

**BUSINESS CASE & PROVINCIAL
GROWTH FUND APPLICATION**

Whakatāne Regeneration Programme

Kaupapa Whakahaumanu o Whakatāne



Whakatāne Regeneration Programme

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PREPARED FOR:

WHAKATĀNE DISTRICT COUNCIL

PREPARED BY:



DOCUMENT ACCEPTANCE:

| Action | Name | Signed | Date |
|---------------------------|----------------------------|--------|------|
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| Final approved for issue: | Privacy of natural persons | | |

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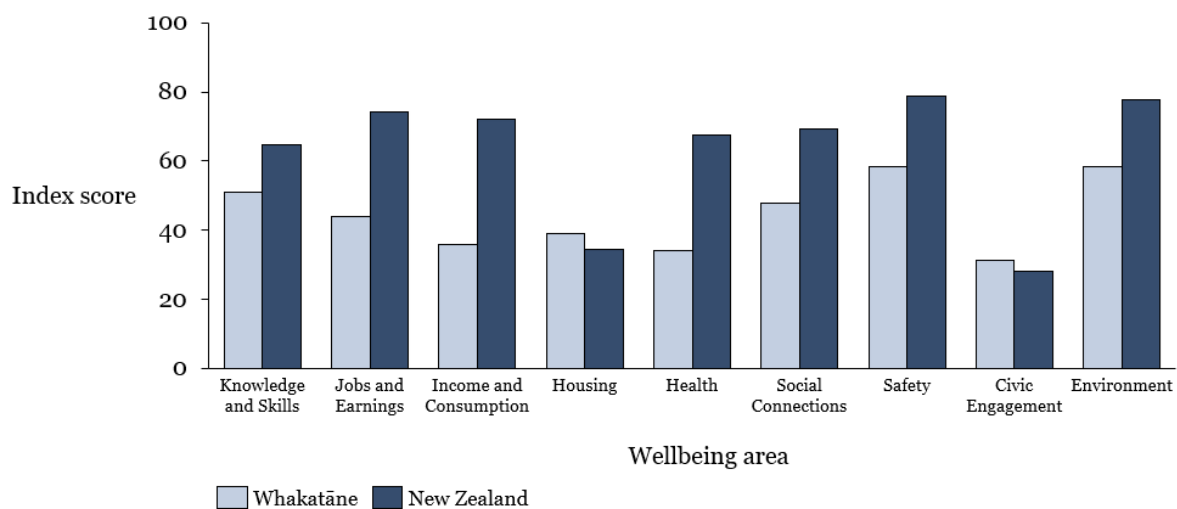
2 EXECUTIVE SUMMARY

The Whakatāne Regeneration Business Case is an evidence-based document that outlines an integrated case for future investment in the regeneration of the Whakatāne area.

Whakatāne District Council and Te Rūnanga o Ngāti Awa are partnering on the Whakatāne Regeneration Programme to create sustainable, inclusive and productive marine and tourism sectors and a vibrant town centre that contribute to a thriving community.

Whakatāne District is facing serious challenges in its journey to become the place of choice for people to live, work and play. We have high levels of deprivation, performing worse than the New Zealand average in seven of the nine wellbeing indicators as shown below in Figure 1.

Figure 1: Comparison of Whakatāne and New Zealand's wellbeing (2018 index values, higher scores indicated greater wellbeing)



39% of people living in the Whakatāne district are in the most-deprived quintile of the census area units in New Zealand. Key drivers of our wellbeing status are high unemployment and relatively low average incomes.

Whakatāne District Council (WDC) and Te Rūnanga o Ngāti Awa (the Partners) want to develop better economic resilience as a core focus to improving the wellbeing of the Whakatāne community.

Many of these issues were raised in the Eastern Bay of Plenty: Regional Development Project 2018. The Whakatāne Regeneration Programme delivers on the catalyst projects identified in this project and expanded into town revitalisation. The Regional Development Project identified the value of focusing on two key industry sectors; marine and tourism. The Project noted that these sectors could underpin economic resilience and growth opportunities in Whakatāne by creating the opportunity for a substantial uplift in activity in the town centre, which can unlock and enable a wider range of investment in the wider District. This will create new employment opportunities and attract new investment to the District. These sectors provide for both entry-to-work level and high-value employment prospects.

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This focus has supported the creation of a vibrant and prosperous town centre and marine sector, the strategies for achieving which are outlined in a strong town centre reference plan and a targeted Whakatāne Investment Strategy. These two pieces of work identify a series of actions that Whakatāne District Council can take to weave together the key moves, including the delivery of key projects and making the strategic investment decisions required to unlock substantial private sector investment in the town. These moves will underpin the uplift in economic activity and work in tandem with the marine and tourism action and investment plans to support a corresponding positive shift in social, cultural and environmental wellbeing.

They will also enable Te Rūnanga o Ngāti Awa to “sustainably maximise economic benefits for the people of Ngāti Awa”. This is the purpose of Ngāti Awa Group Holdings Ltd (NAGHL), the commercial arm of Ngāti Awa. [REDACTED]

Commercial Information

This approach has flavoured the development of this business case in both the town regeneration, tourism and marine sectors, both in terms of creating pathways that focus on maximising economic benefits for the people of Ngāti Awa, as well as all people of Whakatāne District; and in terms of increasing the living presence of Ngāti Awa in the town centre and surrounding environment.

This work has also reflected on the role of the Whakatāne township as the ‘halo’ town for the Eastern Bay of Plenty. A number of people choose to live in Whakatāne and work more broadly across the District and into Kawerau and Ōpōtiki. Creating an attractive and vibrant town centre and a variety of housing choices, including central town centre living, will become a key attractor for this workforce.

This business case was developed from strong stakeholder and community consultation, including Toi EDA, the marine sector, the tourism sector, EPIC (the town centre retail group) and others, with specialist advice on the industry sectors and investment approach and market analysis of development demand as well as Investment Logic Mapping, a process that ensures there is robust consideration and sound problem definition before solutions and investment decisions are made.

The Programme Governance Group identified four main problems.

1. Failure to address the current poor wellbeing status of the community, across numerous indicators, including income, health and environment, will compound future problems for individuals, communities and the District.
2. Failure to unlock the constraints on two main economic drivers, tourism and marine industries, will limit the ability to increase employment and value in these industries.

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3. Failure to provide local opportunities for skill development in primary industries, manufacturing and tourism will limit local benefits of economic development in these areas.
4. A lack of private sector interest in investing in the town centre, due to a number of factors, including market conditions and current leasehold property arrangements, will limit the impact of any public sector investment in amenities to increase the attractiveness and prosperity of town and the connectivity to the river.

They also identified the following six investment objectives or benefits.

1. Strengthened partnership and collaborative approaches between Te Rūnanga o Ngāti Awa and Whakatāne District Council.
2. Increased economic activity in the marine and tourism (and associated) sectors.
3. Increased private sector investment and activity in the town centre.
4. Better return on investment for Ngāti Awa and Whakatāne District Council and other partners.
5. Improved experience for visitors to Whakatāne and locals.
6. Improved social, cultural, economic and environmental wellbeing outcomes for locals.

2.1.1 THE PREFERRED WAY FORWARD

In response to these issues and benefits, and following comprehensive engagement and analysis of multiple options, evidence supports the recommended way forward as:

- Boat Harbour/Marine Investment to support direct and indirect growth in the Marine Sector, Commercial Information
- Town Centre Regeneration to increase private sector investment and create a world-class small-town destination;
- Tourism development focused on a Destination Management approach;
- Progressing an Investment Strategy that will unlock opportunities across the District by improving the returns from WDC assets; and setting Whakatāne District up for a financially sustainable future that can accommodate investment in economic growth.

The preferred way forward requires an investment of \$Commercial Info in a boat harbour, and \$Commercial in riverfront revitalisation projects. The Council is seeking Comm% co-funding from the Provincial Growth Fund to carry out these investments. The role of other partners in the Boat Harbour is yet to be determined.

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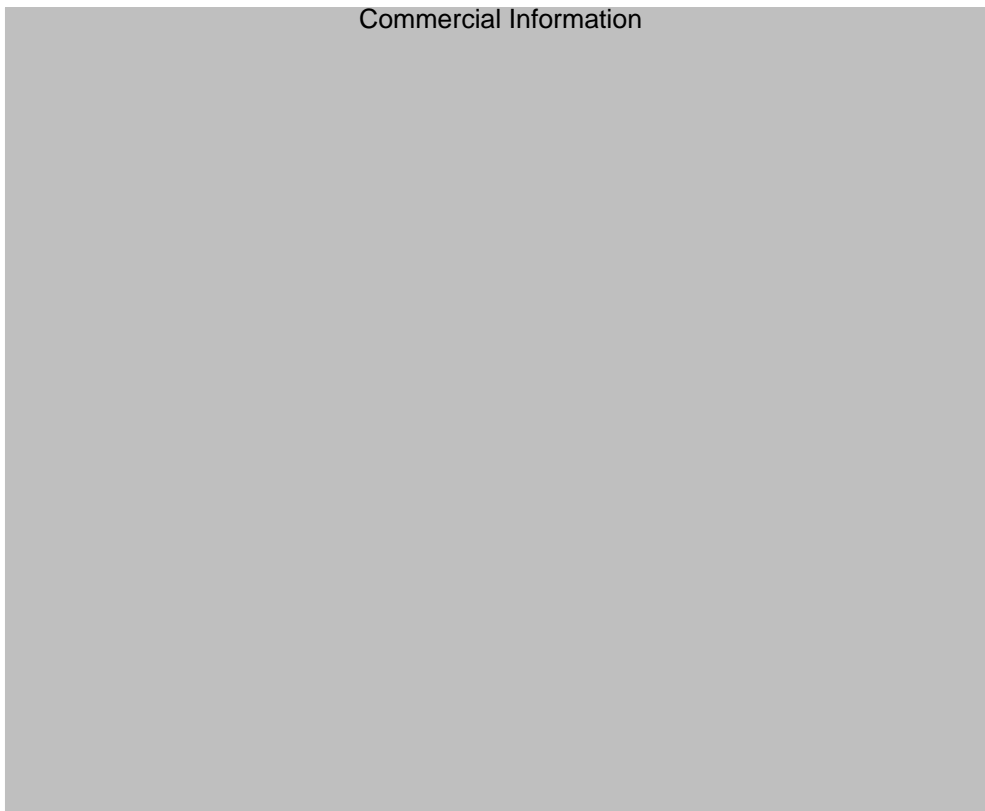
Boat Harbour

Note: An Addendum has been prepared to outline changes to the economic and financial modelling that have occurred since the business case was approved by the Whakatāne District Council on 6 September 2019. These changes follow discussions with Central Government regarding the Whakatāne boat harbour development.

The Addendum is included as Appendix 9. [Appendix withheld - Commercial Information](#)

A visual overview of Stage 1 of the preferred Boat Harbour option and the component projects are provided below

Figure 2: Boat harbour: a visual overview of the preferred option and component projects



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| No. | Project |
|-----|------------------------|
| 1 | Commercial Information |
| 2 | Commercial Information |
| 3 | Commercial Information |
| 4 | Commercial Information |
| 5 | Commercial Information |
| 6 | Commercial Information |
| 7 | Commercial Information |
| 8 | Commercial Information |
| 9 | Commercial Information |
| 10 | Commercial Information |
| 11 | Commercial Information |
| 12 | Commercial Information |
| 13 | Commercial Information |
| 19 | Commercial Information |
| 21 | Commercial Information |
| 22 | Commercial Information |

This Boat Harbour option, located on Māori owned land Keepa Road, Whakatāne, scored highest in the MCA process and will deliver the following benefits.

- Supporting the growing marine industry by meeting excess demand for additional berthage and commercial facilities.
- Increasing tourism numbers and tourism spend and delivering transformational change through stimulating tourism investment.
- Stimulating direct and indirect job creation in both the marine and tourism sector.
- Enabling Iwi economic, commercial and cultural aspirations on the waterfront.
- Enabling growth through quality infrastructure.
- Unlocking capital value in the CBD through private sector investment.
- Improving the public amenity and services at the riverfront and enhancing its connection to the town centre.

This option costs \$^{Commercial Info} and the proposed timing for delivery is for construction in the ^{Commercial Information} financial year. The Economic Case model is based on ^{Comm}% of the cost of delivery coming from PGF by

^{Commercial Information} The prospective partners have subsequently identified non-revenue generating / enabling components of the Boat Harbour, ^{Commercial Information}

^{Commercial Information} The Application will be made on this basis.¹

Town Centre Regeneration

The Town Centre Regeneration will initially focus on the delivery of five key catalyst projects:

¹ See Appendix 9 - ^{Commercial Information} Addendum - Updated Boat Harbour Funding Analysis

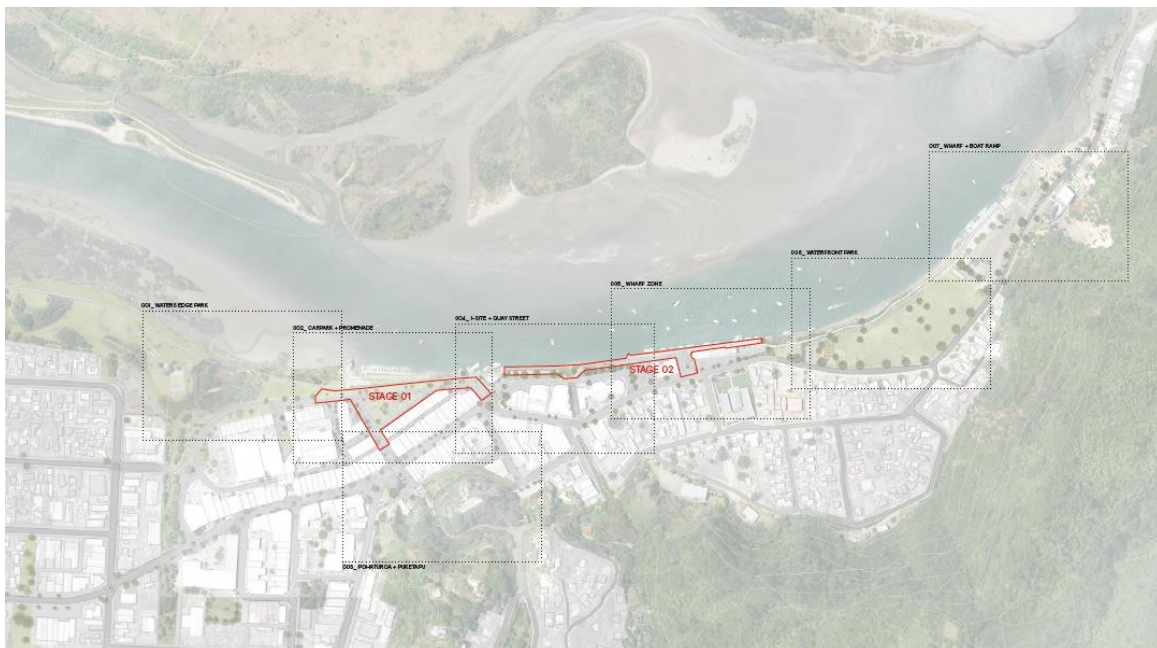
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- The Creation of the Whakatāne town centre heart
- The Whakatāne Riverfront promenade – Phase 1 (Game Fishing Club to Pier).
- The remediation of the Commercial Wharf
- The removal of the Eastern Finger Jetty to reconnect Wairaka Marae with the river and natural views.
- Upgrading the Western Timber Wharf to increase passenger safety and efficiency to support marine charter and tourism activities.

A visual overview of these are provided below.

Figure 3: Town Centre Regeneration: a visual overview



This Town Regeneration option scored highest in the MCA process and will deliver on the following benefits:

- Increasing employment opportunities.
- Increasing visitation to, and time and money spent in the town centre.
- Increasing demand for and value of built-form and rental revenue levels that support more investment.
- Improved economic and physical resilience.
- A vibrant and prosperous centre across the seasons that stimulates an evening and weekend economy with more opportunity to connect to visitor value and spend.
- Supports world-class attractions and offers an improved experience for visitors to Whakatāne.
- More investment from the commercial sector into the supporting offerings desired by both tourists and residents.
- Increased visitor satisfaction with Whakatāne that will consequently create more visitation as digital and word-of-mouth sharing takes place.

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- More spaces and places for gathering, events and activation by locals and visitors, along with a feeling of safety and security.
- A strong gateway experience to encourage people to stay and explore beyond the town.
- Fit for purpose berthage and tourist boarding facilities in order to provide a high safer access onto vessels, [Commercial Information]

This option costs \$[Commercial Info] (The modelling in the Economic Case is based on \$[Commercial In] and subsequent information has increased the cost of the investment in the in town wharves as part of the riverfront revitalisation to \$[Commercial I].) and the proposed timing for delivery is for construction in the [Commercial Information] financial year. WDC is seeking [Comm] % of the cost of delivery from PGF by way of a grant.

Tourism

The proposed Town Centre Regeneration projects, and the parallel Te Rūnanga o Ngāti Awa town centre-based projects², are catalyst projects of the Whakatāne District Destination Management Plan.

No additional funding is sought through this Business Case for these projects.

Investment Strategy

The Investment Strategy is a key unlocking tool of delivery. Implementation of the recommendations will be foundation steps in enabling the Whakatāne District Council to invest in the preferred way forward.

The value of taking an integrated approach to the delivery of the Programme is highlighted in the anticipated Programme benefits summarised below in Table 1.

Table 1: Overall programme benefits³

| Outcome | Source | Assumptions |
|-----------------------------|--|--|
| [Comm] direct jobs on-water | New berths | Berths filled by predicted industries, assumes [Commercial Information] new jobs are created |
| [Comm] boat building jobs | Growth in marine industry due to access to berths and skills | [Commercial Information] |
| [Commercial Information] | [Commercial Information] | [Commercial Information] |

² Ngāti Awa tourism projects include, [Commercial Information] the creation of a tourism hub at the Army Hall on the river.

³ Source: [Commercial Information] and other project consultants

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|---|---|--|
| \$Commercial on private investment in property development in town | Creation of development sites on Kākahoroa carpark site, improved viability of developments across town | Commercial Information |
| Commercial new attributable tourism jobs | Commercial% of growth identified in Tourism Destination Management Plan | DMP assumes tourism job growth increases from Commercial Information. Riverfront contributes Commercial% of this. Kākahoroa developments take place, |
| Commercial construction jobs | Commercial Information | Commercial Information, productivity in construction sector remains flat |
| ~\$Commercial uplift in WDC investment property assets | Increased economic activity driven by public realm investment in riverfront | Commercial% uplift in immediately neighbouring properties, Commercial% uplift on other nearby properties |
| \$Commercial uplift in Kākahoroa carpark value | Commercial Information | Site is converted from a carpark to an attractive development site |
| Commercial% reduction in current gap between local and national unemployment rate by Commercial | Delivering Commercial new jobs reduces unemployment rate from ~8% to ~6%, halving gap to national rate of ~4% | Boat building, on-water marine, tourism and construction jobs are delivered. Assumes unemployment rate remains static to Commercial. |
| \$Commercial incremental GDP per annum by Commercial, in nominal terms | Economic growth relating to the jobs identified in marine, tourism, construction industries | Jobs identified in boat harbour and riverfront revitalisation projects are delivered |

In addition to these benefits the project team has determined an indicative estimate of the potential incremental fiscal return to the Crown of \$Commercial per annum by Commercial. The estimate builds on four key assumptions:

- The percent of jobs which will be filled by unemployed people
- The fiscal return to Crown from transitioning someone off the unemployment benefit into work
- The fiscal return from an already employed person switching jobs, and
- The total jobs created.

Commercial Approach

Commercial Information

The Riverfront Revitalisation projects, like all large-scale amenity projects in provincial towns, will be delivered by the Whakatāne District Council, in consultation with Te Rūnanga o Ngāti Awa and the broader community.

In the short-term all procurement will be managed by Whakatāne District Council, following the Whakatāne Procurement Manual and good practice procurement procedures. The procurement of the Boat Harbour elements will be carried out in consultation with the prospective partners. As the

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commercial arrangements with the prospective partners are finalised an agreed procurement approach will be adopted and used.

Financial Approach

Refer to Appendix 9 - **Commercial Information** Addendum - Updated Boat Harbour Funding Analysis due to subsequent information being made available. **Appendix 9 withheld - Commercial**

The Financial Case, supported by the Investment Strategy, concluded that the recommended funding approach is to **Commercial Information**

Commercial Information
Commercial Information
Commercial Information
Commercial Information
Commercial Information The benefits of this approach are:

- Council can invest **Commercial Information** in an asset with better returns
- Very little debt needs to be taken on
- The impact on ratepayers is managed, which is critical, as ratepayers have little capacity to take on additional rate increases.

Management Approach

The Programme will continue to be managed as a programme.

A Heads of Agreement – Proposed Boat Harbour – Keepa Rd (Rangitāiki Lot 288 No 22 Bock) (HOA) was signed by the prospective partners, Te Rūnanga o Ngāti Awa, Ngāti Awa Group Holdings Ltd, Land Owner Trustees and Whakatāne District Council on 27 August 2019 to:

“set out, broadly, the basis on which the Trust, Te Rūnanga o Ngati Awa, Ngāti Awa Group Holdings Limited and Whakatāne District Council will foster their relationship in regard to investigating the viability of and progressing the development of the Proposed Boat Harbour, including the submission of an application to the Provincial Growth Fund by 10 September 2019”.

Whakatāne District Council will progress the delivery of the riverfront revitalisation projects, with Te Rūnanga o Ngāti Awa and others.

Commercial Information

2.1.2 NEXT STEPS

The next steps in the delivery of the project are that:

- Council submits a joint loan application **Commercial Information** **Commercial Information**) for \$**Commercial Information** of funding to the Provincial

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Development Unit for the development of a new Boat Harbour at Keepa Road, Whakatāne, in partnership with the owners of the land at Keepa Road, being the trustees of the Rangitāiki Lot 28B No 22 Block Ahu Whenua Trust, Te Rūnanga o Ngāti Awa and Ngāti Awa Group Holdings Limited.

- Council submits an application for a \$^{Commercial 1} grant to the Provincial Development Unit for two Whakatāne Riverfront Revitalisation projects comprising of:
 - a) The establishment of high-quality public open space and development parcels within the Kākahoroa Drive Council owned carpark;
 - b) Improvements to the current riverfront walkway between the Whakatāne Sport Fishing Club and the Whakatāne i-SITE (including the remediation of the current commercial wharf), to allow for a continuous walkway experience and support the public's interaction with the river.
- Council consults on the draft Investment Strategy part of the wider Whakatāne Regeneration Programme engagement proposed during 2020.
- Council proceeds with detailed Boat Harbour due diligence at the Keepa Road site, Whakatāne in partnership with the trustees of the Rangitāiki Lot 28B No 22 Block Ahu Whenua Trust, Te Rūnanga o Ngāti Awa and Ngāti Awa Group Holdings Limited.
- A governance group be set up to govern the Boat Harbour due diligence process on the Keepa Road site that will contain representatives from the Rangitāiki Lot 28B No 22 Block Ahu Whenua Trust, Te Rūnanga o Ngāti Awa, Ngāti Awa Group Holdings Limited and Whakatāne District Council.
- Council progresses the design of, and undertakes engagement with the community on the Reference Plan, including the two catalyst Whakatāne Riverfront Revitalisation projects as part of the Whakatāne Regeneration programme consultation.

In terms of managing the transitional phase the following next steps will be completed:

- **Commercial Information**
 [Redacted]
 [Redacted]
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- **Commercial Information**
 [Redacted]
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- The transition team will report back to the new triennial Council at the first appropriate opportunity with updates on all related workstreams including, but not limited to:
 - Investment Strategy Implementation Plan
 - Investment Policy
 - **Commercial Information**
 - Council Controlled Trading Organisation establishment
 - Governance arrangements for Keepa Road Boat Harbour
 - Preparation of a consultation package for 2020

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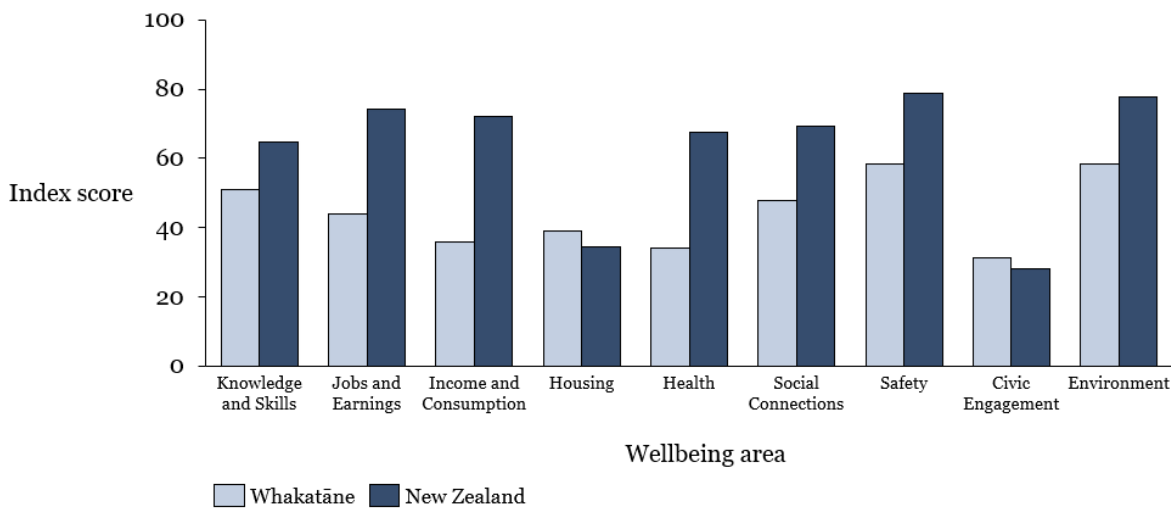
- Parking and Transport Strategy
- District Plan changes
- Rating Policy review
- Funding and Finance tools investigation
- Town Reference Plan

3 THE STRATEGIC CASE

The Strategic Case outlines the strategic context for investment in the regeneration of Whakatāne and makes a robust case for change.

Our District is facing serious challenges in the journey to becoming the place of choice for people to live, work and play. We have high levels of deprivation, performing worse than the New Zealand average in seven of the nine wellbeing indicators, as shown below in Figure 2.

Figure 4: Comparison of Whakatāne and New Zealand’s wellbeing (2018 index values, higher scores indicated greater wellbeing)



39% of people living in the Whakatāne District are in the most deprived quintile of the census area units in New Zealand. Key drivers of our wellbeing status are high unemployment and relatively low average incomes.

For Ngāti Awa, the challenge is even bigger. Of the more than 16,000 people of Ngāti Awa descent, 43% live in the Bay of Plenty. Their median income is \$22,600. 17.6% are unemployed. The unemployment level for those aged between 15 and 24 is 32%. With 33.6% of Ngāti Awa aged under 15, unless there is a sustained, iwi-endorsed approach to reversing these demographics, the future is daunting.

Whakatāne District Council (WDC) and Te Rūnanga o Ngāti Awa (the Partners) want to develop better economic resilience as a core focus to improving the wellbeing of our people and, for Te Rūnanga o Ngāti Awa, to provide real opportunities for their people to return home.

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In response to these issues and to support regeneration, the Partners focused on two key industry sectors; marine and tourism. These sectors can underpin economic resilience and growth opportunities in Whakatāne by creating the opportunity for a substantial uplift in activity in the town centre that can unlock and enable a wider range of investment in the wider District. This will create new employment opportunities and attract new investment to the District. These sectors provide for both entry-to-work level and high-value employment prospects.

This focus also supports the creation of a vibrant and prosperous town centre, and the strategies for achieving this are outlined in a strong Whakatāne Town Centre Reference Plan (Appendix 1) and a targeted Whakatāne Investment Strategy (Appendix 2). These two pieces of work identify a series of actions that the Partners can take to weave together the key moves, including the delivery of key projects and making the strategic investment decisions required to unlock substantial private sector investment in the town. These moves will underpin the uplift in economic activity and work in tandem with the Investment Action Plan – Whakatāne Marine Sector (Appendix 3) and Whakatāne New Boat Harbour Preliminary Feasibility Assessment (Appendix 4); and the Whakatāne District Destination Management Plan (Appendix 5) and **Commercial Information** (Appendix 6), to support a corresponding positive shift in social, cultural and environmental wellbeing.

Appendices withheld - Commercial Information

They will also enable Te Rūnanga o Ngāti Awa to “sustainably maximise economic benefits for the people of Ngāti Awa”. This is the purpose of Ngāti Awa Group Holdings Ltd, the commercial arm of Te Rūnanga o Ngāti Awa.

This work has also reflected on the role of Whakatāne as the ‘halo’ town for the Eastern Bay of Plenty. A number of people choose to live in Whakatāne and work more broadly across the District and in Kawerau and Ōpōtiki. Creating an attractive and vibrant town centre and a variety of housing choices, including central town centre living, will become a key attractor for this workforce. A number of people are also travelling into Whakatāne for work.

3.1 The Strategic Context

The strategic context is founded by a series of strategies developed in partnership with Iwi and stakeholders to define a measured way forward for the District and Town Centre. These strategies establish a consistency in approach across the scope of the programme and reinforce the significant role that the town centre, tourism and marine opportunities have for the future prosperity of Whakatāne.

3.1.1 EASTERN BAY OF PLENTY: REGIONAL DEVELOPMENT PROJECT

The project was a partnership between Iwi leaders across the Eastern Bay of Plenty, the Kawerau, Ōpōtiki, and Whakatāne District Councils, Bay of Plenty Regional Council and Toi EDA (the Eastern Bay of Plenty’s regional economic development agency).

The aim of the project was to provide Ministers and officials with an evidence-based overview of the development opportunities and constraints facing the Eastern Bay of Plenty. Regional stakeholders were consulted. This Project confirmed the Eastern Bay of Plenty (EBOP) as one of New Zealand’s most deprived regions. It has high levels of unemployment, drug and alcohol abuse, and family violence.

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Economic growth has significantly lagged that of New Zealand and the rest of the Bay of Plenty, growing by only 40% since 2000, compared to 139% and 178% respectively. The report clearly states that the business-as-usual outlook for the EBOP was for it to further lag New Zealand and Bay of Plenty trends in GDP and employment growth.

Any growth identified appeared concentrated around social services (largely at Crown fiscal cost) and in traditional extractive industries such as forestry, dairy and some horticulture. The report concluded that without intervention, traditional industries will not grow employment and GDP to the New Zealand average, nor meet the aspirations of the Government for EBOP communities.

Amongst the four catalytic projects identified in this work with potential to dramatically change the economic future for the EBOP was the:

- Whakatāne Wharf / Tourism cluster.

At the time of writing the Eastern Bay of Plenty: Regional Development Project, the Whakatāne Wharf redevelopment was forecast to unlock projects that would generate more than ^{Commercial} direct attributable local jobs and unlock expansion of tourism flows ^{Commercial Information}, wider commercial opportunities, waterfront improvements in Whakatāne and other tourism product development and marine-based industries.

The three other catalytic projects identified in the report are:

- Ōpōtiki Harbour and Aquaculture.
- High-value horticulture on Māori Land.
- Kawerau-Pūtauaki Industrial Development

3.1.2 WHAKATĀNE INTEGRATED GROWTH STRATEGY

The purpose of the Whakatāne Integrated Growth Strategy is to provide ways of planning for and managing growth in a proactive manner for the township of Whakatāne. In 2018, the population of the township of Whakatāne was 20,230. Council's preferred scenario of growth was based around 'a Growing Town – 25,000 people by 2050. To support this, an additional ^{Commercial Inf} jobs are required to provide income to additional households. This approach could also lead to more young people remaining in Whakatāne as they see work opportunities arise. This scenario requires a proactive drive from Council and Toi EDA to attract employment opportunities to Whakatāne.

