



PROVINCIAL
DEVELOPMENT
UNIT

26 June 2018

Ref: OIA 1718-1776

Redacted - Privacy

Dear Redacted

P1

Thank you for your email of 11 June 2018 to the Ministry of Business, Innovation and Employment requesting, under the Official Information Act 1982 (the Act), the following information:

"All information received, held or sent relating to the provincial growth fund investment into the wharf upgrades at the Bay of Islands referred to in this media release:
[https://www.beehive.govt.nz/release/wharf-upgrades-paihia-russell-and-opua.](https://www.beehive.govt.nz/release/wharf-upgrades-paihia-russell-and-opua)"

The attached briefing *Recommendations for funding from the Regional Growth Initiative Fund and Provincial Growth Fund* is provided in response to your request. Some information is withheld in this document under the following sections of the Act:

9(2)(a) protect the privacy of natural persons, including that of deceased natural persons

9(2)(b)(ii) would be likely unreasonable to prejudice the commercial position of the person who supplied or who is the subject of the information

9(2)(f)(iv) maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials

9(2)(g)(i) maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any department or organisation in the course of their duty

18(e) that the document alleged to contain the information requested does not exist or, despite reasonable efforts to locate it, cannot be found.

I do not consider that the withholding of this information is outweighed by public interest considerations in making the information available. I trust you find this information helpful. You may find it useful to approach the Ministry of Foreign Affairs and Trade regarding your earlier request for information relating to impact investment in developing countries.

You have the right to seek an investigation and review by the Ombudsman of this response. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

Yours sincerely

John Doobar
Provincial Development Unit Director



BRIEFING

Recommendations for funding from the Regional Growth Initiative Fund and Provincial Growth Fund

Date:	9 February 2018	Priority:	High
Security classification:	In Confidence	Tracking number:	2037 17-18

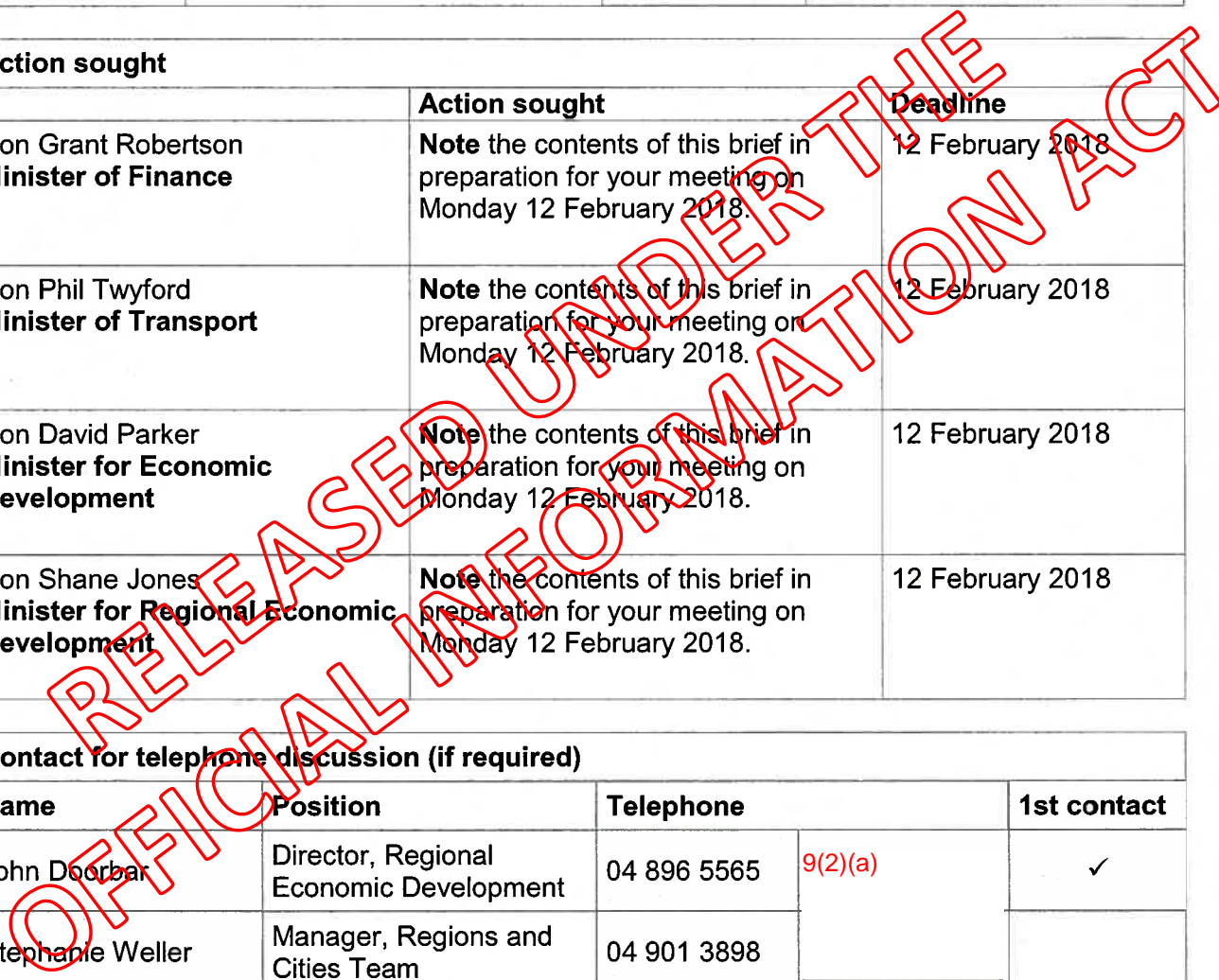
Action sought		
	Action sought	Deadline
Hon Grant Robertson Minister of Finance	Note the contents of this brief in preparation for your meeting on Monday 12 February 2018.	12 February 2018
Hon Phil Twyford Minister of Transport	Note the contents of this brief in preparation for your meeting on Monday 12 February 2018.	12 February 2018
Hon David Parker Minister for Economic Development	Note the contents of this brief in preparation for your meeting on Monday 12 February 2018.	12 February 2018
Hon Shane Jones Minister for Regional Economic Development	Note the contents of this brief in preparation for your meeting on Monday 12 February 2018.	12 February 2018

