



Gisborne Inner Harbour Redevelopment Detailed Business Case



16th November 2017
Version: 2.0
Revision: Detailed Business Case - Final

EXECUTIVE SUMMARY

The Gisborne community and the wider region seeks to transform their Inner Harbour into a high-quality environment and a prime waterfront location. Gisborne's Inner Harbour area has significant economic and amenity potential that can be unlocked and showcased in a more vibrant and integrated manner.

- This detailed business case seeks funding of \$1.472m +/- 10% from the NZTA.
- In terms of NZTA IAF assessment, this option has a **Medium** Strategic Fit and a BCR in the range of 5-10.

Improving the Inner Harbour forms an integral part of the wider Council led programme known as Tairāwhiti Navigations, a series of light infrastructure initiatives across multiple sites around the port and harbour area. The programme consists of six projects and anticipates significant tangible benefits to be derived from tourism and economic outcomes, and necessary environmental improvements. Tairāwhiti is a small economy underpinned by an export-focused agriculture sector. The investment in the area aims to grow Tairāwhiti's share of the tourism economy and ultimately provide a stronger and more sustainable future for the region.

The key milestone for the investment is the 2019 Te Ha Sestercentennial commemorations and a Tier 1 National event 'Tuia – First Encounters 250' where it will provide the platform for the event of global significance. A chance to showcase Gisborne to the world.



The industrial orientation of the Inner Harbour detaches people from the waterfront, limiting its utilisation and economic potential. Demand for tourist and recreational facilities and greater connectivity with the waterfront is now the primary driver of need. The 2016/17 tourism season saw an unprecedented 36% visitor increase on previous years with 1.3M overnight visits to the region. During the summer season up to 2,500 Cruise Ship passengers may be disembarking/embarking at the Inner Harbour at any one time.

The Inner Harbour is the final link in the Gisborne Urban Cycleway Programme a 10 year, \$4.3m investment in pedestrian and cyclist safety and access. The project shifts the focus of the area from a purely industrial site, to a mixed environment that will allow locals and visitors to take the time to appreciate Gisborne's unique heritage. The aim is to increase the utilisation of the existing corridor by improving access to all modes of movement.



The project will include the replacement and upgrade of ageing 3-waters infrastructure below existing road. Although the road pavement has at least 10 years of life remaining, it is proposed that it be replaced also. If not done now the enhanced corridor will require major re-work within 8 years of the project being completed at additional cost. Also, by not completing the entire pavement and surface the works will result in an aesthetically unappealing hotchpotch of surfacing.

The specific benefits of the Inner Harbour project have been identified through a stakeholder workshop. These have been summarised as:

- *The Inner Harbour precinct is an attractive destination, providing a sense of place and directionality.*
- *Increased utilisation of the Esplanade and connectivity to recreational facilities.*
- *Increased economic development and visitors to the Inner Harbour.*

An increase in visitation numbers and visitor satisfaction is anticipated. Economic activity within the Inner Harbour will also increase as proposed land use changes generates more commercial and retail investment. The increase in available jobs will further Tairāwhiti's economic and cultural diversification. An economic impact assessment has determined that the project will result in a significant increase in development opportunities and land, capital and rental values. No recent projections have been made on the quantity of jobs. However, GDC have commenced measurement of visitor numbers as a baseline so that the success of the investment can be monitored.

Funding constraints have been identified as a key risk. Funding from the NZ Transport Agency cannot be guaranteed until the 2018/19 financial year. It is in 2018/19 year that the new strategic direction of the agency takes effect and the likelihood of funding will increase. To mitigate this timing risk, whilst maximising available benefits, a three-phased approach to construction is planned.

In terms of design and construction, this project is not considered to be overly complicated, nor beyond the capacity and capability of available suppliers. Detailed design will be undertaken by engineering consultants, Beca and LandLAB Consulting. Construction will be tendered publicly, with the first phase awarded early December 2017.

A project team and associated management plans have been established to ensure the project is implemented in a coordinated and integrated manner so that the overall aims and objectives are achieved. The structure of the team combines an Executive and Strategic Planning focus.

In summary key roles include:

- **Governance:** Tairāwhiti Navigations Steering Group and Programme Champion (Mayor Meng Foon)

- Tairāwhiti Navigations Project Sponsor: Nedine Thatcher Swann (CEO)
- Programme Manager: De-Anne Sutherland
- Inner Harbour Project Sponsor: Nedine Thatcher Swann (CEO)
- Inner Harbour Project Manager: Kylie Dowding

The current project governance structure consists of the Gisborne District Council who hold the decision-making powers and budget. The project team reports directly to the Navigations Steering Group which consists of senior management, Eastland Port, Eastland Community Trust (ECT) and Activate Tairāwhiti. The project also has a Councillor Advisory Group which consists of five interested Councillors. The role of this group is to provide a steer and project advocacy, but all major decisions must go to full Council.

Project progress is monitored and reported monthly to the Navigations steering group and to Council meetings.

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DOCUMENT CONTROL

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2.0	Oct 2017	Draft Detailed Business Case (for GDC comments)
2.0	Nov 2017	Detailed Business Case (for NZTA submission)

Document Review

Role	Name	Review Status
Project Manager	Kylie Dowding	Final

Document Sign-off

Role	Name	Sign-off Date
Project Manager	Kylie Dowding	7 th December 2017
Senior Responsible Owner	Gisborne District Council	
Co-Investor	Wayne Wallace - NZTA	
Co-Investor	Eastland Port Company	
Co-Investor	Eastland Community Trust	
Co-Investor	Gisborne District Council	

PART 1 – THE DETAILED BUSINESS CASE

INTRODUCTION

The Business Case Approach

This detailed business case seeks formal approval to invest up to \$1.6 million in [2018/19] to redevelop the Inner Harbour in Gisborne.

This business case follows the Better Business Cases process and is organised around the five-case model to systematically ascertain that the investment proposal:

- is supported by a robust case for change - the 'strategic case'
- optimises value for money - the 'economic case'
- is commercially viable - the 'commercial case'
- is financially affordable - the 'financial case', and
- is achievable - the 'management case'

The first stage of this business case development was a draft Indicative Business Case (August 2017) for an upgrade of the Esplanade road corridor only. Due to the relatively small scale of this project and the limited timeframe it was decided to combine the first two business case stages and use the single stage business case framework for the indicative stage. It was initiated as a requirement for applying for NZ Transport Agency funding, hence its focus was on the roading aspects of the project. It included indicative cost benefit analysis and an indicative assessment of NZ Transport Agency's Investment Assessment Framework (IAF).

Since then, the NZ Transport Agency have indicated that funding will not likely be available until the 2018/19 financial year. So, the format of this business case was changed and is written to gain funding support from other potential investors (as well as the NZTA in time). The scope has been updated to include the whole Inner Harbour project, so it is relevant to more funding avenues (i.e. not just NZTA).

The purpose of this Detailed Business Case is to:

- confirm the compelling case for the project
- identify the investment option for the inner harbor that optimises value for money
- plan the necessary funding and management arrangements, and
- inform a proposal to seek agreement to approach the market with a request for proposals and finalise the arrangements for implementation of the project.

Proposal

Gisborne District Council in partnership with the Eastland Port Company, seeks to transform the Inner Harbour into a high-quality environment and a prime waterfront location. It is considered that the Inner Harbour area has significant economic and amenity potential that can be unlocked and showcased in a more vibrant and integrated manner.

Improving the Inner Harbour forms an integral part of the wider Council led programme known as Tairāwhiti Navigations. The programme aims to bring together the voyaging, arrival and settlement stories of Tairāwhiti in a series of light infrastructure initiatives across multiple sites around the port and harbour area. The programme consists of six projects and anticipates significant tangible benefits to be derived from tourism and economic outcomes, and necessary environmental improvements.

The key milestone for the investment is the 2019 Te Ha Sestercentennial commemorations and a Tier 1 National event 'Tuia – First Encounters 250', where it will provide the platform for the event of global significance. A chance to showcase Gisborne to the world.



Figure 1 The Inner Harbour project includes carparking, pavement and utilities renewal, walking & cycling improvements and aesthetic enhancement of the harbourside.

The Investment Owner - Gisborne District Council

Gisborne District Council is a unitary council that covers the north-eastern corner of New Zealand's North Island. Unitary councils combine the functions, duties and powers of a territorial authority (service delivery bodies) with those of a regional council (regulatory authorities). The district is comprised of mostly rural communities, with Gisborne City being the central hub, located in the south of the district. They are the largest district council in the North Island, covering 3,386 square kilometres. The population of the region is about 43,653¹.

¹ Taken from GDC website

THE STRATEGIC CASE – MAKING THE CASE FOR CHANGE

The Overarching Programme – The Tairāwhiti Navigations Project

The Navigations Project

Coordinated light infrastructure and story development at key sites in the region to acknowledge our heritage, generate business opportunities and affirm the appeal of Tairāwhiti as a great place to live and visit.



The project within this detailed business case is one of a number being undertaken within a broader programme. The Tairāwhiti Navigations Project is a significant regional tourism programme of investments that has the unique culture and heritage of Tairāwhiti at its centre. The Navigations Project is the culmination of almost a decade of planning, scoping and consultation and involving many stakeholders such as Iwi, Eastland Port, Eastland Community Trust and the Activate Tairāwhiti.

Tairāwhiti is rich in navigational history and culture. Our Inner Harbour precinct and wider region hold significant cultural, social and economic opportunities. The overarching Tairāwhiti Navigations Project is about interpreting and celebrating the district's rich navigational heritage with specific design themes and the provision of historic information in a community/iwi driven heritage trail. The inner harbour will form the central hub for the 4km trail and improved public spaces and infrastructure will form an integral part of the project. The project forms the platform for the Captain Cook 250th Anniversary Commemorations.

The overall impact of the Navigations Programme is derived from the sum of its parts (shown below) – i.e. everything needs to work together. The ultimate benefits will be realised at programme completion.

Tairāwhiti Navigations Programme



The total cost of the programme is projected at \$23m (includes Inner Harbour). Council has committed funding of \$5m for the Inner Harbour Redevelopment and Titirangi Restoration project, and external funders have committed \$7.6m. Council are working with a funding partner for an additional \$7.1m. This leaves a sum of \$3.3m to be raised from external sources.

The Project - Inner Harbour Redevelopment

The Inner Harbour is an iconic destination with significant economic, recreation and amenity potential. It is a working port, vibrant restaurant and bar precinct with historic and cultural significance. The overarching vision and concepts for the Inner Harbour have been developed with stakeholders and community consultation (first carried out in 2008). Council have invested \$3.7m to bring this project to fruition with an additional \$529k for utilities infrastructure. We have external funding of \$780k confirmed from Central Government and a potential external funding partner for a further \$2.1m. This leaves \$1.47m to be raised from external sources.



The transport aspects of this project are to increase the utilisation of existing infrastructure by improving access to all modes of movement, replacing ageing infrastructure and enhancing the road user experience for locals and tourists. Improvements to the corridor include wider footpaths, landscaping in design with nature, replacing ageing utilities within the corridor and providing enhanced lighting for safety. It is proposed to create a low speed, pedestrian/cycle friendly zone, and a new pedestrian link from Crawford Avenue to Rakaiatane Road. A safer connection to popular site of Titirangi Summit and the Cook Landing Site will be included during 2017/18.



pedestrian/cycle friendly zone, and a new pedestrian link from Crawford Avenue to Rakaiatane Road. A safer connection to popular site of Titirangi Summit and the Cook Landing Site will be included during 2017/18.

The Inner Harbour project is the critical piece in the Navigations programme and of the Gisborne Urban Cycleway Programme. Its completion will release the benefits of the significant investment made in these programmes.

The works include a significant improvement in level of service for pedestrians, environmental impacts and an emphasis on providing a corridor where people feel safe and comfortable on foot or bicycle. This will further our goals for safety and promote walking to and within the area.

A large part of the project is the upgrade of the Esplanade road corridor and underground utilities. 3-Waters infrastructure is at the end of its useful life and will require some capacity upgrades to support the increase in activity anticipated. Major pavement rehabilitation of the Esplanade will be required in approximately 10-15 years. However, with the high value work proposed for the Navigations Project to take place prior, there is an economic case to undertake the rehabilitation works at the same time. Significant disruption to the existing road will be caused by the renewal of the underground utilities, provision of pedestrian crossing facilities, and reconstruction of footpath and parking areas adjacent to the Esplanade. If not re-instated to the desired level across the entire corridor, the works will result in an aesthetically unappealing hotchpotch of surfacing. Although not rehabilitating

the pavement is satisfactory from a private motor vehicle perspective this option will not further the overall aim of the Navigations project, nor the strategic urban design principles of the NZ Transport Agency. If not done now the enhanced corridor will require major re-work within 8 years of the project being completed.

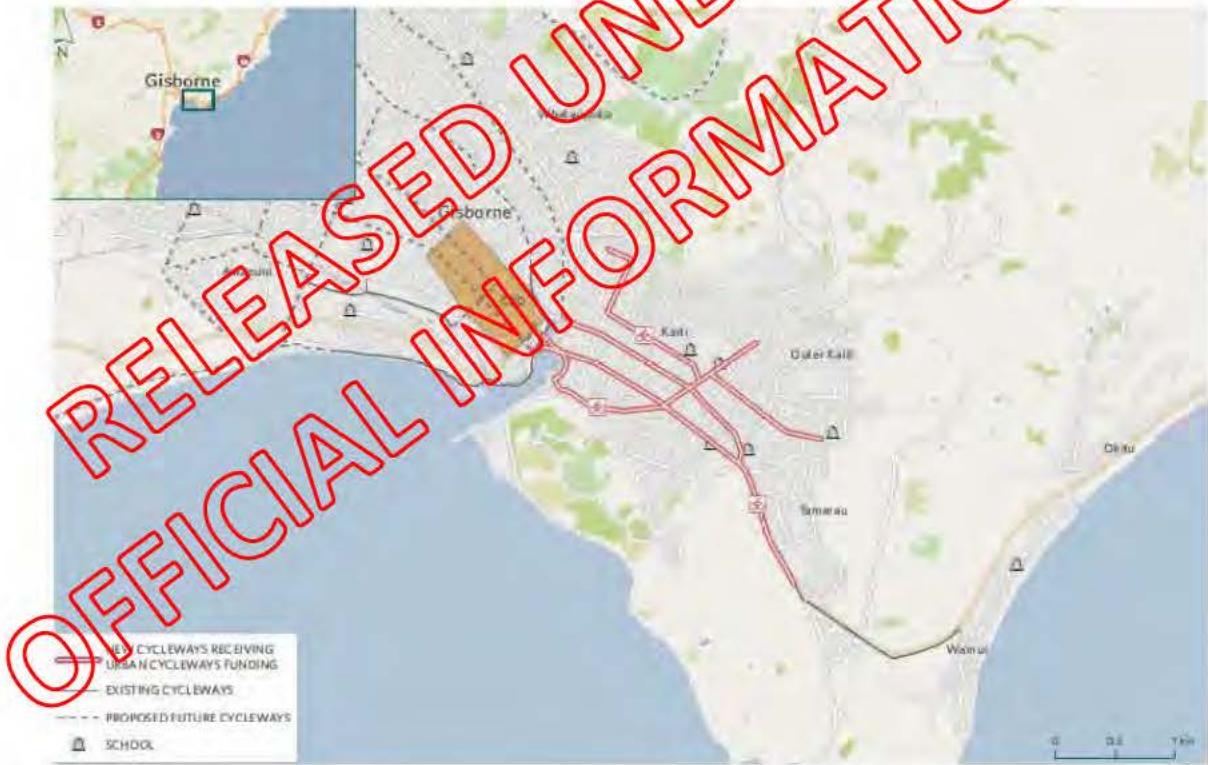
Alignment to existing strategies and organisational goals

The benefits of the Inner Harbour Project are wide reaching; hence the project aligns with many local, regional and national strategies. These are discussed further below.

Gisborne Urban Cycleway Programme

The Inner Harbour project is the critical final link in our significant investment in walking and cycling over the past 10 years. The Inner Harbour will be linked to the beach front Oneroa Cycle and Walkway, the Alfred Cox Cycle and Walkway and Wainui cycle way and Gladstone Road pedestrian clip on (Urban Cycleways Programme) and finally realise the planned benefits of the \$4.3m UCP investment. The project commenced in 2016 and will be completed in 2018.

The network will also connect with the future planned Taruheru River Cycle and Walkway. The provision of walking and cycling is at the heart of a changing pace for the waterfront. Pedestrian and cyclist safety will improve, and the focus of the area will change from a purely industrial site, to a mixed environment that will allow locals and visitors to take the time to appreciate Gisborne's unique heritage.



Cycleways refers to both on and off-road facilities

Figure 2 This joint NZ Transport Agency, Tairāwhiti Roads and Gisborne District Council project will provide 10.65km of cycleways to extend the existing facility from Wainui through Kaiti and into Gisborne's CBD. The project also includes a separated cycle facility over Gladstone Bridge.

Gisborne District Council (GDC) Strategic Alignment

GDCs mission is to *lead and support the social, cultural, economic and environmental development of our communities*. The Inner Harbour project also feeds into their vision which focuses on people, lifestyle, enterprise, innovation, environment, culture and heritage.

