



Eastern Bay of Plenty: Regional Development Project

TOI EDA
Eastern Bay of Plenty Economic Development Agency

**STAKEHOLDER
STRATEGIES**



Contents

Contents	2
1 Letter from Sponsors	3
2 Executive Summary	4
2.1 The project	4
2.2 Key findings	4
3 Introduction	7
3.1 Context	7
3.2 The project	8
3.3 This report	9
3.4 Caveats and Disclaimers	10
3.5 Acknowledgements	10
4 Baseline	11
4.1 Economic	11
4.2 Social	13
4.3 Cultural	14
4.4 Environmental	15
5 Opportunities	17
5.1 Project list	18
5.2 Ōpōtiki Harbour Development	22
5.3 High Value Horticulture on Māori Land	26
5.4 Kawerau Pūtauaki Industrial Development Cluster	30
5.5 Whakatāne Wharf Development and Tourism Cluster	35
5.6 Other PGF-related project proposals	39
6 Benefits	50
6.1 Methodology	50
6.2 Direct and indirect economic growth	52
6.3 Implications for the baseline	54
6.4 Spill-over benefits	55
6.5 Social, cultural and environmental benefits	58
6.6 Conclusion	58
7 Constraints	59
7.1 Capability and capacity	59
7.2 Labour supply and workforce development	59
7.3 Transport and logistics infrastructure	64
7.4 Housing	67
8 Recommendations	70

1 Letter from Sponsors

Dear Ministers,

The Eastern Bay of Plenty stands at a crossroads. Blessed with a favourable climate and abundant natural resources, it has a unique opportunity to realise its full potential, turning a corner from generations of inherited disadvantage.

Years of neglect have reinforced deep socio-economic and infrastructure deficits. The history of Iwi in the Eastern Bay of Plenty has been shaped by the legacy of a vicious, near-genocidal Raupatu that saw some forced off their whenua and decimated to a small fraction of their starting populations. Grinding poverty, evidenced by high deprivation levels, now sits cheek by jowl with untapped opportunity. Generational unemployment and reliance on social support from Central Government influences the overall wellbeing of communities in the Eastern Bay of Plenty, leading to social issues such as crime, gangs and drugs. With leadership by local Iwi, councils and key agencies this can be turned around.

The new Coalition Government has identified the Eastern Bay of Plenty as one of four top priorities for regional economic development. Ministers and officials are engaging pro-actively with the region and have sought a considered expression of the Eastern Bay of Plenty's priorities.

Accordingly, under our sponsorship as current and former Members of Parliament, Eastern Bay of Plenty Mayors and Chief Executives have come together with Iwi leaders and the Chairs of the Bay of Plenty Regional Council and ToiEDA through the Regional Growth Leadership Group to take a unified approach to promoting investment in economic development opportunities in the region.

This process coincides with several treaty settlements and reflects the mana and aspiration of local Iwi and hapū to provide sustainable development opportunities for their people, to utilise assets, and improve cultural and social outcomes.

This report therefore represents an overview of the combined aspirations and priorities for the region. It is supported by fact-based analysis and a neutral empirical framework. It should be read in conjunction with the individual projects' PGF applications and business cases, for which it provides an integrating framework.

By providing an overview of the opportunities, estimated value creation, key success factors and constraints, the Regional Growth Leadership Group and Iwi leaders aim to assist the Government to make responsible investment decisions to accelerate business establishment and growth, create jobs and lift social wellbeing.

Time is short. The Government's Provincial Growth Fund has created a break-through opportunity. The previous government's Business Growth Agenda and regional growth studies provided an ordering framework for economic development opportunities. We now need to take the next step of developing the highest priority opportunities into a funded roadmap of action plans.

Strong leadership is now needed. A clear direction must be established to realise the value-creation potential of the region. Both major project development and supporting physical and social infrastructure planning needs to occur within a framework that reduces risk and uncertainty for private sector partners and allows the resources of the Crown and the Region to be properly aligned.

Yours,

Kiritapu Allan MP

Sir Michael Cullen

2 Executive Summary

The new coalition Government has established a Provincial Growth Fund (PGF) to accelerate the development of New Zealand's regions, with emphasis on areas of historical challenge. The Government has indicated that the Eastern Bay of Plenty is among its highest priorities.

The Eastern Bay has lagged the broader Bay of Plenty (BOP) in terms of GDP and employment and is home to some of New Zealand's most challenging areas of rural and provincial deprivation. At the same time, as this report shows, it is a region of considerable opportunity which, if realised, has the potential to create thousands of local jobs and grow Eastern Bay GDP levels to the New Zealand average over time.

2.1 The project

The aim of the project is to provide Ministers and officials with an evidence-based overview of the development opportunities and constraints facing the Eastern Bay of Plenty. To this end, regional stakeholders have been widely consulted and a comprehensive database of project proposals assembled and summarised.

Individual projects have been grouped by impact and sector. Within the time and resources available, this project provides a comparison of employment and value creation across the projects, and to summarise the most important opportunities facing the region.

The project has been delivered by a staff team drawn from Kawerau, Ōpōtiki, and Whakatāne District Councils, Bay of Plenty Regional Council and Toi EDA (the Eastern Bay of Plenty's regional economic development agency), with support from Stakeholder Strategies Ltd, a strategic management consulting firm based in Auckland, New Zealand. Interim presentations have been made to council and Iwi stakeholders and sponsors, and their feedback has been incorporated into the report. The team has met with many rūnanga/ Iwi and other project stakeholders and visited several of the projects on site.

This summary report on economic development opportunities in the Eastern Bay of Plenty was commissioned by the Regional Growth Leadership Group (RGLG), comprised of representatives from Kawerau, Ōpōtiki and Whakatāne District Councils, the Bay of Plenty Regional Council, Toi EDA and local Iwi. The RGLG was drawn together and co-sponsored by local MP Kiritapu Allen MP and Hon Dr Sir Michael Cullen.

2.2 Key findings

The Eastern Bay of Plenty (EBOP) is one of New Zealand's most deprived regions. It has high levels of unemployment, drug and alcohol abuse, and family violence. It has a legacy of inherited disadvantage. Economic growth has significantly lagged that of New Zealand and the rest of the BOP, growing by only 40% since 2000, compared to 139% and 178% respectively. At present, it is telling that social services represent the largest industry sector by value.

The business-as-usual outlook for EBOP is for it to further lag New Zealand and BOP trends in GDP and employment growth. What little growth there is, appears concentrated around social services (largely at Crown fiscal cost) and in traditional extractive industries such as forestry, dairy and some horticulture. Without intervention, traditional industries will not grow employment and GDP to the New Zealand average, nor meet the aspirations of the Government or EBOP communities.

Many opportunities which could transform the future of EBOP

Despite its challenges, the Eastern Bay of Plenty is a region with substantial opportunity. This project has identified 68 projects which have the potential to dramatically change the economic future for the EBOP. Taken together, these represent a potential increase of more than 6,300 local direct and indirect jobs, \$660m in direct and indirect GDP per annum by 2030, as well as diversification of the region's economy into new industries.

For the purposes of the analysis that follows, the various projects are classified as:

- Catalytic infrastructure projects: Four projects or groups of projects: Ōpōtiki Harbour and Aquaculture, High-value horticulture on Maori Land, the Kawerau-Putauaki Industrial Development and the Whakatāne Wharf/tourism cluster. These projects are seeking funding from the Provincial Growth Fund (PGF), are mature and are critical to unlocking other transformative projects.
- Connected development projects: 29 projects that are materially unlocked by catalyst infrastructure projects and create far-reaching positive impacts.

- Other PGF-related projects: Nine projects which include the remaining projects seeking PGF funding and are often smaller, less mature or not as strongly connected to other projects as the ‘catalytic’ and ‘connected’ PGF projects.
- Non-PGF projects: 26 other projects which include the remaining projects identified, that either do not require PGF funding, are not currently seeking to apply for it, or are included as they remove constraints for other projects.

Key catalytic infrastructure projects need funding to unlock large benefits

While it is not realistic to assume that all will come to fruition, this project has identified a core set of high-priority, catalytic infrastructure improvements and connected development opportunities that it is estimated would generate more than 2,400 attributable direct and indirect local jobs, and \$229m in direct and indirect GDP locally per annum by 2030:

- Ōpōtiki Harbour Development would enable 16,000 to 20,000 Ha of marine farms and a large onshore processing facility or facilities, creating more than 1,049 FTE attributable jobs and over \$113m of GDP per annum by 2030. This would come at a capital cost of \$370m with a PGF capital investment of approximately [REDACTED] required. The benefits of this development would be concentrated in one of New Zealand’s most deprived areas.
- Potential growth in the high-value horticulture sector, heavily focused around deprived communities from Waihou Bay to Te Kaha. The kiwifruit-enabling irrigation projects could lead to more than 550 attributable local jobs and \$32m GDP, with a funding requirement yet to be fully determined but allowing for now \$37m. Miro blueberries presents a further ~108 attributable local jobs, and \$6.4m attributable local GDP per annum.
- The Kawerau Pūtauaki Industrial Development (KPID) project provides industrial capacity and supply chain capability, which will enable the growth of existing and new/young industries. The development would unlock 1,400 local jobs and \$192m in local GDP at a capital cost of \$262m and a required investment of \$20m. This would facilitate improved commercial transport for products from around the region. This project has strong support from private industry, however 300 jobs and \$39m GDP would be attributed to PGF funding.
- The Whakatāne Wharf redevelopment is forecast to unlock projects that will generate more than 400 attributable local jobs and unlock expansion of tourism flows to White Island/Whakaari, wider commercial opportunities, waterfront improvements in Whakatāne, and other tourism product development and marine-based industries. The Wharf is estimated to generate \$40m attributable GDP per annum when capacity is reached, at a capital cost of \$36-40m¹. The Whakatāne District Council has already signalled a contribution of \$6m in its Long Term Plan.

Other PGF projects also important and incoming

In addition, there are significant other PGF related projects that could potentially add to growth in the region. Other PGF projects include Ngāti Awa’s Tourism Development projects, Whakaari/White Island Experiential Centre, Whakatāne Tourism Product Development, Other Tourism initiatives across the region, several education and work readiness projects, and other Iwi-led projects. There are also several significant non-PGF projects such as Ngāti Manawa’s water bottling plant and additional forestry/timber developments around Kawerau.

Benefits are aligned with the four well-beings

Projects will make a substantial contribution to the EBOP’s social, cultural, environmental and economic wellbeing; helping to alleviate the social-economic deprivation felt by some living within the EBOP.

On an economic basis, the direct job and GDP growth opportunity presented by the Eastern Bay projects seeking PGF funding, and the projects strongly connected to them, is large. If all projects were funded, and the estimates within the business cases provided to the project team are accurate, more than 9,000 jobs could be created, and the region’s GDP growth rate could increase from 0.9 % to 3.2% per annum over the period 2018-2030.

The social benefits of lifting employment will be profound in a region where 30 to 45% of working age adults are not employed. In addition, many of the projects support the creation of vibrant and healthy communities, new education and training opportunities, as well as improved public amenity.

¹ Work-in-progress and subject to revision.

Culturally, many projects align with the aspirations of Iwi seeking improved social and economic opportunities following treaty settlements. Further, several projects provide an opportunity to greater realise the rich cultural heritage of the EBOP through promotion of Māori traditions, beliefs and values. There is a large asset base of Māori land in the EBOP and projects identified also provide an opportunity to unlock and release the potential of these assets.

Environmental benefits realised through these projects include strengthened connections with nature, reduction in environmental harm, environmental education and improved climate change resilience.

Four constraints require region-wide management

The project identified four key constraints which could reduce the probability of successful delivery of the PGF projects in the Eastern Bay of Plenty, reduce their impacts on job and GDP creation, or delay the realisation of benefits and therefore the transformation needed. The constraints include capability to support economic development projects, labour supply and workforce development, transport infrastructure, and housing supply (including associated water infrastructure, for example Whakatāne's integrated wastewater project).

If local organisations do not have the capability and capacity needed to progress the next tranche of PGF projects, economic development in the Eastern Bay could stall. Lack of investment in workforce development could materially reduce the economic, social and cultural outcomes needed in this region. There is effort underway to mitigate these constraints but there is more work to be done. It is the view of the project team that the EBOP should develop a 10 to 20-year strategy to ensure adequate workforce development, transport network investment and housing supply growth.

Recommendations

The report concludes with recommendations to central and local government, and the local leaders of the projects seeking PGF funding. The recommendations are to:

- Prioritise and fund the *catalytic infrastructure projects* that all unlock large numbers of jobs and value creation and create new clusters of development in some the most deprived communities.
 1. The Ōpōtiki harbour / aquaculture cluster
 2. High value horticulture on Maori-owned land
 3. The Kawerau-Putauaki Industrial Development
 4. The Whakatāne wharf / tourism cluster
- Support the highest-value *connected development projects* where these require PGF support.
- Support the EBOP in successfully navigating the most pressing development constraints, particularly capacity and capability support, workforce development, more resilient transport infrastructure, and a planned approach to housing assistance.
- Support the capacity required through funding or resource availability to enable the progression of the many other meritorious opportunities identified in this report.

3 Introduction

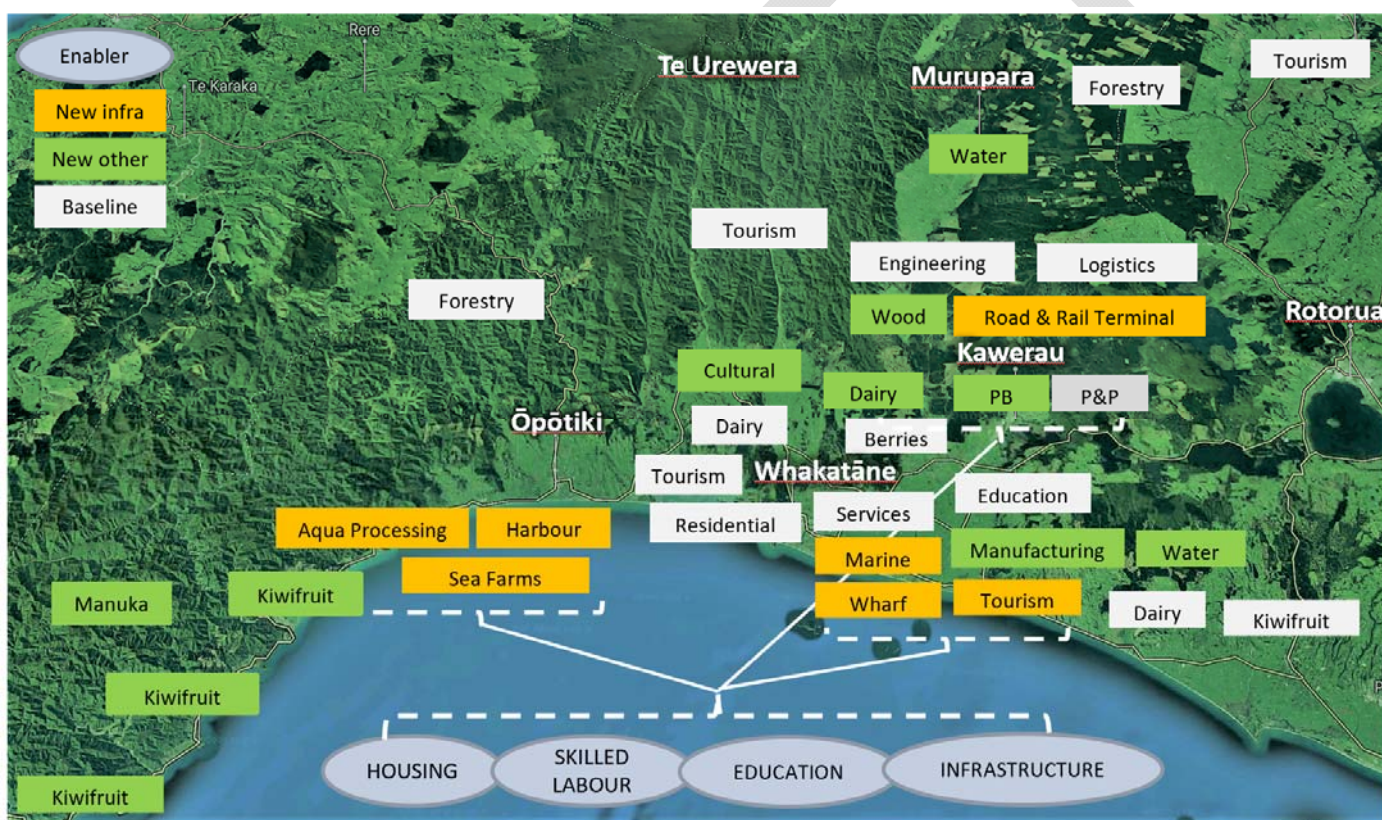
3.1 Context

The EBOP is one of New Zealand’s most deprived regions. It has high unemployment, and sadly with that - high levels of drug and alcohol abuse. It has a legacy of inherited disadvantage going back to the land wars and the decimation of local Māori populations. As a result, the Crown faces high ongoing costs per capita through income and social support systems.

With an economic baseline that is largely static, supported by a range of mainly primary sector industries and some manufacturing and services, business as usual will not lift the EBOP’s GDP per capita significantly or close the gap with the rest of New Zealand.

This is, however, also a region of substantial opportunity. Iwi are active local investors and the region is beginning to attract new forms of international investment. There is potential to enter a phase of rapid economic growth through development opportunities across a range of sectors including aquaculture, kiwifruit, tourism, timber and wood processing, water bottling, dairy processing, renewable energy, boat building, logistics, and local service and support industries. Some of these opportunities and constraints are illustrated in the following figure.

Figure 1: Opportunities facing the EBOP



This project’s analysis supports PGF investment in key catalytic infrastructure projects that are required to unlock the development potential of these sectors:

- Ōpōtiki Harbour and aquaculture, which would unlock up to 20,000 ha of highly-productive marine farming and support at-scale processing facilities for shellfish and seafood production along with a port of safe harbour for a high volume of aquaculture support vessels and personnel.
- High-value horticulture on Māori owned land, centred on irrigation infrastructure and several at-scale development opportunities in kiwifruit, blueberries and (non-PGF) mānuka.
- The Kāwharū-Pūtauaki Industrial Development, which will provide efficient containerisation and transportation links for a new and expanded manufacturing cluster including dairy and wood processing, as well as a railhead for major timber.
- Whakatāne Wharf redevelopment and tourism cluster, which would unlock expansion of tourism flows to White Island/Whakaari and wider commercial opportunities, waterfront improvements in Whakatāne, and other tourism product development and marine-based industries.

These four core infrastructure opportunities unlock local platforms for four differently-focused industry clusters: aquaculture (Ōpōtiki); horticulture (various sites); manufacturing (Kawerau); and tourism/commercial services (Whakatāne). All these core infrastructure projects are being progressed in partnership with local Iwi as foundation level investors. Iwi are also foundation stakeholders in expanding high-value horticulture on Māori-owned land, for which PGF support is sought for irrigation, governance and workforce development.

The benefits of these clusters appear to be dispersed across the wider EBOP and BOP regions. Many of those employed in Kawerau, Ōpōtiki and beyond will live and consume services in or around Whakatāne. Whakatāne and Ōpōtiki provide a complementary pair of marine access points, which together allow increased specialisation and resilience. Kawerau's road and rail terminal can facilitate more efficient transport of goods from around the region.

The broader New Zealand impact is noted in section 4 of the report. EBOP stakeholders recognise that they are part of a broader BOP region and are keen to continue to work very closely with the wider region.

This report also notes:

- Other significant economic development opportunities for which PGF funding has been or is being sought (e.g. Ōmaio Kiwifruit development, Miro berries).
- Other significant development opportunities that are commercially funded and for which no direct Crown funding is required (e.g. the Murupara water bottling plant). These opportunities may have infrastructure, consenting or other public policy or partnership implications that makes their inclusion in the report important.
- Other PGF-related proposals that are important to their local communities but are not linked to catalytic projects. These projects are either smaller, less connected to other projects, or less mature.
- Business-as-usual commercial growth in established industries (e.g. expansion of current boat building capacity) that are not requiring any Crown participation.
- Projects that seek PGF funding to support the removal of constraints or improve education opportunities (e.g. the Manawai Work for Life Centre in Murupara, Tū Rangatahi Māia Hub (an education hub), Imaginarium (science and technology hub), and investigations into airport and transport improvements.

For clarity, the various projects are classified as:

- Catalytic infrastructure projects: Four projects such as the harbour, high-value horticulture, container terminal and wharf projects noted above. These projects are seeking funding from the Provincial Growth Fund (PGF), are mature and are critical to unlocking other transformative projects.
- Connected development projects: 29 projects that are materially unlocked by catalyst PGF projects and create far-reaching positive impacts
- Other PGF-related projects: Nine projects which include the remaining projects seeking PGF funding and are often smaller, less mature or not as strongly connected to other projects as the 'catalytic' and 'connected' PGF projects.
- Non-PGF projects: 26 "other projects" which include the remaining projects identified, that either do not require PGF funding or are not currently seeking to apply for it or are included as they remove constraints for other projects.

Alongside the positive spill-over effects of these projects there are some potential constraints raising the following questions: What economic development capability and capacity is needed within the Eastern Bay to ensure these projects can succeed? Is the workforce development capacity of the region sufficient to provide enough local skilled labour? Is the housing stock, water and wastewater infrastructure capable of supporting this growth? Are transport links sufficient to manage increased traffic loads? It is suggested that these questions will need further investigation and proactive management alongside the economic opportunities that will drive underlying growth in the EBOP.

3.2 The project

This project was sponsored by Kiritapu Allen MP and Hon Sir Dr Michael Cullen, in collaboration with EBOP Local Councils, Bay of Plenty Regional Council and Toi EDA. These local government groups have joined forces with Iwi across the EBOP to advance an action plan for consideration under the Government's Provincial Growth Fund.

The project seeks to empower national and regional leaders with an evidence-based overview of the challenges and opportunities facing the EBOP, and the projects seeking PGF funding. The goal is to provide a compelling overview of the region's fundable growth opportunities for Ministers and Officials.

Identification of the projects underway in the region seeking PGF funding, projects that are strongly connected to PGF projects (for example, sea farms in Ōpōtiki and the Ōpōtiki Harbour Development project which is seeking PGF funding) and many other projects are all outlined in this report. In total, more than 65 projects have been identified, including 29 strongly PGF-connected and potential transformative projects, nine other PGF-related projects and 26 others.

For those projects seeking PGF funding or which are strongly connected to PGF projects, the project team worked with project owners (who were often outside of the councils' teams) to collect, rigor test and analyse important data and information. Data collected included descriptive information, qualitative and quantitative benefits aligning with the Four Wellbeings², proposed funding arrangements and crown additionality, connected projects, project readiness and risks.

Benefits for each project were estimated, including indirect and induced job creation, connected project benefits "unlocked" by the PGF projects, and simplified fiscal returns to the Crown. Region-wide constraints having potential to de-rail the expected benefits were also considered.

To understand the potential of the projects to transform the EBOP, the project explored the current-state, business-as-usual future-state, the possible future-state if projects were funded and alignment with the four wellbeings.

Throughout the project, the team engaged with a wide set of stakeholders, including EBOP councils, Iwi and many businesses. This engagement allowed the project to build on the work done by others and to establish a shared understanding of the opportunities and challenges facing the EBOP.

3.3 This report

Ultimately, the report presents an evidence-based and regionally supported view of the EBOP, the transformative opportunity provided by the projects seeking PGF funding, and a clear call-to-action for Ministers and Officials.

The report has five main sections:

- The "Baseline" section provides an overview of the regional situation, today's baseline and tomorrow's business-as-usual trajectory. Outcomes are considered on four fronts which are aligned to the Four Wellbeings used by local government, not inconsistent with the proposed wellbeing framework being developed by NZ Treasury. The four elements are economic, social, cultural and environmental. Quantification has been used where possible to indicate the size of current and future outcomes. Qualitative analysis has been used to capture factors which are hard to quantify, to explain the drivers of measures and to drive home the importance of some measures and their current and expected outcomes.
- The "Opportunities" section provides an overview of the projects. First, by briefly describing the clusters of catalytic infrastructure, connected development and other PGF projects. It does this by providing a detailed summary of each of the catalytic infrastructure projects, the connected development and other PGF projects they enable, the options and preferred solution, the four wellbeing benefits, risks, funding considerations and decision readiness. Secondly, this section of the report highlights the important second tranche of PGF projects.
- The "Benefits" section is where economic, social, cultural and environmental outcomes from supporting the PGF projects are assessed. Economic impacts have been assessed quantitatively by estimating incremental direct and indirect job and GDP growth. Induced growth has not been estimated and the "spillover" benefits that may arise from mutually reinforcing projects has only been qualitatively described. The social, cultural and environmental potential of the projects have been described qualitatively.
- The "Constraints" section outlines the constraints which need to be navigated, and the efforts underway to alleviate them. It also demonstrates the importance of further effort by describing the potential implications for growth from failure. This section of the report focuses on the four major constraints that the project has identified: capability and capacity, labour supply and workforce development, transport infrastructure, and housing and accommodation supply (which includes associated water infrastructure).
- Finally, the "Recommendations" section outlines recommendations to Ministers and Officials from central government, and Mayors and Chief Executives from local government.

² The four wellbeings of social, economic, environmental and cultural come from the Local Government Act and recognise that councils work to deliver social, economic, environmental and cultural outcomes for communities.

3.4 Caveats and Disclaimers

This unredacted version has been provided in confidence. Commercially and otherwise sensitive information on several projects is included throughout the report. The organisations represented by the project team members are not responsible for any subsequent disclosure that is beyond their control, either through the Official Information Act or otherwise.

The report should be considered as a “final draft” and “living” document. Conclusions have been shared and guided at a high level with key stakeholders, but readers should not consider the entire report reviewed and endorsed by all parties. The draft report needs to be tested more robustly with EBOP stakeholders before it can be considered “final” and will continue to be updated by the council project team members.

This document is not and does not purport to be a substitute for individual project applications to the Provincial Growth Fund. Project owners each bear the responsibility for the accuracy of their estimates. This document does not represent a Better Business Case application for any project or group of projects.

The project has been undertaken in a relatively short period of time, with constrained resources, and has had to focus on the “minimum sufficient” evidence and analysis needed to provide robust conclusions and recommendations.

- Project comparisons were made by taking direct and indirect job creation estimates, but to exclude induced job creation, due to the high risk of double-ups and therefore overstatement of the aggregates. The project team believes this to have been a prudent and conservative approach.
- GDP estimates have been derived from sector-specific input-output multipliers provided by the Department of Statistics, in keeping with other regional economic studies. Where possible, for the major projects, this has been sense-tested against a bottom-up assessment of project outputs, but the multiplier approach has been used throughout.
- To attribute the approximate return to PGF investment by the major projects, the report takes the applicants sought-for quantum of PGF invested and, using interviews and team analysis, estimated the approximate share of growth within each cluster that could legitimately be attributed to the PGF grant, if successfully obtained. Comparative preliminary estimates of jobs per \$million PGF investment have been derived in this way.
- All jobs are expressed as Full Time Equivalents (FTEs) unless stated otherwise. Projects are compared on a “full running basis” with 2030 used as an indicative base year for comparison purposes. GDP is expressed in 2018 dollars. In general NPV and BCR calculations have not been included due to differences in assumptions between projects and due to the high volume of projects and limited time available to compile this report.

The projects that constitute the report are at various stages of development and rigor. All estimates have been based on information currently available to the project team and should be considered as subject to revision.

3.5 Acknowledgements

The project team comprised of key staff from all EBOP Councils, Bay of Plenty Regional Council, Toi EDA, Bay of Connections and advisors from Stakeholder Strategies Ltd.

The team would like to thank Kiritapu Allan MP and Hon Sir Dr Michael Cullen for sponsoring the project and providing guidance throughout. We also appreciate the significant support and engagement by local Iwi, and the guidance provided by the Regional Governance Leadership Group, constituting Mayors, Chief Executives and Iwi representatives. The team would also like to thank their supportive colleagues who made material contributions and assisted with many aspects of the report.

4 Baseline

This section provides an overview of the Eastern Bay of Plenty's current state and expected business-as-usual future on four fronts: economic, social, cultural and environmental. The purpose of this analysis is to provide a foundational baseline, which can be used to demonstrate the transformative potential of the projects under consideration as part of this project.

Reference to economic, social, cultural wellbeing comes from the Local Government Act. Use of this framework is in recognition that members of the Regional Growth Leadership Group have a strong role and focus in enhancing the holistic wellbeing of their communities. This approach is highlighted in this report, as it emphasises that economic opportunities being pursued are because of the transformative change that this will bring to the overall wellbeing of Eastern Bay of Plenty Communities.

NZ Treasury is also developing a tool and framework to include the wellbeing of New Zealanders a measure of our economic success. The vision for Treasury is the promotion of higher living standards for all New Zealanders. A draft framework has recently been out for public consultation.³ While it is beyond this report to consider initiatives identified in the context of this proposed wellbeing model, there is a clear and compelling desire from the participants in the Regional Growth Leadership Group to ensure higher living standards for people in the Eastern Bay of Plenty.

