



MINUTES OF A MEETING OF THE REGIONAL COUNCIL

Date: Tuesday 4 December 2018

Time: 9.00am

Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
NAPIER

Present: R Graham - Chairman
P Bailey
R Barker
P Beaven
T Belford
A J Dick
D Hewitt
N Kirton
F Wilson

In Attendance: J Palmer – Chief Executive
J Ellerm – Group Manager Corporate Services
L Hooper – Principal Advisor Governance
A Roets – Governance Administrative Advisor
Submitters as recorded

1. Welcome/Prayer/Apologies/Notices

The Chair welcomed everyone to the meeting and Pieri Munro offered a karakia to begin.

The Chair noted that the meetings to hear submissions are the opportunity for members of the public to have their say, and for councillors to listen carefully with an open mind.

2. Conflict of Interest Declarations

There were no Conflict of Interest Declarations.

4. Our Port - Have Your Say Hearings and Decision Making Processes

RC130/18 Resolution

That Hawke's Bay Regional Council receives and considers the verbal and written submissions, including social media comments received on "**Our Port - Have your say**" as provided and in accordance with the consultation provisions of the Local Government Act 2002.

**Bailey/Belford
CARRIED**

4. Our Port - Have Your Say Hearings

The Council commenced hearing the verbal submissions.

9.10am – Submitter Bill Buddo (3601), spoke in support of his submission to retain 100% ownership (option A), covering economics, control, risk and financing.

9.20am – submitter Rosalind Muir (514), spoke in support of her submission to retain 100% ownership (option A) as a ratepayer, member of the public and Napier Port employee as a matter of retaining total control as 100% shareholder

9.25am – David Marden (1787), spoke in support of his submission to retain 100% of Napier Port (option A) as a Napier Port employee and head of the union, noting the failure of the letterbox delivery of consultation documents.

9.36am – Robert Arrell (844) spoke in support of his submission as a ratepayer and individual, to retain 100% ownership of the Port and willingness to shoulder the burden of paying for the port development as the sole beneficiary.

9.50am – Gordon Preston (1692) spoke in support of his submission in support of option C – sell up to 49% to an investment partner, and that Central Government should be that partner to put ownership 100% in the Public for the good of the community. Also recommends that HBRC totally withdraws from governance of the port once the debt has been paid, in favour of an independent Board.

10.00am – Patrick Maloney (2971) spoke in support of his submission to retain 100% ownership and for ratepayers to pay for the borrowing necessary through rates which would equate to less than \$1 per week and considers that affordable in the perspective of wealth gains from increased property values. Drew councillors attention to the pollution impacts of cruise ships, particularly air discharge pollution from the exhaust.

10.15am Mark Sweet (3131) – does not support Council's preferred option (B) and advocates for a combination of methods, e.g. ratepayers, bond issues & user charges – to raise the capital required by the Port without selling down any of the shareholding.

The meeting adjourned at 10.25am and reconvened at 10.45am

4. Our Port - Have Your Say Hearings

The Council recommenced hearing verbal submissions.

10.45am – Mike Smith (949) – Opposed to an IPO system. Reasons: No control of who will have shares. Little or no control if owned by a Private Company. Shareholders will demand growth. Constructive suggestions of how to sell a minority stake discussed.

11.45am – Mark Brown Thomas (2535) – does not support any of Council's options as (1) Council will not be able to afford it, (2) physical limitations of current Port site, and (3) Port does not have abundance of land to store stock. Suggested other ways to improve the Port by extending wharf 1, strengthening Wharf 2 and Wharf 5.

11.55am – Richard Quigley (949) – spoke in support of his submission to retain 100% ownership (option A), proposes that new port and associated facilities be developed at Awatoto which provides adequate land for industrial development, storage of containers, logs and efficient road and rail transport.

12.05pm – Dick Ryan (2538) – spoke in support of his submission to retain 100% ownership and not sell the Port as a loss of income would make rates rises a certainty.

The meeting adjourned at 12.13pm and reconvened at 1.05pm

4. Our Port - Have Your Say Hearings

The Council recommenced hearing verbal submissions.

1.05pm – Roger Muir (1490) supports retention of 100% council ownership, specifically addressing Council's investment risk and role in community social wellbeing as well as the region's transport challenges

1.15pm – Clarence Jacobs (520) submitted in favour of retaining 100% public ownership and highlighted port's primary role to provide a service to the region and should not be considered only as a 'commercial business', recommending use of a bonds issue to raise capital as an alternative to shares. Public entities, such as the regional council, are not subject to the usual debt equity considerations.

1.25pm – Fred Staples (2296) fully supports Port development and 100% council ownership as an expert in the area of cargo transport. Supports development of a deep water portmac capable wharf.

1.40pm – Roger Eil (2064) supports 100% ownership retention and does not support expanding the Port's business due to worries about the impacts of noise for nearby residents, pollution and traffic movements.