Specifically, the Inner Harbour Project Management Plan highlights the following internal and external links with our main investor, GDC:

Community links

- Tairāwhiti Museum Development Plan
- Activate Tairāwhiti
- Regional Branding

Council links:

- Long Term Plan 2015-2025 – Tairāwhiti First (includes GDC Infrastructure Strategy)
- Regional Land Transport Programme 2018-2021
- Gisborne Urban Development Strategy 2015 – For 2015-2020, one of the three identified key priorities is: *Reorientation of the city to strengthen its connection to the coast and rivers.*

Further GDC strategic links identified include:

- Tairāwhiti Resource Management Plan 2017
- Gisborne Urban Cycleway Programme (Business Case for Implementation, Dec 2016) – Esplanade accepted as a secondary route option (but only primary routes are funded).
- GDC Draft Active Recreation Strategy 2018 - Vision: to contribute to the long-term wellbeing of the people of Tairāwhiti through outcomes that support a physically active community. The Inner Harbour Project provides better walking access between the city and Titirangi Domain.

The Regional Growth Programme in Gisborne/Tairāwhiti



He Huarahi Hei Whai Oranga - Tairāwhiti Economic Action Plan.
(Feb 2017)

Promoting our place – best place to live, work and play.

Goal: Improve our ability to attract talent and capital investment and to capture a proportional share of the value of the NZ tourism sector leading to increased revenue of at least \$6.5m year on year and 40 new jobs

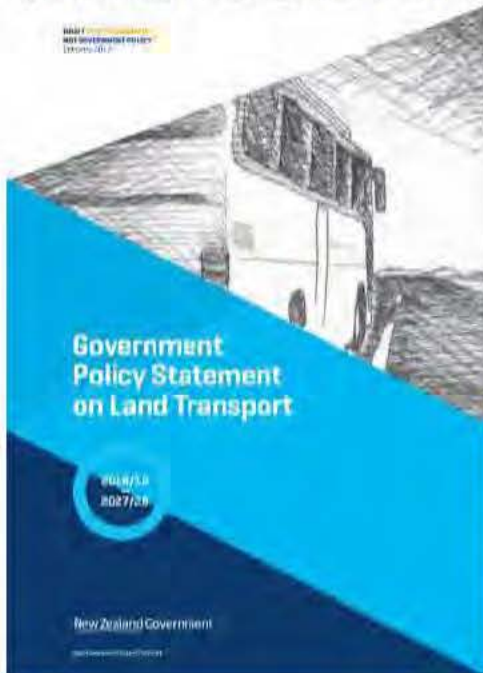
The Inner Harbour Project will help develop at least two of the key areas highlighted in the plan, namely:

- Māori and cultural heritage tourism offering
- development of cruise ship tourism offering.

The Tairāwhiti Navigations Project is highlighted as the main significant tourism activity already planned.

Government Policy Statement (GPS) on Land Transport 2018/19 – 2027/28 – Draft

New Zealand's existing land transport network is reasonably well developed and provides most of the connections needed at a local, national, and regional level. A focus for GPS 2018 is on providing transport connections that are needed for better access to markets, employment, business areas, tourist attractions, and housing development. GPS 2018 has three strategic priorities of which this project aligns very well:



Economic growth and productivity

High quality transport connections - this transport connection supports economic growth for the regional market and tourist destination. All cruise ship visitors to Gisborne pass through this route and is envisaged that this area will become a key tourist destination.

Increasing the capacity of the network - this project will increase the network capacity for active modes and will encourage increases in vehicle occupancy, and supporting greater uptake of walking and cycling.

Regional economic development and tourism - this project provides connections to markets that encourage economic development and

tourism.

Road safety

This project will improve the safety of road users through safer infrastructure. It is a cost effective, coordinated investment in road safety outcomes achieved through partnership between central and local government. Walking and cycling supports a more efficient and cost-effective transport system and provides substantial health benefits.

Value for money

The benefits and costs over the whole of the life of the investments are analysed within this business case to demonstrate that the project will deliver value for money in transport.

GPS Objectives:

The main GPS objectives that the Inner Harbour Project aligns with include:

- A land transport system that addresses current and future demand for access to economic and social opportunities
- A land transport system that delivers the right infrastructure and services to the right level at the best cost
- A land transport system that provides appropriate transport choices



Alignment to other national strategies/plans

Strategy/Plan	Key Objectives/Missions	Alignment
Tourism New Zealand: Four-year strategy for FY18 - FY21	To boost New Zealand's economy by growing the value of international visitors. It is supported by three priorities: <ul style="list-style-type: none"> Target near and long-term value including shoulder season and regional growth. Strategically manage our markets and sectors. Work with industry to improve experiences for visitors and Kiwis. 	✓ Yes. The intention of this project will embody this mission.
NZTA Long Term Strategic View (March 2017)	Partnerships for Prosperity aims to unlock social and economic opportunities for customers, business and communities through targeted partnerships Relevant focus areas: <ul style="list-style-type: none"> Connect and develop regions Keep people safe Improve customer experiences Regional Economic Development Area: Tairāwhiti Gisborne. Immediate priority is developing a Walking and Cycling Programme in Gisborne to encourage active modes of make them safer	✓ Yes. Project helps NZTA achieve the strategic goals of keeping people safe and improved customer experiences
NZTA Statement of Intent 2017-21	<i>Great Journeys to Keep New Zealand Moving.</i> A great journey is easy, safe and connected. The NZTA is proud to be part of creating a better New Zealand.	✓ Yes. The intention of this project will embody NZTA's mission.
NZTA/GDC City Rides – Urban Cycleways Programme – Gisborne	Enable key, high-value urban cycling projects to get underway around the country. Improving cycle safety and supporting more connected cycle networks.	✓ Yes. The programme includes the Esplanade as a new cycleway. However, later reports indicate it is a secondary route and is not eligible for funding.
NZ Health Strategy 2016	All New Zealanders live well, stay well, get well, in a system that is people-powered, provides services closer to home, is designed for value and high performance, and works as one team in a smart system.	✓ Yes. Supports the strategy by providing walking and cycling choices. The strategy recognises the link between active transport, improved health and reduced costs to the health sector.
The Business Growth Agenda 2017	Diversification: Strengthening New Zealand's brand and realising tourism's full potential – Attracting higher value visitors, increasing off-peak demand and encouraging regional dispersal. Ensuring the sector has the requisite labour and skills, and managing pressure on public conservation land and community facilities. (Export Markets) Inclusive and sustainable growth: Implement economic action plans within regions – Supporting regions as they implement action plans and opportunities identified through the Regional Growth Programme. (Regional Economic Development)	✓ Yes. It is central and local government working together to address infrastructure pressures, to meet visitor expectations and maintain local support for tourism growth (through the \$102 million Tourism Infrastructure Fund).

Existing Arrangements at the Inner Harbour

The Esplanade corridor is a functional secondary collector providing access to a working industrial site. From the functional perspective of the NZ Transport Agency, it serves this purpose well, if not beyond what is necessary now. It also provides access to some commercial business and the waterway for boats. Much of the traffic at present is private motor vehicle, with mid to large heavy vehicles for movement of industrial goods. A recent traffic survey counted 200 standard vehicles and 12 commercial vehicles entering and exiting the inner harbour every hour. Before 2006, The Esplanade was the main access corridor to the Port.

Figure 3 The Esplanade outside Shed 3 (looking north-east).

The physical form of the road and roadside still reflects this purpose. As such there is no turning space for large vehicles particularly buses/campervans which creates a hazardous environment for pedestrians and vehicles alike. This is compounded by the steam train access which also utilises the road/pavement and is unfenced. There are no traffic calming measures and no clear separation of pedestrians from vehicle traffic and roadside parking.



The Esplanade is increasingly being used as the primary parking area for people accessing the area and the trails within Titirangi reserve. Residents must cross the main corridor carrying heavy logging traffic to do so however. Domain users often utilise the toilet amenities of businesses on the Esplanade because no public facilities are available.

Figure 4 The Esplanade during peak times. Buses carry cruise ship passengers and compete for space with recreation users.



In terms of visitors, cruise ships increasingly use the area to disembark passengers into Gisborne during peak periods. Campervan visits are also increasing in demand.

Recreation remains a popular use of the area, particularly for locals. The boat ramp is often used, particularly during summer events. Walking and cycling is increasing in demand with expectations of ready access to the Inner Harbour and through to Titirangi.

At peak times cars, buses, campervans, port traffic, boat trailers, visitors and even the vintage

steam train, are competing for the same space which is not a safe or welcoming environment.

Defining the Problem/Opportunity for upgrading The Esplanade

A facilitated investment logic mapping workshop was held on 25 July 2017 with GDC and NZTA, to gain a collective understanding of the current issues and business needs of each stakeholder. The workshop was focussed on the Esplanade upgrades. The stakeholder panel identified and agreed the following key problems:

- **Problem one:** The industrial orientation of the Esplanade detaches people from the waterfront, limiting its utilisation and economic potential.
- **Problem two:** Utilities investment within the corridor severely reduces the service potential for existing road users, which is not timely asset management.

The Investment Logic Map (ILM) is attached as Appendix One.

Investment Objectives

The overarching investment objectives of successfully investing to address the needs of the Esplanade Upgrade were identified as part of the facilitated investment logic mapping held on 25 July 2017. The stakeholder panel identified and agreed the following objectives for the proposal:

- **Objective one:** The Inner Harbour precinct is an attractive destination, providing a sense of place and directionality.
- **Objective two:** Increased utilisation of the Esplanade and connectivity to recreational facilities.
- **Objective three:** Increased economic development and visitors to the Inner Harbour.

The Benefit Map is included in the ILM attached as Appendix One.

Key Performance Measures

It's crucial that the impacts that any investment in the Inner Harbour be measured. A set of key performance measures for each objective are proposed in the table below. GDC have commenced measuring utilisation and will undertake visitor surveys during the coming summer season.

Investment Objective	Investment KPI	Current Level and Targets	Description
1 The Inner Harbour precinct is an attractive destination providing a sense of place and directionality.	KPI 1: Visitation #'s	TBC	To monitor the change in visitor numbers, where they visit, for how long and when. Trends over time are important here.
	KPI 2: Customer satisfaction survey	TBC	Establish if visitors are receiving the experience they expect. What is good, what is not?
2 Increased utilisation of the Esplanade and connectivity to recreational facilities.	KPI 1: Return on investment in infrastructure	TBC	The tangible and intangible returns from the infrastructure in place. This could be simply the number of movements divided by gross replacement cost.
	KPI 2: Utilisation of recreational facilities (UCP, Titirangi)	TBC	Count the number of people, and types of use, on the reserve. Has the investment in improved access resulted in increased visitation?

Investment Objective	Investment KPI	Current Level and Targets	Description
3 Increased economic development and visitors to the Inner Harbour.	KPI 1: Increase in available jobs	TBC	A baseline of current workforce and participation at the inner harbour is needed. Undertaken this annually as a minimum.
	KPI 2: Commercial activity at the inner harbour	TBC	How has commercial activity changed in the Inner Harbour? What is the intensity of use? Have lease prices, land and capital values increased as an indicator of economic optimism for instance?

What is Needed?

The Inner Harbour is the central hub of the Tairāwhiti Navigations programme, a destination point in its own right and its current layout will not be suitable for the visitation numbers we expect as a result of the roll out of the project in 2019 and beyond.

The specific needs of the inner harbour include:

- Creating a well-connected, vibrant and attractive waterfront destination which provides an authentic experience for visitors
- Improvements to the road corridor including wider footpaths, safe separation between pedestrians and vehicles, landscaping and enhanced lighting.
- Creating a low speed pedestrian friendly environment where people feel safe and comfortable on foot or bicycle. Including attractive walking and cycling infrastructure.
- Provide better and safer pedestrian access through the Inner Harbour to the CBD and Titirangi Reserve
- Provide visitor infrastructure such as public toilets
- Increase the density of commercial and economic activity
- Provide adequate parking and temporary loading and service areas for businesses and commercial and recreational water users – but not to the extent that there would be any conflict with pedestrian flow, visual linkages or high amenity areas.
- Maintain access to the boat ramp and create additional overspill boat trailer parking and adequate maneuvering space
- Replacement of ageing utilities and improve stormwater treatment

Other desirables include:

- Successful stakeholder engagement including cultural and archaeological input to capture the essence of Tairāwhiti in the design and tell stories relevant to the area
- Provide the platform for Te Ha Commemoration and Tuia – First Encounters 250 an event of global significance

Community Amenity

The site of Tairāwhiti Navigations is also conveniently located close to the CBD of Gisborne and is a resource that is readily accessed by the community. Purely anecdotal evidence had suggested that the Inner Harbour and Titirangi precinct were the most visited areas within Gisborne, although there was no empirical evidence to support this.

With this in mind, Gisborne District Council conducted a survey in August 2017 to obtain a clearer picture of usage figures at the Titirangi Maunga. The survey showed that there are approximately 5,000 pedestrian visits per week and more than 1,200 vehicle movements. This provides an annual visitor figure of 286,000 which has far exceeded our expectations. It is to be remembered that this is an off-peak figure and usage will vastly increase during the summer period.



Proposed Works Carpark (Artist Impression by LandLab)

A pedestrian survey completed on the Oneroa cycle and walkway in 2016 during the 'off season' counted 42 pedestrians/30 minutes (1,000/day) and a recent pedestrian survey completed on the Titirangi showed 30 pedestrians/30mins (720/day). Linking these popular cycle and walkways in a connected network could result in a 130-220% increase in pedestrian activity in the inner harbour.



Proposed Works Carpark (Artist Impression by LandLab)

Traffic and Parking Studies

Council is proposing to amend the Tairāwhiti Resource Management Plan (Plan Change 4) to ensure the provision of carparking to the inner harbour supports the enhancement of the area's economic and amenity values. This will be done by:

- Managing the supply of car parking that adequately meets existing and forecasted demand
- Supporting adaptive reuse of land for more compact, mixed use development
- Supporting alternative forms of transport including walking, cycling and public transport
- Recognising the high amenity value of the Inner Harbour waterfront

In 2013 Traffic Design Group (TDG) prepared an Integrated Transportation Assessment for the Proposed Redevelopment of Eastland Port – Inner Harbour for GDC. Information from this report was used to support the proposed Plan Change. The report includes survey results, forecasts and concludes with recommendations for traffic control, pedestrian and cycle access and carparking.

Overview for the Esplanade Road and utility upgrades

Roading

- RAMM indicates that the existing surface condition of the Esplanade is reasonable with the most recent reseal undertaken in 2015.
- RAMM also indicates there are now over five layers of seal (pot hole investigations have confirmed a road seal layer of 50 – 110mm thick), and major rehabilitation will be required in approximately 10 years (approximately 8 years following completion of project).

- The proposed works will cause significant disruption to the existing road asset through changes to the utilities systems including the environmental treatment of road run off, reconfiguration of the road, provision of pedestrian crossing facilities, and reconstruction of footpath and parking areas adjacent to the Esplanade.
- The works will result in a visually unappealing hotchpotch of surfacing across the carriageway, which although probably satisfactory from an operational perspective will not further the overall aim of the project.

Wastewater

- 476 meters of wastewater pipes are located within inner harbour
- Predominant material is asbestos cement
- 438m installed 90 years ago and CCTV shows it to be in poor state of repair
- As part of the utilities drainwise project, a new rising main is proposed in the Esplanade to ease problems with the network in the area in wet weather events (issues with the system backing up and smell complaints)

Water

- 452m of water supply pipes are located within the inner harbour
- Predominant material is cast iron with the remaining assets made of asbestos cement
- Asset register shows 350m installed more than 100 years ago
- The asbestos cement assets are planned for replacement

Stormwater

- 435m of stormwater pipes are located within the Inner Harbour
- Predominant material is earthenware and reinforced concrete with one of the pipes being a poor condition steel pipe
- The asset register shows nearly all these assets are around 90 years old and reaching the end of their design life
- Condition assessment showed pipes in poor condition and in need of replacement

Risks in not doing the water services renewals

- Construction risk: If the assets are not replaced they may be at risk of failure due to construction activities, e.g. excavation, vibration roller, compaction.
- Access to underground infrastructure (e.g. pipes) will be limited once the re-development is complete; any asset failures will be expensive and difficult to repair without disturbing the upgraded amenities. Undertaking excavation work soon after a roading upgrade has been completed is not good practice, nor good ratepayer value.
- Most of the assets are reaching the end of their design life. The majority of water supply and wastewater assets fail more in the 20 to 30 year replacement window.
- Levels of service issues and increased reactive maintenance – high maintenance costs incurred to keep the asset in service.
- In March 2017, a section of the sewer main in the inner harbour failed and required emergency replacement which is an indication of the poor condition of assets
- Political and environmental impacts of continual asset failure

Evidence for the Inner Harbour Project

A number of studies and investigation have been carried out to provide evidence that identifies what the needs are for the Inner Harbour Project.

Visitor number Projections

With increased media and government interest in the 2019 commemorations, it is fair to say that Gisborne is experiencing a groundswell in tourism.

Cruise New Zealand has just confirmed that Gisborne will host 18 cruises in the 2018/19 season - an increase on our previous best of 13 cruises - bringing at least 40,000 additional visitors to our region. Gisborne is now classed as an emerging Cruise Destination port and is expecting to increase its cruise market over the next decade with the impetus provided by the 2019 commemoration. During the summer season up to 2,500 Cruise Ship passengers may be disembarking/embarking at the Inner Harbour at any one time.

When this is combined with the Air New Zealand campaign to add an additional 40,000 seats on the Gisborne-Wellington route and the planned NZ Transport Agency upgrades to the Pacific Coast Highway making road travel to the district easier, our visitation rate is set to increase to 2M visitors.

Inner Harbour Visitors and Infrastructure

Whilst these figures are pleasing in terms of visitation levels it has also highlighted that our current infrastructure is either lacking or unfit for purpose. Tairāwhiti is relatively under developed in tourism infrastructure with a heavy reliance on sun, sand and surf. Although this requires relatively little capital investment in visitor infrastructure such as carparks, toilets and walkways, we are now in a situation of not having the choice, but to invest. This is a positive problem.

