



COMPLEX BUSINESS CASE TE ARA WAI

MAY 2020

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Group Manager	Debbie Lascelles	29/05/2020

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1.0 Purpose

This business justification case seeks formal approval to invest up to **\$7,066,000.00** in the years 2021/2031.

This business case follows the Treasury Better Business Cases guidance and is organised around the five case model.

A Complex Business Case for the then called Te Awamutu Heritage Centre was developed by Giblin Group in May 2017, this business case then went onto assist Te Ara Wai with receiving partial funding through the 2018/28 LTP.

Te Ara Wai, was approved in Waipa District Council's Long Term Plan 2018-2028 with a project budget of \$7.066 million for the new building and associated works. Separate Business Case's and budgets relating to Te Ara Wai works were approved, these are

- \$4.4 million for Exhibition Design and Fabrication;
- \$5 million for the Streetscape associated works;
- \$3.5 million for the Social Space works, this includes a canopy linking Te Ara Wai with the Library and Landscaping to the site;
- \$1.25 million for the Journeys project, physical site works and mobile app development.

Consultation with Waipā iwi to find a meaningful name has been undertaken. Te Ara Wai is translated as The Path of Memories, the name is not the title or tagline of Te Ara Wai but is indicative of the notion of memories, history, accounts, stories and narratives of this area. The name Te Ara Wai is rich and diversely layered with meaning equal to the task of describing our heritage project.

This project is mandatory ☐ Full ☐ Partial ☐ No

*What percentage of the project is mandatory if you have ticked partial.
List the items that are mandatory in this project.*

2.0 Strategic Case

2.1 Strategic Context

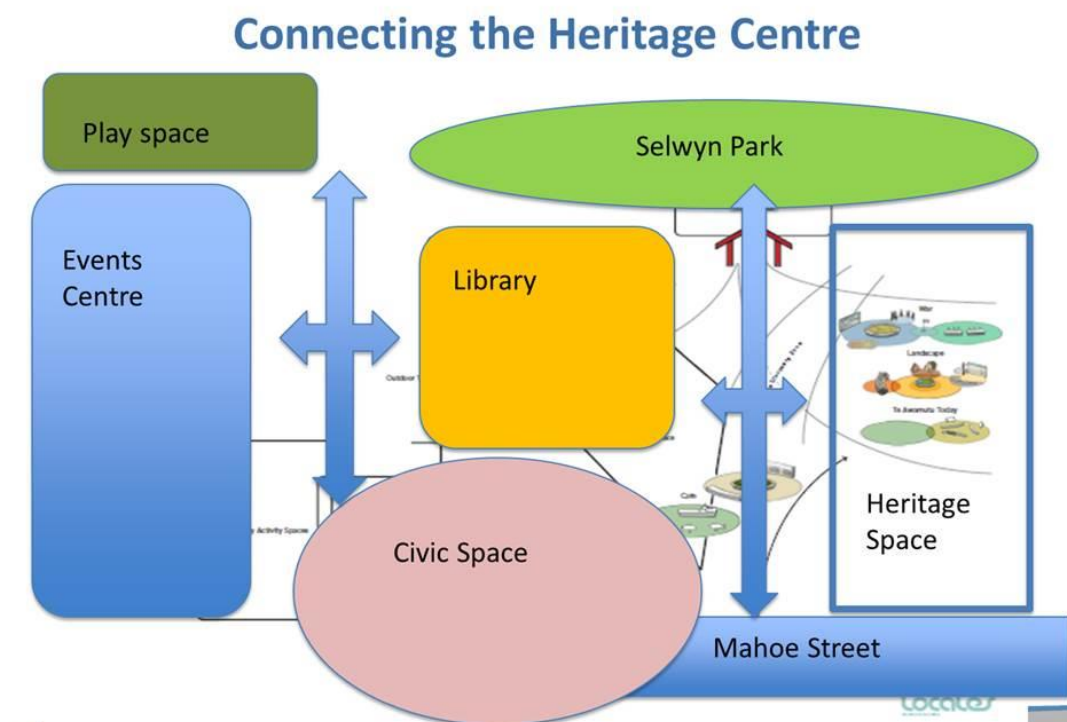
The proposal to redevelop the Te Awamutu Museum has been on the Council's books for a long time. It was first considered in 2001 and at that time the proposal was to extend the Museum on the site where it is currently located as: "The building could thus retain its central location in the town and its important association with the District Library" (Coster, 2001).

Over the intervening years, the focus of the town has changed and the Town Concept Plans, the final version of which was published in 2010, incorporated objectives for the provision of cultural, historic and recreation facilities around the existing Events Centre in Te Awamutu. The proposed location is adjacent to the Te Awamutu town centre, on the corner of Mahoe

Street and Selwyn Lane, away from the civic buildings, which house the council administration functions and, until recently, where the Public Library was located.

