



**Report of a Meeting of a Special Hearing Committee to hear submissions
on the Waitohi Picton Ferry Precinct Redevelopment
held in the Council Chambers, 15 Seymour Street, Blenheim
on THURSDAY 17 FEBRUARY 2022 at 1.30 pm, Thursday 24 FEBRUARY 2022 at 8.30 am**

Present

The Mayor J C Leggett (in the Chair), Cllrs J L Andrews, J A Arbuckle, C J Brooks, J D N Croad, B G Dawson, B A Faulls, M J Fitzpatrick, F D Maher, M A Peters, T P Sowman and N P Taylor

In Attendance

Mark Wheeler (CE), Martin Fletcher (Chief Financial Officer), Nicole J Chauval (Committee Secretary) and Mike Porter (Zoom Management)

Apologies

That the apology for absence from Cllr G A Hope be received and sustained.

1. Waitohi Picton Ferry Precinct Redevelopment S400-005-011-03

The Mayor welcomed those present and explained the proceedings that would be undertaken for the hearings and requirements under the Protection Framework Red Setting – Phase 2.

There were 27 submissions received and of those 12 submitters wanted to speak to their submission.

The following speakers had indicated they would speak to their submission but withdrew prior to the Hearings date.

- 4 *Seinna Carrington*
- 23 *Tim Healey (The Guardians of the Sounds)*
- 21 *Monyeen Wedge (Queen Charlotte Residents Association)*

The proposal

- Preferred alternative: Council raises \$110M through the LGFA to on-lend to Port Marlborough.

The alternatives

- Alternative 1: Port Marlborough raises debt in its own name.
- Alternative 2: The project does not proceed as planned, and the deal would need to be re-negotiated.

The following is a list of those that spoke to their submission, a note of any presentations and information circulated to Councillors. All submitters were present in the room or otherwise noted as attending via Zoom.

3 *Michael Jacomb (New Nation Party Limited)*

Spoke to panel on behalf of the New Nation Party Limited via Zoom.

Submitter Position – No to the proposal

26 *John Reuhman (EcoWorld Aquarium & Wildlife Rehabilitation Centre and Picton Cinemas)*

A powerpoint was shown and filed in CM Record No. 2231888 – *Attachment 1*.

Submitter Position – Does not support the preferred option for the Waitohi Picton Ferry Precinct Redevelopment Financing.

25 *Margaret McHugh (Ratepayer)*

Margaret McHugh provided members with a copy of her speaking notes and these were circulated to panel members, staff and media and filed in CM Record No. 2231896 – *Attachment 2*.

Submitter Position – Yes, agree in part

24 *Graham Gosling (Picton Business Group)*

Submitter Position – Yes agree in part. Supports in principle Marlborough District Council raising Port Marlborough's share of the Waitohi Picton Ferry Precinct Redevelopment.

18 *Tim McCaffrey*

Tim McCaffrey provided a copy of his speaking notes and these are filed in CM Record No. 2231905 – *Attachment 3*.

Submitter Position – Yes agree in part.

17 *Martin Ridgway*

Attended via Zoom.

Martin Ridgway had supplied a copy of his notes prior to the hearing, these were circulated to the panel, staff and media and are filed in CM Record No. 2231912 – *Attachment 4*.

Prior to the Hearing Martin submitted a number of questions which were circulated to Martin Fletcher and Rhys Welbourn for a response. The questions and responses were circulated to members and Martin Ridgway on Hearing day. The questions and responses are filed in CM Rec No. 2229807 – *Attachment 5*.

Submitter Position – Yes in agree part

19 *Heather Smith Social Credit NZ*

Heather Smith was scheduled to speak at 3.30pm but was present in the room and agreed to speak earlier as the 1st session had concluded early. Heather provided a copy of her speaking notes and these are filed in CM Rec No. 2231921 – *Attachment 6*.

Submitter Position – Yes agree in part. Funds are needed but the assumption that they must be debt funded must be examined.

The submission process concluded at 2.59 pm and the Hearing adjourned at this time.

The Hearing resumed at 8.30 am on **Thursday, 24 February 2022**.