Figure 5 The 185-metre, 350 passenger cruise ship Silver Whisper docks in the Inner Harbour, January 2017. Source: gisborneherald.co.nz



In particular the Inner Harbour and Titirangi precincts are pinch points in terms of parking, toilets and pedestrian access. We also know that in future years we will need to add further infrastructure to support the programme and these will be part of subsequent applications to the MBIE Tourism Infrastructure fund.

A vehicle and pedestrian survey of the Inner Harbour took place over a three-week period between late September and early October 2017. This provides a baseline for assessing the benefits in the future. An overview of the findings is shown in the tables below. It should be noted that this is a 'shoulder season'.

Table 2 Pedestrians entering and exiting inner harbour

	Pedestrians	Cyclists	Total
Average (30mins)	11	3	13
Total/day (12 hr day)	264	72	312

Table 2 Vehicles entering and exiting Esplanade

	Standard	Commercial	Total
Average (30mins)	100	6	106
Total/day (12 hr day)	2400	144	2520

Table 3 Vehicles parked in inner harbour

	Waterfront	Esplanade / Crawford	Works	Soho	Boat Trailers	Total
Average cars parked	58	52	12	2	2	126
Average cars (Peak Tatapouri Club Night)	73	49	4	3	2	131

Economic impacts

In October 2017 Telfer and Young carried out an economic impact assessment, which looked at the following:

- Potential land use and density changes
- Land values (existing and potential)
- Capital values (existing and potential)
- Rental levels (existing and potential)

The report found that the proposed redevelopment of the inner harbour will result in major land use changes focused on commercial and hospitality uses. Major capital investment will be required to facilitate this but the resulting buildings and improvements will result in significant capital value increases. Land values and rental levels will similarly increase in direct response to the enhanced wharf precinct and its popularity as Gisborne's main visitor tourist and business destination.

The following table summarises the key findings:

	Location type	Existing values	Potential future values (% increase)
Land values	Waterfront	\$500 - \$600 /m2	\$s 9(2)(j) /m2 (s 9(2)(j) %)
	Non-Waterfront	\$275 - \$500 /m2	\$s 9(2)(j) /m2 (s 9(2)(j) %)
Capital Values	Waterfront	\$1,100 - \$1,400 /m2	\$s 9(2)(j) /m2 (s 9(2)(j) %)
	Non-Waterfront	\$300 - \$750 /m2	\$s 9(2)(j) /m2 (s 9(2)(j) %)
Market Rental	Restaurant/bar	\$140 - \$175 / week	\$s 9(2)(j) / week (s 9(2)(j) %)
	Offices – ground floor	\$130 - \$364 / week	\$s 9(2)(j) / week (s 9(2)(j) %)
	Offices – upper floors	\$75 - \$282 / week	\$s 9(2)(j) / week (s 9(2)(j) %)
	Car parking	\$10 - \$23 / week	\$s 9(2)(j) / week

Stakeholder Engagement

Gisborne District Council in partnership with the Eastland Port Company, seeks to transform the Inner Harbour into a high-quality environment and a prime waterfront location. It is a major project in Council's Long Term Plan. The NZ Transport Agency is also a key stakeholder as a co-investor in delivering transport and community outcomes. It is considered that the Inner Harbour area has significant economic and amenity potential that can be unlocked and showcased in a more vibrant and integrated manner.

The key stakeholders identified in the Project Management Plan for this project are:

Internal

- Councillors
- Project Team
- GDC staff

External

- Gisborne residents and ratepayers
- Eastland Port
- Eastland Community Trust
- Iwi Representatives
- Department of Conservation
- New Zealand Historic Places Trust
- Funding agencies such as NZ Transport Agency and MBIE
- Inner Harbour businesses – Lone Star, Vintech Pacific Wine Technologies, Wharf Café Bar Restaurant, Tatapouri Fishing Club, Shed 3, Gisborne Wine Centre, the Works Restaurant, Soho, Moana Fisheries
- Te Poho o Rawiri Marae
- Marina users and berth holders
- Harbour Master
- Activate Tairāwhiti
- Tourism Agencies
- ID Tours
- Heart of Gisborne
- Coast Guard
- Gisborne Information Centre
- Local artists
- Cook historians

The Inner Harbour project has been developed in consultation with Ngati Oneone (as mana whenua), Eastland Port, Business Owners, Berth holders and recreational boat users for more than two years. Twenty written submissions in support of the final plan have been received from the stakeholder group. 238 submissions in support of the final plan have been received from the public during the consultation process for the 2009/19 Ten Year Plan. Resource Consent for the upgrade was granted in August 2017 and was reported in local and national media. At the recent A&P Show in Gisborne, the Council received 100% support for the Inner Harbour redevelopment project through a community survey.

Gisborne District Council have taken Tairāwhiti Navigations to the community within their Long Term Plan consultation process in 2009, 2012, 2015 and planned for 2018 and have committed to funding of \$5m toward the final outturn cost (Inner Harbour and Titirangi).

Records of iwi and stakeholder engagement are included in appendix four.

Project Benefits

The vision for the Inner Harbour is to unlock the significant economic and amenity potential of the area and act as a catalyst to transform this area into a high-quality environment in line with other prime waterfront locations around New Zealand. This vision will be achieved by creating a well-connected waterfront destination, a vibrant safe and attractive place, a flexible multipurpose environment in a design that captures the essence of Tairāwhiti.

The benefits have been identified as follows:

- Enhanced sense of place, identity and regional pride
- Enhanced natural beauty – creating urban spaces with unique landscape qualities
- Increased recreational benefits – increased physical activity related to walking and cycling
- Increased foot traffic through the Inner Harbour precinct and other key sites along the heritage trail
- Opportunity to leverage significant value in linking together key heritage infrastructure in a navigational heritage trail
- Catalyst for commercial opportunities
- Increased tourism opportunities

- Creating something special for future generations
- Increased educational opportunities
- Opportunity for Iwi to tell their stories
- Employment generation
- Increased community spirit
- Increased opportunities for community events and festivals
- Increased cultural capability – opportunities for Maori carving and public artworks
- Increased social benefits

Other benefits of the project include:

- Completion of the Urban Cycleway Network with connection to Titirangi. The benefits of our investment in the network will be multiplied through the network benefits of its completion.
- Increased visitor safety and experience through carpark expansion
- Enhanced recreational opportunities through safe connection to Titirangi
- Commercial activity and investment through Harbourside development.
- Create a focal point of civic and commercial activity for the city.
- Health benefits of community walking/cycling uptake likely to increase



Proposed Esplanade Upgrade (Artist Impression by LandLab)

- Environmental benefits of stormwater being treated prior to discharging to the harbour

Project Risks

- Lack of funding
- Delays effecting timing of the project. Timing is critical for the 250 year celebrations.
- Lack of parking and traffic flows during construction
- Access and movement to and from the boat ramp, commercial fishing operations, recreational boats, cruise ship arrivals and local businesses during construction
- Potential conflicts between industrial and community needs in a confined space
- Existing operators less likely to invest without this project being successful
- Gas, power or telecom company's carryout renewals not long after completion, disturbing new seal.
- Time delays due to underestimating the impacts of (or discovering more of) contaminated sites and/or Waahi Tapu

Project Constraints

The following constraints apply to the project:

- There are physical constraints regarding real estate available to facilitate the construction activities within the Inner Harbour precinct
- The Port owns a large amount of the land and assets that the project proposes to build upon

- There is a time imperative to have the project delivered by 2019 in line with Te Ha Sestercentennial celebrations.
- Availability of funding to deliver the full scope of the project to realise the full benefits.

Interdependent Projects

The following projects will require a level of collaboration and integration:

- Te Ha Commemorations - The Navigations project is considered an enabling project for Te Ha Celebrations scheduled for 2019 due to the Inner Harbour it will provide for a peak event of global significance.
- Titirangi Restoration and summit Project - The Titirangi Restoration Project and implementation of the reviewed Reserve Management Plan is on schedule for completion by 2019. The Inner Harbour will provide increased accessibility to all modes between the CBD, the water front and Titirangi.
- Urban Cycleways Programme - The Urban Cycleways Programme is underway and planned for delivery in 2018/2019. This will include a pedestrian clip on to the Gladstone Road Bridge accessing the Inner Harbour.
- Historical Interpretations Strategy - The Historical Interpretations project is a project under the Navigations programme. This includes a heritage trail that will run through the Inner Harbour with light storytelling infrastructure. This project is scheduled for completion mid-2018.
- Cook Landing Site National Historic Reserve - Cook landing site redevelopment project is a Department of Conservation project under the Navigations programme. The project involves the upgrade of the Cook Landing Site with pedestrian connections to the inner harbour and Titirangi. The project is being led by Council's inner harbor project manager to ensure the two projects are integrated
- Eastland Port Access Project - NZ Transport Agency are leading a project to improve the Wainui Road/Hirini Street intersection. This will have flow on effects for the Wainui Road/Esplanade Intersection and there may be mutual interest in future land purchase opportunities.



THE ECONOMIC CASE

This section provides an overview of the process used to select the investment option that optimises value for money (the economic case).

Critical Success Factors

It is important that a set of criteria is established against which all options can be assessed. The following critical success factors have been identified, the proposal specific critical success factors require confirmation of agreement.

Table 4: Critical Success Factors

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.	Alignment with Tairāwhiti Navigations Programme & Regional Plans.
Potential value for money	How well the option optimises value for money (i.e. the optimal mix of potential benefits, costs and risks).	Right solution, right time at the right price.
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.	There are contractors / suppliers / developers that can deliver this.
Potential affordability	How well the option can be met from likely available funding, and matches other funding constraints.	Is funding available.
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.	GDC has got the skills and capacity to deliver the option.

Predetermined Scope Based on Consultation (carparks and pedestrian access)

With the aim of creating pedestrian friendly connected environments that accommodate the very different requirements of the users and vehicles on the space; various options for solving the parking and pedestrian issues were considered in conjunction with a long process of consultation with Ngati Oneone, Iwi, HPNZ, Eastland Port, harbour berth holders, recreational boat users, business owners, NZTA safety engineers, GDC safety engineers and Tairāwhiti Roads. Through this process the best option was determined and approved for two bare pieces of Council Land in the Inner Harbour area to be used as carparks.

These options together with the full upgrade of the Inner Harbour have been granted Resource Consent and are ready to go. This will provide the Inner Harbour with parking for 230 vehicles and includes space for four buses, campervans and boat trailers plus turning circle.

The space will be reconfigured to provide better separation between road users and pedestrians as well as a walkway that will lead pedestrians to connect with all aspects of **Tairāwhiti Navigations**. Meaning that the pedestrian no longer needs to use the roadway and can take advantage of the sites, views, look outs and amenity value of the whole project.

With these decisions in mind the long-list options are considered in the next section.

Longlist Options Identification

Under the five dimensions, a comprehensive longlist of in-scope options has been identified and shown in table 2.

Note that the Waterfront Redevelopment has been introduced into the long-list assessment, it is a separate phase in the Inner Harbour Project. It has been introduced here as it adds a further dimension to the staging options and could potentially preclude the necessity for the Esplanade Upgrades prior to the Te Ha Sestercentennial Commemoration. It is assumed that alternative walking and cycling links will be available through the Waterfront Redevelopment.

Table 5: Longlist Options

Dimension	Description	Options with each Dimension
Scale, scope and location	In relation to the proposal, what levels of coverage are possible?	Scope: <ul style="list-style-type: none"> • Status Quo – No development • Carparking only • Carparking + Esplanade Upgrade • Carparking + Esplanade Upgrade + Waterfront Redevelopment
Service solution	How can services be provided?	<ul style="list-style-type: none"> • Upgrade surface features only • Upgrade surface + underground infrastructure • Upgrade surface, underground infrastructure and new pavement
Service delivery	Who can deliver the services?	<ul style="list-style-type: none"> • GDC • Developer • NZTA • All

Dimension	Description	Options within each Dimension
Implementation	When can services be delivered?	<ul style="list-style-type: none"> • Status Quo - Timing determined by programmed infrastructure renewals • Staged to match funding availability. <ul style="list-style-type: none"> ○ Staged A - Surface upgrades by 2019 and other upgrades later when funding allows. ○ Staged B - Carparking by 2019 and then Esplanade and Waterfront upgrades when funding allows. ○ Staged C - Carparking and Waterfront upgrades by 2019 and then Esplanade when funding allows. ○ Staged D - Carparking and Esplanade upgrades by 2019 and then Waterfront when funding allows. • Big Bang – all upgrades by 2019 in time for Te Haā celebrations.
Funding	How can it be funded?	<ul style="list-style-type: none"> • Status Quo – GDC + NZTA • GDC, NZTA, TIF • GDC, NZTA, TIF, Port/ECT

Refer to Appendix 2 – Longlist Assessment for the detailed longlist assessment including the reasons for discounting options.

Shortlisted options

Analysis of the longlist options and scoring against the objectives and critical success factors was used to determine a shortlist of options. It concluded that all aspects of the project are critical to realising the overall benefits of the project, but some aspects are more key for completion prior to the Te Haā commemorations. A key constraint is the funding, which will dictate the timing of each aspect of the project. Based on this analysis, the shortlist for further assessment is as follows:

Option 1: Status quo (retained as a baseline comparator)

Option 2: Carparks by 2019 (phase 1a), Esplanade Upgrade (phase 1b) and Waterfront Redevelopment (phase 2) after 2019 (do minimum option)

Option 3: Carparks (phase 1a) and Waterfront Redevelopment (phase 2) by 2019, Esplanade Upgrade (phase 1b) after 2019 (the medium option)

Option 4: All upgrades by 2019 (the preferred way forward).

Option 1: The status quo (retained as a baseline comparator)

A base case option must be included and is used as a baseline comparing marginal costs and benefits of alternative activities. It provides the benchmark for determining the relative marginal value for money added by other options under consideration.

Description

No change to existing arrangements. Infrastructure and road upgrades will take place as per existing maintenance and renewal plans. Approximate timeframes for renewals are:

- 2018 – wastewater

- 2018 – water
- 2027 - stormwater (reliant on road reconfiguration)
- 2027 - road

Conclusion

This will not meet the needs of the overall Navigations programme. It misses the opportunity to create a destination, carparks and enhanced walking and cycling infrastructure, increased amenity and environmental improvements. Investment objectives will not be achieved.

Option 2: Do minimum option

Description

Carparks (phase 1a) completed by 2019 followed by the Esplanade Upgrade (phase 1b) and Waterfront Redevelopment (phase 2) after 2019.

Advantages

The main advantages are:

- Parking is available in time for the 2019 celebrations
- Can be achieved within the available budgets

Disadvantages

The main disadvantages are:

- The waterfront is where the majority of the project benefits can be achieved for 2019.
- Could be perceived as not being well done - might not reflect well on Councils reputation
- Approved GDC funding is unspent

Conclusion

This could be a practical option to provide for the basic needs of the 2019 celebrations whilst allowing time to get funding in place to achieve the full project. However, this will not meet the needs of the overall Navigations programme. It misses the opportunity to create a destination and approved funding is left unspent. This option is discounted.

Option 3: Intermediate option – Phased construction

Description

Carparks (phase 1a) and Waterfront Redevelopment (phase 2) completed by 2019 followed by the Esplanade Upgrade (phase 1b) after 2019.

Advantages

The main advantages are:

- Each aspect of the project will be completed properly in one hit without any temporary fixes which is cost effective.
- The phased approach allows funding to be drawn as and when needed from investors. This reduces our dependence on NZTA funding in the 2017/18 year.

Disadvantages

The main disadvantages are:

- The full project is not complete in time for 2019 Te Ha celebrations (the Esplanade would be unchanged).
- Interim works will be required to tie in the new with the existing levels which is not cost effective and will require re-work.
- Minimal planting in the inner harbour resulting in reduced amenity and environmental benefits

- This is not the ideal outcome however funding constraints may require this option.

Conclusion

This option provides a realistic compromise if funding is unsuccessful. It provides the key features in time for the 2019 celebrations, as well as a realistic timeframe to obtain funding for the final aspects of the project. However, completing each aspect of the project properly the first time will provide cost savings as well as protecting the council's reputation.

Option 4: Preferred way forward

Description

Complete the full project as scoped, including all upgrades by 2019.

Advantages

The main advantages are:

- The project would be completed in full in time for the 2019 celebrations, allowing the full benefits to be realised.
- No re-work or temporary work is required
- Economies of scale and cost efficiencies in constructing as a complete package
- Do not need to allow for cost escalations
- Full project completed by 2019
- In terms of NZTA IAF assessment, this option has a **Medium** Strategic Fit and a BCR in the range of 5-10.

Disadvantages

The main disadvantages are:

- The risk that funding may not be available in time

Conclusion

This is the most desirable option as it realises the benefits in time for the 2019 celebrations and provides confidence to all stakeholders and possible co-investors that the project will be completed.

COMMERCIAL CASE

This section provides assurance to decision makers that the project will be commercially viable for potential suppliers, and where those suppliers may be utilised.

Procurement

In terms of viability of design and construction, this project is not considered to be overly complicated, nor beyond the capacity and capability of available suppliers.

Detailed Design

The design is currently being carried out to the Detailed Design Stage by external consultants Beca and Landplan Consulting. These consultants have been involved in the project since the concept stage and will deliver construction drawings and tender documents at the end of the detailed design phase.

