

COVER SHEET

2.9 Sugarloaf Wharf Expansion Business Case Project PGF Application		For: Approve	
Tier: 1 - Regional	Sector: Aquaculture		
Background & context:		Recommendation:	
<p>Applicant Organisation:</p> <ul style="list-style-type: none"> Coromandel Marine Farmers Association Inc (MFA) <p>Location:</p> <ul style="list-style-type: none"> Coromandel, Waikato <p>Proposal:</p> <ul style="list-style-type: none"> Funding for a business case for the expansion of the existing Sugarloaf Wharf Facility to cater primarily for Aquaculture activities with some provision for existing recreational users. <p>Funding Sought:</p> <ul style="list-style-type: none"> Total project value: \$Commercial Information PGF Funding: \$Commercial Information (Commercial%) <p>The applicant has identified \$Commercial Information in-kind co-funding. This relates to hours projected to be committed across project workstreams (at \$Commercial Information) by Commercial Information, Commercial Information and Commercial Information, and Commercial Information.</p> <p>Background:</p> <p>a) The Coromandel Marine Farmers Association represents the Mussel and Oyster farmers of the Hauraki Gulf, who are concentrated around Coromandel Peninsula and at Waiheke Island. MFA has membership from every Mussel farm, and many of the Oyster farms, within the Hauraki Gulf.</p> <p>b) The current Sugarloaf Wharf facility that was consented in 1993 and built in 1994, catered for growth of the marine farming industry to</p>		<p>We recommend that the SROs:</p> <p>a) Note That this proposal is one of three components of the Coromandel marine aquaculture wharfing infrastructure investment strategy (alongside Coromandel Gateway and Kopu Marine Servicing and Business Precinct). The three pronged approach enables growth of the two key economic sectors in the Coromandel, tourism and aquaculture. The approach does this by providing essential increased capacity to land aquaculture product for the growing aquaculture industry (Sugarloaf wharf extension), increases capacity and safety for recreational users, ferry and charter boats (Coromandel Gateway) and also the support services for the increase in large locally based boats and barges (Kopu Marine Servicing Facility).</p> <p>b) Note The Coromandel Gateway and Kopu Marine Servicing Facility proposals were approved at the September SRO meeting (Total combined funding of \$Commercial Information).</p> <p>c) Note The business case is to confirm:</p> <ul style="list-style-type: none"> The design and cost of the wharf; Address the cultural, environmental, safety and commercial impact of the wharf upgrade; and Options of a mixed funding model between the public and private sector. <p>d) Commercial Information</p>	

24,000 harvest tonne. The facility is now handling harvest tonnage of ~ 25,000T.

- c) Congestion issues have resulted in time and cost inefficiencies (boat wait times) and health and safety concerns with both commercial and recreational users.
- d) Marine farming in the Coromandel area is mainly serviced via the Sugarloaf Wharf. Currently approximately 1,118 ha are farmed. Within the next 5 years, this is forecast to increase by 339 ha. This additional farmed area would increase annual throughput (assumed to all be landed at the Sugarloaf wharf) to approx. 32,000 Tonne per annum.
- e) MPI suggests further growth within the region is anticipated to increase with demand to approximately 30-40,000 tonne per annum by 2037.
- f) Both Vessel and Truck volumes are forecast to grow substantially in support of the forecast growth in tonnage.
- g) We are advised that to date ^{Commercial} and ^{Commercial Informa} **Commercial Information** have invested \$^{Commercial Informa} in feasibility studies; this incorporates engagement of external contractors covering legal, engineering, and health and safety workstreams.
- h) Initial feasibility work suggests a wharf upgrade is in the vicinity of \$^{Commercial}-\$^{Commercial} depending on the capacity required to support expected future expansion in mussel farming and fin-fish farming.

Commercial Information

e) Commercial Information

- f) **Note** That the transfer of land ownership to freehold is considered a key enabler in attracting private or public investment in the wharf upgrade.
- g) **Note** The wharf itself is in the Marine and Coastal Area (not capable of private ownership). The use and control of activities in the Marine and Coastal Area is under the jurisdiction of the Regional Council under the Resource Management Act. The Council has rights to use with R&M obligations.
- h) **Note** MFA has requested clarification from the PDU regarding the level of cash co-funding expected. MFA have indicated they lack funding to carry out the business case. The PDU recommends a co-funding of \$^{Commercial Informa}. The proposed development of Sugarloaf Wharf has been under consideration by ^{Commercial} and ^{Commercial In} for around 10 years, with little progress made regarding land ownership, foreshore and seabed issues. A reasonable level of co-funding will ensure 'skin in the game' with a strong financial interest to progress the proposal through to completion.
- i) **Note** MPI supports the proposal as a key enabler of the region's Aquaculture industries.
- j) **Support** the recommendation to **Approve** \$558,000 from the PGF fund towards the Sugarloaf Expansion Business Case Project subject to:
- A minimum co-funding contribution of \$^{Commercial Informa};
 - Confirmation from the ^{Commercial In} that they will commission and fund the balance of

