

# COUNCIL REPORT



**PUBLIC EXCLUDED**

**To:** Her Worship the Mayor and Councillors  
**From:** Group Manager Customer and Community Services  
**Subject:** **Te Ara Wai Governance Committee Recommendation to Council**  
**Meeting Date:** 26 September 2023

## 1 PURPOSE - TAKE

The purpose of this report is to provide Council an update on the Te Ara Wai Project (the project) and to gain approval following recommendations passed by the Te Ara Wai Governance Committee (Committee) at their 28 August 2023 meeting.

## 2 EXECUTIVE SUMMARY – WHAKARĀPOPOTOTANGA MATUA

At the 28 August 2023 Committee meeting, an update was provided on a strategic review of the project. This included the development of an indicative capital funding profile, a review of the scope and phasing options, a review of the associated operational budget requirements and actions to better understand support, including potential funding support, for the project.

Between 19 June and 25 August 2023, meetings were held with partners, key stakeholders and potential funders, which identified there is reasonable awareness of the project, but limited knowledge of the national significance, potential brand, visitor and economic benefits. Through these discussions, areas of potential collaboration were identified for further investigation.

A review of 2021-2031 Long Term Plan (LTP) budgets was completed along with a peer review of the Beca June 2023 cost estimates for the project implementation. This enabled a review of the capital feasibility and scope of the project within the existing site parameters. An initial funding feasibility review for this project, with a wider Waipā view has also been undertaken.

The review has identified Phase 1 building construction for the project (being 1350m<sup>2</sup> for Te Ara Wai, 300m<sup>2</sup> storage facility and 300m<sup>2</sup> tenantable space) is estimated to cost \$28,075,000, with exhibition costs estimated at \$5,009,342, resulting in an estimated \$33,084,342 total project cost. This leaves a funding gap of up to \$9,500,000. Of this, \$2,950,000 is already secured, leaving an external funding shortfall of \$6,550,000

Following advice and support from Steve Bramley (SGL Limited) and Neil Anderson (Neil Anderson Consulting), staff advised the Committee the project can be successfully delivered within existing LTP budget allocation and meet external funding targets. The following recommendations were passed at the Committee meeting:

**RESOLVED**

9/20/24

*The Te Ara Wai Governance Committee:*

- a) *receives the report of Sally Sheedy, Group Manager Customer and Community Services, titled Te Ara Wai Strategic Project Review Update (document number 11081833)*
- b) *confirms its support to continue with the development of the Te Ara Wai project on the basis of the funding and other considerations included in this report*
- c) *recommends to the Council meeting on 26 September 2023 for approval, the continuation of the Te Ara Wai project.*

In order to progress the project and apply for external funding, the completion of detailed design and consent applications is required along with continuing external fundraising discussions. There is funding within the 2023/24 financial year to progress the work required to meet external funding applications criteria, through the draw down of Better Off Funding.

As per the Committee's delegations, approval is sought from Council to complete the work required to enable external funding applications to be lodged. There is a hold point for further discussion and decision-making by the Committee and Council, upon the completion of this work. The next steps for the project would be dependent on external funding being secured.

Since the Committee meeting, an Economic Impact Assessment has been completed by Informetrics along with continued discussions with partners, stakeholders and potential funders. This information is outlined within the report and will be presented at the Council meeting.

This matter is proposed to be considered in a public excluded environment under sections 7(2)(c), 7(2)(h) and 7(2)(i) of the Local Government Official Information and Meetings Act 1987 to enable Council to carry on, without prejudice or disadvantage, negotiations and commercial activities, and to protect information which is subject to an obligation of confidence, and this is not outweighed by other matters which make it desirable in the public interest to hold the meeting in public.

### 3 RECOMMENDATION – TŪTOHU Ā-KAIMAHI

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*That Council*

- a) *Receives the report of Sally Sheedy, Group Manager Customer and Community Services titled Te Ara Wai Governance Committee Recommendation to Council (document number 11090510);*
- b) *Confirms approval to proceed with the completion of detailed design and required consents, along with continued fundraising discussions for the Te Ara Wai project;*
- c) *Better off Funding will be drawn down to complete the works required outlined in resolution b (detailed design and required consents, along with continued fundraising discussions for the Te Ara Wai project). Council notes the use of Better off Funding will have no impact on rates; and*
- d) *Approves the release of resolution b) at the end of this meeting.*

### 4 BACKGROUND – KŌRERO WHAIMĀRAMA

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Steve Bramley, Neil Anderson and Beca have worked with staff on a strategic review of the project and this was reported to the 28 August 2023 Committee meeting. The Committee supported the staff recommendation to confirm its support to continue development of the project and to report this through to Council for approval.

Key information gathered for the project's strategic review included recent background information as outlined within Appendix 2. This will be discussed alongside a presentation at the Council meeting.

As outlined within the delegations for the Committee, approval is required from Council to progress the project (please refer to Appendix 1).

### 4 COMMENTARY - KŌRERO

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Updates following the Committee meeting on 28 August are outlined as follows.

#### **Economic Impact Assessment**

An Economic Impact Assessment for the project was requested by the Committee and has been completed by Infometrics (please refer to Appendix 3). The key findings are:

- Te Ara Wai is expected to support an estimated 19.7 FTE jobs per year
- Te Ara Wai will add an average of \$1.985 million per annum to Waipā Districts Gross Domestic Product (GDP)
- Note the above figures estimated are dependent of visitation numbers, as provided by Neil Anderson Consulting.