The actions identified to deliver the strategy included:

1. Consider the look and feel of specialty retail areas.
2. Consider encouraging the concentration of commercial activity in the Whakatāne town centre.
3. Continue to work with Toi-EDA and Kawerau District Council on investigating demand and opportunity for industrial land.

3.1.3 WHAKATĀNE DISTRICT COUNCIL INVESTMENT STRATEGY 2019

Council's current Financial Plan is based on assumptions of a business-as-usual (BAU) future for the District, without significant changes in economic or investment patterns. During 2019, Council

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developed a Whakatāne District Council Investment Strategy to address financial and affordability challenges from:

- Potentially higher capital requirements for replacing ageing infrastructure that meets higher environmental standards, climate resilience, and the likely changes to regulation for water and wastewater
- Potentially greater infrastructure investment requirements if migration to Whakatāne occurs more quickly than anticipated
- The need for additional Council contributions to achieve economic, social and cultural uplift and to assist central government reverse growing levels of deprivation
- The need for Council investment to unlock financial support from the Provincial Growth Fund and other Central Government funding partners
- The need to be a trusted investment partner for the private sector and iwi partners.

The project also set out to:

- Develop a strategy to increase the performance of Council's investment assets for its community
- Enable the Council, in partnership with Te Rūnanga o Ngāti Awa, to seek Central Government funding to regeneration the town.

The two objectives are highly interlinked because the Council's key investments are in the land in the town centre.

The scope of the Project included:

- Identifying the strategy for managing WDC's investment portfolio, including but not limited to the property investments
- Identifying structures and other mechanisms to manage and govern investments and development activities
- Developing a property strategy to support town regeneration and to protect investment value
- Identifying co-investment opportunities and how the Whakatāne Regeneration Programme will be funded
- Estimating the implications of the proposed strategy on WDC's long-term financial position.

The Investment Strategy contains five objectives:

- Protect the Council's assets and investments for future generations
- Sustainably grow the value of the Council's investment portfolio
- Provide a sustainable dividend to offset the annual rating requirement
- Catalyse public and attract private investment in the district
- Facilitate town and district regeneration outcomes.

Successfully delivering the investment objectives will drive positive second-order outcomes, including but not limited to:

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- Economic uplift from public and private investment, impacting both the number of ratepayers and the average burden of rates relative to ratepayer incomes, as well as the living conditions and wellbeing of families and whānau in the District.
- Creation of new jobs and training opportunities which are required to reduce unemployment and social deprivation
- Protection and enhancement of cultural and environmental assets
- Greater economic and environmental resilience
- Supporting the uplift and development of the Māori economy
- Developing trusted long-term investment partnerships, which are proven to provide successful outcomes for our community
- Ensuring Council is meeting its Local Government Act and other commitments in a prudent, responsible and strategic manner.

A summary of how the proposed investment strategy will deliver sustainable value growth is provided in Figure 5.

Figure 4: Overview of the investment strategy.

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3.1.4 WHAKATĀNE TOWN CENTRE REFERENCE PLAN 2019)

Whakatāne developed a Town Vision Plan in 2008, which was reviewed in 2015. As part of the Town Regeneration and Boat Harbour Programme, this Vision was refreshed in 2019. The refresh draws upon engagement undertaken by Whakatāne District Council in its Kia Mua community visioning project, the 2019/20 Annual Plan, feedback from the 2015 review and engagement undertaken as part of the current programme.

The vision of the Framework is for Whakatāne to draw on its natural and cultural heritage to emphasise its relationship to the river – a place with a strong local identity that is vibrant and highly valued by residents, business and visitors.

The Framework responds to the challenges facing the town centre, including the low level of private sector investment in the town and the lack of definition and activity of key sectors and opportunities, for example the disconnection of the town from the river, the absence of a strong

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cluster of cultural and tourism activities and the gap in terms of an urban area to support activation and attraction of locals and visitors.

There are seven objectives in the Framework, the five most relevant to this business case are:

- **Cultural Connection** – emphasise that we live in a cultural landscape, one where we acknowledge the past but also focus on connection to land and each other through storytelling, art, food and experiences
- **Relationship to River** – the river is central to the town’s identity and future development orientation must acknowledge this. Create access and pathways to encourage more interaction at the river’s edge, whilst also ensuring that the various types of activities occur in harmony
- **Vibrant for longer** – establish a strong economic town centre that has cohesion between mixed uses and a variety of activities. Allowing people to live and work in the heart of town to create a dynamic environment that is vibrant for longer
- **Resilience and safety** – acknowledge that we live in a place that is affected by a number of natural hazards; floods, earthquake, rock fall and tsunami. Build resilience into all town centre development activities, Enhance safe access throughout town, to and from the river and out to and back from the sea. Ensure safe access to the escarpment and higher ground.
- **Unlocking opportunity** – have a sound property management strategy to unlock opportunities for growth in the town centre and develop key sites. Council to take a leadership role as a landowner in the town centre, a regulator and infrastructure provider, to enable investment from external stakeholders. Acknowledge that Iwi have cultural and economic interest in the town centre and ensure collaboration to manage development.

To support reinvestment, industry growth, and diversification, Whakatāne District Council has sought to examine the feasibility of investing in the Town Centre Reference Plan.

In the right circumstances, Town Centre regeneration has proven to be a solution to help overcome low growth and can assist in reforming a local economy. In support of growth, town centre regeneration is advantageous as it can:

- Create a strong and vibrant town centre;
- Create new and more diversified employment opportunities; and
- Attract new investment to the District.

3.1.5 WHAKATĀNE MARINE ACTION PLAN

The Investment Action Plan for the Whakatāne Marine Sector (July 2019) details the first steps in establishing adequate infrastructure, clustering marine sector activities, building workforce capability, attracting private investment, and ultimately creating jobs. The Plan identifies a series of targeted projects that will make the greatest short- to medium-term difference and make the most effective use of public and private investments.

These projects have been categorised under four broad enablers, the objectives of which are:

- **Access:** To provide, maintain and protect safe access to Whakatāne Harbour, to a standard that creates an enabling environment for economic development in the Whakatāne District

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- **Capacity:** To identify and develop opportunities for more productive use of land and water resources to accommodate growth in the Marine Sector
- **Capability:** To provide fit-for-purpose education and training that supports the needs of Marine Sector businesses
- **Environment:** To ensure Marine Sector activity enhances the marine environment and protects areas of cultural significance.

3.1.6 Commercial Information

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3.1.7 TOURISM – WHAKATĀNE DISTRICT DESTINATION MANAGEMENT PLAN

The Destination Management Plan (2019) for Whakatāne District creates a collaborative, deliberate and coordinated pathway to a prosperous and sustainable tourism industry across the District. It takes a strategic, coherent and consistent approach when deciding how to plan, manage, market and develop Whakatāne as a destination; offset the negative impacts of unmanaged tourism manifest; or ensure that the unrealised benefits that tourism can provide are not lost.

Destination Management creates sustainable growth to the benefit of the local community, and supports environmental, economic, social and cultural wellbeing.

The intent of the Destination Management Plan is to deliver on the following critical factors to increase the value of the Whakatāne visitor economy.

Economic

- Create inclusive growth through the distribution of economic opportunities and social benefits across our region.

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- Create pathways for many to enter the workforce, gain important skills and transition into high value jobs.
- Develop new experiences and use demand-driven destination marketing to increase visitor expenditure and length of stay for international and domestic visitors. Identify and develop experiences, activities and events that will attract them outside the summer peak.
- Roll-out a more deliberate strategy to leverage off the district's iconic destinations and experiences, [REDACTED] Commercial Information [REDACTED] Whirinaki Te Pua-a-Tāne forest, Te Urewera, kiwi and eco experiences.
- Develop a calendar of events that leads to increased visitation in the shoulder and low seasons.
- Share resources and work collaboratively to develop innovative actions that can be delivered within fiscal constraints.

Cultural

- Support iwi across the District to develop their tourism products that align with their strategic development strategies.
- Increase the ability for visitors to experience authentic Māori culture.
- Restore, enhance and preserve an authentic cultural heritage.

Social

- Ensure that our people and our environments are placed first in our planning and delivery.
- Support tourism development that is embraced by the community and is seen as a vital driver of the economy.

Environmental

- Restore, enhance and protect our natural and built environment for the benefit of residents and visitors.
- Ensure our infrastructure, amenities, services and connections are equipped to deliver our vision.

Without deliberate planning, the impact of increasing tourism can be at odds with the benefits, disconnecting our communities from the places that they love best, creating infrastructure pressures, overcrowding, and increasing pressure on our roads and natural environment.

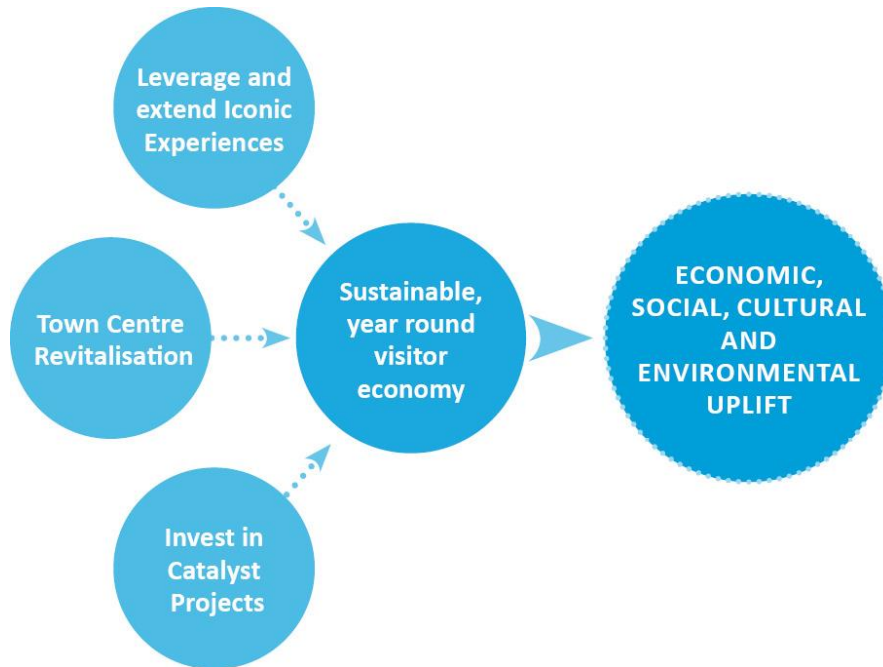
Whakatāne is intent on ensuring tourism growth is productive, sustainable and inclusive, to ensure that the wellbeing of the community is lifted and protection and restoration of our natural environment is ensured.

The relationship between leveraging our iconic experiences and supporting or investing in the identified catalyst projects in the DMP, and ensuring local and national tourism goals are achieved, is illustrated in Figure 6.

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Figure 5: The Tourism – Regeneration Ecosystem



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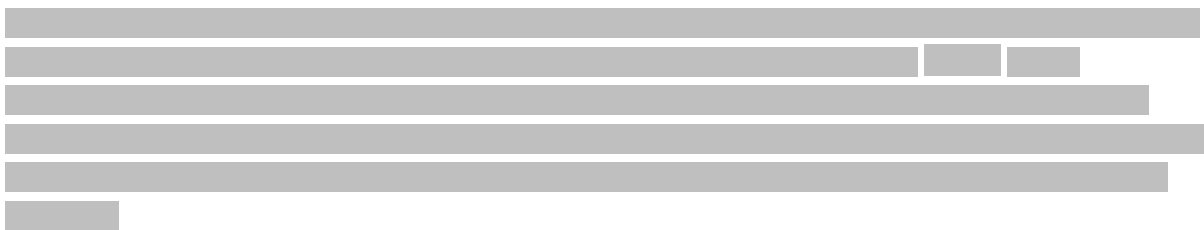
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3.2 The Case for Change - Focus Areas

The following section provides background information on each of the key sectors that are within the scope of this Business Case. The current performance and latent opportunities discussed in this section provide the basis for the case for change.

3.2.1. MARINE

The marine sector is estimated to have contributed 1.1% or \$14.59m of the total District GPD in 2018. This represents an increase of over 100% in value added over the period 2013 – 2018, with the proportion of GDP increasing from 0.49% to 1.07%. This increase can be largely attributed to the growth experienced in the sub-sector Fisheries and Aquaculture and Boat Building (a category of the Shipping sub-sector), over the previous six years. Two of NZ's three largest aluminium trailer boat manufacturers are located in Whakatāne District, Commercial Information



In this potentially high growth context, Iwi and the sector developed the Marine Action Plan for the Whakatāne Marine Sector (2019), this plan details the first steps in:

- establishing adequate infrastructure
- clustering marine sector activities
- building workforce capability
- attracting private investment, and
- ultimately creating jobs.

To address the key constraints in growth identified in consultation with Iwi, the community and the sector, the Plan identifies a series of targeted projects that will make the greatest short- to medium-term difference and make the most effective use of public and private investments.

These projects have been categorised under four broad enablers, the objectives of which are:

- **Access:** To provide, maintain and protect safe access to Whakatāne Harbour, to a standard that creates an enabling environment for economic development in the Whakatāne District
- **Capacity:** To identify and develop opportunities for more productive use of land and water resources to accommodate growth in the Marine Sector
- **Capability:** To provide fit-for-purpose education and training that supports the needs of Marine Sector businesses
- **Environment:** To ensure marine sector activity enhances the marine environment and protects areas of cultural significance.

⁴ Informetrics. (2018). Whakatāne District Economic Profile.

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Key projects captured in the Marine Action Plan and confirmed through Whakatāne New Boat Harbour Preliminary Feasibility Assessment are as follows:

Commercial Information

- █ [Redacted]

Boat Harbour

- █ A boat harbour that increases berthage capacity of the Whakatāne harbour by a minimum █ berths is required to meet existing demand. In addition, a range of berthing options are required to cater for varying boat sizes, including an oversized fit-out berth for use by local boat builders and larger commercial fishing vessels.

Tourist loading and unloading facilities upgrade

- █ An upgraded tourism loading and unloading facility would allow the existing chartered tour operators (and future operators) to expand their operations.

- █ Commercial Information

Commercial Wharf Loading and Unloading facilities

- █ Loading and unloading facilities at the wharf, through improved vehicle transport access and manoeuvring, is also required to improve efficiency and capacity of the sub-sector, catering to long-term growth.

Commercial Information

- █ [Redacted]

Commercial Information

- █ [Redacted]

Marine Industry Training Facility and Programmes

- █ Creating a capable and engaged workforce will allow the local boat builders to grow at pace. The facility would create a centre of excellence for the alloy marine industry in New Zealand. In turn this will create jobs and attract businesses to the region.

3.2.2. TOURISM

In 2018, visitors to Whakatāne spent \$140m and generated 4.9% of District GDP. Currently, the visitor economy across the Whakatāne District is susceptible to the following pressures: the impact of wider (global) economic activity, which impacts on the level of resources available for people to travel; and the availability of infrastructure, services and labour.

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Whakatāne District Council has worked with Iwi and the sector to develop Whakatāne District’s first Destination Management Plan. The vision of the plan is that:

“Every visitor to Whakatāne District shares our authentic culture, the uniqueness of Te Taiao (nature), the experiences we have created; and every visit enhances the wellbeing of our community and environment”

To achieve this, an implementation plan was developed under the following eight strategic priorities:

Figure 6: Implementation plan: Eight Strategic Priorities



The delivery of the Destination Management Plan is a long-term commitment across many stakeholders. However, alongside our community, we have identified the following catalyst projects.

Ngāti Awa Led Catalyst Projects

1. Commercial Information

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b. Commercial Information

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2. Commercial Information

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3. Commercial Information

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4. Commercial Information

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Catalyst Projects

5. Whakatāne town centre heart and riverside revitalisation
 - a. Creation of a riverfront park for the community and visitors
 - b. Riverfront reconnection.

A town centre that leverages its unique location and history will catalyse the following benefits:

- Increased visitor satisfaction with Whakatāne that will consequently create more visitation as digital and word-of-mouth sharing takes place
- A vibrant and prosperous centre across the seasons that stimulates an evening and weekend economy with more opportunity to connect to visitor value and spend
- Supports world-class attractions and offers an improved experience for visitors to Whakatāne
- More investment from the commercial sector
- More employment opportunities and business success
- More spaces and places for gathering, events and activation by locals and visitors, along with a feeling of safety and security
- A strong gateway experience to encourage people to stay and explore beyond the town.

6. Ngā Tapuwāe o Toi Coastal Walkway

The potential outcomes of investing in this walkway could include:

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- To be acknowledged as a Department of Conservation (DOC) Day Hike, to leverage off national DOC and i-SITE marketing initiatives
- To provide a year-round tourism attraction that showcases the best of Whakatāne and Ōhope and links to the town centre and retail, hospitality and cultural tourism offerings
- To provide a quality land-based attraction for international and domestic visitors and encourage longer stays.

New Zealand is a well-known walking and hiking destination and this project could attract new visitors to our region and leverage off Tourism New Zealand global marketing initiatives.

7. Ngā Haerenga Cycle extension

There is an opportunity to extend the existing Ngā Haerenga Motu Trails to Ōhope Beach and Whakatāne, to meet the following key objectives:

- To connect it to those coastal communities situated along the route of the proposed trail, to create economic development and tourism opportunities
- Work towards linking the Motu Trails to the Te Ara Ahi Cycle Trail, in line with the concept plan for the trail
- Provide a year-round tourism and recreation offering for increased domestic and international visitation.

8. Whakatāne Destination Management Organisation

The successful delivery of this Destination Management Plan will rely on resourcing a DMO or group that will have the credibility and trust of all stakeholders, both within and beyond the destination. Whakatāne District Council will investigate setting up an industry group to implement this plan, bring together resources, expertise and a degree of independence and objectivity to lead the way forward.

9. Omataroa Eco Tours

This project will deliver an authentic Māori cultural experience, centered around our ngahere and taonga, that will be a key tourism asset for the Eastern Bay of Plenty, further establishing Whakatāne as a high-profile destination for domestic and international visitors.

3.2.3. INVESTMENT STRATEGY

The Investment Strategy Project was launched to improve the performance of Whakatāne District Council's investment portfolio and to ensure that Council is well prepared to contribute to the region's economic development opportunities and initiatives. Commercial Information

Council now wishes to ensure that its investment strategy is well-aligned to its broader town regeneration plans.

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Commercial Information

The Strategy identified the following requirements (Figure 8) to achieve regeneration outcomes.

Figure 7: Regeneration relationships

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The Strategy is based on the following action points.

Table 2: Investment Strategy Action Summary

| Subject | Recommendation | Description |
|--------------------------------------|--|--------------------------------------|
| Investment strategy | Adopt the Invest for Regeneration strategy and align the appropriate policy documents to reflect it. | Commercial Information [Redacted] |
| Commercial Information [Redacted] | Commercial Information [Redacted] | Commercial Information [Redacted] |
| Commercial Information [Redacted] | Commercial Information [Redacted] | Commercial Information [Redacted] |
| Commercial Information [Redacted] | Commercial Information [Redacted] | Commercial Information [Redacted] |

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|-----------------------------|---|---|
| | | <p>Commercial Information</p> <p>[Redacted]</p> |
| <p>Commercial I</p> | <p>Commercial Information</p> <p>[Redacted]</p> | <p>Commercial Information</p> <p>[Redacted]</p> |
| <p>Co-investment</p> | <p>Encourage public and private sector co-investment and partnerships where there is strong alignment with the investment objectives.</p> <p>Commercial Information</p> <p>[Redacted]</p> | <p>A track record of successful commercial investments will attract public and private co-investors, Commercial Information</p> <p>[Redacted]</p> <p>Co-investment will also help to accelerate commercial and regeneration developments and help Council to access specialist capabilities that reduce exposure to development risk.</p> |
| <p>Structure</p> | <p>Commercial Information</p> <p>[Redacted]</p> | <p>Commercial Information</p> <p>[Redacted]</p> |

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3.2.4. TOWN CENTRE

The programme analysis has been a valuable exercise, which has crystallised several factors that are contributing to the current state of the town centre. This includes aspects such as leasehold land arrangements, a low level of private sector investment, and uncertainty about future Council priorities in terms of investment. Importantly, we have confirmed the strategic need for investing in a town centre regeneration programme, adopting an investment approach of **“Creating a strong regeneration ecosystem that honours and protects Te Taiao”**.

This approach acknowledges that the success of Whakatāne relies on a number of interdependent elements. It also acknowledges that to strengthen an ecosystem, there are often quite specific elements that provide the base to strengthen the other component parts. This project has identified what those specific strengthening elements are that other parts of the ecosystem rely on to function well.

The Principles of the Town Reference Plan are as follows.

Principles

- **Te Aranga Design Principles:**
These principles will influence the expression, celebration and visibility of Māori culture within Whakatāne. They will guide and reinforce outcomes of all other principles.
- **Identity:**
Providing authentic relevant cultural stories and experiences within the town centre will ensure identity is strengthened and secured.
- **Mauri:**
Protecting, maintaining, enhancing and/or sustaining healthy environments, communities and vital ecosystems. Mauri will be enhanced with an emphasis on a green and sustainable future.
- **Flow + Connectivity:**
Ensuring that movement through and within the town centre is stimulated, unobstructed and encouraged. Reinforcing connections between the different environments and precincts within the town centre and beyond.
- **Design Quality:**
Every outcome of the town centre regeneration will be done to a high standard of design quality, to ensure places are functional, long-lasting and attractive.
- **Partnership + Relationship:**
Work in partnership with iwi. Together, constructively engage the community and be a leader in the arena of development and regeneration of the town centre.

And the regeneration objectives are as follows.

- **Cultural Connection:**
Emphasise that we live in a cultural landscape, one where we acknowledge the past but also focus on connection to land and each other through storytelling, art, food and experiences.
- **Relationship to River:**
The river is central to the town’s identity and future development orientation acknowledges

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this. Create access and pathways to encourage more interaction at the river's edge, whilst also ensuring that the various types of activities occur in harmony.

- **Vibrant for Longer:**

Establish a strong economic town centre that has cohesion between mixed uses and a variety of activities. Allowing people to live and work in the heart of town to create a dynamic environment that is vibrant for longer.

- **Movement:**

Create an accessible town centre that encourages a range of modal choice and manages the conflict between them. Provide cohesive wayfinding that provides an experience and allows people to flow through the town centre.

- **Resilience + Safety:**

Acknowledge that we live in a place that is affected by a number of natural hazards; floods, earthquakes, rock fall and tsunami. Build resilience into all town centre development activities. Enhance safe access throughout town, to and from and within the river and out to and back from the sea. Ensure safe access to the escarpment and higher ground.

- **Unlocking Opportunity:**

Have a sound property management strategy to unlock opportunities for growth in the town centre and develop key sites. Council to take a leadership role as a landowner in the town centre, a regulator and infrastructure provider, to enable investment from external stakeholders. Acknowledge that iwi have cultural and economic interests in the town centre and ensure collaboration to manage development.

- **Natural Influence:**

Create connectedness to all environments surrounding the town. Make the natural environment visible in town. Enhance Mauri and utilise the natural resources for social, economic and cultural wellbeing in a sustainable way.

These objectives sat at the forefront of strategy development to overcome the barriers to investment identified through the Town Regeneration process. Overcoming these barriers is likely to result in a significant increase in development activity in the town centre and create a town centre environment that retains international visitors for longer stays and attracts domestic summer holiday visitors to Ōhope to visit the town centre. There are indirect and direct interventions that can be undertaken by WDC to overcome these barriers, a number of which have been assessed and analysed. The recommended interventions include:

- [REDACTED] Commercial Information [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

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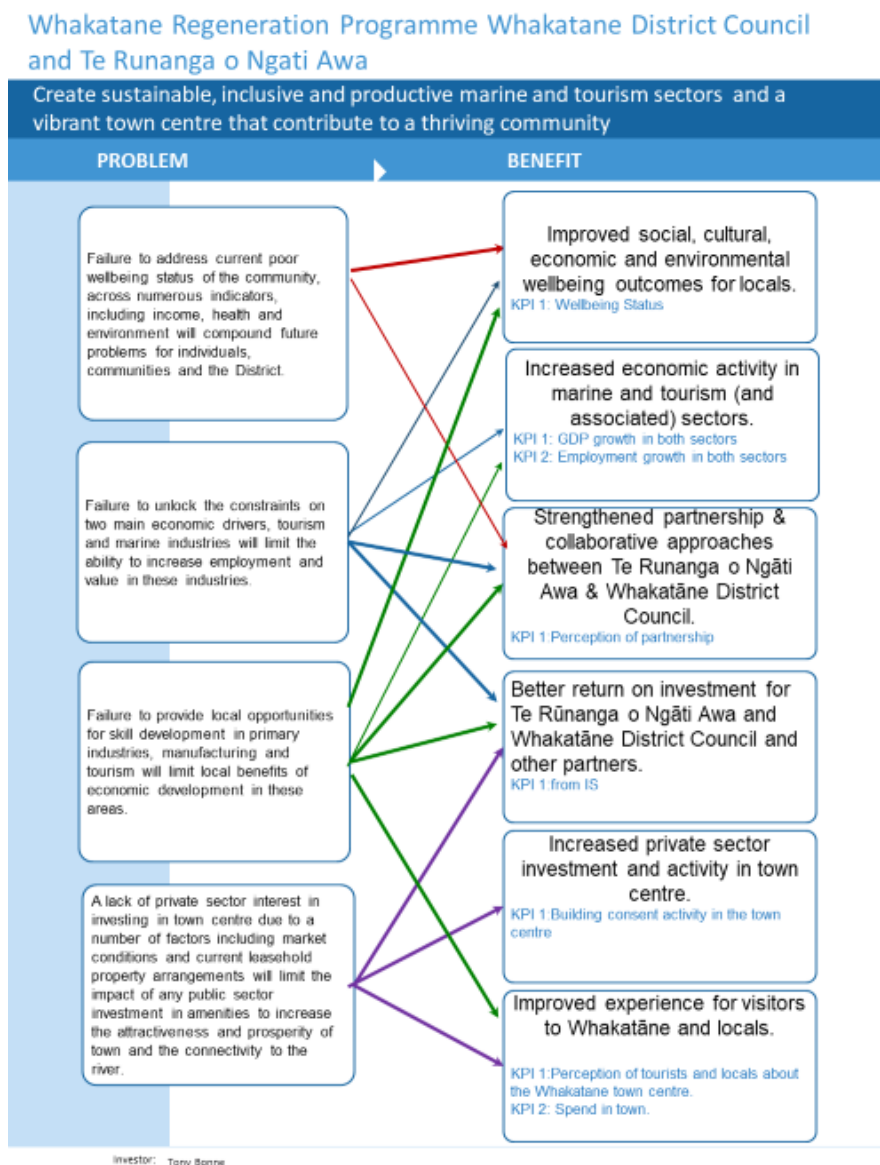
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3.3 Investment Objectives

An Investment Logic Map exercise guides the programme. The purpose of the ILM is to ensure broad understanding of the key problems, and if those problems are resolved, the key benefits achieved.

The Whakatāne Regeneration Programme ILM adopted by the Programme Governance Group (see figure 9 below) has set the high-level benefits that have guided the programme scoping and assessment of programme options.

Figure 8: Whakatāne Regeneration Programme ILM



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3.4 Existing Arrangements and Business Needs

The Eastern Bay of Plenty: Regional Development Project clearly states that a business-as-usual approach cannot be followed to address the current issues facing the Eastern Bay of Plenty, including Whakatāne District and Whakatāne township.

In 2018, Whakatāne District Council applied to the Provincial Growth Fund for support to address the deficits identified in the EBOP Regional Development Project and respond to the wider challenges of managing growth and change.

At the point of receiving development phase funding, Whakatāne District Council had committed \$^{Commercial Info}. Provincial Growth Funding provided WDC with \$646,000 and WDC committed a further \$^{Commercial Informa} to develop this business case and support the delivery of the Project Implementation phase.

The case for change by investment objective

By analysing the case for change against each investment objective, the case for change is strongly evidenced.

Table 3: Investment Objectives: Whakatāne Regeneration Programme

| One: Strengthened partnership and collaborative approaches between Te Rūnanga o Ngāti Awa and Whakatāne District Council | |
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| Current State | <p>Te Rūnanga o Ngāti Awa (TRONA) is the mandated entity that manages the collective affairs of the members of Ngāti Awa. Te Rūnanga o Ngāti Awa works for and on behalf of 20,000 Ngāti Awa members to:</p> <ul style="list-style-type: none"> ▪ Provide services to empower and strengthen Ngāti Awa whānau, hapū and iwi, and ▪ Ensure the sustainable management of collectively held assets to meet the needs of current and future generations. <p>Ngāti Awa Group Holdings Ltd (NAGHL) is wholly-owned by Te Rūnanga o Ngāti Awa. The purpose of NAGHL is:</p> <p style="text-align: center;"><i>To sustainably maximise economic benefits for the people of Ngāti Awa</i></p> <p>The strategic priorities of NAGHL are:</p> <ul style="list-style-type: none"> ▪ To maintain a high performing portfolio aligned with our values and SIPO ▪ To proactively work alongside Te Rūnanga o Ngāti Awa to support achievement of Vision Ngāti Awa. ▪ Build and sustain a principled organisational cultural based on our Ngāti Awatanga ▪ To invest in effective relationships and engagement ▪ To commit to a positive and sustainable environmental impact. <p>The Whakatāne District Council (WDC) is the local government authority representing the 34,400 residents of Whakatāne District. WDC has obligations under the Local Government Act 2002. The purpose of the LGA recognises that</p> |

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| | <p>local authorities are able to provide local governance at the local level and make a significant contribution to social, economic, environmental and cultural wellbeing.</p> <p>The Act includes a series of principles relating to:</p> <ul style="list-style-type: none"> ▪ The conduct of business in an open and transparent manner ▪ Making itself aware of community views ▪ Providing opportunities for Māori to participate in decision-making processes ▪ Collaborating and cooperating with other local authorities ▪ Ensuring prudent stewardship of resources ▪ Taking a sustainable development approach. <p style="text-align: center;">Commercial Information</p> <p>There is a strong will and purpose to move from interactions via legislative mandates to true partnership for the future of the whole community, and genuine excitement for what the town regeneration project could mean for both parties.</p> <p>The Whakatāne Regeneration Programme has enabled the parties to identify common objectives and is the foundation for partnering proactively in a number of ways, to ensure that these objectives are met.</p> |
| Need | <p>A partnership that is:</p> <ul style="list-style-type: none"> ▪ Defined by a high level of trust between the partners ▪ Open and transparent ▪ Respects the need of each party to act in accordance with their obligations ▪ Identifies and acts upon opportunities to collaboratively advance the outcomes of each partner ▪ Respectful of the past and future-focused, for the benefit of the entire community. |
| Potential Scope | <p>The following elements could be included in the scope:</p> <ul style="list-style-type: none"> ▪ Support for the aspirational projects of each partner, where mutual understanding or benefit is achieved ▪ Inclusion of Te Rūnanga o Ngāti Awa in decision-making processes ▪ Recognition of Te Rūnanga o Ngāti Awa values in the delivery of projects ▪ Identification of opportunities to advance the economic, social and cultural aspirations of Te Rūnanga o Ngāti Awa, including <ul style="list-style-type: none"> - Commercial Information - Commercial Information |
| Potential Benefits | <ul style="list-style-type: none"> ▪ A strengthened relationship ▪ Achievement of Partners’ strategic priorities, for mutual benefit |
| Potential Risks | <ul style="list-style-type: none"> ▪ Misalignment of Partner perceptions of priorities. |
| Constraints and Dependencies | <ul style="list-style-type: none"> ▪ WDC relationship with other Iwi across Whakatāne District must be maintained and strengthened, with the same emphasis. |

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Two: Increased economic activity in marine and tourism (and associated) sectors

Current State

The Eastern Bay of Plenty: Regional Development Project confirmed that the Eastern Bay of Plenty (EBOP) is one of New Zealand’s most deprived regions. It has high levels of unemployment, drug and alcohol abuse, and family violence. Economic growth has significantly lagged that of New Zealand and the rest of the Bay of Plenty, growing by only 40% since 2000, compared to 139% and 178% respectively. The business-as-usual outlook for the Eastern Bay of Plenty is for it to further lag New Zealand and Bay of Plenty trends in GDP and employment growth.

