

**ORDINARY MEETING**

**OF**

**WELLINGTON CITY COUNCIL**

**MINUTES**

**Time:** 9:30am  
**Date:** Wednesday, 28 August 2019  
**Venue:** Ngake (16.09)  
Level 16, Tahiwī  
113 The Terrace  
Wellington

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**PRESENT**

Mayor Lester  
Councillor Calvert  
Councillor Calvi-Freeman  
Councillor Dawson  
Councillor Day  
Councillor Fitzsimons  
Councillor Foster  
Councillor Free  
Councillor Gilberd  
Councillor Lee  
Councillor Marsh  
Councillor Pannett  
Councillor Sparrow  
Councillor Woolf  
Councillor Young



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## 1 Meeting Conduct

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### 1.1 Karakia

The Chairperson opened the meeting at 9:32 am with the following karakia.

<b>Whakataka te hau ki te uru,</b>	Cease oh winds of the west
<b>Whakataka te hau ki te tonga.</b>	and of the south
<b>Kia mākinakina ki uta,</b>	Let the bracing breezes flow,
<b>Kia mātaratara ki tai.</b>	over the land and the sea.
<b>E hī ake ana te atākura.</b>	Let the red-tipped dawn come
<b>He tio, he huka, he hauhū.</b>	with a sharpened edge, a touch of frost,
<b>Tihei Mauri Ora!</b>	a promise of a glorious day

### 1.2 Apologies

No apologies were received.

### 1.3 Announcements by the Mayor

1.3.1 The Mayor made an announcement on the passing of Ray Henwood, a prominent New Zealand actor.

1.3.2. The Mayor also noted the departure of Ian Pike, Manager Build Wellington, and thanked him for his great efforts with regards to Wellington Waterfront.

### 1.4 Conflict of Interest Declarations

No conflicts of interest were declared.

### 1.5 Confirmation of Minutes

#### Moved Mayor Lester, seconded Councillor Day

#### Resolved

That the Council:

1. Approves the minutes of the Ordinary Council Meeting held on 26 June 2019, having been circulated, that they be taken as read and confirmed as an accurate record of that meeting.

A division was required under Standing Order 3.18.6(d), voting on which was as follows:

**For:**

Mayor Lester  
Councillor Calvert  
Councillor Calvi-Freeman  
Councillor Dawson  
Councillor Day  
Councillor Fitzsimons  
Councillor Foster  
Councillor Free  
Councillor Gilbert  
Councillor Lee  
Councillor Marsh  
Councillor Pannett

**Against:**

Councillor Sparrow  
Councillor Woolf  
Councillor Young

Majority Vote: 15:0

**Carried**

## **1. 6 Items not on the Agenda**

There were no items not on the agenda.

## **1. 7 Public Participation**

### **1.7.1 Graeme Buchanan**

Graeme Buchanan spoke to item 2.5 Notice of Motion: Shelly Bay

### **1.7.2 Enterprise Miramar Peninsula Inc.**

Enterprise Miramar Peninsula Inc. spoke to item 2.5 Notice of Motion: Shelly Bay

### **1.7.3 The Wellington Company**

Ian Cassells, on behalf of The Wellington Company, spoke to item 2.5 Notice of Motion: Shelly Bay

### **1.7.4 Tim Alexander**

Tim Alexander spoke to item 2.5 Notice of Motion: Shelly Bay

### **1.7.5 Dr Anne Phillips**

Dr Anne Phillips spoke to item 2.5 Notice of Motion: Shelly Bay

## **Public Participation Tabled Documents**

### **Attachments**

- 1 Graeme Buchanan
- 2 The Wellington Company

**Note:** In accordance with Standing Order 3.9.2, the Chairperson accorded precedence to some items of business and announced that the agenda would be considered in the following order:

- |      |     |   |
|------|-----|---|
| Item | 2.5 | Notice of Motion: Shelly Bay  |
| Item | 2.1 | Approval of District Plan Change 83   |
| Item | 2.2 | Submission to Productivity Commission's Draft Report on Local Government Funding and Financing  |
| Item | 2.3 | Annual Report to the Alcohol Regulatory Licensing Authority   |
| Item | 2.4 | Applications to become Mana Whenua Partners on Wellington Water Committee and Proposal for South Wairarapa District Council to become a Shareholder in Wellington Water Limited |
| Item | 3.1 | Report of the City Strategy Committee Meeting of 8 August 2019  |
| Item | 3.2 | Report of the City Strategy Committee Meeting of 15 August 2019   |
| Item | 3.3 | Report of the City Strategy Committee Meeting of 22 August 2019   |
| Item | 4.1 | Public Excluded Report of the City Strategy Committee Meeting of 15 August 2019   |

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## 2. General Business

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### 2.5 Notice of Motion: Shelly Bay

Moved Councillor Free, seconded Councillor Woolf

#### Motion

That the Council:

1. Agree to alter the resolution of Council of 27 September 2017 by adding **new sub paragraphs xvii and xviii**:

**xvii** Agree that prior to completing **xii** and **xiii** above, the Chief Executive must report to the full Council (via the City Strategy Committee) on the following:

- (a) a summary and explanation of the new or amended information (if any) that has arisen as part of the resource consent reconsideration process;
- (b) if the resource consent is granted by the Independent Commissioners, all changes in the new consent compared to the resource consent granted in April 2017 and quashed by the Court of Appeal in December 2018, and the impacts of the changes;
- (c) the current land ownership of all land at Shelly Bay (other than land owned by WCC);
- (d) the role of Port Nicholson Block Settlement Trust in the Shelly Bay development;
- (e) the role of Shelly Bay Limited (SBL) in the development noting that SBL is the entity that is the intended party to the Development Agreement and the sale and lease referred to in **v** and **vi** above;
- (f) [deleted]
- (g) the consequences (if any) of the issues in (a) - (f) above for the proposed Development Agreement and commercial terms;
- (h) how **viii** above (regarding sea level rise and climate change) is being given effect to in the proposed Development Agreement and the design and review process
- (i) the principal commercial and legal terms and conditions of the Development Agreement (and any other legal agreements) along with confirmation that they deliver on the Council's objectives and drivers for supporting the Shelly Bay development, and give effect to paragraphs **i** - **xvi** above
- (j) if the resource consent is granted by the Independent Commissioners, the timeframe and proposed steps for proceeding to a concluded Development Agreement (and any other legal agreements) for finalisation and execution by the Chief Executive and Deputy Mayor under authority delegated by **xiii** above.

**xviii** Instruct the Chief Executive to:

- (a) complete the investigations in **x** above, regarding the upgrade of Shelly Bay Road

- (b) report to the full Council (via the City Strategy Committee) on the results of the Shelly Bay Road investigations as soon as practicable, noting that that report is to include the results of the stakeholder engagement directed in **x** above and information and independent expert advice on:
  - a. road efficiency and capacity
  - b. road safety
  - c. amenity for all road users
  - d. consistency with Council policy
  - e. whether the option (or options) require resource consents
- (c) recommend to the full Council (via the City Strategy Committee) the Council's agreed position for Shelly Bay Road as infrastructure provider and road controlling authority
- (d) report to full Council (via the City Strategy Committee) on the cost of the recommended position for Shelly Bay Road in xviii(c) and whether the funding of \$2.2M in the 2018/28 LTP for Shelly Bay Road is adequate
- (e) advise whether the solution for Shelly Bay Road is part of the shared infrastructure costs (estimated to be \$20M) for the Shelly Bay project
- (f) advise whether the costs for Shelly Bay Road are included in the \$10M cap agreed to in **xvi** above
- (g) advise the Applicant for the Shelly Bay resource consent that the Council (as infrastructure provider and road controlling authority) is taking urgent steps to settle its position on Shelly Bay Road under **x** above but that until it has done so, its position (as infrastructure provider and road controlling authority) is undecided.

And consequentially alters **xii and xiii** by adding the words underlined:

- xii. Agree that Council officers prepare a development agreement outlining the principal commercial and legal terms of a sale and lease agreement with Shelly Bay Limited noting that the Chief Executive must report to the full Council as outlined in **xvii** below before officers conclude the final commercial and legal terms with SBL
- xiii. Delegate authority to the Council's Chief Executive Officer and the Deputy Mayor to finalise and execute the relevant agreements noting that before finalising and executing the agreements, that the Chief Executive must have complied with **xvii** below

A division was required under Standing Order 3.18.6(d), voting on which was as follows:

**For:**

Councillor Calvert  
Councillor Calvi-Freeman  
Councillor Foster  
Councillor Free  
Councillor Pannett  
Councillor Woolf

**Against:**

Mayor Lester  
Councillor Dawson  
Councillor Day  
Councillor Fitzsimons  
Councillor Gilbert  
Councillor Lee  
Councillor Marsh  
Councillor Sparrow  
Councillor Young

Majority Vote: 6:9

**Lost**

## **Notice of Motion Tabled Documents**

### **Attachments**

- 1 26 April 2017 - Proposed Long-Term Lease and Sale of Council Land at Shelly Bay
- 2 Councillor Foster's Tabled Documents

**Note:** In accordance with Standing Order 3.9.2, the Chairperson accorded precedence to some items of business and announced that the agenda would be considered in the following order:

- |      |     |   |
|------|-----|---|
| Item | 2.4 | Applications to become Mana Whenua Partners on Wellington Water Committee and Proposal for South Wairarapa District Council to become a Shareholder in Wellington Water Limited |
| Item | 2.1 | Approval of District Plan Change 83   |
| Item | 2.2 | Submission to Productivity Commission's Draft Report on Local Government Funding and Financing  |
| Item | 2.3 | Annual Report to the Alcohol Regulatory Licensing Authority   |
| Item | 3.1 | Report of the City Strategy Committee Meeting of 8 August 2019  |
| Item | 3.2 | Report of the City Strategy Committee Meeting of 15 August 2019   |
| Item | 3.3 | Report of the City Strategy Committee Meeting of 22 August 2019   |
| Item | 4.1 | Public Excluded Report of the City Strategy Committee Meeting of 15 August 2019   |

### **2.4 Applications to become Mana Whenua Partners on Wellington Water Committee and Proposal for South Wairarapa District Council to become a Shareholder in Wellington Water Limited**

#### **Moved Councillor Pannett, seconded Councillor Gilberd**

#### **Resolved**

That the Council:

1. Agree that Te Runanga o Toa Rangatira be appointed as a Mana Whenua Partner Entity, and that Te Taku Parai be its nominated representative and Naomi Solomon be its nominated alternate on the Wellington Water Committee;
2. Agree that Taranaki Whānui ki Te Upoko o Te Ika be appointed as a Mana Whenua Partner Entity, and that Kim Skelton be its nominated representative and Kirsty Tamanui be its nominated alternate on the Wellington Water Committee;
3. Agrees that South Wairarapa District Council (SWDC) becomes a shareholder in Wellington Water Ltd;
4. Hereby unconditionally and irrevocably approves and consents to Wellington Water Ltd (the company') issuing the New Shares to SWDC and entering into any documentation which is required from time to time to give full effect to such issue of the New Shares attached as Appendix 10 to the memorandum;
5. Notes that pursuant to clause 5.1 of the company's Constitution, Council hereby waives its pre-emptive rights under section 45 of the Companies Act in respect of the New Shares; and
6. Notes that should it be required, Council confirms, approves and ratifies the company's

Board Resolution attached as Appendix 11 to the memorandum.

A division was required under Standing Order 3.18.6(d), voting on which was as follows:

**For:**

Mayor Lester  
Councillor Calvert  
Councillor Calvi-Freeman  
Councillor Dawson  
Councillor Day  
Councillor Fitzsimons  
Councillor Foster  
Councillor Free  
Councillor Gilbert  
Councillor Lee  
Councillor Marsh  
Councillor Pannett  
Councillor Sparrow  
Councillor Woolf  
Councillor Young

**Against:**

Majority Vote: 15:0

**Carried**

The meeting adjourned for morning tea at 10:37 am and reconvened at 10:58 am with all members present.

