

Option Chosen

D - Lease Port operations to a private investor (for up to 50 years)

Submitter	Commentary
Antony Carstens Submitter #52 To be heard? No	The Regional Council should not be investing ratepayers money in commercial investments! This proposal carries the least financial risk to Ratepayers of the presented proposals. The proceeds raised from the sale of the lease should be invested in infrastructure needing maintenance and upgrading, as per the basic duties of a Regional Council and Ratepayers needs.
Ron Goodall Submitter #102 To be heard? No	The existing assets need to be retained buy HB people now and into to the future. The port 9s too tiger asset to give away.
Marcia Hengst Submitter #116 To be heard? No	Optimal return with best risk reduction.
Sheryll Palmer Submitter #161 To be heard? No	Ourport. I am totally against selling off forty nine percent of our port. Am prepared to vote against it. Most infavour of leasing for fifty years. I don't like a few councillors making the decision when they are not qualified.
Dave Smith Submitter #176 To be heard? No	To lease the port.. Gives a constant healthy cash flow.. International enterprise experience and expertise in a new age of automation We are a great nation of getting things done However..we also do a lot of "re inventing the wheel " Thanks for the opportunity ...
Paul O'Regan Submitter #195 To be heard? No	1. Can clear \$80 million debt. 2. Curtails rate increases. 3. Council can focus on:- water quality, roads, rubbish collection recycling (e.g. rubber/plastic used in roads; electrical waste recovered).
Terry Thornton Submitter #247 To be heard? No	I would like to see more information regarding this option i.e. the Australian model, terms of a lease, rent reviews etc. I prefer that the operating of the Port be taken away from the politicians among other advantages.
Nick Hickling Submitter #385 To be heard? No	This is the most economically viable option and as Landlord the Regional Council can maintain control by ensuring the lease provides that option.
Mel Cole Submitter #599 To be heard? No	My reasons are personal and private. i don't have to tell you why I made my decision
Henare Mita Submitter #613 To be heard? No	Appears most cost effective to me.
Daniel Repko Submitter #660 To be heard? No	We support option D - Lease Port operations for the following reasons: <ul style="list-style-type: none"> - HBRC would have more funds available for core council role - HBRC can concentrate fully on its reason for being there in the first place - Cost (and revenue/return) forecasts made by local and national government are rarely 'on the mark'; considerable cost over-runs are more the rule than the exception eg Leasing the Port at a 'fixed, guaranteed fee' will protect against negative financial consequences and protect rate-payers against 'unforeseen' increases. - Only option whereby Port stays 100% in the hands of HBRC/rate-payers without increasing rates/financial risk.
craig thomas Submitter #842 To be heard? No	No brainer - release money so HBRC can provide services it is expected to provide, annual return on lease, ownership maintained.

