In Confidence

Office of the Minister for Regional Economic Development
Chair, Economic Development Committee

PROVINCIAL GROWTH FUND: WEST COAST TOURISM INVESTMENT PACKAGE

Proposal

1. This paper seeks agreement to a $124.16 million West Coast tourism package from the Provincial Growth Fund (PGF). The tourism package will form part of the integrated investment package for the West Coast to be announced on 29 November 2018.

Executive Summary

2. The projects in this paper will support sustainable, inclusive and productive growth on the West Coast. The tourism projects form part of the larger integrated investment package for the West Coast that is being finalised for announcement on 29 November 2018.

3. The integrated investment package consists of fundamental “hub” infrastructure investments in West Coast infrastructure such as digital connectivity, road, rail and port upgrades to complement “spoke” investments in tourism and primary industries. Decisions on the balance of the package lie with Senior Regional Officials and Regional Development Ministers. An overview of the integrated investment package is attached as Annex A.

4. I seek Cabinet agreement to the following five tourism proposals, as two are over $20 million and with the other three comprise a significant package for the West Coast:

- **Provincial Rail Growth ($80m capital injection):** The project will provide a strong tourism offering for the West Coast and other parts of the South Island such as Kaikoura. It will fund new and refurbished train carriages, platform upgrades, a new reservation system, international marketing, and year round premium carriages on the TranzAlpine and Coastal Pacific services.

- **Dolomite Point (Punakaiki) redevelopment ($25.6m grant):** The project will future-proof Dolomite Point, providing a new visitor experience centre, landscaping, upgraded toilets and car parks, pedestrian and cycleway linkage with north and south Punakaiki and a new underpass, ensuring visitors can bypass the State Highway when visiting the Pancake Rocks.

- **Upgrade of Oparara Arches at Karamea ($5.7m grant):** Funding will be used to upgrade the McCallum’s Mill access road, Moria Gate access and reroute hazardous walking infrastructure to ensure the safety of both visitors
and the environment; provide security for the Honeycomb Hill Caves Specially Protected area; consider options for a cable viewing structure over the Mirror Tarn; and enrich the visitor experience through story-telling, signage and an interactive app.

- **Kawatiri coastal cycle trail from Westport south to Charleston ($9.36m grant):** Funding will enable the construction of the Kawatiri Coastal Trail, a 55km walking and cycling trail between Charleston and Westport in the Buller District.

- **Upgrade of Croesus Road at Blackball end of new Paparoa Great Walk & Pike29 Memorial Trail) ($3.5m grant):** Funding will be used to upgrade Croesus Road to improve access to the Paparoa Track to better accommodate the increase in visitor numbers and therefore maximise the economic benefits associated with the Paparoa Track.

5. These projects are considered essential to supporting the growth of the tourism industry on the West Coast. More attractions will encourage visitors to stay longer and spend more at improved attractions, catalysing investment in tourism-related services. These investments align with the Government’s draft tourism strategy, the West Coast Economic Development Strategy and PGF criteria.

**Background**

6. In December 2017, Cabinet agreed to establish the PGF comprising $1 billion per annum for three years [CAB-17-MIN-0554]. Funding for projects falls into three tiers:

   I. **Tier 1: Regional projects and capability:** Support for economic development projects, feasibility studies and capability building identified within regions.

   II. **Tier 2: Sector investments:** Initiatives targeted at priority and/or high value economic opportunities. This includes the One Billion Trees Programme.

   III. **Tier 3: Enabling Infrastructure:** Regional infrastructure projects that will enable regions to be well connected from an economic and social perspective, including rail, road and communications.

7. Cabinet agreed in October 2018 to priority investments across the three tiers [CAB-18-MIN-0235]. That paper noted that Cabinet agreement would be sought for several tourism projects as part of a larger package for the West Coast.

**The West Coast and the PGF**

8. The West Coast is a PGF surge region, targeted for early investment over the three year life of the PGF. The region is renowned for both its natural environment and the resourcefulness of its people. It is sparsely populated (32,500 people as of 2017) and isolated from the rest of New Zealand. The West Coast is also unique in that 84 per cent of its land is public conservation land.

9. The region is highly dependent on international prices for coal, gold and dairy. Largely due to declines in dairy and minerals prices, the real GDP of the region fell by 20 per cent and employment by 10 per cent between 2012 and 2017. Mining’s share of GDP fell from 23 per cent to 9 per cent over the same period. The Buller
District was particularly affected by the contraction in minerals activity, with its GDP falling by an estimated 40 per cent from 2012 to 2017.

