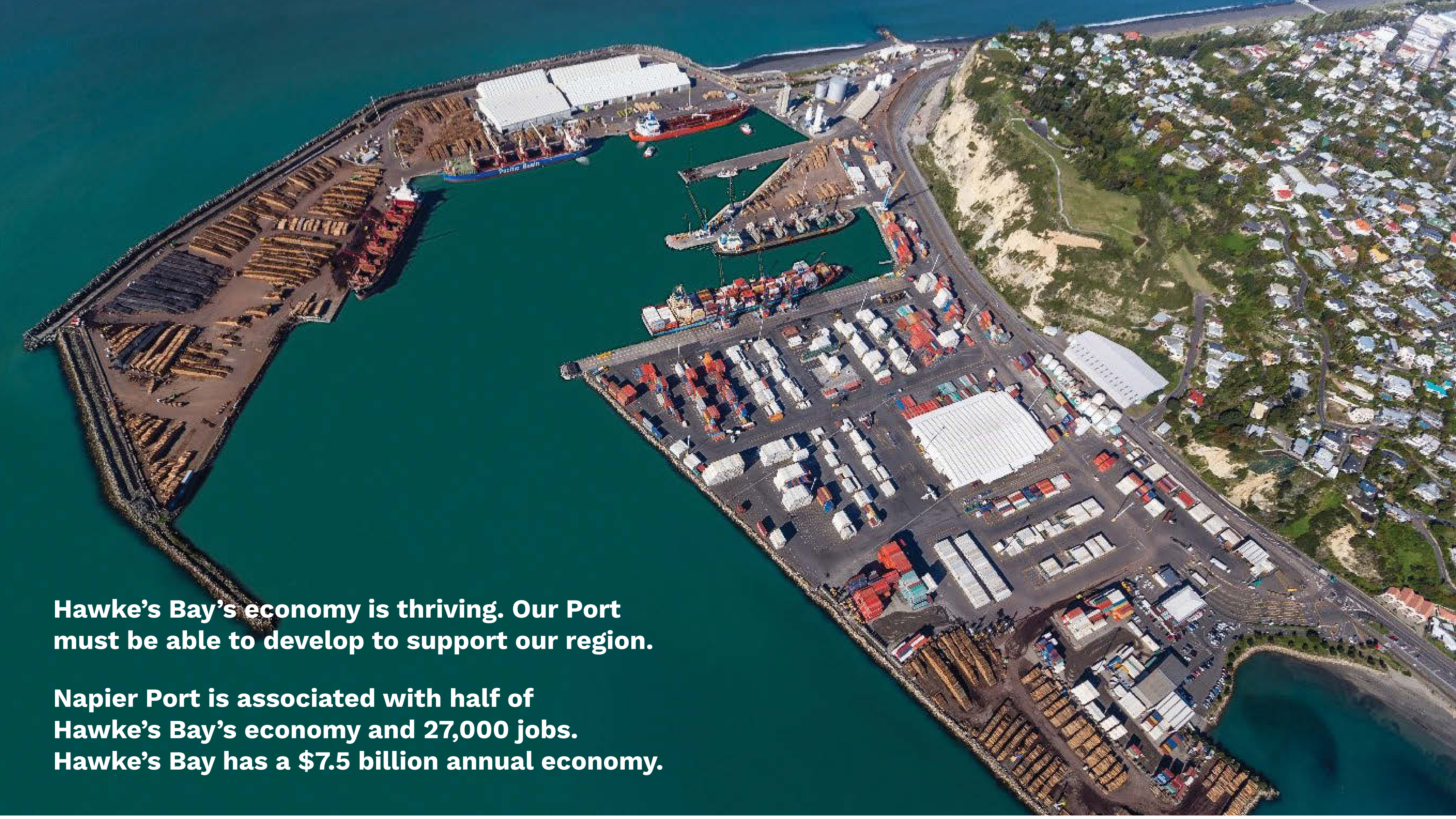
October 2018

# Our Port
## Have your say

Investing in our Port to support a growing Hawke's Bay

CONSULTATION DOCUMENT

HAWKE'S BAY
REGIONAL COUNCIL
Te Kaunihera ā-Rohe o Te Matau-a-Māui



**Hawke's Bay's economy is thriving. Our Port must be able to develop to support our region.**

**Napier Port is associated with half of Hawke's Bay's economy and 27,000 jobs. Hawke's Bay has a $7.5 billion annual economy.**

**Between 2016 and 2018, total cargo volumes increased by 25%**

**Between 2016 and 2028, cargo volumes are expected to increase by 57%**

**More and bigger cargo ships want to come here**

**More and bigger cruise ships want to come here**

## Our port is at capacity

**We expect to turn away seven cruise ships next year – representing 16,500 visitors and $3.5 million of lost tourism spend**

**We are turning away larger cargo ships because of limited wharf space**

**Because the port is congested, ships are having to move to enable other ships to enter and exit, impacting efficiency**

**Doing nothing will stifle growth**

**The Port needs to spend $320–$350 million over the next decade to enable it to grow and meet Hawke's Bay's demand for its services. This includes the construction of a new wharf.**

Up to 49% sharemarket listing

## What do we propose?

We need funding for our Port and we're committed to maintaining majority ownership. Selling shares in up to 49% of the Port will provide the funding the Port needs to grow, retain majority community ownership, diversify risk and give Port staff and the people of Hawke's Bay the opportunity to invest directly in a key strategic asset.


# Napier Port

**is proudly owned by the people of Hawke's Bay**

**The Regional Council is committed to keeping it that way**

# Investing in our Port to grow Hawke's Bay

Some problems are genuinely good to have, and Hawke's Bay has one of them. Our region is thriving, and Napier Port needs to develop to continue to grow Hawke's Bay.

Kia ora koutou. This is the beginning of an important community consultation around the growth of our Port and our economy. We're asking you to consider a number of options around how best to fund the growth of our Port, including options around ownership, control and protecting ratepayers.

The Port is a vital piece of infrastructure that enables our economy. We have a dynamic and hard-working community-owned Port, which we all value.

The challenge we now face is how best to fund our Port's growth. The Port needs $320–$350 million of investment over the next decade to enable it to grow to keep pace with demand. A new wharf is the first step in this investment programme and will cost approximately $142 million. Construction of the new wharf will need to begin in 2020 to be ready to use in 2022.

As it stands today, the Port is constrained. It is already congested and forced to turn away larger freight vessels. The Port expects to turn away seven cruise ship visits next year. Our preferred solution is to support the Port to invest in its own development to meet current and future demand.

While the Port's total capital requirements over the next decade total $320–$350 million, the options outlined in this document all seek to provide $86.6 million of funding to the Port, in order to significantly reduce its debt and enable it to resume investing in its future. The Port is then able to self-fund its growth.

It is not uncommon for major infrastructure assets to require investment in 'waves' to enable major investment to cope with future demands. This is what is happening at our Port.

So we have some options for you to consider.

The Regional Council has been actively investigating this issue for the best part of two years. Before we start to explore the options, the Port does not have capacity to borrow to fund this growth without requiring additional funding from ratepayers or taking debt to imprudent levels. Any further borrowing from the Regional Council to fund this growth would also come at a cost to ratepayers and further concentrate investment risk in one asset.

We need to consider a range of options to deliver a Port that keeps growing, under continued majority ownership.

The Regional Council's preferred option is to offer shares through an Initial Public Offering (IPO) in a stake in the Port of up to 49%. This will enable continued community ownership and control, fund the Port's growth, and give the people of Hawke's Bay, Port staff and tāngata whenua the opportunity to invest directly in this core community asset. This will also allow the Regional Council to better manage investment risk – currently 76% of the Regional Council's revenue-generating assets rest in the Port.

A partial sharemarket listing has been very effective at the Port of Tauranga, which has thrived under a similar model as proposed here – 55% local ownership with a 45% listed stake.

This option at Napier Port would generate enough money to enable the Port to invest, keep our Port in majority community ownership and retain healthy commercial exposure to a growing strategic asset. We think it strikes the best balance and protects the things that matter most to the people of Hawke's Bay.

We believe there will be strong market interest in investing alongside the Regional Council in our Port, including from KiwiSaver providers keen to invest in long-term infrastructure assets. We want to be very clear that the financial and valuation assumptions used in this document are conservative in nature.

A partial sharemarket listing is our preferred option. But we're also consulting on three other options: a minority sale to an investment partner, lease of Port operations to a private operator, or funding the Port's growth through rates. Each option generates different outcomes, but no one option satisfies all objectives – there is no silver bullet. It's important that you tell us what you think. We are very open to all the options and now need to hear from you.

The Regional Council is unanimous that doing nothing is not an option. Doing nothing would put jobs and our economy at risk, and place an unacceptable burden on our children and grandchildren. Our growing economy puts us in the fortunate position of discussing as a community how to invest in our future growth and reduce risk for ratepayers. A growing Port equals more ship visits, more jobs across the economy and more economic growth.

Thanks for taking the time to consider the best options for Hawke's Bay's future. We look forward to your feedback.