Living standards in the Eastern Bay of Plenty are amongst the most deprived in New Zealand. Analysis of the economic baseline and business-as-usual trajectory indicates that EBOP will continue to fall further behind the rest of New Zealand unless there is material and decisive intervention. Economic growth has significantly lagged New Zealand's and the rest of the Bay's, with EBOP's GDP growing by 40% between 2000 and 2016, compared with 139% and 178% respectively. Social services represent the largest industry segment and is expected to be one of the only sources of employment growth. Social statistics are also confronting: education levels are below the NZ average; crime and violence is higher than the average, and performance on deprivation measures is poor.

Culturally and environmentally the story is more positive. Iwi are significant asset owners and are pivotal in the future success of the Eastern Bay of Plenty. Iwi have a strong focus on returning mana and improving wellbeing of their people and communities and creating a sustainable future for those that live here or wish to return home. From an environmental perspective, the Eastern Bay of Plenty has an abundance of natural resources (good quality land / water availability / undeveloped marine areas), which, alongside a favourable climate, results in an area that can support high quality developments.

This report pulls together data from a wide range of sources, including Territorial authorities, Regional Council, Toi EDA, local Iwi and sector specialists. Data has been integrated from a range of underlying quantitative studies. The project has not had the resources to apply Treasury's proposed Living Standards framework. Applying the framework to the EBOP's baseline warrants further work, particularly to understand the baseline social, human and natural capital elements of The Four Capitals approach.

4.1 Economic

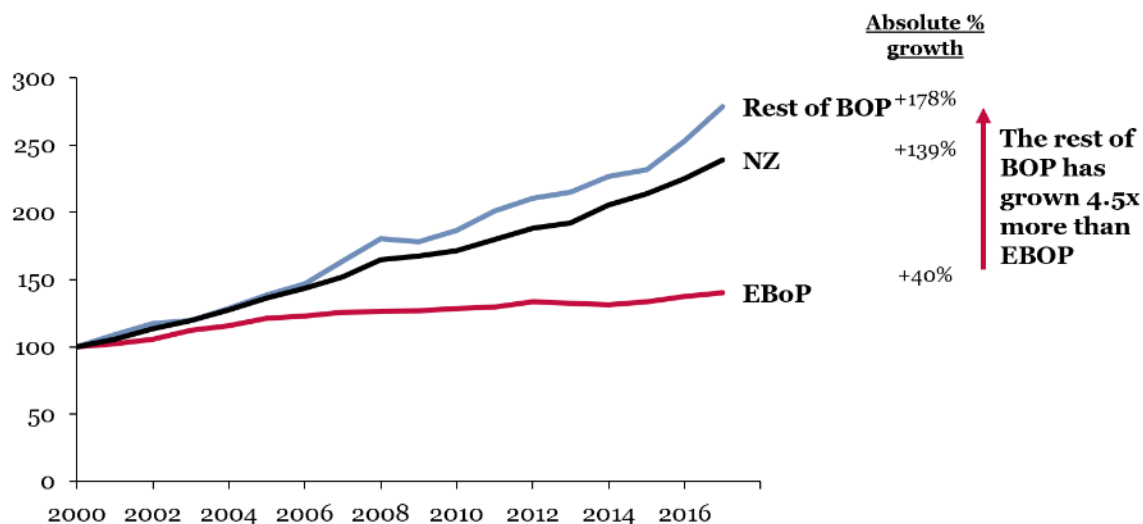
To understand the economic situation in the Eastern Bay, the project analysed the current composition of the economy, recent GDP and job growth by sector and by sub-region, and business-as-usual expected growth. Overall, the report shows that without intervention, a continuation of the past is likely. GDP growth would be likely to stay lagging materially behind the rest of the Bay, with health care and social services remaining the largest source of GDP due to sustained high unemployment.

Over the last 18 years, the Eastern Bay of Plenty's growth has lagged New Zealand's and the rest of the Bay's by a factor of 3.5 to 4.5. As Figure 2 shows below, since 2000 indexed GDP⁴ has increased by 40% in the Eastern Bay, compared to 139% for New Zealand and 178% for the rest of the Bay. In 2017, EBOP's GDP grew 1.15%, compared to 3% for NZ and 6.2% for the rest of the Bay.

³ More information on Treasury's Living Standards framework can be found at <https://treasury.govt.nz/information-and-services/nz-economy/living-standards>.

⁴ GDP is a measure of the value added by expenditure or income and is not the same as turnover. Unless otherwise stated, we have used GDP throughout the report as a measure of economic performance.

Figure 2: Economic Growth in the Eastern Bay of Plenty compared to New Zealand and the rest of the Bay of Plenty (indexed GDP growth, 2000-2017)⁵



EBoP’s unemployment rate can be seen both as a symptom and as a correlated driver of economic underperformance. The data on unemployment in the region is stark: 32% of working age adults in Whakatāne are not working, 30% in Ōpōtiki and 45% in Kawerau.

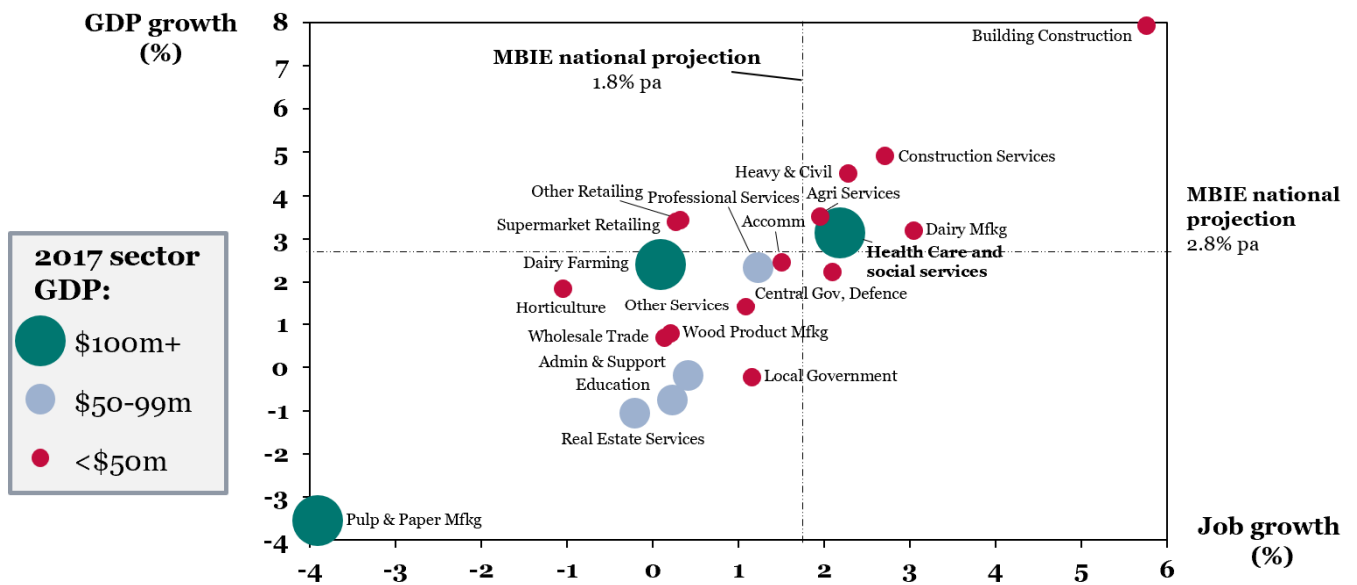
In 2013, unemployment in the Eastern Bay of Plenty was measured at 12.6% (of total population, not working age population as presented above), 1.7x the Western’s Bay’s rate of 7.5% and 1.5x New Zealand’s rate of 8.6%.⁶ Comparative rates at which Eastern BoP young people are excluded from the workforce are even more confronting. These statistics show, once again, the degree to which the Eastern Bay is falling behind. In relation to youth unemployment, the quarterly update from Toi EDA in 2018 identified that 35% of 15-19 year olds in the labour force were unemployed.

Today, EBoP generates \$1.9b in GDP and fills 22,000 jobs. Looking forward, business-as-usual projections show rapid growth for construction and continued growth for social services. Health care and social services, currently the largest sector accounting for \$131m in GDP and 2400 jobs, is expected to continue growing through to 2022 at a rate of 1.4% per annum in GDP and 2.2% per annum in jobs. Construction industries (building construction, construction services and heavy/civil engineering) combine to account for \$110m in GDP and 1734 jobs and are expected to grow 5.0% p.a. in GDP and 3% in jobs per annum. Most other industries fall below MBIE’s national average projects of 2.8% per annum GDP growth and 1.8% per annum job growth. Figure 3 below illustrates the business-as-usual growth forecasts.

⁵ Each region’s GDP was index to 100 in 2000, and growth tracked. “Rest of BOP” is BOP minus EBoP. Sources include StatsNZ and Infometrics.

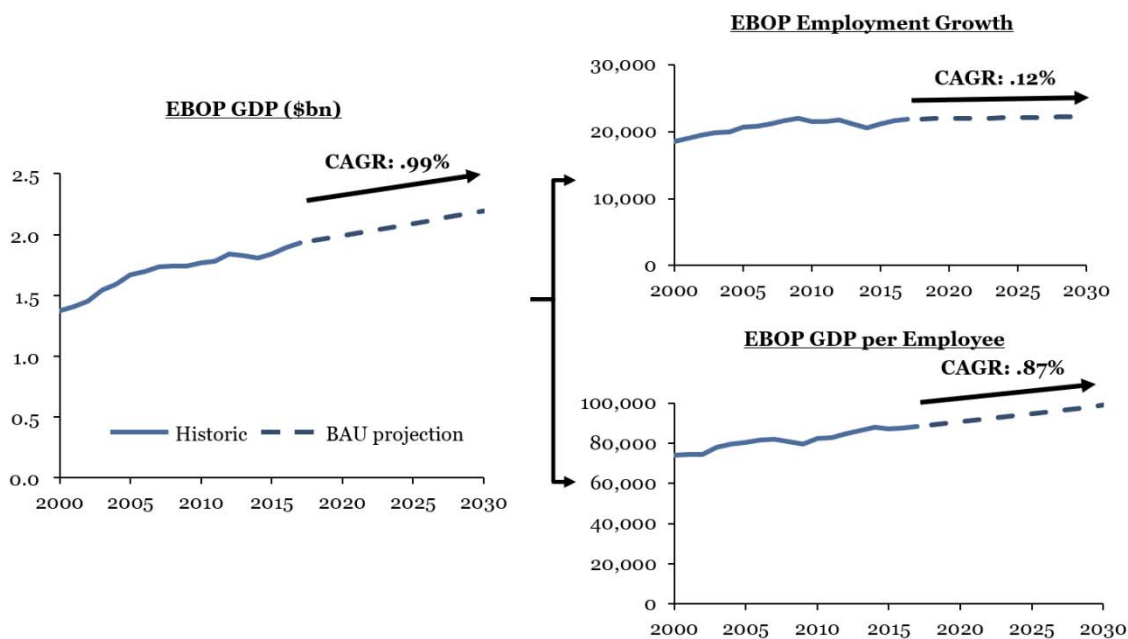
⁶ Toi Moana Bay of Plenty Growth Study

Figure 3: EBOP BAU projected GDP and job growth contribution by sector (2017 to 2022)⁷



Looking across sectors, the baseline GDP for the Eastern Bay is projected to continue growing slowly at 0.99%, driven by low job growth of 0.12% and 0.87% growth in GDP per employee.

Figure 4: EBOP historic and projected GDP growth decomposed by employment growth and GDP per employee⁸



4.2 Social

Despite years of investment by many services and agencies, and significant effort by local communities, the Eastern Bay of Plenty continues to be at the wrong end of all social services. The region has high levels of deprivation, low household incomes, lower than average educational and health outcomes, and a history of pernicious welfare dependency linked to a lack of opportunities.

Not only do these socio-economic statistics paint a telling picture of the wellbeing of the Eastern Bay of Plenty, wider statistics such as crime, family violence, and health, such as life expectancy, provide a compelling basis for the need

⁷ 21 industries with most employees in 2017 shown. Source: infometrics and MBIE.

⁸ Historical data from Infometrics, projects based on past five years growth

for change. As with the economic analysis, this report concludes that the current situation is equally as confronting and without transformative change, is likely to continue.

In 2013, according to Census data, the population of the Eastern Bay in 2013 was about 47,500. In all three districts in the Eastern Bay of Plenty, the median income is below the national average. 30% of the working-age population in the Eastern Bay of Plenty had no formal educational qualifications, compared to 21% nationally.⁹

The Eastern Bay of Plenty Region is one of New Zealand's most deprived regions. Within the Eastern Bay, several localities show particularly high deprivation, including Kawerau, Te Teko, Matahina-Minginui, Urewera, Oponae, Ōpōtiki, Te Kaha and Cape Runaway census area units. These areas all have the highest NZDep2013 deprivation score of 10 and together cover a large portion of the geographic area of the Eastern Bay of Plenty. In the Whakatāne District, 39% of people are in the most deprived quintile of the census area units in New Zealand. The figures for the Kawerau and Ōpōtiki Districts are even higher, at 89% and 66% respectively.¹⁰

Unfortunately, this deprivation shows up in serious levels of social dysfunction and morbidity. The Eastern Bay of Plenty has some of New Zealand's worst statistics for family violence and crime, fatal road accidents¹¹ and drug and alcohol abuse¹². Gang participation is at high levels and is an unfortunate "normal" way of life.

Community perceptions through work such as Whakatāne ki mua and Vital Signs Eastern Bay of Plenty identifies that people that live here feel a strong sense of community cohesion and spirit, but are concerned about employment and jobs, poverty, gangs, crime and drugs.

Longevity is lower than national standards, with all three districts in the Eastern Bay of Plenty below the national median life expectancy for both men and women.¹³ Life expectancy is particularly low for Māori men and women at 73.0% and 77.1%, compared to the national average for men at 79.5% and 83.2% for women.

The reasons for these troubling issues are complex and beyond the scope of this report – they include the local dispossession and disempowerment of Iwi/ Māori; the cumulative drag of intergenerational unemployment; and the predictable social consequences of deep poverty in terms of family stress and dysfunction.

High levels of social dysfunction have high fiscal, as well as human, costs. For example, the Crown currently spends \$18m per annum in Ōpōtiki District on Jobseeker benefits and social services¹⁴. This is a substantive financial commitment from Government, but one which has failed to address the issues of deprivation in the region.

4.3 Cultural

Iwi are leaders in business, service provision and community development activities throughout the Eastern Bay of Plenty, playing a pivotal role as leaders and strategic partners in this Regional Growth Leadership project. Iwi have a significant influence in the Eastern Bay of Plenty's future that cannot be understated.

At the last census, 48.1% of the Eastern Bay population identified as Māori. This is expected to increase to 51.4% by 2028 and 53.9% by 2038. This compares to 15.6% for New Zealand as a whole (in 2013).

As at the 2013 census, the Māori population of the Whakatāne District has a median age of 26.3 years, with 32.7% of Māori aged under 15. For Kawerau, the median age of the Māori population is 25.2 years, with 33.5% of Māori aged under 15. In Ōpōtiki, the median age of the Māori population is 29.5 years, with 30.6% of Māori aged under 15. This compares to a median age of people in New Zealand of 38.0 years, and 20.4% of people aged under 15 years.¹⁵

As we move into the post treaty settlement phase, Iwi are taking a more active leadership role to forge a positive future for the mana and wellbeing of their people. Economic impacts resulting from these efforts will help lift the social wellbeing and revitalisation of some communities that have been struggling.

The Māori economy and asset base have grown significantly, and Māori play a key role in the Eastern Bay of Plenty economy. The Māori economy represents 6.1% of the total of NZ's asset base. There is a significant opportunity to

⁹ Census 2013

¹⁰ <http://www.ehinz.ac.nz/indicators/population-vulnerability/socioeconomic-deprivation-profile/#NewZealandIndexofDeprivationNZDep>

¹¹ Eastern Bay of Plenty Road Safety Strategy 2015-18 p16

¹² Local Alcohol Policy Research Report (2013)

¹³ <https://www.stats.govt.nz/information-releases/subnational-period-life-tables-201214>

¹⁴ Ōpōtiki Harbour Development Detailed Business Case

¹⁵ [2013 Census QuickStats about a place](#)

unlock and realise the potential of these assets. The Eastern Bay of Plenty has some of the highest percentages of Māori land in New Zealand.

Social and cultural impacts from regional growth projects in this report will be significant. As well as additional direct income feeding some of these small communities through job creation, new economic activity will help to create community spirit and mana. Job creation will attract people back to their whenua, as well as encouraging others to stay.

Current and planned investment by various Iwi is significant. Continued investment in infrastructure and commercial projects generally aim to foster overall growth across whanau and hapū. Government investment to assist with Māori economic development plans would fundamentally assist with the achievement of many of the outcomes Iwi are pursuing, resulting in transformational change for the District, including:

- Reinvigorating communities and towns with high deprivation levels and declining populations
- Improving housing outcomes, leading to further benefits in terms of health
- Removing barriers to work by improving skill levels for the employment support workforce so that people are ‘work ready’
- More training for the workforce to awhi people in education, training and employment.

In a post-settlement era, many local economic development projects include Iwi as foundational partners, such as the role of Ngāti Awa in White Island Tours, Whakatohea in Whakatohea Ōpōtiki Mussels Ltd (WOML), Te Rūnanga o Ngāti Manawa potential for water bottling plants, Whanau Apanui hapū in the Ōmaio Kiwifruit project and Ngāti Whare’s Minginui Nursery. Collaboration with Māori as cornerstone financial investors, as well as social and treaty partners, is part of the ‘Eastern Bay way’.

As of 30 March 2018, there have been six treaty settlements completed in the Eastern Bay of Plenty, with four settlements in progress.¹⁶

Settled

In progress

Ngāti Awa

Ngāti Rangitīhi

Ngāti Tūwharetoa Ki Kāwerau

Te Whakatōhea

Ngāti Manawa

Ngāi Tai

Ngāti Whare

Te Whānau ā Apanui

Ngāi Tūhoe

Central North Island Iwi collective

4.4 Environmental

Within the Eastern Bay of Plenty there is an abundance of natural resources (good quality land / water availability / undeveloped marine areas), which, alongside a favourable climate, results in an area that can support high quality developments. This area does have some significant rainfall events and therefore flooding on developed land will need to be considered as a risk.

Eastern Bay councils, Iwi leadership and commercial stakeholders are committed to sustainable development and responsible stewardship of the region’s extraordinary natural resources. Manaakitanga and Kaitiakitanga are fundamental principles underlying not only Iwi, but also public stewardship of the land, water and other natural resources.

From a regional development strategy perspective, the largest opportunities in terms of jobs and GDP come from leveraging and adding value to the natural resources like aquaculture, land and water itself. The quality and cleanliness of the environment is fundamental to the sustainability of production and the Eastern Bay’s brand as a premium source of fine produce.¹⁷

¹⁶ Office of Treaty Settlements Year-to-Date Progress Report 1 July 2017- 31 March 2018

¹⁷ Note: All projects are subject to the normal central and local government regulation processes to protect the environment, pursuant to the framework set out in the Resource Management Act and the Local Government Act.

Added to that, the region's desire to boost tourism, in line with the Government's strategy to 'Power Up' the Regions, and Tourism New Zealand's strategy for regional dispersal of tourism flows, indicates that environmental quality and amenity will and must be an ongoing priority for the region.

The KPID manufacturing cluster will go through careful environmental management and resource consenting processes. All commercial players have indicated a commitment to work within the law and for the sustainable betterment of the community. Local and regional governance will actively partner with them on the development journey. KPID is also an exemplifier of symbiotic relationships between industries in sharing resources, minimising waste and using sustainable (geothermal) energy that is unique to the Eastern Bay of Plenty.

Key natural resource baseline information is captured below:

- **Water Quality.** Most of the water bodies in the EBOP are generally classified as having 'good' water quality, largely due to limited development (to date) and large areas in native bush. Because of this, there are many opportunities for recreation / tourism, supported by relatively pristine waterways.
- **Water Quantity.** Within the Rangitāiki plains there are areas of surface water / groundwater which are overallocated, however in these areas, there are several people who have consents for water takes, which are not currently being taken. Therefore, there is an opportunity to engage local land owners to seek access to water. Further east, there is generally more water available, as the land has not been developed. The key issue is not access to water, it is more around distributing the water to specific land blocks for development.
- **Aquaculture.** One marine farm is currently being developed, with the potential for up to five marine farms (or up to 20,000 ha) to be environmentally sustained. Supporting this are reports prepared in conjunction with MPI / BOPRC for the Ōpōtiki Harbour Development project.
- **Land.** There are large areas of flat land available in the Rangitāiki plains and Waioeka plains, along with smaller areas of flat land available on the coastal fringes. The quality of the soils in this area is extremely good, currently supporting a range of primary production (Dairy / Horticulture). In addition, there are large ranges which are mainly in forestry and native bush. Along the east coast area there has been a significant increase in mānuka planting, supporting the mānuka honey industry.

Further work should be undertaken to understand the environmental baseline as per the "natural capital" element of Treasury's new Living Standards framework and Four Capitals approach.

5 Opportunities

This section provides an overview of the Eastern Bay of Plenty's PGF-fundable economic development opportunities. The purpose of this summary is to provide decision makers with a foundational understanding of each of the major projects. It does this by describing the key elements of each project – the problem that the project seeks to resolve, the proposed options and solution, the key benefits, risks, funding considerations and decision readiness.

The Eastern Bay of Plenty has diverse and powerful development opportunities that should be sufficient to turn around its future pathway and return it to NZ average levels of GDP over time. Over 65 projects have been identified which have the potential to be transformative for the Eastern Bay of Plenty's economy and community. But many of these will not progress without Crown investment as a foundation partner in critical infrastructure and breakthrough projects.

Broadly these projects fall into four categories:

- a) Catalytic infrastructure projects: Four projects such as the wharf, harbour and container terminal projects noted above. These projects are seeking funding from the Provincial Growth Fund (PGF), are mature and are critical to unlocking other transformative projects.
- b) Connected development projects: 29 projects that are materially unlocked by catalyst PGF projects and create far-reaching positive impacts.
- c) Other PGF-related projects: Nine projects which include the remaining projects seeking PGF funding and are often smaller, less mature or not as strongly connected to other projects as the 'catalytic' and 'connected' PGF projects.
- d) Non-PGF projects: 26 "other projects" which include the remaining projects identified, that either do not require PGF funding, are not currently seeking to apply for it, or are included as they remove constraints for other projects.

Four clear priorities for action on the catalytic infrastructure have emerged from the analysis. First, the largest job creation opportunity is to open up to 20,000 ha of international-scale aquaculture via harbour and processing facilities in or around Ōpōtiki, creating over 1,000 attributable jobs within the EBOP region for a PGF investment of \$62,000 per job. The capital cost of this project has been reduced (assessment based on [REDACTED] PGF contribution¹⁸); an ownership vehicle could be created in line with other harbour management entities, and the aquaculture productivity and resilience has been well established. Other local government supporting infrastructure is planned and budgeted.

Second, high value horticulture on Māori land is a rich potential job creator. Subject to Iwi agreement on water management, Crown investment in \$37m substantial kiwifruit irrigation and development projects would create approximately 550 attributable EBOP jobs for PGF investment of \$68,000 per job. Combined with expansion of Macadamia and (non-PGF) mānuka development, and blueberries high value horticulture represents a major development opportunity. Miro blueberries, for example, is estimated to contribute approximately 108 attributable local jobs (FTE).

The Kawerau-Pūtauaki Industrial Development (KPID) project will accelerate and/or expand a number of major new manufacturing industries, including Particle Board plant, dairy and wood processing, and substantial future opportunities. PGF investment in KPID will create an additional approximately 300 attributable EBOP jobs at a PGF investment cost of \$67,000 per job.

The Whakatāne tourism development strategy hinges on the renewal and extension of its aging wharf facilities that are central to future development of White Island tourism and ancillary services that will anchor EBOP tourism flows. Around this are multiple facilities and services, as well as advantages for boatbuilding, charter fishing and the future commercial orientation and development of the town centre is expected to stimulate approximately 408 attributable jobs at a PGF investment costs if \$73,000 per job.

There are also a range of notable 'Other PGF opportunities' that would have transformational impacts on their communities

- Major commercial water bottling plants proposed in Murupara, if successful in Overseas Investment Office and resource consent approval, will create major job flow associated with the Manawai project, and provide an opportunity for linked opportunities to redevelop the town (Manawa Oho)

¹⁸ this may be further reduced to \$50-55m following identification of cheaper rock sources and other savings

- The Crown is already investing in the Minginui nursery project and has the opportunity to build on this with tourism and community development extensions.

5.1 Project list

Of the 65+ projects identified, approximately 33 were classified as catalytic infrastructure or connected developments. The project team's data collection and analysis were tailored to the type of project to ensure efforts were focused on delivering robust conclusions, but without spending time on projects which are unlikely to be relevant to Ministers and Officials.

Table 1 below provides a brief overview of the projects, organised by district and project type.

Table 1: Project list by district by project type

Project name	Classification	Description
Ōpōtiki		
Harbour development	Catalytic Infrastructure	Building an easily navigable 'bridge to sea' will enable the full use of the Eastern BOP marine resource to grow sustainable protein for local, export and high value markets.
Marine Precinct	Catalytic Infrastructure	Land based marine industrial development to support offshore marine aquaculture.
Mussel/seafood processing facilities	Connected Development Project	Projects/businesses below are part of the recently identified opportunity to sustainably farm up to 20,000 ha of water space in the Eastern Bay of Plenty.
Sea farm 1	Connected Development Project	Iwi majority shareholder 3800 ha of sea space in development. Consented for multiple shellfish species and seaweed. Currently on its third commercial harvest for green shell mussels.
Sea farm 2	Connected Development Project	Iwi owned business case for farming mussel spat in 957 ha and research proposal for higher value species and products in 4050 ha
Sea farm 3	Connected Development Project	In negotiation for circa 5000 ha of marine farming space.
Sea farm 4	Connected Development Project	In negotiation for circa 5000 ha of marine farming space.
The Big O	Other PGF project	Create film and media opportunities for young people in Ōpōtiki
Mōtū Trails extension	Other PGF project	Extend Motu trails from its current end point in Opotiki via walk/cycle bridge over Waioeka that also provides for alternative transport route to marine industrial land.
Workforce development	Constraint mitigation	Programme of Initiatives underway across a range of agencies to ensure maximum local uptake of new roles and to prepare workers for the right roles.
Housing development	Constraint mitigation	Infrastructure provision budgeted and planned.
High-value horticulture		
Irrigation schemes in Ōmaio, Raukōkore and Te Kaha	Catalytic Infrastructure	Delivering irrigation / distribution networks to relevant land blocks to support high value horticulture and potable water for housing / maraes
Ōmaio Kiwifruit development	Connected Development Project	Development of 150Ha high value horticulture, focussed on gold kiwifruit
Te Kaha development	Connected Development Project	Development of an additional 100Ha high value horticulture by 2030, with potential to expand this up to 250ha over longer time period.
Raukōkore development	Connected Development Project	Development of 200Ha high value horticulture by 2030, with potential to expand this up to 490ha over a longer time period.