The Te Awamutu HUB already contains key facilities such as the Te Awamutu Events Centre, a swimming pool and multi-sport facility, a playground and the i-SITE is nearby. In 2016, a new Library was built strengthening the HUB's status as a community gathering place, which is part of the Council's vision for the area.

Figure 1: Te Awamutu Community Hub



In 2016, Council engaged Locales, a company specialising in “Place-based Storytelling” to look at the importance of District heritage and the best way to advocate, interpret and even showcase this heritage. A Section 17A analysis of the museum service in Waipa, as required by the Local Government legislation, also highlighted the need to become more engaging and responsive to community needs and this drove the “Hub and Spoke” model to deliver heritage services. At the centre of the model is a facility (Hub) that would introduce visitors and residents to District heritage and then direct them out to visit heritage sites (Spokes) and engage in an onsite experience. In May 2016, Locales presented a developed concept which included:

- A review of what Waipa has in terms of a tourism heritage offering and identification of what would be priority offerings; and
- Whether a destination centre development would deliver the social, cultural and economic outcomes desired by Council.

This work was referenced against similar projects undertaken elsewhere in NZ and overseas.

The concept has evolved over the course of 2016 into a proposal for a Waipa

Heritage/Discovery Centre. This concept was ultimately presented to Waipa Council elected members in December seeking comment and ultimately authority to progress the next step – a Business Case.

The Council's vision for the HUB is for it to be:

- The centre of heritage/environment/culture/recreation in the District;
- A meeting place;
- An active place at all times of the day. (Beca, 2016)

The Council further proposes that a new facility is built adjacent to the new Library on land owned by the Council but currently the site of other buildings, which will be cleared away to accommodate new community facilities. That facility would deliver core museum services, function as an i-SITE and include an interactive discovery zone that focused on key themes around the settlement of Waipa District. This interactive zone would include how the natural environment influenced settlement, early Māori settlement, conflict, post-missionary, the Land Wars and Waipa today.

Council Vision and Role

The vision of the Council as stated in its Long-Term Plan 2015-25 is:

Building Champion Communities

Council's role:

Working together to achieve our communities' aspirations.

Overview of Waipa District Council

Waipa District Council (WDC or the Council) is a local authority as defined under the Local Government Act 2002. The purpose of local authorities, as outlined in the 2012 amendment to the Act, is " ...to meet the current and future needs of their communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is cost effective for households and businesses..." (NZ Government, 2012).

In meeting its purpose, the Council developed a number of goals and community outcomes. These were revised most recently in 2011 and, in 2014 Council reviewed its purpose and role alignment with the Local Government Act. There are four areas or "pillars" of the Council vision:

Goal 1: Economically progressive

We are focused on growing our prosperity and financial sustainability, now and into the future, providing an attractive and affordable district to live and do business in.

Goal 2: Environmental and cultural champions

We preserve, enhance and showcase the unique environmental and cultural heritage, diversity and history of our district. This commitment is reflected in our Environment Strategy,

which identifies the environmental goals to be achieved by Council.

Goal 3: Connected with our community

We empower and engage our communities to determine and contribute to desired outcomes, whilst providing them with opportunity, equality and efficient service.

Goal 4: Socially responsible

We act with conscience and integrity to lead the district in valuing and protecting the members of our organisation and community and enhancing their wellbeing.

Community Outcomes relate to each goal. Relevant to this project are the following outcomes:

Table 1: Waipa Goals and Community Outcomes

Goal	Community Outcome	Actions
Economically progressive	Our services are acknowledged as excellent value for money.	We will continue to monitor, review, and improve the services we deliver to ensure they provide value for money.
Economically Progressive	Waipa's growth is built on its strengths.	We will work with stakeholders to implement the Economic Development Strategy for Waipa. This strategy informs our decision making in matters such as infrastructure investment and is available on our website for information purposes.
Environmental and Cultural Champions	Waipa's environmental and cultural heritage is a showcase for excellence.	We will develop and implement programmes that protect, enhance and interpret the district's environmental and heritage assets and features for our community and visitors to enjoy.
Socially Responsible	Waipa offers an excellent quality of life.	We will further develop an understanding of, and an appropriate response to, the factors that influence the district's ratepayers' and residents' perception of quality of life.

Progress towards community outcomes is measured through a combination of organisational, customer satisfaction and level of service indicators and is reported to the public annually in

Council's Annual Report.

Organisational Structure

A diagram of the organisational structure of the Waipa District Council is attached as Appendix 1.

This shows that the Te Awamutu Museum is under the management of the Service Delivery Group. A special role has been developed to progress the conservation, development and showcasing of heritage (natural, cultural and historic), which includes the Heritage Centre concept: Manager Waipa Heritage and Museum. The Museum activity and staff, together with heritage and reserve planning and ecological restoration, sit under this role.