Rex Graham CHAIR

James Palmer CEO

## Did you know?

The Port remains the region's **single biggest economic enabler** associated with around **half of the region's economy** and supporting about **27,000 full- and part-time jobs**

Council believes this investment must be made **for the benefit of our people and our region**

# How to enable our Port's growth

Our Port requires $320–$350 million of investment over the next 10 years in order to continue to support our economy, enable more and larger ships into our region, and to continue to create jobs and growth.

It's a lot of money – ports can be very expensive assets to own. A significant amount of the investment required is for the construction of a new wharf, which is pending resource consent approval.

The Regional Council believes this investment must be made for the benefit of our people and our region.

Funding this investment through rates would require the Regional Council to borrow the money and for ratepayers to cover those costs. The Port currently holds $86.6 million of debt and is unable to prudently borrow for all its capital requirements without reducing its dividend to the Regional Council.

## The Regional Council Objectives

**The Regional Council believes other sources of funding are required in order to secure the following objectives:**

- retain majority community ownership of the Port
- secure the investment the Port requires
- protect ratepayers from the costs of funding this development
- diversify and de-risk the Regional Council's investments to better protect ratepayers
- retain exposure to the future financial performance of a growing strategic asset.

Below is a short summary to show you how we currently consider each option against our objectives.

The Regional Council believes that achieving these objectives is in the best interests of the Port and the people and economy of Hawke's Bay.

The Regional Council favours an option of selling a stake in the Port of up to 49% through a sharemarket float (as per the Port of Tauranga – 45%) but is open to other possibilities. Throughout this document where Regional Council ownership is referenced, this also includes through the Regional Council's investment company (Hawke's Bay Regional Investment Company Ltd).

The other options we are consulting on in this document and over the next month include selling a minority stake in the Port to an investment partner, leasing the operation of the Port to a private operator for a period of time in exchange for an upfront fee, or requiring ratepayers to fund the Port's growth. No one option completely meets every requirement and there are pros and cons with each. We need to hear what you think.

| Please consider these options carefully | Delivers development funding | Retains operating control | Retains majority ownership | Capital released for reinvestment | Value of retained ownership | Maintains Council income | Impact on Council service levels | Diversifies investment risk | Impact on Council debt | Impact on rates |
|---|---|---|---|---|---|---|---|---|---|---|
| **Option A** Funding Port development via rates / borrowing | YES | YES | YES | NO | NO CHANGE full ownership | YES | Additional Council borrowing would reduce flexibility to deal with unforeseen events | NO | ↑ $86.6m + 270% | ↑ $956 average per ratepayer over 9 years of the 2018–28 LTP |
| **Option B** Up to 49% Port sharemarket listing | YES | YES | YES | Approx. $83m* | Approx. $239m* | YES | NO IMPACT | YES | NO IMPACT | NO IMPACT |
| **Option C** Minority sale (up to 49% sold to investment partner) | YES | YES | YES | Approx. $52m* | Approx. $239m* | YES | NO IMPACT | YES | NO IMPACT | YES |
| **Option D** Long-term lease to operator (for up to 50 years) | YES | NO | YES | Approx. $366m | Approx. $49m residual book value | YES | NO IMPACT | YES | NO IMPACT | NO IMPACT |

*Numbers based on modelling of a 45% sale of shares, and on assumptions as detailed on page 15.

# Napier Port history, ownership and growth forecasts

## History

Napier Port has been a core enabler of Hawke's Bay's economy since 1855.

In 1875, the Napier Harbour Board Act was passed and the Napier Harbour Board came into effect. The completion of the initial breakwater in 1886 signalled the move of the Port from the Ahuriri Spit to its current location.

In 1988–1989, the Napier Harbour Board ceased to exist as an entity and ownership of the Port switched to Hawke's Bay Regional Council. In 2009, Wharf 4 at the Port was rebuilt, along with small-scale land reclamation.

The Port remains the region's single biggest economic enabler, associated with approximately half of the region's economy (Gross Regional Product) and approximately 27,000 full- and part-time jobs.

**Napier Port 1902**

## Community ownership; the backbone of our economy

The Port has been wholly owned by the people of Hawke's Bay through the Hawke's Bay Regional Council since 1989.

The Port makes up 76% of the Regional Council's revenue-generating investment assets, not including rates.

Through its annual dividend to the Regional Council of approximately $10 million, depending on performance and operating conditions, the Port contributes around 20% of the Regional Council's total annual revenue. This dividend limits the Regional Council's rates bill each year.

> The Port has been the backbone of Hawke's Bay's economy for 150 years, generating jobs, livelihoods and growth for our region.

### Breakdown of Port capital requirements

| | |
|---|---|
| Strategic development<br>($142m for Wharf 6) | $146m |
| Replacing existing assets | $139m |
| Increasing capacity / new assets | $38m |

## Supporting a growing regional economy

Hawke's Bay's economy grew by $342 million for the year ended March 2017, and is valued at $7.5 billion.

The Hawke's Bay economy continues to experience strong and sustained growth, with diverse elements of the local economy contributing: agriculture, manufacturing and tourism being three primary economic drivers.

Over the last two years (2016–2018) cargo volumes through the Port increased by 25%.

> For the period 2016–2028 the Port is anticipating a 57% increase in cargo volumes.

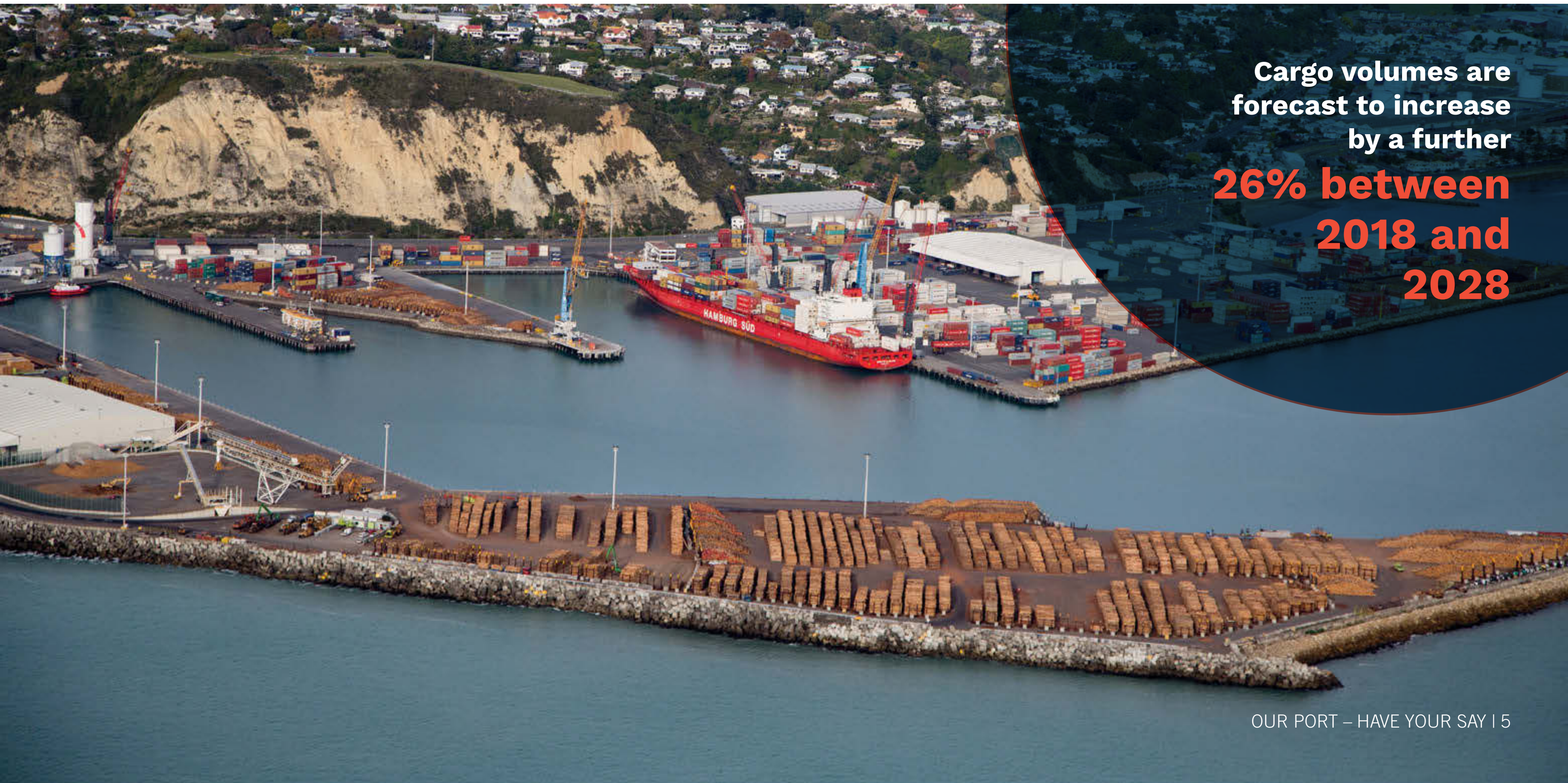
Additionally, the volume of cruise ships visiting the Port is forecast to increase by a third, with larger vessels increasingly visiting an already congested Port.

Some major assets of the Port are now approaching the end of their operational lives. Operational efficiency is starting to be compromised by Port congestion as vessels are shifted to let others in and out.

