

**QLDC Council**  
**3 September 2020**

**Report for Agenda Item | Rīpoata moto e Rāraki take 5**

**Department: Community Services**

**Title | Taitara Lease at Bobs Peak to Queenstown Commercial Parapenters Ltd (GForce)**

**PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO**

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The purpose of this report is to consider granting a lease over part of Bobs Peak for the purpose of running a commercial parapenting operation.

**RECOMMENDATION | NGĀ TŪTOHUNGA**

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That Council:

1. **Note** the contents of this report;
2. **Approve** a new lease over part of Bobs Peak 1.5003 hectares being part of Section 2 Survey Office Plan 519538:

Commencement	TBC
Term	Five (5) Years
Renewals	Two (2) further rights of renewal of five (5) years.
Rent	A sum equal to 7.5% of the gross revenue plus GST per annum for flights and other sales associated with the lease area. Base rent of \$20,000 will be payable in the first 2 years of the lease, increasing to \$30,000 from year 3 onwards, adjusted for increases in the consumer price index.
OPEX	All rates and charges associated with the land to be paid for by the lessee.
Use	A take off point for commercial parapenter flights and as a booking office for commercial parapenting flights and for the sale of souvenirs relating to paragliding.
Consents	That the Lessee is not to erect any building on the land without prior consent of the Lessor.

Insurance	Lessee will hold liability insurance to a minimum amount of \$2,000,000. Insurance must be kept on any building or improvement on the land.
Maintenance	Lessee will at all times be responsible for the maintenance of the land and keep it free of any noxious weeds.
Safety/Suspension	Council to retain ability to suspend or vary the lease for safety purposes.
Tree Management	The lessee will be responsible for implementing a tree and fire management plan for the lease area and coordinate with other adjacent operators.
Relevant legislation	Lessee to comply with CAA and all other relevant legislation that relates to the operation of a commercial parapenting business

3. **Delegate** final lease details and signing authority to the General Manager of Community Services;
4. **Agree** that the exercise of the Minister’s prior consent (under delegation from the Minister of Conservation) to the granting of the lease to the applicant over Section 2 Survey Office Plan 519538, classified Recreation Reserve.

Prepared by:



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Property Advisor  
APL Property

12/08/2020

Reviewed and Authorised by:



Aaron Burt  
Senior Parks and Reserves  
Planner

17/08/2020

Approved by:



Thunes Cloete  
General Manager  
Community Services

19/08/2020

## CONTEXT | HOROPAKI

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- 1 Queenstown Commercial Parapenters Ltd (QCP) have been operating and leasing land on Bobs Peak from the Council for almost 30 years. The current lease commenced on the 1<sup>st</sup> June 2000 and is now operating under holding over provisions.
- 2 QCP wish to enter a new lease with QLDC so it can continue to operate on Bobs Peak with certainty once the existing lease expires. It also provides the Council with an opportunity to update the lease document to reflect current legislation and management priorities for the reserve and its operators.
- 3 The land forms part of the Ben Lomond Reserve and is thus managed in part under the Ben Lomond Reserve Management Plan. QCP are currently listed as a permitted lease holder under the plan. They are consistent with the plan in regard to providing an activity that enhances the opportunity for low impact recreation activities.
- 4 QCP is an iconic Queenstown business which has deep roots in the community. The company structure is unique with 12 of the active pilots being shareholders in the business. They are not owned by a tourism corporate, but rather a collective of long-term locals.
- 5 QCP are focused on being industry leaders in safety systems. In 2012, they were the first paragliding company in New Zealand to receive certification from the Civil Aviation Authority as a Part 115 approved operator. In 2019 QCP were the first Queenstown based paragliding company to achieve compliance under the CAA Part 100 SMS (Safety Management System).
- 6 The permitted use clause in the current lease is to use the land as a take off point for commercial parapenter flights and as a booking office for commercial parapenting flights and for the sale of souvenirs relating to parapenting. QCP wish to maintain the ability in the future to erect a small ticketing office on the lease area, with the current office behind the Skyline restaurant.
- 7 QCP have also expressed a need to have access up the vehicle trail to Bobs Peak to enable them to access the area if the gondola is not operating. QCP would like to enter into a management agreement with the council in order to access the road, should the Gondola be out of operation.
- 8 QCP have requested a term of 5 years with two rights of renewal for further 5-year terms, providing a maximum term if renewed of 15 years

## ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

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- 9 QCP have a long-standing positive relationship with QLDC. They have no recorded lease breaches on file and have always paid their rent on time. Their current rent is the greater of \$30,000 per annum or 7.5% of gross turnover. Council has no obligation to grant a new lease.

- 10 It is recommended that the annual base rent remain at \$30,000 per annum apart from during the first 2 years of the lease when base rent will be \$20,000, which is intended to provide for reduced trading initially as a result of the impact from Covid-19 to the local tourism market. Turnover rent would then be paid annually in arrears at 7.5% of turnover (minus the base amount) pursuant to Community Facility Funding Policy.
- 11 The Reserves Act 1977 requires the intention to grant a new lease to be publicly notified calling for submissions unless the activity is in conformity with and contemplated by the Reserve Management Plan.
- 12 Section 9.3.1(5) of the Ben Lomond management plan provides that the Council will review all leases (existing and future) as they expire or are renewed to ensure their continued compatibility with the plan. A review of the compatibility of the QCP lease with the reserve's management plan has been carried out by the Parks team and it is considered that the lease and the activity remain compatible with the Reserves Management plan for the following reasons.
- 13 One of the core objectives (7.3) for the Ben Lomond Recreation Reserve is *“Provision for recreation and tourism activities, including commercial activities that do not adversely impact on the landscape, recreation and natural values.”*
- 14 Parapenting activity is a recreational and tourism activity that has low impact on the environment, meeting core objective 7.3.
- 15 Policy 11.1 of the plan states that *“limited provision of commercial tourism-based recreation activities that rely on the unique topography and location of Ben Lomond reserve, and are compatible with the reserve wider values” are an appropriate recreational use.*
- 16 The business provides a commercial tourism based recreational activity that makes use of the steep topography on this part of Ben Lomond and provides users with views over the Queenstown Town Centre.
- 17 Policy 11.1.1 goes on to say, *“maintain existing recreation leases where there is clear benefit to public recreation users of the reserve”.*
- 18 Parapenting provides an alternative recreation-based activity beyond others provided on Ben Lomond. Many visitors to the reserve enjoy the activity, as was evident in the increasing gross turnover figures prior to Covid-19.
- 19 Given that the activity and lease are in conformity with, and contemplated by the management plan, public notification is not deemed necessary in this instance. The consent of the Minister of Conservation is still required, with such consent delegated to Council.
- 20 If the lease is not approved QCP would have to vacate the site and there is no other current recreational use which would benefit from the site.

