

Application for Funding

About this form

This form enables you to make an application for funding under any of the three investment tiers for the Provincial Growth Fund:

- Regional Projects and Capability: Under \$1 million;
- Sector Investments: Between \$1 - \$20 million; and
- Enabling infrastructure projects: Over \$20 million.

The information you provide will help us to assess and evaluate eligible projects and investment opportunities.

Next steps

We will review your application to further test suitability and risk and to make a decision on suitability for funding. We will be in contact where further information is required and we may provide you advice and support (i.e. from regional advisors) where necessary throughout this next stage of the process.

Instructions

Please complete the 'Application Form' section below, which is compulsory. In addition, please complete the parts of this application form that are relevant to your proposal. If the answer box is not big enough, please attach a document that provides the answer/s when you submit the form.

Please provide as much detail as you are able to, as appropriate to the size and complexity of your proposal. If compulsory or relevant information is missing, this may slow down the application process as we will need to contact you.

You can find the terms and conditions of applying for Provincial Growth Fund investment in **Appendix 1**. You must agree to those terms and conditions as part of submitting this application.

We also attach a copy of the Eligibility and Assessment criteria in **Appendix 2** to provide further context.

Submitting your application

Please email your completed form to PGF@mbie.govt.nz.

A. Application Form (*Compulsory section*)

1. Proposal Name:

Technical Study for The Whale Trail (TWT), a multi-use cycle and walking trail between Picton and Kaikoura (to be followed by a funding application to construct MKT.)

2. Please provide the name of applicant organisation/entity:

Marlborough District Council (MDC) in partnership with the Kaikoura District Council (KDC) through the Marlborough Kaikoura Trail Trust (MKTT). For the purposes of this and future applications, the MKTT will be referred to and presented as the Applicant.

3. What is the physical address of the applicant's organisation?

2 Alfred Street Mayfield Blenheim

4. Please provide the contact details for the applicant's organisation (*including a specific person as a point of contact*):

Luke Van Velthoven, Chairman, the Marlborough Kaikoura Trail Trust (MKTT)



5. Please describe the principal role or activity of the applicant organisation.

The MKTT was established to investigate, construct, operate, and market a cycle trail from Picton to Kaikoura. In their capacity, they represent the MDC and KDC in matters relating to this project and are the primary Applicant for the purposes of this and all future applications. They own the relevant intellectual property and will facilitate the building programs for TWT. They are the contracting body for all works. They negotiate land access, though all easements will be held by the relevant Councils. They manage the financial performance of TWT in all respects. They provide governance for MKT in all its forms, and report back to both funding bodies and asset owners. Finally, they are responsible for all staffing and health and safety requirements for the operations, which includes all maintenance programs. The make-up of the MKTT Board is such that both Councils, local tourism industry partners, recreational users, and regional business are all represented. MKTT also reports regularly to both primary stakeholder Councils to ensure both clarity of the project and transparency of the process.

6. Please provide a brief summary description of the project, including its location, purpose and history.

This is the first of two applications to construct MKT. This application specifically covers the technical study of the trail infrastructure and route. It will establish where the trail will go, what infrastructure and construction requirements there are, and establish a formal budget for the project. The second application will be made for support in constructing MKT. This application follows two previous reports, one a feasibility study for the study and a business case review which sets out financial objectives and potential. Each of these reports have been provided with this application, and they are referred to throughout this application. **Business Case is Withheld as Not for Public Release** The Feasibility Study Has Been Released on the Marlborough District Council Website

The TWT story is one of myth and legend. It is designed to promote a sense of grand discovery, of individual achievement, of big experiences.¹ It is an invitation to connect the past with the present and future, as well as culture with culture. Each rider becomes part of the story, and over time the connections across locations, generations, cultures, geographic areas, and viewpoints will build a network of myths and legends powerful enough to produce an identity bigger than the TWT, bigger than the region, and bigger than any one rider. The trail is an open invitation to do something special in a location that is special.

TWT is a project born of the recent earthquakes, designed to connect both ends of the NCTIR building program by linking Picton and Kaikoura by cycle and walking trail. TWT will run through each of the communities along that path: Picton, Blenheim, Seddon, Ward, Keekerengu, Clarence, and Kaikoura.² The construction plan is designed and will continue to be developed to give the best, most exceptional 365-day-a-year riding experience available. The focus will be on highlighting the key natural attributes of the region: wineries, coastal regions, and rolling pastoral land. With varied terrain, a congenial climate and unique range of diverse landscapes and regional points and elements of interest, the trail will tell the stories of the region's people and communities along the 210-kilometre trail corridor. Some highlights will be:

1. Iwi legend and myth;
2. Iwi history;
3. Treaty history;
4. The story of the Marlborough Sounds;
5. The development of the Marlborough wine industry;
6. The economic renewal of tourism driven by TRONT investment;
7. The geography and topography of the Pacific coast;
8. The nature of the valleys, wildlife, wetlands, braided rivers, pastoral landscapes, and high countries, along with other natural attractions;
9. The history of the whaling industry within the region;
10. Regional stories of cultural connections, first landings, maritime activities, early settler stories, agricultural heritage, etc.
11. The earthquake has left the landscape changed, and created new visual opportunities to both be explored and developed;
12. European pastoral settlement of New Zealand.

These stories will form the foundation and identity of TWT. Using innovative methods, focusing primarily on digital and outdoor channels, riders will move from one experience, one story, one interpretation of the surrounding environment to the next. The TWT will be built around stories, and the role of these stories – how they are told, where they are placed, how they are promoted – will be considered as part of this technical study. From the beginning, the TWT will seek to bring to life the history, cultures, and experiences of the wider region and its people; in some cases, these stories will be shared for the first time, capitalizing on local and regional community strengths, individual experiences, and conservation practices, heritage, and development outcomes. And it is then these stories that will form the basis of the visitor experience, creating not just an outstanding network of sites and sounds, but of stories and memories.

TWT will be broken into six sections,³ each bookended by a town with established amenities and facilities. The experiences that will be provided and the connectivity that will be established are central to TWT's success. The opportunity to grow transport services such as KiwiRail's Picton to Kaikoura Coastal Pacific connection off the back of MKT use and development remains a strong draw.

MKTT will undertake the work required to secure land access,⁴ source suppliers to build the trail infrastructure, secure funding for

¹ Commercial Information has undertaken initial concept work on behalf of the Trust and what is included in this work has been taken with their permission for inclusion. It represents the direction the Trust is considering moving, but this is not the finished work.

² An overall schematic and over view map are provided in Appendix 3.

³ Commercial Information

⁴ The sensitive nature of this work requires careful treatment, and out of respect for the landowners involved and the process required the Trust has not included the summary of those with whom they are negotiating nor the status of those negotiations. Further information will be released when it is considered appropriate by all parties.

the overall project, and maintain and operate the infrastructure once established. MKTT will also market and promote the MKT as an exceptional regional tourism experience by creating a journey by stories.⁵ Providing a hop-on-hop-off yet contiguous riding corridor from Picton to Kaikoura will encourage a wide range of users. It will tie together seemingly disparate collection of towns, industries, and activities. From the outset, TWT will serve as a unifying link between what makes the region unique. These experiences focus on all aspects of the available natural environment, allows the region to express their physical and professional skills, increase the physical tourism assets within the wider region, and provide a clear vehicle to enhance the overall cultural relationship between all communities and nationalities.⁶

The current project therefore is to undertake the necessary technical study work to finalise the route and construction costs necessary to create the vision outlined above. The proposal for funding is written from the point of view of this technical study. We do, however, provide work completed to date as an indication of the scale of the work we intend to investigate, and to outline what work has been completed and funding thus far. It is expected MKTT will return to MBIE to seek funding to assist in constructing TWT.

7. Please describe (or re-affirm) which industry or sector/s the proposal is relevant to.

The project covers (at least) the following industries:

1. Tourism Activities;
2. Construction;
3. Accommodation;
4. Food and Beverage / Hospitality;
5. Travel and Transportation;
6. Engineering and Infrastructure.

8. In what location/region/s is the proposal to be based? What is the name of the relevant District as detailed on the Local Government New Zealand website: <http://www.lgnz.co.nz/nzs-local-government/new-zealands-councils/>

Kaikoura and Marlborough Districts. Through the Hurunui Heartland Trail connections and Link Pathway, both Nelson and Hurunui will also be impacted. Through rail and existing trail infrastructure, there is also potential to connect to Christchurch and from there to the Hurunui District via the Heritage Trail; and Link Pathway/Queen Charlotte Drive Touring Route could join the TWT through to the Nelson-Tasman District.

9. Please provide full names of the project's leadership team, including your chief executive, directors and trustees (as appropriate).