West Coast Economic Development Strategy

10. In September 2018 the West Coast released its new economic development strategy. The purpose of the strategy is to diversify the economy and add greater value to existing businesses. The key priorities for the strategy include continued investment in tourism to support the region’s new economy, and doubling visitor expenditure to $1 billion by 2025.

Previous PGF announced funding to the West Coast

11. As at 30 October 2018, $14.1 million of PGF funding for the West Coast has been approved and $2.6m has been announced for eight projects as summarised in Annex B. The approved projects establish a foundation for future PGF investment in the West Coast that will enhance its infrastructure, and make the region a more appealing visitor attraction and investment proposition. The A3 attached in Annex A outlines future investment in the West Coast as part of the integrated investment package to be announced on 29 November 2018.

Proposal

Two integrated investment packages for the West Coast

12. Our approach to developing regional packages has evolved as we have increased our understanding of the individual surge regions (Northland, Bay of Plenty, Tairāwhiti, Hawke’s Bay, Manawatū-Whanganui and the West Coast) and the ways in which the three investment tiers of the PGF can work together to support regional economic development. My experience is that integrated packages across the three tiers can build on the comparative advantage of each region to support better outcomes for locals and address constraints on regional economic growth.

13. Our integrated investment packages are underpinned by a “hub and spoke” investment approach as demonstrated by the Tairāwhiti package announced on 7 September 2018:

I. **Hub investments** address the remedial infrastructure and skills needs of the regions. Investment in infrastructure will lift the productivity potential of regional New Zealand by enhancing connectivity within and between regions, and incentivise people in the regions to grow existing businesses and start new ones.

II. **Spoke investments** are investments enabled by the fundamental hub investments in infrastructure and skills.

14. **Redacted - Confidentiality of advice**

3
15. I seek Cabinet agreement to five tourism projects in the West Coast. The investments have been designed to attract more visitors to the West Coast and extend their length of stay and spend in the region:

- Provincial Rail Growth Business Case ($80 million capital injection)
- Dolomite Point Redevelopment ($25.6m grant)
- Upgrade of Oparara Arches ($5.7m grant)
- Kawatiri Coastal Trail ($9.36m grant)
- Upgrade of Croesus Road at Blackball end of new Paparoa Great Walk & Pike 29 Memorial Trail ($3.5m grant).

16. Both Dolomite Point and Oparara have unique and highly significant natural values and are important sites for Ngāti Waewae and Ngāi Tahu. Protection of these values for future generations must be the priority for any investment in infrastructure or facilities. Current facilities and visitor experience at both places threaten their sustainability and pose risks to visitor safety.

17. The intention of the projects included in the Buller District is to address current issues and ensure both Dolomite Point and the Oparara Arches can cope with future visitor numbers without compromising their natural values. Investment will have the added benefit of improved visitor safety and economic and wellbeing benefits for Buller, placing conservation at the heart of the region’s sustainable economic future.

18. The proposals in this package:
- Align with the PGF’s aim of accelerating sustainable regional development and job creation
- Support the West Coast’s economic development strategy through continued investment in tourism to support the emerging new economy
- Align with the objectives of the draft Government Tourism Strategy.
Provincial Rail Growth

19. New Zealand’s train network, notably KiwiRail’s Scenic rail journeys known as The Great Journeys of New Zealand, are an integral part of New Zealand’s national tourism transport infrastructure. Currently, the inconsistency of KiwiRail’s Scenic rail services make it difficult for visitors to plan a connected rail journey, and capacity needs to increase to enable substantive growth.

20. KiwiRail and the Provincial Development Unit have worked together to develop a rail tourism package in the West Coast, given the importance of tourism to the growth of the West Coast economy. Initially, a package focusing solely on the West Coast was developed, involving a PGF investment of $60 million. However, given the interoperability of trains on the TranzAlpine and Coast Pacific routes in the South Island, this application proposes investing a further $20 million ($80 million total) to support year round premium offerings on both routes and additional capacity. This would benefit a greater number of regions in the South Island, including Kaikoura and Hurunui which have not had a rail tourism service since the Kaikoura earthquake in November 2016. In addition, investing in both South Island routes will provide a more compelling offering to high-value tourists as it will enable them to plan a joined up premium journey across the two routes.

