Waitohi Picton Ferry Precinct Redevelopment

Submissions for Councillors

Hearing

17 February 2022

5404	Name:	Michael Jacomb
	Organisation:	New Nation Party Ltd
	Contact:	Michael Jacomb

3 **(Speaking)**

Category: Q1DoYouSupportCouncilRaisingDebt

Answer: No

I Michael Jacomb are the Board Chairman of the New Nation Party, NNParty. I wish to put the Ports of Marlborough on " firm notice not to borrow this $110m nor any similar amount ". The reason being with the likely hood of NNParty being part of the next 2024 Parliament. We will strongly be advocating 80% of all trucks and goods are sent direct from Wellington, via ferry to the Port of Lyttelton. It's more than likely under these new legislated guidelines only 50% of Cook Strait ferries will becoming to Picton. Please advise you have received to notice and warning via return email.

Martin Fletcher

The agreement is for a fixed fee, i.e. it is not dependent on volume. Also the loan will be repaid before the end of the first lease term

Mark Comment: No further comment

5443	Name:	Monyeen Wedge
	Organisation:	Queen Charlotte Res. Assoc.
	Contact:	Monyeen Wedge

21 **(Speaking)**

Category: Q1DoYouSupportCouncilRaisingDebt

Answer: Yes, agree in part

Submission to agree in part as per Picton Ferry Redevelopment Financing It is appropriate that the ratepayers invest in this development providing there are conditions that protect both the financial investment and the community interests and concerns. With regard to the investment I do not believe it is appropriate to have the Ferry terminal building owned by any company other than Port Marlborough as it belongs to the ratepayers. There are two reasons for this :- The use and building size could be expected to give concern to the views of the surrounding community as per use etc. If in the future KiwiRail become more commercialised or indeed sold off either in NZ or overseas then at least the Ferry Terminal would remain the property of Marlborough ratepayers and be used for community rather than private good. The second reason for wanting the ratepayers investment to have "weight" is so that the concerns of the local community and the many holiday homeowners who are also ratepayers are given weight. Consultation by Port Marlborough and KiwiRail has been considerable but we do need a legal understanding that the matters of major concern arising from these consultations are given weight in the future. There appear to be six major issues of concern to the effected community namely: - 1. Increased road traffic and the effect on the local township. 2. Safety issues with regard to local schools and kindergarten plus full commitment to the Dublin St overbridge prior to the operation of the first larger ferry. 3. Environmental Issues as per native tree planting. Monitoring and control of adverse effects on sea birds, marine mammals etc. 4. Concerns with respecting and maintaining the close to shore social sea activities on all occasions. These include the yacht and rowing lessons and races particularly for the younger generations. 5. Establishing in conjunction with the Harbour Master and others with long-term knowledge of the entrance to the Sound an appropriate Navigational Safety Plan which should include a recommended navigation route. 6. Ensuring that now and for the term of life of these vessels monitoring effects via the wake and other issues are undertaken. The monitoring oversight must include local community volunteers. I hope that Council will give consideration to the above thus ensuring that the concerns of the community and the intrinsic value of the Sound is upheld.

Hans Versteegh

The matters raised by the submitter are acknowledged and are part of the overall considerations being applied to the project as a whole. The submitter says that she agrees with the financing proposal provided the matters in her submission are addressed. The submitter can be re assured that all the matters raised numbered (1) -(6) will and are being addressed.

Mark Comment: No further comment

Martin Fletcher

The submitter has expressed the view that PMNZ should own the ferry terminal building.
PMNZ is not funding and building the terminal building, because the building and gangway are in many ways KiwiRail specific. Also this was a means of reducing the risk of the project, because with the terminal included it would have required Council to increase the amount loaned to over $150M. However, the quality standards for the building have been agreed and PMNZ is on the Governance Group for the project.

The other key point is that the terminal is located on PMNZ land, so if for any reason the the lease is not renewed, then the ownership of the building transfers to PMNZ.

Mark Comment: No further comment

Richard Coningham

Submission:
1. Increased road traffic and the effect on the local township

Response:
Marlborough Roads undertook an independent traffic review for Marlborough District Council. This

was for the effects both within Picton and the wider effects. The larger ferries will enable growth to occur and to meet a supressed demand that occurs presently at Christmas. With the change in the marshal yards, the majority of traffic will now exit the Port on Kent Street, rather than Auckland Street. With the relocation of traffic to Kent Street, the ferry traffic that does not wish to stop in Picton, will not interfere with traffic in the Picton town centre, enabling the town centre to move more freely. This will make it easier for residents to go about their day-to-day business.

Submission:
2. Safety issues with regard to local schools and kindergarten plus full commitment to the Dublin St overbridge prior to the operation of the first larger ferry

Response:
There will be more traffic on Kent Street, where the local school is situated. However the majority of the increases in traffic will be associated with ferry traffic and the ferry arrival does not coincide with the start of school, ie the children should all be in their classes by the time the ferry arrives, nor the end of school.
The Dublin Street overbridge is a requirement for the resource consent and will be required to be constructed prior to the operation of the first larger ferry.
The new ferries will improve rail transport for goods and as such, there may be a reduction in trucks as freight is handled more by rail.
The business case that is being undertaken by Waka Kotahi has several safety packages included in its recommendations.

Mark Comment: Safety and footpath improvements have been agreed for Kent St by Waka Kotahi

Luke Grogan

Regarding concern 5. this is presently being address though the formation of a common passage plan, a sub part of the collaborative risk assessment. Regarding point 6. these matters fall within the scope of the collaborative risk assessment and will be addressed via that process. Specifically, new wake monitoring equipment is presently being trialed and this digital/remote monitoring will, once established, be coupled with the site monitoring routinely undertaken by the MDC coastal scientists. The inclusion of local volunteers would be most welcome.

Mark Comment: No further comment

5448	Name:	John Reuhman
	Organisation:	EcoWorld Aquarium & Wildlife Rehabilitation Centre and Picton Cinemas
	Contact:	John Reuhman

26 **(Speaking)** Refer Attachment

Category: Q1DoYouSupportCouncilRaisingDebt

Answer: No

Refer to attachment.

Attachments (1)

Submission EcoWorld MDC Port Funding - John Reuhman

Martin Fletcher

The purpose of the consultation is whether Council should raise the finance necessary for Port Marlborough (PMNZ) to meet its share of the costs for redeveloping the Waitohi Picton Ferry Precinct Redevelopment. It is not about the provisions of the Resource Management Act. The project already has a resource consent following consideration by the Environmental Protection Agency. As part of granting that consent the Agency imposed several conditions to control and mitigate the project's impacts on the Sounds and Residents.
It is also understood that the Agency considered a submission made by the submitter.
It is expected that KiwiRail will provide ongoing updates on the project. It is likely that this will include timetabling information up to the arrival of the first ferry in September 2025 which is less than four years away. The arrival date of the first ferry does not reconcile with some of the statements made on page 3 of the submitter's submission.
Regarding financial aspects of the submission, the submitter believes that "this investment does not make financial sense for Council as shareholder" and that the funding should be provided by "central government as the development is primarily in the national interest". There is no financial analysis to support these two contentions or comment/recognition of the lost dividend income should Council decide to not finance PMNZ's share of this project.

Mark Comment: The Environmental Protection Agency has imposed a significant number of conditions for the management of construction effects in its approval of the project under the Resource Management Act.

Attachment for John Reuhman

EcoWorld Aquarium & Wildlife Rehabilitation Centre
Picton Wharf
PO Box 506
Picton Village 7250
Marlborough
phone +64 3 573 6030
email info@ecoworldnz.co.nz
web www.ecoworldnz.co.nz

Submission to Marlborough District Council on

Waitohi Picton Ferry Precinct Redevelopment Financing

Contact Details	
Name:	John Reuhman resident of Picton
Entity	EcoWorld Aquarium & Wildlife Rehabilitation Centre and Picton Cinemas
Postal address:	PO Box 506. Picton 7250
Email address:	[redacted] [redacted]
Contact phone:	[redacted]

1. I am a resident of Picton.

2. I do not support the preferred option for the Waitohi Picton Ferry Precinct Redevelopment Financing for the reasons as set out below:

3. **I wish to be heard at a public hearing and make a verbal submission in support of my submission**

My concerns about the proposed funding

4. A Principal Statutory responsibility of the Marlborough District Council is to protect the health and wellbeing of its residents. This includes the economic. environmental, social and cultural elements.

5. There seems to be an absence of or insufficient evidence of any independent detailed risk analysis on the effects during construction on Picton and Marlborough residents and visitors from the economic, environmental, social and cultural perspectives.

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

7. Where are the controls and mitigation plans and the evidence thereof (see the example of Auckland Light Rail debacle).

(*Exhibits may change without notice. EcoWorld Aquarium & Wildlife Rehabilitation Centre is Marlborough's most visited *"paid for"* tourist attraction (more than 51,000 paid visits pa pre Covid). EcoWorld is proudly NZ owned and operated, one of only four public aquariums in New Zealand). **(1)**

EcoWorld Aquarium & Wildlife Rehabilitation Centre
Picton Wharf
PO Box 506
Picton Village 7250
Marlborough
phone +64 3 573 6030
email info@ecoworldnz.co.nz
web www.ecoworldnz.co.nz

8. This investment does not makes financial sense for the Council as a shareholder.

9. What is proposed is in many aspects at odds with *"the Port's focus on people, planet and prosperity with benefits realised across the Picton community and wider Marlborough region."*

   Where are these benefits independently analysed and described?

10. Refer to Section 5. RMA.

11. Refer to Section 7 RMA.

12. Refer to Section 15 RMA.

13. Council must provide independent documentary evidence of:

    (1) the risk analysis of the construction undertaken on the impacts on the residents and ratepayers of Picton, the Sounds and Marlborough as a whole and

    (2) the controls and mitigations

    in order to protect the health and safety and wellbeing of residents and visitors people who may visit the area and

    to protect access to and enjoyment of the area.

(*Exhibits may change without notice. EcoWorld Aquarium & Wildlife Rehabilitation Centre is Marlborough's most visited *"paid for"* tourist attraction (more than 51,000 paid visits pa pre Covid). EcoWorld is proudly NZ owned and operated, one of only four public aquariums in New Zealand). **(2)**

EcoWorld Aquarium & Wildlife Rehabilitation Centre
Picton Wharf
PO Box 506
Picton Village 7250
Marlborough
phone +64 3 573 6030
email info@ecoworldnz.co.nz
web www.ecoworldnz.co.nz

Actions I would like Council to take

14. MDC is duty bound to provide an independent detailed risk analysis including financial analysis, as well as the economic, environmental, social and cultural elements.

15. MDC must conclusively prove that the benefits of the funding and the development outweigh the negatives for the ratepayers of Marlborough

16. MDC should postpone or cancel the funding.and refer it back to Central Government. as the development is primarily in the national interest.

17. MDC must compel Port Marlborough to disclose as soon as possible on an ongoing basis the following. ***"Forewarned is Forearmed"*** :

    1. Construction will take more than 4 to 8 years years from 2022 to 2030.

    2. The consent reveals considerable construction matters that at times will have major adverse impacts on Picton and its residents and visitors..

    3. This is the largest infrastructure *project* in Marlborough at $361 million.

4. Matters that need to be regularly updated must include as per the WPFPD consent:

    1. Construction Management Plan (CMP) update ands more details.

    2. Timetable - detailed timetable and schedule of days and hours of operation.

    3. Demolition and Earthworks Management (section in the CMP)

    4. Piling More than 821 days piling days over 4+ years (see Piling Schedule)

       7am to 7pm, Monday to Saturday for 4+ years

    5. Dredging Management Plan (DMP) - activities, duration, stockpiling, transport and disposal of dredging

(*Exhibits may change without notice. EcoWorld Aquarium & Wildlife Rehabilitation Centre is Marlborough's most visited *"paid for"* tourist attraction (more than 51,000 paid visits pa pre Covid). EcoWorld is proudly NZ owned and operated, one of only four public aquariums in New Zealand). **(3)**

EcoWorld Aquarium & Wildlife Rehabilitation Centre
Picton Wharf
PO Box 506
Picton Village 7250
Marlborough
phone +64 3 573 6030
email info@ecoworldnz.co.nz
web www.ecoworldnz.co.nz

6. Contamination - heavy metals (mercury, lead, copper, suspended solids etc), silt.

7. Noise and vibration

8 Dust and dirt - demolition and construction.. Stockpiling contaminated material, heavy metals (lead, mercury, copper etc).