Waipa District Council employs 207.57 full-time equivalent (FTE) staff. The Te Awamutu Museum employs 5.57 FTEs. There is 1 FTE for reserves planning and .75 FTE for ecological restoration.

The population of the District it serves as a territorial authority is 46,668 people, which ranks it 21st in size out of 67 districts in New Zealand. Waipa District has 1.1 percent of New Zealand's population.

Statistics NZ census figures show that the population of Waipa District is growing with an increase of 9.8% between 2006 and 2013.

A demographic profile of the Waipa District prepared by the University of Waikato National Institute of Demographic and Economic Analysis (Jackson, 2013) states that the population is projected to increase by 12.7% over the 20-year period 2011-2030 to around 51,910 with growth primarily in the 65+ age group.

Currently Waipa District is seeing population growth with movement of people from Auckland further south where housing is more affordable. This is a general trend for North Island towns and cities.

Financial Statements

Waipa District Council and Group had rates revenue of \$46,045,000 with total income of \$94,006,000 for the 2015/2016 year. It has total assets of \$1,361,925,000. Full financial statements can be seen in the 2015/2016 Annual Report (Waipa District Council, 2016a).

Audit New Zealand has provided an audit opinion stating the following:

In our opinion:

- “the financial statements on pages 35 to 38 and pages 41 to 91:
 - present fairly, in all material respects:
 - the District Council and group's financial position as at 30 June 2016; and
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand and have

been prepared in accordance with and Public Benefit Entity reporting Standards.”

Analysis of the current and expected operating environments has identified the following key factors for the organisation:

- The Council is operating in a stable environment in terms of personnel, both Council elected members and staff;
- Council has indicated a 2% rate rise for the coming financial year;
- There are two significant projects on the Council’s books both of which are discretionary spends and will require a significant input from rates: the Cambridge Pool redevelopment and the Te Awamutu Heritage Centre build.

Council’s Role in Project

Waipa District Council owns and manages the Te Awamutu Museum. However, the Museum Collection is owned by the Te Awamutu and District Museum Trust Board and Council manages it on the Trust’s behalf. Council funds the facility primarily through general rates (97 percent), with some income received from grants, donations and museum merchandise sales. The LEOTC education programme is largely covered by the Ministry of Education (MoE) funding and other grants; however, a small percentage (30%) is covered by rates. Management and administration of the facility is overseen by the Museum & Heritage Director, who reports to the Manager Waipa Heritage and Museum.

UPDATE: May 2020

WDC established a Governance Committee to oversee and provide guidance and governance on the project and delegations agreed. The Governance Committee are representatives from Council, Iwi and Museum Experts.

A recent WDC organisational restructure has been implemented with Community Services which included the heritage team now sits outside of the Service Delivery team and under Strategy and Community Services. WDC have an established an internal Project Control Group (PCG) to deliver this project, this team has been appointed to endorse the right mix of relatable skills with sound project controls and procedures to ensure the successful delivery of Te Ara Wai through Design and Construction. This team includes:

- Group Manager Strategy and Community Services / Project Sponsor (Debbie Lascelles)
- Programme Manager (Mitch O’Brien)
- Manager Community Services (Sally Sheedy)
- Director Museums (Anne Blyth)
- Exhibition Co-Ordinator (Henriata Nicholas)
- Iwi Relations Advisor (Shane Te Ruki)
- Communications (Charlotte FitzPatrick)
- Strategic Partnerships (Gary Knighton)
- EA to Group Manager Strategy and Community Services (Christine Sherborne)

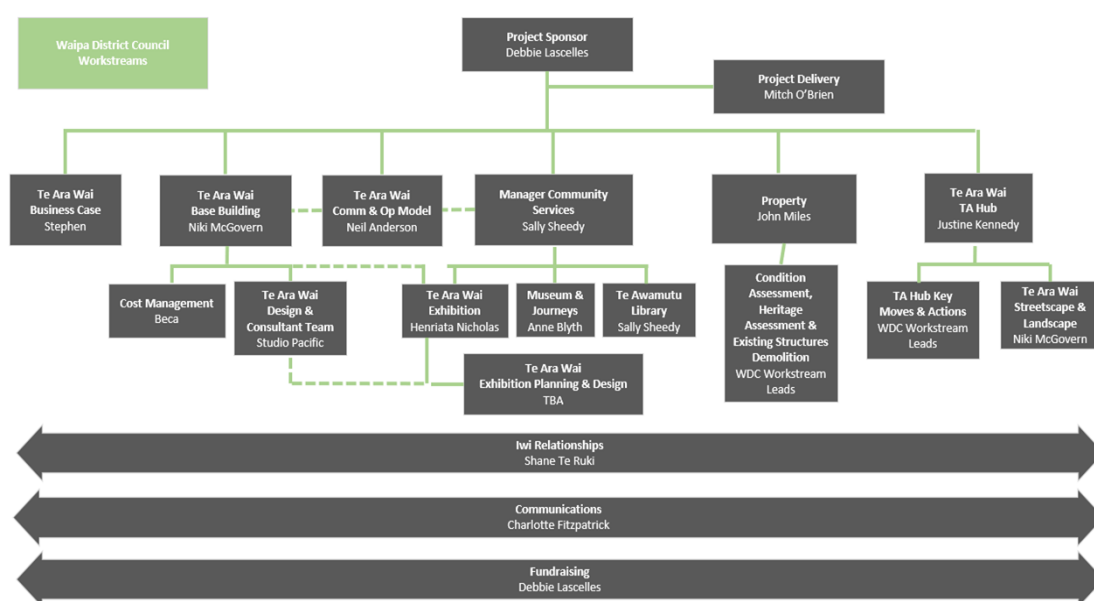
In August 2018 a Project Manager from Beca was engaged, project planning and procurement

