

Te Ara Pounamu – The Pounamu Pathways

Projects overview

Name of the project	Te Ara Pounamu – The Pounamu Pathways
Region	West Coast
Tier and type	Tier 2: Sectors
Applicant	Te Rūnanga o Ngāti Waewae
Estimated total project cost	\$ <small>Commercial Information</small>
Amount of funding sought from the PGF	Requested: \$ <small>Commercial Information</small> Recommended: \$17,873,625
Financial instrument requested	Grant or equity
PDU recommendation	Approve

Background

89. Te Rūnanga o Ngāti Waewae seeks PGF funding to establish Te Ara Pounamu – The Pounamu Pathways, which are four tourist hubs/experience centres at Westport, Greymouth, Hokitika and Haast along the West Coast's state highways 6 and 67.
90. Te Rūnanga O Ngāti Waewae is leading the application on behalf of Buller District Council, Grey District Council, Westland District Council, Development West Coast, Mawhera Incorporated Society and the Department of Conservation. These stakeholders will serve as trustees of Te Taurahere o Te Tai Pounamu Trust, a new purpose-built trust set up for the project.
91. Te Ara Pounamu – The Pounamu Pathways (Te Ara Pounamu) is an innovative, state-of-the-art linked series of tourism experiences. Each location will use digital, interactive and immersive technologies to tell its own part of the West Coast story. It will provide a similar experience to a modern museum or gallery but with a focus on story-telling across four locations in the region. Each of the four hubs will include:
- An immersive paid experience with digital exhibitions with overarching stories (admissions are income modelled on existing South Island visitor attractions).
 - Retail sales, with a focus on West Coast made products and pounamu.
 - Free interactive displays including local artefacts and conservation messaging.
 - Third party food and beverage offerings.
 - Links to regional tourism product partners.

92. Te Ara Pounamu will also link the region's six major tourism attractions: Oparara Arches (Karamea), the Pancake Rocks (Punakaiki), Lake Brunner, the Hokitika Gorge, Glacier Country (Franz Josef and Fox) and the Haast UNESCO World Heritage Area.
93. Tourists can follow the linked pathway, which should encourage visitors to spend more time in the region. It will be the first upmarket and bookable tourism experience for the whole region and builds on the West Coast Tourism Strategy as the key cross-regional collaborative project.
94. The digital aspect of the project ensures that the tourist hubs can be updated as required according to the demands of the tourism sector.
95. The project addresses key gaps in the West Coast's tourism market including lack of paid attractions, lack of a connected narrative, a lack of time and money being spent by visitors in the region in comparison to other regions and the need for more Māori and cultural experiences.
96. The project has taken the region over a year to confirm, which illustrates the complexity of the region and the challenges it faces. These challenges include a low ratepayer base, transition from a mineral extraction-led economy and that 86% of West Coast land is DOC estate and therefore free attractions. Te Ara Pounamu is a key milestone for the development of a regional tourism story, connected market and economic growth.
97. The applicant has completed a business case to inform this application. Results from the business include:
 - a. 70 percent of West Coast visitors are seeking more information regarding Māori and cultural experiences.
 - b. There is a disparity of visitor numbers across iconic West Coast attractions 0 1 million visitors go through Haast but only 30,000-60,000 visit selected sites between Hokitika and Westport.
 - c. The region has seen consistent annual growth in total visitor spend ahead of other regions.
 - d. The GDP contribution from tourism in the region grew by 42 percent in the past five years.
 - e. A lack of paid experiences on the West Coast constrains the potential value of the visitor market because most of the major attracted are located on DOC's conservation estate.

PDU recommendation

98. The PDU recommends that you approve Te Rūnanga o Ngāti Waewae's application for a \$17.87 million grant or equity, from the PGF to develop the Te Ara Pounamu, subject to the following conditions:
 - a. Co-funding is secured.
 - b. Resource consent and building consent being confirmed (Hokitika and Greymouth Hubs only).
 - c. Confirmation of a stage-gate approach to releasing funding for the four experience hubs.
 - d. Due diligence is completed on Te Taurahere o Te Tai Pounamu Trust once it is set up.
 - e. The applicant in its procurement incorporates the government's broader outcome procurement objectives by considering the social, economic, cultural and environmental outcomes that this project aims to achieve.

99. The PDU will work with the project steering group on developing an appropriate governance and ownership structure for both development and long-term commercial oversight of the initiative. Because of the need for this work the PDU would like to get approval for both grant and equity options to enable to keep its options open during these discussions. Long term commercial oversight will also allow:

- funding requirements and regional economic development outputs to be managed via contracted milestones
- representation on project steering group
- financial responsibility to end at final contracted payment
- an option to have encumbrance over assets for a period if required
- the ability for the project steering group to move more quickly, as further public consultation will be less likely

100. [REDACTED] Commercial Information [REDACTED]

Costs and funding

101. The applicant requested a grant for \$ [REDACTED]. However, the PDU considers that the Pou West Coast icon sites, providing opportunities for other Māori eco-cultural initiatives. Whenua part of the project (valued by the applicant at \$ [REDACTED]) could be funded by an increase in the co-contribution and recommends reducing the PGF contribution accordingly. The Pou Whenua aspect incorporates a Pou being placed at each of the four tourist hubs and the six icon sites providing opportunities for other Māori eco-cultural initiatives.

102. Te Rūnanga o Ngāti Waewae and its stakeholders have confirmed \$ [REDACTED] of co-funding.

103. The Buller, Grey and Westland District Councils and DOC have also committed to fund the operational requirements for the project for up to [REDACTED] years. Their contributions are split as follows:

- a. DOC: \$ [REDACTED]
- b. Gore District Council: \$ [REDACTED]
- c. Buller District Council: \$ [REDACTED]
- d. Westland District Council: \$ [REDACTED]

104. It is envisaged that the Te Taurahere o Te Tai Pounamu Trust will have the ability to fund itself beyond the [REDACTED] years.