Present

The Mayor J C Leggett (in the Chair), Ctrs J L Andrews, J A Arbuckle, C J Brooks, J D N Croad, B A Faulls, M J Fitzpatrick, M A Peters, T P Sowman and N P Taylor

Present via Zoom

Clr D Oddie

In Attendance

Mark Wheeler (CE), Martin Fletcher (Chief Financial Officer), Mike Porter (Democratic Services Manager), Nicole J Chauval (Committee Secretary/Zoom Management)

Apologies

That the apology for absence from Clr B G Dawson be received and sustained.

The Mayor welcomed Mr Dew and outlined the process for the Hearing.

16 *David William Richard Dew*

Mr Dew made a verbal presentation and did not provide a copy of his notes nor was any additional information supplied by Mr Dew for the Panel.

Submitter Position – No I am opposed to the proposed method of financing the new Ferry Terminal requirements.

There being no further submitters the Hearing closed at 8.56 am.

Record No: 2231928

Submission from EcoWorld

Marlborough's leading unique thriving
regenerative social enterprise *In Nature*

(founded in 2002)



1

Actions we seek from Council

1. Independent detailed risk analysis - where is it?*

MDC must do an independent detailed risk analysis - financial & economic, environmental, social & cultural.

*Where is "...the risk analysis framed by the criteria?"

2. Prove the benefits of \$110m. loan

Where are the controls and mitigation plans?

Evidence? MDC must conclusively prove that the benefits of the \$110m. and the development outweigh the negatives for the ratepayers of Marlborough.

3. Postpone or cancel the \$110m. funding

Refer it back to Central Government.

The development is primarily in the national interest.

2

Forewarned is Forearmed*


MDC must publicly disclose immediately and on an ongoing basis the following as per the WPPFD consent:

* *This consultation is a chance for you to have your say on this significant initiative.* Mayor John Leggett.

(Statement of Proposal pursuant to Section 83 Local Government Act 2002)

NB. We are aware that MDC approved the \$110m. funding at its workshop with PMNZ and Kiwirail on Monday 8 November!

3

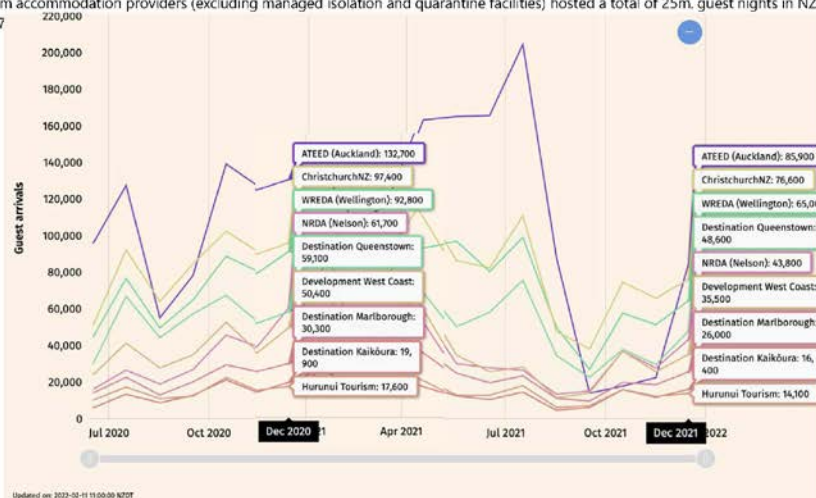
Marlborough visitor spend year November 2021 \$193m Pre Covid \$412m								
 <ul style="list-style-type: none"> • Loss \$219m pa. 46.8% of pre Covid • Estimate \$460m total 2 years loss in visitor spend to March 2022 								
November-2021 Region Summary Table								
Region	% change domestic spend from November 2019	% change International spend from November 2019	Annual domestic spend to November 2021	Annual International spend to November 2021	% change domestic spend to November 2020	% change International spend to November 2020	% change domestic spend to November 2019	% change International spend to November 2019
New Zealand	-7%	-77%	\$10,530m	\$900m	15%	-55%	10%	-73%
Auckland	-48%	-72%	\$1,816m	\$342m	6%	-45%	-10%	-66%
Bay of Plenty	7%	-76%	\$975m	\$53m	15%	-56%	13%	-74%
Canterbury	13%	-75%	\$1,445m	\$114m	20%	-58%	21%	-73%
Gisborne	8%	-45%	\$80m	\$5m	19%	-34%	21%	-42%
Hawke's Bay	10%	-63%	\$393m	\$23m	18%	-44%	20%	-58%
Manawatu	14%	-52%	\$621m	\$26m	15%	-30%	10%	-54%
Marlborough	18%	-87%	\$184m	\$9m	31%	-73%	33%	-80%
Nelson	11%	-71%	\$138m	\$12m	26%	-59%	22%	-67%
Northland	0%	-76%	\$528m	\$27m	14%	-58%	17%	-68%
Otago	18%	-91%	\$1,211m	\$98m	20%	-69%	29%	-85%
Southland	20%	-90%	\$257m	\$12m	23%	-74%	17%	-85%
Taranaki	1%	-53%	\$230m	\$14m	15%	-30%	11%	-48%
Tasman	46%	-84%	\$137m	\$7m	38%	-73%	39%	-80%
Waikato	-19%	-78%	\$1,360m	\$60m	10%	-58%	7%	-72%
Wellington	1%	-63%	\$1,006m	\$93m	14%	-41%	2%	-63%
West Coast	38%	-97%	\$147m	\$5m	26%	-89%	38%	-94%