9 Road Management Plan (RMP) - traffic planning and disruption.

10 Vessel navigation - ferries, commercial, recreational vessels, harbour use, impacts, especially in summer.

I wish to be heard at a public hearing and make a verbal submission in support of my submission.

(*Exhibits may change without notice. EcoWorld Aquarium & Wildlife Rehabilitation Centre is Marlborough's most visited "*paid for*" tourist attraction (more than 51,000 paid visits pa pre Covid). EcoWorld is proudly NZ owned and operated, one of only four public aquariums in New Zealand). **(4)**

EcoWorld Aquarium & Wildlife Rehabilitation Centre
Picton Wharf
PO Box 506
Picton Village 7250
Marlborough
phone +64 3 573 6030
email info@ecoworldnz.co.nz
web www.ecoworldnz.co.nz

Section 5 Resource Management Act

Purpose

(1) The purpose of this Act is to promote the sustainable management of natural and physical resources.

(2) In this Act, sustainable management means managing the use, development, and protection of natural and physical resources in a way, or at a rate, which enables people and communities to provide for their social, economic, and cultural well-being and for their health and safety while

(a) sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generations; and

(b) safeguarding the life-supporting capacity of air, water, soil, and ecosystems; and

(c) avoiding, remedying, or mitigating any adverse effects of activities on the environment

Section 7. Others Matters that must be addressed by assessment of environmental effects

In achieving the purpose of this Act, all persons exercising functions and powers under it, in relation to managing the use, development, and protection of natural and physical resources, shall have particular regard to: the use, development, and protection of natural and physical resources, shall have particular regard to:

(a) kaitiakitanga:

(aa) the ethic of stewardship:

(b) the efficient use and development of natural and physical resources:

(ba) the efficiency of the end use of energy:

(C) the maintenance and enhancement of amenity values:

(d) intrinsic values of ecosystems:

(e) [Repealed]

(f) maintenance and enhancement of the quality of the environment:

(*Exhibits may change without notice. EcoWorld Aquarium & Wildlife Rehabilitation Centre is Marlborough's most visited *"paid for"* tourist attraction (more than 51,000 paid visits pa pre Covid). EcoWorld is proudly NZ owned and operated, one of only four public aquariums in New Zealand). **(5)**

EcoWorld Aquarium & Wildlife Rehabilitation Centre
Picton Wharf
PO Box 506
Picton Village 7250
Marlborough
phone +64 3 573 6030
email info@ecoworldnz.co.nz
web www.ecoworldnz.co.nz

(g) any finite characteristics of natural and physical resources:

(h) the protection of the habitat of trout and salmon:

(i) the effects of climate change:

(j) the benefits to be derived from the use and development of renewable energy.(j)

Section 15. Discharge of contaminants into environment

Please send any correspondence concerning this submission to my email address.

John Reuhman

(*Exhibits may change without notice. EcoWorld Aquarium & Wildlife Rehabilitation Centre is Marlborough's most visited *"paid for"* tourist attraction (more than 51,000 paid visits pa pre Covid). EcoWorld is proudly NZ owned and operated, one of only four public aquariums in New Zealand). **(6)**

5447	Name:	Margaret A McHugh
	Organisation:	Ratepayer
	Contact:	

25 **(Speaking)**

Category: Q1DoYouSupportCouncilRaisingDebt

Answer: Yes, agree in part

Redevelopment Financing Raises through the LGFA to on-lend to Port Marlborough to invest in Picton, future for Port Infrastructure. Realise higher dividends for all ratepayers. Reduce the cost of borrowing for the port. Support the Port to cement a 60 deal with its largest client kiwi rail. I wish to speak on the consultation Options and Alternative 2 if the Project doesn't proceed. I also wish to speak to the consultation process. It is a LEGAL REQUIREMENT to consult with taxpayers and ratepayers on issues that affect them. As this proposal has already been fast tracked as a non-notified application will this consultation be considered or make a difference? It's all very well to ask for consultation, but, what sort of consideration is then given to each submission? Having listened to the Zoom meeting I'm concerned with the comment. The income, in turn, will contribute to REDUCING the need for future rate increases. While I hope that's true, there's no way anyone in Council today can look into the crystal ball with clarity. While I appreciate the necessity for the redevelopment, the consultation process hasn't been open and transparent. I hereby ask that the progress being made on this development is readily available to all affected parties and not only put on your website. Utilising the print and or social media would be excellent.

Martin Fletcher

In response to the points made by the submitter, the following comments are made:
1. The consultation document and process were reviewed by Simpson Grierson before it was commenced.
2. The only element of this project that has been fast tracked is the granting of a resource consent by the Environmental Protection Agency. This consultation is about Council financing Port Marlborough NZ Ltd's (PMNZ) share of the project.
3. It is expected that all Councillors will consider each submission on its merits with an open mind.
4. As a result of the areas of biggest financial risk being removed, i.e., construction cost and volume risk, there is a very high level of certainty that the increased dividends will contribute to reducing the need for future rate increases.
5. It is expected that further information on the project will be made available by KiwiRail and PMNZ.

Mark Comment: No further comment

5446	Name:	Graham Gosling
	Organisation:	Picton Business Group
	Contact:	Johanna O'Connell (Secretary)

24 **(Speaking)**

Category: Q1DoYouSupportCouncilRaisingDebt

Answer: Yes, agree in part

Picton Business Group in principle support Marlborough District Council raising Port Marlborough's share of the Waitohi Picton Ferry Precinct Redevelopment . The committee has had some concerns that as Port Marlborough is not funding and subsequently building of the new terminal, what if Kiwi Rail sell out to a private concern or what if a "New Independent Player" appears and wishes to access the facility? Could that create a problem in the future? Some of these concerns have been somewhat allayed by recent discussions with Port Marlborough, but we still consider them worth noting. With changes in this modern world who knows if there is going to be passenger or freight ferries powered by some method not yet invented (that require access)? Cruise Ships for example needing availability of the Terminal Berth. They will come back (even if not by the same numbers) and changes may be required to provide shelter, especially for marshaling passengers. We are in uncertain times but look forward to an exciting future with many changes and advancements. Will Port Marlborough have the ability to carry out these changes freely in the future if they do not own the terminal building?

Martin Fletcher

PMNZ is not funding and building the terminal building, because the building and gangway are in many ways KiwiRail specific. Also this was a means of reducing the risk of the project, because with the terminal included it would have required Council to increase the amount loaned to over $150M. However, the quality standards for the building have been agreed and PMNZ is on the Governance Group for the project.

PMNZ also owns the land on which the new terminal will be situated.

Regarding Cruise Ships, PMNZ have secured the other side of the Wharf as being available for Cruise ships. PMNZ will prepare a separate business case for this development.

Mark Comment: No further comment

5440	Name:	Tim McCaffrey
	Organisation:	
	Contact:	Tim McCaffrey

18 **(Speaking)**

Category: Q1DoYouSupportCouncilRaisingDebt

Answer: Yes, agree in part

During your presentation the MDC provided a variety of sectors to speak about the impact of the new ferries on Picton and beyond. I am very concerned about the traffic situation at Picton and travelling towards Blenheim. With a fatality this week on this road it is obvious changes need to be made.

Richard Coningham

Marlborough Roads undertook an independent traffic review for Marlborough District Council. This was for the effects both within Picton and the wider district. The larger ferries will enable growth to occur and to meet a suppressed demand that occurs presently at Christmas. With the change in the marshal yards, the majority of traffic will now exit the Port on Kent Street, rather than Auckland Street, which will free up the town centre pressures. Traffic leaving Picton will be similar to today, with natural growth, except at Christmas when demands are estimated to be higher than today. Analysis shows that as vehicles leave Picton, they start to disperse and spread. This will continue to happen in the future.
The Government has recently released its Road Safety Strategy – Road to Zero to reduce the number of deaths and serious injuries that occur on New Zealand's Roads. A review of State Highway 1 Speed Limits between Picton and Seddon will commence this year. There are no Road Upgrades planned

Mark Comment: No further comment

5441	Name:	Heather M Smith
	Organisation:	Social Credit NZ
	Contact:	Heather M Smith

19 **(Speaking)**

Category: Q1DoYouSupportCouncilRaisingDebt

Answer: Yes, agree in part

Funds are needed but the assumption that they must be debt funded must be examined. The following is text from the attachment... 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." 1. 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. Written for Top-of-the South Region, SCNZ by Heather Smith, B.A., Dip.Soc.Sci.(Econ) Authorised by Jack Collin, Regional President and member of SCNZ Executive

Martin Fletcher

The submitter makes an interesting suggestion. However, staff are not aware of the Reserve Bank making loans to Councils.

Mark Comment: No further comment

5439	Name:	Martin Ridgway
	Organisation:	
	Contact:	

17 **(Speaking)**

Category: Q1DoYouSupportCouncilRaisingDebt

Answer: Yes, agree in part

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. Ignoring existing loans, this new proposed loan of $110m is in excess of 50% of Port Marlboroughs' 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. 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 and agreement in principal 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.

Martin Fletcher

The submitter raises some very pertinent questions/points. In response it is advised that
1. All financial aspects of the deal have been reviewed by Castalia including future dividend projections.
2. Castalia also confirmed that all financial aspects of the deal are consistent with Commerce Commission methodologies.
3. Castalia have confirmed the above in writing, including a statement "In our view, the outcome of the negotiations as reflected in the Key Terms represents a good outcome for PMNZ."
4. Business case has been reviewed by both PMNZ Board and MDCH Board. These Boards have a high level of commercial/financial competence.
5. We can't release all financials owing to commercial sensitivity and ongoing negotiations in Wellington.
6. the sensitivity analysis query is difficult as there are no variable components to the deal. The cost risk has been taken on by KiwiRail and the annual fee is set, so there is no volume risk. Also, the 2 yearly WACC adjustment ensures borrowing rates and return are never too far out of step.
7. Because of the size of the transaction, it was considered by the MDCH Board as a major transaction under the Companies Act.
8. Regarding the gearing point:
• Equity ratio is still within pre-approved band. This band was set before the IREX project was contemplated; and
• Gearing needs to be considered in the context of the deal. The deal is low risk for good reward.
9. Council can make the satisfactory finalising of the Culvert Agreement a condition of raising the finance.

Mark Comment: Martin has covered Mr Ridgways issues well.It will be recommended to Council that should you approve the funding that that approval is conditional on Kiwi Rail commitments being met including funding of the culverts.Port Marlborough is also including such commitments in its proposed legal agreements.

Hearing

Thursday, 24 February 2022

8.30 am

5431	Name:	David William Richard Dew
	Organisation:	
	Contact:	

16 **(Speaking)** **Thursday 24 February 2022 - 8.30am**

Category: Q1DoYouSupportCouncilRaisingDebt

Answer: No

I am opposed to the proposed method of financing the new Ferry Terminal requirements. My reason is that Council have glossed over the risks. I am not opposed to the Development itself and look forward to Council ensuring the wake impacts are less than now. I have heard those promises before for Fast Ferries and look what eventuated. Council has not properly assessed the risks. No mention is made of what happens if KiwiRail defaults or is liquidated within a short time after this loan is taken out and spent by the Port. This is not necessarily a remote possibility. If the Crown restructured KiwiRail and created a new operating entity Port Marlborough's contract will be worthless and there is then no security for payment to Port Marlborough who in turn will default on the loan from Council KiwiRail's Bankers will rank ahead of Port Marlborough. The Crown can easily force access to the Port for the new entity. What investigation has been made on the funding of the boats themselves? As I read it none. Why would the Crown do the above? Someone in Treasury or elsewhere may decide KiwiRail's operating costs are too high and use this mechanism to cut costs. The Crown refuses to guarantee this KiwiRail contract so any prudent person would look at the Crown's previous conduct in these situations. One only has to look at the Crown's behaviour with Solid Energy. The Crown refused to honour its debts so Banks took a large haircut. The Crown has therefore done what I suggest before so won't feel any guilt over doing it again and making the ratepayers of Marlborough fund the "haircut". This will impact on Rates. Many of the Banks who took a haircut with Solid Energy announced at the time they would never trust lending to a Crown entity again and yet Council ignores that lesson. So the soft lender becomes the Council and therefore the Ratepayers. There is a better option and that is to refuse to fund without a Crown Guarantee. It is mentioned that if this isn't funded the Crown might force a takeover. That is speculation and unlikely in my view. In any event Council should not "punt" with borrowed money that could impact on ratepayers.