1.45pm – Rion Wilder (2573) supports Port development and would support partial sale to a New Zealand public entity partner to retain public ownership/ benefits

The meeting adjourned at 2pm and reconvened at 2.30pm

2.30pm – Phil Norman (2779) and his wife Pam, 100% support the development of the Port and wants Council to retain 100% ownership of the Port and suggests binding referendum should be held. As former harbourmaster expressed the view that wharf 6 is essential for the survival of the Port and HB.

2.40pm – Robin Gwynn (3201) supports HBRC's 100% ownership and expressed the view the payment of dividends to HBRC are the cause of Napier Port debt and should have been retained to build equity for the development. Supports A but with capital coming 1/3 from ratepayers, 1/3 from user pays and 1/3 from Provincial Growth Fund. Final decision should be determined by yes/no referendum.

2.50pm – John Thompson (2639) view that Council should be using the Provincial

Growth Fund to fund the Port's development.

3.02pm – William van Asch (3018) – supports HBRC's 100% ownership and expressed the view that he does not support Option B. Suggest to have an asset replacement strategy (charge).

The meeting adjourned at 3.15pm and reconvened at 3.40pm.

3.42pm – Nicholas Andrew Hill (2253) – does not support any of the Options and requested Council, before making any decisions on preferred option, considers the status of the Southern Hawke's Bay community.

3.53pm – William Dickie (3434) – submitted on behalf of Roger Dickie (NZ) Ltd in support of Council's preferred option (B) and advocates that the Port urgently needs to upgrade urgently to service clients and to deliver a more competitive service.

The meeting adjourned at 4.05pm on Tuesday 4 December 2018 and reconvened at 11am, Wednesday 5 December 2018.

The Chairman welcomed everyone present, to the second day of submission hearings.

4. Our Port - Have Your Say Hearings

The Council recommenced hearing verbal submissions.

11.05am – Fred Robinson (2931) – spoke in support of his submission for the ownership of the Port of Napier to be vested in a publicly owned independent body for the benefit of the people and stakeholders of Hawke's Bay.

11.15am – Bruno Chambers (3408) – spoke in support of his submission to retain 100% ownership (option A), - funding the development with a combination of rate increases and extra levy on current Port users.

11.25am – Bridget Dunn (3438) – spoke in support of retaining 100% ownership (option A), covering economics, control, risk and financing.

11.32am – Peter Alexander (1118) – spoke in support of his submission suggesting for 76% of total shareholder equity to be retained by the current amalgam of HB Shareholders (51%) plus Unison Trust (25%) combined.

11.45am – John Palairt (1907) – spoke in support of Option B, covering the Port's capital needs to enable growth, outcomes for diversification of investment risk.

11.55am – Geoff Harman (115) – spoke in support of Option B, covering cost effective shipping and future growth of the Port.

12.05pm – Xan Harding (3477) – spoke in support of Option B, urging Council to address the need for an updated capital and investment policy to maintain clear boundaries between funds intended to be held as long-term capital investment and other financial resources and adopting a policy document to retention of long-term absolute majority of the Port.

12.15pm – Gren Christie (3441) – supports HBRC's 100% ownership and expressed the view that repaying the debt over a longer period should be considered.

12.27pm – Sharleen Baird (3556) – spoke in support of retaining 100% ownership (option A), reporting that the consultation process was flawed and raising concerns about the process.

12.40pm – Anna Lorck (3400) – spoke in support of retaining 100% ownership (option A), expressing her view that Council has not done enough to seriously explore local investment options of up to 33% for funding the wharf development.

The meeting adjourned at 12.50pm and reconvened at 2.05pm

4. **Our Port - Have Your Say Hearings**

The Council recommenced hearing verbal submissions.

2.05pm – Adrienne Williams (2708) – supports Council's preferred option to float up to 49% on the sharemarket, however does not view comparisons with Port of Tauranga and EBoP are relevant and suggests float not more than 40% first up and retain the balance (9%) for future options.

2.10pm – Arthur Hooper (145) – supports some Port development but not the sale of any part of the ownership. Napier not deep water port and needs more continued maintenance than Tauranga. May support bond issue to HB residents only as the money from HB goes back into HB. Should apply to provincial growth fund.

2.20pm – Paul Harris (3505) – submitted in favour of Option C (investment partner) farmer from Tutira, experience in logistics and exposure to Port operations. License to operate has life of about 10-13 years, at end of which there are three businesses to re-sell. Stranded assets an issue for the Port, and if users levied to pay for the development through user charges they will move their business elsewhere.

2.30pm – Gordon Tapp (3331) – doesn't support any of the options consulted on and thinks port debt built up over 20 years due to HBRC's increasing demands for dividends, and council should forgo dividends to enable the port to fund the development itself.

2.45pm – George McCawe (2709) – recognises the best idea, and does not think options B, C or D are in the best interests of the residents of HB. Wants council to consider other creative options for funding Port development.

2.55pm – Ronald Wilkins (2257) and on behalf of Hastings Grey Power (2280) supports option B with proviso the shares are sold and on-sold only to living New Zealanders, starting with a lower percentage.

The meeting adjourned at 3.10pm and reconvened at 4.20pm, with apologies from Alan Dick and Neil Kirton for absence.

