



TE PĀ KĀINGA O REWA (REWA'S VILLAGE RE-CONSTRUCTION PROJECT)

PGF PROPOSAL FOR REVIEW

Date:	23 January 2020	Priority:	Medium
Security classification:	In Confidence	Tracking number:	2030 19-20

Action sought		
	Action sought	Deadline
Hon Shane Jones Minister for Regional Economic Development	Agree to the recommendations outlined in this briefing.	28 January 2020
Hon Grant Robertson Minister of Finance		28 January 2020
Hon Phil Twyford Minister of Transport Minister of Economic Development		28 January 2020
Hon David Parker Minister for Trade and Export Growth		28 January 2020
Fletcher Tabuteau Parliamentary Under-Secretary to the Minister for Regional Economic Development	Note the contents of this briefing.	28 January 2020

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
David van der Zouwe	Head of Investment Management	Commercial Information	✓

Recommendations

Projects seeking decision from Regional Economic Development Ministers

Ref	Project name	Project description & benefits	Comment	Total cost of project	Requested PGF Investment	PDU Recommendation
1.	Te Pā Kāinga o Rewa (Rewa's Village Re-Construction Project)	<p>Applicant: Te Rūnanga o Ngāti Rēhia (TRONR) Charitable Trust</p> <p>Region: Northland</p> <p>This project is a hapū-led redevelopment of 'Rewa's Village', an interactive Māori cultural tourism experience in Kerikeri. The redevelopment is intended to enhance the visitor offering, provide Ngāti Rēhia with development opportunities and help create a wider range of revenue channels for TRONR.</p> <p>PGF investment sought will be used to construct:</p> <ul style="list-style-type: none"> • A Whare Waka; • Two updated Waharoa (main entranceway); • Whare screen/cladding; • Pourewa (elevated platform) at Kororipo Pā; and • A mangrove boardwalk <p>PGF funding will also be used to fund project/business management and the development of new interpretation panels.</p>	<p>This proposal is another tourism related project for Northland, which has already received approximately \$55 million for tourism related projects. Commercial Information</p> <p>Commercial Information the PDU acknowledges Rewa's Village is part of a small tourism precinct in the Kororipo Basin centred around the Stone Store, which is attracting increasing numbers of visitors, and which Rewa's Village is well placed to benefit from. As such Ministers may seek to fund the project, although the PDU would suggest funding the project at an increased level of \$1.25 million.</p> <p>The main reasons the PDU is not recommending this project for funding are:</p> <ul style="list-style-type: none"> • As the project currently stands, there is insufficient evidence that a redeveloped experience is viable and would bring in increased visitor numbers; • The positive community benefits and job numbers are reliant upon the experience bringing in increased visitors; • The co-funding (7%) is small for the size of project; and • The Northland region has already received significant PGF investment in tourism. However, an option for funding is suggested if decision makers wish to approve, where some concerns would be mitigated through contracting. Approval of funding would be subject to: <ul style="list-style-type: none"> • Financial review and further due diligence being completed to the satisfaction of the PDU; • Project priorities being confirmed by the applicant to the satisfaction of the PDU; • A detailed budget being supplied to the satisfaction of the PDU outlining key construction costs; • Ongoing operations and governance structures finalised to support the project, including an independent project manager to the satisfaction of the PDU; and • Milestones and deliverables being agreed to the satisfaction of the PDU. <p>Note; building consents will be required for some project elements. These will be dealt with during the contracting phase.</p> <p>The PDU also recommends that in order to ensure the development is successful and sustainable, funding of up to \$1.25 million should be provided. The additional funding would allow for a further \$ Commercial Information for business development and \$ Commercial Information towards a project management resource. Given the construction costings are only estimates the PDU suggests a further \$ Commercial Information contingency be allowed for. This will ensure the project is adequately managed, has enough funding to be completed, and once complete will be marketed and operated well.</p>	<p>Commercial Information</p> <p>\$ Commercial Information when including additional costs suggested by PDU)</p>	<p>Commercial Information</p> <p>\$</p>	<p>Approve \$1,250,000 Or Decline</p>

