

COVER SHEET

2.3. Feasibility Study – MacKenzie District – Determining a pathway toward a sustainable district and destination	For: Approval
Background & context:	Recommendation:
<p>Applicant Organisation:</p> <ul style="list-style-type: none"> Mackenzie District Council <p>Location:</p> <ul style="list-style-type: none"> Mackenzie, Canterbury <p>Proposal:</p> <ul style="list-style-type: none"> Feasibility study to determine the initiatives required to place the Mackenzie District on a more sustainable pathway – in terms of supporting and enhancing tourism, growth, environmental, community and iwi needs over the long term. This will allow the alignment of stakeholders in a robust governance framework, to deliver a cohesive destination management plan <p>Funding Sought:</p> <ul style="list-style-type: none"> Total project cost: \$^{Commercial Infor} PGF Funding requested: \$711,548 grant (\$^{Commercial Information} funding with substantial in-kind contribution) <p>Background:</p> <ol style="list-style-type: none"> The Mackenzie District is in South Canterbury covering 745,000 hectares with a population base of only 4,300. Population growth is predicted to be 13% per year for the next ten years. The district experiences strong tourism and residential growth without a pathway of how the district will cope with this growth. The district faces challenges in relation to a lack of accommodation and local labour, infrastructure services under stress, and the key towns facing increased risk of impacts on the 	<p>We recommend that the SROs:</p> <ol style="list-style-type: none"> Discuss the application from the Mackenzie District. Note that the Mackenzie District is experiencing strong tourism and residential growth but lacks the rate payer base to maintain services and infrastructure in a sustainable manner (particularly Tekapo and Twizel). Note the applicant may seek PGF funding for the individual projects that originate from the feasibility study. Note that the Applicant originally sought ^{Comme}% PGF funding (as a Council with very limited ratepayer base). The Investment Team discussed this further with the Applicant and they have agreed to provide \$^{Commercial In} in co-funding (as well as substantial in-kind contribution). Approve \$711,548 from the PGF fund towards the Project, subject to: <ol style="list-style-type: none"> The Head of the PDU Investments Team being satisfied with the scope of the feasibility study and the consultant commissioned to carry it out. The Applicant to work with DOC, who is carrying out a related piece of work in the MacKenzie/Waitaki basin around destination management on Conservation land. Informing the applicant there can no

environment.		assurance the PGF will fund any subsequent works or projects.
<p>d) This work is critical in pulling together the relevant parties, forming strong governance and delivering a cohesive plan for the district. The next stage will be socialising the plan, and implementing the plan.</p>		
PGF criteria that this proposal supports:		
PGF Criteria	Assessment Commentary	Rating (1✓ to 5✓)
Link with fund and government outcomes		
Creates permanent jobs	<ul style="list-style-type: none"> The projects flowing out of the feasibility study should allow the economy in the district to continue to grow sustainably, resulting in the creation of new year round permanent jobs Further specificity regarding the number of nature of jobs will be considered as part of the feasibility study. 	✓✓✓
Delivers benefit to the community	<ul style="list-style-type: none"> The district's services and infrastructure are currently under stress, and housing affordability is a real issue with the current population and tourism growth. The projects flowing out of the feasibility study should assist in alleviating these issues. 	✓✓✓
Increased utilisation and returns of Maori asset base	<ul style="list-style-type: none"> Will be considered as part of the Feasibility Study, <small>Commercial Informal</small> will be involved in this work 	N/A
Enhanced sustainability of natural assets	<ul style="list-style-type: none"> A specific objective of the Feasibility Study is to allow the district to grow in a sustainable manner. Conservation estate will be part of the project plan 	✓✓✓
Mitigation of climate change effects	<ul style="list-style-type: none"> Will be considered as part of the Feasibility Study 	N/A
Additionality		
Adding value by building on what is already there	<ul style="list-style-type: none"> The Council is funding constrained and would not be able to carry out this project without central government support. The intent of the study is to build on the Mackenzie District's strong base in tourism. 	✓✓

	<ul style="list-style-type: none"> This aligns with the work which DOC is undertaking in the Mackenzie/Waitaki basin and the wider Tourism strategy around destination management for long term sustainable tourism – focussed on relieving pressure on “hot spots” such as Tekapo 	
Acts as a catalyst for productivity potential in the region	<ul style="list-style-type: none"> The intent is that the individual projects originating from the feasibility study will allow the district to continue to grow in a sustainable manner, unlocking growth and productivity that is currently constrained Likely that with this work, further investment in the district through accommodation and tourism products will arise, as well as further local/central government funding for infrastructure 	✓✓✓
Connected to regional stakeholders and frameworks		
Alignment with regional priorities	<ul style="list-style-type: none"> Aligns with the CREDS (regional visitor strategy specifically identifies the Mackenzie district) Focus is to: <ol style="list-style-type: none"> Grow sustainable tourism that focuses on the high-end market, encourages a wider seasonal ‘spread’ Disperse visitors across the region and South Island, and keep them here longer. Increased visitor flows may not be sustainable in some districts, however, due to seasonality, ‘pinch points’ due to less than optimal visitor dispersal, and the burden of providing and maintaining visitor infrastructure in districts with a small ratepayer base (particularly Kaikōura and Mackenzie). 	✓✓✓✓
Support from local governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> Project is supported by the local authority (who is the Applicant). Project is supported by the Canterbury Mayoral Forum, Christchurch NZ, the Twizel Community Board, <small>Commercial Information</small> Tourism and the Waitaki District Council. 	✓✓✓✓
Governance, risk management and project execution		

Robust project management and governance systems	<ul style="list-style-type: none"> Applicant is a local authority with appropriate project and risk management systems. See condition above with DoC involvement and alignment 	✓✓✓
Risk management approach	<ul style="list-style-type: none"> Applicant is a local authority with appropriate project and risk management systems. 	✓✓✓
Future ownership / operational management	<ul style="list-style-type: none"> Will be considered as part of the Feasibility Study. 	

The purpose of this briefing is to consider recommending PGF funds to the business case for the Mackenzie District feasibility study

Risks Issues:

- The project may not be able to secure funding for the individual projects that will originate out the feasibility study. The benefits will only be realised if these projects can be funded and completed successfully.

Eligibility points of note:

- Due diligence*:- Full due diligence does not need to be completed as the Applicant is a local authority.
- 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*:- Aligns with the Canterbury Regional Economic Development strategy
- Commercial funding availability*:- Given the nature of the project 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	Tourism team	Other	DOC - supportive NZTE - supportive
--------------	-----	-----------	-----	----------------	-----	--------------------	--------------	--------------	---------------------------------------

Supporting proposal:	Yes
Appendices:	Yes – <small>Commercial Information</small>
Sponsor(s):	N/A
Manager/Author of paper:	<small>Privacy of natural persons</small> , Investment Team