



Extraordinary Meeting of the Hawke's Bay Regional Council

Date: Wednesday 20 March 2019
Time: 3.00pm
Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
NAPIER

Agenda

ITEM	SUBJECT	PAGE
1.	Welcome/Apologies/Notices	
2.	Conflict of Interest Declarations	
3.	Confirmation of Minutes of the Regional Council Meeting held on 27 February 2019	
Decision Items		
4.	Hearings and Decision Making Processes for Additional Council Controlled Organisation to Support IPO Transaction	3

HAWKE'S BAY REGIONAL COUNCIL

Wednesday 20 March 2019

SUBJECT HEARINGS AND DECISION MAKING PROCESSES FOR ADDITIONAL COUNCIL CONTROLLED ORGANISATION TO SUPPORT IPO TRANSACTION

Item 4

Reason for Report

1. To outline the process to be undertaken to hear and consider feedback received on the creation of a new Council Controlled Organisation to support a potential minority Initial Public Offering (IPO) of the Napier Port.
2. Submissions and feedback received during the consultation are attached to this cover report for Councillors to read in advance of the Hearing on 20 March 2019.

Background

3. Consultation on establishing an additional Council Controlled Organisation to support the IPO transaction began on Friday 15 February 2019 and officially closed at 5.00pm on Monday 11 March 2019. A total of 84 submissions were received, of which 5 submitters indicated they wish to present their submission in person.
4. The channels used to inform the public of this consultation included a release to media, newspaper advertising (in Hawke's Bay Today 5, CHB Mail 3 and Wairoa Star 3), and Facebook. Three individual Facebook posts reached 17,386 screens, achieved 1,195 Post Clicks, and attracted 170 Likes, Reactions, Comments and Shares.
5. All information related to this consultation was available online at hbrc.govt.nz and at Regional Council offices in Napier, Taradale, Waipawa and Wairoa. Five forms were mailed out on request; 200 were printed and provided to Napier Port staff on request.
6. Of the 84 submissions, a total of 60 hard copy, 19 online and five email submissions were received.

Verbal submissions

7. Submission Hearings are scheduled to begin at 3.00pm, and the timetable (to be confirmed) is attached. Each speaker is allocated 10 minutes, and this time will be strictly adhered to.

Next Steps

8. An analysis of submissions and a decision paper will be on the Agenda of the Council meeting on 27 March 2019.

Decision Making Process

9. Council is required to make every decision in accordance with the requirements of the Local Government Act 2002. Staff have assessed the requirements in relation to this item and have concluded:
 - 9.1. The use of the special consultative procedure as prescribed by the Act has been used.
 - 9.2. The persons affected by this decision are all those persons with an interest in the region's port and all ratepayers in the region.

Recommendation

That Hawke's Bay Regional Council receives and considers the verbal and written submissions, including social media comments received on "**Consultation on establishing an additional Council Controlled Organisation**" as provided and in accordance with the consultation provisions of the Local Government Act 2002.

Authored by:

**Drew Broadley
COMMUNITY ENGAGEMENT AND
COMMUNICATIONS MANAGER**

**Desiree Cull
STRATEGY AND PROJECTS LEADER**

Approved by:

**Jessica Ellerm
GROUP MANAGER CORPORATE
SERVICES**

Attachment/s

- [↓1](#) 20 March 2019 CCO Hearings Timetable
- [↓2](#) CCO Submissions Received
- [↓3](#) HBRIC CCO submission 18
- [↓4](#) Napier Port CCO submission 51
- [↓5](#) Dallimore CCO submission 53

Wednesday 20 March 2019
Timetable of Verbal Submissions

<i>Time</i>	<i>Name</i>	<i>Submitter ID</i>	<i>pg</i>
3.00pm	Meeting Commences		
3.10pm	Bruce Bisset (confirmed)	22	11
3.20pm	Jan Vaessen (confirmed)	75	21
3.30pm	Roger Muir (confirmed)	56	18
3.40pm	Daniel McKnight (confirmed)	33	14
3.50pm	Laurence Leonard (to be confirmed)	32	14

Item 4

Attachment 1

Dan Elderkamp

Submitter 1

What do you support about this proposal and why?

Seems simple and straightforward.

What don't you support about this proposal and why?

Makes me wonder about the purpose and reason for the continued existence of HBRIC post the IPO?

What would be the reason for not liquidating HBRIC afterwards? Perhaps the Council could explain this a bit better to the ratepayers.

Andrew Palairet

Submitter 2

What do you support about this proposal and why?

A CCO should only be setup if HBRIC is closed. Council already has one semi-redundant CCO and it doesn't need two. Directors should be 2-3 councillors plus HBRC CEO – all directors should be unpaid. If the advice is to set one up (presumably for some sort of tax benefit or de-risking HBRC) then go ahead, but surely you don't need HBRIC as well. Please make the CCO as lean as possible – leverage council finance team etc. It shouldn't need any staff.

What don't you support about this proposal and why?

As above.

Paul Sampson

Submitter 3

What do you support about this proposal and why?

The proposal is supported as it provides clear accountability back to the Port Directors.

It will be important that there is a clear concise Corporate Intent document at a high level, not detail, agreed to with HBRC to ensure that local investors have a degree of priority.

What don't you support about this proposal and why?

Full support

Kathryn Bayliss

Submitter 4

What do you support about this proposal and why?

I do not support this proposal.

What don't you support about this proposal and why?

I disagree with the proposal is to establish a new Council Controlled Organisation (CCO), named 'HoldCo' – as in 'holding company' to facilitate a potential minority share issue of Port of Napier Limited (Napier Port or Port).

Having two companies instead of one for Port of Napier has:

Less Simplicity and efficiency;

Less Clear accountability and liability; Less Marketability; More Cost; Less Control.

I think the Port of Napier Limited should buy back the shares from HBRIC which HBRIC has decided to sell.

Then Port of Napier Limited can conduct the IPO, selling these shares and the new shares that the Port creates to raise more money.

It can take a temporary loan to pay HBRIC for the shares or arrange it so it can pay with the proceeds from the IPO.

This would be Simpler and more efficient, having one company instead of two.

The Port of Napier would have clearer and more direct accountability and liability.

Marketability would be better, investors will understand clearly they are investing in Port of Napier Limited.

It would cost less to do the IPO.

Future expenses, (e.g additional legal, tax and accounting compliance costs), would be less for one company instead of two companies.

There would be more direct control for people holding Port of Napier Limited shares.

Matt Edwards

Submitter 5

What do you support about this proposal and why?

What don't you support about this proposal and why?

To HBRC,

I do not support the establishment of a CCO to hold all the shares in the Port Of Napier. The proposal by bureaucrats to extend the bureaucracy is always what happens in publicly funded organisations – an ever creeping disease of empire building in this case at ratepayers expense. There are plenty of entities already in existence to handle a share float without creating another one.

You should never have gone down this road to fund port expansion. Now that you have, any shares publicly offered will likely end up overseas owned quite quickly unless you impose the condition that they can only be owned by NZ citizens or permanent residents – a condition I would like to see imposed.

Howard Roberts

Submitter 6

What do you support about this proposal and why?

nothing

What don't you support about this proposal and why?

The port is big enough. The port is owned by the rate payers, and should stay that way. I will not be voting for candidates, who disagreed with me on this and will be advising family & friends to do like wise.

Anthony Moore

Submitter 7

What do you support about this proposal and why?

Nothing.

What don't you support about this proposal and why?

This whole port sale is wrong. There are directors and councilors that need to be held accountable for this situation we are in. More and more evidence is coming to light about how the port has been run into debt just to now "have" to sell. A report has just come out in Australia about important information was held from parliament when it came to privatization of their ports and now we have one of them here now on the Napier Port board and has been working with them for years planning this sale. Now it's costing \$11million to carve the port up, DISGUSTING. I have no faith or trust at all in this HB Regional Council, I have no faith that this or any submission that doesn't agree with the Council ideas will even be read. It's time Councilors are held accountable for their actions and not a free ride to do what they want. I will never forget the names of this councils members if this port is sold. And I bet you hold your submission meeting at a time when most people have to work and can't make it, we know your dirty tricks.

Mathew Pere

Submitter 8

What do you support about this proposal and why?

NO. PORT NOT FOR SALE AS A RATE PAYER IM ALREADY A SHAREHOLDER IN THE PORT.

