

3.09 QE Health Regeneration

Evaluation, Cover Sheet and Decision Form

Project:	QE Health Regeneration		FOR:	Approval
Applicant:	QE Health Limited		PDU ID:	Commercial Information
Application type:	PGF	(A) Total Project Value:	\$ Commercial Information	
Funding type:	Loan	(B) PGF Funding Sought:	\$ Commercial Information	
Entity Type:	Company	(C) PGF Funding Recommended:	\$8,000,000	
Region:	Bay of Plenty	(D) Applicant Contribution:	\$ Commercial Information	
Tier:	1 - Regional	(D/A) Co-contribution Rate:	Comm %	
Sector:	Tourism			
Application summary:	<p>QE Health ('QEH') provides an extensive range of health and wellbeing services in Rotorua, but the current facility it operates from is outdated (77 years old) and is no longer fit for purpose. Commercial Information</p> <p>An \$8m loan has previously been conditionally approved from PGF (November 2018). Commercial Information</p> <p>An alternative site for QEH to lease has been proposed Commercial Inform, on which it is proposed QEH will construct (and own) a new purpose built facility, for which a loan from PGF is requested. Commercial Information</p> <p>Commercial Information</p> <p>A new QE Health facility will ensure the retention of Comm existing jobs. Commercial Information</p>			

It is recommended that the IAP:

Note that RED Ministers approved an \$8,000,000 loan in November 2018 to relocate QE Health Ltd operations to a purpose-built facility situated on the Scion campus in Rotorua.

Approve the revised request from QE Health Ltd to use the \$8,000,000 loan from the PGF fund towards an alternative site proposed by Pukeroa Oruawhata Trust (POT) for the QE Health facility because:

- The original analysis of benefits still stand, key reasons for IAP support included:
 - The creation of new jobs and avoidance of job loss
 - The utilisation of Maori asset base Commercial Information
 - Alignment to the region’s economic and visitor strategies
- The project will further enhance the work underway on the Rotorua lakefront upgrade (part funded by PGF)
- the project continues to strongly align with regional strategies
- QE Health has sound governance and management (noting a new Board and CEO)

Subject to:

- the Wai Ariki Hot Springs & Spa project being approved for a \$9,000,000 loan
- due diligence being completed to the satisfaction of the PDU
- confirmation of costings for the project to the satisfaction of the PDU
- confirmation of sufficient co-funding to complete the project, to the satisfaction of the PDU
- evidence, satisfactory to PDU, that the full extent of bank funding options, and grants, has been exhausted
- the applicant in its procurement considers the social, economic, cultural and environmental outcomes that this project is aiming to achieve by incorporating government’s broader outcome procurement objectives where possible
- consents being granted Commercial Information
- confirmation of support for the new site from Rotorua Economic Development Ltd and Rotorua Lakes Council
- confirmation of the land transfer or ownership arrangements for the new site

Section A: Triage – Assessment against PGF eligibility criteria

Is the project:

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

Application description

For analysis of the original proposal please find attached Coversheet from September 2018 (Annex One).

Proposed new site

QEH's current facility is outdated (77 years old) and is no longer fit for purpose, **Commercial Information**

A short term extension of the QEH lease, to **Commercial Information**, has been agreed to by POT, to allow time to finalise plans for a replacement facility.

Whilst the amount of the requested loan of \$8m remains unchanged from the previous PGF approval for QEH, the project itself is changed – involving a significantly lower capital cost of \$ **Commercial Information**), a different site (**Commercial Information**) and now in conjunction with POT's proposed 'Wai Ariki Hot Springs & Spa' and with QEH's business to operate as 'QE Health at Wai Ariki'.

QEH has been exploring various site options for some time, following a change in Board and CEO at QEH, it has been concluded that remaining within POT's lakefront campus and being part of their development plans - due to less impact on business continuity, less impact on its client base and lower required capital spend, is the best option.

It is estimated that the building will be completed and the new facility fully operational towards the **Commercial Information**.

It is proposed that a lease of up to **Commercial Information** will be granted by POT, on commercial terms.

The cost of the building has been put at \$ **Commercial Information** (\$ **Commercial Information** for the building and services, and \$0.5m for fit-out and relocation costs). PDU requires oversight of full costings as a condition of funding.