21. If Cabinet approves this application, KiwiRail will use the $80 million to fund new and refurbished train carriages, platform upgrades, a new reservation system and international marketing, and premium carriages on both the TranzAlpine and Coastal Pacific services to run year round. The costs of these are set out below:

Provincial Rail Growth cost breakdown

22. The six upgraded regional platforms will allow for longer trains and will improve safety and accessibility. Premium carriages, which are not currently offered by KiwiRail, are expected to attract high-value tourists to the region. The upgrade of the reservation system will allow for a premium service, increased conversion of international tourists to the South Island journeys and growth in KiwiRail’s package services. After five years, the new rolling stock is expected to bring an additional 67,000 visitors on the TranzAlpine supporting the West Coast and 141,000 passengers on the Coastal Pacific supporting Marlborough and Kaikoura. This investment will also contribute to KiwiRail’s resilience.

23. This project is supported by West Coast Regional Council, the Marlborough District Council and Kaikoura District. KiwiRail intends to engage and partner with local iwi in
each of the regions serviced to develop tourism related ventures and partnership opportunities.

24. I seek Cabinet agreement in principle to allocate an $80 million capital injection from the PGF to fully fund the Provincial Rail Growth project.

Dolomite Point redevelopment

25. Dolomite Point, in Punakaiki, is one of New Zealand’s most popular attractions due to its ‘Pancake Rocks’ formation. Visitors have doubled over the last decade, reaching 502,785 in 2017. Dolomite Point is critical to the West Coast Tourism Strategy, providing an internationally recognised site that draws visitors before they bypass the northern West Coast.

26. Punakaiki’s infrastructure is dated, poorly laid out and is unable to cope with current and projected future demand. Opportunities for visitors to connect with the site and appreciate its natural and cultural heritage are also lacking. Visitors must cross State Highway 6 in a low visibility section to reach the Pancake Rocks, creating a significant safety risk. These issues combine to threaten the protection and sustainability of Dolomite Point’s significant natural and cultural values.

27. The project is designed to future-proof Dolomite Point, address significant issues with the current visitor experience and ensure natural and cultural values are protected and enhanced. A new, sustainably built and sensitively designed visitor experience centre will be constructed on the footprint of two existing buildings (which will be demolished), with new toilet facilities designed to cope with projected visitor numbers, landscaping, and an overflow carpark to the south of Dolomite Point. Pedestrian and cycle linkage with north and south Punakaiki will be significantly improved and made safer, and a pedestrian underpass (beneath the State Highway) will connect the visitor facilities with the Pancake Rocks themselves. The new overflow carpark for Dolomite Point will also serve Paparoa Great Walk users, and the pedestrian/cycle connection linking the Paparoa Great Walk ends with the Punakaiki village. The combined effect will be the interconnection of all the major Punakaiki attractions by safe pedestrian/cycleway access.

28. The project is the result of collaboration between DOC, Ngāti Waewae, Development West Coast, New Zealand Transport Agency (NZTA), Buller District Council and the Williams Hotel Group (a significant landowner in Punakaiki). The project will closely liaise with the Buller District Council so that the Dolomite Point redevelopment is aligned with the PGF funded Greater Punakaiki Masterplan. Ongoing maintenance and operational costs will be shared between collaborating parties:

1. **DOC**: Facilities such as toilets, car parks, walkways and shelters.
2. **Ngāti Waewae**: Visitor experience centre (associated costs are expected to be offset by commercial enterprises in the centre)
3. **NZTA**: Underpass and pedestrian paths along the State Highway.

29. The experience centre will be gifted to Ngāti Waewae, who will own it and be responsible for operating expenditure. It is a significant opportunity for the iwi to tell the story of Punakaiki in their own way, create jobs and cultural opportunities for their people and deliver a world-class visitor experience to connect people with the natural heritage, stories and cultural values of Punakaiki and Paparoa National Park. It is envisaged that Ngāti Waewae will offer cultural experiences such as pounamu carving, interpretative guided walks and other similar activities at the centre. DOC will utilise part of the building to continue its core visitor centre functions. The storytelling at site will be a collaborative process between Ngāti Waewae and DOC, ensuring a rich story incorporating Māori and European culture and history can be told.

30. I seek Cabinet agreement to allocate a $25.6 million grant from the PGF for the Dolomite Point Redevelopment Project in Punakaiki.