### **Regional Cultural and Heritage Fund**

A meeting was held with [REDACTED] Senior Advisor of the Ministry of Culture and Heritage to provide an update on progress post the Committee meeting on 30 August 2023. Guidance provided by [REDACTED] as follows:

- Detailed design and an unencumbered secured resource consent are required to submit an application to the Regional Cultural and Heritage Fund
- Expectation funding will also be sought from the appropriate Lotteries fund
- Guidance was provided regarding design considerations to enable the successful running of a museum facility regarding storage space and space for the movement of taonga around the facility
- Further information regarding the next funding round is anticipated to be available early in 2024, post the Central Government 2023 Elections
- Suggested a follow up meeting in December 2023.



### **Summary**

In order for external funding applications to be submitted, and to secure external funding needed for the project, detailed design and consents are required. This additional level of detail will also enable a review of cost estimates as information for the site is further refined. Without completing detailed design and gaining the required resource consents, no further information or confidence in price estimation can be provided. Nor can external funding applications be applied for.

Prior to initiating procurement for the detailed design, a review of the best procurement process will be completed, to consider smart procurement opportunities that will assist in potentially further cost reductions.

## **6 SIGNIFICANCE & ENGAGEMENT – KAUPAPA WHAI MANA ME NGĀ MATAPAKINGA**

Staff have considered the key considerations under the Significance and Engagement Policy, in particular sections 7 and 8 and have assessed that the matter(s) in this report has a medium level of significance.

The Te Ara Wai concept was consulted on as part of the 2018 – 2028 LTP and the Project is included in the currently LTP with funding commencing from year 2

(2022/2023) for development on site. The detailed design and consents phase is an important next step for the project.

## 7 OPTIONS – NGĀ KŌWHIRINGA

Option	Advantages	Disadvantages
<p><b>Option 1:</b> Do nothing</p>	<ul style="list-style-type: none"> <li>▪ There are no known advantages anticipated.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Considerable time and expense has been invested into the project already</li> <li>▪ Cost escalations will continue for the build phase, continually impacting on total project costs if no action taken</li> <li>▪ Timing would not align with Central Government funding opportunities, which could impact on the realisation of external funding targets</li> <li>▪ Compromised relationships with Iwi/ Mana Whenua partners.</li> </ul>
<p><b>Option 2:</b> Proceed with the completion of detailed design and consents using Better off Funding</p>	<ul style="list-style-type: none"> <li>▪ Recommence the project, with a revised scope that is realistic, fits within existing LTP funding and external funding parameters</li> <li>▪ Alignment with the timing of central government funding</li> <li>▪ [REDACTED]</li> <li>▪ Iwi/ Mana whenua feel empowered their stories will be safely shared</li> <li>▪ Opportunity for economic benefit for Te Awamutu and wider district, through increased visitors being attracted by Te Ara Wai</li> <li>▪ Opportunity to provide an education space to further expand our education offer and alignment with school curriculum</li> <li>▪ Opportunity to collaborate with partners and stakeholder</li> </ul>	<ul style="list-style-type: none"> <li>▪ Potential for feedback from small pockets in the community who do not support investment in community infrastructure.</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Opportunity to create excitement of the project within the community</li> <li>▪ Hold points available for decision-making, to ensure project development aligns with external funding targets.</li> </ul>	
<p><b>Option 3:</b> Project is placed on hold or stopped</p>	<ul style="list-style-type: none"> <li>▪ A museum offer is still required. Some savings will be afforded to Council if Te Ara Wai is not progressed, but there would not be full project savings. [REDACTED]</li> </ul>	<ul style="list-style-type: none"> <li>▪ Considerable time and expense has been invested into the project already</li> <li>▪ Compromised relationships with Iwi/ Mana Whenua partners</li> <li>▪ Waipā’s nationally significant land wars stories will not be shared to the level anticipated with the project</li> <li>▪ Opportunities to collaborate with partners and key stakeholders will not be realised</li> <li>▪ Economic impact for community not realised</li> <li>▪ Unable to grow education offering.</li> </ul>

The recommended option is Option 2. The reason for this is there is a national, regional and Waipā opportunity for the project. The project will tell the stories of the NZ Land Wars through a unique Waikato and Waipā lens, creating a visitor destination in Te Awamutu providing economic benefit to the town through sharing our stories and enable students to learn this part of New Zealand’s history.

## 8 OTHER CONSIDERATIONS – HEI WHAIWHAKAARO

### Council’s Vision and Strategic Priorities

This project aligns to the Council Vision and Strategic Priorities of being Cultural champions, partnering with Tangata whenua, respecting and sharing the unique history of Waipā.

We are also socially resilient by making Waipā a great place to live, work, play and invest and economically progressive by providing the new infrastructure as an economic stimulus for our district.

### Legal and Policy Considerations – Whaiwhakaaro ā-Ture

Staff confirm that the Option 2 complies with Council’s legal and policy requirements.

The legal implications of Option 2, will be to ensure any contracts for external suppliers to deliver the project will be entered into through WDC's procurement processes.

### Financial Considerations – Whaiwhakaaro ā-Pūtea

The estimated total cost to complete the project is \$33,090,000. This amount is partially funded in years 3 - 10 of 2021-2023 Long Term Plan, with \$9,500,000 external funding required. Of this external funding, \$2,950,000 is already secured, leaving an external funding shortfall of \$6,550,000.

It is proposed the unfunded sum is sourced from external funding sources and will not have an impact on rates. External funding confirmed to date is as follows:

Funder	Amount	Comments
Trust Waikato	\$1,000,000	Dependent on the project achieving a funding target sufficient to complete the entire project works
Better of Funding	\$1,700,000	
<b>Total</b>	<b>\$2,950,000</b>	

Estimated costs to complete detailed design and consent applications to meet external funding application criteria is between \$1,089,000 - \$1,289,000, depending on procurement methodology used.

Staff are able to make a draw down from the Better off Funding to cover the costs to complete these works. There is also \$645,522 in the current financial year which can be re-forecasted to later in the project. Therefore, completing the works required to meet external funding applications requirements can be completed within 2023/24 budgets.

