



**WHANGANUI
DISTRICT COUNCIL**
Te Kaunihera a Rohe o Whanganui

Statement of Proposal
for the
**Establishment of a new Port Related
Council-Controlled Organisation**

1. SUMMARY OF INFORMATION

Whanganui District Council (“the Council”) is seeking feedback on establishment of a new port related Council-Controlled Organisation (CCO) for the purposes of developing, operating and maintaining the Whanganui Port and associated assets.

This proposal involves the establishment of an entity that will undertake the redevelopment and future management of the Port. The Council’s initial equity investment in the entity will comprise \$12.3M in cash, and Harbour land and other assets (including the Harbour Endowment land).

2. BACKGROUND AND REASONS FOR PROPOSAL

In 2016, the Council received government funding through Accelerate25, the Whanganui-Manawatū regional growth study, to develop a plan for revitalising the port area.

In its 2019/20 Annual Plan, Whanganui Council decided to spend \$12.3M on infrastructure requirements needed for port users. Council also sought additional funding of \$12.5M from the Crown through the Provincial Growth Fund (PGF), which was confirmed on the 2 July 2020. As part of the conditions of Council receiving the PGF funding, Council is required to establish a Special Purpose Vehicle (SPV) to manage the port redevelopment and transfer the Harbour Endowment Assets to the SPV.

To give effect to the creation of the SPV, Council is proposing to establish a new port related Council-Controlled Organisation (CCO) for the purposes of developing, operating and maintaining the Whanganui Port and associated assets. Once established, Council intends to place the \$12.3M of capital, approved under the 2019/20 Annual Plan for the port redevelopment, along with Harbour

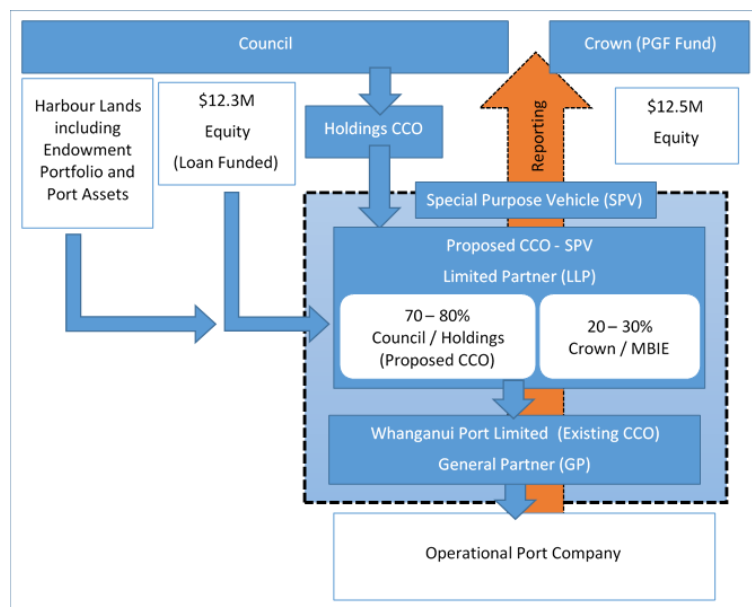


Figure 1: Indicative Special Purpose Vehicle Structure for Port

Endowment Portfolio into the CCO. Assets from the CCO along with \$12.5M of Crown funding through the PGF will form the SPV with Council owning between 70-80% of the SPV with the Crown owning between 20-30%.

The SPV will manage the Harbour Endowment Portfolio on Council's behalf with revenue being used for the purposes of developing, operating and maintaining the Whanganui Port and associated assets.

3. Options for Consideration

Option 1 - Council establishes a new port related CCO for the purposes of developing, operating and maintaining the Whanganui Port and associated assets.
(Proposed)

This proposal involves the establishment of an entity (SPV) that will undertake the redevelopment and future management of the Port. The Council's initial equity investment in the entity will comprise \$12.3M in cash and Harbour land and other assets (including the Harbour Endowment land).

Advantages

- \$12.5M of Crown funding for the port revitalisation project through the PGF fund is contingent on the formation of the SPV and will allow for the better provision of port infrastructure and the associated economic and community benefits.
- The formation of the CCO is required for the efficient and effective establishment of the SPV; and

Disadvantages

- Through the SPV structure Council will have a lower level of control on the overall Port Revitalisation Project than if it were the sole funder of the project; and
- There will be additional reporting requirements from Council to the Crown.

Option 2 – Council **does not** establish a new port related CCO for the purposes of developing, operating and maintaining the Whanganui Port and associated assets.

Advantages

- Council retains a greater level of direct control of the overall Port Revitalisation Project with fewer reporting requirements.

Disadvantages

- Crown funding for the port revitalisation project through the PGF fund is contingent on the formation of the SPV;
- Council will need to either find alternative funding sources or accept a lower level of service for the port, which may not meet community expectations in relation to levels of service; and
- The formation of the CCO is required for the effective and efficient establishment of the SPV.

4. CONSULTATION AND SUBMISSION

A copy of the Statement of Proposal, including the proposed bylaw and information about making a submission can be obtained from the Council website www.whanganui.govt.nz

You can make a submission online at www.whanganui.govt.nz/haveyoursay, or alternatively, submission forms are available from the Whanganui District Council's Customer Service counter at the main municipal building located at 101 Guyton Street, the Davis Central City Library, and Gonville Library. Please indicate whether you would like to speak to your submission and include contact details. People who wish to be heard by Council will be given the opportunity to do so. The hearing of submissions is scheduled for **late-August 2020** at the main municipal building located at 101 Guyton Street.

For any queries, please contact Justin Walters, Policy Analyst on (06) 349 0001.

The period for making submissions is from 8 July until 5.00pm Friday, 31 July 2020.