Contact for telephone discussion (if required)				
Name	Position	Telephone		1st contact
John Doorbar	Director, Regional Economic Development	04 896 5565	9(2)(a)	✓
Stephanie Weller	Manager, Regions and Cities Team	04 901 3898		

The following departments/agencies have been consulted
Te Puni Kōkiri, Ministry for Primary Industries, Ministry of Transport, The Treasury

Minister's office to complete:

- | | |
|---|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Noted | <input type="checkbox"/> Needs change |
| <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |





BRIEFING

Recommendations for funding from the Regional Growth Initiative Fund and Provincial Growth Fund

Date:	9 February 2018	Priority:	High
Security classification:	In Confidence	Tracking number:	2037 17-18

Purpose

On Monday February 12, the Minister of Finance, Minister of Transport, Minister for Economic Development and the Minister for Regional Economic Development are meeting to approve funding of projects for announcement at the launch of the Provincial Growth Fund in Gisborne on 23 February 2018. This briefing provides information on the projects recommended by Senior Regional Officials for that meeting.

Executive summary

The Government has committed to a significant investment in regional economic development through the establishment of the Tuawhenua Provincial Growth Fund (the PGF) of \$1bn per annum over three years. The PGF will invest in a range of projects from feasibility studies, capacity building and small local projects through to larger sector-led initiatives and infrastructure investments.

The Senior Regional Officials group convened on 8 February to review funding proposals and have made decisions within their delegations and recommendations for funding projects that require your delegated authority. This group comprises Deputy Secretary level officials that support economic development in respective regions.

The proposals have been assessed against the criteria for both the Regional Growth Initiatives Fund (RGI) and PGF and recommendations made as per the relevant delegated authority. These are outlined in appendix one. Funding decisions and recommendations for funding have been made from both the RGI and PGF.

We are seeking your approval of eight proposals at your meeting on Monday 12 February. The New Zealand Transport Agency will table a further four proposals for your consideration at the meeting. There are a further six proposals that fit with the draft PGF criteria being developed by officials, that we wish you to consider for approval, subject to the PGF criteria being confirmed by Cabinet on 19 February.

The Prime Minister and the Minister of Regional Economic Development will launch the PGF at Gisborne on Friday 23 February 2018 and will announce the suite of projects that will be funded from the PGF.

Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

- a. **Note** that Senior Regional Officials have reviewed the proposals outlined in schedule one and have recommended a range of actions, including
 - a. Already approved, ready to be announced,
 - b. Approve in full,
 - c. Approve subject to business case or further information,
 - d. No recommendation at this stage, continue to work with the applicant,
 - e. Proceed through the Cabinet process,
 - f. Decline, does not meet criteria.
- b. **Note** that Cabinet has agreed to the following delegations:
 - a. Minister for Regional Economic Development to approve projects less than \$1m;
 - b. Minister of Finance, Minister for Regional Economic Development, Minister for Economic Development, and Minister of Transport, together with any other relevant portfolio Ministers (joint Ministers), to approve projects between \$1m and \$10m, and in exceptional circumstances up to \$20m;
 - c. agree that projects greater than \$10m require Cabinet approval, (other than those approved by joint Ministers in exceptional circumstances up to \$20m)
- c. **Approve** the projects recommended by the SROs that fit within your delegated authority of up to \$1m under the RGI as the Minister for Regional Economic Development.
- d. **Agree** to the recommendations made by the SROs regarding proposals of more than \$1m assessed under the RGI criteria that require approval by the delegated Ministers.
- e. **Note** that SROs have identified some proposals that fit with the draft PGF criteria that have been developed by officials, and that these criteria will be confirmed by Cabinet on 19 February 2018
- f. **Agree in principle** to the recommendations made by the SROs regarding proposals of more than \$1m assessed under the draft PGF criteria that require approval by the delegated Ministers, subject to these criteria being confirmed by Cabinet on 19 February



John Doorbar
Director, Regional Economic Development,
MBIE

9 / 2 / 18
..... / /

Hon Shane Jones
Minister for Regional Economic
Development

..... / /

Background

1. The Government is committed to economic growth that is sustainable and benefits all New Zealanders. Regional economic development is an essential component of the Government's economic strategy.
2. In December 2017, Cabinet agreed to establish the Tuawhenua Provincial Growth Fund (the PGF), a \$1 billion per annum fund investment for three years, with the overall objective to lift productivity potential in the regions [CAB-17-MIN-0554, paragraphs 1 and 2]. The Fund will have three tiers: Regional Projects and Capability; Sector Investments (including the One Billion Trees Programme); and Enabling Infrastructure Projects [CAB-17-MIN-0554, paragraph 7].
3. Cabinet also agreed that projects agreed in 2017/18 that require new funding be subject to the PGF processes, including objectives, criteria and any detailed criteria and success measures agreed to in a February 2018 report back, with existing criteria for the Regional Growth Initiatives appropriation used in the interim. The draft PGF criteria that officials have been developing will be confirmed by Cabinet on 19 February when they consider this report.
4. Senior Regional Officials (SROs) have continued to assess projects prior to the February 2018 report using the existing criteria for the Regional Growth Initiatives (RGI) appropriation. There are some projects that fit the draft criteria for the PGF rather than the RGI. We are seeking your approval of these projects, subject to Cabinet confirmation of the PGF criteria on 19 February 2018.
5. In December 2017, Cabinet also agreed to the following delegations before the February 2018 report for projects that are investment-ready but require new funding:
 - authorise the Minister for Regional Economic Development to approve projects less than \$1 million;
 - authorise the Minister of Finance, Minister for Regional Economic Development, Minister for Economic Development, and Minister of Transport, together with any other relevant portfolio Ministers (joint Ministers), to approve projects between \$1 million and \$10 million, and in exceptional circumstances up to \$20 million;
 - agree that projects greater than \$10 million require Cabinet approval, (other than those approved by joint Ministers in exceptional circumstances up to \$20 million as provided for under paragraph 13.2);

Funding decisions

6. The Senior Regional Officials (SROs) group met on 8 February 2018 and reviewed a suite of proposals against the criteria for the RGI and the PGF and have made decisions within their delegations and recommendations for those within your Ministerial delegations. (See schedule one.)
7. In reviewing the proposals, SROs have followed your instruction and taken an ambitious approach to supporting regional economic development. They have considered projects that are a combination of regional priorities, and also some that are sectoral and infrastructural in nature.
8. Some of the projects will set precedents for future decisions and we seek clarification from Ministers as to whether they are willing to set these precedents by supporting these projects.