Martin Fletcher

The submitter is concerned about counter party risk, i.e., the financial viability of KiwiRail and the willingness of Government to continue providing financial support.
This risk was one of the first identified by Port Marlborough NZ (PMNZ), MDC Holdings Ltd and Council staff. To mitigate this risk the following steps were taken:
1. Meetings were held with the Ministers of Finance and State-Owned Enterprises with a view of obtaining a government guarantee for the project. Government guarantees are very rare and we were unsuccessful in this endeavour. Part of the reason for this was the quasi monopoly position of Picton.
2. Bell Gully were engaged to develop arguments and options for the Government to provide financial security to the project.
3. The level of proposed investment was reduced from $150M to $110M with investment now being focused entirely on generic assets, i.e., they are not KiwiRail specific.
4. Obtained a guarantee from KiwiRail's parent company, KiwiRail Holdings Ltd and letters of credit for six months rental from KiwiRail's bankers. Having the guarantee from the holding company mitigates the risk identified of creating a new operating entity.
5. Structured the lease agreement so that it is non volume related and is front loaded, enabling the loan to be repaid within the first 30 years.
6. KiwiRail looked to improve its financial viability by successfully arguing that it should receive funding from the National Land Transport Fund. While not knowing the basis of KiwiRail's argument to achieve this, it is assumed that it was to take freight off the road network with reductions in maintenance and construction costs.
The submitter identifies the Government's behaviour when Solid Energy encountered financial difficulties and that it could happen with KiwiRail. While the Solid Energy case shows that the Government will not underwrite its State-Owned Enterprises, the activities of Solid Energy and KiwiRail are totally different especially in regard to the longer-term objectives of Government. Solid Energy was primarily mining coal which would then be burnt to create energy and greenhouse

gases. The question that arises is, were the activities of Solid Energy critical to the NZ economy and its objective of reducing emissions, the answer is “no”. KiwiRail on the other hand, especially the ferry links between the North and South Island, is critical to moving goods and people between the islands from both a rail and road perspective. Moving goods to rail is also consistent with reducing emissions. As a result, there is a totally different risk profile between Solid Energy and KiwiRail. Councillors should also consider the level of investment made by the Crown over recent years in re-establishing the State Highway 1 link between Picton and Christchurch; in addition to the $1.4+ billion investment made on the IREX project. While Government can walk away from KiwiRail as it did with Solid Energy, the likelihood of it occurring is very remote.
The submitter asks about financing of the boats. While this is outside the scope of Council’s investment, the loans raised are the first in the world to be given climate-based certification which again aligns with the Government’s objective to reduce greenhouse gasses.
Conclusion
Every investment has risk. The question is how likely those risks are to materialise and whether or not adequate mitigation steps have been put in place.
On balance, following the reviews undertaken by officers and Boards of PMNZ and MDC Holdings and Council staff, both the risks and rewards are reasonable.
We also need to look at the alternative of Government financing the whole project, there would be no rewards or the other negotiated benefits e.g., the Dublin Street overbridge and Waitohi Culvert upgrade projects.

Mark Comment: Martin has summarised the risk considerations and mitigations very well.Government has made a very large investment in the future of rail and the rail ferries .The government negotiations on counter party risk lead to Kiwi Rail lifting the risk margins and WACC achieved by Port Marlborough in addition to the other mitigations negotiated .Council has reviewed the KiwiRail business case and it's return on investment .The staff and Boards of Port M and MDC Holdings are very experienced commercially and have accepted the return v risk of the project as being very positive for Port M and Council.It is hard to conceive that a government would undertake the liquidation and restructure options Mr Dew suggests without considering the impacts on an important source of Local Authority revenue and debt load,I suggest that politically it would be extremely dangerous!

Submitters who have withdrawn from speaking

5381	Name:	Seinna Carrington
	Organisation:	
	Contact:	

4 **(Speaking)**

Category: Q1DoYouSupportCouncilRaisingDebt

Answer: No

Our rates are very high already this will raise them even more. Our roads need more repair Water infrastructure needs repair More places for the children are needed. The community needs should be above the business

Jamie Lyall

Council provides funding for maintaining and establishing a large number of assets for use by children in our region. For example the Stadium, Aquatic Centre, Sports fields, Hockey turf, Recreational Reserves, Youth Centre and numerous walking, biking tracks and Playgrounds right across the region.
The number of facilities and quantum of ratepayer spend on these facilities is in the top of half of local authorities across New Zealand.

Mark Comment: The investment in Port Marlborough is a commercial proposal. Expenditure on parks ,open spaces and community facilities is unaffected .

Richard Coningham

Roading and Water Infrastructure Maintenance is based on Levels of Service set and approved by Councillors, these are documented in Asset Management Plans for each area which are available for viewing on Council's website. Any increase in the level of service flows through to increases in rates to fund these levels of service.

Mark Comment: The investment in Port Marlborough is a commercial proposal.Expenditure on Council infrastructure is unaffected.

Martin Fletcher

The submitter suggests that our rates will increase as a result of this project. In fact quite the opposite will happen with the additional dividend income, going some way towards offsetting the need for future rates increases

Mark Comment: The dividend increase from Port Marlborough will enable either rates reduction or increased investment in core Council assets and/or levels of service

5445	Name:	Tim Healey
	Organisation:	The Guardians of the Sounds
	Contact:	Tim Healey

23 **(Speaking)** Refer Attachment

Category: Q1DoYouSupportCouncilRaisingDebt

Answer: No

In Support of Alternative 2. Refer attachment.

Attachments (1)

Submission - Guardians of the Sounds - Tim Healey

Martin Fletcher Trim REF: 2228092

1. The submitter supports option 2, i.e. that Port Marlborough (PMNZ) borrow the funds needed directly.
2. The main reasoning behind this is "counter-party risk", in that the submitter believes "This current Government cannot be trusted to honour their commitments."
The "Counter Party Risk" issue was also raised in a submission by ex-Councillor David Dew. The comments made on that submission apply here too.
3. However, the submitter has not considered that security will have to be provided to the banks if PMNZ raised the debt in its own right. The security required can include subscribed uncalled capital and guarantee, i.e. Council is still likely to have some exposure.
4. The submitter is also concerned about a drop off in freight and passenger volumes. The PMNZ agreement with KiwiRail is like a normal commercial tenancy. The rent paid is set to provide a return on the asset and is not dependent on volume.
5. Dividends from PMNZ/MDC Holdings Ltd are credited to the Infrastructure Upgrade Reserve. This Reserve's prime purpose is to fund the construction of infrastructure or, in other words, projects. If this Reserve was not in existence additional rate funded debt would be required to fund Water, Sewerage and Stormwater projects. Having an increase in Dividends will reduce the reliance on rate funded debt, which will in turn go towards reducing the need for future rates increases.
6. Attached please find an extract from the former Marlborough Harbour Board's minutes clearly showing representatives from across Marlborough and Kaikoura districts. Marlborough Harbour Board was owned by the whole of Marlborough plus Kaikoura. Subsequently Kaikoura's share was purchased by Council.

Mark Comment: No further comment

Luke Grogan

My comments above under Hans

Mark Comment: No further comment

Hans Versteegh

Navigation safety risk thought Tory Channel is being closely assessed through the collaborative risk assessment process. The assumption that Tory Channel cannot be utilised safely by the new larger ferries is not based on robust risk assessment as that process is what is presently underway. It would not be appropriate to speculate on the outcome.

That the precise extent of the regulatory controls MDC might place on the new ships is as yet unknown creates a 'regulatory risk' to Kiwirails future operations however, as a result of the specific agreements reached between PMNZ and Kiwirail, that regulatory risk falls entirely on KiwiRail. Specifically, if navigation safety controls applied by MDC reduced the number of transits ferries could achieve the returns to PMNZ would not be impacted.

Moreover, Kiwirail is aware of this and engagement with the Harbourmaster has enable KR to assess this regulatory risk and made the decision to tolerate it/progress with the project.

Specific matters such speed limits and other navigation safety controls will be defined through the

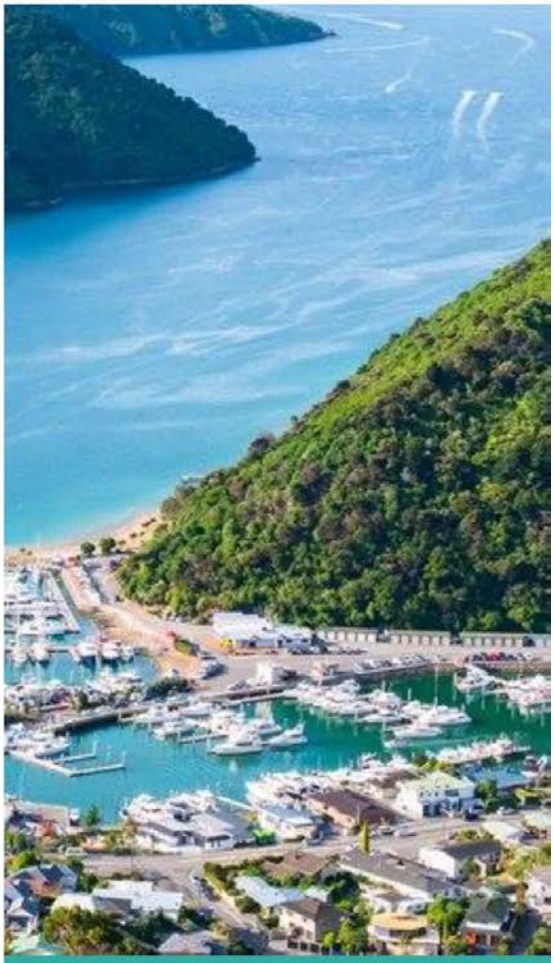
risk assessment and thereafter a proposed set of controls will be put forward for public consultation. This is likely to be late 2022 or early 2023.

Mark Comment: No further comment

Attachment for Tim Healey

Waitohi Picton Ferry Precinct Redevelopment

FINANCING SUBMISSION



JANUARY 29 2022

The Guardians of the Sounds

Chairman: Tim Healey

0274 369 887

tim.healey.cc@gmail.com

Table of Contents

Introduction 4

In Support of Alternative 2 6

IREX Picton Ferry Precinct Project Flaws 6

The Ferries 6

The Route 7

The Port of Picton and Picton Township 9

The Proposed Over Bridge 10

Kent Street 10

Broadway 10

Past Broadway and Beyond 10

Financial Risk 12

Government 12

Counter Argument to Council Financial Justifications 13

Conclusion 16

REFERENCES 17

Appendix A 18

Introduction

Guardians of the Sounds began with a large group of Queen Charlotte Sound residents concerned about the effects fast ferry wash was having on the foreshore and people's safety in the late 1990's. The Guardians of the Sounds became an incorporated society in August 2000. We are a recognized community and environmental group and have been involved in Picton community issues in the past, including the Methyl Bromide scandal and Picton Air Quality. A large portion of our membership reside in Picton. What happens in Picton has many impacts, both positive and negative, on the Sounds as a whole.

The Guardians of the Sounds were invited by the EPA to make submissions on the IREX Picton Ferry Precinct. As the people of Picton and the Queen Charlotte Sound were unable to make their own submissions to the EPA consenting panel due to this project being selected as a shovel ready project under emergency Covid legislation, the Guardians will gladly represent their community via this submission. The reason the Resource Management Act was introduced was to prevent situations like this from occurring. All the planning, effect mitigation, consequences, and everything else that affects a community is presented in its entirety, and the people affected have their say. Without these processes our community stands unprotected from harm from these types of development projects.

Importantly, the Guardians believe this project did not qualify to be selected as 'shovel ready' on many grounds, the main point being that the planning, considerations, and effect studies of this major development were glaringly incomplete at the time. In fact, the consenting panel stated that the planning was inadequate. Despite this the Marlborough District Council (MDC) went ahead and supported the removal of their constituent's rights and instead gave support to a plan that was flawed. MDC, and in particular the Sounds Ward councillors, failed in their duty to represent the people who elected them.

Already, we have seen major changes to this plan including the relocation of the new wharf, and a new plan to offload some of the ferry traffic into the Picton CBD.

These are serious amendments that have a huge impact on the project and Picton community. The current plan has little resemblance to the plan submitted to the EPA. It is for these reasons and more that will be detailed in the following submission that the Guardians of the Sounds do not support the proposal, nor alternative 1 provided. However, we do support alternative 2.