Data Source: Tourism Electronic Card Transactions (TECTs), Ministry of Business, Innovation and Employment

1

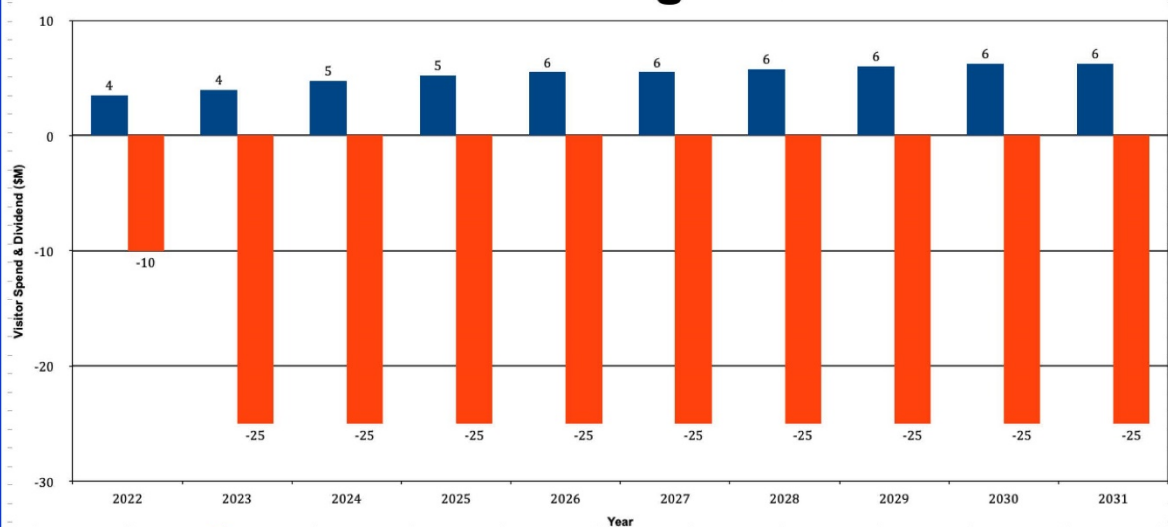
Guest Nights - December 2021 NZ total guest nights fell 23% to 2.2m. from 2.8m.

Core tourism accommodation providers (excluding managed isolation and quarantine facilities) hosted a total of 25m. guest nights in NZ. National occupancy rate for December fell 7



Data source: MBIE - Accommodation Data Programme - All measures

The Iceberg Effect



1. Construction Management Plan (CMP)

weekly update & more details

2. Timetable & schedule

days and hours of operation

3. Demolition & Earthworks Management

(section in the CMP)

7

4. Dredging Management Plan (DMP)

activities, duration, stockpiling, transport & disposal of dredging

5. Contamination - mercury, lead, copper, suspended solids, silt

6. Dust & dirt - demolition & construction, stockpiling material

7. Vessel navigation - ferries, commercial, recreational vessels

8

APPENDIX E PILE SCHEDULE

PORT MARLBOROUGH NZ LTD
Picton Ferry Precinct Development - Indicative File Schedule

20th May 2000

[illegible]

Notes:

