



BRIEFING

28 Māori Battalion Museum Business Case

Date:	26 June 2018	Priority:	High
Security classification:	In Confidence	Tracking number:	3859 17 -18

Action sought		
	Action sought	Deadline
Hon Shane Jones Minister for Regional Economic Development	<p>Note the contents of this brief in preparation for your meeting on 2 July 2018.</p> <p>Agree that the Provincial Development Unit prepare and execute legal documents for grant financing of \$13.991 million.</p>	2 July 2018
Hon Grant Robertson Minister of Finance		
Hon Phil Twyford Minister of Transport		
Hon David Parker Minister for Economic Development		

Contact for telephone discussion (if required)				
Name	Position	Telephone		1st contact
Robert Pigou	Acting Head of Investment Management	Privacy of natural persons	Privacy of natural persons	✓
Ward Tuite	Regional Economic Development Project Manager	Privacy of natural persons	Privacy of natural persons	

The following departments/agencies have been consulted
Ministry for Culture and Heritage

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Purpose

This paper seeks approval from Regional Economic Development (RED) Ministers to fund up to \$13.991 million from the Provincial Growth Fund (PGF) for the 28 Māori Battalion Museum at Waitangi, and proceed to prepare and execute investment agreement documentation.

Executive summary

One of the Government's commitments outlined in the Coalition Agreement between Labour and New Zealand First is to build a museum commemorating the Māori Battalion at Waitangi. The proposal from the Waitangi National Trust Board includes design and construction of the 28 Māori Battalion Museum (the Museum) building and fit out of the visitor experience system using state of the art technology to offer a world class museum which brings to life the story of the Māori Battalion.

The Museum will present the history of all of the Māori Battalion's five companies, with an emphasis on the rifle companies. The main economic benefit of the Museum is incremental visitor spending earned by the Bay of Islands tourism businesses.

The Museum, based on the business case, will cost approximately \$^{Commercial Information}. The project will be entirely funded through the PGF, as per the Government's coalition agreement.

The Waitangi National Trust Board has approved the business case for the Museum, a pre-condition before the proposal is sent to RED Ministers for approval. This business case was prepared by Horwath HTL.

There is a strong community stakeholder support and alignment with Te Tai Tokerau Regional Growth Study (2015) which identifies tourism as a major opportunity for development in Northland, especially the opportunity to increase international and domestic visitor numbers.

Recommended action

The Provincial Development Unit recommends that you:

- a **Note** that one of the Government's commitments outlined in the Coalition Agreement between Labour and New Zealand First is to "build a museum to commemorate the Māori Battalion at Waitangi" (the Museum).
- b **Note** that the final business case for the Museum has been received and confirms the total cost of the project will be \$^{Commercial Information} with all funding to be requested from the PGF.
- c **Commercial Information**



Commercial Information

- d **Note** that funding up to \$509,000 has already been approved by the Senior Regional Officials (SROs) (in two tranches) to support Stage One planning, resource consent, design and regional consultation for the Museum.
- e **Agree** to support the 28 Māori Battalion Museum proposal and funding of \$13.991 million from the PGF to complete the Museum project.
- f **Agree** to direct the Provincial Development Unit execute full investment agreements, by way of a grant, for the Māori Battalion Museum to a value of up to \$13.991 million and executing the agreements subject to:
 - a. Support for the Museum being obtained from the representatives of the 28th Māori Battalion companies (A Company (Te Tai Tokerau Association), B Company (History Trust, Rotorua), C Company (Nga Taonga a Nga Tama Toa Trust) and D Company, Wellington) and Head Quarters Company) prior to construction commencing;
 - b. The resource consent application for the Museum being approved by Far North District Council;
 - c. A representative from MBIE with experience in building and quantity surveying to continue supporting the Steering Group for the project on the capital building components of the project;
 - d. The Waitangi National Trust Board providing confidential updates to MBIE on the progress of the Serious Fraud Office investigation the Board initiated concerning financial irregularities identified through the Board's internal audits.

Privacy of natural persons



Agree / Disagree

Robert Pigou
Acting Head of Investment Management
Provincial Development Unit, MBIE

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

28 / 06 / 2018

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Hon Phil Twyford
Minister of Transport

Hon David Parker
Minister for Economic Development

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Hon Grant Robertson
Minister of Finance

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Project Overview

1. One of the Government's commitments outlined in the Coalition Agreement between Labour and New Zealand First is to build a museum commemorating the Māori Battalion at Waitangi.
2. The overarching objective of the Museum is to acknowledge the duty and sacrifice of Māori servicemen who volunteered in service of New Zealand to meet the obligations of citizenship under Article Three of the treaty of Waitangi.
3. The project includes:
 - a. design and construction of the Museum building with a total floor area of 1,265m², comprising an exhibition gallery, back of house spaces including office, storage space, a multi-purpose area for hosting visiting groups, an education area and staff and visitor amenities; and
 - b. design, production and fit out of the Museum visitor experience using state of the art technology to offer a world class museum which brings to life the story of the Māori Battalion.
4. The Museum will present the history of all of the Māori Battalion's five companies, with an emphasis on the rifle companies. The pathway to the entry of the Museum will introduce the five companies of the Māori Battalion.
5. The story told by the Museum will be multi-faceted, not only documenting the Māori Battalion's formidable fighting history, but also examining the links between the Māori Battalion and the Treaty of Waitangi, the Māori Battalion's role in New Zealand race relations and the development of New Zealand's national identity.
6. Privacy of natural persons was contracted to develop an independent business case for the Museum. The business case was considered by the Waitangi National Trust Board ("Board") on Friday 15 June 2018, a pre-condition before the proposal is sent to RED Ministers for approval, and the Board agreed for it to advance for Ministerial approval.