In Support of Alternative 2

As stated in the introduction, the Guardians of the Sounds;

- DO NOT support the proposal
- DO NOT support alternative 1
- DO support alternative 2

IREX Picton Ferry Precinct Project Flaws

The Guardians support alternative 2 because the IREX Picton ferry Precinct project has serious flaws. These include the new ferries chosen, the route they are expected to take, the impact of the project on the harbour, sounds users, Picton community, and the roading network. Furthermore the serious risks to the safety, health, and wellbeing of our community are being ignored by those who will not face these risks themselves.

The Ferries

Much has been said about the design of the new ferries. How fuel savings will be made and how safe they will be. We disagree. Firstly, the fuel savings will be voided by the need to use the Norther Entrance. Secondly, while it is possible to reduce the wave height with ship hull design, the laws of physics still remain. The displacement of the new ferries is 50,000 tonnes. Exactly where and how will the energy of this large, heavy, fast moving vessel be dispersed? What will happen to the environment?

When the Harbour master concludes his risk assessment we are confident that it will be deemed too great a risk to use Tory Channel Entrance under the current proposal and alternative 1. Speeds must be reduced to 15 knots and possibly all shipping transferred to using the Northern Entrance. Three return sailings are not possible. Kiwirail needs a new plan. The obvious remedy is to get smaller ships, and 3 of them. The keel hasn't been laid on the first new ferry yet. It is not too late to have a rethink.

Recent events show how breakdowns affect the transport network. Every boat owner knows boats do breakdown; machinery fails. There is no resilience in the plan if one ship is out of the water. The service will be reduced to one ship which throws travel plans and freighting into chaos. Further strain on a supply system already burned through the Covid-19 pandemic can only result in commercial losses, and damage to consumer confidence. Remember, these ships also have to go overseas every two years for a clean and maintenance. These much-vaunted azimuth propulsion systems are high maintenance, requiring regular dismantling and checking of gears, bearings etc. Estimates of a ship being absent from the run for up to four weeks or more are not unrealistic. The Azamara Quest was driven by these azimuth propulsion systems when it hit Wheke rock. Looking beyond savvy marketing, the practical application of these systems leaves much to be desired, and the current plan places far too much faith in them. It begs the question- has a thorough risk analysis *really* been undertaken?

The Route

The Guardians are of the firm opinion that it will be unsafe for the new large ferries to navigate the Tory Channel entrance. We refer you to the **Tory Channel/ Kura te Au Navigation Safety Risk Assessment Version 2, 21 February 2020** prepared by GBT International for the MDC. Among the many recommendations in this report, it is advised that MDC completes a Bowtie risk assessment and that a further risk assessment be carried out, as stated in section 9 of said report (Pearson, M., Burfoot, T., 2020).

Despite this work not yet being completed, Kiwirail has gone ahead and ordered new ships for a route they will not be allowed to take due to the inevitable finding that the risk to the ships, passengers, crew, the environment and other vessels is too great. The speed required to transit through Tory Channel/ Kura te Au and Queen Charlotte Sound/ Totaranui to achieve 3 return sailings per day as stated in the business plan is unsafe. The risk to the ferries, commercial shipping, and recreational vessels is too large to be acceptable. Across various meetings the Guardians have been told by Kiwirail that the speed they will operate the new ferries at will be anywhere from 20 to

25 knots. The lack of clarity and specifics is concerning and raises serious questions regarding how operations will actually function.

The speed limit for ships is set at 15 knots in the Shipping activity section of the Marlborough Sounds Resource Management plan. Past and present plans deal extensively with wash from ships. There are unequivocal rules regarding wave height and energy and the environmental effects. Kiwirail have stated that their new ships will comply with these rules. However, there is doubt in the maritime community which the Guardians have consulted that these ships will meet the requirements. Kiwirail have provided no proof, and can only reference preliminary testing to support their position. This is another fault with their plan because if they can't operate at the speed they require to make 3 return trips a day, then their business plan is out the window.

The Guardians believe that the large increases in commercial traffic associated with marine farming, forestry, and recreational vessels, particularly in the summer months, in Tory Channel/ Kura te Au, make it unsafe to navigate large ships at speeds greater then 15 knots. Tory Channel/ Kura te Au has blind corners, is narrow, hosts many marine farms, and with the large ferries manoeuvring room is even more restricted. The risk assessment carried out in 2020 reinforces our view. It's all there for the councillors to see that managing risk is what it is all about when going to sea.

The Guardian's position is that we want all ships to use the Northern entrance. It is wider and has far less risk to it, however it extends the travel time. If and when proper due diligence is carried out and ships have to be rerouted, or at least a one-way traffic system combined with a speed limit of 15 knots enforced, it will be obvious that the decision to dramatically increase the size of the ferries was not correct.

Kiwirail has made much of the new ship's modern life saving equipment. However if a system fails, if there is human error, or an event like that which caused the Wahine to founder, then 2000 passengers are in life threatening trouble. A slide that passengers must use to gain access to inflatable life raft is a laughable concept anywhere near the Tory Channel entrance in bad weather. This is a fact well known and understood by local mariners, the very individuals whose input has been avoided

through government fast tracking. There are no tugs that are readily available that could assist ships of this size. Remember, the Harbour Master has banned cruise ships smaller than these new ferries for just this reason, among others. The law of the sea requires all mariners to go to the aid of a ship in distress and we have no doubt that the local fishermen and residents would put their lives in peril doing this. It was these people who saved the passengers aboard the Mikhail Lermontov when it foundered in Port Gore. The lives of our friends and families must not be put at risk because of decisions made by city executives who have focused entirely on cost savings and have no practical knowledge of the immense dangers around the Tory Channel entrance. History records another ship that was designed to be absolutely safe. It was called the Titanic.

For further detail regarding the dangers of the Tory Channel entrance please see Appendix A, the risk assessment attachment to the Navigation Safety Risk Assessment.

The Port of Picton and Picton Township

The Guardians believe that changes to the infrastructure of the port would not be needed if the scale of the replacement ferries remains the same as the existing fleet. The wharves obviously need repair or replacement, but surely the company would have been aware of this and factored the replacement into their business model. New terminals and link spans would not have been needed, dredging the harbour would not have been needed, major construction with the resulting disruption to local businesses and lives would not have been needed. The huge increase in traffic and rail freight flooding Picton due to the reduction in sailings and increase in vehicle capacity would not occur, and the operation would remain much the same. 3 smaller ships, or maybe even 4, would spread the Interisland traffic over a longer time frame reducing those effects, and offering a more regular and reliable shipping service to it's customers.

But that's not the plan. Two large ships it is, and so we are stuck with having to deal with this plan. The number one issue is the roading network.

The Proposed Over Bridge

The over bridge at a cost of 22 million dollars does nothing except cut the waiting times at the rail crossing. There is still a busy intersection at Dublin and Auckland Street to negotiate. The plan does absolutely nothing to deal with this. We are told the ferries will now unload cars on to Auckland Street at peak times only. That's when there is already congestion and grid lock in the CBD. If the plan is to get these ferries unloaded and reloaded in 1 hour then this intersection alone will prevent that. Unless there is some car park to hold the cars coming off the ferry, then this column of cars will not get off the ship and the company will not meet it's deadlines.

Kent Street

This traffic plan is fine until you get to the Dublin and Kent Street roundabout. This column of cars and trucks must keep moving to get the ferry unloaded. Unfortunately, there is another ferry company using this area to add to the congestion, and traffic exiting the ferry has to give way to traffic coming off Queen Charlotte Drive. Oops. Doesn't this column have to keep moving to unload the ferry in a half hour?

Broadway

This is to be closed but it's the quickest way locals get about town. Locals avoid the CBD at peak times at all costs. The route is up or down Broadway. Losing it makes no sense.

Past Broadway and Beyond

After Broadway, the plan ends but the Town goes on. It is concerning that this was not included in the plan. The huge column of trucks and cars now passes our primary school. At the end of Kent Street there is talk of constructing a roundabout, but we don’t know because it's not in the plan. Currently, this intersection requires all vehicles exiting Kent street to give way to traffic entering Picton on Wairau Road. The column of vehicle unloaded on to Auckland Street now has to give way to the column of

vehicles coming down Kent Street when it meets this intersection, if a roundabout is constructed.

A well thought through well-funded plan would have absolutely ensured the ferry traffic leaves the town as smoothly as possible, so as not to impede the unloading of the new ships, and the residents of Picton could go about their way of life with little disruption. The IREX Picton Ferry Precinct Project plan, which looks ahead 60 years, never considered the wellbeing of the residents of Picton. Issues such as noise, pollution, property access, and the subsequent devaluation of property were ignored. There is evidence of work carried out years ago to get the port traffic out of Picton through a bypass on the Shakespeare Bay side of town. This was never looked at, yet it would solve all of the problems mentioned and would have restored the peace and tranquillity to the residents of the small seaside town of 4000 people.

Financial Risk

The Guardians of the Sounds further support alternative 2 because borrowing money to on loan to Port Marlborough to build wharves and infrastructure for the company Kiwirail to use potentially exposes the ratepayers of Marlborough to liability for that debt.

The Guardians believe it would be very unwise for the ratepayer to become involved in a commercial venture of this magnitude with Kiwirail and the government. While we are impressed with the negotiated deals between Port Marlborough, Kiwirail, and the government, and although these deals do appear to protect the ratepayer from further financial commitment the risk remains unacceptably high.

Our reasons for believing this are two fold; integrity of our partners and other key stakeholders, and the aforementioned extensive risks of the current plan.

Government

This current Government cannot be trusted to honour their commitments. In the proposal it is unclear whether or not these commitments would become legal contracts. This council will be aware of the Government's about face over the 3 waters plan, and future Governments may not honour past agreements and commitments. In the event of a failure of the present or future government to honour their commitment to use the Port of Picton, arising from serious flaws in the commercial viability of the plan being recognised and accepted, then the possibility of MDC being responsible for paying for an unused facility arises.

For those of you who will say the ferries will never leave Picton, remember it wasn't long ago that Kiwirail wanted to do exactly that. Clifford Bay was seriously looked at as a viable alternative to using Picton. The unquestionable savings in time and fuel were very appealing to Kiwirail and trucking companies. To this Government that wants to reduce carbon emissions, these savings won't be ignored. The cost of development

was nearly attractive to private developers, but needed government investment to make it viable. This was not forthcoming from the then National Government, and the project was scrapped. Luckily, in light of the earthquakes, it did not go ahead but the lesson here is that there is no loyalty to Picton and Blenheim with this company.

With a major change to shipping around the world since Covid-19 pandemic took hold, the trend is to offload larger ships visiting NZ at one port. A report commissioned by **Waka Kotahi** and written by shipping consultants **Pacific Marine Management** finds a new feeder network oriented around hubs in Auckland and Tauranga would improve the resilience of New Zealand's supply chains. The report details challenges like the potential closure of Marlborough's Tory Channel to Interisland ferries and the lack of a big dry dock in NZ. Costs drive how goods are moved, and shipping them is cheaper. Kiwirail must be competitive, and investing in large ships that may have reduced freight loads won't be economic. Taking full ships to Lyttleton would be economic. Another recent development has been the purchase of Bluebridge by Morgan Chase, a major American investment bank. It is prudent to anticipate a dramatic increase in commercial competition. With all these factors at play within the transport industry, as well as a dramatic drop off in tourist traffic that may or may not recover to pre Covid levels, is it wise or fair for the ratepayer to be involved? The Guardians of the Sounds don't believe it is. The financial risk is also unacceptable because the plan has major flaws as stated above.

Counter Argument to Council Financial Justifications

The mayor of Marlborough, the CEO of port Marlborough, and the Marlborough District Council's CFO have used the argument that increasing the dividend Port Marlborough pays to the MDC will reduce the increases to rates to all ratepayers in Marlborough. This is their justification, and a reason to borrow 110 million dollars to on loan to Port Marlborough. The problem with this thinking is that the council should not be using the dividend for this purpose. The reason is that it exposes the ratepayers to possible extra large increases to rates if for any reason the port company does not pay a dividend due to a downturn in revenue. Also, it can lead to a situation where the Port Company could sway the council into approving a project or consent that would

not be in the people of Marlborough's best interests. Mayors and councillors that increase rates too often end up looking for another job come election time. Rates should be set strictly on actual costs. The dividends should only be used for a separate non-essential project that directly and positively benefits our community. For example, a new paddling pool for our foreshore. Nice to have, and improves quality of life for residents, but is not essential.

