

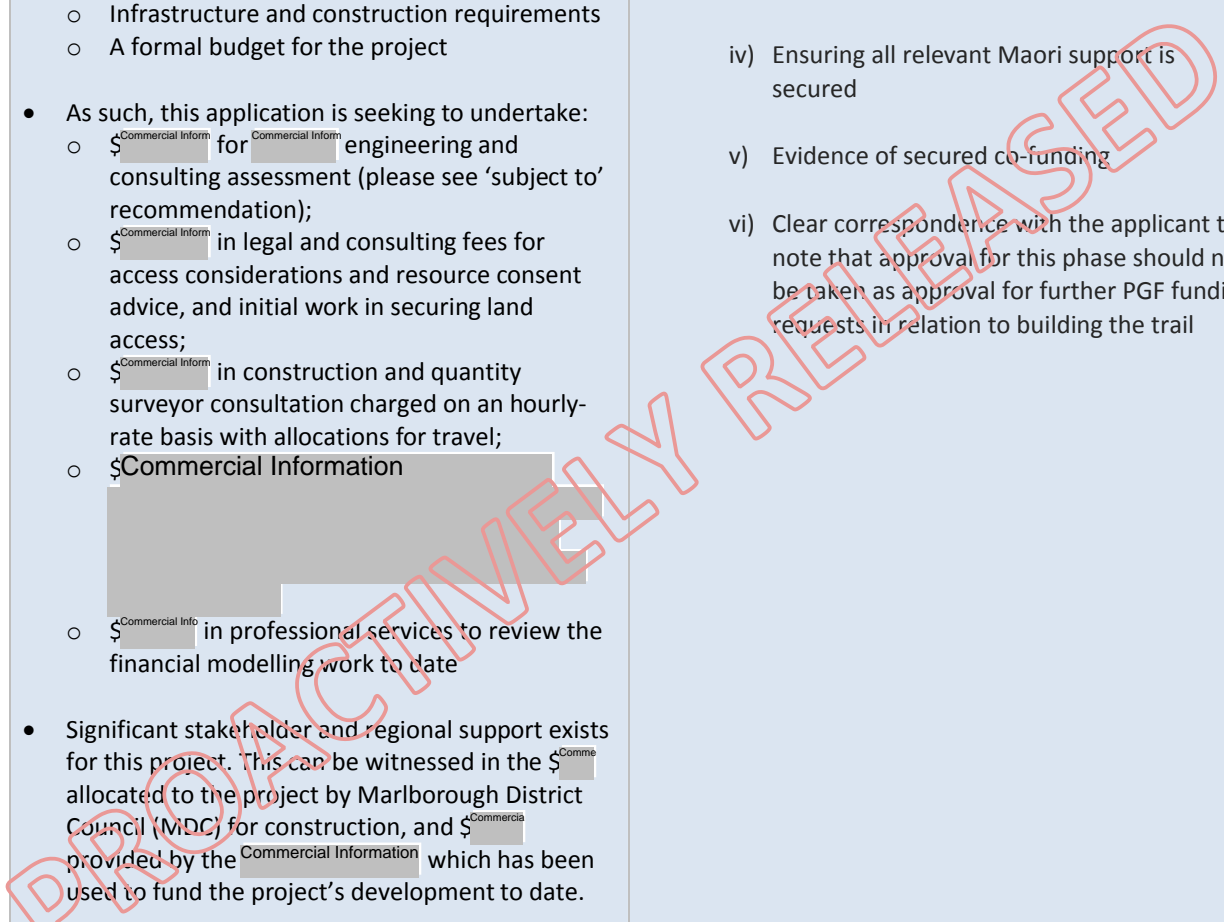
COVER SHEET

2.2 Technical Study for Whale Trail Project PGF Application		For: Approve	
Tier:	1 - Regional	Sector:	Cycle Trails
Background & context:		Recommendation(s):	
<p>Applicant Organisation:</p> <ul style="list-style-type: none"> Marlborough Kaikoura Trail Trust (MKTT). A Trust set up by Kaikoura District Council (KDC) and Marlborough District Council (MDC) as the mandated entity to administer this project <p>Location:</p> <ul style="list-style-type: none"> Top of the South/ Te Tau Ihu and Canterbury <p>Proposal:</p> <ul style="list-style-type: none"> Technical Study for The Whale Trail (TWT), a multi-use cycle and walking trail between Picton and Kaikoura <p>Funding Sought:</p> <ul style="list-style-type: none"> Total project value \$ <small>Commercial Inform</small> PGF Funding: \$322,000 and <small>Commercial Inform</small> are funding \$ <small>Commercial Inform</small> Total construction of TWT estimated to be \$ <small>Comme</small> <p>Background:</p> <ul style="list-style-type: none"> Marlborough District Council (MDC) in partnership with the Kaikoura District Council (KDC) has established the Marlborough Kaikoura Trail Trust (MKTT). MKTT has been mandated by the councils to undertake the management of the potential development of the Whale Trail cycle/ walking trail (TWT). Two years of work have been completed on the TWT thus far. An initial feasibility study, work on potential routes, discussions with landowners and stakeholders and a business case analysis (Annex 2). Between four and five kms of track has already been built, beginning at the Kaikoura end. 		<p>We recommend that SROs:</p> <p>a) Discuss Marlborough Kaikoura Trail Trust (MKTT) technical study for the Whale Trail cycle/ walking trail seeking \$322,000 funding of \$ <small>Commercial Inform</small></p> <p>b) Note NZTA and MBIE Cycle Trails have provided Technical Advice and are supportive of this application (see notes in Background)</p> <p>c) Note The PDU has assessed this application, including against the policy paper developed for cycle trails, and is supportive noting a suggested sequence for works and a revised 'up to' figure</p> <p>d) Note This project is not located in a Surge Region, has significant regional support, is building on two years of work providing evidence of additionality, that the applicant has provided strong funding contributions to this project across the two years of development and has contributed a cash co-funding component for this project</p> <p>e) Support the recommendation to Approve up to \$ <small>Commercial Inform</small> (\$ <small>Commercial Information</small> <small>Commercial Information</small>) from the PGF fund towards Whale Trail cycle/ walking trail subject to:</p> <p>i) The PDU and MBIE Cycle Trails discussing with KiwiRail costs associated with their work (as previous cycle trails have not incurred this cost)</p> <p>ii) A clearly staged programme, developed</p>	

- This application is seeking to build on this work and get the project to 'shovel ready'. The work required to achieve this is:
 - Work to establish the exact route of the trail