Refer to the Wai Ariki Hot Springs & Spa Coversheet for POT's plans for the overall site. Both POT's proposed Spa development, and QE Health's, are closely inter-related (involving some shared services, and with marketing to be on a 'whole of campus' approach).

Both projects are conditional on PGF funding. **Commercial Information**

Co-Funding Table

Co-Funder	Pledged/Confirmed/Cash/In-Kind	
Commercial Information	Loan	\$ Commercial Information
Commercial Information	Grant	\$ Commercial Information
Commercial Information	Grant	\$ Commercial Information
Commercial Information	Loan	\$ Commercial Information
Total		\$ Commercial Information

The application notes that the other funding providers have made a commitment to provide funding on the express condition that PGF funding of \$8m is secured (although PDU notes that evidence of this has not been provided).

Applicant background

The applicant, Q E Health Ltd is 100% owned by the Queen Elizabeth Hospital Community Trust (a Registered Charitable Trust).

QEH began in Rotorua in 1942 as the Services Convalescent Hospital, providing rehabilitation to soldiers returning from World War II.

QEH offers an extensive range of services including in-patient rehabilitation programmes, out-patient community

programmes, orthotics, occupational therapy, rheumatology, clinical psychology, social work, physiotherapy, osteopathy, gym facilities, fitness classes, dietetics, Wellness for Cancer and geothermal spa services (geothermal pools, massage, beauty, skincare, and appearance medicine).

It is also a centre of learning facilitating student/intern placements in Rheumatology, Psychology, Physiotherapy, Occupational Therapy, Nursing, and Sports and Fitness as well as supporting research with a number of tertiary institutions. It is contracted to provide some services to DHBs.

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
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Section B: Operational Assessment Criteria (Complete for Eols 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?	See Coversheet in Annex One, no change in job creation.	N/A 1 2 3 4 5
➤ deliver community benefits?	See Coversheet in Annex One, no change in community benefits.	N/A 1 2 3 4 5
➤ increase utilisation of and returns on Maori assets?	The proposed POT site for QEH was part of the land set aside for the Crown, following negotiations with local Iwi in 1880 for the establishment of the City of Rotorua. Originally gifted land considered surplus to the Crown's requirements, was later returned to POT in 2005. The surplus lands were returned without compensation and the Trust has focused on the development of these assets to provide an income stream that can be used to fund distributions to current and future generations of Ngati Whakaue.	N/A 1 2 3 4 5
➤ enhance the sustainability of natural assets?	The geothermal resource is central to the QEH project (as it is POT's proposed Spa), both from its incorporation into the delivery of wellness-based services and also from utilisation of a sustainable energy source. The cascaded use of the geothermal resource maximises the energy contained.	N/A 1 2 3 4 5
➤ mitigate climate change effects, or assist with the lowering of emissions?	See Coversheet in Annex One, no change in mitigating climate change.	N/A 1 2 3 4 5

Additionality

Would the project:

<p>➤ add value by building on what is already there, without duplicating effort?</p>	<p>As noted by QEH (and POT, in its application), both QEH's, and POT's proposed Spa development, are closely inter-related - involving shared services, and with marketing to be on a 'whole of campus' approach.</p> <p>Rotorua's lakefront is currently largely underdeveloped and underutilized.</p> <p>With the site's location on the Rotorua Lakefront within an existing Tourism ecosystem and adjacency to the CBD make its redevelopment a key part in achieving the overall success of repositioning Rotorua in the Tourism market (and the PGF part-funded upgrade of the public domain component of the Lakefront).</p> <p>The long-term vision for the site is a development that will accommodate a range of health and wellness facilities to establish the site and the City as a centre of excellence for wellness tourism.</p> <p>The use of the geothermal resource for delivery of health & wellness purposes is seen as a unique differentiator for Rotorua. QEH, as a specialist clinical and rehabilitation services provider, will complement the services provided by the POT Spa, by providing an extended range of Medi spa-based health & wellness activities on site.</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ be a catalyst for productivity potential in the region?</p>	<p>Rotorua is recognised as a geothermal spa destination. The applicant notes that the potential synergy between QEH and POT's Wai Ariki Spa, plus the Lakefront investment from the PGF and local government, will ensure Rotorua's potential to be a world leader in geothermal spa is unlocked.</p> <p>The project will enable QEH to continue the delivery of their health and wellbeing services for the benefit of the Rotorua and the wider New Zealand, community.</p> <p>There will be flow through economic benefit for the region that will be delivered from the developments.</p>	<p>N/A 1 2 3 4 5</p>
<p>Connected to regional stakeholders and frameworks</p>		
<p>Does the project:</p>		
<p>➤ align with regional priorities, such as frameworks, or regional plans?</p>	<p>See Coversheet in Annex One, for regional alignment.</p> <p>It is also in alignment with the 'Rotorua Wellness Facility - Indicative Business Case' prepared by <small>Commercial Information</small>; which considered it feasible for Rotorua tourism to becoming a preferred global level spa and wellness destination, offering a wide range of unique geothermal and tourism activities, moving towards higher a value opportunity, and targeting a longer stay, and higher spend, in the region.</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ have the support of local governance groups (councils, iwi and hapu)?</p>	<p>It is clear from the application(s) and discussions by the PDU with the applicant(s) that it has consulted and involved Iwi, which has provided QEH with support and guidance on the project to ensure cultural appropriateness and the link to the healing waters remains at the fore front.</p> <p>The project is fully backed by local Iwi, Pukeroa Oruawhata, noting it is totally dependent on each other to proceed; and includes QEH having a minimum <small>Commercial Inform</small> ground lease. PDU has sought confirmation of support from</p>	<p>N/A 1 2 3 4 5</p>

	Rotorua Economic Development Ltd and Rotorua Lakes Council.	
Governance, risk and project execution		
Does the application show:		
<p>➤ robust project management and governance systems?</p>	<p>The project will be governed by a project team comprised of the following members:</p> <p>Privacy of natural persons</p> <p>Commercial Information</p> <p>will provide full Project Management including design procurement, design management, consultant payment management, consent management, construction procurement, construction administration, compliance management, risk management coordination, Engineer to the Contract role, defects management.</p> <p>Other professional firms involved are, and will be:</p> <p>Commercial Information</p> <p>The involvement of POT provides a good degree of comfort. It is also noted that once the QEH premises are substantially complete, Commercial Information</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ plans for future ownership and operational management?</p>	<p>The building will be planned and designed by QEH in conjunction with Commercial Information and be owned by QEH – on land subject to a minimum Commercial Inform ground lease from POT.</p> <p>On-going operational funding will be provided by QEH (as evidenced by the financial feasibility study undertaken by Commercial Information</p> <p>QEH has long-standing revenue contracts with DHB and ACC.</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ how the project will be delivered and managed?</p>	<p>Designer procurement has already occurred. Procurement was via an RFP process for the concept design, on an invited basis for Architects only and this was run internally by QEH.</p> <p>Commercial Information was the successful architect and was invited to provide a proposal for full design services including sub consultants.</p> <p>The intended construction procurement process is as follows:</p> <p>(a) Early Contractor Involvement ('ECI') to suitably sized construction companies that have a regional presence in the Waikato / Bay of Plenty region.</p> <p>(b) ECI RFT provided to the short listed companies for involvement in the design process (buildability, material, programme, cost, etc) along with costs for Preliminary & General, Margin, Design Involvement and Subtrade Tendering Management.</p> <p>(c) Subtrade tenders requested at the completion of the</p>	<p>N/A 1 2 3 4 5</p>

	design process. The subtrade tenders are procured via an open book methodology between the Client and Preferred Tenderer. The QS will review the costs and if acceptable the Preferred Tenderer's tender is accepted.	
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Section C: Risk Management Evaluation			
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?	A significant amount of planning work has been undertaken, with the involvement of appropriate specialists. The building has been designed to create efficiencies. PDU has noted a potential issue with the availability of the final building designs required for the Building Consent (and the timing of its issuance).	Low/Medium
<input checked="" type="checkbox"/> Operational risk	Will the project or asset operate to specification, to budget, and achieve the forecast revenue?	QEH is an existing business with a successful track record. Some comfort is taken from the financial forecasts prepared by <small>Commercial Informatio</small>	Low
<input checked="" type="checkbox"/> Force majeure/Insurance risk	Have insurable risks been considered? Is the level of insurance adequate?	Appropriate insurance cover will be put in place.	Low
<input checked="" type="checkbox"/> Macroeconomic risk	Has the impact of possible external economic changes been considered?	Exposure to a cyclical tourism industry is limited, and business is supported by DHB contracts.	Low