Submitter	Commentary
<p>Rhett van Veldhuizen Submitter #888 To be heard? No</p>	<p>D for me.</p> <p>Make it a competitive market port where business makes business decisions. Enable HBRC to detach and fulfill the regulatory function. No cost to the ratepayer. Infrastructure with a 100 year life is not a very high return asset. This is why Governments are often funding these. When shares are sold, the 20 % income from dividend will reduce. I would like to know how option B can be guaranteed without revenue/rates impact. The other thing is that selling shares is raising capital and is raising debt. It is just a different mechanism. Both the management of the port and the management of it's debt should have made a big dent in the cost of the borrowed funds when business is booming. If servicing a certain debt is an issue than taking on more to fund an anticipated growth path sounds very risky to me personally. Logs will peak in a few years as the 90s planting craze has been harvested and companies like Fonterra and Heinz / Watties pull the pin from one day to the other. Volumes do not equal revenue, especially with cruise ships. Cruises are designed to have the dollars spent on-board, not in the few hours the passengers hop off.</p> <p>Public ownership necessitates this kind of consultation, but I would argue it is really too complex for most people to make an informed decision. Adding \$ risk/rates figures so dominantly to one of the options and displaying them over the nine years concerns me as most people relate this to an annual rate, which is \$106.</p> <p>It is a tough decision and all about rate of return (10%-13% for a port?). It is not a power company with locked in agreements.</p> <p>Thank you for the opportunity to have my say and I am by no means claiming to be an expert.</p> <p>Rhett van Veldhuizen</p>
<p>Dave Waugh Submitter #943 To be heard? No</p>	<p>We need to keep ownership of our own resourses but be able to get capital gain from lease contracts. That is limited by shares or commercial investment B and C yet allows the Rate payers to earn capital to enhance port facilities.</p>
<p>Maurice J Beeby Submitter #1045 To be heard? No</p>	<p>A combination of rate increase and smaller float would be worth considering HB Regional Council must remain in control, as far too much is at stake! M J Beeby</p>
<p>Mr Edward F Hill Submitter #1068 To be heard? No</p>	<p>A) PROBABLY UNAFFORDABLE FOR MOST RATEPAYERS. NO UNDERWRITING OF MAJOR RISKS BOTH PHYSICAL AND POLITICAL.</p> <p>B) NOT CLEAR HOW NZX SHARE PRICING WOULD PROCEED. OPENS PORT AUTHORITY AT RISK TOWARDS FURTHER UNPLANNED CAPITAL REQUIREMENT CALLS. LACKS ATTENDANT PRIVATE PARTICIPATION IN FURTHER CAPITAL RAISING. SHARE VALUE APPRECIATION NOT RECORDED OR REFLECTED IN HBRC PROFIT/LOSS A/C'S EXCEPT AS A BALANCE SHEET FIGURE [SHARES NOT FOR AVAILABLE SALE] AND POSSIBLE USE AS FURTHER EQUITY RAISING.</p> <p>C) LOW SHARE PRICE NECESSARY TO ATTRACT INVESTMENT (PARTNERS?) PROBABLY MEANS INITIAL LOSS OF VALUE OVERALL. DIVIDENDS WOULD BE UNDER CONSTANT PRESSURE.</p> <p>D) YES. LIKELY OPTION TO ATTRACT BOTH CAPITAL COMBINED WITH PORT MANAGEMENT EXPERTISE VIA SHIPPING INTERESTS WORLD WIDE. RISKS COULD BE MANAGED WITH SELLIBLE AND PRUDENT LEASE CONDITIONS CONCERNING TERMS. REVIEW PERIODS, COMPULSORY EXIT CLAUSES ALONG WITH EXPANSION PLANS. PROSPECTIVE TENANTS LIKELY TO BE FAMILIAR WITH FUTURE SHIPPING TRENDS AND MORE IMMUNE TOWARDS political PRESSURES AND INFLUENCES. LEASE WOULD PROVIDE A GUARANTEED ANNUAL DIVIDEND AND CAPITAL GAINS WOULD ALWAYS BELONG TO THE PORT COMPANY AND THUS THE HBRC RATEPAYERS. E F HILL</p>
<p>Keith Rodel Submitter #1180 To be heard? No</p>	<p>The documents provided do not provide sufficient evidence that the new berth can be operated cost effectively. The layout behind the berth is shared with with berth 5. In order to operate a container berth cost effectively the cargo (containers) should be aggregated directly behind the berth. With the proposed layout this cannot be done hence reducing the efficiency. Option D places the operational risks on the operator.</p>

Submitter	Commentary
<p>Hans Weichbrodt Submitter #1257 To be heard? No</p>	<p>Maximum financial gain, just make sure your contract with the lessee prevents asset stripping and ensures the required infrastructure development and ongoing maintenance is secured!</p>
<p>Janet Skidmore Submitter #1296 To be heard? No</p>	<p>It allows a business who is interested in developing the port to take on the requirements.</p>
<p>John Loughlin Submitter #1298 To be heard? No</p>	<p>I believe the responsibilities of the Council are to get best value for ratepayers and to ensure an efficient port for regional businesses. Fragmenting the ownership (Option B) cannot maximise value as the 49% will need to be offered at a normal market discount to the 100% ownership value. Leasing the port to a concession partner e.g. institutional investor or a strategic operator is likely to attract a significant premium in current market conditions. Globally, prime infrastructure investments such as the port are trading at record prices. Asset concessions have also drawn very strong prices in Australia. A long term lease on appropriate terms preserves ownership of the asset in the region and transfers operating risk away from ratepayers. I am unable to be present to speak to this submission on 4 or 5 December</p>
<p>Larry Cowan Submitter #1542 To be heard? No</p>	<p>I think the port needs to be leased to a party who can competently run a port or sold. This would release the Regional Council to focus on council matters. I do not think the Regional Council has the ability to run the port to it's full potential. I also query why the port is so far in debt (\$86.6m). If the port runs at a loss that great then it should be sold. Why should ratepayers prop up a business that runs at a loss? Most of us do not benefit in any way from the port and to imply otherwise is ludicrous. Usually businesses that run at a loss are badly managed so I think leasing is the best option.</p>
<p>Bruce Stephenson Stephenson Transport Ltd Submitter #1570 To be heard? No</p>	<p>The only reason for this consultation is because of the urgent need to expand the wharf operations and the need to finance that. Leasing the Port operations is the best financial return option and at the same time retains full ownership for the people of Hawkes Bay. However, management and control of the lease for 50 years with the expected expansion to the levels required by HBRC would be a major management operation for HBRC. Your consultation document does not give any information on this.</p>
<p>Andrew Wares Submitter #1622 To be heard? No</p>	<p>Under the lease option HBRC retains full ownership and is able to take back full control of the port at the end of the lease. At that time the Council can decide what it should do with the asset. This option has the best financial outcome. The partial float is an irreversible step and Council will have no control over who ultimately owns the minority shares.</p>
<p>Michael Moody Submitter #1624 To be heard? No</p>	<p>This option provides best funding and ensures full ownership retained</p>
<p>Andrew Campbell Submitter #1735 To be heard? No</p>	<p>- Provides a strong return - Allows HBRC a large sum of money to invest for the future of HB residents. This could include areas that may help increase HB regions output which is important in the face of environmental & climatic challenges. That we are & will increasingly face in the future. - Will enable far greater options to diversify revenue streams over option D given the amount of capitol received from leasing out the port.</p>
<p>Rex Hollenback Submitter #1784 To be heard? No</p>	<p>The Lease option Definitley not rate payer pays A rate are to high allready Paying useless counsillers for doing nothing all ready for what they do</p>
<p>jerry Lurajud Submitter #1817 To be heard? No</p>	<p>Napier ratepayers should not pay "</p>