### Risks - Tūraru

The following significant risks have been identified and will be treated as set out below:

Risk Description	Current Residual Risk Rating	Current Treatments	Target Residual Risk Rating – if different from current rating	Planned Additional Treatments
If clear direction for the project is not received, delays will continue to	High	A strategic review for the project is being completed identifying next steps.	Medium	



stall the project				
If the project is delayed, there will be further cost escalations	High	A strategic review for the project will identifying next steps.	Low	Updated cost estimates have been completed.
If the project is delayed, external funding opportunities may not be available	High	<ul style="list-style-type: none"> <li>- EOI provided to Regional Cultural and Heritage Fund. Application required by June 2024.</li> <li>- Confirmation from Trust Waikato received for extension to \$1,000,000</li> <li>- \$1,700,000 received from Better off Funding</li> <li>- ██████████</li> <li>- ██████████</li> <li>- ██████</li> <li>- ██████████</li> <li>- ██████</li> <li>- ██████████</li> <li>- ██████████</li> </ul>	Medium	Remain in contact with funders and seek further external funding.
If the project is delayed or stopped, there will be a longer time period with no designated Museum	Medium	The Te Awamutu Museum, Education and Research Centre has opened at Rickit Road, providing a limited service to the community.	Low	Understand feasibility of re-opening in the Roche Street building.

If further delays occur with the project, availability of kaumatua for storytelling may be compromised	Medium	Early engagement in the project.	Medium	Re-establish communication and connection with mana whenua to update them on the project.
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### Iwi and Mana Whenua Considerations - Whaiwhakaaro ki ngā Iwi me ngā Mana Whenua

Meetings have been held with Waikato Tainui throughout the strategic review, supported by Shane Te Ruki. [REDACTED]

Waikato Tainui have confirmed in principle their support for the development of project, recognising the importance to share the NZ Land Wars’ stories from the Waipā district.

Any further updates will be provided at the Council meeting.

### Climate Change – Hurihanga Āhuarangi

As part of the procurement process, consideration and weighting is given to measure suppliers considerations of their climate change impacts and efforts to reduce emissions.

## 9 NEXT ACTIONS

Action	Responsibility	By When
Provide an update on the Te Ara Wai project to Community Boards.	Group Manager Customer and Community Services	November 2023
Progress the completion of work required to enable funding applications to be lodged.	Group Manager Customer and Community Services	June 2024
Report back to Council via Te Ara Wai Governance Committee, implementation of the strategic review findings.	Group Manager Customer and Community Services	Ongoing as appropriate

## 9 APPENDICES – ĀPITITANGA

No:	Appendix Title
1	Te Ara Wai Governance Committee Purpose and Delegations
2	Te Ara Wai Governance Committee – PE – Te Ara Wai Strategic Review Update – 28 August 2023 (document number 11081833)
3	Infometrics Economic Impact Assessment for Te Ara Wai (document number 11099075)
	[REDACTED]



Approved by Sally Sheedy

**GROUP MANAGER CUSTOMER AND COMMUNITY SERVICES**

## APPENDIX 1

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### Te Ara Wai Governance Committee Purpose and Delegations

#### Purpose:

To provide a governance and strategic overview for the establishment of Te Ara Wai.

#### Delegations:

1. To receive the Te Ara Wai project implementation plan for review, and recommend to Council to enable the procurement of expertise for the development of Te Ara Wai in its new location, including design, construction and exhibitions.
2. To receive the final design of Te Ara Wai and its exhibition space for review, to recommend the final designs to Council for adoption ensuring functional specifications are met.
3. To receive reports on project risks and their mitigation from staff on a minimum of a quarterly basis and make recommendations to staff.
4. To receive reports from staff on progress of the project including delivery of project milestones and costs, at least three times per year and make recommendations to staff, when the project is active.
5. To receive reports from staff on the post establishment management and governance of Te Ara Wai and make recommendations to Council.
6. To receive reports and approve plans for the appropriate transfer of objects from the current museum to Te Ara Wai.
7. To maintain an overview of the development of sites of significance which are promoted at Te Ara Wai.
8. To ensure partners including iwi and key stakeholders remain supportive of Te Ara Wai.
9. To support and approve applications for funding from external sources.
10. To act as an advocate for Te Ara Wai and its value and importance to the future health and prosperity of the wider community.
11. To maintain an overview of Arawata streetscape projects, ensuring these are complementary to Te Ara Wai.

## APPENDIX 2

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Te Ara Wai Governance Committee – PE – Te Ara Wai Strategic Review Update –  
28 August 2023 (document Number 11081833)

## APPENDIX 3

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Infometrics Economic Impact Assessment for Te Ara Wai (document number 11099075)

[Redacted]

[Redacted]

# COMMITTEE REPORT



**PUBLIC EXCLUDED**

**To:** The Chairperson and Members of the Te Ara Wai Governance Committee

**From:** Group Manager Customer and Community Services

**Subject:** **TE ARA WAI STRATEGIC PROJECT REVIEW UPDATE**

**Meeting Date:** 28 August 2023

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## **1 PURPOSE - TAKE**

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The purpose of this report is to provide the Te Ara Wai Governance Committee (Committee) an update on a strategic review for the Te Ara Wai Project (the project) and to gain approval for the next steps the project.

## **2 EXECUTIVE SUMMARY – WHAKARĀPOPOTANGA MATUA**

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At the 19 June Committee meeting, members approved a strategic review of the project, including the development of an indicative capital funding profile, a review of the scope and phasing options, a review of the associated operational budget requirements and actions to better understand support, including potential funding support, for the project.