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8. Noise & vibration

Piling

- **821+ piling days (4 + years)**
- **7am to 7pm**
- **Monday to Saturday**

Impacts

- **Picton residents fall sick**
- **Visitors avoid Picton (*bypass/gateway*, no cruise ships)**
- **Edwin Fox hulk collapses**
- **Picton Cinemas equipment destroyed**
- **EcoWorld animals rapidly die from shock**

10

9. Road Management Plan (RMP)

traffic planning & disruption during construction and beyond

"Clifford Bay bypass effect"

Get out of town fast

Auckland infrastructure projects under pressure due to skills shortages, Covid-19

8:29 pm on 6 November 2021

Share this    

ABOUT US / LATEST UPDATES

Viv Beck: Albert St City Rail Link works are disruptions of biblical proportions

OPINION / TUESDAY 15 OCT 2019

Auckland City Rail Link: Covid-19 delays put 2024 completion date back months

Adam Jacobson · 13:02, Dec 22 2021

Urgent hardship payments of \$2500 to \$10,000 from City Rail Link hardship fund

Rob Stock · 16:21, Sep 21 2021

Concerns over Auckland's Queen St redesign could prompt legal action by opponents

Caroline Williams · 15:52, Apr 24 2021

Transmission Gully: New year, but still no opening date

20 Jan, 2022 11:10 AM

🕒 3 minutes to read

Picton Construction Site for 6 to 8 years

Completion 2028 - 2030? 6 to 8 year project?

Cost \$1billion?

Precedent NZ Infrastructure projects delays

+ 7 years @ 7% inflation = 100% increase

+ Skills shortages

+ Supply change effects

**Picton “*quaint little town*” -
wrecked**

12

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Evidence? MDC conclusively proves that the benefits of the \$110m. and the development outweigh the negatives for the ratepayers of Marlborough.

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Picton Ferry Precinct

Redevelopment

Financing Submission.

Presented by

Margaret A McHugh

The First two phases of consultation were December 2019 and March to May in 2020. This was when the first Covid-19 lock down happened.

Initially this consultation was to satisfy the RMA

After that the project was assigned to a different consenting framework under the Covid-19 recovery Fast Tracked consenting Act 2020. Part of the chosen shovel ready projects.

Joe public had then limited ability to be consulted on this fast-tracked proposal. It appears that most of the time their energy was spent consulting with 8 Māori tribes in the region of which two or three have never ever responded.

The fast tracking of this large proposal is contrary to the intent of the RMA

I believe it was never the intention, that the ratepayer would be excluded and unprotected from this development. Talk about a lucky break the arrival of Covid-19 .

I support the Guardians of the Sounds concerns that "MDC and the Ward Councillors have let those who elected them down by supporting this non notified application"

Whilst I appreciate the proposal could have been side lined, I do believe with better consultation/communication with the wider (not a selective few involved

in small groups forming talk fests) a smother more informative inclusive proposal would be on the table today.

A ratepayer goes through a lengthy costly process if a neighbour complains on a minor indiscretion on his build. This build has a greater effect on the land and sea. It wasn't compulsory to call for submissions from the community for this large \$251 million proposal to be approved, fast tracking and a non-notified application saw that as a given.

At the 11th hour it was mandatory to comply with The Local Government Act and call for submissions for the financial contribution by the ratepayers of MDC. Submissions were made and that's why we are here today.

Call me a cynic, we are continually called to make submissions, John Leggat our mayor reiterated on the zoom meetings for all to " have your saymake a submission you will be heard. ✓

When a question was put to him of who makes the final discussion . his reply was the full council . ✓

My continuous concern is that not many councillors listen to those who elected them, they see themselves in many instances as the judge and jury, many a ratepayers give up. ✓

You may ask what's this got to do with the \$110 million loan asked for today. Everything I suggest because of the flawed process.

You call for submissions

You decide on advice from non-elected paid unaffected parties.

Legal obligations are fulfilled, a hearing is held, the ratepayer prepares their submission (many hrs spent in preparation) a performance is then carried out of the deliberations .

Another full council meeting is called, the results are revealed and, in many instances, not one ounce of notice has been taken of the ratepayers or interested parties' submission.

