

# Rt Hon Winston Peters

Deputy Prime Minister

Minister of Foreign Affairs

Minister for Disarmament and Arms Control

Minister for State Owned Enterprises

Minister for Racing



02 SEP 2020

John Leggett  
Mayor  
Marlborough District Council  
[mayor@marlborough.govt.nz](mailto:mayor@marlborough.govt.nz)

Dear Mayor Leggett

## PORT PICTON REDEVELOPMENT

Thank you for your letter of 10 August 2020, advising of the arrangements that Port Marlborough New Zealand (PMNZ) and Marlborough District Council propose entering into for the redevelopment of the Waitohi Picton Ferry Precinct.

We understand your desire to protect the Council's ongoing ability to meet the needs of its residents and ratepayers given the long-term nature of the contract that KiwiRail and PMNZ will enter into.

We would like to reassure you and your Council that we share your interest in the redeveloped Waitohi Picton Ferry Precinct, which we see as critical for transport and national resilience outcomes. The Government generally does not provide infrastructure development guarantees as these create commitments on future governments and Budgets.

Due to the national importance of the Cook Strait crossing for transport and resilience outcomes, we are committed to being responsible stewards of this critical transport infrastructure. During the course of your 60 year contract with KiwiRail, various unforeseen events are likely to arise that will challenge the effective operation of this critical connection. Rather than enter into a guarantee, it is our preference to retain the flexibility to target responses to specific issues that may arise.

You correctly state that KiwiRail continues to receive ongoing support from the Crown. However, we take confidence from the IReX programme business case, as it is the Interislander's revenue flow that is most relevant for this project's future commitments.

We want to thank you and your Council for its support of KiwiRail's IReX programme. We wish MDC and PMNZ every success with the Waitohi Picton Ferry Precinct redevelopment and look forward to receiving advice through KiwiRail about its progress.

Yours sincerely

Rt Hon Winston Peters  
**Minister for State Owned Enterprises**  
*on behalf of shareholding Ministers*

# Hon Grant Robertson



MP for Wellington Central

Deputy Prime Minister

Minister of Finance

Minister for Infrastructure

Minister for Sport and Recreation

Minister for Racing

21 DEC 2020

Mayor John Leggett  
Marlborough District Council  
[mayor@marlborough.govt.nz](mailto:mayor@marlborough.govt.nz)

Dear John

Thank you for your letter of 19 November 2020 regarding the Interislander infrastructure redevelopment project at Port Marlborough.

I note your suggestion regarding a revised extent of government security and I expect advice from my officials regarding that. I will correspond with you again once I have received the advice. It may be appropriate to schedule a meeting at that time, as you have suggested.

With regards to your concerns about the process that the New Zealand Transport Agency is undertaking, I am unable to comment as this is subject to the Transport Agency's standard project development and approval process. I encourage you to continue your engagement with the Transport Agency, or raise any concerns with the Minister of Transport.

Thank you for taking the time to write.

Yours sincerely

Hon Grant Robertson  
**Minister of Finance**

cc Hon Dr David Clark, Minister for State Owned Enterprises, [David.Clark@parliament.govt.nz](mailto:David.Clark@parliament.govt.nz)  
Hon Michael Wood, Minister of Transport, [Michael.Wood@parliament.govt.nz](mailto:Michael.Wood@parliament.govt.nz)

# Hon Dr David Clark

MP for Dunedin

Minister of Commerce and Consumer Affairs  
Minister for the Digital Economy and Communications  
Minister for State Owned Enterprises  
Minister of Statistics  
Minister Responsible for the Earthquake Commission



06 JUL 2021

John Leggett  
Mayor  
Marlborough District Council  
[mayor@marlborough.govt.nz](mailto:mayor@marlborough.govt.nz)

Dear Mayor Leggett

Thank you for your letter of 15 June 2021 outlining the concerns held by Marlborough District Council with respect to Project iReX.