Submitter	Commentary
<p>Lorraine Tomlinson Submitter #1819 To be heard? No</p>	<p>This appears to be a better option than the preferred option (B) for the following reasons. Has a long term strategic approach - with lease being 30-50 years. Council retains ownership of the asset. The funding coming in from the lease is known therefore planning for any future diversification and/or re-investment elsewhere could be more easily managed. Definitely challenges in getting this model set up - however would not be difficult to look at the models that have been successfully implemented in the ports of Australia. Retaining some ownership by the council in the operating Company appears to make sense. I am failing to understand why option B is the preferred option?? Whilst under option B you would still have a majority ownership --the share market has a lot of volatility and can be affected by global influences. Option C would be my second choice as this could with the right partner could enable public investment through say "bonds" - rather than listing on the NZX with option B</p>
<p>John Reid Submitter #1896 To be heard? No</p>	<p>HBRC core business is not operation of the Port which is a capital hungry and modestly profitable enterprise. Option D would allow substantial capital to be released and allow an established industry operator to take over the running of this business. No further calls on capital would be made to HBRC and the operator would naturally seek to run the Port to its highest and best potential. They would want to ramp up the use of the Port not run it down so any concerns about local businesses being adversely impacted are simply scare mongering. The assets of the Port are non core to HBRC, so in my opinion the decision should primarily be a financial decision. Most of the Councils decisions are long term, so committing to lease the Port to an operator for 50 years is no different. If the HBRC goes with any of the above options they will again be faced with calls for new capital at some point in the future. Moving out of day to day governance and management of this asset would fit in well with the HBRC vision of "a healthy environment, a vibrant community and a prosperous economy". Please have the courage and vision to make this decision and let HB reap the benefits.</p>
<p>M.S. Saunders Submitter #2059 To be heard? No</p>	<p>I think you should be looking into what is happening in UK, many ports are run by other port companies.</p>
<p>Jared Leonard Submitter #2242 To be heard? No</p>	<p>Hi Guys, after thinking this through I am leaning towards option D. If you are unable to fund improvements to the port under your own management from profits, then perhaps expert managers lease it, with stricter protocols around where dredgings are dumped. further out to sea to protect pania reef etc. Freeing up time for council core roles.</p>
<p>peter Madgwick Submitter #2266 To be heard? No</p>	<p>I would prefer this option, providing that the port is leased so that the money paid is reinvested by council for the benefit of the district.</p>
<p>Alex Mcdougall Submitter #2580 To be heard? No</p>	<p>The ports original construction has impacted the surf breaks and considerable effected the coastline in terms of erosion etc. we have no intention of paying for its shortfalls in rates. It should be self sufficient economically or else let's get rid of it and invest in the environment. Selling so called assets are also a short term thinking solution, when China owns everything then what? Tenancy in our own country? Employ a decent management team, with long term goals and targets to make the port an effective asset. Why is it in debt??</p>
<p>R Webber Submitter #2697 To be heard? No</p>	<p>"Leave out"! The Regional Council can focus on empire building putting rates up The HB County was just fine!</p>
<p>Elaine Mills Submitter #2910 To be heard? No</p>	<p>It is the only long term plan that makes sense - full ownership is still retained - the other options are only for 10 years which in my view is not long term planning at all. How does the infrastructure support an increase in tonnage - ie the roads are clogged already with log trucks and containers - particularly around Ahuriri yet there does not appear to be any solution within the information received thus far on how this is to be solved - particularly given the increase in port volume over the next 10 years.</p>

