

The Treasury

Budget 2011 Information Release

Release Document

June 2011

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- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people
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OFFICE OF THE MINISTER OF INTERNAL AFFAIRS

Chair
Cabinet Economic Growth and Infrastructure Committee

Funding options for the renewal of Waitangi Wharf, Chatham Islands

Proposal

1. This paper discusses issues arising from the deteriorating condition of Waitangi Wharf (the Wharf) on Chatham Island, and the consequent need for the Wharf to be repaired or replaced. Funding is sought for investigative works.

Background

2. The Chatham Islands comprise 10 islands with a total population of approximately 609 people, and are located 800km east of mainland New Zealand.
3. The Chatham Islands are facing a number of infrastructure issues, most notably the condition of the Wharf on Chatham Island, but also including the condition and length of the airfield on Chatham Island, and other issues such as electricity, housing, communication, solid waste management, and shipping arrangements.

Waitangi Wharf

4. A key transport and shipping concern is the Wharf, owned by the Chatham Islands Enterprise Trust (CIET). The Wharf is the container wharf, fuel storage facility and main cargo hub for the Chatham Islands, and provides key sea access. The Wharf, however, is in poor condition and has no natural weather protection making it vulnerable to rough weather and sea conditions, which results in approximately 70 days per year where vessels cannot use the Wharf.
5. Continuing deterioration of the Wharf will eventually make it unusable and have a severe impact on the Chatham Islands' economic and social wellbeing. For the immediate future, the Council considers that the Wharf is still operational. Use of the Wharf is restricted to reduce impact on the structure. The Wharf requires repair or replacement as soon as possible given risks to health and safety.
6. The CIET is not in a financial position to adequately maintain the Wharf and offered to sell the Wharf to the Council. The Council accepted on the proviso that funding to completely renew the Wharf was obtained from the New Zealand Transport Agency's National Land Transport Fund, and a memorandum of understanding was in place to this effect. A recent attempt by the Council to obtain initial funding from the National Land Transport Fund to investigate renewal of the Wharf was declined. The funding was applied for via the Targeted Community Fund, which has been used to fund the improvement of the Council-owned Owenga Wharf on the eastern side of Chatham Island.
7. The reasons given for declining the funding application are that the Wharf is not in Council ownership, and is generally used for private, not public, purposes. Transfer of ownership of the Wharf to the Council was considered in the New Zealand Transport Agency's decision. However, the Agency stated that an asset

which is below standard, unfit for purpose, or which would otherwise result in a liability to the public and is intended to be vested in the Council in this condition, would not be eligible for funding assistance.

Comment

Justification for renewal of Waitangi Wharf and the Crown's role

8. The renewal of the Wharf is a key infrastructure necessity for the social and economic wellbeing of the Chatham Islands. If investment is not made, there are likely to be serious consequences for the Islands over the longer term, including economic and social impacts.
9. Upgrading Waitangi wharf would provide an opportunity to extend it to accommodate larger vessels. Increased shipping capacity would provide economic benefits to the Chatham Islands, including a potential for increasing livestock production. Also, providing an additional livestock ramp at the Wharf would make the transfer of livestock to vessels for export easier, and put less stress on the animals.
10. Construction of a breakwater would significantly reduce the number of days where vessels cannot use the Wharf because of weather conditions. This would result in a reduction of costs for commercial operators and assist the peak export of livestock during the winter months.
11. While the Crown has no legal obligation to assist in the renewal of the Wharf, Crown funding is essential for the renewal to proceed.

Funding for initial investigative works and further work required

12. Initial investigative works will cost approximately \$200,000. The CIET would contribute \$40,000 and the Crown would contribute \$160,000. These works would involve assessing the existing structure to an accurate level, and developing a preliminary business case, subject to initial consultation with the Chatham Islands' community and Wharf users. This would then be followed by a more detailed review of options available, and the identification of a preferred option, which might range from minimum repairs to a full Wharf replacement.
13. Following the initial investigation, and identification of a preferred option, further funding would be required from the Crown, subject to the nature of the preferred option, discussions on ownership of the Wharf, and how costs may be able to be proportioned amongst the Crown, the CIET, the Council and community and private organisations.

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Financial implications

15. There are varying financial implications and risks for the Crown. As noted, initial funding is required to investigate what works are required and what options are available, and also to quantify the costs to the Crown and how these may be able to be shared either with the CIET, the Council and community, other Crown agencies, private users of the Wharf, or any other entity. Once this investigative work is carried out, further financial implications will be identified.

Consultation

16. This paper has been prepared by the Department of Internal Affairs. The Treasury and Ministry of Transport were consulted as part of preparing the paper.
17. The Treasury advises that the provision of contingency funding as part of Budget 2011 is unlikely, due to other funding pressures. There is no money in existing baselines for a one-off Crown grant for the Wharf in the 2011 Budget. Treasury has indicated there may not be funding available in the 2012 Budget either.

Human rights, gender, disability implications

18. There are no human rights, gender or disability implications.

Legislative implications

19. There are no legislative implications.

Regulatory impact analysis

20. A regulatory impact statement is not required.

Publicity

21. No publicity is proposed.

Recommendations

22. I recommend that the Cabinet Economic Growth and Infrastructure Committee:
 1. **note** that the Waitangi Wharf forms a vital transport link for the Chatham Islands, its continuing deterioration will eventually make it unusable, and that the Wharf requires repair or replacement;
 2. **note** the New Zealand Transport Agency decision to decline funding for investigative works on the Waitangi Wharf;
 3. **note** that a Crown contribution is essential for the renewal project to proceed
 4. **note** the indicative cost to carry out initial investigative works for the renewal project of \$200,000;
 5. **note** that the Chatham Islands Enterprise Trust proposes to contribute \$40,000 towards the cost of the investigative works;
 6. **agree** that the Crown contribute a grant of up to \$160,000 to fund the remaining portion of the investigative works;

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Hon Nathan Guy
MINISTER OF INTERNAL AFFAIRS

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