Luke Van Velthooven, Trustee and Chairman of the Trust
 Cynthia Stoks, Trustee
 Kauahi Ngapora, Trustee
 Nigel Muir, Trustee
 Sank Macfarlane, Trustee
 Ian McNabb, Trustee
 Margaret Cooney, Trustee
 John Forrest, Trustee
 Louise Edwards, Trustee

Privacy of natural

10. If different from the applicant, who would be the 'contracting party' with the Crown under any successful contract?
 Please provide the full name.

MDC (in partnership with the KDC) will be the contracting agent, with fulfilment and engagement responsibilities assigned to MKTT, who is the primary applicant. MDC is represented on the MKTT board.

11. Are there any other Partners within this project? (i.e., construction, design or other significant partners). If so, please provide their names.

We have developed several key relationships. Among them are Commercial Information, MDC, KDC, KiwiRail, regional landowners, MBIE, NZTA, NZCT, DOC, and a variety of local contractors and infrastructure companies all expressing interest in making this project a success.

12. Is the applicant or the contracting entity insolvent or subject to any insolvency action, administration or other legal proceedings?

No.

⁵ This is borrowed from Privacy of natural per. See <https://www.jxs.nz/>, accessed 25 June 2018.

⁶ This wording and conceptualization flows from the government's focus on the Four Capitals: Social, Environmental, Human, and Physical domains. This information was sourced from <https://treasury.govt.nz/sites/default/files/2018-02/dp18-04.pdf> accessed on 4 May 2018.

13. Is any individual involved in the application, the proposed contracting entity or the project an undischarged bankrupt?

No.

14. Is any individual under investigation for, or has any individual been convicted of, any offence that has a bearing on the operation of the project?

No.

15. Conflicts of Interest: Please detail any actual, potential, or perceived conflict of interest that the applicant(s) or any of the key personnel have in relation to this project.

“In a small country like ours, conflicts of interest in our working lives are natural and unavoidable. The existence of a conflict of interest does not necessarily mean that someone has done something wrong, and it need not cause problems. It just needs to be identified and managed carefully...”

A full register of interests is below:

Name	Interest in	Type of Interest
Luke Van Velthooven	Privacy of natural persons [Redacted]	[Redacted]
Cynthia Stoks	Privacy of natural persons [Redacted]	[Redacted]
Nigel Muir	Privacy of natural persons [Redacted]	[Redacted]
Sank MacFarlane	Privacy of natural persons [Redacted]	[Redacted]
Kauahi Ngapora	Privacy of natural persons [Redacted]	[Redacted]
Margaret Cooney	Privacy of natural persons [Redacted]	[Redacted]
Louise Edwards	Privacy of natural persons [Redacted]	[Redacted]
Ian McNabb	Privacy of natural persons [Redacted]	[Redacted]
John Forrest	Privacy of natural persons [Redacted]	[Redacted]

These conflicts have been considered, and there is no recognised conflict limiting any Trustees capacity to carry out their fiduciary

duty in good faith.

B. Strategic Case and Regional Alignment

1. How does the project propose to act as a catalyst to lift the productivity potential of the region where the project is based?

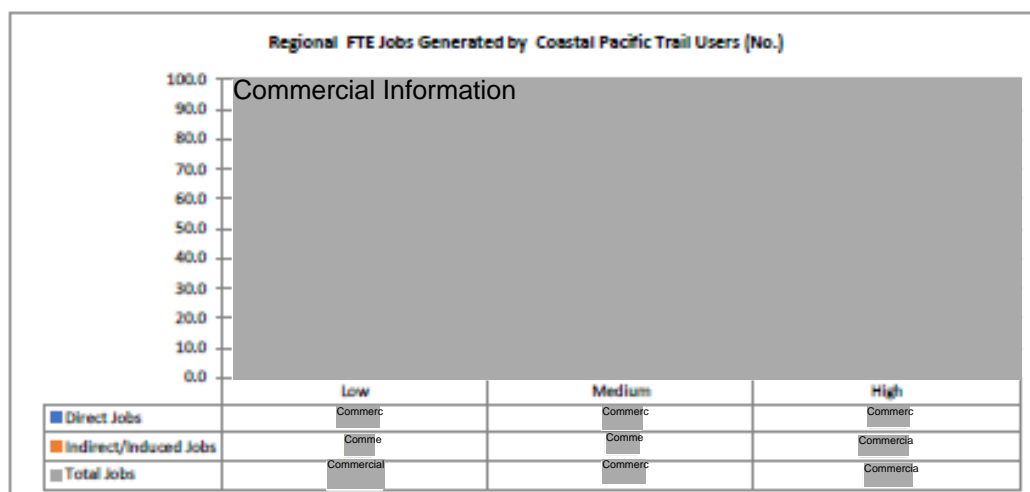
The work of the technical study itself will not necessarily lift economic productivity. However, by identifying the trail route and finalising timelines, it will assist in confirming potential economic benefits and tourism industry opportunities. The work at Wairau Bar, work on sports infrastructure, accommodation investments, and Ngai Tahu feeding more visitors in their key regional operations are all examples of this overall alignment. The regions from Marlborough to North Canterbury have been slowly recovering from the devastating earthquakes that began in 2010, culminating in the February 2016 Kaikoura quake. This rebuild has focussed on regional accessibility and infrastructure. Each of those regions have identified the opportunity to remake the tourism industry as part of that rebuild, and central to this remaking is the inclusion of cycling, walking, and other outdoor tracks. This project fits within each of the regional strategic plans, particularly for Marlborough⁸ and Canterbury,⁹ both of which have included consultation on and investment in trails in their long-term plans.

2. How does the project align with the objectives of the Provincial Growth Fund:

The technical study itself aligns with the Provincial Growth Fund in so far as it will identify opportunities for job and community growth and provide infrastructure for increased community use. An announcement of funding for the work will be one more step toward community renewal and post-earthquake confidence. TWT infrastructure itself will further provide direct benefits, and an outline of those estimated benefits are below.

The technical study will refine previous work and provide greater clarity around and certainty to those estimates. As planned, the TWT project meets the required outcomes of the Provincial Growth Fund as follows:

- More permanent jobs:
A recent TRC report¹⁰ concluded that up to **Comin** full-time equivalent jobs would be created by TWT, once it was fully operational. The chart below¹¹ shows the sensitivity analysis on those jobs, demonstrating even the most conservative estimates provide for **Comin** jobs. While most of these jobs will be in the direct services attached TWT, primarily trail guiding, food services, and accommodation, there will also be jobs filled in general industries within the region. As more people are employed, and more people require general daily services from supermarkets, fuel stations, doctors, etc., the flow-on will provide more stable employment throughout the wider region.



- Benefits to the community and different groups in the community:
This is not directly applicable to this technical study application. Benefits will flow from the construction of TWT, which we intend to seek funding for following the completion of the technical study. There are several wider community benefits that can be expected given the experience of other similar trails:
 - a. Increased investment in social programs such as walking, cycling, and outdoor education for local and regional schools;
 - b. Improved civic amenities such as toilets, potable water, curbing and channelling for roads, fencing, roading, etc.;
 - c. A rise in community engagement with ongoing projects;
 - d. A core asset around which community beautification projects can be organised and implemented;

⁸ https://www.marlborough.govt.nz/repository/libraries/id:1w1mps0ir17q9sqxanf9/hierarchy/Documents/Your%20Council/2018-28%20LTP/2018-28_LTP_CD.pdf accessed 30 July 2018.

⁹ http://canterburymayors.org.nz/wp-content/uploads/2017/06/CREDS-2017_FINAL.pdf, accessed, 12 June 2018.

¹⁰ *Coastal Pacific Trail Feasibility Assessment: Final Report*, TRC Tourism, September 2017.

¹¹ *Ibid*

- Increased use and returns for Māori from their asset base (where applicable). TWT will provide further opportunity to develop land assets (as and where required and desired) to cater for the growing visitor activity. Building on the already popular whale watching operations in Kaikoura, TWT will offer a reason to invest in accommodation, tourism transportation activities, indigenous tours, and hospitality services. TWT's route will also be sensitive to the many key protected and sacred sites, and TWT will provide interpretation opportunities for stories and myths of historical importance to become a living part of the everyday identity of the region. Commercial Information

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

3. Please provide a detailed description of the project, including the objectives and business need.

The Marlborough-Kaikoura region (Region) has a rapidly maturing tourism value chain, with strong relationships with inbound operators and FIT markets. This trend, however, seems to be primarily concentrated in the larger towns of Blenheim and Kaikoura,¹³ while the smaller communities tend to be lagging. This results in a lack of unified vision, identity, and sense of purpose across the region. This is a similar picture to much of the country where smaller communities servicing main tourist areas can miss out on the benefits of the tourism boom. This proposal highlights one opportunity to rectify that: to encourage more visitors and gather greater revenue, invite more investment, and solidify consistent growth through improved infrastructure supported by the established local industries, operators, and growing investment.