**Risks and mitigation**

31. There are different expectations about what will be made available for local community use at the site, with some parts of the community desiring a food and crafts market space or greater opportunities for retail operations at the site. The provision for a food and crafts market space and other community aspirations will be assessed as part of the PGF funded Punakaiki Masterplan.

**Punakaiki Hotel wellness centre application**

32. Although not included in the package in this paper, a separate wellness centre application from the Williams Hotel Group would have good synergies with the Dolomite Point Redevelopment Project. The applicant has agreed to share its potable water supply (fresh water quality has been a long-standing issue at Punakaiki) and provide access for walking/cycling through their land. This will be very helpful for the over flow car parking and future local park and ride options for Punakaiki. The wellness centre application will be decided by RED Ministers under the PGF decision making processes.

**Oparara Arches**

33. The Oparara Basin in Kahurangi National Park is home to the largest limestone river caves in Australasia and has significant conservation values. Around 15,000 visitors a year visit the site, which is 25km from Karamaia. The access road is 13kms of unsealed road. The Oparara Arches are identified as a strategic attraction in the Tourism West Coast strategy as there is no road further north – meaning visitors will stay longer and see more of the West Coast. This will open up opportunities to encourage visitors to visit other places, particularly DOC sites, in the Karamaia area.
34. Visitor numbers to Oparara will continue to increase, and current facilities are not sufficient to protect the area’s sensitive environment or provide a safe and high-quality experience for visitors. For example, visitors regularly clamber down and through the main Oparara Arch, which is not only hazardous, but includes fragile rock formations and plant life found nowhere else in the world. Many visitors, particularly from overseas, are unused to gravel roads and there have been numerous accidents (generally vehicles going into the side ditches).

35. The PGF grant will fund upgrade of the deteriorating McCallums Mill Road access and reroute the walking infrastructure away from falling rocks and the most sensitive plant life, to provide a controlled experience, ensure visitor safety and provide enduring protection for the environment. Safety improvements will be made to the Moria Gate access and security for the internationally significant Honeycomb Hill Caves Specially Protected Area will be improved. Modern interpretation will help re-establish the cultural footprint of Ngati Waewae and Ngai Tahu at Oparara, allow the iwi to strengthen their kaitiakitanga and tell stories about New Zealand’s biodiversity which are unique to the area.

36. Two future options will also be considered. The potential to protect the Mirror Tam with a possible viewing structure will be investigated. Secondly further work will be done on encouraging visitors to park in Karamia and be transported to and from Oparara. Some of the funding will be used for these projects.

37. DOC has been clear in its view that Oparara, if managed well, can sustain more visitors. However, the fragile nature of the environment and the natural quiet that attracts visitors would be compromised if visitor numbers become excessive. DOC intends to do further work on what the upper limit of numbers would be with the intention of introducing future management tools to protect the place (this could include for example park and ride that limits numbers).

38. Redacted - Commercially confident

39. As well as delivering benefit to the community through improved safety and environmental protection, it is estimated 27 project related jobs will be created during redevelopment and 70 permanent jobs after 10 years of operation. The project is supported by the West Coast Governance Group and the Mayors and Chairs Group.

40. DOC will lead the project as all assets such as tracks and structures are DOC assets. Oparara Basin will continue to be managed through a partnership between DOC and Oparara Valley Trust (OVT). OVT is a community trust set up to encourage investment in and management of the area. As Oparara is in Kahurangi National Park, the project will require DOC approval to proceed. DOC will assess all elements of the finalised project in accordance with its statutory responsibilities, including the Kahurangi National Park Management Plan.
41. I propose to allocate a $5.7 million grant from the PGF to support the upgrade of visitor facilities and road access to the Oparara Basin and Arches in Kahurangi National Park.

**Risks and mitigations**

42. While there is risk involved in increasing tourism at Oparara, visitor numbers will continue to rise and visitor impacts will need to be managed. Focused, careful management will enable the site to cope with the rise in visitor numbers without affecting unique natural values. This could include changing the management strategy for the area once a certain number of visitors per annum are reached.

43. The proposed level of investment does not incorporate the major elements that caused the negative commentary from some stakeholders.

44. Appropriately managing the different values at Oparara would set an example of good practice management that ensures biodiversity and conservation outcomes while managing the impacts of, and risks on, visitors. Investment is needed to address threats to the site and also provide better visitor experience and contribute to positive and sustainable economic outcomes for the Buller District as a whole.

