

2.11 Omataroa Eco Tours

Evaluation, Cover Sheet and Decision Form

Project:	Omataroa Eco Tours	FOR:	Approve
Applicant:	Omataroa Rangitaiki No2 Charitable Trust	Pipedrive ID:	Commercial Information
Application type:	Whenua Māori	(A) Total Project Value:	\$ Commercial Information
Funding type:	Grant	(B) PGF Funding Sought:	\$615,902
Entity Type:	Registered Charitable Trust	(C) PGF Funding Recommended:	Up to \$615,902
Region:	Bay of Plenty	(D) Applicant Contribution:	Commercial Information cash/ committed
Tier:	2 - Sectors	(D/A) Co-contribution Rate:	Comm %
Sector:	Tourism		
Application summary:	<p>Omataroa Rangitaiki No2 Charitable trust has requested funding to develop an eco-tourism project situated within Puhikoko and Ngākauroa reserves in the Eastern Bay of Plenty. The packages that will be on offer will include:</p> <ul style="list-style-type: none"> • Te Tangi o Ngā Kiwi- Two-hour Kiwi listening experience at dusk • Te Pātaka ō Ngā Tūpuna- Half day eco-tour exploring Ngakauroa Wetland and Puhikōkō reserve • Ko Tenei Mātou – Full Day hands on Kiwi discovery and eco tour • Kura Mātauranga – Full day educational experience for school groups and rangatahi <p>The funding will be used to develop visitor assets within the reserves including a fully serviced off-grid Centre of Operations and purpose-built observation areas with expansive views over Puhikōkō, the coastal Bay of Plenty to the north and Putauaki, Tarawera and Te Urewera to the south.</p> <p><i>[Please see full project description in the Application Description Section]</i></p>		

The PDU recommends that SRO's:

Approve a grant of up to \$615,902 from the PGF towards the Omataroa Eco tours application

➤ Because:

- It will create ^{Commer} FTEs initially, and increase to ^{Com} FTEs over a ^{Commercial Information} period with a ^{Commercial Information} as a baseline.
- There is strong regional support.
- TPK, DOC, MBIE Tourism and NZ Maori Tourism are supportive of the project.
- Will provide additional tourist activity to the Eastern Bay of Plenty, for the possibility for extended stays in

the region.

- It will diversify the applicant’s overall business and the region’s tourist offerings; this is of greater importance for Whakatāne post the Whakaari/White Island disaster. It would also generate revenue and ability to create future income streams.
- Aligns with Whakatāne District Councils long term plan.

➤ subject to:

- Receipt of invoices for the work to be undertaken by the applicant.
- An updated milestones/deliverables list to be negotiated.
- Commitment of the trust to operating expenditure Commercial Information.

➤ Note:

- The project fits within the Whenua Māori criteria as the tours will take place on Māori Freehold land.
- The funding is expected provide initial financial momentum to a project with limited commerciality to launch.
- There is a Comm % co contribution.
- MBIE tourism notes this project aligns well with the outcomes of the New Zealand-Aotearoa Government Tourism Strategy: delivering exceptional visitor experiences, improving the lives of New Zealanders through tourism and supporting thriving and sustainable regions.
- Regional support has been provided by Whakatāne District Council, Rayonier Matariki Forest, Ngāti Awa Group Holdings Limited and NZ Chambers of Commerce Eastern Bay Business Vitality.
- The project will be managed by the Trust and will employ additional management staff to oversee the project.
- Due Diligence has been requested, no concerns have risen.

Section A: Triage – Assessment against PGF eligibility criteria

➤ Is the project an illegal activity?	No
➤ Is the project located in the three main metropolitan areas?	No
➤ Is the project seeking investment in large scale infrastructure of social assets?	No
➤ Is the project seeking investment for three waters?	No

Application description

Proposal

Omataroa Rangitaiki No2 Charitable Trust is an Ngāti Awa Ahu Whenua Trust based in the Eastern Bay of Plenty. The trust was established by an order of Maori Land Court on 10 April 1970. The Trust has a total of 2,322,500 shares with approximately 10,950 owners.