TWT will extend the season beyond the peak summer months, and it will serve to link the winter-popular North-West sector to the summer-popular South-East sector of the Region. In doing so we expect expanded length of stay figures, higher bed-night figures, and more consistent visitor patterns.¹⁴

The objectives are, therefore, to:

- a. Build community connections;
- b. Secure broader revenue returns from the Region's domestic and international tourism value chain, ensuring continued gains from all visitors in all sectors of the industry;
- c. Broaden and deepen the District tourism sector with more products to offer;
- d. Provide greater direct tourism industry employment;
- e. Encourage and facilitate industry maturity through increased export-quality products;
- f. Lift the sector's productivity and value through increased economic activity;
- g. Protect small coastal towns from cultural, economic, and social decay through diversifying their income and economies away from a strong reliance on farming.

There is also substantial need for core visitor experience infrastructure. The industry needs something around which they can build sustainable activities. It is not sufficient to be on the road, on the map, or known for a particular activity or product. Travellers are becoming savvy, and key destinations are beginning to brand themselves with visitor-rich experiences supplemented by location-specific stories.¹⁵ The Region currently has limited infrastructure for businesses to do this, and to do it well. A unifying concept and tie linking what people see, what people do, and what people can say about a Region is critical to its long-term development potential as a tourism destination. The purpose of the TWT project is primarily to provide this increased sense of community and to serve as a catalyst for community-based economic renewal and development. It therefore meets this need better than any other potential development project. As with other regions, TWT could ground the wider tourism industry by building a cohesive cornerstone to an enhanced Regional community pride.¹⁶ It aims to do this by lifting the combined MDC and KDC visitation numbers. Doing so will improve the Region's overall tourism export performance and invite direct investment in export-ready infrastructure around which further paid and ticketable tourism products and services can be established.¹⁷

4. Please provide a description of how the project aligns to the Government's additionality objective under the Provincial Growth Fund (including infrastructure, Māori assets/development, sustainability, investment tiers and regional development plans).

The technical work has not yet begun. Many of the other additionality aspects have been, or will be, discussed. Each will be met fully by the construction phase of the project, and a full demonstration of compliance with those criteria will be supplied in the next application for construction funding. In considering the full TWT being completed, however, we anticipate the following additionality objectives will be met as follows:

¹² Commercial Information

¹³ This is reflected in general tourism statistics as reported by both MBIE, Statistics New Zealand and the Tourism Industry Association, and has been raised in various meetings with regional tourism operators. This is also reflective of the situations in both Central Otago and the Waitaki and Mackenzie Districts prior to the establishment of the Central Otago Rail Trail and Alps to Ocean respectively.

¹⁴ See pp. 35-36 in the attached Business Case that reflects the impact of the A20 on the impact the overall annual industry.

¹⁵ This is the general direction being taken by Tourism New Zealand. See <https://www.newzealand.com/int/>, accessed 17 August 2018; and https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=12081775, accessed 17 August 2018.

¹⁶ *Coastal Pacific Trail Feasibility Assessment: Final Report*, TRC Tourism, September 2017.

¹⁷ This has been the experience of other trails. The Central Otago Rail Trail saw investment in accommodation, café, food and beverage, and direct tour operator activities. Locations along Alps To Ocean such as Kurow, Duntroon, and Omarama have also experienced increased direct investment on the back of the trail. Further operator businesses have been set up and large corporations as well as direct foreign investment has also flowed into the region because of the trail activities.

1. Benefit of central Government Investment/Support
Central Government funding will unlock the opportunity. Given the nature of the co-funding requirement for other funds committed thus far, and the need to retain some of that funding for ongoing operational support and future work, funds are necessary from Central Government to proceed.
2. Supporting third-party funding
As will be outlined later as well, Commercial Information has committed \$Commercial Informa the MDC has provided \$Commercial Inform, and the Commercial Information fund has given \$Commercial Inform. All this funding is on a matching funds basis, and the Commercial Information funding has been used to fund work to date. The MDC funding is allocated for construction; further funding has also been offered by the MDC for ongoing maintenance should the trail be built. MKTT is currently in discussions with the KDC as well.
3. Act as a catalyst to unlock the Region's productivity potential
As was highlighted above, the Region has a maturing tourism industry in need of a core piece of infrastructure around which each community can build attractions and services. Doing so has the potential to unlock over 300,000 potential domestic overnight visits, with increased international trade also likely.¹⁸ 62% of these visitors are interested in hiking and walking, and a further 21% are interested specifically in mountain biking.¹⁹ Providing infrastructure for these visitors will open business potential latent in the wider Region. There is also evidence of business investment on the back of the proposed trail work. This investment will lift both the accommodation capacity as well as the general service standards in the regional communities.
4. Links to other tiers of the Fund and related projects
This application will be followed up by a further application to construct the trail. Should this be successful, the work on the TWT will follow recent announcements on the expansion and connection of the Central Otago, Roxburgh, and Queenstown trails, providing further cycling opportunities for the visitor market. It also works well with projects proposed in Kaikoura as part of the redevelopment of the community. The project also ties in with State Highway work out of Picton and redevelopment work currently being undertaken by NCTIR. Furthermore, the second application will seek funding assistance for constructing TWT, which due to its potential size would fit within the Infrastructure tier.

5. What benefits will the region get from the Crown's investment?

This is not directly applicable to the technical study proposed in this application. The benefits will come from TWT's construction. In preliminary work to date, those direct benefits have been shown to be primarily financial. Recent work demonstrates that on an investment of approximately \$Commercial Informa dollars, a benefit ratio of up to Commercial In can be generated.²⁰ Over 20 years, this could equate to up to \$Commercial Informator in indirectly generated benefits.²¹ Further benefits in regional health profiles from increased outdoor activity, increased visitor numbers resulting in higher regional economic activity, and infrastructure against which further development can take place also will benefit the region. Further benefits of economic diversification, social programme development, and community and regional cohesion have also been identified, and all of which mirror the experience of other trails.²²

6. Please describe the current state of the proposal, and why the project has not been done before.

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 have been completed to date. Consultation programs are in development, and final intellectual property and legal documentation work is being considered. With the recent earthquakes and rebuild, the potential to establish a world-class tourism asset became a reality. This work will continue alongside the technical study proposed in this document. This has not been undertaken to date as the opportunity did not exist. Given the earthquake rebuild work and ongoing work repairing road and rail infrastructure, the TWT became both feasible, and possible. And on the back of previous MKTT-funded work, with supporting funding from Central Government, the work can progress to the final stages and be established.

7. Please provide a description, and evidence where applicable, of any local support for the project either through existing regional development mechanisms, or another relevant body, such as a council, iwi or other representative group (or reason for any lack of support).

The project has the support of both MDC and KDC, the Canterbury Mayoral Forum, and we are currently working closely with KiwiRail and Central Government. We are also beginning consultation with local Iwi; Commercial Information in Appendix 5. Withheld in Full Due to Commercial Information Letters of support are included

¹⁸ See the Draft Business Case, p. 19.

¹⁹ *Ibid*, p. 21.

²⁰ *Coastal Pacific Trail Feasibility Assessment: Final Report*, TRC Tourism, September 2017, pp. 39-40.

²¹ *Ibid*

²² A2O and Central Otago Rail Trail specifically have seen regional renewal on the back of cycle trail development.

8. Please provide a description of any consultation required.

We are currently undertaking consultation with Councils, each of the local communities through which TWT will pass, and local Iwi. MKTT sees this consultation as integral to the TWT project and has prioritised this work by establishing a Marketing Sub Committee to both manage and direct it. Starting in early August 2018 the MKTT Marketing subcommittee is meeting with the communities in Ward, Kekerengu, and Kaikoura. Picton consultation has begun through the MDC Smart & Connected community engagement model. Discussions with landowners are currently also underway, with those in key locations having been met with on multiple occasions. We have also met with the KDC on 10 August 2018, meetings were planned with the Kaikoura Runanga for 12 August 2018, and will meet formally with the MDC on 5 September 2018. Investigations are also currently underway to provide online feedback tools for the wider community to more fully engage with the project.

9. Please demonstrate how this project will fit in with wider assets or infrastructure, projects and benefits in the region.