Section D: Funding and financial analysis		Please highlight number below
Does the application show:		
➤ How strong is the financial position of the applicant organisation?	QEH is essentially a not-for-profit business which does not generate a commercial return and is without significant cash reserves. The project is reliant on low cost funding and grants. Essentially, prior year surplus funds have been directed towards	N/A 1 2 3 4 5

	<p>maintaining the current dilapidated building. The QEH Balance Sheet does not have any significant assets, therefore provides no additional security to lenders. Westpac has indicated (letter provided) their willingness to consider (PDU notes no form commitment given) the provision of a loan facility of up to \$1.5m.</p> <p>30Jun19 (Draft) Annual Accounts have been provided by QEH, and disclose (2018 in brackets): Total Revenue: Commercial Information Net Surplus (before Financing Costs): \$ Commercial Information) Net Surplus for Year: \$ Commercial Information Total Assets: \$ Commercial Information Net Assets / Equity: \$ Commercial Information</p> <p>PDU has been provided with a copy of the Commercial Information financial feasibility study; and forecasted cashflow statement. FY20 (Budget) is for Operating Cashflow of \$ Commercial Information increasing to free cashflow for debt servicing of circa \$ Commercial Information in Commercial Information and further increasing slightly over the years to circa \$ Commercial Information in Commercial Information. This free cash flow evidences an ability to service the proposed debt, and achieve a level of principal reductions/repayments between Commercial Information are comprised of: Commercial Information</p> <p>However, this still leaves a forecast \$ Commercial Information of PGF of debt to refinance at the end of the requested Commercial Information term.</p>	
<p>➤ How does the scale of the project compare to their overall business?</p>	<p>The project is significant for QEH. However, appropriate professional advice has been sought and will be utilised. The fact that the project relates primarily to the housing of the existing business, in purpose designed premises, eliminates much of the risk, as does the comfort provided around the financials from the work undertaken by Commercial Information</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ Why is Crown funding being sought rather than commercially-available funding?</p>	<p>As noted, QEH is essentially a not-for-profit business which does not generate a commercial return and is without significant cash reserves. The project is reliant on low cost funding and grants. The QEH Balance Sheet does not have any significant assets, therefore provides no additional security to lenders. Limited bank funding is available until performance proves the forecasts to be correct in generating higher levels of revenue and free cash flow.</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ What does the independent financial analysis/ business case indicate?</p>	<p>As noted, Commercial Information has been actively involved. As part of the evaluation PDU has had extensive discussions with Commercial Information as it has with the QEH CEO.</p>	<p>N/A 1 2 3 4 5</p>
<p>➤ Is the funding model requested appropriate? Is the PDU recommending a</p>	<p>The loan is considered appropriate.</p>	<p>N/A 1 2 3 4 5</p>

different model?		
➤ Has the applicant provided evidence of market pull for this project?	QEH is an existing business, just moving to a new facility. However, comfort is also taken from the market analysis undertaken by POT as part of its application. Lakes DHB has confirmed its support through an extension of the term of its contract for services with QEH.	N/A 1 2 3 4 5
➤ Has the applicant provided evidence that their supply chain is secure?	As noted previously, QEH is an existing business, just moving to a new facility.	N/A 1 2 3 4 5
Summary of funding and financial analysis:	A very well established business, with potential to grow. Financial analysis and forecasting has been undertaken by Commercial Information	N/A 1 2 3 4 5

Funding arrangements

Funds will be drawn down against achievement of milestones, and against QS Certificates confirming work undertaken to date and also sufficient committed funding available to complete.