Cost and Funding Sources

7. The Museum, based on the business case, will cost approximately \$ Commercial Information. The project will be entirely funded through the PGF, as per the Government's coalition agreement.
8. The amount of \$ Commercial Information will be spent as follows:

Construction	\$ <small>Commercial Information</small>
Professional fees and consents	\$ <small>Commercial Information</small>
Interpretation	\$ <small>Commercial Information</small>
Client costs	\$ <small>Commercial Informa</small>
Contingencies	\$ <small>Commercial Information</small>
Total	\$ <small>Commercial Information</small>

9. Funding up to \$509,000 has already been approved by the SROs to support the Stage One planning, resource consent, design and regional consultation for the Museum.

10. Commercial Information

11.

Discussion

Assessment against the PGF criteria

12. This proposal was in the Coalition Agreement between Labour and New Zealand First.
13. Officials assessed the initial application for funding of \$509,000 to support the Stage One planning, resource consent, design and regional consultation for the Museum.
14. Officials received the business case and other supporting documents on 21 June 2018. This has been prepared by Privacy of natural persons
15. Based on the preliminary assessment of the business case, officials agree that the proposal may increase tourism in the region, which will lead to more jobs, Commercial Information

Increased Economic Benefit

16. Benefits include incremental revenue to the Trust through additional visitor admission revenue, incremental café and merchandise revenue, as well as wider economic output generated in the Northland Region.
17. The main economic benefit of the Museum is incremental visitor spending earned by the Bay of Islands tourism businesses because of an increase in the number of visitors and those who extend their stay and spend more in the Bay of Islands as a result of spending more time at the Treaty of Waitangi grounds.
18. The business case states a benefit-cost ratio of Commercial largely driven by economic benefits to the area from additional visitor expenditure in the future (e.g. international visitors extend their stay in the region).

Additionality

19. A key benefit identified is improving the overall experience of visitors to the Treaty of Waitangi grounds. Tourism was identified as major potential opportunity for development for Northland.
20. Potential for more jobs in the wider area if overall visitor numbers increase as forecast in the business case.
21. Revenue from the Museum may support future developments for the Treaty of Waitangi grounds which includes a hotel, café extension and kiwi and native bird sanctuary.

Alignment with regional plans/ Stakeholder support

22. There is a strong community stakeholder support and alignment with Te Tai Tokerau Regional Growth Study (2015) which identifies tourism as a major opportunity for development in Northland, especially the opportunity to increase international and domestic visitor numbers.
23. Commercial Information

Management and Governance

- 24. There is a subcommittee of the Board which has responsibility of the Museum.
- 25. A Project Control Group (PCG) has been established and meets fortnightly. A MBIE representative now attends these meetings to support the capital building components of the project. An overview report following the PCG meetings will be provided and this will include recommendations to the PDU to release capital expenditure to Waitangi Limited for specific milestones that will be outlined in the investment agreement.

Risks

26. The following table summarises the strategic risks of the Museum

Risk	Status and Mitigations
Applicant not capable to provide governance support	<ul style="list-style-type: none"> • PCG established for oversight with a suitably qualified representative from MBIE attending the PCG meetings.
Construction of the museum is delayed	<ul style="list-style-type: none"> • The development will be managed by an independent project management firm, <small>Privacy of natural persons</small> which has undertaken a range of projects for private and public sector clients e.g. National Museum of Waitangi and Te Puia. • The PDU will seek appropriate contractual protections. • The PDU will have visibility across all procurement activity via the MBIE representative on the PCG. • Regular audits will be conducted on the contractors QA system.
Construction costs are higher than budgeted costs	<ul style="list-style-type: none"> • It will be the responsibility of the PCG that <small>Privacy of natural persons</small> ensure the costs stay within the approved budget which includes contingencies of approximately \$<small>Commercial In</small>. The Project manager will take responsibility for monitoring and managing risk through the project development period. • <small>Privacy of natural persons</small> provided independent projections for the business case
Operating costs are higher than revenues	<p>Commercial Information</p> <ul style="list-style-type: none"> • • •

Risk	Status and Mitigations
	Commercial Information
Resource consent not successful/ delayed	<ul style="list-style-type: none"> • Capital funding will not be released until the project is consented • Timeframes for construction may need to be reconsidered
Support of The Companies and key stakeholders is not secured	<ul style="list-style-type: none"> • Consultation with descendants of the veterans of 28th Māori Battalion companies, is underway and the PDU has contracted additional resource to support the Trust in its engagements, so the benefits of the project are clearly understood • The Trust has indicated it will establish an interface governance group with representatives of the five companies to work on interior design including exhibition design.

Recommendations and options

27. We recommend that RED Ministers support the 28 Māori Battalion Museum proposal and agree to fund \$13.991 million from the PGF by way of a grant.

Next steps

28. Subject to Ministers decisions, officials will:
- a. prepare and negotiate full investment agreement documentation for the Museum; and
 - b. execute the investment agreement.