**Eligibility for the New Zealand Land Transport Fund**

45. McCallums Mill Road is owned and managed by DOC, which is an Approved Organisation and is eligible for funding from the New Zealand Land Transport Fund (NLTF). DOC is working with NZTA to provide further information to enable the funding assessment to be carried out. If eligible, DOC would need to fund its local share of the $2.6 million costs to upgrade the road. This would be $637,000 as the DOC Targeted Enhanced Funding Assistance Rate is 75.5 per cent. I recommend that at this time PGF funding of $2.6m million is approved in principle. The funding assessments will then be completed and NZTA will advise whether full PGF funding is required.

**Kawatiri Coastal Trail**

46. The Kawatiri Coastal Trail is one of the top two priority projects for the Buller District (the other is the Dolomite Point project at Punakaiki, which is part of this paper). It was a priority initiative in the West Coast’s Regional Economic Development Action Plan and received $100,000 for the development of a business case. As a result, a family-friendly 55km walking and cycling trail has been proposed between Charleston and Westport in the Buller District to showcase the area’s coastal views, geology, history and ecological diversity.

47. The project builds on the West Coast’s growing reputation as a destination for cyclists. The proposal aligns with the PGF’s primary objective of lifting productivity by aiming to increase visitor numbers and expenditure in the region and provide flow-on employment and other tourism-related benefits. It is estimated that 30 jobs will be created during the construction period, with ongoing employment expected to
average 74 jobs for the first 10 years of operation. It is also estimated that trail users will spend $3.54 million in the region in 2021 alone.

48. The Charleston – Westport Coastal Trail Trust Inc has been established for the purpose of developing and running the trail. The Trust will report to Buller District Council, Development West Coast, MBIE and NZTA. Mawhera Incorporation has given approval in principle for land access and wish to contribute interpretation panels along the route. Te Rūnanga O Ngāti Waewae and Ngāi Tahu support the project and the opportunity that it provides to engage visitors with iwi historical ties and presence in the region, e.g. sites of significance along the Te Tai Poutini Pounamu Trail. NZTA has funded a cycle bridge over the Nile River that will be used for this trail.

49. I seek Cabinet agreement to allocate $9.36 million from the PGF to fully fund the construction of the Kawatiri Coastal Trail.

Risks and mitigations

50. The following risks and mitigations have been identified:

- **Some access agreements not yet in place:** The Trust is still in negotiations for eight per cent of the land required for access. Alternate routes have been planned in the event that access cannot be arranged for first choice areas.

- **Impact on other West Coast cycle ways:** There is concern that the Kawatiri Coastal Trail might compete with the West Coast Wilderness Trail from Greymouth to Hokitika. The key government agencies involved in cycle ways, however, consider that the trail will be complementary to the Wilderness Trail. The Ministry of Business, Innovation and Employment’s Tourism and Economic Development Branch advises that it supports the Trail’s business case as it makes a strong case for investment.

- **Funding trail maintenance:** Buller District Council will maintain the four major bridges on the trail, but other operating costs will initially be in the vicinity of $100,000 per year and then increasing. The projected operational budgets show ongoing surpluses, but these are largely contingent on half of the commercial operators benefiting from the trail being willing to contribute five per cent of their revenue to the trail upkeep and on sales of the app for the trail. However, Buller District Council strongly supports Charleston – Westport Coastal Trail Trust Inc’ business model, and are aware that the PGF will be providing capital on the understanding that the Crown will not be exposed to operating expenditure.

Croesus Road

51. Croesus Road provides access to the southern end of the Paparoa Track (a Great Walk) and the Pike29 Memorial Trail, due to open in 2019. The road is unsealed, narrow, has steep drops, hairpin bends and few passing opportunities. It will be unable to safely cope with the expected tenfold increase in visitor numbers to the Paparoa Track by 2024. The project was a priority action under the West Coast’s 2017 Economic Development Action Plan.
52. Upgrading Croesus Road to improve access to the Paparoa Track will better accommodate the increase in visitor number and maximise the economic benefits of the Paparoa Track. The upgrades are also necessary to reduce the risk of road accidents.

53. The Grey District Council (the applicant) owns and maintains the road. The project will rely on its established governance processes.

