



To The Great South Board
Date Tuesday, 15 December 2020

DISCUSSION DOCUMENT

CONFIDENTIAL

Ruakākā Satellite Ground Station



Author	Chantelle Subritzky, Steve Canny
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RESOLUTION

Recommendations:

- That the Great South Board receives the Ruakākā Ground Station update report.

BACKGROUND

Since the last update on 19 November 2020 to the Board, Great South staff have been continuing to work towards the development of the Ruakākā Satellite Ground Station.

Feedback from the Board meeting on the 19 November 2020 identified that more agreeable financial terms needed to be negotiated for the land purchase loan and that an extension on the due diligence conditions was required to obtain the easement on the property, receive the LIM report from Council, and vary the covenant conditions on the proposed site.

Actions since the last report

- Easement conditions for telecommunications – A draft easement instrument has been drafted by the Great South lawyers and sent to Northpower (who owns the easement) for approval. We are waiting for the Northpower solicitors to approve this.
- Variation of the existing building covenant on the land – A variation of the covenant has been drafted and sent to the solicitors. This includes creating another building lot on Lot 3 to enable an equipment room to be placed closer to Sandford Road.
- Funding for the land purchase – A funding agreement with a limit of \$775,000, a 3-year term on 10 amortisation table, and a floating rate of 4.50% to 5%.
- Further public engagement with Northland Inc and local landowners. More information below.

Stakeholder engagement

- On 20 November 2020, staff went to Ruakākā to meet with Northland Inc, the planners and brief nearby landowners on the project who had been identified as affected by the project.
- One of the landowners shared the stakeholder information that they received with all nearby residents.
- A public meeting was organised on the 30 November 2020. Staff were advised of this meeting on 26 November 2020 but were unable to attend due to short notice. An offer to attend virtually was made, but this

was not taken up by the meeting organisers. Sixty residents attended the meeting. The main topic of concern was the location of the ground station and the potential impact on the valuation of nearby properties.

- There have since been two media requests (Bream Bay News and the Northland Advocate) for further information and a media process has been established to ensure that project messaging is consistent.
- The project continues to have the support of Mayor Sheryl Mai of Whangarei. Information has been shared with the rest of the Whangarei District Council councillors.
- The Ruakākā Primary School and Bream Bay College have requested that their letters of support are withdrawn as they did not follow due process and meet with the Board of Trustees before signing. They are still in support of the concept of the project but require a board meeting to confirm support.
- Support continues to be given by the Ruakākā Economic Development Group, Ruakākā Hall, and Northland Inc.

Critical dates

- 8 December 2020 – Due Diligence clauses expire. This includes:

Task	Progress
Obtaining approval of the Board of Directors	DONE – 19 November 2020 meeting
Obtaining suitable finance and funding	DONE – a more agreeable loan agreement secured
The state of the title of the property	DONE
Obtain a satisfactory valuation	DONE
Obtain a satisfactory LIM	DONE
A physical inspection of the state of the property	DONE
Confirm the suitability of the property for the purchaser's intended use, including power and telecommunications	DONE
Consultations with relevant iwi and associated parties	DONE
Any other matters the purchase deems relevant	DONE

- 23 January 2021 – Resource Consent condition expires. This date will be extended to accommodate Council planning processes.
 - Staff are applying for a limited notification of a resource consent. This should be submitted within the next week.
- Settlement is due within 10 days of the Sale and Purchase agreement becoming unconditional.

Achievements to date:

- Procurement of a conditional Sale and Purchase Agreement over land that is ideal for accommodating ground station infrastructure in Northland.
- Employment of local contractors to assist with the project, including an independent planner, valuer, draftsman, and landscape architect.
- Due diligence conditions on track for being completed by 8 December 2020.

Risks

Risk	Likelihood	Mitigation	Risk impact after mitigation
Inability to access the materials and/or expertise required to undertake the project	Unlikely	The delivery of international items and ability for necessary human expertise to travel internationally has been limited due to the Covid-19 pandemic. Great South can provide the necessary expertise without been reliant on overseas resources. The delivery of ground station material may be delayed, but it should not prevent the project from going ahead.	Low
The site does not meet the requirements of the District Plan causing extended delays	Unlikely	Early consultation with the Iwi has been positive and the Cultural Plan and Visual plan is currently underway is currently A key aspect of the approval process is the recent acceptance by the Whangarei District Council that the satellite antennae's will not be considered as buildings which eliminates one important consent hurdle. The building platform on site will have to be altered from current designated building platform to accommodate proposed equipment building. Great South has engaged a planner in Whangarei to assist with the application and early indication from Whangarei District Council that this will likely be consented.	Medium
The land is unable to be purchased	Unlikely	The offer on the land has been accepted. If the offer falls through, then another site may be found in the region however 13 sites have been assessed to date and finding a suitable site which is available for purchase will be difficult. AWS has also assessed the Sale and Purchase agreement and provided advice on the conditions, easements, and covenants over the site.	Medium
Customers are no longer interested in the site	Unlikely	Through the regular contact that Great South has with the interested customers, this does not seem likely. When a firm sale and purchase agreement has been negotiated site lease agreements will be negotiated. New customers are also being sought. The land can also be sold if no customers are secured. The recent valuation on the land shows that the purchase price reflects the market value.	Low
Other competitors moving into the New Zealand ground station market	Almost certain	If the Ruakākā ground station can proceed, then Great South has secured the key sites in New Zealand for establishing ground stations.	Low

Public Perception of Satellite Ground Stations	Likely	Extensive engagement has been undertaken, despite the Auckland Covid-19 lock down and this work will continue with local schools, iwi, Councils and community groups. A engagement meeting will be held with the locals in early 2021 to provide further information and receive feedback.	Medium
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Recommended next steps for Great South

Subject to Board approval it is envisaged the following steps would be advanced:

- Resource consent application submitted to the Whangarei District Council.
- Project plan for the development of the site completed and contractors engaged following the commitments for Ground Station Services.