Construction Phases

Funding constraints have been identified as a key risk. Funding from the NZTA cannot be guaranteed until the 2018-19 financial year. It is in 2018/19 year that the new strategic direction of the agency takes effect and the likelihood of funding will increase. To mitigate this timing risk, whilst maximising available benefits, a two-three-phased approach to construction is planned.

Phase 1a – Carparks and Stairway 2017/18

The items at right with cost estimates attached are planned for the 2017/18 year. Funding will be through GDC and Eastland Port with a funding application submitted to MBIE. This phase will provide carparking capacity and safer pedestrian access to Titirangi reserve.

Phase 1b – The Esplanade and Wainui Reserve 2018/19

Phase 1b will consist of esplanade and Wainui reserve. This will also include replacement of underground utility assets. This phase will be joint funded between GDC and NZTA.

Phase 2 – Waterfront (2018/19) – This final stage is the upgrade of the waterfront area and pedestrian promenade. The intent is to have this completed alongside phase 1b. This phase will be joint funded between Eastland Port, ECT and GDC.



Figure 6 Project construction phasing with estimated costs.

Physical Works

A construction contractor will be appointed through a competitive process. The tendering and contract management will be managed in-house with support from a local project management firm. The construction contract will be based on NZS 3910:2013 *Conditions of Contract for building and civil engineering construction*.

Tendering for Stage 1a is to take place at the end of October 2017 for a package of work that uses this years approved budget \$1,270,000 + \$780k from MBIE Tourism Infrastructure Fund (TIF) = \$2m. Construction work to the value of \$2m was advertised with separable items that could be removed if funding was not granted by TIF.

It is expected that the remainder of the work will be tendered as a complete package as funding becomes available with construction expected to commence October 2018 to be completed by May 2019.

Developer Interest

The proposed Inner Harbour Redevelopment is a partnership between GDC and Eastland Port Company. Eastland Port are owners of the Inner Harbour waterfront and land areas for part of Tairāwhiti Navigations. They are financial contributors to the project.

Land Acquisitions

No land acquisitions are required for the Esplanade upgrade as it is all within the Councils road reserve. However, for the Inner Harbour Project various land parcels will require an MOU with the Port to protect the asset long term and agree on long-term maintenance responsibilities. The Port are mostly funding the assets on its land with support from the Eastland Community Trust.

District Plan Zoning

The Developed Design Report (Beca, June 2017) summarises the planning maps. The land surrounding the road is zoned 'Port A'. There are Waahi Tapu and contaminated sites within close proximity of the road. Plan overlays show a Heritage Alert and Coastal Environment Overlays effecting the site. Further maps show the site is also partially within an Urban Stormwater Flood Hazard Area and a Site Caution Stability Alert. The effect of these identified zoning, overlays and alerts are being considered further during detailed design so that they do not cause delays during construction. Archaeological Authority has been granted for the full project.

The Inner Harbour precinct will need a District Plan Change to allow a change in the allotted number of car spaces per business to progress a new pedestrian friendly design. The Policy & Planning team are progressing the Plan Change within their work stream and will deliver it to Inner Harbour. Plan Change 4: Changes to Car Parking Provisions for the Gisborne Inner Harbour Area has been approved by Council and was publicly notified in November.



District Plan Map u62 A, showing zoning

FINANCIAL CASE

This part of the financial case provides assurance that the short-listed options, with particular focus on the preferred way forward, are affordable to the organisation.

Expenditure

The proposed cost of the construction (including utilities renewal/upgrade) is \$7.76m over the 2 years with ongoing operational and maintenance costs partially identified below. Debt servicing and depreciation is included whilst asset maintenance is yet to be estimated.

		\$ 000's			
Expenditure		2017/18	2018/19	2019/20	2020/21
Capital Expenditure					
<i>Fixed assets</i>					
	Phase 1a	\$2,308			
	<i>Crawford Road</i>	\$698			
	<i>Crawford Rd Steps</i>	\$108			
	<i>Esplanade Phase 1</i>	\$920			
	<i>Works Car Park</i>	\$672			
	<i>Soho Car Park</i>	\$379			
	<i>Plants and lights</i>	\$100			
	Phase 1b	\$529	\$9(2)0		
	<i>Esplanade</i>		\$9(2)0		
	<i>Waiapu Reserve</i>		\$263		
	<i>Utilities renewal/upgrade</i>	\$529			
	Phase 2		\$9(2)0		
	<i>Waterfront</i>		\$9(2)0		
	<i>Amenity Block</i>		\$9(2)0		
	<i>Promenade</i>		\$9(2)0		
	<i>Land Purchases</i>	\$0	\$0	\$0	\$0
	Total CAPEX	\$9(2)0	\$9(2)0	\$0	\$0
Operational Expenditure					
	<i>Personnel**</i>	\$0	\$0	\$0	\$0
	<i>Operating and Maintenance</i>	\$0	\$13	\$26	\$17
	<i>Depreciation*</i>	\$0	\$71	\$194	\$194
	<i>Interest^</i>	\$0	\$66	\$139	\$132
	Total OPEX	\$0	\$150	\$359	\$343
Total Expenditure		\$2,837	\$9(2)0	\$359	\$343

Assumptions:

1. ^ - All GDC CAPEX is loan funded at 5% interest rate and 20-year term.
2. * - All CAPEX is capitalised in Yr. 1 with new assets are fully depreciated with a 40-year useful life.
3. ** - No personnel costs until they have been defined.
4. Phase 1b and 2 will be tendered as a complete package

5. No significant variations to the current design will be required
6. Resource consent for phase 2 will not require a hearing
7. Construction/contract management will be carried out by GDC

Funding Sources

It is proposed that construction funding for \$7.7m and approximately \$350k per annum of operational expenditure is provided from the following sources:

Revenue		2017/18 (,000)	2018/19 (,000)	2019/20 (,000)	2020/21 (,000)
Public					
	GDC Rates (Inner Harbour budget)	\$1,328	\$1,527		
	GDC Rates (utilities budget)	\$529			
	GDC Rates (Ongoing O&M Rev)		\$150	\$359	\$343
	NZTA		\$1,471		
	MBIE (TIF)	\$780			
Private					
	Eastland Port Company	\$100	\$s 9(2)(j)		
	Eastland Community Trust		\$s 9(2)(j)		
Total Revenue		\$2,637	\$s 9(2)(j)	\$359	\$343

Internal Funding

Council have a total project budget of \$3.7m to redevelop the inner harbour (allocated in Long Term Plan). Council also have a utilities budget of \$529k for the utilities renewal/upgrade. An ongoing annual maintenance and operations budget of approximately \$350k is required*.

This budget will need to be supported by external funding in order to deliver the full scope of the project. The project is loan funded through the GHF Forestry Dividend Reserve.

The longer term operational costs of asset maintenance, depreciation and loan interest (OPEX below) are assumed to be funded through annual rates.

2015/16 Annual Plan budget: \$223,000
 2016/17 Annual Plan budget: \$255,000
 2017/18 Annual Plan budget: \$1,550,000
 2018/19 LTP Budget: \$1,684,000 CAPEX + \$150,000 OPEX
 2019/20 LTP Budget \$359,000 OPEX
 2020/21 LTP Budget \$343,000 OPEX

* - Based on the assumptions of loan interest, new asset depreciation and maintenance (above), are funded by rates

This budget will need to be supported by external funding in order to deliver the full scope of the project.

External Funding

Three main external funding options have been identified to support the delivery of the inner harbour redevelopment project, the New Zealand Transport Agency, the Ministry of Business, Innovation and Employment (MBIE) Tourism Infrastructure Fund (TIF) and Eastland Port/Eastland Community Trust (ECT) as a significant landowner/stakeholder.

The following is a break-down of the external funding requests that have been submitted (as of Nov 2017)

Funding Source	Amount	Comments	Fund confirmation date
NZ Transport Agency	\$1,472,000	64% subsidy of phase 1b roading elements	June 2018
Eastland Port	\$100,000	Phase 1a – Soho carpark	Confirmed
Eastland Port	\$s 9(2)(j)	Phase 2 – Waterfront	Pending board approval Jan 2018
Eastland Community Trust	\$900,000	Phase 2 - Waterfront	Pending board approval Feb 2018
Ministry of Business Innovation and Employment (MBIE)	\$780,000	Phase 1a carparks - Tourism Infrastructure Fund (TIF)	Confirmed
Total	\$s 9(2)(j)		

NZ Transport Agency

Council staff have been working alongside the NZ Transport Agency to develop a detailed business case for funding. The engineers estimate for phase 1b Esplanade redevelopment total \$s 9(2)(j) (including utilities renewal/upgrade) of which a 64% (\$1.47m) NZ Transport Agency co-investment is being sought for the roading elements. The remaining \$s 9(2)(j) local share would be funded through the project and utilities budgets, so will not impact on Council's roading budgets. The inner harbour redevelopment project has been included in the draft Regional Land Transport Programme (RLTP). The indicative funding decision will be known December 2017 with the final National Land Transport Programme (NLTP) funding bid will confirmed June 2018.

MBIE

A funding application was submitted to the MBIE Tourism Infrastructure Funding on 4 September 2017. The application consisted of a phased funding application for Tairāwhiti Navigations as a programme of work. The first round includes \$780k funding for the Inner Harbour carparks. This funding application was successfully granted in December 2017.

Eastland Port and Eastland Community Trust (ECT)

The Eastland Port have been very supportive of the project committing \$100k funding towards phase 1a redevelopment and approximately \$s 9(2)(j) towards phase 2 waterfront redevelopment on Port land.

ECT have committed \$900k towards phase 2 waterfront redevelopment.

Final funding is subject to Eastland Port board approval in January and ECT board approval in February,

MANAGEMENT CASE

Summary

Programme and Project Management Plans have been prepared. The Inner Harbour Redevelopment Project Management Plan (revised July 2017) aims to ensure that the Inner Harbour Redevelopment project is implemented in a coordinated and integrated manner so that the overall aims and objectives can be achieved. On a day to day basis, a project management team will manage the project. This team comprises:

- The Programme Manager
- The Project manager (Inner Harbour)

The project management team is the delivery arm of the Inner Harbour project. They are not the governance body, nor are they the decision makers. This team will manage and progress many of the day to day tasks associated with the project and will act as a point of contact/oversight for activities, such as those carried out by other contributors to the project.

The structure of the team combines an Executive and Strategic Planning focus. This is achieved by:

- A core project management team focussed on driving the project further.
- Ability for the project management team to bring in additional staff to the project management team during particular phases of the project as deemed relevant and necessary.
- Regular project management meetings with people/contractors who are currently managing key activities or projects that relate to the project.

To be successful, this approach requires:

- The project manager and sub project managers need to have sufficient staff resources to draw on
- The project management team has senior management involved to ensure that the project is seen to be important and to drive preparation of the core information.
- The project management team is able to draw on a wide range of skills from across the organisations as required without having to significantly widen the project management team, keeping the core management of the project controlled and manageable.

Key Roles and responsibilities

Refer to part 5 of the Project Management plan for detailed information, in summary key roles include:

- Governance: Tairawhiti Navigations Steering Group and Programme Champion (Mayor Meng Foon)
- Project Sponsor: Nedine Thatcher Swann (CEO)
- Programme Manager: De-Anne Sutherland
- Inner Harbour Project Sponsor: Nedine Thatcher Swann (CEO)
- Inner Harbour Project Manager: Kylie Dowding

Internal GDC resources available to provide advice and support for the project are outlined in part 4 of the Project Plan. There are external consultants involved in delivering various aspects of the project, the scope of their work is outlined in part 2 of the Project Plan.

Governance and reporting

The current project governance structure consists of the Council who hold the decision-making powers and budget. The project team reports directly to the Navigations Steering Group which consists of senior management, Eastland Port, Eastland Community Trust and Activate Tairawhiti. The project also has a Councillor

Advisory Group which consists of five interested Councillors. The role of this group is to provide a steer and project advocacy, but all major decisions must go to full Council.

The programme and project roles/responsibilities are described more fully in section 5 of the Project Plan. The project governance and reporting structure is outlined below:



Monitoring, Tracking and Reporting

The Inner Harbour project will provide monthly project update reports to the Navigations Steering Group. The table below outlines the reporting requirements.

Report	From	To	Frequency
Overall Project status report	Programme Manager	Steering Group	Monthly
Projects	Project Manager	Programme Manager	Weekly verbal update
Council update	Programme Sponsor	Council	Via activity Reports and programme update reports

Change Management

If there is a change to scope/time/quality/cost the Project Manager will raise the issue with the Project Sponsor. The issue and solution will be outlined in the monthly project status update report. If a decision is required from the Project Team or Governance Group a report for decision will be presented with the relevant information and a recommendation for decision.

Risk Management

Key risks are identified the risk register is utilised and continuously updated and reviewed throughout the course of the project. There is also a specific project risk register for the inner harbour redevelopment (June 2017).

Quality Control/Commissioning Process

Subject to availability, GDC intends to use internal resourcing to manage and quality control the construction process with support from a local project management firm to ensure the scope is delivered to specification. All deliverables must be formally accepted through a commissioning process that allows the handover of those deliverables to council ownership.

The design team will hand over the project to a local engineer who will carry out routine construction observation to evaluate the quality of the workmanship and ensure the scope is being delivered as per the claim. All maintenance manuals must be handed over at the time of commissioning any asset. All assets must be formally accepted by their owner in a process defined in the planning phase of the project.

Defects Liability/Hand Over/Maintenance

Maintenance requirements have been determined as the design was being developed. Input has been sought from GDC Tairāwhiti Roads and Parks and Reserves as well as appointed maintenance contractors. The Defects Liability Period will be managed by the Contract Manager for the 12-month defects liability period. A formal acceptance and hand over process will be required.

Stakeholder engagement and communications plan

To ensure that stakeholders are engaged in a timely, effective and relevant manner, a Stakeholder Engagement Plan is set out in the Communications Plan.

The key stakeholders for this project are:

Internal

- Councillors
- Project Team
- GDC staff

External

- Gisborne residents and ratepayers
- Iwi Representatives
 - Eastland Port
 - Eastland Community Trust
 - Activate Tairāwhiti
 - Department of Conservation
 - New Zealand Historic Places Trust
 - Funding agencies such as NZ Transport Agency and MBIE
 - Te Poho o Rawiri Marae
- Inner Harbour businesses – Lone Star, Vintech Pacific Wine Technologies, Wharf Café Bar Restaurant, Tatapouri Fishing Club, Shed 3, Gisborne Wine Centre, the Works Restaurant, Soho, Moana Fisheries
- Marina users and berth holders
- Maritime Office

- Harbour Master
- Tourism Agencies
- ID Tours
- Heart of Gisborne
- Coast Guard
- Gisborne Information Centre
- Local artists
- Cook historians

The May 2013 Tairāwhiti Navigations Communications Plan is appended to the Project Management Plan. This has been recently redeveloped to reflect the current programme (October 2017).

Project Milestones

There is a time imperative to have the project delivered by 2019 in line with Te Haā Sestercentennial celebrations. The Project Management Plan has a programme in Appendix 1.

Key milestones are as follows:

- September 1 – Call for registrations of interest (ROI) for construction contract
- October 12 – ROI closes
- October 26 – Report to Council to approve a phased construction approach
- October 27 – Detailed design completed for phase one
- October 27 – ROI responders notified of shortlisting
- October 30 – Detailed design engineers estimate completed
- November 2 – Issue request for tender (RFT) to shortlisted contractors
- November 30 – RFT closes
- December 14 – Award contract
- Late January 2018 – Construction commences
- February/March – Detailed design completed for phase two (waterfront) and resource consent lodged
- Jan-May 2018 – Construction of phase 1a (carparks)
- July 2018 – Issue RFT for phase 1b (roading upgrades) and 2 (waterfront)
- Oct 2018–May 2019 – Construction of phase 1b and 2
- May 2019 – Construction completed
- October 2019 – Te Haā Sestercentennial Commemoration

NZTA ASSESSMENT PROFILE

The programme was assessed using the latest Transport Agency Investment Assessment Framework (IAF) criteria. From the perspective of NZTA's funding framework, this project is both a pavement renewal and a level of service improvement for walking and cycling. NZTA have suggested that for the IAF, that this project be regarded as a walking and cycling improvement foremost and to assess it as such.

An assessment profile of **Medium** for Results alignment and benefit and BCR range **5-10** has been determined for the programme using the Transport Agency's funding allocation process as detailed below.

A major assumption of note is that this BCR does not include the network wide benefits of the completed cycle network that this project enables.

- Results Alignment - the alignment of the proposal's key transport issues identified in the strategic case with results sought under the GPS, and
- Cost-Benefit Appraisal - how efficiently resources are used to deliver benefits from the proposed solution.