The Trust is requesting funding for Ōmataroa Eco Tours to deliver Maori eco-tourism within Puhikōkō and Ngākauroa Reserves targeting cultural explorers, outdoor adventurers, eco tourists and brand conscious corporate clients. A range of transformative experiences will be offered around Kiwi regeneration, Mātauranga Maori environmental education.

It will develop visitor assets within the reserves including a fully serviced off-grid Centre of Operations and purpose-built observation areas with expansive views over Puhikōkō, the coastal Bay of Plenty to the north and Putauaki, Tarawera and Te Urewera to the south.

It will also develop a visitor track experience including an elevated boardwalk through the nationally significant highland wetland Ngākauroa, home to some of Aotearoa's rare native bird and fish species. A purpose 11-seater visitor shuttle will be commissioned to deliver visitors from Whakatāne Township and the Tauranga and Rotorua tourism precincts. It has developed a ^{Commercial Info} business plan and operating budget to directly employ ^{Com} FTE's with wider potential for increased employment and economic activity in the District.

The Tours will offer a range of experiences within Puhikōkō and Ngākauroa Reserves including;

- Te Tangi o Ngā Kiwi - Two-hour Kiwi Listening Experience at dusk; at \$ ^{Commerc} pp
- Te Pātaka ō Ngā Tupuna - Half Day Eco-tour exploring Ngākauroa Wetland and Puhikōkō reserve; at \$ ^{Commerc} pp
- Ko Tēnei Mātou - Full Day hands-on Kiwi discovery and eco tour; at \$ ^{Commerc} pp
- Kura Mātauranga - Full Day Educational experience for school groups and rangatahiat \$ ^{Com mme} pp based on 25 per group and
- Kaitiaki Kiwi - Corporate Sponsorship Packages.

Breakdown of Costs Requested from the PGF

Cost Description	\$ (excluding GST)
2x PodLife buildings	\$ ^{Commercial Inform}
1x Covered deck area	\$ ^{Commercial Inform}
1x Eco-toilet	\$ ^{Commercial Inform}
Two 6mx6m viewing platforms and connecting track	\$ ^{Commercial Inform}
Off Grid Solar	\$ ^{Commercial Inform}
Gas Hot Water	\$ ^{Commercial Inform}
Health and Safety Plan	\$ ^{Commercial In}
11 seater vehicle	\$ ^{Commercial Inform}
Geo tech engineering	\$ ^{Commercial Inform}
Regulatory compliance	\$ ^{Commercial Inform}
100 metre boardwalk construction @ \$ ^{Commercial} per lineal meter	\$ ^{Commercial Information}
1x Eco-toilet	\$ ^{Commercial Inform}
Site entrance Mauri enhancement (Wharoa, seating, information boards, rope/bollard)	\$ ^{Commercial Inform}
Pest Control – bait stations, traps and bait	\$ ^{Commercial Inform}
Kiwi protection – transmitters and tech	\$ ^{Commercial In}
Branding and website development	\$ ^{Commercial Inform}

Contract support for Omataroa Project Manager, Project Management and delivery (% of asset development costs) indicated by*	\$
Total	615,902

Breakdown of project co-contributions from the Trust

Cost Description	\$ (excluding GST)
Roading Upgrade and Track Clearing	\$
Signage, Marketing Material and printing/publication	\$
Professional services project development	\$
Omataroa Rangitaiki No2 Trust 3 year Operating expenditure	\$
Total	\$

Background

Commercial Information

The Omataroa Rangitaiki No2 Trust has completed a business plan for

The land is located at 124 Downward Road which is locally known as Omataroa Forest which is Maori freehold Block: Omataroa Rangitaiki No 2, it has just over 7700 hectares of mainly productive pine. Within the land block there are two areas set aside for ecological enhancements.

There is currently a Kiwi night tour offered in Whakatāne during April, May and June which this tour will be in competing with; however the new venture has strong regional support.

