



BRIEFING

Waikato Regional Theatre – alternative option

Date:	18 September 2019	Priority:	Medium
Security classification:	In Confidence	Tracking number:	0841 19-20

Action sought		
	Action sought	Deadline
Hon Grant Robertson Minister of Finance	Approve or decline the PDU's recommendation that the final funding for the Waikato Regional Theatre take the form of a \$12 million grant from the Provincial Growth Fund with the applicant, Momentum Waikato Community Foundation, to provide a [REDACTED] Commercial Information [REDACTED]	23 September 2019
Hon Phil Twyford Minister of Transport		23 September 2019
Hon David Parker Minister for Trade and Export Growth		23 September 2019
Hon Shane Jones Minister for Regional Economic Development		23 September 2019
Fletcher Tabuteau MP Parliamentary Under-Secretary to the Minister for Regional Economic Development	Note the contents of this briefing.	23 September 2019

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
David van der Zouwe	Head of Investment Management, Provincial Development Unit	[REDACTED] <small>Privacy of natural persons</small>	✓
Nick Hough	Investment Manager, Provincial Development Unit	[REDACTED] <small>Privacy of natural persons</small>	

The following departments/agencies have been consulted
N/A

Minister's office to complete:

Approved

Declined

Noted

Needs change

Seen

Overtaken by Events



PROVINCIAL
DEVELOPMENT
UNIT

See Minister's Notes

Withdrawn

Comments



BRIEFING

Waikato Regional Theatre – alternative option

Date:	18 September 2019	Priority:	Medium
Security classification:	In Confidence	Tracking number:	0841 19-20

Purpose

This briefing provides Regional Economic Development (RED) Ministers with an alternative option to progress the Provincial Growth Fund (PGF) investment in the Waikato Regional Theatre project.

Recommended action

The Provincial Development Unit (PDU) recommends that you:

- a. **Note** that on 26 June 2019, Regional Economic Development Ministers approved \$^{Commercial Information} funding to the Momentum Waikato Community Foundation from the Provincial Growth Fund towards the Waikato Theatre (Activation Destination) project.

Noted

- b. **Note** that approval was subject to the commitment of the construction of ^{Commercial} hotels, ^{Commercial Informa}

Noted

- c. **Note** that on 11 September 2019, Regional Economic Development Ministers agreed to provide the Waikato Community Foundation with a scaled amount of Provincial Growth Fund funding as a \$12 million grant on the basis of ^{Commercial Information} being committed, subject to obtaining a commitment that the Local Government Funding Authority will provide \$^{Commercial Information} of funding. Attached as Annex One. *Annex One withheld - Commercial Information*

Noted

- d. **Note** that Momentum Waikato Community Foundation has offered ^{Commercial Information}, without the need for Hamilton City Council to fund a loan via the Local Government Funding Authority. The PDU recommends Regional Economic Development Ministers proceed on that basis.

Noted



**PROVINCIAL
DEVELOPMENT
UNIT**

- e. **Approve** the PDU's recommendation that the final funding for the Waikato Regional Theatre take the form of a \$12 million grant from the Provincial Growth Fund with the applicant, Momentum Waikato Community Foundation, to provide a \$ [redacted] Commercial Information [redacted]

Agree/Disagree

OR

- f. **Decline** the PDU's recommendation that the final funding for the Waikato Regional Theatre take the form of a \$12 million grant from the Provincial Growth Fund with the applicant, Momentum Waikato Community Foundation, to provide [redacted] Commercial Information [redacted]

Agree/Disagree

David van der Zouwe
Head of Investment Management
Provincial Development Unit, MBIE

..... / /

Hon Grant Robertson
Minister of Finance

..... / /

Hon Phil Twyford
Minister for Transport

..... / /

Hon David Parker
Minister for Trade and Export Growth

..... / /

Hon Shane Jones
Minister for Regional Economic Development

..... / /



Background

1. On 26 June 2019, RED Ministers approved \$ ^{Commercial Information} in grant funding to the Momentum Waikato Community Foundation (Momentum Waikato) from the PGF towards the Waikato Theatre (Activation Destinations) project.
2. Approval was granted subject to the firm commitment to the construction of ^{Commerc} hotels – ^{Commercial Information}.
3. RED Ministers also directed officials to report back to the Minister for Regional Economic Development on final terms in regard to the split between loan and grant, and the final borrower and grantee.
4. On 11 September 2019, RED Ministers agreed to provide Momentum Waikato with a scaled amount of PGF funding as a \$12 million grant on the basis of ^{Commercial Informa ion} being committed, subject to obtaining a commitment ^{Commercial information} ahead of funding being finalised.
5. PDU officials were directed to report back to RED Ministers once this commitment had been finalised. The briefing has been provided in Annex One for reference.

Further discussions with the Momentum Waikato

6. In further discussions with PDU officials, ^{Commercial Information}
7. With local government elections underway, all councils have ceased formal meetings. The first formal meetings of Council will not be until November. We are informed the delay in discussing this matter will incur additional cost and time to the project and there is no guarantee a deal will be struck in that timeframe.
8. To overcome this delay Momentum Waikato has proposed an alternative option ^{Commercial Inform}

The PDU's recommendation

9. The PDU recommends that the final funding for the Waikato Regional Theatre take the form of:
 - \$12 million grant from the PGF.
 - Momentum Waikato to provide a \$ ^{Commercial Information}
10. This would ensure the PGF funding remains at the preferred level of \$12 million ^{Commercial Information}
11. This recommendation is made on the basis that:
 - PGF grant funding is capped at \$12 million.



- The proposal would support announcement and confirmation that the project is proceeding.
- The Provincial Growth Fund investment of \$12 million will act as a catalyst for joint capital development of \$^{Commercial Information} (\$^{Commercial Information} of which is for the Waikato Regional Theatre), and the Victoria Developments Hotel (\$^{Commercial Information}).
- The ^{Commercial Information} PGF Funding at \$12 million appropriately reflects the reduced employment numbers (^{Commercial Information}).
- The proposed ^{Commercial Information} level of PGF funding at \$12 million is supported by revised employment numbers (^{Commercial Information}), taking into account the 'construction phase'. These roles were not previously captured:

	Waikato Regional Theatre	Victoria Property Hotel Room 5-star hotel	Total FTE
Direct	^{Comme} FTE – Management, administrative and technical ^{Comme} part-time (^{Com} FTE) – ushers, hospitality, technical support, performance support	^{Comme} FTE – management, administrative, hospitality, marketing, cleaning and maintenance	^{Comme}
Construction phase	^{Comme} construction operatives ^{Comme} management and administrative (^{Commercial Information} build)	^{Comme} construction operatives ^{Comme} management and Administration (^{Commercial Information} build)	^{Comme}
Indirect (^{Commercial Information})	^{Comme} – services, hospitality, other tourism products, performance sector growth, design, lighting, audio and maintenance	^{Comme} – services, supplies, hospitality, other tourism products, maintenance, marketing, and consumables	^{Comme}
Total			^{Comme} jobs



Implications for Momentum Waikato

12. As noted previously, Momentum Waikato has formally undertaken to take responsibility and hold the risk for any cost over runs or gap in funding.
13. Momentum Waikato are confident that, with the approval of the PGF \$12 million grant and the announcements of a live project, Commercial Information

14. Commercial Information
-

Annex

Annex One: Waikato Regional Theatre update Annex One withheld - Commercial Information