## **2.1 Approval of District Plan Change 83**

**Moved Councillor Foster, seconded Councillor Marsh**

**Resolved**

That the Council:

1. Receive the information.
2. Agree to approve District Plan Change 83 in accordance with clauses 17 and 20 of Schedule 1 of the Resource Management Act 1991.
3. Agree for District Plan Change 83 to be made operative in the Wellington City Council District Plan in accordance with clause 20 of Schedule 1 of the Resource Management Act 1991.

A division was required under Standing Order 3.18.6(d), voting on which was as follows:

**For:**

Mayor Lester  
Councillor Calvert  
Councillor Calvi-Freeman  
Councillor Dawson

**Against:**

Councillor Pannett

Councillor Day  
Councillor Fitzsimons  
Councillor Foster  
Councillor Free  
Councillor Gilbert  
Councillor Lee  
Councillor Marsh  
Councillor Sparrow  
Councillor Woolf  
Councillor Young

Majority Vote: 14:1

**Carried**

**Note:** Councillor Pannett requested that her vote against the motion be recorded, in accordance with Standing Order 3.18.5.

## **2.2 Submission to Productivity Commission's Draft Report on Local Government Funding and Financing**

**Moved Councillor Foster, seconded Councillor Fitzsimons**

### **Resolved**

That the Council:

1. Receive the information.
2. Approve the draft submission on the Productivity Commission's Local Government Funding and Financing Draft Report (Appendix 1), subject to any amendments agreed by the Council **as well as the following amendment: that the Council agrees to make a comment about the importance of examining how necessary climate mitigation measures could be funded and financed.**
3. Amend the submission as follows:
  - a) Page 17 – property rating and user pays: Expand narrative around Council's unfunded mandate to include weathertight homes and that central and local government need to explore options for ensuring those costs are appropriately recovered in future (more stringent insurance requirements for building practitioners)
  - b) Page 19 – road charges: Add narrative that parking levy (including long-term parking levy) should be explored as these are commonly applied in cities overseas to manage congestion and support infrastructure funding
  - c) Page 20 – resilience funding: make reference to current arrangements – that central government currently support local government by way of a 60/40 funding split for damage caused to infrastructure assets from natural catastrophe.
  - d) Page 22 – (5.6+6.1): clarify that guidelines and any templates should have sufficient flexibility to allow for Councils of different size to tailor them to their own needs.
  - e) Page 24 – development contributions: add reference that the process to set development contributions should be simplified.

- f) Page 16 – In the ‘Our current context’ section and section 6.2 clarify the wording to highlight the issue of the impact of Asset revaluations on depreciation funding rising at a level greater than general inflation, CPI and acceptable rates rises. As this equates to 22% of the operating costs new funding streams are required to keep rates rises to affordable levels.
  - g) Page 27 – Section 6.9 under ‘The Benefit Principle’: The Rating Act (2002) should be reviewed for the definition of non-rateable land to show where there are benefits from local government services the land should be rateable. This particularly should apply where commercial returns are obtained from the land, for example Student Accommodation.
  - h) Page 25 – Expand and strengthen the response on the use of SPV’s as not being a fundamental funding solution, only an alternative financing arrangement to allow further debt which helps leverage around self-imposed and covenanted debt limits.
4. Delegate to the Chief Executive and the Finance Portfolio Leader the authority to amend the submission as per any proposed amendments agreed by the Council at this meeting and any minor consequential edits, prior to it being submitted.

A division was required under Standing Order 3.18.6(d), voting on which was as follows:

**For:**

Mayor Lester  
Councillor Calvert  
Councillor Calvi-Freeman  
Councillor Dawson  
Councillor Day  
Councillor Fitzsimons  
Councillor Foster  
Councillor Free  
Councillor Gilbert  
Councillor Lee  
Councillor Marsh  
Councillor Pannett  
Councillor Sparrow  
Councillor Woolf  
Councillor Young

**Against:**

Majority Vote: 15:0

**Carried**

**Note:** With the leave of the meeting clause 2 was amended (in red) and clause 3 was added to the main motion.

### **2.3 Annual Report to the Alcohol Regulatory Licensing Authority**

**Moved Councillor Dawson, seconded Councillor Gilbert**

**Resolved**

That the Council:

1. Receive the information.

2. Agree that the District Licensing Committee's Annual Report for the period 1 July 2018 to 30 June 2019 may be submitted to Alcohol Regulatory and Licensing Authority (ARLA).
3. Note the additional reporting about the activities of the District Licensing Committee, its Secretariat and the Licensing Inspectorate for this reporting period.
4. Agree to amend the content in clause 8 of this report to Replace the sentence "This appeared to be as a result of the mobilisation of community members' with:  
"These cases demonstrated an increasing concern by local communities about the impact on amenity and good order from proposed new on and off licensed premises. This highlights an increasing trend towards greater public participation in the licensing process. It is recognised that the objection process needs to be more accessible to the public."

A division was required under Standing Order 3.18.6(d), voting on which was as follows:

**For:**

Mayor Lester  
Councillor Calvert  
Councillor Calvi-Freeman  
Councillor Dawson  
Councillor Day  
Councillor Fitzsimons  
Councillor Foster  
Councillor Free  
Councillor Gilbert  
Councillor Lee  
Councillor Marsh  
Councillor Pannett  
Councillor Sparrow  
Councillor Woolf  
Councillor Young

**Against:**

Majority Vote: 15:0

**Carried**

**Note:** With the leave of the meeting clause 4 was added to the main motion.

### **3. Committee Reports**

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#### **3.1 Report of the City Strategy Committee Meeting of 8 August 2019**

##### **Wellington City Council Naming Policy**

**Moved Councillor Pannett, seconded Mayor Lester**

**Resolved**

That the Council:

1. Adopt the proposed consolidated Naming Policy as amended with the addition that the history of Te Upoko O Te Ika a Maui / Wellington will include recognition that many of Wellington's names reflect the history of European settlement in the city and agree to integrate the Second Order of Consideration "Where an appropriate name is already in common use", into the Third order of consideration as per the original officer recommendation and amend the flow chart as appropriate; and finally change the language "order of consideration" to "priority".

A division was required under Standing Order 3.18.6(d), voting on which was as follows:

**For:**

Mayor Lester  
Councillor Calvert  
Councillor Calvi-Freeman  
Councillor Dawson  
Councillor Day  
Councillor Fitzsimons  
Councillor Foster  
Councillor Free  
Councillor Gilbert  
Councillor Lee  
Councillor Marsh  
Councillor Pannett  
Councillor Sparrow  
Councillor Woolf  
Councillor Young

**Against:**

Majority Vote: 15:0

**Carried**

**Reporting back on public consultation of three new leases on the Wellington Town Belt**

**Moved Councillor Pannett, seconded Mayor Lester**

**Resolved**

That the Council:

1. Grants a new ground lease for a three year term, with one renewal term of two years under the Wellington Town Belt Act 2016 to the Workingmen's Bowling Club for an area of 4,200m<sup>2</sup> contained within Pt Lot 1 DP 8914 CFR WN46D/912.  
  
The following Special Provisions will be included in the lease:
  - i. The Lessee is required to meet the conditions outlined in Appendix One of the 07 March 2019 City Strategy Committee report.
  - ii. The Lessee is required to submit a report at the end of each bowling season (30 April) detailing progress against the conditions outlined in Appendix One of the 07 March City Strategy Committee report.
2. Grants a new lease for the premises and ground for a ten year term with one renewal

term of ten years to the Wellington Rugby Football Union Incorporated, as well as a new licence between WRFU and the Hurricanes Investment Limited Partnership. The building is on land which is part of the Wellington Town Belt known as Rugby League Park, more particularly described as Part Lot 1 Deposited Plan 10397, as contained in the Record of Title 742980.

The new lease will include the following Special Provisions:

- i. The Lessee will ensure that no activity involving amplified music is allowed between 10pm and 7:30am.
- ii. The Lessee is to submit a detailed maintenance plan for the lease term prior to this lease being executed.
- iii. The Leased area does not include the car parks and access roadways.
- iv. The Lessee owns and is responsible for the repair and maintenance of the Flood Lighting System. An annual compliance report is to be provided.
- v. To the extent of any inconsistency, the terms of this lease prevail over the terms of the 2003 Development Agreement.
- vi. The Lessee acknowledges that there is a separate fee for the use of the Playing Fields surrounding the Premises. The Lessee will have first right to book the Playing Fields for the term of the Lease.
- vii. The parties acknowledge there is a 2003 Resource Consent in place related to the use and development of the site, and will continue to adhere to the conditions of the consent.

3. Grants a new ground lease for a ten year term with one renewal term of ten years to Harbour City GymSports Incorporated, as well as a sublease to Eastern Suburbs Sports Trust and sub-sublease to Harbour City GymSports for the same term as the Head Lease. The building is on land which is part of the Wellington Town Belt known as Hataitai Park, more particularly described as Lot 1, Deposited Plan 33683, in the Record of Title WN20B/500.

The new lease will include the following Special Provisions:

- i. The Lessee is to submit a detailed maintenance plan to address the building's maintenance prior to the lease being executed. Officers will monitor the maintenance plan implementation and progress annually.
- ii. Notwithstanding clause 13 of the Lease regarding subletting, the Council permits the Lessee to sub-lease the Land to Eastern Suburbs Sport Trust, and further permits the Eastern Suburbs Sports Trust to sub-sublease the Land and Building to the Lessee.
- iii. The parties acknowledge that the sublease with the Eastern Suburbs Sports Trust is necessary as a result of the nature of the building ownership. The Eastern Suburbs Sports Trust is the owner of the Lessee's Building.
- iv. The Lessee will provide the Council with a copy of the signed sublease and sub-sublease prior to the Lease being executed.

A division was required under Standing Order 3.18.6(d), voting on which was as follows:

**For:**

Mayor Lester  
Councillor Calvert  
Councillor Calvi-Freeman  
Councillor Dawson  
Councillor Day

**Against:**

Councillor Fitzsimons  
Councillor Foster  
Councillor Free  
Councillor Gilbert  
Councillor Lee  
Councillor Marsh  
Councillor Pannett  
Councillor Sparrow  
Councillor Woolf  
Councillor Young

Majority Vote: 15:0

**Carried**

### **3.2 Report of the City Strategy Committee Meeting of 15 August 2019**

#### **Alcohol Fees Bylaw**

**Moved Councillor Pannett, seconded Mayor Lester**

#### **Resolved**

That the Council:

1. Adopt the Alcohol Fees Bylaw as in Attachment 1.

A division was required under Standing Order 3.18.6(d), voting on which was as follows:

**For:**

Mayor Lester  
Councillor Calvert  
Councillor Calvi-Freeman  
Councillor Dawson  
Councillor Day  
Councillor Fitzsimons  
Councillor Foster  
Councillor Free  
Councillor Gilbert  
Councillor Lee  
Councillor Marsh  
Councillor Pannett  
Councillor Sparrow  
Councillor Woolf  
Councillor Young

**Against:**

Majority Vote: 15:0

**Carried**

**Reserves Naming – Te Papa Tākaro o Jim Belich / Jim Belich Playground -  
Adelaide Road, Berhampore**

**Moved Councillor Pannett, seconded Mayor Lester**

**Resolved**

That the Council:

1. Name the recently opened playground (as shown in Attachment 2) held within Part Lot 1 DP 101881 (being Wellington Town Belt) 'Te Papa Tākaro o Jim Belich / Jim Belich Playground'.

