



Rotorua Whakarewarewa Forest Park (BOP)

Executive Summary

RLDC has aspirations to develop the Rotorua Whakarewarewa Forest and is seeking \$^{Commercial Information} to match ^{Commercial Information} investment of \$^{Commercial Information} so that it can develop the amenity and deliver transformational outcomes for the city and the wider region.

The rationale for the development of Whakarewarewa forest is to improve the public amenity to trigger private and iwi investment within the forest in ecologically appropriate accommodation, hospitality, attractions, activities, and mountain biking support services.

Key benefits of the project are stated to be:

- ^{Commercial} jobs will be created and the corresponding increase in jobs and training to the region;
- Providing a high quality public space that the community and visitors can utilise;
- Supporting iwi partners to leverage their economic and employment opportunities;
- Enhanced sustainability of natural assets and mitigation of climate change effects;
- Adding value to existing mountain biking assets and other tourism assets; and
- Acting as a catalyst for further jobs and investments in and around Rotorua.

Officials also note that the project is well-connected with regional stakeholders and partners. The primary concern at this point is the lack of information around RLDC's risk management models, and uncertainty over the commercial return of the project. In addition, certain transport infrastructure components of the proposal need to be included in the RLTP. NZTA is working with the project backers to have the project included in the RLTP.

Officials recommend that the project be approved funding subject to the condition the roading elements of the project are included in the RLTP, and if required, assessed against the NLTF as well as the provision of information regarding the commercial feasibility and the risk management aspects of the project.

Project Overview

87. RLDC has aspirations to develop the Rotorua Whakarewarewa Forest and is seeking \$^{Commercial} to match ^{Commercial Informa} investment of \$^{Commercial Information} so that it can develop the amenity and deliver transformational outcomes for the city and the wider region.

88. The rationale for the development of Whakarewarewa forest is to improve the public amenity to trigger private and iwi investment within the forest in ecologically appropriate accommodation, hospitality, attractions, activities, and mountain biking support services. These investments will help monetise the land asset for mana whenua and create more jobs (including sustainable jobs for Māori). Iwi entities are expecting to protect up to 25% of jobs for iwi. On a macro level the investments is also intended to lead to higher wages and increase household consumption for the whole Rotorua community, contributing to an overall increase in GDP for the local and regional economy.

Certain aspects of the project require inclusion in the area's Regional Land Transport Plan

89. Certain transport infrastructure components of the proposal need to be included in RLTP before they can be fully assessed for funding.



90. The NZTA is working with the Council to include this project in the BOP RLTP. We understand that Bay of Plenty Regional Transport Committee will be considering recommendations to vary its RLTP to include these projects at its meeting on 14 September 2018. The NZTA will then quickly carry out the necessary assessments of these projects for NLTF funding. We recommend that Ministers approve in principle funding of \$7.926 million for these projects. Once funding assessments are completed, officials will report back to Ministers on the outcome of this assessment and the extent that PGF funding is required.

Department of Conservation comments

91. While the majority of Whakarewarewa is not public conservation land, there is around 320ha of conservation land within the forest (the Tikitapu Conservation Area and Whakarewarewa State Forest). In addition, some areas of the forest are under covenant.
92. The Public Conservation Land (PCL) area is mainly tawa-dominated forest. The proposal may see further development of mountain bike trails in this area. DOC has an existing agreement with the Rotorua Trails Trust that any new proposed trails on PCL are approved by DOC through an assessment of ecological effects process. DOC is comfortable supporting the proposal provided this remains in place.
93. The Minister of Conservation supports this proposal but notes DOC should be consulted on any proposals for new trails or other facilities supported by this funding which may impact on public conservation land or significant natural values.

Regions covered by proposal

94. The project covers the BOP – a surge region.

Local support for proposal

95. The proposal has support from key partners and iwi who are key to driving this application forward.

Key milestones and outputs

96. The project development has been broken down into three phases:

- i. **Phase 1 Research and Investigation** – Including concept design, developing design guidelines, inner city revitalisation strategy development and public consultation. Fully funded by Rotorua Lakes Council – complete.
- ii. **Phase 2 Business Case Development and Detailed Design of Stage 1 and 1A** – Including Economic Impact Assessment, engaging project management professionals, cultural design consultant and developed design and detailed design of first stages. Part funded by the PGF – underway.
- iii. **Phase 3 Construction and Implementation** – All stages, over three years, forms this application, requesting 50/50 funding of PGF and RLDC already approved match funding – begins December 2018.

Management and governance

97. RLDC has used independent experts to help with development of their plan and we will question if they are going to continue to utilise professional support.
98. Further information about the future ownership and risk management model is required.



