



## Maruawai Project

### Project overview

<b>Name of the project</b>	Maruawai Project <b>Project 1:</b> Hokonui Moonshine Museum <b>Project 2:</b> Maruawai Visitor Centre
<b>Region</b>	Southland
<b>Tier and type</b>	Tier 2: Sector Investment
<b>Applicant</b>	Project 1: Hokonui Heritage Centre Trust Project 2: Gore District Council
<b>Total project value</b>	\$ <small>Commercial Information</small>
<b>Amount of funding sought from the PGF</b>	\$1.65 million
<b>Financial instrument</b>	Grant
<b>PDU recommendation</b>	<b>Approve</b>

29. Hokonui Heritage Centre Trust and Gore District Council (GDC) are seeking a \$1.65 million grant from the PGF towards the redevelopment of the Hokonui Moonshine Museum (project 1) for \$729,000 and Maruawai Visitor Centre (project 2) for \$919,000 respectively.

- i. **Project 1:** Hokonui Heritage Centre Trust seek \$729,000 for the expansion of the existing Hokonui Moonshine Museum to incorporate a 'distil your own moonshine' exhibit. The expansion will comprise of new function spaces and an on-site micro-distillery.
- ii. **Project 2:** Gore District Council seek \$919,000 for the redevelopment of the Maruawai Visitor Centre, to refresh the Centre, retail offerings and promote various hospitality and visitor services in the area.

#### *PDU recommendation*

30. The PDU recommends that you approve the \$1.65 million grant, comprising of two projects \$729,000 (project 1) and \$919,000 (project 2).
31. As this is not a commercial venture, PDU recommends that funds are provided via a grant. The Museum is forecast to continue to break-even, or generate a very small profit, and therefore there is no capacity to repay a PGF loan.
32. The PDU recommends that the grant is subject to:
  - i. Funding being provided in tranches, with funding for construction only being available after construction related contracts and permits are in place, and construction related due diligence has been completed.



- ii. Funding being provided only once confirmation that all co-funding at each stage is secured has been received.

### Local support

33. This project is a top priority for the Gore District. GDC are responsible for managing the project. The project aligns with one of the core objectives of the Southland Regional Development Strategy and the GDC's sub-regional strategy 'Ready for Growth'.
34. The Southland Mayoral Forum, GDC and Hokonui Rūnanga (one of the 18 rūnanga of Ngāi Tahu) are supportive of the project.

### Governance

35. The Hokonui Moonshine Museum (project 1) will be managed by Hokonui Heritage Centre Trust and the Maruawai Visitor Centre (project 2) will be managed by GDC.
36. GDC, along with Signal Management Group of Dunedin (Principal Contractor) will be responsible for project management.
37. Due diligence has been completed on both of these projects and no issues have been flagged.

### Benefits

38. Gore is on route to other key destinations in the lower South Island (Dunedin, Invercargill and Queenstown). The project will provide tourism offerings that Gore currently lacks, enticing tourists to stay longer in the area.
39. 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.
40. The GDC estimates that this project will create   FTE roles directly and an anticipated   indirect jobs.

### International Obligations

41. MFAT advises that this project raises no material risk from a Subsidies or Countervailing Measures Agreement or Agreement on Agriculture perspective. This grant would constitute a 'subsidy' for the purposes of the SCM, however there would be negligible risk that a project such as this could cause adverse effects for another member.

### Costs and funding sources

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42. Hokonui Heritage Centre Trust is requesting   per cent funding for project 1 of the proposal as a \$729,000 grant, and GDC is requesting   per cent funding for project 2 of the proposal as a \$919,000 grant. Other funding contributions for the proposal are listed below:



*Proposed sources of funding provided by Hokonui Heritage Trust and Gore District Council*

Source of Funding: [is]	\$ (excluding GST)	Status / Commentary
<b>PROJECT 1</b>		
Provincial Growth Fund Funding	\$728,803 (Comm %)	
Commercial Information		
Community Trust South	\$250,000	Application filed – decision pending
Total Phase 1:	\$ Commercial Information	
<b>PROJECT 2</b>		
Provincial Growth Fund Funding	\$919,000 (Comm %)	
<h1 style="text-align: center;">Commercial Information</h1>		
Total Phase 2:	\$ Commercial Information	
<b>PROJECT 1 AND 2 COMBINED</b>		
Provincial Growth Fund Funding	\$1,647,803.00 (Comm %)	
Co-funding	\$ Commercial Information	
Total project cost	\$ Commercial Information	