At present these sectors contribute the following to District GDP

- Marine Activity represents [redacted] % GDP
- Tourism Activity represents [redacted] % GDP

The number of people directly employed in the marine industry is [redacted] (2018).
 The number of people directly employed in the tourism industry is [redacted] (2018).

Both industries are currently facing challenges to lift productivity and sustainability. There is a current risk that boat-builders and service providers will relocate away from Whakatāne if they cannot access the infrastructure required to support their growth.

Marine: The current issues and challenges facing the local marine sector can be consolidated into four factors constraining growth.

- **Access:** Unsuitable and hazardous water access points for marine activities.
- **Capacity:** Lack of land and water resource to accommodate growth.
- **Capability:** Limited availability of specialised marine sector education and training opportunities locally.
- **Environment:** The ecological, cultural and spiritual importance of the Whakatāne River.

Tourism: At present, tourism is the fastest growing local industry. However there a number of constraints that are impacting the overall performance of the sector. As the figure below highlights, visitation is extremely seasonal, based around the summer peak. This is due to a number of reasons including:

- the attraction of the Whakatāne beaches, including Ōhope, for domestic visitors in summer
- the lack of all-weather activities in the District
- the lack of concessionable products, [redacted] Commercial Information [redacted]
- limited packaging of experiences to incentivise longer visits.

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| | <p><i>Figure 9: Guest nights spent in commercial accommodation in the Kawerau – Whakatāne area, New Zealand</i></p> <p>Guest nights spent in commercial accommodation in the Kawerau-Whakatāne area, New Zealand By origin, May 2016–May 2019, thousands Provider: Stats NZ</p> <p>Legend: International (blue), Domestic (red)</p> <p>At present, the town centre does not maximise its contribution to encouraging tourists to remain in town and support commercial investment in additional tourism activities and amenities, for example, accommodation.</p> |
| <p>Need</p> | <p>Marine industry growth is a critical component in delivering both the number of jobs and the high value jobs required to close some of the wellbeing indicator gaps.</p> <p>Tourism is not only a potential key economic driver in Whakatāne, but it is a significant means to ensuring that Ngāti Awa values and economic aspirations are met.</p> <p>Strongly performing marine and tourism industries that can:</p> <ul style="list-style-type: none"> ▪ Sustain industry activity already occurring in Whakatāne and support industry growth ▪ Contribute to job growth ▪ Contribute to GDP growth ▪ Perform in a manner that supports environmental, social, cultural and economic benefits. |
| <p>Potential Scope</p> | <p>Removing growth constraints for both industries and supporting growth opportunities, for example:</p> <p>Marine</p> <ul style="list-style-type: none"> ▪ Improving accessibility ▪ Improving capability ▪ Improving capacity ▪ Improving environmental performance <p>Tourism</p> |

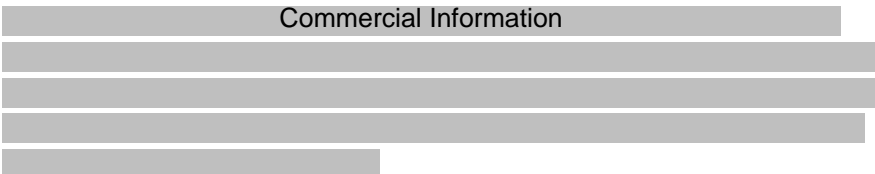
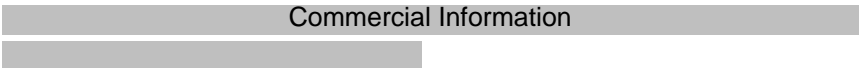
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| | <p>The DMP process, including a workshop with the tourism sector in July 2019, confirmed a number opportunities to address constraints and encourage more high-value visitation; visitation that is better balanced across the year; and longer visitor stays. These are:</p> <ul style="list-style-type: none"> ▪ Adopting a destination management approach to tourism ▪ Increasing the range of products and packages of experiences, including all-day and night experiences that result in more high-value visitation; visitation that is better balanced across the year; and longer visitor stays, therefore providing sustainable year-round employment. ▪ Creating a vibrant town centre as the hub for visitors to Whakatāne and the Whakatāne District ▪ Improving capability across the sector - service, support and marketing ▪ Improving infrastructure, amenities and services ▪ Supporting the delivery of accommodation that attracts high value visitors ▪ Effective marketing across the sector <p>The sector has identified a range of products that leverage off the local place DNA established through the Bay of Plenty Place DNA™ process managed by Tourism Bay of Plenty and focused on attracting the area’s target markets.</p> |
| <p>Potential Benefits</p> | <ul style="list-style-type: none"> ▪ Increasing employment opportunities at entrance and high-value levels ▪ Attracting talent to the region via the Marine Education Facility ▪ Increasing the value of the two sectors in local GDP ▪ Attracting high net worth visitors to the District via their interest in the boat building sector (Commercial Information). Flow-on effects to accommodation, hospitality, retail etc. |
| <p>Potential Risks</p> | <p>A number of existing fundamental risks exist. These are summarised as follows:</p> <ul style="list-style-type: none"> ▪ Limited berthage capacity ▪ Limited landside capacity ▪ Incident problems, related to the safety of existing facilities ▪ Lack of sector-based infrastructure and failing infrastructure ▪ Technology uncertainty. <p style="text-align: center;">Commercial Information</p> <p>_____</p> <p>_____</p> <ul style="list-style-type: none"> ▪ _____ _____ _____ _____ _____ _____ _____ _____ _____ <ul style="list-style-type: none"> ▪ The sector is very supportive of the Regeneration Project, to ensure that the benefits of growth in the industry remain in Whakatāne. <p>At this stage in the delivery level, the following risk exists:</p> |

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| | <ul style="list-style-type: none"> ▪ Delivery is compromised by insufficient funding, which does not support the level of change required to make a significant contribution to responding to the level of deprivation experienced. |
| <p>Constraints and Dependencies</p> | <p>Marine</p> <ul style="list-style-type: none"> ▪ The impact of major new development on land and water (e.g. berthage, access) ▪ Cost and consequent funding approval ▪ The ongoing growth of the industry ▪ Skill development <p>The Bay of Plenty Labour Market Strategy 2018-2021 was commissioned by the Bay of Plenty Tertiary Intentions Leadership Group, to ensure individuals can meaningfully participate in the regional labour market. It states that skills are an important way for an individual to get ahead in life. The more highly-skilled and educated a worker is, the higher their future employability and wages are likely to be. They are also more likely to be resilient to labour market shocks and any future mechanisation of the workforce.⁵</p> <p>The following factors contribute to any industry growth.</p> <ul style="list-style-type: none"> ▪ Employers need access to skilled workers for their businesses to thrive and grow. ▪ Upskilling of the existing workforce plays a key role. ▪ Skills are both role specific, and foundational (skills that enable people to be successful in obtaining and retaining employment). <p>Specifically, for the Marine sector in Whakatāne, the Marine Action Plan (2019) identified the following issues.</p> <ul style="list-style-type: none"> ▪  Commercial Information ▪  Commercial Information ▪ No local tertiary education providers deliver specialised marine-based training opportunities for welders, painters, electricians, upholsterers, and CAD Designers that align to the skillsets required by marine-based businesses. <p>To facilitate a more positive relationship between local work opportunities and local people, a focus on skill development is required.</p> <p>One of the fundamental premises of the Bay of Plenty Labour Market Strategy 2018 – 2021 was that the relationship between the labour market, social and economic development is dependent on the following elements:</p> <ul style="list-style-type: none"> ▪ Participation ▪ Skills ▪ Productivity |

⁵2017, Bay of Plenty Labour Market Strategy 2018 – 2021

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| | <ul style="list-style-type: none"> Regions and Sectors. <p>Marine workforce development is a critical factor in the contribution of the proposed programme to local wellbeing improvements. The resolution of this risk is the subject of a separate Business Case and application under the Te Ara Mahi process.</p> <p>Tourism</p> <ul style="list-style-type: none"> Product development that focuses on increasing higher-value visitation, attracts year-round visitors and increases the length of stay of visitors. Delivery on a number of public realm investment projects. Securing funding for operational support of the delivery and coordination of experiences, marketing, advocacy etc. Community support for increasing the volume of visitors. |
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Three: Increased private sector investment and activity in town centre

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| Current State | <p>At present, Council owns 131 leasehold Harbour properties (Council owns land and building owners pay a ground rental) in the town centre. The capital value of these properties is circa \$35m.</p> <p style="text-align: center;">Commercial Information</p> <p style="text-align: center;">[Redacted]</p> <p>In 2012, WDC carried out a Property Portfolio Review to determine which of the leasehold properties were strategically important for the successful delivery of the 2008 Town Vision Plan. The report concluded that of the 131 leasehold properties owned by WDC at the time, [Comm] were considered strategic for the delivery of the Town Vision Plan and a further [Commercial] were considered strategic for their potential investment returns. [Commercial Information]</p> <p style="text-align: center;">Commercial Information</p> <p style="text-align: center;">[Redacted]</p> <ul style="list-style-type: none"> [Redacted] [Redacted] [Redacted] [Redacted] <p style="text-align: center;">Commercial Information</p> <p style="text-align: center;">[Redacted]</p> |
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| | Commercial Information |
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| | <p>Evidence presented in the Whakatāne Case Study Summary also points to the gap in market viability as another issue that must be addressed.</p> <p>Initial seismic assessment of commercial and industrial buildings indicates that approximately ^{Commerc} buildings in the Whakatāne town centre alone are less than 33% NBS (Earthquake Prone). This makes up approximately ^{Comm}% of the building stock in the Whakatāne town centre (Source: Whakatāne District Council initial assessment). This number may be marginally less, given the evolution of assessment guidelines and available geotechnical information that has been obtained since the initial evaluations were undertaken. While earthquake strengthening and redevelopment of earthquake prone buildings is occurring at scale across many markets in New Zealand, there is limited investment occurring along these lines in Whakatāne.</p> |
| | Commercial Information |
| | |
| | <p>All of these issues have led to a continued lack of investment in the built form in the town centre.</p> <p>In the last 10 years, there have only been three central town centre property development projects with a value over \$1m. These were all public sector projects and were:</p> <ul style="list-style-type: none"> ▪ Library & Exhibition Centre – 2012 ▪ Museum Archives Building – 2018 ▪ Bay of Plenty Regional Council refurbishment – 2018. <p>This lack of investment will have an increasing impact on the attractiveness of the town centre as a business destination.</p> <p>The town centre retail strip is based around The Strand. It is internally-focused and does not relate well to the key locational assets of the Whakatāne River and the escarpment. The Strand has relatively good amenity along the main retailing area from McAlister St to George St. Outside of this zone, the amenity value decreases quite significantly.</p> <p>A riverfront promenade runs along the edge of the river. It is currently variable in width and quality and at some points, has limited access back into the town.</p> <p>There is no community gathering area of any scale. The area between the town core and the riverfront is dominated by cars and large format retailing ^{Commercia}. While these activities attract people into town, they do not provide a high amenity interface with the riverfront.</p> |

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| | <p>Community feedback from previous town centre consultation notes:</p> <ul style="list-style-type: none"> ▪ Town centre height too restrictive for redevelopment ▪ Need to make it easier to do business with Council (compliance) ▪ It would be cool to provide some areas that encourage people to sit and chat ▪ The Whakatāne District Council leasehold land is limiting the level of private sector capital commitment in the town centre. |
| Need | <p>A town centre that leverages its unique location and history to create:</p> <ul style="list-style-type: none"> ▪ A vibrant and prosperous centre for the Whakatāne township and District ▪ More employment opportunities ▪ More spaces and places for gathering, activation and enjoyment by locals and visitors ▪ An environment that is conducive to private sector investment, both in the built form and the diversity and value of activities performed in the centre ▪ Improved connectivity to the river and natural environment, aligned with Te Rūnanga o Ngāti Awa aspirations ▪ Improved connectivity to cultural heritage ▪ An attractive town centre where locals and visitors stay longer and spend more. |
| Potential Scope | <p>A Property Investment Strategy and Town Reference Plan, derived from a strategic framework that identifies public realm improvements focusing on encouraging or supporting private sector investment; or increased visitation and activity that drives:</p> <ul style="list-style-type: none"> ▪ New development in the town centre that generates economic benefits ▪ Increased rental returns, that in turn lift private sector investment viability ▪ Investment in regeneration and development of public spaces that respond to the community's desire to have gathering places, recognise key cultural features and reconnect to the river, that will increase visitation. |
| Potential Benefits | <ul style="list-style-type: none"> ▪ Increasing employment opportunities. ▪ Increasing visitation to, and time and money spent in the town centre. ▪ Increasing demand for and value of built-form and rental revenue levels that support more investment. ▪ Improved economic and physical resilience. |
| Potential Risks | <ul style="list-style-type: none"> ▪ Delivery is compromised by insufficient funding, which does not support the level of change required to make a significant contribution to responding to deprivation. ▪ Lack of community support for interventions that are not considered core services of Council, or priority areas for investment. ▪ High cost of new built-form cannot be justified due to low return on investment and lack of demand to drive change. |
| Constraints and Dependencies | <p>Private sector investment</p> <ul style="list-style-type: none"> ▪ Demand and development viability. ▪ Leasehold property status. ▪ Cost and consequent funding approval. |

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| | <p>Public realm</p> <ul style="list-style-type: none"> ▪ Ensuring that a Parking and Transport Strategy is developed that investigates supply and management of parking in the town centre. This will address the removal of car parking from the Kakahoroa Drive area and also increased visitation to the town centre. ▪ Delivery of a well-managed activation programme to maximise the benefits of new spaces and places. ▪ Ensuring that the public realm delivers on diverse needs, commercial, retail, tourism, hospitality, residential and others. ▪ Community support for investing in quality environments. ▪ Identifying opportunities to ensure that the District Plan is aligned to the strategic intent in the Town Centre Reference Plan. <p>Contributing actions from agencies, like the Bay of Plenty Regional Council (investments in increasing resilience of the town through projects like stopbank improvements).</p> |
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Four: Better return on investment for Ngāti Awa and Whakatāne District Council and other partners.

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| <p>Current State</p> | <p>Ngāti Awa Group Holdings Ltd is the commercial arm of Te Rūnanga o Ngāti Awa. The purpose of NAGHL is:</p> <p style="padding-left: 40px;">‘to sustainably maximise economic benefits for the people of Ngāti Awa.</p> <p style="text-align: center; background-color: #e0e0e0; padding: 2px;">Commercial Information</p> <ul style="list-style-type: none"> ▪ [Redacted] ▪ [Redacted] ▪ [Redacted] ▪ [Redacted] ▪ [Redacted] ▪ [Redacted] <p>As part of the delivery of this strategy, NAGHL is actively</p> <ul style="list-style-type: none"> ▪ Identifying prospective business activities and industry sectors to invest in.; ▪ Establishing alliances with key stakeholders. <p>Whakatāne District Council’s current investment portfolio is concentrated in the ownership of leasehold land in the Whakatāne town centre. The Council owns 131</p> |
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| | <p>Harbour Fund properties, which were originally vested in the Council in 1976 when it took over the functions of the Whakatāne Harbour Board.</p> <p>The capital value of these properties is circa \$35m. The land portfolio provides a return by way of rental income, of approximately \$^{Commercial} (nett) per annum.</p> <p style="text-align: center;">Commercial Information</p> <p>Investment Strategy Whakatāne District Council’s current investment approach has prioritised prudent and low risk stewardship of WDC’s property portfolio, mainly comprised of a large concentration of leasehold land in the CBD and waterfront area (see Fig. 8 below)⁶. Commercial Information</p> <ul style="list-style-type: none"> ■ ■ ■ |
| <p>Need</p> | <ul style="list-style-type: none"> ■ Improve the return on investment for both Ngāti Awa and WDC. ■ Ensure that the economic benefits are maximised for the people of Ngāti Awa and all people of Whakatāne District. ■ Unlock the value of the Harbour Fund for the wider District. ■ Ensure that the investment approach meets current and future needs of the community. ■ Comply with, or seek dispensation from parameters on the use of funds. |
| <p>Potential Scope</p> | <p>The adopted Whakatāne investment approach, ‘Invest in regeneration’, retains a focus on local property, but reconfigures the property portfolio Commercial Information</p> <p>Council’s investment fund becomes an active curator of future tenants and an investor seeking value realisation, co-investment and development. The investment fund is used to accelerate the pace of the Whakatāne Regeneration and obtains competitive advantage from riding the development uplift created by regeneration and its connection to Council. Strong commercial disciplines are developed to ensure the strategy can be successful. This approach will:</p> |

⁶ This was “inherited” by statute from the former Whakatāne Harbour Board.

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| | <ul style="list-style-type: none"> ▪ Provide assurance that Council has the resources and underlying investment structure required to successfully and sustainably co-fund the Whakatāne Town Centre Regeneration Programme and other District-wide priorities ▪ Create a sustainable framework for the management of Council's current and future resources ▪ Assist in the identification of the Council's core and non-core assets and provide recommendations for the treatment of each going forward ▪ Assist in the identification of an investment product mix that meets council's risk and return appetite ▪ Include an effective and appropriate governance mechanism. <p>This will achieve the following objectives of the Investment Strategy 2019:</p> <ul style="list-style-type: none"> ▪ Protect the Council's assets and investments for future generations ▪ Sustainably grow the value of the Council's investment portfolio ▪ Provide a sustainable dividend to offset the annual rating requirement ▪ Catalyse public and attract private investment in the district ▪ Facilitate town and district regeneration outcomes. |
| <p>Potential Benefits</p> | <ul style="list-style-type: none"> ▪ Increasing employment opportunities. ▪ Achievement of Te Rūnanga o Ngāti Awa and NAGHL strategic priorities. ▪ Achievement of WDC Community Outcomes. ▪ Increasing demand for and value of built-form and rental revenue levels that support more investment. <p>Achieving the following second-order outcomes of the Investment Strategy:</p> <ul style="list-style-type: none"> ▪ Economic uplift from public and private investment, impacting both the number of ratepayers and the average burden of rates relative to ratepayer incomes, as well as the living conditions and wellbeing of families and Whānau in the District ▪ Creation of new jobs and training opportunities which are required to reduce unemployment and social deprivation ▪ Protection and enhancement of cultural and environmental assets ▪ Greater economic and environmental resilience ▪ Supporting the uplift and development of the Māori economy ▪ Developing trusted long-term investment partnerships which are proven to provide successful outcomes for our community ▪ Ensuring Council is meeting its Local Government Act and other commitments in a prudent, responsible and strategic manner. |
| <p>Potential Risks</p> | <p>Council's current investment portfolio is concentrated in the ownership of leasehold land in the town's CBD. The associated risks with this model include:</p> <ul style="list-style-type: none"> ▪ Lack of investment diversity. ▪ Land-holdings concentrated in one geographic area. ▪ Vulnerability to downturn in the general property market and localised impacts in the Whakatāne property market. |

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| Constraints and Dependencies | <ul style="list-style-type: none"> ▪ Parameters of Harbour Endowment Land and the Harbour Fund. ▪ Delivery of key unlocking projects. |
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Five: Improved experience for visitors to Whakatāne and locals.

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| Current State | <p>The Whakatāne town centre provides a reasonable experience for locals at present. The main retail street, The Strand, has reasonable-quality public realm amenity. The street level occupancy rate is anecdotally healthy. The riverfront area is underutilised, with limited amenity to support gatherings and an inconsistent pedestrian promenade along the river in the town centre area.</p> <p>Community feedback on the town centre (2015 Town Vision Review) highlights the following issues and opportunities.</p> <p>Issues</p> <ul style="list-style-type: none"> ▪ A feeling that the town centre revitalisation is ‘unfinished’. ▪ A feeling that some buildings in town look rundown and require upgrading. ▪ Declining foot traffic. ▪ Saturday and Sunday in town are dead. Need to bring more people into town. <p>Opportunities</p> <ul style="list-style-type: none"> ▪ We also have an amazing river that can provide some really good spaces for all ages. ▪ Open public spaces along the river. ▪ Now that we have Wharaurangi, it would be great to continue the connection to the river in a more dedicated way. ▪ Make a great space. ▪ Need to make Whakatāne town centre a destination where people can come. ▪ It would be nice to find ways to really make the most of the proximity to the river. At the moment the carpark behind The Strand means that much of the Town Centre is a bit cut off from walkway, vie etc. <p>One submission stated that:</p> <p>A town centre needs to be a place that attracts people – all types, but particularly families. To do that, it needs to feel safe, open, inviting, engaging, have activities for the kids, sheltered places to breastfeed/hide from the sun, be accessible (prams, wheelchairs etc.). When people see people enjoying a space, they feel interested and safe to do so also.</p> <p>At present the town focuses activity along The Strand for retail, commercial and food and beverage and at the two ends of town, for cultural activities, green open space activities and river access. The connection between all of these activities and between these activities and the river is relatively poor.</p> |
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| Need | <p>Ministry for the Environment research into the value of urban design found that a high-quality public realm, adaptability and connectivity can:</p> <ul style="list-style-type: none"> ▪ Increase the use of public space and support associated business ▪ Enhance land values ▪ Make local shops and facilities more viable ▪ Increase the diversity of uses and users in a public space, and the length of time it is used for ▪ Contribute to economic success over time. <p>https://www.mfe.govt.nz/publications/towns-and-cities/value-urban-design-economic-environmental-and-social-benefits-urban</p> <p>Whakatāne needs:</p> <ul style="list-style-type: none"> ▪ A 24 hour visitor experience that includes tourism activity, entertainment, hospitality and retail opportunities ▪ More locals and visitors visiting the town centre ▪ Accessibility for all to key sites and destinations ▪ A sense of legibility where people can discover and experience more of what is on offer, for example wayfinding and public realm treatments ▪ A feeling of safety and security ▪ Improved access to the river ▪ Improved access to a diversity of spaces that can operate in a wide range of formats, to support activation. |
| Potential Scope | <ul style="list-style-type: none"> ▪ Town Centre Framework ▪ Town Centre Reference Plan ▪ Destination Management Plan ▪ Develop and invest in the delivery of an integrated programme of infrastructure, public realm, activation and experiences to support more people enjoying the town centre, more often, for longer. |
| Potential Benefits | <ul style="list-style-type: none"> ▪ Increasing employment opportunities. ▪ Increasing local community pride in the town centre. ▪ Increasing visitor satisfaction with Whakatāne and reporting on this to encourage more visitors. ▪ Increasing foot traffic. ▪ Increasing demand for and value of built-form and rental revenue levels that support more investment. |
| Potential Risks | <ul style="list-style-type: none"> ▪ Delivery is compromised by insufficient funding that does not support the level of change required to make a significant contribution to responding to deprivation. ▪ Lack of community support for interventions that are not considered core services of Council or priority areas for investment. |
| Constraints and Dependencies | <ul style="list-style-type: none"> ▪ Integration of investment in public realm infrastructure and activation which aligns with community values. |

Six: Improved social, cultural, economic and environmental wellbeing outcomes for locals

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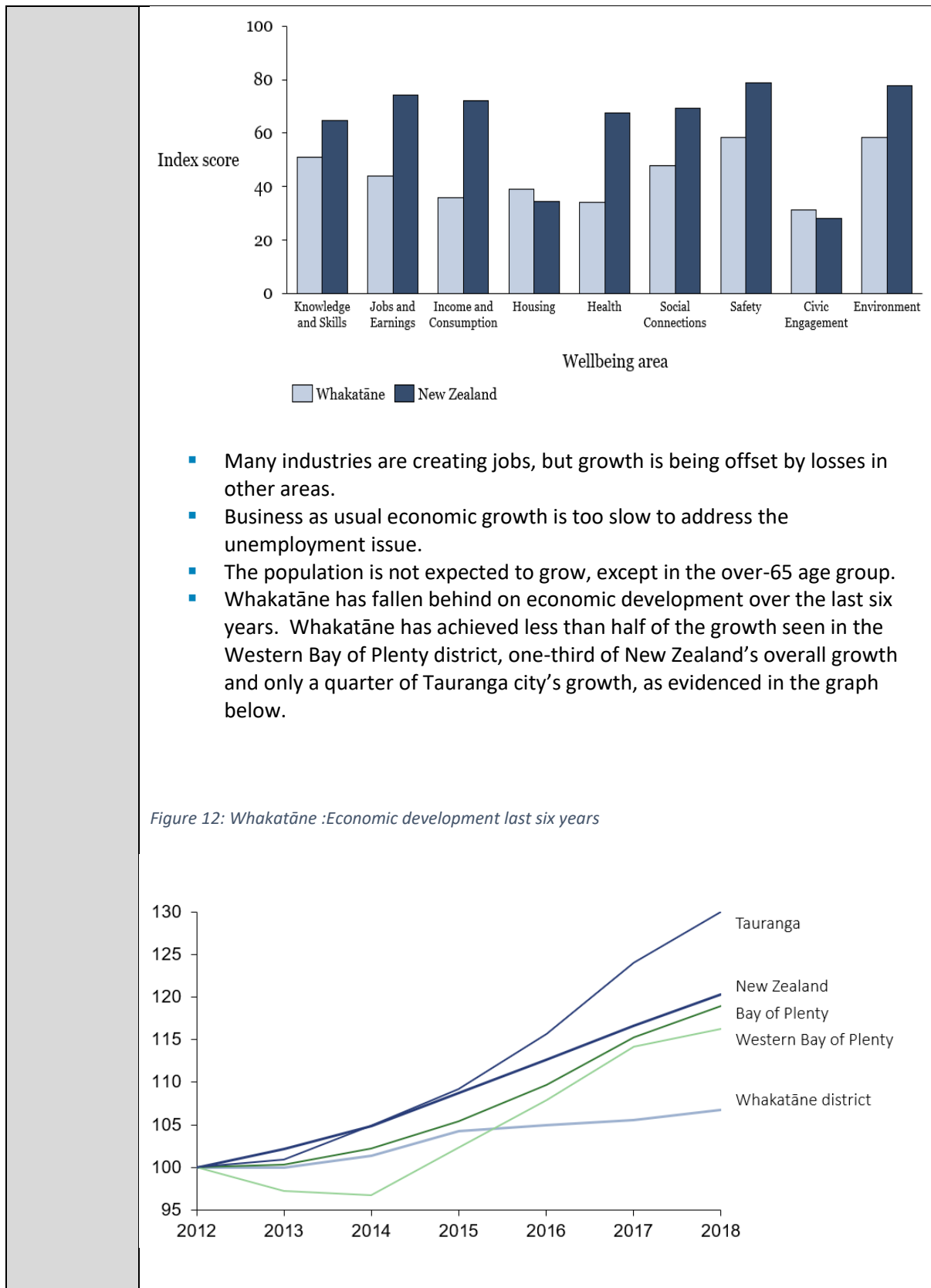
Kaupapa Whakahaumanu o Whakatāne

| | |
|-----------------------------|--|
| <p>Current State</p> | <p>Wellbeing has developed into a global term. The New Zealand Treasury has adopted a Living Standards Framework to understand all the elements of wellbeing important to quality of life in New Zealand. The four capitals of this Framework are explained in the following diagram.</p> <p><i>Figure 10: Wellbeing : Four Capitals</i></p>  <p>The Eastern Bay of Plenty Regional Development Report 2018 was developed through a partnership between Whakatāne, Ōpōtiki and Kawerau District Councils, the Bay of Plenty Regional Council and Toi EDA (the Eastern Bay of Plenty Economic Development Agency) and was also based on a broad definition of wellbeing. It stated that:</p> <p><i>“The region has high levels of deprivation, low household incomes, lower than average educational and health outcomes, and a history of welfare dependency linked to a lack of opportunities. Not only do these socio-economic statistics paint a telling picture of the wellbeing of the Eastern Bay of Plenty, wider statistics such as crime, family violence and health (such as life expectancy), provide a compelling basis for the need for change. In the Whakatāne District, 39% of people are in the most deprived quintile of the census area units in New Zealand. The figures for the Kawerau and Ōpōtiki Districts are even higher, at 89% and 66% respectively.”⁷</i></p> <p>In addition:</p> <ul style="list-style-type: none"> ▪ Whakatāne unemployment and NEET rates are twice as bad as national averages ▪ Whakatāne performs worse than the national average on seven of the nine wellbeing indicators. <p><i>Figure 11: Whakatāne :Wellbeing Index scores</i></p> |
|-----------------------------|--|

⁷ www.ehinz.ac.nz/indicators/population-vulnerability/socioeconomic-deprivation-profile/#NewZealandIndexofDeprivationNZDe

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| | |
|--------------------------------------|--|
| | As the largest town of the Eastern Bay of Plenty, investment in opportunities that provide the vehicle for change in Whakatāne will benefit the District and the wider region. |
| Need | A focus on key levers that will create change in individual, family/Whānau and community wellbeing. |
| Potential Scope | The integration and maximisation of benefits across the proposed programme including: <ul style="list-style-type: none"> ▪ Developing the marine and tourism industries ▪ Ensuring beneficial environmental outcomes are achieved ▪ Town Centre Activity ▪ The efficient and effective use of resources and funds. |
| Potential Benefits | <ul style="list-style-type: none"> ▪ Increase jobs. ▪ Reduce local unemployment. ▪ Increase the level of cultural understanding. ▪ Improve socio-economic outcomes. ▪ Improve environmental conditions. ▪ Reduce social services costs. |
| Potential Risks | <ul style="list-style-type: none"> ▪ Delivery is compromised by insufficient funding that does not support the level of change required to make a significant contribution to responding to the deprivation. ▪ Inability to deliver the scale of activities in an integrated and coordinated way. |
| Con-strains and Dependenc ies | <ul style="list-style-type: none"> ▪ Funding availability, time and amount constraints. ▪ Development of a well-resourced delivery mechanism. |

3.5 The Potential Scope of Work

The potential scope of work was defined at the initiation of the programme. It includes the following elements:

- Boat harbour
- Investment and Property Strategy
- Riverfront and town centre revitalisation
- Tourism Destination Management.

Each of these is expanded on below to provide information on the current arrangements and the need for change.

3.5.1 BOAT HARBOUR OVERVIEW

The intent of the proposed Whakatāne Boat Harbour is to support economic development goals, and specifically to boost business opportunity in Whakatāne in the boat-building, and fit-out sector. Whakatāne's future growth and prosperity depend on developing or attracting and retaining skilled, knowledgeable people. The Whakatāne Boat Harbour will create significant opportunities for long-term economic development, business and job creation and become a hub for the sub-regional marine sector. Wardale (Marine Industry Consulting) undertook extensive desktop assessment of

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previous work and new research to quantify the current arrangements and future demand for the boat harbour. An overview of this work is provided below.

Current Arrangements

Commercial

The current, operational, key wharf facilities on the Whakatāne River are summarised in Table 4. There are various wharf and mooring options for both commercial and recreational use. A map of the location of these key facilities is also provided in Figure 14.

Table 4: Key wharf facilities on the Whakatāne Harbour

| Type | Site Name | Facilities | Berths | Description |
|-----------------------|-----------------------|---|-------------------------------|--|
| Commercial Wharves | Main Commercial Wharf | Wharves, commercial berths, moorings, dinghy ramp. | 17 licensed commercial berths | A 134m-long concrete structure with a total of 164m of timber extensions on the upstream and downstream ends. |
| | Game Wharf | Boat ramps, jetties, wharves, car and trailer parking, vessel hardstand, swimming pontoon, information signage. | 1 licensed commercial berth | 70m-length commercial wharf. Approximately 50m of this structure has been used to allow vessels access to: <ul style="list-style-type: none"> Load, off-load cargo, in particular commercial fish catches Two fuel bowsers on the wharf Gamefish weighing facility (licensed occupation by the Whakatāne Big Game Fishing Club) from vessels on the water Lift out area for servicing vessels on dry ground. |
| | Otuawhaki Wharf | Wharves, jetties. | 5 licensed commercial berths | |
| Recreational Berthage | Whakatāne Yacht Club | Pontoon structure | 18 berths | Developed and managed by the Yacht Club. |
| | Swing Moorings | Swing moorings in the river channel | 35 licensed moorings | Administered by BOPRC and predominantly occupied by small recreational vessels. |

Figure 14: Wharf and jetty features map



However, the following issues with the existing wharves need to be addressed.