Meetings have been held with partners, key stakeholders and potential funders, which identified there is reasonable awareness of the project, but limited knowledge of the national significance, potential brand, visitor and economic benefits. Through these discussions, areas of potential collaboration have been identified for further investigation.

A review of 2021-2031 Long Term Plan (LTP) budgets has been completed along with a peer review of the Beca June 2023 cost estimates for the project implementation. This has enabled a review of the capital feasibility and scope of the project within the existing site parameters. A funding feasibility review for this project, with a wider Waipā view has been undertaken.



Phase 1 building construction for the project (being 1350m<sup>2</sup> for Te Ara Wai, 300m<sup>2</sup> storage facility and 300m<sup>2</sup> tenantable space) is estimated to cost \$28,075,000, with exhibition costs estimated at \$5,009,342, resulting in an estimated \$33,084,342 total project cost. This leaves a funding gap of up to \$9,500,000 with \$2,950,000 already secured.

The work completed as part of the strategic review will be detailed in a presentation at the Committee meeting.

Following advice and support from Steve Bramley, SGL Limited and Neil Anderson, Neil Anderson Consulting, staff believe the project can be successfully delivered. Given that, staff will be seeking approval to continue the development of the Te Ara Wai project, following the strategic review undertaken. Staff will be further recommending a report, outlining the Committee's decision, goes to the September 2023 Council meeting.

This matter is proposed to be considered in a public excluded environment under sections 7(2)(c), 7(2)(h) and 7(2)(i) of the Local Government Official Information and Meetings Act 1987 to enable Council to carry on, without prejudice or disadvantage, negotiations and commercial activities, and to protect information which is subject to an obligation of confidence, and this is not outweighed by other matters which make it desirable in the public interest to hold the meeting in public.

### 3 RECOMMENDATION – TŪTOHU Ā-KAIMAHI

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*The Te Ara Wai Governance Committee:*

- a) *receives the report of Sally Sheedy, Group Manager Customer and Community Services, titled Te Ara Wai Strategic Project Review Update (document number 11081833)*
- b) *confirms its support to continue with the development of the Te Ara Wai project on the basis of the funding and other considerations included in this report*
- c) *recommends to the Council meeting on 26 September 2023 for approval, the continuation of the Te Ara Wai project.*

### 4 BACKGROUND – KŌRERO WHAIMĀRAMA

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In August 2020 the project was placed on hold following unsuccessful funding applications to central government. At the time funding from both central government and philanthropic organisations were focusing on initiatives to help the country recover from the global pandemic (COVID-19).

In 2021 Bunnings Te Awamutu closed and Council seized the opportunity to acquire the lease of the site to provide a new location for Te Ara Wai.

Subsequently, funding for the development of the project was approved through the LTP, with budget commencing in Year 2 for planning and design. A shortfall of circa \$7,000,000 remained and was to be secured by either asset sales or external funders.

At the 19 June Committee meeting, staff recommended a strategic review for the project, which would include the development of an indicative capital funding profile, a review of the scope and phasing options, a review of associated operational budget requirements and gaining a better understanding of support for the project.

Steve Bramley, Neil Anderson and Beca have been working with staff on the strategic review for the project and have considered a wider capital investment feasibility for Waipā projects. Key information gathered for the review is outlined within this report for consideration, and to be discussed alongside a presentation at the Committee meeting to confirm the next steps for the project.

## 5 COMMENTARY - KŌRERO

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An overview of work undertaken since the last Committee meeting is outlined as follows.

### **Stakeholder Connections**

Throughout July and August 2023, Steve Bramley along with key staff met with a range of Council partners and stakeholders including Iwi/ Mana Whenua, potential funding partners, project supporters, local businesses, tourism and organisations from the heritage sector. These meetings discussed the Te Ara Wai project, potential funding and collaboration opportunities.

There was reasonable awareness of the project but with limited knowledge of its national significance, potential brand, visitor and economic impacts. The majority of potential funders engaged with, except one, were receptive to considering funding support for the project.

Key areas of collaboration identified to date include:

- Collection storage
- Sharing of the curatorial skillset held by the Te Awamutu and District Museum team
- Education – sharing of spaces and potential joint learning opportunities
- Employment opportunities
- Shared visitor attraction drawcard.

Discussions highlighted the importance of the project for our partners and key stakeholders, support for the concept to share the local land wars stories of national significance through various lens', and general support for its development.



### External Funding Update

Following the endorsement received at the last committee meeting, and based on early feedback, an Expression of Interest (EOI) was submitted to the Ministry of Culture and Heritage - Regional Cultural and Heritage Fund by the annual 2023 closing date of 30 June 2023. This EOI was acknowledged (please refer to Appendix 2), and continued updates are being provided to the Senior Advisor for this fund. The next milestone for this fund is an application being submitted prior to the end of June 2024. This will require design work to be sufficiently advanced to provide full project detail and cost confidence, plus a resource consent.

A meeting was held with Trust Waikato, which has subsequently confirmed a further extension for the \$1,000,000 funding already allocated to the project. This further extension is for another 12 months, but with an expectation progress towards development will be made during this time.

[Redacted]

- [Redacted]

[Redacted]

### Capital Feasibility for Te Ara Wai

The following work has been completed to provide a capital overview for the project:

- A review of the 2021 – 2031 Long Term Plan (LTP) capital budgets

[Redacted]

Through the capital feasibility review for the project, various options for the project's development were investigated to identify what could be achieved within the site

parameters, current LTP funding and realistic external funding expectations. An additional component requiring consideration is onsite storage, in light of the current earthquake rating for the Roche Street Museum. Storage had not been previously considered within the first phase of the project's development.