begun for an Architect and Consultant Design Team. This two staged, open market process lead to appointing Studio Pacific Architect in May 2019.

Other external consultants appointed by WDC include Quantity Surveyor, Museumologist and Fundraising Business Case development team.

The exhibition design team (not yet appointed) will be procured under a separate Business Case yet design integration with the Architect team will be integral to the success of Te Ara Wai. Locales, the company engaged to complete the WDC Journey's project and developers of the Te Ara Wai Concept Masterplan, this complex piece of works has informed the narratives linking the journeys sites to the exhibition within Te Ara Wai.

Figure 1: Te Ara Wai Project Team and Organisation structure.



2.2 Alignment with Asset Management

The proposal to build a new Heritage Centre in Te Awamutu aligns to several strategies and plans on a local, regional and even a national level.

Waipa District Council Strategies and Plans:

Te Awamutu & Kihikihi Town Concept Plan (Waipa District Council, 2010)

The purpose of the Te Awamutu Town Concept Plan, developed in 2010, is to assist with the development and implementation of the Council's vision for the District. As part of this, the Council seeks to provide for the sustainable future growth of Te Awamutu, such that it provides for the social, cultural and economic wellbeing of the community, while protecting the existing environment for future residents and visitors to the town to enjoy in the future.

The Plan articulates the following with regard to heritage and cultural facilities:

The vision is for: A vibrant town centre – the Heart of Te Awamutu – that blends the modern and historical to provide a unique ambience. Wide footpaths and pedestrian-friendly areas

provide effective and efficient linkage to an extensive recreational and cultural precinct of high quality.

Objective 1: Role and Identity:

- Through appropriate design tools, celebrate Te Awamutu's distinctive character as a site of the New Zealand Wars
- Reflect the needs and the role of the local Māori population through the provision of a heritage and Cultural centre.

Objective 2a: Land Use:

- Develop a community precinct with a range of cultural, historic and recreational facilities around the events centre, Selwyn Park and the riverbank.
- Support Te Awamutu as a quality tourist destination through the provision of appropriate tourist facilities including ...museums and other visitor attractions.

Objective 3: Buildings (Built form)

- Provide for a Heritage and Cultural Centre within the centre of the community precinct that will provide a landmark building opportunity.

Objective 6: Public Space Streets and Reserves

- Provide opportunity to create a civic space that acts as a focal point and sheltered gathering area as the town centre grows.

Long Term Plan 2015-25 (Waipa District Council, 2015)

A new Te Awamutu heritage facility was originally included in the 2015-25 Long Term Plan (LTP) for construction in 2019/20. The intention was to relocate the existing core museum services to a new, purpose-built building near the new Library on Selwyn Lane. However, through more detailed scoping of the facility, it has become apparent that there is a great opportunity to expand the project to showcase the unique sites and features and key themes or periods of Waipa history by also including a Discovery Centre component focusing on this aspect.

From LTP 2015-2025: Te Awamutu Museum Facility

Council confirmed their commitment to a new museum in Te Awamutu. The museum will help tell the fascinating and unique stories of the Waipa District and has the potential to create other tourism and economic development opportunities.

The museum will be built in two stages. Stage 1 will include an exhibition and education space and construction is planned to begin in 2019/20. The cost of this stage is just over \$4M. Council has set aside \$1.5M to kick-start the project but the remaining costs of just over \$2.5M will need to be secured through community fundraising.

Stage 2 includes a storage and research space. Construction for this stage will be after 2025 and therefore funding is not included in this 10-Year Plan."

Subsequently Council looked at bringing the two stages together which increased the construction estimates to \$6.34M. Construction costs were based on a per square metre cost derived from the recent Te Awamutu Library build. As the project has evolved, further work is required to more accurately plan how a facility could be accommodated on the sites available and to better estimate costs.

Annual Plan 2016/17 (Waipa District Council, 2016)

The Museum is listed as a Key Project for 2016/17 and beyond.