A prime example of ignored consultation and submissions was The NEW Zealand Roads Board hearing with the reduction of the speed limit between Nelson and Blenheim. In excess of 800 submissions were lodged, a hearing took place, not one iota of notice was taken from the opposing views. The proposal flew through hence we crawl over to Nelson, a trip I make often. Luckily the public servants are usually home in bed when I'm on the road. .

✓ What does this have to do with the submissions on approving a loan of \$110 million to Port Marlborough and arm of council 100% MDC owned. I believe the same process will apply.

The Picton Forum which is a council financed organisation has committed to keeping those who are able to attend, informed of the progress of the Picton Ferry Precinct Development.

✓ Only limited knowledge will be shared with the wider community as the media is not permitted to attending these meeting. I guess it is the equivalent of a workshop ? although it is minuted.

✓ With the group only meeting every two months (They haven't met since November) another meeting in March I feel this isn't often enough if updates are to be given regularly regarding this all-important development and its effect on the community.

✓ Dictating that the media does not attend is detrimental to valued folk who are none the wiser of important information that could affected them.

It's been noticeable major changes have accrued on the presented plans. It has a feeling of a rushed document. Hopefully after a 4-month holiday this had settled down to a more completed overall plan for all to see.

- ✓ That the sum was for \$380 million an undertaking for a substantial upgrade to the ferry precinct . \$380 million.
- ✓ Before a stone or sod is turned there is a \$19 million over run an increase of 5.25%. Could this be confirmed before a decision is made, please.
- ✓ That is \$3,milliom short of the cost for the overhead bridge.
- ✓ My concern at this stage is Port Marlborough and their associates able to work within the budget that Grant Robertson stipulated last week. ?
- ✓ I wish to see Beautiful Picton thriving, I believe that it's an injustice that only 5% of passengers off the ferries end up in the CBD area of Picton.
- ✓ I like to see Picton receiving its fair share of tourists and visitors and not be hampered by construction, overruns and holdups for the next three years.
- ✓ There is a lot more considerations to it than dishing out \$110 million in the form of a loan. But these opportunities and supporting plans are not readily available to us the unwashed. Yes, I've read the 185-page Commissioners decision.
- I wish to see the shops and commercial business receive their deserved share of foot traffic from the landed ferries. Not having the CBD look like a building site.
- ✓ I appreciate we are all working in difficult times and must make the best of what we have.
- ✓ Thank You for your time I ask that the folk of Picton Marlborough Sounds are fully aware and kept up to date on the progress of this important development.
- ✓ I never wish to offend but like to leave no doubt of meaning what I'm saying.
- ✓ You have a difficult job but one your chosen.

It is a certain amount of non-trust that is of concern that brings me continuously making these submissions.

I continually make submissions when MDC requests, today I make my submission on the \$110 million loan requested from Port Marlborough. My major concern is always that the minds are made up prior to the hearings of the submissions. I would bet a dollar a dog biscuit today is no different.

I'm sure the council will in time experience the same feeling with the bullying forcing through of the three waters proposal from Central Government.

Of course, that will be railroaded through unless more gumption is shown by more local authorities. The power of the mighty dollar and those who will use it to their advantage will become evident. .

If Kiwi rail has a rush of blood to its head like The Clifford Bay experience or is restructured where does that leave Port Marlborough's contract or loan off MDC. The government won't guarantee the present-day contract what chance have we redeeming our \$110 million loan in any event.

If a new Government is elected in 18 months' time today's proposal could have a very different result. They may decide all freight etc is to go straight to Christchurch by sea, where does that leave MDC, its ratepayers and the \$110 million loan.

If this was to occur, what plans has government owned Kiwi Rail got up its sleeve? not much I suggest on past performances.

Straight Shipping having been bought by an aggressive American banking company and are rumoured to be on the market to purchase 2 or 3 new large vessels. What effect will this have on Kiwi Rail? huge I suggest going on today's projected figures.

Does that affect the \$110million loan?

Recently I witnessed a legal document from the Manager of Port Marlborough

To: Marlborough District Council

Re: Waitohi Ferry Precinct Redevelopment

I am here today to comment on the proposed Waitohi Ferry redevelopment. When attending a meeting at the Waitohi Pavilion many sectors of the proposal were presented. I would like to talk about the sector that is the biggest concern for those living in the region, Traffic and Transportation.