It is not uncommon for assets like ports to require investment in waves as they reach capacity and then invest for the future. The investment proposed for the Port over the next decade represents a step change in capacity at the Port, enabling it to continue to serve a growing region.

**While the Port requires $320–$350 million of total funding over the next decade, once its debt is significantly reduced it can fully fund its future growth. This includes the ability of the Port to fund the new Wharf 6 and subsequent capital requirements, including asset replacements and business-as-usual investment.**

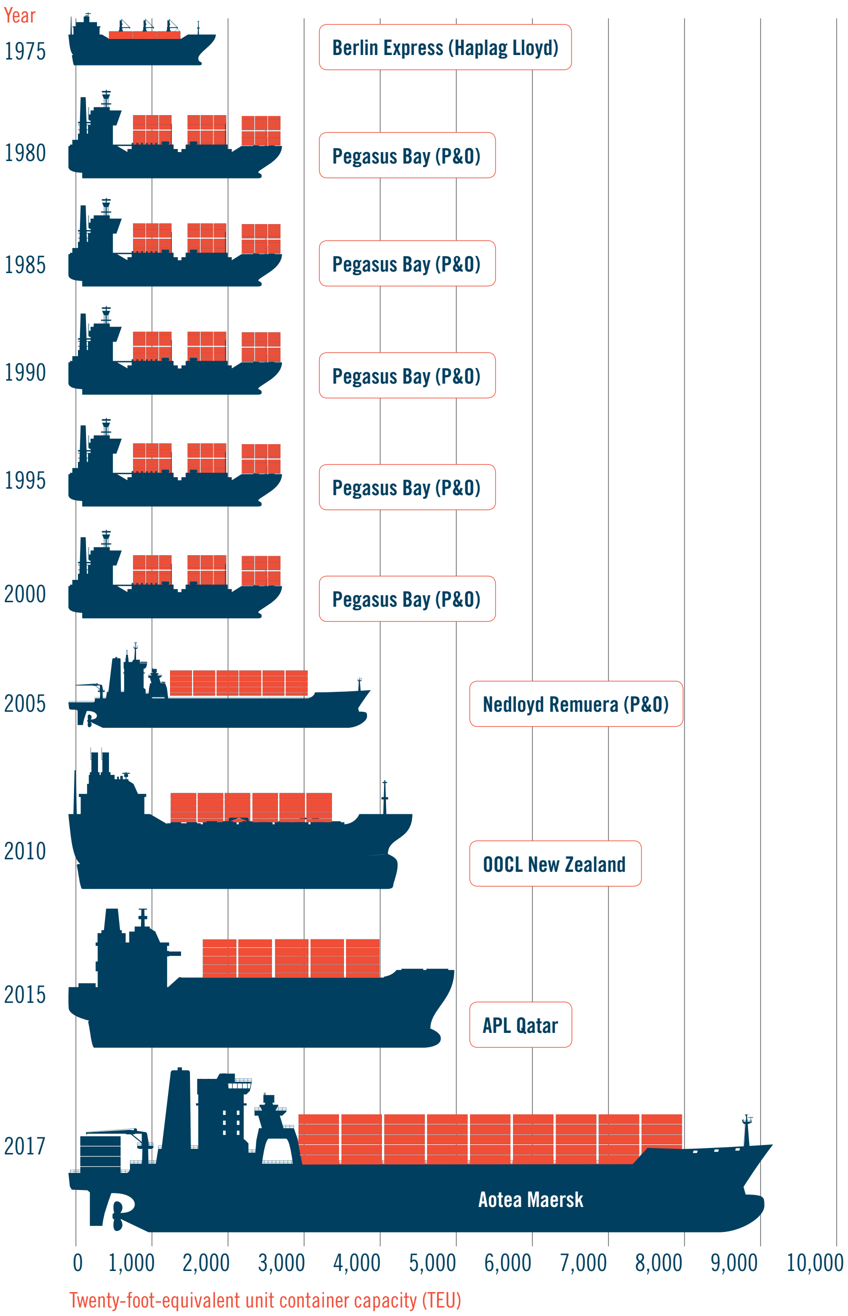
**Napier Port today**



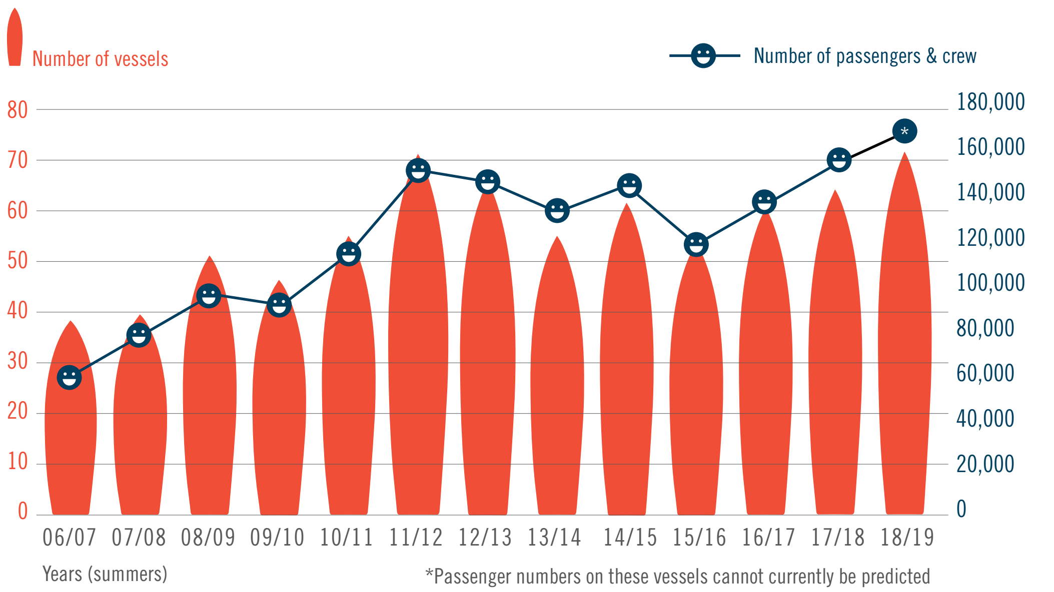
**Cargo volumes are forecast to increase by a further 26% between 2018 and 2028**

**These graphs highlight the increasing size of container vessels visiting New Zealand, the number of cruise vessels with staff and passenger numbers visiting Napier, and forecast growth in cargo tonnage through the Port, including very strong growth in 2016–2017**

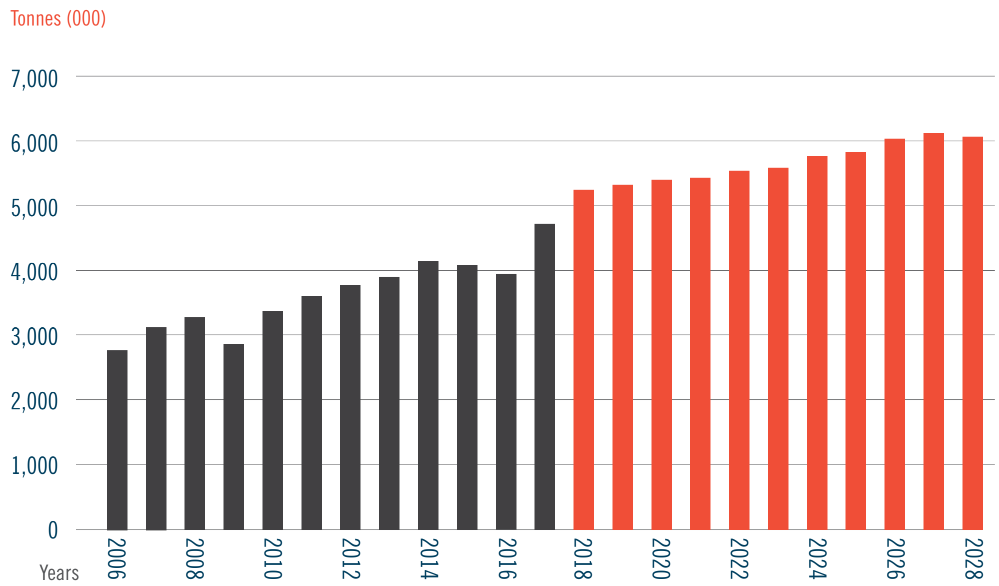
## Container vessel sizes on New Zealand trades

