

Commercial-in-Confidence

3.8. Whakarewarewa Forest Park Development Application	For: Approve
Background & context:	Recommendation(s):
<p>Applicant Organisation:</p> <ul style="list-style-type: none"> • Rotorua Lakes Council <p>Location:</p> <ul style="list-style-type: none"> • Rotorua <p>Proposal:</p> <ul style="list-style-type: none"> • Whakarewarewa Forest Park Development <p>Funding Sought:</p> <ul style="list-style-type: none"> • Total project value: \$^{Commercial Information} • PGF Funding: \$7.5 million. <p>Background:</p> <p>The application notes:</p> <p>Rotorua has aspirations to develop Whakarewarewa Forest to a world class standard and seeks \$7.5 million from the Provincial Growth Fund ^{Commercial Information} our own investment of \$^{Commercial Information} so that we can develop the lead infrastructure, improve the user experience, help monetise the asset for mana whenua, and deliver transformational outcomes for the city and the wider region.</p> <p>This is a 'surge region' public infrastructure project that is 'investment ready' following years of preceding work in partnership with Iwi (with Ngāi Whakāue and Tūhourangi as mana whenua). Throughout this period, we have consulted widely with all stakeholders including iwi, our wider community and our regional partners, and we have their 100% support for this PGF application.</p> <p>Your investment will catalyse a number of projects to deliver significant economic and social outcomes. Private and iwi investors have signalled that they are ready to invest \$ ^{Commercial Information} into accommodation and attractions once the forest project has been started, with ^{Commercial Information} jobs to be created for the people of Rotorua, particularly Māori. New cafés and restaurants offerings will emerge, new mountain biking services will evolve, and there will be opportunities for more events, improved social engagement and cohesion, and cultural and civic pride.</p> <p>The economic flow-on effect for our highly-valued tourism sector will be that tourists (particularly mountain bikers) visit more, stay longer, spend</p>	<p>We recommend that the IAP/ SRO:</p> <ol style="list-style-type: none"> Discuss the proposal; Note that the Investment Team support the proposal; Note the investment team is interested in understanding whether the IAP would support providing a grant of \$7.5 million for the Whakarewarewa applications. Note that the PGF investment will be matched by Rotorua Lakes Council. We have had an independent assessment from Sage Bush of the Rotorua Lakes Council's need for central government funding and it has been assessed as being a high need Council. Note the investment team will be asking for further information on: <ul style="list-style-type: none"> ➤ details of any perceived negative impact, or objections you may have received to the proposal; ➤ Confirm whether you are going to continue to use project management support; ➤ Provide details of the anticipated commercial return you will get from the forest development sites; and ➤ Provide details of how the sites are going to be operationally and commercially managed on an ongoing basis. Approve \$7.5 million funding from the PGF fund towards the Whakarewarewa proposals, subject to the investment team understanding: <ul style="list-style-type: none"> ➤ details of any perceived negative impact, or objections you may have received to the proposal; ➤ Confirm whether you are going to continue to use project management support; ➤ Provide details of the anticipated

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more and tell others, plus we'll be in a better position to attract the **higher-yield tourists** who are currently bypassing Rotorua in favour of other higher-end offerings. **New accommodation** options will also give much needed relief from the capacity crunch that is looming as more and more people come to Rotorua on the back of New Zealand's tourism success.

Rotorua's social situation means **we can't deliver this vision on our own**. While we are a bold city, we are **not a rich city** and we are presented with the troubling paradox that Māori, as the major cultural drawcard for the region for over 130 years, are over-represented in all social deprivation indices. This situation is not good enough, and by working together in support of mana whenua, **Māori assets can be better leveraged**, and more meaningful and **sustainable jobs created**.

We are now investment ready with match funding approved, good project management practices and governance in place and some of the best designers in the country completing the preliminary design. Upon approval, we are ready to tender the works to begin construction.

In Rotorua, our approach is one of **tatau tatau - we together**, and it is for that reason we submit this application to you for your consideration.

commercial return you will get from new forest development sites; and

- Provide details of how the sites are going to be operationally and commercially managed on an ongoing basis.