- **Insufficient Commercial Berth Capacity:** There is a shortage of available berths, which has resulted in an additional [Commercial] vessels using makeshift measures to occupy the wharves. This includes rafting up to other vessels berthed on the existing wharves, or occupying the unloading wharf and fuel pier area of the Game Wharf, which causes congestion and inefficiency. There are an additional [Comme] commercial berth applications on the waitlist (plus additional identified demand in the next [Commerc]), which relate to either vessels currently located outside of Whakatāne, or businesses that are planning to purchase a new vessel if a berth is available. There is no space on the wharf to accommodate current excess demand and no ability to support or accommodate growth of the marine-based industries in Whakatāne. The current facilities are unable to provide for [Commercial Information] an oversized berth in a protected location, [Commercial Information]
- **No Boat Hoist and Insufficient Hardstand:** the existing wharves do not have a boat hoist machine for annual vessel maintenance. The only option for local vessel haul-out is using a mobile crane company, which limits lifts to 12 tonnes, and two small hardstand spaces beside the boat ramp, which are suitable only for boats up to about 12 metres. The location of these industrial-type facilities is in conflict with a busy public boat ramp area, nearby playground and the route of the waterfront promenade. The lifting cost is very expensive, with a mobile crane company having to travel to the hardstand to lift a vessel out [Commercial Information]. This means that most of the maintenance work that would benefit the local marine industry is lost to other areas. A major issue with this current arrangement is that it is not capable of lifting [Commercial Information] new large launches in and out of the river for commissioning. [Commercial Information]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted] Furthermore, the location of the existing hardstand is conflicting uses. The existing wharves and hardstand are located in public areas which results in incompatible activities such as truck and vessel unloading and lifting occurring alongside pedestrians, Lack of available berthage has resulted in [Commercial Information] boats occupying the Game Wharf unloading zone, which at times results in other users being delayed or having difficulty accessing commercial wharf facilities.⁸ The issues have included larger vessels being unable to refuel easily, moored vessels having no place they can do

⁸ Initially in May 2016, the vessel took up a mooring opposite the Game Wharf, however it has been necessary to permit the vessel on most occasions to berth alongside the wharf. This is because of variances with bed depth through changing river conditions and the draft required for a vessel of this size. There are also practicalities for frequent loading and unloading [Commercial Information]).

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major maintenance, trailer boats not being able to pick-up passengers and making the upstream ramp difficult to use due to the eddy the vessel creates.

- **No integrated training for marine activities:** Commercial Information

[Redacted]

- **Lack of Flood Protection:** when the Whakatāne River floods, the existing wharves provide very limited protection to vessels from damage from floodwaters, logs and debris. These hazardous events pose a health and safety hazard to owners and crew trying to secure their vessels. Historical flood events have involved river levels exceeding the height of the wharves.
- **Conflicting Uses:** The existing wharves are located in public areas, which results in incompatible activities such as truck and vessel unloading occurring alongside pedestrians, which is a health and safety risk and also creates security issues for vessels.
- **Tourism loading:** there is currently only enough berth space for the existing tourism operators on the wharves, which provides a barrier for tourism businesses to establish and expand in Whakatāne. The main commercial wharf was built for cargo handling from and to ships at a time when there was less need for ease of access, compared to the requirements of the current day. Accordingly the main commercial wharf requires improvements to the tourist loading infrastructure to enable safer access onto vessels.
- **Cultural:** the main commercial wharf is located directly in front of Mataatua, Te Mānuka Tūtahi, which blocks the view of the river, and is in a sensitive location near the Toka. It is also built into the river, affecting its mauri. Te Rūnanga o Ngāti Awa has been consulted regarding the proposed remediation of the concrete wharf and is supportive of plans to remove the Eastern Finger Jetty, to return this part of the riverfront to its natural state.
- **Environmental:** the fuel pier on the Game Wharf is located within the river flood zone and this poses an environmental risk. All loading/unloading activities on the wharf occur within the flow of the river, so any spills are impossible to contain. There is no sewage pump-out facility for vessels, which results in disposal of sewage into the ocean.
- **Deteriorating Condition:** the existing main concrete wharf is in parts now over 100 years old

Commercial Information

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted] The Western infill timber wharf component suffered significant flood damage in 2017, but had approximately \$^{Commercial} of repair work completed by Council in 2018, ^{Commercial Information} so this section of wharf is now in good condition. (The Eastern Finger Jetty is an aged structure which requires maintenance or demolition.)

Recreational

Council's focus is on catering for commercial berthage only, but recreational users are also vying for space as recreational fishing and boating continues to grow in the District.

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Limited information is available regarding recreational boat ownership in Whakatāne, however there is evidence to suggest that the district has one of the highest boat ownership rates in the country. In the broader Taupō/Rotorua/Eastern Bay of Plenty census area, 23.4% of households have at least one boat⁹. Using 2013 census data for the Whakatāne District (population 32,691, average household size 2.8), this equates to 2,732 boats. These figures do not take account of the seasonal influx of holidaymakers and popular fishing tournaments held over the summer months. ^{Commercial Information} research (Appendix 4.2) showed that Whakatāne Sports Fishing Club has the second largest number of members (4,000), after Whangamata. The local Coastguard has around 1,000 members but estimates there are close to 3,000 boats regularly using the Whakatāne Boat ramp.

- **Insufficient Recreational Berth Availability:** while the majority of the boats in Whakatāne are trailer-based and therefore do not need moorings, the demand for recreational berths is unmet and people are being turned away because there is no space (^{Commercial Information}). There is an unsatisfied waitlist at the yacht club and anecdotal evidence from consultation that locally-owned vessels are being berthed at locations other than Whakatāne. This lack of recreational berths results in a loss of maintenance and servicing revenues for the local marine industry and is likely to also suppress demand for the purchase of large recreational vessels.
- **Congestion at the Boat Ramp:** Council estimates that the existing boat ramp has around [16,000] vessels launching each year.¹⁰ There are only about [57] designated trailer parking spaces plus Waka Ama storage and a mussel farm equipment compound. The boat ramp is very congested during peak times, with trailer parking overflowing on the Mataatua Reserve.

Strategic Need

Commercial

Existing Fleet

In total, there are 23 licensed commercial wharf berths, all of which are currently occupied, as follows.

- ^{Com} berths are fully occupied by ^{Com} large commercial fishing vessels (^{Commercial Information})
- ^{Com} tourism vessels ^{Commercial Information}

⁹ Maritime Safety Authority of New Zealand, 1999. Pleasure Boat Safety Advisory Group: Final Report

¹⁰ Whakatāne District Council, Trailer Park Upgrade and Boat Ramp Fees Report to the Projects and Services Committee, 21 November 2017.

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- ^{Com} surveyed fishing charter vessels (some of which relocate north in the winter months).
- ^{Com} boat manufacturer ^{Commercial Information}.
- ^{Com} marine broker.
- ^{Com} Council Maritime Officer vessel.

Current Waitlist

Council records currently contain applications for a further ^{Comme} commercial berths and these are identified as a waiting list for such time as existing berth licenses are cancelled or more berths are created. ^{Commercial} of these vessels are currently using temporary measures to operate at Whakatāne, by rafting up to other vessels or renting moorings. The remaining ^{Comme} vessels are either located outside of Whakatāne or will be purchased once a berth is available. The waiting list is shown in Table 5 and includes:

- ^{Commercial Information}
- ^{Commercial Information}
- ^{Commercial Information}
- ^{Commercial Information}

Table 5: Waitlist for Commercial Vessels

| Commercial Information | |
|------------------------|--|
| | |
| | |
| | |
| | |

5.2.3 Future Demand

Engagement with the marine industry in Whakatāne indicates the following, additional demand in the next five years. This demand is additional to the waiting list:

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- up to Commercial In additional spaces for boat manufacturers Commercial Information
[Redacted]
[Redacted]
[Redacted]
[Redacted]
- Commercial Information
[Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]
- Commercial Information
[Redacted]
- Commerco additional spaces for marine sector contracting; and
- Commercial Information additional operator servicing diving and/or fishing and/or mussel farm tourism.

Currently there is insufficient berthage to cater for current requirements. With the growth occurring and projected this gap will widen. There are risks of retaining the existing activity and constraining growth if this issue is not addressed.

Recreational

Existing Fleet

There are Comm berths for recreational vessels on a pontoon structure at the Whakatāne Yacht Club (administered by the Yacht Club). These are fully-occupied Commercial Information
[Redacted]

There are also Comm licensed moorings in the river channel, Commercial Information
[Redacted] These are not specifically for recreational use, but in practice they are used predominantly by small, non-trailable recreational craft. In consideration of safety provisions, ease of access and channel availability, this is the maximum capacity in the area designated by the Regional Council for vessel moorings. Typically, there are about Comm vessels occupying these moorings, given that some of the moorings are not held by owner/occupiers and are instead listed for rental by the mooring holders.

Current Waitlist

The Yacht Club has advised that it has applications for a confirmed additional Comm berths. Anecdotal evidence from consultation with users also indicates that Comm boats are ‘sitting in the Tauranga Marina that would otherwise be in Whakatāne’.¹¹ Recreational vessels are a source of maintenance work for the local marine economy.

¹¹ Commercial Information

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Historically, a private marina proposal in Whakatāne received paid initial subscriptions for over 100 new marina berths, so these recreational demand estimates are likely to be conservative. Comments

An Expression of Interest process would be required to accurately assess the extent of current recreational berth demand, and should be undertaken in the event that the development of recreational boat harbour berths is progressed in Stage 2.

Future Demand

International and local data confirms that there is a clear long-term trend of increasing recreational vessel numbers, driven by population growth.

The value of global recreational boat market sales is approximately \$37 billion and is expected to grow at a CAGR of 4.3% from 2018 to 2025.¹²

NZ Marine expects continued growth of boat numbers in New Zealand, as shown in the table below. Yachts and launches (0.4% annual growth) is the relevant category for boat harbour berths.

Table 6: Estimated growth of boat numbers in New Zealand per annum

| Boat Type | Existing Fleet | Annual Growth | Annual Growth % |
|--|----------------|---------------|-----------------|
| Trailer power boats | 200,000 | 3,500 | 1.8% |
| Yachts and launches | 24,000 | 150 | 0.6% |
| Commercial boats (moored) | 7,000 | 100 | 1.4% |
| Personal water craft (jet skis) | 8,000 | 1,000 | 12.5% |
| Trailer sailor boats | 16,000 | 100 | 0.6% |
| Dinghies, canoes, lasers, windsurfers etc. | 430,000 | 30,000 | 7.0% |
| Less: Boats scrapped/exported | n/a | (6,000) | n/a |
| Total | 685,000 | 28,850 | 4.2% |

Source: NZ Marine Industry Association, July 2019

New Zealand has a boat ownership ratio of approximately one boat per eight people – amongst the highest ratio of boat ownership in the world. By way of comparison, the ratio is one boat per 18 people in the United States, 40 in Holland, 130 in England, 185 in Germany and 450 in Japan.¹³ The proportion of households owning boats has approximately doubled in the past 40 years, with an estimated 15% to 19% of the country's households owning a boat.¹⁴

The significant investment in the Whakatāne marine and tourism industries planned under the Whakatāne Regeneration Programme investment is targeting an improvement in employment and GDP contribution.

Total Excess Berth Demand

¹² Grandview Research, Global Leisure Boat Market Size & Share, Industry Report, 2018-2025.

¹³ Pleasure Boat International Resource Guide: A Reference for U.S. Exporters, 2014 Edition, US Department of Commerce, p70.

¹⁴ Beca, April 2014, p34.

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There is identified current excess demand for ^{Commercial Inform} new berths in Whakatāne, comprising:

- ^{Commercial Inform} commercial berths ^{Commercial Information} and
- ^{Comm} recreational berths in Whakatāne ^{Commercial Information}.

This undersupply is constraining economic growth in the District and wider Eastern Bay of Plenty.

In addition, given that the existing 24 commercial berths on the existing wharves are not protected from flood damage, consultation with these vessel owners suggests that all but a handful of these vessels would be relocated to the new boat harbour. This recognises that the Game Wharf and Otuawhaki will still have capacity to provide berthage outside of flood events for commercial vessels which is near to the entrance bar. It is important for Whakatāne to maintain a “working waterfront” with an appropriate level of activation with vessels to retain the wharves character and recognise Whakatāne’s maritime history.

3.5.2 RIVERFRONT AND TOWN CENTRE REVITALISATION OVERVIEW

The intent of the proposed Riverfront and Town Centre Revitalisation is to support economic development goals, and specifically to boost business opportunity in Whakatāne, including in the; retail, hospitality, accommodation, commercial and tourism sectors (as identified in the Destination Management Plan). It is also intended to provide opportunities to tell more of the rich cultural stories of Whakatāne and increase the relevance of, and pride in, the town centre for locals.

Current Arrangements

The role of the Whakatāne Town Centre is sub-regional for the Eastern Bay of Plenty.

As part of this programme, a series of case studies were undertaken to provide data to support decision-making. Appendix 7 - Whakatāne Town Centre Investment, Property and Regeneration Report provides the following information. [Appendix withheld - Commercial Information](#)

The purpose of the Case Studies was to:

- Inform Council’s property strategy and consider land tenure options and implications;
- Build a solid commercial foundation for the Whakatāne Town Centre Reference Plan;
- Test the feasibility and commercial viability of development in the Whakatāne town centre;
- Better understand the challenges faced by development that supports town centre regeneration;
- Identify barriers, and the potential enablers or incentives to remove these;
- Identify what public investment can stimulate change and investment in the town centre; and
- Inform Council’s role and level of participation in the development market, and the viability, risks and potential returns.

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Commercial Information

The following table summarises the return on cost of the Case Studies.

| CASE STUDY | Total Development Cost | Income | Return on Cost |
|------------------------|------------------------|--------|----------------|
| Commercial Information | | | |

Table 7: Case Study Return on Cost Summary

Development that has been undertaken during this time has generally been small-scale, undertaken by owner/occupiers, corporate retailers, or government agencies (WDC and BOPRC Development). A number of small-scale commercial and retail fit-outs of existing buildings have occurred over this period.

Commercial Information

. As outlined in the table below from the Case Studies data, returns on cost range between $\text{Commer}\%$ and $\text{Commer}\%$, based on the Veros assessment of market rentals and development costs.

Under a typical commercial arrangement, private developers would expect a return on cost between $\text{Commercial Informa}\%$ in order for a development to be viable.

Strategic Need

If Council were to modernise buildings and champion catalytic projects that create great public places, such as th Co within the Town Centre Reference Plan, we anticipate the following flow on effect.

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-
- Commercial Information
 - [Redacted]
 - [Redacted]
 - [Redacted]
 - [Redacted]
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 - [Redacted]
 - [Redacted]
 - [Redacted]
 - [Redacted]
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 - [Redacted]
 - [Redacted]
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 - [Redacted]
 - [Redacted]
 - [Redacted]

Alongside a more active property strategy, the report also states that:

Identifying public realm investment and development opportunities is important and should not be overlooked. Investment in public amenity and infrastructure will play a key role in stimulating foot traffic, the residential price point, and capturing resident and visitor spend. As such, any investment and property strategy should give consideration to and align to the Draft Town Reference Plan and the wider objectives of the Whakatāne Town Regeneration Programme.

As well as the delivery of the public realm riverfront revitalisation package and the property strategy approach, WDC is also committing to a review of the District Plan to identify where changes will be needed to support the anticipated leverage and development opportunities.

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4 ECONOMIC CASE

4.1 Purpose

The purpose of the economic case is to identify the investment options¹⁵ that optimise value for money, subject to management of risks and costs. Having determined the strategic context for the investment proposal and established a robust case for change, this part of the economic case:

- *identifies critical success factors*
- *generates a wide range of long-list options for the boat harbour and riverfront revitalisation*
- *undertakes an options assessment to identify a limited number of short-listed options for the boat harbour and riverfront revitalisation*
- *assesses the incremental benefits of the preferred option against the “do minimum” option using the “Four Well-beings” framework, and*
- *identifies a preferred way forward.*

Due to the content and structure similarities with the 2018 boat harbour economic case, the 2019 project team has opted to use existing material where relevant, as this material has already been through a robust development and review process.

4.2 Critical Success Factors

Critical success factors are attributes that are essential to the successful delivery of the proposal and against which identified long-list options can be assessed. The Regeneration project team decided to use the critical success factors developed and refined from the 2018 boat harbour project team. The 2018 project team agreed the generic descriptions, along with one additional factor – cultural acceptability. These critical success factors were deemed appropriate to use for the 2019 project.

Cultural acceptability was added to reflect the importance of cultural identity and opportunities for Whakatāne. The cultural and investment arms of Ngāti Awa have significant presence next to the existing commercial wharf, investments in commercial marine activities that use the wharf, and aspirations that may be able to be supported through the location choice and design of the wharf. The sacred rock Te Toko a Taiao limits where the wharf can be placed and the length it can expand to.

The agreed critical success factors, their description and project-specific factors can be found in Table 8: Critical Success Factors.

Table 8: Critical Success Factors

¹⁵ Preferred options for each of the Boat Harbour and Town Regeneration projects.

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| Generic Critical Success Factors | Broad Description | Proposal-Specific Critical Success Factors |
|----------------------------------|---|---|
| Strategic fit and business needs | How well the option meets the agreed investment objectives, related business needs and service requirements, and integrates with other strategies, programmes and projects. | Aligns with the Council's vision, priorities, and strategies. Aligns with the town vision plan. Aligns with priorities for other stakeholders. |
| Potential value for money | How well the option optimises value for money (i.e., the optimal mix of potential benefits, costs and risks). | Fit for purpose. |
| Supplier capacity and capability | How well the option matches the ability of potential suppliers to deliver the required services, and is likely to result in a sustainable arrangement that optimises value for money. | Sustainable arrangement. |
| Potential affordability | How well the option can be met from likely available funding, and matches other funding constraints. | Affordable within the forecasted capital funding of WDC and external funding partners or individual property owners. |
| Potential achievability | How well the option is likely to be delivered given the organisations ability to respond to the changes required, and matches the level of available skills required for successful delivery. | Politically acceptable at local, regional and national level. Operationally and physically achievable (including appropriate site availability). Ability and skills to deliver (internal). Compliance with RMA. Minimises environmental impacts |
| Cultural acceptability | How well the option matches the traditions, beliefs, values and aspirations of iwi is a crucial consideration for this project to be successful. | Acceptable to affected iwi. |

4.3 Programme description

The Whakatāne Regeneration Programme consists of regeneration projects being led by Whakatāne District Council as well as others including Te Rūnanga o Ngāti Awa, Toi EDA and private businesses. While this business case will identify and provide high-level commentary on the non-Whakatāne District Council projects, more detail is provided on the two projects for which Whakatāne District Council will be making PGF applications: the boat harbour and riverfront revitalisation.

The economic case section covers the decision-making process for the boat harbour and riverfront revitalisation project, and other projects will produce similar content when they produce business cases. Because this is also a programme-wide business case, job numbers and costs from related projects are referred to where known, to paint the wider picture of regeneration in Whakatāne.

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4.4 Long-list Option Identification

The purpose of the long-list option identification exercise is to prompt stakeholders to consider creative, “outside the box” options. It is done by considering the minimum, intermediate, maximum and out-of-scope options on five fronts: scope, service solutions, service delivery, implementation, and funding. The potential business scope and key service requirements were identified and assessed by the Project team and are summarised in Table 9.

The analysis reveals long-list options to be considered which cover a wide range of possible solutions. For example, included in the long-list is doing nothing and allowing the wharf to degrade with further restrictions on its utilisation, or completely outsourcing the ownership and management of the wharf. The minimum scope of ‘like-for-like’ replacement refers to design. The engineering required to achieve the like-for-like replacement would likely be very different to the engineering currently in place, as it would need to meet reasonably stringent consenting requirements.

4.5 Boat Harbour Long-list Assessment

A wide range of options has been generated in accordance with best practice via a series of workshops with the Project Team. Potential options for meeting the investment objectives were considered within the boundaries determined by the scope and constraints. The long-list was generated by considering potential solutions within the five dimensions of choice listed in the left-hand column of Table 9.

An initial appraisal of the long-list was undertaken to filter out options that were less likely to offer value for money, and to determine a short-list for further economic appraisal. Each option was assessed against how well it met the investment objectives and critical success factors.

A three-point ranking basis was agreed as being fit for purpose, as follows:

- meets the criteria
- may meet the criteria
- does not meet the criteria

The long-list assessment process resulted in options either being removed from further appraisal, carried forward to the short-list for further consideration, or identified as a preferred way forward. One option was also carried over to the shortlist as a baseline option for comparing marginal costs and benefits of alternative investment options, or courses of action.

The purpose of this section of the business case is to introduce readers to the long-list options which were developed using the five sources of variation recommended – service scope, service solutions, service delivery, implementation and funding – and to share the project team’s high-level conclusions.

At a high level, the long-list option assessment revealed three scope, two location (service solution), two service delivery, one implementation and two funding options, as well as two town regeneration scope options. The two scope options include: ‘intermediate’ scope, which involves

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expanding the capacity of the berth facilities, or ‘most ambitious’ scope which involves building a boat harbour and revitalising the riverfront. The two location options (service solution options) include: a new location upriver beside the yacht club, or a new inland location at Keepa Road on the opposite side of the river.

The longlist process resulted in two short-list options for further consideration. These options were variations of two main options: in-town and Keepa Road. One version of the in-town options (beyond the yacht club) and Keepa Road did not raise any fatal flaws during due diligence and were progressed to the Multi-Criteria Analysis.

Table 9: Possible long-list options classified by the five dimensions of choice

| Dimension | Do Minimum ... | | Intermediate ... | | More ambitious ... | Out of Scope |
|---|--|---|--|---|--|--|
| Scale and scope: In relation to the proposal, what levels of coverage are possible? | SCO1: Status Quo, repair wharf as needed | SOC2: Replacement (like for like) | SCO3: Expanded berth provision without landside infrastructure | | SCO4: Expanded berth provision, landside infrastructure | SCO5: ‘Do nothing’ which allows the wharf to deteriorate and further restrict its utilisation |
| | Discount | Possible | Possible | | Preferred | Discount |
| Location solution: Engineering options How can services be provided? | SOL1: Rebuild original wharf in existing location | SOL2: Expand on existing site | SOL3: New wharf near yacht club | SOL4: Relocate to Keepa Road and expand capacity | SOL5: New location outside of Whakatāne River | |
| | Discount | Discount | Possible | Preferred | Discount | |
| Service delivery Who can deliver the services? | SD1: Fully outsourced | | SD2: Joint venture (SPV) | | SD3: WDC | |
| | Possible | | Preferred | | Discount | |
| Implementation When can services be delivered? | IM1: Defer decision and project | | IM2: Stage, with partial delivery by 2021 | | IM3: Deliver by 2020 | |
| | Discount | | Preferred | | Discount | |
| Funding How can it be funded? | F1: WDC | F2: WDC & others | F3: Others | | | |
| | Discount | Preferred | Preferred | | | |

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4.5.1 Service scope – what levels of coverage are possible?

As Table 9 shows, there are five service scope options (referred to as “SCOX”): SCO1 in which repairs are made when necessary, SCO2 which maintains current capacity, SCO3 which sees the wharf being expanded, SCO4 where the wharf is expanded and the riverfront revitalised, and a final ‘out-of-scope’ option which allows the wharf to fail (SCO5).

During the 2018 Wharf project, council decided that it would accept the structural assessment reports and replacement facilities would be built rather than spending funds on impractical repairs, discounting SCO1. However, subsequent evaluation by an expert in wharf remediation has found that while the description of the existing wharf’s condition in those previous reports was accurate, the cost of remediating the existing wharf was significantly overstated. The expert has advised that remediation of the structure is technically feasible and recommended, and that restoration to original load ratings could be achieved at a cost of no more than \$^{Commer}. The retention of this structure will provide a focus point for the riverfront and tourism precinct.

The repair to the wharf (SCO1) is therefore the default ‘do minimum’ option or ‘counterfactual’ for the Whakatāne Commercial Wharf if a better option to conduct in conjunction with this repair is not identified and implemented. However, SCO1 was discounted because this option alone does not meet the investment objectives, due to capacity already being exceeded.

The ‘intermediate scope’ option (SCO2) includes expanding the wharf and marine structures above the water and is the preferential scope option carried through as “possible”. SCO2 provides for both social uplift through increased marine-based investment, reduces risk of harm to maritime users and their vessels, and meets all critical success factors. However, guidance from potential funders, as well as input from the tourism and investment strategy teams, suggested that revitalising the riverfront was crucial in delivering the outcomes being sought, so SCO2 was carried forward as a ‘possible’ option.

A new boat harbour and revitalised riverfront would provide additional benefits to the community and businesses in the town centre if implemented. It would also align fully with the vision articulated in the Town Reference Plan and bring a significant amount of cultural, recreational and aesthetic benefits, as well as re-establish connections between the town centre with the river and sea. SCO4 best supports the tourism and investment strategy objectives and is carried forward as the ‘preferred’ option.

The ‘do nothing’ option in this case would result in further degradation of the wharf and increasing restrictions being imposed on its use. The wharf will become not-fit-for purpose and this would result in the decline of existing marine businesses. As a result, ‘do nothing’ does not meet Council needs, and hence was discounted.

4.5.2 Service solutions – how can services be provided?

There are five service solution options for the delivery of berths. The boat harbour service solution options can broadly be thought of as ‘what and where?’. The long-list assessment identified two options for further consideration; a boat harbour in town, and a boat harbour on Keepa Road.

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SOL1 and SOL2 include replacing and expanding the wharf on the existing site. SOL3 is building a boat harbour near the original location. SOL4 involves building a boat harbour across the river at Keepa Road. SOL5 was to build a new berth facility outside of Whakatāne River.

The analysis of the service solution options found that SOL1, SOL2, and SOL5 can be removed, but following the approach from section 1.5, SOL1 should be retained as a version of the ‘do minimum’ against which to measure marginal costs and benefits. SOL3 should be considered and SOL4 appears most attractive. A summary of the analysis is provided in Table 9 above.

Rebuilding or expanding the wharf on the existing site only partially meets the investment objectives and three of the six critical success factors. The existing site still has the risk to people and vessels during flooding events and does not align with Ngāti Awa cultural aspirations. As a result, SOL1 and SOL2 are not preferred. However, SOL1 will be considered the base case, against which other options are measured.

Building a new boat harbour near the existing yacht club (SOL3) is a possible option. In SOL3, part of the existing wharf is removed and returned to natural riverbed while part is retained for use as a tourist passenger loading wharf. SOL3 meets both investment objectives and all six critical success factors. Importantly, it aligns well with existing tourism and charter fishing operators, as it allows passengers to continue to embark and disembark at the existing site and provides space for additional vessels to enter the market. The commercial vessels are then able to be moored further upstream in a boat harbour that is sheltered from the river and flood events.

SOL4 includes relocating the boat harbour to multiply Māori Trust-owned land on Keepa Road and vastly expanding the potential capacity, with an option to stage development if further expansion is necessary. SOL4 has advantages over other options including reduced impact on the river, as it sits outside of the channel, removing less desirable marine activity from the town centre, and freeing up riverfront space for tourism and public space. In addition, SOL4 is most likely to align with Ngāti Awa aspirations, as customers could still be loaded and unloaded from town, and the river is not further disturbed by a large boat harbour structure being constructed in it.

Strategically, SOL4 aligns with the strategies and plans outlined in the Strategic Case and Town Reference Plan. It aligns with the Town Reference Plan by making riverfront space available for more appropriate uses, improving the potential enjoyment of the town/riverside environment by the Whakatāne community, and creating the option to “turn the town around.” It also aligns with plans to develop a Cultural and Tourism Precinct by moving the wharf and making the land Commercial Information available for redevelopment.

Relocating outside of the Whakatāne harbour to either Thornton (at the Rangitāiki River mouth, east of Whakatāne (SOL5)) or Ōhiwa Harbour (west of Whakatāne (SOL6)) have both been removed from further assessment. Relocating away from Whakatāne would likely limit the economic, social and cultural uplift sought in the town centre. In addition, both locations have difficult, often inaccessible and unsafe bar conditions, raising the risk to maritime vessels and their users, and would require maintaining a second bar to the standard required for commercial vessels.

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4.5.3 Service delivery – who can deliver the services?

Service delivery options consider the various ways in which commercial wharf services can be provided (construction and ongoing services). As Table 9 shows, three service delivery options were identified: SD1 involves Whakatāne District Council (WDC) outsourcing all services, SD2 provides services through a joint venture, and in SD3, WDC provides all services directly.

Service delivery option SD1 is a possible option as it may meet investment objectives, but does not meet some critical success factors because of WDC's lack of control.

SD2 appears to be the preferred option: WDC still maintains involvement with the operation of the facility, but works with experienced operators who are better placed to operate a commercial boat harbour.

Option SD3 is possible but not preferred as it requires service delivery from a single source (WDC) which currently does not have sufficient expertise or capacity, so further recruitment would be required.

4.5.4 Implementation – when can services be delivered?

Implementation options prompt consideration of when services can be delivered to resolve the problem. In the case of Whakatāne Wharf, the decision has been made to remediate the existing wharf and this will be implemented by WDC, regardless of the other decisions to be made on the boat harbour and town revitalisation. Three options were identified with only one being considered realistic for short-list consideration.

The two removed options include IM1, which sees decision and delivery deferred and IM2, which stages delivery. The preferred option is IM2, which involves delivering the project in a timely manner, taking advantage of the opportunity to support growth of the marine and tourism industries in Whakatāne and revitalisation of the town. This option also aligns with the preferred funding timetable discussed below.

4.5.5 Funding – how can it be funded?

Funding options are intended to consider at a very high-level the different means of funding the development of the Wharf. It is not intended to replace the Financial Case which comes later in the Better Business Case, and instead only considers who might fund the project.

Three options have been identified: FO1, which includes Whakatāne District providing all funding required; FO2, where funding is provided by WDC and others such as the central government, banks, regional government funds, etc; and FO3, where all funding is provided from sources other than the WDC.

FO1 was ruled out given the high cost of the investment (approximately \$^{Commercial Information}, depending on the option) ^{Commercial Information} FO3 was considered unlikely, given the high local public benefit and lack of commercial returns in some of the projects. The preferred funding option is therefore FO2, with Council meeting some of the funding requirements and the gap being provided by external funding partners.

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Funding is discussed further in the Financial Case.

4.6 Boat Harbour Short-list Options

The long list option assessment in the previous section identified two options for further analysis:

- “Option One: West of yacht club” which expands wharf capacity and moves it upriver to approximately the location of the yacht club
- “Option Two: Keepa Road southern entrance” which materially expands wharf capacity and moves it across the river to the Keepa Road site.

Several design variations exist within both options, with material differences in the costs and benefits. The project team was able to identify the best design variation of each option through early identification of fatal flaws for most design variations, leaving just one design for options one and two.

The purpose of this section is to describe these options before explaining the analyses which were undertaken to identify the preferred option [section 1.6], and then explaining the preferred option’s incremental local economic, social, cultural and environmental impact [section 1.7].

The map below shows the proposed location of the two options in relation to the town. Option one is upriver of the existing commercial wharf, just beyond the existing yacht club. Option two is further upriver than option one, across the river beside the main bridge into town.