The new ferries will bring twice as many passengers, double the amount of trucks, and 300% more rail. From the information that was presented to us at the Waitohi Pavilion this will have little or no impact on our current roads. The presenter showed us the apex of our traffic problem is in Koromiko both currently, and in 2029. Somehow this issue dissolves by the time traffic reaches Blenheim. Who are we kidding?

As my father said "open your eyes ref, you are missing ^{the} ~~original~~ game"

So I ask myself the question: why does the council want to go down this path? Why are they blind with the obvious obstacles? Cost and funding my guess. The MDC needs discussions with the Central government, for this redevelopment is redefining State Highway one traffic volume and flow. Whoever owns, or maintains this stretch of State Highway one they need to take on the responsibility to improve this road.

As the million plus passengers arrive and leave the Waitohi Wharf they will be, or have been involved with our Marlborough roads. What they want and need is something much different than what currently exists. You drive from Picton to Blenheim this week, we have several roadside barriers that have been penetrated, and sadly a fatality this month. This section of State Highway one needs a big upgrade, and the MDC needs to make sure it happens. Please don't cover up these issues with your statistics.

Our local streets surrounding the ferry terminal are inundated with vehicles often parked for prolonged periods. A concert at the Cake Tin, poor weather affecting ferries, truck drivers having to rest, you can see the streets filled up when such events are happening. Not one third of all trucks in town park at Nelson square as mentioned at the Waitohi Ferry redevelopment meeting. Please open your eyes ref.

With the increased volume with the new ferries the situation will seriously multiply. The MDC needs to improve off-street parking for ferry traffic. Please MDC be proactive, instead of reactive.

I hope you will seriously consider and act on the comments I have brought forward. With the million plus passengers visiting and traveling through Marlborough, we can make their visit awesome by providing safe off street parking, and our section of State Highway one, as the pinnacle of modern roading. But the Central government, and the MDC needs to open their eyes, and act on the overall needs of providing a much larger ferry service.

Tim McCaffrey

***Martin Ridgway hearing presentation - Picton Ferry terminal
financing consultation 17 Feb 2022***

The overall theme of my submission is that I considered that additional information should be more readily available for the consultation to help inform submitters on how they wish to support the proposal.

Submission part 1

I only agree in part to the proposed loan at the present time as there is limited published information in respect to risks associated with the loan. The Council consultation document does not provide sufficient detail in respect to how the financial modelling has been prepared, what sensitivity analysis has been carried out, what peer review/independent assurance has been conducted.

Commentary

How the financial modelling has been prepared – Firstly, this relates to the introduction in the statement of proposal which refers to the ‘financial principles of Port Marlborough’s business plan’...but does not provide a summary of this aspect of the business plan to give a context for the financial modelling. Secondly, I consider that a summary of the key assumptions for the financial modelling would also be helpful for context. Thirdly, I consider that a summary of the cost benefit analysis for the investment proposal would also be helpful, including the estimated portion of the increased dividend payments attributable to the proposed investment.

What sensitivity analysis has been carried out – it would be helpful to view the sensitivity analysis on the effect of changes to the interest rate on the investment return, say over a ten year period (similar to the forecast included in the Council's Long Term Plan). Furthermore, estimates of the mitigation effects of the interest reset provisions to be included in the KiwiRail Agreement would be helpful.

What peer review/independent assurance has been conducted – One of the observations from Treasury/Minister of Finance on the KiwiRail IReX detailed business case submission was that there were outstanding risks relating to a lack of external quality assurance for KiwiRail's forecasts and governance arrangements. It was recommended that there should be a focus on the 'process and methodology to confirm details and specifications for the terminal infrastructure development'. It would be helpful to have a summary of the design brief from Port Marlborough to KiwiRail and the Terms of Reference for the design governance group to understand how this affects the investment risk. Furthermore, in consideration of this significant risk I note that an independent peer review of the design of Port Marlborough's infrastructure assets and the proposed KiwiRail development agreement would potentially mitigate risks to the returns on the proposed investment.

Submission part 2

The public presentation webinar 17 Jan 2022 only provided a high level overview of the risks, despite the Mayor noting that 'full, free and frank consultation information has been supplied to inform submissions'. The invitation to seek further information in this regard on Council's website was fruitless, and this information should be readily available with the consultation documentation. It would be

helpful if Council provided a copy of the Business case for the \$110m investment.