Cost and funding sources

99. The total cost for this project is \$ [Commercial Information] with [Commercial Information] contributing \$ [Commercial Information] and seeking \$ [Commercial Information] from the PGF. A breakdown of costs is below:

SUMMARY	TOTAL	[Commercial Information]	PGF
Total Phase 1	\$ [Commercial Information]	\$ [Commercial Information]	\$ [Commercial Information]
Total Phase 2	\$ [Commercial Information]	\$ [Commercial Information]	\$ [Commercial Information]
Total Phase 3	\$ [Commercial Information]	\$ [Commercial Information]	\$ [Commercial Information]
Total Project Costs	\$ [Commercial Information]	\$ [Commercial Information]	\$ [Commercial Information]
Total % Overall Split		[Commercial Information] %	[Commercial Information] %

Assessment against the PGF criteria

Criteria	Rating 1✓-5✓	Comment
Sustainable regional economic development	✓✓✓✓	The application notes development will provide sustainable development through an increase in visitors across the year, providing new jobs with less seasonable variation.
Productivity and innovation	✓✓✓✓	The proposal has new privately funded commercial operations within the forest with concession income and employment opportunities for mana whenua. New capability building opportunities for mana whenua (new entry through to governance) leveraged through partnerships with national and global tourism organisations. Improved sustainable jobs for Rotorua residents, particularly Māori firms, by partnering with iwi who will ensure 25% of jobs across their developments are allocated to their own.
Increased employment, training or work	✓✓✓✓	It is estimated [Commercial Information] jobs will be created



<p>readiness for the sectors workforce</p>		<p>across the life of the project from construction to new investments being made.</p> <p>The application notes it will:</p> <ul style="list-style-type: none"> i. Increase in jobs and training to the region (to be delivered by local education providers) with jobs going to locals first. ii. Iwi supporting work readiness for their people. iii. Leveraging social procurement to maximise the potential value for our community. iv. Increase in jobs and training to the region (to be delivered by local education providers) with jobs going to locals first.
<p>NZ's ability to meet climate change commitments</p>	<p>✓✓✓</p>	<p>Identifying opportunities to leverage the Whakarewarewa forest development for further environmental gain.</p>
<p>Māori aspirations for utilising land and other resources and achieving cultural objectives</p>	<p>✓✓✓✓</p>	<p>Supporting iwi partners (Central North Island Iwi Holdings, Ngāti Whakaue and Tuhourangi) to secure private investment/ partnerships and diversify their portfolios.</p> <p>Increase opportunities for Māori employment.</p>
<p>Additionality</p>	<p>✓✓✓✓</p>	<p>Improved mountain biking assets protecting Rotorua's position as the country's leading centre for mountain biking excellence.</p> <p>Attraction and retention of mountain biking community who are known to stay longer, spend more and contribute \$^{Commercial} ██████████ to the Rotorua economy.</p> <p>A more sustainable and resilient tourism offering.</p>



		A more equitable community with higher yield tourism benefits triggering economic flow on effects that will improve the social situation for Rotorua, particularly for Maori.
Connections and alignment with regional priorities	✓✓✓✓	It is included in the Rotorua Lakes Council 2018 - 2028 Long Term Plan. The project is not included in the BOP RLTP; however, this is being remedied.
Environmental sustainability and/or productivity of natural assets	✓✓✓✓	Promoting commercial activity that supports the environment, and meets the sustainability expectations of our Co-Governance group. Establishing Te Ara Ahi cycleway linking urban areas with our lakes, forests and places of cultural significance.

Benefits

100. This project has the potential to bring significant benefits to Rotorua in the form of new investment, increased jobs, social inclusion and further growth in visitors to Rotorua Lakes District.

Risks

101. The following risks and mitigations have been identified:

Risk	Mitigation
There is a lack of information on RLDC's risk management and ownership models.	PDU officials have asked for further information on these models.
It is unclear what the anticipated commercial returns will be and how the sites will be operationally and commercially managed.	PDU officials have requested further information on this.
Until transport aspects of the development are included in the BOP RLTP, only non-transport components can be funded. There is a risk that delays in the transport components may cause traffic problems with	NZTA is working with RLDC to get inclusion of transport components into the RLTP which will allow them to assess the project against the NLTP and eligibility for PGF funding quickly. This should mitigate some of the concerns around phasing and any congesting



an increase in visitors.	troubles.
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Next steps

102. Subject to Ministers decisions:

- i. Agree to fund the project in the form of a grant totalling \$ Commercial Information.

PROACTIVELY RELEASED