This has led the project development being revised from a 1980m<sup>2</sup> fitout to the following floor areas:

- Phase 1
  - 1350m<sup>2</sup> - Te Ara Wai
  - 300m<sup>2</sup> - Storage
  - 330m<sup>2</sup> - tenantable space
- Phase 2
  - 330m<sup>2</sup> - exhibition extension (to replace tenantable space)

[REDACTED] outlines costs for Phase 1 development as outlined above, at \$28,075,000.

[REDACTED] for the whole exhibition space now \$7,023,500, an increase from \$5,095,000 (2021). With the reduction of floor space as outlined in Phase 1 measurements, the costs of the exhibition is estimated at \$5,009,342 and will fit within current LTP funding.

Therefore, based on a total project cost of \$33,084,342, it is anticipated up to \$9,500,000 million external funding is required to complete the project, of which \$2,950,000 has already been committed. This requires a further \$6,550,000 to be secured.

An overview of the capital funding model will be provided at the Committee meeting.

### **Operational Cost Overview**

A review of the LTP operational budgets has been completed [REDACTED]. A model of operational costs has been developed and aligns with funding included in the LTP.

Essentially the only difference in operational budget included in the LTP is interest and depreciation costs. At the time of writing this report, the impact of depreciation costs was still being investigated and an update will be provided at the Committee meeting.

[REDACTED]

### **Strategic Review and Capital Funding**

[REDACTED]

### **Proposed Programme**

A proposed programme for the project’s implementation has been developed for two different procurement methodology – traditional and design and build. [REDACTED]

The proposed programme includes the consideration of hold or stop points, requiring both the Committee and Council’s approval to proceed.

## 6 SIGNIFICANCE & ENGAGEMENT – Kaupapa whai mana me ngā matapakinga

Staff have considered the key considerations under the Significance and Engagement Policy, in particular sections 7 and 8 and have assessed that the matter(s) in this report has a medium level of significance.

## 7 OPTIONS – NGĀ KŌWHIRINGA

Option	Advantages	Disadvantages
<p><b>Option 1:</b> <i>Do nothing</i></p>	<ul style="list-style-type: none"> <li>There are no known advantages anticipated.</li> </ul>	<ul style="list-style-type: none"> <li>Considerable time and expense has been invested into the project already</li> <li>Continued cost escalations for the build phase, impacting on total project costs</li> <li>Timing would not align with Central Government funding opportunities, which could impact on the realisation of external funding</li> <li>Compromised relationships with Iwi/ Mana Whenua partners.</li> </ul>
<p><b>Option 2:</b> Recommend to Council to proceed with project as outlined in this report</p>	<ul style="list-style-type: none"> <li>Recommence the project, with a revised scope that is realistic, fits within existing LTP funding and external funding parameters</li> <li>Alignment with the timing of central government funding [REDACTED]</li> <li>Iwi/ Mana whenua feel empowered their stories will be safely shared</li> </ul>	<ul style="list-style-type: none"> <li>Potential for feedback from small pockets in the community who do not support investment in community infrastructure.</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Opportunity for economic benefit for Te Awamutu and wider district, through increased visitors being attracted by Te Ara Wai</li> <li>▪ Providing an education space to further expand our education offer and alignment with school curriculum</li> <li>▪ Opportunity to collaborate with partners and stakeholder</li> <li>▪ Opportunity to create excitement of the project in the community</li> </ul>	
<p><b>Option 3:</b> Recommend to Council the project is placed on hold or stopped.</p>	<ul style="list-style-type: none"> <li>▪ As a museum offer is still required, some savings will be afforded to Council, but not full project savings.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Considerable time and expense has been invested into the project already</li> <li>▪ Compromised relationships with Iwi/ Mana Whenua partners</li> <li>▪ Waipā’s nationally significant land wars stories will not be shared to the level anticipated with Te Ara Wai development</li> <li>▪ Opportunities to collaborate with partners and key stakeholders will not be realised</li> <li>▪ Economic impact for community not realised</li> <li>▪ Unable to grow education offering.</li> </ul>

The recommended option is Option 2. The reason for this is there is a national, regional and Waipā opportunity for the project. The project will tell the stories of the NZ Land Wars through a unique Waikato and Waipā lens, creating a visitor destination in Te Awamutu providing economic benefit to the town through sharing our stories and enable students to learn this part of New Zealand’s history.

## 8 OTHER CONSIDERATIONS – HEI WHAIWHAKAARO

### Council’s Vision and Strategic Priorities

This project aligns to the Council Vision and Strategic Priorities of being Cultural champions, partnering with Tangata whenua, respecting and sharing the unique history of Waipā.

We are also socially resilient by making Waipā a great place to live, work, play and invest and economically progressive by providing the new infrastructure as an economic stimulus for our district.

### Legal and Policy Considerations – Whaiwhakaaro ā-Ture

Staff confirm that the Option 2 complies with Council’s legal and policy requirements.

The legal implications of Option 2, will be to ensure any contracts for external suppliers to deliver the project will be entered into through WDC’s procurement processes.

### Financial Considerations – Whaiwhakaaro ā-Pūtea

The total costs to complete the project is \$33,090,000. This amount is partially funded in years 3 - 10 of 2021-2023 Long Term Plan, with \$9,500,000 currently unfunded. It is proposed that the unfunded sum is sourced from external funding sources and will not have an impact on rates.

