

E ngā mana, e ngā reo, tēnā koutou.



"The proposed harbour development represents Opotiki's most ambitious and promising investment for the region's future. It carries the potential of jobs, training, community renewal and prosperity for the region."
- Mayor John Forbes

BACKGROUND

Up until the 1950s, Opotiki's harbour was a vital part of the region's transport infrastructure. In the past, moderate sized vessels used the harbour to transport goods and products to and from the region. As the region's roading infrastructure developed, use of the port diminished, a situation which was also affected by the gradual shallowing of the harbour entrance.

The Opotiki Harbour Development Project aims to restore access for larger vessels under most weather and tide conditions and allow the town to become the service and processing base for a future marine farming industry under development 8km off the Opotiki Coast. There is an unsatisfied world demand for food from the ocean, and this is predicted to grow steadily.

Such developments have the potential to transform Opotiki's social and economic future. The current economic recession is quickly undermining the positive economic progress which the District has made in recent years, and unemployment is again on the increase.

Opotiki has the potential to be much more productive within New Zealand's economy. Local community leaders, including Iwi and Council, are focused on community economic development and jobs for local people. A viable harbour will help the District to realise its potential.

This Update outlines the current situation. For further information, and back issues of Harbour Update, visit the Opotiki Harbour Development website (www.opotikiharbour.co.nz).

AQUACULTURE Consents and Permits

In late 2008, seven years after first lodging its application, Eastern Seafarms Limited was granted a resource consent to develop a 3,800-hectare marine farm 8km off the Opotiki Coast (the majority shareholder of Eastern Seafarms Ltd is the local Iwi, Whakatohea). A Ministry of Fisheries permit was also required, and this was granted in 2006 and confirmed late last year following finalisation of the resource consent.

However, a judicial review application has recently been lodged by Sanford Limited, a seafood company. Sanford opposes the decision of the Ministry of Fisheries to grant a fisheries permit to the Opotiki Marine Farm. A decision about whether the application for a review is granted is expected later this year. Sanford was also one of the appellants to the original resource consent for the farm which was granted in 2002, and this action led to a six-year delay.

Business Development

When the fisheries permit is resolved, the next stage will be to focus on the aquaculture business development required. Investment and finance will be required to enable both the construction of the farm off-shore, and the development of on-shore support infrastructure.

Research Underway

Commercial modelling of different fish species is currently being undertaken by the Cawthron Institute. This research has been organised by Whakatohea and is being jointly funded by the Government and a large Chinese seafood company. The research findings will provide indications of species likely to grow well in various marine environments. Market research will then help provide the basis for the commercial investment decisions to be made. It is expected that commercial trials within the marine farm will commence later this year. If the results show that species other than mussels are commercially viable, then an application may be made to amend the necessary consents.

Subject to the support of local Hapu and Iwi, it is also considered that additional aquaculture potential exists further east along the Opotiki coast.

OPOTIKI HARBOUR

Various options for improving the harbour entrance have been evaluated. Last year a parallel groyne system was selected as the preferred option and extensive river and coastal modelling has been carried out to assess the effectiveness of this option. The application for consent was lodged late last year, and the outcome of that is due shortly. The resource consent applications attracted 208 submissions, of which 92% supported the development.

The Process with Approvals and Consents

An independent Hearing Panel will consider the resource consent applications early next month (July 2009) and make decisions shortly thereafter. If consents are granted, they may be with conditions which will minimise environmental impacts and address any significant issues raised in submissions. Due to the sensitivity of the coastal environment, some of the consents will also need to be considered by the Minister of Conservation.

Should there be appeals, the Environment Court would hold a further hearing and may uphold, amend or reject the consents granted.



Other significant milestones

In addition, work needs to be undertaken to review the social economic evaluation for the project, and in particular to update the business case for potential funders of the capital works. This work was originally undertaken in 2005-6. Since then there have been significant changes in the economy, in construction costs, in transport costs, in technology around processing seafood, and in world markets for seafood. This review of the business case is planned for completion before December this year. A decision from the government on partial funding for this work is expected in early August and a decision (by Council) on a consultancy to undertake this work will be made in early September. To minimise delays we plan to start preparing a brief for this work shortly.

A REGIONAL AND NATIONAL CONTEXT

There is strong support for these initiatives within "Bay of Connections", the Bay of Plenty's economic development strategy. This was also reinforced by priority recommendations from the Bay of Plenty Regional Jobs Summit held in April 2009.

A Bay of Plenty (BOP) Aquaculture Strategy is currently being developed with the help of LECG (Law and Economic Consulting Group) and Graeme Coates Consulting Ltd as part of implementing the Bay of Connections Strategy. To date, stakeholder interviews have identified the Eastern BOP as the main development opportunity for the region. The BOP Aquaculture Strategy is expected to be completed in August 2009.

For further information, see <http://www.envbop.govt.nz/Regional-Economic-Development.asp> and <http://www.aquaculture.govt.nz/>.

A National Infrastructure Plan is due to be completed by the end of this year. Given the potential significance of the harbour project for

economic development in the eastern Bay of Plenty region, work is underway to ensure it is included in the Plan. For further detail about this, see <http://www.infrastructure.govt.nz/plan>.

The Bay of Plenty Regional Land Transport Strategy supports the project by proposing that a study be undertaken to assess the transport benefits of coastal shipping from Opotiki, with a view to the inclusion of the Opotiki Harbour. Further information is available at <http://www.envbop.govt.nz/Publications/Regional-Land-Transport-Strategy.asp>.

SOME RECENT QUESTIONS & ANSWERS

Is the Harbour Development a commercially viable proposition?

No. Like most other significant transport infrastructure, the harbour development is not commercially viable in its own right. It will require public as well as private funding at the outset. Like roading, it cannot return an investment on its own – it is an enabler, or a foundation, upon which economic growth, including commercial development, becomes possible.

There is some interest in the project from private investors, including a large Chinese aquaculture company. However, this relies on a business case for other local, commercial initiatives. It is very much a 'chicken-and-egg' situation.



Vaughan Payne, CEO, Opotiki District Council.

Is there a Business Case for the Harbour Development?

Yes, most definitely. Studies undertaken by URS consultants in 2005-06 included a Social and Economic Evaluation and a Business Case for Government Investment. Economic benefits identified included more than 900 new full-time jobs, more than \$34 million added to the District's economy and more than \$27 million added to overall household income. Significant progress has been made on both the harbour and aquaculture projects since 2005, and the social-economic environment (domestic and international) has also changed a lot. The 2005 report therefore needs updating, and this is planned for completion during 2009.



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