Project	Issues of precedents	Recommended action
Bay of Islands Airport	Funding of the Bay of Islands Airport will set precedents for the funding of other regional airports 9(2)(g)(i)	The SROs agree in principle to supporting this project, subject to 9(2)(g)(i) 9(2)(f)(iv)
Russell Wharf Opua Wharf Paihia Wharf	Funding of development and repairs of wharves at Russell, Opua and Paihia could set precedents for central government funding of local government infrastructure. 9(2)(g)(i)	SROs have taken the view to fund in terms of their relationship to the broader regional tourism priorities including the sesstercennial celebrations in 2019. In addition, Northland is a high growth tourism region with a low rating base. We could share costs with local government and differentiate between resilience and remediation funding and broader strategic outcomes.

9. We are also aware that by funding feasibility studies and business cases there may be raised expectations for further funding of the end projects 9(2)(f)(iv) plan. Officials will be clear to applicants about what we can and can't fund and that any further funding decisions will be based on the completed business cases.
10. The February report to Cabinet supports investment in resilience of infrastructure and we will then develop robust criteria to deal with incentive effects for local government.
11. NZTA officials will table material for four roading projects at Monday's meeting for your consideration.

Next steps

Report to Cabinet on the PGF

12. 12 February, the Ministers of Finance, Transport, Economic Development and Regional Economic Development meet and consider one proposal for funding within your delegations.
13. 14 February, Economic Development (EDEV) Cabinet Committee considers an oral item to consider seven proposals that fall outside of current delegations.
14. 19 February, Cabinet confirms EDEV's recommendations.
15. 23 February, The Prime Minister and the Minister for Regional Economic Development launch the PGF in Gisborne.

Launch of the PGF

16. Announcements at the launch will include the projects that are being funded from the PGF and will include aggregate investment by all partners' i.e. private, local government and central government.

Pipeline of projects

17. Officials will continue to compile a pipeline of regional, sectoral and infrastructure projects. Some of these projects will be submitted for consideration in the current financial year while others will be considered over the coming year.

Financial implications

18. Officials are recommending that joint Ministers approve the Whanganui Port development for \$3 million. Officials continue to work with the region on the business case and development of Whanganui Port, approving this central government commitment would be a significant boost for the project and the region.
19. Officials are recommending that joint Ministers endorse seven proposals for up to \$22.474 million to proceed as an oral item to Cabinet. These proposals are aligned with PGF criteria but not RGI criteria which CAB Minute CA-17-MIN-0554 requires. These projects are supported by SROs, but discussion by Ministers regarding precedent setting if approved needs to be considered, prior to Cabinet approving the Operational Design of the Tuawhenua Provisional Growth Fund.
- One of these is recommended to be funded from Regional Growth Initiative MYA – Bay of Islands Airport (\$1.750 million)
 - Six are recommended to be funded from Provincial Growth Fund (total \$10.724 million)

RGI MYA appropriations table

	\$m increase/(decrease)					Total
	2016/17	2017/18	2018/19	2019/20	2020/21 only	
Amount in Regional Growth Initiatives appropriation			44.000			44.000
Committed funding	(0.880)	(8.921)	(0.075)	(0)	(0)	(9.876)
In-principle funding endorsed awaiting business case from respective region (note 1)	(0)	(3.190)	(0)	(0)	(0)	(3.190)
outside scope						
Amount remaining in Regional Growth Initiatives appropriation (note 2)			5.368			5.368

Note 1: In-Principle funding endorsed as part of government response to Action Plan - Awaiting business case and submission for formal approval by delegated authority (Ministers/SROs)

Note 2: Appropriation balance if current proposal for funding is approved.

PGF MYA appropriations table

	\$m increase/(decrease)				Total
	2017/18	2018/19	2019/20	2020/21 only	
outside scope					
<i>Russell Wharf</i>	(1.114)	-	-	-	(1.114)
<i>Opua Wharf</i>	(0.890)	-	-	-	(0.890)
<i>Paihia Wharf</i>	(2.970)	-	-	-	(2.970)
Recommended for approval as part of this current briefing (2037 17-18)	(13.724)	-	-	-	(13.724)

Annexes

Annex one: Schedule of projects and recommended actions

Annex two: Schedule of confirmed decisions

Annex three: Summary of projects for decision

RELEASED UNDER THE OFFICIAL INFORMATION ACT

Annex one: Schedule of projects and recommended actions

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

Annex One: Schedule of Projects and Recommended Actions

#	Announcement	Region	Lead agency	Recommendation	Funding (up to amounts)	Potential Future Crown Investment	Source of funding	Comments	Strategic link to existing plans
---	--------------	--------	-------------	----------------	-------------------------	-----------------------------------	-------------------	----------	----------------------------------