Submitter	Commentary
<p>Dayle Anne Hancock Submitter #2939 To be heard? No</p>	<p>So people can have there jobs that have families children.</p>
<p>Michael Zaytsoff Submitter #3008 To be heard? No</p>	<p>I cannot afford an increase to rates. Based on all the options that don't increase rates, Option D is the best one.</p> <p>Added Information from email sent 20.11.18 Good day</p> <p>I attended the information session regarding the options for expanding the port on October 29 in Napier. I have a few comments:</p> <ol style="list-style-type: none"> 1. I commend the panel answering questions for their professionalism, patience, and composure in the face of a few disruptive people with clear mental health issues. 2. One person commented they didn't care for the cruise ship traffic because all they did was buy a cup of coffee each. I could not disagree more. Keeping and increasing the cruise ship traffic is vital. Perhaps all the guests do is buy lunch. But that's 1,000 people buying lunch which provides a lot of jobs to Hawke's Bay. I think we do need to keep and in fact, increase the cruise ship traffic. I would even be in favour of the port constructing a better facility to embark and disembark cruise ship passengers. Not something overly fancy, but a more welcoming and efficient setup than what we have right now. The sooner we get those people off the ships into town and spending money, the better off Hawke's Bay is. 3. One person suggested if the port was sold, set up the contract so the Chinese cannot buy it. To me, that is clear cut racism that could lead to a lawsuit, which would cost Hawke's Bay even more money. If we don't want certain companies to buy it because we are concerned about their business practices, then let's structure the contract that defends against those business practices. But singling out a race of people I do not agree with. I felt like the panel felt the same way I did so there's not much more to say on this topic. 4. One person was angry at the panel for the current debt load of the port, calling it mismanagement. I think their statements are more a reflection of their lack of business knowledge than mismanagement. Most business people know that if you can borrow money for projects at a lower cost than what you would pay for using your own internal funds, then you borrow money. If that is what is going on at the port currently, then please know that I do not consider that to be mismanagement. <p>Thank you for your time.</p>
<p>Ian Elgie Submitter #3010 To be heard? No</p>	<p>No effect on our already very high rates. Someone else takes the risk. We cannot keep full control when investment of this magnitude is required.</p>
<p>Kevin Hole Submitter #3063 To be heard? No</p>	<p>IF IT'S WORTH SELLING, THEN IT'S WORTH KEEPING.</p>
<p>J Jillings Submitter #3109 To be heard? No</p>	<p>What you do at the port can not be any worse than what you done at the dam; you have given a new meaning to the words "Due Diligence" Lets hope the port does not go down the same track</p>
<p>Ross Cox Submitter #3252 To be heard? No</p>	<p>From reading the documents I believe that this option would provide the largest amount of investment to provide ongoing income to the council and seems to be a widely used model throughout the world - as was seen by Regional council members and staff during their visit to Australian ports. It is also one of the recommendations made by the Panel. By having the port operated under a long term lease arrangement, the council should be able to concentrate more on the core activities as per the LTP as long as released capital is invested wisely for future generations.</p>
<p>Inessa Lie Submitter #3284 To be heard? No</p>	<p>I prefer option D-lease This is the best option to create wealth for our children and their children. It is the highest value now and again in the future. The lease provides more avenues and forums for operational and formal control over the port. The size of the task in negotiating the lease is immaterial. The council should be ignoring political election time frames and taking the long term view. National pension funds are likely to be more responsible port stewards than "the market"! I do not wish to speak to my submission at the hearing. Sincerely yours, Inessa Lie</p>

