
**SPICER FOREST – JOINT MANAGEMENT AGREEMENT WITH
PORIRUA CITY COUNCIL AND GREATER WELLINGTON
REGIONAL COUNCIL**

1. Purpose of report

To approve the recommendations of the Wastewater Treatment Plant and Landfill Joint Committee (the JV Committee) of the 11th April 2012 to exit the joint management agreement for forestry with Greater Wellington Regional Council and Porirua City Council as of 30th June 2012.

2. Executive summary

Spicer Forest is a joint venture between Wellington City Council (WCC) and Porirua City Council (PCC) who are the landowners; and Greater Wellington Regional Council (GW) who manage the forest. The forest is scheduled to be clear felled in 2016 under a joint venture agreement.

The forest was planted in 1986 under an agreement that would give Tawa Borough (and subsequently WCC) 8% of the net revenue following harvest with substantial costs associated with replanting. Both WCC and PCC wish to exit the agreement to reduce their financial liability, and work towards the long term use of the area as a recreation park along with the adjacent Spicer Botanical Park, Colonial Knob, DoC Scenic Reserve and Porirua Scenic Reserve. This would involve staged tree removal and gradual replanting with natives. This requires all three parties exiting the joint venture forestry agreement.

The JV Committee has been delegated responsibility by PCC and WCC to manage Spicer Forest and the agreement with GW. On the 11th April 2012 the JV Committee agreed to recommend to both Councils that they exit the agreement with GW and pay compensation by 30th June 2012. This would enable PCC and WCC to work together on the long term development of a recreation park. It would also avoid clear felling of the pine forest in 2016 and enable staged logging over several decades.

Both PCC and GW will be considering the proposal to exit the agreement at their respective Council meetings on 2nd May.

3. Recommendations

Officers recommend that the Strategy and Policy Committee:

1. *Receive the information.*
2. *Recommend to the Council that it approve the recommendations of the Wastewater Treatment Plant and Landfill Joint Committee of the 11 April 2012 that:*
 - a. *The Councils agree to exit the joint management agreement for forestry with Greater Wellington Regional Council as of 30th June 2012 through a Deed of dissolution*
 - b. *Compensation of \$393,689 be paid to Greater Wellington as full and final settlement for their loss of logging rights under the joint management agreement*
 - c. *The compensation payment be paid by the Councils is based on their respective land areas covered by the joint management agreement: Wellington City Council pay \$220,336 and Porirua City Council \$173,353*
 - d. *Any income received from logging as part of the Meridian Access Road be used to investigate and develop recreational activities and facilities within Spicer Forest*
3. *Note that the compensation will be funded from the dividend the Council receives from the Joint Venture*
4. *Note that the future management of and responsibility for Spicer Forest will be considered during the deliberations on the formation of a Council Controlled Trading Organisation (CCTO) to jointly manage solid waste services between Wellington City Council and Porirua City Council*

4. Background

In 1983, Porirua City Council (PCC) and Tawa Borough Council (TBC) entered into a 'Joint Refuse Disposal Works Agreement'. The agreement covered Spicer landfill which had already been established; with the remainder of the land being planted in radiata pine as a production forest. All costs and any revenue associated with the joint works were to be apportioned 77% towards PCC and 23% against TBC and were based around the population ratio between the two authorities at this time.

The Regional Council (GW) was then engaged to plant, and manage the forest. All costs associated with the forest venture were to be met by GW with this capital outlay and risk recognised by a higher share of the net revenue at

harvest. GW's share of the net revenue was to be 66% with the remaining 34% to be split between the landowners. PCC was to receive 26% of the net profit and TBC approximately 8%.

In 1989, the land was vested with WCC after the local government reorganisation. When the local body boundaries were altered to reflect the amalgamation, WCC inherited 40ha of land planted in pine forest.

Under the agreement, WCC is set to receive only 8% of the net revenue (currently 41k) from the harvesting of the forest, despite over half the forest being located on WCC land. There will be substantial post logging costs (up to \$300k) Clear-felling the forest will also have a significant impact on the environmental and amenity values of the land. The loss of forest cover will mean that potential recreation opportunities will be adversely affected for a number of years. The WCC land is covered under the policies in Outer Green Belt Management Plan which proposes that plantation forestry is phased out once the current trees are harvested.

WCC and PCC need more control over the management of the forest to mitigate any future financial risk and adverse environmental, landscape and land use impacts. This can be achieved by negotiating with Greater Wellington their exit out of the joint venture agreement. PCC and WCC can then develop a more sustainable forest management approach including staged logging over many years with a return to native forest.

On 21 March 2011 the JV Committee) delegated WCC and PCC officers to negotiate an exit from the agreement and report back on settlement issues with GW. This would enable both parties to work together on the development of an active recreational park comprising Spicer Botanical Park and Forest, Colonial Knob, DoC land and Porirua Scenic Reserve. It would also avoid clear felling of the pine forests in 2016 and enable staged logging over several decades with a gradual change to native forest. It would also continue to provide an important buffer for the landfill.