Ref	Project name	Project description & benefits	Comment	Total cost of project	Requested PGF Investment	PDU Recommendation
			<p>DOC is supportive of the proposal noting that investment would enable whānau, hapū and iwi to practise their responsibilities as kaitiaki of natural and cultural resources on public conservation lands and waters.</p> <p style="text-align: center;">Free and frank opinions</p> <p>Te Puni Kōkiri broadly supports this proposal, particularly in terms of investing in the aspirations of Ngāti Rēhia to tell their stories of that rohe and to use this as a vehicle to generate a sustainable business.</p>			



The Provincial Development Unit recommends that you:

Te Pā Kāinga o Rewa (Rewa's Village Re-Construction Project)

1. **Note** that Te Rūnanga o Ngāti Rēhia Charitable Trust has applied for \$^{Commercial Information} of PGF funding as a grant towards Te Pā Kāinga o Rewa (Rewa's Village Re-Construction Project), which has a total project cost of \$^{Commercial Information}

Noted

2. **Note** that the PDU recommends revising project costs to ensure the project can be successfully delivered, resulting in a total project cost of \$^{Commercial Information} and proposed PGF grant funding of \$1,250,000;

Noted

3. Agree to:

Approve up to \$1,250,000 PGF grant funding towards Te Rūnanga o Ngāti Rēhia Charitable Trust's application for Te Pā Kāinga o Rewa (Rewa's Village Re-Construction Project), subject to:

- a. Financial review and further due diligence being completed to the satisfaction of the PDU;
- b. Project priorities being confirmed by the applicant to the satisfaction of the PDU;
- c. A detailed budget being supplied to the satisfaction of the PDU outlining key construction costs;
- d. Ongoing operations and governance structures finalised to support the project, including an independent project manager to the satisfaction of the PDU; and
- e. Milestones and deliverables being agreed to the satisfaction of the PDU.

Agree / Disagree

OR

Decline Te Rūnanga o Ngāti Rēhia Charitable Trust's application for PGF funding towards Te Pā Kāinga o Rewa (Rewa's Village Re-Construction Project).

Agree / Disagree

Eliot Linforth-Hall
Acting Head of Investment Management
Provincial Development Unit

..... / /

Hon Grant Robertson
Minister of Finance

..... / /



**PROVINCIAL
DEVELOPMENT
UNIT**

Hon Phil Twyford
Minister of Transport
Minister of Economic Development

..... / /

Hon David Parker
Minister for Trade and Export Growth

..... / /

Hon Shane Jones
Minister for Regional Economic Development

..... / /



Te Pā Kāinga o Rewa (Rewa's Village Re-Construction Project)

Project overview

Name of the project	Te Pā Kāinga o Rewa (Rewa's Village Re-Construction Project)
Region	Northland
Tier and type	2 – Sectors (Tourism)
Applicant	Te Rūnanga o Ngāti Rēhia (TRONR) Charitable Trust
Estimated total project cost	\$ <small>Commercial Information</small>
Amount of funding sought from the PGF	\$ <small>Commercial Information</small> *Note the revised project approval amount: \$1,250,000
Financial instrument requested	Grant
PDU recommendation	Decline