What don't you support about this proposal and why?

NO PORT NOT FOR SALE

William Baggett

Submitter 9

What do you support about this proposal and why?

Nothing Port not for Sale As a napier rate payer I'm already a Shareholder in the Port.

What don't you support about this proposal and why?

Nothing

Anne Taana

Submitter 10

What do you support about this proposal and why?

NOTHING NAPIER PORT NOT FOR SALE

What don't you support about this proposal and why?

NOTHING NAPIER PORT NOT FOR SALE.

Laryssa Taana

Submitter 11

What do you support about this proposal and why?

NOTHING NAPIER PORT NOT FOR SALE.

What don't you support about this proposal and why?

NOTHING NAPIER PORT NOT FOR SALE

Attachment 2

Hamish Taana

Submitter 12

What do you support about this proposal and why?

NOTHING NAPIER PORT NOT FOR SALE.

What don't you support about this proposal and why?

NOTHING NAPIER PORT NOT FOR SALE.

Steve Haenga

Submitter 13

What do you support about this proposal and why?

NOTHING NAPIER PORT NOT FOR SALE AS A NAPIER RATE PAYER, IM ALREADY A SHAREHOLDER OF THE PORT!

What don't you support about this proposal and why?

NAPIER PORT NOT FOR SALE. ALREADY A SHAREHOLDER OF THE PORT!

Phillip Taana

Submitter 14

What do you support about this proposal and why?

NOTHING NAPIER PORT NOT FOR SALE.

What don't you support about this proposal and why?

NOTHING NAPIER PORT NOT FOR SALE.

Item 4

Blair O'Keeffe

Submitter 18

On behalf of Hawke's Bay Regional Investment Company Limited

Submission 18 attached

Paul Simmonds

Submitter 19

What do you support about this proposal and why?

I Don't support this proposal at all because None of these decisions should be made when the Final decision hasn't been made on any sale of the port, or port sale.

What don't you support about this proposal and why?

Because as a rate payer Im aganst selling the port at all, Even our Local MP STUART Nash said No to selling the port.

Mel Malone

Submitter 20

What do you support about this proposal and why?
I do not support the sale of Napier Port,
What don't you support about this proposal and why?
Job security, local Employment for local people, Rates will go up 100% and will be unaffordable for the average working person, O and for the employees of the port who will potentially have no job in the future and will also potentially loose their homes due to no income and rate rises.
If all rate payers paid and extra \$90 per year to save the Port it would save jobs, not selling to offshore giants who will ruin our economy and working conditions, I would be happy to pay this per year if it meant the port was kept local for local people.
I also think your first submission papers were a joke as I did not receive any in the post and I understand a bulk of them were found scattered in a local stream not delivered as they were meant to be.

Marjorie Ida Robinson

Submitter 21

What do you support about this proposal and why?
I am happy for the HBRC to invest in the PORT I would like the citizens of H.B to be able to purchase shares. My Parents & I were all born in Napier & like to support local issues
What don't you support about this proposal and why?

Sharleen Baird

Submitter 22

What do you support about this proposal and why?
What don't you support about this proposal and why?
were the Port sale to go ahead, I'd prefer HBRIC to handle the sale

Melissa Greville

Submitter 23

What do you support about this proposal and why?
What don't you support about this proposal and why?
I dont want the rates to increase, local jobs for local people. Hawkes Bay should be proud of owning the port and should be trying to keep it this way, we should be trying to hold onto it while we still can.
Job security for local familys.

Grenville Christie

Submitter 24

What do you support about this proposal and why?
What don't you support about this proposal and why?
I would like HBRIC to be CCO if the Port sale were to go ahead.

Attachment 2

Raewyn Benson

Submitter 25

What do you support about this proposal and why?

What don't you support about this proposal and why?

I urge HBRC to stack HoldCo's board with councillors, and NOT port directors.

Item 4

David Bishop

Submitter 26

What do you support about this proposal and why?

What don't you support about this proposal and why?

I do not like the fact that HBRC will be giving all directorships of Holdco to individuals who have no responsibility to Council.

Thereby Council loses control of the entity despite it being named a CCO.

It is my preference that HBRIC limited retains its majority shareholding and directorships of the Port.

This option is noted in the consultative document on page 5 under the section 'Are there other options', which is said to be a reasonably practicable alternative. Retain and work with this option rather than setting up a new CCO is my preference

Pene Johnstone

Submitter 27

What do you support about this proposal and why?

What don't you support about this proposal and why?

That Napier Port Directors are going to be the directors of Hold Co. HBRC (The ratepayers) are losing control

HBRC Councillors need to have more directors in Hold Co.

I do not support a sale of 45% of shares. The sale should be limited to the \$86,000 that is required to repay Napier Port debt. HBRC does not need to be investing in outside investments in "managed funds". That is not what it was set up for.

Tony Andrews

Submitter 28

What do you support about this proposal and why?

I support that councillors make up the directors of HoldCo

What don't you support about this proposal and why?

The directors of holdco shouldn't be the directors of the port of napier, rather made up of councillors. WHY, so they have some control over the ports future

Donna Gray

Submitter 29

What do you support about this proposal and why?

What don't you support about this proposal and why?

I don't see Ban 1080 in Hawkes Bay

Megan Young

Submitter 30

What do you support about this proposal and why?

Ok with a CCO BUT, anyone sitting on the board SHOULD NOT have shares in the port already

What don't you support about this proposal and why?

Roger Muir

Submitter 31

What do you support about this proposal and why?

I do not support this proposal in any way.

What don't you support about this proposal and why?

Shares for the port of Napier should not be sold in a public offering. Therefore there is no need for yet another regional council entity. This entity just provides another avenue for non-local accountants, lawyers, and directors to clip the money ticket, and allows control of the port to be squandered out of area.

Bruce Bisset

Submitter 32

What do you support about this proposal and why?

What don't you support about this proposal and why?

Directorship of the Port of Napier holding company:

Regardless of the supposed benefit of creating a separate stand-alone arm's-length company to be the holding company for the ownership of Port of Napier, and regardless that its parent's parent will indirectly maintain a majority of shares in the Port, there is no transparency and very little accountability in HoldCo having a Board which has no direct representation from the owners. Moreover once HoldCo's board settles into whatever ongoing configuration its shareholders elect, operating under standard commercial law for listed companies council will find it difficult at best to replace any director appointed ostensibly to protect its interests, as professional directors have similar engagement protections to any other professional role and, in case of dispute, in general in New Zealand commercial law "commercial interest trumps public interest".

This means that is quite conceivable that any "council" director (ie, in the first instance, an independent director of Napier Port also appointed to HoldCo's board) could "turn" on a controversial issue and vote with minority directors to progress a policy at odds with council's own position, and then argue in defence that it was the correct commercial decision – and prima facie have the law on his/her side. Certainly by the time that director was replaced, at the end of their term, the damage would be done.

Even if this scenario fails to alarm, it makes best sense for council to have direct representation on HoldCo's board simply to maintain a careful and prudent overview of proceedings, so as to be able to properly advise council of the detail of any matters the Board may be considering of which council may otherwise be unaware.

I suggest that at the least council should consider appointing senior representatives, such as its Chairman and CEO, to the HoldCo board for such purposes.

In support of which I would merely remind councillors and staff alike that they are not the actual owners of the port, but merely the custodians of that ownership, overseeing it on behalf of the public.

To divorce the port directorships from the public's representatives entirely, as proposed, is against the public interest – something you, as our elected councillors, are sworn to uphold.

I would also note that council, sensibly, reviewed its position viz the directorship of HBRIC in a similar manner and came to a similar conclusion. Given the transfer of asset from HBRIC to HoldCo, it follows the same logic must be applied in order that asset remains best protected on the public's behalf.

Daniel Milton McKnight

Submitter 33

What do you support about this proposal and why?

I Do Not support this proposal

What don't you support about this proposal and why?

Napier port should not be sold

John Kent

Submitter 34

What do you support about this proposal and why?
What don't you support about this proposal and why? 1) The board of the Port of Napier should be concentrated on efficient and effective running of the port This has nothing to do with selling the shares 2) The HBRIC is already a holding company holding the Port shares and would already be constituted to perform this task 3) The result will be the port CEO will have the port board controlled by Hold co controlled by HBRIC controlled by HBRC and this is supposed to be transparent governance. 4) If there is a conflict between what the Regional Council want to happen and the Port Company wants to do, there is no way the Regional Council view will prevail with all the shareholding in the hands of the port directors

Brendon Strong

Submitter 35

What do you support about this proposal and why?
I don't support it.
What don't you support about this proposal and why? NAPIER PORT NOT FORSALE

Blair Griffin

Submitter 36

What do you support about this proposal and why?
What don't you support about this proposal and why? port should not Be sold.

