

## COVER SHEET

<b>2.1 Te Waiariki Ngawha Springs Redevelopment and Enhancement Project ID#53 PGF Application</b>		<b>For: Approve</b>	
<b>Tier:</b>	2 - Sectors	<b>Sector:</b>	Tourism
<b>Background &amp; context:</b>		<b>Recommendation:</b>	
<p><b>Applicant Organisation:</b></p> <ul style="list-style-type: none"> <li>Parahirahi Ngawha Parahirahi Trust (“the Trust”)</li> </ul> <p><b>Location:</b></p> <ul style="list-style-type: none"> <li>Kaikohe, Northland</li> </ul> <p><b>Proposal:</b></p> <ul style="list-style-type: none"> <li>Te Waiariki Ngawha Springs Redevelopment and Enhancement</li> </ul> <p><b>Funding Sought:</b></p> <ul style="list-style-type: none"> <li>Total project value: \$<small>Commercial Information</small></li> <li>PGF Funding: \$1.79m</li> </ul> <p><b>Background:</b></p> <ul style="list-style-type: none"> <li>The project is the enhancement and redevelopment of Te Waiariki Ngawha Springs (“the Springs”), located near Kaikohe in the mid North of Tai Tokerau. It is a pivot point between attractions on the east and west coasts. Over the past three years, use of the facility has increased from approximately <small>Commercial Info</small> visitors in 2015 to over <small>Commercial Info</small> visits per year in 2017 with no active marketing.</li> <li>The PGF provided the applicant with \$260,000 to develop the project to the current stage. This assisted the applicant to engage Far North Holdings Limited to develop a project plan, employ</li> </ul>		<p><b>We recommend that the IAP:</b></p> <p>a) <b>Note</b> that this application aligns well with the economic action plan for Tai Tokerau Northland and support from Northland Inc and TPK.</p> <p>b) <b>Note</b> the main alignment to PGF criteria this project relates to, is that it delivers benefit to the community through enhancing an important landmark and tourist attraction. The project is also strongly aligned with regional priorities and has strong support from local governance groups. Ngawha Springs is of cultural significance to the community and is expected to act as a catalyst for growth of the tourism industry in the area.</p> <p>c) <b>Note</b> that in June 2018 the PGF approved grant funding of \$260,000 to the applicant to employ a project manager and develop the project to commercialisation.</p> <p>d) <b>Approve</b> up to a \$1,790,000 grant from the PGF fund towards redevelopment and improvements to the Ngawha Springs, subject to:</p> <ul style="list-style-type: none"> <li>Confirmation being received from other parties that they have committed and have available, the remainder of the project funding required.</li> <li>An adequate governance model being received, to the satisfaction of the PDU.</li> </ul>	

a project manager and commission an economic impact assessment, to prepare for the larger development project. **Commercial Information** has been contracted to see the projects through to finalisation.

- **Commercial Information**

[Redacted]

- The first stage of this project totalling \$<sup>Commercial inf</sup> (this application), involves the redevelopment and improvements to the current Springs facility. <sup>Commenc</sup>

- **Commercial Information**

[Redacted]

- The Economic Impact Assessment completed by Market Economics Ltd, 30 October 2018, (appendix 1) confirmed a number of benefits of the Springs redevelopment to the broader Far North district, including:
  - The proposed development is located close to the main visitor areas and will be well placed to attract visitors. This will build the Far North's total visitor market and assist it to attract additional visitor-dollars.
  - Visitors (excluding residents) is expected to grow from <sup>Commercial Info</sup> (the opening level in 2020) to <sup>Commercial Info</sup> by 2029.
  - Once operating at the planned capacity, the Springs and the spending it facilitates will generate GDP impact of \$1.3m p.a (excluding domestic visitors) to the NZ economy. More than half of the GDP impacts are expected in Northland, with 40% of the GDP impacts felt locally (Far North) and 13% in Northland. The balance will be felt in the rest of New Zealand (most likely Auckland as the closest/largest economic centre). The present value of the future GDP impacts is between \$11.2m and \$17.5m (out to 2045, excluding domestic visitors).