PGF criteria that this proposal supports:

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

Creates permanent jobs	<ul style="list-style-type: none"> It is estimated ^{Commer} jobs will be created. The application notes it will: <ul style="list-style-type: none"> Increase in jobs and training to the region (to be delivered by local education providers) with jobs going to locals first. Iwi supporting work readiness for their people. Leveraging social procurement to maximise the potential value for our community. Increase in jobs and training to the region (to be delivered by local education providers) with jobs going to locals first. Iwi supporting work readiness for their people. Leveraging social procurement to maximise the potential value for our community. 	✓✓✓✓
Delivers benefit to the community	<ul style="list-style-type: none"> Providing high quality public space that the 	✓✓✓✓

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	<p>community is proud of and visitors talk about.</p> <ul style="list-style-type: none"> • Celebrate our aspirations as New Zealand first bi-lingual (Reo-rua) city. • Closing the gap on social deprivation indices in our community. 	
Increased utilisation and returns of Maori asset base	<ul style="list-style-type: none"> • In our community our iwi partners to leverage the economic opportunities of their settlement assets, and build capability amongst their own people from new entry through to governance. • Supporting iwi partners (CNI Iwi Holdings, Ngāti Whakaeue and Tuhourangi) to secure private investment/ partnerships and diversify their portfolios. • Increase opportunities for Māori employment. 	✓✓✓✓
Enhanced sustainability of natural assets	<ul style="list-style-type: none"> • Promoting commercial activity that supports the environment, and meets the sustainability expectations of our Co-Governance group. • Establishing Te Ara Ahi cycleway linking urban areas with our lakes, forests and places of cultural significance. 	✓✓✓✓
Mitigation of climate change effects	<ul style="list-style-type: none"> • Identifying opportunities to leverage the Whakarewarewa forest development for further environmental gain. 	✓✓✓
Additionality		
Adding value by building on what is already there	<ul style="list-style-type: none"> • Improved mountain biking assets protecting Rotorua's position as the country's leading centre for mountain biking excellence; • Attraction and retention of mountain biking community who are known to stay longer, spend more and contribute \$<small>Commercial Information</small> to the Rotorua economy; • A more sustainable and resilient tourism offering; and • A more equitable community with higher yield tourism benefits triggering economic flow on effects that will improve the social situation for Rotorua, particularly for Maori. 	✓✓✓✓
Acts as a catalyst for productivity potential in the region	<ul style="list-style-type: none"> • New privately funded commercial operations within the forest with concession income and employment opportunities for mana whenua; • New capability building opportunities for mana whenua (new entry through to governance) 	✓✓✓✓

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	<ul style="list-style-type: none"> leveraged through partnerships with national and global tourism organisations; and Improved sustainable jobs for Rotorua residents, particularly Māori by partnering with iwi who will ensure 25% of jobs across their developments are allocated to their own. 								
Connected to regional stakeholders and frameworks									
Alignment with regional priorities	<ul style="list-style-type: none"> It is included in the Rotorua Lakes Council 2018 - 2028 Long Term Plan. 	✓✓✓✓							
Support from local governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> It has support from key partners and Iwi and they are key to driving this application forward. 	✓✓✓✓							
Governance, risk management and project execution									
Robust project management and governance systems	<ul style="list-style-type: none"> The council has used independent experts to help with development of their plan and we are going to question if they are going to continue to get support. 	✓✓✓✓							
Risk management approach	<ul style="list-style-type: none"> The Council have a robust risk management approach. 	✓✓✓✓							
Future ownership / operational management	<ul style="list-style-type: none"> We need further information about the future ownership and Risk Management model. 	✓✓✓✓							
The purpose of this briefing is to consider recommending/ declining PGF funds to the:									
Risks Issues:									
Eligibility points of note:									
<ul style="list-style-type: none"> <i>Due diligence</i>:- Full due diligence is to be completed. It is a condition of approval that due diligence is to be to the satisfaction of the Head of PDU Investment team. <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. <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. <i>Alignment with Regional development plans</i>:- It is included in the Rotorua Lakes Council 2018 - 2028 Long Term Plan. <i>Commercial funding availability</i>:- Given the nature of the project and the amount of Debt the Rotorua Lakes Council is taking on they will find it difficult access to commercial funding is not considered a feasible option. 									
Consultation undertaken or implications:									
Legal	N/A	HR	N/A	Finance	N/A	MBIE policy	N/A	Other	
Supporting proposal:			Yes						
Appendices:			Yes - Applications Commercial Information						
Sponsor(s):			N/A						

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Manager/Author of paper:

David van der Zouwe Investment Team

PROACTIVELY RELEASED