Figure 15: Possible long-list options classified by the five dimensions of choice

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4.6.1 Option One: West of Yacht club

| Element | Commentary |
|-----------------|---|
| Summary | Build a new facility in the river to the West of the Yacht Club and relocate commercial vessels berthage to this location. Passenger loading and curated “working waterfront” activation events would continue to occur on the existing wharves. |
| Location |  |
| Advantages | <ul style="list-style-type: none"> Marine activity stays in town Some extra berths provided More consistent with existing planning since partially-located within Harbour Development Zone |
| Disadvantages | <ul style="list-style-type: none"> Capacity only slightly greater than current and anticipated near term demand Building a structure in the river is not in line with Ngāti Awa aspirations for the awa and there is cultural risk, given that the location directly adjoins to Ngāti Awa site of significance – He Matapuna Paru. Poor landside capacity with no new hardstand, boat lifting infrastructure or truck unloading facilities at this location. |
| Investment | ~\$ <small>Commercial</small> |
| Operating costs | Commercial Information per annum (initial estimate) |

4.6.2 Option Two: Keepa Road southern Entrance

| Element | Commentary |
|---------|---|
| Summary | A two-stage development on Māori land on Keepa Road, on the north-west side of the Landing Road bridge. |

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| | |
|------------------------|--|
| Location | Commercial Information |
| Advantages | <p>Closely aligned with Ngāti Awa’s aspirations and less cultural sensitivity. Excavation and construction can be carried out on land, reducing cost. Large capacity (land and water-side) provides for current berth and hardstand needs and future growth. Relocation of hardstand and vessel unloading away from town wharf will reduce conflicting uses and health and safety risks.</p> |
| Disadvantages | <p>Removes some activity from town. Less consistent with existing planning framework, however locating entrance to the far south has potential to reduce consenting risks. Requires 25-minute motor to reach bar entrance from boat harbour.</p> |
| Investment | Stage 1 cost [~Commercial Inf] |
| Operating costs | Commercial Information per annum, averaged between 2020 and 2031. Excludes depreciation. See Appendix 4. |

Appendix withheld - Commercial

4.7 Boat Harbour Option Assessment

The short-list options were assessed using the Multi Criteria Decision Analysis (MCDA) methodology. MCDA provides a general framework for supporting complex decision-making situations. It is often used when there are multiple and possibly conflicting objectives, when it is necessary to combine

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quantitative and qualitative factors, and when there is no obvious solution. The MCDA aims to discover a most-preferred alternative by assessing each option against an agreed set of criteria.

4.7.1 Approach

The MCDA was applied to the wharf project because of the importance of non-economic and financial factors in the decision. Factors such as the total berth capacity provided, the cultural implications on a number of dimensions, the environmental trade-offs, the effect on visual amenities, and so on.

Each of the short-list options were assessed against 23 specific criteria. The criteria were developed by the 2018 Whakatāne Wharf project team, based on an earlier Investment Logic Mapping workshop with key stakeholders, and refined as part of the Multi Criteria Decisions Analysis (MCDA) with the project's Governance Group on 20 July 2018. It was decided to use these same criteria as had been previously agreed.

As part of the MCDA process, each criterion was described, and given a weighting. Five "themes" of criteria emerged, which were also described and weighted. Weightings determine how much a score on one criteria or theme counts towards the total score of an option.

Each of the long-list options was assessed against the specific critical success factors outlined above. Each option was attributed a score against each factor. There were six scores that each option could be given:

- -6 indicates that the option contradicts the stated objective
- -3 indicates that the option fails to deliver the stated objective
- 0 implies that the option does not apply or has no influence on the objective
- 1 indicates that the option partially satisfies the stated objective
- 2 indicates that the option meets the stated objective
- 3 indicates that the option exceeds the stated objective

The assessment process occurred in three stages. First, the project team completed their own assessments and reviewed the mean scores that resulted. Second, the team explored material differences in scores and resolved them where appropriate. Finally, the results were shared and confirmed by the Governance Group on 31 July 2019.

Commercial Information

4.7.2 Criteria

The themes, their descriptions and weightings can be found in Table 10 below. Table 10 includes the criteria within each theme.

Table 10: MCDA Criteria Themes

| Themes | Description | Weighting towards total score |
|--------|-------------|-------------------------------|
|--------|-------------|-------------------------------|

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| | | |
|-------------|--|-------|
| Performance | Relates to the effectiveness of the option to address the problem Consideration is given to both the upside (addressing the problem) and downside risk (failure consequences) | Comm% |
| Impacts | Relates to the degree to which an option may change conditions from the status quo. Includes economic, social, cultural and environmental effects | Comm% |
| Societal | Relates to the degree to which the options align to the values and objectives held by the community | Comm% |
| Government | Relates to the governmental process challenges (central, regional and local) associated with each option | Comm% |
| Cost | Relates to the investment and operating cost, expected financial return and “fundability” of options | Comm% |

Table 11: MCDA Criteria

| Criteria | Description | Weighting towards theme score ¹⁶ |
|---------------------------------|---|---|
| PERFORMANCE | | |
| Provision of berthage capacity | Including berthage numbers, catering for boat size, time-frame for future proofing. | Comm% |
| Provision of landside capacity | Extent of the land-side opportunities created, which is linked to length of wharf design | Comm% |
| Addresses incident problems | Performance of options in challenging situations – e.g. floods with debris flow, cyclonic events due to climate change, provision of shelter for recreational vessels | Comm% |
| Minimises failure consequences | Considers downside risk of failure, where consequences could include potential loss of life or damage to property and/or infrastructure | Comm% |
| Depends on proven technology | Provides a measure of the uncertainty associated with proven vs new technology, and considers options proven/suitable for conditions. | Comm% |
| IMPACTS | | |
| Aligns to Ngāti Awa aspirations | Impact of the options on Te Rūnanga o Ngāti Awa’s plans and strategies | Comm% |
| Unlocks economic opportunities | Either directly from increased berth capacity or indirectly via the opportunities created for the town | Comm% |

¹⁶ As seen in Table each theme was given a weighting towards the overall score. The weighting provided to the sub-criteria contributes to the theme score, which is then weighted before contributing to the overall score.

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| | | |
|---|--|--------|
| Positively impacts current occupants | Impacts on existing harbour users – berthage holders, the yacht club, the fishing club, etc. | Comm0% |
| Minimises biodiversity impacts | Marine and near-shore biodiversity impacts | Comm0% |
| [Ensures safe navigation] | [Implications of options for safe navigation – for example, by protecting berthed boats from currents] | Comm0% |
| Supports recreational users | Impacts on people who use the area for recreation | Comm0% |
| Minimises construction impacts | Temporary impacts during construction | Comm0% |
| SOCIETAL | | |
| Improves visual amenity | The degree to which the option aligns with the community's expectation of what it should look like | Comm0% |
| Enhances sense of place | The extent to which the option may alter the sense of place or community connectedness | Comm0% |
| Improves cultural and heritage value | The degree to which the option may alter sites and places of cultural heritage importance | Comm0% |
| GOVERNMENTAL | | |
| Aligns with governmental roles and responsibilities | Degree to which the option may alter the different spheres of government's ability to discharge their roles and responsibilities Includes Crown and WDC considerations, and the Crown obligations to Ngāti Awa under Settlement Legislation | Comm0% |
| Aligns with Resource Management Act | Degree to which the options align with RMA strategies and policies | Comm0% |
| Consentability | Degree to which options are likely to receive consent approval | Comm0% |
| Decision readiness | Degree to which options differ in the resources required to assemble information necessary for consenting and decision making | Comm0% |
| COST | | |
| Minimise capital investment | The up-front cost of the option, including demolition, materials costs, site construction activities | Comm0% |
| Minimise operating costs | Operational costs including consent compliance (monitoring and activities), regular and periodic maintenance costs | Comm0% |

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| | | |
|-----------------------------|---|--------|
| Minimise whole-of-life cost | Lifecycle cost or the total cost of the asset each year, over its design life | Comm0% |
| Attractive PGF funding | Degree to which options are more or less likely to receive Crown funding (e.g. by providing more local enhancement) | Comm0% |
| Improve revenue | Differences between the options that affect the charges made for use of the facilities | Comm0% |

4.7.3 Assessment

To identify the most attractive option, each of the short-listed options was scored against each criterion. Each MCDA participant was provided with preliminary due diligence from subject matter experts. A list of due diligence documents is available within Appendix 4 - Whakatane New Boat Harbour Preliminary Feasibility Assessment. **Appendix withheld - Commercial Information**

The MCDA process revealed a clearly preferred option: Option two, which involves constructing a new boat harbour at Keepa Road. Option two was the leading option on almost all of the 23 criteria assessed and was unanimously ranked first by all of the respondents. Based on an average of the responses being entered for each criteria Option two had an overall score which was 2.4 times higher than Option one. Option two was also very resilient to material changes in the weightings given to the criteria and remained the leading option under the five weighting schemes tested, as well as all alternative criteria weighting.

The only areas in which Option one performed better than Option two were related to the consenting process, and sense of place. Having a boat harbour in an area of the river that is (partially) within the Harbour Development Zone is an activity consenting bodies expect and is more consistent with the existing planning context. However, there are material consenting risks with Option one due to its proximity to a significant cultural site and the lesser alignment with Te Rūnanga o Ngāti Awa's objectives. Having a boat harbour in town may add to the sense of place in Whakatāne town, hence the lower score for Option two on that criteria.

A summary of the MCDA assessment table can be found below, along with discussion of the key themes and conclusions that emerged during the process. Note, the first four themes represent "benefits" and contribute to a "MCA benefits score."

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Table 12: Summary output from the MCDA

| Themes | Criteria | Weight | Compact West of Yacht Club Option 3B | Keepa Rd Option 6E |
|--|--|--------|--------------------------------------|--------------------|
| | | | Averages | Averages |
| Performance | Berthage capacity Landside capacity Addresses incident problems | | Commercial Information | |
| Weight: | Failure consequences | | | |
| <small>Comm</small> % | Proven technology | | | |
| Impacts | Alignment to Ngāti Awa Regenerative impact Affected occupants Bio-diversity | | | |
| Weight: | Impact on recreational users | | | |
| <small>Comm</small> % | Construction disruption | | | |
| Societal | Visual amenity | | | |
| Weight: | Sense of place | | | |
| 15% | Cultural & heritage | | | |
| Government | Roles & responsibilities Alignment with RMA | | | |
| Weight: | Consents & approval | | | |
| <small>Comm</small> % | Time and cost of decision | | | |
| Cost | Capital Operating Whole of life affordability | | | |
| Weight: | PGF funding availability | | | |
| <small>Comm</small> % | Revenue impacts | | | |
| MCDA Overall All Criteria Score | | | | |
| Rank | | | | |

The MCDA process highlighted the importance of several considerations: capacity which drives economic outcomes; cultural aspirations in relation to the existing site; environmental impacts and resilience.

Option two is elegant in relation to these goals. It provides sufficient capacity to accommodate long-term berthage demand and expansion options, without requiring overbuild early. It supports the development of the tourism precinct in the current wharf area. It avoids areas of potential significant indigenous biodiversity, which have the potential to make consenting very difficult, and provides greater resilience to floods and storms due to the structure sitting outside of the river channel.

Option one is a less attractive option because it does not provide sufficient capacity beyond expected medium-term demand, and therefore limits the growth of jobs in marine-based businesses. It also does not align with cultural aspirations.

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In conclusion, the MCDA showed that Option two - expanding and moving the boat harbour to Keepa Road - is the best option. It provides materially more capacity, relative to the incremental cost. It opens view vistas for iwi, creates options to further develop cultural and tourism offerings, and to “turn the town around” in the area. It appears able to be consented and offers improved environmental resiliency.

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4.8 Riverfront Revitalisation Long-list Assessment

Prepared by Veros Property Services

As part of the of the process to identify the preferred way forward, a diverse range of options were considered to support the revitalisation of the Whakatāne town centre and riverfront. The Whakatāne Town Centre Reference Plan (2019) informed all the options considered.

The refinement of the options was informed by specialist advice from technical experts, input from Council's key staff, including in the areas of Parks and Open Spaces, Transportation, Urban Design and Planning. The riverfront revitalisation options have been reviewed and are supported by Te Rūnanga o Ngāti Awa, the Whakatāne Regeneration Programme Governance Group and the Whakatāne District Council.

Whakatāne District Council is the key agency responsible for investing in high-quality public spaces. Contributions from private sector parties or developers to deliver on projects of the scale required are not realistic. Smaller-scale contributions in terms of on-site treatments of private developments are more likely.

The long list of public realm and revitalisation projects include:

Table 13: Public realm ad revitalisation projects

| Public Realm Investment Priority | Summary of Work |
|--|--|
| 1. Whakatāne Town Centre Heart | <p>Establishing a high-quality public space on the Kākahoroa carpark site, that is edged and activated by new development and investment. The space will be green, flexible and multi-purpose to accommodate high use, events and intensive programming.</p> <p>Key outcomes of the investment:</p> <ul style="list-style-type: none"> ▪ Unlocks land around the periphery of the car park for development. ▪ Stimulates development through a positive ripple effect to the wider town centre. ▪ Connects the Whakatāne town centre and community with the river. ▪ Increases the number of people who visit the town centre, for different purposes at different times, particularly increasing activity during weekends and evenings. |
| 2. Whakatāne Riverfront Promenade – | <p>Creating a 1.5km-long, world-class riverfront promenade experience along the urban waterfront of the Whakatāne town centre and ultimately an experience from the town centre campground to the Whakatāne Heads.</p> <p>The riverfront promenade will be a destination activity. It will create a universally welcoming, stimulating and enjoyable connection that provides opportunities for a range of experiences and interactions along the way. By increasing the amenity of this connection it will support future private sector investment along the length of the walkway. Council will actively support ongoing investment opportunities to support this goal.</p> |

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| | |
|---|---|
| <p>3. Commercial Information</p> | <p>Commercial Information</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> |
| <p>4. A Woven Waterfront</p> <ul style="list-style-type: none"> - Te Wairere Waterfall to waterfront connection - Puketapu lookout – Wharaurangi – waterfront connection | <p>A jewel of Whakatāne is Te Rae o Kohi – the Whakatāne Headland.</p> <p>Connecting the riverfront to the headland, in locations that are culturally significant and provide spectacular experiences. Walking has been identified as one of the key special interest niches for Whakatāne in the Tourism Bay of Plenty Place DNA work. Increasing quality experiences in this niche will enable Whakatāne to develop packages of walking experiences to attract more visitors and retain those visitors for longer.</p> <p>Commercial Information</p> |
| <p>5. Green waterfront cradle / contamination remediation</p> | <p>Remediating (capping and sealing) the contaminated soil on the parkland to the front of the Wairaka Marae. This will unlock greater utilisation of the space which is currently constrained. This will support and encourage further activity and spending in the town centre.</p> |
| <p>6. Destination Playground</p> | <p>Creating a high-quality play space that draws residents and tourists to the town centre. This experiential space will:</p> <ul style="list-style-type: none"> ▪ Support the role of the town centre as the principal commercial, retail and tourism hub for the Eastern Bay of Plenty. ▪ Support and encourage residential living options in the town centre or close to the town centre. ▪ Attract and retain people in the town centre, which will bring foot traffic and retail spending to adjacent activities supporting vibrancy and economic activity in the town centre. ▪ Level out the early morning and later evenings, as well as the weekends as low trading and foot traffic periods in the town centre. |

The Whakatāne Regeneration Governance Group removed the destination playground and the remediation of the contaminated town centre park from this list.

The remaining options were grouped into packages to carry out the short-listing assessment as below.

4.8.1 Option One: Minimum Scope (Current LTP investment)

| Element | Commentary |
|---------|------------|
|---------|------------|

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| | |
|----------------------|---|
| Summary | This represents the “do nothing” or status quo option. It is based on Council’s currently-funded business as usual activities. It includes minor paving, renewal and lighting work on the public realm and waterfront edge spaces |
| Location | Town centre-wide |
| Advantages | Low cost |
| Disadvantages | Does not achieve any of the investment objectives or benefits. |
| Investment | Currently funded in the LTP 2018-2028. |

4.8.2 Option Two: Intermediate Scope (Extended scope - WDC Funded)

| Element | Commentary |
|----------------------|---|
| Summary | LTP Funded projects plus Town Centre Heart and Waterfront Promenade |
| Location | Town centre-wide Town Centre Heart on Kākahoroa Drive Waterfront Promenade from Fishing Club to i-Site |
| Advantages | Achieves a range of objectives and benefits to a medium degree. |
| Disadvantages | Extended over a ^{Commercial Informa} period, due to affordability ^{Commercial Information} Limited impact in the short- to medium-term. Limited catalytic effect. |
| Investment | ^{Commercial Info} cost of works in addition to currently-funded LTP work. ^{Commer} additional car parking offset cost. |

4.8.3 Option Three: Intermediate Scope (Extended Scope - WDC + Funding Partners)

| Element | Commentary |
|----------------------|---|
| Summary | As per Option 2, but with funding partnership to accelerate delivery ^{Commercial Information} |
| Location | As per Option 2. |
| Advantages | Achieves a range of objectives and benefits to a medium- to high-degree. Aligned with proposed changes to Council’s Property Strategy, the speed of delivery will result in a clear deliverable vision being implemented, with a catalytic effect on investment. |
| Disadvantages | Limited. |
| Investment | ^{Commercial} cost of works in addition to currently funded LTP work. (^{Commer} WDC + ^{Commer} funding partners) ^{Commer} additional car parking offset cost. |

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4.8.4 Option Four: Maximum Scope (Maximised Scope - WDC + Funding Partners)

| Element | Commentary |
|---------------|--|
| Summary | As per Option 3, but with additional projects including full Riverfront Promenade, Cultural Navigations, Headland to Water Stitch, Commercial Information |
| Location | Comprehensive delivery across the Whakatāne town centre. |
| Advantages | Achieves a range of objectives and benefits to a high degree. Aligned with proposed changes to Council’s Property Strategy, the speed of delivery will result in a clear deliverable vision being implemented, with a catalytic effect on investment. |
| Disadvantages | Affordability and value for money. |
| Investment | \$Commercial cost of works in addition to currently-funded LTP work. \$Commer additional car parking offset cost. |

Quantity Surveyors Commercial Informa carried costed the options (Appendix 24). Commercial Informa note:

Appendix withheld - Commercial

- All costings are escalated to the mid-point of construction, based on the timeline below.
- All costings are complete price estimates other than several specifically excluded and noted items such as legal costs, client costs, and GST.
- All costings include appropriate design and construction contingency values based on the stage of the project and design documentation.

Commercial Information

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

4.9 Riverfront Revitalisation Option Assessment

The MCA assesses the short-listed options against investment objectives and benefits. These include:

- The overarching benefit statements of the Whakatāne Regeneration Programme
- The principles of the Whakatāne Town Centre Reference Plan
- The objectives of the Whakatāne Town Centre Reference Plan
- The scale of private sector investment that is leveraged by the investment
- Other key considerations from wider strategic objectives for Whakatāne including those for tourism, place making, cultural outcomes and business viability.

Costs, risks, and timing are also considered in the MCA below.

The benefits of public realm investment are outlined in detail below.

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There are a range of private sector developers, investors, and land-owners in the Whakatāne town centre with a willingness to invest, providing viable market conditions exist to support that investment.

Veros has undertaken deep dive case studies into the viability of a number of these projects, to gain a better understanding of the viability challenges that are holding back investment. Key conclusions on the viability challenges holding back investment include:

- Development is challenging in Whakatāne and largely unviable in the current market. This is across all sectors
- There is a significant issue with earthquake prone buildings and the low level of investment to fix these. Commercial Information
- Commercial Information
- Commercial Information
- Commercial Information
- Commercial Information There are a range of other fundamental issues to address that will stimulate real change and investment
- Investment in amenity will play a role in stimulating foot traffic, residential price point, and capturing resident and visitor spend
- Increasing demand and absorbing supply are key issues that will stimulate investment.

Therefore, for private sector investment to occur, the investment in quality public realm and spaces in the Whakatāne town centre is critical, but requires a range of other initiatives to be delivered to give effect to change and investment. This is further outlined below.

4.9.1 Approach

Qualitative assessment against the benefit statements of the Whakatāne Regeneration Business Case is used.

Qualitative assessment against the Principles and Objectives of the Town Centre Reference Plan is used to assess the options.

At present in New Zealand there is no sector-adopted quantitative assessment methodology to quantify the benefits of public realm projects. A qualitative approach has been carried out within a context of some quantitative data. For example, in determining the scale of private sector development that is leveraged by the public realm, we have considered a range of items including value uplift to existing land values, leverage of private sector development opportunities and actual development, and the impact of the investment on stimulating investment into earthquake-prone buildings. Commentary on these items is provided below.

Value Uplift:

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Across the properties that are held by Whakatāne District Council as perpetual leasehold land, the average land value is \$ [redacted] Commercial Information [redacted]

Market rentals for commercial space, hospitality, and retail space are also low. The table below compares established market rentals in Whakatāne alongside rentals from established water-front locations such as Rotorua, Tauranga, Auckland and Queenstown. The information was derived from national real-estate agencies with experience in these markets, including [redacted] Commercial Information [redacted]. Even against the Rotorua figures, which are most transferable, Whakatāne market rentals are not achieving close to the same levels. This has serious implications for the viability of development projects.

Table 14: Established market rentals in New Zealand towns and cities (\$/m2)¹⁷

| | Whakatāne | Rotorua | Tauranga / Mt Maunganui | Britomart | Wynyard Quarter | Queenstown |
|------------------------------------|---------------|---------------|-------------------------|---------------|-----------------|---------------|
| Food Beverage / Hospitality | \$ [redacted] | \$ [redacted] | \$ [redacted] | \$ [redacted] | \$ [redacted] | \$ [redacted] |
| Retail | \$ [redacted] | \$ [redacted] | \$ [redacted] | \$ [redacted] | \$ [redacted] | \$ [redacted] |
| Commercial Office | \$ [redacted] | \$ [redacted] | \$ [redacted] | \$ [redacted] | \$ [redacted] | \$ [redacted] |

Based on knowledge of the market, relative to provincial towns in New Zealand and the programme of work to be delivered in the town centre, it is anticipated that the following value uplift will occur:

- [redacted] Commercial Information [redacted]
- [redacted]

A range of factors will drive this increase including:

- Increasing demand for space.
- The nature of space (being newer, higher-quality, and not earthquake prone)
- Foot traffic generated by public spaces and those uses that cluster around them.

Leverage and private sector investment: Status Quo

The Status Quo option involves limited investment in the Whakatāne town centre. In response little development will occur in the absence of any real investment and/or facilitation by WDC. The last

¹⁷ Veros property services

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major private project was completed in 2009 and for the 10-year period 2009 to 2019 the three investments >\$1m were all public sector investments:

- WDC Library and Exhibition Centre fit-out
- WDC Museum Archives
- BOPRC strengthening and fit-out.

There has been no private sector investment >\$1m over this period. Veros’ analysis has shown that

Commercial Information

. Furthermore, Veros has assessed that a range of factors need to change to support viable development.

Leverage and private sector investment: With Investment (Options 2-4)

Commercial Information

Limited investment and development occurred over the last 10 years, and limited development is currently underway. Development that did occur during this time has generally been small-scale, undertaken by owner occupiers, corporate retailers, or government agencies. A number of small-scale commercial and retail fit-outs of existing buildings have occurred over this period. The three projects of any significance (>\$1m) are those led by Local and Regional Government.

Commercial Information

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

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The MCA considers the scale and leverage that is generated by each of the Options – 2-4, and estimates the corresponding private sector investment that is generated under each option.

Earthquake Prone Buildings

There are a large number of one- to two-level commercial buildings in the Whakatāne town centre that are earthquake-prone. This includes ^{Comm} buildings in the Whakatāne town centre alone that are less than 33% NBS. This makes up approximately ^{Comm}% of the building stock in the Whakatāne town centre (Source: Whakatāne District Council initial assessment).

Council is in the process of progressing a response to the Building (Earthquake-prone Buildings) Amendment Act 2016. This will include setting in train the timelines below for strengthening or demolition of earthquake prone buildings to the minimum statutory requirement of 34% NBS.

The Whakatāne District is in both the High and Medium seismic hazard areas. Free and frank opinions

[Redacted text block containing multiple lines of greyed-out content]

Analysis has been undertaken on what impact this will have on the town centre, should tenant demand and viability be such that will support viable strengthening. This analysis shows:

- Reassessment of ^{Comm}% of buildings to be above 33% on review and further information.
- Strengthening ^{Comm}% of the ^{Comm} earthquake prone buildings to above 34%. Total ^{Comm} buildings strengthened.
- ^{Comm} Commercial Information
- Strengthening at \$^{Commercial Informat} per building.
- Investment in ^{Comm} buildings at an investment of \$^{Comm}.

Again, each of the options consider to what level investment and leverage will occur.

4.9.2 Assessment

The MCA assessment of the short-listed options is shown below.

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Table 15: Riverfront revitalisation MCDA outcomes¹⁸

| Whakatane Riverfront Revitalisation | Minimum Scope (LTP) | Intermediate Scope (WDC) | Intermediate Scope (WDC + Funding Partners) | Maximum Scope (with funding partner) |
|--|--|--|--|--|
| Investment Scope | Maintenance and renewals of town centre Lighting upgrades Pathway, cycleway upgrades | LTP Funded projects Town Centre Heart Waterfront Promenade | LTP Funded projects Town Centre Heart Waterfront Promenade | LTP Funded projects Town Centre Heart Waterfront Promenade Cultural Navigations Headland to Water Stitch Commercial Information |
| Explanation and Timing | Status Quo | WDC - 10 year timeframe | WDC + PGF - 3yr timeframe | WDC + PGF - 4yr timeframe |
| Business Case Benefit Statements | | | | |
| 1. Strengthened partnership and collaborative approaches between Te Runanga o Ngāti Awa and Whakatāne District Council | No Impact | Low | Medium | High |
| 2. Increased economic activity in marine and tourism (and associated) sectors | No Impact | Medium | Medium | High |
| 3. Increased private sector investment and activity in town centre | Low | Medium | Medium | High |
| 4. Better return on investment for Te Rūnanga o Ngāti Awa and Whakatāne District Council and other partners. | Low | Medium | High | High |
| 5. Improved experience for visitors to Whakatāne and locals. | Low | Medium | Medium | High |
| 6. Improved social, cultural, economic and environmental wellbeing outcomes for locals. | Low | Medium | Medium | High |
| Town Centre Strategy + Reference Plan Principles | | | | |
| Te Aranga Design Principles | x | ✓ | ✓ | ✓ |
| Identity | x | ✓ | ✓ | ✓ |
| Guardianship | x | ✓ | ✓ | ✓ |
| Flow + Connectivity | x | ✓ | ✓ | ✓ |
| Design Quality | x | ✓ | ✓ | ✓ |
| Partnership | x | ✓ | ✓ | ✓ |
| Town Centre Strategy + Reference Plan Objectives | | | | |
| Natural Influence | Low | Low | Low | High |
| Cultural Connection | Low | Medium | High | High |
| Relationship to River | Low | Medium | Medium | Medium |
| Vibrant for Longer | Low | Medium | High | High |
| Movement Moves | Low | Medium | Medium | High |
| Resilience + Safety | Low | Medium | Medium | High |
| Unlocking Opportunity | Low | Medium | High | High |
| Leverage and Catalytic Effect | | | | |
| Level of change leveraged over time | \$0 | \$comm | \$comm | \$comm |
| Cost | | | | |
| CAPEX WDC | XXXX BAU costs CAPEX | \$comm | \$com | \$comm |
| CAPEX OTHERS | \$0 | \$0 | \$comm | \$comm |
| OPEX | XXXX BAU costs OPEX | XXXX | XXXX | XXXX |
| Implementation & Staging | | | | |
| Economic Benefits | Ongoing | Commerci | Commer | Commer |
| Job creation | nil | XXXX | XXXX | XXXX |
| Other Costs | | | | |
| Costs Incurred - Description | nil | Alternative car parking to be provided | Alternative car parking to be provided | Alternative car parking to be provided |
| Commercial In | \$0 | \$com | \$com | \$com |
| Other | | | | |
| Seasonality | x | ✓ | ✓ | ✓ |
| Ngāti Awa Aspirations | x | ✓ | ✓ | ✓ |
| Cultural Outcomes | x | ✓ | ✓ | ✓ |
| Consistent high quality experience in Whakatane town centre | x | ✓ | ✓ | ✓ |
| Enable events and activation | - | ✓ | ✓ | ✓ |
| Enhance existing town centre businesses and activities | x | ✓ | ✓ | ✓ |
| Connect to river | - | ✓ | ✓ | ✓ |
| Destination activity (add to draw of town centre) | x | ✓ | ✓ | ✓ |
| Improves experience of town centre | x | ✓ | ✓ | ✓ |
| Risk | | | | |
| Delivery Risk | None | Low | Low | Low |
| Consenting Risk | Low Risk | Low Risk | Low Risk | Low Risk |
| Community (Affordability) Risk | Low Risk | Medium Risk | Low Risk | Medium Risk - Too Much |
| Political Risk | High Risk - Status Quo | Medium Risk | Low Risk | Medium Risk - Too Much |
| Overall Ranking | 4 | 3 | 1 | 2 |

¹⁸ Veros property services

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4.9.3 Public Realm Prioritisation:

The following table assesses the prioritisation of the preferred option for the riverfront revitalisation investment. This reflects Option 3 as the preferred option. A more complete summary of works is included in Table 15 above.

Table 16: Prioritisation of the preferred option for the riverfront revitalisation investment

| Public Realm Investment Priority | Summary of Work | Financial Summary and Timing |
|--|---|---|
| <p>1. Whakatāne Town Centre Heart</p> | <p>Establishment of a high quality public space on the Kākahoroa Carpark site, which is edged and activated by new development and investment. The space will be green, flexible and multi-purpose to accommodate high use, events and constant programming.</p> <p>Key outcomes:</p> <ul style="list-style-type: none"> ▪ The investment will unlock land around the periphery of the car park for development. ▪ The development will have a positive ripple effect to the wider town centre in terms of stimulating development. ▪ The project will connect the Whakatāne town centre and the Whakatāne community with the river. | <ul style="list-style-type: none"> ▪ Cost estimate \$^{Commer} for full works. ▪ Council to provide land (valued at \$^{Commercial}). ▪ Commercial Information <p>This land is valued at \$^{Commer} when market ready.</p> <ul style="list-style-type: none"> ▪ Offset car parking is required for the 300 lost spaces. <p>Timing</p> <ul style="list-style-type: none"> ▪ Community consultation ▪ Commercial Information ▪ Detailed design Commercial Information ▪ Tendering and Delivery from Commercial Information |
| <p>2. Whakatāne Riverfront Promenade – Phase 1 (Fishing Club to i-SITE)</p> | <p>The waterfront promenade will be a consistently high quality (world class?) experience of the 1.5km of urban waterfront of the Whakatāne town centre along the riverfront edge, and ultimately an experience from the town centre campground to the Whakatāne Heads.</p> <p>The Stage 1 investment in the promenade from the Whakatāne Fishing Club to the i-SITE will:</p> <ul style="list-style-type: none"> ▪ Connect the main downtown retailing area with the emerging tourism hub. ▪ Build in resilience | <ul style="list-style-type: none"> ▪ Cost estimate \$^{Commer} for full works. <p>Timing</p> <ul style="list-style-type: none"> ▪ Community consultation ▪ Commercial Information ▪ Detailed design Commercial Information ▪ Tendering and Delivery from Commercial Information |

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| | | |
|--|--|--|
| | The promenade experience will be welcoming, stimulating and enjoyable connection that provides opportunities for a range of experiences and interactions along the way. | |
| 3. <small>Commercial Information</small> | | |
| 4. Whakatāne Riverfront Promenade – Phase 2 (town centre) | The second stage of the above investment. This town centre area will be phased. Continued engagement with the Bay of Plenty Regional Council will ensure that co-investment opportunities in this area are maximised. | For funding consideration in 2021-31 Long Term Plan. |
| 5. A Woven Waterfront <ul style="list-style-type: none"> ▪ Te Wairere Waterfall to waterfront connection ▪ Puketapu lookout Wharaurangi – waterfront connection | A jewel of Whakatāne is Te Rae o Kohi – the Whakatāne Headland. These two priority investments will connect the waterfront to the headland, in locations that are culturally significant and provide spectacular but underutilised experiences. <small>Commercial Information</small> | For funding consideration in 2021-31 Long Term Plan. |
| 6. Green waterfront cradle / contamination remediation | This will support and encourage further activity and spending in the town centre. | For funding consideration in 2021-31 Long Term Plan. Support for remediation to be sought from the BOPRC. |

The extent of the Riverfront Revitalisation Project – Stage 1 is shown in the concept plans below.

