

## COVER SHEET

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| <p><b>1. Te Aroha Tourism Precinct – Feasibility study, Business case and Investment case Project PGF Application</b></p>  | <p><b>For:<br/>Approve</b></p>  |
| <p><b>Background &amp; context:</b></p>  | <p><b>Recommendation:</b></p>   |
| <p><b>Applicant Organisation:</b></p> <ul style="list-style-type: none"> <li>Matamata-Piako District Council</li> </ul> <p><b>Location:</b></p> <ul style="list-style-type: none"> <li>Te Aroha, Waikato</li> </ul> <p><b>Proposal:</b></p> <ul style="list-style-type: none"> <li>The development of the “Te Aroha Tourism Precinct” as the boutique Health and Wellbeing destination for the Auckland and Waikato regions. Funding required to complete the Feasibility study, Business case and Investment case.</li> </ul> <p><b>Funding Sought:</b></p> <ul style="list-style-type: none"> <li>Total project value: \$<small>Commercial Inform</small></li> <li>PGF Funding: \$<small>Commercial Inform</small> – <small>Commert</small>%</li> </ul> <p><b>Background:</b></p> <ul style="list-style-type: none"> <li>The Government Investment Framework in Regional Tourism identifies Waikato as an ‘emerging’ tourism region. It has a high level of <b>access</b>, and the Matamata-Piako district is particularly well-placed, sitting in the middle of Auckland, Tauranga and Hamilton.</li> <li>This project would see the development of the mineral springs and associated accommodation to create a new offering for short breaks for visitors.</li> <li>The anchor project and catalyst for driving the concept is the development of the Te Aroha Domain (and surrounding amenities) into a boutique spa resort.</li> <li>The proposed boutique spa and wellness resort</li> </ul> | <p><b>We recommend that the SROs:</b></p> <p>a) <b>Note</b> The proposed approach is based on three milestones:</p> <ul style="list-style-type: none"> <li>Initial feasibility - Est \$<small>Commercial Inform</small></li> <li>Business case - Est \$<small>Commercial Inform</small></li> <li>Investment case - Est \$<small>Commercial Inform</small></li> </ul> <p>Detailed budgets for each phase have yet to be established.</p> <p>This programme of work will identify funding and financing models for the development stages that are likely to include a mix of commercial debt, private investment, and PGF funding.</p> <p>b) <b>Note</b> At each milestone there will be reporting and risk assessment before proceeding to the next stage in the programme. This will also manage risk in that the project will have clear exit points and stop/go points with each phase.</p> <p>c) <b>Note</b> a comprehensive list of key stakeholders have been identified for engagement and consultation.</p> <p>d) <b>Note</b> The Tourism Precinct concept aligns with national and regional tourism and economic development strategies, and has wide ranging support from local business associations, and key stakeholders. Tourism is a key strategic priority in the Waikato region.</p> <p>e) <b>Note</b> strong support from MBIE Tourism and DoC.</p> |

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| <p>would dovetail existing tourist offerings including the Kaimai Mamaku Forest Park, The Hauraki Rail Trail (part of the Nga Haerenga Great Rides network), a number day walking tracks, and the Hobbiton Movie Set</p> <ul style="list-style-type: none"> <li>• The Hauraki Rail Trail is being expanded to connect Te Aroha and Matamata, which will likely increase cycle tourism through the town.</li> <li>• The completion of the Waikato Expressway will present new opportunities to integrate the District’s external connections. Improved linkages with the expressway will make the district more accessible to the large population bases of Auckland, Hamilton, and Tauranga.</li> <li>• Matamata-Piako District Council has identified the development of the TE Aroha Domain as critical importance to the Te Aroha township and wider region. This investment in tourism will generate additionality through employment opportunities new skills and business confidence.</li> </ul> | <p><b>f) Note</b> That the Matamata-Piako district has a low, largely rural ratepayer base and does not have the financial resources to co-fund the feasibility study. The request is for <sup>Commercial Inform</sup> % PGF funding.</p> <p><b>g) Support</b> the recommendation to <b>Approve</b> \$<sup>Commercial Inform</sup> from the PGF fund towards the Te Aroha Tourism Precinct – Feasibility study, Business case and Investment case Project subject to:</p> <ul style="list-style-type: none"> <li>• PDU agreement as to the project deliverables and budget for each phase;</li> <li>• PDU agreement to the make-up of the Programme Governance Group and proposed project management structure;</li> <li>• PDU agreement of the consultant/consultant firm contracted to undertake the work;</li> <li>• Staged payment gateways with each of the three phases; and</li> <li>• Funding beyond each phase subject to confirmation and agreement of the PDU.</li> </ul> |
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**PGF criteria that this proposal supports:**

| PGF Criteria | Assessment Commentary | Rating (1✓ to 5✓) |
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**Link with fund and government outcomes**

