

COVER SHEET

2.15 Ōpōtiki Harbour Development Plan PGF Application		For: Approve	
Tier:	3 - Infrastructure	Sector:	Aquaculture
Background & context:		Recommendation(s):	
<p>Applicant Organisation:</p> <ul style="list-style-type: none"> Co-applicants: Ōpōtiki District Council, Eastland Group Limited, Bay of Plenty Regional Council. <p>Location:</p> <ul style="list-style-type: none"> Ōpōtiki, Eastern Bay of Plenty <p>Proposal:</p> <ul style="list-style-type: none"> Ōpōtiki Harbour Development Plan <p>Funding Sought:</p> <ul style="list-style-type: none"> Total project value: \$^{Commercial Information} PGF Funding: \$750,000 <p>Background:</p> <ul style="list-style-type: none"> This application is seeking funding to help progress the development of the Ōpōtiki Harbour through the creation of a feasibility study. ^{Commercial Information} <p>^{Commercial Information}</p> <p>^{Commercial Information}</p> <p>2. The creation of a lower cost harbour development plan by the original construction firm contracted by the applicant (^{Commercial Information}). In May 2017 Central Government declined to fund the previous harbour package on the basis of cost. As a result, the co-applicants are trying to develop</p>		<p>We recommend that the SRC:</p> <p>a) Discuss the application from the Ōpōtiki District Council for continued feasibility study work for the development of the Ōpōtiki harbour.</p> <p>b) Note that the PDU Investment Team assessed the application and has concluded that there is alignment with the criteria of the PGF.</p> <p>c) Note MPI supports this application and notes ^{Commercial Information}</p> <p>d) Note that the proposal is seeking ^{Comm}% of the total funding from the PGF. For grants the PGF requires a minimum of ^{Comm}% co-funding.</p> <p>e) Approve \$750,000 from the PGF fund towards the Ōpōtiki Harbour Development Plan on the basis that:</p> <ul style="list-style-type: none"> Any resource employed is done so through appropriate avenues and follows a normal and robust employment process. Management and governance processes are simplified with key steps to be followed enunciated. 	

<p>alternative designs and construction methodologies to achieve cost savings that secure all the benefits of the previous plans but at a lower cost. A Cabinet paper to the Regional Economic Development Minister estimated build cost savings of between \$^{Comme} Commerci</p>		
<p>3. The updating of the economic and financial models for the Ōpōtiki Harbour Development Plan.</p> <p>4. Assessing and determining the ownership and investment structure for the harbour development investment.</p> <ul style="list-style-type: none"> The end goal of the wider harbour development project is the creation of an aquaculture marine park with up to 20,000ha of marine farms and on-land processing facilities. This development is considered a key catalytic project that, if completed, will create wider economic and employment benefits for the region. <p>Note: As this feasibility study is a crucial step in the overall harbour development it should be considered in relation to the benefits the wider harbour development will secure.</p>		
<p>PGF criteria that this proposal supports:</p>		
PGF Criteria	Assessment Commentary	Rating (1✓ to 5✓)
<p>Link with fund and government outcomes</p>		
Creates permanent jobs	<ul style="list-style-type: none"> Where the full harbour development project is completed it is projected that it could create circa ^{Commerci} FTE positions in the region. 	✓✓✓
Delivers benefit to the community	<ul style="list-style-type: none"> The funding of this part of the project will help to progress the overall Ōpōtiki harbour development which would have a substantial benefit to the public in the form of economic and employment growth. 	✓✓
Increased utilisation and returns of Maori asset base	<ul style="list-style-type: none"> This project is expected to support the development of up to 20,000ha of marine farms. Local Māori aquaculture companies have already approached the Ōpōtiki District Council and the PGF as potential partners in the development of industry in the area. 	✓✓✓

	By partnering with Māori in the development of this and other aquaculture projects in the area it could have a major positive impact on the development of Māori assets and the Māori-Crown relationship.	
Enhanced sustainability of natural assets	<ul style="list-style-type: none"> N/A 	
Mitigation of climate change effects	<ul style="list-style-type: none"> Aquaculture is considered a low-carbon and efficient way of producing protein. This project will create an estimated 40,000 tonnes of marine protein per annum that could potentially offset higher carbon protein production. 	✓✓
Additionality		
Adding value by building on what is already there	<ul style="list-style-type: none"> This project is the first step in transforming the harbour into a productive area to support marine farming in the region. This will add significant value to the harbour and surrounding assets. 	✓✓✓
Acts as a catalyst for productivity potential in the region	<ul style="list-style-type: none"> The development of the harbour is identified as an important catalytic project for the region as it will allow significant investment by private companies into the aquaculture sector. This investment will provide the area with much needed jobs and income. Without the harbour, the long term viability of marine farm expansion comes into question. 	✓✓✓
Connected to regional stakeholders and frameworks		
Alignment with regional priorities	<ul style="list-style-type: none"> The project is identified as a priority project in the Eastern Bay of Plenty Regional Development Project report. In addition, the project is identified in the Ōpōtiki District 2018-2028 Long Term Plan. Further, aquaculture is considered to be a key area of focus in the Bay of Plenty Regional Strategy. 	✓✓✓✓
Support from local governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> The wider harbour development project is proposed by both the Ōpōtiki District Council and the Bay of Plenty Regional Councils. Further, this harbour development project has seen input from, and potential partnering with, local iwi. 	✓✓✓
Governance, risk management and project execution		
Robust project management and governance systems	<ul style="list-style-type: none"> This project will be split into each of its separate workstreams. Each workstream will be managed by the entities best suited to each workstream. For example, the current project manager John Gailbraith will manage the rock sourcing and 	✓✓✓

	<p>financial modelling update whilst Commercial Information will manage the redesign workstream. Each workstream will then be overseen by a steering group made up of representatives from Commercial Information</p> <p>Where the project reaches key milestones local Iwi will be consulted and will have a chance to inform the future of the project.</p>								
Risk management approach	<ul style="list-style-type: none"> The project relies on contracted experts and an independent project manager to manage the project and its risks. 	✓✓							
Future ownership / operational management	<ul style="list-style-type: none"> This is to be determined whilst the update of the economic and financial models takes place. 								
<p>The purpose of this briefing is to consider recommending/ declining PGF funds to the:</p>									
<p>Risks Issues:</p> <ul style="list-style-type: none"> Modest risk that the project does not identify an appropriate source of rock. All other risks identified by the applicant are considered low and have strategies in place to render them immaterial. <p>Eligibility points of note:</p> <ul style="list-style-type: none"> <i>Due diligence:</i> Full due diligence on the private entity (Eastland Group) 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 applicants or project has been involved in, or associated with illegal activity. <i>Alignment with Regional Development Plans:</i> This project is part of a wider project that is identified as a key project in the Ōpōtiki Regional Development Plans. <i>Commercial funding availability:</i> Given the nature of the project which is to develop a sensitive public asset, access to commercial funding is not considered a feasible option. 									
<p>Consultation undertaken or implications:</p>									
Legal	N/A	HR	N/A	Finance	N/A	MBIE policy	N/A	Other	MPI – Broadly Supportive
Supporting proposal:		Yes							
Appendices:		Yes - Applications and supporting letters are as annexes							
Sponsor(s):		N/A							
Manager/Author of paper:		Connor Anderson, Investment Team / David van der Zouwe, Investment Team							