105. PGF funding is required because the new Te Taurahere o Te Tai Pounamu Trust has no existing asset base to obtain private funding. In addition, tourism is a key sector for the region and the three District Councils have small ratepayer bases and large regional boundaries.

PDU assessment of the project

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

Assessment against PGF criteria

Criteria	Rating (1✓ to 5✓)	Comment
<i>Link with fund and government outcomes</i>		
Creates permanent jobs	✓✓✓	<p>Up to ^{Comme} FTEs will be created through the hubs, ^{Commerc} FTEs in the project management office and ^{Comme} FTEs during the construction/fit-out phase.</p> <p>A further ^{Com} positions are proposed through the creation of the associated Pou Whenua project.</p> <p>Increased visitor days and spending will lead to indirect employment opportunities as other firms scale up. There may be potential seasonal increases.</p>
Delivers benefit to the community	✓✓✓	<p>Increased visitor days and spend will help the region transition from a reliance on mining jobs.</p> <p>An initiative under Te Ara Mahi will provide quality tourism training, including a qualification in Māori storytelling and visitor guiding. The proposal will create the vacancies for this training to fill.</p>
Increased utilisation and returns of Māori asset base	✓✓✓✓	<p>Enhancement of the Māori economy is a key part of the project. The project will enhance Māori tourism offerings, which will increase the social and economic benefits for the Te Rūnanga o Ngāti Waewae by creating a platform for local iwi to market their unique and authentic connection to the West Coast and pounamu.</p> <p>Existing tourism operators across the region will benefit from the project as it enables longer visitor stays. This creates employment opportunities for Māori in the region and opportunities for business operators, which includes Ngāi Tahu Tourism.</p>
Enhanced sustainability of natural assets		N/A
Mitigation of climate change		N/A
<i>Additionality</i>		
Adding value by building on what is	✓✓✓✓	The West Coast is classed as an emerging tourism region based on the four key criteria (access, attractions, amenities and awareness) for the Government Investment Framework in Regional Tourism. MBIE

Criteria	Rating (1✓ to 5✓)	Comment
already there		<p>Tourism considers the West Coast region a high priority for tourism investment, primarily for access but also attractions, amenities and awareness. The West Coast has potential to absorb greater tourism numbers and, in addition to PGF funding, has received funding from the Tourism Infrastructure Fund and the newly established International Visitor Conservation and Tourism Levy aimed towards conservation, safety, risk and planning initiatives.</p> <p>The project builds on the growth in tourism already experienced on the West Coast and other PGF funded tourism initiatives, such as the Tranz Alpine train upgrade.</p> <p>If managed well, the digital immersion part of the project could potentially be rolled out to other regions and integrated into a wider South Island or New Zealand tourism offering.</p>
Acts as a catalyst for productivity potential in the region	✓✓✓✓	<p>Increasing visitor stay and spend in the region will allow for new tourism projects and upscaling of existing ones. The applicant suggests that there could be an increase of visitor spend in the region of just over \$^{Comme} by ^{Commercial In} and an increase in GDP of \$^{Commercial Information} over the same period.</p>
<i>Connected to regional stakeholders and framework</i>		
Alignment with regional priorities	✓✓✓✓✓	<p>The project builds on the West Coast Tourism Strategy as the key cross-regional tourism project and links to the West Coast Tourism and Māori strategies together.</p> <p>The proposal has drawn on multiple aspects of the Government Tourism Strategy, including an increase in infrastructure, attractions, access to a site and improving visitors' awareness of a region. It also aligns well with its outcomes to deliver on exceptional visitor experiences, improve the lives of New Zealanders through tourism, and support thriving and sustainable regions.</p>
Support from local governance groups	✓✓✓✓✓	<p>The project has strong support from all local government authorities in the region and iwi.</p>
<i>Governance, risk management and project execution</i>		
Robust project management and	✓✓✓✓	<p>Te Ara Pounamu will be managed as one entity through a trust with a competency-based governance structure. Project planning tools will be in accordance with New Zealand standard project management approaches and DOC's Project Management Framework.</p>

Criteria	Rating (1✓ to 5✓)	Comment
governance systems		A detailed milestone plan has been developed, identifying deliverables against payments.
Risk management approach	✓✓✓	The application contains a risk assessment. See Risk assessment section.
Future ownership / operational management	✓✓✓✓	The four tourism hubs will be in buildings owned and leased by third parties such as Councils, DOC, Te Rūnanga o Ngāti Waewae, Development West Coast and Mawhera Incorporated Society. The new Trust will own all technology assets, fixtures and fittings. Building ownership will remain with third parties (who are all partners to the project).

Agency comments

Department of Conservation

107. DOC is fully supportive of this project and assisted the applicant in submission of the application. DOC believes this project would contribute to the cultural and economic benefit of the West Coast.

Risk assessment

108. Due diligence will be conducted on Te Taurahere o Te Tai Pounamu Trust once it is set up. Due diligence has been conducted, with no concerns identified, on all other project partners except from DOC and the three Councils.

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

Type of risk	Risk description	Mitigations	Risk Rating L/M/H
Project	The project is not feasible, or cannot be delivered on time, on budget or to specification.	Ensure constant consultation and one point of contact for communications with stakeholders. Expectations are appropriately managed. There are good project management arrangements/practices.	Medium
Operational	The project does not operate to specification, to budget or achieve the forecast revenue.	Ensure early supplier consultation to help manage the work pipeline. Use realistic contingency funding available and get support from Councils.	Low