Rewa's Village

1. Te Rūnanga o Ngāti Rēhia (TRONR) is a Hapū Authority with a relationship to its Takiwā (district) and Te Rūnanga Ā Iwi O Ngāpuhi. TRONR's purpose is the promotion of health, education and vocational training; the alleviation of poverty; and the promotion of employment opportunities and housing.
2. Rewa's Village is a replica of an 18th century Māori fishing village, named after Rewa (a Ngāpuhi Chief) who grew to prominence in the early 1800's. It is located on Department of Conservation (DOC) Land within the Kororipo Heritage Park and forms part of the Kerikeri Basin Recreation Reserve. There are a number of successful tourism experiences nearby, including the Kerikeri Stone Store. It is one of the very first sites where Māori and Pākehā came together to live and trade.
3. Ngāti Rēhia took over the lease and administration of Rewa's Village in December 2012 and initially invested in upgrading some of the buildings and displays with the vision of making the village a 'place of learning' and an interactive Māori cultural tourism experience. It was planned that the village would be self-funded by entry charges and sponsorship. However, the village currently fails to attract visitor numbers due to a perception that the visitor experience is relatively low quality compared to other attractions in the area.
4. The village has been built with mostly native materials and features a range of outdoor exhibitions including a marae, a chief's house, weapons store and a native plant garden. It is a typical representation of the kāinga (residence) that would have existed alongside the Pā (fortified village).
5. There is also an indoor museum display and gift shop. Visitors are self-guided around the village by informative displays in each of the buildings.



PROVINCIAL DEVELOPMENT UNIT

Proposal

6. This proposal is a hapū-led redevelopment of Rewa's Village. The redevelopment is intended to enhance the visitor offering, provide Ngāti Rēhia with development opportunities and help create a wider range of revenue channels for the Trust.
7. The PGF investment is being sought to construct:
 - A Whare Waka;
 - Two updated Waharoa (main entranceway);
 - Whare screen/cladding;
 - Pourewa (elevated platform) at Kororipo Pā; and
 - A mangrove boardwalk
8. PGF funding will also be used to fund project/business management and the development of new interpretation panels.
9. Resource consents will not be required for the majority of the components within the development. For the components that do require either resource or building consent, for instance construction of the Whare Waka, the consenting process is underway but not lodged.

Outcomes

10. PGF investment will enable TRONR to refresh the visitor experience, with the aim of attracting more visitors and generating more revenue. In addition to performance style programmes, the village will have interactive zones that tell the wider Ngāti Rēhia and Kororipo Heritage Park story.
11. Currently Rewa's Village is run by a group of volunteers. It is envisaged that further development of the tourism experience will provide opportunities for full time employment (growing from Commercial Information fulltime positions over time) for the hapū (both directly and indirectly). Job creation is dependent on the success of the experience represented by increased visitor numbers.

PDU recommendation

12. This proposal is another tourism related project for Northland, which has already received approximately \$55 million for tourism related projects. The PDU has carefully assessed the proposal and would not be recommending the project on its own for funding. However, the PDU acknowledges Rewa's Village is part of a small tourism precinct in the Kororipo Basin centred around the Stone Store, which is attracting increasing numbers of visitors, and which Rewa's Village is well placed to benefit from. As such Ministers may seek to fund the project.
13. The main reasons the PDU is not recommending this project for funding are:
 - a. As the project currently stands, there is insufficient evidence that a redeveloped experience is viable and would bring in increased visitor numbers;
 - b. The positive community benefits and job numbers are reliant upon the experience bringing in increased visitors;
 - c. The co-funding (7%) is inadequate for the size of project; and
 - d. The Northland region has already received significant PGF investment in priority tourism projects.
14. However, an option for funding is suggested if Ministers wish to approve the proposal, where some concerns would be mitigated through contracting. Approval of funding would be subject to:
 - a. Financial review and further due diligence being completed to the satisfaction of the PDU;



PROVINCIAL DEVELOPMENT UNIT

- b. Project priorities being confirmed by the applicant to the satisfaction of the PDU;
 - c. A detailed budget being supplied to the satisfaction of the PDU outlining key construction costs;
 - d. Ongoing operations and governance structures finalised to support the project, including an independent project manager to the satisfaction of the PDU; and
 - e. Milestones and deliverables being agreed to the satisfaction of the PDU.
15. TRONR has applied for \$ [Commercial Information] from the PGF for the development of Rewa's Village. Following an evaluation of the application, and discussions within the PDU and with the applicant, PDU officials consider that in order to ensure the development is successful and sustainable, funding of up to \$1.25 million should be provided. The development will require a significant scale up of TRONR's existing operation at Rewa's Village and the PDU considers that TRONR would benefit from having an additional \$ [Commercial Information] business development and \$ [Commercial Information] project management resource. In addition, given the construction costings are only estimates the PDU suggests a further \$ [Commercial Information] contingency be allowed for. This additional funding will ensure the project is adequately managed, has enough funding to be completed, and once complete will be marketed and operated well.