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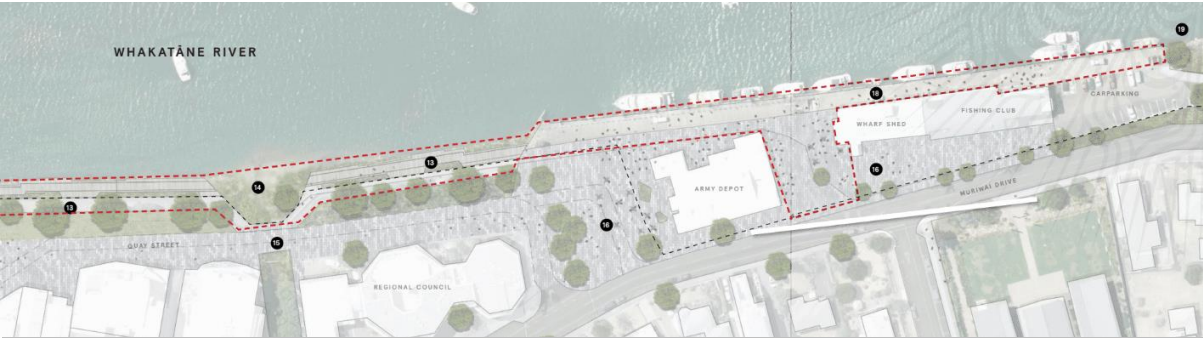
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Priority 1. Whakatāne Town Centre Heart



Commercial Information

Priority 2. Whakatāne Riverfront Promenade – Phase 1 (Fishing Club to i-SITE, including In-Town Wharf components).



Commercial Information

4.10 Town Centre Heart – Unlocking Adjacent Development

A suite of development options has been considered across Council’s car park land at Kākahoroa Drive. This includes:

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- Micro-brewery
- Food and beverage hospitality
- Boutique retail
- Significant anchor development including:
 - Commercial Information ;
 - A conference centre;
 - An Imaginarium.
- Residential apartments
- Hotel and conference
- Commercial office space

Commercial Information undertook bulk and location testing of these development options. Veros has undertaken development feasibility analysis of each of the options that has identified the following considerations and assumptions.

- Firstly, and most importantly the development opportunity created in this location is viable. This is based on the scale and quality of the proposed investment in the public realm and waterfront revitalisation, coupled with the wider programme of investment in tourism growth and destination management
- Commercial Information
- Commercial Information
- Rentals are factored within a \$Commercial Infor through to \$Commercial Infor range across a spectrum of uses and tenancy sizes. Commercial Information
- The assessment is based on Commercial Informato of land being delivered to market
- An assumed land value of \$Commercial Informat was used
- The District Plan allows for height of 10m as permitted and 15m as Discretionary across the development parcels surrounding the town centre plaza. Development is assumed to occur within these heights
- The District Plan zone allows for a wide range of activities to occur on the land
- Commercial Information
- This development opportunity could be delivered in one stage by a significant development partnership, or on a site-by-site basis with a range of smaller development partners. The development of the land is likely to be staged to protect against development risks (tenant, market, cash flow, etc.).

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4.10.1 Delivery Structure and Process

The procurement process should be designed for the sale and development of the land to ensure that the critical success factors outlined above deliver as much as possible to those objectives. The process also needs to be transparent, fair, and deliver different outcomes for the Council and for the private sector.

From a Whakatāne District Council perspective, the process needs to;

- Achieve the town centre revitalisation objectives for the Whakatāne Town Centre.
- Commercial Information
- Encourage participation and quality applications.
- Commercial Information
- Enable Ngāti Awa to participate in the process with the best possible opportunity to deliver the project whilst meeting the critical success factors.
- Deliver the best possible design and activity outcomes.
- Strengthen the built form and cultural identity of Whakatāne and enhance and contribute to the riverfront revitalisation objectives.
- Achieve as much value for money for the community as possible.
- Protect Council from commercial and reputational risk with a robust process and development outcome.
- Mitigate any negative impact on current tenants and building owners.

The level of private investment for this project may be in the order of \$^{Commercial} plus depending on the scale and quality of development. As such, the process needs to deliver the following aspects for the private sector:

- Certainty
- Flexibility
- Confidence
- Low Risk.

4.10.2 Recommended Process

After consideration of various delivery approaches a preferred pathway that is most suitable for this project and its unique drivers and outcomes was established.

To achieve a high-quality outcome on this land, that maximises the objectives for the town centre,

Commercial Information

Commercial Information

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4.10.3 Commercial Information

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

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4.11 Local impacts

4.11.1 The “Four Well-beings”

For investment in the boat harbour and riverfront revitalisation to be attractive, it needs to provide positive outcomes which outweigh the cost compared to the ‘do minimum’ solution of maintaining current levels of investment.

Incremental outcomes have been analysed in line with the “Four Well-beings” framework, which focuses on economic, social, cultural and environmental benefits. Incremental economic benefits have been estimated quantitatively and focus on new local jobs created. Social, cultural and environmental benefits are analysed qualitatively. Analysing incremental benefits against these four elements also aligns closely with government’s regional development goals, as illustrated by the Provincial Growth Fund’s objectives of job creation, community benefits, Māori asset utilisation, sustainability, climate resiliency and additionality.

Overall, the incremental benefits of Keepa Road and Riverfront Revitalisation over the current state are material. The analysis has shown that:

- Economically, approximately Commercial direct plus Commerc indirect and induced new jobs are expected to be created by Commercial
- Social outcomes are driven by filling jobs with local unemployed people, strengthening the connection to the river, and creating the option to “turn the town around” in the future
- The Keepa Road site is Free and frank opinions
- The improved stop-bank and expanded wharf offers much greater resilience to extreme weather events, which are expected to increase with climate change.

The purpose of this section is to present a compelling case for these incremental and materially positive outcomes.

4.11.2 Social, cultural and environmental benefits

The incremental social, cultural and environmental benefits have the potential to be important for the Whakatāne township and surrounding communities.

Socially, expanding the wharf and developing a marine training centre will provide jobs which can unlock improved social outcomes and capacity to support the region’s tourism growth aspirations. Moving the wharf will create a safer riverfront environment, with commercial marine activity moved away from recreational activities. It also enhances the town’s connection to the river and provides an option to “turn the town around” in the future.

Culturally, expanding the boat harbour provides local iwi businesses with the additional capacity needed to expand and generate more jobs for Whānau. Included within the commercial growth is growth within marine-based tourism businesses Commercial Information, which is currently constrained by berth capacity. The capacity constraint is expected to be felt more acutely by these tourism businesses in the future, as the sub-region’s tourism projects come into effect and tourism growth accelerates.

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Shifting the wharf north aligns strongly with Ngāti Awa's aspirations to:

- Redevelop the army hall and surrounding buildings into a cultural and tourism precinct
- Support greater connection to a river with cultural and heritage importance to local iwi, the region and New Zealand.

The Keepa Road site Commercial Information

Shifting and expanding the wharf also creates several environmental benefits compared to developing a new asset in the current location. First, removing part of the existing wharf allows for the reinstatement of the riverbank to its natural state. Second, the hydrological performance of the boat harbour is much better given the site sits outside of the actual river, which improves the river flow and reduces silt build-up in the vicinity of the wharf.

Finally, the Keepa Road boat harbour allows for greater resilience to flood and storm-driven debris. For example, at-risk boats moored in the river can be moved inside the groyne structure, which provides a haven from upstream debris. Climate change is expected to increase the frequency and severity of floods and storms, and therefore the resiliency value of the expanded structure will grow in the future.

4.11.3 Economic benefits

The economic benefits of building a boat harbour at Keepa Road and revitalising the riverfront (together called the revitalisation investments) exceed the costs of doing so. This is driven overwhelmingly by the employment and GDP growth unlocked in directly related industries such as boat building and tourism, as well as the indirect impact of their upstream and downstream value chains, and the induced multiplier benefits of associated incomes and expenditure.

For the avoidance of doubt, the economic case is not sensitive to the specific commercial returns on the boat harbour itself, and the amount of employment and turnover occurring within it is small relative to that generated in the related industries¹⁹.

Therefore the approach taken in this Report has been:

- To estimate the incremental costs and revenue of the revitalisation investments
- To assess the attractiveness through several layers of analysis;
 - Local attributable job impact assessment, which considers the preferred investment option's incremental jobs to Whakatāne, and the rest of NZ, against the base case of the status quo.

¹⁹ The Commercial Case covers the commercial viability of the Boat Harbour in more detail, and a commercial viability has been developed in parallel by Wardale Consultants Ltd. The commercial return on the Keepa Road Boat Harbour itself is not determinative of the broader economic case, for the reasons set out in this Report, although it could impact investment attractiveness by commercially motivated partners.

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- Fiscal benefit to central government from new Whakatāne jobs is considered by making assumptions about how many jobs would be filled by those previously unemployed.
- GDP impacts relating to job growth.

The local economic impact analysis concludes that expanding and relocating the commercial wharf to Keepa Road and revitalising the riverfront unlocks ~Commercial direct jobs by Commercial for a relatively large additional investment when compared with the like-for-like base case.

These incremental economic benefits align strongly with purposes of the Provincial Growth Fund to stimulate job growth in deprived region and better utilise Māori assets.

Keepa Road is also estimated to provide \$Commercial annual fiscal benefits to government in the year Commercial, due to avoided benefit payments and additional income and company tax attracted by employing those previously unemployed.

The following section outlines the economic impact conclusions, starting first with the incremental costs, local economic opportunity in terms of new jobs created, and then the fiscal benefits to central government.

Note – Changes to the economic and financial modelling have occurred since the business case was approved by WDC at its Council meeting on 6 September 2019. These changes follow discussions with Central Government regarding the Whakatane boat harbour development.

The scope of the stage one works have been reconsidered, were components of what was previously stage two works have now been prioritised and brought forward which increases the stage one works by \$Commercial to a new stage one total capital cost of \$Commercial.

The changes include:

- The depth of the boat harbour has been increased from 2.5m to 3.0m below chart datum to future proof the development, which increases the capital cost by approximately \$Commercial.
- Commercial Information
- The length of the entrance channel has been increased by 50% given the potential for adjustment to the position shown in the concept plan, which increases the capital cost by approximately \$Commercial.
- The contingency allowance for the enabling works has been increased from Commercial Information %, and the allowance for cost escalation has increases slightly, which increases the capital cost by approximately \$Commercial.

The applicant has reconsidered the benefits of structuring the support from the PGF by seeking a Whenua Fund grant to support the Maori landowners advancing the improvements in the productivity of the land by remediating the entire parcel of land as part of the enabling works. As a result, the amount of grant funding being sought from the PGF for the boat harbour has increased from \$Commercial Information. In addition, the debt funding being sought from the PGF has increased from \$Commercial Information.

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The overall impacts of the above boat harbour changes to the Whakatāne Regeneration Programme's economic and financial cases are positive: additional investment will accelerate development and bring some of the benefits anticipated in stage two of the boat harbour forward, and additional grant funding will improve the affordability of the project and magnify Council's ability to kickstart other future development projects.

Also changed since the economic and financial analysis was completed is the amount estimated to remediate the existing in town wharves which has increased from \$Commercial Information. The increase of \$Commercial I is due to refinements in the scope and cost of the in town wharves remediation activities.

Updated numbers are figures are provided in Appendix 9 - Commercial Information Addendum - Updated Boat Harbour Funding Analysis but have not be incorporated into the main body of the business case.

Appendix withheld - Commercial Information

4.11.3.1 Capital and operating costs²⁰

Remediation of the existing commercial wharf is assumed to occur under both the counterfactual status quo and the preferred boat harbour option (Keepa Road) at a capital cost of \$Commercial I with ongoing operating costs averaging \$Commerc over the period to Commercial I. This cost is included within and funded under the Riverfront Revitalisation project.

The incremental cost of the Keepa Road option consists of an extra \$Commercial Info of capital investment to construct Stage 1 of the new boat harbour, and an average of \$Commercial I per annum in additional operating costs (excluding depreciation which is discussed further below)^{21,22}.

The costs of the riverfront revitalisation investments are \$Commercial, made up of \$Commer for town centre heart, \$Commer for promenade and \$Commercial I (adjusted)²³ for in town wharves (which includes the \$Commercial I for the remediation of the existing commercial wharf).

4.11.3.2 Capital cost: boat harbour²⁴

The estimated capital cost for remediating the existing commercial wharf is \$Commercial I. Physical repair works to the existing wharf are the major cost component estimated at \$Commercial Information, with the balance comprising engineering and consulting fees of \$Commercial and contingency allowance of \$Commercial I.

²⁰ Capital and operating costs of the boat harbour have been provided by Wardale, and capital costs of riverfront revitalisation has been provided by Veros.

²¹ Details are contained in the Financial Case below.

²² Economic and Financial Cases modelling was based on \$Commercial Inf and subsequent information has increased the cost of the investment in the boat harbour to \$Commercial Inf. Please refer to 9 - Commercial Information Addendum - Updated Boat Harbour Funding Analysis for detail.

²³ The modelling in the Economic Case is based on \$Commercial and subsequent information has increased the cost of the investment in the in town wharves as part of the riverfront revitalisation to \$Commercial.

²⁴ Economic and Financial Cases modelling was based on \$Commercial Inf and subsequent information has increased the cost of the investment in the boat harbour to \$Commercial Inf with additional PGF funding. Please refer to Appendix 9 - Commercial Information Addendum - Updated Boat Harbour Funding Analysis for detail.

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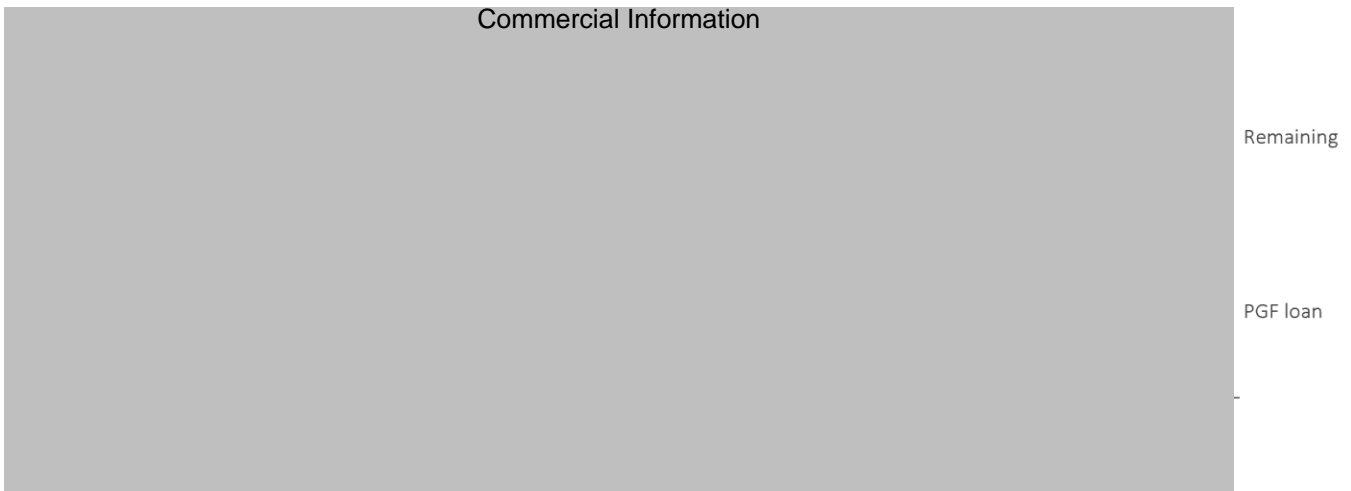
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The estimated incremental capital cost of the Keepa Road option over Option One is \$^{Commercial Infor}, being the total cost of developing Stage 1 of the new boat harbour at Keepa Rd, including an allowance for cost escalation. The incremental costs comprise construction costs (+\$^{Commercial Informat} professional fees (+\$^{Commercial!}), WDC staff time and consenting costs (+\$^{Commercial!}) and contingency (+\$^{Commercial!}).

Figure 16 below illustrates the incremental capital cost of Keepa Road over Option One. For more detail please refer to Appendix 5. **Appendix withheld - Commercial**

I f t i

Figure 16: Estimated capital expenditure for building a boat harbour at Keepa Rd (\$m)²⁵



4.11.3.3 Capital cost: riverfront revitalisation

The riverfront revitalisation projects are expected to cost \$^{Commercial}, with \$^{Commer} on improvements to the Kākahoroa carpark, \$^{Commer} on the promenade, and \$^{Commercial!} (adjusted)²⁶ on the in-town wharves.

²⁵ Notes to chart: barge berths include unloading wharf berths and compound

Service facilities include on-water fit-out berth and fuel pier

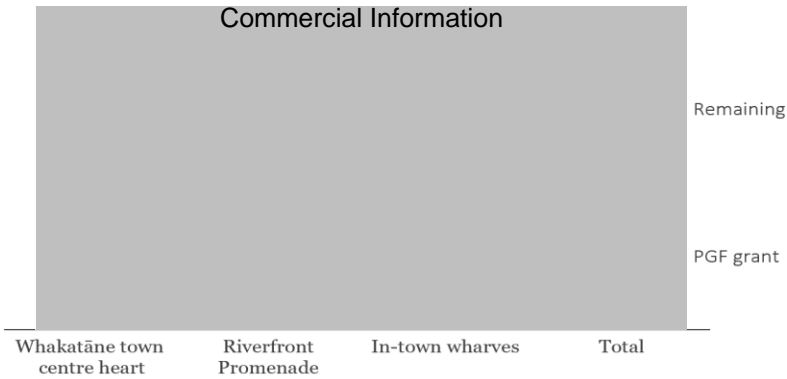
Source: Wardale estimates

²⁶ Economic and Financial Case modelling was based on \$^{Commercial} and subsequent information has increased the cost of the investment in the in-town wharves as part of the riverfront revitalisation to \$^{Commercial}. Please refer to Appendix 9 - **Commercial Information** Addendum - Updated Boat Harbour Funding Analysis for detail

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Figure 17: Estimated capital expenditure for riverfront revitalisation



4.11.3.4 Operating costs: boat harbour²⁷

The estimated operating cost of the existing commercial wharf is estimated at \$^{Commercial} per annum on average, from now to ^{Commercial}. The estimate includes ^{Commercial Information} (FTE) at Council to cover berthage licencing and admin, and asset operations, as well as various contractors.

Creating a new boat harbour and hardstand significantly expands the level of activity which requires an additional ^{Commercial} FTEs, and the amount of maintenance spending and other general operating costs for the new facility. The Keepa Road option also introduces an additional annual dredging cost, estimated to average \$^{Commercial}, and Co governance costs estimated to average \$^{Commercial} per annum²⁸. As a result, the estimated operating costs for Keepa Road are \$^{Commercial} higher than the current state, as shown by Figure 17. For a more detailed breakdown of operating costs, please refer to Appendix 4 - Whakatāne New Boat Harbour Preliminary Feasibility. **Appendix withheld - Commercial**

^{Commercial Information}. Depreciation is excluded from the above estimates. The annual depreciation cost arising from the remediation works in Option One is \$^{Commercial} assuming a ^{Commercial Informa} lifespan for the repair works. The average incremental depreciation cost for Keepa Road on top of Option One is \$^{Commercial} per annum.

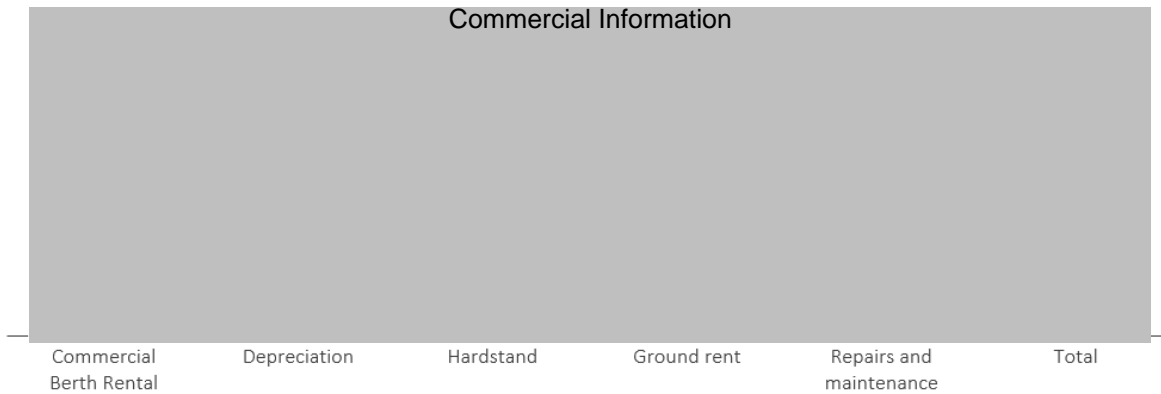
²⁷ Economic and Financial Cases modelling was based on \$^{Commercial Inf} and subsequent information has increased the cost of the investment in the boat harbour to \$^{Commercial In}. Subsequently, annual depreciation has also increased from \$^{Commercial Information} per annum. Please refer to Appendix 9 - **Commercial Information** Addendum - Updated Boat Harbour Funding Analysis for detail. **Appendix withheld - Commercial**

²⁸ Source: Wardale estimates

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Figure 18: Breakdown of boat harbour operating costs (average Commercial Information, \$m)²⁹



4.11.3.5 Revenue

Under Option one remediating the existing commercial wharf and escalating current pricing in line with inflation, provides average annual berthing fee revenue of \$Commercial over the period to Commercial. The Game Wharf and Otuawhaki Wharf provide further annual berthage revenue averaging \$Commercial over this period.

Under the Keepa Road option, the relocation of all vessels from the existing commercial wharf to the new boat harbour at Keepa Rd eliminates the \$Commercial of berthage revenue from the existing commercial wharf. However, the proposed introduction of a passenger loading fee for tourist vessels using the main commercial wharf for boarding would more than offset this by providing average annual revenue of \$Commercial over the period to Commercial.

Benchmarking analysis conducted by Wardale indicates that the current revenue on Whakatāne’s existing wharves is below market rates for comparable port facilities in New Zealand. The investment in improving existing wharf facilities for commercial harbour users provides an opportune time and justification to lift prices towards comparable market rates and introduce fees for activities that are currently not being charged for in Whakatāne. Under the Keepa Road option, the Game Wharf and Otuawhaki Wharf are assumed to continue to earn berthage fees, Commercial Information

Commercial Information

Commercial Information

Commercial Information

In addition to these changes to the revenues at the existing Whakatāne wharves, under the Keepa Road option, the new boat harbour Stage 1 development produces an additional increase in average annual revenues by \$Commercial. This is on the basis of market based commercial fees being phased in over a Commercial period for additional new berths and a range of enhanced new facilities and services to

²⁹ Source: Wardale numbers, Commercial Information chart

³⁰ Commercial Information

Commercial Information

Commercial Information

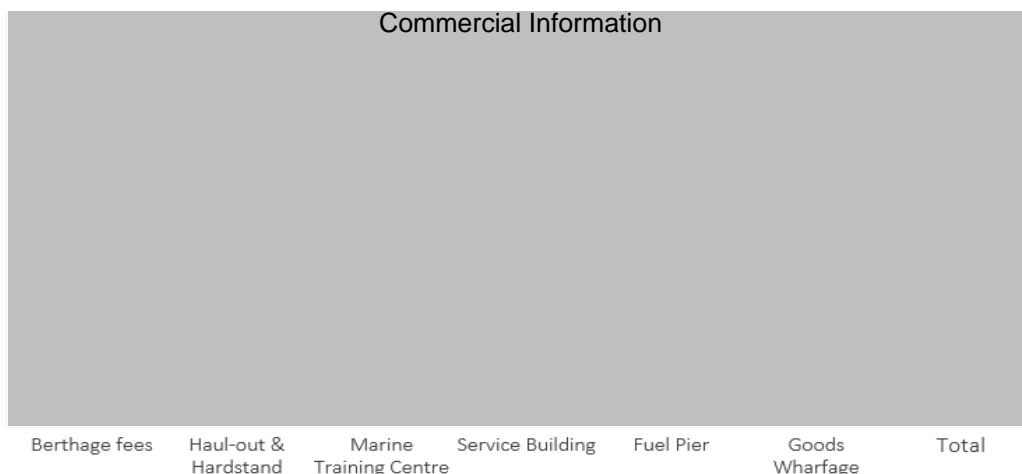
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support the Whakatāne marine industry. The new sources of revenues within the new boat harbour comprise:

- Haul-out and hardstand revenues averaging \$^{Commercial} are enabled by a new travel lift, which will have a capacity of 70 or 80 tonnes and a 7,200m² hardstand vessel maintenance area;
- Berthage fees for ^{Comm} new commercial berths of \$^{Commercial} per annum based on high occupancy levels being achieved through allowing recreational vessels to fill empty berths while the commercial fleet is growing to capacity;
- Goods wharfage revenue proposed to be phased in on a per tonne basis for commercial fishing vessels unloading to a new wharf and fenced compound within the boat harbour provides average revenue of \$ ^{Commercial Information}
- ^{Commercial Information}
- ^{Commercial Information}
- A 330m² service building for large vessel operators ^{Commercial Information} is proposed which would provide \$^{Commere} average revenue. This shared facility would comprise a small office and storage for equipment and supplies for vessels berthed within the new boat harbour;
- Marine Training Centre building of 520m² is proposed to be developed on a site adjacent to the hardstand and leased to an operator to enable training of skilled workers to support the marine industry, which would provide lease revenue of \$^{Commere} on average.

Figure 19: Average boat harbour revenue from ^{Commercial Information} (\$m per annum)³¹



³¹ Wardale numbers, ^{Commercial Information} chart

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The total incremental revenue of \$Commercial Infor from the new boat harbour is Commer times the additional operating costs (excluding depreciation) which average \$Commercial. Accordingly, the Keepa Road option is expected to provide sustainable positive EBITDA averaging \$Commercial for the boat harbour shareholders over the period to Commercial In

Adding the assumed revenue changes at the existing Whakatāne Wharves discussed earlier, which result in an average net improvement at the existing wharves of \$Commerc, the total increase in average revenues under the Keepa Road option relative to the status quo Option One position, is \$Commercial Infor.

Figure 19 shows conservative estimates of how revenue is applied in 2025, 2030 and 2050. Commercial Information

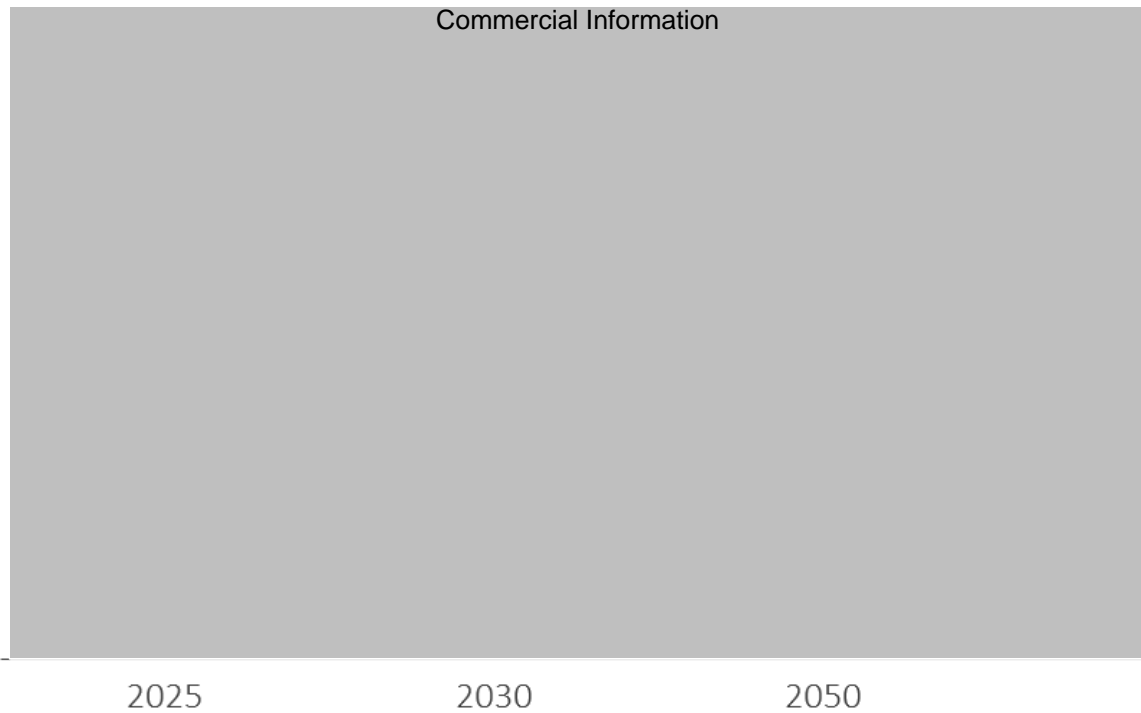
Commercial Information

Commercial Information

Commercial Information

This is covered in more detail in the Whakatāne new boat harbour preliminary feasibility assessment study prepared by Wardale.

Figure 20: Allocation of boat harbour revenue through time (\$000)³²



4.11.3.6 New jobs created: Boat harbour

The Keepa Road option is estimated to create over Commerci new jobs in NZ by Commercial. As shown in Figure 21, the jobs are broken down roughly as follows:

- Commercial of these jobs are directly created in marine-based businesses (such as charter fishing, boat building and tourism boats)
- Just under Commercial are indirect jobs in industries that support marine based businesses (such as bait and ice suppliers)

³² Wardale numbers, Commercial Information chart

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- Commercial are induced jobs in industries relatively unrelated to marine-based business (such as new barista jobs to serve the new employees).

Not shown on the charts are the Commercial direct jobs that are created in the boat building industry, but can't be attributed to the boat harbour, as more funding will be needed to develop a Commercial Information and some of the jobs must be attributed to that funding. Comm% of the expected boat building jobs are shown, as Comm% of the benefits can be attributed to the boat harbour investment.

New direct jobs were estimated in five steps based on current jobs per berth by industry and future expected demand for berths by industry:

1. Identify the existing jobs per commercial berth by type of activity (e.g. charter fishing) based on research conducted by Commercial Inform and Whakatāne District Council;
2. Estimate demand (waitlist and anticipated) for additional commercial berths by type. Commercial Inform estimated waitlist and anticipated demand for commercial berths over the next five years based on interviews with local business owners. The Whakatāne Regeneration team continued this process in 2019 to see how demand had changed, and growth in each industry's berth demand was expanded out to Commercial In
3. Extrapolate new direct jobs using the jobs per industry and expected demand for berths, along with the anticipated capacity of Option One and Three;
4. Industry-specific multipliers sourced from StatsNZ's input/output tables were applied to estimate indirect and induced jobs created;
5. "Attributability" for sources of growth was estimated to reflect the contribution to growth that the boat harbour expansion unlocks. For example, in the case of boat-building, where over Commercial] jobs would likely be created if manufacturers had access to appropriate berthage and skills, only Comm% of the jobs were attributed to the boat harbour application itself.