ACTION REQUIRED: FOR JOINT MINISTERS APPROVAL ON THE 12 FEBRAURY 2018

outside scope

8	Russell Wharf	Northland	MBIE	3. Approve subject to business case or further information	\$1,114,000		Provincial Growth Fund Note: This is outside the CAB-17-MIN-0554, but is aligned to PGF criteria and objectives being developed, and requires Cabinet approval	This is outside the criteria of RGI, but aligns with Government direction in the establishment of PGF criteria which is being considered by Cabinet in February 2018. Direction is sought from Cabinet in the February paper for investment on infrastructure remediation and the precedent setting approving such project will make.	
9	Opua Wharf	Northland	MBIE	3. Approve subject to business case or further information	\$890,000		Provincial Growth Fund Note: This is outside the CAB-17-MIN-0554, but is aligned to PGF criteria and objectives being developed, and requires Cabinet approval	This is outside the criteria of RGI, but aligns with Government direction in the establishment of PGF criteria which is being considered by Cabinet in February 2018. Direction is sought from Cabinet in the February paper for investment on infrastructure remediation and the precedent setting approving such project will make.	
10	Paihia Wharf	Northland	MBIE	3. Approve subject to business case or further information	\$2,970,000		Provincial Growth Fund Note: This is outside the CAB-17-MIN-0554, but is aligned to PGF criteria and objectives being developed, and requires Cabinet approval	This is outside the criteria of RGI, but aligns with Government direction in the establishment of PGF criteria which is being considered by Cabinet in February 2018. Direction is sought from Cabinet in the February paper for investment on infrastructure remediation and the precedent setting approving such project will make.	

ACTION REQUIRED: FOR MINISTER FOR REGIONAL ECONOMIC DEVELOPMENT APPROVAL - under \$1 million

outside scope

RELEASED UNDER THE OFFICIAL INFORMATION ACT

Annex two: Schedule of confirmed decisions

outside scope

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

ONE PAGE ASSESSMENT OF PROJECTS

Project

Paihia Wharf, Far North Holdings Ltd

Contact: Andy Nock, Far North Holdings Limited, 9(2)(a)

Project description – what is the project, how will it be carried out and who will benefit?

Paihia Wharf is a major gateway and maritime transport hub in the Bay of Islands. It is considered by Far North Holdings to be a critical piece of infrastructure in the Far North. A number of commercial maritime businesses operate from the wharf, including local tourist cruises and charters, and the passenger ferry to Russell. Cruise ship tenders make heavy use of the wharf.

The project is an upgrade of the existing wharf facilities, which are currently struggling to handle the number of visitors and tourist operators and inhibiting future growth. The wharf is also in average to poor condition, with many components reaching the end of their natural life.

The project includes providing increased space for passengers and improved passenger facilities, such as protection from wind and rain. It is also proposed to dredge a deeper channel to cater to most vessel types, and to build a further four berths for vessels. Improved maritime industry services are also proposed, including new facilities for pumping out the sewage holding tanks of vessels.

The project will enable Paihia Wharf to better cater to the needs of its current users, benefitting the local economy through better support for tourists and tourism operators. Long term outcomes include improvements in resilience, increased tourism business and job opportunities, capacity to cater to increased visitor numbers, and environmental benefits associated with the improved facilities for vessels.

Budgets

- The total budget for the project is 9(2)(b)(ii)
- 9(2)(b)(ii) is being contributed from Far North Holdings Ltd.
- 9(2)(b)(ii) (capital) of Crown funding toward the project

Assessment

This project would help to relieve congestion and increase capacity for further marine tourism growth (charters, sightseeing, ferry passengers and cruise ship tenders). Regional and local support is strong. Non-central government contributions total 15 per cent of the projects cost, and consent for the project has already been lodged (outcome expected March) with dredging consent already in place.

The infrastructure has reached the end of its life and is also no longer able to cater to the demands being presently placed on it. Tourism is an important and growing sector in Northland and this is seen as the most important piece of infrastructure for the Far North District by Far North Holdings Ltd. As a facility which receives tenders from visiting cruise ships, Paihia Wharf is one of the primary gateways for tourists visiting Northland, is the main point of access to Russell, and is a hub of

maritime tourism in its own right. The demands being placed upon the infrastructure suggest this project would be beneficial to the region.