Costs and funding

16. The applicant has requested a grant as it is not in a position to solely fund the project.
17. Currently Rewa's Village attracts just over 4,200 visitors on an annual basis, generating about \$ [Commercial Information] in revenue. A formal feasibility study has not been provided to the PDU for this project.
18. As no formal feasibility or market analysis has been received by the PDU it is difficult to assess whether its estimated visitor numbers and revenue projections are realistic and whether the experience is likely to be viable and sustainable. At the original funding request level, the marketing budget is minimal and it is likely that the operation will struggle to build awareness and appeal.

Key construction and management costs

Component	Summary	Cost
The Whare Waka (used to shelter waka)	A new Whare Waka will be situated on the shore near the car park entrance to the village. It will be a first point of call for visitors arriving by water or land. Waka played an important role in the history of the Kororipo Basin.	\$ [Commercial Information]
Waharoa (main entranceway)	Two updated Waharoa will be created to welcome visitors. The look and feel of the entranceway will align with other new elements, ensuring a high-quality experience from arrival to farewell.	\$ [Commercial Information]
Whare Approach/ Screen	Use of screens and/or cladding to "soften" the look of the Whare.	\$ [Commercial Information]
Pourewa - Viewshaft Kororipo Pā	The viewshaft (at Kororipo Pā located in the basin area) will focus on Māori spirituality, tohunga wānanga and cleansing rituals.	\$ [Commercial Information]
Mangrove Boardwalk	This development will create an alternate route for visitors and enables them to get a unique Māori perspective in the Basin, not just a traditional village-life outdoor exhibition.	\$ [Commercial Information]
Village Redevelopment	<ul style="list-style-type: none"> • Development of the chief's Whare aims to show the difference between the lower village huts in the kāinga and the house of the chief atop a Pā. • Identifying new storytelling themes and improvements. • All trails and loops leading inside and outside the village will be reviewed, improved and made more accessible. 	\$ [Commercial Information]
Business Manager	For [Commercial Information] of funding.	\$ [Commercial Information]
Project Manager	Will be supported by Far North Holdings Limited ([Commercial Information] PGF	\$ [Commercial Information]



**PROVINCIAL
DEVELOPMENT
UNIT**

	funding).	
Total		\$ <small>Commercial Informa</small>

19. The applicant has a low level of co-contribution (Com%), however exceptions to PGF requirements may be considered where the benefits to the region are high (e.g. for projects supporting those not in employment, education or training into employment). It is the PDU's view that while there are benefits these are highly dependent on the success of bringing in visitor numbers, therefore benefits may not outweigh costs in this case.

Co-funding table

Co-Funder	Pledged/Confirmed/Cash/In-Kind	Amount
Society for the Preservation of the Kerikeri Stone Store Area- Whare Waka	Pledged	\$ <small>Commercial Inform</small>
Te Runanga o Ngati Rehia (TRONR) - Carving - Waharoa	Confirmed	\$ <small>Commercial Inform</small>
Te Runanga o Ngati Rehia (TRONR) – Timber for carving	Confirmed	\$ <small>Commercial Inform</small>
Total		\$ <small>Commercial Inform</small>

PDU assessment of the project

20. This section provides an overview of PDU's assessment against the PGF eligibility and assessment criteria.

Criteria	Rating (1✓ to 5✓)	Comment
<i>Link with fund and government outcomes</i>		
Creates permanent jobs	✓✓	The project will lead to opportunities for full time employment if the redevelopment is successful in bringing in more visitors (growing from <small>Commerc</small> to <small>Commer</small> fulltime positions over time). These roles will be for the hapū including guides and administration staff.
Delivers benefit to the community	✓✓	The hapū-led redevelopment will enhance the visitor offering in the basin and is likely to provide TRONR with further economic, social, cultural and environmental development opportunities if it is successful. This project will help to create a wider range of revenue channels for the Trust. Investment will enable hapū to practise their responsibilities as kaitiaki of natural and cultural resources on public conservation lands and waters.