### Risks - Tūraru

The following significant risks have been identified and will be treated as set out below:

Risk Description	Current Residual Risk Rating	Current Treatments	Target Residual Risk Rating – if different from current rating	Planned Additional Treatments
If clear direction for the project is not received, delays will continue to stall the project	High	A strategic review for the project is being completed identifying next steps.	Medium	
If the project is delayed, there will be further cost escalations	High	A strategic review for the project has been completed identifying next steps.	Low	Updated cost estimates have been completed.
If the project is delayed, external funding opportunities may not be available	High	<ul style="list-style-type: none"> <li>– EOI provided to Regional Cultural and Heritage Fund. Application required by June 2024.</li> <li>– Confirmation from Trust Waikato received for</li> </ul>	Medium	Remain in contact with funders and seek further external funding.

		extension to \$1,000,000 – \$1,700,000 received from Better off Funding		
If the project is delayed or stopped, there is potential of longer time period with no designated Museum	Medium	The Te Awamutu Museum, Education and Research Centre has opened at Rickit Road, providing a limited service to the community	Low	Understand feasibility of re-opening in the Roche Street building
If further delays occur with the project, availability of kaumatua for storytelling may be compromised	Medium	Early engagement in the project	Medium	Re-establish communication and connection with mana whenua to update them on the project

**Iwi and Mana Whenua Considerations - Whaiwhakaaro ki ngā Iwi me ngā Mana Whenua**

Meetings have been held with Waikato Tainui throughout the strategic review, supported by Shane Te Ruki. [REDACTED]

Waikato Tainui have confirmed in principle their support for the development of project, recognising the importance to share the land war stories for the Waipa district.

A further update will be provided at the Committee meeting.

**Climate Change – Hurihanga Āhuarangi**

As part of the procurement process, consideration and weighting is given to measure suppliers considerations of their climate change impacts and efforts to reduce emissions.



Throughout the project, staff and suppliers are encouraged to look at design and construction solutions to reduce emissions and waste energy to minimise impacts on the climate.

## 9 NEXT ACTIONS

Action	Responsibility	By When
Report to Council the recommendations from the Te Ara Wai Governance Committee	Sally Sheedy	26 September 2023
Implement the project	Sally Sheedy	End of 2026

## 10 APPENDIX/APPENDICES - ĀPITITANGA

No:	Appendix Title
1	Regional Culture and Heritage Fund – Expression of Interest Acknowledgement Email (document number 11083840)
	[Redacted]
	[Redacted]
	[Redacted]
	[Redacted]
	[Redacted]
	[Redacted]



Approved by Sally Sheedy  
**GROUP MANAGER CUSTOMER AND COMMUNITY SERVICES**

## APPENDIX 1

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Regional Culture and Heritage Fund – Expression of Interest Acknowledgement  
Email (document number 11083840)

[Redacted]

[Redacted]



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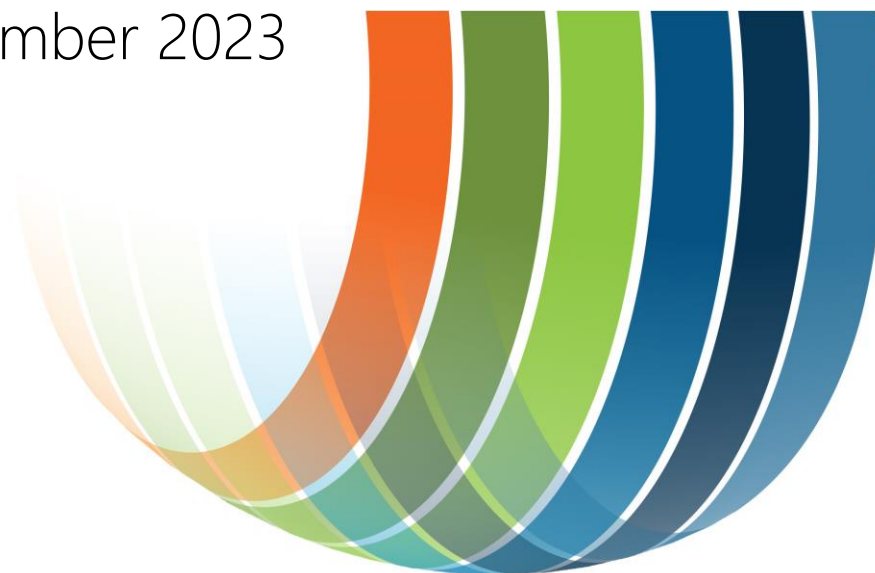
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# Economic impact of Te Ara Wai for Waipa District Council

September 2023



**Infometrics**

Economics put simply



## Authorship

This report has been prepared by Rob Heyes, with the input of Dirk van Seventer.

Email:

[Rob.Heyes@infometrics.co.nz](mailto:Rob.Heyes@infometrics.co.nz)

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# Economic impact assessment

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## Introduction

Waipa District Council commissioned Infometrics to estimate Te Ara Wai's economic impact on the Waipa District economy. Te Ara Wai is a proposed new museum facility at Te Awamutu, Waipa District.

## Economic impact

Our estimates of the economic impact for Waipa District comprise the following.

- The direct economic activity of Te Ara Wai and its local suppliers and visitors to Te Ara Wai making purchases at other local businesses during their visit.
- The indirect economic activity associated with local suppliers to any businesses captured in the direct effects as well as Te Ara Wai staff spending their earnings at local businesses.

For example, direct economic activity includes the following.

- A local baker supplying baked goods to the Te Ara Wai café.
- Visitors to Te Ara Wai staying overnight at a local motel.

Indirect economic activity includes the following.

- Suppliers to the local bakery, supermarket and motel.
- Te Ara Wai staff spending their earnings at a local supermarket.
- Staff at the supermarket spending their earnings at a local business.

We have not tried to estimate the economic impact of Te Ara Wai's construction.

## Te Ara Wai will support an estimated 20 jobs per year

Te Ara Wai is expected to support an estimated 19.7 FTE jobs per year and add an average of \$1.985m a year to Waipa District's Gross Domestic Product (GDP). The 19.7 FTE jobs include the 8.6 FTE new staff expected to be employed at Te Ara Wai.