However, total job creation and other information related to project management, funding contributions and the benefits of the project are not available and will require further work to get this project to a more investment ready stage.

Risks

- Funding shortfall is 85 percent of the total cost. Central government would be assuming the majority of the risk on this project. An underwriter for this project should be recommended to ensure central government is not approached for further funding.
- There is insufficient information to make a decision on this project. Mitigation would be to agree to fund the business case for the project instead of agreeing to fund the project outright, at this stage.
- The project has a low contingency of approximately 5 percent of the project cost.
- Environmental risks need to be considered for this project as the increase in water traffic could lead to increased erosion in the area.

Probity

- Who will manage the project: The project will be managed by Far North Holdings Limited.
- Costs and benefits: The costs will be 9(2)(b)(ii) of which 9(2)(b)(ii) is being sought from the Crown. The benefits include added resilience, and capacity to the local visitor economy, which will support more jobs.
- Non-financial benefits: The project will have environmental benefits due to the improvements to facilities for servicing vessels.

Recommendation

Agree to fund up to 9(2)(b)(ii) conditional on a further business case being obtained.

Rationale: The project is meeting the demands of increased tourism in the region, and is the central point for visitors to the region on water. However, the level of due diligence will need to be significantly scaled up to meet the requirements of central government, and to further de-risk central governments investment in the project given the high level of public investment.

Appendix - supporting documents

18(e)

ONE PAGE ASSESSMENT OF PROJECTS

Project

Opua Events Pontoon/Super Yacht Berth, Far North Holdings Ltd

Contact: Andy Nock, Far North Holdings Limited, 9(2)(a)

Project description – what is the project, how will it be carried out and who will benefit?

Development of a hosting/events platform, in the form of a 120 metre floating pontoon, for the Cook 2019 regatta celebration at Opua Wharf. This will act as a facility that can be used for other future events (for example, Millennium Cup super-yacht racing) and extending super-yacht berth, and the associated super-yacht tourism market, outside of Auckland. The pontoon will be sited alongside the existing wharf and would be used as a staging area for the commemorative events.

The pontoon will be used to stage the vessels associated with the celebration events providing land based infrastructure to enable the public to engage with vessels and crew. The on-going economic benefits include supporting events such as Bay of Islands Sailing Week (New Zealand Largest multi-day and multi-class sailing event) and the Millennium Cup (New Zealand's premier sailing regatta for Superyachts). Additionally, it would cater to tallship regattas which occur every 2-3 years. The ability to cater to super yachts will provide an entrance into this market.

The outcomes sought from the project are an increase in visitor numbers and expenditure, through an increase in events being held at Opua, and high value tourists attracted by the super-yacht facilities.

Space for super-yacht berthing, servicing and provisioning will contribute additional income and jobs to the local economy. Typically, a one week cruise in New Zealand by a super yacht generates an income level of \$431,608 into the New Zealand economy, while the super yacht refit industry generates around \$250 million per year. With the development of the facilities, Opua can be used as a base from which super yacht owners can orchestrate other international visits from clients, friends and family.

Budgets

- Total budget is 9(2)(b)(ii)
- Secured funding of 9(2)(b)(ii) from Far North Holdings Ltd
- Funding sought from the Crown is 9(2)(b)(ii)

Assessment

Event space and potential to attract future events and super-yacht visits will increase the tourism earning potential in the area. It will also act to improve resilience in the tourism sector by providing additional berth space. There are also environmental benefits associated with safe berthage, including reduction in damage to the seabed by vessels, safe discharge of waste from boats, and safe refuelling of vessels.

The key reasoning behind the timing of the project is that the event space created by the pontoon is necessary for the Cook 2019 celebration, and will support an already busy event schedule.

Details around the super yacht facilities are not forthcoming at this time, particularly around the demand for expanded facilities in New Zealand. This is particularly important given that other wharfs in the area have the potential to tap into this market as well with planned upgrades. This calls into question the priority of this project, although potentially the events pontoon aspect of the project could be separated from the super-yacht berth proposal if there are savings to be made in this.

Risks

- This proposal was previously presented to the MBIE Major Events Team for funding, however was not considered to meet the criteria of the Major Events Development Fund. It should be noted that central government, through the Major Events Development Fund, have contributed \$3.5 million towards the First Encounters 250 event, of which \$170,000 is for the Opuia components.
- Far North Holdings are seeking almost two-thirds of the funding for the project from the Crown, and there does not appear to be other contributors interested in the proposal.
- Details on benefits are lacking and would require further business case development to validate any central government investment.
- Environmental risks need to be considered for this project as the increase in water traffic could lead to increased erosion in the area.

