

RUSSELL PROTECTION SOCIETY (INC)

P O Box 154

Russell, Bay of Islands

Submission to Long Term Community Plan: Russell Wharf

Information in black print is taken from Far North District Council (FNDC) or Far North Holdings Limited (FNHL) documents and websites, while the blue print is comments and concerns made by the Russell Protection Society (RPS) as to the proposed transfer of ownership of Russell Wharf.

Who should own Russell Wharf?

Council's commercial company Far North Holdings Ltd (FNHL) has asked Council to transfer Russell Wharf to it for \$1 so it can develop a café and i-SITE Visitor Information Centre on the wharf, which it maintains on Council's behalf.. FNHL would be responsible for maintaining the wharf and would need to consider community aspirations when planning any improvements. Early consultation has highlighted the benefits of Council, FNHL, the Russell Wharf and Waterfront Trust and the Russell community continuing to work closely together to develop and agree a 50 year vision and implementation plan that provides for community input into the Wharf's development, future direction, management and governance, and that leverages funding opportunities.

Level of Service. Through FNHL visitors and the local community will see better facilities, shelter from weather, information and refreshments.

The following statements in the FNDC Long-Term Plan 2018-28 Consultation

Document are factually incorrect:

- The building at the end of Russell Wharf is not becoming an i-SITE Visitor Information Centre with café, but will remain an independent privately-run booking and information business. An i-SITE is managed by Tourism New Zealand, benefits from strong branding and marketing, and accredited members must meet standards in staff training, professionalism and information technology.
- Early consultation has not taken place with the Russell community, as evidenced that FNHL obtained resource consent for the replacement building without public knowledge or public notification. There was no community consultation in conjunction with the RWWT. The current Lessee engaged in limited consultation that only targetted select individuals and organisations.
- Level of service claims that there will be 'shelter from the weather'. However the resource consent application shows the significant loss of outdoor seating, one bench compared to four benches around the sides of the existing Booking and Information Centre which provides sheltered

outdoor seating whatever wind direction. The revised building consent drawings show no benches whatsoever. Is it plausible that indoor shelter will be provided to locals and visitors who are not clientele of the café or information booking service?

- The existing Booking and Information Centre already sells a range of refreshments (bottled soft drinks and stick ice-creams). Adding a café which will have outdoor tables and chairs will further reduce public amenity and that locals and visitors wanting to enjoy the wharf as they currently are able, will have to make a purchase.

Russell Wharf

Please refer to page 23 in the Consultation Document

Who should own Russell Wharf?

4a. Transfer the Wharf to FNHL

Cost Potential annual savings between \$93,000 and \$156,000

Annual ratepayer impact

2018/19	-\$1.26
2019/20	-\$1.28
2020/21	-\$1.31
2021-28	-\$1.70 average per year

4b. Council retains ownership of the wharf

Cost No change to current costs

Annual ratepayer impact No change to rates

Which option do you prefer?

4a. Transfer the wharf to FNHL (potential annual savings between \$93,000 and \$156,000)

4b. Council retains ownership of the wharf (no change to rates)

- The figures outlined are not substantiated by any associated data and are therefore open to question. It is incumbent on the FNDC to make sure all relevant information is provided to the Community and to date there is nothing to back up what is, in conclusion, an incomplete proposal from FNHL that the Russell community have been asked to support.
- Noting the question is related to a specific town and implies annual savings to all Far North ratepayers and why does the question exclude asking where submitters live, as per Kaikohe, Tai Kao and Kawakawa, to identify what those people actually living in Russell want?

Far North Holdings joins FNDC Councillors and staff in encouraging ratepayers to

review the Long-Term Plan consultation document and to submit feedback on the issues it is consulting on, as well as on any other matter to do with the plan.

In this regard, Far North District Council is consulting with ratepayers across the district about whether to transfer ownership of Russell Wharf from Council to Far North Holdings Ltd (the Council-owned 'delivery vehicle' for Council's commercial activities).