Tu Heather

Submitter 37

What do you support about this proposal and why?
What don't you support about this proposal and why?

Clinton Hawker-Guilford

Submitter 38

What do you support about this proposal and why?
I do NOT!! support this proposal
What don't you support about this proposal and why? Napier port Not four sale

Attachment 2

Gary Fazackerley

Submitter 39

What do you support about this proposal and why?

I DONOT SUPPORT THIS PROPOSAL.

What don't you support about this proposal and why?

NAPIER PORT NOT FOR SALE.

Peter Howard

Submitter 40

What do you support about this proposal and why?

What don't you support about this proposal and why?

NAPIER PORT NOT FOR SALE.

David Marden

Submitter 41

What do you support about this proposal and why?

What don't you support about this proposal and why?

NAPIER PORT SHOULD NOT BE SOLD. TOO MUCH FISCAL IRRESPONSIBILITY TO DATE BY THE HBRC & PORT BOARD POTENTIAL FOR EXTERNAL INFLUENCES

Item 4

David Hughes

Submitter 42

What do you support about this proposal and why?

Nothing

What don't you support about this proposal and why?

All - Job security - Local welfare -

Scott Thomas

Submitter 43

What do you support about this proposal and why?

I Don't Support it.

What don't you support about this proposal and why?

Everything - the Port is not for Sale

Tony Colin Sherriff

Submitter 44

What do you support about this proposal and why?

I support the requirement for a 6th Berth.

What don't you support about this proposal and why?

I don't support the creation of a CCO or the listing of shares in Port of Napier. I believe we create unstable working conditions and job insecurity. I Also believe the Ports is capable of servicing this debt by itself. I'd support an increase in regional council rates

Christopher James Cameron

Submitter 45

What do you support about this proposal and why?

What don't you support about this proposal and why?

I do not support this proposal.

David Jansen

Submitter 46

What do you support about this proposal and why?

I DONT SUPPORT THIS PROPOSAL

What don't you support about this proposal and why?

NAPIER PORT NOT FOR SALE

Bruce Ward

Submitter 47

What do you support about this proposal and why?

Don't support

What don't you support about this proposal and why?

I think the port shouldn't be sold

James Morris

Submitter 48

What do you support about this proposal and why?

I DO NOT SUPPORT THIS PROPOSEL

What don't you support about this proposal and why?

NAPIER PORT NOT FOR SALE

William John Brocklehurst

Submitter 49

What do you support about this proposal and why?

I DO NOT SUPPORT THE PROPOSAL

What don't you support about this proposal and why?

NAPIER PORT NOT FOR SALE

Sam Young

Submitter 50

What do you support about this proposal and why?

I DO NOT SUPPORT THIS PROPOSAL

What don't you support about this proposal and why?

NAPIER PORT NOT FOR SALE

Alasdair MacLeod

Submitter 51

On behalf of Napier Port

Submission 51 attached

Attachment 2

Hohepa Huia Hoani Kereti

Submitter 52

What do you support about this proposal and why?

I support investment in Port for the future of the Hawkes Bay as a whole.

What don't you support about this proposal and why?

I don't support regional council for the position that we are in at the moment with the huge debt they need to be held responsible. Selling 49% of shares in my mind will not work.

Larry Dallimore

Submitter 53

On behalf of Westshore resident

What do you support about this proposal and why?

I accept the need for a CCO or HBRIC to sell the Port however I do not support the sale of this pivotal asset belonging to every HB resident, I understand why HBRC has to create cash reserves and reduce exposure to any downturn that would affect HB's most valuable and asset and profit dividends supporting the HBRC balance sheet.

What don't you support about this proposal and why?

Please see Submission 53 attached

Item 4

Ford Stuart-Gray

Submitter 54

What do you support about this proposal and why?

I DON'T SUPPORT THE PROPOSAL

What don't you support about this proposal and why?

NAPIER PORT NOT FOR SALE

John Stratton Goudie

Submitter 55

What do you support about this proposal and why?

That the Port name be PORT OF NAPIER I see this in the PORT OF NAPIER/ANNUAL REPORT/3 PUBLISHED on its WEBSITE

What don't you support about this proposal and why?

I don't support the PORT NAME being NAPIER PORT because this turns NAPIER into an adjective which is wrong and is mentioned in this proposal 25 times. eg ("Port of Tauranga" for a comparison)
THE PROPOSAL IS NOT EASY TO ASSIMILATE AND DOESN'T QUALIFY AS "KEEP IT SIMPLE"

Laurence Leonard

Submitter 56

What do you support about this proposal and why?

I support investment in the Port and its future.

What don't you support about this proposal and why?

I don't support the Regional Council shirking their responsibility for the position that they have placed the Port in. It they have created a level of debt that does not allow the Port to grow they need to be held responsible. Selling 49% of the shares will not do this as they will not do this as they will still have the ability to continue to make bad business choices.

Glen Adam Kohlis

Submitter 58

What do you support about this proposal and why?
What don't you support about this proposal and why? Selling the Port is a farce and is basically stealing from our children and grandchildren

Tania Louise Heitiki Smith

Submitter 59

What do you support about this proposal and why? I support investment in the Port and its future.
What don't you support about this proposal and why? I don't support the Regional Council shirking responsibility for the position that they have placed the Port in. If they have created a level of debt that does not allow the Port to grow they need to be held responsible. Selling 49% of the shares will not do this as they will still have the ability to continue to make bad business decisions.

Fred Victor Torea

Submitter 60

What do you support about this proposal and why? I don't support this
What don't you support about this proposal and why? Everything rushing if making bad decision

Clayton Ewart

Submitter 61

What do you support about this proposal and why? I don't support this proposal.
What don't you support about this proposal and why? Why because it belongs to the people of Hawkes Bay. Please here what we want we don't need this in our community.

Korrin Torea

Submitter 62

What do you support about this proposal and why? I don't support this at all Why sell What We Own
What don't you support about this proposal and why? that the CEO of Hbrr is not thinking why don't they sell what is in Wellington before selling the golden egg

George de Barre

Submitter 63

What do you support about this proposal and why? Port Not for Sale Keep it Hawkesbay
What don't you support about this proposal and why? once its Gone its Gone and we have NO Control

Attachment 2

Clinton Gotty

Submitter 64

What do you support about this proposal and why?

What don't you support about this proposal and why?

Our Ports Not For Sale.

John Charles Merritt

Submitter 65

What do you support about this proposal and why?

DO NOT SUPPORT!

What don't you support about this proposal and why?

Everything because Napier Port is not For Sale

Trevor Miles

Submitter 66

What do you support about this proposal and why?

I DON'T SUPPORT IT

What don't you support about this proposal and why?

EVERYTHING NAPIER PORT IS NOT FOR SALE

Item 4

John Brown

Submitter 67

What do you support about this proposal and why?

I DONT SUPPORT THIS PROPOSAL WE ALREADY OWN THE PORT.

What don't you support about this proposal and why?

NAPIER PORT NOT FOR SALE.

Hogan Green

Submitter 68

What do you support about this proposal and why?

I Dont support it

What don't you support about this proposal and why?

everything NAPIER PORT IS NOT FOR SALE

Matthew O'Neill

Submitter 69

What do you support about this proposal and why?

I Don't Support it

What don't you support about this proposal and why?

Everything - Napier port is not for sale

Bill Nicholls

Submitter 70

What do you support about this proposal and why? I do not support this!
What don't you support about this proposal and why? (Everything) Napier Port is not for sale!