Our economic impact estimates of Te Ara Wai's operational expenditure are averaged across the five financial years from 2026/27 to 2030/31. GDP is expressed in 2022 prices to remove the effect of price inflation.

## Operation assumptions

Table 1 provides a list of the key assumptions and scenarios used in the economic impact analysis and sensitivity analysis. Waipa District Council (WDC) provided us with information about Te Ara Wai's annual (full-time equivalent) staff numbers and operating expenses. Expenses include marketing, uniforms, programmes and products, administration, retail stock purchase, salaries and land lease. Contingency and escalation

## 4 Economic impact Te Ara Wai – September 2023

costs have been excluded from this analysis. We have assumed that 6.28 FTE jobs at Te Ara Wai will be jobs that transition from the existing museum and therefore will not make an additional economic impact.

Table 1

### Te Ara Wai economic impact assessment assumptions and scenarios

Assumption	Value	Source
Annual operating expenditure	\$2,508,856	WDC
New staff (FTE)	8.6	WDC
Visitors per annum		
Low	64,890	WDC
Medium	72,100	WDC
High	79,130	WDC
Visitors from:		
Within Waikato Region	58%	WDC
Rest of NZ	28%	WDC
Overseas	14%	WDC
Overnight visitors as % of total from outside Waikato Region		
Low	0%	Infometrics
Medium	50%	Infometrics
High	100%	Infometrics

## Visitor assumptions

WDC also provided us with information about the expected number of visitors to Te Ara Wai and where these visitors are expected to come from: within Waikato Region, elsewhere in New Zealand and overseas. WDC outlined three visitor number scenarios: high, medium and low as detailed in Table 1. The economic impact has been estimated based on the medium scenario of 72,100 visitors per year, 42% of whom will visit from outside the Waikato Region (either from elsewhere in NZ or overseas). The sensitivity of the results to the low and high visitor scenarios are outlined in the Sensitivity analysis section below.

We have estimated the amount that visitors to Te Ara Wai are likely to spend elsewhere in Waipa District during their visit using data on tourist spending in Waipa District from data published by the Ministry of Business, Innovation and Employment (MBIE). We have assumed that only visitors to Te Ara Wai from outside Waikato Region spend money at businesses elsewhere in Waipa District. We have excluded spending by Waikato Region residents associated with visiting Te Ara Wai, as this spending would likely have taken place irrespective of Te Ara Wai.

The amount that visitors spend is strongly influenced by whether visitors stay overnight or not because overnight visitors spend money on accommodation, dinner etc. There is no information as to what proportion of visitors to Waipa District stay overnight so we have created three scenarios: 25%, 50% and 75% of visitors from outside Waikato Region stay overnight. All visitors from within Waikato Region are assumed to not stay overnight because travel times enable them to visit Te Ara Wai and return home within a day. The economic impact has been estimated based on 50% of visitors from outside

## 5 Economic impact Te Ara Wai – September 2023

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Waikato Region staying overnight. The sensitivity of the results to the 25% and 75% scenarios are outlined in the next section.

### Sensitivity analysis

More visitors will increase the economic impact of Te Ara Wai. Increasing the number of visitors from 72,100 per annum (under the medium scenario) to 79,130 (under the high visitor scenario) increases the economic impact by 6.2% to \$2.105m and increases the number of jobs supported by 0.9 FTEs.

Compared with the medium visitor scenario, the low visitor scenario of 64,890 visitors per annum reduces the economic impact by 6.2% to \$1.863m and decreases the number of jobs supported by 0.9 FTEs.

Based on 72,100 visitors per year, if we increase the proportion of visitors from outside Waikato Region who stay overnight when they visit Te Ara Wai from 50% to 75%, this increases Te Ara Wai's economic impact by 18% to \$2.348m and increases the number of jobs supported by 2.7 FTEs.

If we decrease the proportion of visitors from outside Waikato Region who stay overnight when they visit Te Ara Wai from 50% to 25%, this decreases Te Ara Wai's economic impact by 18% to \$1.622m and decreases the number of jobs supported by 2.7 FTEs.

We currently have no data on how many visitors to Waipa District from outside Waikato Region stay overnight. Having an evidence-based estimate would increase the accuracy of our economic impact estimates.

## Appendix: Our methodology

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We use input-output (I-O) multiplier analysis to estimate the impact of tourism providers. The IO model is based on inter-industry relationships within a local economy, understanding how economic activity in one industry flows through to other industries and ultimately households.

Our IO model uses regional multipliers estimated by Infometrics for each territorial authority in New Zealand, in this case Waipa District. These are derived from the 2020 New Zealand Input-Output from Stats NZ – the latest table available.

The IO model estimates the direct, indirect and induced effects of Te Ara Wai. In the main body of the report, indirect and induced effects are summed together and referred to as indirect effects.

**Direct effect:** This is the economic activity (in terms of GDP and full-time equivalent employment) generated at Te Ara Wai, its direct suppliers, and businesses where visitors to Te Ara Wai make purchases.

**Indirect effect:** The indirect effects are the second and further rounds of economic effects associated with Te Ara Wai suppliers (in other words, suppliers to the Te Ara Wai suppliers) as well as suppliers to business where visitors to Te Ara Wai make purchases.

**Induced effect:** The induced effects are the second and further rounds of economic effects associated with the businesses where Te Ara Wai staff, and staff at other businesses in the district that are captured in the indirect effects, spend their earnings.