The work fits well with the development of wider regional roading infrastructure, matches the NCTIR infrastructure projects, complies with the NZTA and KiwiRail asset programs, and given the timing and congruence of all activities the development of TWT may never see another opportunity such as this. In effect, the timing is perfect to build the best cost-effective trail alongside the other works. Once those works are completed, this opportunity will have passed. This work will also link to:

- a. Extension to the Wine Marlborough program to include cycling for the high-end tourism marketing pilot being run for the Top of South;
- b. Commercial Information who are currently exploring potential opportunities that treasure and share some of the amazing history of the Marlborough area and Wairau Bar;
- c. Engaging with Nelson/Tasman cycling as a Top of the South trail connection.

As these are all Provincial Growth Fund proposals/opportunities/projects, there is great potential to combine our work over time to create propositions of wider regional significance. This will produce outcomes and infrastructure greater than any of the individual projects can manage on their own.

Further connections can be made with the Coastal Pacific Train with the potential expressed by KiwiRail that a twice-daily service from Picton to Christchurch servicing the trail points to facilitate easier movements for cyclists is a real possibility, and international marketing work out of Christchurch Airport and Tourism New Zealand focussing on cycling and soft-adventure would provide immediate international coverage for both TWT and its suppliers. TWT would also extend new tourism infrastructure NCTIR are building along the Kaikoura Coast, as well as provide greater scope for NZTA to actively promote the Region as a cycle-friendly area.

10. Has the project been discussed with a regional economic development governance group? If so, what was the outcome of the discussion?

We have discussed the project with MBIE representatives, MDC, KDC, KiwiRail, and have begun plans to work with local Iwi. Further discussions will be held with Regional Tourism Organisations (Particularly Destination Marlborough, Destination Kaikoura, WREDA in Wellington, and Christchurch NZ), and Christchurch International Airport as the proposal becomes firmer. MKTT has been actively engaged with Destination Marlborough from the beginning, who have been including TWT in industry forums and discussions. The MDC and KDC have also prioritised this project in their recent regional long-term plans. MKTT has also worked closely with Sport Tasman, who is represented on the MKTT Board, and had engagement with Commercial Information

11. Please provide evidence of Iwi consultation.

We are beginning Iwi consultation now, and we anticipate completing this work as a key deliverable of the technical study. MKTT are in discussion with Commercial Information regarding potential opportunities that unlock the significant story around man's first mass landing on the Wairau bar, and we will begin working directly with other Iwi in Kaikoura/Marlborough in early September 2018.

12. Please provide evidence of compliance with international obligations (where relevant).

Not Applicable.

C. Project costs, economics and benefits

1. Please provide details of the wider benefits, over and above those described in the above Strategic Case and Regional Alignment section.

The current proposal is for the technical study. This specific work will provide no direct benefits over and above the general benefits outlined in the wider project above. The construction of the TWT will generate the benefits discussed previously: jobs, investment, and community cohesion. However, the fact that the TWT project is in the technical stage has inspired some businesses to begin to directly invest in expansions, product development, and has also raised inquiry levels from potential operators, service providers, and accommodation investors. This is the enabling effect other trails have demonstrated in their respective regions, where business growth has followed their establishment as investment in infrastructure invites investment in private operations.

2. Please provide a detailed breakdown of the benefits that will be enabled by the delivery of this project and the timeframes in which those benefits will be achieved/realised.

The technical study itself will take an estimated 12 weeks and will provide certainty to proceed with the full TWT construction project. The purpose of this report is to provide both a definitive route, summary of required infrastructure, draft plans of that infrastructure, and cost for that build program. In this regard, this is a review project. Should the project proceed through construction to establishment, the key benefits will be the creation of up to ^{Comm} jobs within ^{Commercial Inform} of operation, renewed community pride and identity within the first ^{Commercial Info} of operation, and increased business investment from the initial announcement of the trail.

4. Please provide a cost breakdown covering the following:
 - Total project cost breakdown (including contingency);

The total estimated cost of the technical study is \$^{Commercial Informa} (excluding GST). This covers:

1. \$^{Commercial Inform} for KiwiRail engineering and consulting assessment;
2. \$^{Commercial Inform} (excluding GST) in legal and consulting fees for access considerations and resource consent advice, and initial work in securing land access;
3. \$^{Commercial Inform} in construction and quantity surveyor consultation charged on an hourly-rate basis with allocations for travel;
4. \$^{Commercial In} to vet regional interpretive story content and assess the required branding and communication infrastructure required to deliver an internationally benchmarked user experience; and
5. \$^{Commercial In} in professional services to review the financial modelling work to date;
6. ^{Commercial Information}

Following the technical work, we are seeking further funding to construct the trail. The table below illustrates initial costing work to date that will guide and be tested by the technical study. It is not a formal nor a final budget at this stage. The final budget is expected to be a result of the technical study:

Estimate at 2 May 2018 V. 7							
Marlborough Kaikoura Trail concept design est costs		Base Trail	Base Infra	Base Sub-Total	Necessary Enhancements	Total	Rounded Total
Table top appraisal (excluding GST)							
Summary							
Picton to Blenheim Allowance	Com	C Inf	C Inf	C Info	C	C Inf	C Inf
Blenheim to Dashwood Corner Grand Total	Com	C I	C I	C I	C I	C I	C I
Dashwood Cnr & Awatere Bridge Grand Total	Co	C I	C I Inf	C I Info	-	C I Inf	C I Inf
Seddon to Ward Grand Total	Com	C I Inf	C I	C I Info	C I Inf	C I Inf	C I Inf
Ward to Kekerengu Grand Total	Com	C I Inf	C I	C I Info	C I Inf	C I Inf	C I Inf
Kekerengu to Clarence Grand Total	Com	C I Inf	C I	C I Info	C I	C I Inf	C I Inf
Clarence Bridge Grand Total	Co	-	-	-	C I Inf	C I Inf	C I Inf
Clarence to Waipapa Grand Total	Co	C I	-	C I	-	C I	C I
Mangamaunu to Kaikoura Grand Total	Com	C I	C I Inf	C I Info	-	C I Inf	C I Inf
						-	
Trail Grand Total	C	C I Inf	C I Inf	C I Inform	C I Inf	C I Inf	C I Inf

Trail Grand Total say	Comme	Commercial Inform	Commercial Inform	Commercial Informa	Commercial Inform	Commercial Informa	Commercial Informa
Allowance for Resource Consent, Survey and Easements							Commercial Inf
Allowance for interpretation panels and storytelling along the route							Commercial
Allowance for amenity, shelters, DoC style toilets, rubbish , safety infrastructure							Commercial
Total DRAFT Capital Budget							Commercial Informa

Note: Includes 0% contingency, GST exclusive

- Total funding sought from the Provincial Growth Fund for the Technical Study;
 - We will be seeking \$ [Commercial Inform] [Comm] % of the total funding for the technical study). We will apply for further construction funding once the technical study is complete.
- Type of funding sought (i.e., grant, loan or other);
 - MBIE Grant.
- Description and breakdown of funding sought from elsewhere (approached/approved/declined) and what funding has been committed;

The balance of \$ [Commercial Inform] will be covered out of funds already secured by MKTT. We have sought and received funding from the MDC and KDC for both conceptual feasibility work, strategic planning, operational support, potential construction, and on-going maintenance. We have received \$ [Commercial Inform] toward construction from MDC and \$ [Commercial Inf] per year toward annual maintenance costs. This construction funding is currently insufficient to complete TWT to required standard, and the funds available from other funding sources are to be applied to specific projects within the wider build program, i.e, construction of bridges, etc. [] specific funders we will meet with are [Commercial Information]. Funding has also been received from [Commercial Information]. Sufficient funds to cover the contribution indicated can be released for the technical study.

- Details of ongoing costs and financial viability;
 - Appendix 15.2 in the Draft Business Case (attached to this document) has a summary sheet of the ongoing operational forecasts and cash-flow based on an operational TWT; this work will be vetted as part of the technical study process. [Business Case is Withheld as Not for Public Release]
- Required timing of costs; and
 - Costs will be paid on invoice as per normal business practice. This work to could begin as early as [Commercial Information], with the first invoices being payable in [Commercial Infor]. The bulk of the work will be in the early stages, through the month of [Commercial Information]. We estimate [Comm] % of the work will be payable in [Commercial Infor] with the residue payable in [Commercial Information].
- Maintenance costs and funding sources
 - This is not applicable to this stage of the process. However, as discussed earlier, MDC has committed ongoing funding for ongoing maintenance.

5. Please provide a demonstration of the impact the project will have on the applicant’s balance sheet.
 TO BE DETERMINED ONCE THE TECHNICAL FEASABILITY STUDY HAS BEEN COMPLETED.

6. Please provide a demonstration of how you will ensure that your project represents good value for money.

The MKTT has four core pillars that ground all decisions: will it provide the most exceptional outcome; will it invite and enable the communities to tell their stories in a meaningful and respectful way; will it connect communities; does the process meet accepted professional expectations and standards? We believe following these guidelines will ensure value.