Steve Dew

Submitter 71

What do you support about this proposal and why? I do not support it
What don't you support about this proposal and why? Everything Napier port is not for Sale

Jade Christison

Submitter 72

What do you support about this proposal and why? I DON'T SUPPORT IT
What don't you support about this proposal and why? EVERYTHING NAPIER PORT IS NOT FOR SALE

Ronnie Sharp

Submitter 73

What do you support about this proposal and why? I do not support this
What don't you support about this proposal and why? Everything - Napier Port is Not for Sale

James Caird

Submitter 74

What do you support about this proposal and why? Nothing I don't support it
What don't you support about this proposal and why? Napier port is not for sale

Jan & Mariet Vaessen

Submitter 75

What do you support about this proposal and why?
What don't you support about this proposal and why? My wife and I are very concerned about the fact that Port directors are going to be directors and in control of the HoldCo. To us it is essential that we the rate payers have good representation in HoldCo to ensure our interests are served. The future of the port business and its activities should be balanced between the interest of the people who live in Napier (with especially Ahuriri coming to mind) and businesses interests. Good representation working for the rate payers is therefore very important. So please ensure that this happens. Napier counsellors and a member of Ahuriri community group (Seascape comes to mind) on the board of HoldCo would be a good start

Attachment 2

Callum Wrightson

Submitter 76

What do you support about this proposal and why?

No

What don't you support about this proposal and why?

Port Not for Sale

Chris Jonasen

Submitter 77

What do you support about this proposal and why?

What don't you support about this proposal and why?

NAPIER PORT IS NOT FOR SALE.

Fletcher Smith

Submitter 78

What do you support about this proposal and why?

- An effective way to potentially drum up a little cash for the new wharf.

What don't you support about this proposal and why?

Very vague descriptions regarding the key advantages vs the status quo. Need more solid, quantifiable information.

The Port is a key asset which generates large profits. – just needs to be managed better by the Council (HBRC)

Item 4

Brian Price

Submitter 79

What do you support about this proposal and why?

Nothing Not enough information

What don't you support about this proposal and why?

The port is not for sale

Martin Leigh Gilkison

Submitter 80

What do you support about this proposal and why?

What don't you support about this proposal and why?

NAPIER PORT NOT FOR SALE

Patrick Joseph Rewi

Submitter 81

What do you support about this proposal and why?

Nothing

Miss leading rate payer's by saying the Port will cost them more in rate's by way of subsidising. Where as the Port subsidises rates from profits shared to Regional & District councils. Less ownership less profits = higher rates! ratepayers will pay more for less return.

What don't you support about this proposal and why?

I dont support any type of sale of Napier Port.

Rex Graham and his co-hort's need to leave Napier Port alone, if not they remembered as the men that sold Hawkes Bay out

THE PORT IS NOT 4 SALE !!!

Paul Malone

Submitter 82

What do you support about this proposal and why?

I DON'T NAPIER PORT IS NOT FOR SALE

What don't you support about this proposal and why?

Job security, local employment, local revenue, shares going offshore, when you put submissions into all households it should've been only to the ratepayers as of cause a renter will say sell as they don't want there rent to go up because HBRC won't be getting such a big dividend from the port income which will be passed down to the rate payers but 100% ownership at \$90 a year is stuff all in the long term

Brent Grant

Submitter 83

What do you support about this proposal and why?

What don't you support about this proposal and why?

Paul Hamer

Submitter 84

What do you support about this proposal and why?

Nothing

What don't you support about this proposal and why?

Napier Port is Not for sale

Gene Michael Burling

Submitter 85

What do you support about this proposal and why?

What don't you support about this proposal and why?

The port is not for sale.

Attachment 2

Napoleon Eketone

Submitter 86

What do you support about this proposal and why?
--

What don't you support about this proposal and why?

The Port is Not for Sale

Rapata Turner

Submitter 87

What do you support about this proposal and why?
--

What don't you support about this proposal and why?

Napier Port is not for sale

Gerard Pain

Submitter 88

What do you support about this proposal and why?
--

What don't you support about this proposal and why?

I am not in favour of the formation of HoldCo, for the following reasons:

(a) During the RWSS "process" a similar-named company was proposed. There was strong evidence at the time that it would enable HBRIC Ltd to keep even more "stuff" hidden from the public with no Official Information Act requests being possible.

I fear the same here.

(b) You already have a CCO call HBRIC Ltd which has elected Regional Councillors as directors.
--

As I understand it HoldCo would have no Councillors as directors; I do not find that is acceptable.

Item 4

HAWKE'S BAY REGIONAL
INVESTMENT COMPANY LTD

159 Dalton Street
Private Bag 6006
Napier, New Zealand
Telephone: (06) 835 9200

Item 4

4 March 2019

Jessica Ellerm
Hawke's Bay Regional Council
139 Dalton Street
NAPIER

Support for creation of new Council Controlled Organisation

Dear Jessica

On behalf of the Hawke's Bay Regional Investment Company, I write to express support for the Regional Council's proposal to create a new Council Controlled Organisation (CCO) as the body through which a minority share sale in Napier Port could be effectively executed.

Please accept this letter as HBRIC's formal submission. HBRIC acknowledges that no decisions have been taken by the Regional Council on whether or not to proceed with a minority IPO of Napier Port.

HBRIC and professional tax, accounting and legal advisors have reviewed the available options and believe that creating a new CCO is the most logical, simple and cost-effective approach available to the Regional Council.

A new Council Controlled Organisation will create a permanent company to sell the shares and be the listed entity of Napier Port. The CCO will provide a single entity for the marketing of shares to potential investors, making any share offer simple to understand and administer.

Under the status quo model, which is not preferred by HBRIC or any of the advisors to this process, there would be two sellers of shares – Napier Port and HBRIC – with both entities offering shares to investors, unduly complicating and confusing the listing process.

Under this scenario, HBRIC directors would also be closely involved in the preparation of the product disclosure statement and liability for that document and post listing performance of the Port would be shared by HBRIC directors and Napier Port directors.

Creating a new CCO limits the liability for HBRIC directors and ensures liability rests appropriately with the directors of Napier Port – the same directors as the new CCO. Additionally, creating a new CCO has no adverse tax implications and is simple, quick and cost-effective to establish.

Creating a new CCO ensures appropriate corporate structures are in place to provide a clear, simple offer of shares to potential investors as well as an appropriate liability regime for the period both pre and post listing.

Thank you for the opportunity to submit on this proposal which HBRIC strongly supports.



Blair O'Keeffe
Chief Executive



Hawke's Bay Regional Investment Company Ltd is a
Council Controlled Trading Organisation of Hawke's Bay Regional Council

Attachment 3



11 March 2019

Alasdair MacLeod
Chair
Napier Port
1 Breakwater Road
NAPIER

Napier Port letter of support for HoldCo

Dear Rex,

On behalf of Napier Port's board, I would like to support Hawke's Bay Regional Council's proposal to form a new Council Controlled Organisation (CCO) or 'HoldCo' to facilitate a potential minority share issue of Napier Port.

While no decision on a minority shareholding has been made, please accept this letter as Napier Port's submission on the establishment of HoldCo if Regional Council does decide to proceed.

We have taken advice on the proposal and believe HoldCo is an efficient and effective mechanism for selling shares, if Regional Council approves a minority shareholding in the company to allow future developments at Napier Port.

We understand that HoldCo would also provide the optimal structure for the on-going operation of a publicly-listed company, for both the company and anyone wanting to purchase shares.

Kind regards,

A handwritten signature in black ink, appearing to read "Al MacLeod", written in a cursive style.

Alasdair MacLeod
Chair
Napier Port

Submission – HBRC establishing a CCO to Sell the Port

11th March 2019

Submitter: Larry Dallimore – Westshore Resident

The sale of the Port is a 'fait accompli' for a variety of reasons however this submission is confined to establishing a HBRC Controlled Organisation that needs to consider a major liability the Port of Napier has chosen to ignore, with help from both Councils.

Many Napier residents expect dealing with a privatised Port Company will be far easier than dealing the Council because since erosion was first recognised by a NCC Councillor in 1978, the loss of a once popular sandy beach and protection for property between Westshore and Tangoio is unacceptable.

After 41 years of unnecessary damage, progress towards the proper solution is too slow. We should be ashamed of how we have cared for this coastal environment. The new shareholders have to be made aware and be prepared for an ongoing expense caused by a regularly deepened channel that provides vital harbour access.

Westshore needs the Permit for dredge disposal, as recommended by Dr Gibb back in 2003, which will allow sand to be dumped within 200m of the beach and within 750m of Rangitira Reef. The need for a permit was submitted to HBRC in May 2017 and we understand it will not be issued this year in time for the Port dredging programme so placing sand where it's desperately needed will be delayed until at least 2021.