54. I seek Cabinet agreement to allocate a $3.5 million grant from the PGF to upgrade Croesus Road.

Risks and mitigations

55. The Croesus Road Upgrade will need to be completed prior to the opening of the Paparoa Track in September 2019. Delays in commencing the upgrade could affect the Paparoa Track opening because construction could require full closure of Croesus Road.

Eligibility for the New Zealand Land Transport Fund

56. The Croesus Road corridor upgrade has been included in the NLTP under the “proposed” priority status, which means that the activity was recommended to be included in the NLTP. However, Grey District Council’s business case requires further work before it can be considered for NLTF funding.

57. In February 2018 Cabinet agreed that the PGF could be used to bring forward investment in projects that are strategically important to a region's productivity potential and which are outside of the NLTP funding criteria or which are unable to be funded in a sufficiently timely way through the NLTP [CAB-18-MIN-0045].

58. The Croesus Road corridor upgrade will provide safe access to the end of the Paparoa Track and is therefore a key component of the necessary infrastructure to support the track. As this project is time sensitive NZTA’s recommendation is for the PGF application to be approved now. NZTA will continue to work with the applicants on the areas in the business case that have been identified as needing further work.

Consultation

59. This paper has been consulted with the Ministry of Business, Innovation and Employment, Te Puni Kōkiri, the Treasury, the Department of Conservation, the New Zealand Transport Agency, the Ministry of Transport, the Department of Internal Affairs, the Ministry of Social Development, the Ministry for the Environment and the Ministry of Foreign Affairs and Trade.

Financial Implications

60. The total cost of the Package is estimated to be $124.16 million funded from both the NLTF and PGF. Initial assessment indicates that the NLTF may contribute $2.6 million, with up to $121.56 million being sought from the PGF.
61. I am therefore seeking agreement to fund $41.56 million for the following West Coast projects:

   I. Dolomite Point Redevelopment ($25.6 million)
   II. Upgrade of Oparara Arches at Karamea ($3.1 million)
   III. Kawatiri coastal cycle trail ($9.36 million)
   IV. Upgrade of Croesus Road at Blackball end of new Paparoa Great Walk & Pike29 Memorial Trail ($3.5 million).

62. I am seeking an in-principle agreement from Cabinet to fund up to $80 million from the PGF to support the Provincial Rail Growth project and $2.6 million the McCallums access road portions of the Oparara Arches upgrade, and for delegated authority to the Minister of Finance, Minister for Regional Economic Development and Minister of Transport to approve the final changes to the relevant appropriations.

Legislative Implications
63. There are no legislative implications.

Regulatory Impact Analysis
64. A regulatory impact analysis is not required.

Human Rights
65. This paper is consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Treaty of Waitangi
66. The proposals should provide significant opportunities for realising Māori aspirations and for the Crown to work with iwi, hapū and Māori organisations to improve employment outcomes for Māori (and the wider community). This is both via job creation and commercial opportunity through Ngāti Waewae ownership of the Dolomite Point visitor centre and through re-establishing their cultural footprint through story-telling in the Oparara Basin and on the Kawatiri Coastal Trail.

67. I expect any specific Treaty implications, whether they are contemporary or historical, to be addressed on a case-by-case basis.

Gender Implications
68. There are no gender implications.

Disability Perspective
69. There is the potential for the proposed projects to create opportunity for disabled people in relation to accessible tourism and potential employment opportunities for disabled people.

Publicity
70. Following Cabinet approval to support the package, I propose that the project funding set out in this paper is announced on 29 November 2018 as part of the larger West Coast package announcement during a visit to the West Coast by the Prime Minister, the Deputy Prime minister and the Minister for Regional Economic Development.
71. I propose proactive release of this paper at the same time as the announcement.

**Recommendations**

The Minister for Regional Economic Development recommends that the Committee:

1. **Note** that the Buller tourism projects form part of an integrated investment package for the West Coast for announcement on 29 November 2018;

2. **Agree** to fund $41.56 million for the following West Coast projects:
   
   I. Dolomite Point Redevelopment ($25.6 million)
   II. Upgrade of Oparara Arches at Karamea ($3.1 million)
   III. Kawatiri coastal cycle trail ($9.36 million)
   IV. Upgrade of Croesus Road at Blackball end of new Paparoa Great Walk & Pike29 Memorial Trail ($3.5 million);

