### 3.8 Waiorua Lodge Development Project PGF Application

<table>
<thead>
<tr>
<th>Tier:</th>
<th>1 - Regional</th>
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<tbody>
<tr>
<td>Sector:</td>
<td>Feasibility Study</td>
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</table>

**Background & context:**

**Recommendation(s):**

**Applicant Organisation:**
- Waiorua Lodge Limited

**Location:**
- Kapiti

**Proposal:**
- To develop a business case, to design stage for redevelopment of the tourism infrastructure on Kapiti Island.
- This involves a new lodge and associated infrastructure to enable Kapiti Island tours to offer higher value tourism experiences to more visitors and at the same time, reduce the environmental footprint on the island ecosystem.

**Funding Sought:**
- Total project value: $\text{Commercial Information}$
- PGF Funding: $635,000

**Commercial Information** through management support, advice and resources.

**Background:**
- Kapiti has a low profile in tourism terms as there are no other major tourism projects that would attract tourists in the region.
- The proposed development will comprise the lodge building, service infrastructure, renewable energy, waste water reticulation, and a jetty to improve transport connectivity.
- A high quality lodge (3 or 4 star rating) would improve the visitor experience for both overnight and day visitors.
- An enhanced offering to visitors would increase the pricing and move the overnight

**We recommend that SRO:**

- a) Discuss the Waiorua Lodge Development Project application.
- b) Note DOC and TPK are supportive of this project.
- c) Note PDU supports this project because:
  - i. The project has strong alignment with regional priorities;
  - ii. It would increase utilisation and returns of Maori asset base; and
  - iii. The project would improve the economic benefits of an existing tourist destination.
- d) Approve $635,000 as a combination of grant and loan (concessionary) from the PGF fund towards the Waiorua Lodge Development Project subject to:

**Commercial Information**
The proposed lodge is located on a Maori land parcel administered by the Waiorua Bay Trust. Waiorua Lodge Limited (the applicant) has a lease agreement with the Waiorua Bay Trust and owns the current lodge building. The applicant also owns the award winning brand Kapiti Island Nature Tours.

**PGF criteria that this proposal supports:**

<table>
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<tr>
<th>PGF Criteria</th>
<th>Assessment Commentary</th>
<th>Rating</th>
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<tbody>
<tr>
<td>Link with fund and government outcomes</td>
<td></td>
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<tr>
<td>Creates permanent jobs</td>
<td>• The proposed lodge would create full time and part time jobs.</td>
<td>🔄دام同步</td>
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<td></td>
<td>• There will be increased training opportunities for Maori with the new lodge.</td>
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<tr>
<td>Delivers benefit to the community</td>
<td>• Increase in high value tourism activities would benefit local communities with local jobs and increase in tourist expenditure on local things.</td>
<td>🔄同步</td>
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<tr>
<td>Increased utilisation and returns of Maori asset base</td>
<td>• Development of the Waiorua Lodge would improve the utilisation of the land owned by Maori whanau of Kapiti Island.</td>
<td>🔄同步</td>
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<td>Enhanced sustainability of natural assets</td>
<td>• The business case will assess the economic viability of reticulated electricity and water on the Island which will reduce the number of generators and improve environmental outcomes.</td>
<td>🔄同步</td>
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<tr>
<td>Mitigation of climate change effects</td>
<td>• Proposed lodge would use wind and solar energy for its operations and move away from currently in use diesel generators.</td>
<td>🔄同步</td>
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**Additionality**
Adding value by building on what is already there

- The proposed lodge would improve the economic benefits of an existing tourist destination by offering a higher value tourism product.

Acts as a catalyst for productivity potential in the region

- This project would potentially increase the demand in Kapiti for additional accommodation, transport and food options, and improve the viability of any gateway/i-site development at Paraparaumu.

Connected to regional stakeholders and frameworks

Alignment with regional priorities

- Strong alignment with Kapiti Visitor strategy and Wellington Regional Economic Development Agency’s (WREDA) goal to grow the visitor economy.

Support from local governance groups (inc. Councils, Iwi/Hapu)

- Kapiti District Council and WREDA are supportive of this project.

Governance, risk management and project execution

Robust project management and governance systems

- An independent project manager will oversee the business case development.
- Kapiti Island Nature Tours Advisory Board will provide the governance.

Risk management approach

- Key risks are identified with mitigation approaches.

Future ownership / operational management

- Kapiti Island Nature Tours will seek funding (including PGF) for building the proposed lodge using the business case as a justification for the amount.

The purpose of this briefing is to consider recommending PGF funds to the Waiorua Lodge Development

Risks Issues:

- Delays in external stakeholder consultation and consenting process could extend the timelines of this project. Early engagements with external stakeholders and Kapiti District Council could manage this risk.

Eligibility points of note:

- **Due diligence**: Full due diligence is to be completed. It is a condition of approval that 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**: Strong alignment with Kapiti Visitor strategy and WREDA’s goal to grow the visitor economy.
- **Commercial funding availability**: Given the nature of the project which is to develop a business case, access to commercial funding is not considered a feasible option.

Consultation undertaken or implications:

<table>
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<tr>
<th>Legal</th>
<th>N/A</th>
<th>HR</th>
<th>N/A</th>
<th>Finance</th>
<th>N/A</th>
<th>MBIE policy</th>
<th>N/A</th>
<th>Other</th>
<th>DOC, TPK</th>
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SRO meeting 24 January 19
DOC’s feedback:

“The principles that Kapiti Island Nature Tours (KINT) operate under align well with DOCs goals for managing and protecting the island, as a nationally, internationally, significant site. This alignment is evident through the DOC 2025 Stretch Goals quoted (engagement, connection, Whanau, hapu and iwi opportunities), and others. DOC supports increased visitation to the island provided it is well-managed. KINT has a good track record in this and the potential investment is indicative of strong commitment to the biodiversity values at site (i.e. it is their competitive edge). The lodge experience is consistent with the icon status accorded Kapiti in DOC’s recreation planning system – like the Milford Track, Kapiti is about providing a very powerful conservation experience to a smaller group of people as opposed to mass market tourism.

TPK’s feedback:

“Te Puni Kōkiri has an established, on-going and sound working relationship of over 10 years with John Barrett, his whānau and their various operations including Kāpiti Island Nature Tours. In all of our dealings with John we have found that all contracts that were entered into were completed as per the original submissions with all reporting requirements adhered to including details of project/s expenditure. With regards to the proposal that has been submitted for PGF consideration, We are fully supportive of the proposal which, if approved, will enable the Lodge operation to make a significant step towards their overarching ambition to make the Lodge a truly international tourist/corporate destination while maintaining a responsible environmental stance as kaitiaki of the Island.”

Supporting proposal: Yes
Appendices: Yes - Applications Confidential advice to Government
Sponsor(s): N/A
Manager/Author of paper: Dipankar Ganguly, Investment Team