43. A breakdown of costs is included below:

*Breakdown of project costs (Project 1 and 2)*

Cost Description:	\$ (excluding GST)
General redevelopment of existing building	\$ Commercial Information
Costs specific to tourism hospitality provision	\$ Commercial Information
New construction	\$ Commercial Information
Fit-out budget	\$ Commercial Information
<b>Project 1 Total</b>	\$ Commercial Information



Project 2 Building Purchase General redevelopment of the existing building Structural costs specific to tourist hospitality provision Fit-out Budget	\$ Commercial Information
<b>Project 2 Total</b>	\$ Commercial Information
<b>Total project cost</b>	\$ Commercial Information

## PDU assessment of the project

44. This section provides an overview of PDU's assessment against the PGF eligibility and assessment criteria.

### Assessment against PGF criteria

Criteria	Rating (1✓ to 5✓)	Comment
<b>Sustainable regional economic development</b>	✓✓✓	The project will 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.
<b>Productivity and innovation</b>	✓✓✓✓	Creation of a 'distil your own moonshine' exhibit, including a micro-distillery.
<b>Increased employment, training or work readiness for the sectors workforce</b>	✓✓✓	This project will create <small>Commerc</small> FTE roles directly and an anticipated <small>Comme</small> indirect jobs.
<b>NZ's ability to meet climate change commitments</b>	N/A	
<b>Māori aspirations for utilising land and other resources and achieving cultural objectives</b>	N/A	Support from the community includes that of the local rūnanga who are a key partner.
<b>Additionality</b>	✓✓✓✓	<b>Project 1:</b> expands the existing Museum to incorporate a 'distil your own moonshine' exhibit, new



Criteria	Rating (1✓ to 5✓)	Comment
		<p>function spaces to cater for events and product launches, and a micro distillery to produce “Hokonui moonshine” on-site.</p> <p><b>Project 2:</b> improves the Gore visitor centre to facilitate tourism growth in the district, with the inclusion of a refreshed visitor centre, retail offerings and will also act as a ‘shop window’ for various hospitality and visitor service providers.</p>
<b>Connections and alignment with regional priorities</b>	✓✓✓✓	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.
<b>Environmental sustainability and/or productivity of natural assets</b>	N/A	

## Agency comments

### *Te Puni Kōkiri*

45. TPK staff have been in discussion with the Chair of Hokonui 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.
46. 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.
47. The project will also showcase, via He Hīkoi a te Awaawa, Ngāi Tahu histories and mythologies for the region and provide visible identity of manawhenua.
48. TPK would like to see strong and clear linkages to the Hokonui Highway Project and strong employment outcomes for Māori and rangatahi especially.

### *MBIE Tourism*

49. Tourism numbers in Queenstown will continue to grow and put pressure on tourist infrastructure. Gore’s proximity to Queenstown would attract additional tourists who would want to explore less crowded tourism products of the Southland region.



50. 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 a good attraction for tourists travelling through Gore.
51. 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.
52. MBIE Tourism have noted that additional jobs will be created in the retail sector but those figures cannot be quantified.

#### *Ministry of Culture and Heritage*

53. MCH considers the project to have the potential for good returns for the Gore economy, subject to the project being completed in full and to a high standard.
54. MCH recommend that the PGF considers granting additional monies than those sought to achieve MCH's recommended changes; appropriate fire suppression installed; more bathroom and cinema capacity for tour groups; and the collections legally protected from debt recovery and other liability disposals.
55. MCH also considers 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.
56. MCH confirmed that they have previously spoken to the applicant and officials do not consider that the project qualifies for funding consideration under the Regional Culture and Heritage Fund criteria due to the strong commercial basis in that it involves the establishment of a commercial distillery and visitor experience.

### **Risk assessment**

57. The following risk has been identified:

Risk description	Mitigations	Risk Rating L/M/H
Project costs exceed budget	GDC has indicated it is prepared to support cost overruns, and has ~\$ <sup>Commercial In</sup> in their LTP which could be used to cover any initial cost overruns.	Low

### **Recommendations and next steps**

58. The PDU recommends that you approve the \$1.65 million grant, comprising of two projects \$729,000 (project 1) and \$919,000 (project 2) for Hokonui Heritage Centre Trust and GDC respectively.
59. The PDU recommends that the grant is subject to:
  - i. Funding being provided in tranches, with funding for construction only being available after construction related contracts and permits are in place, and construction related due diligence has been completed.
  - ii. Funding being provided only once confirmation that all co-funding at each stage is secured has been received.