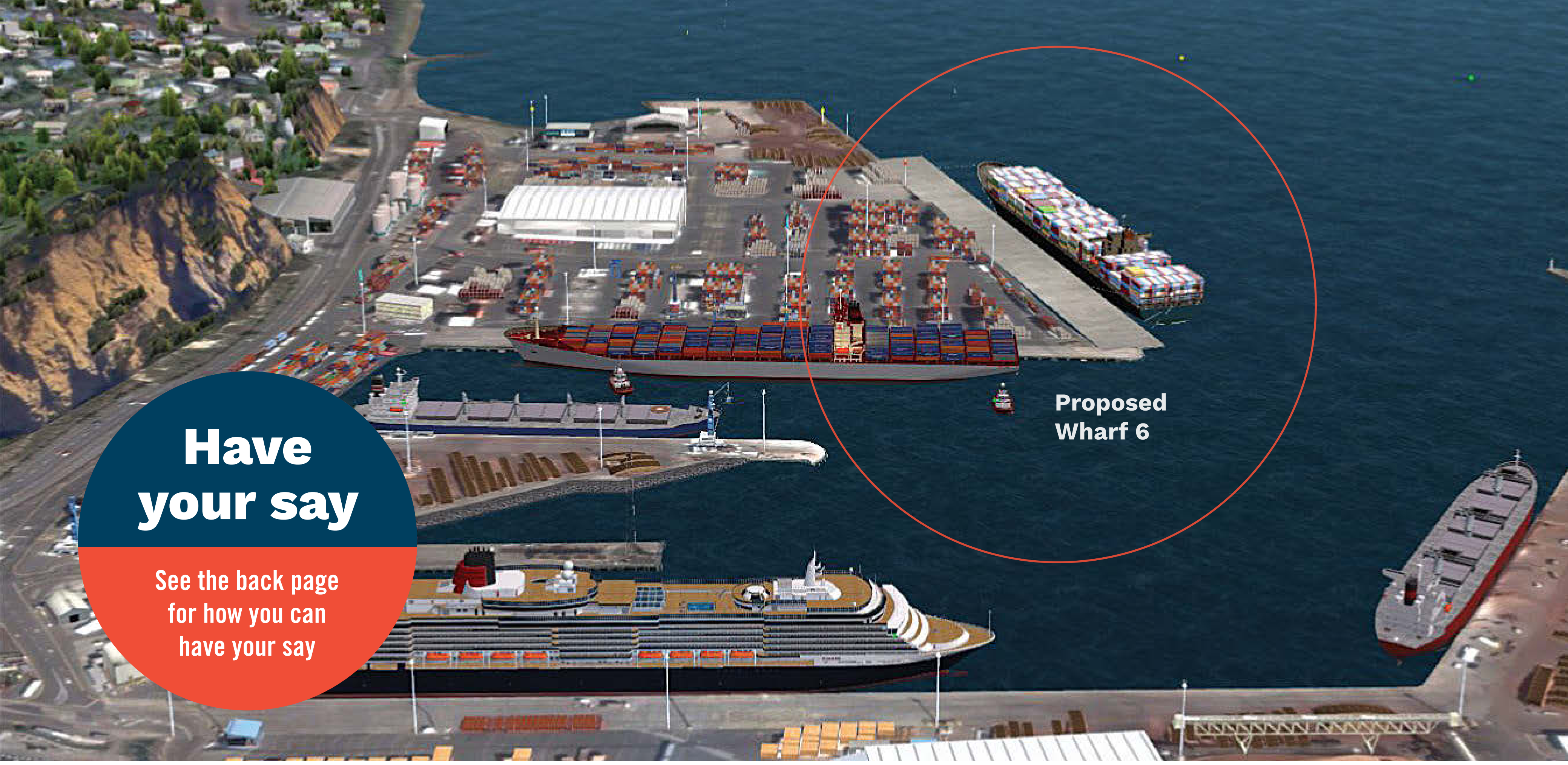



## Cruise ship numbers and passengers/crew




## Forecast growth in tonnes of cargo (2006–2028) including 2006–2017 actuals






## The need for investment in our Port

In December 2017, the Port lodged resource consent applications with Hawke's Bay Regional Council which are currently being considered by independent commissioners. The consents are required to allow construction of a new 350-metre-long wharf (Wharf 6) along the northern edge of the existing container terminal and to dredge a berth, swing basin and eventually to deepen the shipping channel.

More information on this consent application is available here: **www.projects.napierport.co.nz.**

> With increasing growth, the Port needs a new wharf by 2022. Construction needs to start in 2020, with a 30-month construction timetable.

The proposed 350-metre length of the wharf will enable larger ships to be accommodated and create space for vessels on existing wharves. Container ships up to 320 metres long with a width (beam) of 42.8 metres are expected to berth at the new wharf, while cruise vessels up to 360 metres long (Oasis Class) can also berth there.

Due to lack of space, the Port expects to turn away seven cruise ships next year, which represents around $3.5 million of tourism spend bypassing Hawke's Bay. With the new wharf, the Port could attract up to seven more cruise vessels, meaning up to another 16,500 visitors per annum.

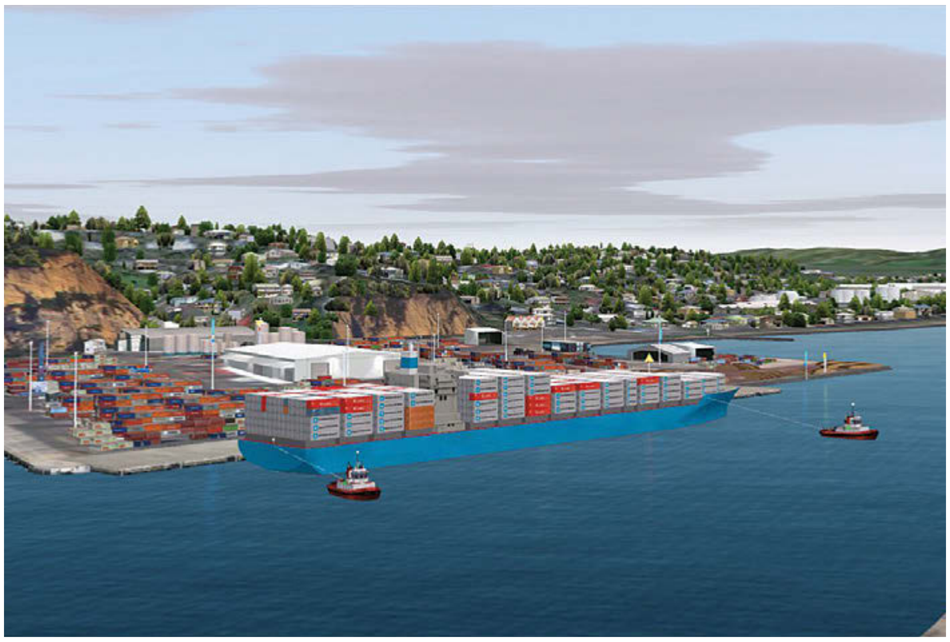
Napier Port has run out of wharf space. If a vessel is having to wait for a berth, this costs the shipping company money and encourages them to look for other port alternatives.

**Napier Port has reached a tipping point. It needs significant funds to enable the Port to meet growing demand.**

> International benchmarks indicate a level of approximately 50% as the usual peak berth utilisation at which new capacity is required. This level is now being routinely exceeded during peak months, with berth occupancy for certain wharves exceeding 70% in 2018.

The Port needs to invest in its continued efficiency. The increased size of vessels and increased volume of cargo exchanges inevitably results in increased time at berth. Requests to berth from cargo vessels more than 300 metres long are being declined on a regular basis as they are simply too big to get in and out safely.

**The Wharf 6 Justification Report from Napier Port to the Regional Council is included in the supporting information at hbrc.govt.nz, search: #ourport.**


# Investment risk management, limiting ratepayers' exposure

As well as funding the Port's growth requirements, another objective is to diversify investment risk. Put another way, the Regional Council is committed to better protecting ratepayers through its investments.

With more than three-quarters of all of the Regional Council's commercial investments concentrated in the Port, ratepayers are heavily exposed to a single asset.

The core purpose of the Regional Council is to protect and manage our natural environment for current and future generations and to enable sustainable economic growth in Hawke's Bay. It is not necessary to have 100% ownership of the Port to deliver against these objectives and the Regional Council believes that failing to diversify its investments is exposing ratepayers to too much risk.

Currently, annual dividends from the Port make up approximately 20% of the Regional Council's annual revenue. This dividend limits annual rates bills and funds key services.

New Zealand is earthquake-prone. Earthquakes in Christchurch and Kaikōura extensively damaged the Port of Lyttelton in Christchurch and CentrePort in Wellington, significantly impacting operations.