As it related directly to the technical study, value will be ensured through contracting to known professionals on a fixed-cost basis to provide clear information against a set of strict criteria. These relationships will be managed by the Trustees, and the information supplied will be vetted by both the Trustees and MBIE prior to them being accepted. The information will also be released publicly where possible to encourage greater debate among the stakeholder groups and to provide a blueprint for future investment from the private sector.

This is mostly a function of the process that will be followed:

1. MKTT will consult with the communities and key stakeholders;
2. Appropriate professionals with the required skills will be engaged to review the work;

3. These professionals will report back to the MKTT Board;
4. Reports will be delivered by MKTT back through to the stakeholders for their consideration;
5. The final project will be presented for consideration prior to becoming final.

The process is both inclusive of all parties, professionally robust due to the engagement of suitably skilled consultants, and open to the wider Region for their input.

The value of TWT will be in establishing a wider community identity, and in providing clear infrastructure around which the wider tourism and visitor economy can build, and people can and are willing to share their local stories. To ensure what is delivered represents good value for money, the MKTT continually asks: first, will this outcome give us the most exceptional infrastructure and experience; and second, if this is the most effective, efficient use of funds. Community and industry needs where practical, will guide much of the route planning and development stages. Direct oversight of the project by skilled team members will guarantee the use of funds produces the specific required outcomes.

7. If applicable, is there a financial model, financial forecasts, or a Cost Benefit Analysis which can be provided?
(If so, please attach to this application.)

A recent TRC report²³ highlighted several economic factors related to the overall regional economic impact of trail could have for the region. Further work built on the work of TRC²⁴ and established a potential financial model MKTT could employ and the financial requirements and benefits to run that model. Comprehensive financial statements from ^o co-investors have been provided. Appendix 15.2 includes the financial overview, cash-flow statements, forecasts, and sensitivity models. Below is a table with a summary of the key results:²⁵

TRC Report is the Feasibility Study Publically Available on the Marlborough District Council Website

5-YEAR EVALUATION TABLE				
	Baseline	Com %	Comm %	Commer %
Total Revenue ²⁶	Commercial Informat	Commercial Informat	Commercial Informat	Commercial Informatio
Profit	Commercial Informat	Commercial Informat	Commercial Informat	Commercial Informatio
DCF ²⁷	Commercial Informat	Commercial Informat	Commercial Informat	Commercial Informatio
Payback	C me	C me	C me	C me
IRR ²⁸	Commercial Inf	Commercial Inf	Commercial Inf	Commercial Inf
NPV ²⁹	Commercial Informat	Commercial Informat	Commercial Informat	Commercial Inform
ROI ³⁰	Commerc	Commerc	Commerc	Commerci

Free and frank opinions

²³ This report is included as an attachment to this report.

²⁴ The measures used are as follows: ^{com}total average nights; ^{com}% domestic, ^{com}% international; Spend splits for Domestic and International; ^o total visitors.

²⁵ Full spread sheets are included in Appendix 15.2 of the Draft Business Case.

²⁶ Calculation for revenue: average rate calculation x splits. Equates to ^{commer} per visitor per trip. Figure also includes calculation for partner revenue calculated at ^{com} partners with an average annual yield of ^{commerc}

²⁷ The figures used in this calculation are available in 15.2 of the Draft Business Case.

²⁸ *Ibid*

²⁹ *Ibid*

³⁰ *Ibid*

D. Project Plan

1. Please provide a project management plan covering the following:

Developing the full project management plan is part of the technical study we are proposing to undertake with the first tranche of funding. The technical study itself will be overseen by MKTT and managed by [Redacted] Privacy of natural persons

[Redacted] has been asked to provide consultation services for the project. This will be supported by weekly reporting, establishment of a critical path against which the reporting will take place, a transparent appointment of contractors where required, etc. The style will be inclusive: stakeholders will be engaged and consulted, and a representative structure with the required technical experience will be assembled. The following steps will be completed:

1. Appropriate construction sub-committee will be established;
2. Relevant scoping documentation will be established, complete with draft position description for all contractors engaged;
3. Relevant professionals (engineers, legal advisors, construction consultants, master trail builders, etc.) will be engaged;
4. Information sharing, and reporting structures and mechanisms will be agreed with all stakeholders;
5. Route establishment process:
 - a. Review existing maps;
 - b. Survey sites;
 - c. Consider section surfaces;
 - d. Consider grading for each section;
 - e. Vet ideas against best practice with [Redacted] Commercial Information
 - f. Investigate necessary infrastructure;
 - g. Consult with relevant professionals;
 - h. Draft and refine proposals;
 - i. Consult with landowners and wider stakeholders;
 - j. Consult with communities:
 - i. Landowner meetings;
 - ii. Council meetings;
 - iii. Online engagement;
6. Business case review
7. Brand and trail identity development;
8. Story-telling and interpretation infrastructure;
9. Draft and final technical study documents to be reviewed and approved by the MKTT and core stakeholders prior to submission.

This process is designed to be inclusive, allowing stakeholders and the wider community to be engaged and involved with the development of the final TWT product. Through their participation, and the reliance on the advice of recognised professionals and experts, the result will have both technical robustness and community consent. This will ensure not only value for money, but ongoing political and community support.

2. Please provide any feasibility assessment which has been conducted for the project.

The full technical study has not yet been completed, and it is the purpose of this application. We are now seeking co-funding to complete that work. Two pieces of work, an initial concept feasibility study and draft business case have been completed. They are both supplied with this application. They will serve as guides in the development of the technical study, and with that completed technical study, form the foundation for future planning and strategic work. Each of the previous reports have highlighted the strong market opportunity and viability of the project. It is expected the technical study will then complete the preliminary work by establishing the final route, final construction costs, and provide guidance on how to both identify and mitigate any technical concerns that may arise.

3. Please provide details of the key risks associated with the project, as well as how they will be managed.

This is not directly applicable to the technical study application. There is no inherent risk associated with the technical study itself. However, MKTT has considered the overall risk profile of the potential project in relation to creating a business case for TWT. The following section provides an overview of those considerations as a frame of reference for the technical study.

The table below then presents the summary of the findings of a preliminary risk analysis. Primary risks continue to be around the security of cash-flow, with minor risk identified for both project-related compliance and planning and broader relationship risk. These later risks, however, remain risks only as far as the potential damage is severe should they come to fruition. The expectation that this will eventuate is very low. Through the development and implementation of the specified activities, TWT is projected to be both manageable and acceptable.

The risk evaluation considered the following:

- Identification
The primary risk is around land access, and the cost of this access long-term, and this will be a key focus of the technical feasibility work we propose to undertake. Negotiations with land owners and the signing of reasonable and timely access documents will be critical to both the viability of TWT from a

construction perspective, but will also determine the overall quality of experience, and is key to receiving funding. Secondly, providing for ongoing maintenance is a concern. There must be enough economic security within the business model to keep TWT to the required international standards. MKTT has also considered risk around the key assets to be deployed: PPE, staff, cash, strategic planning, relationships and agreements, and industry knowledge. Those risks identified are considered risks as far as they create uncertainty around the successful deployment of an asset.

- **Evaluation³¹**
Each identified risk was analysed in isolation by assigning a numeric value between 1 and 5 (1 being the least and 5 being the greatest). These numbers were assigned for potential and impact. The potential that it could happen, and the impact should it happen, is then represented by the sum of the two figures.
- **Mitigation**
The mitigation strategies outlined below concentrate on removing all systematic risk around those assets identified as critical, while also mitigating as far as possible non-systematic risk. We concentrate on financial, cash, and economic mitigation as those areas are most crucial to the establishment and ongoing viability of the project.
- **Monitoring and reporting**
Though the technical feasibility study will raise awareness of new risks, a simple business case risk assessment has been done. During monthly meetings those responsible for specific tasks and components of the project will provide summary reports of work to date. Monthly reports will be provided to the governing board.