Proposed Term Sheet Summary (noting full term sheet will be developed post decision)

Key loan details to be considered			
Structure	QEH as borrower	Interest rate	Com %
Maximum funding amount	\$8,000,000	Default interest:	Comme %
Min. Co-funding	\$ Commercial Information	Loan repayment terms:	Commercial Information
Term	Commercial Informati	WTO	
Security	Commercial Information		
Concession(s) (if applicable)	Commercial Information		

Consultation from partner agencies undertaken or implications

TPK has been invited to comment on the application.

Conflicts of interest and T&Cs

None noted - Commercial Information

Commercial Information

Due diligence needs to be undertaken.

Further information from applicant

Following initial assessment, additional information was sought from and provided by the applicant.

Summary statement of Peer Review undertaken
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The following Peer 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 peer review by an Investment Director has taken place and included the following to the satisfaction of the peer 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 peer 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.

Peer Review has been completed	Yes
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Supporting proposal:	Yes
Appendices:	Yes – Previous Coversheet and application
Author of paper:	MJB, Investment Director, PDU Investment Team

Annex One: Coversheet QE Regeneration Project PGF Application

COVER SHEET Annex One: Coversheet from IAP meeting held on 12 September 2018

3.4 QE Regeneration Project PGF Application	For: Approve
<p>Background & context:</p> <p>Applicant Organisation:</p> <ul style="list-style-type: none"> QE Health Ltd (QE) QE is owned by QE Community Trust, a not for profit charitable trust <p>Location:</p> <ul style="list-style-type: none"> Rotorua <p>Proposal:</p> <ul style="list-style-type: none"> To relocate QE to a purpose-built facility. <p>Funding Sought:</p> <ul style="list-style-type: none"> Total project value: \$ Commercial Information PGF Funding: \$ 8,000,000 Commercial Information <p>Background:</p> <ul style="list-style-type: none"> QE provides clinically-led health and wellness services. QE has been on the same site for 76 years. Commercial Information Commercial Information The new facility will be fit for purpose and support growth in three key areas being the gym, outpatients and spa. The new facility will include: <ul style="list-style-type: none"> 4 separate geothermal pools and hydrotherapy pool 46 individual multi use treatment rooms Accommodation 500m2 full service gym Class rooms for joint exercises, education 	<p>Recommendation:</p> <p>We recommend that the IAP:</p> <p>a) Note Commercial Information Commercial Information The 'in principal' approval of PGF funding to the level proposed will assist QE in locking in the additional project funding.</p> <p>b) Note Commercial Information Commercial Information</p> <p>c) Note Commercial Information Commercial Information</p> <p>d) Note a review of financial projections will be required once debt terms and conditions have been finalised.</p> <p>e) Note EBITDA growth is primarily driven by revenue growth that can be grouped into three areas: <ul style="list-style-type: none"> a. Capitalising on QEs spa and rehabilitation capabilities; b. Improved pricing due to improved quality and appearance of facilities; and c. The provision of a broader range of products (eg clinical psychology, nutrition, vein treatment, and specialised gym programmes (e.g. yoga, and pilates) <p>The summary of revenue growth shows Commercial Information.</p> <p>f) Note QE is planning to diversify and capture the</p> </p>

<p>and training</p> <ul style="list-style-type: none"> Over recent years there has been an increased focus on private services with a diversification away from a heavy reliance on ACC and DHB as income sources. The new site will support QE to grow private services currently being offered and move pricing in line with market competitors. The estimate cost to build has been calculated by Kingstons Quantity Surveyors. Included in this cost estimate is a contingency of circa 10% of the total cost. The business case, including financial projections has been developed <small>Commercial Information</small> 	<p>demand for increased medical tourism in the appearance medicine field (already a profitable market for QE with New Caledonia an established source of clients). Typically, these clients attend annually for three-week periods. QE is looking to expand to include the Australasian market. A health Tourism market overview has been provided.</p> <p>g) Support the recommendation to approve in principal \$8,000,000 from the PGF fund towards QE Regeneration Project subject to:</p> <ol style="list-style-type: none"> firm commitments for the remaining project funding being secured from private/commercial sources; Terms and conditions of PGF funding to be agreed – a mix of grant and loan finance; MBIE agreement of the tender/contract strategy for the planned civil and building works; and Rework of financial projections once commercial debt levels and terms are finalised.
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PGF criteria that this proposal supports:

PGF Criteria	Assessment Commentary	Rating (1✓ to 5✓)
Link with fund and government outcomes		
Creates permanent jobs	<ul style="list-style-type: none"> Retaining <small>Comm</small> jobs with an increase in FTE to circa <small>Comm</small> 	✓✓✓
Delivers benefit to the community	<ul style="list-style-type: none"> Skilled jobs – the additional <small>Comme</small> FTE will attract salaries of \$ <small>Commercial Inform</small> on average, resulting in an increase in the salary spend of \$ <small>Commercial Information</small> <small>Comme</small> student placements and internships each year Provides employment to a number of contracted staff. Attract tourists to the region – medical tourism QE runs a number of community development programmes 	✓✓✓✓
Increased utilisation and returns of Maori asset base	<ul style="list-style-type: none"> The QE developed community and social programmes have a high uptake by Maori clients with up to 45% in some programmes. QE has set up partnership and MOU agreements <small>Commercial Information</small> 	✓✓

Enhanced sustainability of natural assets	<ul style="list-style-type: none"> Commercial Information QE will also be working with local Iwi to restore the trail/nature walks and geothermal features around the site. 	✓✓
Mitigation of climate change effects	<ul style="list-style-type: none"> QE will utilise geothermal sources for heating and water 	✓✓
Additionality		
Adding value by building on what is already there	<ul style="list-style-type: none"> Building on the existing business of QE, it should be noted if the proposal does not proceed it will close as it has no option to stay in the current facilities. 	✓✓✓✓
Acts as a catalyst for productivity potential in the region	<ul style="list-style-type: none"> Increased visitor numbers and spend – pull-through revenues (hotel accommodation, rental cars etc). 	✓✓✓
Connected to regional stakeholders and frameworks		
Alignment with regional priorities	<ul style="list-style-type: none"> The facility fits with Rotorua Lakes Council visitor strategy and Rotorua Economic Development objectives and strategic plan for the region. Clear alignment with Rotorua Council goals – assessment provided. Aligned with and supports the Rotorua 4 corners strategy. 	✓✓✓✓
Support from local governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> Rotorua Lakes Council, Rotorua Economic Development, Iwi, and a number of commercial enterprises. Letters of support provided. 	✓✓✓✓
Governance, risk management and project execution		
Robust project management and governance systems	<ul style="list-style-type: none"> Good, sound project management in place. Utilisation of appropriate specialists evident. 	✓✓✓
Risk management approach	<ul style="list-style-type: none"> A risk management plan and register is in place. Risks have been identified with action strategies in place. 	✓✓✓
Future ownership / operational management	<ul style="list-style-type: none"> Existing ownership structure in place. 	✓✓✓
The purpose of this briefing is to consider recommending PGF funds to the QE Regeneration Project		
Risks Issues: <ul style="list-style-type: none"> Delivering the new facility on time and on budget <ul style="list-style-type: none"> Mitigant: Utilisation Of Commercial Information for accurate costings and MBIE endorsement of the tender/contract strategy for the planned civil and building works Ability to achieve growth targets <ul style="list-style-type: none"> Mitigant: Forecast growth is spread over a range of services 		
Eligibility points of note: <ul style="list-style-type: none"> <i>Due diligence:</i> Entity due diligence has been completed. It is a condition of approval that additional due 		

diligence is to be to the satisfaction of the Head of PDU Investment team.

- *Conflict(s) of interest:* Based on the information provided no conflict of interest is evident noting that full due diligence will inform this item further.
- *Illegal Activity:* Based on the application information provided and feedback from other agencies there is no indication that the applicant or project has been involved in, or associated with illegal activity.
- *Alignment with Regional development plans:* The facility fits with Rotorua Lakes Council visitor strategy and Rotorua Economic Development objectives and strategic plan for the region.
- *Commercial funding availability:* Given the nature of the project, a mix of commercial and PGF funding is appropriate.

Consultation undertaken or implications:

Legal	N/A	HR	N/A	Finance	N/A	MBIE policy	N/A	Other	
Supporting proposal:									
Yes Supporting letters withheld - Commercial Information									
Appendices:									
Yes - Applications and supporting letters are as annexes									
Sponsor(s):									
N/A									
Manager/Author of paper:									
Nick Hough, Investment Team									