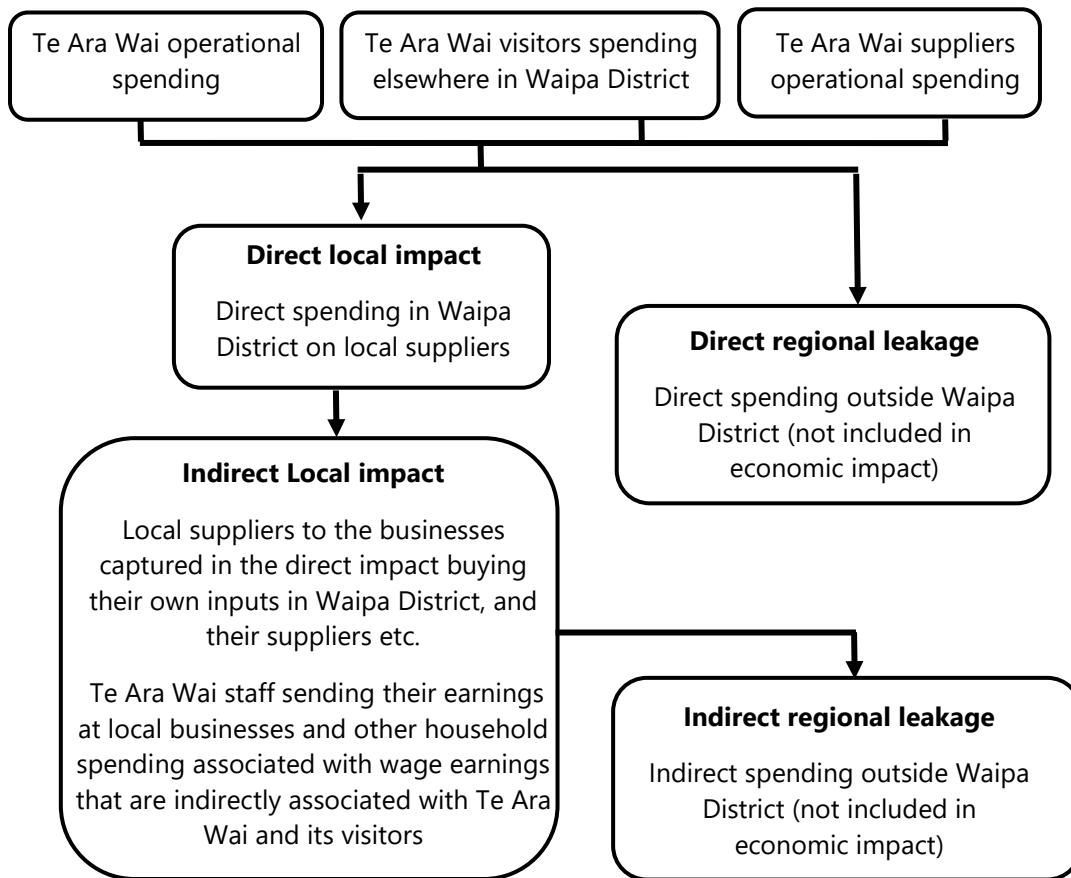
**Total effect.** The total effect is the sum of direct, indirect and induced effects.

We estimate the proportion of economic activity that takes place within Waipa District and the proportion that originates outside the district (referred to as regional leakage). Only economic activity that takes place within the Waipa District is included in the economic impact estimates.

Employment effects outlined above are measured in terms of (full time equivalents or FTE). Economic activity effects are also measured in terms of the value added (or GDP).

Figure 1 summarises our methodology.

Figure 1: Overview of an Economic Impact Analysis for a tourism provider



**From:** RCHF  
**To:** Sally Sheedy  
**Cc:** [REDACTED]  
**Subject:** External Sender: RE: Regional Culture and Heritage Fund - Expression of Interest for Te Ara Wai  
**Date:** Thursday, 29 June 2023 9:53:44 AM

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Kia ora Sally [REDACTED]

This email confirms receipt of the Waipā District Council’s Expression of Interest (EOI) for Te Ara Wai museum project. The EOI has been submitted during Round 8 of the Regional Culture and Heritage Fund (RCHF).

**NEXT STEPS**

Expressions of Interest (EOI) to the RCHF are for noting purposes only. EOIs are supplied to introduce us to a project and to provide us with an early indication of the Council’s future intent to apply to this Fund. This means that your EOI will not be assessed for funding consideration in this round. We will, however, get back to you should we have any questions arising.

Ngā mihi

[REDACTED] **Senior Adviser**

Tahua ā iwi - Regional Culture and Heritage Fund (RCHF)

Te Pae Māpuna - Delivery Group, Heritage Operations

[REDACTED]

Web: [www.mch.govt.nz/RegionalCultureHeritageFund](http://www.mch.govt.nz/RegionalCultureHeritageFund)

Manatū Taonga - Ministry for Culture & Heritage

Public Trust Building, Level 1, 133-135 Lambton Quay, Wellington 6011

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Postal: P O Box 5364, Wellington 6145, New Zealand

[REDACTED]

Ki te puāwai te ahurea, Ka ora te iwi  
Culture is thriving, The people are well

---

**From:** Sally Sheedy <Sally.Sheedy@waipadc.govt.nz>  
**Sent:** Thursday, June 29, 2023 8:41 AM  
**To:** RCHF <RCHF@mch.govt.nz>  
**Cc:** [REDACTED]  
**Subject:** Regional Culture and Heritage Fund - Expression of Interest for Te Ara Wai

Kia ora [REDACTED]

I hope this correspondence finds you well.

Please find attached a letter outlining Waipā District Council’s expression of interest for the above fund for Te Ara Wai.

If you require any further information, please let me know.

Ngā mihi

.....  
**Sally Sheedy** Group Manager Customer and Community Services **Waipā District Council**  
[Sally.Sheedy@waipadc.govt.nz](mailto:Sally.Sheedy@waipadc.govt.nz) | [www.waipadc.govt.nz](http://www.waipadc.govt.nz)

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**Te Kaunihera ā Rohe o Waipā**



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