**It is not sensible for the Regional Council, on behalf of ratepayers, to hold so many economic eggs in one basket.**

**Any significant commercial or environmental event that negatively impacted the Port would result in immediate impacts to ratepayers, such as the loss of dividends and a subsequent increase in rates.**

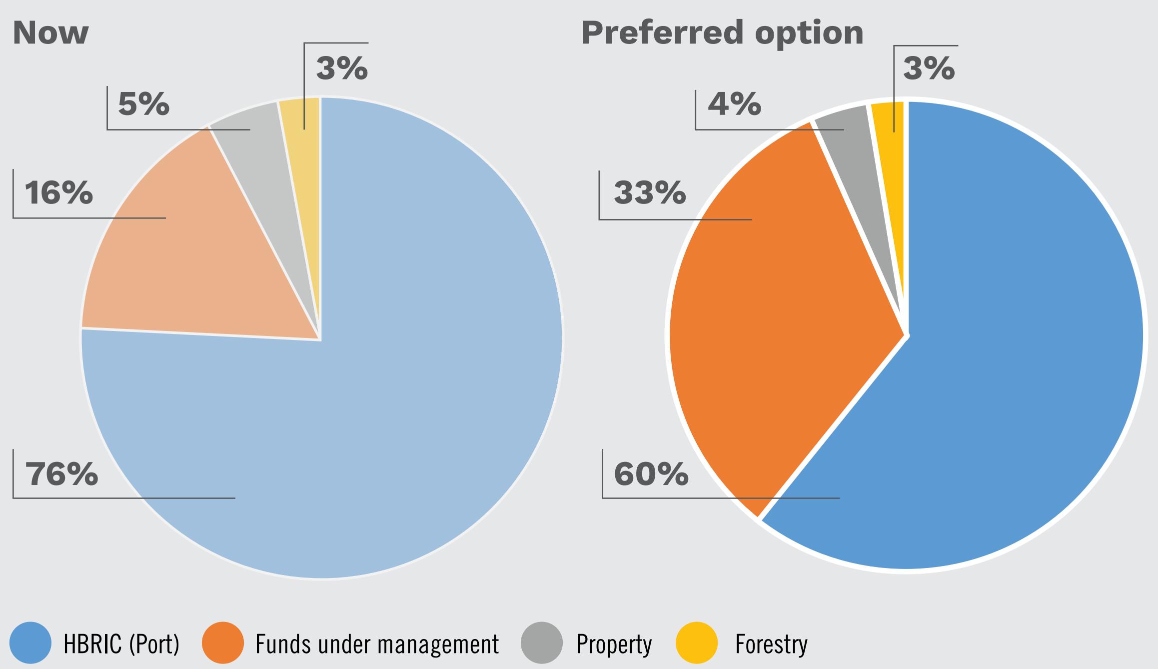
In a natural disaster, ratepayers could expect that other significant assets the Regional Council owns and maintains, such as stopbanks, pumping stations and coastal protection systems, would also be damaged, requiring significant time and money to fix.

Owning a port is inherently risky. Insuring them can be challenging and expensive. While the Port is insured for many rebuild scenarios, this does not cover loss of dividends, leaving an income risk to the Regional Council and ratepayers.

As the value of the Port increases, so too does the concentration of the Regional Council's investment in it. The Regional Council's investment portfolio is increasingly out of balance and exposed to external events. This also limits the reinvestment of funds in higher-returning, diversified assets that could deliver greater Regional Council services or restrict demands on ratepayers.

**A well-managed investment portfolio should be diversified to spread and manage risks. The Regional Council's preferred option better protects ratepayers from the risk of a single asset while retaining community ownership.**

### Breakdown of the Regional Council's revenue-generating assets*




*revenue-generating assets that add to scheme balances are excluded.

# The process to this point

Our Port is at a tipping point and needs a significant funding injection to grow. It's an issue that has been actively considered by the Regional Council for nearly two years.

**There's no single yes or no decision to be made in response to a single question. Rather, consideration and discussion is required around a range of options – all with different potential outcomes for the Port and its staff, the community and ratepayers, and the Regional Council and the local economy.**

The process of considering the options has involved approximately 30 meetings, presentations, reports, workshops and the establishment of a Capital Structure Review Panel. This panel alone met 12 times in the preparation and publication of advice to the Regional Council. Some Councillors and staff have visited Australia to observe the operation of ports under a lease model.

The Regional Council believes a month of community consultation in which every person has the right to be heard is the best way to reach the right decision on how to fund our Port.

## A condensed timeline of the Regional Council's process looks like this:

- Napier Port Strategy Session hosted by Regional Council — **January 2017**
- Council approves formation of Capital Structure Review Panel — **March 2017**
- First meeting of Capital Structure Review Panel — **June 2017**
- Napier Port presentation to Council 2018–28 Long Term Plan Workshop — **October 2017**
- Capital Structure Review Decision Steps Paper to Council Workshop — **November 2017**
- Interim Capital Structure Review report released to public — **December 2017**
- Some Councillors and staff visit Australia to observe leased port model — **January 2018**
- Final Capital Structure Review report presented to Council and released to public — **April 2018**
- Napier Port development options discussed at Council Workshop — **May 2018**
- Napier Port Capital Raising Options paper presented — **June 2018**
- Potential Port Transaction Approach paper presented to Council — **July 2018**
- Independent Valuation Analysis presented to Council Workshop — **August 2018**
- Napier Port Capital Structure and Project Update presented to Council — **August 2018**
- Napier Port Capital Structure Paper presented to Council — **September 2018**

## Capital Structure Review Panel

In March 2017, the Regional Council appointed a Capital Structure Review Panel to review how the Regional Council funds its assets and operations, including the Port.

The Capital Structure Review Panel comprised Councillors, Port representatives and independent members. After a year of work, it reported back in April 2018, analysing a number of options for funding the Port's growth.

Initially, the Panel considered options and progressively whittled these down over time. Informed by this analysis and its own rigorous analysis, the Regional Council has decided on the four options contained in this document.

This consultation document explores each of these options.

**All documentation relating to the Capital Structure Review is available online at hbrc.govt.nz, search: #CSR**

### Considering all the options

While we've stated a preferred option, we're open to others. That's the point of consultation. Following feedback from the community, we may decide to proceed with an option other than the preferred. We may choose to combine options or to modify them.

We've prepared this document on a number of financial, forecasting and timing assumptions. Unless these assumptions are proven to be materially wrong such that we believe we need to reconsult, the Regional Council intends to make decisions based on the feedback received.


### Creating a 'Future Fund'

Some of the options in this document release funds to the Regional Council. The Capital Structure Review recommends any proceeds be invested in a long-term 'future fund'. Proceeds from the diversified investment would limit rates pressures and any surplus returns would go into a reserve fund to protect the Regional Council and ratepayers.

Doing nothing is not an option – the Port must be enabled to grow

# Borrowing, debt and rates

Before we look at individual options, we need to ask why the Port or the Regional Council doesn't take on more debt to fund the Port's expansion.

Borrowing, or incurring debt, is a common option for many organisations funding infrastructure development. There are some significant implications with taking on more debt that we need to understand before making decisions.

All of the options canvassed in this document are concerned with generating funds to reduce the Port's current $86.6 million debt to enable it to start to reinvest in its growth.

## Port debt and possibility to borrow

The Port cannot borrow more – through either bank debt or the issuing of bonds – to fund all of its capital expenditure requirements without debt reaching imprudent levels.

The Port currently holds debt of approximately $86.6 million. At approximately twice its EBITDA (Earnings before Interest, Taxation, Depreciation and Amortisation), this is a sensible level of debt for an organisation like the Port to hold on its balance sheet.

As the Capital Structure Review Panel found in 2018:

> *"Unless it lowers its debt prior to [its first wave of investment], the Port would be a sub-investment grade asset with an 'intermediate' risk of financial default… accordingly, the Port Board has formed the view that it is not financially prudent to fund the Port's strategic plan with debt alone, and is exploring options to inject additional equity into the Port."*

The dividend from the Port of approximately $10 million per annum directly enables the Regional Council to limit rates bills. Any reduction of dividend flow from the Port – for example, if the Port was to fund investments through not paying a dividend – would lead to increasing rates.

## Ability for Port to self-fund on an ongoing basis

With its current debt significantly reduced, the Port is expected to have the financial flexibility and headroom to self-fund all of its forecast $320–$350 million 10-year capital expenditure programme, including Wharf 6.

This will be achieved through a combination of prudent borrowing and increased earnings to service debt and continue paying dividends to shareholders.

The construction of Wharf 6 will improve the Port's congestion and productivity. It will increase its capacity to meet its current needs and provide flexibility to meet future growth as more vessels visit the Port.

## The Regional Council borrowing

The Regional Council could borrow more money to fund the Port's growth but, again, ratepayers would be paying.

> As it currently stands, there is not a borrowing option across the Port or the Regional Council that does not directly impact ratepayers.

In its 2018–28 Long Term Plan (LTP), the Regional Council committed to borrowing $70 million over a decade to fund a range of critical environmental initiatives, both to clean up and future-proof Hawke's Bay's natural environment. This is the core business of the Regional Council and there are pressing needs for this work across our erosion-prone lands and coastline, as well as around the region's waterways.

> If the Regional Council was to borrow an additional $86.6 million to significantly reduce the Port's current debt to enable the Port to begin to borrow and invest again, there would be a significant and immediate impact to ratepayers.

The implications for ratepayers of the Regional Council taking on additional debt to enable Port development are set out on the following page.

## Reducing flexibility for core Council services

Alongside the impact on ratepayers, if the Regional Council was to borrow to significantly reduce the Port's debt, this would take borrowing very close to its limits. The Regional Council would have very high debt levels and would not have the capacity to borrow to fund the core functions of the Regional Council if additional resource was urgently required, such as through responding to a natural disaster.

The Regional Council borrowing more would see high levels of debt, rates rises for ratepayers and significantly reduced flexibility to perform the core functions of the Regional Council that ratepayers and the people of Hawke's Bay expect.

### Managing conflicts

New Zealand is a small country in which many people know each other. In seeking to transfer an ownership stake in an asset there is always potential for conflicts of interest to arise.

The Regional Council and its advisors will be vigilant around identifying, recording and then managing any potential or real conflicts of interest associated with any transaction or contract.