Officers have negotiated an agreed value for the forest and a paper was presented to the 11th April 2012 JV Committee (Appendix 1). The JV recommended:

That the Wastewater Treatment Plant and Landfill Joint Committee (the JV Committee) agree to recommend to Porirua City Council and Wellington City Council (the Councils) that:

- 1. The Councils agree to exit the joint management agreement for forestry with Greater Wellington Regional Council as of 30th June 2012 through a Deed of Dissolution*
- 2. Compensation of \$393,689 be paid to Greater Wellington as full and final settlement for their loss of logging rights under the joint management agreement*

3. *The compensation payment be paid by the Councils is based on their respective land areas covered by the joint management agreement: Wellington City Council pay \$220,336 and Porirua City Council pay \$173,353*
4. *Any income received from logging as part of the Meridian Access Road be used to investigate and develop recreational activities and facilities within Spicer Forest.*

The final recommendation above differed from the original report (appendix 1) by removing any reference to the source of the compensation funds from each Council (recommendation 3). The JV Committee agreed this was a decision that should be left for each Council to decide. The change is as follows:

- ~~3. *the compensation payment be paid by the Councils is based on their respective land areas covered by the joint management agreement: Wellington City Council pay \$220,336 and Porirua City Council pay \$173,353 and that this payment will come from the respective dividends received by each Council from the Joint Venture in the 2011/2012 financial year*~~

Porirua City Council will consider the recommendations of the JV Committee on May 2nd; Greater Wellington will consider the proposed transfer of cutting rights along with the compensation package on May 2nd.

The Territorial boundaries and land ownership are shown in Appendix 2.

5. Discussion

The discussion and options are considered in the JV Committee report (appendix1).

Since the JV report was prepared, GWRC have advised that they are consulting on the sale of forestry cutting rights for all of their commercial forestry as part of their draft Long Term Plan (2012-2022). If PCC and WCC do not approve their exit from this agreement they could agree with GWRC for the forestry cutting rights for Spicer Forest to be included in this proposed sale.

The future management and responsibility for Spicer Forest will be addressed during the deliberations on the formation of a Council Controlled Trading Organisation (CCTO) to jointly manage solid waste services between WCC and PCC. This will look at the value of including some of the Spicer forest lands within the CCTO to continue to provide a buffer for the landfill as well as providing ecological and recreational functions for the wider community.

5.1 Consultation and Engagement

Officers have briefed the Tawa Community Board.

5.2 Financial considerations

The financial implications of exiting the Joint Venture Agreement are covered in the JV Committee paper (appendix 1) and in section 5.4.

5.3 Climate change impacts and considerations

The Council have applied for an allocation of pre-1990 New Zealand emission units (NZUs) for Spicer Forest under the Forestry Allocation Plan of the Emissions Trading Scheme (ETS). The Council can expect to receive a one-off allocation of 2,298 NZUs for Spicer Forest with an estimated value of \$17.2k at the current carbon prices of \$7.50/NZU.

If the Council deforests more than 2 hectares of Spicer Forest (i.e. removes trees and then changes the land use) then Council is liable for the carbon lost irrespective of the pre-1990 forestry allocation (i.e. if we deforest all or parts of Spicer than we'll have a liability with or without our forest allocation). Note that the right to receive an allocation of NZUs and the liability rests with the land owner and is unaffected by any changes to the Joint Venture Agreement. However, if the Council maintains the land use as forestry (i.e. removes trees and then re-forests or allows for natural reversion) then the Council will have no liability.

5.4 Long-term plan considerations

There are no implications for the LTP if the agreement is exited and compensation paid by the end of June 2012. If the agreement is not signed then WCC will need to make provision in the 2012 – 2022 LTP for net costs in 2016/2017 of \$253,000. This comprises \$41,000¹ of revenue and \$294,000² of expenditure.

6. Conclusion

PCC and WCC are proposing to exit the joint venture agreement with GW for management of Spicer Forest. This will enable future planning for the area to be closely integrated with management of the pine forests and prevent clear felling which would have financial and environmental implications for both parties. It could also compromise the development of a recreation park comprising Spicer Forest and adjacent reserve areas.

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¹ Net costs based on revenue minus costs of harvesting based on June 2011 valuation

² Costs incurred with clean up following logging, replanting part in native and managing reversion in other parts. Based on 2009 costs.

SUPPORTING INFORMATION

1) Strategic fit / Strategic outcome

Supports Council's long term outcomes for the city's environment, in particular More Liveable, Better Connected and More Sustainable. It is consistent with the policies in the Outer Green Belt Management Plan. .

2) LTP/Annual Plan reference and long term financial impact

Fits with the Council long term outcomes of more sustainable and better connected. No financial impact on 2012-2022 LTP.

3) Treaty of Waitangi considerations

None

4) Decision-making

This is not a significant decision. The report sets out a number of options and reflects the views and preferences of those with an interest in this matter who have been consulted with.

5) Consultation

a) General consultation

None required.

b) Consultation with Maori

None

6) Legal implications

Council's lawyers have been consulted during the development of this report and have prepared a Deed of dissolution between the three parties

7) Consistency with existing policy

Consistent with policies in the Outer Green Belt Management Plan