

## COVER SHEET

<b>2.6 Port Tarakohe Business Case Project PGF Application</b>		<b>For: Approve</b>	
<b>Tier:</b>	1 - Regional	<b>Sector:</b>	Aquaculture/ Infrastructure/ Tourism
<b>Background &amp; context:</b>		<b>Recommendation(s):</b>	
<p><b>Applicant Organisation:</b></p> <ul style="list-style-type: none"> <li>Tasman District Council (TDC)</li> </ul> <p><b>Location:</b></p> <ul style="list-style-type: none"> <li>Top of the South/ Te Tau Ihu</li> </ul> <p><b>Proposal:</b></p> <ul style="list-style-type: none"> <li>This application is seeking a grant to fund and develop a business case. The business case will provide a road map for upgrading Port Tarakohe, Golden Bay.</li> </ul> <p><b>Funding Sought:</b></p> <ul style="list-style-type: none"> <li>Total project value: \$ <small>Commercial Inform</small></li> <li>PGF Funding: \$ <small>Commercial Inform</small></li> <li>Cash co-funding: \$ <small>Commercial Inform</small></li> <li>In kind co-funding: \$ <small>Commercial Inform</small></li> <li>Funding is sought as a grant</li> </ul> <p><b>Background:</b></p> <p>Port Tarakohe Services Limited (PTSL) and Tasman District Council (TDC) are the two largest land and infrastructure owners at Port Tarakohe. TDC own the Port including its infrastructure. PTSL own 82ha of adjacent land. TDC is seeking funding to help in the development of a business case. The business case will determine the strongest option for upgrading the Port and surrounding land, with focuses on aqua culture, resilience and tourism.</p> <p><b>Aqua culture</b></p> <p>It has been agreed by TDC and PTSL that the most pressing issue facing the Port is mussel farming. The industry has secured regulatory approval for an increase in mussel farming in Golden Bay. Current farming is <small>Commercial In</small> tonnes p/a. Approval is now in place to increase this to <small>Commercial Info</small> tonnes p/a. The increase will</p>		<p><b>We recommend that SROs:</b></p> <p><b>a) Discuss</b> The Tasman District Council (TDC) PGF application seeking \$ <small>Commercial</small> from the PGF as a grant to develop a \$ <small>Commercial</small> business case for the redevelopment and upgrade of Port Tarakohe</p> <p><b>b) Note</b> This application has been assessed by the PDU and Technical Advice has been provided by MPI and MOT, both of whom are supportive of this application</p> <p><b>c) Note</b> This application is <b>not from a Surge Region</b>; although the development of the business case will provide limited employment, the upscaling of <small>Commercial Info</small> farming in Golden Bay, and Port Tarakohe is a major aspect of that expansion, will provide between <small>Commercial Inform</small> <b>FTEs</b>; the wider project builds on existing infrastructure providing <b>strong additionality</b>; the project has <b>strong regional support</b></p> <p><b>d) Note</b> The applicant has stated there will be a PGF application to undertake the major capital works for Port Tarakohe</p> <p><b>e) Support the recommendation to Approve</b> up to \$252,000 from the PGF fund towards Port Tarakohe business case subject to:</p> <ul style="list-style-type: none"> <li>The PDU working with the applicant to finalise the budget</li> <li>PDU to work with TDC to ensure future ownership of Port Tarakohe</li> </ul>	

be phased in over 10 years.

A downstream consequence/ requirement of this increase is a Port upgrade. Mussel farm establishment, maintenance and harvesting will all require Port infrastructure. While Port Tarakohe has the 'bones' of what might be needed, the scale associated with the increased farming cannot be facilitated at the Port as it currently stands.

#### Resilience

The region recognises the at times fragile nature of Golden Bay's transport network. Facing similar issues to the West Coast, Golden Bay has been 'cut off' following severe weather events. Options at the Port for upgrading a roll on/ roll off facility would provide a valuable resource for Civil Defence, and allow, in particular, the Dairy sector to continue operating and moving product.

Tourism (a focus of this application to a lesser degree but the PGF is working with PTSL on their application) PTSL has a series of tourism based opportunities they are seeking to develop. They are currently working with the Department of Conservation (DOC), iwi, TDC and other stakeholders. A number of these projects have direct linkages to the Port.

Working closely with TDC and PTSL is Commercial Information

[REDACTED]. MFA has been a cornerstone stakeholder in this project and will continue to provide support through the development of the business case.

The applicant notes this application is seeking funding to:

- *assess the existing Port infrastructure and determine how the Port and its surrounds can be best used and outfitted to meet the needs of both commercial and recreational users. This will involve reviewing health and safety issues for commercial operators during high tides, support equipment required – cranes/loading equipment, wash down facilities/toilets etc.*
- *assess the infrastructure, facilities and services required at the Port, and on adjoining land, to support the Ports commercial and recreational/visitor use and its resilience – including roading network/*