The Crown has an interest in the redevelopment of the Waitohi Picton Ferry Precinct due to its role in providing a vital link for freight and passenger flows across the Cook Strait. We understand your view that the Council, and your ratepayers, are exposed to counter-party risk through Port Marlborough New Zealand (PMNZ) entering into a 60-year contract with KiwiRail.

However, we do not agree that it would be appropriate to provide a Crown guarantee with respect to this contract. Such guarantees create commitments on future Governments and Budgets. As noted in shareholding Ministers' response to you on 2 September 2020, it is our preference to retain the flexibility to address specific issues as they may arise over the life of this 60-year contract.

KiwiRail is undertaking Project iReX on a commercial basis. This reflects the fact that Project iReX is assessed as commercially viable, with a positive Net Present Value. The Interislander service is, overall, a profitable business and has utilised the port facilities at Picton for over 50 years. As shareholders, we are supportive of KiwiRail's endeavours to improve its commercial footing as part of its multi-year 'Pathway to Profit'.

We understand that PMNZ and KiwiRail have agreed to almost all of the elements necessary for infrastructure development in Waitohi Picton. As part of this, we anticipate the return expected by PMNZ will be fair and reasonable, and in line with the Commerce Commission's guidance, given the berths can be considered a natural monopoly.

We thank you and your Council for working with KiwiRail and other stakeholders to progress this nationally important infrastructure project.

Thank you for taking the time to write.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Hon Dr David Clark".

Hon Dr David Clark  
**Minister for State Owned Enterprises**  
on behalf of shareholding Ministers

# Hon Dr David Clark

MP for Dunedin

Minister of Commerce and Consumer Affairs  
Minister for the Digital Economy and Communications  
Minister for State Owned Enterprises  
Minister of Statistics  
Minister Responsible for the Earthquake Commission



20.09.2021

Mayor John Leggett  
Mayor  
Marlborough District Council  
[mayor@marlborough.govt.nz](mailto:mayor@marlborough.govt.nz)

Mark Wheeler  
Chief Executive Officer  
Marlborough District Council  
[mark.wheeler@marlborough.govt.nz](mailto:mark.wheeler@marlborough.govt.nz)

Dear Mayor Leggett and Mark Wheeler

Thank you for taking the time to meet with me on 1 September 2021 to discuss the role of Marlborough District Council in relation to Project iReX, and for outlining the Council's concern that you will be exposed to counter-party risk through this investment.

I acknowledge that Project iReX, and the development of Port Marlborough more generally, is complex, with many stakeholders and a wide range of considerations – commercial and for public benefit. As discussed in the meeting, I can appreciate the challenges that your Council is facing as part of your engagement with local stakeholders. I have no doubt that you are looking to achieve the best outcome for your constituents and are following robust due diligence processes to achieve this.

I would encourage Councillors to consider meeting with KiwiRail's representatives as I think it will provide comfort to Councillors to find out more about KiwiRail's long-term interest in a successful Interislander operation and its Group commercial strategy. I am advised that KiwiRail has previously sought such a meeting, and has written to you with a further invitation to meet.

As discussed during our meeting, please find attached a copy of the Project iReX Detailed Business Case that KiwiRail has previously provided to Ministers. This document has redactions consistent with the Official Information Act 1982. While Ministers are not able to grant your request for a Crown Guarantee, it is nevertheless our hope that the information contained in the Detailed Business Case, coupled with further discussion with KiwiRail, will assist in mitigating the risks and concerns you outlined during our meeting.

I wish the Council the best as you engage with KiwiRail and your local stakeholders, and as you look to bring the Project iReX commercial negotiations to a conclusion.

Yours sincerely

A handwritten signature in blue ink.

Hon Dr David Clark  
**Minister for State Owned Enterprises**

cc Minister of Finance, Hon Grant Robertson  
Minister of Transport, Hon Michael Wood  
KiwiRail Group Chief Executive, Greg Miller, [greg.miller@kiwirail.co.nz](mailto:greg.miller@kiwirail.co.nz)