**In this section, we provide some detail around each of the four proposed options, including how they line up against the Regional Council's objectives of:**

- securing funding for the Port's development
- protecting ratepayers from these costs
- diversifying Council's investments to protect ratepayers
- retaining majority community ownership and control

**Should ratepayers pay for the Port's growth through rates?**

**The option of funding the Port's development via rates is not favoured by the Regional Council**

# Option A: Retain full ownership and control

The first option we must put to the people of Hawke's Bay is choosing to retain 100% ownership and control of the Port.

Regardless of whether it is through more debt or direct rates increases, under this option ratepayers will be required to fund the Port's development through their rates.

The only viable way to fund the Port's growth with more debt would be for the Regional Council to borrow $86.6 million from the Local Government Funding Agency at an assumed interest rate of 3.6% over a decade. The Regional Council would then give this capital to the Port, enabling it to significantly reduce its current debt and begin investing with new borrowing and a clean balance sheet.

The Regional Council would be borrowing money to inject directly into the Port. The cost of repaying an additional $86.6 million of debt over a decade is approximately $103 million. If there was a bank that was prepared to loan this money on a 30-year basis, at an assumed 6% interest rate, the total cost would be $187 million.

The cost to the ratepayer of borrowing an additional $86.6 million over the nine remaining years of the Regional Council's 2018–28 LTP is an additional $956 on average per ratepayer, with a 45.2% rates increase next year. This 45.2% rates increase would come on top of the 8% average rates increase set out in the Regional Council's 2018–28 LTP. This would increase average rates in 2019–2020 by approximately 53%.

This would take the Regional Council very close to its maximum debt position. It's important to note here that if the Regional Council was to borrow to significantly reduce the Port's debt, it would expect to receive higher dividends, which partially offset the debt cost and minimise rates impacts. The table below reflects this growth in projected Port dividends to the Regional Council.

Even if the Port was to stop paying a dividend to the Regional Council – which would again directly impact ratepayers – there would still need to be further borrowing given that the new wharf the Port requires needs to begin construction in 2020.

Maintaining 100% ownership and control and expecting ratepayers to fund the Port's growth is not the Regional Council's preferred option. Taking this course of action will place a very real burden on some ratepayers. It will further concentrate the Regional Council's investment risk and compromise the ability of the Regional Council to manage unforeseen challenges in the future.

**Retain full ownership and control**

| 2018–28 LTP Years | FY18/19 | FY19/20 | FY20/21 | FY21/22 | FY22/23 | FY23/24 | FY24/25 | FY25/26 | FY26/27 | FY27/28 | LTP TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Dividend if Council reduces Port debt* | $10.0m | $10.2m | $10.4m | $10.6m | $12.6m | $13.9m | $14.6m | $15.9m | $17.3m | $17.9m | **$133.4m** |
| Long Term Plan Forecast Port Dividend[1] | $10.0m | $10.2m | $10.4m | $10.6m | $10.9m | $11.1m | $11.3m | $11.6m | $11.8m | $12.0m | **$109.9m** |
| Cost of servicing $86.6 million over 10 year term | | -$10.3m | -$10.3m | -$10.3m | -$10.3m | -$10.3m | -$10.3m | -$10.3m | -$10.3m | -$10.3m | **-$92.9m** |
| Average cost per ratepayer | *n/a* | $144 | $144 | $144 | $119 | $103 | $96 | $81 | $65 | $60 | **$956** |
| Average impact on rates | *n/a* | *45.2%* | | | | | | | | | - |

*Assumes 2018–28 LTP dividend policy until FY 21–22, 60% payout ratio thereafter. [1]Dividend policy assumed in the 2018–28 LTP was $10.0m grown at 2% pa.

| | Delivers development funding | Retains operating control | Retains majority ownership | Capital released for reinvestment | Value of retained ownership | Maintains Council income | Impact on Council service levels | Diversifies investment risk | Impact on Council debt | Impact on rates |
|---|---|---|---|---|---|---|---|---|---|---|
| **Option A** Funding Port development via rates / borrowing | **YES** | **YES** | **YES** | **NO** | **NO CHANGE** full ownership | **YES** | Additional Council borrowing would reduce flexibility to deal with unforeseen events | **NO** | $86.6m + 270% | $956 average per ratepayer over 9 years of the 2018–28 LTP |

# This is the Regional Council's preferred option

Should the Regional Council float up to 49% of the Port on the NZ Stock Exchange?

## Option B: Up to 49% public share offer

At 45% IPO: $181M RAISED – $86.6M PORT DEBT SIGNIFICANTLY REDUCED – $11M SALE COSTS = $83M PROCEEDS TO INVEST + $239M VALUE OF RETAINED OWNERSHIP

The Regional Council's preferred option is to float a minority stake of up to 49% in the Port on the New Zealand Stock Exchange (NZX). Private investors, including Hawke's Bay residents and Port staff, would have the opportunity to buy and trade shares in the Port. The process by which shares would be created and listed on the stock exchange is called an Initial Public Offer (IPO).

The option of floating a minority stake in a port is not new. The Port of Tauranga has thrived under a similar model, with its council owner retaining 55% ownership and other private investors owning 45%. Under this model the Port of Tauranga has been very successful, delivering its council owner and other private shareholders significant increases in returns.

> The Regional Council's preferred option is the same as for the Port of Tauranga, with the Regional Council retaining majority ownership in the Port.

Under this option, best market practice would have an independent (non-Council appointed) Chair of the Board and a majority of independent directors.

As part of any introduction of external equity into the Port, the Regional Council will retain governance oversight. Under the IPO option, the Regional Council will retain the ability to determine the make-up of the Board by voting on director appointments. The Port as a listed company will be subject to information disclosure rules and the Regional Council should expect the same level of information as provided to other shareholders.

Figures presented here around this option relate to a 45% share sale – see assumptions on page 15.

Under this option approximately $181 million of capital could be raised. The assumed valuation for a minority IPO is higher than for a minority sale to a single investor due to higher valuations likely to be applied by equity market portfolio investors.

Based on conservative estimates, after the Port's $86.6 million of current debt had been significantly reduced, and sale costs had been deducted, there would be approximately $83 million to reinvest. With these proceeds, the Regional Council would establish a 'future investment fund' in which the capital was 'ring fenced' and the investment proceeds from it would, subject to market conditions, more than match the current dividend flow from the Port.

This scenario is based on a conservative assumption that 60% of the Port's net profit after tax (NPAT) is paid out as dividends. Any decisions around the dividend payout ratio after an IPO would need to be taken by the new Board of the Port.

Under this option it is forecast that dividends plus returns from sale proceeds would exceed 2018–28 LTP Port dividend forecasts by $14.3 million over the period. These would add to a reserve fund which provides a financial buffer against potential market volatility. Under this scenario there would be no impact on rates and no impact on debt.

Under an NZX listing of the Port, if the Port Board of Directors determined to invest further capital in the Port's growth, the Regional Council would be obliged to do the same or its shareholding in the Port would be diluted by the contribution of capital from the minority investors.

In a decision to float a minority stake in the Port, the Regional Council may choose to sell less than 49% to provide a majority ownership buffer.

One of the attractions of an NZX listing is that local investors would have an opportunity to take a direct ownership stake in the region's Port and share in its success. Under this proposal, the Regional Council would consider how to prioritise access to shares for the local community and Port staff. One of the attractions of this option, as opposed to the lease option (page 14), is that the Regional Council retains a commercial exposure to a growing strategic asset.

This option satisfies the Regional Council's objective of diversifying investment risk, retaining majority ownership and control, and providing the funding that the Port requires.

### Why we like this option

**Floating a stake in the Port of up to 49% on the local stock exchange is our preferred option because:**

- it raises the funds to enable our Port to grow
- it protects ratepayers from rates rises
- it diversifies the Regional Council's investments
- it retains majority community ownership and control
- it continues to provide the Regional Council with a stake in a growing asset
- it enables Port staff and the local community to directly invest in our Port.

**Public share offer of 45% stake in Port**

| 2018–28 LTP Years | FY18/19 | FY19/20 | FY20/21 | FY21/22 | FY22/23 | FY23/24 | FY24/25 | FY25/26 | FY26/27 | FY27/28 | LTP TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Long Term Plan Forecast Port Dividend* | $10.0m | $10.2m | $10.4m | $10.6m | $10.9m | $11.1m | $11.3m | $11.6m | $11.8m | $12.0m | **$109.9m** |
| Post Sale Dividends + Returns on Proceeds[1] | | $12.0m | $12.2m | $11.8m | $11.6m | $12.0m | $12.5m | $13.3m | $14.2m | $14.6m | **$114.2m** |
| Impact on income | *n/a* | $1.8m | $1.8m | $1.2m | $0.7m | $0.9m | $1.2m | $1.7m | $2.4m | $2.5m | **$14.3m** |
| Impact on rates | *No impact on rates* | | | | | | | | | | - |

*Dividend policy assumed in the 2018–28 LTP was $10.0m grown at 2% pa.