“Design and Build Te Awamutu Museum: A feasibility plan for the proposed new Museum facility will be prepared together with a fundraising strategy.”

Council has freehold land available between Mahoe Street/Selwyn Lane and Gorst Avenue on which to construct a facility, adjacent to the new library, which was completed in 2016. The proposal was to develop an integrated Hub, anchored by two key elements, the Library and Museum.

Waipa District Community Outcomes

Waipa’s community outcomes are aligned to four wellbeing themes. The protection and celebration of Waipa’s heritage falls within the umbrella of “vibrant and creative Waipa” and “environmentally sustainable Waipa” in particular. Relevant community outcomes associated with both of these wellbeings, and which are applicable to the Heritage Centre project include:

- Pride in the District’s unique identity and its rich and diverse archaeological, natural and cultural heritage;
- Having a vibrant Māori community with Māori heritage embraced and celebrated District-wide and showcased as an integral part of the visual amenity of our towns;
- The special character and heritage of our towns and villages is retained and promoted;
- Our communities recognise that Waipā District is enriched by our multi-cultural makeup the unique status and role of tangata whenua is respected and reflected in community processes;
- Heritage sites and landscapes of significance to Māori are preserved and valued and where appropriate, are identified and celebrated visually.

Draft Waipa Heritage Framework & Implementation Plan – June 2016

The draft Waipa Heritage Framework and Implementation Plan recognises the importance of Waipa’s heritage in everyday lives and acknowledges that people are becoming increasingly more aware of this:

“Waipa’s natural, cultural and historic heritage defines the character and identity of the District; it contributes to our unique sense of place; and at a cultural level at least, it is priceless and beyond monetary value. Its importance also stems from the fact that it is a finite and often unique resource.”

The purpose of the document is described as:

“The overriding purpose of this strategy is to guide Council in meeting its statutory obligations concerning the sustainable management of conserving the District’s heritage, but specifically to identify priorities for conservation management that will contribute to the social and economic wellbeing of the District by contributing to Waipa’s attractiveness as a place to live, to work and to visit.”

The Plan covers Waipa’s natural, built and cultural heritage and describes Council’s vision for heritage management:

“The heritage of Waipa District is identified, celebrated, protected and promoted as a legacy to enrich the lives of future generations and visitors.”

There are seven goals along with supporting objectives, policies and actions which will direct the delivery of the heritage outcomes for the district.

The goals are:

- Goal 1: To develop and maintain an accurate and informative heritage database of historic, cultural and natural heritage assets and features.
- Goal 2: Heritage values are recognized, managed and protected for the benefit of current and future generations.
- Goal 3: Increased community awareness of Waipa’s heritage through advocacy, education initiatives and investment in infrastructure.
- Goal 4: Waipa’s heritage is increasingly valued and voluntarily protected by landowners.
- Goal 5: The identification, protection and management of Waipa’s heritage through use of strategic partnerships.
- Goal 6: To promote the responsible ownership of heritage values.
- Goal 7: Heritage management is recognized as a multi-agency and inter-departmental.

Under Goal 2 a specific Policy is: To develop opportunities to showcase heritage assets and tell the unique heritage stories through a new Museum and Destination Centre that will replace the existing Te Awamutu Museum.

An associated Action is: Progress the building of a public facility within the Te Awamutu central HUB that will incorporate the existing Museum, a new destination centre and the i-SITE.

Under Goal 3: a specific policy is: To ensure access to educational and informative museum collections.

Associated Actions are:

- Continued management of Te Awamutu and Cambridge museums;
- Seek continued funding for Te Awamutu Museum’s ‘Learning Outside of the Classroom’ (LEOTC) programme.

The document talks about the “Hub and Spoke” delivery model with a central “Hub” consisting of a museum, a destination space, a library and the i-SITE/Information Centre in a single

location. The “Spokes” are the many and varied District-wide attractions.

Monitoring and evaluation of progress against the goals and objectives include:

- Inclusion of a heritage database within council museums and libraries.
- Monitoring of visitor numbers to Cambridge and Te Awamutu museums (with a target of increasing numbers).

Heritage Activity Management Plan 2015-2025 V6.0

As a Heritage Protection Authority under the Resource Management Act 1991 (RMA), the Waipa District Council will continue to support the identification, celebration, protection and promotion of Waipa District’s heritage. This will continue to be achieved through the key service areas of interpretation (including the museums), education, advocacy, and conservation delivery.

The Activity Management Plan notes: “The existing Te Awamutu museum is planned to be replaced with a new purpose-built building.”

Significance and Engagement Policy 2014

The purpose of this policy is:

1. To enable Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions and activities.
2. To provide clarity about how and when communities can expect to be engaged in decisions made by Council.
3. To inform Council from the beginning of a decision-making process about the extent, form and type of engagement required.