<i>RISK</i>	<i>SYSTEMATIC/NON-SYSTEMATIC</i>	<i>POTENTIAL</i>	<i>IMPACT</i>	<i>MITIGATION STRATEGY</i>	<i>MITIGATED RISK RATING</i>	<i>MONITORING and REPORTING METHOD</i>
Interest Rate Risk	Systematic	5	3	Tight fiscal policy and procedures to keep ahead of potential changes. Limit borrowings. Structure costs to provide flexibility in both timing and values.	3	Monthly financial reports to the Trust and relevant Stakeholders as required.
Inflation Risk	Systematic	5	4	Controlled budget allocation and designated rate increases.	0	Monthly monitoring of position and reporting to Board where necessary.
Cash Flow Risk	Systematic	3	5	Tight budgetary control and performance-based staff evaluations.	5	Regular budget analysis and monthly reporting to the Trust.
Global Financial Crisis Risk	Systematic	2	2	Fiscally prudent operations and continual market evaluation.	3	Continual market analysis.
Exchange Rate Risk	Non-Systematic	2	2	Annual price sensitivity analysis	0	Weekly conversion analysis and regular price reviews with reporting to the Trust.
Legislative Risk	Non-Systematic	2	5	Maintain continual compliance, and actively manage stakeholder relationships.	3	Compliance analysis and discussions with consenting authorities.
Supplier Risk	Non-Systematic	2	5	Strong contracts, and actively manage stakeholder relationships.	2	Weekly volume analysis and quarterly visits, with monthly reports to the Trust.
Natural Disaster Risk	Non-Systematic	1	5	Emergency management plans in place, as well as business continuation insurance cover and procedures in place.	5	Quarterly preparation drills. Regular maintenance programs in place. Contractors on standby to make repairs.
Staff Risk	Non-Systematic	1	5	Ongoing professional training, pay living wage, and provide stable work environment.	3	Staff meetings and regular one-on-one sessions with all relevant staff as required.
Planning Risk	Non-Systematic	2	3	Ensure due diligence is completed and all necessary compliance measures met.	3	Regular meetings with all interested parties until complete.
Construction Risk	Non-Systematic	4	5	Appoint skilled and experienced project manager and negotiation team to manage access issues. Develop a progressive delivery framework for all easements focussed on community-based negotiation and guaranteed but controlled, access.	4	Regular meetings with project manager until access is secured and construction is complete.
Partnership Risk	Non-Systematic	1	5	Actively engage at all times with partner organisations, sign heads of agreement, and actively manage ongoing expectations through regular evaluation and reporting.	5	Trust to hold regular partner meetings. Develop partnership strategy and track delivery of commitments.
Reputational Risk	Non-Systematic	3	5	Maintaining the trail to appropriate standards will require ongoing funding, established maintenance programs, and substantial staff	6	Staff to table monthly reports detailing maintenance requirements and performance against key

³¹ The risk matrix table used in the evaluation is included in Appendix 4.

PROACTIVELY RELEASED

				allocation. All these will be planned for and put in place prior to the trail being completed.		quality standard benchmarks. And annual quality audit will also be undertaken.
SUB-TOTAL		33/65	54/65			
TOTAL			87/130		36/130	

4. Please provide detail of any alternative project delivery options which have been considered and ruled out.

NOT APPLICABLE AT THIS STAGE.

5. Has the project plan been independently tested, or developed with assistance of a project management professional? If so, by whom?

The proposals have been reviewed by MKTT, and it has also been received by MBIE and NZTA. The financial modelling provided by the contracted consultants has not yet been independently tested or evaluated; this will be part of the technical study development process.

E. Commercial Viability

1. Please provide an overview of the applicant's track record in delivering projects of this nature.

MKTT as an organisation itself has never delivered a project of this type or scale. Individually, members on the TWT board have been involved in establishing large-scale commercial operations in the Marlborough and Kaikoura regions. Professional consultants and suppliers who are skilled and experienced in developing, building, planning, and promoting cycle trails will be engaged to ensure the work is to the appropriate standard.

2. Please provide any demand analysis (customers and growth/utilisation forecasts) which has been conducted.

This is not directly applicable to the technical application. However, initial work is contained in the MKTT draft business case, included with this application. See pages 14-21 for a full outline of the size and nature of the potential market. **Business Case is Withheld as Not for Public Release**

3. Please describe how the market has been, or will be, tested and engaged (if required) to assist in the delivery of this project.

This is not directly applicable to the technical study application. However, the market will be tested through survey and quantitative analysis of existing statistical data. We will also speak with current cycle tour operators, other trails within the New Zealand network, and consult with **Commercial Information** on trends and market opportunities they see.

4. Please describe what will happen upon delivery of the project, including the maintenance plan and plan for ownership of the asset.

This information will be determined as part of the technical study, and it will be part of the proposed technical study.

5. Please describe how the project will be sustainable beyond the term of the Provincial Growth Fund investment.

This is not directly applicable to the technical feasibility study application. However, the business model highlights operating revenue sufficient to maintain TWT. With further support from the relevant Councils and stakeholders, further revenue and funding will be available to promote and further develop the trail as required. It should also be pointed out that Marlborough as yet does not have the problems other over-popular destination have. Part of the arrangements for crossing private land will be incorporating safe zones for car parking, shuttle collection, turning bays, toilets, and rubbish collection. This will make TWT a net contributor to conservation and environmental protection controls and improvements in the region.

6. Please outline why Crown funding is required?

There are insufficient funds available from current sources to finance the full technical study project, as funds need to be matched from other sources and other retained for future work.

F. Declaration by lead applicant

By completing the details below, the applicant makes the following declaration about its application for PGF funding for the

TWT Technical Feasibility Study

project ("application"):

- A. I have read, understand and agree to the Terms and Conditions of applying for PGF funding which are attached as Appendix 1;
- B. The statements in the application are true and the information provided is complete and correct and there have been no misleading statements or omissions of any relevant facts nor any misrepresentations made;
- C. I have secured all appropriate authorisations to submit the application, to make the statements and to provide the information in the application;
- D. The applicant warrants that it has no actual, potential or perceived conflict of interest (except any already declared in the application) in submitting the application, or entering into a contract to carry out the project. Where a conflict of interest arises during the application or assessment process, the applicant will report it immediately to the PGF by emailing PGF@mbie.govt.nz; and
- E. I understand that the falsification of information, supplying misleading information or the suppression of material information in this application may result in the application being eliminated from the assessment process and may be grounds for termination of any contract awarded as a result of this application process.

Signature:

Full name:

Privacy of natural persons

Date:

D	D	M	M	Y	Y	Y	Y
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Title / position:

Chairman

Name of applicant organisation:

Marlborough Kaikoura Trail Trust

Appendix 1 - Terms and Conditions of applying for the Provincial Growth Fund

General

The terms and conditions are non-negotiable and do not require a response. Each applicant that submits a request for Provincial Growth Fund ("PGF") funding (each an "application") will be deemed to have agreed to these terms and conditions without reservation or variation.

The Provincial Growth Fund is a government initiative which is administered by the Provincial Development Unit, a unit within the Ministry of Business, Innovation and Employment. Any reference to the Provincial Development Unit in these terms and conditions, is a reference to MBIE on behalf of the Crown.

Reliance by Provincial Development Unit

The Provincial Development Unit may rely upon all statements made by any applicant in an application and in correspondence or negotiations with the Provincial Development Unit or its representatives. If an application is approved for funding, any such statements may be included in the contract.

Each applicant must ensure all information provided to the Provincial Development Unit is complete and accurate. The Provincial Development Unit is under no obligation to check any application for errors, omissions, or inaccuracies. Each applicant will notify the Provincial Development Unit promptly upon becoming aware of any errors, omissions, or inaccuracies in its application or in any additional information provided by the applicant.

Ownership and intellectual property

Ownership of the intellectual property rights in an application does not pass to the Provincial Development Unit. However, in submitting an application, each applicant grants the Provincial Development Unit a non-exclusive, transferable, perpetual licence to use, disclose, and copy its application for any purpose related to the PGF application process. Any application or documentation supplied by you to the Provincial Development Unit will become the property of the Provincial Development Unit and may not be returned to you.

By submitting an application, each applicant warrants that the provision of that information to the Provincial Development Unit, and the use of it by the Provincial Development Unit for the evaluation of the application and for any resulting negotiation, will not breach any third-party intellectual property rights.

Confidentiality

The Provincial Development Unit is bound by the *Official Information Act* 1982 ("OIA"), the Privacy Act 1993, parliamentary and constitutional convention and any other obligations imposed by law. While the Provincial Development Unit intends to treat your information as confidential, the information can be requested by third parties and the Provincial Development Unit must provide that information if required by law. If the Provincial Development Unit receives an OIA request that relates to your confidential information, where possible, the Provincial Development Unit will consult with you and may ask you to advise whether the information is considered by you to be confidential or commercially sensitive, and if so, to explain why.

The Provincial Development Unit may disclose any application and any related documents or information provided by the applicant, to any person who is directly involved in the PGF application and assessment process on its behalf including the Independent Advisory Panel ("IAP"), officers, employees, consultants, contractors and professional advisors of the Provincial Development Unit or of any government agency. The disclosed information will only be used for the purpose of participating in the PGF application and assessment process, which will include carrying out due diligence.