- 21 A lease term of 5+5+5 is longer than what council would typically provide where there is limited financial investment in the site. However, through discussion with the lessee it has been acknowledged that the multi owner operator model supports a number of families and on this basis, it is considered appropriate to provide them with longer surety of tenure.
- 22 QCP also requested access to their lease area via the vehicle trail to Bobs Peak in situations where the Gondola is non-operational. The Parks team considered this request and due to the ongoing changes at Bobs Peak, have declined it at this time. They have however provided assurance that in such a scenario the Council would look favourably on an interim access permit being issued so that they could continue to operate.
- 23 As the lease is provided for in the Ben Lomond Reserve Management Plan, the Council does not need to notify the intention to grant a reserve lease. It should be noted that an update to this plan is currently being scheduled and is likely to commence later in 2020.
- 24 **Option 1** To grant a new reserve lease over part of Bobs Peak to Queenstown Commercial Parapenters Ltd subject to the above terms and conditions.

Advantages:

- Will provide a recreational tourism use of the reserve.
- Will enable the tourist activity to continue to operate, adding to the vibrancy of the Queenstown Lakes District.
- Will generate rental income for the Council and ratepayers.

Disadvantages:

- The land use will be restricted to this activity for the term of the lease.

- 25 **Option 2** To decline the request to grant a new reserve lease.

Advantages:

- The site could be used for another purpose, although this is unlikely.

Disadvantages:

- Would not provide a recreational tourism use of the reserve.
- Would not enable the tourist activity to continue to operate, adding to the vibrancy of the Queenstown Lakes District.
- Would not generate rental income for the Council and ratepayers.

- 26 This report recommends **Option 1** for addressing the matter because it would allow for the recreational tourism activity to continue, provide certainty to the owner/operators and generate rental income for Council over the proposed term.

## CONSULTATION PROCESS | HĀTEPE MATAPAKI:

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### > SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

- 27 This matter is of medium significance, as determined by reference to the Council's Significance and Engagement Policy because it relates to a reserve which is a significant asset.
- 28 As the matter is of medium significance and is regarding an established activity contemplated by a reserve management plan, no consultation is proposed.

### > MĀORI CONSULTATION | IWI RŪNANGA

- 29 The Council has not consulted with Iwi regarding the proposed lease, however, is likely to do so regarding the proposed Reserve Management Plan update

## RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

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- 30 This matter relates to the Community & Wellbeing risk category. It is associated with RISK00009 within the QLDC Risk Register. This risk has been assessed as having a High inherent risk rating. It is however recognised that the activity has been publicly notified in the past via the Reserve Management Plan process, prior to being considered by full Council.
- 31 This matter relates to this risk because it is dealing with issuing a lease over land that is a community asset.

## FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

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- 32 Council would receive the greater of \$30,000+GST per annum or 7.5% of gross turnover. In years 1 & 2 of the lease base rent will be payable of \$20,000+GST per annum.

## COUNCIL EFFECTS AND VIEWS | NGĀ WHAKAAWEAWE ME NGĀ TIROHANGA A TE KAUNIHERA

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- 33 The following Council policies, strategies and bylaws were considered:
- Community Facility Funding Policy, 2019
  - Significance and Engagement Policy, 2014
  - Ben Lomond and Queenstown Hill Reserve Management Plan, 2005
- 34 The recommended option is consistent with the principles set out in the named policy/policies.
- 35 This matter is not included in the Ten Year Plan/Annual Plan however it has no effect upon it.

**LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 O TE KĀWANATAKA Ā-KĀIKA**

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36 The recommended option:

- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses by [explain how it will help];
- Can be implemented through current funding under the Ten Year Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.

**ATTACHMENTS | NGĀ TĀPIRIHANGA**

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A	Location Plan
B	Proposed Lease Area Plan
C	Photos of QCP Parapenting



Notes:  
a. Data sourced from LINZ Data Service and licenced for re-use under Creative Commons Attribution 4.0 Licence  
b. This plan has been prepared for discussion purposes only. Areas and measurements are subject to LINZ approved cadastral survey and are likely to vary from those shown herein.



Plan Name:

**Queenstown Commercial Parapenters**

**Location Plan**

Date: 05/05/2020  
Version: A  
Sheet 1  
Drawn By: eb

**Legend**

-  Lease Area
-  NZ Primary Land Parcels

Prepared By:



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
Plan Name:

**Queenstown Commercial Parapenters**

**Lease Area**

Date: 05/05/2020  
Version: A  
Sheet 1  
Drawn By: eb

**Legend**

-  Lease Area
-  NZ Primary Land Parcels

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Attachment C – Photos of Operation