The Guardians of the Sounds would like to remind the councillors of the MDC that before the reforms of the 80s, Picton and the Marlborough sounds community were the owners of the port, and revenue was reinvested in our area. It didn't go to Blenheim, the Wairau Valley, and further south. The community of Picton and the Sounds are the stakeholders. We experience the positive and negative effects of the activities of the port company. The residents of the town are exposed to dangerous chemicals and pollutants from the commercial shipping industry. They experience the noise of trains and trucks loading and moving at all hours of the day of night. Our public utilities are overloaded by the tourists and there are many other negative side effects of having or being a port town. Yes, we do get the job's and income from all this commerce as well. When the focus of Port Marlborough is to make as much money as it can for the ratepayers of Marlborough, the stakeholders get hit with ever increasing costs and fees to increase the dividend.

The small share of the dividend we receive does not go anywhere near the cost increases of slipping, maintaining, and berthing a vessel. The income local business source to pay their rent to Port Marlborough is taken from our pockets. The local community is now often unable to afford to use their facilities that they built. The people saw their beautiful Waterfront turned into a boat parking lot for many people who don't even live in their town. MDC, which is controlled from Blenheim, has now sold all of the Picton waterfront, except the foreshore and the Picton and Shelly Beaches, to a commercial company. Our public wharves and launching ramps were illegally sold to this company. All of this has happened because of the ill-advised government reforms of the 80s, when the control of the assets and wealth were transferred to another community which did not create them.

The first of the newly formed MDC, Mayor Leo McKendry, would never let the dividend be used to subsidise rates. This council should follow his example. If you're looking for ways of reducing rate increases, maybe it's time to review your spending on unnecessary projects like a new art gallery or the theatre, and reduce the ridiculously high salaries the council and port administrators are paid.

15

Conclusion

The Guardians of the Sounds support alternative 2. We request the Marlborough District Council to definitely not raise a loan of 110 million dollars to on loan to Port Marlborough. The Guardians request that the Marlborough District Council does not support Port Marlborough raising a loan of 110 million dollars or support the Kiwirail project to bring and operate these large ferries into Picton Harbour and the Marlborough sounds. MDC needs to recognise that the whole of the IREX Picton ferry Precinct is flawed. MDC needs to consult with the Government and all partners in the project, and instigate a revaluation of all aspects of the plan and carry out proper due diligence prior to sourcing funding.

Tim Healey,

Chairperson of Guardians of the Sounds

REFERENCES

Pearson, M., Burfoot, T. (2020). *Tory Channel/ Kura te Au: Navigation Safety Risk Assessment.* GBT International.

Pacific Marine Management. (2021). *New Zealand Transport Agency Shipping State of Play Report.* https://www.nzta.govt.nz/assets/resources/coastal-shipping-research/nzta-coastal-shipping-state-of-play-report.pdf

Appendix A

Tory channel entrance is narrow and has rocks on either side and numerous ships have recorded groundings and near groundings. As an example, Figure 2 shows interisland ferry Rangatira aground on Wheki Rock having struck on Christmas day in 1959 (NZ National Maritime Museum, 2005).

Figure 2: Ferry Rangatira aground Tory entrance 1959 (Goossens, n.d.)

The same rock was hit by Strait Shipping ferry Monte Stello on the 4th May 2011 (TAIC, 2016). Figure 3 below shows the vessel track through the entrance and onto the rock.

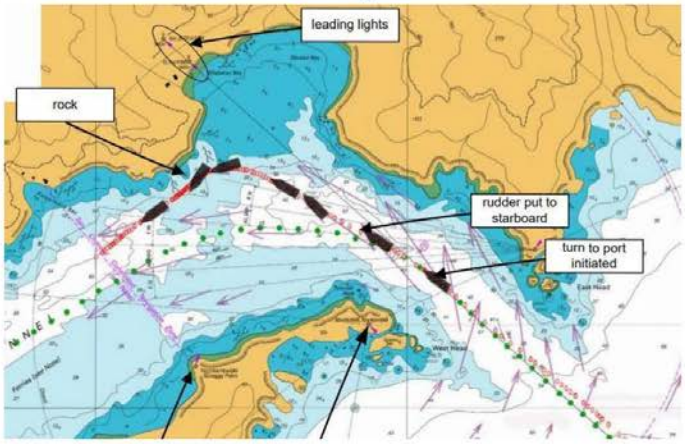


Figure 3: Monte Stello grounding track (TAIC, 2016)

The same rock was struck again by cruise ship Azamara Quest on 27 January 2016 (TAIC, 2018). Figure 4 shows a similar track to that above.

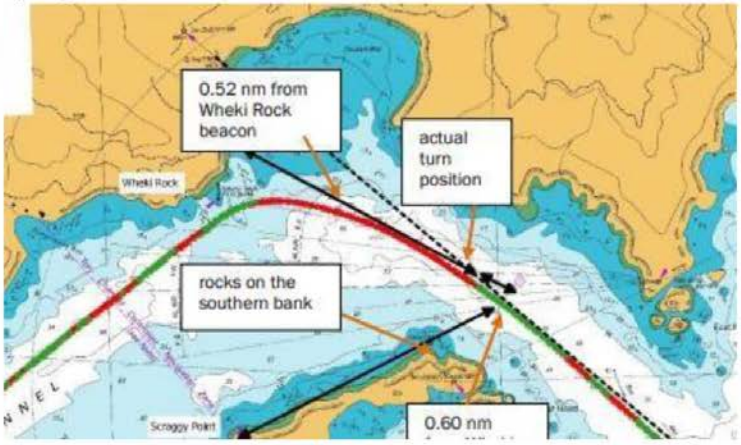


Figure 4: Azamara Quest grounding track (TAIC, 2018)

Interislander ferry Aratere had a close call nearly hitting the same rock on 29 September 2004 (TAIC, 2004). Figure 5 below shows that Aratere followed a similar track as the two vessels above and likely the Rangatira in 1959 as well.

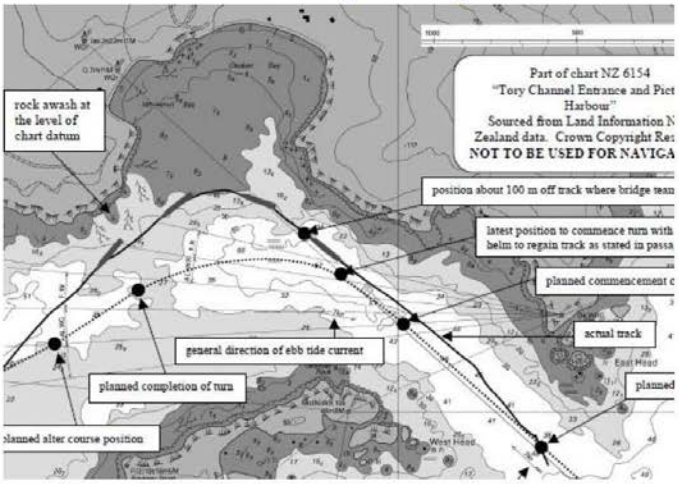


Figure5: Aratere near grounding track (TAIC, 2004)

Showing that grounding is also a risk in the opposite direction, Strait Shipping ferry Santa Regina nearly grounded outbound on 9 June 2005 having, first of all, turned too early and then overcorrecting.

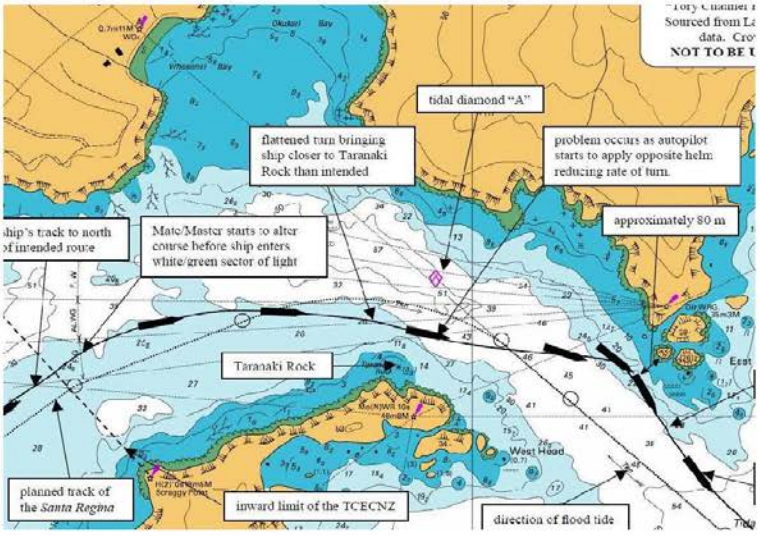


Figure 6: Santa Regina near grounding (TAIC, 2005)

Submitters – non Speaking

5378 Name: **Sean Walsh**

Organisation:

Contact:

1

Category: Q1DoYouSupportCouncilRaisingDebt

Answer: Yes, agree

The development is going ahead anyway at this point. The project will provide great local stimulus to Picton and Marlborough from construction and through the long term operation of the new wharf. MDC 100% owns PMNZ and can access much cheaper interest rate financing so they should get the loan.

Martin Fletcher

No Comment

Mark Comment: No further comment

5379	**Name:**	**Daniel Hamilton**
	Organisation:	
	Contact:	Daniel Hamilton

2

Category: Q1DoYouSupportCouncilRaisingDebt

Answer: Yes, agree

Picton needs it!

Martin Fletcher

No Comment

Mark Comment: No further comment

5382	Name:	Daniel Fisher
	Organisation:	
	Contact:	Daniel Fisher

5

Category: Q1DoYouSupportCouncilRaisingDebt

Answer: Yes, agree

Agree this is the best option to secure the funding and cement a long term working relationship with Kiwi Rail.

Martin Fletcher

No Comment

Mark Comment: No further comment

5383 Name: **Jenival Dos Santos**

Organisation:

Contact:

6

Category: Q1DoYouSupportCouncilRaisingDebt

Answer: Yes, agree

No cost to ratepayers, and increases our dividends. The programme has been largely de-risked, with payback on the loan over 30 years. This is a no-brainer.

Martin Fletcher

No Comment

Mark Comment: No further comment

5384 Name: Jess Ettema

Organisation:

Contact:

7

Category: Q1DoYouSupportCouncilRaisingDebt

Answer: Yes, agree

It makes good financial sense for the region and the economic pay back will far exceed the initial loan

Martin Fletcher

No Comment

Mark Comment: No further comment

5385 Name: **Robert McCaw**

Organisation:

Contact:

8

Category: Q1DoYouSupportCouncilRaisingDebt

Answer: Yes, agree in part

The council fully owns the Port so any risk ultimately affects the council anyway therefor I strongly support any structure that retains that ownership while reducing the financing cost of the upgrades. Council has a greater ability to easily raise the money and at lower interest rates. However the reason that I ticked partial support is that I would like to see the opportunity for some of that money to be raised locally through an infrastructure bond available only to NZ citizens.

Martin Fletcher

Firstly, I think it would be great if locals had sufficient confidence in this project that they wanted to invest their own $$$ into this project.
However, I would be recommending to Council that they use the LGFA to finance the project. The reasons are:
1. Simplicity – only borrowing from one organisation, where all the legal requirements have already been meet, only one organisation to deal with on refinancing and one organisation to pay interest and principal to. However, when sourcing funds from individuals, there are a whole host of legal requirements to meet, including preparing prospectus and having it audited, all of which takes time and increases cost
2. We would have to run a subscription process, including advertising and the use of a broker. Both 1 & 2 involve significant cost
3. Council would have to set up a Register and systems to pay interest and principal on maturity or pay a register to do it.
4. The proposed agreement has a 2 year interest rate reset provision. One of the ways of minimising the risk of interest rates being out of balance is raise debt for the same term. Private individuals usually want longer terms.
5. The LGFA sources the majority of its funds domestically.
6. Bank Term Deposit rates are approximately the same as what Council can borrow at from the LGFA.

Mark Comment: No further comment

5413	Name:	Christine Hutchison
	Organisation:	Picton Medical Centre (employee)
	Contact:	

9

Category: Q1DoYouSupportCouncilRaisingDebt

Answer: Yes, agree in part

I do not see any benefits for Blenheim. I am extremely concerned at the inadequate roads south from Picton and also we need a bypass for heavy freight.(and trains) How will longer trains effect the intersection flow which is so compromised now . ? I wish to see these issues craised Road repairs are inadequate and permanently ongoing instead of being done properly the first time.