In this document, Waipa District Council classifies the “museums” as a “Core Service” as in the Local Government Act 2002 (LGA) (NZ Government, 2012) and a “Significant Activity”.

Council has adopted a broad plan for engagement/consultation aligned with Section 78 of the LGA 2002 which defines the differing levels of engagement that might be considered appropriate, the types of tools associated with each level and the timing generally associated with these types of decisions/levels of engagement.

The Te Awamutu Museum project appears to fit within the “Involve” model of engagement:

- Participatory process designed to help identify issues and views to ensure that concerns and aspirations are understood and considered prior to decision-making.

Te Awamutu Museum Collection Policy 2009

Te Awamutu Museum's collection comprises approximately 17,000 items, including over 8,000 objects from an extensive taonga Māori collection, a significant New Zealand Wars and colonial period collection and a natural history collection. Some objects are of national significance. The collection includes Māori and European archival material that has been well refined.

The Te Awamutu Museum Collection Policy has the following objectives:

- To actively promote awareness of and access to the rich cultural heritage, both Māori and Pakeha of this area and to assist in the promotion of local historical initiatives.
- To actively encourage children and school groups to make use of the resources at the Museum and to increase educational resources at the Museum.
- To increase the collections (archives, artefacts and photographs) of the Museum concerning the history of Waipa District and beyond and to ensure the preservation and storage of these collections using correct conservation materials.

Review of Museum Services for Waipa District 2015 (HG Consulting, 2015)

The Museum Service Review undertaken in 2015 focused on cost-effectiveness of the museums in Te Awamutu and Cambridge.

The review was influenced by external factors (Section 17a legislative requirement, Local Government Act 2002 and its 2012 Amendment), and internal factors (changes in the range of Council's current and proposed heritage services, its revenue and financing policy, and the relationships between Council and its various stakeholders).

Some of the reported findings are:

- Both museums face declining visitor numbers and rising operating costs which require increasing levels of ratepayer subsidy for the same outcome, although the Te Awamutu Museum had maintained visitation through a more relevant and engaging exhibition programme;
- Neither museum had a strong, clear strategy 3 and direction at the time this review commenced.

The recommendation for the Te Awamutu Museum in this Review is:

- In Te Awamutu the recommended option is for Council to work with the community to establish a new charitable trust that will take the lead on fundraising for a new museum. The current trust should also be encouraged to pass ownership of its collection to the new body, for its long term maintenance and storage.

Council has not accepted this last recommendation but has adopted a hybrid model which involves a partnership with the Museum Trust Board as collection owner and the Council managing a revamped heritage facility.

More broadly, this review recommends that Council develop its strategies for heritage and museum services to specify more clearly the services that will be provided, and to meet the funding and operational challenges they face. Council is advised to review its operational costs, to ensure that funding requirements are sustainable, and that the deliverables meet Council's service objectives and outcomes.

Economic Development Strategy 2012 (Waipa District Council, 2012)

Waipa District Council's Economic Development Strategy identifies tourism as one of seven

key themes.

Theme goals: To promote and provide a range of high-quality tourism experiences in and around the District leading to increased visitor numbers.

“Waipa is synonymous with the New Zealand Land Wars and with characters from history such as Von Tempsky, General Cameron and Rewi Maniapoto. The story of the New Zealand land wars is one of Waipa’s most important and could provide a niche tourism opportunity. This could be supported by development of a new Museum at Te Awamutu.”

It also notes that Waipa is strategically positioned within the golden triangle of Auckland, Tauranga and Hamilton, and its economy needs to be understood within this wider context.

Environment Strategy 2010 (Waipa District Council, 2010a)

The purpose of the Environment Strategy is to provide a pathway along which the Council in partnership with Tāngata Whenua, collaboration with communities, organisations, industry and statutory agencies, can travel to enhance the environment and achieve the outcomes expressed by the communities of Waipa.

The Strategy identifies a number of “Theme Areas” and supporting goals. One such area is “Heritage and Culture”. The supporting goals are:

- Protect and promote historic and cultural heritage of Waipa.
- The special relationships Tāngata Whenua have with heritage sites and features is promoted and respected.
- Special character of towns and villages is retained and promoted.

The strategy acknowledges that there is a lack of knowledge/awareness about the importance of cultural sites and that the Council needs to work with Tangata Whenua to identify additional to the schedule of cultural heritage items, landscapes, view shafts and management of cultural heritage.

Community Engagement Strategy 2011 (Waipa District Council, 2011)

This strategy aims to create a stronger and more resilient relationship with Waipa residents and ratepayers. Council wants to empower, encourage and assist a broad range of people in the community to enter into an ongoing and constructive dialogue with Waipa District Council.