- Specific to this issue, the Russell Protection Society and the Community generally were not initially approached by FNHL management as part of an apparently selective approach to consultation.
- Given that, arguably, the Community originally built the Russell Wharf and have had existing use rights to the Wharf dating back to 1919, the level of consultation required should have been more than a last minute public meeting organised by The Russell Wharf and Waterside Trust (RWWT).

The proposed transfer forms part of the Long-Term Plan (2018-2028) on which Council is currently consulting with ratepayers. The question about whether to transfer Russell Wharf to Far North Holdings ownership is one of 15 specific issues on which Council is seeking ratepayer feedback.

Here is some context and background to Far North Holdings' involvement with and interest in Russell Wharf. Far North Holdings already operates Russell Wharf on behalf of the community, under a lease from the Far North District Council. So whether it leases the wharf, or owns it, nothing would change (emphasis added) regarding the way it is operated or accessed.

- The statement here that nothing will change regarding the way the Russell Wharf is operated and accessed is not correct because FNHL has publicly acknowledged that it will have to increase revenue generated from the Wharf and this would include a 20-28 seat café (excluding outside tables & chairs and mezzanine) on the end of the Wharf and the removal of the existing public sheltered seating there.
- Plans revealed show that a number of changes have been consented to and the detail of these changes have not been fully understood by the wider Russell community. For example, despite the Community having a stake in Russell Wharf the Resource Consent Application to redevelop the existing building on the Wharf and change its use was not publicly notified by Council. The RWWT did not inform or involve the Community either.

It would continue to charge only commercial operators wishing to use the wharf (as it does today). In fact, Far North Holdings' aim and ambition is to improve and encourage (emphasis added) public access to the wharf. It has no interest (ditto) in charging ratepayers to use the facility.

- It is accepted that charging ratepayers to use the facility is not desirable and

would not be acceptable. However if ratepayers and visitors continue to use the facility as present with their boats, then how would this use be facilitated and managed, and importantly how would FNH increase its revenue? This is far from clear.

Importantly: Russell Wharf would still be a ratepayer-owned facility, simply stewarded by Far North Holdings instead of Council.

Far North Holdings proposes to buy Russell Wharf off Far North District Council for one dollar so it can borrow money against it to raise funds for re-development, working closely with the Russell Waterfront Trust. The benefit of this fund-raising model is that it doesn't cost Council – or ratepayers – a single dollar. Importantly, these borrowed funds would be repaid with income generated by Far North Holdings' overall commercial operation.

- The current funding proposal for the upgrade of the wharf and the establishment of a café facility on the Wharf requires scrutiny. Information suggests that the proposed upgrade could be underfunded resulting in substandard specification that may not adequately serve the needs of existing users or others. Ownership of the Russell Wharf by Far North Holdings Limited would fundamentally change the Russell Wharf from a public structure managed in the public interest, to a commercial structure managed to meet the commercial imperatives of Far North Holdings Limited rather than the Russell Community
- In addition to this, the Community support for a café on the Wharf is unclear and questions have been raised as to whether it is needed, whether it would overwhelm public access to the Wharf, whether it is appropriate use of the public space available and whether it would impinge on the existing user right holders and loss of public amenity as there will be a requirement to make a purchase in order to enjoy sitting at the end of the Wharf as locals and visitors currently are able to do. Furthermore, there is concern that the café element of the business will supersede any booking and information service, and contrary to the claim made by the FNDC in their Consultation Document the removal of the existing public seating will mean there is no outdoor “shelter from the weather” when waiting for passenger ferries.
- Far North Holdings despite requests have not provided a business analysis (budgets and cash flows) to demonstrate viability of their proposals which makes it difficult, if not impossible, for the Russell Protection Society, other concerned groups and the Community to make a well-founded decision.