A division was required under Standing Order 3.18.6(d), voting on which was as follows:

**For:**

Mayor Lester  
Councillor Calvert  
Councillor Calvi-Freeman  
Councillor Dawson  
Councillor Day  
Councillor Fitzsimons  
Councillor Foster  
Councillor Free  
Councillor Gilbert  
Councillor Lee  
Councillor Marsh  
Councillor Pannett  
Councillor Sparrow  
Councillor Woolf  
Councillor Young

**Against:**

Majority Vote: 15:0

**Carried**

**3.3 Report of the City Strategy Committee Meeting of 22 August 2019**

There was no report from the City Strategy Committee Meeting of 22 August 2019 as the only referable item (4.3 Shelly Bay Review | Terms of Reference) was laid on the table at that meeting.

(Cr Gilbert left the meeting at 12:14 pm)

## 4. Public Excluded

### Moved Mayor Lester, seconded Councillor Day

#### Resolved

That the Council:

1. Pursuant to the provisions of the Local Government Official Information and Meetings Act 1987, exclude the public from the following part of the proceedings of this meeting namely:

General subject of the matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
4.1 Public Excluded Report of the City Strategy Committee Meeting of 15 August 2019	7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	s48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7.

A division was required under Standing Order 3.18.6(d), voting on which was as follows:

**For:**

Mayor Lester  
Councillor Calvert  
Councillor Calvi-Freeman  
Councillor Dawson  
Councillor Day  
Councillor Fitzsimons  
Councillor Foster  
Councillor Free  
Councillor Lee  
Councillor Marsh  
Councillor Pannett  
Councillor Sparrow  
Councillor Woolf  
Councillor Young

**Against:**

**Absent:**

Councillor Gilbert

Majority Vote: 14:0

**Carried**

The meeting went into public excluded session at 12:15 pm.  
(Cr Gilbert returned to the meeting at 12:20 pm)

The meeting concluded at 12:23 pm.

Confirmed: \_\_\_\_\_  
Chair

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**ORDINARY MEETING**

**OF**

**WELLINGTON CITY COUNCIL**

**MINUTE ITEM ATTACHMENTS**

**Time:** 9:30am  
**Date:** Wednesday, 28 August 2019  
**Venue:** Ngake (16.09)  
Level 16, Tahiwī  
113 The Terrace  
Wellington

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**Business**

**Page No.**

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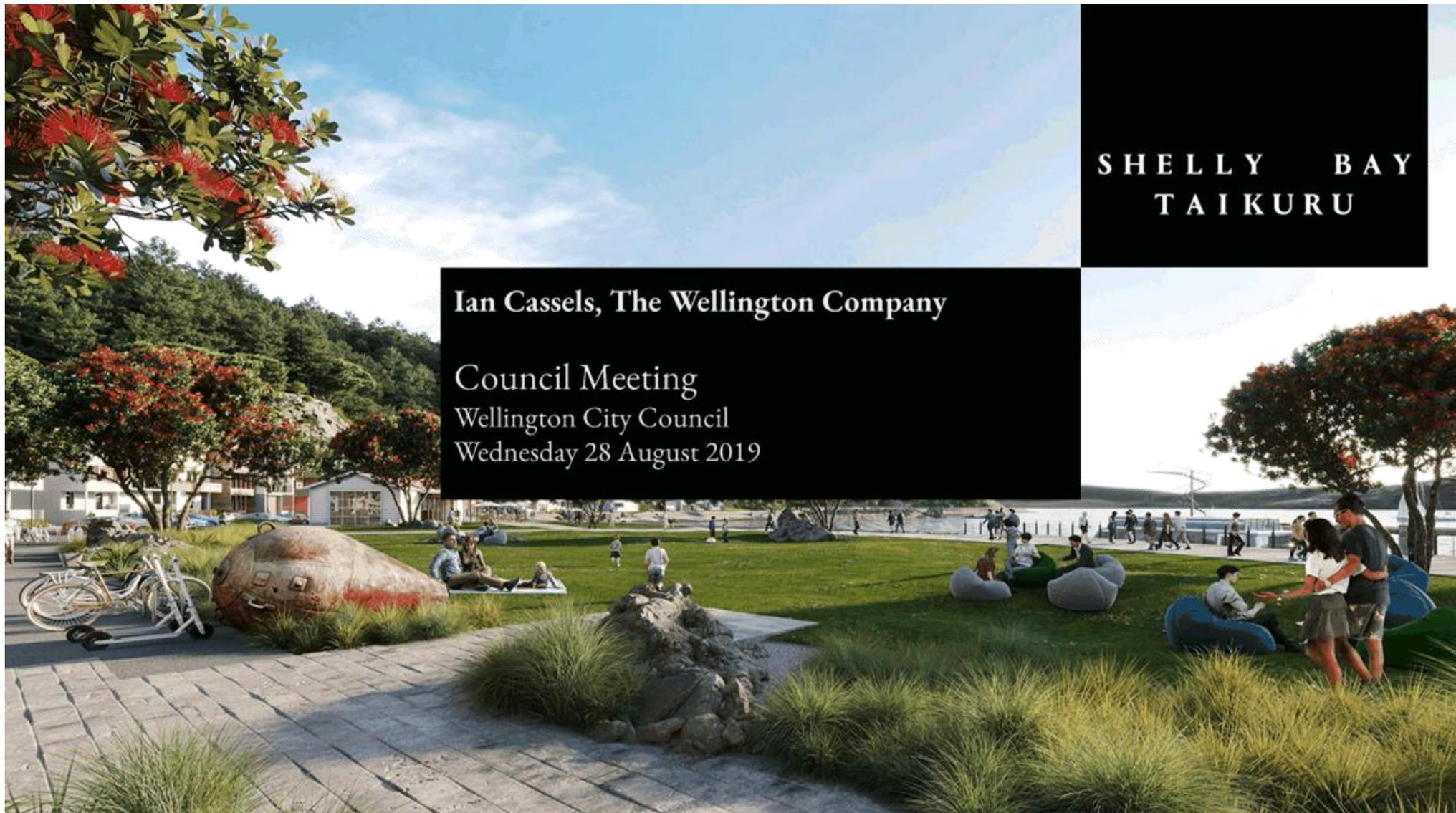
**Public Participation Tabled Documents**

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**Notice of Motion Tabled Documents**

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| 1. 26 April 2017 - Proposed Long-Term Lease and Sale of Council Land at Shelly Bay | 14 |
| 2. Councillor Foster's Tabled Documents  | 38 |





SHELLY BAY  
TAIKURU

Ian Cassels, The Wellington Company  
Council Meeting  
Wellington City Council  
Wednesday 28 August 2019



# Timing of this paper

Several carts before the horse



# Soviet fantasy vs. Wellington reality









# Joint partnership

Partnership with PNBST has been reinforced several times.



# Our Commitment

WCC will be contracting with a Joint Venture of  
PNBST and TWC

The Joint Venture will be Shelly Bay Ltd









ORDINARY COUNCIL MEETING  
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Wellington City Council  
Me Heke Ki PōnekePROPOSED LONG-TERM LEASE AND SALE OF COUNCIL  
LAND AT SHELLY BAY

## PUBLIC EXCLUDED

**Grounds:** Section s48(1)(a) - That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7.

**Reason:** Section 7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.

## Purpose

1. To consider the long-term lease and sale of Council land at Shelly Bay to support a proposal by The Wellington Company to develop the land in accordance with its Special Housing Area status.

## Summary

2. Shelly Bay is a strategic city asset which has suffered from many years of under-investment and deferred maintenance. Over the next ten years it is estimated that deferred maintenance on property and infrastructure and ongoing operational losses, as further described below, will cost Council \$6.1m. An opportunity currently exists to partner with Port Nicholson Block Settlement Trust ("PNBST") and The Wellington Company ("TWC") to redevelop the site to remove this liability and realise a comprehensive, high quality solution for Shelly Bay with substantial public benefits.
3. TWC approached Council in 2015 following the identification of the area as a Special Housing Area ("SHA"), which increased the scale of development possible on the areas of flat land north and south of the wharf areas. TWC wishes to redevelop approximately 4.5 ha of land which it jointly owns with PNBST in a joint venture company called Shelly Bay Limited ("SBL"). TWC also wishes to develop adjoining areas of Council land totalling approximately 1 ha in order to deliver an "all of Shelly Bay" redevelopment solution.
4. On April 18 2017 TWC received resource consent for a major mixed-use development at Shelly Bay including up to 350 new residential dwellings. In parallel with making its resource consent application TWC approached Council with a view to purchasing and entering into a long term ground lease over Council's adjacent land (included in the resource consent application) to help make the project a reality. Officers have engaged in discussions with TWC and prepared a draft package of actions which could underpin a partnering arrangement to facilitate the development. The first step in progressing this would be to consult on the lease and sale of Council land. This paper requests Council's approval to consult on the sale and long-term ground leasing of (in aggregate) approximately 1 ha. The proposed lease and sale arrangements trigger Council's significance policy and an associated requirement for public consultation before Council could dispose of the land, should it choose to (with the benefit of the views expressed during consultation).

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5. Officers remain engaged with representatives of TWC with a view to finalising a broader arrangement for presentation to Council at a later date. This arrangement would co-ordinate TWC and Council capital and activities to enable redevelopment in accordance with TWC's resource consent. Council's infrastructure and property assets suffer from approximately \$5.6m of deferred maintenance which will require remedy in the near future just to maintain existing development and service levels. Further ongoing losses resulting from rental income failing to cover running costs (e.g. rates and insurances) are estimated to result in a net loss of \$500,000 over the next ten years, and a total estimated net cost to Council of \$6.10m over the same period simply to maintain the status quo.
6. In contrast discussions with TWC have been towards an arrangement where Council can "unlock" the development by contributing 50% towards the infrastructure and public realm works required to support the development. The remaining 50% would be funded by TWC. The estimated cost of these works to Council (\$9.85m) would be less than the income it received within a ten year period in the form of land sale proceeds from TWC (\$7.8m) and the net increase in rates income (\$3.8m) being a total of \$11.6m. That is a surplus of \$1.75m to Council would be realised through the proposed arrangement over the first ten years of the project.
7. Specifically it is proposed that Council fund \$3.35m in public realm works (50% of the total estimated cost of \$6.7m) for the development, comprising a village green, two waterfront "point parks" located at each end of the development, and other streetscape works within the development area (all to remain in Council ownership). Further, it is proposed that Council fund \$6.5m in infrastructure works (50% of the total estimated cost of \$13m) made up primarily of upgrades to Shelly Bay Road and the Miramar Avenue / Cutting intersection; bulk water supply upgrades; bulk stormwater upgrades and upgrades to the bulk wastewater network. As above the residual 50% of public realm and infrastructure costs would be met by TWC.
8. The proposed development also provides for the retention and adaptive re-use of three prominent buildings all currently on Council land – Shed 8, the Shipwright's building and Officer's Mess. The Officer's mess is only partially on Council land and not in Council ownership, but Shed 8 and the Shipwright's building are under full Council ownership, and the cost of remediating these to a reasonable standard of repair is \$3.0m. It is proposed that TWC remediate both buildings, at its own cost, to a superior standard of repair as key parts of the proposed development. As it stands the Shed 8 and Shipwright's buildings are in very poor condition and require remedy before weathering and damage renders the buildings irreparable.
9. Upon completion it is estimated the development will generate approximately \$2.1m in residential rates revenue (resulting in net additional income to Council after servicing costs of \$600,000) and employ in excess of 100 people in full time jobs. During the construction phase it is estimated there will be a direct spend of \$216m with an additional \$180m in "induced spending" – this essentially means further, third-party spending in the local economy resulting directly from the Shelly Bay development. Overall a community benefit cost ratio in excess of 20 is expected during the construction phase, reducing to around 0.5 in the post construction period. A ferry service connecting Shelly Bay into the harbour commuter ferry network is also proposed.
10. Further work is required to refine the proposed package. If Council wishes to progress the proposal it would need to be fully detailed and included in a formal development agreement between TWC and Council. However, the first step is to consult on the proposed lease and sale of Council's land at Shelly Bay.