In order to do this effectively, there is a need to:

- Inform people: Help our people access the information they need to be able to form an opinion based on fact;
- Consult people: Ensure people’s views are heard and understood before key decisions are made;
- Involve people: Work in partnership with people to achieve common objectives;
- Empower people: Support people to take action on their own to meet common goals.

Throughout the development of the Te Awamutu Heritage project, community stakeholders

have been invited to participate in focus groups, workshops and write submissions to public consultation processes. An engaged community has a better understanding and knowledge on which to form opinions. The earlier a community is engaged in a project, the more likely the project will be supported and “owned” by the community.

Regional and National Strategies:

Hamilton & Waikato Tourism Opportunities Plan (TRC Tourism Ltd, 2016)

TRC Tourism was contracted by Hamilton Waikato Tourism to identify opportunities for tourism product in the Waikato region. They make the following observation of the Waikato tourist market:

“For the past four years the region has experienced solid growth from international visitor expenditure and guest nights, performing well above national levels. Over this time there has been modest growth in domestic guest nights, however domestic visitor spending remains below national averages, primarily due to a lack of awareness of what the region has to offer, as well as limited supply of commercial activity/attraction visitor experiences geared to domestic visitors.”

The report identifies the “Waikato Story” as a key element of any positioning of the region for tourism. The region is “real” New Zealand.

The “Kingitanga Story” is an identified project within the strategy and complementing this is the opportunity to create a more unified “Heritage” offering.

“The New Zealand War Stories in particular are entwined with Kingitanga, and of unique interest to visitors. There is a diverse range of museums and heritage centres in the region, which can be included in itineraries, and supported and promoted as a group.”

In identifying tourism product for the region, they have recommended “Themed-Drive itineraries”. The proposed Hub and Spoke model for land wars and historic sites is potentially a themed-drive itinerary.

The Opportunities Plan also identifies the expansion and refinement of cycle-based tourism as key to attracting visitors to the region which will cement its place as “the home of cycling”. Waipa District is already the home of the national track cycling centre, the Avantidrome at Cambridge, and a key project in the plan encourages the development of cycle routes for cyclists who wish to train on Waikato training circuits, with Cambridge as the hub.

Waipa District has a number of key cycling and walking trails and the community has indicated strong support for further investment in cycleways and walkways. Waipā recognises the increasing economic value that cycling brings to the district and wider Waikato region and plans are already in place to develop cycleways between Te Awamutu and nearby communities such as Kihikihi, Pirongia and Lake Ngāroto. Cycleways connect towns, people and significant sites around the District within a safe network of trails (Beca, 2016a).

A Strategy for the Museum Sector in New Zealand (Museums Aotearoa, 2005)

In 2005, Museums Aotearoa produced a strategy document (Museums Aotearoa, 2005) which looked at the role of museums in contemporary New Zealand society. It noted that the fundamental strength of museums and art galleries is their ability to present real objects to their visitors. However, in the rapidly moving information and communications technology of the 21st century, it is now possible for users to access the information and collections held in such facilities in an instant, virtual environment. The report stated that a clear view emerged from a series of regional consultations with museum trust board members, staff and volunteers about the role museums can and currently do play in contemporary New Zealand society. This includes:

- Museums are places where New Zealanders and visitors learn about and celebrate our identity;
- Museums are the guardians or “kaitiaki” of collections on behalf of communities;
- Museums are centres of learning;
- Museums contribute to regional economic development and tourism;
- Museums provide civic and community spaces;
- Museums act as catalysts for creativity;
- Museums are centres of research and innovation;
- Museums help to deepen social well-being;
- Museums strengthen cultural well-being;
- Museums enhance our understanding of the environment;
- Museums respond to New Zealand’s international obligations.

In summary, museums (and galleries) in New Zealand have a common purpose. They are bound together through the collections and services they offer, by the roles they perform as outlined above, as well as contributing to civic pride through their buildings and their locations. Museums and galleries make a substantial and wide-ranging contribution to New Zealand society and there are many examples in the report to demonstrate this.

New Zealand Arts, Cultural and Heritage Tourism Strategy to 2015 (Quality Tourism, 2008)

In this strategy prepared for the Ministry of Culture and Heritage, the vision is:

“To enrich the New Zealand visitor experience through greater, and more highly valued, engagement with our arts, culture and heritage.”

The importance of arts, cultural and heritage tourism was illustrated in this research. It showed that visitor satisfaction is significantly higher than average for those visitors who participated in an arts, cultural or heritage experience. There appears to be an opportunity for visitors, arts, cultural and heritage sector stakeholders, and tourism operators all to benefit from a greater depth of engagement and participation with each other.

Five key outcomes identified for arts, cultural and heritage tourism development between the writing of the report and 2015:

1. Build tourism capability in arts, cultural and heritage organisations.
2. Enhance cultural sector engagement with tourism.

3. Enrich visitor experiences of New Zealand.
4. Build advocacy (i.e. referral) in the domestic market.
5. Protect our authenticity and regional differentiation.