**PROVINCIAL
DEVELOPMENT
UNIT**

Criteria	Rating (1✓ to 5✓)	Comment
Increased utilisation and returns of Māori asset base	✓✓	It is TRONR's view that investment in this development will provide their hapū with opportunities that will enable them to become economically sustainable while providing future opportunities for growth, education and employment.
Enhanced sustainability of natural assets	✓✓	This investment relates to a significant area of DOC-administered land. The aspiration of TRONR is to give effect to tikanga (custom) and mātauranga (knowledge) in the protection of natural resources, including this site.
Mitigation of climate change	N/A	Not evident.
<i>Additionality</i>		
Adding value by building on what is already there	✓✓✓	The project builds on an existing tourism experience. If it is successful in attracting a greater number of tourists to the attraction and holding them in the region longer this will have positive flow on effects in terms of job creation and increasing regional economic outputs (both directly and indirectly).
Acts as a catalyst for productivity potential in the region	✓✓	<p>The investment in Rewa's Village builds on another of TRONR's key projects, the creation of a kauri sanctuary.</p> <p>The application notes that these activities will help enable TRONR to develop a comprehensive labour and workforce and provide for employment pathways into the foreseeable future.</p> <p>The PDU assesses this project will have limited ability, on its own, to be a catalyst.</p>
<i>Connected to regional stakeholders and framework</i>		
Alignment with regional priorities	✓✓	The project broadly aligns with regional tourism objectives; however it is not identified as a key priority in the Northland Economic Action Plan.
Support from local governance	✓✓	<p>Formal public consultation has not occurred.</p> <p>The project is supported by members of the Kororipo Heritage Park Management Group whose membership consists of:</p>



**PROVINCIAL
DEVELOPMENT
UNIT**

Criteria	Rating (1✓ to 5✓)	Comment
groups		<ul style="list-style-type: none"> • Te Rūnanga o Ngāti Rēhia • Heritage NZ • Far North District Council • Far North Holdings Ltd • Bay of Islands Whangaroa Community Board • Northland Regional Council • Department of Conservation <p>DOC provided feedback in the consultation section to support the project.</p>
<i>Governance, risk management and project execution</i>		
Robust project management and governance systems	✓✓	<p>The funding sought includes Project Management and Business Management costs.</p> <p>The board of TRONR are key personnel providing the strategic insight and direction for this project, including evaluating and guiding the management of high-level risk. The board is currently working through a process to redefine and restructure its executive and administrative functions.</p> <p>This structure would need to be defined and operational if decision makers want to approve funding.</p> <p>Risk has been considered but at surface level. Feasibility and market analysis is not fully assessed by the applicant.</p>
Future ownership / operational management	✓✓	<p>TRONR will continue to operate the facility. The TRONR holds a concessionary lease over the land, the asset will be owned instead by the lessor. However, TRONR will be able to derive value from the asset and will be responsible for its upkeep and maintenance.</p> <p>TRONR currently has a five year concession with DoC, the applicant notes that it is likely to be renewed.</p>
Project management and delivery	✓	<p>The funding sought includes Project Management and Business Management costs; there is no Feasibility Study or concept design as yet. Detailed costings and project plan are not included with the application. The PDU has recommended additional funding be provided if the project is supported by Ministers.</p>

Agency comments

MBIE Tourism



PROVINCIAL DEVELOPMENT UNIT

21. Northland has been identified in MBIE's Tourism Investment Framework as a priority region. The concept has potential, and improvements to the Village will provide a better experience for visitors and enhance the overall experience within the Kororipo Heritage Park, however:

