

## New Zealand Government

### COVER SHEET

7.3 Paihia, Russell and Opua Wharves upgrade application	Decision/Noting/Discussion
Background & context:	Recommendation(s):
<p>The Far North Council and Far North District Holdings have applied to the PGF for \$<sup>Commercial Information</sup> of the \$<sup>Commercial Information</sup> required to upgrade the Paihia, Russell and Opua Wharves.</p> <p>The Russell and Paihia wharves work together to support the movement of people, goods and services between the two townships. They facilitate visitor activity by enabling a range of marine related activities, such as charter boats, cruises and overall visitor activity.</p> <p>The Opua Wharf is a major piece of regional infrastructure, able to dock large naval ships and deep draft vessels. The wharf provides a significant platform but is hindered in its ability to function as an events hub due to the lack of a floating mooring dock.</p> <p><i>The Minister of Regional Development announced \$<sup>Commercial Information</sup> of funding for the Paihia, Russell and Opua Wharves subject to the Provincial Development Unit subject to a business case for each wharf and ensuring due diligence is met.</i></p> <p>The business cases for the three applications include a cost benefit analysis for the three proposals which outlines that the three upgrades will deliver. Significant benefits.</p>	<p>We recommend that the IAP:</p> <ol style="list-style-type: none"> <li>a) <b>Discuss</b> the proposals for the Paihia, Russell and Opua Wharves.</li> <li>b) <b>Note</b> that the project has the potential to create employment opportunities and additional activity for the Northland Region.</li> <li>c) <b>Note</b> that the Far North Council and Far North District Holdings have applied to the PGF for \$<sup>Commercial Information</sup> of the \$<sup>Commercial Information</sup> required to upgrade the Paihia, Russell and Opua Wharves.</li> <li>d) <b>Confirm</b> that upon receiving the information detailed below, the business cases provided for the Paihia, Russell and Opua Wharf upgrades satisfy the requirements for the Far North District Council and Far North District Holdings to obtain \$<sup>Commercial Information</sup> from the Provincial Growth Fund.</li> </ol>
<p><b>The purpose of this discussion is to: Examine the Business Cases for the Paihia, Russell and Opua Wharves Bay upgrade application.</b></p>	
<ul style="list-style-type: none"> <li>• The proposals are submitted by Far North Holdings Limited, the Commercial arm of the Far North District Council and they have stated that they have engaged with key stakeholders including: Northland Inc., Far Nth District Council, Northland Regional Council and Commercial Users of the wharves.</li> </ul>	

- The Far North Council and Far North District Holdings have applied to the PGF for \$<sup>Commercial Information</sup> of the \$<sup>Commercial Information</sup> required to upgrade the Paihia, Russell and Opuā Wharves.
- The Russell and Paihia wharves work together to serve support the movement of people, goods and services. They facilitate visitor activity by enabling a range of marine related activities, such as charter boats, cruises and overall visitor activity.
- The business case details **Russell Wharf** was constructed in the 1970s and is no longer fit for purpose. The business case also notes the communities' economy relies almost solely on the wharf and states approximately 850,000 passengers use the wharf's ferry transport and the commercial tourism services that operate from there.
- The business case details the contribution **Pahia wharf** will make to the Fund's criteria. These include:
  - Size - increasing the size of the wharf to enable it to accommodate the increased demand from the <sup>Commercial Information</sup> cruise ship, charter and tourism activity passengers per annum;
  - Environment - the redevelopment will include the construction of a waste pumping facility which will improve water quality both within the bay and surrounding coastline;
  - Employment - it will create immediate and ongoing employment opportunities and ensure that the wharf can cope with increased capacity.
  - Infrastructure – upgrade infrastructure that has reached the end of its useful life.
- The **Opuā Wharf** is a major piece of regional infrastructure, able to dock large naval ships and deep draft vessels.
- The business case details that the wharf provides a significant platform but is hindered in its ability to function as an events hub due to the lack of floating mooring dock. This will also create a facility to house superyachts in the Bay of Islands. The business case notes there are employment opportunities that come from being able to host Superyachts and it suggests that this could bring \$<sup>Commercial Information</sup> per year to the local economy.
- Opuā Wharf also has broader benefits for the top of the North Island, including Auckland, as currently Auckland has the only Superyacht Berth.
- The three applications each contain a business case which includes a Cost Benefit Analysis for the three projects.
- There are also environmental benefits for all three projects through improved water quality because, once upgraded, all the wharves will have water pumping facilities.

The information we require from Far North Holdings Limited and Far North District Council to complete application is:

- Information on potential Conflicts of Interest.
- Get a clear understanding on how the proposals fit into the Far North District Council Regional Economic development plan.

- Get a clear understanding whether there are any other international obligations, in addition to the Port Security accreditation, that the entities need to comply with.
- Understand who is underwriting the project, the procurement process to be followed and get an estimate of the maintenance costs and how they will be funded.
- Details of a clear Project/contractor management plan. We need details of who at the Far North District Council/Far North District Holdings Limited is going to manage the contractor.
- Get a clearer understanding of how risks are going to be managed.
- Get a clearer understanding of Governance arrangements.
- Ask for information of the potential environmental impacts.
- Note that the Crown should retain some oversight as contractors/partners are appointed.
- Get details of Far North Holdings asset management plan.
- Finally, get the Provincial Growth Fund's standard declaration relating to the information provided, signed.

#### Consultation undertaken or implications.

Legal	No	HR	No	Finance	No	MBIE policy	No	Other
-------	----	----	----	---------	----	-------------	----	-------

#### Financial & Staff Implications:

Recommend that the business cases provided for the Paihia, Russell and Opuā Wharves provided sufficient information for the Far North District Council and Far North District Holdings to obtain <sup>Commercial</sup> information from the Provincial Growth Fund for the three wharf upgrades once the information detailed above is provided to the Provincial Development Unit.

#### Supporting proposal:

Yes

#### Appendices:

Yes

#### Sponsor(s):

Ben Dalton (Senior Regional Official)

#### Manager/Author of paper:

David van der Zouwe (Senior Commercial Leader)