Miro Blueberries	Other PGF project	To build an end-to-end value chain where Māori will own the intellectual property around large scale berry production – from genetics to growing, processing, packaging, product development, export, brand development and marketing.
Kawerau		
Kawerau Pūtauaki Industrial Development	Catalytic Infrastructure	Three stage project to provide cost-effective regional supply chain service that enables industrial expansion, includes container terminal, off highway road, industrial precinct development
Fenglin Particle Board Plant	Connected Development Project	World-scale, export- focused industry that provides much- needed local employment and symbiotically utilises wood residues from other wood manufacturing plants/forest operations to manufacture its products.
Sawmill Expansion	Connected Development Project	Builds current Sequel Lumber plant into a more competitive scale plant. Allows for investment in automation and improved logistics
[REDACTED]	[REDACTED]	[REDACTED]
New dairy X	Connected Development Project	Small scale, export-focused manufacturing plant producing a range of value-add niche dairy products including organically certified. Similar to the Miraka model i.e. it comprises Māori - ownership, milk will be supplied from local Māori farms and utilise environmentally -friendly geothermal energy.
Tarawera River Cycle Trail	Other PGF Project	Tourism initiative to develop a cycle trail from Lake Tarawera to Kawerau via the Tarawera Valley. Will be part of the New Zealand Cycle Trails (“Great Rides”) eventually connecting Rotorua to the Motu Trail and has significant potential for attracting visitors to the region.
Whakatāne		
Whakatāne Wharf Development	Catalytic Infrastructure	Commercial and economic development opportunities are constrained by the lack of available facilities and the port environment cannot accommodate existing needs or meet current business aspirations.
Whakaari Visitor and education centre	Connected Development Project	Feasibility study for a land-based White Island attraction that caters for year-round visitation improving accessibility to White Island as a tourist attraction. The Centre needs to be innovative and world class to powerfully tell the story of a live volcano, enhance the connection between Whakatāne and White Island – Whakaari and also be an attraction in its own right providing an opportunity to unlock a wider range of benefits.
White Island Glass Bottom Boat	Connected Development Project	In conjunction with visits to the surface of White Island, a glass bottom boat with a lower-able viewing platform would allow visitors to encounter the world of White Island beneath the water line, providing insight into marine life and volcanic processes.
White Island Wharf	Connected Development Project	The existing wharf structure at White Island is approximately 90 years old, built when sulphur mining operations were located on the island.
Army Hall Redevelopment	Connected Development Project	This project would see the redevelopment of the existing Ngāti Awa owned Army Hall building located on a prime Whakatāne waterfront site, supporting the development of a tourism precinct from the wharf redevelopment

Imaginarium	Connected Development Project	Te Whare Wānanga o Awanuiarangi (TWWoA) are proposing the development of a regional technology, science and innovation education hub, known as an 'Imaginarium', adjacent to their current campus in central Whakatāne. There is the opportunity to utilise this unique product to benefit the business sector and the community.
Boat building	Connected Development Project	Support required to take advantage of the significant boat building industry in Whakatāne and growth potential, strongly linked to the Whakatāne Wharf
Kiwi Chick Sanctuary	Other PGF project	The Ngāti Awa project aims to develop a Kiwi chick nursery and eco-tourism experience.
Whakatāne Heritage Hikoi	Other PGF project	Whakatāne has a strong cultural heritage, which is not celebrated in many of our tourism opportunities. This provides a product that celebrates Ngāti Awa heritage and stories
Opihi Walking/Cycling Bridge	Other PGF project	A walking and cycling bridge linking the Whakatāne CBD to the new Opihi development on the other side of the river, supporting commercial and recreational development opportunities.
Manawa Hikoi	Other PGF project	Murupara has a strong cultural heritage, which is not celebrated in many of our tourism opportunities. This provides a unique tourism product that celebrates Ngāti Manawa heritage and stories
Whakatāne Conference Centre	Other PGF project	The site is adjacent to the proposed Imaginarium – White Island/Whakaari Centre and provides an opportunity to integrate the centre's facilities and design to complement that of the Imaginarium.
Ngā Tapuwai o Toi Iconic Walkway	Other PGF project	Upgrading and improving the Ngā Tapuwae O Toi (The Footsteps of Toi) Track is a project that is part of WDC's commitment to upgrading this valuable asset into a first-class tourist attraction that will showcase the District's cultural and natural heritage.
Manawa Oho	Other PGF project	Te Rūnanga o Ngāti Manawa have significant economic, social and cultural aspirations for their people and are working on a range of integrated projects. This project is part of the overall vision for the Murupara township
Manawai - Water Bottling	Other PGF project	Te Rūnanga o Ngāti Manawa, in collaboration with New Zealand Aquifer, plan to develop two water bottling plants on Ngāti Manawa owned land just outside of the Murupara township. The township has an unemployment rate of 27 per cent, and most who do work earn less than \$21,000. This project is focused on pre-employment training to ensure that job opportunities created are accessed.
Whirinaki Rainforest Walk	Other PGF project	Construct an upmarket glamping village in Whirinaki Te Pua-a-Tāne Conservation Park and unique new accommodation on a second site. Develop a tourism base/hub and craft centre in Murupara.
Ngāti Whare Ecotourism	Other PGF project	Ngāti Whare plan to establish an Eco Tourism operation in the Whirinaki Te Pua-a-Tāne Conservation Park.
Ngāti Whare Pest Control	Other PGF project	To develop new innovative technology to eradicate pests in the Whirinaki Te Pua ā Tāne Conservation Park, providing better protection of its natural resources and inhabitants.
Minginui Nursery	Other PGF project	A significant injection of investment into the Ngāti Whare native plant nursery is set to spark a new beginning for indigenous forestry in New Zealand.
Whakatāne Mountain Bike Park	Other PGF projects	Feasibility funding to work with landowners and key stakeholders to investigate options for a mountain bike park in Whakatāne
Cycle Trail Extension Mōtū	Other projects	Whakatāne District Council, in partnership with Ōpōtiki District

to Whakatāne Airport		Council, is preparing a Business Case to extend Mōtū Trails from Ōpōtiki to the Whakatāne airport.
Investigation into Transport Links	Constraint mitigation	Investigate options for improving transport links to/from/within the Eastern Bay of Plenty
Airport upgrade	Constraint mitigation	Investigate the potential for a new or significant upgrade to the Whakatāne airport, including the terminal building and land required for hangar development which will signal to our key stakeholders that the Airport is a key regional asset
Te Puna Ora o Mataatua	Constraint mitigation	TPOOM will provide and deliver the FTE pipeline in Whakatāne and the EBOP pathway between high-school, vocational or tertiary training and employment; and offer intensive pastoral care intervention for those that need support along the way.

DRAFT

5.2 Ōpōtiki Harbour Development

Background

The Ōpōtiki Harbour Development project aims to establish a commercial harbour and marine place of safety at the mouth of the Waioeka River, adjacent to Ōpōtiki. The purpose of the harbour will be to service the rapidly-growing aquaculture industry in the pristine waters off the Eastern Bay of Plenty, which will grow from 3,800 ha of commercial water space to up to 19,700 ha over the next two decades.

The industry is currently growing Greenshell mussels in the aquaculture area, which have proven to be of high quality and which are finding a ready domestic and export market. Additional species including other shellfish and caged finfish are under investigation. Local Iwi – Whakatōhea – are leading investors in the marine farming area and have been allocated water space as part of their Agreement in Principle (AIP) for the Iwi's Treaty of Waitangi settlement. Expansion of aquaculture offshore from Ōpōtiki is the result of nearly two decades of investigation and investment, with the industry, local iwi, local government, central government and research institutions all providing funding and expertise to investigate the commercial and environmental sustainability of the marine farming. Expansion of the Ōpōtiki aquaculture area is a key plank in the industry's strategy to grow to \$1 billion in exports by 2025.

Without construction of a suitable harbour the aquaculture industry will be unable to reach its potential in the area, due to the lack of facilities to operate and service the 30 to 40 vessels required to service the farms.

Problem

The industry has grown to its current scale by operating servicing vessels from Whakatāne harbour. While this has been a pragmatic approach that has allowed the commercial viability of the marine farms to be demonstrated, Whakatāne harbour is unable to expand its aquaculture support operations much more due to geographical, operational and land use constraints.

Historically the existing harbour at the Whakatāne river mouth had not allowed vessels to operate in all tides due to a significant bar, and there is limited wharfage and onshore servicing areas. Further expansion is constrained due to the location of the Whakatāne CBD, the adjacent residential area, the recreational assets along the river and the stated ambition of WDC to become a tourism hub. While WDC have agreed to accommodate the aquaculture vessels in the early years, large scale aquaculture is incompatible with the uses proposed. Even now WDC have a waiting list for berthage and the aquaculture vessel is displacing other uses.

It is impossible for the full potential of the 19,700 ha of identified water space to be realised under current harbour arrangements, which will limit aquaculture industry and Iwi revenue, employment opportunities in the region and export receipts. It will also establish a monopoly position for the first farm at a level less than full development.

The inability to grow marine farming beyond its current start-up scale will have a dramatically negative impact on the economic and social prospects for the Ōpōtiki District, which is the most deprived region in New Zealand. It will also call into doubt the value of the Treaty settlement being offered to Whakatōhea by the Crown.

Solution

Extensive investigations have occurred over the last 10 years to identify the best location for a harbour, ranging from Tauranga in the west to Hicks Bay in the east. Ōpōtiki offers the best combination of location, cost-effectiveness and the availability of hinterland to allow for crop processing and industry servicing.

A harbour at Ōpōtiki will provide the aquaculture industry with the best combination of accessibility, serviceability and safety at the lowest infrastructure cost.

The proposed configuration of the harbour involves the construction of two rubble-mound training walls offshore from the river mouth, with dredging of the main channel to provide all-tides access for laden marine farm servicing vessels. Wharf, marina and onshore hardstand areas will be constructed on private land adjacent to the river, which has already been zoned for the purpose. Private investors are awaiting a decision on harbour construction before commencing detailed design, consenting and construction. Land adjacent to the harbour is among the package of land to be transferred to Whakatōhea on settlement. With a harbour these parcels gain significant value.

The required zoning changes and environmental investigations have occurred, and consents are in place for the harbour construction phase. The Ōpōtiki District Council has additionally begun changes to the legacy public wharf area to provide for additional recreational and business uses of the harbour.

Extensive engineering and geotechnical work has been undertaken to ascertain the ground conditions and the preferred construction option for the training walls, which has led to an open tender process and the selection of a preferred tenderer – HEB Construction – who have a successful track record in projects of this type using the correct construction method, including in the recent Waitangi and Pitt Island wharf rebuilds.

Initial onshore processing of the marine farm crops will take place in the Ōpōtiki industrial zone, which is zoned for the activity. Ōpōtiki District Council is already investing in the wastewater and other required infrastructure needed to support the large-scale growth of the industry and its processing activities. Subsequent development is likely at the Peterson block, where 20 ha of land is available for marine servicing and onshore processing. Expansion within the Peterson block will allow product to be offloaded directly into a processing facility thereby avoiding both the cost and product damage arising from transportation. The required land is zoned for this activity and private sector investment is only awaiting a decision on harbour construction. Extension of the Motu trail cycleway and a walking cycling bridge over the Waioeka River will provide an alternative mode of between the marine industrial area and the town/residential areas.

Benefits

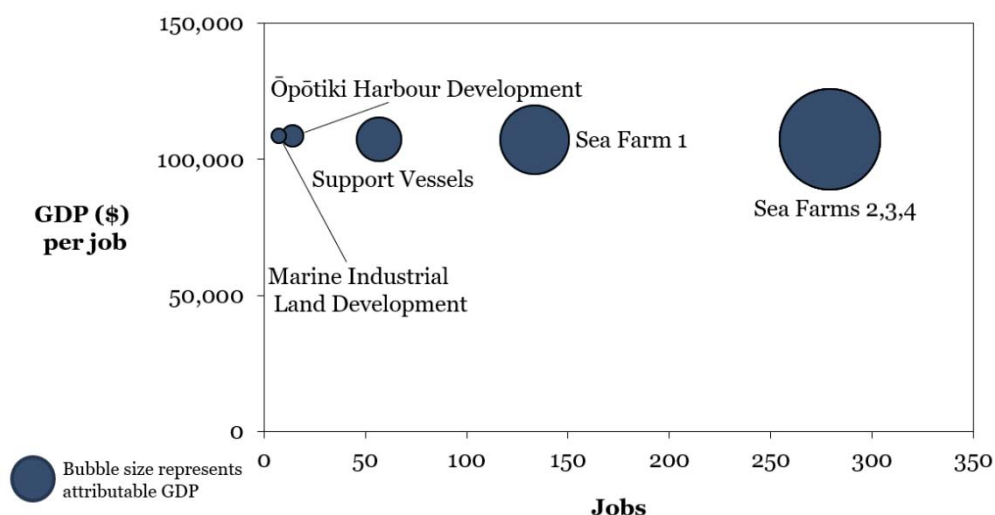
The harbour is in one of the most deprived regions of New Zealand, so extensive economic analysis has taken place to assess the benefits. In economic terms, the project will deliver \$169 million in positive Crown fiscal impacts in the first decade of operation alone, through reduced welfare dependency and increased tax receipts.

Ōpōtiki District Council and its advisers have estimated that the project has a positive Net Present Value of \$60-\$430 million (depending on production and market demand factors, and a benefit/cost ratio above 1.7.

Economic and resultant social benefits come from the creation of initially 400 increasing to over 1,000 jobs over the next 10-15 years, with the positive effects on individuals, whānau, communities and the region that come from employment, inclusion and social cohesion.

Wellbeing	Benefit
Economic	Unlocked cluster of projects: The project will unlock jobs and GDP created by several sea farms and supporting commercial developments such as mussel farming. The attributable benefits ¹⁹ of each unlocked connected project are presented in Figure 5 below.

Figure 5: Estimated 2030 attributable EBOP jobs and GDP/job projects tied to the Ōpōtiki Harbour Development²⁰



¹⁹ The project has estimated “attributable benefits” by estimating the degree of reliance of connected development projects on their relevant catalytic infrastructure project and by the reliance of the catalytic infrastructure project on Crown PGF funding. For more detail on this methodology please refer to the methodology sub-section of the following “benefits” section.

²⁰ Seafarms 2,3,4 identical in terms of attributable jobs and GDP created, Seafarm 1 has lower attributability because it is already running

Direct job creation: When all 19,700 ha of marine farms are in production, economic forecasts are showing job creation in the region of 1,000+ FTE roles. These roles include direct marine farm management and maintenance, onshore crop processing, vessel maintenance and servicing, and managerial, marketing and research roles across a range of businesses.

Crown fiscal savings: \$169 million in the first decade of operation of the harbour are projected. These arise from significantly decreased welfare transfer payments due to the creation of a substantial number of entry-level jobs that are highly suitable for people transitioning from benefits to employment, as well as an uplift in PAYE, company tax and GST receipts from the region.

NPV and BCR: \$60-\$430 million and >1.7, respectively.

Environmental

There is a need to balance the development of the harbour with maintaining and enhancing the special values of the Ōpōtiki area and mitigating adverse environmental effects to the extent practicable. Considerable work has been undertaken to assess and mitigate direct environmental impacts.

The marine farming area provides an environmentally sustainable way of expanding New Zealand's aquaculture production. The open ocean production allows for mussel spat to self-seed, reducing the environmental demands on the Kaitaia area, where the bulk of the mussel industry sources its spat. In addition, the nutrient flows for the marine farms come from open ocean currents rather than land-based nutrient run-off, resulting in greater long-term sustainability and a higher quality crop.

Cultural

The harbour allows Whakatōhea to reconnect to the ocean. Iwi have traditionally gathered kai moana: various species of molluscs and crustaceans, and fish from deeper waters. Their very survival depended on their skills of seamanship.

There is a strong desire from the community for provision of a reliable two-way access for marine craft to the coastal rohe of Whakatōhea - their traditional food gathering area and historical means of economic prosperity.

Reliable access to the sea will allow reinstatement of cultural links, practices and traditions, as well as complimentary business growth:

- Progression of Iwi-lead aquaculture aspirations
 - Restoration of a traditional Iwi and community link directly to the ocean
 - Reinstatement and development of cultural practices and traditions around the connection with the ocean, for example Waka Ama (out-rigger paddling)
-

Social

The development of a harbour – with the resulting economic and cultural development – has the potential to transform the lives of individuals, whānau and communities in the Eastern Bay.

A Wellbeing Survey recently undertaken of members of the Whakatōhea whānau found the most frequently cited dreams and aspirations of respondents related to meaningful employment. In turn, employment improves social engagement and cohesion, decreases crime, improves educational outcomes and allows people to have agency over their lives.

For a community that has been dogged by social ills for generations – including drug and alcohol abuse, domestic violence and high levels of crime – the impacts of greater economic wellbeing flowing into better social outcomes should not be underestimated.

Risks

Design and construction risks and costs have been exhaustively tested, are known and can be managed, and include prudent contingencies. The construction cost estimates have been subjected to thorough independent review. A recent engineering workshop has identified significant construction cost savings options by applying similar seismic design standards to those applied to national highways and workable adjustments to navigability.

Construction costs are rising faster than general inflation, so while there are agreed tender prices in place with HEB Construction for a limited period, there is a risk of significant cost increase if the project does not proceed in a timely fashion.

Delays in the decision to construct a harbour are leading to delays in private sector investment. The development of onshore marine servicing industry on the Peterson block is being held back, as is the opportunity to obtain additional private sector capital for the expansion of marine farming and the expansion of overseas markets for the crops.

There are also significant outcome risks. Not proceeding with the harbour will stunt the development of the aquaculture industry in the Eastern Bay of Plenty; it will call into doubt the value and validity of the Treaty settlements for offshore water space, and harbour adjacent land with Whakatōhea and other local Iwi; and it will leave the Ōpōtiki District in the depths of economic and social deprivation that it has endured for decades.

Wellbeing	Risk and constraints
Economic	<p>Further development of the marine farming area will be held back without suitable harbour facilities. While Whakatāne can act as an operating base for the first marine farm, full expansion will require safe harbour access and mooring for 30-40 vessels, and this cannot be accomplished with current infrastructure. This is apparent to private sector investors, who are awaiting a decision on the Ōpōtiki harbour before committing to construction of more marine farming area.</p> <p>Expansion of onshore processing and the industrial area is also stalled pending a decision on the harbour. These investments are in the \$30-\$50 million range, including both harbour servicing facilities and onshore processing factories.</p> <p>As construction costs are rising significantly faster than inflation, the cost of the harbour is likely to be materially higher if a decision is deferred past December 2018, when the tender price with HEB Construction expires.</p>
Cultural	<p>The allocation of marine farming area is central to the Treaty settlement for Whakatōhea, and to the Iwi realising its cultural and economic aspirations. A lack of access to the allocated water space brings the question of the equity of the settlement into doubt and may reopen the debate about how the grievances of the past should be addressed.</p>
Social	<p>There is an entrenched poverty issue in Ōpōtiki, with all of the social ills that go with deprivation. However, the community has rallied behind the project over nearly two decades and has committed significant resources to researching and realising the opportunities that marine farming will bring. In doing so, Ōpōtiki has sought a hand up rather than a handout. To further the ambitions of the community, the Ōpōtiki District Council and Whakatōhea have been granted extraordinary social license, but this is in danger of eroding if there is no realistic path to the realisation of the community's aspirations.</p>

Funding

The value engineering work referred to in 5.3.5 is expected to produce a capital cost around [redacted] million. Funding is being contributed by the Ōpōtiki District Council (\$5.4 million) as agreed in its Long Term Plan 2018-2028; and by the Bay of Plenty Regional Council (\$20 million from regional economic development funds).

Crown funding of approximately [redacted] million would then be required for the project to proceed.

A number of capital funding approaches have been put forward, including grant funding and suspensory loans, and these have been extensively modelled to ensure the long-term financial sustainability of the harbour.

Discussions have also been held with the aquaculture industry on the fees and charges regime for the use of the harbour, but these cannot be concluded until there is certainty on capital funding from the Crown and confirmation of construction timelines. Depending on ultimate ownership models there are also potential revenue streams to represent the public good aspects of the harbour, and other user groups that obtain additional benefits.

Given the size and value of the harbour asset compared to the size and current asset base of the Ōpōtiki District Council, some discussions have been held with the Crown about the correct long-term operating entity for the harbour. A range of alternatives exist, and further engagement with the Crown is required.

Readiness

Fully compliant designs for the harbour have been procured and as noted in 5.3.5 and 5.3.6 the costs are being finalised within a formal tender offer in place until December 2018.

The required zoning changes and consents for harbour construction and for ancillary operations are in place.

Workforce development has been occurring over the last three years, with an extensive and highly successful programme that has developed structured pathways to work, work skills and life skills, aimed at ensuring local people are available for local jobs. This is being aimed at those who are currently receiving a benefit and rangatahi who are currently in the NEET category. Government have committed \$2.25M in to this area through the He Poutama Rangatahi initiative.

The project has a high level of social license from the Ōpōtiki community and local Iwi, but there are signs that this could erode over time and disillusionment set in if there is further uncertainty about the development of the harbour. In every respect, however, the project is completely shovel-ready and solely awaits confirmation of funding. And as noted in the summary, this project has a high catalyst value for other economic development in the Eastern Bay.

5.3 High Value Horticulture on Māori Land

Background

The Eastern Bay of Plenty gains a significant portion of its current GDP from the primary sector including dairy, kiwifruit, Manuka and forestry. Processing facilities include mills in Whakatāne and Kawerau, a dairy factory in Edgecumbe and one being developed in Kawerau, kiwifruit pack-houses in Ōpōtiki and Edgecumbe, and a honey packing plant in Awakeri.

There is strong market interest in existing sectors, primarily kiwifruit expansion and more recently, alternative high-value horticulture crops including blueberries, avocados, macadamia and honey. These have well established routes to market including exports. Other crops gaining interest include apples and hops. In the past, the region was known for asparagus and kumara production.

Manaaki Landcare and NIWA science report that the areas across the EBOP have some of the most productive soils and best growing climates for high value horticulture crops in the country. Te Tumu Paeroa have assessed potential for 2,000 to 3,000 hectares of Māori-owned land for higher value land use, including in Ōmaio, Raukōkore, Te Kaha and Ōpōtiki. There is generally limited capital available for development in these areas, hence the history of low-value leases for maize or grazing.

Problem

Key constraints to unlocking Māori-owned land for high-value horticulture uses are in building local work-readiness, ensuring access to reliable, quality water supplies and attracting private equity capital and bank loan funding to roll out greenfield developments.

Most horticultural sectors have a strong production network including technical advisers, contractors, labour and accommodation suppliers. In kiwifruit, for example, virtually every process can be contracted out if wished, however top performing crop producers are generally 'hands-on', with many years of experience. This experience, training and education needs to be systematically built over time with a clear focus on knowledge transfer to local people.

With regards to water, the primary need is to ensure sufficient local support, particularly from hapū/runanga/iwi, so as to obtain the necessary resource consents and 'social license'. Beyond this is the high capital cost of establishing a reliable irrigation scheme, which in most cases will require up-front capital expenditure and a period of possibly eight to ten years before a critical mass of orchard blocks are developed, reach positive cash-flows, and are able to repay loans.

Solutions

A suite of projects is proposed for the focused development of high value horticulture on Māori owned land in the EBOP. These projects are:

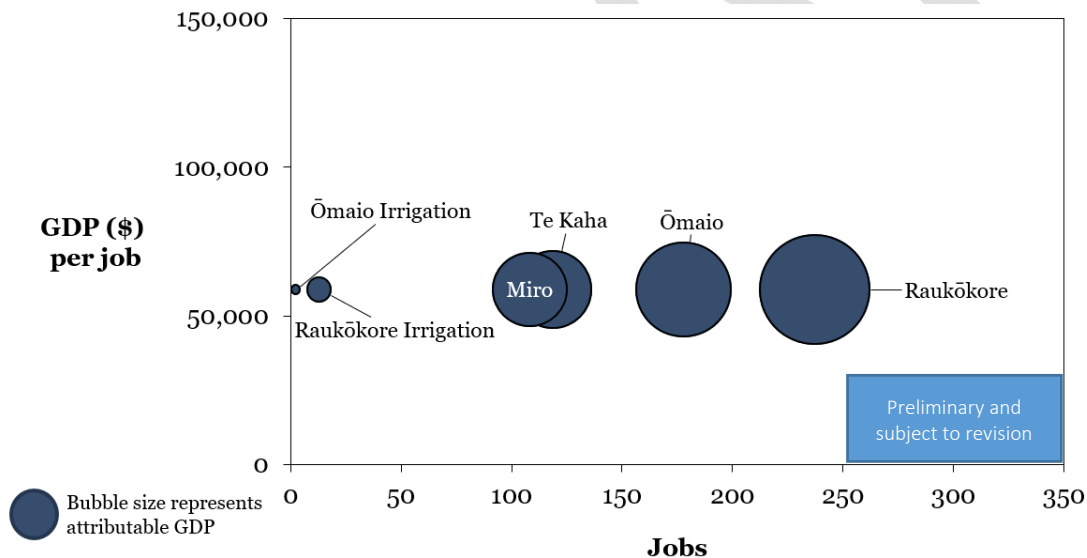
- Ōmaio Irrigation and High Value Horticulture – this development will convert 150 canopy hectares of land, initially focusing on gold kiwifruit orchards. Local orchards have proven over 20 years to be some of the highest returns for kiwifruit including valuable early start premiums.

- Te Kaha Irrigation and High Value Horticulture - the Te Kaha area has been growing under various arrangements, including Joint Ventures on 80 canopy hectares, for almost 20 years. These arrangements are coming up for review over the next 1-5 years. Hapū have supported the investigation of an irrigation scheme, which is yet to be designed, but is expected to be able to service up to 250 canopy hectares in total. The Te Kaha Gold Group see potential for a further 100 canopy hectares to be developed - half in kiwifruit, half in other crops.
- Raukōkore and Waihou Bay Irrigation and High Value Horticulture – this development will convert 490 canopy hectares of land for a mix of crops initially focusing on kiwifruit orchards. It is assumed that 200ha will be completed by 2030, with the potential of additional high value horticulture development.
- Miro Blueberries - Miro Limited Partnership is a fully integrated, Māori owned and operated berry fruit export company building an end-to-end value chain where Māori will be shareholders in the intellectual property around large scale berry production – from genetics to growing, processing, packaging, product development, export, brand development and marketing. In the Eastern Bay, there is potential for 150 hectares.
- Manuka - There are significant ongoing Manuka investments in the EBOP, leveraging under-utilized Maori land and also involved in the conversion of fragile dairy lands to other value-added uses. Companies in the Manuka sector are looking to plantation developments circa 850 hectares for both oil and honey production. These will create additional opportunities for development of land in the right places and also assist with biodiversity and potentially pollination.

Benefits

Figure 6 below shows the attributable job and GDP growth potential from the suite of high-value horticulture projects is large. Miro blueberries for example is estimated to contribute approximately 100 attributable new local jobs, at approximately \$60k in GDP per job.

Figure 6: Estimated 2030 attributable EBOP jobs and GDP/job projects tied to high-value horticulture²¹



There are several advantages in developing land both at a manageable rate and in diverse crops. The build out rate will rely on factors including access to quality water supplies (including resource consents), availability of plants and contract labour, and sufficient capital to sustain the development through to positive cash-flows (typically three years for fruit crops) and any limitations / cost of licenses or shares that need to be purchased. Encouraging a diverse range of crops has several advantages including reducing total exposure to economic/price cycles, biosecurity risks, weather events and reducing the amount and type of sprays. Different crops also require seasonal labour surges at different times and so provide the opportunity to better spread demand, therefore extending seasonal work opportunities.

²¹ Each bubble represents a projects materially unlocked by investment in a horticulture irrigation project. Irrigation projects have few jobs attached to them but unlock development projects. GDP was attributed to funding by project teams according to how reliant they are on Crown funding. GDP per job is attributable funding to attributable jobs.

Project-specific benefits are outlined below:

Ōmaio Irrigation and High Value Horticulture

- At full 150 canopy hectares, the development will create 247 attributable EBOP jobs (FTE) and will help in retaining Rangatahi in Ōmaio and attracting skilled whanau back home, particularly to run the orchards and establish supporting businesses.
- Orchard Gate Returns for well-managed gold kiwifruit are conservatively modelled by PWC at \$120,000 per canopy hectare, with full production and management costs of \$60,000 per hectare (in line with ANZ forecasts). This equates to a total of \$18m per annum into the local economy, much of which will stay in the form of wages, salaries, contracting businesses and packhouse/cool-store services. This compares with \$1,000/hectare currently from maize leases.
- The project aligns with key PGF objectives:
 - Māori Economy: The project has the potential to create 320 total jobs and the majority of these will be filled by local Māori. The Project will significantly lift the use of Māori land, build the asset base and enable growth and expansion into other crops, aquaculture, forestry, Manuka honey and indigenous tourism.
 - Infrastructure: the project has already attracted a wireless broadband tower, courtesy of Evolution Networks. NIWA have installed remote sensing climate and soil condition equipment. Infrastructure to enable all the above will be in the form of a permanent and reliable Water Supply to the Ōmaio catchment and associated orchard developments.
 - Additionality: The Water Scheme Project will underpin additional economic activity in the Ōmaio area alone of \$18m per annum once full production is reached as measured at Orchard Gate Returns.
- A PGF application has been submitted for funding of the irrigation and water supply scheme.

Te Kaha Irrigation and High Value Horticulture

- 100 hectares – mix of kiwifruit and other
- Potential for further 100 hectares depending on water availability
- The developments will create 165 attributable EBOP jobs (FTE), with potential to double that if full build out can be achieved. This will help in retaining our Rangatahi in Te Kaha and attracting skilled whanau back home, particularly to run the orchards and establish supporting businesses.
- Nursery and Training Centre, Tourism product
- Local support services and housing critical
- Localised Irrigation Scheme critical (Kereu River)
- A major element of this development given its scale, will be to build local accommodation options and contractor businesses, including for workforce supply. A plant nursery for a range of crops (Kiwifruit, Avocados, Berries, Shelter belts, Manuka) is envisaged, along with a Training and Service Centre to support developments along the coast. Te Kaha is one hour from Ōpōtiki pack-houses.
- A PGF application is under development for the Irrigation Scheme.

Raukōkore and Waihau Bay Irrigation and High Value Horticulture

- While the longer-term goals are for 490 hectares, within the next ten years assuming 200 canopy hectares are built out, the development will create 330 attributable EBOP jobs (FTE), and will help in retaining Rangatahi in Raukōkore/Waihau and attracting skilled whanau back home to the area, particularly to run the orchards and establish supporting businesses.
- A major element of this development, given its scale and distance from Ōpōtiki services and pack-houses, will be to build local accommodation options and contractor businesses, including for seasonal workforce supply.
- A PGF application has been submitted for initial feasibility and design work for the Irrigation Scheme.