 - Infrastructure and construction requirements
 - A formal budget for the project
- As such, this application is seeking to undertake:
 - \$^{Commercial Inform} for ^{Commercial Inform} engineering and consulting assessment (please see 'subject to recommendation');
 - \$^{Commercial Inform} in legal and consulting fees for access considerations and resource consent advice, and initial work in securing land access;
 - \$^{Commercial Inform} in construction and quantity surveyor consultation charged on an hourly-rate basis with allocations for travel;
 - \$^{Commercial Information}
 - \$^{Commercial Info} in professional services to review the financial modelling work to date
- Significant stakeholder and regional support exists for this project. This can be witnessed in the \$^{Comme} allocated to the project by Marlborough District Council (MDC) for construction, and \$^{Commercia} provided by the ^{Commercial Information} which has been used to fund the project's development to date.
- MBIE Cycle Trails and NZTA note this area (North East South Island) of NZ is lacking in connectivity for cyclists and cycle trails and believes this is a strong project that could deliver a number of economic benefits including getting tourists off the main route, thus, diversifying the tourism offering. Indeed a goal of the trial is to run it through smaller district and regional centres.
- The PDU and MBIE have attended meetings with the applicant and stakeholders including, KiwiRail and councils. This has formed part of the project assessment, along with further analysis by the PDU to incorporate Technical Advice from MBIE Cycle Trails and NZTA.

with the help of MBIE Cycle Trails

- iii) The PDU receiving quotes from the contractor associated with construction and Quantity Surveyor (\$108k)
- iv) Ensuring all relevant Maori support is secured
- v) Evidence of secured co-funding
- vi) Clear correspondence with the applicant to note that approval for this phase should not be taken as approval for further PGF funding requests in relation to building the trail



- MBIE Cycle Trails:

We support this application for \$^{Commercial Information} funding from the PGF to investigate the technical feasibility of building a cycle trail between Picton and Kaikoura. We note that this trail is not eligible for our existing NZCT funding because it is not a Great Ride as part of NZCT.

The documentation we have seen to date suggests that the applicant is already heading in the right direction and aware of these criteria/guidelines. The work to date on the route, the brand and the governance is encouraging and of high quality.

However, we note that the trail will need to raise significant capital for construction, and the ongoing maintenance and operational costs will need to be carefully considered and factored into total costs. Estimated construction costs for the project (~\$^{Commercial Information}) are very high for a single cycle trail project, but the average cost per kilometre is within the ballpark of what we would expect for a cycle trail of this standard, but note that this is dependent on further technical investigations and could change significantly.