Results Alignment Assessment

Component	Explanation	Rating
Low Requirements	A walking and cycling activity may be given a Low Results Alignment rating if the problem, issue or opportunity is: <ul style="list-style-type: none"> • Part of a walking and/or cycling strategic network, for the purposes of utility cycling, that delivers transport, safety, health, social or economic outcomes to the community. 	✓
Requirements for Medium rating	A walking and cycling activity may be given a Medium Results Alignment rating if the problem, issue or opportunity is: <ul style="list-style-type: none"> • part of a walking and/or cycling strategic network in a main urban area, for the purposes of utility cycling, including associated facilities to put the corridor into service; Or • a link to complete or complement an existing walking and/or cycling strategic network in a main urban area; Or • on a corridor, or site, with a medium walking and cycling crash risk; Or • a link from a main urban area to a substantial employment centre, outside of main urban areas, which may be considered on an exception basis where high demand is demonstrated; Or • a cycling link to complete or improve connections to the NZ Cycle Trails. (refer guidance below); Or • enabling or supporting implementation of an outcome or action specified in a Regional Economic Development Strategy or Action Plan. 	✓ ✓ ✗ ✗ ✗ ✓

Component	Explanation	Rating
Requirements for High rating	<p>A walking and cycling activity must only be given a High Results Alignment rating if the problem, issue or opportunity is:</p> <ul style="list-style-type: none"> part of a walking and/or cycling strategic network in a high growth urban area, for the purposes of utility cycling, including associated facilities to put the corridor into service; <p>Or</p> <p>on a corridor, or site, with a high walking and cycling crash risk.</p>	✘

Cost-Benefit Assessment

The Transport Agency requires that Approved Organisations and the Transport Agency (state highways) use the Transport Agency Economic Evaluation Manual procedures and templates to determine the BCR for public transport improvement activities. A benefit cost ratio (BCR) assessment has been undertaken using NZTA's simplified procedures for Walking and Cycling (SP11). A base case BCR of 8.44 was calculated using the input assumptions below.

Key Input Assumptions:

Base Case	
Annual Maintenance	\$1,245
Capital Cost	\$s 9(2)(j)
Capital Cost Timing	10
Pedestrians	72
Cyclists	8
Option	
Annual Maintenance	\$3,000
Capital Cost (year 7)	\$s 9(2)(i)
Capital Cost (year 10)	\$s 9(2)(i)
Pedestrians	821
Cyclists	93
Pedestrian/Cycling Growth Rate	4%

- The project is being assessed benefits and costs of the project in isolation. Wider network benefits of this project have not been included.
- Construction year of 2018 and measured in 2017 dollars
- 40 year analysis window with a 6% discount rate
- 'Do minimum' maintenance costs of \$1,200 per year (based on GDC maintenance costs per km) and capital cost of pavement renewal of \$3.8m in year 10
- 'Preferred option' maintenance costs of \$3,000 and capital cost of \$7.762m
- Phasing of carparking in 2017/18 and Esplanade improvements in 2018/19.
- Walking and cycling growth rate of 4%
- An average speed of 6.5 km/h of the walkway/cycleway gives a travel time saving of \$185k
- Pedestrians and cyclists estimated to increase by 750 and 85 trips respectively per day (from 72 and 8 currently)
- Health and environment benefits of \$7.5m and safety benefits of \$14k
- Average length cycled increase from 400m to 1.5km due to accumulative benefits of Inner Harbour final link of UCP.

Results:

The above inputs give a base case BCR of **8.44**, indicating the project has significant economic merit.

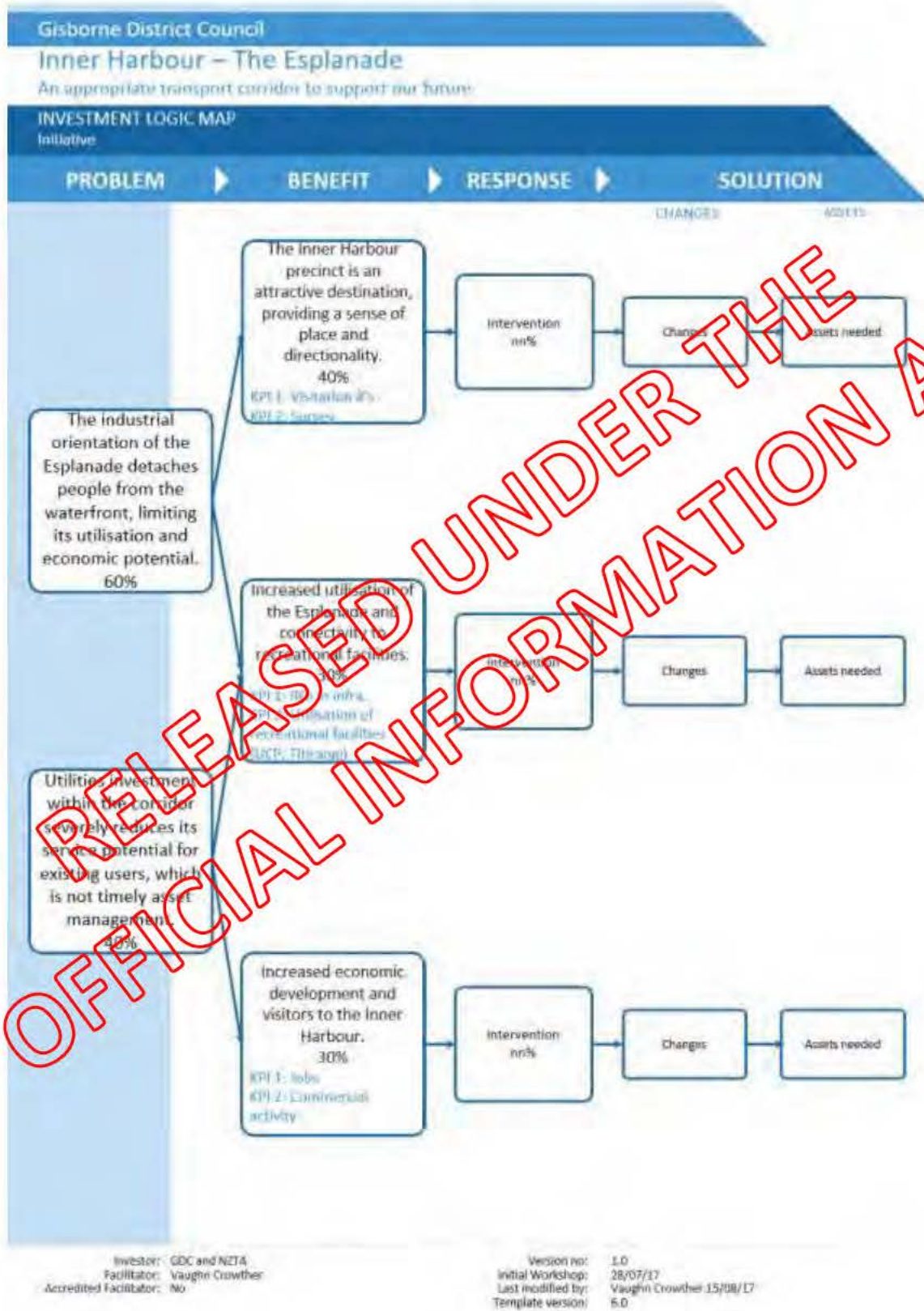
Sensitivity testing needs to be performed on the key assumptions.

Comment:

There are also benefits from connecting the wider cycle network and increased tourism spend that have not been quantified in this evaluation. If included, these benefits would increase the BCR further. Further guidance is required from the NZTA on this.

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APPENDIX ONE – INVESTMENT LOGIC MAP



APPENDIX TWO – LONG LIST ASSESSMENT

Inner Harbour Project Long-list Options Assessment

Description of Option:	Scope Options (What)				Service Solution Options (How)			Service Delivery		Options (Who)		Implementation Options (When)						Funding Options		
	SC-1	SC-2	SC-3	SC-4	SS-1	SS-2	SS-3	SD-1	SD-2	SD-3	SD-4	IM-1	IM-2	IM-3	IM-4	IM-5	IM-6	FU-1	FU-2	FU-3
Description of Option:	Status Quo - Do Nothing	Carparking only	Carparking + Esplanade Upgrade	Carparking + Esplanade Upgrade + Waterfront Redevelopment	Upgrade surface features only	Upgrade surface + underground infrastructure	Upgrade surface, underground infrastructure and new pavement	GDC	Developer	NZTA	All	Status Quo - Timing determined by programmed infrastructure renewals	Staged A - Surface upgrades by 2019 and other upgrades later when funding allows.	Staged B - Carparking by 2019 and then Esplanade and Waterfront upgrades when funding allows.	Staged C - Carparking and Waterfront upgrades by 2019 and then Esplanade when funding allows.	Staged D - Carparking and Esplanade upgrades by 2019 and then Waterfront when funding allows.	Big Bang - all upgrades by 2019 in time for Te Haa celebrations.	Status Quo - GDC + NZTA	GDC, NZTA, TIF	GDC, NZTA, TIF, Port/ECT
Investment Objectives																				
The Inner Harbour precinct is an attractive destination, providing a sense of place and directionality.	No	Partial	Partial	Yes	Partial	Partial (3)	Yes	Partial	Partial	Partial	Yes	No	Partial	Partial (5)	Yes	Partial	Yes	Partial	Partial	Yes
Increased utilisation of the Esplanade and connectivity to recreational facilities.	No	Partial	Yes	Yes	No	Yes	Yes	Partial	Partial	Partial	No	No	Yes	Partial (5)	Partial (6)	Yes	Yes	Yes	Yes	Yes
Increased economic development and visitors to the Inner Harbour.	No	Partial	Partial	Yes	Partial	Yes	Yes	Partial	Partial	Partial	Yes	No	Yes	Partial (5)	Yes	Partial	Yes	Partial	Partial	Yes
Critical Success Factors (as these CSFs are crucial (not desirable) any options that score a 'no' are automatically discounted from further analysis)																				
Strategic fit and business needs - Alignment with District Plan, 30yr Infrastructure Strategy, Regional Plans and Navigations Project	No	Partial	Partial	Yes	No	Partial (3)	Yes	Partial	Partial	Partial	Yes	No	Yes	Partial (5)	Yes	Partial	Yes	Yes	Yes	Yes
Potential value for money - right solution, right time at the right price				Partial (depends on timing)		No	Yes	Partial	Partial	Partial	Yes	No	No	Partial (5)	Yes		Yes			Yes
Supplier capacity and capability - is it a sustainable arrangement (external)				Yes			Yes				Yes			Yes	Yes		Yes			Yes
Potential affordability - are there no funding constraints				Partial (possible constraints)			Yes				Yes			Yes	Yes		Partial	No	No	Yes
Potential achievability - ability and skills to deliver (internal)				Yes			Yes				Yes			Yes	Yes		Yes			Yes
Summary of Advantages and Disadvantages:																				
Overall Assessment:	Continued for VFM	Disadv	Disadv	Preferred	Disadv	Partial (3)	Preferred	Disadv	Disadv	Disadv	Preferred	Continued for VFM	Disadv	Possible	Preferred	Disadv	Possible	Disadv	Disadv	Preferred
Short-listed options:																				
Status Quo	Status Quo - Do Nothing				Status Quo - Do Nothing			Status Quo - Do Nothing		Status Quo - Do Nothing		Status Quo - Do Nothing						Status Quo - Do Nothing		
Do Minimum	Carparking + Esplanade Upgrade + Waterfront Redevelopment				Upgrade surface + underground infrastructure			Status Quo - Do Nothing		Status Quo - Do Nothing		Staged B - Carparking by 2019 and then Esplanade and Waterfront upgrades when funding allows.						GDC, NZTA, TIF, Port/ECT		
Preferred	Carparking + Esplanade Upgrade + Waterfront Redevelopment				Upgrade surface + underground infrastructure and new pavement			Status Quo - Do Nothing		Status Quo - Do Nothing		Staged C - Carparking and Waterfront upgrades by 2019 and then Esplanade when funding allows.						GDC, NZTA, TIF, Port/ECT		
More Ambitious	Carparking + Esplanade Upgrade + Waterfront Redevelopment				Upgrade surface, underground infrastructure and new pavement			Status Quo - Do Nothing		Status Quo - Do Nothing		Big Bang - all upgrades by 2019 in time for Te Haa celebrations.						GDC, NZTA, TIF, Port/ECT		

Notes:

1. The Carparks, Esplanade and Waterfront upgrades are critical to the success of the Nava Prog and Inner Harbour Project.
2. Provides only a temporary fix as underground infrastructure is in need of renewal.
3. Uneven settlement of trenches could create an uneven and untidy lined on road surfaces. The extent of proposed works within the road carriageway warrants a renewal at the same time.
4. Provides for the needs of Te Haa celebrations and could overcome immediate funding issues. However would cost more overall and temporary surfacing might not reflect well on councils reputation.
5. Will ultimately deliver the desired project outcomes but not in time for the Te Haa celebrations (missed opportunity of achieving some of the key programme benefits)
6. This option assumes that suitable walking/wheeling links are available within the Waterfront Development.
7. The project requires the input of all stakeholders (benefits cannot be fully realised if delivered by only one stakeholder)
8. Funding from all options is required to achieve the full benefits.

APPENDIX FOUR –IWI AND STAKEHOLDER ENGAGEMENT

Inner Harbour Redevelopment - Record of Iwi/Heritage New Zealand Engagement

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Inner Harbour Redevelopment Project - Record of Stakeholder Engagement

27 November 2015	Email to Heritage NZ requesting advice around archaeological assessment	Rachel Darmody (Heritage NZ), Ranell Nikora (GDC Project Manager)
09 December 2015	Email to Insitu Heritage requesting advice around archaeological assessment	Lynda Walter (Insitu Heritage), Ranell Nikora (GDC Project Manager)
16 December 2015	Emailed plans to Heritage NZ to seek feedback on archaeological assessment	Rachel Darmody (Heritage NZ), Ranell Nikora (GDC Project Manager)
28 January 2016	Archaeological Assessment Completed	Lynda Walter (Insitu Heritage)
2 May 2016	Site Walk over to discuss archaeological and cultural aspects of the project	Judy Campbell (GDC CEO), Nedine Thatcher Swann (GDC Group Manager Community Development), Nick Tupara (Ngati Oneone), Lynda Walter (Insitu Heritage), Pania Ruakere-Wyllie
21 June 2016	Media Release regarding cultural aspects of the project	Wider public
16 August 2016	Inner Harbour Cultural Map Review	Ranell Nikora (GDC Project Manager), Nick Tupara (Ngati Oneone), Derek Lardelli & Rose Gould-Lardelli (Iwi cultural design input)
24 August 2016	Final feedback on Cultural Map	Nick Tupara (Ngati Oneone), Ranell Nikora (GDC Project Manager)
30 November 2016	Stakeholder meeting to present the plans	Wider public including iwi
8 March 2017	Meeting with Iwi representatives to present the plans and reconfirm cultural map	Kylie Dowding (GDC Project Manager), De-Arne (GDC Programme Manager), Henry Crothers (Landlab landscape Architect), Jennifer Pewhairangi (Te Aitanga a Mahaki), Morehu Nikora (Ngati Oneone), Jody Toroa (Ngai Tamanuhiri)
18 September 2017	Engaged Ngati Oneone representative to provide cultural design input into the inner harbour project. Currently working on designs for the waterfront (pavement patterns, furniture design and naming of areas)	Nick Tupara

Stakeholder	Date	Feedback
Works Restaurant Holly Hatzilamprou	13/09/16	- Need to retain disabled car park
Vintage Rail Geoff Joyce	13/10/16	- Sent an email seeking feedback on how they currently operate and any design considerations. Response was as follows: <ul style="list-style-type: none"> The train waits adjacent to the Tatapouri Sports Fishing Club. Unless obstructed by parking vehicles we get the rear carriage (which is leading when we push over to the wharf) as

Stakeholder	Date	Feedback
		<p>close as possible to the Wine Centre. Passengers usually arrive in dribs and drabs so queuing is not an issue.</p> <ul style="list-style-type: none"> • We carry our own portable wooden steps to assist passengers to board the train. We do not take wheel chair bound passengers from cruise liners because it is too difficult to get them safely on board at this point. • A big issue for us is that because of the low usage of that section of track people tend to use it as a car park. On cruise liner days the Port Company is pretty good at putting out cones and signage but it does not always deter some people.
Stakeholder Meeting	30/11/16	<ul style="list-style-type: none"> - See minutes A721394 - Strongly support an amenity block in the Inner Harbour
Wine Centre Amy Campbell, David Whitfield	26/01/17	<ul style="list-style-type: none"> - Have 3 leased parks which are customer parking only - Boat trailers often block the disabled carpark - Cruise Ship passengers often use their toilet facilities and don't purchase anything which is an issue - There are no rubbish or toilet facilities for cruise ship passengers - Support the front of Shed Three being opened up to the public - Their staff currently park alongside the boat ramp on the Esplanade - During cruise ship events their customer parks and main entranceway are blocked off by tape which is not ideal - Would prefer the cruise ship passengers walk along the front of Shed Three (waterside) but there may need to be shade structures installed along here - Happy for a time limit to be placed on Shed Three parking to discourage staff parking in these all day long
Bronwyn Kay Bronwyn Kay, Sabrina Haddad	26/01/17	<ul style="list-style-type: none"> - Currently have 3 customer parks at their main entrance. Must have a minimum of 2 customer parks as a condition of their lease - There needs to be shade, seating, toilet and rubbish facilities for cruise ship passengers and public - Cruise ship passengers currently demand use of their toilet which is an issue - May need to look at temporary toilet/rubbish facilities for the cruise ships next season - The seats outside Bronwyn Kay are used by elderly cruise ship passengers which they don't mind - The current design for the garden in front of their office is too large. This garden attracts rubbish and bad behaviour in the weekends. - Would be good to have a coffee/water provider for cruise ship passengers - During cruise ship events, Gisborne Cycle Tours set up in the Bronwyn Kay carpark. They have an agreement to do so but it is not ideal. - It is specified in their lease that the waterfront side of the building will be opened up to the public and a door installed. - Would like to see the cruise ship passengers walking along the front of the building once this is opened up.
Wharf Bar Grant Fussell	26/01/17	<ul style="list-style-type: none"> - Would like to see the cruise ship passengers disembark outside Wharf Bar. There is shade along Shed One and the steam train could be better viewed from here. - Concerned that berth holders may park in front of Shed One - Wharf Bar have 5 leased parks on Port land but these aren't enforced - Don't want the tug boat blocking views from the restaurant. Prefer for it to be in front of the central offices instead of in their corner - The gangway area for the tugboat (kink in the fence line) is unattractive. New fence should be straightened