Limitation of Advice

Any advice given by the Provincial Development Unit, any other government agency, their officers, employees, advisers, other representatives, or the IAP about the content of your application does not commit the decision maker (it may be Senior Regional Officials, Ministers or Cabinet depending on the level of funding requested and the nature of the project) to make a decision about your application.

This limitation includes individual members of the IAP. The IAP's recommendations and advice are made by the IAP in its formal sessions and any views expressed by individual members of the IAP outside of these do not commit the IAP to make any recommendation.

No contractual obligations created

No contract or other legal obligations arise between the Provincial Development Unit and any applicant out of, or in relation to, the application and assessment process, until a formal written contract (if any) is signed by both the Provincial Development Unit and a successful applicant.

No process contract

The PGF application and assessment process does not legally oblige or otherwise commit the Provincial Development Unit to proceed with that process or to assess any particular applicant's application or enter into any negotiations or contractual arrangements with any applicant. For the avoidance of doubt, this application and assessment process does not give rise to a process contract.

Costs and expenses

The Provincial Development Unit is not responsible for any costs or expenses incurred by you in the preparation of an application.

Exclusion of liability

Neither the Provincial Development Unit or any other government agency, nor their officers, employees, advisers or other representatives, nor the IAP or its members will be liable (in contract or tort, including negligence, or otherwise) for any direct or indirect damage, expense, loss or cost (including legal costs) incurred or suffered by any applicant, its affiliates or other person in connection with this application and assessment process, including without limitation:

- a) the assessment process
- b) the preparation of any application
- c) any investigations of or by any applicant
- d) concluding any contract
- e) the acceptance or rejection of any application, or
- g) any information given or not given to any applicant(s).

By participating in this application and assessment process, each applicant waives any rights that it may have to make any claim against the Provincial Development Unit. To the extent that legal relations between the Provincial Development Unit and any applicant cannot be excluded as a matter of law, the liability of the Provincial Development Unit is limited to \$1.

Nothing contained or implied in or arising out of the PGF documentation or any other communications to any applicant shall be construed as legal, financial, or other advice of any kind.

Inducements

You must not directly or indirectly provide any form of inducement or reward to any IAP member, officer, employee, advisor, or other representative of the Provincial Development Unit or any other government agency in connection with this application and assessment process.

Governing law and jurisdiction

The PGF application and assessment process will be construed according to, and governed by, New Zealand law and you agree to submit to the exclusive jurisdiction of New Zealand courts in any dispute concerning your application.

Public statements

The Provincial Development Unit or any other government agency, or any relevant Minister, may make public the following information:

- the name of the applicant(s)
- the application title
- a high-level description of the proposed project/activity
- the total amount of funding and the period of time for which funding has been approved
- the region and/or sector to which the project relates

The Provincial Development Unit asks applicants not to release any media statement or other information relating to the submission or approval of any application to any public medium without prior agreement of the Provincial Development Unit.

Appendix 2 - Proposed operational criteria for all tiers of the Fund

Link to Fund and government outcomes

- Demonstrate the ways in which the project will contribute to lifting the productivity potential of the region
- Demonstrate how the project contributes to the Fund's objectives of:
 - more permanent jobs
 - benefits to the community and different groups in the community
 - increased utilisation and returns for Māori from their asset base (where applicable)
 - sustainability of natural assets (e.g. water, soil integrity, the health and ecological functioning of natural habitats)
 - mitigating or adapting to climate change effects, including transitioning to a low emissions economy
- Clear evidence of public benefits (i.e. benefits other than increased profitability for the applicant)
- Are in a Government priority region or sector

Additionality

- Project is not already underway, does not involve maintenance of core infrastructure or assets (except for rail and transport resilience initiatives), and does not cover activities the applicant is already funded for (funding could be considered to increase the scale of existing projects or re-start stalled projects)
- Demonstrated benefit of central Government investment or support
- Detail of any supporting third party funding (and any funding sought unsuccessfully)
- Acts as a catalyst to unlock a region's productivity potential
- Demonstrated links to other tiers of the Fund and related projects, to maximise value of Government investment

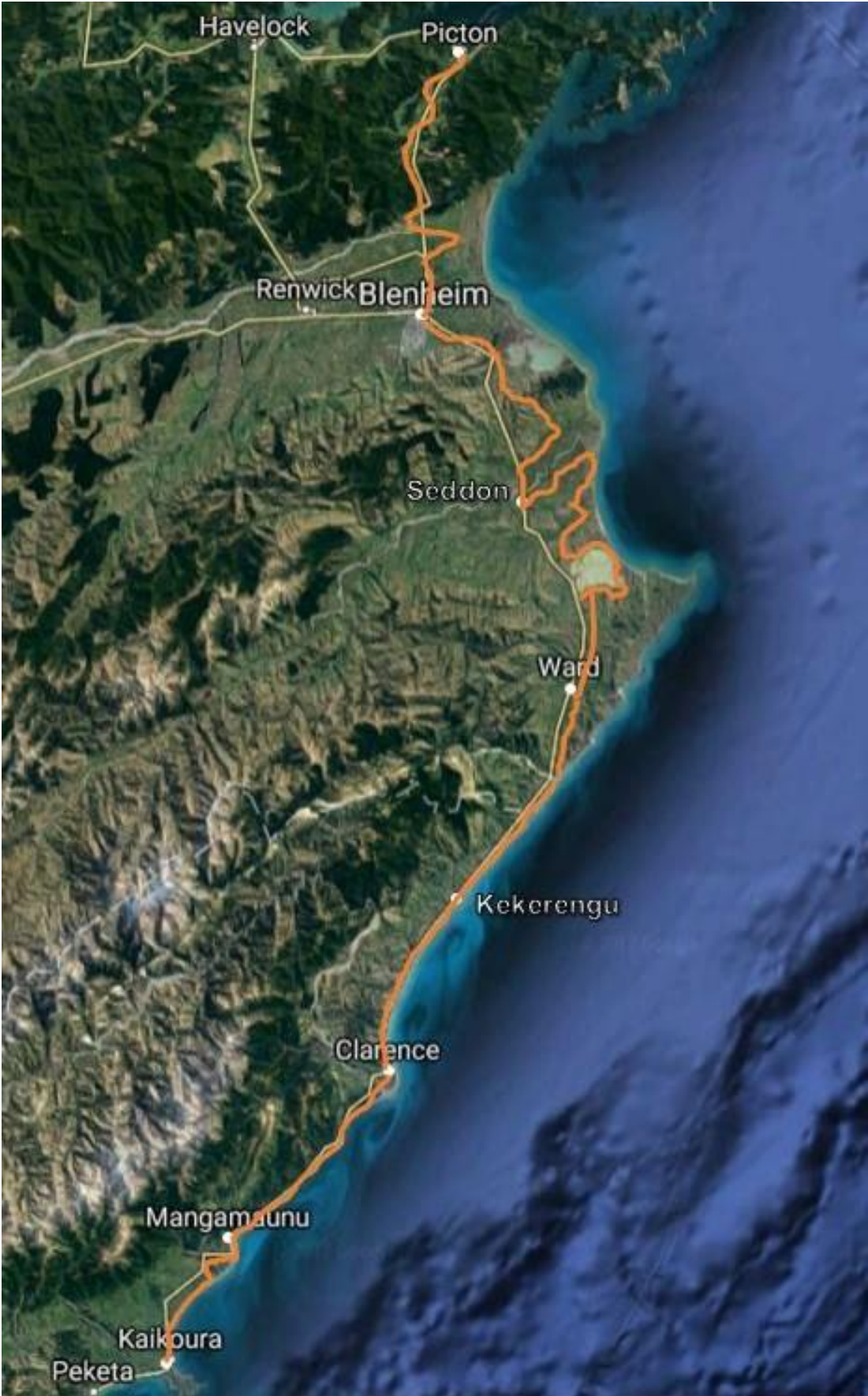
Connected to regional stakeholders and frameworks

- Evidence of relevant regional and local support, either through existing regional development mechanisms, or through another relevant body such as a council, iwi or other representative group (or reasons for any lack of local support)
- Has been raised and discussed with the region's economic development governance group
- Alignment with, or support for the outcomes of, any relevant regional development plan, Māori development strategy or similar document (whether regional or national)
- Demonstrated improvement in regional connectedness (within and between regions)
- Leverage credible local and community input, funding, commercial and non-commercial partners
- Utilise existing local, regional or iwi/Māori governance mechanisms