Miro Blueberries

- Miro aims to plant 150ha of berry fruit in the EBOP in protected cropping systems (grown under tunnels, in pots and substrate). By 2027, this will generate 30+ skilled horticultural managers, 1,500 seasonal jobs, [REDACTED]. This equates to 150 attributable, local FTE jobs. The Eastern Bay of Plenty developments will be subject to finding suitable land and water. Miro have already secured 50ha of land towards this goal near Te Teko.

- Miro has submitted a PGF application.

Manuka

- Restoring native Manuka flora on Māori or fragile dairy land has a significant positive impact on the regional environment. As per Scion research, Manuka has a significant positive impact on the nitrogen fixation of production lands and prevents erosion of marginal lands. Given that the oil plantations expect to have a 20-year annual crop, there are significant long-term positive impacts on the local environment and landowners.
- Current models between industry and Māori landowners are largely based on value sharing models, which means that local landowners get to share in the long-term upside of this industry. The sustainable, year-round jobs are normally found in the most remote areas of the EBOP and therefore has a significant impact on the employment and subsequent social aspects of the region's most needy areas.

Risks

Ōmaio, Te Kaha, Raukōkore/Waihau Bay Irrigation and High Value Horticulture

Central to de-risking capital placement for investors is surety and confidence around highly reliable water supplies for the full planned canopy hectares to be built-out.

Attracting private equity and bank debt finance onto Māori-land poses its own challenges as the underlying land cannot be securitised however the cash-flows through a GSA can be. Discussions are underway with banks and a syndicated investment company. Professional assistance in these areas would be valuable and transferable across other regions with Maori land for development.

Miro Blueberries

The provision and convergence of capital, land, labour, water and capability are the barriers for Māori land owners. It requires up-front capital (to fill a debt financing gap), overlaying a high-value horticultural operating model over Māori land, and engaging underutilised Māori into jobs and training.

Manuka

The government has already largely addressed the much-needed standard of identity for Manuka honey. The next steps to minimise risk to the industry must now focus on protecting the word Manuka to mean exclusively NZ origin Manuka honey.

A rapid fall in value for Manuka honey may slow down investment in the region but given the global megatrend towards natural alternatives to antibiotics, this is likely to continue on a positive upwards trend for years to come. Investment is likely to continue, albeit at a slower rate.

According to Scion research, the East Cape has the highest naturally occurring triketone levels in the country. By transferring these genetics out of the region, other parts of NZ may benefit from this unique local Taonga which are held dearly by all stakeholders. The region supports iwi in their desire to retain these unique Manuka varieties exclusively within the EBOP region, to ensure that those custodians of the gene pool benefit from the growth of this new industry.

The risk to the regional planting of Manuka for oil is largely resting with one company, NZ Manuka Group, which presents a risk should they encounter financial strife. The region supports this company but will encourage landowners to enter the market in ways similar to the support sought in the kiwifruit industry.

5.4 Kawerau Pūtauaki Industrial Development Cluster

Background

The Kawerau-Pūtauaki Industrial Development (KPID) project group (whose core members represent Pūtauaki Trust, Sequal Lumber, Kawerau CT Ltd, KiwiRail and Kawerau District Council) are part of Industrial Symbiosis Kawerau (ISK) - a collaboration of like-minded parties working together to develop viable, interconnected businesses and relationships that balance social, environmental and economic drivers. ISK's wider group is made up of representatives from the Wood Processing, Māori Enterprise, Geothermal Energy, Industrial Engineering, Central and Regional Government, Toi-EDA, Logistics, Manufacturing, R & D, Industrial & Business Services and Social Enterprise sectors.

In response to identified need in the District, KPID are involved in three infrastructure projects, which are submitting applications to the Fund for development over a staged 2-3-year period. All three projects are connected and when implemented, will substantially increase the productivity of the region. The projects are:

- a) Pūtauaki Industrial Land Development – State Highway and internal roading and related infrastructure developments;
- b) Kawerau Container Terminal Development - Rail siding and related infrastructure;
- c) Off-Highway Road Development – Linking industry to the Container Terminal, Pūtauaki industrial area and the hinterland plantation forests.

Problem

Both the Kawerau and Eastern Bay of Plenty communities experienced substantial economic decline during the late 80's and 90's that resulted in significant social deprivation. This was tragically manifested in 2010/11 when there were five youth suicides within five months. One of the key reasons for the decline was the downturn of Tasman Pulp & Paper - Kawerau's principal employer. The community, including business, recognised that Kawerau needed transformation that could be achieved through growth and diversification, thereby avoiding its dependency on only a few major industries.

Two problems were identified as being major impediments to enabling future growth. In mid-2000, a lack of optimal industrial land was clearly identified by both KDC and WDC as being restrictive to diversification and development. It was also recognised that there was a significant disparity between raw material and value-added exporters in terms of supply chain costs across the EBOP region.

Although Kawerau had rail links to the Port of Tauranga, rail transport was limited and was constraining the supply chain optimisation that both existing and new industry players required. Further, the conventional transport mode, road, was expected to accrue potential significant issues of congestion, reduced road safety and increased maintenance requirements for the State Highways because of the increased freight volumes anticipated from the Eastern Bay to the Port.

Solution

In 2010, the Pūtauaki Industrial Zone was formed in response to the need for sufficient, suitable land for industrial development. Following this, ISK identified that establishing a bi-modal (rail & road) container terminal and an off-highway road would provide a solution to the regional need for an optimal/cost-effective supply chain. Consequently, these three initiatives came together as KPID and are designed to provide a synergistic solution which delivers greater gains than the sum of each of the individual projects, as demonstrated by:

- a) Establishing state highway exits and internal roading plus related internal infrastructure, which unlocks the Pūtauaki Trust's industrial land for investment, provides safe integration with the local roading network and delivers 'links' to the overall KPID plan for rail sidings and the off highway road;
- b) A warehousing, container packing and a bi-modal transshipment terminal that will provide optimised access to global markets for value-add exporters across the Eastern BOP and will reduce the environmental and social impact of industry growth through reduced heavy vehicle movements.
- c) The off-highway connection between the Kawerau Industrial Park (Manukorihi Drive) with McKee Rd provides connectivity between existing industry users and freight cost savings to industry through the efficient delivery of raw materials to operators of the added value industry.

Support of the Provincial Growth Fund will enable the acceleration of this development to meet current demands.

Benefits

Wellbeing

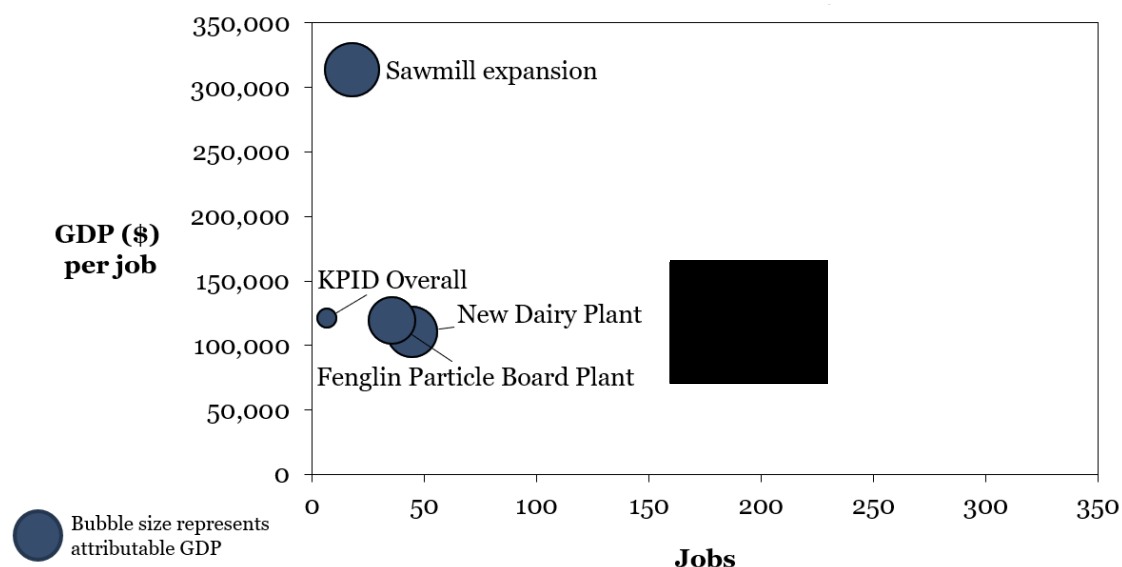
Benefit

Economic

Below are some of the economic benefits from KPID’s PGF application. Readers should note that the list presented here is not exhaustive.

Unlocked cluster of projects: The project will unlock jobs and GDP created by supporting several industrial growth opportunities. The attributable benefits²² of each unlocked connected project are presented in Figure 7 below.

Figure 7: Estimated 2030 attributable EBOP jobs and GDP projects tied to the KPID²³



Direct job creation: Kawerau Dairy’s processing plant, Fenglin’s Particle Board plant and the Kawerau Container Terminal as well as a major confidential development, are estimated to provide 1,480 jobs by 2030, including 760 direct and 300 estimated to be directly attributable to the KPID investment.

Investment stimulus: The development of the Pūtauaki Zone has stimulated \$32m investment by Kawerau Dairy Group into a milk processing plant. Further indications of investment are; Fenglin Particle Board (\$180m), Kawerau Container Terminal development (>\$50m) and Sequal Lumber (\$20m).

Halo effect: Diversity of industry type requiring a variety of skill bases resulting in increased employment and income levels provides improved regional resilience and job security – a positive effect to the wider community.

Utilisation: Scion 2017 Kawerau Container Terminal – Extension Logistics Feasibility Study estimates that over a 2–3 year period, the annual volume of containers (twenty-foot equivalent units) transported to the Port will increase from the current level of 7,392 to 95,846. Increased use of geothermal energy locally provides a cost effective, low carbon solution for industry while at the same time increases returns to the generators through reduced distribution cost.

Reduced cost to export: The Scion 2017 Kawerau Container Terminal – Extension Logistics Feasibility Study indicates a median cost-saving of [REDACTED] per container. This will allow for opportunity for reinvestment in individual businesses and will support the long-term viability of the Container Terminal.

²² The project has estimated “attributable benefits” by estimating the degree of reliance of connected development projects on their relevant catalytic infrastructure project and by the reliance of the catalytic infrastructure project on Crown PGF funding. For more detail on this methodology please refer to the methodology sub-section of the following “benefits” section.

²³ Shows attributable jobs only. Sawmill expansion largely automation based, hence relatively high GDP per job.

Diversification: The Kawerau Container Terminal represents a significant opportunity to diversify the Eastern Bay of Plenty economic base. NZ Govt. Regional Growth Programme Report “Working in Partnership with Regional NZ (June 2017). Includes diverse wood processing, new and innovative dairy and other milk products, engineering and industrial service provision.

Environmental Results from the Scion 2017 *Kawerau Container Terminal – Extension Logistics Feasibility Study* indicate that the use of the Container Terminal/rail freight would result in the saving of 28,000 tonnes of CO₂ annually through the avoidance of approx. 70,000 heavy vehicle (HV) trips. The research also indicates further greenhouse gas environmental gains by the reduction of up to 100,000 kilograms p/a.

Cultural The KPID project unlocks Māori potential in six ways:

- [REDACTED]
 - **Greater potential for reinvestment:** Current leasehold agreements in place occupy less than 40% of the total available Pūtauaki industrial land. Securing the entire KPID development through placement of the right infrastructure will attract further investment.
 - **Training and employment opportunities to Pūtauaki beneficiaries:** Increasing economic wealth enables Pūtauaki Trust to reinvest in future economic, social, cultural and environmental outcomes for their people. The Trust has secured specific employment opportunities for their beneficiaries via commercial arrangements.
 - **Opportunity to invest in value-add industry by all Iwi:** The Kawerau milk processing plant is an example of Māori participation through its ownership shareholding. The processing plant encourages dairy farm conversion to organic production to further improve the value. Geothermal energy will be supplied by NTGA a subsidiary of Ngāti Tuwharetoa ki Kawerau.
 - **Enabling Mana Whenua to uphold values or Rangātiratanga, supporting community development and social inclusion:** By facilitating and enabling the KPID, Pūtauaki are demonstrating leadership and can participate fully in the commercial, environmental and community developments evident in the District.
 - **Supporting wider opportunities:** By providing a transport hub to help get product more efficiently to the Port of Tauranga for wider opportunities in EBOP.
-

Social The KPID project supports improved social outcomes within the Kawerau region four ways:

- **Sustained demonstrated community and business response to youth suicide by increasing social inclusion:** The intervention of CASA (Clinical Advisory Services Aotearoa) during the 2010/11 suicide contagion in Kawerau focussed the community to find leadership and community-based solutions. This resulted in the establishment of a range of groups and activities which are still active.
 - **ISK to continue to build social inclusion through enabling participation in work and community:** ISK’s Workforce & Community Development Programmes have delivered obvious positive outcomes which are acknowledged by the community.
 - **Enabling multi-disciplinary approach to community development in the EBOP:** Approximately 55% of jobs in Kawerau are undertaken by workers residing outside the Kawerau District (Census 2013). This is recognised by the local District Councils who are eager to collaborate to find solutions for any challenges arising from increases in employment i.e. housing.
 - **Optimising the value chain to support a living wage economy:** The reduction of logistical costs to employers enables reinvestment into the businesses including a move from the minimum to a living wage. Greater diversity of the Industry base creates demand through increased workforce participation. These factors in turn create economic resilience in sustaining wage growth over time.
-

Risks

The KPID project is exposed to nine risks:

- **KPID cannot happen** - This project will result in a significant economic boost to the EBOP region creating jobs and improved economic well-being. The downturn in Kawerau will not be corrected or response maximised without KPID.
- **Non-integrated development** - Each element of the KPID can proceed independently, but it is only when all three elements exist together that the full benefit is unlocked.
- **Overcapitalise in advance of tenancies** - Striking the right balance between proactively investing & preparing for growth, versus creating a white elephant & misallocating resources.
- **Counter-party risk** - The PGF will be investing alongside private enterprise – potential risk presented by each individual enterprise.
- **KiwiRail** - The benefits to industry through the KCT are a result of off-port land use and the ability to aggregate cargo to create scale for KiwiRail. Relies on their ongoing competitive rates that match raw material exporters.
- **Port of Tauranga** - Sulphur Point is congested for both road & rail movements. Need to ensure equitable/efficient access for the KCT.
- **Easements Required for Off-Highway Road** - Viability of the Off-Highway Road is dependent on acquiring easements through multiple landowners.
- **Benefits are not transferred to industry** - The KPID elements will vest in private ownership, therefore the benefits can be offset (and thereby lost to local industry) by these entities pricing arrangements.
- **People & labour markets** - Proposed growth will result in the need for a significant labour pool. This will put pressure on existing urban infrastructure (e.g. housing) and a need for skills-based training.

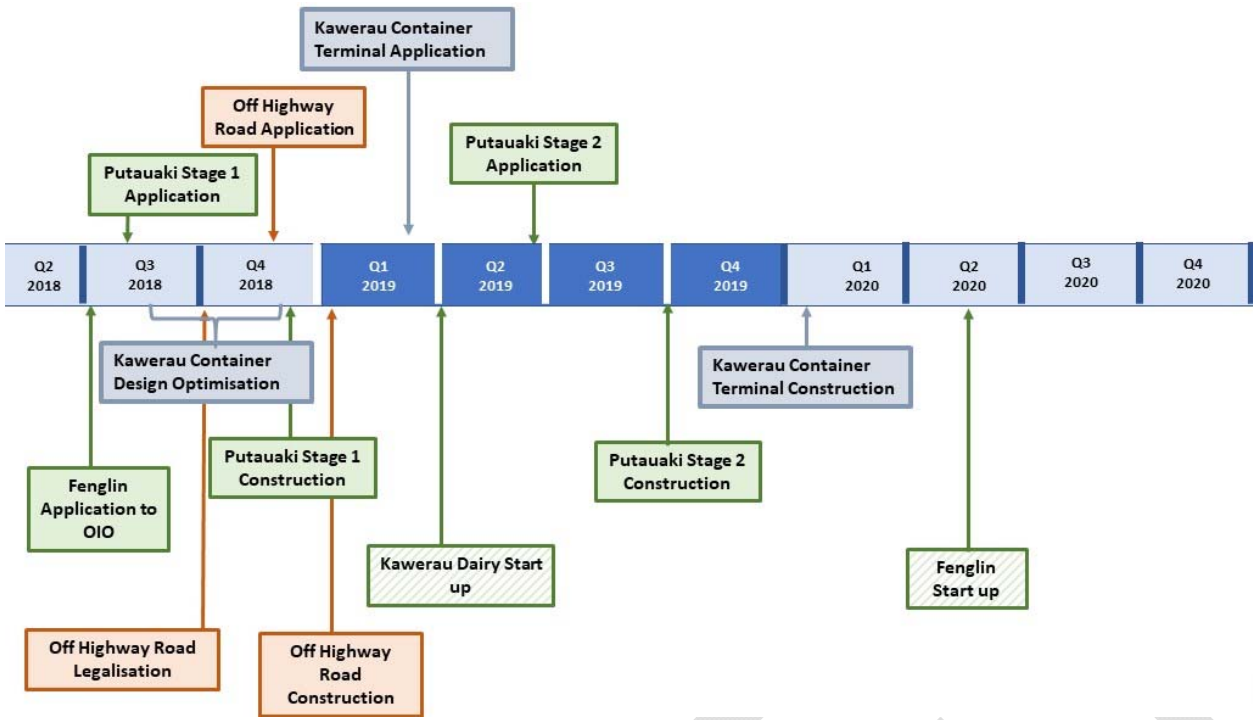
Funding

Funding for the KPID project is presented below, decomposed by each sub-project

Pūtauaki Trust Roding & Infrastructure	Kawerau Container Terminal Rail Siding	Off Highway Road
<ul style="list-style-type: none"> • Stage 1 - \$2m • Stage 2 - \$6.5m 	<ul style="list-style-type: none"> • \$10 – \$12m for the siding that could be vested in KiwiRail on completion. 	<ul style="list-style-type: none"> • \$1.2m for road construction

Readiness

(Please refer to following page)



DRAFT

5.5 Whakatāne Wharf Development and Tourism Cluster

Background

The ageing Main Commercial Wharf on the Whakatāne River is reaching the end of its service life and the wider port environment does not cater adequately for the needs and demands of its current users. Commercial and economic development opportunities are constrained by the lack of available facilities and the port environment cannot accommodate existing needs or meet current business aspirations.

The Main Commercial Wharf was originally built for cargo handling at a time when there was less need for ease of access, compared to present day requirements. A part of the wharf is now 99 years old and structural assessment reports confirm that it requires urgent replacement.

Whakatāne town, although located on the banks of the Whakatāne River does not utilise the natural and cultural assets the waterfront area offers. The CBD faces away from the waterfront, and the town is largely disconnected from the river and sea environment, which have played crucial roles in our heritage. As a result, the potential social, cultural and economic benefits of increased amenity, recreation, entertainment, tourism and retail opportunities associated with the waterfront environment are effectively lost to our community.

Te Rūnanga o Ngāti Awa and its commercial arm, Ngāti Awa Group Holdings Limited (NAGHL), have significant property interests on, or adjacent to the waterfront, and investments in the visitor economy. Any proposed waterfront development must recognise the cultural significance for iwi and hapū of Ngāti Awa historical sites, events and practices relating to the Whakatāne River; and align with the Statutory Acknowledgements set out in Section 10 of the Ngāti Awa Treaty of Waitangi settlement legislation.

Te Rūnanga o Ngāti Awa, NAGHL and the Council have formed a Governance Group to assess potential waterfront development options put forward by technical experts, and jointly selected a preferred option which will recognise and respect the cultural and natural significance of the river environment; allow the expansion of tourism operations and strategic assets which align with the proposal; and contribute to the success of a transformational wharf and waterfront development.

Problem

Main issues with the wharf as identified by key stakeholders are:

- 1) Constrained and deteriorating marine support services is putting existing business at risk and stifling future growth.
 - o The Main Commercial Wharf is coming to the end of its expected life, is in poor condition and needs renewal by 2021.
 - o There is a lack of berths to meet both commercial and recreational demand, which impedes current and future economic opportunities.

In essence, the redevelopment of the Whakatāne wharf and waterfront is pivotal infrastructure to unlocking regional economic growth (particularly through tourism and boat building); supporting the Ōpōtiki aquaculture project as an interim option; and, enabling iwi to realise some of their economic and commercial aspirations. Without this, visitors to Whakatāne's key tourism asset (White Island/Whakaari) will be unable to grow, the tourism volume will remain stagnant, and the potential to grow supporting tourism assets will not be realised – halting growth of the local economy.

- 2) Difficult boarding access and poor protection from adverse weather events is putting vessels and people at risk. People and vessels are at higher risk during flood events. Occasionally, river flooding will result in rapid river flows containing debris of all size ranges, sometimes submerged. At times during such events, NZTA requires contractors to release debris rafts that stack up against the Whakatāne Bridge which worsens the risk of damage to boats and increases the danger to persons who could be out in the mooring area for purposes of removing boats out of harm's way.

In the event of no wharf facilities (a very real risk after 2021), this would put a number of businesses at risk with insufficient space and facilities to operate safely. In addition, demand for both commercial (including increasing numbers of mussel barges from Ōpōtiki) and recreational berths at existing facilities far outweigh supply, restricting both current and future business growth.

Solution

A range of options have been considered, including different locations. The short-listed options identified are:

- 1) Replacement of the Commercial wharf with 'like for like'
- 2) Expand the existing wharf on the same site with a larger pontoon style wharf
- 3) Remove the existing wharf and build a larger wharf at the site of the yacht club, keeping the 'boat stop' for passengers to embark and disembark at the current site
- 4) Remove the existing wharf and build a larger wharf across the river adjacent to the proposed private marina, keeping a 'boat stop' for passengers to embark and disembark at the current site

Subject to additional investigation, at this stage Option 3 is the indicative preferred option. It was the leading option in the multi criteria decision analysis on almost all of the 24 criteria assessed. Option 3 provides sufficient capacity to accommodate short to medium-term berthage demand and expansion options if needed, but without requiring overbuild early. It shifts the wharf and surrounding related buildings away from the current location and therefore opens view vistas for iwi and options to further develop cultural, tourism and commercial offerings in the area. It avoids areas of potential significant indigenous bio-diversity that have the potential to make consenting difficult, and provides greater resilience to floods and storms through the development of a groyne structure. Finally, it shifts the wharf closer to the CBD and, as a result, provides the ability to further strengthen the connection of the CBD and the river.

In addition to supporting the growth of tourism, the wharf redevelopment will allow for increased commercial use, including the burgeoning boat building industry in Whakatāne and interim support for Ōpōtiki's Whakatōhea mussel boats en-route to processing, until the Ōpōtiki harbour is developed.

Alongside an upgrade to the commercial wharf, creating a vibrant waterfront tourism precinct will allow a stronger connection to the Whakatāne CBD and will support Ngāti Awa tourism products and the White Island/Whakaari experience centre. Attracting more visitors to a waterfront precinct will have flow-on benefits for nearby businesses in the town centre, creating a social and cultural riverfront environment that capitalises on Whakatāne's CBD adjacent to the harbour. The proposed redevelopment of the Ngāti Awa Army Hall into a tourism service centre is also proposed for this precinct.

Benefits

Benefits identified for this project extend far beyond the commercial aspects of the wharf to include economic, cultural, social, recreational and aesthetic benefits for the people that live, work and visit the EBOP.

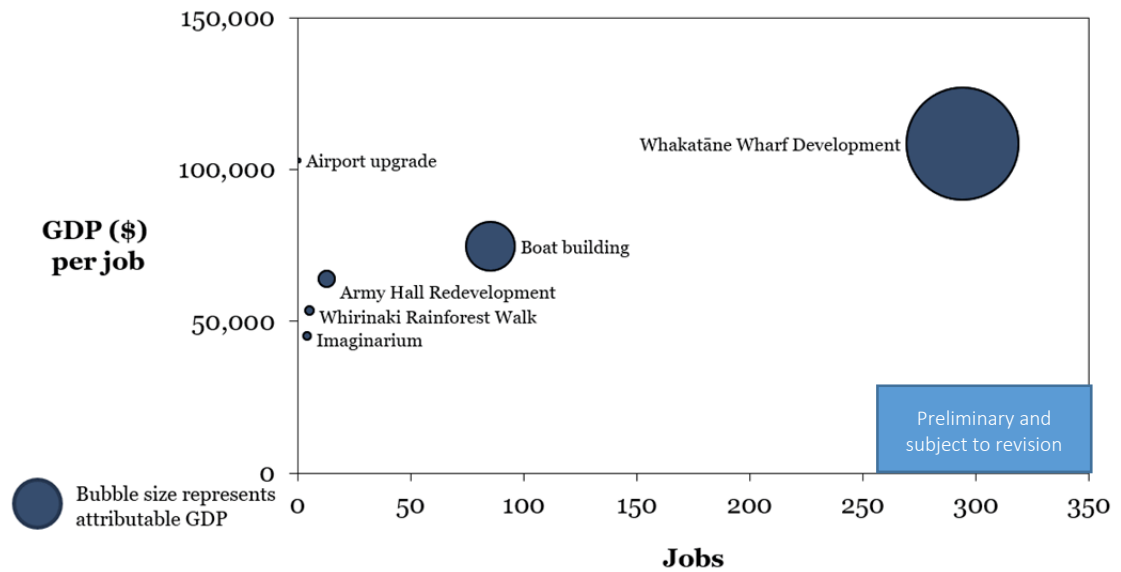
In economic terms, the project will create 294 attributable local jobs, and potentially a further 114 jobs with the unlocking of a suite of tourism projects, and expansion of the boat building industry²⁴. The social impact from job creation for individuals, whānau and the community will be significant in terms of creating an engaged and active community.

Wellbeing	Benefit
Economic <i>(Preliminary and subject to further revision)</i>	Direct and indirect job creation. The indicative preferred option will create ~400 jobs. Approximately 250 of these jobs are directly created in marine-based businesses (such as charter fishing, boat building and White Island Tours), 130 are indirect jobs in industries that support marine based businesses (such as boat servicing). Unlocking the suite of tourism projects will create substantial employment opportunities and if the current rate of growth (8.5%) continues for the next 10 years, an average of 98 direct/indirect jobs per year will be created (Infometrics report 2018). The economic benefits of the Whakatāne Wharf will extend further than just jobs created, for example if new jobs can be filled by unemployed people, the fiscal return to government could be substantial.

²⁴ There is significant uncertainty regarding how much of the expansion of the boat building industry can be attributed to the Wharf development. Further research is required to arrive at a reliable number.

This key wharf infrastructure project acts as a catalyst by unlocking transformative projects, including tourism and boat building projects. It also supports wider eastern bay of plenty economic development through provision of interim wharf facilities.

2030 jobs and GDP of projects tied to Whakatāne Wharf²⁵



Tourism is an important contributor to the district’s economy and water-based tourism is a major attractor for both domestic and international tourists. Currently 877 employees and \$27m of employment earnings are directly sustained by visitor spend. Potential plans for growth include the major operator, White Island Tours, planning to expand capacity. White Island Tours is also actively pursuing plans for a tourism service centre on the waterfront in Whakatāne, as part of a cultural and tourism precinct which includes the Mataatua Wharenui, an important cultural and tourism asset of Ngāti Awa. The Army Hall, which is owned by Ngāti Awa Properties Limited (a subsidiary of NAGHL), has been scoped for re-development for this purpose. The provision of quality waterfront facilities contributes to the appeal of the district as a holiday destination stimulating development and associated economic benefits. More importantly, the port is the key infrastructure for unlocking tourism potential.

Boat building as an economic activity in the District has exceeded all growth predictions. Key businesses in this sector have extensive plans for further growth and diversification that will create new jobs. Many of these plans hinge on appropriate marine facilities being available. Assuming these businesses achieve their stated growth targets, it is forecast that [REDACTED]

[REDACTED] Appropriate wharf facilities are needed to enable such growth.

Environmental There is a need to balance the management of port and harbour activities with maintaining and enhancing the special values of this area and mitigating adverse environmental effects to the extent practicable. The recommended option will avoid areas of potential significant indigenous bio-diversity.

