village where my grandfather was engineer on the Earnslaw and the two previous steamers and he assisted to construct the Earnslaw slipway powered by the Antrims steam turbines right beside the land we are discussing .

I consider the value of the KHGC land to the QLDC community (QLDCV) to be over \$300million.

There is \$100 million QLDCV in the lakefront properties and more if intensified.

I refer you to the Kawarau Village land sales .

There is circa \$200million of residential sections capable land available .

The desirability is obvious .

Where does the funds for infrastructure come from has to be discussed.?

Can QLDC expect Central Government assistance when QLDC are sitting on a potential land bank of one third of a billion dollars to assist approx 100 peoples weekend leisure . That is a powerful reason for Government to refuse and I suggest some inward looking is at priority level between QLDC and the community.

My request to KHGC and QLDC is to take a measured approach and authorise ;

1) That the KHGC - Frankton Arm lakefront land that is parallel with golf holes 1&9 be considered as immediate investigation for intensive development of housing because it is unused apart from one practice area and road to jetty.

2 Rescheduling the lengths and placement of holes 1,2,3 and utilisation of land along the KHGC access roadway for clusters of housing .

3 Serious consideration of reducing the KHGC to 9 holes with amalgamation south and south west of the clubrooms to allow for prime residential sections.

4 If QLDC required the recouping of the loss of capital of the QLDCV from Queenstown Golf Club members the multimillion dollar requirement would mean immediate closure of the club and the reality to be fair to the majority of the community may be the stark reality.

It should be considered that the KHGC land is equal with the very best residential environment in this district and the values are arguably far in excess of what our forefathers envisaged but when the first Kelvin Heights management plan was written there was suggestion of an airport at Jardine Park.

The undeniable fact is , and the most distressing questions is , Can this Wakatipu District expect to meet the demand of the future by rating residents or do we have to introduce bulk dollars by discussion with government and utilization of this KHGC land currently in reserve land status.?

I will oppose any QLDC attempt to rubber-stamp this discussion because it is far to important and requires to reach a settlement democratically acceptable to the majority.

thank you
Basil Walker

Minutes of a hearing to consider the intention to grant a new lease to the Queenstown Golf Club held in the Council Chambers, 10 Gorge Road, Queenstown on Monday 4 August 2015 commencing at 1.30pm

Present:

Mayor Vanessa van Uden (Chair), Councillor Merv Aoake

In attendance:

Mrs Joanne Conroy (Property Manager/Director, APL Property Ltd), Mr Stephen Quin (Parks Projects and Planning Manager) and Ms Jane Robertson (Governance Advisor); one submitter; two representatives from Queenstown Golf Club Inc

Commencement of Hearing

It was agreed that the Mayor would chair the hearing.

The agenda was confirmed without addition or alteration.

1. Intention to grant new lease to Queenstown Golf Club

Consideration was given to a report from Joanne Conroy (Property Manager, APL Property Ltd) which assessed an application from the Queenstown Golf Club Inc for a new lease. The report detailed the process followed to date and the reasons for the club seeking a new lease, noting that one submission in opposition to the proposal had been received. The report recommendation was that following consideration of the submission, the hearings panel recommend to Council that a new lease either be granted or not granted.

Hearing of submissions

Submitter: Basil Walker

Mr Walker spoke to a written submission. He stated that he was not opposed to sport or leisure but opposed granting the lease until public consultation had occurred about future use of this land. He believed that the situation was inequitable because (by his own estimate) the Golf Course had a 50% lakefront boundary and covered an area of land equivalent to about 70 sports fields. He believed that the course would cater for about 70 golfers at any one time over the weekend but estimated that the land would be worth more than \$300M. He questioned whether it was appropriate for something of this value to be used for the leisure activities of such a small number of people, estimating that the golf course contained about \$200M of residential sections capable land.

Mr Walker also opposed granting a perpetual lease, referring to the Council's 'extinguishing' of other perpetual leases on the Lakeview site.

Mr Walker asserted that the Council could not expect central government funding assistance for infrastructural developments when it held such valuable land. He recommended some alternative course of action which included:

- The area of the Kelvin Heights Golf Course-Frankton Arm land that is parallel with holes one and nine to be immediately investigated for intensive housing development;
- Altering the location of holes one, two and three and making the land adjacent to the golf course access road available for housing clusters;
- Reducing the golf course to nine holes to allow use of land south and southwest of the club rooms for prime residential sections; and
- Realisation that the club may eventually have to close.

Mr Walker considered that the golf course land was equal with the best residential environment in this district. He questioned how future needs could be met and whether it would be from rating or from use of the Kelvin Heights Golf Club land that was currently a reserve.

In summary, he stated that he would oppose any attempt by the Council to rubber-stamp this decision because it was too important and needed a solution acceptable to the majority of the community.

General Discussion

The Mayor asked staff to explain the concept of a 'perpetual lease' and how the Kelvin Heights Golf Course and Lakeview sites differed. Mrs Conroy advised that the Council was legally required to continue to offer renewals forever because it was a condition of the golf course lease. This was different from the camping ground permits which had an expiry date.

The Mayor also sought clarification on the future use of reserve land if it was not owned by the Council. Mrs Conroy stated that the Council had been granted ownership of the land by the Crown and it would revert to the Crown if the Council was ever to give it up. For this reason, it was not feasible to consider the land as a site for a residential housing development.

Mrs Conroy noted that the golf club's lease on the land had been renewed in 2012 for 33 years and the Council could not cancel this lease. She noted that the matter had only been subject to public consultation because the golf club had wanted a new lease to take into account some additional activities it proposed. It had also been seen as a good opportunity to update the land area and description and produce an overall easier to read document.

The representatives from the Kelvin Heights Golf Club advised that a new lease had been sought because the club wanted to change some aspects of the current lease which was now 42 years old. They added that the lease document itself needed updating and modernising. They confirmed that the club was always open to discussion if part of the land the club occupied was sought for another purpose.

The public part of the hearing concluded at 2.01pm.

Deliberations

Members agreed that there were legal barriers to adopting Mr Walker's suggestions although they commended his motivation and community-mindedness in raising these matters. Accordingly, his submission was rejected.

There was further discussion about the nature of the events proposed by the golf club. It was noted that 'events' would not include club members' activities.

On the motion of The Mayor and Councillor Aoake it was resolved that the hearings panel recommend to Council that a new lease be put in place to update the present lease and that the Chief Executive be directed to negotiate the terms and conditions the lease.

The meeting concluded at 2.16pm.