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11. A decision to consult on the lease and sale of land would not commit Council to leasing and selling its land or to a future development agreement with TWC or SBL. However, without it no further progress can be made on these matters, including the development because the Council land is an integral aspect of its feasibility. Further, consultation will enable Council to obtain valuable feedback on the lease and sale of the land and the broader issues of partnering and development at Shelly Bay. It is proposed that consultation occur throughout May 2017.

**Recommendations**

That the Council:

1. Receive the information.
2. Agree to consult on the proposed long-term (125 year) lease and sale of Council's land as set out in the proposed consultation material in Attachment 5.
3. Note that following consultation a summary of submissions will be presented to Council alongside an officer recommendation regarding the long-term lease and sale of Council's land and any future development agreement with The Wellington Company.

**Background****Introduction**

12. TWC wishes to redevelop approximately 4.5 ha of land at Shelly Bay which it jointly owns with the PNBST. TWC also wishes to develop adjoining areas of Council land totalling 1 ha in order to deliver an "all of Shelly Bay" redevelopment proposal.
13. Resource consent was approved on 18 April 2017 for SBL and TWC's overall development proposal and in parallel it has also approached Council with a view to purchasing and leasing Council's land to help make the project a reality.
14. This paper requests Council's approval to consult on the sale and long-term ground lease of the 1 ha referred to above. The proposed lease and sale arrangements trigger Council's significance policy and an associated requirement for public consultation before Council could dispose of the land, should it choose to.
15. TWC has engaged officers in discussions since late 2015 with a view to obtaining Council assistance on this project in various ways. Jointly TWC and officers have prepared a potential package of actions to support the development. On Council's side this involves carrying out a significant programme of Council capital works in addition to the lease and sale of land.
16. The proposed package is presented in full in this paper so that Council's decision to consult on the lease and sale of its land is set out clearly in the context of the broader package of actions proposed. As set out below officer investigations and discussions with TWC strongly indicate that Council involvement in the deal can realise an outcome that is fiscally superior to Council than the status quo (through increased rates and retirement of deferred maintenance liabilities); resolves outstanding infrastructure and property deferred maintenance issues; delivers a comprehensive development solution for the area; and in doing so generates substantial employment, housing supply and urban design & recreational benefits.

**Approach to Council**

17. TWC approached Council in 2015 with a proposal to redevelop the former defence base at Shelly Bay. Specifically TWC approached Council to upgrade bulk

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infrastructure in the area and purchase key pieces of land to facilitate a comprehensive master-planned development. As is further described below the existing bulk infrastructure not only suffers from material deferred maintenance but also lacks the capacity to support the increased level of development authorised by the recently approved resource consent<sup>1</sup>.

**The Parties**

*The Wellington Company*

18. TWC is a Wellington-based property investment and development company with Ian Cassels and Caitlyn Taylor as its sole directors and shareholders. In 2014 TWC entered into a five year management agreement with PNBST to lease its land and buildings at Shelly Bay. Subsequently, on 31 January 2017, the parties entered into a formal joint venture (JV) arrangement whereby Shelly Bay Limited (the company which owns the Shelly Bay land, and which was previously 100% owned by PNBST) became jointly owned by PNBST and TWC for the purpose of facilitating its redevelopment. TWC has led discussions with Council about Shelly Bay. Notwithstanding this arrangement TWC would continue to act as the development agent and be the party that Council transacts with for the purpose of the proposed arrangement.

*Port Nicholson Block Settlement Trust*

19. PNBST was established in August 2008 to administer the Treaty of Waitangi settlement of the Taranaki Whānui (TW), with TW's rohe encompassing most of the area within Council's boundaries. Later in 2008 PNBST purchased a 4.5 ha holding in Shelly Bay as part of the settlement. This area is shown in Appendix 1 and includes a range of buildings and activities including the popular Chocolate Fish café. It is held in various parcels and certificates of title and makes up the majority of the flat land on the landward (eastern) side of Shelly Bay Road.

*Shelly Bay Limited*

20. Shelly Bay Limited (SBL) is the TWC / PNBST JV company that owns the 4.5 ha of land. SBL was formerly wholly-owned by PNBST. Having the land owned by a JV entity is a key part in the commercial arrangement between these parties to oversee the development and sell-down of land, with, we understand, asset and profit sharing arrangements.

**Rationale for officer engagement**

21. Council officers identified that should Council provide support of the nature requested by TWC it would represent a departure from policy insofar as Council normally seeks to fully recover the cost of bulk infrastructure funding from the developer and the established development contributions and rating policies apply.
22. Officers entered into discussions with TWC on the basis that Shelly Bay is a strategically important site within the City that has development challenges associated with deferred infrastructure and property maintenance; a better long-term development outcome may be possible if SBL's and Council's landholdings were considered holistically; the location and characteristics of Shelly Bay lend it to a range of activities that could generate significant public benefit and rates revenue; a collaborative approach from Council is consistent with Shelly Bay's SHA status and commitments made in the Wellington Housing Accord; and may represent a meaningful opportunity

<sup>1</sup> Approximately 350 residential units and substantial commercial activity

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to support PNBST in manner consistent with Council's memorandum of understanding ("MoU").

23. With these matters in mind officers concluded that a net benefit outcome to the City could arise from a development arrangement of the kind which TWC has requested and Council officers committed to exploring these. However, before doing so officers adopted the following guiding principles:
- a) any arrangement would need to reach an appropriate and quantifiable benefit-cost ratio (BCR) using a robust methodology;
  - b) the ratepayer impact and return on Council investment would need to be clearly and accurately quantified and an appropriate return on investment achieved;
  - c) making any Council land available to the development would need to be done transparently and at fair market value;
  - d) the role of TW as mana whenua and Council's memorandum of understanding ("MoU") with PNBST would be acknowledged;
  - e) the cost of remedying deferred maintenance and infrastructure capacity deficits are accurately quantified (i.e. a "no cost" option does not exist);
  - f) any redevelopment must exhibit urban design quality given its finality and the significance of the location.
24. These principles fundamentally underpinned the discussions with TWC and the proposed arrangements set out below.

**Shelly Bay history**

25. Shelly Bay has an extensive military history going back to the late nineteenth century. It has naval origins but the defence campus was later used by the Air Force before being decommissioned in 1995 following a period of uncertainty over its ownership and use. In 2005 Council secured ownership of a strip of land around the road and including a number of buildings either side to maintain public access around the Miramar Peninsula. Adjacent land came into the ownership of the PNBST in 2008.
26. Within Shelly Bay is a collection of businesses and activities which occupy the former defence buildings on land owned by both Council and SBL. This includes the popular Chocolate Fish Café, Propeller Studios (a company specialising in manufacturing prop elements for stage and screen), art studios, and some residential accommodation.
27. There has been little active maintenance of buildings across the area in recent years and many buildings have fallen in to a state of disrepair, exacerbated by the marine environment and exposure to strong north westerly winds. This includes the wharves and sea walls on the western edge of the development area.
28. More recently PNBST's dealings with TWC have been in the spotlight, particularly regarding an earlier attempt by the PNBST board to sell all its land at Shelly Bay to TWC. In early 2016 the PNBST board agreed to sell the land but required 75% endorsement from beneficiaries because the land represented more than 50% of the value of PNBST's assets and therefore represented a "significant transaction" under the trust deed governing its affairs. This level of support was not reached and the transaction could not be executed.
29. Later, following statements by PNBST senior management and board appointees that alternative options for dealing with TWC would be investigated, some beneficiaries took proceedings against PNBST to the Waitangi Tribunal.

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30. In mid-January 2017 a series of hui were held around New Zealand to allow for discussion of Shelly Bay and subsequently, on 31 January following receipt of what PNBST management considered to be a sufficient level of support, the arrangement to convert SBL into a JV company between PNBST and TWC was fully commercially executed.

**Council policy settings**

31. Shelly Bay is a site of strategic importance to the city and has been the subject of various proposals and strategic initiatives. In terms of formal Council policy the existing district plan settings and recent decision to create a SHA are of particular relevance.
32. The area encompassed by TWC's resource consent is a combination of land zoned business and open space in the district plan. The business zoned land allows for sensitively designed, two storey development but the open space zoned land does not provide for development at all.
33. This area was approved by Council as a SHA in June 2015. As a SHA the area became subject to the enabling provisions of the Housing Accords and Special Housing Areas Act (HASHAA) which overrides aspects of the Resource Management Act (RMA) and promotes the delivery of housing up to six storeys in height. The SHA encompasses the commercial zonings and some open space land and signalled a notional dwelling yield of 300 units<sup>2</sup>.
34. In addition to these formal policy settings Shelly Bay has been central to discussions about the future of the Miramar Peninsula and an integrated cycle network around Wellington Harbour.

**Shelly Bay masterplan and resource consent**

35. In September 2016 TWC lodged a resource consent application under the HASHAA which corresponds with the development opportunity created by the Shelly Bay SHA. This application was approved by Council on 18 April 2017. The consent authorises a large, staged and comprehensive mixed-use development across the SBL and Council landholdings. Key components of the development are:
- a) 12 multi-level apartment buildings containing approximately 280 apartments;
  - b) approximately 58 townhouses;
  - c) up to 14 stand-alone dwellings;
  - d) adaptive re-use and relocation of the submarine mining depot barracks;
  - e) adaptive re-use of the officer's mess for a boutique hotel;
  - f) adaptive re-use of Shed 8 and the Shipwright's building for commercial use;
  - g) new commercial buildings; and
  - h) open space areas at each end of the development known as "point parks" and a village green at the heart of the development.
36. The development is comprehensively designed, with the realignment of Shelly Bay Road within the main village area. Public access, including to the waterfront, is also emphasised. The masterplan layout and some graphic illustrations are shown in Attachment 2.

<sup>2</sup> The SHA overrides the presumption against development on open-space zoned land

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37. Because of the scale of the development the resource consent sets in place a framework for the development rather than a detailed blueprint. Given the expected timeframe for development (5 – 10 years) individual stages of development would be fully designed at a later stage and subject to a subsequent urban design approval process to be overseen by Council's Technical Advisory Group ("TAG").
38. It is important to note that the approval of the resource consent over some Council land does not confer any entitlement on TWC or SBL to acquire, possess or develop the land. These rights have to be separately obtained from Council (in its capacity as the current landowner). This matter is understood by TWC and it decided to proceed with making the application, at significant cost and at its own risk, whilst this matter is still outstanding.

**Infrastructure deficit and deferred property maintenance**

39. A report completed for Council in January 2008 estimated the cost of remediating Council owned buildings would be in the range of \$1.25 – 3.5 million and recommended an immediate maintenance programme to prevent irreversible damage. This has not occurred and with another nine years of wear and tear and adjustment for inflation these costs will now be higher. Taking these matters into account and for the purposes of this report we have assumed this figure to be \$4.0m.
40. In addition to these matters is significant deterioration to a seawall which secures the land beneath Shed 8. An estimated \$600,000 of remedial work is required to secure this wall and ensure the land is sufficiently stable to continue supporting Shed 8.
41. The Shelly Bay area has bulk servicing for water supply (from the Mount Crawford reservoir) and sewerage disposal and stormwater is disposed into Shelly Bay itself. The water supply would require upgrading to support a higher level of development and a level of upgrading is required just to provide appropriate resilience for current use. The sewerage system is in more immediate need of upgrade with genuine capacity resilience challenges already present.
42. Shelly Bay is primarily accessed from the south along Shelly Bay Road from the Miramar cutting and is a narrow, winding coastal route hemmed between the shoreline and coastal escarpment. In places the road is secured by seawalls, some of which require maintenance.
43. A report commissioned by officers this year estimates that the cost of basic maintenance and upgrading of these Council infrastructure items to properly support existing activities would be approximately \$1.0 million.
44. Taken together the deferred maintenance on Council's property assets and bulk infrastructure the cost to Council in the near future of simply "holding the line" or "doing nothing" will be in the order of \$5.6 million dollars.