Commentary

The Statement of Proposal provides a comprehensive summary of the top 3 risks and this was elaborated on in the public presentation including the proposed control measures. However, I was unable to find a summary of any further investment risks when I searched the Council website. Perhaps if the Port Marlborough Business Case was available (with necessary redactions) it would provide a helpful summary and context of the broader project and investment risks.

Submission part 3

Ignoring existing loans, this new proposed loan of \$110m is in excess of 50% of Port Marlborough's asset value, and results in a highly geared organisation, and there does not appear to be any further changes to governance/assurance measures to carefully monitor such a large change to the business.

Commentary

I searched the Council website and found a reference to a review of Port Marlborough governance arrangements in 2014 when gearing was considerably lower. If the governance arrangements have not been comprehensively reviewed recently, the proposed change in the organisations gearing may be a trigger for the Shareholders to check that existing arrangements are sustainable moving forward.

Submission part 4

It would be very helpful to have a peer review of the projected increases in Port Marlborough projected dividend increases.

Commentary

See above, commentary on part 1 of my submission on *peer review/assurance*.

Submission part 5

Other key financial elements of the project have not yet been finalised such as Kiwi rail contributions to the culvert upgrade, where it is noted there is only an agreement in principle to their contribution which represents another significant risk.

Commentary

It is noted that the timing of the design and construction of the Waitohi Awa culvert upgrade works needs to coordinate with KiwiRail marshalling yard works, and that the agreement in principle needs to be finalised. Although this work is not part of the proposed investment loan it is a critical dependency. I assume that completion of this agreement will enable Council to programme the financing of their portion of these works and in part inform how this effects the assessment of the development contributions and levies payable.

Submission part 6

Further information would be helpful to understand the risks (similar to the information on the top 3 risks) and therefore determine whether or not to support the loan proposal fully.

Commentary

See above, commentary on part 2 of my submission on *risks and consultation information*.

Conclusion

Notwithstanding the above, I support the preferred alternative for Council to raise \$110m loan through LGFA as this alternative, prima facie, provides greater benefits to the community.

Local Authority Act, Principles of Consultation section, notes that submitters should have access to explanatory information, including reports, that were considered before the decisions were made

I only agree in part to the proposed loan at the present time as there is limited published information in respect to risks associated with the loan. The MDC consultation document does not provide sufficient detail in respect to how the financial modelling has been prepared, what sensitivity analysis has been carried out, what peer review/independent assurance has been conducted.

The public presentation 17 Jan 2022 only provided a high level overview of the risks, despite the Mayor noting that 'full, free and frank consultation information has been supplied to inform submissions'. The invitation to seek further information in this regard on MDC website was fruitless, and this information should be readily available with the consultation documentation. It would be helpful if MDC provided a copy of the Business case for the \$110m investment.

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It would be very helpful to have a peer review of the projected increases in Port Marlborough projected dividend increases.

Other key financial elements of the project have not yet been finalised such as Kiwi rail contributions to the culvert upgrade, where it is noted there is only an agreement in principle to their contribution which represents another significant risk.

Further information would be helpful to understand the risks (similar to information on the top 3 risks) and therefore determine whether or not to support the loan proposal fully.

Attachment 5
Responses to Martin Ridgway questions

Record No: 2229807
File Ref: S400-005-011-03
Date: 15 February 2022

File Note:

From: Martin Fletcher and Rhys Welbourn (Chief Executive Port Marlborough Ltd)