For more detail on the analytical approach used to estimate benefits, please refer to Appendix 21 - Plumbing chart showing how total job figures are derived. **Appendix withheld - Commercial**

There are two main sources of jobs created by the boat harbour, those on water and related, as shown in Figure 21, and those in the boat building industry, shown in Figure 22. By Commercial In there are Commercial direct jobs that are either on water, or servicing the boats in the boat harbour, and Commercial jobs in the boat building industry, Commercial Information and access to on-water finishing facilities. Only half of these Commercial jobs are attributable to the boat harbour project, Commercial Information

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Figure 21: Estimated direct jobs created by the boat harbour, by industry and decomposed by driver³³

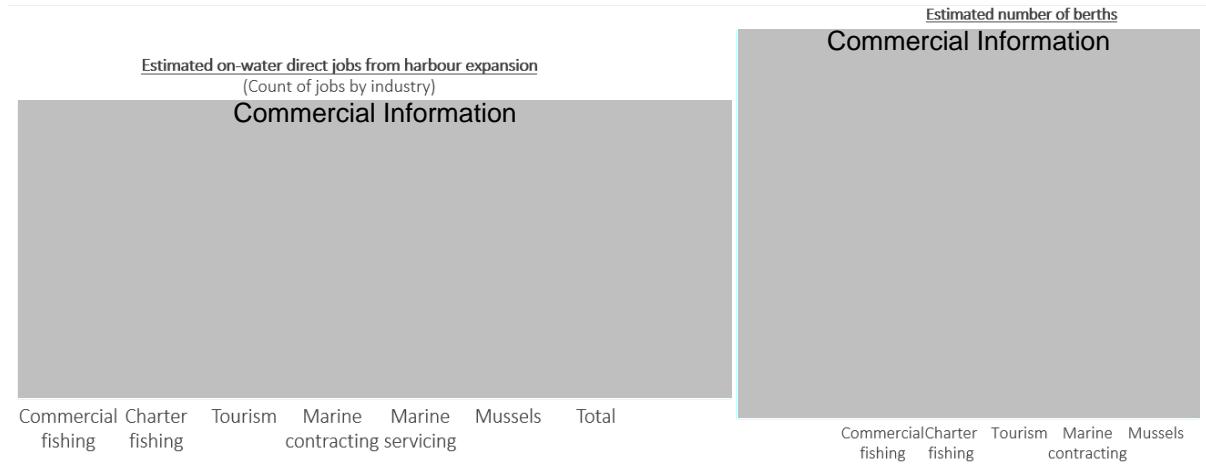
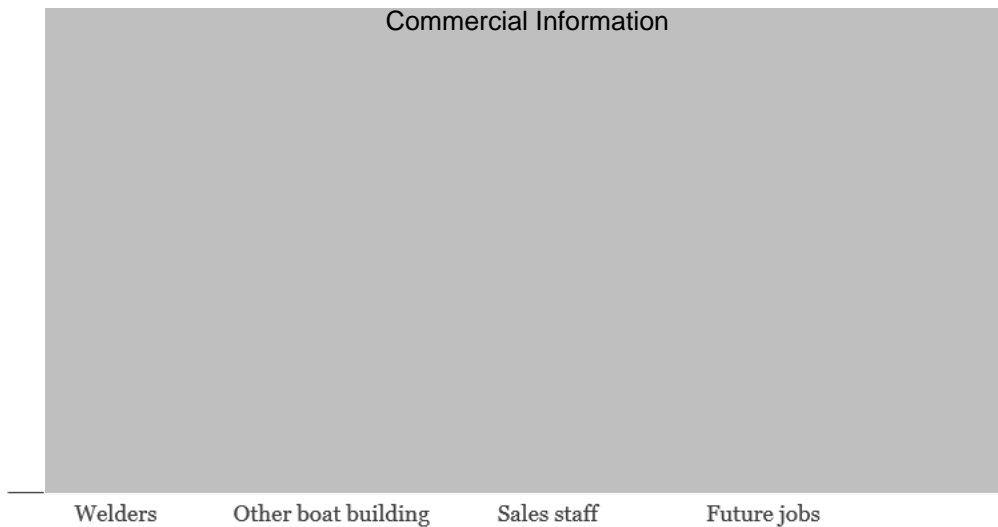


Figure 22: Estimated on-land direct jobs from **Commercial Information** and boat harbour expansion (attributable and non-attributable)³⁴



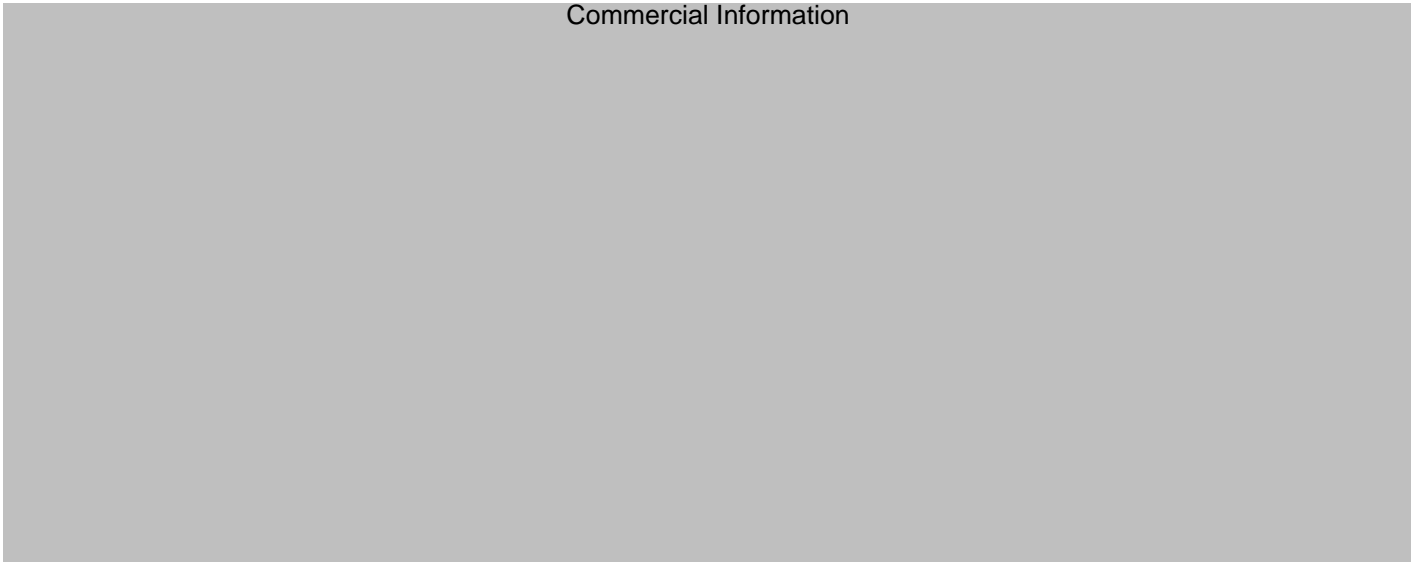
³³ Source: Commercial Information

³⁴ Source: Commercial Information

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Figure 23: Estimated attributable direct, indirect and induced jobs created by the Boat Harbour project³⁵



4.11.3.7 New jobs created: riverfront revitalisation

New jobs are also created from the riverfront revitalisation investment. Jobs from developing the town centre heart, the subsequent private investment, and a world-class promenade are more difficult to ascribe than those for a boat harbour. Broadly there are two ways in which this investment delivers jobs:

- Construction jobs enabled by the uplift of the property market
- Tourism jobs created by the growth in tourism in the district, partially enabled by revitalising the riverfront.

Veros identified \$^{Commercial Information} worth of private development that could be made viable if investment in public realm was made, a new investment strategy was developed, ^{Commercial Information}

^{Commercial Information} These developments are outlined in Table 17 below.

Table 17: Development unlocked by property market improvement³⁶

| Development | Value (\$m) | Construction value (80% of total to exclude land) |
|------------------------|-------------|---|
| Commercial Information | | |

³⁵ Source: Commercial Information

³⁶ Source: Veros

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Two data sources were then found that tied employment numbers to construction values. These were reports by PwC³⁷ and MBIE³⁸ on the construction industry in New Zealand. Both reports identified how many construction industry employees there were in a given geography, and how much construction was delivered (in terms of value). Using the numbers from these reports as a benchmark, the number of employees required to deliver the above construction values was estimated.

Tourism jobs are another source of benefit delivered by investment in riverfront revitalisation. The Whakatāne District Destination Management Plan (Appendix 5) has identified a target growth rate for tourism employment in Whakatāne to 2025. To achieve this growth, Whakatāne will need to make investments in tourism products, hotels, public amenity, and service sector businesses. Riverfront revitalisation is one such investment that will need to be made, in order to achieve the aspirational growth identified in the Destination Management Plan. **Appendix withheld - Commercial**

Attributing tourism jobs to the riverfront investment is difficult, as the growth in tourism cannot occur without all of the tourism investment identified in the Destination Management Plan, and each component alone will only deliver a small change. For the numbers in this report, it was assumed the investment will deliver 10% of this growth. However, other investments will also need to be made for this growth to occur. It is not clear that riverfront revitalisation investment alone will deliver 10% of the identified growth, due to the co-dependence of multiple tourism investments.

Job numbers for tourism and construction differ from the marine industries in section 4.11.3.6 in that they include indirect jobs, because of the way the job numbers were estimated. Charts in this section therefore only show sector jobs, plus induced, which are new jobs created by the general economic uplift delivered by creating new tourism and construction jobs. Figure 24 shows how these jobs might be created over time.

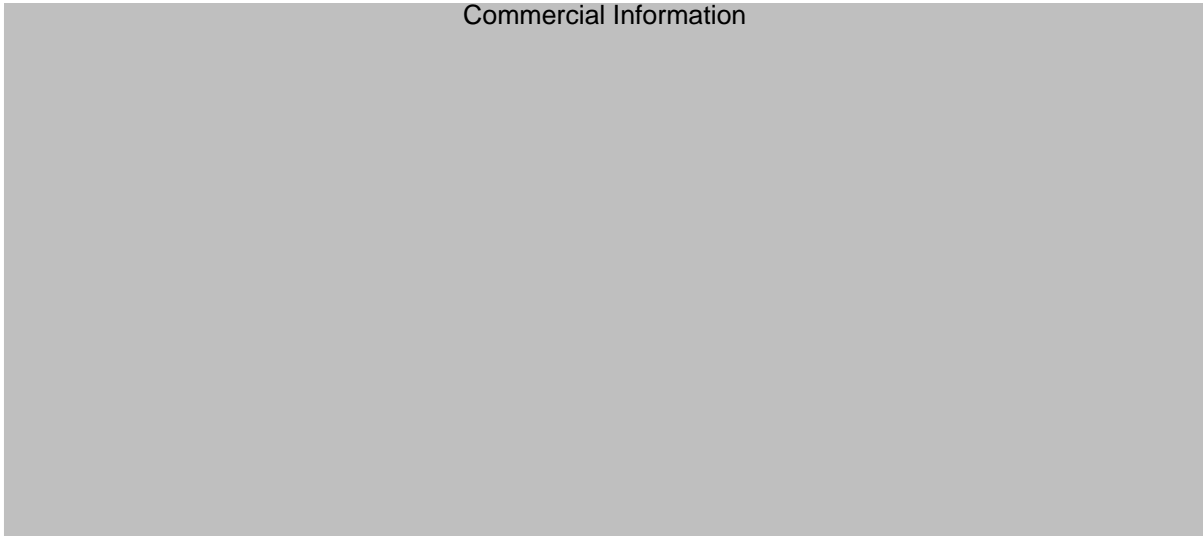
³⁷ https://infrastructure.org.nz/resources/Documents/Reports/CSG%20PwC%20Value%20of%20Construction%20Sector_final%20report_2016_10_16.pdf

³⁸ <https://www.mbie.govt.nz/dmsdocument/46-future-demand-for-construction-workers-2017-pdf>

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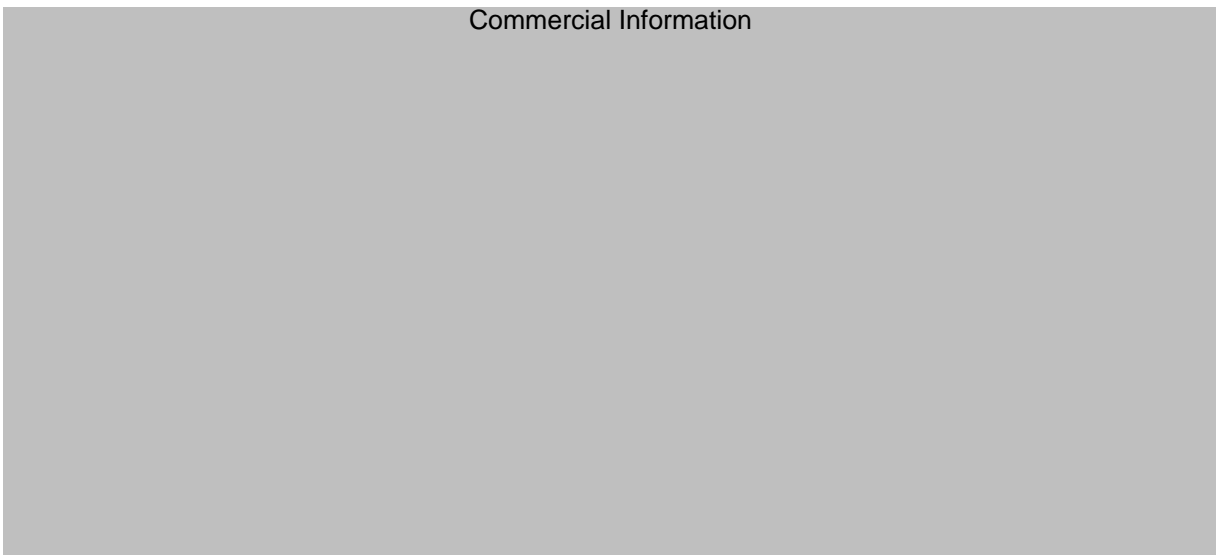
Figure 24: Estimated incremental jobs from investing in riverfront revitalisation³⁹



4.11.3.8 Overall jobs

Combined, the boat harbour, Commercial Information and riverfront revitalisation investments are estimated to deliver almost Commercial Information jobs, around Commercial Information of which will be in the Eastern Bay of Plenty. The expected creation of these jobs through time is shown in Figure 25. The current gap between the Whakatāne and national unemployment rates is about Commercial Information jobs, meaning that by Commercial Information the regeneration investments deliver enough jobs to Commercial Information this gap, ceteris paribus.

Figure 25: Estimated attributable incremental jobs from investing in a boat harbour and riverfront revitalisation⁴⁰



³⁹ Source: Commercial Information

⁴⁰ Source: Commercial Information

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4.11.3.9 Fiscal benefits

The economic benefits of the Whakatāne Regeneration investment will extend further than just jobs created. For example, if new jobs can be filled by unemployed people, the fiscal return to government could be substantial. Fiscal returns for central government are generated by:

- avoiding benefit payments
- collecting more income tax
- collecting more companies tax
- reduced expenditure on the second and third order effects of high unemployment (e.g. reduced health care spending).

The fiscal benefit of this project is determined by the growth in jobs enabled by the boat harbour and riverfront revitalisation, not by jobs directly relating to either project. For example, the few staff who will operate the boat harbour, and the people employed to carry out the riverfront revitalisation work, are excluded from the analysis.

The project team's indicative estimate of the potential incremental fiscal return to the Crown is \$Commercial Info per annum by Commercial Info, as shown in Table 18. The estimate builds on four key assumptions:

- The percent of jobs which will be filled by unemployed people
- The fiscal return to Crown from transitioning someone off the unemployment benefit into work
- The fiscal return from an already-employed person switching jobs, and
- The total jobs created.

The assumptions on these four factors are presented below in Table 18, along with supporting rationale. These follow Treasury guidelines and are conservative.

Table 18: Assumptions made to estimate fiscal value of employing a previously unemployed person⁴¹

| Factor | Assumption | Rationale |
|--|-----------------------------|--|
| Percent of new jobs filled by unemployed | Comin% | A conservative figure given the current labour shortage and high unemployment rate in the region, as well as the role the Commercial Information . Comin% also includes unemployed people who fill vacated roles in other industries when workers switch to a role created by this project. |
| The fiscal return to crown from an unemployed person becoming employed | \$Commercial Info per annum | Based on these assumptions: <ul style="list-style-type: none"> • The average job will pay \$Commercial Info per annum, which generates approximately \$Commercial Info in income and corporate tax revenue • The unemployment benefits avoided equal \$Commercial Info in job seeker support |
| The fiscal return to crown from an employed person switching jobs | \$0 | Those switching jobs are assumed to bring no additional income or companies tax. This is conservative, as to attract new employees, employers would likely offer a better wage. |
| Total direct jobs created | Commerc | Based on job estimates above, direct jobs in Commercial |

⁴¹ Treasury, CBAX tool guidelines.

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| | | |
|--|---------------------------|---|
| Fiscal benefit per year in <small>Commercial</small> | <small>Commercial</small> | Sum of increased tax take and avoided benefits for local and all of NZ jobs. Changes each year as number of jobs grows. |
|--|---------------------------|---|

Given the importance of the assumptions regarding the share of jobs filled by unemployed people and the value of employing an unemployed person, a sensitivity analysis was undertaken to illustrate the range of fiscal outcomes possible. Table 19 shows the average fiscal benefits per job created, and Table 20 multiplies this by the number of jobs in Commercial giving the annual fiscal benefit in that year.

Table 19: Average fiscal benefit per job created (\$, 000s)⁴²

| | |
|--|---|
| Fiscal benefits per employed unemployed person | Percent of jobs filled by unemployed people |
| | <small>Commercial Information</small> |

Table 20: Annual fiscal benefit in Commercial (\$m)

| | |
|--|---|
| Fiscal benefits per employed unemployed person | Percent of jobs filled by unemployed people |
| | <small>Commercial Information</small> |

⁴² Treasury, own projections.

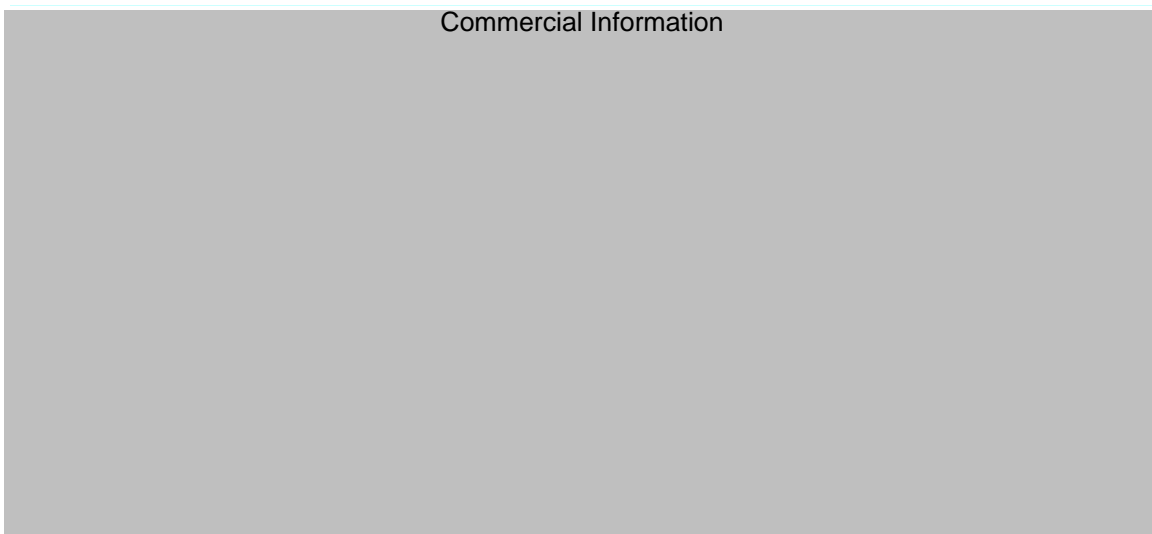
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4.11.3.10 Increased GDP

To convert the employment figures above to GDP, local productivity rates by industry were multiplied by the number of jobs in each industry. This is an approximate calculation, because it does not account for inflation or changes in productivity, which is why job numbers are a better metric than GDP. Regardless, Figure 261 shows the local and national GDP impact of the projects.

Figure 261: Estimated incremental local GDP from regeneration investment (\$m, nominal, assumes 2018 productivity)⁴³



⁴³ Local job projections from earlier in report * local GDP per job figures from Infometrics.

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4.12 The Preferred Way Forward

Overall programme benefits from the preferred way forward are captured in Table 21 below.

To realise these benefits, Whakatāne must make the boat harbour and riverfront revitalisation investments, attract PGF co-investment, attract iwi co-investment, catalyse private investment, and meet tourism growth targets, as identified in the Tourism Destination Management Plan.

Riverfront revitalisation, along with a new investment strategy **Commercial Information** will contribute to changing the growth trajectory of the local commercial property market. There is a direct return for Council in the development sites around the perimeter of the site, and a diffuse return through the growth in value of Council investment properties.

Commercial Information

Developing an investment strategy will enable Council to achieve regeneration outcomes and grow the amount of money free to invest in future regeneration projects.

Table 21: Overall programme benefits⁴⁵

| Outcome | Source | Assumptions |
|---|---|---|
| Commercial direct jobs on-water | New berths | Berths filled by predicted industries, Commercial Commercial Information new jobs are created |
| Commercial boat building jobs | Growth in marine industry due to access to berths and skills | Commercial Information |
| Commercial Information | Commercial Information | Commercial Information |
| \$Commercial In on private investment in property development in town | Creation of development sites on Kākahoroa carpark site, improved viability of developments across town (see Table 17: Development unlocked by property market improvement) | Commercial Information |
| Commercial new attributable tourism jobs | 10% of growth identified in Tourism Destination Management Plan | DMP assumes tourism job growth increases from Commercial In% until Commercial I and then Cor% to Commercial In before slowing to Co% ongoing. Riverfront contributes Comm% of this. |

⁴⁴ See Wardale Consultants commercial viability analysis, underway in parallel.

⁴⁵ Source: Commercial Information and other project consultants

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| | Commercial Information | Kākahoroa developments take place, Commercial Information |
|---|---|---|
| Commercial construction jobs | | |
| ~\$Commercial uplift in WDC investment property assets | Increased economic activity driven by public realm investment in riverfront | Commercial% uplift in immediately neighbouring properties, Commercial% uplift on other nearby properties |
| \$Commercial uplift in Kākahoroa carpark value | \$Commercial invested in the site, \$Commercial increase from change in land use, \$Commercial original value | Site is converted from a carpark to an attractive development site |
| Commercial% reduction in current gap between local and national unemployment rate by Commercial | Delivering Commercial new jobs reduces unemployment rate from ~8% to ~6%, halving gap to national rate of ~4% | Boat building, on-water marine, tourism and construction jobs are delivered. Assumes unemployment rate remains static to Commercial |
| \$Commercial incremental GDP per annum by Commercial in nominal terms | Economic growth relating to the jobs identified in marine, tourism, construction industries | Jobs identified in boat harbour and riverfront revitalisation projects are delivered |

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5 COMMERCIAL CASE

The Commercial Case provides an indication of the likely commercial viability of the preferred way forward.

The focus for this case is to summarise the programme approach to identifying services required, potential procurement strategies, organisational roles, and contract / risk management strategies. Given the current status of the component parts of the programme, further work will be required as more detail on each project is achieved.

General - Procurement

WDC will manage procurement in line with the Whakatāne District Council Procurement Manual 2014. Comprehensive procurement strategy plans will be developed by WDC and the prospective partners of the Boat Harbour for that component of work. Procurements plans and methodology shall be in accordance with typical governance rules of sourcing wherever possible.

It is anticipated that specific procurement plans will be developed and approved for the following key procurements.

- Consultant Procurement Plan: A procurement plan will be developed that allows the ongoing engagement of key project consultants. The procurement plan will be developed by the programme or project manager, with all further engagements completed in accordance with this plan.
- Main Contractor Procurement Plans: Procurement plans will be developed by the project manager and approved as required for at least the following construction works;
 - Boat Harbour construction
 - Public Realm works.

Procurement plans will focus on ensuring that the professionals and contractor delivering the works provide:

- Appropriate levels of experience and knowledge
- Appropriate resource to complete the works
- Quality of delivery
- Value for money
- Complete services in accordance with health & safety legislation.

A key consideration within all procurements and delivery of the works will be engaging local resource where possible, to maximise benefits to the region and local community.

Benefits measures deriving from this application shall be identified at the outset of the project, to allow quantification of the true benefits from the project. The most effective way of encouraging benefits realisation will be to encourage and procure resources from Whakatāne and the surrounding areas.

Benefits Management will be encouraged and monitored via the following avenues:

- Procurement weightings to encourage locally-located suppliers

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- Design processes shall encourage wider community participation and involvement
- Employment of locally-based companies shall be verified and reported on during the works
- Contractor shall be encouraged to employ and train local staff
- Local schools and community groups shall be engaged as project “sponsor schools”, to observe the project at times
- Survey and reporting on impact and influence of the works on local businesses.

Requirements specification

To deliver the preferred programme, WDC and Te Rūnanga o Ngāti Awa need to deliver two major workstreams, which while related, do not require the same commercial approach. Therefore, the Commercial Case is provided in sections aligned to the key programme components.

5.1 Boat Harbour

Market interest / ownership

Free and frank opinions

The proposed development offers a unique opportunity to increase the return on Iwi and Māori-owned land, assisting the training, upskilling and job opportunities for Māori and providing further investment opportunities to achieve intergenerational aspirations of Iwi.

It is intended that a Partnership approach is advanced for the Boat Harbour project and that a Special Purpose Vehicle (SPV) is established to formalise the partnership’s interest in the Boat Harbour. The prospective Partners in the SPV for the Boat Harbour are:

- Te Rūnanga o Ngāti Awa
- Ngāti Awa Group Holdings Ltd
- Land Owner Trustees
- Whakatāne District Council.

A Heads of Agreement – Proposed Boat Harbour – Keepa Rd (Rangitāiki Lot 288 No 22 Bock) (Appendix 8) (HOA) was signed by the prospective partners on 27 August 2019. The purpose of the HOA is; **Appendix withheld - Commercial Information**

“to set out, broadly, the basis on which the Trust, Te Rūnanga o Ngāti Awa, NAGHL and WDC will foster their relationship in regard to investigating the viability of and progressing the development of the Proposed Boat Harbour, including the submission of an application to the Provincial Growth Fund by 10 September 2019”.

The prospective partners are jointly applying for Provincial Growth Funding to support the development of the Boat Harbour project to bridge the funding and affordability gap.

The HOA states that:

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“agreement is subject to the application providing that, if the application is successful, the funds will be paid to a special purpose vehicle (**Project SPV**) to be created (at a later date) for the purpose of developing and operating the Proposed Boat Harbour. “

Procurement

As the prospective partners are confirmed and the details of the partnership established, a procurement strategy will be developed and agreed by the prospective partners.

Market Delivery Capability

There is potential to shape highly attractive tenders within the Boat Harbour project. The proposed programme of work will be attractive to the market and generate interest from specialist consultants and contractors in New Zealand. The skills, capacity, and access to capital for this type and scale of development will need to be sourced at a national scale.

Organisational Management

The following organisations will play a role in implementing the commercial aspects of the Boat Harbour.

- All the prospective partners will play a role at a governance level, ensuring that the project activities are aligned with the project objectives, the Whakatāne Regeneration Programme objectives and the individual objectives of the prospective partners. It is proposed that a Governance Group will be used to represent the partners and oversee programme delivery activities.
- Through this Governance Group, the prospective partners will work in partnership to plan, review and appoint the suppliers for the boat harbour project. None of the prospective partners presently have the capacity or the capability to deliver the project internally.
- It is suggested that a degree of separation between Governance and Operations is created by creating an independent Marine Advisory Board that can advise and reassure the Governance Group on the viability and functionality of operational matters. The Advisory Board will have an interest in the development of specifications and the proposed management of the Boat Harbour and the expected returns.
- The prospective partners will work with professional service providers as required to progress the project, including technical, engineering, legal, planning, project management and others.
- A local industry advisory board may be considered to provide input into specification and technical design solutions.
- The prospective partners will seek funding from the Provincial Growth Fund. Conditions of funding will be managed by the prospective partners, in line with the HOA.

Further aspects of the delivery of the boat harbour are described in the management case (section 7) of this document.

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Risk Allocation

During Due Diligence, it is anticipated that a comprehensive risk register will be developed and then maintained for the duration of the project. Risk Management strategies, including risk allocation, will be identified for a range of areas including:

- Design
- Construction
- Completion and implementation
- Operation
- Variability of revenue
- Technology and obsolescence
- Control
- Financing
- Legislative.

5.2 Riverfront Revitalisation

Market interest / ownership

The focus of the riverfront revitalisation workstream is the public realm work. WDC will be the owner and developer of the public realm.

While WDC has a long history of delivering public realm improvements across the District, the scale of the projects identified, the impact on current activities and the timing for delivery were considered in selecting an approach for delivery.

It is proposed that a specialist Project Manager be appointed to oversee the delivery of the Public Realm suite of work.

This Project Manager will be part of a Project Control Group that includes key WDC staff.

Market Delivery Capability

There is potential to shape highly-attractive tenders within the Boat Harbour project. The proposed programme of work will be attractive to the market and generate interest from specialist consultants and contractors in New Zealand. The skills, capacity, and access to capital for this type and scale of development will need to be sourced at a national scale.

Procurement

The Whakatāne District Council Procurement Manual will guide the WDC procurement approach for public realm projects.

The Project Manager will be procured following the WDC Procurement Manual. Subsequent procurement of specialist contractors and consultants will also be in line with this Manual. It is expected that local, regional and national contractors will be attracted to deliver these works.

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Risk Allocation

Risk allocation will be considered during the procurement of contractors.

6 FINANCIAL CASE

The financial case identified funding sources for meeting Whakatāne District Council's portion of investment required, and assesses various funding strategies for their affordability.

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. The viability of the boat harbour is covered by Wardale in their report Whakatāne New Boat Harbour Preliminary Feasibility Assessment (Appendix 4).

Appendix withheld -

Note – Changes to the economic and financial modelling have occurred since the business case was approved by WDC at its Council meeting on 6 September 2019. These changes follow discussions with Central Government regarding the Whakatane boat harbour development.

The scope of the stage one works have been reconsidered, were components of what was previously stage two works have now been prioritised and brought forward which increases the stage one works by \$^{Commercial I} to a new stage one total capital cost of \$^{Commercial Info}.

The changes include:

- The depth of the boat harbour has been increased from 2.5m to 3.0m below chart datum to future proof the development, which increases the capital cost by approximately \$^{Commercial I}
- ^{Commercial Information}
- The length of the entrance channel has been increased by 50% given the potential for adjustment to the position shown in the concept plan, which increases the capital cost by approximately \$^{Commercial I}
- The contingency allowance for the enabling works has been increased from 15% to 25%, and the allowance for cost escalation has increases slightly, which increases the capital cost by approximately \$^{Commercial I}.

The applicant has reconsidered the benefits of structuring the support from the PGF by seeking a Whenua Fund grant to support the Maori landowners advancing the improvements in the productivity of the land by remediating the entire land as part of the enabling works. As a result, the amount of grant funding being sought from the PGF for the boat harbour has increased from \$^{Commercial In} . In addition, the debt funding being sought from the PGF has increased from \$^{Commercial Informa} .

The overall impacts of the above boat harbour changes to the Whakatane Regeneration Programme's economic and financial cases are positive: additional investment will accelerate development and bring some of the benefits anticipated in stage two of the boat harbour forward,

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and additional grant funding will improve the affordability of the project and magnify Council’s ability to kickstart other future development projects.

Also changed since the economic and financial analysis was completed is the amount estimated to remediate the existing in town wharves which has increased from \$Commercial Information. The increase of \$Commercial Information is due to refinements in the scope and cost of the in town wharves remediation activities.