Probity

- Who will manage the project: Far North Holdings Ltd.
- Costs and benefits. The total cost is 9(2)(b)(iii) of which 9(2)(b)(ii) is being sought from the Crown. The benefits would include the ability to stage events, such as regattas, that would bring additional visitors throughout the year to Opuia, increasing expenditure. Visitor expenditure would also be increased through the ability to cater to the super-yacht market, in terms of tourism, servicing, and refit expenditure.

Non-financial benefits: The pontoon would create an additional community events space.

Recommendation

Agree to fund up to 9(2)(b)(ii) on a further business case being obtained.

Rationale: Previous concerns raised about the viability of the project. Will need further details before agreeing to funding. However, it is acknowledged that this project aligns with the First Encounters 250 commemorations being held in 2019.

Appendix - supporting documents

18(e)

ONE PAGE ASSESSMENT OF PROJECTS

Project

Russell Wharf, Far North Holdings Ltd

Contact: Andy Nock, Far North Holdings Limited, 9(2)(a)

Project description – what is the project, how will it be carried out and who will benefit?

Russell Wharf is Russell's primary connection to the rest of New Zealand, and is therefore an important piece of community and tourism infrastructure. 850,000 passengers use the wharf to access ferry services each year and the wharf is an important base for a number of commercial tourism services, which operate from there. Russell is one of the key visitor highlights of the Bay of Islands and also hosts a number of nautical events.

Part of the existing infrastructure is built around the original timber piles and provides low tidal landings, which are unsafe and provide low utility value. This project would replace these landings and others with floating concrete pontoons, whilst a wharf extension will create more visitor space and improve passenger flow for increasing visitor numbers and help to build capacity for future. Additionally, four new super-yacht moorings are to be built, along with other upgrades to sewerage and water services and other maritime services.

The project will primarily benefit the local community and tourism operators. Firstly, through greater resilience of an important piece of infrastructure (the wharf is the primary means of access to Russell) and, secondly, through catering to the growth of the tourism industry, helping to bring more tourists and jobs to the area.

Budgets

- The total budget is 9(2)(b)(ii). Funding of 9(2)(b)(ii) is being provided by Far North District Council and Far North Holdings Limited.
- Crown funding of 9(2)(b)(ii) (capital) is being sought.

Assessment

The project demonstrates a contribution to lifting the productivity of the region and has strong regional and local support. The developments are permitted as they replace existing structures. The Wharf extension and a new dinghy dock will need consent, although prior consultation work has taken place.

The project would provide more space for existing users (approximately 850,000 passengers use Russell Wharf's ferry transport and tourism services each year), replace ageing and failing infrastructure, and provide capacity for future tourism expansion. The current facilities are unsuitable for existing uses and an upgrade of facilities will help cater for the growth in the tourism sector.

Risks

- There is some concern about the need for super-yacht berths in the region, given that such facilities are also proposed for other wharf upgrades. An assessment on the demand for super-yacht facility expansion in the Bay of Islands may need to be more forthcoming.
- There is no estimated “additionality” in tourism to validate the proposed upgrade. Initially, it will cater for the status quo.
- As Far North Holdings owns the three wharfs, there needs to be consideration on how they will maintain the wharfs ongoing. Financial sustainability will be required, as well as understanding what local business commitment is to the project i.e. what are the local tourism businesses contributing to the upgrade?

Probity

- Who will manage the project: Far North Holdings Limited
- Costs and benefits: The cost of the project is 9(2)(b)(ii) of which 9(2)(b)(ii) funding is sought from the Crown. The benefits include increasing capacity for visitors and commercial tourism operators, allowing room for growth in these sectors.
- Non-financial benefits: Increased community space from the wharf extension and increased community utilities (for example, the dinghy docks).

Recommendation

Agree to fund up to 9(2)(b)(ii) conditional on a further business case being obtained.

Rationale: This is the main access point to Russell from Palma. However, more information is needed to understand what additional tourism will be achieved by upgrading this facility. There is concern that the “increased tourism” the project refers to could be a displacement of existing tourism in the region.

Appendix - supporting documents

18(e)