



## BRIEFING

### Remediation and upgrade of the Rotorua Museum

<b>Date:</b>	26 June 2019	<b>Priority:</b>	High
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	3387 18-19

Action sought		
	Action sought	Deadline
Hon Grant Robertson <b>Minister of Finance</b>	<b>Approve or decline</b> a grant of \$15 million from the Provincial Growth Fund to the Rotorua Lakes Council to upgrade the Rotorua Museum.	26 June 2019
Hon Phil Twyford <b>Minister of Transport</b>		26 June 2019
Hon David Parker <b>Minister for Economic Development</b>		26 June 2019
Hon Shane Jones <b>Minister for Regional Economic Development</b>		26 June 2019
Fletcher Tabuteau MP <b>Parliamentary Under-Secretary to the Minister for Regional Economic Development</b>	<b>Note</b> the contents of this briefing.	26 June 2019

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
David van der Zouwe	Head of Investment Management	Privacy of natural persons	✓
Aaron Hape	Principal Advisor Investment Management	Privacy of natural persons	

The following departments/agencies have been consulted
N/A

Minister's office to complete:

- |   |  |
|---|--|
| <input type="checkbox"/> Approved             | <input type="checkbox"/> Declined            |
| <input type="checkbox"/> Noted                | <input type="checkbox"/> Needs change        |
| <input type="checkbox"/> Seen                 | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn           |

Comments

## BRIEFING

### Remediation and upgrade of the Rotorua Museum

<b>Date:</b>	27 June 2019	<b>Priority:</b>	High
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	3387 18-19

#### Purpose

This briefing asks for you to either approve or decline a grant of \$15 million from the Provincial Growth Fund (PGF) to the Rotorua Lakes Council to upgrade the Rotorua Museum

#### Recommended action

The Provincial Development Unit (PDU) recommends that you:

- a. **Note** that the Rotorua Lakes Council has submitted an application to the Provincial Growth Fund (PGF) to develop the Government Gardens Cultural Quarter but only seeks PGF funding to remediate and upgrade the Rotorua Museum.

*Noted*

- b. **Note** that the Rotorua Lakes Council estimates that the total cost to remediate and upgrade the Rotorua Museum is \$ Commercial Information .

*Noted*

- c. **Approve** the Rotorua Lakes Council's application for a \$15 million grant from the PGF.

*Agree / Disagree*

**OR**

- d. **Decline** the Rotorua Lakes Council's application for a \$15 million grant from the PGF.

*Agree / Disagree*



David van der Zouwe  
**Head of Investment Management**  
Provincial Development Unit  
Ministry of Business, Innovation and Employment

..... / ..... / .....

Hon Grant Robertson  
**Minister of Finance**

..... / ..... / .....

Hon Phil Twyford  
**Minister for Transport**

..... / ..... / .....

Hon David Parker  
**Minister for Economic Development**

..... / ..... / .....

Hon Shane Jones  
**Minister for Regional Economic Development**

..... / ..... / .....

PROACTIVELY RELEASED



## Remediation and upgrade of the Rotorua Museum

### Project overview

<b>Name of the project</b>	Remediation and upgrade of the Rotorua Museum
<b>Region</b>	Bay of Plenty
<b>Applicant</b>	Rotorua Lakes Council
<b>Total project value</b>	\$ <sup>Commercial Information</sup>
<b>Amount of funding sought from the PGF</b>	\$15,000,000
<b>Financial instrument recommended</b>	Grant

### Project overview

1. This briefing presents Regional Economic Development Delegated Ministers (RED Ministers) with the option to fund the remediation and upgrade of the Rotorua Museum. The application has been made by the Rotorua Lakes Council (RLC).
2. RLC has aspirations to develop the Government Gardens Cultural Quarter to become world class. Funding this project aligns well with the rest of investment in Rotorua, including the Lakefront Development and Whakarewarewa Forest. Investment in the area is supporting significant positive impact on social and economic outcomes, such as enabling locals to be employed into PGF projects.
3. While the Government Gardens Cultural Quarter application contains several projects, RLC has made it clear that the priority project is the remediation and upgrade of the Rotorua Museum.

### Benefits

4. Investment by the PGF will deliver several benefits:
  - a. Integrating the Museum with the Energy Events Centre and Sportsdrome to provide one of the largest conferencing and cultural centres in the Central North Island. This would provide a unique Cultural experience to business events that would attract higher value international events.
  - b. Attracting more events and attractions in the Cultural Quarter which connects the Lakefront and Whakarewarewa forest developments.
  - c. A more equitable community with higher yield tourism benefits triggering economic flow on effects that will improve the social situation for Rotorua, particularly Māori.

### Funding sources

5. RLC is seeking a \$15 million grant from the Provincial Growth Fund (PGF) <sup>Commercial Information</sup>



6. RLC has also confirmed it will make a contribution of \$ <sup>Commercial Information</sup> toward the project costs.
7. Other parties that RLC has secured funding from are:

Name	Amount sought	Status
Commercial Information	\$ <sup>Commercial Information</sup>	Funding confirmed
Commercial Information	\$ <sup>Commercial Information</sup>	Pending
Commercial Information	Commercial Information	Pending
Commercial Information	\$ <sup>Commercial Information</sup>	Pending

### Construction

8. The RLC has flagged that there could be a potential risk in securing contractors to undertake the work, however, it has already instituted mitigation action by:
  - a. Planning to meet with various local contractors in August 2019 to bring them up to speed on the plans and to allow them to start thinking of the coming opportunities and timelines.
  - b. Commencing the development of the procurement plan in August 2019.
  - c. Undertaking Expression of Interest for construction of Stage 1 and 1a out to public market in September 2019 to understand what contractors may be interested
  - d. Consideration for the remaining stages to be packaged up as a whole and as a design and build package

9. The procurement for this project will be guided by the RLC's procurement manual and strict procurement guidelines.

### Stakeholder support

10. The project has garnered significant support from Museums Aotearoa, Tourism Industry Aotearoa, the Tourism Export Council, the New Zealand Historic Places Trust, and local iwi.

### Contingency for coalition agreement items

11. A contingency of \$ <sup>Commercial Information</sup> of PGF funding has been set aside for coalition agreement projects. Part of this contingency has already been utilised.
12. The Provincial Development Unit (PDU) notes that as part of the New Zealand Labour Party and New Zealand First Coalition Agreement, supporting NZ First's Racing Policy is identified as a Coalition Priority. The PDU understands that this proposal falls within that policy given the recommendations from the John Messara 'Review of the New Zealand Racing Industry'.
13. The Treasury notes that this contingency is also to include other projects, including a Centre of Digital Excellence (CODE) in Dunedin, and a Te Hiku Sports Hub.



### Management and governance

14. RLC has robust governance processes in place to ensure probity and effectiveness in achieving the project and aligning to regional goals. RLC has proposed the following governance structure and reporting arrangements:

## Commercial Information

### Next steps

---

15. Subject to decisions by Ministers, the PDU will:
- a. Finalise any further due diligence matters;
  - b. Prepare and negotiate the grant agreement documents.
  - c. Obtain confirmation of co-funding amounts;
  - d. Review and agree the selected contractors' terms and conditions to undertake the work;
  - e. Review the detailed project plan, governance, and project management structure; and
  - f. Obtain confirmation of project costs and payment schedule.