[1] The return on proceeds has been calculated as 5% return on the approx. $83m received (grown at 2% pa) + 55% share of Port Dividends at a 60% payout ratio.

| | Delivers development funding | Retains operating control | Retains majority ownership | Capital released for reinvestment | Value of retained ownership | Maintains Council income | Impact on Council service levels | Diversifies investment risk | Impact on Council debt | Impact on rates |
|---|---|---|---|---|---|---|---|---|---|---|
| **Option B** up to 49% Port sharemarket listing | **YES** | **YES** | **YES** | Approx. **$83m*** | Approx. **$239m*** | **YES** | **NO IMPACT** | **YES** | **NO IMPACT** | **NO IMPACT** |

*Numbers based on modelling of a 45% sale of shares, and on assumptions as detailed on page 15.


Should the Regional Council sell up to 49% stake in the Port to a minority investor?

**A minority sale is a viable option but not the Regional Council's preferred option**

# Option C: Sell up to 49% to an investment partner

At 45% SALE: $147M RAISED – $86.6M PORT DEBT SIGNIFICANTLY REDUCED – $8M SALE COSTS = $52M PROCEEDS TO INVEST + $239M VALUE OF RETAINED OWNERSHIP

Under this option, up to 49% of the Port would be sold to an investment partner. This partner might be a single investor or a group of entities.

The new partner would have seats on the Port Board but majority ownership and control of the Port would remain with the Regional Council.

The sale of a minority stake would enable the Port's long-term growth – primarily through significantly reducing the Port's current debt, enabling the Port to resume investing in its future growth.

Dividends from the Port's performance would be shared among the two shareholders. For example, if a 45% stake in the Port was sold to another investor, they would receive 45% of the dividends.

Figures presented here around this option relate to a 45% minority sale – see assumptions on page 15.

Conservative estimates suggest that the sale of this stake could generate approximately $147 million. If the Port's current $86.6 million debt is significantly reduced and costs of sale deducted, this would leave approximately $52 million to be reinvested.

With these proceeds, the Regional Council would establish a 'future investment fund' in which the capital was 'ring fenced' and the investment proceeds from it would seek to match or exceed the loss of a share of Port dividends. Under this scenario, based on financial modelling, there would be a very modest shortfall in Council revenue, leading to some small rates increases in some years.

While no surplus funds are expected under this scenario, if any surplus funds were to be generated above the 2018–28 LTP's dividend assumptions, they would be used to create a reserve fund to provide a financial buffer against potential market volatility.

The option of a minority sale would diversify the Regional Council's direct investment risk exposure and would dilute the level of direct ownership in the Port. The minority partner could also expect protection rights on significant decisions, including around strategy, investments and director representation.

> Given the sale would be of a minority, non-controlling stake in the Port, investors would likely pay less than for a controlling stake. The full value of the Port is unlikely to be reflected in the sale of a minority stake to an investment partner.

**Sale of 45% stake in Port**

| 2018–28 LTP Years | FY18/19 | FY19/20 | FY20/21 | FY21/22 | FY22/23 | FY23/24 | FY24/25 | FY25/26 | FY26/27 | FY27/28 | LTP TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Long Term Plan Forecast Port Dividend* | $10.0m | $10.2m | $10.4m | $10.6m | $10.9m | $11.1m | $11.3m | $11.6m | $11.8m | $12.0m | **$109.9m** |
| Post Sale Dividends + Returns on Proceeds[1] | | $10.5m | $10.7m | $10.2m | $10.0m | $10.3m | $10.8m | $11.5m | $12.4m | $12.7m | **$99.1m** |
| Impact on income | *n/a* | $0.3m | $0.2m | ($0.4m) | ($0.9m) | ($0.8m) | ($0.5m) | ($0.1m) | $0.6m | $0.7m | **($0.9m)** |
| Impact on rates | *n/a* | *n/a* | *n/a* | *1.6%* | *3.3%* | *2.7%* | *1.9%* | *0.1%* | *n/a* | *n/a* | - |

*Dividend policy assumed in the 2018–28 LTP was $10.0m grown at 2% pa. [1]The return on proceeds has been calculated as 5% return on the approx. $52m received (grown at 2% pa) + 55% share of Port Dividends at a 60% payout ratio.

| | Delivers development funding | Retains operating control | Retains majority ownership | Capital released for reinvestment | Value of retained ownership | Maintains Council income | Impact on Council service levels | Diversifies investment risk | Impact on Council debt | Impact on rates |
|---|---|---|---|---|---|---|---|---|---|---|
| **Option C** Minority sale (up to 49% sold to investment partner) | **YES** | **YES** | **YES** | Approx. **$52m*** | Approx. **$239m*** | **YES** | **NO IMPACT** | **YES** | **NO IMPACT** | **YES** |

*Numbers based on modelling of a 45% sale of shares, and on assumptions as detailed on page 15.

Should the Regional Council lease the Port's operations to a private investor for up to 50 years?

**A lease model is a viable option but not the Regional Council's preferred option**

# Option D: Lease Port operations to a private investor

$466M RAISED – $86.6M PORT DEBT SIGNIFICANTLY REDUCED – $13M SALE COSTS = $161M PROCEEDS HBRC TO INVEST | $205M PROCEEDS HBRIC TO INVEST + $49M RESIDUAL BOOK VALUE OF RETAINED OWNERSHIP

The final option for consideration is contracting the operation of the Port to a private investor through a long-term (up to 50-year-long) operating lease.

The operating lease model is common in other parts of the world where governments and local authorities face the same challenge – how to fund significant infrastructure investment while retaining ownership of community assets. Many of the ports of Australia are operated under this model, usually under 50–99-year leases.

Under an operating lease, the Regional Council would contract the operation of the Port to an operator in exchange for an upfront fee, or a payment programme over time. The Port retains absolute ownership of the land and the assets, and at the conclusion of the lease period the Port assets are handed back to the Regional Council or re-leased.

Under this model, the new investor would be required to fund all of the Port's investment in its growth in addition to an upfront fee for the right to run the Port.

Based on an assumption of a 50-year operating lease, it is envisaged that the upfront fee paid to the Regional Council for the right to operate the Port could be approximately $466 million. If the Port's current $86.6 million debt was significantly reduced, this could leave the Regional Council with approximately $366 million to reinvest.

Under this option, proceeds from the lease would be split between the Regional Council and its investment company (HBRIC) in order to minimise tax liabilities and maximise net proceeds.

With these proceeds, the Regional Council would establish a 'future investment fund' in which the capital was 'ring fenced' and the investment proceeds from it would, subject to market conditions, exceed the current 2018–28 LTP forecast dividend from the Port.

Under the conditions of a market downturn or a natural disaster, the lease operator would be responsible for reconstruction of the Port and the fee it had paid to the Regional Council is non-refundable.

This option delivers the most capital to the Regional Council and retains absolute community ownership of the Port. It enables the Port's development, diversifies investment risk, and more than adequately continues to offset the foregone dividend based on current assumptions.

However, under a lease model, the Regional Council would give up operational control of the Port for a long time. While it would negotiate a range of conditions into the contract with the operating party, the Regional Council is concerned that the lease contract would bind future councils and would be signed for a period of up to 50 years, regardless of the changing commercial, environmental and social context.

> We cannot envisage what the next 50 years will hold and the Regional Council is concerned about signing a contract for that period for that reason.

Additionally, while the Regional Council anticipates strong domestic investor interest in an IPO, it would expect potentially greater levels of offshore interest in the lease option.

**A long-term lease achieves:**

- maximum value release
- a level of control (by legal contract) and 100% ongoing ownership of the land and assets
- significant capital for Port development
- continuation of Regional Council income (on the basis that sale proceeds are reinvested)
- reduced risk exposure.

Under this model there is alignment of commercial interests. All parties would be concerned that the Port thrives, grows and actively supports the growth of the region. However, a lease operator would need to become a partner with the Hawke's Bay community and actively demonstrate a commitment to our region and our values.

> The Regional Council appreciates that decisions around the Port are more than a financial exercise. Our connection to the Port, the importance of control and the sense of ownership we feel in this asset are just as significant to consider.

While a lease model would deliver the best financial outcomes, the Regional Council wants to retain commercial exposure to a growing strategic asset. The Regional Council is also concerned around values alignment and the importance of ensuring a clear and direct connection between the Port, its staff, the local community and management. It is for these reasons that an operating lease is not the Regional Council's preferred option.

**50-year lease of Port operations**

| 2018–28 LTP Years | FY18/19 | FY19/20 | FY20/21 | FY21/22 | FY22/23 | FY23/24 | FY24/25 | FY25/26 | FY26/27 | FY27/28 | LTP TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Long Term Plan Forecast Port Dividend* | $10.0m | $10.2m | $10.4m | $10.6m | $10.9m | $11.1m | $11.3m | $11.6m | $11.8m | $12.0 | **$109.9m** |
| Total Return on Proceeds invested | | $15.4m | $15.7m | $16.1m | $16.4m | $16.7m | $17.0m | $17.4m | $17.7m | $18.1m | **$150.5m** |
| Impact on income | n/a | $5.2m | $5.3m | $5.4m | $5.5m | $5.6m | $5.7m | $5.8m | $5.9m | $6.0m | **$50.6m** |
| Impact on rates | *No impact on rates* | | | | | | | | | | - |

*Dividend policy assumed in the 2018–28 LTP was $10.0m grown at 2% pa.

| | Delivers development funding | Retains operating control | Retains majority ownership | Capital released for reinvestment | Value of retained ownership | Maintains Council income | Impact on Council service levels | Diversifies investment risk | Impact on Council debt | Impact on rates |
|---|---|---|---|---|---|---|---|---|---|---|
| **Option D** Long-term lease to operator (for up to 50 years) | **YES** | **NO** | **YES** | Approx. **$366m** | Approx. **$49m** residual book value | **YES** | **NO IMPACT** | **YES** | **NO IMPACT** | **NO IMPACT** |

# Assumptions and Report of Audit New Zealand

## LTP Amendment – How will this affect the 2018–28 Long Term Plan(LTP)?

The 2018–28 LTP was adopted on 27 June 2018. It is available at hbrc.govt.nz, search: #LTP.