Overseas Investment Office

➤ Is the application being made by a non-New Zealand based legal entity? (Foreign investment laws may apply and the Overseas Investment Office consulted)	No
Does the Application have a Te Ara Mahi (TAM) component?	No

Section B: Operational Assessment Criteria (Complete for EoIs and Applications)

(Rate and comment – 1= poor, 5 = very good - Provide the number for this project, not subsequent phases)

Fund and government outcomes

Please highlight number below

Would the project:

➤ create permanent jobs?	It will create FTES immediately and it is hoped it will gradually increase to FTEs over a three year period.	N/A 1 2 3 4 5
➤ deliver community benefits?	Will provide synergies with other tourism offerings in the region, to extend the stays of visitors.	N/A 1 2 3 4 5
➤ increase utilisation of and returns on Maori assets?	It will be located on Māori Land and managed and owner by the Māori Trust. A baseline is the approach for the FTEs involved in this venture.	N/A 1 2 3 4 5

➤ enhance the sustainability of natural assets?	Not evident.	N A 1 2 3 4 5
➤ mitigate climate change effects, or assist with the lowering of emissions?	Not evident.	N A 1 2 3 4 5
Additionality		
Would the project:		
➤ add value by building on what is already there, without duplicating effort?	The Māori Eco-tourism products will build on the existing Omataroa Kiwi project. This would be a year round offering. In Whakatāne town centre there is currently an offering of kiwi night tours during April, May and June, which this project will be competing with.	N/A 1 2 3 4 5
➤ be a catalyst for productivity potential in the region?	It is looking to provide greater diversity in the tourism offerings in the region. Targeting both national and international visitors to the Eastern Bay of Plenty. It is also looking to provide options for tourists to extend their stays in the region.	N/A 1 2 3 4 5
Connected to regional stakeholders and frameworks		
Does the project:		
➤ align with regional priorities, such as frameworks, or regional plans?	The project aligns with long term plan for Whakatāne District Council 2018-2028 with “Growing tourism and events” and “Supporting iwi-led development opportunities” It also aligns with the Wider Bay of Plenty Tourism Strategy, Eastern Bay of Plenty Sub-regional Tourism strategy and Tourism of Bay of Plenty- The Love of Tourism.	N/A 1 2 3 4 5
➤ have the support of local governance groups (councils, iwi and hapu)?	Letters of support have been provided by Whakatāne District Council, Rayonier Matariki Forest, Ngāti Awa Group Holdings Limited and NZ Chambers of Commerce Eastern Bay Business Vitality.	N/A 1 2 3 4 5
Governance, risk and project execution		
Does the application show:		
➤ robust project management and governance systems?	The Omataroa project Manager is Jane Waldon, who is also a Trustee of the trust, who will actively manage the implementation of the Omataroa Eco Tours. The land is owned and administered by Omataroa Rangitaiki No2 Charitable Trust. A	N/A 1 2 3 4 5

	discretionary budget of \$ ^{Commercial Inform} has been included to secure appropriate specialist contractors to provide assistance to the project management for effective delivery of the project.	
➤ plans for future ownership and operational management?	The ownership and operation will continue with the Omataroa Rangitaiki No2 Charitable Trust.	N/A 1 2 3 4 5
➤ how the project will be delivered and managed?	It has provided a proposed a five phased milestone schedule based on the construction of the facilities.	N/A 1 2 3 4 5

Does this application demonstrate consideration of the following risks?			Yes
Type of risk	Risk description	Mitigations	Risk Rating
<input checked="" type="checkbox"/> Project risk	Is the project feasible? Can it be delivered on time, on budget and to specification?	<p>Ensure evidence of meeting milestones at each phase of the project before release of deliverable funding.</p> <p>Project due diligence has included assessments of regional tourism strategies to understand the project is feasible.</p> <p>The numbers they expect during the first year are as follows; ^{Commerc} per year for the 2 hr experience; ^{Comme} per year for the half day tour; and ^{Comm} for the full day experience. These numbers could be considered low for a year round offering.</p> <p style="text-align: center;">Commercial Information</p>	Medium
<input checked="" type="checkbox"/> Operational risk	Will the project or asset operate to specification, to budget, and achieve the forecast revenue?	The project manager has considered internal capacity and has included provisions for contracting specialist support.	Low

If the answers to the first question is NO, or assessments of risk(s) are HIGH, discuss with an Investment Director.