Governance, risk management, and project execution








- Evidence of robust project governance, risk identification/management and decision-making systems and an implementation plan appropriate to the size, scale and nature of the project
- Future ownership options for capital projects, including responsibility for maintenance, further development, and other relevant matters
- Benefits and risks clearly identified and quantified, depending on the scale of the initiative
- Evidence of potential exit gates and stop/go points, and a clear exit strategy
- Clearly identifies whole of life costs (capital and operating)
- Dependencies with other related projects are identified
- Evidence of sustainability after conclusion of PGF funding
- Adequacy of asset management capability (for capital projects)
- Compliance with international obligations (where relevant)

Appendix 3: Current Proposed Map Schematic

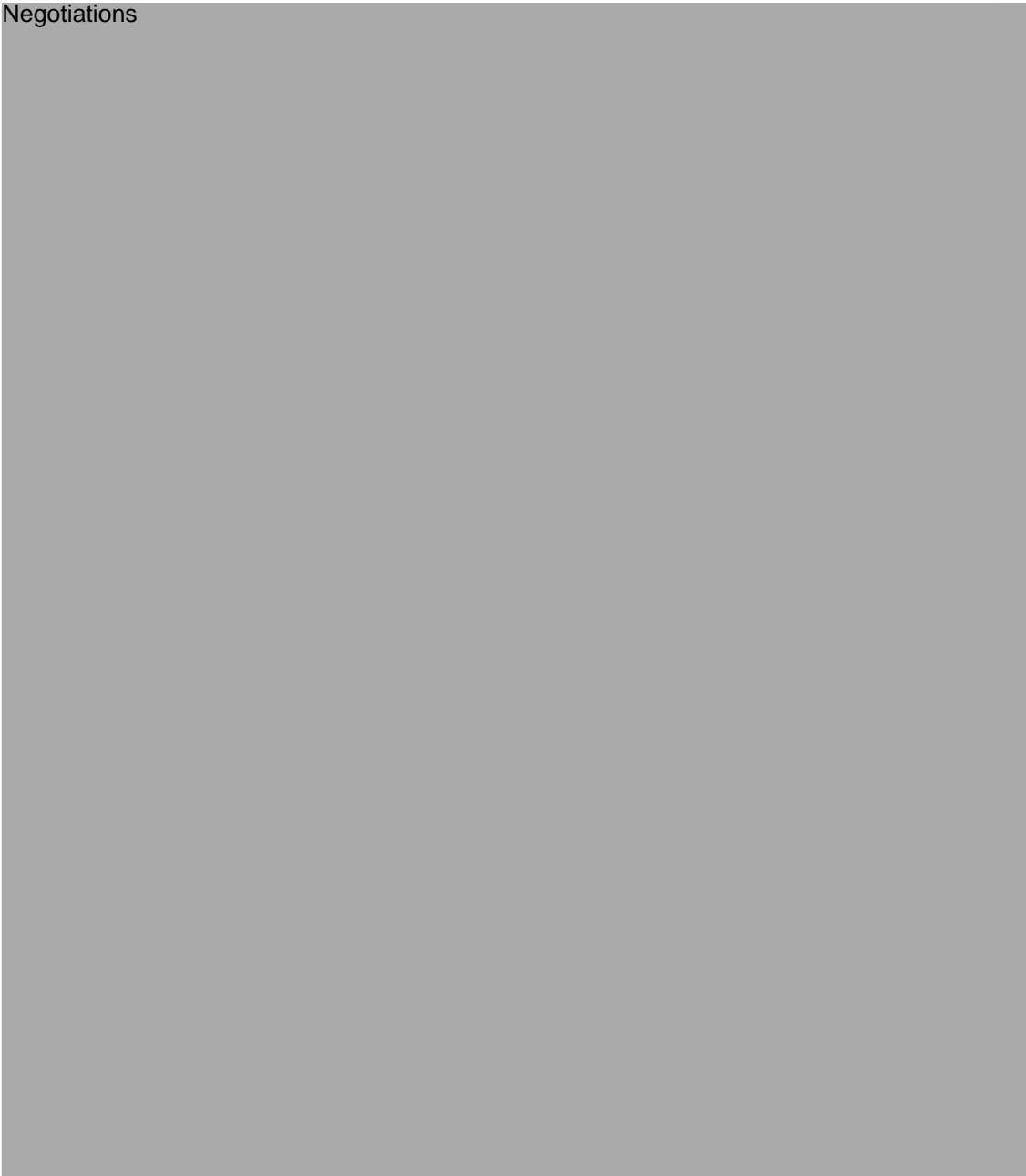


Marlborough Kaikoura Trail Trust - a cycle and walking trail

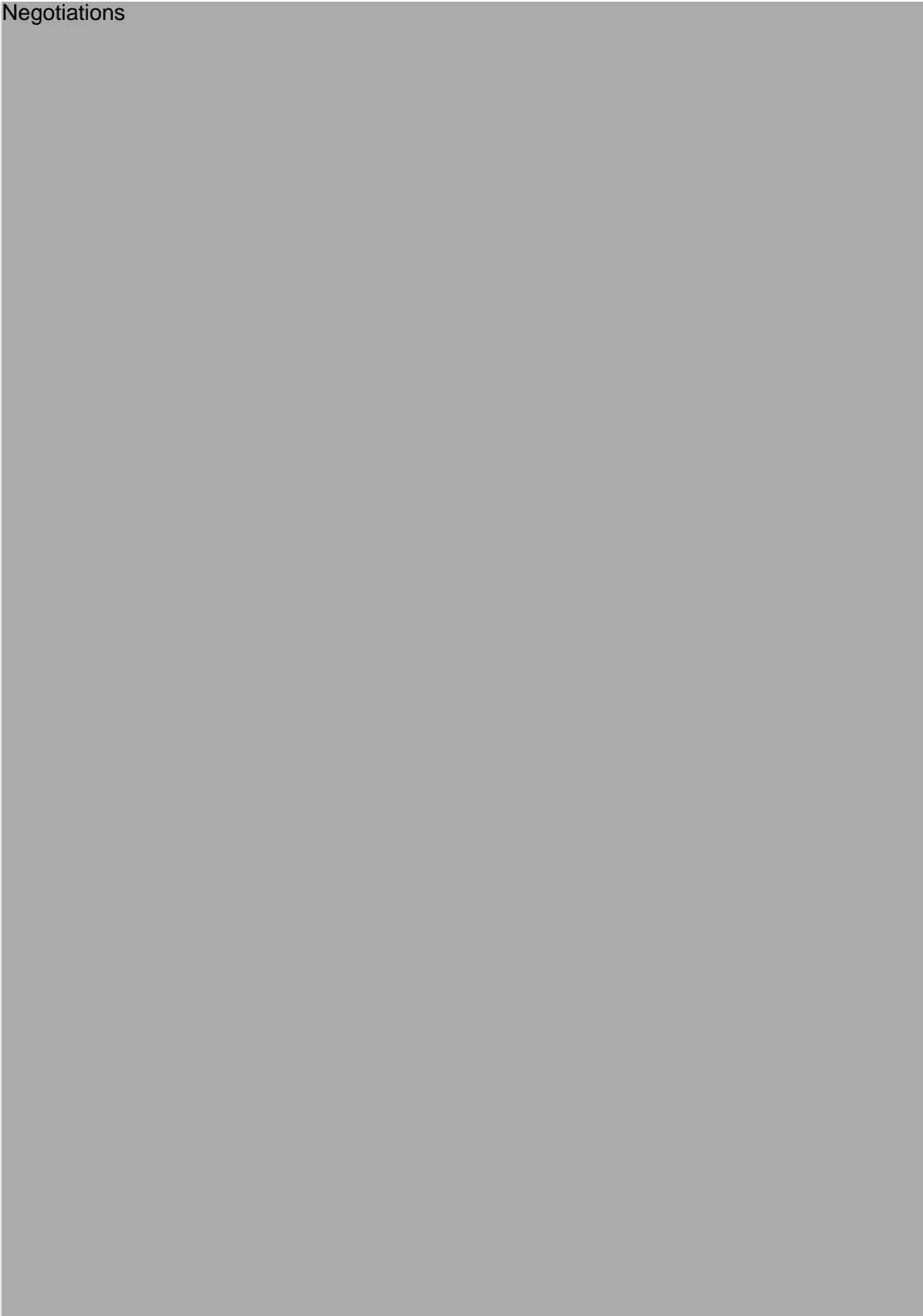
Schematic Legend

-  Access node
-  Railway Station
-  Railway Platform (Reinstate)
-  Difficult sections
-  Grade 2 NZCT
-  Loop or route option
-  Grade 3 NZCT

Negotiations



Negotiations



Appendix 4: Risk Matrix

	IMPACT				
POTENTIAL	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Almost certain (5)	6	7	8	9	10
Likely (4)	5	6	7	8	9
Possible (3)	4	5	6	7	8
Unlikely (2)	3	4	5	6	7
Rare (1)	2	3	4	5	6