

### 3.3 Maruawai Project

PGF Application		For: Approval	
<b>Applicant:</b>	Project 1: Hokonui Heritage Centre Trust Project 2: Gore District Council	<b>Pipedrive ID #</b>	Commercial Information
<b>Entity Type:</b>	Project 1: Charitable Trust Project 2: Local Authority	<b>PGF Funding Sought:</b>	\$1,647,803
<b>Region</b>	<b>Southland</b>	<b>Total Project Cost:</b>	\$ Commercial Information
<b>Tier:</b>	<b>2 - Sectors</b>	<b>Co-contribution rate:</b>	Commercial Information %
<b>Sector:</b>	<b>Tourism</b>	<b>Funding Structure:</b>	Grant

#### We recommend that the IAP:

- a) **Support** the recommendation to grant \$729,000 to the Hokonui Heritage Centre Trust for the Hokonui Moonshine Museum Upgrade Project and \$919,000 to the Gore District Council for the Maruawai Visitor Centre Project, subject to:
  - i. Funding being provided in tranches, with funding for construction only being available at FID, once construction related due diligence is completed.
  - ii. A condition precedent to funding being confirmation that all co-funding required to complete the Projects is secured.
- b) **Note** that the Ministry of Culture and Heritage, Te Puni Kokiri and the MBIE tourism team are supportive of these Projects.
- c) **Note** that the Southland Mayoral Forum, Gore District Council and Hokonui Runanga (one of the 18 runanga of Ngai Tahu) are supportive of these Projects.

#### Proposal:

This application is to support two related re-development projects in Gore on the same site:

- **Project One** - the re-development of the **Hokonui Moonshine Museum** (estimated total at a total cost of \$ Commercial Information);
- **Project Two** - the re-development of the **Maruawai Visitor Centre** (estimated total go-forward cost of \$ Commercial Information). GDC have already spent \$ Commercial Information purchasing the site.

The scope of each project is as follows:

- **Project One** - expanding the existing Museum footprint to incorporate a 'distil your own moonshine' exhibit, new function spaces to cater for events and product launches, and a micro distillery to produce "Hokonui moonshine" on-site ( Commercial Information litres). Approximately Commercial Information litres of Hokonui moonshine is currently contract distilled in Invercargill.

- **Project Two:** The current Gore visitor centre is not fit for purpose and an improved facility would facilitate tourism growth in the district. Project 2 includes a refreshed visitor centre, retail offerings and will also act as a ‘shop window’ for various hospitality and visitor service providers.

## Assessment against the PGF criteria:

### Eligibility Criteria

This application is eligible for PGF funding.

### Productivity Potential

Gore is on route to other key destinations in the lower South Island (Dunedin, Invercargill and Queenstown). Gore does not have the tourism offerings to entice tourists to stay longer in the Gore area (or at all).

The Gore District Council in partnership with the community has developed a sub-regional strategy “Ready for Growth” to respond to this opportunity. The Hokonui Museum and Maruawai Visitors Centre have been identified as the top two projects to provide the tourism offerings that Gore currently lacks.

Part of Gore’s differentiation is to attract and retain tourists who want to experience a ‘true kiwi’ tourism experience, away from the busy tourist destinations of Queenstown and Central Otago but not far from them.

This project is expected to act as a catalyst for additional employment opportunities in local restaurants, retail outlets, tour operators, and accommodation. It is also expected to build confidence for additional tourism operators considering establishing in the district.

### Policy objectives and regional priorities

Tourism is one of the core objectives of the Southland Regional Development Strategy and this project aligns well with that. This project is a top priority for the Gore District Council.

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 will create <sup>Commer</sup> FTE roles directly and an anticipated <sup>Comme</sup> indirect jobs.</li> </ul>	✓✓✓
Delivers benefit to the community		
Increased utilisation and returns of Maori asset base	<ul style="list-style-type: none"> <li>• Support from the community includes that of the local runanga who are a key partner.</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>	