Stakeholder	Date	Feedback		
Ngati Porou Fisheries Mark Ngata and Ken Houkamu	1/02/17	- Support a more subtle fence design that doesn't have the gap between the fence and the water. Currently kids climb the fence and sit in this space to fish which probably isn't safe		
		- Would like to see the fence along the railway track/SH35 removed		
		- Real Fresh fish shop is open 9-8pm. On Wednesday Tatapouri draw nights, it is difficult for customers to get a park		
		- Fish are collected from Wharf Five. Out of town companies will drive straight through the Esplanade		
		- Narrowed road may be tight for the large trucks		
		- Need to provide space for vehicles to load and unload from the Esplanade (parallel parking)		
		- Forklifts run between the buildings on the footpath and to Wharf Five on the road		
		- Corporate office has 20 staff		
		- Shed three office has 25 staff		
		- There is an underground pipe to feed the live lobster tank. This also feeds the fish tank at Tatapouri		
		- Should have a design for the Fisheries site in the next six months		
		- No parking available during fishing comp days		
		- Concerns around where the boats will park once the waterfront parks have been removed		
Vintech Gretchen Holdem	1/02/17	- Would like the design to consider the dodgy activity under the Gladstone Road bridge		
		- Did have 3 leased carparks but they were never available so don't have these anymore. Currently park along Reads Quay or by the Cenotaph.		
		- Have 3 staff		
		- Have conflicts with Wharf and Lonestar for parking and location of tug boat.		
		- Members of the public try and climb on the tug boat		
		- Currently there are issues with manoeuvrability around the boat ramp. Need to provide a no parking zone.		
		- Need to provide for the chillers/bins at the back of Tatapouri and vehicle delivery/loading		
		Tatapouri Fishing Club Craig Miller, Steve Petrowski, Spokev, Darrel Gregory	2/02/17	- Need to make the railway underpass more attractive
				- Don't want timber on the pedestrian promenade as this isn't ideal for cyclists
				- Have 13 cruise ships between November and April
- If cruise ship passengers were brought along the front of Shed Three, bus parking area needs to be easily accessible.				
- MPI come in and scan passports. They bring in a trailer				
- Need an amenity block. These could be paid toilets to keep them nice for visitors				
- Dean from the Port does their traffic management plan				
- It can get difficult when a cruise ship comes in during a fishing competition event				
- Schedule for next season can be found on the Port website (shipping schedule arrivals)				
- Currently have 6 cruise ships booked in for February 2018				
Cruise Ship Lana Davy, Chrissy Savage	3/02/17	- Would like to be kept informed regarding bus parking		
		- 5 staff park along the Esplanade		
		- Empty log trucks park up along the Esplanade 2-3 times / week to come in and see them		
		Trimble Forestry Simon MacIntosh	9/02/17	-
				-
				-
				-
				-
				-
				-
-				
-				
-				

Stakeholder	Date	Feedback
Gisborne Fisheries Engineering Greg	9/02/17	- Hoist truck parks out the front of the building (goes to and from Wharf Five) - Proposed driveways look fine
Mind Lab Tim Gander	9/02/17	- Busses drop off kids during the school holidays - The current greenspace alongside the boat ramp is too steep to be maximised - Would like shade for the kids - Would like to see Wharf Five/Ngati Porou Fisheries access moved to Hirini Street to quieten the Esplanade - Would like dog waste disposal dispensers
Tatapouri Fishing Club Craig Miller, Steve Petrowski, Darrel Gregory	30/03/17	- Questioned how we will stop people parking on the pedestrian promenade - Ensure the boat trailer parks are wide enough for larger boats - Fish weigh cannot be relocated as it needs access to the water for +100kg fish (Tatapouri lease a berth along here)
Port Andrew Gaddum, Emma Bourke, Marty Bayley	29/05/17	- See minutes A773110 - Strongly support an amenity block being delivered as part of phase one. Consider this essential to the success of the project as it has been a long standing issue - Don't support location 5 as this is one of the few green space areas
Mind Lab Emma McFadyen	14/06/17	- Their contract is expiring so they are currently negotiating whether they will continue for another term. Will know by December - Cruise ship passengers try to come in and use their toilet so a public amenity block would be great - Support the preferred amenity block location adjacent to the boat ramp (location 4) - Wouldn't support location 5 for an amenity block as their kids use this green space
Bronwyn Kay Sabrina Haddad	15/06/17	- Plans look great and they are looking forward to delivery - Think lighting is really important as they often have problems in the area e.g their front window was kicked in last weekend - Sabrina is happy with location 4 for the amenity block but will seek Bronwyn's feedback (Following this Bronwyn confirmed happy with this location)
Wharf Bar Grant Fussell	15/06/17	- Have issues with cars speeding down the side of Shed One and there have been lot of near misses and would like speed humps installed - They have a security camera looking over their outdoor area which they monitor. The police monitor the camera on the light pole on Wainui Road and EGL have cameras along the deck - Happy to see fence alongside the railway track is planned for removal
Tatapouri Fishing Club Craig Miller, Steve Petrowski, Leana Moleta, Darrel Gregory	15/06/17	- Support a new fence along the Marina edge - Happy to see progress is being made - Happy with Council Advisory Group direction for the boat trailer parking rules and phasing - Angle of boat trailer parks is much of a muchness but probably prefer them angled the other way so they are pulling out on to the right side of the road - Some concerns about how the boat trailer parking will be enforced - Would like to know the length of the boat trailer parks - Support the preferred amenity block location 4. Think it is a good fit to have it close to the boat ramp. Make sure the building isn't blocking manoeuvring space to the boat ramp.

Stakeholder	Date	Feedback
		<ul style="list-style-type: none"> - Would like to see showers in the amenity block. This is especially important for berth holders who stay overnight. - Good idea to incorporate a tap and lighting for the boat ramp into the amenity block. Think we could do a cool design - Asked if we want them to put a copy of the plan up on the wall - Wanted to know if there were disabled parks for the Tatapouri Fishing Club
Wine Centre Amy Campbell	16/06/17	<ul style="list-style-type: none"> - Could we consider the Inner Harbour being a smoke free zone - Happy with the plans - An amenity block is essential to the continuation of the cruise ships. If they do not provide these basic amenities to the international guests then they will lose the cruise ships. Why should Shed Three tenants foot the bill, these should be provided by the committee. It is also essential that they are well maintained and regularly maintained
Ngati Porou Fisheries Ken Houkamau	16/06/17	<ul style="list-style-type: none"> - Concerned with main fisheries driveway (to be tested with a driver on 28 June) - Strongly support a toilet block as they get people using their doorways as a toilet - Have cameras positioned along the Esplanade which the Police check when an incident has occurred - Redevelopment is likely to focus shops and office space along the Esplanade and truck access would be relocated to Hirini Street - Concerns about their not being enough customer parking for the Real Fresh shop (need 3-4) - Could possibly do away with some of their driveways to allow for more parking (to be looked at on site 28 June)
Plunket Megan, Norma, Louise	19/06/17	<ul style="list-style-type: none"> - Excited about the plans - Happy with the parking changes on Crawford Road and Soho carpark - Strongly support a toilet block as walkers come and ask to use their facilities which is ok but not ideal
Te Runanganui o Ngati Porou Hirini	21/06/17	<ul style="list-style-type: none"> - Plans look good and they are disappointed they won't get to enjoy them as they are moving in to a new building mid-2018 - As long as we are consulting with Ngati Oneone they are happy - Support a toilet block as
Cruise Ship Lana Davy, Chrissy Savage	20/06/17	<ul style="list-style-type: none"> - Happy with the cruise ship bus parking plan - Strongly support a toilet block but designers need to consider safety of proximity to driveway. As long as the driveway is more clearly delineated as a driveway it should be fine - Don't want markets to set up in the Inner harbour during cruise ship events as this will stop people from walking in to town and we need to promote the CBD - They have had some cruise ships pull out this coming season so will be a quiet season so won't be too many conflicts - Agree with proposed timing of construction works
Soho Sam	21/06/17	<ul style="list-style-type: none"> - Excited to see the plans progressing as they were promised this would happen two years ago - Would like to know how long will construction of the Soho carpark take - Could install a camera on Crawford Road. The Camera Trust did look at this but didn't have the funding - Only consideration is not to construct the Soho carpark and Crawford Road at the same time as this will block their access. As long as access to their building is retained and not too much noise/dust/disruption they will be happy - Need to ensure site is safely secured at night and during weekends so their bar patrons don't get in there

Stakeholder	Date	Feedback
		<ul style="list-style-type: none"> - Strongly support a public toilet as they get walkers coming in to use their facilities - Need a water tap in the toilet block as kids come and ask them for drinking water - Would like some project signage to explain to the public what is happening and no traffic management that deters people from coming in the Inner Harbour - The big orange barrier fencing during cruise ship events is an eyesore and should be something more attractive
Harbour Master Carl Magazinovic	3/07/17	<ul style="list-style-type: none"> - Presented the plans – no concerns raised - Thought the amenity block was a good idea
Works Holly Hatzilamprou	10/07/17	<ul style="list-style-type: none"> - Excited by the project - Would like to upgrade the fence on their boundary. This is required for security reasons. Are we able to suggest a design and they would pay for it. - Would be interested in paying for their courtyard to be resealed at the same time. Kylie to send through cost estimate for consideration. - Carpark layout looks good
Works Carol Destounis John Ballard	14/07/17	<ul style="list-style-type: none"> - Happy to look at selling a section of their driveway to accommodate the public staircase as long as no negative impacts on their tenants. - Would like to install a new fence and look at options for their courtyard which they could fund. - Would like to see a no parking area in front of their main entranceway - Would like to see a historical interpretations panel explaining the history of the building - The front row of carparks could be extended as they don't require a vehicle clearway along here. Only need to provide a small clearway for pedestrian fire escape.
Coastguard Adrian Brown	24/07/17	<ul style="list-style-type: none"> - Drainage levels to ensure water draining away from building. - Happy with the plans. Pleased to see the works carpark is finally being upgraded - Asked for the design to consider their boat wash down area in terms of drainage - Relocating the boat trailer parking from the boat ramp to the Works may cause a slight delay in emergency response time as they will need to park their trailer. - Pleased to see lighting for the boat ramp incorporated into the plan.
Ngati Porou Fisheries		<ul style="list-style-type: none"> - Further discussion around driveway positions and turning circle requirements
Cruise Ship Lana Davy	6/09/17	<ul style="list-style-type: none"> - Requested feedback on the proposed number of facilities for the inner harbour amenity block. - Lana thought that 5 toilets was adequate and recommended making them multi sex to maximise their use. This is consistent with the design team thinking. - Supported the idea that they each had their own stall as opposed to having a room with a number of stalls.
Gary Bates Gary Bates, Larry Foster	14/09/17	<ul style="list-style-type: none"> - Discussion took place

Stakeholder	Date	Feedback
Gary Bates	19/09/17	- Provided a letter requesting support to relocate his fence.
Gary Bates, Larry Foster		- Feedback
Wharf Bar	20/09/17	- Grant requested a project update.
Grant Fussell		- Main concern is in the removal of parking from the waterfront but thinks leasing the Gary Bates site will be adequate mitigation.
		- Explained that construction would commence at the Works end and that phase two was still unbudgeted and unconfirmed.

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APPENDIX FIVE – PROJECT PLAN

Timeline of Work/Reporting completed to date

- 2008 Inner Harbour Masterplan Project (Opus, 2008)
- 2010 Draft Inner Harbour Redevelopment Project – Issues and Options Discussion document (GDC, Sept 2010)
- 2013 Integrated Transportation Assessment for the Proposed Redevelopment of Eastland Port – Inner Harbour (TDG, December 2013)
- 2016 Pavement testing, Esplanade, Gisborne (LDE, January 2016)
- 2016 Tairāwhiti Navigations Phase 1 Programme Plan (GDC, May 2016)
- 2016 Inner Harbour Redevelopment Concept Design Plans approved by GDC²
- 2017 Inner Harbour Development: Developed Design Report (Beca, 9 June 2017)
- 2017 Inner Harbour Redevelopment Project Management Plan (GDC, July 2017)
- 2015-2017 Inner Harbour Redevelopment Iwi and Heritage New Zealand Engagement (records on file)
- 2017 (July) Resource consent was granted for phase one (Insight, June 2017).
- 2017 (August) Archaeological authority was granted for the full project.
- 2017 (1 September) a registration of interest (ROI) was issued for the construction of phase one.
- 2017 (September) – Hydro-excavation work to survey depth and exact location of all underground services to inform final design
- 2017 (26 October) Plan Change 64 (Draft) – Proposed changes to Car Parking Provisions for the Gisborne Inner Harbour Area – Section 32 report approved by Council for public notification
- 2017 (26 October) Council approved a phased construction approach, the issue of tenders for phase one, and for the CE to continue to pursue external funding to deliver the full scope of the project.

² Referred to in the Developed Design Report but unknown when completed or what format they were in.

Gisborne Inner Harbour Development

Description

The Gisborne Inner Harbour Development is one of six projects under the Tairāwhiti Navigations umbrella – a \$10m regional tourism investment programme. The Gisborne Inner Harbour Development includes landscaping, changes to road layouts, improved pedestrian links, more street furniture, improve lighting, and upgraded parking facilities along The Esplanade, Crawford Street and Rakaiatane Road. The project is being developed in partnership with Eastland Port.

Gisborne District Council is planning to complete all six of the projects by mid-2019 in time for the Te Ha 1769 Sestercentennial Commemorations and the Tuia - First Encounters 250 Event. More detail on the individual projects can be viewed here <http://www.gdc.govt.nz/navigation-projects-progress/>.

Project overview

- Stage one of the project, involving upgrading carparks, is currently underway and scheduled for completion in May 2018.
- Stage two, involving upgrading the waterfront and street re-design, will get underway in October 2018 following design and tendering, but could be brought forward to June 2018 if PGF funding is approved in February 2018.
- The total of the Gisborne Inner Harbour Development project is \$3.5m. The Tourism Infrastructure Fund has contributed \$1,269,300. The balance \$2.3m is being sought from the PGF.
- The funding is primarily for capital works.

Assessment against PGF criteria

Contribution to Government outcomes	The Tairāwhiti Navigations programme was endorsed by the 2009 Regional Economic Development Strategy and is a key part of the Tairāwhiti Economic Action Plan 2017.
Why should it be funded from the PGF?	PGF funding will bring forward completion of the project. If PGF funding is not approved, work on Stage 2 will not begin until October 2018.
Connected to regional stakeholders and frameworks	The Tairāwhiti Navigations Master Plan was completed in 2017 and agreed by the Regional Economic development partners.
Governance, risk management and project execution	The project would be led by Gisborne District Council.

Recommendation

Agree to fund project

Rationale: The project has a business case, is aligned with a wider economic development strategy, and is ready for construction.

For further information

Emma Speight, Director Regional Relationships (Lower North Island): Emma.Speight@nzta.govt.nz

Dave Hadfield, Manager Tairāwhiti Roads: Dave.Hadfield@nzta.govt.nz



Application for Funding (up to \$1m)

This application form will help the officials administering the Fund to make a decision on your proposal, so please provide as much detail as you are able to, as appropriate to the size and complexity of your proposal. If information required in this form is missing, officials will contact you to ask for that, which will add time to your application process.

Proposal Name	State Highway 43 – Request for Business Case funding
Applicants and contact details	New Zealand Transport Agency
Summary of project <i>Include an overview of:</i> <ul style="list-style-type: none">• The proposal for which funding is sought• The amount of funding being sought• Details of all contributors to the proposal and engaged stakeholders• What the proposal is seeking to achieve• A summary of other sections of the business case	<p>State Highway 43 The inter-regional State Highway 43 links State Highway 3 at Stratford (in the Stratford District of the Taranaki region) with State Highway 4 at Taumarunui (in the Ruapehu District of the Manawatu-Wanganui region).</p> <p>As a three-hour scenic heritage connection between Taranaki and the Central North Island, this 150km long highway is increasingly popular as a tourist route – both in its own right and in providing access to other visitor opportunities. Promoted as the ‘Forgotten World Highway’, the route winds through rugged hill country farmland and native rainforest, with numerous points of interest on New Zealand’s pioneering history along the way.</p> <p>The road is relatively narrow and changes in grade as it passes a number of saddles. There is potential for many safety and resilience improvements. A map of SH43 can be found on page 2 of the attached State Highway 43 investigation report.</p> <p>The 105km section of SH43 from Taumarunui to the Pohokura Saddle is also part of the Forgotten World Cycle Trail, a cycle touring route that is part of the New Zealand Cycle Trail initiative.</p> <p>A 12km stretch of SH43 through the Tangarakau Gorge is unsealed, which proves challenging to tourists that are not used to driving or riding on gravel roads, complicated further by the frequent bends and narrowness of the road.</p> <p>Despite these drawbacks, SH43 is seeing increasing tourist numbers travelling in cars, campervans and on bikes between Taranaki and the central North island. These numbers could be significantly increased if the road were improved.</p> <p>There is also expanding exotic forest harvesting activity and</p>

increasing volumes of Mānuka honey production in the area surrounding SH43. Freight movements are expected to continue increasing.

SH43 plays an important role for the local community. It is the main arterial route not only for radiata pine forest harvesting and honey producers, but also for a large number of farms that rely on the highway for access.