**Council's landholdings and tenants**

45. Council's landholdings are shown in Attachment 1. Across the landholdings Council has various tenants and tenancy arrangements, summarised in a table in Appendix 3. Collectively the Council receives rental of approximately \$80,000 per annum from its tenancies whilst associated expenses such as insurances and maintenance cost approximately \$150,000 per annum. Under current arrangements, Council is realising a net loss on its land holdings at Shelly Bay. Conservatively, over ten years, a net loss of \$500,000 will be realised under these arrangements. When combined with the deferred maintenance costs outlined above an overall net loss of \$6.1m is estimated over the next ten years.

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46. Activities on Council's land and within Council's buildings include artist's quarters, storage and office space. Council's main tenant, Random Studios ("Random", which runs Propeller Studios), occupies part of Shed 8 where it manufactures and stores props for theatrical and film purposes. It pays lease rental of [REDACTED]. The annual lease rentals for other tenants are between [REDACTED] each. All existing tenancies would need to be terminated to make way for the proposed development. Leases can be terminated at short notice (one to three months).
47. Random's lease is due to expire in [REDACTED] but can be terminated prior to facilitate redevelopment of the Shed 8 site. In light of TWC's development plans Random has expressed an interest in staying on the Shed 8 site or within alternative premises at Shelly Bay. Officers have introduced Random representatives to TWC with a view to facilitating this and we understand discussions are ongoing.

**Wharves and seawalls**

48. There are a number of wharves, jetties and seawalls in and around the Shed 8 building (see **Attachment 4**). Aside from the seawalls securing the Shed 8 land these are all the responsibility of SBL. Over the years these structures have fallen into a state of severe disrepair and, due to the high safety risk, have been closed to public access.
49. Although the structures fall largely outside of Council control and ownership officers commissioned specialist advice to understand the extent of the disrepair and the likely costs of removal and remediation. The advice concluded that all of the wharves and jetties shown in **Attachment 4** are beyond economic repair. The cost to remove them is estimated at \$2.0 million. The cost to replace them with similar structures is estimated at \$13.0 million.

**Negotiations and proposed agreement with The Wellington Company (TWC)**

Request from TWC

50. TWC initially approached Council for support in the following areas:
  - a) purchase of Council's adjacent landholdings (approximately 1ha) to support the development;
  - b) Council funding and bringing forward delivery of bulk infrastructure works to support the development;
  - c) Council funding and delivering public realm and streetscape works within the development area;
  - d) consequential minor land swaps between TWC / SBL and Council to support the development and associated realignment of Shelly Bay Road; and
  - e) retention and remediation of key character buildings (Shed 8, Shipwright's building, Officer's mess) at TWC's cost.
51. TWC's rationale for seeking assistance was that development of Shelly Bay in line with its proposal will generate significant public benefit and it could be appropriate for some of the costs associated with development to fall on Council. Further they emphasised the unique tenure and infrastructure challenges at Shelly Bay that could benefit from a joined up approach.
52. As discussions progressed the requests were varied, as is evident in the proposed agreement set out in below.

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Immediate implications – Council land and disposal issues

53. The land proposed for long-term ground lease and sale, shown in Attachment 1, was obtained by compulsion in the late nineteenth century for defence purposes before transferring to Council in 2005. Against this background Council cannot dispose or alienate the property without considering its obligations to “offer back” the property to the descendants of the original owners under the Public Works Act. Officers have taken specialist advice on this matter confirming that Council has no offer back obligations and can therefore safely dispose of the property.

Discussions

54. Officers commenced discussions with TWC in late 2015 with a view to exploring a potential partnering-type arrangement. Officers advised TWC that although they can engage in discussions they do not hold the delegations necessary to transact Council land or execute an agreement directly (i.e. elected member approval is required).
55. TWC funded and lodged their resource consent application and engaged in discussions in this knowledge and with the risk that Council agreement on land and infrastructure matters may not be forthcoming.
56. Officers have reached an ‘in-principle’ position with TWC on a proposed arrangement that underpins the current recommendation to consult on the lease and sale of Council land. A detailed outline of the proposal is set out below. Please note it is still subject to change as various costings are refined and discussions are ongoing. TWC’s willingness to proceed is likely to be sensitive to any increase in the level of financial contribution which the Council might seek (as development related costs are all likely to be debt funded, with TWC’s ‘equity’ contribution having already been made in the form of the costs incurred to date around project consenting and establishing arrangements with the PNBST).

Proposed agreement

*Council contribution to infrastructure*

57. It is proposed that Council expedite and 50% fund a suite of public realm and infrastructure elements required to support the development. These elements are set out in Table 1 below. The total cost of these elements, based on independent costing assessments, is \$19.7m, which includes cost contingency of \$1.95m. This includes \$6.7m in public realm works comprising a village green, two waterfront “point parks” located at each end of the development, and other streetscape works within the development area (all to remain in Council ownership) and \$13m in infrastructure works fully listed in Table 1. Council would fund 50% of these costs and TWC the remaining 50%, at a cost of \$9.85m each. This apportionment reflects the importance and necessity of infrastructure upgrades to support the development; the public benefit of the proposal over and above a ‘status quo’ outcome; and a less than compelling alternative ‘do-nothing’ option.

*Retention of Shed 8, Shipwrights and Officer's Mess buildings*

58. Specialist assessments have identified these buildings as possessing important character qualities within the Shelly Bay setting (although none are formally heritage buildings). Shed 8 and the Shipwright’s building are located within Area A and the Officer’s Mess partially within Area B (but primarily on land already owned by SBL with the improvements in its ownership). It is proposed to remediate and relocate the Officer’s Mess to the approximate location of the existing Chocolate Fish café building.

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59. Shed 8 and the Shipwright’s building, both owned by Council and remaining in situ, will be remediated to a superior, functional standard as key parts of the development. The work and associated costs will be borne by TWC. An independent investigation made for Council in 2008 estimated the high-end cost of remediating these buildings at \$2.50m. Applying additional costs for contingency, additional wear and tear over nine years and a superior standard of finish, officers have applied a conservative cost estimate of \$3.0m on these works. It is noted that these buildings have prominent waterfront locations and it is proposed to maintain public access to the waterfront around these buildings. As it stands the Shed 8 and Shipwright’s buildings are in poor condition and require remedy before weathering and damage renders these buildings irreparable.

**Table 1: Public realm and infrastructure costs to be shared 50/50 by Council and TWC**

Element	Cost (\$M)	(50%)
Public realm	6.70	3.35
Shelly Bay Road	1.21	
Road intersection	0.50	
Bulk water infrastructure	2.90	
Bulk stormwater infrastructure	0.32	
Bulk wastewater infrastructure	2.75	
Shed 8 seawall	0.60	
Utilities	1.32	
Consultancy fees on above	1.45	
Contingency on above	1.95	
Sub-total infrastructure	13.00	6.50
<b>Total</b>	<b>\$ 19.70</b>	<b>\$ 9.85</b>

*Long-term ground lease and purchase of Council land*

60. TWC would long-term ground lease (125 years), and transfer ownership of all current improvements on, the area shown as “Area A” and purchase the area shown as “Area B” from Council. The value of these transactions to Council, based on independent market valuations (as at September 2016 and based on the improved value of land taking into account the proposed infrastructure works), is \$7.83m broken down as follows:

**Table 2: Council income through lease and sale of land**

Parcel (including all improvements on an “as is:” basis)	Area (m <sup>2</sup> )	Income to Council (independent valuation)
Area A	6,200	\$5,349,330
Area B	3,107	\$2,485,600
	<b>9,307</b>	<b>\$7,834,930</b>

61. Full income from these arrangements would be realised over approximately three years in accordance with the milestone system of payments described below.

*Milestone system of payments*

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62. If the proposed agreement was to proceed cashflow considerations will be important to both parties. TWC has advised that it wishes to stage lease and purchase payments on the land as important infrastructure and public realm works are completed. From Council's perspective it is important that this money is received early on in the project to minimise the amount of external borrowing required to complete the infrastructure and public realm works and to provide ongoing practical comfort that TWC remains committed to delivering the development.
63. For this reason a staged schedule of milestone payments is proposed over the first three to four years of the project. This will perform an important bonding mechanism over TWC. As set out above the public realm and infrastructure costs are being shared 50/50. Based on this relative level of contribution the schedule is proposed to be based around the concept of concurrent and proportionate down payments. This will require careful design for workability reasons and to maximise Council's cashflow position throughout the project. Further, these figures will be subject to some change as costings become more refined and discussions continue.

*Project surplus, avoidance of deferred maintenance, rates uplift*

64. Taking into account the estimated \$9.85m cost to Council in public realm and infrastructure costs and \$11.6m in combined property income and additional rates there is an estimated project surplus of \$1.75m to Council if the project is ring-fenced over ten years. This is represented in summary in Table 3 below.

**Table 3: Proposed arrangement with SBL / TWC –  
estimated net financial position to Council over 10 years**

Income / cost element	(\$M)
Income	
Land sales (serviced sites)	7.80
Rates uplift (net)	3.80
Sub-total	11.60
Capital expenditure	
50% contribution to bulk infrastructure	- 6.50
50% contribution to public realm	- 3.35
Sub-total	- 9.85
Operating expenses	-
<b>Total gain / deficit</b>	<b>1.75</b>

\*Ongoing income / costs adjusted for NPV over 10 years @ 6%

**Status quo**

65. The status quo is presented as the counterfactual to the proposed arrangement with SBL. Under this scenario Council would continue to own its existing properties and infrastructure at Shelly Bay "as is". Associated with this Council will continue to attract approximately \$80,000 per annum in rental income against running costs of

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26 APRIL 2017

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approximately \$150,000 per annum, resulting in a conservatively estimated loss of \$500,000 over ten years. In addition would be the significant deferred property and infrastructure costs of \$5.6m required in the immediate future. Overall this would represent a loss of \$6.1m over the coming ten years as summarised in **Table 4** below.

**Table 4: Status quo –  
estimated net financial position to Council over 10 years**

Income / cost element	(\$M)
Rental income @ \$80,000 p.a.	0.60
Capital expenditure (deferred maintenance)	
Basic infrastructure upgrade	- 1.00
Property remediation	- 4.00
Shed 8 seawall remediation	- 0.60
Sub-total	- 5.60
Operating expenses @ \$150,000 p.a.	- 1.10
<b>Total gain / deficit</b>	<b>- 6.10</b>

\*Ongoing income / costs adjusted for NPV over 10 years @ 6%

66. Under this scenario SBL would be free to pursue development aspirations on its own land. However, we consider this unlikely because without the inclusion of Council infrastructure and public realm funding the urban design outcome and consequential development economics are marginal – that is it is likely no redevelopment will occur and the existing situation will endure until partnership opportunities are revisited again in the future. The agreement between the three interested parties is significantly more advanced than at any time in the past and is unlikely to occur for some time if this opportunity is not capitalised on.

**Broader benefits**

67. In addition to the favourable financial outcomes described above there are broader benefits that officers have sought to quantify, acknowledging that the public benefits expressed by TWC must be set within the context of its vested commercial interest in seeking financial support from Council. Officers have been careful to scope and quantify the broader benefits of the project, based around the framework outlined above of this report. The benefits are identified as follows:
- a) transforming an underutilised prime landholding into a productive and strategic asset for the City generating rates revenue and economic benefits as well as enhancing an area that is highly visible, and popular as a destination for sightseeing, recreation and access to the Miramar Peninsula;
  - b) increasing the supply of housing in the city in line with the purpose of the Shelly Bay SHA and Wellington Housing Accord;
  - c) an opportunity to (indirectly) support and 'partner' with PNBST and give effect to the spirit of the Council's MoU with them in a meaningful way.