3. **Agree** in principle to an allocation from the PGF to provide a capital injection of $80 million to KiwiRail for the Provincial Rail Growth project, pending final assessment against PGF criteria;

4. **Agree** in principle to fund $2.6 million to upgrade the McCallums Mill Road access to the Oparara Arches at Karamea;

5. **Agree** that final decisions on the PGF investment in the Provincial Rail Growth project be made by RED Delegated Ministers in line with their delegations;

6. **Agree** that the final decision to upgrade the McCallums Mill Road access to Oparara Arches at Karamea be made by RED Delegated Ministers in line with their delegations;

7. **Authorise** RED delegated Minister to transfer funding from the Regional Economic Development Provincial Growth Fund MCA multi-category appropriation in Vote Business, Science and Innovation to the relevant appropriations as required for the Provincial Rail Growth project, once decisions on the project have been made.

**Publicity**

8. **Agree** to this paper being proactively released, with redactions as appropriate following funding announcements.

Authorised for lodgement

Hon Shane Jones
## Previously announced PGF funding to the West Coast

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<th>Project</th>
<th>Applicant</th>
<th>Funding</th>
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<tr>
<td>Old Ghost Road Cycle Trail upgrading</td>
<td>Mokihinui-Lyell Backcountry Trust</td>
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<td>West Coast Wilderness Cycle Trail completion</td>
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<td>Dredging of Greymouth Port Lagoon to facilitate access by fishing vessels</td>
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<td>KiwiRail</td>
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<td>Upgrade &amp; Development of Greymouth and Westport ports</td>
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<td><strong>TOTAL:</strong> $2.63m</td>
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IMPROVING THE WEALTH AND WELLBEING OF THE West Coast

This regional development package builds on the West Coast’s strategic strengths in farming and food production; tourism; mining; and fishing.

PROPOSED NOV 2018 INVESTMENT PACKAGE:

1. Connectivity
   - Extending ultra-fast broadband and mobile coverage is central to the digital farming processes underpinning milk segregation and the enhanced communications required for tourism expansion.
   - Ultra-fast broadband and mobile funding, region wide ($22.7m)

2. Tourism
   - These initiatives are designed to attract more visitors to the Buller District and extend their length of stay and spend in the region.
   - Buller District Redevelopment ($25.6m)
   - Makara Cycle Trail ($9.36m)
   - Upgrade of Oparau Arches (Karearea - $5.7m)
   - Upgrade of Crossus Road at Blackball end of new Paparoa Great Walk & Pike29 Memorial Trail ($3.5m)
   - Punakaiki Hotel Wellness Centre ($3.3m)

3. Farming and food production
   - This project adds significant value to milk products, maintains and potentially reduces herd size, has positive environmental impacts, and increases the return to farmers.
   - Westland Milk Products milk segregation project ($9.9m)

4. Mining
   - These initiatives acknowledge the mining heritage of the West Coast and its continuing contribution to the region’s economy within the Government’s policy on mining on public conservation land.
   - Garnet mine near Hokitika ($10m)
   - Restoration of Runanga Miners Hall ($0.4m)

5. Fishing
   - PGF funded dredging of the Greymouth Port lagoon which enables larger fishing vessels to use Greymouth Port and opens the way for greater processing at the Port. A feasibility study in Greymouth and Westport Ports will identify the potential for other port activity.
   - Dredging Greymouth Port lagoon ($0.75m)

6. Forestry
   - This project involves tree planting that will restore a wetland ecosystem, enhance the location of the only known breeding colonies for the Takou/ Westland Petrel, and support and enhance a whitebait breeding ground and the area’s overall diversity.
   - Punakaiki Coastal Restoration Project ($1.209m)

7. Provincial Rail Passenger Services
   - This will fund a major upgrade of KiwiRails TranzAlpine and Coastal Pacific Services.
   - Provincial Rail growth ($80m)

KEY FACTS:

- Population (2017): 32,500
- Unemployment rate (2017): 4.5%
- Real GDP
  - Fell by 20% between 2012 and 2017
- Mining share of GDP
  - Fell from 23% to 9% between 2012 and 2017
- Land use
  - 84% of West Coast is in the conservation estate

FUNDING APPROVED:

- Ports feasibility: $125,000
- Greymouth masterplan: $250,000
- KiwiRail feasibility: $250,000
- Punakaiki masterplan: $130,000

TOTAL TO DATE: $14.1 million