Martin Fletcher

The submitter also suggests that our rates will increase as a result of this project. In fact quite the opposite will happen with the additional dividend income, going some way towards offsetting the need for future rates increases

Mark Comment: No further comment

Richard Coningham

It appears the submitter is referring to state highways which fall under the responsibility of NZTA as opposed to Council. A study was carried out in relation to traffic flows on SH1 through Blenheim which found that approximately 75% of the traffic is locally based ie using the the state highway to get from one side of Blenheim to the other. Council is conducting a Network Operating Framework study currently to evaluate what is required for Marlborough in relation to the local roading network for the future.

Mark Comment: Traffic modelling has shown that ferry traffic has little impact on Blenheims SH1 traffic capacity. Daily traffic will only change due to natural growth or changes to interisland travel patterns.

5416 Name: Gareth Jones

Organisation:

Contact:

10

Category: Q1DoYouSupportCouncilRaisingDebt

Answer: Yes, agree

Agree that it is in the best interests of the Marlborough community to invest in the port infrastructure at Picton, so that it is able to accommodate larger and more environmentally friendly ferries. It therefore seems sensible for the MDC to obtain the funding for this development, which lowers the group's external interest cost, and on-lend these funds to Port Marlborough. The benefits of this investment will be received over time, both through revenue from KiwiRail and also through non-financial benefits, including cleaner air and improved infrastructure.

Martin Fletcher

No Comment

Mark Comment: No further comment

5417	Name:	Bruce Lock
	Organisation:	
	Contact:	bruce lock

11

Category: Q1DoYouSupportCouncilRaisingDebt

Answer: Yes, agree

Firstly, the whole project is great for both Marlborough and also NZ. Drilling down into the detail provided at the presentation in Picton on 19/1/22, on the basis of what has been disclosed (I recognise there are commercial sensitivities at play) its is clear PMNZ has worked hard to create a commercial deal that is not only very good to PMNZ (and thus by extension MDC) but also many (maybe all possible?) opportunities to mitigate potential risks have also been addressed. And thirdly...while the scale of this project is large, clearly the age/condition of both existing facilities (rail yard/wharves/terminal) necessitates some strategic and longer term thinking to develop a solution that will take us through for another 60+ years.

Martin Fletcher

No Comment

Mark Comment: No further comment

5419	**Name:**	**chris& marshall**
	Organisation:	Personal
	Contact:	chris marshall

12

Category: Q1DoYouSupportCouncilRaisingDebt

Answer: Yes, agree

With ceiling of borrowing at $110M and lease agreement it would be irresponsible not to proceed with loan in Council name and onlending to Port Marlborough

Martin Fletcher

No Comment

Mark Comment: No further comment

5420 Name: **Andy Endersby**

Organisation:

Contact:

13

Category: Q1DoYouSupportCouncilRaisingDebt

Answer: Yes, agree

This project is important for Picton, important for Marlborough and important for New Zealand

Martin Fletcher

No Comment

Mark Comment: No further comment

5421	Name:	Connor Endersby
	Organisation:	
	Contact:	Connor Endersby

14

Category: Q1DoYouSupportCouncilRaisingDebt

Answer: Yes, agree

The aging infrastructure needs upgrading in Picton

Martin Fletcher

No Comment

Mark Comment: No further comment

5422	Name:	Michael & Pamela Stoneley
	Organisation:	Ratepayers
	Contact:	Mike or Pam Stoneley

15

Category: Q1DoYouSupportCouncilRaisingDebt

Answer: Yes, agree

We presume that the Council CEO and Councillors have engaged staff who are better qualified in accounting and financing fields than us to assess all the pros and cons of this 'deal' and we wish to support the improvement of the port facilities at the most reasonable cost and returns for ratepayers.

Martin Fletcher

No Comment

Mark Comment: As described in other responses a very rigorous process has been undertaken

5442	Name:	Rod Littlefield
	Organisation:	
	Contact:	

20

Category: Q1DoYouSupportCouncilRaisingDebt

Answer: No

I firmly object to the council being involved in arranging a huge loan for Port Marlborough. If there was no risk, I don't see why the council needs to be involved. There has to be a cost and risk involved for ratepayers. The council is quick to dis-associate itself from Ports Marlborough when it suits. Exorbitant boat launching fees and it's failure to be involved in the treatment of the Picton aquarium come to mind. Let them arrange their own loan. I view this as outside the remit of the council

Martin Fletcher

No Comment

Mark Comment: Council has the ability to borrow at lower rates than Port Marlborough which is a wholly owned subsidiary.The Port makes a critical contribution to the Marlborough and NZ economies and is a valuable revenue source for Council.

5444 Name: **Peter Beech**

Organisation:

Contact:

22

Category: Q1DoYouSupportCouncilRaisingDebt

Answer: No

Submission; MDC funding of Picton Ferry Terminal development to accommodate new Kiwi Rail Ships. As someone who has followed the development of the Interisland shipping line for the last 25 years, I have got to say the management decisions made by the successive companies have been very questionable. Following Richard Prebbles pathetic Save Rail campaign, NZ Rail, originally owned by NZ Govt Railways, Rodgernomics, necessitated the privatization and subsequent fire sale to US owned corporation Wisconsin Rail who renamed it Tranzrail, they just asset stripped it, they inturn sold to Australian corporation called toll Holdings, who's core business was with trucking. Toll wasted no time in putting the future direction of the company on Trucking rather than Rail freight, they in time purchased or leased new ships like the Kaitaki, and recently the Kaiarahi. That do not even carry rail They redeveloped the rail yard in Picton pulled out most of the shunting roads and made it into a yard to accommodate trucks and trailers. In 1993 they made the disastrous decision to purchase the first Fast Ferry called Conder 10, that they purchased along with the Aratere built in 1998, which was built in Spain, you could write a book about the breakdowns and modifications needed to keep this vessel operational. Toll holdings run the company into the ground as well as devastating the intertidal zone and marine life of Totaranui by stripping all the sand off our beaches, smashing our wharves , jetties, boat sheds and any boats that were unlucky enough to get caught along side a wharf when the fast ferries past by. The Sounds community had enough of the destruction and safety risk posed to sounds users and challenged the operation, they first had to convince the MDC to create a Bylaw to slow them down, they opposed because of their vested interests in Port Marlborough and it took 10 years to finally convince them , then work alongside them to stop this environmental vandalism. Toll holdings sold out Tranzrail to the NZ Govt in 20…… they will rightly say that we cannot blame them for the decisions made by the previous companies, however our experience over the consultation with the Picton and Sounds community over this development has been deliberately deceptive and had many short comings. They have displayed a similar level of arrogance that we experienced with the previous companies, at the first meeting which Guardians had to initiate, when we heard thru the grape vine about the new development (How could they make these plans without first consulting with the Sounds community.) They told us that they intended to build 2 new ships that would be 3 times the displacement of the original Aratere, that they would have to make 3 return trips per day, with one hour turn arounds, to achieve that they would have to travel at 25 kts thru the Sounds ! then insulted our intelligence by saying that the faster the ship travelled the smaller the wake. Hull design may flatten out a wake, but it will still be displacing 50,000 tons of water, when that wave hits the shallows it will rear up like a surf break, just like the fast Ferry wake did, its about wave energy not wave height. This was not a consultation it was an ultimatum, we were shocked at their lack of knowledge about our recent history of devastation by the fast ferries (only 10 yrs ago,) and the arrogance, by not asking us our opinions , but making decrees. We told them that for starters they should not bring those mega ferries up thru Kura Te Au and should use the Northern entrance and there is no way that the Sounds community will allow these huge ships to exceed 15 kts and stop kidding yourselves, you will never unload and load a cargo of that size in under one hr and expect the Sounds environment to subsidize your delays. We said to them , you know that the system works well with 3 ships, why change to 2 ? they said that 2 was all that the Govt would fund and had been told to make the system work with 2. This whole project is based on a flawed concept , and nothing can change the fact that for their operation to work effectively they need 3 ships, all the planning is like the old concept of moving deck chairs on the Titanic. last month 2 of their 3 ferries were broken down, dead in the water , this happens, if with a two ship operation one of them broke down, one ship would be unable to carry enough freight to keep the country functioning, if one was away in Australia on survey and the other broke down, there would be No Service. Imagine the disaster if one of them was sunk ! and because of the size of these mega ferries, if one was broken or sunk they wouldn't be able to do what they have done in the past and lease a ship from Europe because of the berths and linkspans they wouldn't be able to hire a replacement that would fit the berths. For reliability they need to stick with the 3 ship concept. I also question the use of the Azimuth propulsion system, they say that they have adopted this system because it is more efficient and more manoeuvrable, that's true and it is probably the only way you can manoeuvre these Mega Ferries around in narrow harbours and be able to berth them without

tugs, but there is a huge down side to them, they are designed like a sail drive, or stern leg, they are extremely technical with lots of moving parts, good when new, but very problematic and unreliable when they wear out. If you think the current old ferries are unreliable, just imagine the future issues with these azimuth drive systems. Kiwi rail are learning this lesson right now with gearbox problems with two ships that are nearing the end of their service life, this is when they are likely to fail. The other issue is with conventional propulsion system, with rudders, if you lost power coming in the entrance the ship would have enough way on to enable you to steer it up and beach it in Wekenui, with the Azimuth drive, as soon as it loses power it loses steerage ! ROAD TRAFFIC; Then we look at the traffic plan that they didn't consult with locals on, and at no point have we been consulted by Marlb roads. The original plan that was supposedly consulted on had the off loaded cars travelling up Kent Street, this has now been completely changed, now most all the cars off the ships will be travelling up Auckland street. And the development plan stops at Broadway, what a disaster ! This will mean that Picton will be gridlocked for 2 hrs every day while they unload the ships (a convoy of 600 cars !) plus 65 truck and trailer units that will need to merge together at the Kent Street intersection. During this time, No traffic from the Eastern side of Picton and Waikawa will be able to go from one side of town to the other nor will they be able to merge into the out going convoy because there will be no breaks in the traffic. There is only three ways that this can be achieved: 1 ; Put a traffic light by the Dublin St turnoff , by the Bakery , problem with doing that is that because it is less than a mile from the ship, if the light goes to red they will have to stop unloading the ship. 2 ; It would be OK if they had a marshalling yard to hold 600 cars. Which they don't. 3 ; The only other way would be to have a traffic operator at the linkspan to stop the traffic flow every 20 cars to allow a gap for local car traffic to cross town or merge into the south bound flow. Closure of Broadway: This is a very divisive and poorly thought out plan, if they try to close this street the towns people will revolt & instigate protest action. Closing the street to the town would only gain about 15 metres of shunt yard, but would severely limit the transit of traffic from one side of town to the other. We are told that this crossing in dangerous, nonsense this has been a functional road for 150 yrs, yes it would be better with a 2 lane bridge and we suspect that Marlb roads would rather close the road than renew the bridge., Is this their idea or Kiwi Rails ? Look to the name of this Road, Broadway, it was designed as a Boulevard, it is the widest road in Picton not only is the street wide but the grass verge is about 12 metres wide, with large trees. Dublin Street , the one that has been designated for a fly over, only has about 3 metre parking and as it has been designated an industrial area, all the ferry traffic will make it very difficult for businesses to entre and leave their premises while ferries are unloading. Do Not block the towns direct access to Broadway !!! Then there is the whole issue around Nelson Square becoming a truck stop, the MDC or Marlb Roads handling of this issue has come to nothing, Port Marlb's so called truck parking area is a farce , truck and Trailer units cannot manoeuvre around in there so don't use it, every street verge between Nelson Square and the railyard has become truck parking, this goes to show the degree of lack of planning , why don't they turn whats left of the old rugby grounds into a big truck stop and get these rigs off our streets. With the advent of new ferries and terminal, Nelson sq will become a roundabout, truckies are already doing this, they divert from Kent street and around the square to give them right of way up the elevation without having to stop at the Kent street intersection. Somehow there will need to be a roundabout built at the Kent St intersection that has two out bound lanes that merge into one , this however is not part of the development, (it needs to be.!) Question how do you gain room for extra lane without having to purchase private property ? I am no expert on traffic management , but I have been driving these streets for 50 yrs. I remember as a teenager a rooster by the name of Bill Betts, he owned most of the land in Shakespear Bay, he was an earth moving contractor and advocated building a motorway up and out of the Bay and merging into the top of elevation, to convey all the inbound,(including trucks and the rising number of logging trucks rumbling down thru our town.) and out bound ferry traffic, it fell on deaf ears, he was ahead of his time, the land today is owned by the Port Company, they should do it and keep all the ferry traffic out of the town. I think that the ideal scenario would be to get a couple of tunnelling machines down from Auckland that have been used for the Britomart project , barge them into Shakespear Bay and poke two tunnels thru the hill to meet up with the rail at mount Pleasant, one for trains and the other for trucks. The cut has aready been excavated between PTN and Shakespear, the land is owned by Port Marlb, there is already a shunt line around the West Shore, the head of shakespear could be developed into a large car ,truck and railyard. The Elevation is the steepest incline on the South Island mainline, which severely limits the size of trains and efficiency of the rail network, the redundant rail track could be developed into a one way motorway to keep the ferry car traffic off our streets and expedite the unloading of the ships. The Viaduct would easily handle the conversion to road traffic, it is in the perfect position and because of the rail reserve land either side of the track they could build a one way highway that would merge with the main road at top of elevation,cars driving into Picton would still come down the elevation I raise these ideas because its obvious that planners are going to have to come up with concepts to cope with flaws in the current plan, it will gridlock our town and we will have to live with it

