

10. SALE OF CATTLE PEAKS

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The purpose of this report is to report on the sale of Cattle Peaks Station, earlier identified as a potential site for the proposed regional landfill.

BACKGROUND

Cattle Peaks is a 524 hectare farm property north of Omihi in North Canterbury. It was identified as a potential site for a landfill by Waste Management NZ Ltd in 1993, and purchased by a company owned by them in 1997. The government valuation at the time was \$750,000.

Upon the signing of the MOU agreement for the Transwaste Joint Venture, Cattle Peaks became part of the Schedule Five agreement covering existing sites under investigation by the partners, with all costs of purchase, investigation and subsequent sale if necessary to be shared. Transwaste Canterbury took effective control of decision-making on the property at this point. The government valuation increased to \$1,050,000 in 1998. In 1999, CWS completed site investigation work and the property was ruled out as a potential landfill site due to a small possibility of active secondary faults being present near the footprint. Since this was publicly announced in early 2000, Transwaste has received several unsolicited formal offers to purchase the property, ranging from \$800,000 to \$1,050,000.

Transwaste undertook an independent investigation of the grape-growing potential of the property, and two separate valuations, to gather the information necessary to develop a strategy for disposal of the property. The final strategy agreed was to allow the existing grazing licence to expire in mid-2001, and allow the property a period of fallow over the spring with light grazing and resowing where necessary. A programme of fence repairs, water supply and track maintenance, building repairs and farm dump removal was undertaken to ready the property for sale. This work, and some timely rain, ensured that the property was presented for sale in excellent condition.

Transwaste decided upon auction as the fairest and most open way of selling the property. Following an open tender process, Transwaste employed Wrightson Real Estate to manage the marketing and sale process.

In early November 2001, the government valuation increased to \$1,275,000. On 9 November, the property sold at auction for \$1,615,000.

After paying maintenance and sale costs, the property will return a small profit to Transwaste. Our conservative economic modelling for the project had anticipated a large loss on sale. The price received represents a substantial reduction in currently projected development costs for a regional landfill.

Chairman's

Recommendation: That the information be received.