



Rotorua Lakefront Development (BOP)

Executive Summary

Rotorua Lakes District Council (RLDC) has aspirations to develop the Rotorua Lakefront to a world class standard and is seeking \$19.9 million to match ^{Commercial Information} investment of \$ ^{Commercial Information} so that it can develop the infrastructure, amenity and deliver transformational outcomes for the city and the wider region.

RLDC is in a surge region – BOP and the Rotorua Lakefront Development project is a key “investment ready” project that, according to RLDC, has 100 per cent support throughout the region. Key benefits of the project are stated to be:

- Potential investment of \$ ^{Commercial Information} into accommodation and attractions;
- ^{Commercial Information} jobs potentially created; and
- Flow-on effects for Rotorua’s tourism sector.

However, given Rotorua’s social and economic situation, Rotorua is unable to deliver the development of the lakefront on its own. Officials note that an independent assessment of Rotorua’s need for central government assistance has been carried out, and it has been assessed as being a council in high need of assistance.

Officials recommend that the application be approved subject to the condition that roading elements of the project are included in the RLTP, and if required, assessed against the NLTF.

Project Overview

69. RLDC has aspirations to develop the Rotorua Lakefront to a world class standard and is seeking \$19.9 million to match ^{Commercial Information} investment of \$ ^{Commercial Information} so that it can develop the infrastructure, amenity and deliver transformational outcomes for the city and the wider region.
70. RLDC claims the project is investment ready following ten years of preceding work. Throughout this period, RDC have consulted widely with all stakeholders including iwi, the wider community and regional partners, **Free and frank opinions** ^{Commercial Information}
71. The application notes central government investment will catalyse a number of positive and significant economic and social outcomes. **Commercial Information** around the lakefront have signalled that they are ready to invest \$ ^{Commercial Information} into accommodation and attractions once the lakefront project has been started, with ^{Commercial Information} jobs estimated to be created, and particularly for Māori. New food and beverage offerings are forecast to emerge, with opportunities for more events, improved social engagement and cohesion, and cultural and civic pride.
72. RLDC believe the economic flow-on effect for Rotorua’s tourism sector will be that tourists stay longer, spend more and tell others, attract the higher-yield tourists who are currently bypassing Rotorua in favour of other higher-end offerings. New accommodation will also give much needed relief from the capacity crunch that is looming as more and more people come to Rotorua on the back of New Zealand’s tourism success.
73. Rotorua’s social and economic situation means it is unable to deliver this vision on its own. It aims to change this through using central government investment to catalyse further



investment and to work in support of mana whenua, so Māori assets can be better leveraged, and more meaningful and sustainable jobs created.

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

74. Certain transport infrastructure components of the proposal need to be included in the area's RLTP before they can be fully assessed for funding.
75. The NZTA is working with the Regional Council to include this project in the Bay of Plenty 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 principal funding of \$19.9 million for these projects. Once funding assessments are completed, officials will report back to Ministers on the outcome of this assessment and the extent to which PGF funding is required.

Regions covered by proposal

76. The project covers the Bay of Plenty – a surge region.

Local support for proposal

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

Key milestones and outputs

78. 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 – December 2018.
79. All stages are to be completed by 2021.

Management and governance

80. 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.
81. Further information about the future ownership and risk management model is required and has been requested by officials.



Cost and funding sources

82. The total cost for this project is \$ ^{Commercial Information} with RLDC seeking \$19.9 million from the PGF and funding \$ ^{Commercial Information} RLDC have informed officials that ^{Commercial Information} are ready to invest \$ ^{Commercial Information} into accommodation and visitor attractions once the lakefront project has been started.

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	✓✓✓✓	<p>The application notes new capability building opportunities for mana whenua (new entry through to Governance) leveraged through partnerships with national and global tourism organisations.</p> <p>Flow on social benefits through civic pride and social opportunities.</p> <p>More events and attractions.</p> <p>A more sustainable and resilient tourism offering.</p> <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 Māori. New hotels on the lakefront – to be at the higher end (4.5 star plus) of the market where capacity is currently being squeezed.</p> <p>New accommodation (apartments) and commercial buildings in the lakefront precinct and CBD area.</p>



		<p>New restaurants and improved night-time activity at the Lakefront.</p> <p>Better leveraging of Māori assets and increase of the asset base for iwi beneficiaries.</p> <p>Improved sustainable jobs for Rotorua residents, particularly Māori by partnering with iwi who will ensure up to 25% of jobs are for Māori.</p>
Increased employment, training or work readiness for the sectors workforce	✓✓✓✓	<p>It is estimated it will create ^{Commercial} jobs for the people of Rotorua.</p> <p>It will increase 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>Promoting commercial activity that supports the environment.</p>
Māori aspirations for utilising land and other resources and achieving cultural objectives	✓✓✓✓	<p>Catalysing public and iwi investment to better leverage the economic opportunities of settlement assets.</p> <p>Unlocking jobs by iwi for greater opportunities for Māori employment.</p>
Additionality	✓✓✓✓	<p>It is anticipated the project will increase tourism spend across all indicators making the local tourism industry more resilient.</p> <p>Closing the yield gap on other NZ tourism cities.</p> <p>Creating a destination which celebrates Rotorua's unique cultural value proposition.</p>



<p>Connections and alignment with regional priorities</p>	<p>✓✓✓✓</p>	<p>It is included in the RLDC's 2018 - 2028 Long Term Plan.</p> <p>The project is not included in the BOP RLTP; however, this is being remedied.</p>
<p>Environmental sustainability and/or productivity of natural assets</p>	<p>✓✓✓✓</p>	<p>The application notes that it will create an enabling eco system for all.</p> <p>Creating a public domain which acts as the anchor tenant for capitalising commercial developments.</p> <p>Extending national cycleway linking urban areas with our lakes, forests and places of cultural significance and promoting carbon neutral transport methods.</p>

Benefits

83. 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

84. The following risks and mitigations have been identified:

Risk	Mitigation
<p>Though RLDC has a strong working relationship with iwi, and Māori trusts/land groups, there is a risk that individual landowners may object to aspects of the development.</p>	<p>Te Puni Kōkiri (TPK) is willing to utilise local staff to gauge whether this is an issue and how it can be mitigated.</p>

Next steps

85. PDU officials will be asking for further information from RLDC on:
- i. details of any perceived negative impact, or objections that may have been received to the proposal;
 - ii. whether they are going to continue to use project management support;
 - iii. details of the anticipated commercial return they will get from new Lakefront development sites; and



- iv. details of how the sites are going to be operationally and commercially managed on an ongoing basis.

86. Subject to Ministers decisions:

- i. Agree to fund the project in the form of a grant totalling \$19.9 million.

PROACTIVELY RELEASED