for the next 30 yrs. This plan has been presented as a Shovel ready project under the Covid 19 Emergency Legislation , as such it doesn't require Resource Consent, these planners have taken high handed liberties , not asking the town peoples opinions, just telling us what they have planned. Guardians are not opposed to the ferry operation, but we are practical people , I have spent 30 years trying not to get run down by ferries in the Sounds, and being proactive in trying to convince the shipping companies and MDC to put bylaws in place to protect the Sounds community and natural world . If they come up with a workable plan that doesn't disadvantage our towns transport needs we will support it. If the MDC agree to fund this development and Kiwi rail run these new mega ferries thru Kura Te Au and the Sounds at 25 kts , this will confirm that their commitment to the environment is nothing but Green Wash and they will of sacrificed their responsibilities of health and safety of the Sounds community and Sounds users in favour of commercial gain yet again. How can the Sounds community ever put faith in the council that is compromised to the tune of 110 million dollars to do the right thing in regards to its regulatory duties in looking after Navigation safety and health and safety of sounds residents and users. I worked for 15 yrs as an engine driver on the Railways, much of this time was spent shunting and loading ferries, as a young feller I worked for the company constructing the linkspan, and for 25 yrs have worked as a Boat builder , marine engineer and tourism operator so have a practical understanding of hull shape and design. Local people have a much better understanding of this ferry operation than we are given credit for. We would back this project if it was well planned, but its not, this submission has identified many of the short comings in this plan and strongly recommend that the MDC do not use our rates to fund a project that is that poorly planned, it is doomed to failure. The inevitable plan changes, the cost overruns and budget blowouts would subject rate payers to too much risk, this is not the function of a regulatory body like a Borough Council. We believe the Council should adopt option 2: risk should be shouldered by the Port Company, and if the risk is too great for them, let the Govt bank roll the whole project . At a recent public Guardians meeting that was attended by council, a feller got up and said , all this talk is about Kiwi Rail, you are forgetting about Blue Bridge, he was right , they are the so called Elephant in the room. They have just been purchased by a foreign multinational, If this corporation has deep pockets and a desire to wrest control of the Cook Strait shipping service by building 2 big ships , how would this impact on Kiwi Rails plans ? Don't lose sight of the fact that the only reason that Blue Bridge exists is because of the inefficiency and poor management of Kiwi Rail and their predecessor's. Is there enough freight for two well equipped shipping companies or is one of them doomed to failure. Remember that whoever controls the Cook Strait ferry operation is the key player in NZ's transport network. Do we want this to be controlled by a foreign owed corporation, both Wisconston Rail and Toll proved to us that this is a mistake. The other issue that councillors need to take into consideration is what impact will the future development of coastal shipping have on the interisland trade ? I suspect that in the future we will see the coastal shipping trading directly from Auckland – Lyttelton, Auck- Dunedin, Wgtn – Lyttelton, Wgtn- Dunedin, Wgtn – Nelson directly. Planning for this is already underway and will definitely have an impact on the Cook Strait operation, Kiwi Rail have said they will commit to a 30 yr tenure using the Picton terminal, is that a written contract ? in the past the Interisland company proved by pushing the development of Clifford bay that they have no loyalty to our town .I would want to see that commitment in contract form. We believe that the MDC Risk Management is flawed, so much so that Guardians Of the Sounds produced their own and submitted it to the Harbour Master and the MSA, Kiwi rail should of long before now come up with a Safety Case to outline what their responses and responsibilities would be if one of their ships especially the proposed Mega ferries was wrecked in Tory channel entrance. Why have council not insisted on this. If this proposal goes ahead in current form and all the Picton and Sounds community warnings have not been heeded, then in the court case that would inevitably ensue, the MDC would be liable for damages, Could the MDC survive a legal challenge of this magnitude ? This reminds me of an issue raised by the shipping companies back during the fast ferry campaign when the shipping companies threatened to sue the councillors individually ! Remember also that when the Mikial Lemintov sunk the Russians looked to sue the Marlb Harbour board ! The MDC need to think long and hard about allowing Kiwi Rail the right to transit Tory channel after all the warnings you have had about the safety risks involved. If one of these ferries sinks in the channel, (within Harbour Limits,) the environmental cleanup would be epic ! (who Pays !) and if there is loss of life , lawyers would be very unforgiving. I propose that the MDC decline to finance this proposal and suggest that it be funded by central govt so as not to expose the ratepayers of Marlb to financial risk and potential litigation, I also propose that all of our concerns re traffic grid locks and road closures be taken heed of and strongly suggest that to retain a reliable service they need to have 3 ships not 2. That rather than act like a banker and landlord the MDC get the govt to bank roll this disaster and look to its regulatory role and implement a new By Law that bans all shipping from using Kura Te Au , using instead the Northern entrance within the bounds of a shipping lane with all shipping within Harbour limits , limited to 15 kts, no technical wave height /

wave energy just a straight 15 kts that we all know is acceptable for both navigational safety and the environment. We support option 2 . that Govt fund the entire project.

Martin Fletcher

Of the financial concerns expressed by the submitter:
1. KiwiRail have agreed to absorb the construction risk, so PMNZ/Council would not face cost overruns and budget blow outs identified in his submission.
2. For PMNZ to loan the the funds itself, Banks will most likely require security from Council in the form of either subscribed uncalled capital or a guarantee.
3. The agreements reached to date have the same effect as a contract.

Mark Comment: 1.Financial :KiwiRails agreement with Port M is for an annual lumpsum - unrelated to the number of sailings or quantum of freight or passengers carried.Its parent company has guaranteed rental payments.Government has invested significantly in the project and to rail nationally.Both the Port Marlborough and KiwiRail boards have recommended the funding of the project after detailed consideration of risks including counterparty risk.2.Traffic: Waka Kotahi,Council and Port Marlborough are able to manage future traffic projections.3.Navigation safety:This is a separate process and the Harbourmaster has powers to impose navigation safety controls as has Council through bylaw. Several risk assessments and simulations have been undertaken to inform the development of these controls.4. Wave height: Existing controls will manage wave impacts which are estimated to be much less than that of existing ferries.

Record No: 2229151

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), Clrs 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 Clr 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.
Decision – 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*.
Decision – 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*.
Decision – Yes, agree in part

24 Graham Gosling (Picton Business Group)
Decision – 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*.
Decision – 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*.
Decision – 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*.
Decision – 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), Clrs 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.
Decision – 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)

Meet the locals ECO world aquarium PICTON, MARLBOROUGH

EcoWorld Trust
The EcoWorld Science Heritage and Education Trust

PICTON Cinemas www.pictoncinemas.co.nz

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 WPFPD 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

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT

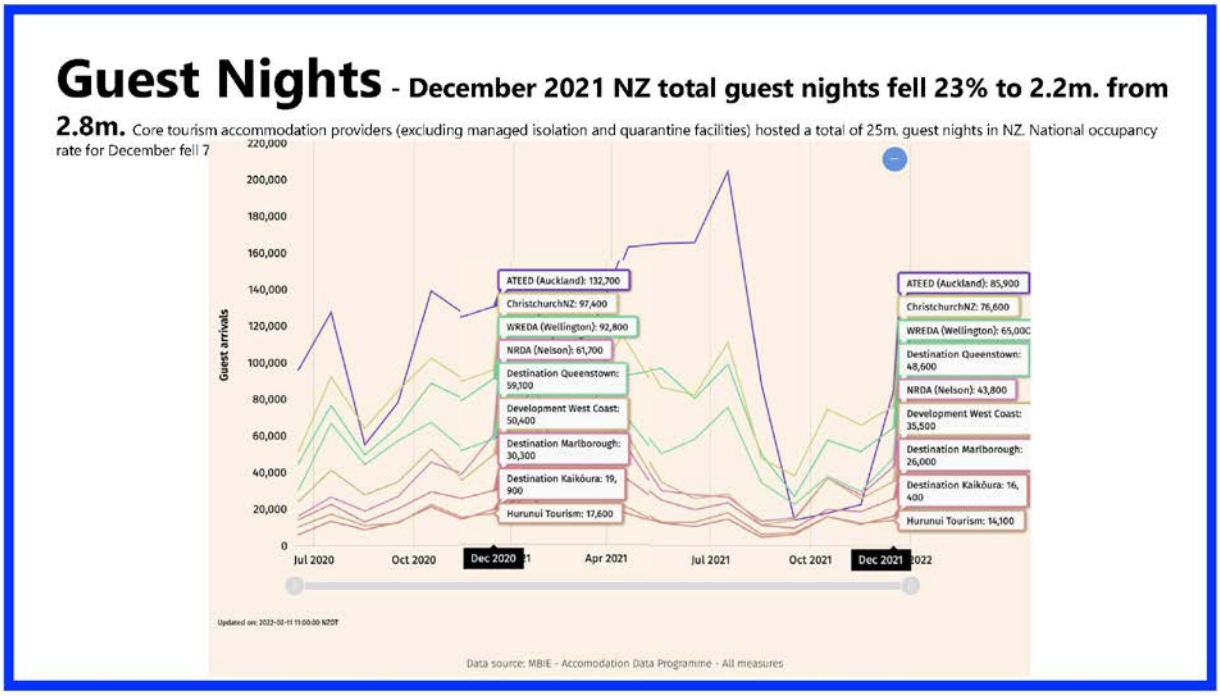
- **Loss $219m pa. 46.8% of pre Covid**
- **Estimate $460m total 2 years loss in visitor spend to March 2022**

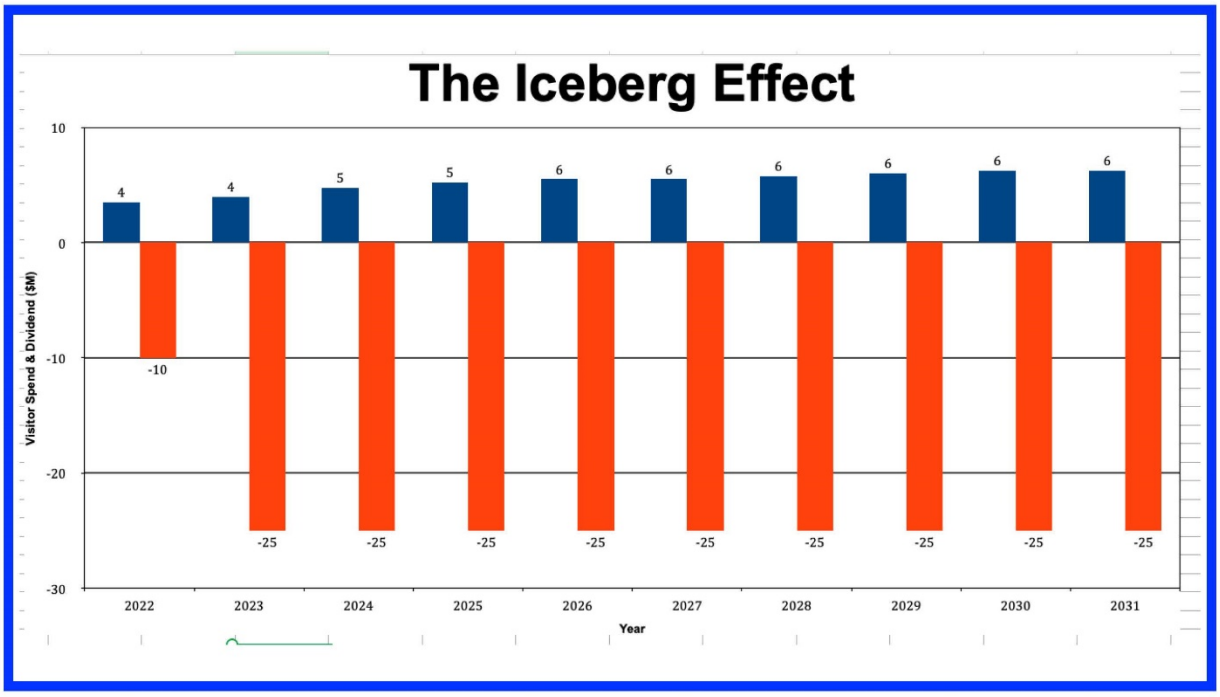
November-2021 Region Summary Table

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
Guest arrivals
220,000
200,000
180,000
160,000
140,000
120,000
100,000
80,000
60,000
40,000
20,000
0
Jul 2020
Oct 2020
Dec 2020
Apr 2021
Jul 2021
Oct 2021
Dec 2021
ATEED (Auckland): 132,700
ChristchurchNZ: 97,400
WREDA (Wellington): 92,800
NRDA (Nelson): 61,700
Destination Queenstown: 59,100
Development West Coast: 50,400
Destination Marlborough: 30,300
Destination Kaikōura: 19, 900
Hurunui Tourism: 17,600
ATEED (Auckland): 85,900
ChristchurchNZ: 76,600
Destination Queenstown: 48,600
NRDA (Nelson): 43,800
Development West Coast: 35,500
Destination Marlborough: 26,000
Destination Kaikōura: 16, 400
Hurunui Tourism: 14,100
Data source: MBIE - Accomodation Data Programme - All measures