<p>transportation/parking/traffic management, wastewater, water supply, digital communication etc.</p> <ul style="list-style-type: none"> <li>• address the needs of the recreational/tourism users and provide a solution to separate recreational and commercial users. This will involve an assessment of the marine material to be dredged within the Port and the associated cost if the recreational marina is relocated to a new area.</li> <li>• explore the economics and funding model options to ensure the ongoing viability and profitability of the Port.</li> </ul> <p>MPI has been heavily involved in the development of this project. They have not supplied written support but are supportive of this project.</p> <p>MOT has provided technical Advice on this project:</p> <p><i>Application to meet costs of business case preparation is prepared to a professional standard. MOT would ask that PDU complete quality assurance and confirm the adequacy of the applicant and application form details. From a transport perspective at this business case phase, there appears to be a good case that the eventual project would provide key supporting infrastructure as a Tier 2 Sector Investment for aquaculture. We would expect that MOT's detailed concerns over demand and financial sustainability would be addressed in the business case.</i></p>	
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**PGF criteria that this proposal supports. Please note this application will provide little in the way of increased employment and catalytic activity as it is to develop a business case. The assessment below outlines benefits associated with the development opportunities**

PGF Criteria	Assessment Commentary	Rating (1✓ to 5✓)
<b>Link with fund and government outcomes</b>		
Creates permanent jobs	<ul style="list-style-type: none"> <li>• The development of the Port will result in potential economic opportunities and jobs. The applicants note figures of between <small>Commercial Inform</small> FTEs</li> </ul>	✓✓✓✓
Delivers benefit to the community	<ul style="list-style-type: none"> <li>• The applicant notes the community are a big focus of the opportunities associated with this proposal. This should be ensured through the development of this work, should it be funded</li> </ul>	✓✓✓✓
Increased utilisation and returns of Maori asset base	<ul style="list-style-type: none"> <li>• The applicant notes Maori consultation. Having met the applicant and been in several meetings with</li> </ul>	✓✓✓

	them, there appears to be good consultation and a desire to continue and recognise this	
Enhanced sustainability of natural assets	<ul style="list-style-type: none"> <li>• n/ a</li> </ul>	
Mitigation of climate change effects	<ul style="list-style-type: none"> <li>• Limited in this phase but the applicant is cognisant of issues relating to the land that could be negatively affected by the environment and is seeking as part of this application to address the issue</li> </ul>	✓
<b>Additionality</b>		
Adding value by building on what is already there	<ul style="list-style-type: none"> <li>• The Port will be upgraded to accommodate the increase in mussel production. Opportunities associated with the surrounding land, including infrastructure, provide evidence of additionality. The aspects of tourism and resilience are less secure on this criteria</li> </ul>	✓✓✓✓
Acts as a catalyst for productivity potential in the region	<ul style="list-style-type: none"> <li>• The increase in mussel farming in Golden Bay will provide economic opportunities. While this project will not directly be catalytic, it will help identify how the land can be best used to generate positive outcomes</li> </ul>	✓✓✓✓
<b>Connected to regional stakeholders and frameworks</b>		
Alignment with regional priorities	<ul style="list-style-type: none"> <li>• There is acknowledgment that works need to be undertaken at the Port. A wider development to the land surrounding the Port is not identified as necessary but elements of the Port upgrade will require land owned by PTS</li> </ul>	✓✓✓
Support from local governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> <li>• <small>Commercial Information</small> has provided a letter for support and were present at the most recent meeting of the steering group for the wider development</li> <li>• Confidentiality but both note a willingness to work together on this business case</li> </ul>	✓✓
<b>Governance, risk management and project execution</b>		
Robust project management and governance systems	<ul style="list-style-type: none"> <li>• TDC has a track record of undertaking development projects at this scale</li> </ul>	✓✓✓
Risk management approach	<ul style="list-style-type: none"> <li>• Strong</li> </ul>	✓✓✓
Future ownership / operational management	<ul style="list-style-type: none"> <li>• Must be addressed with the applicant. PTSL's website notes opportunities to sell land although the extent of available land is not clear. TDC has not specifically ruled out a change of ownership. This</li> </ul>	✓✓

	should be a condition of the wider development at the Port.		
<b>The purpose of this briefing is to consider recommending PGF funds to Port Tarakohe business case</b>			
<b>Risks Issues:</b> The applicant has provided a good R/ M register. The PDU has assessed this and notes valid risks and mitigations.			
<b>Commercial Information</b> Condition of any development funding should note this.			
<b>Commercial Information</b>  PTSL has provided an extensive Col register (in their application). The PDU is encouraged these have been noted by the applicant			
<b>Eligibility points of note:</b>			
<ul style="list-style-type: none"> <li>• <i>Due diligence</i>:- Full due diligence is not required as the applicant is TDC.</li> <li>• <i>Conflict(s) of interest</i>:- Based on the information provided conflict of interest is evident but noted by the applicant.</li> <li>• <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.</li> <li>• <i>Alignment with Regional development plans</i>: Aligns with regional priorities.</li> <li>• <i>Commercial funding availability</i>:- Given the nature of the project which is to undertake a business case, access to commercial funding is not considered a feasible option.</li> </ul>			
<b>Consultation undertaken or implications:</b>			
<b>Legal</b>	N/A	<b>HR</b>	N/A
<b>Finance</b>	N/A	<b>MBIE policy</b>	N/A
<b>Other</b>	MPI/ MOT		
<b>Supporting proposal:</b>	Yes		
<b>Appendices:</b>	Yes – Application. Regional investment summary (Annex1)		
<b>Sponsor(s):</b>	N/A		
<b>Manager/Author of paper:</b>	ELH Investment Team		