Updated numbers are figures are provided in Appendix 9 Commercial Information Addendum - Updated Boat Harbour Funding Analysis, but have not be incorporated into the main body of the business case. **Appendix withheld - Commercial Information**

6.1 Funding sources

Whakatāne ratepayers have little capacity to pay any more rates than those they currently pay. This means any investments must be self-sufficient in terms of covering their own finance and operating costs.

Whakatāne District Council has four main sources of funding for its portion of the Regeneration investments:

1. The Long Term-Plan has ring-fenced \$Commercial of investment for the remediation of in-town wharves. There are also around \$Commercial of relevant renewal items in the LTP that could be redirected towards riverfront revitalisation.
2. Harbour Capital Reserves currently sit at around \$Commercial of funds which are at present legally bound for use within the harbour. Commercial Information
3. Commercial Harbour Leasehold properties, worth \$Commercial, which currently earn ~\$Commercial per annum. Commercial Information
4. Council can raise low-interest debt through the Local Government Funding Agency. Commercial Information

Because interest rates are currently much lower than the return on some other investments available to Council, the Investment Strategy (Appendix 2) recommends funding most of the project through debt, Commercial Information **Appendix withheld - Commercial**

6.2 Funding requirements

Whakatāne District Council are looking to build a \$Commercial boat harbour, and invest \$Commercial in riverfront revitalisation projects, as shown in Figure 16 and Figure 17. The Council are seeking Commercial% co-funding from the Provincial Growth Fund (PGF) to carry out these investments. Whakatāne District Council would have to co-invest almost \$Commercial to match the PGF funding in regeneration investments.

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Although the details are yet to be confirmed, there is a heads of agreement signed 27 August (Appendix 8) with at least three other parties, and % is a reasonable starting point. This shareholding may be as high as 100% or as low as 0% depending on negotiations. **Appendix withheld - Commercial Information**

If Whakatāne were a % shareholder in the boat harbour, the Whakatāne District Council funding requirement would drop from \$Commercial Information.

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6.3 Affordability Analysis for Council (as one of the partners in the SPV)⁴⁶

There are multiple funding solutions which could meet the Whakatane Regeneration Programme’s funding requirements. Ongoing commercial negotiations mean that the final solution adopted (including for the Special Purpose Vehicle that owns the boat harbour) adopted will not be known until after the business case is submitted. A range of funding solutions are currently being considered by Council but are not laid out here for brevity purposes. However, four options have been assessed to test and demonstrate the affordability of the projects under different commercial arrangements. The four options considered within the analysis are:

⁴⁶ Economic and Financial Case modelling was based on funding requirements of \$Commercial Inf for the boat harbour and \$Commercial for the in-town wharves as part of the riverfront revitalisation, which have since changed. Please refer to Appendix 9 - Commercial Information Addendum - Updated Boat Harbour Funding Analysis] for detail.

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- [Redacted] Commercial Information [Redacted]
- [Redacted] Commercial Information [Redacted]
- [Redacted] Commercial Information [Redacted]
- Option 4: Whakatāne District Council is a [Redacted] Comm % shareholder in the boat harbour, and funds regeneration investments using [Redacted] Commercial Information [Redacted]

[Redacted] Commercial Information [Redacted]

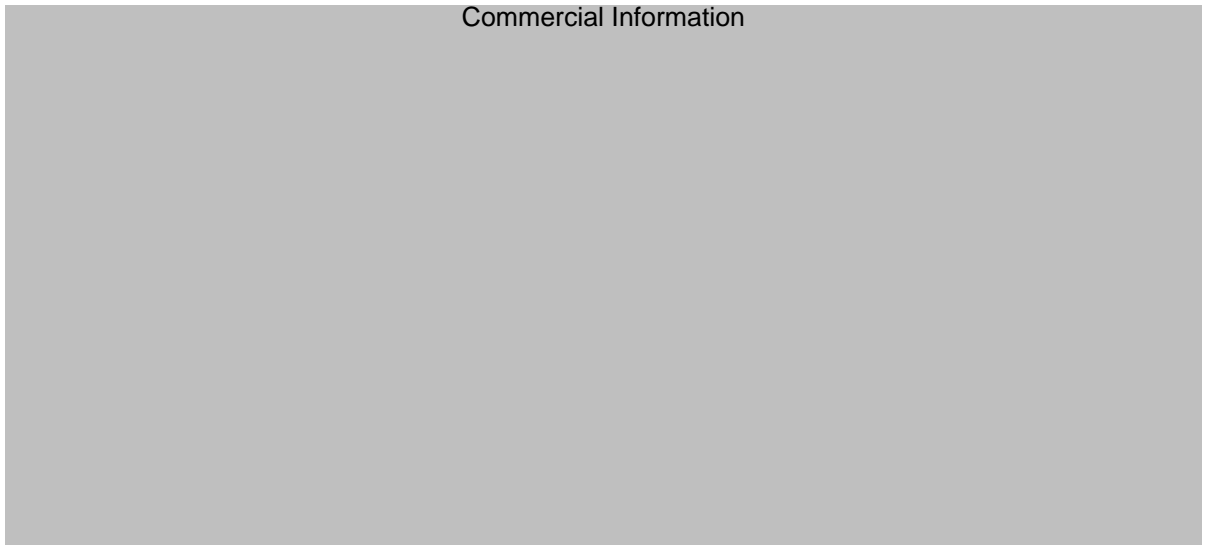
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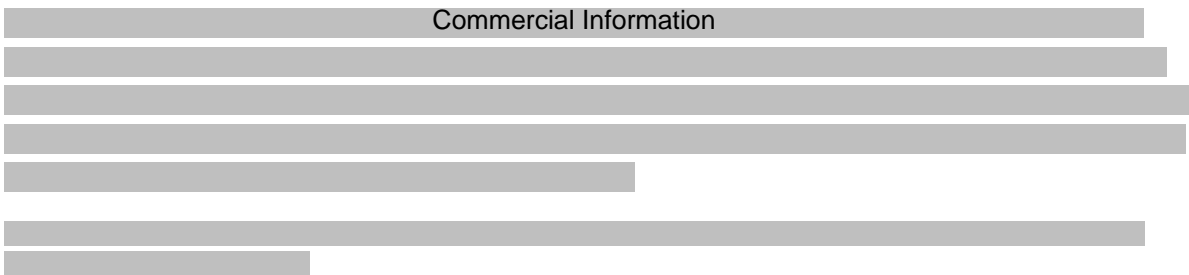
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Option 4 is outlined in detail in the Investment Strategy, but can be broadly described as follows:

Commercial Information, and utilise \$Co of capital reserves, and raise the remaining funds from a combination of debt and PGF loans and grants. If Council is a C% shareholder in the boat harbour, \$Co of debt is required, on top of \$Co of debt from the PGF, meaning the debt limit is not exceeded. The debt limit implications of this approach are shown in *Figure*.

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7 MANAGEMENT CASE

The Management Case addresses the achievability of the proposal and planning arrangements required to ensure successful delivery, and to manage project risk.

The Management Case assesses at a high level the capacity, capability and proposed delivery structure that could be appropriate to deliver the next stages of the programme through to the implementation stage.

A draft approach to programme and project management has been prepared. The Whakatāne Regeneration Programme approach aims to ensure that the programme is delivered in a coordinated and integrated way, so that the overall objectives of the programme and the specific outputs of each project are achieved.

The following section outlines in broad terms the proposed delivery strategy, structure, and project management principles that will be applied for the delivery phase of the Whakatāne Town Centre Regeneration project.

The Management case will outline proposed terms for key aspects of the delivery of the project including, but not limited to:

- Project Planning
- Governance Structures
- Programme Management
- Financial Management
- Procurement Methodologies
- Risk Management
- Communications
- Reporting & Benefits Management

Project Planning

Following the project being fully approved, a final project plan will be developed that provides further specific detail and rigour for the completion of the project.

It is anticipated that the project will be considered and delivered in five distinct, but related pieces of works:

1. Finalisation/implementation of funding strategy and formation of the special purpose vehicle (SPV) to manage the assets
2. Boat Harbour stream of works
3. Public Realm Upgrades stream of works
4. Implementation of property and investment strategy
5. Investigation of the establishment of a Tourism Management Organisation to support the delivery of the Whakatāne Destination Plan.

Comprehensive Project Management Plans (PMP) will be developed for each workstream to outline 'how the project will be delivered'. In line with the specific project scope and expectations, the PMP will identify:

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- Project's goals and objectives.
- Scope definition.
- Key personnel with roles and responsibilities.
- Change management controls.
- Delivery programme.
- Procurement of services.
- Cost estimating and budget.
- Risk management including identifying and 'treating' risks.
- RMA processes / procedures / compliance.
- Quality management / assurance.
- Communications plan including project partners and all key stakeholders.
- Project closure.

Project Governance Structure

An effective management structure will be implemented to ensure the timely and controlled delivery of the various tranches of work. The management structure will be set-up to enable appropriate levels of communication and authority at various levels of the project.

Project governance will need to be considered in terms of both WDC internal governance, and external project team related governance.

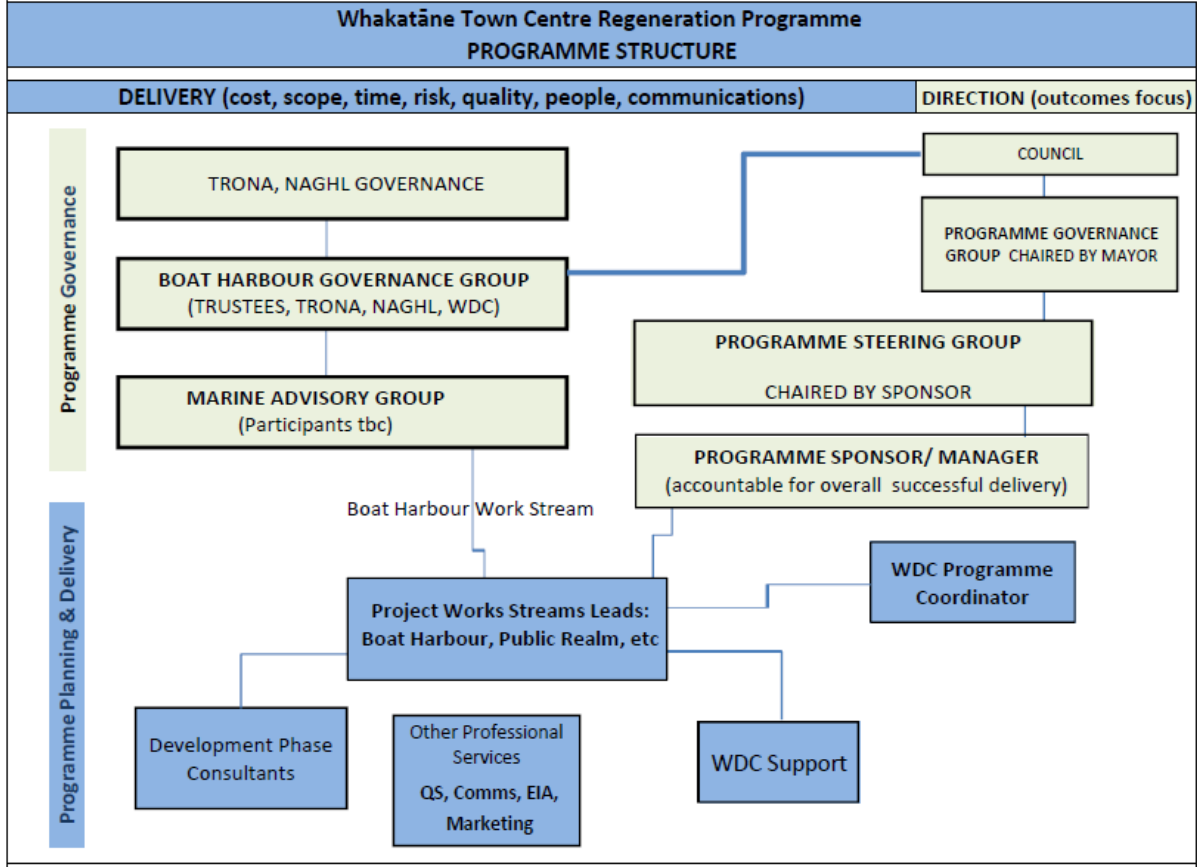
It is proposed that a Programme structure is retained until the establishment of an SPV. At that stage, those elements and projects identified to be part of the SPV will split into that structure, and the remaining elements of the programme will be reviewed to identify the best long-term management approach.

Figure 31 outlines the proposed approach to programme and project governance.

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Figure 31: Whakatāne Town Centre Regeneration Programme Structure



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The roles and responsibilities of key personal and their function within the project are outlined below.

Table 22: Project Governance Structure: roles and responsibilities

| Role | Responsibilities/ Function |
|--|--|
| WDC & Te Rūnanga o Ngāti Awa Executive | <ul style="list-style-type: none"> - Approval of all key programme deliverables. |
| The Boat Harbour Project Governance Group This Group is established and the responsibilities defined by the Proposed Boat Harbour Heads of Agreement. | <ul style="list-style-type: none"> - Ensuring the ongoing alignment with the trustees of the Rangitāiki Lot 28B No 22 Block Ahu Whenua Trust, Te Rūnanga o Ngāti Awa, Ngāti Awa Group Holdings Limited and Whakatāne District Council's organisational strategies, plans and business needs. - Supporting the initiative's successfully delivery according to objectives, scope, time, quality and cost, with expected benefits on track for realisation. - Ensuring the ongoing consideration of cultural, historic, environmental, community and commercial factors in all options developed. <ul style="list-style-type: none"> - Ensuring proper disclosure and reporting of programme progress to respective Boards and senior management. |
| Programme Steering Group | <ul style="list-style-type: none"> - Provide day-to-day programme alignment and direction. - Ensure programme is well integrated into Council operations. - Identify risks, gaps and opportunities for action and response. - Champion the project with internal and external stakeholders. - Remove delivery obstacles for the programme manager. |
| Programme Coordinator | <ul style="list-style-type: none"> - Key conduit between external project team and internal WDC team. - Supporting the Programme Manager with day-to-day management. - Point of contact and liaison for the external project team. - Support/ authorising major project expenditure. |
| Programme/Project Manager | <ul style="list-style-type: none"> - Managing overall budget expenditure. - Managing major project expenditure. - Project strategic direction. - Reporting to the project sponsor and Steering Group on key matters. - Liaison with Iwi groups and stakeholders to gain project support. - Engagement and direction of the project consultant team. |
| External Project Manager Public Realm | <ul style="list-style-type: none"> - Procurement and Management of the external project teams for delivery of the public real works. |

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| | |
|--|--|
| External Project Manager Boat Harbour | - Procurement and Management of the external project teams for delivery of the public realm works. |
|--|--|

Project Programming

A high-level draft project programme has been developed (Appendix 14) in order to provide indicative timeframes for the project. Following funding approval, the project programme will be further updated and verified before acting as a baseline to track programme progress against.

Appendix withheld - Commercial

The project will have some key programme risks, which will need to be resolved before the programme reaches a high degree of certainty. These key risks include:

- Confirmation of funding sources.
- Completion of resource consenting phases and consultation.
- Confirmation of final design solution for the boat harbour.

Table 23: Whakatane Town Regeneration high-level Programme

| WHAKATĀNE TOWN REGENERATION HIGH-LEVEL PROGRAMME | | | |
|--|---|--|--|
| Key Stages | 2019 / 2020 | 2020/2021 | 2021 – 2023 |
| Establishment of an SPV | <ul style="list-style-type: none"> ▪ Continue to work with the parties to the Boat Harbour HO, the trustees of the Rangitāiki Lot 28B No 22 Block Ahu Whenua Trust, Ngāti Awa , Ngāti Awa Group Holdings Limited and Whakatāne District Council, (collectively, the parties) to establish a SPV for the Boat Harbour project | <ul style="list-style-type: none"> ▪ Seek Council approval for funding to operationalise the SPV on 1 July 2020. ▪ Transitional arrangements | <ul style="list-style-type: none"> ▪ Operationalise SPV |

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| | | | |
|---|--|--|---|
| <p>Commercial Information</p> <p>[Redacted]</p> | <ul style="list-style-type: none"> ■ [Redacted] [Redacted] [Redacted] [Redacted] [Redacted] [Redacted] [Redacted] [Redacted] [Redacted] [Redacted] [Redacted] [Redacted] [Redacted] [Redacted] [Redacted] | <ul style="list-style-type: none"> ■ [Redacted] [Redacted] [Redacted] [Redacted] [Redacted] [Redacted] | <ul style="list-style-type: none"> ■ [Redacted] [Redacted] |
| <p>Commercial Information</p> <p>[Redacted]</p> | <ul style="list-style-type: none"> ■ [Redacted] [Redacted] [Redacted] [Redacted] [Redacted] | <ul style="list-style-type: none"> ■ [Redacted] [Redacted] [Redacted] [Redacted] | <ul style="list-style-type: none"> ■ [Redacted] [Redacted] |
| <p>Boat Harbour</p> | <ul style="list-style-type: none"> ■ Continue due diligence | <ul style="list-style-type: none"> ■ Complete due diligence, design and consent | <ul style="list-style-type: none"> ■ Construct ■ Operationalise SPV |
| <p>Public Realm</p> | <ul style="list-style-type: none"> ■ Complete design ■ Seek first tranche Council funding through 2020-21 Annual Plan | <ul style="list-style-type: none"> ■ Seek second tranche of Council funding through 2021-31 LTP | <ul style="list-style-type: none"> ■ Delivery |
| <p>Tourism</p> | <p>Investigate the establishment of a Destination Management Organisation</p> | <ul style="list-style-type: none"> ■ Implement findings | |

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Benefits management

Consenting strategy

A full consenting strategy will be developed by the project managers for each workstream. The consenting strategy will be documented and managed by the project manager.

It is currently envisaged the following consenting issues will need to be resolved as part of the delivery of the project:

- Resource Consent (change of use) – Boat Harbour Works.
- Resource Consent (Earthworks) – Boat Harbour Works.
- Resource Consent – Public Realm Enhancements.
- Building Consent – Boat Harbour Works.
- Building Consents – Public Realm Works (staged consenting process).

A consenting strategy will be developed by WDC, in consultation with Te Rūnanga o Ngāti Awa, for the Public Realm works. A key consideration will be completion of cultural impact assessments and ensuring the appropriate consultation with the correct groups is undertaken in a timely manner.

A Consenting Strategy will be developed for the Boat Harbour. The work undertaken to date provides the baseline for this strategy. A summary is provided below.

Boat Harbour District Plan Summary

Site

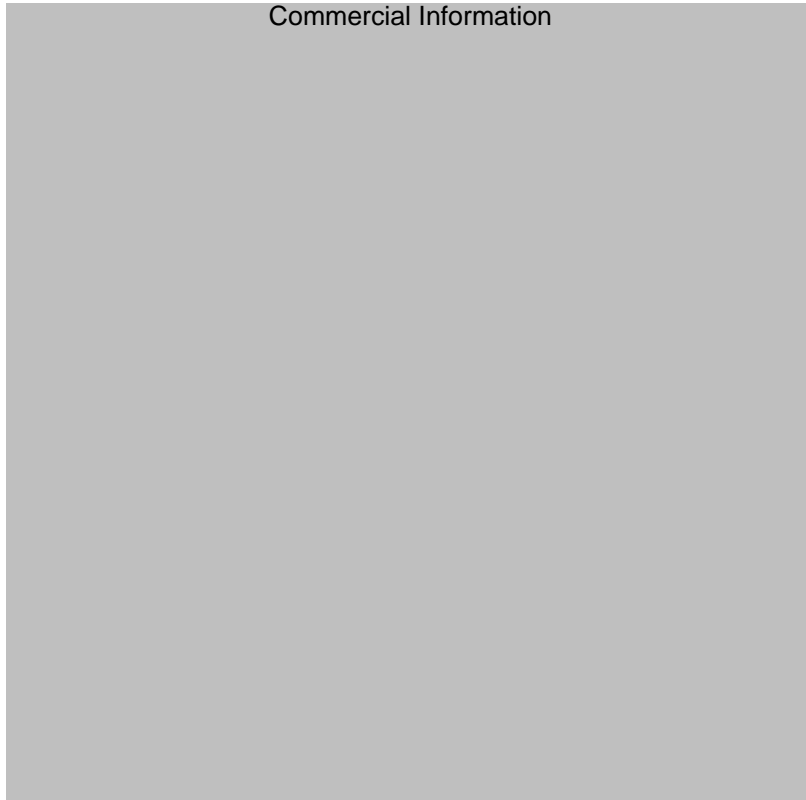
| | |
|-------------------|--|
| Site address | 2 Keepa Road |
| Legal description | Part Allot 28B22 Rangitāiki PSH |
| Zone | Rural Plains |
| Overlays | There are no overlays or designations over 2 Keepa Road, nor are there any natural landscape or cultural features currently registered (Figure 3). The channel is located, in part, in an Indigenous Biological Diversity Area – A (“ IBDA-A ”), identified in the Bay of Plenty pre-operative Coastal Environment Plan (“ Coastal Plan ”), which includes the Whakatāne River and part of the adjacent land (Figure 4). |
| Historic sites | While no historic sites are recorded on the property, it is adjacent to a Ngāti Awa Historic Site, Toitoihuia. |

⁴⁷ “areas that meet the criteria contained in Policy 11(a) of the NZCPS, which directs the avoidance of adverse effects on certain biological diversity (biodiversity) values (Coastal Plan, pg 27)

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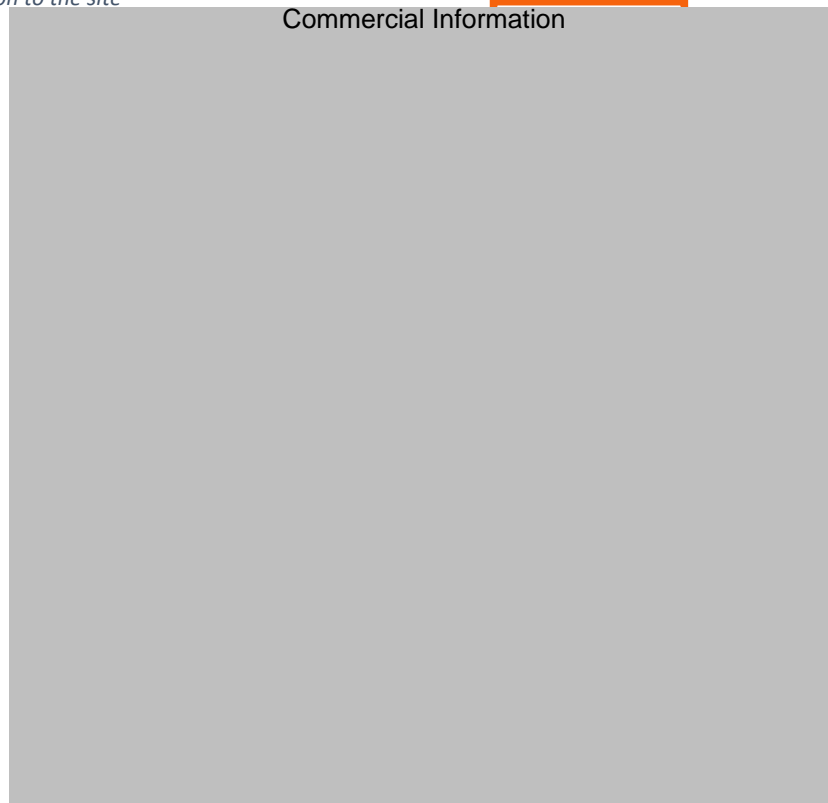
Figure 32: Site indicated within blue polygon, planning zones and overlays shown. Hazards are indicated by the blue (flooding) and pink (contaminated land) diagonal lines.



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Figure 33: Indigenous Biological Diversity Area (red overlay) and Department of Conservation-owned land (within yellow polygon), in relation to the site



District Plan

Marine precinct activities (which includes marina structures and associated activities) in the Rural Plains Zone are a Discretionary Activity under 3.4.1.1.47 of the Whakatāne District Plan. The infringement of other rules is likely, such as earthworks etc., but will depend on construction and operation details.

Coastal Plan

The table below summarises the resource consents required under the Coastal Plan, their activity status and rule reference.

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Table 24: Summary of resource Consents required under Coastal Plan

| Activity | Rule | Activity Status |
|------------------------|------|-----------------|
| Commercial Information | | |
| | | |
| | | |
| | | |
| | | |

Overall the boat harbour at the Keepa Road site will require resource consent as a **Non-Complying Activity**.

Resource consent is also required for the construction of the boat harbour under the Bay of Plenty Regional Council Regional Natural Resources Plan, but for the purposes of this planning comparison, the particular requirements are not considered to be determinative for a preferred option.

Reporting Framework

It is expected that formal reporting to the Programme Steering Group will be on a monthly basis and in alignment with investor/partner standards.

The reporting formats will be agreed with the Project Sponsor. It is likely to be a consolidated report of all delivery aspects, including but not limited to the following topics:

- Executive Summary
- Project Risks
- Health & Safety
- Programme & Milestones
- Consent & Consultation
- Design Status
- Contractor Report
- Financial.

Assurance and Acceptance

There will be key stages and documents that will require formal review and acceptance at different levels of the project management and governance structure. The detailed PMPs will identify whom

⁴⁸ Assumes the boat harbour meets the definition of “regionally significant infrastructure” in the Coastal Plan, this interpretation is supported by Policy CE 15B of the Bay of Plenty Regional Policy Statement

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and when an indication is required for formal acceptance on the types of decisions and milestones below:

- Due diligence completion
- Long Term Plan / Policy / District Plan decisions
- Supplier engagement when triggered by the WDC Procurement Strategy.
- Preliminary and final designs
- Consenting
- Budget and cost estimates
- Construction.

Engagement with Iwi, user groups, and asset owners throughout the design and delivery of the works will be essential in order to ensure the completed works are fit for purpose and meet expectations.

Risk Management

A detailed risk register will be developed to address current and future risks, as the Programme progresses through the detailed planning and delivery stages. The risk register will require continuous updating and review throughout the course of the project.

Initial risk workshops for the various streams of works shall be undertaken and findings and mitigation strategies shall form the basis of the Risk Management Plan for the project.

An initial risk register was developed for the project and key project risks already identified are summarised in the below table.

Table 25: Key Projects Risk register

| Key Project Risks Register | | |
|--|------------|---|
| Issue | Risk Level | Mitigating Action to Be / Taken |
| Cost of Boat Harbour is not financially or economically viable. | Low | Financial model to be developed early and designs outcomes to work within financial constraints to deliver viable outcomes. |
| Ability to complete the project case within the required time or to the required standard within the timeframes is unachievable. | Medium | Project Programme implemented, regular review to programme to ensure milestones met. High risk items flagged to WDC early. |
| Scope not defined, lack of definition leads to poor overall result or increase of scope. | Low | Project scope defined at outset and agreed with WDC. Any scope revisions are approved by WDC. |

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| | | |
|--|--------|--|
| The proposed solution is not able to be implemented due to generally not being feasible. Consenting restrictions lead to a business case for designs that cannot be implemented. | High | All design proposals to be assessed at high-level for general viability from construction and consenting perspective. High-level risks to be assessed. |
| Lack of design information available in time period makes cost estimates difficult - cost escalation later as a result. | High | Early development of design layouts, obtain QS costing input asap. |
| Investment WDC Strategy not approved to support property and financial outcomes of PGF funding. | Low | Early engagement with WDC to understand barriers, develop strategy with high likelihood of success. |
| Insufficient buy-in from public and key stakeholders, back lash against proposed developments. | Medium | Stakeholder communications plan and series of public communications to be developed to garner support and inform public. |
| Aspirations of Tangata Whenua not aligned with the project, endorsement of consents not forthcoming. | Low | Early engagement with groups, early assessment of planning and consenting issues to be resolved. |

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Communications and Engagement Strategy

WDC have developed a Communications and Stakeholder Engagement Summary in conjunction with Te Rūnanga o Ngāti Awa to undertake this Programme. A Communications and Stakeholder Strategy will be developed for the programme and each of the workstreams. Once complete, each strategy will inform process for engagement with internal and external stakeholders, and how key communications are to be delivered to the community.

It is important to increase the level of transparency for the programme and the projects. The engagement undertaken so far has contributed to the successful development of the programme.

A series of formal consultation periods will be scheduled for specific decisions. The WDC Significance Policy and LGA requirements will be met. Where there are no commercial or other relevant confidentiality reasons, a more principle-based approach of: more engagement, more often, with a wider group of stakeholders will be adhered to in the next phases of the project.

The Key principles of the communications strategy are:

- Ensure there is one project team 'owner' of stakeholder relationships
- Ensure all project team is aligned on messaging
- Ensure our stakeholders feel supported, heard and valued, while not giving any guarantees on outcomes
- Focus on the funding application process, not outcomes
- If in doubt, giving less detail is best.

A stakeholder management register will be developed to identify key stakeholders, their project influence, and the agreed management strategy, as well as identifying the stakeholder manager.

Refer to Appendix 10 – *Letters of support* for evidence of engagement undertaken thus far.

Appendix withheld - Commercial Information

Change Management

A Change Management Plan will be developed to demonstrate how the changes that the programme will introduce can be managed in an integrated and proactive way. This plan will identify where the impacts of change will be most felt and ensure that those impacts are mitigated. In particular, the move to a SPV will require change management attention.

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■ NEXT STEPS

This programme business case seeks approval from decision-makers to take the programme through to funding application phase.

The Programme Business Case will support the Partners application for funding to the PGF and also support the Whakatāne District Council consideration of funding during upcoming Annual and Long Term Plan processes.

An initial milestone of the programme will be to develop a Programme Management Plan that manages the release of funding to the projects.

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APPENDICIES

| Reference | Document name | Included/Available upon request |
|-------------|---|---------------------------------|
| Appendix 1 | Whakatane Town Centre Reference Plan | Included |
| Appendix 2 | Whakatane Investment Strategy | Included |
| Appendix 3 | Investment Action Plan – Whakatāne Marine Sector | Available upon request |
| Appendix 4 | Whakatāne New Boat Harbour Preliminary Feasibility Assessment | Included |
| Appendix 5 | Whakatāne District Destination Management Plan | Included |
| Appendix 6 | Ngāti Awa Pōhiri Rau | Included |
| Appendix 7 | Whakatāne Town Centre Investment, Property and Regeneration Report | Included |
| Appendix 8 | Heads of Agreement – Proposed Boat Harbour – Keepa Rd (Rangitāiki Lot 288 No 22 Bock) | Included |
| Appendix 9 | Commercial Information Addendum - Updated Boat Harbour Funding Analysis | Included |
| Appendix 10 | Letters of Support | Included |
| Appendix 11 | Applicants and key stakeholder profiles | Included |
| Appendix 12 | Key personnel profiles | Included |
| Appendix 13 | Riverfront Revitalisation Project Delivery Plan | Included |
| Appendix 14 | Boat Harbour Development Project Delivery Plan | Included |
| Appendix 15 | Investment Action Plan – Whakatāne Marine Sector | Available upon request |
| Appendix 16 | Eastern Bay of Plenty Regional Development Project | Available upon request |
| Appendix 17 | Current Governance Structure: Whakatane Regeneration Programme | Available upon request |
| Appendix 18 | Commercial Advisory Group Members | Available upon request |
| Appendix 19 | Engagement Report and stakeholder mapping | Available upon request |
| Appendix 20 | Boat Harbour Development - Long List Options Analysis | Available upon request |
| Appendix 21 | Plumbing chart showing how total job figures are derived | Available upon request |
| Appendix 22 | Multi Criteria Decision Making Analysis Sensitivity | Available upon request |
| Appendix 23 | Whakatāne Regeneration Programme Risk Register | Available upon request |
| Appendix 24 | Quantity Survey – Riverfront Revitalisation | Available upon request |

Appendices withheld - Commercial Information