Cultural Te Rūnanga o Ngāti Awa has a long cultural, spiritual, historical and traditional association with the Whakatāne River. The preferred option contributes to cultural wellbeing by recognising the important cultural values associated with port and harbour areas and the key part that access and view shafts to the river and the sea plays. It aligns with Ngāti Awa’s direction and cultural and economic aspirations as well as the draft Town Vision Concept Plan and the Culture and Tourism Precinct. Culturally significant historical sites, events and practices are

²⁵ Each bubble represents a project materially unlocked by investment the Whakatāne Wharf. Only projects with over 5 attributable jobs, 9 other projects are linked to the Wharf. The Wharf bubble represents wharf users such as commercial fishing boats, charter fishing boats etc. Smaller projects are only partially linked to the wharf, hence appear small. Uncertainty remains over the number of jobs unlocked in the boatbuilding and tourism sectors.

outlined in the Statutory Acknowledgement for Whakatāne River in Schedule 10 of the Ngāti Awa Claims Settlement Act 2005, which relevant consent authorities will have regard to. In addition, this project aligns with Te Rūnanga o Ngāti Awa and Ngāti Awa Group Holdings Limited’s aspirations for both cultural and commercial development in the Wairaka wharf area.

Social The provision of facilities that enable recreational activities results in health and lifestyle benefits to the community by relocating the wharf closer to the CBD, strengthening the visual and physical links between the wharf and the river. The economic benefits result in social uplift by providing financial security to individuals, whānau and the community.

Providing safe vessel access to (and safe use of) the Council’s facilities in conjunction with Bay of Plenty Regional Council provides health and safety benefits to wharf users and their vessels. It also provides greater resilience for the town to floods and storms through the development of a groyne structure.

Risks Not proceeding with the wharf redevelopment has a significant risk after 2021 when the current commercial wharf comes to the end of its asset life. This would put several current businesses at risk with insufficient space and facilities to operate safely. Flow-on negative impacts would be felt by Te Rūnanga o Ngāti Awa and Ngāti Awa Group Holdings Limited with economic and commercial aspirations curtailed. Ōpōtiki’s aquaculture project would also be impacted with heavily restricted interim wharf facilities available for Whakatōhea mussel boats en-route to processing.

Wellbeing	Risk and constraints
Economic	Design and construction risks are currently being tested and cost estimates have been subject to independent review.

Environmental	There are inherent access limitations at all river and harbour entrances in the district because of changing patterns of sand movement, and river and tidal flows. The condition of the bar – WDC use a combination of boat dredging and land based dredging operations to maintain the channel and bar depths over the Summer period. There have not been any restrictions on the bar (due to shallowing) for over 18 months. Any restrictions on the bar during this period have been as a result of adverse weather/sea conditions, which affect bars across the wider Eastern Bay of Plenty.
	There are areas of high ecological / biodiversity value within port and harbour areas.
	Climate change is a significant factor to consider with any wharf proposal that changes the river hydraulics in the event of flooding.

Physical	There is limited land available for the future development of facilities. Geotechnical characteristics of available land for development.
-----------------	--

Statutory Plans	The zoning of land within port and harbour areas limits development potential. Resource consents will be required for wharf redevelopment.
------------------------	--

Cultural	All port and harbour areas are of cultural significance to tangata whenua. These values are recognised in statutory acknowledgements (Schedule 10, Ngāti Awa Settlement Act 2005) and scheduled areas in district and regional planning documents. Te Rūnanga o Ngāti Awa has customary title over the rocks at the Whakatāne River entrance.
-----------------	---

Funding Overall costs of the project are expected to be around \$40m, including a large component for contingency which may be reduced following further investigation. At this stage, Council has committed funding of \$6m in its Long Term Plan.

Readiness

The next steps for this project are:

August 2018:

- Indicative Better Business Case – preferred way forward agreed
- Update concept designs
- Detailed design

2019 - 2021

- Resource consent process
- Procurement
- Construction

5.6 Other PGF-related project proposals

There are also a range of notable 'Other PGF opportunities' that would have transformational impacts on their communities. These projects include:

- Ngāti Awa's Tourism Development projects
- Whakaari/White Island Experiential Centre
- Whakatāne Tourism Product Development
- Other Tourism initiatives across the region
- Education and work readiness projects
- Other Iwi-led projects

Reader's should note that this section of the report does not intend to provide overviews of all other PGF projects.

5.6.1 Ngāti Awa Tourism Development Projects

TRONA, NAGHL and the Council have formed a Governance Group to assess potential waterfront development and the associated Cultural and Tourism precinct. However Ngāti Awa is also developing a suite of tourism projects intended to improve White Island/ Whakaari accessibility, utilise land assets and support cultural and heritage sites.

Project overview

This Ngāti Awa led project intends to develop a comprehensive tourism offering that leverages off the rich natural and cultural attractions within the Ngāti Awa rohe, and celebrates and shares Ngāti Awa heritage with the world. Ngāti Awa already has a strong foothold in the tourism industry and controls significant waterfront assets.

Ngāti Awa has recently acquired tourism and accommodation businesses focused on White Island/Whakaari (White Island Tours) and continue to provide a number of land-based tours and visitor experiences. Aspirations are to extend their suite of tourism products, complementing and building on White Island/Whakaari as the cornerstone tourism attraction for the area. Part of this includes scaling up current White Island Tours and motel accommodation. White Island Tours currently operate four boats providing for 18,000 visitors annually. The addition of two further boats will allow operations to be increased to 30,000 visitors annually.

Until there is a suite of tourism experiences in the area, many visitors will continue to stay in Rotorua and Tauranga and visit White Island/Whakaari as a day trip. This issue is made worse when trips are cancelled, and they are notified the evening prior – they simply do not make the trip to Whakatāne.

The 'Ngāti Awa Tourism Development' project intends to stimulate economic opportunities for Ngāti Awa whānau and hapū in a manner appropriate to the aspirations and values of the Iwi and will also provide wider economic benefits to the District.

Key projects seeking support from the Provincial Growth Fund include:

1. **Redeveloping the waterfront 'Army Hall' into a tourism service centre:** This project would see the redevelopment of the existing Ngāti Awa owned Army Hall building located on a prime Whakatāne waterfront site. The development plans to incorporate the White Island Tours ticketing office, souvenir shop, potentially the Whakatāne i-Site, a micro-brewery and café. The development would integrate with the existing Ngāti Awa tourism operations and broader waterfront/Whakatāne port development plans.

2. **Developing a new landing wharf on White Island Whakaari:** The existing wharf structure at White Island is approximately 90 years old, built when sulphur mining operations were located on the island. Portions of the wharf have collapsed, and vessels are unable to moor against it. Currently small inflatable boats ferry passengers from the main vessel to land in small numbers and excluding those with mobility restrictions. For at least 40 days of the year, tours must be cancelled due to the weather conditions at the White Island Wharf. Visitors are notified of cancellations the night before the tour, these visitors are often not even in the district and therefore choose to experience other attractions.
3. **Developing a glass bottom boat visitor experience:** An opportunity has been identified to develop a unique niche visitor experience through the development of a glass bottom boat experience. In conjunction with visits to the surface of White Island, a glass bottom boat with a lower-able viewing platform would allow visitors to encounter the world of White Island beneath the water line providing insight into marine life and volcanic processes.
4. **Developing a Kiwi Chick Nursery and Experience** on either the Ngāti Awa farm or Omataroa forestry blocks. The project supports local efforts to protect New Zealand’s national bird and embraces Ngāti Awa’s aim to strengthen and support the local community, economy and tourism. The concept aims to offer an all-natural kiwi experience through a kiwi chick nursery. The kiwi chicks will be in their natural habitat in a predator-fenced area while the visitors will have exclusive access to feeding areas and are able to remain onsite overnight in eco accommodations.
5. **Cultural and Heritage Hikoī –** Te Rūnanga o Ngāti Awa and Whakatāne District Council have developed a heritage hikoī concept which includes the upgrade of 12 significant sites to celebrate the cultural values of the place along with a digital app to allow visitor engagement with the stories. The vision is to provide a world-class heritage hikoī that celebrates and promotes the rich cultural and historical diversity of Whakatāne.

Ngāti Awa Group Holdings are also investigating options for increasing the capacity of the White Island Rendezvous Motel and have plans for building two new boats for their White Island fleet.

The projects leverage the cultural and commercial strengths of Te Rūnanga O Ngāti Awa (TRONA) and Ngāti Awa Group Holdings Limited (NAGHL) in a way that aligns to their guiding principles of Manaakitanga (caring for each other), Kaitiakitanga (guardianship for future generations) and Ngāti Awatanga (protecting language and culture).

The project is an inherent part of a broader vision to continue to grow tourism in the Eastern Bay of Plenty for economic and employment benefits to the region.

Benefits

The development and expansion of tourism product by Ngāti Awa is expected to contribute to Ngāti Awa economic strength and independence through the provision of direct business and employment opportunities to Ngāti Awa whānau and hapū. The project will also provide economic benefits to the wider community; a suite of tourism opportunities will be unlocked across the wider district (as referenced in the ‘Tourism Story’) therefore attracting a greater number of visitors, extending their length of stay and increasing visitor spend.

The rohe of Ngāti Awa, as with the broader Eastern Bay of Plenty region, is characterised by high levels of relative deprivation. Implicit within that context are lower levels of income, education, employment and health, for example. The growth and expansion of Ngāti Awa Tourism Products will provide greater economic strength and independence of whānau and hapū. The support of government investment into Ngāti Awa Tourism Product development will be a significant enabler to help realise this outcome.

Benefits realised through the Ngāti Awa suite of tourism projects include:

Wellbeing	Benefits
Cultural	Promotes the traditions, beliefs and values of Iwi
	Recognises and protects places of natural and cultural heritage
	Supports Iwi to realise social and economic aspirations post treaty settlement
Economic	Encourages business growth that builds on EBOP assets
	Supports Māori economic development
	Provides infrastructure that facilitates growth and development

Social	Creates vibrant and connected communities Supports healthy, active and engaged communities Increased public amenity via a cultural and tourism precinct
Environmental	Sustainably manages natural and physical resources (kiwi) Recognises and protects places of natural and cultural heritage Environmental effects are minimised and/or mitigated Optimal land use – Land is able to be used in the most desirable way.

Risks

Main risks and constraints to this project include:

- Need for further concept planning and business case development.
- Limitations of existing port infrastructure and berthage.
- Need to support project with appropriate workforce development.

Funding

1. **Developing a new landing wharf on White Island/ Whakaari:** Support from the Provincial Growth Fund is initially requested in the first year towards a feasibility study to develop a new landing wharf. This is expected to cost approximately \$850,000. Further funding will be sought for capital works.
2. **Redeveloping the waterfront 'Army Hall' into a tourism service centre:** \$2.5M support for capital works at the army hall will be sought in year one of the PGF.
3. **Developing a glass bottom boat visitor experience:** \$4M funded by NAGHL. Funding of \$4M is sought from the PGF.
4. **Developing a Kiwi Experience and kiwi chick nursery:** Support from the Provincial Growth Fund is requested towards the costs of setting up the area of the kiwi chick nursery, predator fencing, power, roading and consents. The estimated cost is \$2.8M. Feasibility study support of \$350K will be requested in year one of the PGF with support for the capital works sought in year two.

Readiness

The Ngāti Awa Tourism Product Development projects are led by Ngāti Awa Group Holdings Limited (NAGHL) in conjunction with Te Rūnanga o Ngāti Awa (TRONA) and with the Whakatāne District Council in a support capacity. A good working relationship is in place between these three entities, recently formalised through a governance agreement (May 2018) to oversee development of the Whakatāne Waterfront and potentially any projects that flow from it.

At the time of writing, TRONA have initiated the development of a Tourism Strategy to guide their direction and investment into tourism. The specific proposals identified in this report are at various stages of development and may require further concept development and/or feasibility planning to inform the next steps.

5.6.2 Whakaari/White Island Experiential Centre

Project overview

Tourism has been identified as a key economic driver for the Whakatāne District and the Council is committed to leading the biggest areas of opportunity to deliver transformational change for the community. A growth in the visitor economy will provide far reaching benefits to the community by allowing tourism businesses to develop from seasonal small-owner operated businesses to sustainable year-round businesses which offer more jobs.

Whakatāne District Council has developed the 'White Island Tourism Project' which will investigate the economic opportunities from using White Island/Whakaari as the cornerstone tourism attraction and key promotional tool for Whakatāne. There is the opportunity to utilise a unique tourism product to benefit the business sector and the community. Currently, the visitor industry is worth \$134m to the local economy with more than 50% spent in retail. There is an existing strategy and action plan that has wide support from the business community and Iwi, particularly Ngāti Awa, and the PGF provides the opportunity to extend and expedite the project. The strategy is part of a wider White Island/Whakaari accessibility project and Whakatāne wharf and waterfront redevelopment.

Tourism New Zealand are now marketing White Island - Whakaari as an iconic attraction and the island receives global media attention. The uniqueness of the White Island - Whakaari experience is a point of difference that no other

region in New Zealand has. However, the proximity of Whakatāne as a Gateway to White Island - Whakaari can be leveraged to draw more international and domestic travelers. Three tourism businesses operate from Whakatāne including White Island Tours (owned by Ngāti Awa Group Holdings Ltd), Frontier Helicopters and White Island Scenic Flights.

White Island is the hook that will bring visitors here and allow other tourism attractions to develop and thrive. Travelling to Whakatāne is already limited by being off the core tourist routes, while access to White Island is constrained by weather conditions. Having a year-round attraction will allow visitors to plan to visit Whakatāne with more certainty and satisfaction.

The domestic market is very seasonal and centred around family holidays at the beach over the summer months. A White Island/Whakaari experiential centre would be an ideal family attraction that would offer a cost-effective alternative to visiting the island itself.

Extensive consultation with tourism businesses, Iwi and other stakeholders has taken place over the past two years.

Benefits

The Centre needs to be innovative and world class to powerfully tell the story of a live volcano, enhance the connection between Whakatāne and White Island - Whakaari and be an attraction in its own right, providing an opportunity to unlock a wider range of benefits.

Wellbeing	Benefit
Economic	<p>Unlock a suite of tourism opportunities (refer to the Tourism story)</p> <p>Increase in business for White Island operators through the increased exposure of White Island as a premier visitor attraction. Ngāti Awa Group Holdings are the largest operator with significant expansion plans</p> <p>A corresponding increase in tourism businesses - e.g. accommodation, growth in the number of visitor experiences, improved offerings from existing providers (as they become 'Export Ready')</p> <p>An increase in career pathways and employment associated with tourism industry, which is likely to involve a range of roles, from highly skilled to unskilled positions.</p> <p>Growth in related industries e.g. retail, transport, restaurants, arts and suppliers of services such as food producers and maintenance providers</p> <p>Strengthening and promoting awareness of Whakatāne as a desirable destination, attracting new business and investment across all sectors</p> <p>Better alignment between local, regional and national tourism promotion of our area</p>
Social	<p>Encouraging the community to embrace tourism as a positive contributor to our economy</p> <p>Helps create a vibrant and connected community</p>
Cultural	<p>Tell the cultural story of local Iwi and the history of the Island – particularly the sulphur mining and habitation of the island.</p> <p>Development of the broader Māori economy through technology businesses and cultural tourism and the corresponding employment. With a high proportion of Māori residents in the region and large areas of land under Māori ownership, there is untapped potential to increase the cultural and nature-based tourism experiences that are offered.</p>
Environmental	<p>An opportunity to enhance the Whakatāne township connection with the river, sea, wharf and cultural precinct, along with improved services for visitors and the community.</p> <p>Allow visitors to learn and investigate the science of geology and volcanology, as well as the unique marine life that exists solely because of the volcanic activity in the surrounding waters.</p> <p>Tell the wider stories of the volcanoes of the wider North Island, or the Pacific Ring of Fire, as White Island is part of the Taupō Volcanic Zone.</p>

Risks

- Lack of funding
- Dependence on the Wharf redevelopment, Army Hall site, Cultural and Tourism Precinct and associated projects by Ngāti Awa.

Funding

Funding of \$170,000 is being sought for a feasibility study into the establishment of a land-based White Island/Whakaari Experiential Centre based in Whakatāne. Further funding will be sought for capital works.

Readiness

The feasibility study will investigate possible locations and is dependent on the outcome of the Wharf redevelopment project and associated projects driven by Ngāti Awa.

5.6.3 Whakatāne Tourism Product Development

A suite of tourism projects intends to support the growth in tourism enabled through the wharf redevelopment and tourism precinct. Each project will become an outstanding tourism attraction and significantly contribute to tourism growth by encouraging visitors to stay another night. Many of these projects have been planned for several years and the PGF provides an opportunity to expedite them and create a synergistic benefit.

The projects also fall into Tourism New Zealand's Special Interest sectors, which are key marketing priorities to attract high value visitors to New Zealand. Tourism New Zealand has conducted significant research into its target markets and has identified that New Zealand has a point of difference in several special interest areas, offering a unique holiday experience for travellers who enjoy cycling and mountain biking, golf, walking and hiking.

Ngā Tapuwae o Toi coastal walkway

This well-utilised 18-kilometre-long historic trail passes through three Scenic Reserves near the Whakatāne and Ōhope urban settlements. It is a track of significance due to its offering of spectacular scenery, cultural history, native wildlife (home to over 300 wild kiwi), and its accessibility. Upgrading and improving the Track is a project that will develop this asset into a first-class tourist attraction and a DOC 'Great Day Walk'.

Cycleway projects

- *Extend and enhance Mōtū Trails to Whakatāne Airport under EBOP Cycle Strategy.*
MBIE has funded a Business Case to extend the Mōtū Trails 'Great Ride' from Ōpōtiki to Whakatāne Airport, with funding for trail construction to be sought through the New Zealand Cycle Trails Great Ride Enhancement and Extension Fund. The proposed trail will include established tourism destinations such as Ōhope Beach and Ōhiwa Harbour, which are acknowledged for stunning landscapes, natural beauty, water quality, customary and recreational activities, heritage places and values. The trail from Ōhope to Whakatāne will pass through kiwi territory where native kiwi live in local reserves under the watch of the Whakatāne Kiwi Project. The trail links with the Warren Cole Walk and Cycleway and can take riders directly to the Whakatāne CBD, and the proposed Cultural and Tourism Precinct on the Whakatāne waterfront. The excursion to the Whakatāne Airport has the option of extending the coastal ride from the river edge stop bank trail to expansive views across Coastlands Beach and Motuhora (Whale Island).
- *Whakatāne Mountain Bike Park.*
The Whakatāne District Council, Whakatāne Mountain Bike club, the Whakatāne Bike Trust and the wider community have a strong desire to establish a mountain bike park near the main urban areas to provide an accessible and valuable recreation option for the whole community. A mountain bike park would also provide a tourism attraction offering considerable economic benefits to the District.
Mountain biking is a fast-growing sport and suitable for individuals, groups of friends or the whole family as a recreation activity that is reasonably low cost. Currently there is no mountain bike track within easy reach of Whakatāne, the EBOP's largest urban area.
Mountain Biking New Zealand estimates that around 500,000 people participate in the sport in the course of one year with most riders being recreational. Tourism New Zealand target cycling as a special interest group, recognising that cyclists stay longer and spend more in their destinations than other groups. Regions such as Nelson-Tasman and Rotorua have identified that the investment in tracks has generated considerable economic benefits and employment. Additionally, a wide selection of associated commercial activity can become established to support the sport, such as bike shop sales and mountain bike hire/guide operations. In terms of wellbeing, the activity brings health benefits for all ages.
Whakatāne - Ōhope is an ideal location to establish a mountain bike park, with large tracts of farmland, forestry and bush surrounding the urban areas. Cyclists, particularly visitors, require easy access, amenities and accommodation.

A mountain bike park would contribute significantly to the suite of tourism activities and opportunities being identified by the Whakatāne District Council. The park would offer another reason for visitors to ‘stay another night’, encourage day trips from the wider region and attract visitation from bikers already visiting Rotorua. A feasibility study would identify suitable land options, costs and benefits of the project.

- *Whakatāne Pedestrian and Cycleway Bridge.*

There is a long history of community demand for a second bridge, particularly to connect those on the coastal suburbs west of Whakatāne where there are a number of new subdivisions underway. There is currently a proposal for a 130m single span bridge, plus 165m of associated boardwalk that crosses the Whakatāne River and adjacent wetland, to connect the town to the beach west of Whakatāne. The bridge will provide a much-needed second river crossing to improve traffic congestion and provide a viable commuting alternative to the SH2 Landing Road Bridge. A concept design for the bridge has been completed and there are funding commitments from the Council and the private sector to the value of \$1m, with the total project value being estimated at \$6m. The bridge would also form part of, and become a key feature of, the Western Coastal Cycle Trail Extension linking the Mōtū Trails to Whakatāne.

Whakatāne War Memorial Hall Events and Conference Centre

The Council has undertaken extensive consultation with user groups and residents on the development of the Whakatāne War Memorial Hall Sports and Events Centre. Design work is planned for 2020-21, with construction planned for 2026-27. The Council is investigating options for the inclusion of a conference centre for the wider Eastern Bay of Plenty to support tourism and economic development.

Whakatāne Airport Redevelopment

The current Whakatāne Airport Terminal is no longer fit for purpose, and its size and function will constrain the projected growth of Tourism in the Eastern Bay of Plenty.

Investment in airport improvements include consideration of improvements to the existing Roger Walker architecturally designed terminal building or terminal redevelopment, along with additional hangar space will signal to our key stakeholders that the Whakatāne Airport is a key asset and delivers an important piece of infrastructure. This would unlock wider economic opportunities such as hangar development, commercial investment at the airport and the potential for a scheduled flight service to Wellington, which would increase passenger numbers and therefore increased revenue.

5.6.4 Tourism across the wider District

Several tourism initiatives are being explored across the District, including several led by Iwi to leverage their environmental and cultural assets. Although in early stages of planning, these initiatives will eventually benefit from – and contribute significantly to – the increased tourism volume coming to the Eastern Bay of Plenty.

Ngāti Whare Tourism Strategy

Ngāti Whare have identified an opportunity to further develop the tourism industry in the Whirinaki Te Pua-a-Tāne Conservation Park. Located near Murupara, 90 kilometres south-east of Rotorua, the Whirinaki Te Pua-a-Tāne Conservation Park is considered the “best example of lowland podocarp forest left on Earth”. However, it is still not on the radar of most kiwi (and international) travellers. Given how close it is to both Rotorua and Taupō (70 min drive from each), there is potential to change this.

Key stakeholders include the existing tourism operators in the area and the Ngāti Whare people themselves. To date, Ngāti Whare have invested in research and analysis of several potential opportunities that would be viable in the Whirinaki Te Pua ā Tāne Conservation Park.

Manawa hikoi (Murupara and surrounds)

This project is part of a suite of projects led by Ngāti Manawa (including Manawai and Manawa Oho) and aims to restore the mana of the land and waterways, with restoration projects on the 20-hectare block known as Kani Rangi Park. The vision is for integrated, high-quality interpreted experiences, which will give visitors and locals greater insights and add to their enjoyment of place.

Alongside the restoration of Kani Rangi Park, several other tourism offerings could include;

1. Te Ana a Tokowaru – rock carvings (Development Concept proposal received).
2. Te Tapiri - a model fighting pa
3. The Rangitāiki River – fishing and kayaking and white water rafting

4. Plantation forestry – walks and mountain bike trails, pig and deer hunting
5. Fort Galatea – Redoubt site North of Murupara
6. Potential walks, 4-wheel drive, horse treks, lookout sites at Te Ihu a Hineani, Pekepeke, Te Rourou, Tawhiuau By helicopter, bike trails linking to Whirinaki Hut sites from Murupara
7. Fishing, kayaking, eeling, swimming at Lake Aniwanuiwa.
8. Marae stays – the wharenuī – our museum and art gallery.
9. Waioara walking track in Kani Rangi Park – plant a native plant and track its growth on the website from anywhere in the world.

Ngāti Manawa would like to commission a feasibility study that will examine each of the potential features and outline a plan for the development of tourism activities integrated with the community. The aim is to look for a combination of experiences that charge the senses so that visitors can hear, see, smell, touch, taste, feel and traverse elements of time.

Whirinaki Rainforest Adventures

This project seeks funding to deliver tourism accommodation facilities to service a suite of new multi-day tourism products that have been developed in Whirinaki Te Pua-a-Tāne Conservation Park. Whirinaki Rainforest Adventures have 24 years of continuous guided walks operations in the Park and in December 2016 secured a 30-year lease on a site deep within Whirinaki. They currently have a lease application for a second accommodation site within the conservation park being processed by the Department of Conservation. The term being sought is also for 30 years.

The project aims to expand the existing tourism business by meeting strong market demand for a multi-day guided walk in a North Island location which is acclaimed for its forest type and history throughout the world. The objective is to deliver walking tour experiences akin to the iconic walks of Fiordland and Marlborough.

5.6.5 Education and work readiness projects

Imaginarium

Project overview

Te Whare Wānanga o Awanuiārangi (TWWoA) is proposing the development of a regional technology, science and innovation education hub, known as an ‘Imaginarium’, adjacent to the TWWoA campus in central Whakatāne. The project will be supported by other key stakeholders; Whakatāne District Council, Ngāti Awa Group Holdings Limited (NAGHL) and Te Rūnanga o Ngāti Awa (TRONA).

The Imaginarium will provide opportunities to grow skills and capacity in STEM subjects. The proposal is to integrate a range of multimedia experiences to inspire interest in science, mathematics, physics, physiology, chemistry and astronomy. The Imaginarium will also provide exposure to computer programming, coding, software design, robotics, augmented and virtual reality, photogrammetry and artificial intelligence. The facility will service the wider Bay of Plenty, with a particular focus on engaging secondary school students and providing them with the credentials they need to continue on to further study or research, and to embrace high-earning, future-focused, career opportunities. In addition to the significant educational opportunities that the Imaginarium will offer, its interactive nature and proposed conference facilities will position the centre as a tourist destination, contributing to tourism growth in the Whakatāne District.

Benefits

The Imaginarium will address a significant known Māori educational and developmental issue by providing an opportunity for students to engage in STEM related courses and programmes. This will enable them to take advantage of future employment opportunities in jobs that are secure, safe, and rewarding. An associated benefit of the project is that it will position Whakatāne as a national centre for research and innovation by attracting large numbers of visitors and staff, students, researchers and academics. As demonstrated in other areas with similar facilities, this is expected to lead to considerable economic growth – businesses are likely to directly benefit as will the tourism sector, accommodation providers, retailers and food outlets.

Readiness

The Imaginarium project is ready for a business case to be undertaken.

Manawai Work for Life Centre

Project overview

Te Rūnanga o Ngāti Manawa, Ngāti Manawa Incorporation, and Ngahuinga Motumako are three Ngāti Manawa organisations working together to bring a cornerstone industry to Murupara in a business arrangement with New Zealand Aquifer. The intention of the *Manawai* project is to set up two water bottling plants that will form, fill, pack and dispatch bottled water internationally. Presently, Overseas Investment Office approval is being sought for the project, with drilling of bores, test wells and water testing to be completed in due course. The water is intended to be sourced from a deep aquifer between 120 and 200 meters underground.

A suite of solutions is being developed to get local people ready for jobs at the plants, and by 2020 the developers intend to construct a training and employment 'Work for Life Centre' (WFLC) at the water bottling site.

This project sits alongside Manawa Oho and Manawa Hikoi, which are discussed in more detail elsewhere in this report.

Benefits

The Manawai water-bottling project offers wide-ranging benefits for each of the four wellbeings. Many of these are related to the WFLC, which will provide access to training, capacity and skills development, and to the part and full-time employment anticipated to be created (504 direct FTE jobs are estimated, with a forecast average wage of \$75,992). Currently, Murupara has high rates of unemployment and average income levels are low.

While centred in Murupara, and with a key focus of providing employment for the local community, Manawai and the WFLC would have benefits for the wider Whakatāne District and Eastern Bay of Plenty. Murupara services several small outlying villages, and the volume of workers required for Manawai could offer an opportunity for residents of these towns to be employed, spreading the reach of the Manawai project's benefits. The project also offers opportunities for inter-lwi employment and training initiatives.

Risks

Risks to the project include:

- a) Gaining Overseas Investment Office approval for the investors in the plants
- b) Obtaining groundwater consent from Bay of Plenty Regional Council
- c) Securing the power supply required to run the plants
- d) Rail and port volume issues
- e) Obtaining resource consents for relocation of Murupara town and upgrading current housing stock

Funding

PGF funding of \$2,372,000 over two years (September 2018 to September 2020) is being sought to develop the WFLC and increase the capability of the local community to fill the forecast positions at the water bottling plants.

Readiness

Pre-employment training programmes are ready for implementation (67 people signed up to participate), MSD accreditation has been completed to deliver level 4 programmes, and relationships have been established with training providers.

TPOOM Tū Rangatahi Māia Hub

Project overview

A new Rangatahi Hub will provide pathways between high-school, vocational/tertiary training and employment; and offer pastoral care intervention for those that need support along the way. Programmes will support participants through training institutions or directly into industries across the Eastern Bay of Plenty.

Benefits

TPOOM intends to extend current pre-employment packages to the tourism, forestry, health and social services sectors, all of which are key to unlocking the potential of the region. TPOOM recently secured funding to support NEETS in Whakatāne into employment through a new "Whāia te rangātiratanga," programme.