Section D: Funding and financial analysis		Please highlight number below
Does the application show:		
➤ How strong is the financial position of the applicant organisation?	The trust is in a strong financial position ^{Commercial Information} The Omataroa Rangitaiki No2 Trust had total equity at the end of 2017 of \$ ^{Commercial Info} .	N/A 1 2 3 4 5
➤ How does the scale of the project compare to their overall business?	The role of the trust is to administer the assets of the trust on behalf of the owners. This would diversify their overall business. It would also generate revenue and ability to create future income streams.	N/A 1 2 3 4 5
➤ Why is Crown funding being sought rather than commercially-available funding?	The funding is expected to provide initial financial momentum to a project with limited commerciality to launch.	N/A 1 2 3 4 5
➤ What does the independent financial analysis/ business case indicate?	A business case has been provided; the numbers of visitor they expect ^{Commerc} in the first year, ^{Commerci} in the second year and ^{Commerc} in the third year. No information has been provided on where the visitors will be travelling from. No forecasts have been provided beyond ^{Commercial Inform} . In year ^{Commercial In} without any PGF funding the net profit is \$ ^{Commercial In} .	N/A 1 2 3 4 5
➤ Is the funding model requested appropriate? Is the PDU recommending a different model?	^{Commercial Information}	N/A 1 2 3 4 5
➤ Has the applicant provided evidence of market pull for this project?	Customer demand and market analysis has been completed. The Trust will provide a unique and authentic experience and offering all year round activity with low levels of visitors expected for the first ^{Commercial Information} and in particular the winter months. They will target high yield, low volume tourism to minimize the impact on the environment and whenua.	N/A 1 2 3 4 5
➤ Has the applicant provided evidence that their supply chain is secure?	It will be marketed towards both National and International visitors to the Eastern Bay of Plenty with a focus on the Tauranga cruise ships as its main market. They would be able to pick customers up in Whakatāne too.	N/A 1 2 3 4 5
Summary of funding and financial analysis:	The project is new and will diversify the trusts current portfolio. The trust is a stable and strong financial position. The funding requested will provide the initial finance to launch the project quickly and provide it longer term financial sustainability.	N/A 1 2 3 4 5

Funding arrangements

An updated milestone payment plan would be updated if it was to be approved.

#	Description	Payment Criteria	Invoice Value Exc. GST	%	Invoice Date
1	Phase 1: Pre works Engagement	Supply Formal engagement documents with successful contractors	\$ Commercial Information	Commercial %	Commercial Information
2	Phase 2: Centre of Operations (Construction)	Notice of commencing works	\$ Commercial Information	Commercial %	Commercial Information
3	Phase 3: Ngakauroa Construction	Notice of commencing works	\$ Commercial Information	Commercial %	Commercial Information
4	Phase 4: Omataroa Eco Tours Delivery	Supply engagement contract for Health and Safety, Sales and purchase agreement for 11 seater van	\$ Commercial Information	Commercial %	Commercial Information
5	Phase 5: Pest Control & Kiwi Protection	Supply purchase order bait stations, traps and bait Kiwi protection, transmitters and tech	\$ Commercial Information	Commercial %	Commercial Information
	TOTAL		\$615,902	100%	

Consultation from partner agencies undertaken or implications

DOC, TPK, MBIE tourism and NZ Māori Tourism are supportive to the project. Their comments are in the appendix 1.

Summary statement of Application Review undertaken

The following Review has taken place in connection with this application:

All applications are discussed between the Regions Team and Investment Team during the assessment process and prior to submission to SROs / IAP.

Consultation with the relevant partner agencies has occurred allowing them to provide any relevant technical advice with any feedback included verbatim within this application form.

In the development of this form:

- i. A review by an Investment Director has taken place and included the following to the satisfaction of the reviewer:
 - a. An evaluation against the PGF criteria;
 - b. Financial analysis;
 - c. A risk assessment, highlighting any relevant or key risks;
 - d. Conflicts of interest have been noted and accepted
 and the reviewer concurs with the recommendation proposed.
- ii. The Head of Investment has reviewed this recommendation.
- iii. This application has been reviewed by the PDU SLT.

Review has been completed

Yes

Supporting proposal: Discussion

Appendices: Yes – Applications and supporting letters are as annexes Withheld - Commercial Information

Author of paper: AY, Investment Analyst , JH, Investment Director, PDU Investment Team