Proposal

Provincial Growth Funding is requested to support a final single-stage business case investigation into upgrading State Highway 43 to ensure that it is fit for purpose in a modern and rapidly changing environment. The priority of this project is recognised in the Tapuae Roa Taranaki Regional Development Strategy being launched in April 2018. The upgrade of SH43 is recognised in Tapuae Roa as an immediate roading priority for the Taranaki region.

The key components of the business case, which will be conducted by the NZ Transport Agency, include:

1. Identifying the works required to seal the 12km of road in the Tangarakau Gorge, and any other key infrastructure items along SH43 that are in immediate need of upgrading such as signage, retaining walls, markers etc.; to enhance the experience and safety of the route and future gains from visitor and economic growth to the region; and
2. The estimated costs of delivering those improvements
3. The timeframe to complete those improvements
4. A consideration on whether SH43 can be reclassified under the NZ Transport Agency's 'One Network Road Classification' as a Primary Collector.

MBIE will assist the Transport Agency with analysis of the wider potential tourism benefits of any activities.

Provincial Growth Fund request

The total cost of the business case is up to \$400,000. The NZ Transport Agency will determine the scope of the work to be undertaken through this business case in collaboration with the Taranaki Regional Council.

The business case will identify a range of recommended improvements to SH43, which are likely to include sealing of the remaining 12km. The cost of these recommended improvements, and their eligibility for funding from the National Land Transport Fund (NLTF), will be determined by the business case. A request for PGF funding will be made for any improvements recommended by the business case that do not receive NLTF funding.

Contributors

As this business case is to support a State Highway, funding is only being sought from the Provincial Growth Fund for this proposal. The region has already funded prior work on development of the route.

	<p>The NZ Transport Agency will lead the work on the business case with the support of the Taranaki Regional Council and MBIE.</p> <p><u>Outcomes of the business case</u></p> <p>In addition to the components noted above, the business case will seek to outline:</p> <ol style="list-style-type: none"> 1. Implementation for improving resilience and reducing crash risks on SH43 including improved signage, road markings and general speed restrictions on the route. 2. Understanding the additional costs for maintenance. This is important if SH43 is to be reclassified to a Primary Collector. 3. Identifying the tourism opportunities and economic benefits from improving the condition of SH43. <p>The Business Case will be completed during 2018/2019.</p>
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Costs and Benefits of the Project

What is the total cost of the project	This project seeks \$400,000 (exclusive of gst)	
What is your (the applicant's) financial contribution?	<p>The Provincial Growth Fund will be the sole funder for this application.</p> <p>The Taranaki Regional Council has undertaken its own independent analysis of upgrading SH43. In May 2017 the Council commissioned Abley Transportation Consultants to undertake a high-level research and stakeholder engagement process to assess the economic and tourism importance of SH43, with a view to supporting the NZ Transport Agency to commence a business case preparation exercise on the highway. Alongside the strategic case currently being undertaken by the Transport Agency, this was a significant local contribution to the Business Case process that provides necessary context for the more detailed single-stage business case. The resulting report from the Taranaki study is attached.</p>	
What Government funding is being sought	\$400,000	
Breakdown of other funders Specify contributor and contribution (including central government, regional, private trust etc)	<i>Contributor</i>	<i>Amount (\$)</i>

Benefits of the project
Identify and, if possible, quantify the economic benefits from the project. In particular, highlight public benefits (i.e. benefits other than increase profitability of the applicant)

The Tapuae Roa – Make Way for Taranaki Regional Economic Development action plan identifies the current state of SH43 as a significant barrier to improving tourism, and therefore economic growth, for the districts and regions that the highway connects.

Sealing the remaining 12km unsealed section of SH43 and carrying out related improvements will potentially make a significant contribution towards increasing the attraction of the route to tourists, and maximising the potential benefits of upgrading the Taranaki Crossing walk and other substantial investments in visitor offerings.

The Tapuae Roa Action Plan targets an increase of 7.5% a year in visitor expenditure in Taranaki between 2017 and 2025. This is an increase from the current \$340m per year to over \$600m per year. The visitor experiences along the 'Forgotten World Highway' will be an important contributor to this growth.

Furthermore improving the route will underpin the development of the businesses which are establishing along this stretch of road, in so doing attracting visitors (national and international) as well as cyclists etc. providing viable alternatives to the 'blue ribbon' tourism routes.

Transport infrastructure is key to regional prosperity and this project aligns with Regional Economic Development planning for the Taranaki region. Having a fit-for-purpose roading network in place to facilitate tourism between these regions is critical to leveraging off the facilities available in each area. The current state of SH43 is a major constraint to the regions' meeting their potential.

Upgrading SH43 will potentially also facilitate broader economic development in the surrounding hill country region. Farming and forestry are the two key industries. There is potential for significantly increased forestry along with planting of Mānuka for honey production. As well as providing better economic returns and increased job numbers both these industries are also expected to provide environmental benefits by reducing soil erosion and greenhouse gas emissions.

Further, SH43 also currently has a 'high' personal risk rating (KiwiRAP road safety rating system 2012). A high proportion of tourists are unfamiliar with driving on unsealed roads, which exacerbates the safety issues on the route.

Bringing SH43 up to an appropriate level of service for an inter-regional tourism route, including being fully sealed, is therefore a priority in the Regional Economic Development action plan.

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Contribution to the Fund's Objectives/Additionality

<p>What are the key objectives of the proposal? <i>Include information about how the proposal will meet these objectives</i></p>	<p>The objective of this proposal is to undertake a final business case investigation into upgrading SH43, to ensure that it is fit for purpose in a modern and rapidly changing economic environment, and enable it to leverage its future economic potential.</p> <p>The final business case builds on the existing study already undertaken by the Taranaki region, and the Transport Agency strategic case currently underway. It is proposed that this final business case be conducted by the Transport Agency, and will include:</p> <ol style="list-style-type: none"> 1. Identifying the works required to seal the 12km of road in the Tangarakau Gorge, and any other key infrastructure items along SH43 that are in immediate need of upgrading such as signage, retaining walls, markers etc.; to enhance the experience and safety of the route and future gains from visitor and economic growth to the region; and 2. The estimated costs of delivering those improvements 3. The timeframe to complete those improvements 4. A consideration on whether SH43 can be reclassified under the NZ Transport Agency's 'One Network Road Classification' as a Primary Collector.
<p>What is the existing situation? <i>In relation to each of the objectives</i></p>	<p>In 2017 the Taranaki Regional Council contracted Abley Consultants to carry out a high-level research and stakeholder process. This was designed to be the first step in preparation of a Transport Agency Business Case. The Abley Consultants Report provides the platform for the final Business Case suggested in this proposal. The Transport Agency is also carrying out its own strategic case investigation.</p> <p>The Taranaki Regional Council's high-level report supports the need for increased funding for maintenance and improvements on the route, including sealing the remaining 12km unsealed section in one continuous undertaking. These improvements were suggested to improve safety, increase the attraction of Taranaki as a visitor destination and improve the resilience of an important freight route supporting farming, Mānuka honey production and forestry.</p> <p>While the Transport Agency's strategic case is still being completed, it is expected to identify similar challenges and potential solutions, and may recommend proceeding to a more detailed single-stage business case. This single-stage business case is a necessary step to identify and develop specific improvements, but funding for this more detailed investigation is not guaranteed through the Transport Agency's normal processes.</p>

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<p>What is the business need of the project? <i>The gap between the current and future state</i></p>	<p>Taranaki's Tapuae Roa Regional Development Action Plan has listed the upgrading of SH43 (specifically the sealing of the unsealed section and safety improvements) as an immediate priority; both to remove the existing constraint to tourism growth and to enable the highway to act as a viable link and backup should SH3 north close.</p> <p>Preliminary investigations of the economic impacts of the route in its current state, and potential costs of sealing and other improvements have been investigated by the region and the Transport Agency. However, these findings need to be progressed to a full business case analysis by the Transport Agency.</p>
<p>How does the project contribute to the Fund's outcomes? <i>i.e. Maori development, environmental sustainability, employment outcomes, increased productivity</i></p>	<p>Upgrading SH43 is an important investment that underpins a range of economic, environmental and social outcomes that in line with the Provincial Growth Fund.</p> <p>SH43 is a key piece of intra-regional infrastructure providing opportunity for increased productivity and job growth in an area which has had a stagnant economy and declining population for many decades.</p> <p>Local investment has already encouraged developments in the visitor, forestry, and Mānuka honey industries. These investments can be extended considerably with improvements to SH43. The development of forestry and Mānuka honey sectors on hill country farmland will also provide environmental benefits by reducing erosion and greenhouse gas emissions.</p> <p>Ngāti Maru, iwi whose rohe includes much of SH43, is currently finalising its treaty settlement with the Crown. Upgrading SH43 is expected to encourage the iwi to invest in its rohe and encourage members of the iwi to live and work in the area.</p>

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<p>Does your proposal support any other proposals, including any that have recently been funded, are being considered for funding, or may soon apply for funding?</p> <p><i>Explain the relationship between this and other proposals</i></p>	<p>Upgrading SH43 directly supports a range of other initiatives highlighted in the Tapuae Roa Regional Development Action Plan including several projects that have recently applied for funding via the Provincial Growth Fund or Senior Regional Officials Funding.</p> <p>These projects include:</p> <ul style="list-style-type: none"> • Major Regional Food Opportunities • Business Guides to Tree Planting – Hill Country • Taranaki Crossing Business Case <p>The first two of these projects both include options for alternative land uses in the region surrounding State Highway 43 and which will be facilitated by upgrading of the highway.</p> <p>The Taranaki Crossing is being positioned as a sister walk to the Tongariro Crossing in the central North Island. Facilitating visitor movement between Taranaki and the central North Island will increase visitor numbers in both regions.</p>
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Regional Connections

<p>What regions are covered by your proposal?</p> <p><i>Identify what region/s the proposal will benefit and how it will do this</i></p>	<p>This proposal applies to both the Taranaki and Manawatu-Wanganui regions.</p> <p>The inter-regional SH43 links SH3 at Stratford (in the Stratford District of the Taranaki region) with SH4 at Taumarunui (in the Ruapehu District of the Manawatu-Wanganui region).</p> <p>Both regions will benefit from increased tourist flows and the economic benefits to farming, forestry and Mānuka honey production.</p>
<p>What local support does your proposal have?</p> <p><i>Have you discussed your proposal with local stakeholders (e.g. council, iwi/Māori groups, regional governance groups)?</i></p>	<p>Local authorities and tourist operators have long supported and advocated for the need for improvements to SH43. Specific examples during 2017 include:</p> <ul style="list-style-type: none"> • The upgrading project is outlined in the <i>Regional Land Transport Plan for Taranaki 2015/16-2020/21</i> as an activity for future consideration. A review of the Plan is currently out for targeted consultation by the Taranaki Regional

Did they support it? If not, why not?

Council.

- A Joint Statement on SH43 being developed and signed by Taranaki Regional Council, Horizons Regional Council, Stratford District Council, New Plymouth District Council, South Taranaki District Council and Ruapehu District Council. The purpose being to formally signal the councils' combined support to get the remaining 12km of sealing on SH43 completed and the entire route appropriately maintained. The current state of the highway is considered an impediment to realising the tourism potential of these districts/regions and the major tourism offerings that they are already investing in. This Joint Statement is attached
- Ahead of the 2017 General election Taranaki's civic leaders sent a 'Message to Wellington' outlining eight key issues of importance to the region that the next Government would need to focus on. While the first priority was investment support in establishing the Taranaki Crossing, the second priority was improvements to SH43 (including seal completion) to ensure the highway is safe for more traffic – in order to enhance tourism instead of impeding it, and make the network more resilient. Specifically, the message was:

State Highway 43

The sealing of the final 12 kilometres of the 'Forgotten World Highway' is long overdue. With completion of the sealing of this state highway and related improvements works to ensure the highway is safe for the additional traffic once sealed, a major obstacle to attracting visitors travelling down the central North Island will be overcome. It will encourage visitors to use the Tongariro Crossing day walk and the Taranaki Crossing walks. SH43 links these two walks and provides interesting tourism related locations and activities along the route. Completion of the sealing of SH43 will provide benefits to local communities along the route, such as Whangamomona and open up Taranaki to the central North Island.

Completion of the sealing work will also increase state highway resilience within Taranaki and greatly improve safety for users of the highway. The sealing needs to be done and done in one go. A staged approach that would see the job completed over a number of years is not the answer. Until the road is fully sealed, the road safety and resilience issues will simply not be properly addressed and the economic benefits not be realised.

A recent report commissioned by the Taranaki Regional Council has confirmed the economic, tourism and strategic benefits of completing the sealing of the highway.

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	<p>Key local tourism operators, the Whangamomona Hotel and Forgotten World Adventures, both strongly support improvements to SH43.</p> <p>Other initiatives underway locally which also support improvements to SH43 include:</p> <ul style="list-style-type: none"> • Sport Taranaki has a Taranaki Tracks and Trails Strategy underway, with funding of development work by Lincoln University being provided by the Walking Access Commission. This project is providing a strong link for visitors between the 'battling' mountains of Tongariro and Taranaki — both through SH43 and the Whanganui River — as well as a regional network of journeys 'around the mountain' that can be undertaken once visitors are here. • Stratford District Council has developed a Stratford Cycling Strategy which aims to develop an improved network of cycling opportunities throughout the district, and also links strongly to visitors using the SH43 Forgotten World Highway.
<p>Are you using local governance processes? <i>i.e. existing local, regional and/or iwi/Māori governance processes</i></p>	<p>This proposal will be led by the NZ Transport Agency.</p> <p>The upgrading project is outlined in the <i>Regional Land Transport Plan for Taranaki 2015/16-2020/21</i> as an activity for future consideration. A review of the Plan is currently out for targeted consultation by the Taranaki Regional Council.</p> <p>The upgrade was included in the Tapuae Roa Regional Development Strategy – an initiative which was supported by the Taranaki Regional Council, New Plymouth district Council, Stratford District Council, South Taranaki District Council. Tapuae Roa was also supported by a Lead Team of business, community and iwi leaders.</p>

Governance and Management

<p>What are the key milestones and outputs for the project?</p>	<ol style="list-style-type: none"> 1. Contract signed. 2. Engagement of Project management team. 3. RFP developed. 4. Competitive tender released 5. Consultant engaged 6. Draft report provided 7. Final report provided <p>This process should be completed by March 2019.</p>
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<p>How will the project be managed and governed?</p>	<p>Under the Land Transport Management Act 2003 (Amended 2008) the Transport Agency is responsible for managing the state highway system, planning, funding, design, supervision, construction and maintenance operations. In this role and with its experience in project management of such roading infrastructural business cases, the Transport Agency will be the fund holder for the project and will contract with consultants/specialist expertise. The Transport Agency will form a project team in conjunction with key stakeholders in the Taranaki region including local authorities.</p>
<p>Outline the risks of this project <i>(Including mitigations)</i></p>	<p>Risks and Mitigations</p> <ul style="list-style-type: none"> ○ Risk: Requisite skills and experience are not available in the market at the level of investment desired Mitigation: The Transport Agency and Taranaki region have known list of consultants with previous history/ expertise. These will be actively approached and negotiated accordingly. ○ Risk: Project does not maintain momentum or focus Mitigation: Assigning a project team and manager to champion and drive the project. ○ Risk: Benefits of investment and potential not adequately captured. Mitigation: Economists engaged need to consult widely with businesses and agencies such as Venture Taranaki to ensure full potential of gains from the route are explored and the options to leverage these advantages. This could include new ideas which have been undertaken in other regions or countries. ○ Risk: Enthusiasts promote ideas which lack business case. Mitigation: Objective analysis by relevant expertise will be vital to ensure objectivity of the business case. ○ Risk: Failure to meet timelines and outcomes: Mitigation: Good Project Management is critical and selection of an effective, committed working party prepared to dedicate and prioritise time to the task at hand. ○ Risk: Estimated Project costs are significantly greater than initially estimated. Mitigation: costs for opportunities assigned and required fixed costings.

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<p>Outline the procurement process</p>	<p>On contractual agreement and project commencement, development of an RFP will be undertaken and released.</p> <p>Engagement of expertise is expected to via a competitive process – and in accordance with Transport Agency purchasing and procurement policies that direct processes based on contract and value.</p>
<p>If your proposal is funded, what happens once the funding is spent? <i>Is your proposal sustainable once funding from the Provincial Growth Fund ends?</i></p>	<p>The results of this business case will provide an objective analysis of the benefits and costs of upgrading SH43</p> <p>This will inform a next stage funding application to relevant Government departments to carry out the upgrading programme.</p>

Project Operating Budget

Project name					
	Year 1	Year 2	Year	Total
<u>Expenditure</u>					
<u>Capital expenditure</u>					
TOTAL					
<u>Operating expenditure</u>					
Single-stage business case development	400,000				400,000
TOTAL	400,000				400,000
<u>Co-funding secured, source</u>					

TOTAL	400,000				400,000
Capital funding required	0				0
Operating funding required	400,000				400,000
Funding shortfall (if any)	400,000				400,000

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Twin Coast Discovery Route: priority transport package

The Programme Business Case identified a number of transport Business Cases to address existing safety and resilience problems or gaps in expected levels of service. These Business Cases are a necessary step in the Transport Agency's process that will develop the potential projects into viable investment opportunities. Funding these projects out of the PGF will provide certainty and the opportunity to progress these individual projects as a cohesive programme. The projects were selected because of the alignment with PGF criteria and the opportunity to co-ordinate with existing (and developing) tourism attraction and activities.