**Note, this figure is pulled from the application. The applicant incorrectly added the components*

- NZTA:

NZ Transport Agency sees considerable merit in developing a cycling/walking trail from Picton to Kaikoura. It is a logical transport link along a coast that has numerous natural and cultural attractions

The Marlborough to Kaikoura Cycle Trail is in the RLTP for 2023. The project is in the NLTP for a start after 2021 and eligible for NLTF funding after 2021. We recommend funding be considered from PGF at this time.

- The PDU has assessed the business case (**Annex 2**) and notes the strong employment opportunities that could be developed with the construction and use of the trail, as well as the economic benefits the region could accrue through spending associated with this project once established.
- The PDU believes this project has been well

<p>developed to date and that the next steps, proposed in this application, are a logical progression if correctly sequenced. In speaking with MBIE Cycle Trails, the PDU believes a work schedule should be:</p> <ul style="list-style-type: none"> a) Construction and Quantity Surveyor (QS) consultation, concurrently with KiwiRail assessment b) Work to secure land access c) Resource consent advice 		
<p>Commercial Information</p>		
<ul style="list-style-type: none"> • The PDU notes SROs should acknowledge that the cost of the wider project is significant for a cycle trail, estimated to be between \$^{Commercial Inform}. That said, it is a large project covering Picton to Kāikoura, some 156km. MBIE Cycle Trails has looked at the project estimate and noted that per km, this project is 'within the ballpark'. 		
<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"> • Limited in this phase. The Business case notes significant employment during construction and following its development (please see pp. 14-21 of the business case) 	✓
Delivers benefit to the community	<ul style="list-style-type: none"> • Limited in this phase. Delivery of the project will diversify tourism in the region and deliver strong benefits outside the major centres 	✓
Increased utilisation and returns of Maori asset base	<ul style="list-style-type: none"> • Limited 	
Enhanced sustainability of natural assets	<ul style="list-style-type: none"> • Limited 	
Mitigation of climate change	<ul style="list-style-type: none"> • Limited 	

effects		
Additionality		
Adding value by building on what is already there	<ul style="list-style-type: none"> This project builds on two years of work but it must be note the physical works are not yet underway 	✓✓✓
Acts as a catalyst for productivity potential in the region	<ul style="list-style-type: none"> Completing the project to 'shovel ready' will provide a catalyst opportunity of significant scale, as it will seek to provide a strong additional regional attraction to a tourism group, cyclists, identified as not well catered for in the region 	✓✓✓✓
Connected to regional stakeholders and frameworks		
Alignment with regional priorities	<ul style="list-style-type: none"> Strong. This project comes to the PDU with support from councils as a priority project 	✓✓✓✓
Support from local governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> Governance support is noted but the project has not completed Maori consultation (should be a condition of funding) 	✓✓
Governance, risk management and project execution		
Robust project management and governance systems	<ul style="list-style-type: none"> Strong and outlined in the application 	✓✓✓✓
Risk management approach	<ul style="list-style-type: none"> A strong risk/ mitigation register is provided in the application. The PDU believes additional risk is evident 	✓✓✓
Future ownership / operational management	<ul style="list-style-type: none"> The applicant, a Trust, will maintain management of the trail once completed. It will be owned by the Councils 	✓✓✓✓
The purpose of this briefing is to consider recommending PGF funds to the Whale Trail Cycle/ Walk Trail		
<p>Risks Issues:</p> <p>The applicant has provided a strong risk/mitigation register, although it is geared towards the project as a whole rather than this stage.</p> <p>The PDU believes additional risk is evident. This includes: A lack of Maori support (as this has not been completed yet) No final route. Noting this, slippage in timeframes and possibly cost is a risk as previous cycle trails have experienced this issue.</p> <p>Eligibility points of note:</p> <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>:- The applicant has provided a Col register declaring all known actual and perceived conflicts. These are not of a nature that should halt this project but should be monitored. <i>Illegal Activity</i>:- Based on the application information provided and feedback from other agencies there is 		

<p>no indication that the applicant or project has been involved in, or associated with illegal activity.</p> <ul style="list-style-type: none"> • <i>Alignment with Regional development plans:-</i> Strong • <i>Commercial funding availability:-</i> Given the nature of the project which is to undertake pre-commercial works on a project that will not generate a direct revenue stream, 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	NZTA/ MBIE Cycle Trails/ KiwiRail
Supporting proposal:					Yes				
Appendices:					Yes – Application. Annex one Top of South Project Summary. Annex 2 Business Case				
Sponsor(s):					N/A				
Manager/Author of paper:					Eliot Linforth-Hall, Investment Team				

PROACTIVELY RELEASED