- **Commercial Information**

[Redacted]

PROCESSED PRIVATELY RELEASED

<p>Commercial Inform</p> <ul style="list-style-type: none"> <li>The business plan indicates that Stage one will be self-sustaining, but will not generate significant returns for the Trust. It also has a Comm% contingency value built in and so the \$1,790,000 request should be considered as an “up to” approval amount.</li> </ul>		
<b>PGF criteria that this proposal supports:</b>		
PGF Criteria	Assessment Commentary	Rating (1✓ to 5✓)
<b>Link with fund and government outcomes</b>		
Creates permanent jobs	<ul style="list-style-type: none"> <li>Initially it creates Comm% permanent jobs, however, should the Commercial Information continue, these will add an additional Commercial In employment opportunities. The additional tourism benefit to the area is where further jobs will be created.</li> </ul>	✓✓✓
Delivers benefit to the community	<ul style="list-style-type: none"> <li>The facility is supported by the local community and the number of visitors to the area is projected to grow from Commercial Info (2020) to Commercial Info by 2029 when capacity is reached.</li> </ul>	✓✓✓
Increased utilisation and returns of Māori asset base	<ul style="list-style-type: none"> <li>The facility is managed by the trust and ownership is envisaged as a result of Treaty negotiations.</li> </ul>	✓✓✓
Enhanced sustainability of natural assets	<ul style="list-style-type: none"> <li>It is an existing spring facility that will be improved upon to provide benefit to a greater number of people.</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 facility is well supported, but in need of improvement to reach a greater potential, for visitors from outside the region.</li> </ul>	✓✓✓
Acts as a catalyst for productivity potential in the region	<ul style="list-style-type: none"> <li>The project contributes to the tourism offering of the region and should help the spread of tourists beyond the popular Bay of Islands. The business plan indicates that Stage one (this proposal), will be self-</li> </ul>	✓✓✓✓

	sustaining, but will not generate significant returns for the Trust. However this will enhance the viability of <b>Commercial Information</b> , which will provide significant benefit to the area.	
<b>Connected to regional stakeholders and frameworks</b>		
Alignment with regional priorities	<ul style="list-style-type: none"> <li>The project is a key priority under the Tai Tokerau Northland Action Plan.</li> </ul>	✓✓✓✓
Support from local governance groups (inc. Councils, Iwi/Hapū)	<ul style="list-style-type: none"> <li>Strong support including letters of support from Northland Inc. and Te Puni Kōkiri.</li> </ul>	✓✓✓✓
<b>Governance, risk management and project execution</b>		
Robust project management and governance systems	<ul style="list-style-type: none"> <li>The project is being managed by Far North Holdings Limited and supported by <small>Privacy of natural persons</small> from TPK. A governance structure was not provided and should be included as an approval requirement.</li> </ul>	✓✓
Risk management approach	<ul style="list-style-type: none"> <li>The project is well managed by the Trust and Far North Holdings Limited.</li> </ul>	✓✓✓
Future ownership / operational management	<ul style="list-style-type: none"> <li>It will be managed by the existing Trust.</li> </ul>	✓✓✓✓
<b>The purpose of this briefing is to consider recommending PGF funds to the: <i>Te Waiariki Ngawha Springs Redevelopment and Enhancement</i></b>		
<b>Risks Issues:</b>		
<b>Privacy of natural persons</b>		
<p>We take comfort from the fact the board exists of 9 trustees including <small>Privacy of natural persons</small> who is employed by Te Puni Kōkiri. Te Puni Kōkiri has provided funding to the Trust to support the various stages of the project over the past 4 years, and TPK have an agreed mitigation plan to manage this conflict.</p>		
<b>Commercial Information</b>		
<p>The funding sought from the PGF will only fund part of the project and the trust is seeking funding from other funders for the remainder. There is a risk that funding will not be found, which could delay the project and result</p>		

in increased costs.

**Eligibility points of note:**

- *Due diligence:* - 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.
- *Conflict(s) of interest:* - Based on the information provided no conflict of interest is evident noting that full due diligence will inform this item further.
- *Illegal Activity:* - 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.
- *Alignment with Regional development plans:* - The project is a key priority under the Tai Tokerau Northland Action Plan.
- *Commercial funding availability:* - Given the nature of the project which is to improve an existing operation that will generate only slightly more than is required for maintenance of the facility, access to commercial funding is not considered a feasible option.

**Consultation undertaken or implications:**

<b>Legal</b>	N/A	<b>HR</b>	N/A	<b>Finance</b>	N/A	<b>MBE policy</b>	N/A	<b>Other</b>	TPK, DOC
--------------	-----	-----------	-----	----------------	-----	-------------------	-----	--------------	----------

<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>	Paul Swallow/Jason Hall - Investment Team