Management at NCC and HBRC had the Gibb Report in 2003 but copies were not available to Councillors or the public. Because the report was referred to during Coastal Strategy assessments, we were given access in 2017 to the report stamped "Not for Public Release". We have lost 14 years because his expert recommendation was withheld and it looks like another 4 years before the dredge is able to fix the south end. The delays could prove to be very expensive.

Existing permits only allow sand disposal north of the Surf Club and not the south end where it can address the nearshore and benefit beaches north to Tangoio. The hideous but 'better than nothing' annual nourishment with inadequate volumes of incompatible loose pebbles has to continue but after 32 years the beach is a bigger mess with limited access. Coastal engineers are well aware - fixing Westshore will fix the entire North Cell.

The "Albatros" dredge is still expected Sept/Oct this year but the operation will have the same results as 2017. Without the permit, sand will again be bottom dumped only within "Dump Zone ExtR" and in depths over 3.8 metres, which is the loaded draft limit for the suction dredge. This sand is doing a great job of restoring the nearshore but it's not enough and only effective north of the Surf Club. My only concern is the added mounds of dredged sand 200m-300m off the beach could concentrate wave energy south of the Surf Club and put more pressure on the pebble bank where extreme swells tend to overtop.

Generally, both Councils still believe onshore nourishment with river material can address Westshore erosion. The beach barrier ridge is still being eroded every year. It has breached at Kiwi Beach and almost broken through at the Surf Club. One day we will all agree nourishing a

beach with material formed into a higher and wider embankment every year will never work. It must be a questionable solution when imported material cannot be placed directly in the tidal zone to nourish the beach.

River shingle is now a precious resource that should not be wasted and used as cheap sacrificial beach nourishment providing very short term coastal protection. By default, we won the battle to stop dams retaining huge amounts of gravel in the high country where without major cost it cannot enter HB beach systems. This mixed gravel is replenishment for beaches north of the Tukituki river mouth until it reaches the Port shipping channel.

Onshore or land sourced beach nourishment for Westshore Beach will require greater volumes in the future and the distances from where HBRC considers river shingle is surplus will make cartage costs unaffordable. Extraction from local rivers must be limited because the HB gravel coast and beaches are seriously lacking natural supplies of replenishment due to past management of the resource at the lower reaches IMO.

Onshore nourishment must continue because it is partly protecting the beach barrier and the upper beach from moderate swells but only until the nearshore deficit is repaired. Restoration requires approx 450,000m³ of dredged sand over say 800m-1,000m within 250 m of the shore. This could be forming sand bars, rainbowing, or pumping through a floating pipe system to the tidal zone.

Regardless, this large volume of sand should be uplifted from where extensions to the shipping channel are planned. It may be early for the capital works programme which requires 900,000m³ of sand to be dredged so why not use 50% instead of dumping to waste.

Dredging this sand from anywhere else in the bay, as per the PDF application, is an unnecessary added expense when we all have a stake in the Port. When the nearshore is restored we simply need to replicate the natural movement of sediment by regularly making sure every grain of sand trapped in the shipping channel is dredged and dumped at the south end of Westshore.

We have costings direct from the Dutch Dredging Co for pumping and 'rainbowing' into the south end. The durable long term solution is considerably cheaper but it relies on full cooperation and expertise from the Port. As per the recent Agreement with NCC and HBRC, the Port denies all responsibility which is helped and supported by the three CEO's agreeing the primary cause for erosion between Westshore and Tangoio is the 1931 Earthquake.

The HBRC chief expert maintains the cause is an act of nature and recently during a press interview claimed the beach (raised by 2.0 metres during the EQ) is now sinking. Without access to early maps of the seafloor, consultants to the Port and HBRC blamed the gradual collapse of the tidal delta.

The large delta was formed and maintained with sand that passed Bluff Hill and from 1887, around the end of the breakwater as it was extended. From 1973 when the shipping channel was deepened by the first suction dredge, it acted as a 'sink' and the resultant interruption to natural flows of sediment trapped replenishment and caused erosion to beaches in the lee from the 1980's. The delta could not have been reliant on fine sediment from Tutaekuri River that once flowed into the expansive Ahuriri Lagoon. Seabed contour maps show outflows from

the Inner Harbour had cut a trench through the middle of the huge delta and any contribution to the delta would have minimal.

Consultants commissioned by the Port determined erosion on an isolated beach, with a headland, a strong sediment drift and in the lee of a deep man-made trench in the seabed was irrelevant. However, coastal scientists now agree the shipping channel impedes natural flows of coastal sediment and the sand trapped would otherwise replenish Westshore Beach. The experts include Prof Komar, Dr Cowell and Dr Hume.

Dr Hume recently presented a Statement of Evidence (attached) to the Port Consent Hearing as an expert witness on behalf of HBRC. Conclusions from his evidence confirm the starvation of sediment at Westshore has little to do with acts of nature and very little, if anything, to do with climate change. Therefore, responsibility to address resultant damage must lie in the hands of the exacerbators.

In 2015, the Port dumped 88,324 m³ of sand off the north end of Westshore and in 2017 dumped 102,905 m³ north of the Surf Club. Why was the Port so annoyed to find this long awaited operation worked so well and exactly as expected? The photo shows white water and nearshore waves with considerably less erosion energy – brilliant but progress is too slow.



Rather than continue to cooperate after 2017, the Port spent many \$millions in 2018 hiring Australian experts trying to prove dredged sand should be dumped 5kms off the Marine Parade. The Port told the HBRC Consent Hearing that dredged sand was unsuitable for Westshore because it would not stay on the beach. Also, the sand would drift back into the channel and make their maintenance dredging counter-productive. And finally, any dumping of sand at Westshore would have adverse effects on Pania Reef. These points made to the Commissioners were rejected in the Hearing Decision.

Their evidence was rejected however they successfully convinced the Consent Hearing that all sand should be dumped 5kms off the Marine Parade, beyond the beach system and where it could not benefit any beach. Their damage has steepened the beach gradient which limits the ability for sand to stay on the beach and within the sub-tidal zone. Expecting sand to stay on a beach that now has a considerably steeper nearshore gradient similar to the Marine Parade is unbelievable or devious.

Napier ratepayers alone should not accept this financial burden to repair damage caused by others. The Port and HBRC (as the owner) have an obligation to restore Westshore and Bayview beaches and reinstate coastal protection for Napier City assets and hundreds of private properties.

The Harbour Board had attended to erosion with rock protection along Hardinge Road but since Port of Napier has been running as a company and focussed on profit for the HBRC, it has completely ignored obvious damage and the disgusting mess at Napier's once most popular sandy beach.

Napier has not had a severe swell event since 1974. Waves off the breakwater were measured at 7.0 metres (23ft) by the Port during August 1974. A state of emergency was declared between Clifton and Haumoana and over 300 ha were flooded at Clive. However, this event was before the impact of the shipping channel and as a sandy beach on shingle spit in a constant state of accretion, Westshore to Tangoio was resilient to the high seas. There was no damage reported but driftwood had to be cleared from the upper beach.

It is reasonable to expect a repeat event but without substantial repairs to the nearshore seabed and while the only protection is a weak unstable wall of loose stones behind a severely damaged beach barrier, we can be assured of devastation. HBRC beach profiles show the loss by erosion to the beach and nearshore has been replaced by 450 million extra litres of water which is closer to private property and NCC assets. This will be the difference and if/when we experience an event similar to 1974, it will be very difficult to blame climate change.

The real problem will be claiming losses and compensation from a Port Company which is about to be privatised. The land at risk is in a Coastal Hazard Zone determined by the Coastal Strategy which includes private property and City assets valued at \$440 million based on 2017 figures. Any CCO or agency involved in selling the Port must accept the massive contingent liability and the HBRC should set aside cash reserves for potential claims as the 'last man standing' in the event the Port of Napier Ltd is bankrupt.

The Port has a responsibility to make any potential shareholders aware of pending Environment Court action to prove their liability for work which should be on their balance sheet under repairs and maintenance for consequential damage. Subject to securing adequate funding, Napier residents will prove the Port of Napier Company has an obligation to make good.