**Subject: Waitohi Picton Ferry Precinct Redevelopment
Financing - Martin Ridgway Questions -
Responses**

1. What is the approximate portion of the Port Marlborough forecast dividend increase in years 2027 and 2031 attributable to the terminal redevelopment?
 - (a) With the investment proposal on the table PMNZ's dividends would increase from approx. \$3.4m to over \$6.m by 2031. The approx. proportion of the dividend attributable to the redevelopment project would be between 27 to 30 % per annum over that time period. Importantly and related to the question is that if the investment didn't go ahead then PMNZ dividends would reduce from the existing level by around 25%.
2. What impact would a 1% (or similar) interest rate increase have over a ten year period on the loan investment returns?
 - (a) The agreement provides for a two year reset of interest rates. As a result, if the finance is taken to match the reset dates, a 1% increase in interest rates, should have a minimal, if any impact on returns over a 10 year period.
3. Are there any proposed changes to the governance and performance monitoring of Port Marlborough in consideration of the significant change in the organisations financial gearing resulting from the terminal redevelopment loan?
 - (a) No changes are proposed at present, as the gearing is still within the 50-70% targeted, albeit at the lower end. The other thing to note is the ownership structure that Council has put in place, with MDC Holdings Ltd (MDCH) being between PMNZ and Council. The current membership of the MDCH Board, comprises four current or former chartered accountants and one lawyer. PMNZ provides regular detailed reporting to MDCH, with the fundamental principal being "no surprises". It is considered that the combined skillset of the Board enables the right questions to be asked of PMNZ. Also, Council's CFO is a Director of PMNZ.
4. What are the estimated development contributions/levies arising from the increased terminal capacity?
 - (a) These have not been estimated as there is currently insufficient information to accurately calculate the increased level of demand
5. Is a summary of Port Marlborough's design brief and the design governance group terms of reference available to view?
 - (a) Those documents are detailed and confidential to PMNZ and KiwiRail. However, we are able to share the following:

Waitohi Picton Ferry Precinct Redevelopment Financing - Martin Ridgeway Questions - Responses

- i) PMNZ has an agreed design brief that defines what is to be constructed and the quality requirements for these assets. The resource consent application provides an outline of the concept design.
 - ii) PMNZ's design brief has a commitment to design its assets to Infrastructure Sustainability Council of Australia 'excellent' standard or higher
 - iii) The detailed design will focus on the delivery of assets within the parameters of the existing Resource Consent. A design forum including Te Ātiawa, PMNZ, MDC and KiwiRail is being established to ensure the intent of the resource consent is met through the design.
 - iv) The governance group structure allows for PMNZ involvement in the design and construction of the overall project to ensure that the agreed design and quality requirements are delivered
6. Will an independent peer review be commissioned for the KiwiRail design of Port Marlborough's new infrastructure assets?
- (a) Yes. Peer reviews have been conducted throughout the design and PMNZ will continue to review design bringing independent peer review processes to areas of the design as necessary.



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Submission to Marlborough District Council on Waitohi Picton Ferry Precinct Redevelopment Financing – February 2022:-

From: Top-of-South Region, Social Credit NZ (www.socialcredit.nz)

“Private enterprise does best when there is good public infrastructure.”

– Alan Blinder, U.S. Economist.

Firstly we must congratulate Council for securing a long-term arrangement with KiwiRail so as to ensure continued usage of Port Marlborough. The benefits to this region’s economy are obvious, even though there is still a valid case for a service direct to Lyttelton – something for future consideration. We support the aim of future-proofing Port Marlborough’s infrastructure, especially as geo-political developments are likely to require more coastal shipping as we come to depend more on self-sufficiency. Therefore it is vital that the port be entirely locally owned – no shares being sold to private entities.

What concerns Social Credit and a growing number of academics in overseas universities is the assumption that funds for public good projects must be sourced privately. There is more than ample proof that central banks have the powers to arrange nil-interest credit-lines and loans. Back in the 1930s our newly nationalised Reserve Bank funded the building of state houses, bridges and roads at an average interest rate of 1%. More recently a \$5 billion credit facility was afforded the systemic banks to ease them through the 2007-2009 credit crisis – and it is no secret that over \$63 billion has been pumped into bank reserves in order to encourage more lending during the current Covid pandemic.

The proposal to borrow the sum of \$110 million per the Local Government Funding Agency is understandable, considering the interest rate would be slightly lower than if borrowed elsewhere. And it is sensible to borrow from one agency – as Council maintains. For this reason it would be even more sensible to obtain a credit-line from our RBNZ with no interest. The savings would benefit Council’s ratepayers far more than the small dividend envisaged. A decent dividend implies maximising freight and passenger charges which would flow onto costs for producers and consumers alike in our region.

We recognise that legislation currently requires councils to borrow mainly through the LGFA, but we recommend that the RBNZ be approached for the sum required. In no way can Council be penalised for taking such a logical and ethical initiative.

Finally we thank Council for this opportunity to share our policies and would like to speak at any proposed hearings.

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