- Finally, whilst the submission has covered the need to have financials, we have failed to say that no specific details have been provided about the proposed “Legally-binding Management Partnership” between the RWWT and FNHL. In reality, what say will Russell have in terms of voting rights or ability to veto?

Far North Holdings and the Russell Waterfront Trust have had a long-standing and mutually beneficial relationship for a long time. This wharf regeneration plan and the proposed funding model has been developed with the Trust’s full knowledge and oversight.

- On the basis a funding model has been developed with the RWWT knowledge and oversight, why was this not been presented to the Russell Community? And why have requests for funding information by Russell Protection Society been denied? Russell Protection Society is recognised by the Environment Court under the Resource Management Act to have a greater interest than the General Public.
- The RWWT is a self-appointed group with commercial vested interests in Russell. It is a small organisation which regularly does not consult and there is no accountability back to the people of Russell. Awareness and support for their agenda is unclear.
- To date we have seen little consultation with the Russell Community, highlighted by the non-notification of the new building or any public awareness meetings or communication by the RWWT. Even at the recent meeting organised by the RWWT about transfer of ownership of the Wharf to FNHL, the plans for the building and café were not presented.

Similarly, for the past 12 months Far North Holdings has been working in close co-operation with the tenant of the current wharf building that is home to the information centre and has listened carefully to her plans and ideas for the wharf. The proposed redevelopment of this building will help the tenant improve the offering and facilities that her business is able to make available for local and tourist customers.

- Both the tenant and FNHL have been asked for a financial plan for the proposed combined café and booking and information operation, which would include a description of the proposed business, the level of investment proposed, fixed priced quotes to build, rental rates, projected

cash flows and lease terms. Since the Russell Wharf is a community owned asset, this level of due diligence is necessary to address and protect public and Russell Community interests. The viability of the proposed business is a concern and this information should be provided prior to any agreement to transfer ownership of the Russell Wharf.

If the Wharf was to be transferred to Far North Holdings ownership the company would be perfectly willing for a covenant to be included in the Title, stating that it would not be sold to any Third Party other than the local community in the form of the Russell Waterfront Trust, if the FNDC so desired. Such a covenant would not be strictly necessary, though, as the wharf is a key maritime infrastructure asset which means that it could not be sold without the approval of elected Council representatives.

- There is currently no evidence of costings, cash flow estimates, maintenance summaries or structured plan to give comfort to the Community that an overall financial projection for management purposes exists.
- The profit projections, how they are reached, and who pays for the ongoing maintenance of the Wharf and its facilities remain unanswered.
- There is no guarantee that the RWWT can provide ongoing funding for maintenance from charitable donations, as has been suggested. Contingency or alternative revenue streams have not been identified.
- It is our view that any transfer of ownership to FNHL must be based on an agreed fully costed and audited, quality plan and that the ongoing wharf maintenance shall be funded by FNHL and if necessary from the Russell rates which are currently being used all over Northland.
- The Russell Wharf is an essential part of the infrastructure of our Town, along with the roads and sewerage scheme, and the implications of privatising this particular facility have not been fully considered in our view.
- In summary, as per the remit of the Controller and Auditor General any transfer of ownership of the Russell Wharf to FNHL and any management structure “shall be agreed by the CCO and the Community prior to any change of structure compliant with Section 8 of the Governance and accountability of Council Controlled Organisations”.

It is therefore incumbent on the FNDC to scrutinise and confirm all proposed changes of structure and the associated detail, including public concerns, as those raised by Russell Protection Society, are dealt with to the satisfaction of all parties prior to any transfer of assets. Not complying with such procedures could prompt action by the Auditor General's Office and/or the Ombudsman.

In view of the unanswered questions listed above, the Russell Protection Society cannot support the sale of Russell Wharf to Far North Holdings Limited and asks that it be retained in Council ownership (option 4b)

A handwritten signature in black ink that reads "Bob Drey". The signature is written in a cursive, slightly slanted style.

Bob Drey
Chairperson
Russell Protection Society

Address for Service: As above