### Additionality

Adding value by building on what is already there	<ul style="list-style-type: none"> <li>Project Two - The visitors centre is a public good asset – GDC does not have sufficient funding to carry out the upgrade project without PGF support.</li> <li>Project One – the Museum is not expected to generate any more than marginal profits – therefore attracting private capital will be extremely difficult. Local charitable trusts and the GDC are currently providing the other funding for this project – they do not have capacity to fund all of it.</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>Tourism is one of the core objectives of the Southland Regional Development Strategy and this project aligns well with that. Additionally, the projects are identified in the “Ready for Growth” action plan as key Gore projects.</li> </ul>	✓✓✓✓
Support from local governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> <li>Southland Mayoral Forum, Gore District Council and Hokonui Runanga (one of the 18 runanga of Ngai Tahu) are supportive of this project.</li> </ul>	✓✓✓✓
<b>Governance, risk management and project execution</b>		
Robust project management and governance systems	<ul style="list-style-type: none"> <li>Gore District Council along with Signal Management Group of Dunedin (Principal Contractor) will manage the project.</li> </ul>	✓✓✓
Risk management approach	<ul style="list-style-type: none"> <li>Risks are identified with mitigations and they all have low likelihood.</li> </ul>	✓✓✓✓
Future ownership / operational management	<ul style="list-style-type: none"> <li>Project one will be managed by Hokonui Heritage Centre Trust.</li> <li>Gore District Council will manage the Maruawai Visitor Centre.</li> </ul>	✓✓✓✓
<b>Analysis of the benefits</b>		
<p>- <b>Free and frank opinions</b> [redacted]. The GDC estimates that this project will create <sup>Commer</sup> [redacted] FTE roles directly and an anticipated <sup>Comm</sup> [redacted] indirect jobs.</p>		
<b>Financial Analysis</b>		
<p>The Hokonui museum has generally operated around break-even to date. It is forecast to continue to break-even / generate a very small profit. It is not a commercial venture. On this basis, there is no capacity for it to repay a PGF loan, and the PDU recommends that funds are provided via a grant.</p> <p>The visitors centre is a public good asset and therefore the PDU recommends that funds are provided via a grant.</p>		
<b>Due Diligence and Ownership</b>		

Due diligence is underway.

### Risk Assessment

Type of risk	Risk description	Mitigations	Risk Rating L/M/H
1.	Project costs exceed budget.	<ul style="list-style-type: none"> <li>GDC has indicated it is prepared to support cost overruns, and has ~\$<sup>Commercial</sup> in their LTP which could be used to cover any initial cost overruns.</li> </ul>	Low

Consultation undertaken or implications:

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**MBIE Tourism:**

Tourism numbers in Queenstown will continue to grow and put pressure on tourist infrastructure. A segment of this high volume tourist numbers is highly likely to move to the Southland region to experience a true Kiwi experience. Gore’s proximity to Queenstown would attract additional tourists who would want to explore less crowded tourism products of the Southland region.

Most similar size museums in new Zealand are not financially sustainable. This museum is financially sustainable with this proposal. They have a good collection of art which will be good attraction for tourists travelling through Gore.

Air New Zealand will commence direct flights between Auckland and Invercargill which could bring additional tourists to Gore if it could offer an attractive tourism product.

There will be additional jobs created in the retail sector but those figures cannot be quantified.

**TPK Feedback:**

**Background knowledge or information Te Puni Kōkiri may have of the organisation and the proposal that could materially impact on our assessment.**

Te Puni Kōkiri staff have been in discussion with the Chair of Hōkonui Rūnanga regarding this project and their involvement in it. The rūnanga are fully involved and supportive of this project; it forms part of the rūnanga economic development strategy.

**Does Te Puni Kōkiri view this initiative as making a positive contribution to Maori Development or not? Explain.**

This initiative makes a positive contribution to Māori development in the Gore and Southland District, both economically and culturally. It provides opportunities for iwi/Māori to develop unique products based upon indigenous flora and to grow and supply these to the project.

**MCH Feedback:**

The Ministry for Culture & Heritage considers that this project has potential for some very good returns for Gore’s economy, subject to it being completed in full and to a high standard, with an appropriate fire suppression installed, more bathroom and cinema capacity for tour groups; and the collections legally protected from debt recovery and other liability disposals.

**Commercial Information**

[REDACTED]

that the Trust will benefit from the continued mentoring opportunities that might be available as part of PGF and MBIEs grant monitoring and ongoing regional support work.

We also note that we have previously spoken with this applicant regarding other projects which qualified for funding consideration under the Regional Culture and Heritage Fund (RCHF). We confirm that Ministry officials do not consider this particular project qualifies for funding consideration under the RCHF criteria because the project has a strong commercial basis in that it involves the establishment of a commercial distillery and visitor experience (and both of these activities are well outside of the scope and purpose of the RCHF).

<b>Supporting proposal:</b>	Yes
<b>Appendices:</b>	Yes – Applications and supporting letters are as annexes

Author of paper:

Privacy o

, PDU Investment Team

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