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68. Officers have developed a benefit-cost model to allow the benefits of Council's involvement to be quantified in public benefit terms. Based on existing figures direct construction costs are estimated at approximately \$216 million with a further \$180 million in indirect and induced investment. Upon completion it is estimated the development will support in excess of 100 new jobs.
69. Overall, based on the level of Council investment set out above, the benefit-cost ratio is in excess of 20 times the Council contribution during the construction phase dropping to approximately 0.5 times the Council contribution in the post construction phase. With discussions ongoing and costs being refined these figures are subject to change.

**Risks and risk mitigation**

70. The prominence of Shelly Bay; the nature of the proposed commercial arrangement; presence of significant iwi interests; and existing tenants on Council's land presents a suite of key issues and risks that Council will need to carefully consider before making a decision.

*Consistency with Council policy*

71. The redevelopment of the Shelly Bay area is referred to in various Council initiatives and strategic documents including the Urban Growth Plan. It was also identified as a SHA and relevant to discussions about strategic planning for the Miramar Peninsula and the "Great Harbour Way". Overall we assess that the development is consistent with Council policy.

*TWC and project quality, delivery*

72. TWC is a well-known Wellington property development and investment company; however we understand the proposed Shelly Bay development would be the largest and most capital intensive project it has delivered. Accordingly the proposed agreement with them would not come without risks. These include TWC being unable to raise the funds required to deliver the development to the standard agreed or within a reasonable timeframe. However, because of the exclusive JV agreement TWC has with PNBST, Council does not have the option of dealing with another developer.
73. Notwithstanding, there are aspects of the proposal and other counterbalancing factors which act to mitigate some of these risks:
- a) TWC's property interests, activities and reputation are strongly Wellington focused;
  - b) TWC is heavily invested in Shelly Bay through its shareholding in SBL (which will require it to pay an equity acquisition cost equal to 50% of the value of the SBL lands) and the resource consent process;
  - c) the development will be delivered in stages enabling it to parcel up or on-sell land for other companies to deliver should it simply wish to or if it was experiencing cashflow pressures;
  - d) the proposed approach to "cashflowing" the project (i.e. where milestones are put in place where every scheduled Council payment is matched by an agreed payment by TWC) puts in place the economic equivalent of a staged bond mechanism during the capital intensive set up phase of the project;
  - e) any agreement that Council entered into would be fully detailed and formalised through a "development agreement" providing legal and contractual protection consistent with the commercial terms; and

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- f) the resource consent also provides strong protections in the form of urban design requirements that will be enforced by Council's TAG and a requirement to deliver the housing component of the development within specified timeframes (in total 300 units must be delivered within 11 years).

*PNBST*

74. There have been diverging views amongst PNBST beneficiaries as described in above, presenting potential risks around the stability of PNBST as one of the JV partners. However, following the nationwide hui and execution of the JV agreement officers consider that the PNBST position is sufficiently stable to countenance entering into arrangements that are, in part, reliant on ongoing co-operation between PNBST and TWC.

*Sale and lease of Council land*

75. The sale and lease of Council land may attract some opposition, particularly taking into account the prime waterfront location of Shelly Bay. This matter would be better understood following the proposed public consultation, following which Council could make more fully informed decisions around the lease and sale of land (and the existing improvements) and other elements in the proposed agreement.
76. As set out above the lease and sale of Council's land provides a source of revenue that can substantially offset the proposed contribution to infrastructure and public realm works.

*Regional council consents*

77. In addition to the resource consent already approved by Council the development, including infrastructure elements proposed to be delivered by Council, will also require resource consents from Greater Wellington Regional Council ("regional council"). Based on initial scoping these are likely to include consents for increased stormwater discharge, seawall remediation and any reclamation associated with the cycleway opportunity described below.

**Cycleway option**

78. Council's traffic team has advised, as part of the resource consent process, that improvements will be required to Shelly Bay Road between the development site and Miramar cutting to achieve an adequate level of service for the extra demand generated. The basic standard required is a 6m road carriageway and an additional 1.5m on the seaward side for a basic crushed stone pedestrian / cycle path.
79. Notwithstanding, there is an opportunity to achieve a better level of service for pedestrians and cyclists as part of the "Great Harbour Way" initiative. This may better leverage the potential of the Shelly Bay development and the coastal recreational route but would come at substantially greater cost. Officers have received an independent report estimating the cost of a 3m wide, engineered pathway (requiring road widening and reclamation) would cost an additional \$10m. If Council chose to pursue this option the differing cost and benefit profile would alter the benefit cost ratios presented above.

**Conclusion**

80. Officers recommend that Council agree to consult on the long-term lease and sale (including of existing improvements) of two discrete parcels of Council land at Shelly Bay. Consultation is required under Council's Significance Policy.

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81. It is proposed to lease and sell the land in question to SBL for a combined total of \$7.83m to support a partnering-type approach to development at Shelly Bay. These proceeds, alongside an estimated net additional rates income of \$3.8m over the first ten years of the development, would exceed the proposed Council contribution of \$9.85m to public realm and infrastructure works by \$1.75m (i.e. a surplus to Council).
82. Council's infrastructure and property assets suffer from approximately \$5.6m of deferred maintenance which will likely require remedy in the immediate future just to maintain existing development and service levels. In addition annual operating losses are likely to realise (conservatively) a net loss of \$500,000 over the next ten years. All things considered a projected net loss of \$6.1m to Council is estimated over the next ten years.
83. Based on the above investigations indicate that the proposed arrangement with SBL can realise an outcome that is fiscally superior to Council than the status quo (through increased rates and retirement of deferred maintenance liabilities); resolves outstanding infrastructure and property deferred maintenance issues; delivers a comprehensive development solution for the area; and in doing so generates substantial employment, housing supply and recreational benefits.
84. Upon completion it is estimated the development will generate approximately \$2.1m in residential rates revenue and employ in excess of 100 people in full time jobs. During the construction phase it is estimated there will be a direct spend of \$216m with an additional \$180m in "induced spending" – this essentially means further, third-party spending in the local economy resulting directly from the Shelly Bay development. Overall a community benefit cost ratio in excess of 20 is expected during the construction phase, reducing to around 0.5 in the post construction period. A ferry service connecting Shelly Bay into the harbour commuter ferry network is also proposed.
85. A decision to consult on the lease and sale of land does not commit Council to consultation or to a future development agreement with TWC or SBL. However, without it no further progress can be towards the proposed development solution for Shelly Bay. Further, consultation will enable Council to obtain valuable feedback on the proposal to lease and sell the land to enable, and the broader issues related to Council participation in, the development at Shelly Bay.
86. It is proposed that consultation occur throughout May 2017.

**Attachments**

- Attachment 1. 1A - SBL ("Tai Kuri") and Council lands at Shelly Bay.pdf  
 Attachment 2. 1B - Council land proposed for sale and lease.pdf  
 Attachment 3. 1C - Proposed sale and lease in context of Shelly Bay masterplan.pdf  
 Attachment 4. TWC masterplan layout and selected graphics.pdf  
 Attachment 5. Summary of existing Council tenancy arrangements at Shelly Bay.pdf  
 Attachment 6. Main wharf and jetty structures at Shelly Bay

Author	Ian Pike, Manager City Shaper
Authoriser	David Chick, Chief City Planner

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**ORDINARY COUNCIL MEETING**  
26 APRIL 2017

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Me Heke Ki Pōneke

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**SUPPORTING INFORMATION**

**Engagement and Consultation**

Draft consultation material is attached as Attachment 5. It is proposed to undertake community consultation throughout the month of May with a view to obtaining community feedback on the proposed sale prior to any Council decision.

**Treaty of Waitangi considerations**

Treaty of Waitangi considerations have been taken into account. Port Nicholson Block Settlement Trust, through their joint venture arrangement with The Wellington Company, would be directly involved in the proposed development and are a proponent of this proposal.

**Financial implications**

There are no planned budget implications on the Annual Plan itself. The decision sought is to consult on the long-term lease and sale of land at Shelly Bay.

**Policy and legislative implications**

There are various policy and legislative implications associated with any decision to long-term lease or sell land at Shelly Bay and these matters are canvassed in the main body of the report.

**Risks / legal**

There are various risks and legal implications associated with any decision to long-term lease or sell land at Shelly Bay and these matters are canvassed in the main body of the report.

**Climate Change impact and considerations**

No considerations at this point.

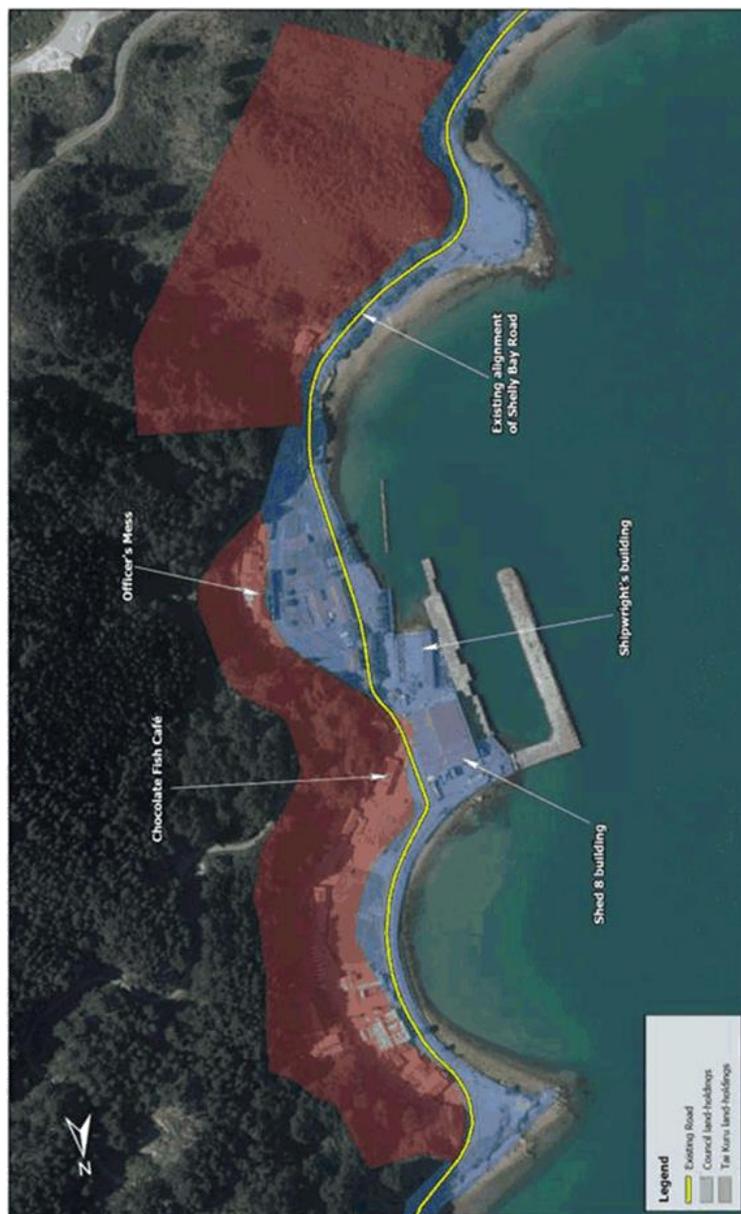
**Communications Plan**

A communication plan will be developed as part of the consultation process.

**Health and Safety Impact considered**

No considerations at this point.