- Commercial Information
- A \$ Commercial Informa marketing budget is minimal and will struggle to penetrate the market to build awareness, appeal and conversion of visitors.
- The project is not identified in Northland's recently updated Economic Action Plan (tourism section) and Northland Inc. (Regional Tourism Organisation) is not a member of the steering group. It is mentioned as being consulted, however would be good to check with it re the support for the project and its views on whether visitor numbers and revenue projects are realistic.
- The Kerikeri Stone Store is iconic with good visitor numbers. It will be heavily reliant on current visitors to the Stone Store and Heritage Park and converting these to Village customers. It would be good to have included this and some target capture rates for Rewa's village e.g. Commercial % in year one.
- There is very little investment from the applicant.

22. MBIE Tourism would support a feasibility study to fully understand the context that it will operate (Kerikeri, Far North, Northland, New Zealand), test concepts and appeal with visitors, and confidently size the market and potential demand & revenue. This will also help the project sponsors/stakeholders to ensure the experience meets customers' needs, there is a clear gap/opportunity, and that it is a viable/sustainable proposition.

Department of Conservation

23. The Bay of Islands DOC Office has been working closely with Ngāti Rēhia for a number of years on the management of the Kororipo Heritage Park (KHP). The Department is in full support of Te Rūnanga o Ngāti Rēhia redevelopment plans for Rewa's Village as shown in their PGF application.

24. The KHP incorporates Kororipo Pā and Kāinga (Hongi Hika's Pā), the Stone Store and Kemp House (New Zealand's oldest surviving Stone & Wooden Building), and Rewa's Village.

25. The KHP is a partnership project between Ngāti Rēhia, DOC, Heritage NZ, and Far North District Council. Its aims are to promote, highlight and preserve this significant area for all visitors.

26. Ngāti Rēhia has a concession from DOC to run Rewa's Village as a tourist destination within the KHP. Rewa's Village was originally developed in the 1970's and 80's and is now in need of significant redevelopment. Undertaking this redevelopment would lift and rebalance the story telling potential of the whole of the KHP and allow visitors to better understand the significant bicultural nature of this area and therefore is in line with two of DOC's key stretch goals. Whānau, hapū and iwi are able to practise their responsibilities as kaitiaki of natural and cultural resources on public conservation lands and waters and the stories of 50 historic Icon Sites are told and protected.

Te Puni Kōkiri

27. Te Puni Kōkiri broadly supports this proposal, particularly in terms of investing in the aspirations of Ngāti Rēhia to tell their stories of that rohe and to use this as a vehicle to generate a sustainable business.

28. It is difficult to construct an economic business case for a proposal like this, and TPK also note the applicant operates in the tourism sector. The proposal outlines that investment in facilities



is required to lift performance of the Village and supports this through customer feedback.

29. Free and frank opinions

30. Free and frank opinions

Risk assessment

31. Due diligence has been undertaken and nothing of note was found.

32. The applicant has declared: “As a hapū-based organisation, there are close ties within the executive team and board. These are managed with the support of external professionals, Whitelaw Weber Accountants and BDO our auditor.”

33. The PDU has identified the following key risks and mitigations:

Type of risk	Risk description	Mitigations	Risk Rating L/M/H
Project	Is the project feasible? Can it be delivered on time, on budget and to specification?	Further feasibility should be undertaken by the applicant, maybe with the help of MBIE Tourism. The redevelopment will need a clear marketing strategy.	H
Operational	Will the project or asset operate to specification, to budget, and achieve the forecast revenue?	The project needs to produce more detailed costings for the redevelopment work. Ongoing operations need to be explored further. The PDU recommends an increased level of funding, should Ministers wish to approve funding.	M
Stakeholder	Ngāti Rēhia stakeholders are not supportive or engaged with the plans and activities	The applicant will continue to direct work and efforts within the hapū to ensure information is shared.	L