

2.10 STAGE ONE OF THE BIG DADDY ADVENTURE PARK – ECONOMIC IMPACT ASSESSMENT

PGF Application		For: Approval	
Applicant:	Big Daddy Adventures Ltd	Pipedrive ID #	Commercial
Entity Type:	Company	PGF Funding Sought:	\$20,000
Region	Otago	Total Project Value:	\$ Commercial Inform
Tier:	2 - Sectors	Co-contribution rate:	Commercial In %
Sector:	Tourism	Funding Structure:	Grant

We recommend that SROs:

- Approve** \$20,000 from the PGF towards an Economic Impact Assessment for Stage One of the Big Daddy Adventure Park project as a grant
- Note** this is in response to the IAP's feedback on the original Application (seeking \$ Commercial Info out of a total estimated project cost of \$ Commercial to build the first stage of the Big Daddy Adventure Park), which was to firm up the economic impact of the park on the local area.
- Note** the Economic Impact Assessment will consider the benefits of a tourism project within Cromwell and surrounding areas.
- Note** the Economic Impact Assessment will also assist in verifying the strength of alignment with the Central Otago Tourism Strategy in its aim to drive tourism expenditure within the region.
- Note** that there is no guarantee to further funding at the construction phase.

Proposal:

The applicant seeks to establish stage one of The Big Daddy Adventure Park, which is a unique cable suspended platform offering multiple swing experiences above the John Bull Creek canyon on Northburn Station. At over 200m above the valley floor, the swing offering will be the highest in Australasia. Further phases of the adventure park's development will include the addition of attractions such as zip lines, mountain coaster, back-country hiking, mountain biking etc.

The IAP has recommended that a clarification of the tourism market for this product and the effects it will have within Cromwell and the neighbouring tourism areas (i.e. Queenstown and Wanaka) be determined before further application decision is made on the application again. This application is for an Economic Impact Assessment in response to the IAP's feedback. It is an additional step out of the Applicant's original scope of work and PGF funding sought, however they have agreed to co-fund this assessment.

Assessment against the PGF criteria

Eligibility Criteria		
This application is eligible for PGF funding.		
Productivity Potential		
<p>Visitor and population growth within Cromwell is one of the fastest and largest in NZ. Visitor population has increased by 33% over the last 5 years from 2013 to 2018 (Stats NZ) and Cromwell was labelled as one of the fastest growing small towns in New Zealand with the highest average annual population change for small towns between 2001 and 2003 (Stats NZ). If the project is successful in achieving the intended \$^{Commercial} revenue targets to the local economy over the first five years of operation as stated, this could further drive visitor growth and establish an iconic visitor attraction in the town while relieving pressure on the tourism infrastructure in Queenstown. This could result in an increase in local businesses (i.e. cafes, restaurants, etc.) and create indirect jobs as a result of the attraction. However, as a stand-alone project, it may be difficult to act as a sole catalyst to drive productivity potential within the region.</p>		
Policy objectives and regional priorities		
<p>The project aligns with the Central Otago Tourism Strategy in that it aims to drive tourism expenditure within the district (which has been growing at a slower rate compared to the nation at 29% against 37% over the five-year period from 2012 to 2017). This project addresses this through its aim of creating a brand positioning (having the highest swing offering in Australasia) that visitors can identify with Central Otago (one of the district's vision). The positive impact may be limited as a stand-alone project rather than a package or bundle of tourism initiatives.</p>		
PGF Criteria	Assessment Commentary	Rating (0✓ to 5✓)
Link with fund and government outcomes		
Creates permanent jobs	<ul style="list-style-type: none"> The Economic Impact Assessment will not create any jobs, however, if successful, the Adventure Park at its initial phase (being the cable suspended swing) will create ^{Comm} new FTE jobs in the adventure tourism sector in Cromwell (Commercial Information Commercial Information) Validation of the potential for indirect jobs is the objective of this proposal 	✓✓✓
Delivers benefit to the community	<ul style="list-style-type: none"> If the project is successful in achieving the intended \$^{Commercial} revenue targets to the local economy over the first five years of operation as stated, this could further drive visitor growth and establish an iconic visitor attraction in the town while relieving pressure on the tourism infrastructure in Queenstown. Benefits to the community could potentially be an increase in local businesses (i.e. cafes, restaurants, etc.) and further create indirect 	✓✓✓

	jobs as a result of the attraction. The Project has potential to be a part of a collection of initiatives to deliver economic benefits for Cromwell.	
Increased utilisation and returns of Maori asset base	<ul style="list-style-type: none"> N/A 	N/A
Enhanced sustainability of natural assets	<ul style="list-style-type: none"> N/A 	N/A
Mitigation of climate change effects	<ul style="list-style-type: none"> N/A 	N/A
Additionality		
Adding value by building on what is already there	<ul style="list-style-type: none"> The International Visitor Survey in 2012 found adventure tourism is worth a total of \$1.6 billion in NZ (equivalent to 60% of all holiday related tourism expenditure). Over 6% of these holiday tourists participated in bungee jumping (Top 4 adventure activities). The potential of the project to enable value-adding benefits to the emerging tourism region which would otherwise be limited without PGF funding a key component of this project. 	✓✓✓
Acts as a catalyst for productivity potential in the region	<ul style="list-style-type: none"> Visitor and population growth within Cromwell have been one of the fastest and largest in NZ. Visitor population has increased by 33% over the last 5 years from 2013 to 2018 (Stats NZ). If the project is successful in reaching the \$^{Commercial} contribution to the local economy over the first five years of operation as stated, this could further drive visitor growth and establish an iconic visitor attraction in the town while relieving pressure on the tourism infrastructure in Queenstown. This application aims to address and verify the impact the Adventure Park may have for the region. 	✓✓✓
Connected to regional stakeholders and frameworks		
Alignment with regional priorities	<ul style="list-style-type: none"> The Adventure Park aligns with the Central Otago Tourism Strategy in that it aims to drive tourism expenditure within the region (which has been growing at a slower rate compared to the nation at 29% against 37% over the five-year period from 2012 to 2017). This application will address the viability of this alignment in terms of the quantitative impact it will have with the region's priorities. 	✓✓✓✓

Support from local governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> Letter of support provided by the Central Otago District Council for the Adventure Park. The applicant is currently engaging with local hapu/iwi in relation to the project. 	✓✓✓
Governance, risk management and project execution		
Robust project management and governance systems	<ul style="list-style-type: none"> Big Daddy Adventure Park Ltd is a new entity created for the Big Daddy Adventure Park. One of the 3 directors, Darron Charity, <small>Commercial Information</small> [REDACTED]. Another director, <small>privacy of nature</small> [REDACTED] Stephenson, <small>Commercial Information</small> [REDACTED]. The third Director, Tom Pickney, <small>Commercial Information</small> [REDACTED]. The Big Daddy Adventure Park is being built and managed by Select Contracts. As the Development Manager, Select Contracts will be contracted under fee to Big Daddy Adventures Ltd. Select Contracts will manage and control all aspects of the development's establishment, project design, project delivery, project management and pre-opening management. It will then operate the Big Daddy Adventure Park on behalf of Big Daddy Adventures Ltd. Select Contracts has 40 years of business history with some of its projects including the Christchurch Adventure Park, New Brighton Playground and Splash Park, and the Wadi Adventure (world's first surf & adventure park). 	✓✓
Risk management approach	<ul style="list-style-type: none"> Risks identified and mitigation approaches outlined. 	✓✓✓
Future ownership / operational management	<ul style="list-style-type: none"> The Economic Impact Assessment will be accessed by the Applicant and MBIE. As the proposed Development Manager, Select Contracts will be contracted under fee to Big Daddy Adventures Ltd. Select Contracts will manage and control all aspects of the development's establishment, project design, project delivery, project management and pre-opening management. The asset will be owned by the applicant, Big Daddy Adventures Ltd. 	✓✓✓
Analysis of the benefits and costs		
A detailed analysis of the benefits and costs is the aim of conducting the Economic Impact Assessment.		
Consultation undertaken or implications:		

MBIE Tourism has provided Technical Advice, with the key points outlined as follows:

- Cromwell is an emerging tourism region and a medium priority for government tourism investment.
- Cromwell is not renowned to be a destination of choice by domestic and international visitors and is competing with Queenstown and Wanaka. Cromwell is largely dependent on the domestic market.
- **Commercial Information**

Due Diligence and Ownership

Know-your-customer due diligence completed.

Shareholders (proposed):

Shareholder	%
Big Daddy Adventure Ltd	Comm
Land owner	Com
Select Contract	Com
Round 1 Investors	Comm
Round 2 Investors	Comm

One of the directors of Big Daddy Adventure Ltd, Darron Charity, Privacy of natural persons
Privacy of natural persons

Directors:

- Byron Stephenson
- Tom Pickney (Commercial Information)
- Darron Charity

Key Management Personnel:

- Darron Charity

Financial Analysis of the Applicant

N/A for this application.

Risk Assessment

Economic Impact Assessment will be conducted by an independent consultant agreed by the PDU. Key risks will be further identified by carrying out this work.

Funding Methodology

Grant

Supporting proposal:

Yes

Appendices:	Yes – Application
Manager / Author of paper:	LY/RW – Investment Team
Communications issues and risks	N/A

PROACTIVELY RELEASED