Attachment 1A: SBL ("Tai Kuri") and Council lands at Shelly Bay



Attachment

Public E cluded Item

Attachme

Public E cluded Item

Attachment 1B: Council land proposed for sale and lease



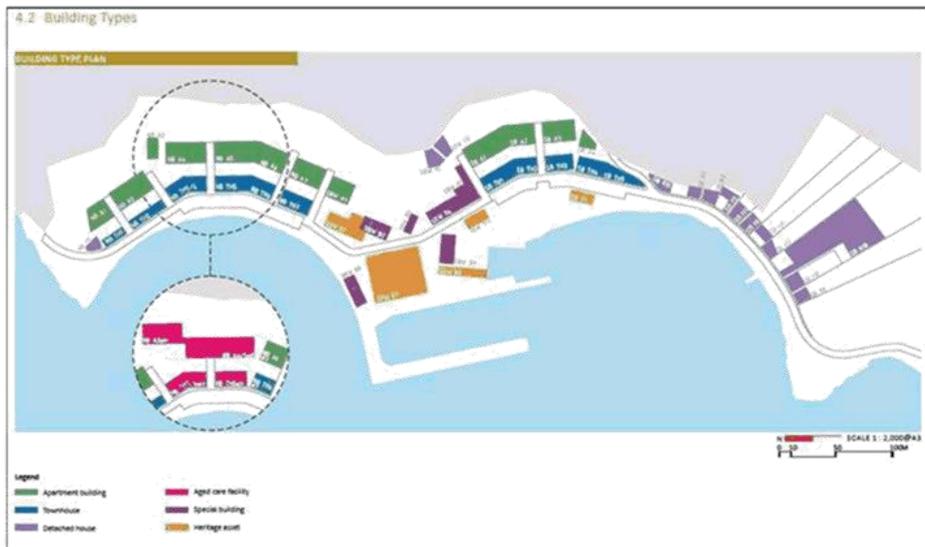
Attachment 1C: Proposed sale and lease in context of Shelly Bay masterplan

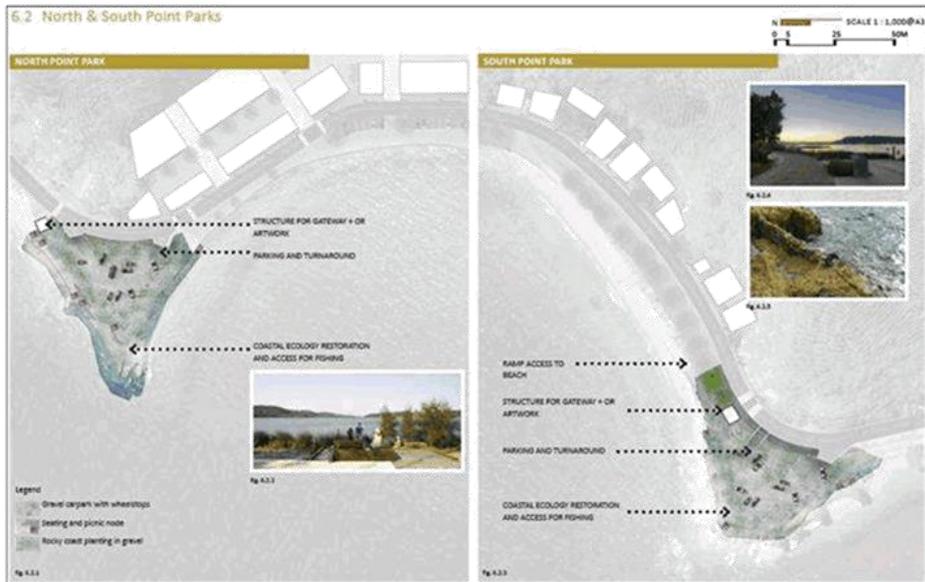


Attachment

Public E cluded Item

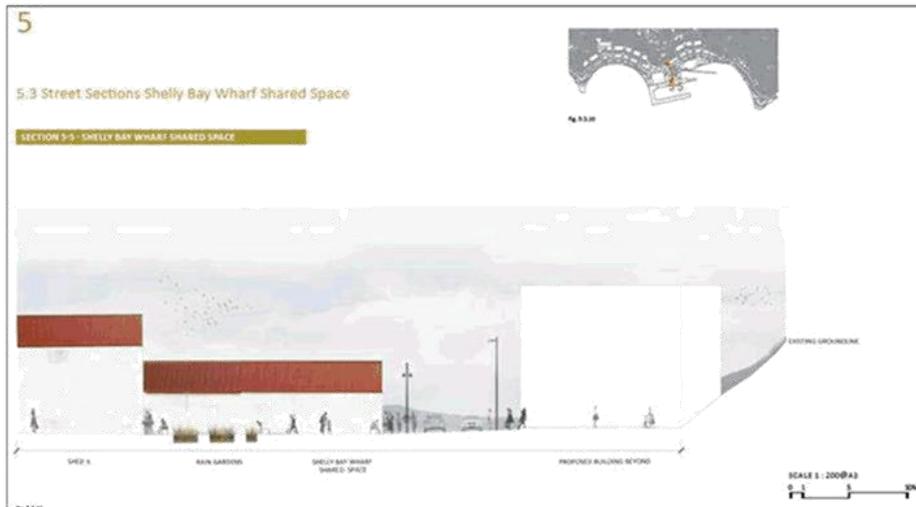
Attachment 2: TWC masterplan layout and selected graphics





Attachme

Public E cluded Item



Attachment 3: Summary of existing Council tenancy arrangements at Shelly Bay

Premises	Tenant	Use	Lease (p.a.)	Expiry term
Laundry building	Gen Cooper	Artwork		
Squash Court	Pyrostar International	Storage and office space		
Shed 8 (part)	DB Campbell	Artwork		
Yard area - Shed 8	Albacore Fisheries	License to occupy (cray pots)		
Shed 8 (part)	Random Studios	Prop manufacturing / storage		
Shed 8 (part)	Downtown Community Ministry	Storage		
Building 8	Blythe Design	Tailor's shop		

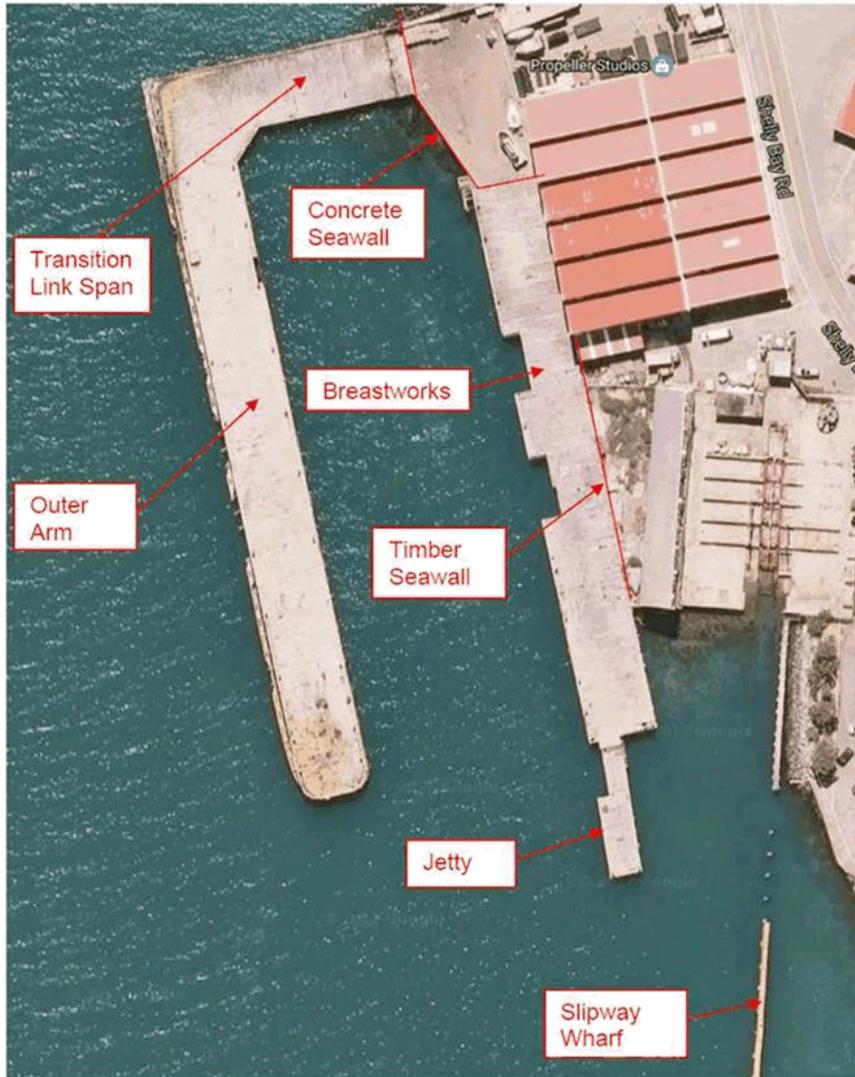
Attachment

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Attachm

Public E cluded Item

Attachment 4: Main wharf and jetty structures at Shelly Bay



The Mayor  
Wellington City Council  
P.O.Box 2199  
Wellington 6140

18<sup>th</sup> October 2016

Tena koe Mr Lester

I am writing to advise you of outcomes from the Port Nicholson Block Settlement Trust Annual General Meeting held at Pipitea Marae on Saturday 15<sup>th</sup> October.

My reason for this is that your Council has included Maori land at Shelly Bay into your Special Housing process without the approval of the Taranaki Whanui Members.

Given the unreliability of the current Trust Board to communicate transparently, I for one would not want you to be under any illusion about the actions that were decided upon by the members who attended the Hui last Saturday.

Particularly, given the deceptive spin placed on recent public announcements by the Board's present Chairman.

Three major decisions were decided and passed unanimously.

1. That a review and audit of the Trusts finances be taken from the years 2009 to 2016.
2. That all negotiations and all selling actions concerning Shelly Bay cease immediately.
3. That the Trust Board will immediately call a hui to discuss the future of Shelly Bay with the Taranaki Whanui Members who will, after full discussion, make the final decision.

*The Shelly Bay property is the largest individual asset owned by the Trust.*

The Deed of Trust requires a vote by Members to sell that size of asset. When that proposal was put to the membership in February, the Board failed to get to the necessary 75% threshold to sell.

However despite that and assurances from the Chairman and the Chief Executive Officer that the property would not be parcelled out in smaller blocks and then sold separately, that is effectively what has taken place.

Mr Cassels of the Wellington Company Ltd entered into the sale process of Shelly Bay without the full approval of the Members of Taranaki Whanui Ki Te Upoko O Te Ika. The Wellington City Council is an involved party through the inclusion of Maori land in your planning processes without permission.

This calls into question the legitimacy of the Shelly Bay land process in which your Council is engaged. For example the consenting process which is currently underway.

For your information; you need to know about actions to nullify any unapproved sale of Shelly Bay and related activities that are currently underway.

A claim has been lodged with the Waitangi Tribunal disputing the Government and the Wellington City Councils authority in placing Shelly Bay into the Special Housing Accord policy without the approval of the Maori Land owners. Government Orders in Council and WCC documents were filed worked on and presented, before the Taranaki Whanui Trust Board had even commenced a voting process to obtain consent from its Members to sell the land.

Notwithstanding our Trustees attitude and behaviours, the Members decision is very clear. Development of Shelly Bay is necessary and desirable as is the retention of some of the land in the north for Iwi use, but **none** of the whenua is for sale.

I fully realise that 'Face' is immensely important for some. I also realise that the actions I have described above may lead to 'loss of face' for some. I am sure that, that circumstance can be avoided.

I hope that as a result of this contact you have a better understanding of the thinking and strong feelings of the wider Membership of the Taranaki Whanui.

Maori like to talk, so should you wish to discuss the contents of this letter, I am with others, willing to do so.

Nga mihi.