Larry Dallimore
P.O Box 12085
Ahuriri
Napier

Mob: 021 136 9932

Attached: Statement of Evidence by Dr Terry Hume

Statement of Evidence by Dr Hume presented to the Port RC Hearing**Item 4****BEFORE THE HAWKE'S BAY REGIONAL COUNCIL****IN THE MATTER****of the Resource Management
Act 1991****AND IN THE MATTER****of an application by Port of Napier
Limited for resource consents to
construct a new wharf, and to
undertake dredging at Napier Port****Attachment 5**

STATEMENT OF EVIDENCE (COASTAL PROCESSES)**DR TERRY HUME****For Consent Authority****30 July 2018**

1. INTRODUCTION

Qualifications and experience

- 1.1 My name is Terry Martyn Hume. I am a Director of Hume Consulting Ltd which I established in 2015. Prior to that I was employed by the National Institute of Water and Atmosphere Research (**NIWA**) from 1992 to 2014 where I was a Principal Scientist in Coastal Geomorphology and National Projects Manager.
- 1.2 I have a BSc in geology from the University of Auckland and a MSc (Hons) and DPhil in Earth Sciences from the University of Waikato. I am a member of the Royal Society of New Zealand, a Life Member of the NZ Coastal Society, an Honorary Associate Professor (Environmental Sciences) at the University of Auckland, and an Honorary Lecturer (Earth Sciences) at the University of Waikato. I am certified as an RMA Hearings Commissioner. I have worked on projects as a team member, project manager and project director. I have undertaken environmental research and consulting for government departments, local authorities and private companies and led NIWA's coastal and estuarine research programmes and science teams. I have more than 40 years' experience as a scientist and consultant. I have authored or co-authored over 80 publications in refereed journals and over 150 technical reports for various clients.
- 1.3 I have expert knowledge as a marine geologist, coastal geomorphologist and coastal oceanographer. I have experience in applying numerical models to inform the understanding of coastal processes. Because of my role in NIWA as a Principal Scientist and Project Director I undertook technical reviews and evaluations of work by other specialists where models were used. Of particular relevance to my role as an expert witness in this matter are the following:
 - (a) Familiarity with the site and surrounding environment - having undertaken field and analytical studies and preparing 5 reports for Port of Napier Limited (**PONL**) between 1988 and 1994 relating to the assessment of the effects of capital dredging and disposal at the offshore disposal grounds I and R, stormwater runoff from reclamation areas and designing a plan for coastal research and monitoring;
 - (b) Investigations of coastal sand movement and the effects of sand extraction on the Pakiri – Mangawhai coast for Auckland Regional Council;

- (c) Investigations of sand transport and storage and the effects of large scale sand extraction in the entrance of Kaipara Harbour for Winstone Aggregates;
- (d) Studies of the sediment process and bedform generation on the Coromandel inner shelf;
- (e) Participation in a 3-year long study of surf breaks of national and regional significance and preparing guidelines for their management for MBIE;
- (f) Reviews of technical reports relating to the potential effects on coastal processes of the proposed deepening of the Wellington Harbour entrance shipping channel for Greater Wellington Regional Council;
- (g) Assessments of the effects on coastal processes of large scale seabed mining for iron sand on the inner continental shelf, South Taranaki Bight by Trans Tasman Resources Ltd;
- (h) Research on sand storage and transfers in tidal deltas and stability at tidal inlets.

Code of conduct

- 1.4** I confirm that I have read the Code of Conduct for Expert Witnesses as contained in the Environment Court Practice Note dated 1 December 2014. I agree to comply with this Code. This evidence is within my area of expertise, except where I state that I am relying upon the specified evidence of another person. I have not omitted to consider material facts known to me that might alter or detract from the opinions that I express.

2. SCOPE OF EVIDENCE

- 2.1** My input to these consent applications and preparation of my evidence has involved reviewing documents in relation to coastal processes. In particular, I have read and relied on information from the following documents:

- (a) Advisian 2017. Napier Port Proposed Wharf and Dredging Project – Appendix D - Coastal process studies. 95p + Glossary.
- (b) Advisian 2017. Napier Port Proposed Wharf and Dredging Project: Appendix F - Post-disposal fate of dredged sediment. 76p + Glossary.
- (c) Single, M. 2017. Port of Napier proposed wharf and dredging project: Appendix G - Physical coastal environment. Report prepared for Port of Napier Ltd by Shore Processes and Management Ltd. 63p.

2.2 In addition to the above, I have taken into account discussions with technical experts acting for the Hawke's Bay Regional Council (**HBRC**) about coastal processes and ecological implications of these assessments. I have read and considered:

- (a) The various submissions;
- (b) Reports by Hume et al. (1989), Komar (2007) and Kirk and Single (1999);
- (c) The pre-hearing meetings reports of the Chairperson (dated 29 June and 2 July 2018);
- (d) The information supplied by the applicant as s92 information requests relating to coastal processes (of 19 March and 11 July 2018); and
- (e) The joint witness statement following conferencing I attended along with the other coastal experts on 20 July 2018.

2.3 The citations for these sources are included in **Appendix A**.

3. ASSESSMENT OF EFFECTS

3.1 Overall, I found the Advisian reports (Appendices D and F) and Single report (Appendix G) to be comprehensive and of a high standard, taking account of information from previous studies and reviews and containing clear statements of limitations. I agree with many of the conclusions arising out of them. However, I wish to present my opinion in relation to the matters that I describe below.

Potential effects of proposed channel dredging at Westshore

3.2 It is my opinion that channel dredging will result in an increased loss of sediment from the nearshore at Westshore.

3.3 Wave modelling of pre and post-dredging bathymetries undertaken by Advisian (2017, Appendix D, Section 7) has shown that the changes in wave energy at the shore resulting from the lengthening, deepening and widening of the channel through capital works dredging will cause only very small changes to wave height and direction at Westshore Beach. The predicted changes to wave height (no greater than ± 0.02 m) and the change in wave angle at the shore (no greater than ± 0.7 degrees) are less than what is expected to occur due to natural variability in the wave climate between different seasons and years. This will

cause a slight clockwise rotation of the equilibrium shoreline angle and increase in the radius of beach curvature. It may result in sediment moving north along the beach face, but to the south in the littoral zone and the nearshore (Single 2017, Section 4.2.1).

- 3.4** However, dredging the channel will interrupt the transport of sand to the nearshore at Westshore. Modelling of annual mean sediment transport pathways on the basis of wind driven currents and wave refraction patterns (Advisian 2017, Appendix D, Section 8.4, Figure 8-7) has shown that fine sand is driven both to the north and south in the nearshore of Marine Parade and Bay View depending on the wave and wind conditions prevailing at the time. Maintenance dredging records show that the channel requires dredging every 2-3 years, with an annualised volume of 25,000 m³. Maintenance dredgings are mostly fine sand. Areas that require dredging are typically the eastern boundary of the main channel, in particular after swell events, and infilling of finer material from the west, supporting the contention that the channel is infilling from both sides¹. A plot of the channel cross section (presented in the 13 July submission of L Dallimore on page 1) suggests that infilling of the channel is primarily from the west and therefore mostly from fine sand sourced from the nearshore off Westshore.
- 3.5** Capital works dredging to increase the channel length by 130 m will see a greater potential for the channel to trap longshore transport from both the east and west. Decreased wave orbital currents at the seabed in a deeper channel (Advisian 2017, Appendix D, Section 5.4, Figure 5-5) and potentially lower current velocities in a wider and deeper channel will contribute to an increased trapping efficiency and the need for larger maintenance dredging volumes in future. As a consequence, the nearshore seabed off Westshore will undergo a greater of sediment, through both a direct loss of sediment to the channel from the west and an indirect loss of sediment from the channel intercepting littoral drift that could otherwise have made its way from the Marine Parade nearshore north to Westshore.

Potential effects of proposed channel dredging on the surfing amenity?

- 3.6** In my opinion the proposed channel dredging will not have a significant effect on the surfing amenity.
- 3.7** Advisian (2017, Appendix D, Section 6) have undertaken a comprehensive analysis using accepted modelling techniques, including a calibrated and validated SWAN spectral wave model and Boussinesq model simulations. Assessment in terms of peel angle, wave height and wave breaker type and surfing amenity are in accordance with the methods described by Mead (2003), Lewis et al (2015), Walker (1974) and Hutt et al. (2001). The findings were that the impact of the proposed dredging on surfing amenity at the two regionally important surf breaks City Reef (including left-hand and right-hand surfing paths, and "inner" break) and Hardinge Road, would be minimal.
- 3.8** An unknown might be how sediment transport through the site 'grooms' the reef/beach breaks and therefore whether the small changes in sediment transport predicted in Appendix D (Figure 8-4 and the realignment of the shoreline (a change in beach planform) between Port Beach and Ahuriri in the order of 2 degrees) will make a difference to the wave quality at the breaks. In my opinion any change would very likely be hidden in the background of natural fluctuations, undetectable, and unlikely to affect surf quality.