Submitter	Commentary
<p>Robert Hubis McElroy Submitter #3309 To be heard? No</p>	<p>REGIONAL COUNCIL HAS NOT LEFT ENOUGH Money IN THE PORT Co' to faciLiTaTe AnTiciPATED FUTURE GROWTH. A LEASE Co' will if STipuLATED, HAVE A MiNiMUM FORWARD pLANNING FUND Reviewed yeARly.</p>
<p>Fiona McElroy Submitter #3311 To be heard? No</p>	<p>HBRC has not re-invested in the port, but has continued to receive proceeds from operations since 1989. A commercial operator would be always looking to ensure the operation of the port is successful.</p>
<p>Raymond Kelly Submitter #3425 To be heard? No</p>	<p>My preference is Option D, lease Port operations to a private investor. It raises the most money and presents the opportunity for the Port to be operated professionally by experts using international management standards. This will Leave HBRC freer to concentrate on looking after the region, especially its environment. Money is very important as we live close to the Hikurangi subduction and we must have resilience for extreme events. Resilience means the ability to prepare for and adapt to changing conditions and to withstand and recover rapidly from disruptions.</p> <p>The private investor must be chosen on an excellent record of Port governance based on international management standards and that its performance having been demonstrated on a regularly basis by an internationally recognised firm of governance auditors.</p> <p>Since the New Zealand government is to reconsider the Sea Change domestic sea freight strategy released in 2008, which looks at coastal shipping and freight movement, Option D will give us time to look at the bigger picture before rushing into Port development that could cost us dearly longer term.</p> <p>We can do better than allow the HBRC/HBRIC to operate our port. A number of poor outcomes in recent years have lost my confidence in the people who are supposed to be looking after the future of our region. For example:-</p> <ol style="list-style-type: none"> 1). Councils have demonstrated their incompetence by choosing an obsolete sewage treatment process for Hastings and Napier which at best can achieve only 85% efficiency compared to modern processes capability of in excess of 95% efficiency. This obsolete process discharges toxic liquid and solid effluent to sea whereas modern processes produce water and solid effluents that can be used beneficially on land. A costly mistake long term. 2). The Havelock North Campylobacter outbreak was in my opinion a result of poor governance by councils. Managers had abdicated their responsibilities for ensuring procedures were carried out correctly by their subordinates. HBRC has not protected the Heretaunga aquifer. 3). The HBRC voted unanimously in 2017 to move on from the Ruataniwha Water Storage Scheme and focus its efforts on other priorities. The manner in which the project was handled was a disgrace. Where is plan B to mitigate the inevitable extreme droughts and floods climate change will bring upon us? We need plenty of water storage capacity positioned to mitigate against flooding. 4). I have been retired for 16 years and have to suffer a rates increase of 19.9% over the last year. Is this another sign of HBRC's incompetence? 5). Water Conservation Orders are a tool to preserve waterways for everybody. Much of the opposition to such orders arise because people do not want their current incomes and lifestyles threatened. One factor in the argument against the WCO was that the HBRC-led TANK process was set to achieve the protections sought in the WCO. Projects like TANK can fail because they are often dominated by industries that have strong resources at their disposal. <p>Based on the last ten years of data there has been an increase in sediment, E. coli, and dissolved phosphorus in Hawke's Bay's freshwater rivers, streams and lakes. The HBRC has allowed this to happen.</p>
<p>Cameron Stuart Submitter #3566 To be heard? No</p>	<p>There is no public interest in maintaining control over the activities at the port. There is a public interest in keeping full ownership of it. Having ownership allows the council to set strategic goals and expectations for the investor to meet. The investor should be given the opportunity to run and expand the port while meeting those goals and expectations.</p>
<p>H R & H A Young Submitter #3581 To be heard? No</p>	<p>No commentary</p>
<p>Caulton John Submitter #3588 To be heard? No</p>	<p>Concerned rate payer</p>

The following submitters selected "Option D" however added no commentary or reason for their choice.

	Sub ID	To be Heard
Kirstie O'Riley	437.....	No
M B Proudley	475.....	No
P A O'Donnell	632.....	No
Joanne Peterson	726.....	No
A Wood	971.....	No
Alan Ronald Leslie	1042.....	No
Peter Macdonald	1198.....	No
Tony Searle	1428.....	No
Kenneth Kirkpatrick	1652.....	No
Valerie Edmonds	1762.....	No
Graeme Knight	1881.....	No
Isobel Saunders	2060.....	No
Ray Coon	2126.....	No
Brian Devoy	2232.....	No
Arthur D W Gillies	2406.....	No
Roy Frost	2883.....	No
J Jordan	3039.....	No
Brian & Shirley Ford	3124.....	No
B Donner	3339.....	No
Alistair Smith	3342.....	No
Anne Taana	3490.....	No
J & P Purser	3533.....	No