**Note: the benefits identified below will be assessed and collaborated in the feasibility study**

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| Creates permanent jobs            | <ul style="list-style-type: none"> <li>• The Tourism Precinct will open up greater opportunities for training and development into the hospitality and tourism sector without the need of heading out of the region.</li> </ul>   | ✓✓✓  |
| Delivers benefit to the community | <ul style="list-style-type: none"> <li>• A coordinated and interregional tourism effort will help stabilise fluctuations in peak tourist seasons and create a multiplier effect i.e. promoting health and wellbeing activities for all seasons</li> <li>• The tourism hub will capture greater tourism</li> </ul> | ✓✓✓✓ |

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|  | expenditure through attracting domestic and international visitors to stay longer in the region.  |      |
| Increased utilisation and returns of Maori asset base          | <ul style="list-style-type: none"> <li>The feasibility, business case and investment case will identify opportunities for enhanced use of iwi land, co-governance and management opportunities as well as opportunities for investment.</li> </ul>  | ✓✓✓  |
| Enhanced sustainability of natural assets                      | <ul style="list-style-type: none"> <li>Working with DOC and iwi to identify and mitigate the risks of strain on the environment.</li> <li>Use of Mount Te Aroha and high value use of the water from the mineral springs</li> <li>Enhancing the “natural capital” and profile of the key nature assets</li> </ul> | ✓✓   |
| Mitigation of climate change effects                           | <ul style="list-style-type: none"> <li>Council will identify opportunities to develop an eco-friendly complex that is consistent with the health and wellbeing product offering. This will include investigating the use of surplus hot water as energy for the Tourism hub.</li> </ul>                           | ✓✓   |
| <b>Additionality</b>   |   |      |
| Adding value by building on what is already there              | <ul style="list-style-type: none"> <li>The proposal builds on current facilities</li> </ul>   | ✓✓✓  |
| Acts as a catalyst for productivity potential in the region    |   |      |
| <b>Connected to regional stakeholders and frameworks</b>       |   |      |
| Alignment with regional priorities                             | <ul style="list-style-type: none"> <li>The proposal is a key opportunity identified in the Tourism Opportunities Plan, produced by Hamilton &amp; Waikato Tourism.</li> </ul>   | ✓✓✓✓ |
| Support from local governance groups (inc. Councils, Iwi/Hapu) | <ul style="list-style-type: none"> <li>letter of support from Waikato REDA has been provided</li> <li>Engagement with mana whenua at various co-management levels and through various forums including the Te Mana Whenua forum mō Matamata-Piako.</li> </ul>   | ✓✓✓✓ |
| <b>Governance, risk management and project execution</b>       |   |      |
| Robust project management and governance systems               | <ul style="list-style-type: none"> <li>Established governance and project management system in place.</li> <li>Experience in delivering large construction projects</li> </ul>  | ✓✓✓  |
| Risk management approach                                       | <ul style="list-style-type: none"> <li>High level risk register established</li> </ul>  | ✓✓   |

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| Future ownership / operational management   | • Matamata-Piako District Council | ✓✓✓  |     |                |     |                    |     |              |                   |
| <b>The purpose of this briefing is to consider recommending PGF funds to the Te Aroha Tourism Precinct – Feasibility study, Business case and Investment case Project</b>   |                                   |  |     |                |     |                    |     |              |                   |
| <b>Risks Issues:</b> <ul style="list-style-type: none"> <li>• Project costs blow out – appropriate contract established with contractor, monitoring by Programme Governance Group, Stage gate – stop/go points. Appropriate and timely financial reporting.</li> <li>• The contractor lacks the skills to undertake the work – sound selection process with PGF sign-off of the engagement of the contractor.</li> </ul>  |                                   |  |     |                |     |                    |     |              |                   |
| <b>Eligibility points of note:</b> <ul style="list-style-type: none"> <li>• <i>Due diligence:</i> Entity due diligence is not required as the applicant is a local authority</li> <li>• <i>Conflict(s) of interest:</i> Based on the information provided no conflict of interest is evident noting that full due diligence will inform this item further.</li> <li>• <i>Illegal Activity:</i> Based on the application information provided and feedback from other agencies there is no indication that the applicant or project has been involved in, or associated with illegal activity.</li> <li>• <i>Alignment with Regional development plans:</i> The proposal is a key opportunity identified in the Tourism Opportunities Plan, produced by Hamilton &amp; Waikato Tourism</li> <li>• <i>Commercial funding availability:</i> Given the nature of the project which is to develop feasibility and business case access to commercial funding is not considered a feasible option.</li> </ul> |                                   |  |     |                |     |                    |     |              |                   |
| <b>Consultation undertaken or implications:</b>   |                                   |  |     |                |     |                    |     |              |                   |
| <b>Legal</b>  | N/A                               | <b>HR</b>  | N/A | <b>Finance</b> | N/A | <b>MBIE policy</b> | N/A | <b>Other</b> | DoC, MBIE Tourism |
| <b>Supporting proposal:</b>   |                                   | Yes  |     |                |     |                    |     |              |                   |
| <b>Appendices:</b>  |                                   | Yes - Applications and supporting letters are as annexes |     |                |     |                    |     |              |                   |
| <b>Sponsor(s):</b>  |                                   | N/A  |     |                |     |                    |     |              |                   |
| <b>Manager/Author of paper:</b>   |                                   | Nick Hough, Investment Team                              |     |                |     |                    |     |              |                   |