Disposal of dredgings at Westshore to remedy or mitigate erosion

- 3.9** In my opinion it will be beneficial to place all suitable dredgings at Westshore to remedy or mitigate coastal erosion.
- 3.10** Komar (2010) reported that the net sediment loss from the Bay View Littoral Cell was about 15,000 m³/yr, wherein the loss of 27,000 m³/yr primarily due to abrasion of the greywacke gravels in the beach was offset by nourishment of the beach of 10,000 m³/yr and input from the Esk River of 2,000 m³/yr. Sand is lost from the nearshore at Westshore to the south as evidenced by the channel requiring dredging of 25,000 m³/yr (the total dredgings of infilling from both north and south littoral drift). Monitoring of the beach and nearshore by HBRC has shown there to be a large sediment deficit in the nearshore, defined as net seabed erosion in the nearshore (to c. 400 m offshore and c. 6m depth), over

the 21-year period 1991-2012, of 406,000 m³. The seabed sediment in the nearshore off Westshore consists primarily of medium-fine sand (Single 2017, Section 2.6 and Figure 2.11) and is of a similar grain size to maintenance dredgings which are largely fine sand². There is no reason to expect that future maintenance dredgings will be a different grain size to that dredged from the channel in the past, as the channel infill sediment derives from longshore transport, and will therefore be mostly fine sand that is suitable for the purpose of nourishment at R (as in the past). It is possible that a small amount of the capital dredgings from the outer end of the fairway may be fine sand³ and also suitable for nourishment.

- 3.11** Disposing maintenance dredging (mostly fine sand), and capital works dredgings where the grain size is suitable, in the nearshore of Westshore, will build up the level of fine sand that makes up the seabed, offset the sediment deficit and mitigate the effects of dredging. Building up the seabed level will initiate wave breaking further offshore, thereby reducing wave energy at the shore and offset the loss of sediment and coastal erosion. The dredgings are best placed as close to shore as practical within Area R to optimise this benefit. This nourishment will not be a permanent fix to shoreline erosion at Westshore, as the effect will only be sustained by continuing to add sand. Increased sea level and increasing storminess associated with climate change will work against this benefit. I would not expect the level of nourishment that is likely to be available from the maintenance dredgings to be great enough to change the beach sediment from its existing mixed gravel/sand state to predominantly sand.

Potential effects of nourishment at Westshore on Pania Reef Significant Conservation Area (SCA)

- 3.12** In my opinion, and from a coastal processes (not ecological) perspective, disposing of dredgings of fine sand in the nearshore at Westshore would not have an impact on Pania Reef SCA.
- 3.13** Nourishment in the nearshore at Westshore comprises largely fine sand from channel maintenance dredgings. Fine sand settles quickly (compared to silt) in the water column following disturbance and would not travel seawards to any

great degree, but rather stay in the nearshore, moving north and south alongshore depending on prevailing wave/wind conditions, where the seabed is of a similar grain size. There have not been any specific studies at Westshore to substantiate this opinion. However, modelling of storm wave total load and mean annual total load sediment transport patterns for fine sand (Advisian 2017, Appendix F, Section 5.3 Figures 5-5 – 5-8) suggest fine sand moves mostly alongshore rather than cross shore and towards Pania Reef. Numerical modelling could be used to provide more certainty about the potential for the transport of fine sand from Area R to Pania Reef SCA.

Potential effects of dredgings disposal at the proposed site off Marine Parade on Pania Reef SCA

- 3.14** In my opinion, and from a coastal processes (not ecological) perspective, disposing of dredgings at the proposed site in 20-23m water depth off Marine Parade would not have a significant effect on Pania Reef SCA.
- 3.15** The data-driven and model-driven approaches used to assess sediment transport processes around the disposal areas are based on good bathymetry, wind, wave and current data. The 6-layer model appears to calibrate well with currents and waves (heights), is validated to direction and for storm events and selected an appropriate range of particle sizes (selected from surface sediment and vibrocore data). The Applicant has confirmed in the s92 response of 11 July 18 that the plume modelling used 6 size classes in the mud (silt + clay) fraction⁴. They report that very conservative values were chosen for:
- (a) critical shear stress for erosion of cohesive sediments (corresponding to the lower bound value of shear stress required to mobilise partly consolidated mud); and
 - (b) the 'erosion parameter' (they chose the model default value to give a conservative estimate of fine sediment (silt) entrained into the water column).
- 3.16** Model simulations for Campaigns 1 and 5 and disposal in 20-23m water depth, show that mud (silt + clay) deposition is predicted to be very small and in the order of only 1 mm off the northeast tip of the Pania Reef system. While the

grain size of the existing seabed sediment at the reef is not confirmed, divers report that it is fine sand and mud. Model simulations of turbidity plumes generated from the resuspension of coarse silt from the proposed offshore site under 6 main wind directions show that: under extremely conservative assumptions, the maximum suspended sediment concentration expected over parts of Pania Reef are 2 mg/l above ambient in the surface of the water column, and 4–6 mg/l above ambient at the bottom of the water column. While it is possible for sediments to be suspended and transported over the reef, deposition will not occur because the shear stress at Pania Reef will be high and inhibit deposition.

Potential effect of the proposed dredgings disposal offshore from Marine Parade on coastal processes at the shore

- 3.17** In my opinion the proposed dredgings disposal mound offshore from Marine Parade will not have a significant effect on waves and sediment transport processes at the shore or on Town Reef.
- 3.18** Mounds on the seabed affect waves by refraction (bending the wave path) and diffraction (lateral dispersion of energy) and locally by shoaling waves (changing wave height) as they pass over the modified seabed. Any changes in the wave field at the mound will be propagated shoreward, leading to changes in wave conditions nearshore and potentially to the patterns of sand transport and erosion and accretion at the shore.
- 3.19** Placement of 3.2 m³ of dredge spoil in the proposed offshore spoil disposal area off Marine Parade will increase the seabed elevation in the order of 1 m⁵. Numerical modelling of wave refraction for a worst-case scenario of a modified seabed bathymetry of a mound of 2 m height was used to predict change in energy-weighted mean wave height and energy-weighted mean wave direction for this increase in seabed level⁶. The modelling showed the changes at the shoreline were very small - a maximum change in energy-weighted wave height of ± 4 cm and localised to a distance of 1 km south of Town Reef.
- 3.20** I agree with the interpretation of Single (2017, p40) that the change in seabed level due to the dredgings disposal will not result in measurable or significant

changes to the patterns of sand transport and erosion and accretion at the shore.

4. RESPONSE TO SUBMISSIONS

Dredgings disposal in deep water further offshore

- 4.1 In my opinion, and from a coastal processes perspective, the disposal of dredgings further offshore represents a loss of sediment from the coastal sediment system.
- 4.2 The capital works and maintenance dredgings are a mixture of muds and fine-very fine sands. Some submitters have proposed that the dredgings be transported further offshore to the edge of the 'drop off' and in 500 m water depth.
- 4.3 From a coastal processes perspective disposal in deep water will completely avoid any potential impact of transport of fine sediment to Pania Reef or changes in wave energy and sediment transport patterns at the shore due to the spoil mound. On the other hand, this means that fine-very fine sand, which is a major component of sediments in the nearshore (Single 2017, Fig 2.11) will be lost from the coastal sediment system.
- 4.4 It would be 'best practice' from a coastal processes perspective to, where practical, dispose of the fine-very fine sand component of the dredgings in a place where the sediment is retained in the coastal sediment system. This could be at the proposed site off Marine Parade, or preferably in the nearshore off Westshore Beach. I note that while the New Zealand Coastal Policy Statement 2010 (NZCPS) is silent on the matter of where or how to dispose of dredged material, there are relevant policies relating to the maintenance of natural defences to coastal erosion (policies 25 and 26) and restoration of natural character (policy 14). That is to say, if clean suitable sediment was available from dredging then those would be positive uses of it and supported by the NZCPS.

