



COVER SHEET

1. Kaikoura District Council- Capacity support - Marine Centre of Excellence, Airport and Marina Project Development – PGF Application

For:
Approval

Background & context:

Applicant Organisation:

- Kaikoura District Council

Location:

- Canterbury

Proposal:

- The applicant is seeking \$^{Commercial information} to engage a consultant to undertake feasibility and completion of business cases for three projects that are at the conceptual stage:

1. The Marine Centre of Excellence
2. Kaikoura Airport development
3. Kaikoura Marina development

- Development of the business cases will include substantial stakeholder engagement (including Te Rūnanga o Kaikōura, Ngāi Tahu, Ministry of Primary Industries, Ministry of Business, Innovation and Employment, Fisheries NZ, Te Korowai, University of Canterbury, Plant and Food Nelson, Marlborough Hatcheries, NIWA, the Canterbury Mayoral Forum, and local residents and businesses)

Funding Sought:

Total project cost: \$^{Commercial Information}
PGF Funding: \$200,000

Recommendation:

We recommend that the SROs:

- a) Note** there is ^{Commercial Information} associated with this project. SROs will be aware that the Council has been under substantial financial pressure post-earthquake. ^{Commercial Inform} and stakeholders will be contributing ^{Commercial Infor} support. (Note Council staff total less than ^{Comm} people).
- b) Support the recommendation to Approve \$200,000** from the PGF fund towards the feasibility and business case development of three projects:
 - The Marine Centre of Excellence
 - Kaikoura Airport development
 - Kaikoura Marina development

Commercial Information is, and will continue providing ongoing in-kind resource support for these projects. Currently these projects are being facilitated by Privacy of natural persons, Economic Development Lead. Kaikōura Mayor is a key part of the Marine Centre of Excellence project Team and Angela Oosthuizen, CEO Kaikōura District Council, is acting in a governance role. The value of this contribution is approximately \$Commercial Inform.

Background:

- Since the November 2016 7.8 magnitude earthquake the Kaikoura District in particular has been incredibly affected. Crown support for earthquake recovery and rebuild has been substantial and is still ongoing.
- The District is now looking for economic development opportunities going forth from the recovery phase to sustainable economic development and long-term growth for the District.
- This has started to occur with latest Tourism numbers showing good spend and accommodation occupancy rates (note that post earthquake accommodation capacity is down 30%). There has also been a few big developments including the commitment from the Sudeja Hotel brand to build a new \$30 million, 4.5 star hotel in Kaikoura offering 118 rooms by the end of 2019.
- The Canterbury Mayoral Forum is very supportive of this proposal for Kaikoura. It aligns to the Canterbury Regional Economic Development Strategy Objectives.
- The CREDS 2017–19 has four key objectives for this local government term:
 - position our region for long-term, sustainable prosperity
 - complete/progress earthquake recovery/ rebuild in greater Christchurch and North Canterbury
 - attract and retain businesses, capital, workers, students and visitors to our region
 - strengthen and capitalise on interdependencies between the Christchurch and Canterbury economies

PGF criteria that this proposal supports:		
PGF Criteria	Assessment Commentary	Rating (1✓ to 5✓)
Link with fund and government outcomes: NOTE this is for overall projects, not the feasibility study itself		
Creates permanent jobs	Potentially strong economic impact – new investment into the region, generation of new jobs, improved profitability and income streams.	✓✓✓✓
Delivers benefit to the community	Supports the economic development and viability of the District post-earthquake. It's important the District moves from recovery to economic sustainability.	✓✓✓✓
Increased utilisation and returns of Maori asset base	Te Rūnanga o Kaikōura, Ngāi Tahu and Ngai Tahu Tourism involved in all projects. Iwi is a large land owner in Kaikoura and owns and operates many of the businesses.	✓✓✓✓
Enhanced sustainability of natural assets	Yes – Harbour in particular the reclaimed land due to the earthquake	✓✓✓✓
Mitigation of climate change effects	Yes – Harbour in particular the reclaimed land due to the earthquake	✓✓✓
Additionality		
Adding value by building on what is already there	These are all new projects utilising current assets (Harbour and airport)	✓✓✓✓
Acts as a catalyst for productivity potential in the region	These are all new projects utilising current assets (Harbour and airport)	✓✓✓
Connected to regional stakeholders and frameworks		
Alignment with regional priorities	Strong support from local residents, businesses, iwi and the Canterbury Mayoral Forum. See comments above re the Economic Development Strategy alignment.	✓✓✓✓✓
Support from local governance groups (inc. Councils, Iwi/Hapu)	Yes – see above comment	✓✓✓✓✓
Governance, risk management and project execution		
Robust project management and governance systems	Governance set up with Council – support through the Mayoral Forum. If the projects go through to the next stage this will be assessed further	
Risk management approach	Governance set up with Council – support through	

	the Mayoral Forum. If the projects go through to the next stage this will be assessed further	
Future ownership / operational management	Governance set up with Council – support through the Mayoral Forum. If the projects go through to the next stage this will be assessed further	

The purpose of this briefing is to consider recommending PGF funds to the Kaikoura District Council- Marine Centre of Excellence, Airport and Marina Project Development

Risks Issues:

- Procurement of appropriate resource – appropriate procurement processes will be followed. Tom Hooper (ex CEO of the Canterbury EDA has been identified as a potential resource).
- The project is at proof of concept stage and there is a risk that the proposal will not proceed beyond this stage. However, the proposed PGF funding represents a small investment in a proposal that has the potential to be a game changer for the District with long-term economic development post rebuild and recovery.

Eligibility points of note:

- *Due diligence:* Entity due diligence has not been completed as the applicant is a local authority (as per policy).
- *Conflict(s) of interest:* Based on the information provided no conflict of interest is evident noting that full due diligence will inform this item further.
- *Illegal Activity:* 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.
- *Alignment with Regional development plans:* Alignment with the Canterbury Regional Economic Development Strategy
- *Commercial funding availability:* Given the nature of the project, which is at 'proof of concept' stage, access to commercial funding is not a feasible option.

Consultation undertaken or implications:

Legal	N/A	HR	N/A	Finance	N/A	MBIE policy	N/A	Other	TPK
--------------	-----	-----------	-----	----------------	-----	--------------------	-----	--------------	-----

Supporting proposal:	Yes
Appendices:	Yes - Applications and overview of project/additional detail and annex one.
Sponsor(s):	N/A
Manager/Author of paper:	Abby Cheesman/ <small>Privacy of natural persons</small> – Investment Director