Hirini Jenkins Mepham



C/Nary#5



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ANNE PHILLIPS

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28 August 2018

Mayor Justin Lester  
Mayor of Wellington  
All Councillors  
Wellington City Council  
PO Box 2199  
Wellington

Email: [mayor@wcc.govt.nz](mailto:mayor@wcc.govt.nz)  
[councillors@wcc.govt.nz](mailto:councillors@wcc.govt.nz)

Tena koe Lester

**Mau Whenua and Shelly Bay**

I write as a beneficiary of Port Nicholson Block Settlement Trust (PNBST) and as a member of Mau Whenua. The Mau Whenua group is comprised of people who not only whakapapa to the ancestors who hold the mana of the Port Nicholson Block Settlement Trust (PNBST), but who also oppose the sale of Shelly Bay.

We urge you and your fellow councillors to reconsider the sale and lease of flat land at South Bay. We are heartened by reports that the Wellington City councillors voted last week not to extend its Special Housing Areas, thereby marking an end to this initiative in the city. Despite the boldness of this resolution we are dismayed that the Council has not taken the next step and undertaken a full inquiry into the granted resource consents for Shelly Bay under the Housing Accords and Special Housing Areas Act 2013 (HASHAA) to The Wellington Company. Of particular concern is PNBST's reliance on *Te Tiriti o Waitangi* when a claim has been made to the Waitangi Tribunal in opposition to the trust's involvement under HASHAA and legal advice has been sought by the Iwi beneficiaries in order to test its decisions.

Enterprise Miramar Peninsula Incorporated argued in the Court of Appeal last week that the appointment of Independent Commissioners would go some way to allay fears the Council has given way to pressure and the exaggerated claims of wide support made by the trustees of PNBST.



Of great importance is the area of flat public land at South Bay still owned by the Council. According to your solicitor, in reply to a specific question from the Court of Appeal bench, the Council has not signed an agreement to sell or lease this land to The Wellington Company. Mau Whenua calls on the Council to hold onto that land as a priceless asset for all of the people of Wellington. Mau Whenua regards the land at Shelly Bay as a taonga tuku iho - a treasure of great value to be held for the next generation. We oppose the sale of Shelly Bay because alienation is not only contrary to the wishes of the beneficiaries, but also the residential development proposed by The Wellington Company amounts to a violation of an unspoiled green landmark.

You now all know PNBST has sold three of the four blocks of land the trust owned at Shelly Bay to Shelly Bay Investments Ltd (a company also controlled by Mr. Cassels) for the bargain price of \$6 million, given that all four blocks were originally purchased by the trust for \$13.1 million. In a move calculated to escape the constraints of its trust deed: it defines a major transaction as requiring the consent of 75% of the beneficiaries, the PNBST sold these three blocks in July 2017. The fourth block still remains under the control of PNBST. Although this final block has been transferred to a separate legal entity called Tai-Kura Limited Partnership, PNBST through their lawyers has advised us that the trust retains complete control.

We are upset and angry that PNBST has overturned the wishes of its beneficiaries and gone ahead and sold to The Wellington Company this iconic site for intensive housing. The proposed scheme allows for 352 units with the changes introduced by HASHAA permitting buildings to be constructed up to 27 metres in height. This development proposal is deplorable, not least because of the hidden infrastructure costs of building new seawalls.

Mau Whenua has instructed its lawyers to overturn the sale of those three blocks of land on the grounds that the sale contravened the PNBST deed of trust. In addition Mau Whenua takes issue with Tai-Kura Limited Partnership because there is nothing to prevent that group selling the last block of land, despite the legal risks associated with contravening the trust deed. The Council has a duty of care to the iwi beneficiaries and the people of Wellington to stop the imminent destruction of a site of immeasurable value and natural beauty.

In conclusion Mau Whenua urges you all to revisit each of the steps made with regard to Shelly Bay, to appoint Independent Commissioners and to retain the land that it currently owns in that area.

Finally a whakatauki or proverb that expresses our ancestral ties with Shelly Bay and reinforces the heavy responsibility of the Council to be mindful on behalf of all of the people of Wellington:

*'Te toto o te tangata, he kai; te oranga o te tangata, he whenua ki Whanganui o Tara'*—'While food provides the blood in our veins, our health is drawn from the land of Wellington.'

Yours sincerely

Dr Anne Phillips

Ngaruahine raua ko Ngapuhi

CC:

Diane Calvert  
Chris Calvi-Freeman  
Brian Dawson  
Jill Day  
Fleur Fitzsimons  
Andy Foster  
Sarah Free  
Peter Gilbert  
David Lee  
Simon Marsh  
Iona Pannett  
Malcolm Sparrow  
Simon Woolf  
Nicola Young



## The Wellington Company / Iwi joint venture – now a safe and secure partnership

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### Port Nicholson Block Settlement Trust (PNBST)

- Post settlement land management entity
- Jointly owns 4.5ha of land with TWC



### The Wellington Company (TWC)

- Main project proponent
- Private property developer and investor
- Holds “5+5 year” development right over the land
- Capital and development capability to deliver proposal

Absolutely Positively  
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## Shelly Bay – Council policy settings

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- Central to Council’s strategic planning for Miramar Peninsula
- Identified strategic development opportunity in Urban Growth Plan
- Land zoned Business 1 and Open Space in District Plan
- Became a Special Housing Area (“SHA”) in 2015
- SHA created the opportunity to develop at scale that generated current proposal
- Resource consent to be granted later this month



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From: [REDACTED]  
 Sent: Monday, 29 August 2016 8:32 a.m.  
 To: [REDACTED]  
 Cc: [REDACTED]  
 Subject: RE: Shelly Bay Infrastructure Servicing Report

Follow Up Flag: Follow up  
 Flag Status: Flagged

Steve,

David has subsequently had a discussion with Andrew and Kevin and has softened his views so that he now agrees with the 6 +1.5 width accepting that in the longer term this is not going to be adequate.

I appreciate that this does cause us a problem, with perhaps the only mitigation being that for this particular development Council/ratepayers will end up paying under either the 6 + 1.5 scenario or any other option given that the development model is predicated upon Council funding the off-site infrastructure costs.

Accordingly I have been asked to come back and provide amended advice.

Perhaps a way of doing this would be:

“Having considered the implications of the Shelly Bay development on the road network it is our opinion that the 6 +1.5m width from Miramar Avenue and Shelly Bay is unlikely to be adequate in the longer term. Given that the Shelly Bay development is likely to be only one of a number of factors contributing to the demands on this route it will become incumbent upon Council to address capacity shortfall when that time arrives. In the interim, and only taking into account the Shelly Bay development, the 6+1.5m corridor can be considered adequate.”

I suspect we would in reality make a pragmatic call on optimum width at the time consents are sought to give effect to the 6+1.5 option.

Like you all I am disappointed at the inconsistency of direction over this issue. I am also frustrated that the notion of “free and Frank” advice is yet again compromised.

I am happy to go back to Anna Harrison with subtly amended advice if that will ease the pain.

Regards

[REDACTED]

**Wellington City Housing Accord – Special Housing Area  
Location Summary**

<b>Recommended Tranche</b>	3
<b>SHA Name</b>	Shelly Bay
<b>Property Address</b>	<p><i>Description of area declared to be Shelly Bay Special Housing Area</i></p> <p>All that land (including legal roads) comprising 7.32 hectares commencing at the most northern point of Section 9 SO Plan 339948 bounded:</p> <ul style="list-style-type: none"> <li>• to the north by the northern boundaries of Section 9 SO Plan 339948 and Section 1 SO Plan 37849; then</li> <li>• to the east by the eastern boundaries of Section 1 SO Plan 37849, Section 3 SO Plan 339948 and Section 2 SO Plan 339948 for a distance of 31.26 metres; then</li> <li>• by the eastern and south-eastern boundaries of the Shelly Bay Special Housing Area as published in the Housing Accords and Special Housing Areas (Wellington-New June 2015 Areas) Order 2015; then</li> <li>• by the north-eastern, south-eastern and south-western boundaries of Part Section 20, Watts Peninsula District; then</li> <li>• to the south by the extension of the south-western boundary of Part Section 20, Watts Peninsula District westwards across Shelly Bay Road to Mean High Water Springs (MHWS); then</li> <li>• to the west by the line of MHWS northwards until intersecting with the existing wharf structures; then</li> <li>• by the seaward edges of the existing wharf structures until intersecting with the line of MHWS again; then</li> <li>• to the west by the line of MHWS until intersecting with the extension of the northern boundary of Section 9 SO Plan 339948 westwards across Massey Road; then</li> <li>• to the north by the extension of the northern boundary of Section 9 SO Plan 339948 westwards across Massey Road, then to the point of commencement;</li> </ul> <p>excluding the Shelly Bay Special Housing Area having an area of 2.79 ha more or less as published in the Housing Accords and Special Housing Areas (Wellington-New June 2015 Areas) Order 2015.</p>
<b>Approximate Size</b>	7.32 hectares
<b>Local Board</b>	N/A
<b>Landowner</b>	Shelly Bay Ltd/Wellington City Council
<b>Developer</b>	Shelly Bay Ltd/The Wellington Company
<b>SHA Request Received</b>	Requested by developer.
<b>Brownfield/Greenfield</b>	Brownfield
<b>Approximate Yield</b>	300

Qualifying Development Criteria
<p>Include information here about restrictions the council may want to impose. Examples below:</p> <ul style="list-style-type: none"> <li>• Maximum number of storeys that buildings may have: 6</li> <li>• Maximum calculated height that buildings must not exceed: 27 metres</li> <li>• Minimum dwelling or residential site capacity: 10</li> </ul>

Criteria	Summary	Notes
Consistent with Wellington City Housing Accord	Yes	The area will contribute to a diversity of housing stock and typology, thereby contributing to the Accords aim of providing a mix of housing types.
Alignment with the District Plan	In part	The District Plan zoning for the site is a mixture of Business 1 and Open Space B. The predominant Business 1 zoning provides for mixed use development in the area including residential development and this zoning covers the majority of the developable area of the site.
Infrastructure availability/readiness, including available capacity	Yes	<p>Council commissioned GHD, an engineering consultancy, to review the suitability and condition of infrastructure to this site in 2014. That report found that infrastructure to the area requires significant upgrading in order to facilitate development on the site. For power and three waters upgrades, GHD estimated a cost of \$6.3M. Such a level of infrastructure upgrading is achievable provided a sufficient level of development is achieved. Specifically, GHD noted the following:</p> <p><b>Water</b></p> <p>The site is serviced for water, however the condition of the water main is poor and its capacity is too small to supply firefighting water supply.</p> <p><b>Wastewater</b></p> <p>The site is serviced by a pump station and rising main back to Miramar along Shelly Bay Road. The rising main is too small and requires constant repair. The pump station will have to be replaced to match flows of new development.</p> <p><b>Stormwater</b></p> <p>There are stormwater networks and culverts that pipe streams to harbour. The culvert pipes are undersized and will receive greater flows due to potential development of the Mt Crawford prison site.</p> <p><b>Transport</b></p> <p>Transport to the area can be accommodated on Shelly Bay Road. Dependant on the exact proposal, roading upgrades may be required and are feasible to achieve.</p>
Iwi views		Iwi are supportive of the sites inclusion including through their ownership of part of the site.
Land owner views	Yes	As above.
Demand to build	Yes	The prospective developer has begun master-planning work for the site and is presently

		undertaking minor works to the existing buildings on the site.
Demand for housing	Yes	There will be demand for housing on this site given its location and potential amenity values.

<b>Other Comments</b>	Nil.
<b>Reasons for using SHA process</b>	To incentivise development in this area and provide additional brownfield residential supply, along with providing an alternative consenting path to that of the Resource Management Act 1991.
<b>Planning History</b>	No specific planning history. The site has carried a mixed use zoning for some time. The site was acquired by Shelly Bay Ltd as part of the treaty settlement for Port Nicholson Block Settlement Trust. Some of the site is owned by Wellington City Council.

<b>Reviewed by:</b>	
Site visit:	[REDACTED] Principal Advisor Planning
Transport:	Wellington City Council
Storm water:	13 November 2015
Waste water/water:	[REDACTED]
Open space:	[REDACTED]