5. CONSENT CONDITIONS

5.1 If a consent were granted I agree with the inclusion of proposed consent conditions related to:

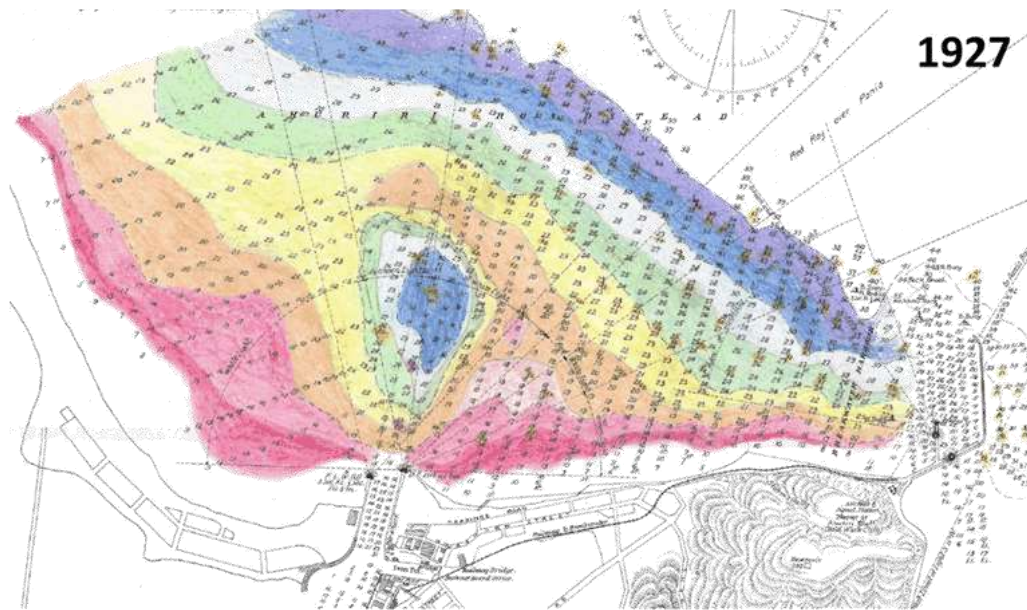
- (a) Profile surveying of the beach and nearshore be continued along with records of dredgings extraction and disposal to monitor change, and so that future analysis of the potential benefits (or otherwise) of nourishment of the beach and nearshore at Westshore are available for assessment.
- (b) Using dredging's of suitable particle size characteristics to mitigate erosion at Westshore.
- (c) Monitoring of shoreline/beach planform in the vicinity of the surfing breaks.
- (d) Collection of wave and current direction data, and studies on Pania Reef itself to investigate the relationship between migration of finer materials deposited in the disposal areas and potential effects on Pania Reef.



Dr Terry Hume
30 July 2018

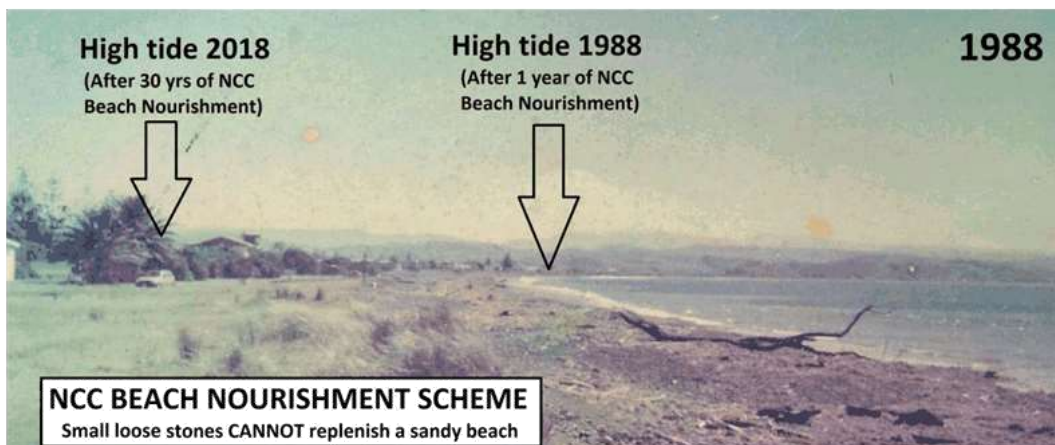
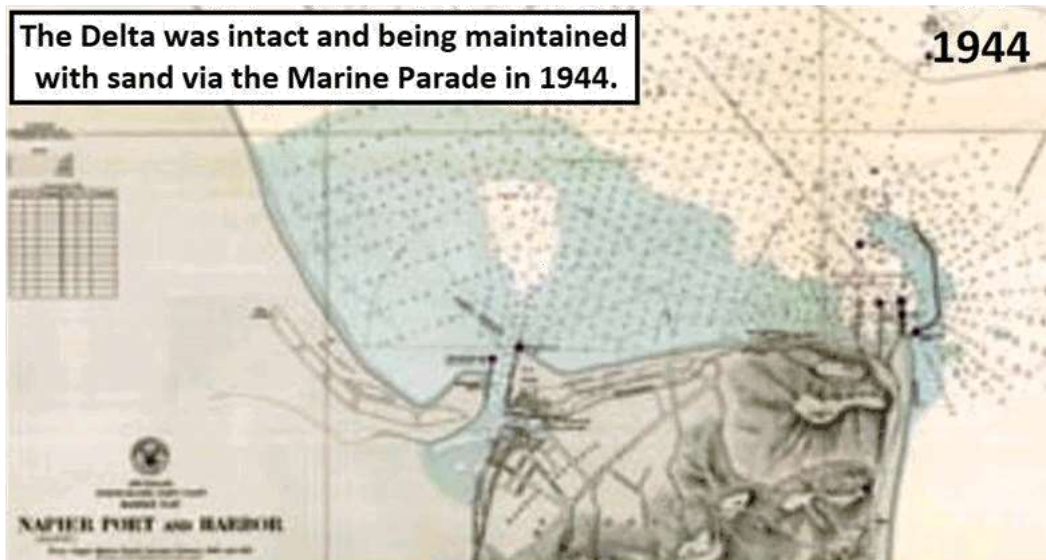
Attachment 5

Item 4



The Delta was intact and being maintained with sand via the Marine Parade in 1944.

1944



NCC BEACH NOURISHMENT SCHEME
Small loose stones CANNOT replenish a sandy beach

Summary:**Port of Napier Application for Resource Consent to Dredge the Shipping Channel**

Presented to the Commissioner Hearing on 21 AUGUST 2018

Quotes from evidence on behalf of HB Regional Council by Coastal Scientist, Dr Terry Hume.

- 3.2 It is my opinion that channel dredging will result in an increased loss of sediment from the nearshore at Westshore.
- 3.4 Dredging the channel will interrupt the transport of sand to the nearshore at Westshore.
- 3.5 An indirect loss of sediment from the channel intercepting littoral drift that could otherwise have made its way from the Marine Parade nearshore north to Westshore.
- 3.9 In my opinion it will be beneficial to place all suitable dredging at Westshore to remedy or mitigate coastal erosion.
- 3.10 There is no reason to expect that future maintenance dredging will be a different grain size to that dredged from the channel in the past and will therefore be mostly fine sand that is suitable for the purpose of nourishment.
- 3.11 Disposing maintenance dredging (mostly fine sand), and capital works dredging where the grain size is suitable in the nearshore at Westshore, will build up the level of fine sand that makes up the seabed, offset the sediment deficit and mitigate the effects of dredging.
- 3.11 Building up the seabed level will initiate wave breaking further offshore, thereby reducing wave energy at the shore and offset the loss of sediment and coastal erosion.
- 3.11 The dredgings are best placed as close to shore as practical within Area R to optimise the benefit.
- 3.12 Disposing of dredging of fine sand in the nearshore at Westshore would not have an impact on Pania Reef Significant Conservation Area.
- 3.13 Fine sand settles quickly (compared to silt) in the water column following disturbance and would not travel seawards **(back to the shipping channel)** to any great degree, but rather stay in the nearshore.
- 4.1 The disposal of dredging further offshore **(5kms off the Marine Parade where the Port now has Consent)** represents a loss of sediment from the coastal sediment system.
- 5.1 Proposed Consent Conditions – (b) Using dredging's of suitable particle size characteristics to mitigate erosion at Westshore.

Item 4

Attachment 5