Project Name	Business Case Cost Est.	Timeframe Est.	Construction Cost Est.	Comment
SH11 Kawakawa to SH10 SSBC	\$1.5m	12-18 months	\$60m	This corridor provides the connection between SH1 and the Bay of Islands. It is a critical tourism route. The route suffers from flooding and slip problems in addition to safety problems.
SH12 Rawene to Waipoua SSBC, including Opononi Resilience and Towncentre Improvements	\$0.4m	12 months	\$10m	This section of SH12 services key tourism attractions but has resilience problems and lacks amenity and connecting infrastructure. The State Highway is also subject to coastal erosion in the Opononi and Omapere townships.
Rest Area Strategy and Implementation Plan (include EV charging)	\$0.5m	6months	\$12m	This was identified in the Twin Coast PBC to address road user amenity and safety, especially important for visitor driver and freight. Any recommendations made by the business case are likely to be straight forward to implement, as many potential locations will be able to be located within Transport Agency road reserves and require minimal consenting.
Passing and overtaking opportunities SSBC	\$0.6m	6-12 months	Approx. \$2m per site	The lack of safe passing and overtaking opportunities is identified in the Twin Coast PBC and region (via the RTC) has historically expressed strong interest in this problem. Improving passing opportunities would improve the journey for users of the Twin Coast. The route contains a mix of users including tourists (cars and campervan) and freight. Hill topography can exacerbate the issues. Historically funding has not been available from the NLTF so this is an opportunity to invest in the overall journey experience. We will identify a number of sites across Northland and assess levels of confidence in delivery.
Integrated Northland Cycle Plan	\$0.25m	6 months		A number of cycling projects are being promoted by local council, building on the success of the Coast to Coast Cycle Trail between the Bay of Islands and the Hokianga. However, there is no overarching cycle plan for Northland, which would identify priorities and support a coordinated investment / delivery approach.
Twin Coast Discovery Route Wayfinding signage	\$0.2m	6 months		Provide improved and consistent approach to signage along the Twin Coast route. Increase awareness of facilities, services and activities.
Township Plans (up to twelve, depending on funding)	\$0.1-0.15m per plan	6-12 months	Up to \$10m	Urban design plans for a number of townships on the TCDR will enhance the accessibility and encourage the use of the townships for tourists. Amenity improvements will also support social interaction and economic activity in the town centre by local residents. It is expected that the implementation of these plans, or at least components of the plans, can be undertaken relatively easily as the improvements will be largely on existing streets and community spaces. The Transport Agency expects these projects to be led by the relevant local authorities, with our support in coordination, monitoring and oversight.
Additional resource to support projects	Up to \$1m			Project support is required initially to scope the projects in the programme, develop project plans and procure the projects. Project Management support is likely needed to cover resourcing short fall from both the NZ Transport Agency and local authorities. This cost will be capitalised in the projects managed.
Total	Up to \$6.25m		\$94 m (indicative)	

Note that construction cost estimates are provided only as an indication of the potential scale of future investment opportunities that will be unlocked by this package of works. More accurate construction cost estimates will be determined as part of the business case process.

Application for Funding

About this form

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

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

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

Next steps

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

Instructions

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

Please provide as much detail as you are able to, as appropriate to the size and complexity of your proposal.

If compulsory or relevant information is missing, this may slow down the application process as we will need to contact you.

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

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

Submitting your application

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

A. Application Form (Compulsory section)

1. Proposal Name:

Twin Coast Discovery Route

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

NZ Transport Agency

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

50 Victoria Street, Wellington

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

Stephanie Rolfe, Manager Cross Government Collaboration

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

The Transport Agency's functions are listed in s95 of the Land Transport Management Act 2003

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

A Programme Business Case was developed for the Twin Coast Discovery Route (TCDR) in 2017. The Twin Coast Discovery Highway is an 800 kilometre circular route of both the east and west coasts of Northland, which connect key tourist attractions and infrastructure. Provincial Growth Funding is requested to support the next step in the TCDR programme: a package of business cases for transport improvements and township plans with project management support to enable the delivery of the programme. This is a necessary step to progress the TCDR from the high-level programme identified in the Programme Business Case into a package of robust potential investment activities which may be considered for funding from the PGF.

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

Transport and tourism.

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

Northland region, all districts.

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

Fergus Gammie, Chief Executive
Raewyn Bleakley, GM Governance, Stakeholders & Communications
Vanessa Browne, Acting GM System Design & Delivery

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

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

The project will be contracted in accordance with Transport Agency purchasing and procurement policies.

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

No.

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

No.

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

Comments

No.

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

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

<https://www.oag.govt.nz/2007/conflicts-public-entities>

Comments

This is not applicable.

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B. Strategic Case and Regional Alignment

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

The TCDR Programme Business Case recognises Northland is not making the most of its tourism and visitor appeal, with the visitor industry thriving in isolated pockets in the East and over summer, but destination appeal and visitor spend outside this area and season is diminished. As well as addressing significant transport problems, the TCDR Programme Business Case recognises the benefit of packaging transport and non-transport projects together with the aim of attracting visitors and distributing visitors to different parts of the region, improving investment, employment and incomes across the whole region.

Upgrading and revitalising the TCDR is an action in the Northland Economic Action Plan (NEAP). The Programme Business Case was developed in partnership with Northland Inc and key regional and government stakeholders. This package will complement the existing TCDR initiatives underway through the NEAP and PGF.

2. How does the project align with the objectives of the Provincial Growth Fund:
- More permanent jobs;
 - Benefits to the community and different groups in the community;
 - Increased use and returns for Māori from their asset base (where applicable).

The package of projects improve transport safety, connectivity and amenity. This will help to encourage more visitors to visit Northland and support existing business growth (many of which rely on connections to markets in Auckland and beyond). The projects chosen to be part of the package align with other identified investments in business, industry and the tourism sector (including from the PGF).

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

Please see attached summary for details of all components included in this application.

The Programme Business Case included preliminary high-level investigations of the economic impacts of the route in its current state. However, these findings need to be progressed to a full detailed business case analysis by the Transport Agency to provide a robust assessment of next steps for investment and implementation.

One other component of the TCDR, which is likely to receive NLTF funding, will be progressed in parallel through the NLTP process. The components included in this application are unlikely to receive NLTF funding, and so are unlikely to proceed without investment from the PGF.

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

The TCDR is an important package of investments that underpin a range of economic, environmental and social outcomes that align with the Provincial Growth Fund outcomes. While one component of the TCDR programme is likely to receive NLTF funding, the projects included in this package are unlikely to. PGF funding for these projects will allow them to be progressed.

The TCDR Programme Business Case is strongly linked to the Northland Economic Action Plan (NEAP) and has been developed in partnership with Northland Inc and key regional and government stakeholders. This TCDR programme will complement existing TCDR initiatives underway through the NEAP.

Additionally, the proposed programme supports recently announced PGF investment in visitor attractions in Kawakawa (visitor centre, \$2.3M) and Opononi (Manea Footprints of Kupe, \$4.6M). These projects are on the TCDR.

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

This proposal will benefit Te Tai Tokerau Northland through improved access, resilience and economic growth, in particular growth of the tourism industry.

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

The programme business case, and possible next steps through the NLTP, is still under consideration by the Transport Agency Board. Initial assessments against the priorities of the draft Government Policy Statement indicate that at least one component of the programme business case is likely to be included in the NLTP and receive NLTF funding. However, the components of the programme included in this application package are unlikely to receive NLTF funding, and in order to progress these further PGF investment is needed.

The next step for these projects is a single-stage business case to test the feasibility and robustness of the project and develop a detailed plan for implementation. Once these single-stage business cases have been completed, the projects will be eligible to apply for funding for implementation from the PGF.

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

The TCDR PBC was developed in partnership with local and regional stakeholders. The preferred programme was presented to a number of regional stakeholders, including the Northland Mayoral Forum, the Northland Regional Transport Committee, the Northland Inc Board and local councils who have all supported both the method of development and the recommendations. All stakeholders are likely to be supportive of local / regional investment in improvements, subject to normal engagement and consultation on specific projects.

The TCDR Programme Business Case is a necessary step to give effect to the Northland Economic Action Plan (NEAP) and has been developed in partnership with Northland Inc and key regional and government stakeholders. This TCDR programme will complement existing TCDR initiatives underway through the NEAP.

Some of the land transport activities are already included in the Regional Land Transport Plan, which is currently out for targeted consultation. Others will need to be included as a variation to this plan (see risks below).

8. Please provide a description of any consultation required.

Normal Transport Agency consultation will be carried out as part of investigations.

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

The package of works will be progressed as a single programme to ensure fit with wider infrastructure and alongside other economic development projects underway.

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

Yes. Regional stakeholders are highly supportive.

11. Please provide evidence of Iwi consultation.

Iwi consultation will be carried out as part of the investigative process, in accordance with normal Transport Agency Māori relations policies.

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

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C. Project costs, economics and benefits

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

Benefits are provided above.

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

Detailed assessments of benefits will be produced as part of the business case process.

4. Please provide a cost breakdown covering the following:

- Total project cost breakdown (including contingency);
- Total funding sought from the Provincial Growth Fund;
- Type of funding sought (i.e grant, loan or other);
- Description and breakdown of funding sought from elsewhere (approached/approved/declined) and what funding has been committed;
- Details of ongoing costs and financial viability;
- Required timing of costs; and
- Maintenance costs and funding sources

This project seeks a grant of up to \$6.25 million (inclusive of GST) to cover upwards estimate of cost.

There is no ability for this project to be funded as a loan from the PGF to the NLTF.

The Provincial Growth Fund will be the sole funder for this application. As the NLTF cannot be used for cost escalation, the PGF must bear this risk [refer February Cabinet paper, paragraph 45, 'any cost escalation should be apportioned to reflect the original investment'].

The investigations are likely to support a request from the PGF to unlock a final funding request for implementation of many of the projects being investigated. The final cost of these projects will be determined by the investigations.

5. Please provide a demonstration of the impact the project will have on the applicant's balance sheet.

Not applicable.

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

The investigations are a necessary step to ensure the feasibility of future investment in the Northland region. There could be some employment for local consultants. The business case phases will involve community consultation and provide an opportunity for community to come together and focus on addressing issues facing their communities. The projects could provide opportunities for local investment (either through community projects or private PGF applications) which could be incorporated in wider investment packages.

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

These will be produced by the investigations.



D. Project Plan

1. Please provide a project management plan covering the following:
 - Delivery methodology
 - Roles and responsibilities (including who will be managing/delivering the project and key contractors)
 - Timeline
 - Procurement
 - Constraints and dependencies
 - Risks associated with project
 - Risk management methodology
 - Governance arrangements (including using existing credible local and community input, funding, commercial and non-commercial partners)
 - Project delivery gates
 - Exit gates and stop/go points.

The NZ Transport Agency will provide a dedicated programme manager to coordinate the transport and non-transport components of the programme and ensure the appropriate level of coordination with local, regional and government stakeholders.

The Transport Agency will provide governance of the project in its role as Road Controlling Authority for the state highway network, and with its experience managing large scale infrastructure investigations. It will work with and assist, where appropriate, local / regional authorities in the delivery of local infrastructure. A governance structure and project plan for each project will be established in detail once funding is approved.

Risk: Requisite skills and experience are not available in the market at the level of investment desired.

Mitigation: The Transport Agency has a known list of consultants with previous history/expertise. These will be actively approached and negotiated with accordingly.

Risk: Benefits of investment and potential not adequately captured.

Mitigation: Economists engaged need to consult widely with businesses and agencies such as Northland Inc. to ensure full potential of gains from the route are explored and the options to leverage these advantages. This could include new ideas which have been undertaken in other regions or countries.

Risk: Enthusiasts promote ideas which lack business case or are outside the scope of the project.

Mitigation: Objective analysis by relevant experts will be vital to ensure objectivity of the business case. Guidance (communication) from the Project manager and programme manager will be critical for keeping the project on track.

Risk: Failure to meet timelines and outcomes.

Mitigation: A dedicated programme manager will ensure that the programme is advanced on schedule and in a coordinated manner.

Risk: Estimated Project costs are significantly greater than initially estimated.

Mitigation: Contingency has been factored into indicative costings. The PGF will bear the risk of cost escalation, as above.

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

These projects were first considered as part of the TCDR Programme Business Case.

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

In addition to those noted above, some projects are not currently in the RLTP and will need to be included through a variation paper. RLTPs cannot be varied until the NLTP has been approved, so this is unlikely to take place before the end of the calendar year. There is a risk that the Regional Transport Committee will not agree to vary the RLTP and include these projects, and while strong regional support for the projects means that this is unlikely, the risk must be accepted by decision-makers.

In addition, the Transport Agency Board has yet to endorse the Programme Business Case put forward last year, and will need to endorse any proposed activity on the state highway network.

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

Not applicable

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

Not applicable

E. Commercial Viability

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

This is a core function of the Transport Agency.

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

Not applicable

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

Not applicable



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

The investigations are likely to support a request from the PGF to unlock a final funding request for implementation of many of the projects being investigated. The final cost of these projects will be determined by the investigations.

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

Not applicable

6. Please outline why Crown funding is required?

None of the components of this package are likely to receive NLTF funding, and several are ineligible. Funding this package from the PGF will allow the individual projects to be progressed as a cohesive package and unlock wider benefits.

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F. Declaration by lead applicant

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

project ("application"):

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

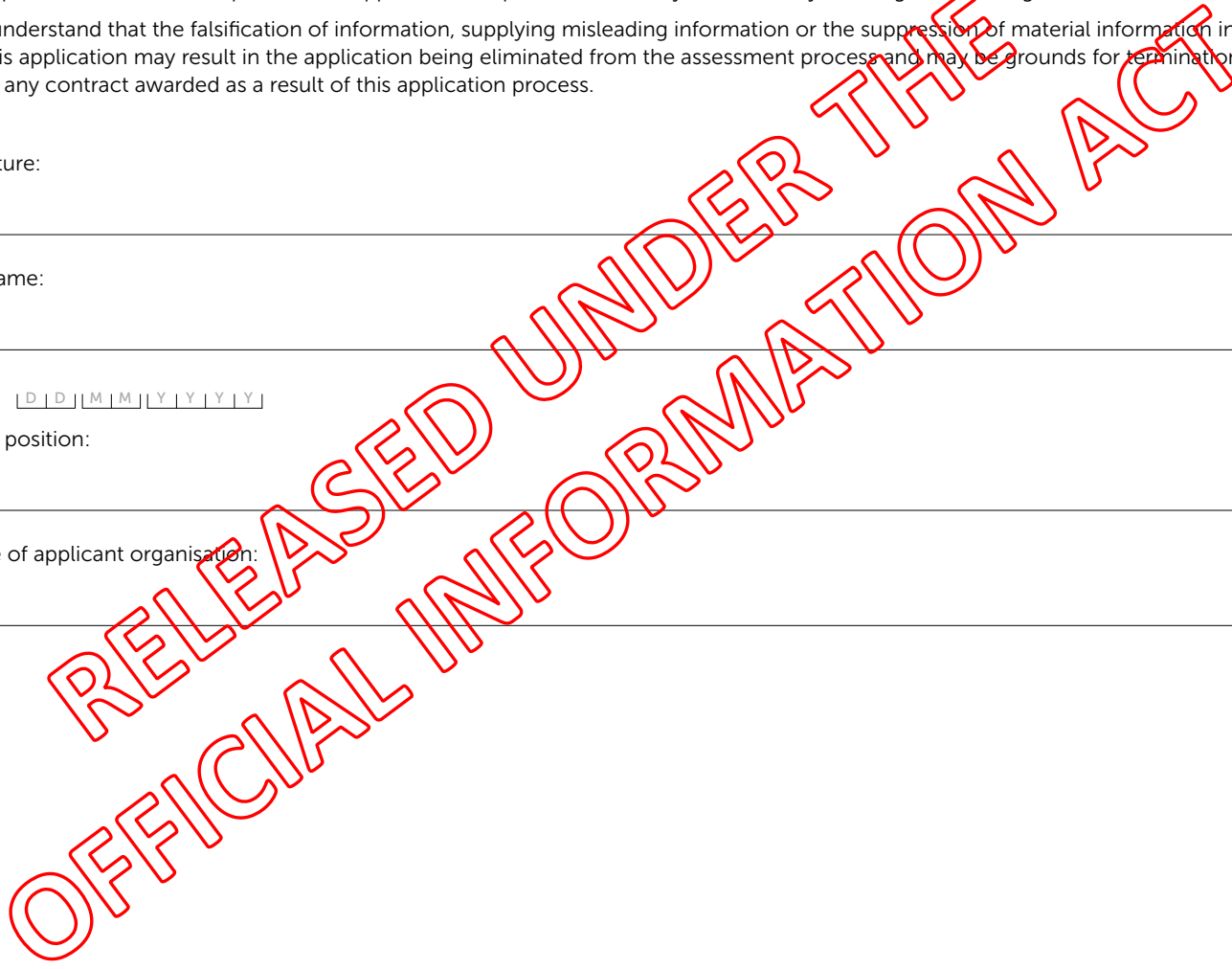
Signature:

Full name:

Date: |D|D||M|M||Y|Y|Y|Y|

Title / position:

Name of applicant organisation:



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

General

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

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

Reliance by Provincial Development Unit

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

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

Ownership and intellectual property

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

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

Confidentiality

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

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

Limitation of Advice

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

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

No contractual obligations created

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

No process contract

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

Costs and expenses

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

Exclusion of liability

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

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

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

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

Inducements

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

Governing law and jurisdiction

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

Public statements

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

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

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

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

Link to Fund and government outcomes

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

Additionality

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

Connected to regional stakeholders and frameworks

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

Governance, risk management and project execution

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