The Regional Council must consult on any amendments to its 2018–28 LTP.

If the Regional Council goes ahead with what has been proposed, the 2018–28 LTP would require amendment.

The proposed amendment includes changes to the following sections in the 2018–28 LTP document:

- Financial Strategy (Part 3)
- Statement of Financial Position and Funding Impact Statement (Part 6)
- Treasury Policy (Part 7)
- Revenue and Financing Policy (Part 7)
- Statement of Council Controlled Organisations Policy (Part 7)
- Significant Forecasting Assumptions (Part 7)

The amended pages from these sections in the 2018–28 LTP are included in the supporting information at hbrc.govt.nz, search: #ourport.

### Assumptions

The Regional Council has made the following assumptions throughout this process, which apply to all options, unless it is clear that the assumption relates to one or more options only:

- Based on projections and forecasts used, it is assumed there would be no requirements for further capital injections. Capital raised at IPO would be sufficient to enable the Port to fund its strategic plan.
- A transaction will not proceed if the Regional Council's expectations are not met. The Regional Council is fully entitled to exit or walk away from any transaction for any reason prior to a transaction being concluded.
- All proceeds raised from the IPO, minority sale or lease, after costs of the sale are paid and Port debt is reduced or cleared, are passed through to the Regional Council or HBRIC and invested into a Future Investment Fund at a rate of 5% return.
- Where this document references ownership, this also includes shares held by HBRIC on the Regional Council's behalf.
- Expected returns on proceeds from the sale, over and above current 2018–28 LTP forecast, will be used to create a reserve fund to protect the Council against market volatility. As a result there is no change to levels of service.
- No adverse tax consequences arise.
- The proposal document discusses a transaction date of 1 July 2019. The Regional Council reserves the right to move this proposed date as required in response to changing conditions and in order to protect value.
- The Regional Council retains the ability to establish the appropriate structures to manage the transaction and the Regional Council's continued ownership position in the Port, such as the possibility of creating new holding entities or corporate structures as required.
- For the purpose of modelling, the Regional Council has assumed a 45% stake in the Port will be sold under Options B and C. The actual percentage that would be sold could be more or less, but is subject to the above assumption about the Regional Council retaining a majority interest in the Port.
- The proposed draft 2018–28 LTP amendment have been prepared on the basis of a 45% stake in the Port being sold under Option B.
- The preferred option in this proposal document is for the Regional Council to float an up to 49% stake in the Port on the NZX. The Regional Council reserves the right to move the percentage being floated in response to variables, including market conditions. However, the Regional Council will not float more than 49% of the Port in order to protect a majority ownership position.
- Financial assumptions used in this document are based on current information to date. In particular, valuations and cost of sale assumptions are based on an independent review. These are estimates based on best information and could be subject to change.
- A transaction is subject to all applicable regulatory approvals, including NZX, foreign investment and competition approvals.

## To the readers of the Hawke's Bay Regional Council's consultation document

## Independent Auditor's Report on the proposed amendment of the 2018–28 Long Term Plan

I am the Auditor-General's appointed auditor for the Hawke's Bay Regional Council (the Council). I have audited the information in the consultation document about the proposed amendment of the 2018–28 Long Term Plan (LTP), using the staff and resources of Audit New Zealand. We completed our audit on 3 October 2018.

### Opinion

In my opinion:

- the information in the consultation document about the proposed amendment of the LTP provides an effective basis for public participation in the Council's decisions about the proposed amendment, because it:
  - fairly represents the reasons for and implications of the proposed amendment; and
  - identifies and explains the main issues and choices facing the Council and the region, related to the proposed amendment; and
- the information and assumptions underlying the information in the consultation document related to the proposed amendment are reasonable.

### Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the consultation document. To select appropriate audit procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the proposed amendment.

We did not, as part of our audit work, evaluate the security and controls over the publication of the consultation document.

### Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements relating to its procedures, decisions, consultation, disclosures, and other actions associated with preparing and publishing the consultation document whether in printed or electronic form;
- having systems and processes in place to provide the supporting information and analysis the Council needs to be able to prepare a consultation document that meet the purposes set out in the Local Government Act 2002 (the Act); and
- ensuring that any forecast financial information being presented has been prepared in accordance with generally accepted accounting practice in New Zealand.

I am responsible for reporting on the consultation document, as required by section 93D of the Act. I do not express an opinion on the merits of any policy content of the consultation document.

### Independence and quality control

In carrying out our audit, we complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised); and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended).

In addition to this report on the Council's consultation document and all legally required external audits, we have provided an assurance report on certain matters in respect of the Council's Debenture Trust Deed, and an agreed upon procedures assignment relating to a contract between the Council and the Accident Compensation Corporation. These assignments are compatible with those independence requirements. Other than these assignments, we have no relationship with or interests in the Council or any of its subsidiaries.

Stephen Lucy, Audit New Zealand
On behalf of the Auditor-General, Wellington, New Zealand

# Tell us what you think

Thanks for taking the time to join us in this important conversation. Now it's time to have your say. Once we've heard from you, we will decide the best way to invest in Napier Port to support the growth of our region.

Our stated preference is for a sharemarket listing of a minority stake in the Port, however we are committed to open and genuine consultation. We are open to feedback on any of the four options before we make a decision.

We welcome all feedback from across the Hawke's Bay community – from Central Hawke's Bay, to Napier, Hastings and Wairoa – on the best option to invest in your Port and grow Hawke's Bay.

# Have your say on this decision for our future

The Regional Council wants your feedback on four options – including our preferred option – on the best way to fund the future of Napier Port and spread investment risk for ratepayers.

We need your feedback by **4pm on Thursday 15 November 2018.**

A summary of all submissions will be published on the Hawke's Bay Regional Council website on 28 November 2018.

If you wish to speak to the Regional Council about your submission, please note this and we will contact you to arrange a time for you to present. Our hearings will be held 4–5 December 2018.

### For more information

There is detailed supporting information on the Hawke's Bay Regional Council website: **hbrc.govt.nz, search: #ourport**

### Capital Structure Review

hbrc.govt.nz, search: #csr

### Long Term Plan (LTP)

hbrc.govt.nz, search: #LTP

**Publication Number: 5026; ISBN Number: 978-0-947499-23-5**

### Online:

Give us your feedback online **hbrc.govt.nz, search: #ourport**

Fill in our simple online form – it's easy.

### Social media:

Comments made through the following channels will be provided to Councillors as written feedback:

- our Facebook page: **hbregionalcouncil**
- send a text to **027 445 8290**; start your text with "ourport"

### In writing:

Written submissions can be emailed to: **ourplan@hbrc.govt.nz**, or posted to: **Hawke's Bay Regional Council Private Bag 6006, Napier 4142**

Look for our displays at local libraries across the region and Regional Council offices in Napier, Waipawa and Wairoa.

Go to **hbrc.govt.nz** for everything you need, including this copy of Our Port, all supporting information and to give us your feedback online.

If you have any questions, drop an email to **ourplan@hbrc.govt.nz.**

### See us at the Shows

**Hawke's Bay A&P Show: 17–19 October**

Port and Regional Council staff will be at the Port display. Drop by and have a chat.

**Central HB A&P Show: 10 November**

Regional Council staff have a tent. Come and see us to find out more.

### Drop-in sessions

Come and talk to us at one of our drop-in sessions. This is your chance to speak to staff and Councillors.

**Central Hawke's Bay – Thursday 25 October, 3–6pm**
Civic Theatre Snug
14 Northumberland Street, Waipukurau

**Napier – Monday 29 October, 3–6pm**
Regional Council Chambers / Ahuriri Room
159 Dalton Street, Napier

**Hastings – Tuesday 30 October, 3–6pm**
The Lounge, Hastings Baptist Church
Cnr Karamu Road South and Lyndon Road, Hastings

**Havelock North – Thursday 1 November, 3–6pm**
The Lantern Gallery
Havelock North Function Centre
30 Te Mata Road, Havelock North

**Flaxmere – Tuesday 6 November, 3–6pm**
Flaxmere Community Centre
30 Swansea Road, Flaxmere

**Wairoa – Thursday 8 November, 3–6pm**
Presbyterian Church Lounge
98 Queen Street, Wairoa

## How long have I got?

**We need your feedback by 4pm on Thursday 15 November. This includes online, email, hand-delivered and postal submissions.**