Over the four-year programme, TPOOM intend to place up to 400 NEETS into pre-employment programmes; and pathways into training or employment. TPOOM wish to house the programme in a purpose-built integrated Careers Hub based in Kopeopeo, Whakatāne.

The Hub will offer information on careers and FTE opportunities, as well as a location for employers to come together and work across an integrated operational/capital interface. It will also house integrated social/health services and work ready programmes. The building that will house the Hub needs refurbishment to host the suite of services proposed.

Risks

TPOOM currently owns a 2,500 m2 property in the heart of Kopeopeo which is the proposed location for the Hub. [REDACTED]

Funding

TPOOM is seeking PGF funding as it is a Charitable Trust working across the social, health and employment sectors. Grant funding would enable TPOOM to support and deliver FTEs across the region. TPOOM is seeking \$1.6m in grant funding to refurbish its proposed location for the Hub in Kopeopeo.

Readiness

TPOOM currently owns the location proposed for the Tū Rangatahi Māia Hub. PGF funding would enable TPOOM to move quickly in setting up the Careers Hub.

5.6.6 Other Iwi-Led Projects

Manawa Oho (Murupara Revitalisation)

The current Murupara township was developed when the forest service was established in the 1940s/50s. During that time, the town was a thriving, happening place where everyone was employed, had a home, a car and an excellent quality of life. Since the privatisation of the Forest, in the era of Rogernomics, the quality of life has diminished, and the life of the town and the population has gradually ebbed away. The town is no longer fit for purpose, the buildings are not up to code and the standard of living is not at levels that should be expected of a small town in New Zealand.

The Manawa Oho revitalisation project is part of a suite of projects led by Ngāti Manawa, including Manawai and Manawa Hikoi, which are discussed elsewhere in this report. Through Manawa Oho, Te Rūnanga o Ngāti Manawa intends to provide leadership to work with other stakeholders to re-site Murupara along State Highway 38 – where it was before the forest service business was established. Traffic data from 2017 suggests that more than 50,000 vehicles travelled past Murupara on the Highway, so relocation will better position the town for tourism development. A revitalised town will also provide a fit for purpose range of services, facilities, and job opportunities to support the Manawai project.

There are some major challenges for the project, for example derelict and under-code buildings need to be demolished and the cost of rebuilding does not make sense in a community with limited resources. A high capital outlay is required; the cornerstone industry that the Manawai water bottling plants represent and the transformative opportunities that they will unlock necessitates transforming the civic and business footprint of the town.

Te Rūnanga o Ngāti Manawa has partnered with Ngahuinga Motumako Trust to acquire land that was originally part of the Trust's property before sales in the early 1900's. A sub-committee has been formed comprising of representatives from the Rūnanga and the Whakatāne District Council, and the group has been meeting to start the conversation.

This project has the following key components.

1. Re-siting the town centre along SH 38.
2. Re-purposing the old town centre as a hub for community activity - a smart all-weather potential facility
3. Designing the town to facilitate services for the hau kainga (community hub) and facilities for visitors.
4. Housing stock upgrades/replacement, allocation of new housing areas

The project will require specialist help to be realised, and PGF funding is sought for this purpose.

Ngāti Whare Nursery Expansion

The idea to establish a native tree nursery was developed because of the need to regenerate 640 hectares of the Whirinaki Te Pua ā Tāne Conservation Park from pine to native. This need is part of the settlement between Ngāti Whare and the Crown.

The Minginui Nursery will give Ngāti Whare the ability to grow sufficient stems to facilitate the regeneration of the Whirinaki Forest and provide stems for the growth and development of a native commercial forest industry. The Nursery provides an opportunity to make commercial plantation of native forests a reality. By providing employment

for locals within Minginui, the nursery provides Ngāti Whare with a real opportunity to lift economic development within the region.

Ngāti Whare were approved PGF funding of ██████████ \$5.8m ██████████ over five years to enable Minginui Nursery to produce up to 1 million native trees per annum by 2021. The funding was used to underwrite the sale of a portion of the native trees for use in the Government's tree planting programme, and to invest in expanding the capacity of Minginui Nursery, its workforce capability and the community of Minginui.

Ngāti Whare have initiated the expansion and developments are going smoothly. Operations continue to run efficiently with all milestones on track to be accomplished. The Minginui Nursery has nine full time staff and has already supplied thousands of trees to customers, including neighbouring Iwi.

What has also evolved is a first of its kind relationship, enabled by a successful technology partnership between a Crown Research Institute (Scion) and Ngāti Whare. Scion and the Iwi have developed a cross-cultural understanding of tikanga Māori and the scientific language and research methods used in rapid indigenous propagation technologies and research.

Ngāti Whare Pest Control

The New Zealand Government has set a target for NZ to be pest free by 2050. The Department of Conservation (DOC) is administering this program, which will see \$28 million invested over four years, on top of \$70 million per year already spent on predator control by government, regional councils, OSPRI, businesses, Iwi, communities and others.

In November 2016 DOC established a company – Predator Free 2050 Ltd (PF2050) – to direct investment into regionally significant predator eradication projects and the breakthrough science solutions needed to achieve predator free status. PF2050 Ltd will receive \$6 million per year of new Government funding to invest in regionally significant predator eradication projects and break-through science.

Ngāti Whare has several areas of interest in this program:

- As a forest estate owner there is an interest in eliminating the above pests, and it is hoped this will lead to improved potential for the forest estate as a tourism destination;
- Within the territorial holdings of Ngāti Whare Holdings Limited's ownership trust, there is an underutilised workforce capable of participating in a pest elimination program; and
- Ngāti Whare is pursuing a partnership with a businesses with significant potential to contribute to a business system that may significantly address the 2050 challenge.

The New Zealand Government has identified the need to eradicate pests due to the detrimental effect these have on the environment and our native species of birds. Ngāti Whare, who act as kaitiaki of one New Zealand's largest Forests - Whirinaki Te Pua ā Tāne Conservation Park, have realised the effects pests have on their whenua and wish to participate in the cause. Ngāti Whare do not want to continue with existing pest management practices as they are too detrimental to wildlife.

Ngāti Whare have identified the research and development of new technology "revolving pest control" as a key solution. Potential partnership with two upcoming businesses in the pest control industry will provide an avenue for Ngāti Whare to assist in the advancement of such technology. Executing against this opportunity will enable Ngāti Whare to be at the forefront of innovation and be an exemplar for environmental sustainability.

The project has numerous benefits across the environmental, cultural, social and economic spectrum.

Ngāti Whare seeks financial support from the PGF to help fund a new innovative technology to eradicate pests in the Whirinaki Te Pua ā Tāne Conservation Park, providing better protection of its natural resources and inhabitants.

Ngāti Whare are in a financial position to conduct the necessary due diligence in establishing and managing the business partnerships required for this initiative. PGF funding will be used for research and development around pest control technology and required capital.

Nature's Road/Te Urewera Experience

This project is not seeking PGF funding but is included to acknowledge the significant work underway by Ngāi Tūhoe on improving the wellbeing of Tūhoe communities.

Nature's Road/Te Urewera Experience is a collaborative project between Te Urewera Board, Tūhoe Te Uru Taumatua, NZTA and the Wairoa and Whakatāne District Councils, which focuses on improvements to Te Urewera Road. It is an ambitious project, which aims to alleviate social isolation and deprivation of the remote communities within Te Urewera; improve the experience of those wishing to experience Te Urewera; and, enable sustainable economic development – all in a way that embodies the principles and sentiments of Te Kawa o Te Urewera.

DRAFT

6 Benefits

This section of the report will explore the potential of the projects outlined in the section above. It will do so in three ways. First, by outlining the methodology used to analyse quantitative economic impacts which includes incremental direct and indirect job and GDP growth. Second, by outlining the estimated economic benefits and describing the potential for spillover benefits. Third, by showing the potential for the projects to lift business-as-usual growth forecasts for the EBOP. Finally, by describing the social, cultural and environmental outcomes expected.

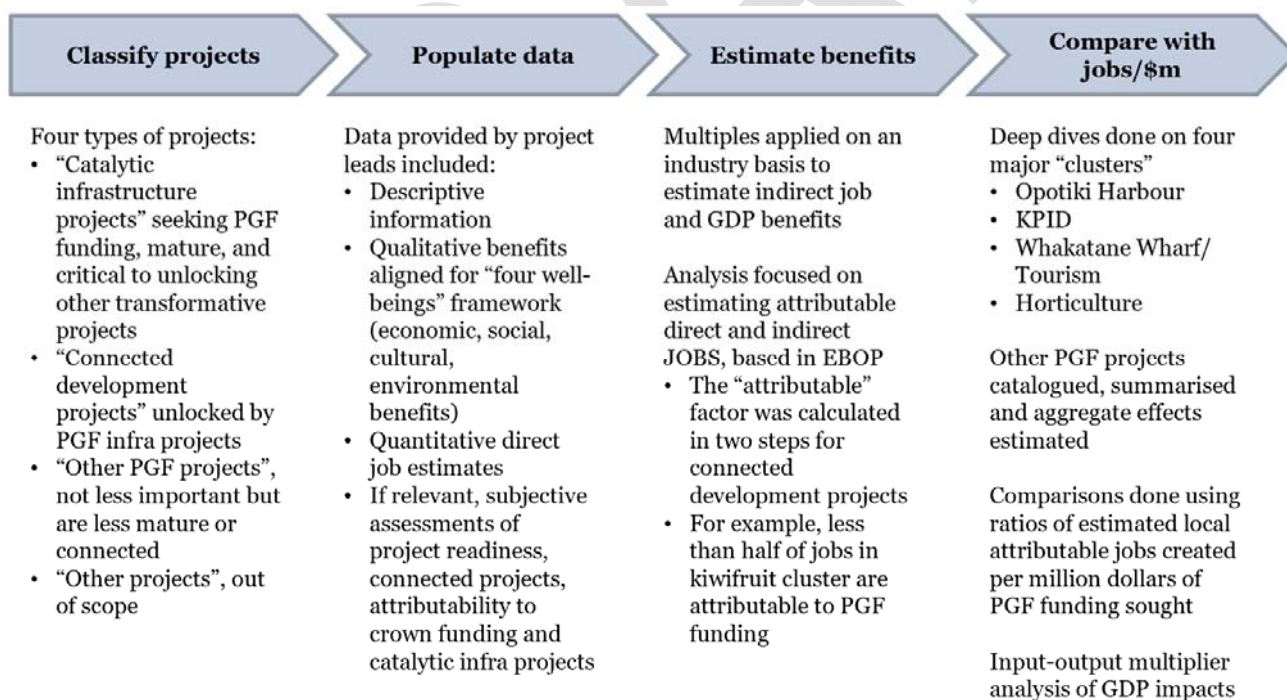
Together, the catalyst infrastructure projects and their clustered connected development projects offer a material economic growth opportunity. 1,800 attributable direct jobs in industries that can accommodate entry level roles such as kiwifruit picking, mussel farming, manufacturing and tourist operations. Indirect jobs which provide support services to the direct growth industries and which, based on standard multipliers, could provide as much as 776 attributable new local jobs. The projects could increase the Eastern Bay’s GDP growth rate from 0.99% to 3.3% per annum.

Readers should note that all numbers presented in this section should be considered “work-in-progress” and subject to revision. Estimates have been developed off of data provided by project leaders at a point in time and should continue to evolve as progress towards complete PGF applications are made. Readers should also note that further consideration of the benefits in terms of Treasury’s proposed Living Standards framework and The Four Capitals approach is warranted.

6.1 Methodology

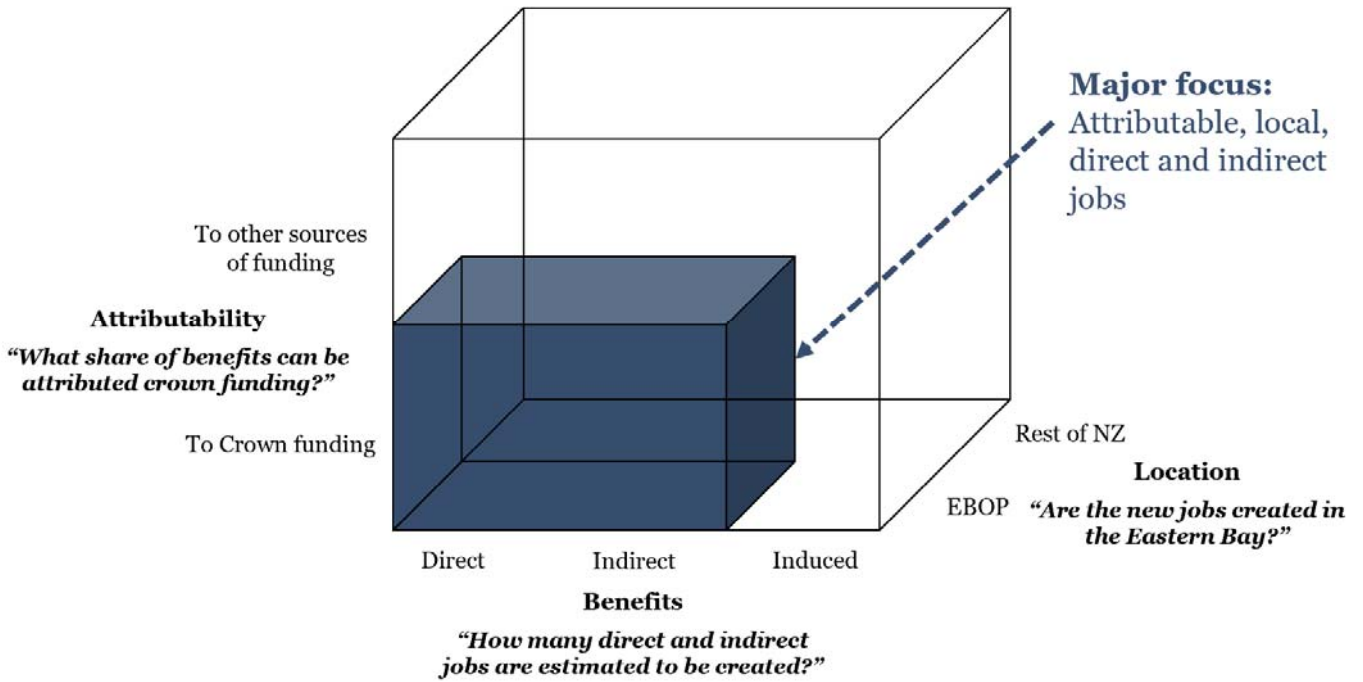
At a high level, the analysis undertaken by the project team occurred over four stages: projects were identified and classified; data and information were collected for each project; attributable direct and indirect job and GDP growth were estimated based on the data provided; and, finally, comparisons were made based on the number of attributable jobs created per million dollars of PGF investment. Figure 9 below provides an overview of the process undertaken.

Figure 9: High-level illustration of analytical process undertaken to compare the economic impact of PGF investment in EBOP projects



Analysis was focused on understanding the attributable direct and indirect jobs created in the Eastern Bay of Plenty by the projects seeking PGF funding. Other benefits – such as induced growth, the economic benefits dispersed across the rest of New Zealand, and growth stimulated by other sources of capital funding – are still important but were not focused on given the intention of this project.

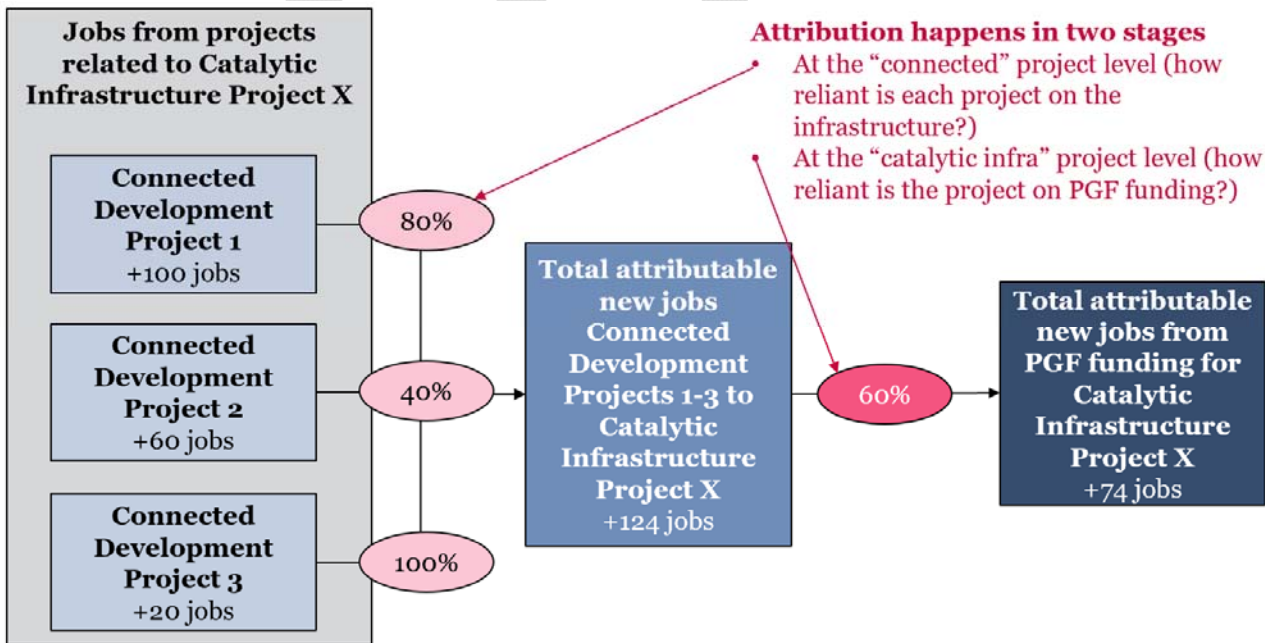
Figure 10: Illustration of the project’s analytical focus on attributable direct and indirect local jobs



Readers should note that the term “attributability” refers to the degree at which benefits can be attributed to Crown PGF funding. The attributable benefits were estimated on two levels. First by assessing the reliance of connected development projects (such as a sea farm in Ōpōtiki harbour) on their enabling catalytic infrastructure projects (such as the Ōpōtiki Harbour Development). Secondly, by assessing the reliance of the catalytic infrastructure projects on crown founding.

For example, if a project would certainly happen, in the same form and at the same time without PGF funding, its attributability factor would be zero. On the other hand, if a project certainly would not happen without PGF funding, then the attributability factor would be high. A hypothetical example is presented in Figure 11 below.

Figure 11: Illustrative example of attributability being applied to connected development and catalytic infrastructure projects to determine the benefits from PGF funding



Another important input to the analysis were the multiples applied on an industry-by-industry basis to estimate indirect jobs. The projects in this report have the potential to create material indirect growth and therefore the multiples applied are important. To illustrate, Department of Statistics data indicates that for every 100 jobs created by horticulture projects, \$6.5m of indirect GDP and 59 indirect jobs are created in industries that supply goods and

services to horticulture projects. For example, more truck drivers might be required to move kiwifruit, and more vehicle mechanics might be needed to service the agriculture equipment and transport trucks.

These multiples were sourced from the Department of Statistics the most commonly used are provided below in Table 2.

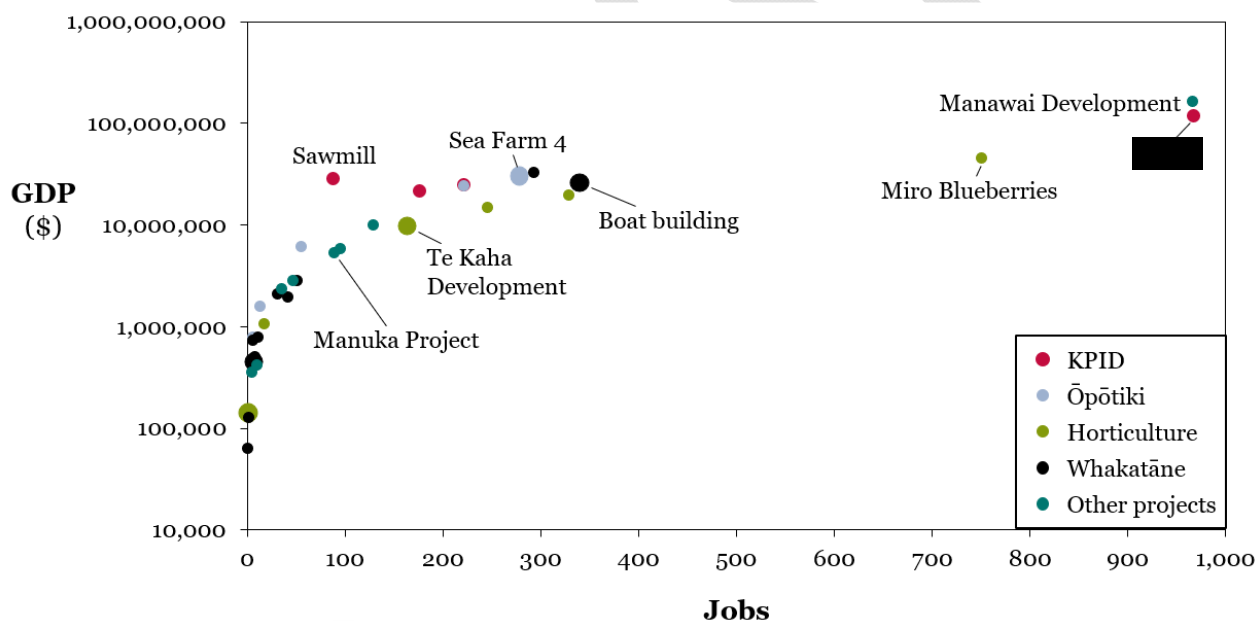
Table 2: Indirect job multiples used on an industry-by-industry basis

Industry	Department of Statistics Indirect Job Multiples
Wood Product Manufacturing	1.61
Dairy Product Manufacturing	6.01
Heavy & Civil Engineering Construction	1.43
Fishing & Aquaculture	1.62
Horticulture & Fruit Growing	1.19
Education & Training	1.06
Construction Services	1.21
Transport Equipment Manufacturing	1.10
Arts & Recreation Services	1.16
Road Transport	1.17

6.2 Direct and indirect economic growth

The analysis presented in Figure 12 reveals that there are many projects in development within the Eastern Bay of Plenty that have the potential to deliver material job and GDP growth, and deserve PGF consideration. Readers should note that the following chart includes attributable and non-attributable growth.

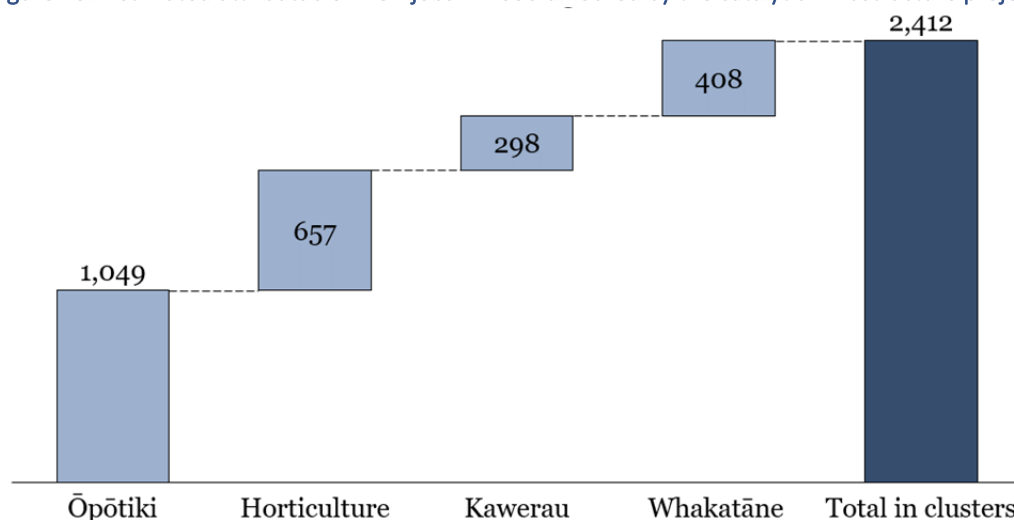
Figure 12: EBOP jobs and GDP of each project tied to a cluster, by 2030²⁶



By 2030, it is estimated that the four catalytic infrastructure projects have the potential to unlock 2,400 attributable jobs, along with another 3,914 that are attributed to other sources of funding. Figure 13 breaks down the estimated job growth and shows that Ōpōtiki is the largest job creator at 1,049 estimated attributable jobs, followed by the other three projects which all deliver approximately 300-650 new jobs.

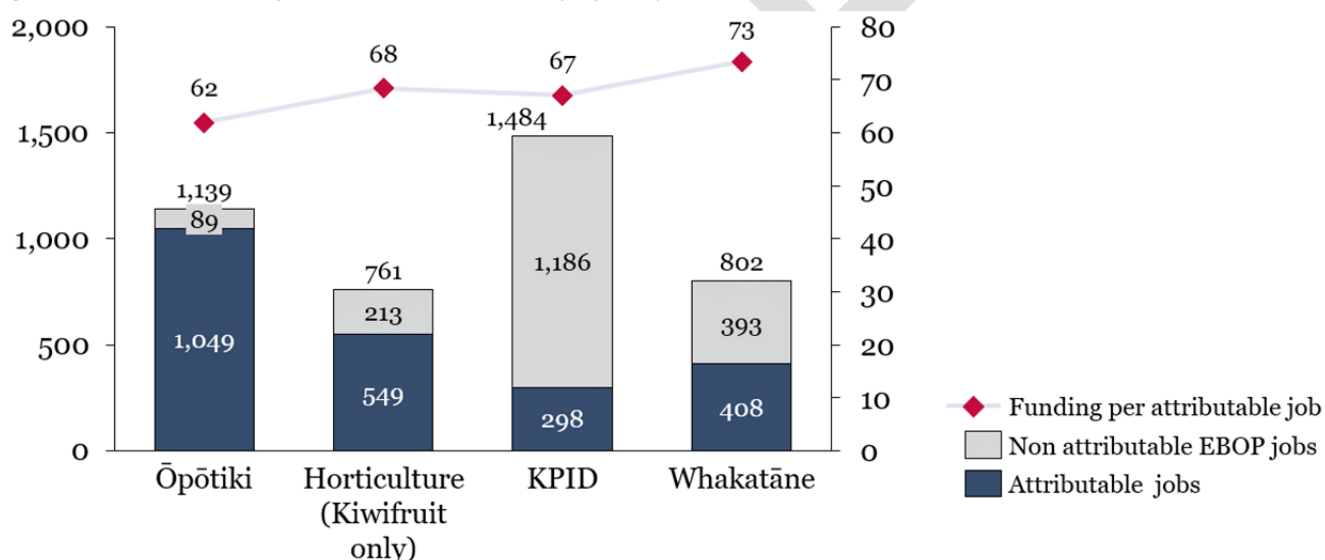
²⁶ Includes all jobs and GDP growth, including that not attributable to PGF funding.

Figure 13: Estimated attributable EBOP jobs in 2030 unlocked by the catalytic infrastructure projects²⁷



Based on estimates of the jobs created and the amount of PGF funding sought, the project team has calculated the estimated cost per attributable job. This analysis shows not only do the four catalytic infrastructure projects provide material job growth in a region which systemically high unemployment, they do so at a relatively high level of resource efficiency. Across the four projects, approximately \$67,000 in one-off PGF funding buys one new attributable local job, as shown in Figure 14.

Figure 14: Estimated EBOP jobs in each infrastructure project by 2030²⁸



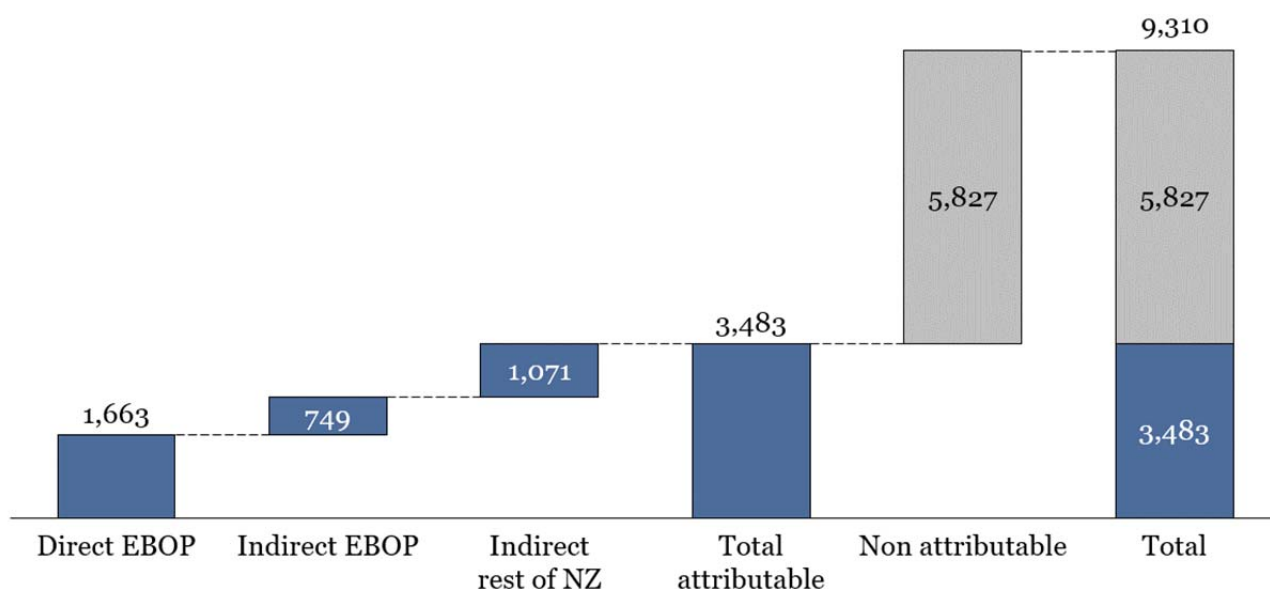
Miro has been excluded from this analysis due to the high residual uncertainty regarding the attributability of its benefits to PGF funding and the level funding sought by the project. Because of this exclusion, and because all the other horticulture projects are kiwifruit-based, the Horticulture cluster has been renamed in figure 14 as “Kiwifruit only”.