4. **Our Port - Have Your Say Hearings**

The Council recommenced hearing verbal submissions.

4.20pm – Desmond Green (2821) – views information available insufficient and lacking in detail, does not support the options Council put forward and has heard other options in the media that he could support. Suggests combination of bonds and maybe 25% shares, and would prefer a bond issue over shares. Most important details lacking are financials.

4.30pm – Graham Chaplow (2196) – worked at the Port over 48 years, and submitting as a concerned ratepayer. Doesn't believe wharf 6 is a good idea if built where it is and has concerns around Port management/ operations.

4.40pm – Sue Myles (3312) – consultation document lacked detail of the history of the Port, increased business diverted from Wellington will only continue until the repairs in Wellington have been completed, would like clarification of the costs assigned to the different infrastructure projects over the next 10 years. No longer supports option B, and supports A – retain 100% shareholding of the Port.

4.50pm – Bruce Bisset (3462) – perplexed that there's no business case from the Port, \$142 million to build wharf 6 figures are skewed as there is no immediacy to the need for the capital (specifically for the dredging). Whether or not wharf 6 is built is a decision for the Port to make, not Council. Believes if privatised, users will pay double what they pay now. Does not believe Port has properly developed, peer reviewed business case.

5pm – Deborah & Robert Burnside (3308) – biggest concern is that the Port is not the Council's to sell and important that infrastructure is retained by Council in public ownership. Council is the guardian, not owner, of the Port. Instead of including lease option, should have put option of bond issue forward for consideration. Only way to increase the value of the port is by increasing user charges, will not increase through shares. Suggests bonds at 5%. If business case cannot sustain 4% return then it isn't justified.

Neil Kirton re-joined the meeting at 5.12pm

5.10pm – Louise Elizabeth Westwick (3405) – as much as you want to grow the port, you still want to retain the environment.

5.20pm – Tania Huata (1369) and Mark Kupa (2630) – does not support the partial sale of the Port and feels the consultation document was misleading. Ideology issue with the port directors manoeuvring the port into this position to the detriment of HB. No need to rush into asset sale. No feasibility studies on alternatives to the wharf 6 development. Capital investment (CAPEX) is not included

5.35pm – Matt LeQuesne (3220)

Debbie Hewitt left the meeting at 5.37pm

Questions the need for the wharf 6 development, and does not support any increase in rates to pay for port infrastructure development. Supports user pays, suggests that port operations not efficient, cannot use 3 of 6 cranes at any one time, port business model not sustainable. If cannot be funded by User pays then it should not happen.

The meeting adjourned at 5.50pm Wednesday 5 December 2018 and reconvened at 11am Thursday 6 December 2018.

The Chairman welcomed everyone present, noting the apology for absence this morning from Cr Fenton Wilson.

4. Our Port - Have Your Say Hearings

The Council recommenced hearing verbal submissions.

11.05am – Ken Crispin on behalf of Citizens Environmental Advocacy Centre (2678) – does not support privatisation of Napier Port and reiterates concerns about road pollution affects and protecting residents from the health impacts. Get central government funding for maintenance and infrastructure necessary to mitigate pollution effects from the Port.

11.15am – Janet Crispin (3399) – submission in relation to concerns about the pollution effects on nearby residents from the expressway adjacent to Pirimai. Focus on developing (economics) Napier Port needs to shift to addressing environmental and social impacts.

11.25am – Gordon Vogtherr (3115) – against the sale of any part of Napier Port, and has changed his position (was in support of option B) after further consideration

11.40am – Les Mockford (3409) – particular interest in the port as was the first company secretary. Needs more forecast financials to prove the justification for the Port development. Council should have foregone dividends to build up reserves for the port infrastructure development. Prefers variation of B or C with sale of 25% only. Some concerns about the location of wharf 6.

11.50am – Barrie Crabbe (3105) – has had dealings with the Port as Chairman of the Westshore residents group, expressed the view that council is responsible for the Port debt and suggested that the Port development be funded by the regional growth fund or through partnership with Unison.

12.00pm – Scott Kersley (2470) – important to consider impacts of Climate Change,

by selling Port shares Council would increase social inequity by making the rich richer, not altogether certain what the problem is that Council needs to address and questions whether development of the Port the best solution, would like Council to further consider alternatives

12.10pm – Dan McKnight (1062) – heavy plant operator at the Port and is enthusiastic about the development of the Port for the benefit of the region and safety of its employees, views the consultation process as rushed, suggests that too much constraint on considering options to fund the Port development, and that Council should be aware of its role as its “guardian” of the Port. Suggests that the Port should become solar powered.

Councillor Barker was excused at 12.20pm

12.23pm – Barbara Lucas (734) – strongly supports option B and the critical development of the Port, requesting transparency around monies raised and a schedule of the port development including dates and costs associated.

Cr Dick explained some of the mitigation measures undertaken in relation to pollution impacts of the Expressway raised by the Crispins.

Closure:

There being no further business the Chairman declared the meeting closed at 12.35pm on Thursday, 6 December 2018.

Signed as a true and correct record.

DATE:

CHAIRMAN: