

## 2.8 HISTORICAL MARITIME PARK MARINE DEVELOPMENT PROJECT

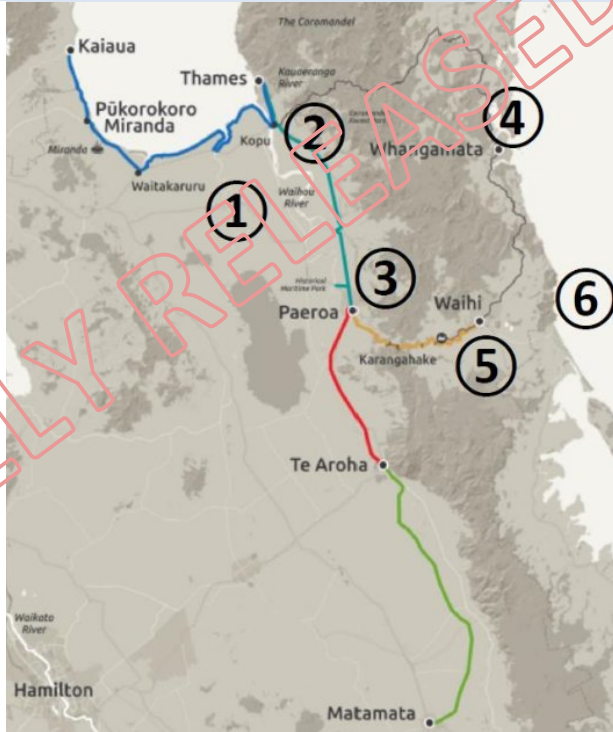
PGF Application		For: Approval	
<b>Applicant:</b>	Historical Maritime Park Inc.	<b>Pipedrive ID #</b>	Commercial Information
<b>Entity Type:</b>	Registered Charitable Trust	<b>PGF Funding Sought:</b>	Commercial Information
<b>Region</b>	<b>Waikato</b>	<b>Total Project Value:</b>	Commercial Information
<b>Tier:</b>	<b>2 - Sectors</b>	<b>Co-contribution rate:</b>	Comm %
<b>Sector:</b>	<b>Tourism</b>	<b>Funding Structure:</b>	Grant
<b>We recommend that SROs:</b>			
<p>a) <b>Approve</b> up to \$ Commercial Inform as a grant from the PGF fund towards the Historical Maritime Park Marine Development because:</p> <ul style="list-style-type: none"> <li>This project would unlock region's tourism potential and the additionality is strong for this project;</li> <li>The project compliments other tourism destinations in the region and provides tourists a diverse experience; and</li> <li>The project has strong local and regional support.</li> </ul> <p>b) <b>Note</b> that any PGF funding must be matched by at least Comm per cent cash contribution from the applicant.</p> <p>c) <b>Note</b> MBE Tourism is supportive of this project. Their feedback is provided in the later section.</p> <p>d) <b>Note</b> Resource consent process is progressing well and a decision will be made by June 2019.</p>			
<b>Proposal:</b>			
<p>The project is to build tourism infrastructure at the Historical Maritime Park (HMP) which includes:</p> <ul style="list-style-type: none"> <li>a wharf at Paeroa and two floating pontoons;</li> <li>a vessel to transport passengers and cycles between landing sites;</li> <li>a 256m long board walk connecting both floating pontoons; and</li> <li>landscaping of the area around the board walk and pontoons.</li> </ul> <p>The Commercial Information has committed to invest \$ Commercial Inform in this project. This project would spread visitors from the congested Karangahake Gorge, due to high usage from users of the Hauraki Rail Trail. It would also activate the visitor economy of the local waterways, Waihou and Ohinemuri rivers by providing a direct commercial link between the Paeroa to the HMP and onto the Kopu Marine Precinct in the Thames-Coromandel District some 30 kilometres to the North.</p>			
<b>Assessment against the PGF criteria:</b>			
<b>Eligibility Criteria</b>			

This application is eligible for PGF funding.

### Regional context

PGF has received a number of tourism applications from this region. These tourism applications are linked by Diane Drummond (Chief Executive of the Hauraki Rail Trail Charitable Trust), who is either leading them or supporting them. The following map shows location of these projects and a brief description about them

- ① Hauraki Rail Trail (coloured lines)**  
 Development of an over-arching multi-agency strategy that will identify the ecology of the Hauraki Rail Trail, including landscaping, story-telling, and rest area development
- ② Kopu Historic Bridge**  
 Restoration of Historic Kopu Bridge to allow commercial activity to occur on the Waihou River and bridge
- ③ Historical Maritime Park**  
**Stage One:**  
 Construct three wharves/jetties/Boardwalks  
 Purchase vessel to connect Paeroa to HMP  
 Full business case
- ④ Whangamata Multi-sports Incorporated**  
 Feasibility study into unlocking the tourism potential at the Whangamata multi-sport and cycling recreational area.
- ⑤ Goldfields Railway**  
 Restoration and interpretive signage project, giving access to other important historical sites located within in the precinct.
- ⑥ Waihi Beach Cycle Trails Community Trust**  
 Cycle and walking trail linking the Hauraki Rail Trail at Waihi with the western start point of the planned Tauranga Moana Coastal Cycle Trail in Waihi Beach.



In this SRO meeting (30 May 2019), PDU will be discussing projects 1, 3 and 4 (as shown in the map).

### Productivity Potential

Tourism can make a significant contribution to productive, sustainable and inclusive growth. While tourism creates opportunities, it can bring with it challenges such as infrastructure pressure resulting from an unprecedented recent period of visitor growth.

The current wharf at the HMP is inadequate for the demands of the visitor market, and is restricted in size and accessibility (only during high tide). Visitor numbers at the HMP have increased by 300 per cent since the Hauraki Rail Trail opened in 2012. Activation of the waterway is a key asset in unlocking the opportunity of increased visitor numbers achieved by providing diversity and visitor dispersal away from the congested Hauraki Rail Trail.

The project is targeted to increase visitors from 10,000 per annum to over 65,000 by year five. This is supplemented by the growth in visitor numbers on the Hauraki Rail Trail. The proposed wharves and new vessel provides the key link between existing cycleways and are at the central point in this cycling network.

### Policy objectives and regional priorities

The focus for PGF investment in tourism is in areas where the case for public funding is strongest such as

improving access, amenities and developing attractions.

This project aligns with PGF’s tourism policy objectives by enabling infrastructure to:

- reduce existing pressures on tourism infrastructure in the region (Hauraki Rail Trail);
- develop a local river based tourism product which would also improve connectivity between existing cycleways;
- spread the benefits of tourism (current and potential) across the region; and
- encourage visitors to stay longer and spend more.

PGF Criteria	Assessment Commentary	Rating (0✓ to 5✓)
<b>Link with fund and government outcomes</b>		
Creates permanent jobs	<ul style="list-style-type: none"> <li>• This project would create up to 100 tourism jobs, which would have a significant economic impact in a low decile economic area like Hauraki.</li> </ul>	✓✓✓
Delivers benefit to the community	<ul style="list-style-type: none"> <li>• The increased tourism from this project would benefit local businesses and communities.</li> </ul>	✓✓✓
Increased utilisation and returns of Maori asset base	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	
Enhanced sustainability of natural assets	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	
Mitigation of climate change effects	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	
<b>Additionality</b>		
Adding value by building on what is already there	<ul style="list-style-type: none"> <li>• The existing facilities at the maritime park are inadequate and this proposal would significantly improve capacity to attract tourists through added tourism infrastructure.</li> </ul>	✓✓✓✓
Acts as a catalyst for productivity potential in the region	<ul style="list-style-type: none"> <li>• This proposal would unlock the tourism potential of the region by connecting the Hauraki Rail Trail with other trails in the region and provide tourists with a diverse (walk, cycle and boat) tourism experience.</li> </ul>	✓✓✓✓
<b>Connected to regional stakeholders and frameworks</b>		
Alignment with regional priorities	<ul style="list-style-type: none"> <li>• Te Waka Regional Economic Development Agency is supportive of this project.</li> </ul>	✓✓✓
Support from local governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> <li>• Strong support from the Hauraki District Council and the Thames –Coromandel District Council. Letters of support held. The <b>Commercial Information</b> is</li> </ul>	✓✓✓✓

	contributing \$ <sup>Commercial</sup> towards the project.	
<b>Governance, risk management and project execution</b>		
Robust project management and governance systems	<ul style="list-style-type: none"> <li>Governance and project delivery teams are in place and both teams have experienced professionals (including commercial experience).</li> </ul>	✓✓✓✓
Risk management approach	<ul style="list-style-type: none"> <li>Key risks (e.g. potential cost overruns) are identified with mitigations.</li> </ul>	✓✓✓
Future ownership / operational management	<ul style="list-style-type: none"> <li>The applicant will own and operate the infrastructure developed as part of this proposal.</li> <li>The project will be able to fund its operational costs from tourism revenue generated by the boat.</li> </ul>	✓✓✓
<b>Project benefits</b>		
<ul style="list-style-type: none"> <li>In 2018, Gold mining and dairy, the two biggest industries in the Hauraki District, contributed 22.5% and 14.8% respectively to the local GDP. Tourism's contribution to local economy was only 4.4%.</li> <li>However, tourism is a growing industry in Hauraki. In 2018, tourism spend in Hauraki district increased by 9.7% to \$85.5m. During the same time period, tourism spend in New Zealand increased by 9.3% to \$28.4b.</li> <li>Situated in a low decile economic area, this project is not just a tourism opportunity but also an opportunity to widely spread the economic benefits of tourism in Hauraki (currently focused on the Hauraki Rail Trail).</li> <li>There are currently <sup>Commercial</sup> people employed in Hauraki District's tourism industry. An addition of up to <sup>Comm</sup> jobs would directly benefit the region.</li> <li>This project will also indirectly benefit local businesses with increased tourism spend.</li> </ul> <p>The successful implementation of this project would unlock the tourism potential of Hauraki and would draw more investments into other tourism opportunities in the region.</p>		
<b>Assessment against the Tourism Investment Framework</b>		
<p>The Government's Tourism Investment Framework supports government to make choices about how, when and where to intervene or invest in the tourism system, providing greater certainty to regions and the sector. Central to the framework are the '5As' which need to be developed in a co-ordinated way if regions are to become successful, established destinations.</p>		
<b>5As</b>	<b>Description</b>	<b>Project Alignment</b>
Access	To regions and their attractions	The project is located in Paeroa on SH2 and close to the Hauraki Rail Trail.
Amenities	Ranging from three waters' infrastructure to accommodation	Paeroa offers required amenities and currently, two new upscale accommodation projects are being developed for tourists.
Attractions	That encourage visitors to come, stay and spend	The region offers few tourists attractions – Hauraki Rail Trail, Kopu Historic Bridge, and Whangamata multi-sport and cycling area. This proposal would complement the current tourism offering of this

		region and provide a diverse tourism experience.
Awareness	To promote the region to visitors and drive visitor numbers and spend	This is part of Te Waka's (EDA) tourism strategy.
Attitudes	Action to build and sustain support from local communities for tourism	There is strong local community support for this project.

### Funding Arrangements

A grant of up to \$ Commercial Inform.

There are individual components within this project such as the wharves, vessel, and board walk. Funding must be against those individual components and sub-components.

Cost Description	\$ (ex GST)
Development of the wharf/pontoon & board walk plans and specifications & costings	<small>Commercial Inform</small>
Construction of above	<small>Commercial Inform</small>
Purchase of vessel	<small>Commercial Info</small>
Landscaping design and planting	<small>Commercial Info</small>
<small>Comm</small> % Contingency	<small>Commercial info</small>
<b>Total</b>	<small>Commercial Information</small>

### Due Diligence and Ownership

Due diligence is currently underway.

Completion of due diligence to the satisfaction of the PDU Head of Investment is a mandatory condition before any disbursement of funds towards this project.

### Risk Assessment

The key risks to the PDU and proposed mitigations of this investment are as follows:

Type of risk	Risk description	Mitigations	Risk Rating L/M/H
<b>Contractor's price risk</b>	If the price estimates provided by contractors is inaccurate, then the applicant may seek further funding, or be unable to complete the project in the agreed manner	<ul style="list-style-type: none"> <li>Detailed tendering of construction components and work with the contractors</li> <li>Contingency of <small>Comm</small>%</li> <li>Tight monitoring of budget</li> </ul>	Medium

### Consultation undertaken or implications:

#### MBIE Tourism Feedback:

We see benefit in the project and are pleased to see the way which they have strategically approached this including existing popular visitor attractions, with new projects and a destination management view. Linking with the wider visitor offering and visitor develop plan.

Good to see that this has strong local support and the Council has included this in their long term plan.

# Commercial Information

MBIE through the New Zealand Cycle Trail funding has contributed about \$<sup>Comme</sup> over the last ten years towards the Hauraki Rail Trail. This is one of the most popular of the trails – proximity to Auckland helps. Trail uses quoted in this application sound accurate.

If the Coromandel ferry service is established, we would like to see it link to this and the other visitor attractions.

Overall we are supportive of this project.

<b>Supporting proposal:</b>	Yes
<b>Appendices:</b>	Yes – Applications and supporting letters are as annexes
<b>Author of paper:</b>	<sup>Privacy</sup> , Investment Management

PROACTIVELY RELEASED