Overall, the combined benefits of the catalytic infrastructure, connected development and other PGF projects could be transformative. The analysis undertaken as part of this project estimates that there could be as many as 1,600 new direct attributable jobs created in the Eastern Bay of Plenty by 2030 due to PGF investment. This stimulus is estimated to create another 750 attributable indirect jobs within the EBOP, and other 1,070 indirect attributable jobs in the rest of New Zealand. That means the total attributable jobs created could be as high as approximately 3,483 by 2030. If estimated non-attributable jobs are counted – in essence, the jobs that would have been created by the projects regardless of PGF funding outcomes – the total increases to 9,300. Below, Figure 15 illustrates the estimated job growth possible.

²⁷ Attributable jobs only. Count of jobs in 2030.

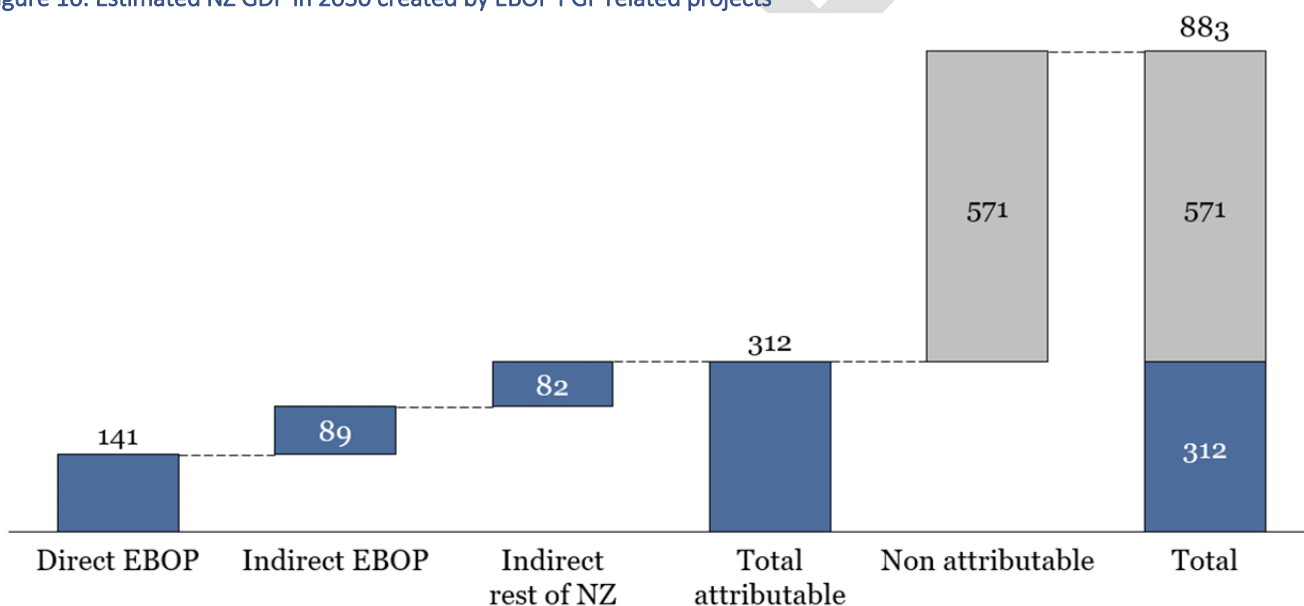
²⁸ Funding per job is a one-off cost, yet the job will return social and fiscal benefits for many years. Whakatane Wharf job estimates remain highly uncertain and require further research to reduce this uncertainty.

Figure 15: Estimated NZ jobs in 2030 created by EBOP PGF related projects²⁹



The story for GDP is similar with \$230m in estimated local attributable direct GDP growth, \$312m in total NZ attributable GDP growth (which includes indirect growth as well), and \$883m in total GDP growth in non-attributable growth is counted too.

Figure 16: Estimated NZ GDP in 2030 created by EBOP PGF related projects³⁰



6.3 Implications for the baseline

The projects seeking PGF funding, and by extension the projects they unlock, suggests a potentially transformative opportunity for the Eastern Bay of Plenty’s economy. As shown below, in terms of employment, the projects could create up to 6,200 local jobs across a range of new industries including aquaculture, kiwifruit, tourism, manufacturing and logistics. Many of these jobs are entry level and suitable for people newly leaving school or who have been unemployed for some time.

The PGF projects are estimated to deliver a marked increase in the growth of jobs and GDP in the EBOP, as shown in Figures 17 and 18 below.

Figure 17: Estimated Eastern Bay of Plenty job numbers, actuals and projections³¹

²⁹ Note: includes all sources of job growth, including that outside of EBOP and that not attributed to PGF funding.

³⁰ Note: includes all sources of GDP growth, including that outside of EBOP and that not attributed to PGF funding.

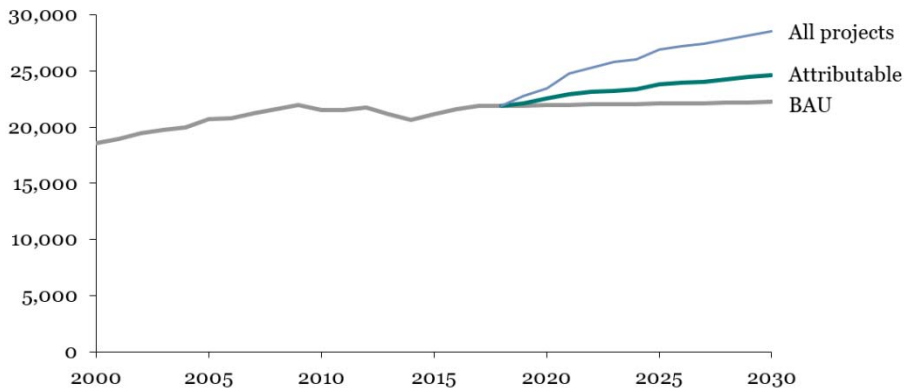
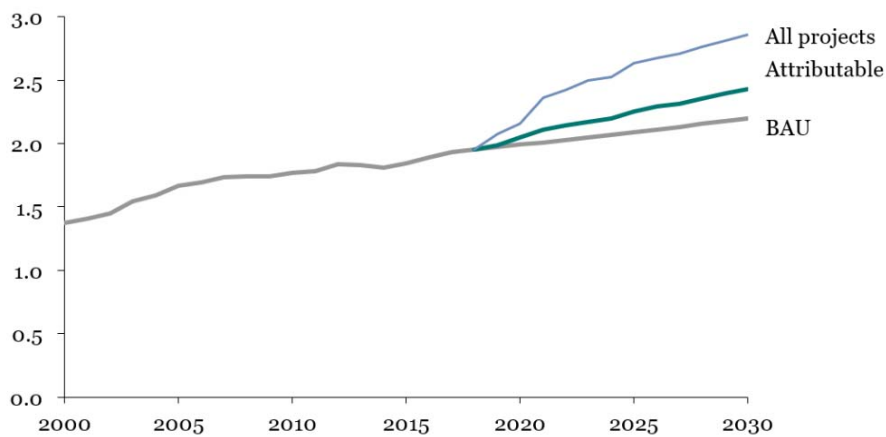


Figure 18: Estimated Eastern Bay of Plenty GDP, actuals and projections (\$ billion)³²



The performance growth that manifests is likely to differ from the one shown above. Not all projects will be progressed for a variety of reasons: they may not receive the funding required, they may not be consented, or they may encounter some other binding constraint which cannot be mitigated. The direct benefits realised might be lower than expected if constraints cannot be managed. But other factors combine to indicate that the total impact on the economy could be much larger than expected. In addition, the graph above does not include the full expected contribution from the transformative projects, only the share of their benefits estimated to be attributable to catalyst PGF projects.

6.4 Spill-over benefits

The economic and social value of the EBOP regional economic development projects is not limited to the job and GDP effects of the projects themselves. There is a cascade of benefits from these projects including induced employment creation (which has been excluded from the data set out above); regional spill-overs and cluster effects (see below); and the social and potential environmental benefits of well managed regional development (see subsequent section). There are also positive fiscal returns from gains in employment GDP and business growth.

The economic analysis shown in this report has to this point been limited to:

- Direct and indirect job creation (excluding induced jobs)
- GDP impacts (derived from sector-specific input-output multiplier analysis)
- Preliminary assessment of the relative effectiveness of job creation per PGF dollar invested

³¹ Source: Infometrics and analysis of projects. BAU project based on last five-year compound annual growth rate. Attributable and All projects lines assumes all projects are funded and grow as projected by project owners.

³² Source: Infometrics and analysis of projects. BAU project based on last five-year compound annual growth rate. Attributable and All projects lines assumes all projects are funded and grow as projected by project owners.

This section sets out some of the drivers of induced and spill-over economic value creation. While a full quantitative analysis of this in the context of the EBOP project opportunities is beyond current scope, we note below in qualitative terms key principles that underlie the economic spill-over benefits driven by these projects.

6.4.1 Induced economic effects

Induced economic effects are those which occur outside the value chain of the enterprise concerned. The direct jobs of a business are those of the enterprise itself, the indirect jobs are those related upstream and downstream in the value chain, typically among suppliers and customers. Induced effects occur in other, proximate, value chains. For example, the newly employed worker spends more in the local shops, creating multiplier effects among the retailers and suppliers to those shops.

Our research has excluded induced job creation and GDP effects from the estimates contained in this report. That is because deriving induced effects from each of a range of bottom up project developments and then summing those impacts would double count impacts that are common to two or more projects. To avoid any suggestion of such double counting, we have taken the conservative and prudential approach of excluding induced effects from the quantitative analysis altogether.

However, because these effects are non-zero in practice, we note that further research would refine and (in all likelihood) increase the total benefit stream associated with these projects. Of course, from additional gross value creation must be subtracted the indirect economic impacts of the constraints set out in the next chapter of this report, creating an economic case for the investment needed to relieve those constraints (such as to train apprentices or to build a better road).

6.4.2 Scale and scope economies

Economics identifies scale and scope economies in many industries. These impacts occur when the unit cost of production falls as the size of a business, or its connectedness to related industries, increases.

In the EBOP context we would expect scale economies to exist within project clusters. For example, the efficiency of Kiwifruit processing and cool storage will potentially improve with the scale of production. The processing efficiency of mussel processing will likely increase with the presence of additional sea farms.

Scale economies are finite, and what is required is for projects to reach minimum efficient scale. One of the reasons this report focuses on four major development clusters is to ensure efficient scale is reached within those clusters.

Scope economies are evident in the multi-use application of supporting infrastructure. For example, chilled seafood and chilled horticulture products can take advantage of the same transport infrastructure links, including the KPID container terminal.

While these impacts are real and well understood in economic literature, it has not been possible within the scope of this project to quantify their individual impacts on the projects concerned. We have taken as a more general proxy sector-based input-output GDP multipliers. It is possible that these may understate particular scale and scope economies available to the EBOP project clusters.

6.4.3 Multi-sector portfolio effects

This report has documented a wide range of project opportunities that show job creation occurring in new sectors (aquaculture, new forms of horticulture, more diversified tourism), not simply additional capacity in existing industries (for example pulp and paper, social services).

Our analysis shows that the sources of job and GDP growth are largely concentrated in new industry sectors and in high-deprivation areas such as the East Coast (from Torere to Raukōkore), Ōpōtiki and Kawerau. This spreads the benefits of development and should increase the resulting social multipliers.

The cross-sectoral footprint of the project opportunities also has another advantage: increased resilience of the EBOP economy to downturns in individual sectors because of the presence of an expanded range of sectors. This broader “portfolio” of projects is likely to lessen the aggregate variability/risks profile of regional economic returns.

6.4.4 Productivity and cluster dynamics

There is a well-documented literature and evidence base on the positive spill-over effects³³ arising from regional economic development clusters³⁴. While not without academic debate^{35, 36}, cluster development theory is central to economic development policy at institutions such as the OECD, The European Commission³⁷, The UN Industrial Development Organisation (UNIDO)³⁸ and the World Bank³⁹. There are a wide range of successful economic development clusters worldwide, including the Danish design industry and the *North East of England Process Industry Cluster*⁴⁰. Experience gained from Nordic cluster development is summarised in the *Cluster Initiative Greenbook (2.0, 2013)*⁴¹

Harvard University's Centre for Strategy and Competitiveness defines clusters as:

"a geographic concentration of related companies, organizations, and institutions in a particular field that can be present in a region, state, or nation. Clusters arise because they raise a company's productivity, which is influenced by local assets and the presence of like firms, institutions, and infrastructure that surround it."

Cluster development theory has been implicit or explicit in New Zealand economic development thinking since the "Porter Report" on the New Zealand economy (1991)⁴²; the "Growth and Innovation Framework of the early 2000s" and is classically summarised by Prof Michael Porter in his 1998 Harvard Business review article "Clusters and the New Economics of Competition."⁴³

According to his research clusters impact *productivity* (the amount of output per unit of input) and competitiveness through stimulating increased rivalry between firms and improving factor input conditions (skilled labour, irrigable land) and output demand (e.g. through improved logistics to market).

Clusters also improve the rate of innovation within the cluster, as firms learn from each other through being more proximate to suppliers, customers and competitors. Porter advocates moving regions and industries from a factor-driven (extractive) stage, to an investment-driven (manufacturing) stage to an innovation driven stage⁴⁴.

The major clusters recommended in this report clearly assist the EBOP region, and therefore to some degree New Zealand as a whole, move from *the factor to investment driven stage*, and provide the *enabling conditions for innovation*. Examples of the latter include the involvement of Scion Research in the KPID proposal and of Waikato University in the development of various horticulture proposals.

³³ Or "positive externalities" – sources of value that are external to the direct transaction or entity involved in the transaction, or otherwise exogenous to the core model.

³⁴ For a definition of Clusters see, inter alia, https://en.wikipedia.org/wiki/Cluster_development and the Harvard Business School Centre for Competition and Strategy: <https://www.isc.hbs.edu/competitiveness-economic-development/frameworks-and-key-concepts/Pages/clusters.aspx>.

The Centre has undertaken work in New Zealand, for Example a 2009 Study into "New Zealand's Marine Cluster" https://www.isc.hbs.edu/resources/courses/moc-course-at-harvard/Documents/pdf/student-projects/NewZealand_Marine_2009.pdf

³⁵ See for example Swords, Jon (2013): "Michael Porter's Cluster Theory as a Local and Regional Development Tool" http://nrl.northumbria.ac.uk/11207/3/local_econ_submission.pdf;

³⁶ See also Wolman and Hincapie "Clusters and Cluster Development Theory", Economic Development Quarterly (2016) Vol 29 (2). <http://journals.sagepub.com/keyword/Clusters>

³⁷ <http://www.clusterobservatory.eu/index.html>

³⁸ https://www.unido.org/sites/default/files/2008-05/SMEbrochure_UNIDO_0.pdf

³⁹ <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTURBANDEVELOPMENT/EXTLED/0,,contentMDK:20198994~menuPK:404396~pagePK:148956~piPK:216618~theSitePK:341139,00.html>

⁴⁰ https://en.wikipedia.org/wiki/North_East_of_England_Process_Industry_Cluster

⁴¹ Lindqvist, G, & Ketels, C, Sölvell Ö (2013) The Cluster Initiative Greenbook 2.0 [1] <http://www.clusterobservatory.eu/index.html#!view=documents;mode=one;sort=name;uid=a9dab110-adb2-44fe-9618-b2f8d12e2f41;id=>

⁴² "Upgrading New Zealand's Competitive Advantage" (Crocombe, Enright and Porter, HBS Press, 1991)

⁴³ <https://hbr.org/1998/11/clusters-and-the-new-economics-of-competition>

⁴⁴ "Clusters become critical motors, not only in generating productivity, but also encouraging innovation at the world frontier. Institutions and incentives supporting innovation are also well developed, increasing the efficiency of cluster interaction. Companies compete with unique strategies that are often global in scope, and invest strongly in advanced skills, the latest technology, and innovative capacity" M Porter, *Centre for Competition and Strategy, 2018*.

It has not been possible within the scope of this project to attempt to quantify the impacts of these spill-over productivity effects. However, we can be confident that they are related to the scale and intensity of the clusters concerned.

For this reason as well as absolute levels of employment and GDP stimulus, that we recommend the government focus first on the enabling infrastructure to accelerate the four major sector clusters at issue: aquaculture through Ōpōtiki Harbour; high value horticulture on Maori owned land; logistics and manufacturing at the Kawerau-Putauaki Industrial Development; and a potentially high value tourism cluster leveraging the draw of White Island and facilitated by Whakatāne's tourism/marine complex.

We also recommend seed funding to bring forward the next generation of high value projects.

6.5 Social, cultural and environmental benefits

It was not within the scope of the project to deeply analyse or quantify the better social, cultural and environmental outcomes delivered by the PGF projects. However, the team has decided to include a summary to highlight to the considerable opportunities the PGF projects present.

The social benefits of lifting employment in a region with structurally high levels of unemployment and deprivation will be profound. New, local, open-entry jobs can change the lives of families struggling with employment and lead to considerably better social outcomes. As the previous section showed, the PGF projects have the potential to increase the available jobs in the region by ~2,300 by 2030. In addition, many projects support more vibrant and connected communities. For example, the Whakatāne Wharf which project improved river access and visual amenity, or the hikoi projects which strengthen connections to forests and beachlands.

Culturally, many projects are aligned with the aspiration of Iwi seeking improved social and economic opportunities following treaty settlements. For example, without the Ōpōtiki Harbour Development, developing sea farms on areas transferred to Iwi through Treaty settlements will be constrained. Further, several projects provide an opportunity to greater realise the cultural heritage of the Eastern Bay region and promote Māori traditions, beliefs and values.

The environmental benefits are diverse and fall broadly into three categories: strengthened connections with nature, reduction in environmental harm, and improved climate change resiliency. The tourism related projects improve access to the EBOP's beautiful environmental assets such as White Island. The Kawerau Putauaki Industrial Development reduces environmental harm by providing more energy or emission efficient solutions. Whakatāne's wharf project improves the climate resiliency of the marine based businesses operating out of the Whakatāne Harbour.

6.6 Conclusion

Overall, the benefits offered by the Eastern Bay's PGF projects are transformative. A history of lagging economic development could be completely turned around, even if only a portion of the estimated benefits are realised. Approximately 2,400 new local jobs could be directly or indirectly created by PGF investment to provide opportunities for unemployed people. Economic resiliency will grow as new industries are developed. The combined social, cultural and environmental impacts will include vibrant and more appealing communities, bright futures for school leavers and Iwi, and strengthened connections with the region's beautiful natural environment.

7 Constraints

The project identified four constraints which could reduce the probability of successful delivery of the PGF projects in the Eastern Bay, reduce their impacts on job and GDP creation, or delay the realisation of benefits and therefore the turnaround needed. The constraints include capability to support economic develop projects, labour supply and workforce development, transport infrastructure, and housing supply.

If local organisations do not have the capability needed to progress the next tranche of PGF projects, economic development in the Eastern Bay could stall. Insufficient labour supply could reduce the ability of new businesses and industries to pursue growth and could limit the material benefits generated when unemployed people become employed. Insufficient transport infrastructure could limit the ability of people to work and live in different areas of the Bay, as many do today. Low quality and supply constrained housing stock could deter highly skilled workers from moving to the Eastern Bay to manage and lead growing organisations.

The potential effect of the four constraints could be material. The purpose of this section of the report is to outline the constraints which need to be navigated, highlight efforts underway to alleviate them, and demonstrate the importance of further effort by describing the potential implications for growth from failure.

7.1 Capability and capacity

The success of the projects presented in this report depends on the capability and availability of the people and organisations leading them. The catalytic infrastructure projects are being led (mostly) by people within small councils who are often “juggling many balls” and “stretched very thin.” Also constrained are the iwi organisations leading some of the major horticultural and tourism projects seeking PGF funding.

These organisations may not have experts in Better Business Case writing or complex economic analysis, and even if they do, may not have the capacity needed to shepherd a project from ideation, to business case preparation, to PGF application and to execution. The RGLG Council teams are providing as much support as possible to other organisations in their regions pursuing PGF funding, particularly Iwi organisations, but cannot sustain this level for much longer.

If local organisations do not have access to the capabilities and capacity required, their ability to successfully pursue the next tranche of transformative PGF projects will be limited. If allowed to persist, this capability shortage could mean that the Eastern Bay misses the opportunity represented by the Provincial Growth Fund and will continue to lag the rest of New Zealand.

The RGLG is proposing to submit a PGF grant application to provide for capacity support for the EBOP project flow. It is not intended that this will replace work underway by individual councils on the major project clusters, but would be critical to the delivery of the broader portfolio of EBOP projects in the following three ways:

- Provide a RGLG project coordinator to handle the ongoing project flow and ensure appropriate ongoing stakeholder consultation and coordination.
- Assess the critical challenges that must be overcome to advance the next tranche of PGF projects and develop a process to support successful resolution by project owners.
- Consider efficient and effective ways of supporting a tranche of smaller projects that are sponsored by organisations that lack capacity and need additional support to develop and deliver projects. For example, smaller iwi and community organisations. The Government may wish to consider developing a sub-regional contestable smaller project fund for local administration.

RGLG sponsors and principals regard some form of ongoing capacity support as essential and are open to discussing with PGF Ministers and officials what form this support should take that would best meet the government’s objectives of delivering sustainable growth to the region.

7.2 Labour supply and workforce development

Adequate workforce supply is a critical enabler of project success, a potential magnifier of impacts, and required to create the social and cultural impacts that are desired by Eastern Bay Iwi and communities. At a high level, there are three workforce development challenges which need to be managed by the Bay: connecting entry level jobs to local unemployed people, ensuring projects have access to high skilled people, and attracting sufficient seasonal workers to scale the aqua and horticulture opportunities.

With over 7000 new positions being created, managing workforce development across the Bay represents a material risk that could stall growth and a material opportunity that could magnify the economic, social and cultural outcomes delivered by the PGF projects.

This section will outline challenges which could constrain labour supply, recent workforce development projects which have been successful or are proposed and recommended further work to be done.

Overall, this project's preliminary analysis indicates that the challenges facing labour supply are considerable but not unmanageable, the prize from investing in workforce development is large, and that more action is needed.

7.2.1 Three challenges which could limit labour supply

The project has identified three challenges which must be navigated to enable the projects presented in this report. The challenges are:

- Connecting entry level jobs to local unemployed people
- Ensuring projects have access to high skilled people
- Attracting sufficient seasonal workers to scale the aqua and horticulture opportunities, noting that the complementarity of seasonality also presents an opportunity.

The first challenge is in ensuring local unemployed people are prepared for, connected to, and supported to succeed in new local entry level jobs. One of the main drivers of the PGF projects is in creating meaningful employment and career opportunities for Eastern Bay's Rangatahi and locals who are unemployed. Unemployment is high in the Bay at 12.6% (of total population), 1.7x higher than the rest of the BOP, and investment will be needed to support the unemployed people who are 'work-ready' as defined by the Ministry of Social Development (approximately 50% of EBOP's unemployed).

To ensure unemployed people can thrive in the new jobs expected several steps must be taken:

- New job and career opportunities need to be effectively marketed to students and unemployed
- Secondary schooling and post-school training programmes need to be providing work ready graduates with industry relevant interests and skills
- Employers need to be supported and have adequate internal resources and capability for youth employment and development
- Pastoral care needs to be available through the entire transition period to amplify the likelihood of sustainable employment and career paths.

The second challenge for the Bay will be in ensuring sufficient high skilled and senior people are available. The Eastern Bay will not only need people to fill entry level jobs, there will also be many roles requiring senior technicians and capable managers, such as for sea farm operations and food and wood manufacturing processes.

Obstacles to successfully ensuring sufficient senior talent are different to the entry level supply issue. More highly skilled people need to be proactively identified and given compelling offers to relocate and be supported. Many will likely come from outside the Eastern Bay and, while some will be moving back home, many will be moving from other regions of New Zealand or from overseas and may require support finding housing and integrating into their new community. The perceived quality of schools, especially high schools, may be a factor in the relocation decisions of more skilled and mobile people. This could be a constraint for Ōpōtiki and Kawerau in particular.

Finally, seasonal workers need to be attracted to work on the aquaculture, kiwifruit, blueberry, macadamia and Manuka farms proposed. Seasonal workers are often low skilled locals or working-tourists. Locals should be supported, and it may be possible to use the counter-seasonality of the various crops to create permanent jobs out of several offsetting seasonal jobs. Working-tourists should fill the gap and a more systematic approach may be required to compete effectively for them.

7.2.2 Workforce development efforts have had success

It is not in the scope of this report to determine how to resolve the challenges outlined above, but the project did note several workforce development initiatives that have been completed successfully or are underway and appear promising. Table 3 outlines the work identified. But, readers should note that it is not an exhaustive list.

Table 3: Workforce development projects identified

Project name	Description
<p>Ōpōtiki Harbour Workforce Development</p>	<p>Locally-led cross sector Pathways to Work initiative began in 2015 and incorporated in part to Ōpōtiki Harbour Validation Project is ongoing.</p> <p>Some initiatives to date include:</p> <ul style="list-style-type: none"> • Completing “Mauri Oho”, a Whakatōhea-led ready to work programme with Work and Income clients resulting in 53 of the first 80 participants moving to jobs, work experience, or training relevant to their aspirations in the first year • Building a collective focus on driver licencing including the Ōpōtiki Community Driver Mentoring Programme which has helped over 60 young people gain their Restricted licence. • Launching new College pathways to work initiatives focussed on raising students and whanau awareness and aspirations for the world of work, reorienting curriculum to Eastern BoP industry requirements, and incorporating work-ready skills into mainstream education • Developing a collective approach to new NEET (young people “Not in Education, Employment or Training) focussed initiatives enabled by He Poutama Rangatahi.
<p>Employment Assessments for Kawerau, Murupara</p>	<p>Industrial Symbiosis Kawerau and Toi EDA together scoped anticipated FTEs and Workforce Required (including minimum and maximum qualification and training specifications) for the cluster of industries enabled by Kawerau Putauaki Industrial Development during construction, commissioning and full operationalisation stages.</p> <p>Initial discussions have been had with Ngati Manawa around workforce development programs that will be required to encourage local people from the Murupara and Minginui areas into opportunities brought about by water bottling. These programs will build on the experience learnt from Ōpōtiki and underway in Kawerau, and be primarily led by the local iwi and community.</p>
<p>Kawerau Pathways To Work Programme</p>	<p>Industrial Symbiosis Kawerau and Toi EDA facilitated industry and cross sector development of a local Pathways to Work Plan which is now informing proposals and changes.</p> <p>Key elements include:</p> <ul style="list-style-type: none"> • Local workforce development infrastructure including quality, timely information • Regular cross sector exchange, for example on how to ensure education and training is well tailored and timed for industry • New systems for connecting prospective employees with employers. <p>Further work planned includes more tailored “on ramps” for unemployed people (including rangatahi) and new employer-led cadetships for local industries designed and await outcome of funding support.</p>
<p>Te Kaha Kiwifruit Growers Association</p>	<p>A multiyear tertiary education commitment by growers to ensure that local people are trained and supported to become the supervisors and managers in the industry, and on their land.</p> <p>A multi-year partnership with Toi Ohomai has seen the programme evolve to date. Learnings have included how essential it is for tertiary programmes to be delivered locally, and at very reasonable costs to Level 5.</p>

Ōmaio/ Toi Ohomai Governance and Training Programme

To date 50 local Ōmaio Trustees have graduated through an intensive 4-month Governance and Leadership Program facilitated by Toi Ohomai and delivered at Ōmaio School. This training is critical as all ensuing decisions and agreement on land blocks will need to be made and understood by these trustees. This program includes guest talks from prominent Maori leaders / business people including Paul Morgan (Whakatu Incorporation), Whaimutu Dewes (Sealord) and Malcolm Short (Pukeroa Oruawhata).

