

**QLDC Council**  
**26 February 2015**

**Report for Agenda Item: 11**

**Department:**  
**Infrastructure**

**Queenstown Trails Trust and the Sale of 1565 Gibbston Highway**

**Purpose**

- 1 It is proposed to repay the Queenstown Trails Trust loan of \$40,250 and to gift the Queenstown Trails Trust the \$23,728 profit from the recent sale of 1565 Gibbston Highway.

**Recommendation**

- 2 *That Council:*
  - a. **Approve** the payment of \$40,250 (\$35,000 plus GST) to the Queenstown Trails Trust as repayment in full of the Queenstown Trails Trust loan to Council for undertaking the Wakatipu Trails Project in Gibbston.
  - b. **Approve** the payment of \$23,728 (inclusive of GST) to the Queenstown Trails Trust for funding improvements to the Wakatipu Trails Project.
  - c. **Note** the Queenstown Trails Trust is able to apply to Central Government for additional funding on a dollar for dollar basis to further fund the Wakatipu Trails Project.

Prepared by:



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23/02/2015

Reviewed and Authorised by:



Adam Feeley  
Chief Executive

23/02/2015

**Background**

- 3 In 2010, Council and the Queenstown Trails Trust (QTT) signed an agreement with Central Government for the joint funding and development of the Wakatipu Trails Project (WTP).

- 4 To enable the development of the WTP, the property at 1565 Gibbston Highway was required to be purchased.
- 5 At its meeting of 4 October 2010, Council resolved to acquire the property for \$305,000, subdivide and consent a cycle trail and dispose of the balance of the property.
- 6 At the time, this series of transactions was estimated to result in an overall loss to the Council of \$3,900.
- 7 At its meeting of 4 October 2010, Council noted that any profit or loss after meeting Council's expenses of acquisition, subdivision, consenting and disposal be charged against the WTP.
- 8 In May 2011, QTT loaned Council \$35,000 + GST (\$40,250 inclusive of GST) to facilitate the acquisition of the property and development of the WTP.
- 9 Council records verify this transaction was invoiced on 29 April 2011 and was paid by QTT on 19 May 2011.
- 10 The property at 1565 Gibbston Highway was purchased in 2011 for \$400,000.

#### **Comment**

- 11 The Council's and QTT's records regarding the arrangements of funding and sharing of costs are limited.
- 12 It is understood that the QTT funding of \$40,250 was a loan to Council to support the increase in purchase price of the property.
- 13 It is agreed that the QTT loan was a principle-only loan and as such the loan did not incur interest.
- 14 Council has an obligation to repay the loan to QTT.
- 15 Following a number of resource consent and building compliance required improvements to the property, Council put the property on the market by tender through Hoamz Real Estate.
- 16 In late 2014 the property was sold for \$470,000.
- 17 When all costs are accounted for, a profit of \$23,728 has resulted.

#### **Financial Implications**

- 18 The repayment of the loan of \$40,250 is able to be funded within existing budgets through the recent completion of the sale of a stopped road at 361 Frankton Road, in accordance with a Council resolution on 24 February 2009.
- 19 The payment of \$23,728 is able to be funded by the profit which resulted from the recent sale of the property at 1565 Gibbston Highway.

### **Local Government Act 2002 Purpose Provisions**

20 The author has reviewed Sections 10, 11 and 11A of the LGA. This matter gives effect to the purpose of local government because it gives effect to a previous Council resolution.

21 In addition the matter is consistent with best practice asset management through timely investment in trails improvement activities to meet the current and future needs of the community.

### **Council Policies**

22 The Council Policy on Significance and Engagement has been considered. The matters being considered in this report are not significant under this policy as it does not relate to the transfer or change of ownership of a strategic asset.

### **Consultation**

23 Council staff have met with representatives of the Queenstown Trails Trust in the development of this report.