The Iceberg Effect
Visitor Spend & Dividend ($M)
10
0
-10
-20
-30
4
-10
4
-25
5
-25
5
-25
6
-25
6
-25
6
-25
6
-25
6
-25
6
-25
2022
2023
2024
2025
2026
2027
2028
2029
2030
2031
Year

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

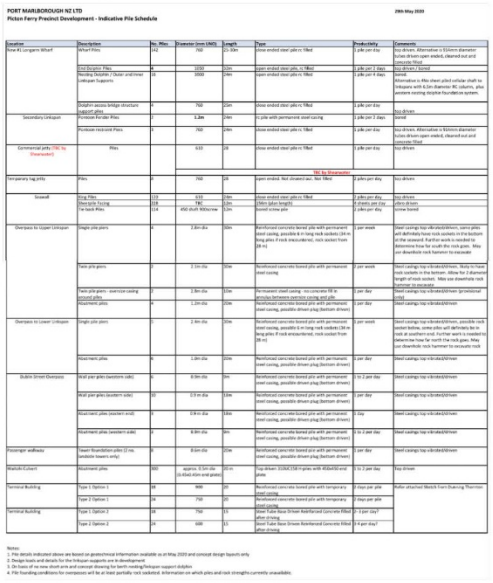
6. **Dust & dirt** - demolition & construction, stockpiling material

7. **Vessel navigation** - ferries, commercial, recreational vessels

8

MARSHALL DAY Acoustics

APPENDIX E PILE SCHEDULE



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

29th May 2020

Location	Description	No. Piles	Diameter (mm UNO)	Length	Type	Productivity	Comments
New #1 Longarm Wharf	Wharf Piles	142	760	15-30m	close ended steel pile/s filled	1 pile per day	Soy driven. Alternative is 914mm diameter tubes driven open ended, cleaned out and concrete filled
	Fire Dolphin Piles	4	1220	52m	open ended steel pile/s, no fillled	1 pile per 2 days	Soy driven. Fill end
	Mooring Dolphin / Ducker and Hawse Linkspan Supports	10	3500	24m	open ended steel pile/s filled	1 pile per 4 days	Soy driven. Fill end Alternative is 4No steel piled cellular shaft to linkspans with 4.5m diameter RC column, plus western existing mipikie foundation system.
	Dolphin access bridge structure support piles	4	760	25m	close ended steel pile/s filled	1 pile per day	Soy driven
Secondary Linkspan	Pontoon Fender Piles	2	1.2m	24m	rc pile with permanent steel casing	1 pile per 2 days	Bored
	Pontoon restraint Piles	3	760	24m	close ended steel pile/s filled	1 pile per day	Soy driven. Alternative is 914mm diameter tubes driven open ended, cleaned out and concrete filled
Commercial jetty (TBC by Shareholder)	Piles		610	18	close ended steel pile/s filled	1 pile per day	Soy driven
					Nil by Shareholder		
Temporary tug jetty	Piles	4	760	24	open ended. Not drilled/cast. Not filled	3 piles per day	Soy driven
Seawall	Sting Piles	123	610	13m	close ended steel pile/s filled	3 piles per day	Soy driven
	Decorative Fencing	318	TBC	12m	130m (plus length)	4 sheets per day	130m driven
	Tie back Piles	114	450 shaft 900screw	5.5m	bored screw pile	3 piles per day	screw bored
Overpass to Upper Linkspan	Single pile piers	4	2.8m dia	30m	Reinforced concrete bored pile with permanent steel casing, possible 6 m long rock sockets (24 m long piles if rock encountered, rock socket from 18 m)	1 per week	Steel casings top +Grade/ø50mm, some piles will definitely have rock sockets in the bottom at the seaward. Further work is needed to determine how far south the rock goes. May use downhole rock hammer to excavate
	Twin pile piers	2	2.1m dia	50m	Reinforced concrete bored pile with permanent steel casing	1 per week	Steel casings top +Grade/ø50mm, Rolly to have rock sockets in the bottom. Allow for 2 diameter length of rock socket. May use downhole rock hammer to excavate
	Twin pile piers - exercise casing around piles	2	2.8m dia	12m	Permanent steel casing - no concrete fill to annulus between exercise casing and pile	1 per day	Steel casings top +Grade/ø50mm (provisional only)
	Abutment piles	4	1.2m dia	20m	Reinforced concrete bored pile with permanent steel casing, possible driven plug (bottom driven)	1 per day	Steel casings top +Grade/ø50mm
Overpass to Lower Linkspan	Single pile piers	1	2.4m dia	50m	Reinforced concrete bored pile with permanent steel casing, possible 6 m long rock sockets (24 m long piles if rock encountered, rock socket from 18 m)	1 per week	Steel casings top +Grade/ø50mm, possible rock socket but not sure. some piles will definitely be in rock at southern end. Further work is needed to determine how far north the rock goes. May use downhole rock hammer to excavate rock
	Abutment piles	4	1.8m dia	20m	Reinforced concrete bored pile with permanent steel casing, possible driven plug (bottom driven)	1 per day	Steel casings top +Grade/ø50mm
Dublin Street Overpass	Wall pier piles (western side)	6	0.9m dia	6m	Reinforced concrete bored pile with permanent steel casing, possible driven plug (bottom driven)	3 to 2 per day	Steel casings top +Grade/ø50mm
	Wall pier piles (western side)	10	0.9 m dia	12m	Reinforced concrete bored pile with permanent steel casing, possible driven plug (bottom driven)	1 per day	Steel casings top +Grade/ø50mm
	Abutment piles (western end)	3	0.9 m dia	16m	Reinforced concrete bored pile with permanent steel casing, possible driven plug (bottom driven)	1 day	Steel casings top +Grade/ø50mm
	Abutment piles (western side)	6	0.9m dia	6m	Reinforced concrete bored pile with permanent steel casing, possible driven plug (bottom driven)	3 to 2 per day	Steel casings top +Grade/ø50mm
Passenger walkway	Tower Foundation piles (2 no. landside towers only)	8	0.6m dia	25m	Reinforced concrete bored pile with permanent steel casing, possible driven plug (bottom driven)	1 per day	Steel casings top +Grade/ø50mm
Waikuku Culvert	Abutment piles	300	approx. 0.5m dia (c.42x0.45m end grabs)	10 m	Top driven 310UC58.9 piles with 450x450 end plate	2 to 3 per day	Top driven
Terminal Building	Type 1 Option 1	18	900	20	Reinforced concrete bored pile with temporary steel casing	2 days per pile	Pafec attached Sketch from Shahrzaj Thornton
	Type 2 Option 1	24	750	20	Reinforced concrete bored pile with temporary steel casing	2 days per pile	
Terminal Building	Type 1 Option 2	18	750	11	Steel Tube Raw Driven Reinforced Concrete Filled after driving	3 - 4 per day?	
	Type 2 Option 2	24	600	11	Steel Tube Raw Driven Reinforced Concrete Filled after driving	3 4 per day?	

Notes:
1. Pile details indicated above are based on geotechnical information available as at May 2020 and concept design layouts only.
2. Design loads and details for the linkspan supports are in development
3. On basis of no new shore arm and concept drawing for berth rocking/linkspan support dolphin
4. Pile founding conditions for overpasses will be at least partially rock socketed. Information on which piles and rock strengths currently unavailable.

9

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

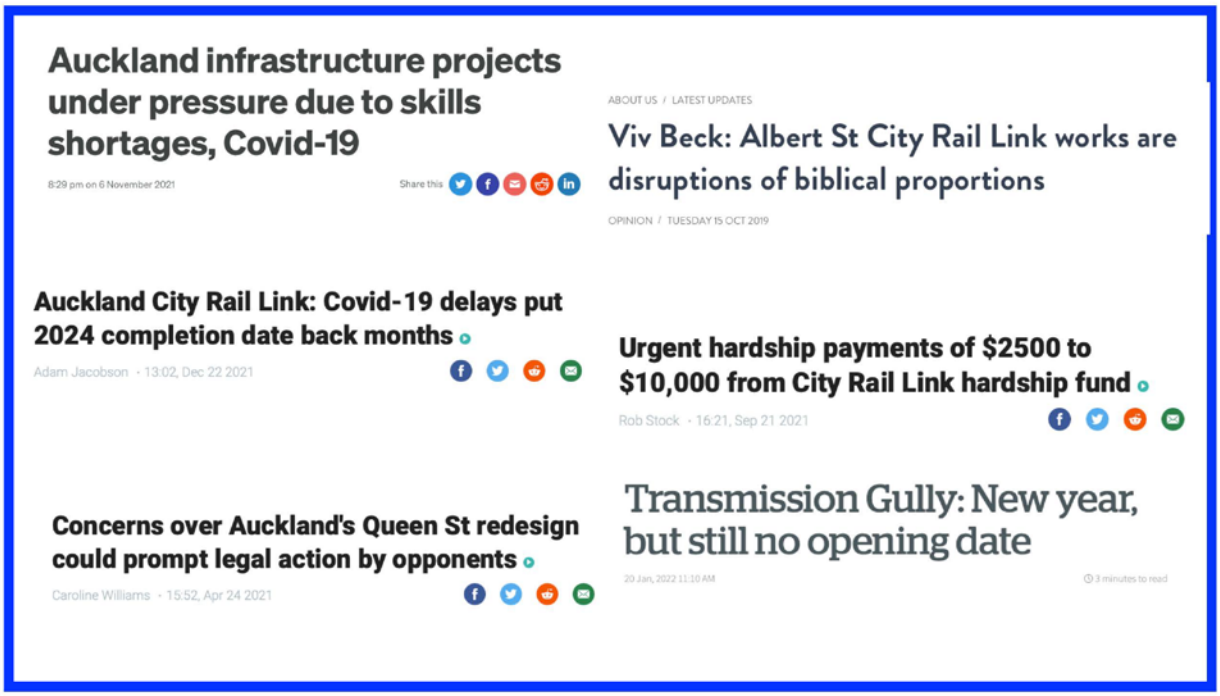
10

9. Road Management Plan (RMP)

traffic planning & disruption during construction and beyond

"Clifford Bay bypass effect"

Get out of town fast



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

Actions we seek from Council

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

MDC does 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 conclusively proves 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.

14

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 say .....make 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 on 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 re 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 todays projected figures.

Does that effect the $110million loan?

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

Attachment 3
Tim McCaffrey – speaking notes

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 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 KiwiRails 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 effects 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 principal 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 fascie, 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.

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.

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 and agreement in principal 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 Ridgeway 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 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:

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 agree 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.

Attachment 6
Heather Smith – speaking notes

SOCIAL CREDIT

Head Office – 42 Reyburn House Lane, Whangarei 0110 Ph 021 922098

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.

Written for Top-of-the South Region, SCNZ by Heather Marion Smith, B.A.,Dip.Soc.Sci.[Econ]
Email: heathermsmith24@gmail.com (03/223-4076)

Authorised by Jack Collin, Regional President and member of SCNZ Executive.
Email: jcollin@xtra.co.nz (027-447-0068)