Toi Ohomai have developed a 5-year training program to provide local whanau with the horticulture, management and operations skills they will need to fill supervisor and senior roles. These programs will be delivered in Ōmaio.

Link-Up EBoP Programme

Programme supported through Toi EDA with mission to connect rangatahi education more strongly to industry needs and the reality of work.

The Programme addresses EBoP stakeholder concerns that more systematic connections are needed between Iwi, schools, tertiaries and industries in support of rangatahi understanding and experiencing real jobs and career options to inform their choices, and growing work ready skills and competencies.

Outcomes to date include:

- Regional co-ordination of Youth Employability Licence to Work and implementation underway in three schools, a tertiary, and a government agency programme. It is anticipated that 100 students will be involved by the end of 2018
- “Industry taster days” which introduce students to prospective career pathways. For example, in Ōpōtiki for 100 EBoP students with kiwifruit and horticulture industry
- Survey completed with rangatahi to gain understanding of industry interests and preferred styles of learning about the world of work
- Resources developed to support school programmes and planning.

Truck Driving Programmes

Two programmes underway to build heavy transport driving employment opportunities in the Eastern Bay. They are:

- The Department of Corrections’ sponsored accredited Heavy Transport Level 3 Certificate which was made accessible to EBoP residents and has training over forty people with more planned soon
- The transport and freight industry cadetship developed by Toi Ohomai and a sub-group of the Freight and Logistics Action Group. The cadetship is being piloted with a small number of local companies, with a view for the full programme to be available for the 2019 intake of cadets. Cadetship will take high school leavers with full Class 1 licences right through to a Class 5 licence and will be officially launched at the Logistics & Freight Showcase 10-11 August 2018

Tū Rangatahi Māia Hub

Te Puna Ora o Mataatua (TPOOM) will provide and deliver pre-employment FTE vocational or tertiary training as well as intensive pastoral care in Whakatāne and the wider EBOP. The programmes offer pathways in to various training institutions or direct to industry across the EBOP, including tourism.

TPOOM recently secured He Poutama Rangatahi funding to support NEETS in Whakatāne to pathway into employment. “Whāia te rangatiranga” is a new twenty six-week programme for rangatahi in Whakatāne who will learn new transferable skills. Participants will be offered a range of courses in health care (level 2 or 3 pre-employment certificate), heavy machinery operations, forestry and tourism and will gain a driver’s licence and complete a CV. Participants will also be provided intensive pastoral care to prepare for work placements, and eventually full-time work.

Imaginarium

Te Whare Wānanga o Awanuiarangi (TWWoA) are proposing the development of a regional technology, science and innovation education hub, known as an 'Imaginarium', adjacent to their current campus in central Whakatāne. The project will be supported by other key stakeholders; Whakatāne District Council, Ngāti Awa Group Holdings Limited and Te Rūnanga o Ngāti Awa.

The Imaginarium project reflects the growing need for STEM subjects to prepare students for careers in technology and innovation sectors. It will integrate a range of multimedia experiences to inspire interest in science and mathematics, physics, and physiology, chemistry and astronomy. Likewise, computer programming, coding, software design, robotics, augmented and virtual reality, photogrammetry and artificial intelligence. The Hub will service the wider Bay of Plenty region and have a particular focus on engaging secondary school students. Moreover, providing them with the credentials they need to continue on to further study or research, and to embrace high-earning, future-focused, career opportunities.

Manawai

Te Rūnanga o Ngāti Manawa, Ngāti Manawa Incorporation, and Ngahuinga Motumako are three Ngāti Manawa organisations working together to bring a cornerstone industry to Murupara in a business arrangement with New Zealand Aquifer. The intention is to set up two water bottling plants that will form, fill, pack and dispatch bottled water internationally.

In preparing for this development, the biggest change that Ngāti Manawa sees ahead for its people is to assist them to make lifestyle changes and choices that will transform their lives from one of negative statistics to sustainable positive change. Ngāti Manawa believe that this can be done by pre-employment training, links with employers for real job opportunities, and a wrap-around social support system to ensure each person experiences success.

7.2.3 Further workforce development work is required

Workforce development is a critical success factor for the opportunities presented in this report. If done poorly or under-invested, projects could shrink, stall or fail. But, if done well, workforce development has the potential to grow the impact of the PGF projects by supporting more unemployed and under-employed people to participate and contribute to economic growth.

The positive impacts of reducing unemployment are significant and were outlined in a report on Social and Community Benefits⁴⁵ as follows: Extensive evidence supports significant benefits from increased incomes enabled through jobs including improved ability to purchase own home, reduction in poverty, improved health, reduction in government expenditure on emergency benefits and accommodation allowances.

The fiscal benefits of moving an individual from the Jobseeker benefit to employment is represented by the net present value of the avoided benefit flow (\$10-30k per annum, depending on family and accommodation supplements); as well as the positive PAYE tax flow generated. These fiscal benefits are additional to the economic multipliers outlined in the preceding chapter of this report, and their significance is well known by the Crown.

Significant community benefits would include population growth through three changes. A lower rate of young people leaving the region for jobs, the availability of more employment opportunities would encourage return of people, including local iwi members, who have left for work. Population growth also has the added benefit of growing local councils' rating base which can be further invested in community development.

Overall, labour supply represents a material risk that will need proactive management, but the benefit from investing in workforce development can provide a material payoff economically, socially and culturally. This project recommends further investment in workforce development in the Eastern Bay. Further, work should be focused on ensuring a region-wide workforce strategy and include connecting local unemployed people to new jobs, attracting high skilled people to the region, and ensuring sufficient seasonal workers.

⁴⁵ Opotiki Harbour Transformation Project Assessment of Social and Community Benefits 2012, Corydon

7.3 Transport and logistics infrastructure

Constrained transport and logistics infrastructure may limit the success of the PGF projects. For this reason, the close integration of the EBOP development plan, the BOP Regional Land Transport Plan, and NZTA's National Land Transport Plan is essential.

At a high level, there are five transport and logistics infrastructure challenges that could limit the growth potential the projects outlined in this report present. They are:

- Ensuring workers can commute to their place of work.
- Ensuring the road network is prepared for increased freight
- Strengthening the resilience of several routes
- Improving tourist road access to and through the Eastern Bay
- Expanding air services into the EBOP.

A regionally integrated Transport and Logistics Strategy is needed to ensure these challenges do not constrain the economic development of the EBOP. This section of the report will provide an overview of each of the challenges, along with suggestions regarding further action that should be taken.

7.3.1 Ensuring workers can commute to their place of work

The growth opportunities presented in this report are dispersed across the EBOP region and, to succeed, will likely rely on workers from different townships. For example, people living in Whakatāne will work in the expanded production centres enabled by the KPID project and people living in Ōpōtiki may commute up to Te Kaha to work as seasonal kiwifruit growers. This project has identified a handful of issues that will need to be navigated to ensure these people can get to work.

First, public transport between regional hubs should be improved. A 2016 review of the EBOP public transport network did not consider the level of future demand based on the opportunities identified within this document. Routes from Whakatāne to Ōpōtiki and to Kawerau will be especially important given the concentration of housing in Whakatāne and the job opportunities available in Ōpōtiki, Kawerau and further up the coast. Existing bus services and connections are limited. Currently there are two services per day servicing Whakatāne to Ōpōtiki and Whakatāne to Kawerau.

Second, young and unemployed who live outside of the regional hubs or whose circumstances lead them to require private transport, need to be licenced to drive. Lack of driver licencing is acknowledged as a contributor to high unemployment in the EBOP's more remote communities.

Third, is poor road infrastructure, particularly along the east coast route from Ōpōtiki to Raukōkore where the road follows the coastal fringes, which can cause issues for workers seeking to reach their workplace safely, particularly where there is a mix of heavy trucks and passenger vehicles travelling throughout the day and night.

7.3.2 Ensuring the road network is prepared for increased freight

The second transport challenge facing the Eastern Bay is to prepare for the increased freight load that could manifest if several of the PGF and commercial opportunities identified succeed. Most of the freight task through the Eastern Bay travels predominantly on the state highway network. Like all districts heavily reliant on road freight movement, the reliability and resilience of these key routes is vital.

The KPID logistics infrastructure is clearly an essential component of the Eastern Bay's link with the Port of Tauranga, without which a high volume of additional road freight traffic would place additional pressure on the road network in the rest of the BOP and beyond. There are further specific opportunities for utilisation of high productivity motor vehicle (HPMV) to move more freight on fewer trucks:

The first is the Opotiki to Gisborne SH2 route which is currently limited to 50-max weight limits and has significant resilience issues in the Waioeka Gorge. The recent NZTA Connecting Tairāwhiti SH2 draft programme business case recommends upgrading the route to HPMV and this objective is strongly supported.

The Opotiki/ East Coast SH35 route: The freight movement efficiencies enabled by HPMV's is currently not able to be realised for the East Coast produce, such as kiwifruit, logging, honey, aquaculture etc. Because these are isolated communities with the longest and most expensive freight journeys, they would also be the ones that benefit most by having their freight routes accessible by HPMV's.

A further freight improvement opportunity is Galatea Freight which is predominantly forestry and dairy between the Murupara / Galatea agricultural region and Whakatāne and is restricted to the load limit of 50-max and in some bridge cases 44tonne. This is due to the span strength of the single lane bridge over the Rangitāiki River on Galatea Road, being unable to carry the heavier HPMV loads. Work is being undertaken to determine the extent and cost of strengthening work required, but no funding has been set aside for this project in the Council's Long Term Plan because it is expected the costs to upgrade may be prohibitive. Further work should be done to determine the economic benefit of increased freight efficiency for the dairy and forestry sectors and assessing this against the costs of strengthening the bridge.

7.3.3 Strengthen the resilience of several routes

Another constraint is around the resilience of the roading network. Several key transport arteries are exposed to closure during significant weather events. In 2017/18 the region experienced the effects of several extreme weather events and new developments are having to factor in aspects such as earthquake/liquefaction risk, sea-level rise and flood prone areas. Four state highways are particularly at risk:

- **Paengaroa – Whakatane SH 2.** Although the Tauranga Eastern Link is a welcome upgrade, SH 2 from Paengaroa to Whakatane suffers the problems caused by increasing volumes of heavy traffic vehicles and motor cars on high speed, narrow roads in poor condition in parts and periodic closure by slips.
- **Rotorua – Whakatane SH 30.** Given the developments in the Eastern Bay and Kawerau, increased traffic flows are expected along SH 30 road for both freight and workers moving inter districts and also tourists wishing to access the area. One of the key issues on this very winding and narrow stretch of road is the extremely limited spaces for passing safely especially when there are invariably queues of traffic behind slow-moving vehicles.
- **Whakatane-Opotiki-Gisborne SH2 and SH35.** There are a number of vulnerable locations on SH 2 and 35, east of Whakatane, that result in road closures for varying lengths of time. Importantly a number of these places do not have ready alternate routes, and mean significant freight deviations, in some cases via Gisborne-Taupo-Tauranga. Some weather events have seen products not make it market (eg the dumping of milk and crayfish). Numerous studies have been undertaken on route security solutions and higher priority needs to be given to these. The current NZTA Connecting Tairāwhiti draft programme business case recommends medium level interventions to improve resilience in SH2 Waioeka Gorge and higher levels of intervention are needed.
- **Kawerau to Murupara to Wairoa SH 38.** The Te Urewera Rainforest Route improvements have the potential to be a significant catalyst for achieving new tourism product development and much needed regional dispersal from over-crowded attractions/locations as well as improving seasonality objectives. Local investment proposals at Murupara, Kawerau and Minginui for both major industry and tourism will add to traffic on those routes.

The mechanism for getting road upgrades carried out is through NZTA, who hold the funding for State Highway improvements. Across the BOP submissions have been fed into the Regional Land Transport Plan (RLTP), and this has been submitted to NZTA for their consideration. Contained within this there are several projects relating to the EBOP, such as SH2 Wainui Road to Ōpōtiki; SH2 Ōpōtiki to Gisborne and SH2 Matatā to Ōpōtiki. It is unclear currently what NZTA will fund, we will get clarity of this in September 2018. The RLTP and NZTA review funding every 3 years, therefore a cohesive plan will need to be prepared to support petitioning of NZTA.

7.3.4 Improving tourist road access to and through the Eastern Bay

The fourth challenge is ensuring that arterial and landmark roads attract tourists from nearby regions to and through the Eastern Bay of Plenty. There are at least two routes that, if improved, could support greater tourist flows to the region: SH30 from Rotorua to Whakatāne and Nature's Road through the Te Urewera Rainforest.

SH30 from Rotorua to Whakatāne is a beautiful scenic drive, travelling around the Rotorua lakes and through the Rotomā hills before easing onto the Rangitāiki Plains into Whakatāne. There is one section of this route however, the 7km section through the Rotomā Hills, which is narrow, winding, and subject to regular slips and vehicle crashes due to poor weather conditions including ice. There have been several studies and some consideration by NZTA to improve this section of road, but they do not consider the future traffic volume that could manifest as a result of the projects presented in this report.

The second route is Nature's Road through the Te Urewera Rainforest (SH38). The Nature's Road project is about how to re-establish people's (Tangata whenua and manuhiri) two-way connections to Te Urewera and to Ngāi Tūhoe

values. A closer relationship with Te Urewera requires reliable, more affordable and safe access for those that continue to live within Te Urewera, and those manuhiri who wish to connect with and experience her.

While Te Urewera is held in high regard by visitors (both domestic and international) for her scenery, remote beauty and mauri, many chose not to visit because of the long, arduous journey required. Although Te Urewera Rainforest Route was made an official touring route by the Ministry of Tourism in 2009 and ranks as one of New Zealand's finest scenic routes, access is still limited.

Ngāi Tūhoe is accustomed to pushing traditional and technological boundaries. New Zealand's first Living Building, Te Kura Whare, is the embodiment of Tūhoe values of respect for nature and whenua, as well as being inspired by the unity of people. In the same spirit, the question of how to improve the route through Te Urewera undoubtedly needs to be addressed with the same philosophy and sustainable, innovative approach. As such, the Nature's Road project is the beginning of a collaborative partnership and innovative project that may be considered "cutting edge".

7.3.5 Expanding air services into the EBOP

Currently there are limited air services into the region following Air New Zealand withdrawing flights to Whakatane Airport. This has served to further isolate the Eastern Bay of Plenty from the rest of NZ, making it harder and take longer to travel to and from. Air Chathams have stepped in with services to Auckland although with limited timetables and small aircraft. The airport is a joint venture between WDC and the Crown (MOT). Air services are critical not only for residents but also for the visitor economy which is positioned to grow significantly and for providing the ability for industry to develop their businesses, connect to customers and suppliers, and attract non-local talent. As the Eastern BOP develops higher value products the airport is likely to become important for the export of live product (eg seafood). Currently the runway is being upgraded as part of the RESA requirements (Runway Extension Safety Area), to allow for larger aircraft (over 30 seat planes). Once this infrastructure is in place it could allow Air Chatham's to run larger planes between Whakatāne and Auckland, with potential to expand to direct flights to Wellington.

Interoperability of ticketing and baggage services between Air Chathams and Air New Zealand is a matter of unfinished transitional business. The region seeks further co-operation from Air New Zealand on this matter. While the current terminal has significant architectural values, the terminal is small, leaks, has an outside baggage area and potentially will not satisfy new security requirements. The Council would like to investigate the future potential for the Whakatāne Airport created by refurbishing the terminal, and creating additional hangar space.

The first steps would be a business case and it has been estimated that a refurbishment would be approx. \$5M. This infrastructure investment will be required to improve air services to the region and address this constraint.

7.3.6 Eastern Bay transport and logistics strategy needed

Developing a region-wide strategic plan in response to the growth enabled by the PGF projects will be critical to enabling the transformation needed by the Eastern Bay. There is an opportunity to develop a single co-ordinated approach across multiple sectors and agencies to freight and logistics that ensures preparedness for, and addresses logistical barriers to growth connecting modes, modalities and key infrastructure across the Eastern Bay of Plenty with the wider region.

In response, the Eastern Bay is proposing to undertake a project that identifies and scenario models current and predicted demand and changes in modes (rail/road/sea/air and modalities (e.g. horticulture products moving from break-bulk to reefer containers). The outcomes of the study will be utilised to inform and agree strategies with NZTA, Kiwi Rail, Port and shipping companies, Logistics firms, Aquaculture Companies, Kiwifruit Pack-houses, Dairy, Manufacturers, Water bottlers, Container services, Storage providers, Education and Training providers, Equipment manufacturers and the wider public, central and local government.

The scope of this project is limited to the movement of goods (freight) by road, rail, sea and air. It does not include the transport of people or services. The Project will draw on existing work, some of which is listed below, to save costs and avoid duplication. These will need to be updated and ground-truthed for current volumes given recent expansions in sectors including wood processing, kiwifruit and log harvesting⁴⁶.

⁴⁶ Reference documents: Kawerau Container Terminal Business Case 2016; Scion Economic Study 2018; Flows of primary product across EBoP 2014; HPMV Routes 2012/13; Bay of Plenty RLTP 2018

7.4 Housing

The region's supply of accommodation also has the potential to become a binding constraint unless managed carefully. In brief, there are three issues that will need to be navigated to alleviate housing issues.

- New homes will be needed to accommodate approximately many more permanent employees.
- Seasonal accommodation capacity will need to be expanded materially as horticulture jobs grow.
- The quality of some housing, mostly in isolated or poorer townships and communities throughout the Eastern Bay needs to be improved.

A recent accommodation report in the Opotiki District (Te Poutokimanawa o te wheke Ltd 2017) provides a useful stocktake of issues and opportunities for existing and future housing across the district, noting many issues that arise in relation to maori land.

Work is underway to improve the supply and quality of homes in the Eastern Bay – notably several residential subdivisions are proposed in Whakatāne, such as PAG Enterprises (64 lots), MMS GP Ltd (40 lots in Stage 1 with a capacity of 400 plus a retirement village in future stages), Dawn Parade 2012 Ltd (26 lots) and High Speed Dirt Ltd (15 lots); and seasonal accommodation plans that accompany horticulture proposals. A Private Plan Change to the Whakatāne District Plan is in process to rezone industrial land to residential for a potential 80 further lots.

However, given the importance of housing to attracting and retaining the workers needed to capture the opportunities presented in this report, a region wide strategy is needed.

This sub-section will brief provide an overview of each issue, outline work that recently completed or currently underway which has or may contribute to alleviating housing pressure and provide high-level recommended next steps.

7.4.1 New houses for permanent employees needed

The Eastern Bay of Plenty has some of New Zealand's most affordable housing; however, quality can be low and supply limited. Supply is already short as evidenced by recent price growth which is exacerbating challenges for transient people on low incomes⁴⁷. Housing availability is a contributor to the complex unemployment challenge in the Eastern Bay of Plenty.

With growth prospects across the district and several key projects expected to start soon, there will be increased demand for worker accommodation. The projects identified in this report have the potential to create several thousand new permanent jobs. Many jobs will likely need to be filled by people currently outside the Eastern Bay and will therefore create additional demand for homes.

Whakatāne is well positioned to remain the largest supplier of housing and has the education, amenity, social/health, transport and entertainment services required to support a growing town. In response to growing demand, the Whakatāne District Council has sold its land at Opihi, part of Whakatāne, being 40 hectares in area with 27 hectares available for development. It has been sold to MMS GP Ltd referred to above providing up to 400 houses including a retirement village. The Council is also undertaking a Development Strategy to identify further suitable sites, with a report by Dr Phil McDermott⁴⁸ in mid-2017 identifying that between 67 to 114 hectares of residential land is needed to meet demands from future economic opportunities arising. Considering this project, that study should include demand arising from the PGF opportunities as well. The study is expected to find that further commercial and industrial land would also be required.

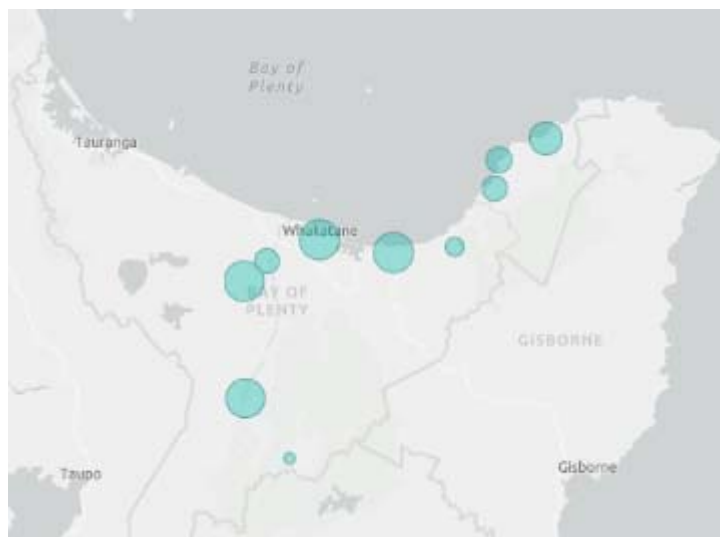
Also, upgrading wastewater across the Whakatāne District is identified as a key issue in WDC's LTP 2018-2028. This is due to new resource consents with higher environmental standards, renewal and replacement of existing infrastructure and allowing for growth. The Whakatāne Integrated Wastewater project is required to provide to housing growth to service a growing population. Without suitable accommodation workforce growth in the Eastern Bay of Plenty may be constrained.

However, if houses needed to be developed in the townships or communities where the new jobs are created, significant new homes would be required in other parts of the Bay, as indicated by Figure 19.

Opōtiki⁴⁷ Accommodation Baseline Report 2017,

⁴⁸ Whakatāne Economic Development Prospects - December 2017

Figure 19: Location of EBOP PGF projects⁴⁹



Whakatāne, Ōpōtiki and Kawerau Councils have robust infrastructure planned or in place for further residential development.

Kawerau has processes underway for 28 new retirement units and 35 new residential sections and is investigating the retirement of further reserve land to enable future residential development. Local Iwi and Māori Trusts hold significant land tracts and, in the future, they may have an interest in residential developments.

Ōpōtiki has recently committed to provide sewerage reticulation into the Hikutaia area in 2020, alongside the renewal of the current potable water reticulation. This will allow intensification of the area. Council also owns a 2.3 hectare block in the township and there is infill area available. Importantly this area is away from the vulnerable flood plain and provides an area that parts of the lower end of town can relocate to over time and for growth arising from the harbour and aquaculture developments. The 2018-2028 LTP also provides for the rehabilitation of the existing sewerage reticulation. ODC has estimated there are a further 800 lots available at Waiotahi Drifts and Hukutaia areas, as well as potential infill within the township.

The Whakatāne District has infrastructural capacity for infill potential and for greenfield developments in its developing residential zones. Water and wastewater services are currently being extended to serve the PAG Enterprises development, while other residential subdivisions can utilise existing infrastructure, or plans are in place to upgrade services as stages of development occur.

New growth areas close to Whakatāne and Ōhope townships are constrained by topography, susceptibility to natural hazard events, especially flooding, and land tenure (Māori land). Whakatāne's development strategy will consider the role of nearby townships to assist meeting demand in the absence of obvious growth options in and around Whakatāne township. This will also respond to the demands from commuter traffic travelling between Whakatāne and Kawerau for work, and from rural communities into Whakatāne for education and work.

Murupara has capacity on existing vacant lots and other sites within the township to accommodate many more houses. Existing infrastructure can support the development.

In Ōpōtiki and Whakatāne Districts, rural land is available for iwi, hapū and whānau returning to the District for work. Their return may allow further Maori land to be developed for papakāinga housing development.

7.4.2 New accommodation for seasonal workers needed

The cluster of horticulture opportunities represents a material source of growth for the Eastern Bay's economy but will require more accommodation for seasonal workers to be captured successfully.

Indicatively, 2000 additional seasonal jobs could be created in the Bay if the horticulture projects succeed. 2000 new seasonal jobs do not necessarily mean 2000 new beds will be required because the counter-seasonality of mussel, kiwifruit, and berry farming roughly offsets each other.

⁴⁹ Assumes 3000 new permanent jobs, the houses must be located in closest township, and that one third of jobs are filled by workers moving from outside the Eastern Bay who require new homes. Source: Project Analysis.

In the Ōpōtiki District more capacity is needed for seasonal kiwifruit workers' accommodation which currently requires 650 beds and is expected to grow if the irrigation schemes are funded. In Ōpōtiki township, the packhouses are working with private developers to scope out a 100-bed seasonal worker accommodation. The demand will continue to grow when further kiwifruit orchards are developed, and as the aquaculture industry continues to grow.

7.4.3 Housing quality – especially in poorer communities – needs improvement

The quantum of supply is not the only factor constraining housing in the Eastern Bay, quality is also a material issue. Many of the rural townships in the Eastern Bay were built in the 1950's as forestry expansion occurred and wood processing was developed in the region. Many of these townships have not experienced growth for many years and consequentially, investment in the housing stock has been limited. A lack of insulation is common in many houses of this age.

The Murupara Healthy Homes Project has been running for the last two years and has seen 39 houses insulated over that period. Many homes are in various states of disrepair due to a lack of regular maintenance. During the Murupara Healthy Homes Project, 46 homes received a maintenance assessment to guide owners on what maintenance is required. Similar schemes have been run in other parts of the Eastern Bay aimed at improving living conditions and improving the health of occupants.

During the late 1980's and early 1990's, a scheme to replace derelict houses in parts of the Eastern Bay saw houses with dirt floors replaced with "low cost" houses. While an improvement on what existed, many of these replacement houses are now needing urgent maintenance, such as exterior cladding, roofs and chip board floors.

7.4.4 Eastern Bay-wide housing and accommodation plan needed

Analysis done as part of this project has not considered the issue of housing supply deeply or conclusively but has indicated that housing and accommodation supply and quality could become a materially constraining factor if left unmanaged. Many of the Eastern Bay's builders that were spoken to are fully booked for the next 12 months and those in neighbouring Tauranga and Rotorua are in similar constrained situations.

Innovative solutions and careful Eastern Bay-wide planning is recommended to ensure the right kinds of accommodation are built in the right locations, at the right time, to support the workforce and community that will transform the Eastern Bay. Innovative solutions should be considered – such as growing public transport or drivers licensing programmes to enable greater intra-regional mobility or improving ability to borrow for development Maori land.

8 Recommendations

This section of the report outlines the recommendations that the project has developed.

Firstly, to representatives of the central government – Ministers and Officials – the project recommends:

- Prioritise and fund the catalytic infrastructure projects, subject to PGF and BBC processes. They are:
 - The Ōpōtiki Harbour and aquaculture cluster, creating 1,049 attributable EBOP jobs for a PGF investment of approximately \$62,000 per attributable job
 - High value horticulture on Maori land. Kiwifruit clusters at Omaio, Te Kaha and Raukokere could create 549 attributable EBOP jobs for a PGF investment of \$68,000 per attributable job. Miro blueberries could contribute another 108 attributable local jobs.
 - The Kawerau-Putauaki Industrial Development, creating 298 attributable EBOP jobs (and over 1000 other new non-PGF jobs) for a PGF investment of \$67,00 per attributable job
 - The Whakatāne wharf and tourism cluster - creating approximately 400 new attributable EBOP jobs for PGF investment of \$73,000 per attributable job.
- These projects are ready or nearly ready for your decision and, based on what the project team has discovered, they are attractive on a stand-alone basis. When considered together and in the context of the transformative economic, social, cultural and environmental challenges facing the Bay, the projects become even more compelling and exciting.
- Connected development projects: 29 projects that are materially unlocked by catalyst PGF projects and create far-reaching positive impacts. In most cases these are essential to realising the benefits unlocked by the catalytic infrastructure and will become commercially viable once the key infrastructure is in place.
- Consider the other PGF projects in the context of the wider opportunity facing the Eastern Bay of Plenty. Nine other projects that are likely to seek PGF funding have been identified by the project team.
- Support the Bay in successfully navigating constraints. The project identified that four challenges will need to be managed carefully to avoid constraining growth. They are the need for capacity and capability support to nurture and develop the next tranche of projects; augmenting the supply of local labour by investing in workforce development and training; building the resilience and efficiency of regional transport infrastructure; and planning for sufficient local housing to accommodate the significant forecast increase in the local labour force.
- Support from the central government in the form of expert guidance and thought partners, planning and strategy capacity and funding would help materially.

Second, to the Eastern Bay's local government – Mayors, Chairs and CEs – the project recommends:

- Continue to monitor the project portfolio and update this report. The Regional Development Project has made significant strides in developing a region-wide perspective which local governments should continue to build upon and use with their non-government partners. There needs to be a central resource to manage this.
- Continue engaging and supporting non-local government partners as they prepare to make PGF submissions. Many of the projects seeking PGF funding are being led by non-governmental agencies who can benefit from the expertise and support of their local government counterparts. Significant progress has been made, and should continue, in strengthening the relationships between these organisations.
- Plan to alleviate constraints and ask for help when needed. As described in section eight of this report, the constraints represent material risks. Success will depend on effective foresight, planning, collaboration and execution. The work required is non-trivial and the lead-time, and complexity, of alleviating projects places an emphasis on action sooner rather than later.