		<p>the cost of the cultural values assessment (CVA);</p> <ul style="list-style-type: none"> • PDU agreement of the consultants/consultant firms contracted to undertake the various workstreams; • Agreement between the PDU and <small>Commercial</small> as to the project deliverables, and associated detailed budget; and • Establishment of the Steering Group satisfactory to the PDU
PGF criteria that this proposal supports:		
PGF Criteria	Assessment Commentary	Rating (1✓ to 5✓)
Link with fund and government outcomes		
Creates permanent jobs	<p>Growth of the aquaculture sector is dependent on Sugarloaf being fit for purpose. Provided there is investment, including in Sugarloaf wharf, the NZ Institute of Economic Research report identifies that direct employment opportunities arising within the District associated with the growth in the aquaculture are expected to increase from the current 350 FTE to <small>Commercial</small> FTE jobs and over <small>Commercial</small> FTE outside the Region. In addition to the direct employment opportunities, more jobs will be created indirectly downstream including ancillary industries such as engineering, marine electrical, and transport.</p> <p>Additional future private investment from the aquaculture sector are forecast to include lines and water based infrastructure, and on land with new processing facilities, new boats, and ancillary services.</p>	✓✓✓✓
Delivers benefit to the community	MFA maintains strong links to the local community, employing local people and supporting learning opportunities for youth including the Maritime NZ Seafarer training and qualified deck crew courses.	✓✓✓
Increased utilisation and returns of Maori asset base	<p>Commercial Information</p> <p><small>Commercial Information</small> economic strategy includes a major strategic focus on maximising the performance of aquaculture assets, and is therefore highly supportive and integral to the Sugarloaf development.</p>	✓✓✓✓
Enhanced sustainability of natural assets	The proposal provides the key infrastructure in support of growth in mussel production which is a long-	✓✓✓

	established industry in the area with a proven track record of very low environmental impact.	
Mitigation of climate change effects	The upgraded Sugarloaf facility will take into account the effects of climate change, including sea level rise and increased frequency of weather-related events.	✓✓
Additionality		
Adding value by building on what is already there	The proposed development of Sugarloaf Wharf will expand upon what is already there; replacing a facility that is not fit for purpose, constructing new berthage, separating recreational from commercial facilities, and creating additional operating hardstand areas for commercial users.	✓✓✓✓
Acts as a catalyst for productivity potential in the region	Additional value-add will be primarily through the facilitation of the increase in aquaculture in the area, leading to substantial economic benefit to the region and the creation of new jobs. New infrastructure at Sugarloaf wharf will facilitate the movement and processing of product through Thames-Coromandel and other districts; subsequently leading to the creation of ancillary service industries that are not in existence now or are currently at a very small scale and often seasonal.	✓✓✓✓
Connected to regional stakeholders and frameworks		
Alignment with regional priorities	<p>The expansion of Sugarloaf Wharf strengthens the aquaculture sector, a key component of the Hauraki District Council's economic development strategy and Waikato Regional Council's long-term vision for regional growth.</p> <p>Clear alignment with Waikato Means Business and Waikato Regional Economic Development Agency economic strategy.</p> <p>The Sea Change Tai Timu Tai Pari Marine Spatial Plan 2016 identified Sugarloaf as the main landing facility for aquaculture products</p>	✓✓✓✓
Support from local governance groups (inc. Councils, Iwi/Hapu)	<p>TCDC and Hauraki District Council have provided letters of support.</p> <p>The expansion of Sugarloaf wharf is seen by the Hauraki Iwi as key for future aquaculture development and providing Iwi opportunities for commercial aquaculture investment. Letter of support provided.</p> <p>Letter of support from Aquaculture New Zealand who</p>	✓✓✓✓

	views the Sugarloaf Wharf development as a critical regional infrastructure project.								
Governance, risk management and project execution									
Robust project management and governance systems	Project management to be undertaken by <small>Commercial Information</small> with experience in the marine and natural resources sectors. Key contractors identified <small>Commercial Information</small> Establishment of a Steering Group including PDU representative		✓✓✓						
Risk management approach	Engagement of contractors on a fixed fee basis		✓✓✓						
Future ownership / operational management	The ownership structure will be addressed in the business Case recommendations		✓✓						
The purpose of this briefing is to consider recommending PGF funds to the Sugarloaf Expansion Business case Project:									
Risks Issues:									
<ul style="list-style-type: none"> The applicant is unable to provide the necessary co-funding of \$<small>Commercial Information</small>. The transfer of land ownership to freehold does not proceed impacting the ability to source private or public investment in the development of Sugarloaf Wharf. 									
Eligibility points of note:									
<ul style="list-style-type: none"> <i>Due diligence:</i> Full due diligence is to be completed. It is a condition of approval that due diligence is to be to the satisfaction of the Head of PDU Investment team. <i>Conflict(s) of interest:</i> Based on the information provided no conflict of interest is evident noting that full due diligence will inform this item further. <i>Illegal Activity:</i> Based on the application information provided and feedback from other agencies there is no indication that the applicant or project has been involved in, or associated with illegal activity. <i>Alignment with Regional development plans:</i> Strong alignment across key economic strategies. <i>Commercial funding availability:</i> Given the nature of the project which is to complete a business case access to commercial funding is not considered a feasible option. 									
Consultation undertaken or implications:									
Legal	N/A	HR	N/A	Finance	N/A	MBIE policy	N/A	Other	MPI, LINZ
Supporting proposal:				Yes					

Appendices:	Yes - Applications and supporting letters are as annexes
Sponsor(s):	N/A
Manager/Author of paper:	Nick Hough, Investment Team

PROACTIVELY RELEASED