National Day of Commemoration of the New Zealand Land Wars (Ministry of Culture & Heritage, 2016)

While there is no formal strategy or plan in place, following the NZ Land Wars commemorations in 2014, meetings were held by iwi representatives from throughout the country to call for a Raa Maumahara National Day of Commemoration of the Land Wars. Late last year the government agreed on a date, the 28th October, which is a significant date because on that day in 1835 the Declaration of Independence of New Zealand (He Whakaputanga o te Rangatiratanga o Nu Tirene) was signed. This demonstrates that the Land Wars have become more prominent in recent times in the consciousness of New Zealand's story of nationhood.

UPDATE: May 2020

Waipa District Council has developed a 10 Year Plan 2018-28, Te Ara Wai sits within this plan.

The current Government have approved policy to include teaching of the Land Wars into the education curriculum from 2022. The Ministry of Education is working collaboratively to develop a New Zealand history update with historical and curriculum experts, iwi and mana whenua, Pacific communities, the sector, students and ākonga, parents and whānau, and other groups with a strong interest in shaping how New Zealand history is taught. Te Awamutu Museum currently receives LEOTC funding, Te Ara Wai will be well placed to provide Land Wars education experiences.

Recovery post Covid-19 and moves to stimulate the tourism sector are being considered, including additional public holidays. Momentum is growing and calls have been made from the Race Relations Commissioner to support marking New Zealand Land Wars with a public holiday.

2.3 The Need for Investment

At a facilitated case for change workshop held on 17th January 2017, stakeholders (see list of participants Appendix 2) participated in a process to identify the problems with the current museum, the strategic interventions that would address these problems and the expected benefits that would come from change. This process is Investment Logic mapping (ILM). The Investment Logic Map is attached as Appendix 3. The objectives that have been defined from this process are considered to be consistent with Council's organisational vision and outcomes.

Objectives:

1. To provide appropriate stewardship and a suitable facility that show cases our unique heritage whilst complementing previous investment in social amenity.
2. To provide a social focal point that provides community identity through an understanding of shared and collective heritage of Waipa in the Land Wars and Te

Awamutu's role at the frontier in the development of New Zealand

3. To provide a facility that meets the stewardship responsibilities for the collection, whilst strongly contributing to the broader aspirations of the Waipa region and reinforcing the positive perception of Waipa visitors and improving word of mouth recommendations.

Drivers of change

A facilitated workshop was held on 17th January 2017 with key stakeholders to gain a better understanding of investment drivers and the need to invest in change. The stakeholders identified and agreed the following key drivers for investing in change:

Table 3: Drivers of the Proposal to Build a New Museum

External (Outside WDC)	Internal (Inside WDC, TA Museum)
Increasing public interest in heritage, history and genealogy.	The relocation of other social amenities has left the Museum dislocated as a community destination, which will lead to reduced patronage.
Burgeoning population in the District; increasing senior age group seeking leisure activities.	The outdated nature of the museum is impacting on the ability of the Trust to tell the Waipa story; if nothing is done, it will soon fail to meet the council's stewardship responsibility.
School demand for education programme has impacted on exhibition and theatre space.	The options for the way the Museum Collection is presented (and stored) in the current building are limited in quality and space, restricting the ability to tell our story.
Increasing tourism interest in cultural heritage.	Reached capacity in all areas – exhibition, storage, back of house, programming.
Increasing public interest specifically in the Land Wars.	Council's stewardship responsibility.
	Council need for other uses (office space) for the current museum building.
	Opportunity to deliver on the Town Concept Plan.

The proposed new museum building is needed in terms of the Museum being able to appropriately cater for the needs of the community and to house and care for the Collection it holds. The Collection is held in Trust for the community by the Te Awamutu and District Museum Trust Board.

While there are recognised limitations with the current museum facility, the stakeholders agreed that the principal drivers for change were the opportunities a new museum would provide to do things differently and better.

Some of the opportunities identified were:

- More exhibitions with modern presentation, use of virtual and augmented reality;

- Connecting the community with its identity and particularly giving youth a sense of belonging through links to personal history and regional history;
- Ability to provide better customer service – there's more demand for and interest in history and genealogy;
- Ability to cater more for tourists – cannot currently handle a busload of tourists due to limited amenities;
- Lead the NZ discussion of how we live alongside one another – the Waikato story is unique, lots of international communities are resident here;
- More and better storage of the Collection items;
- Will be able to respond to growth and community expectations of the Museum;
- Potential partnerships with organisations of similar interests.

Main Benefits

The benefits that have been specifically identified for the Waipa community through the ILM process include:

- Local history will be preserved to provide a greater understanding for future generations;
- People will identify with their history and heritage;
- Local history will be accessible to all;
- Efficiencies and synergies with other amenities.

On a broader scale a number of benefits have been shown to occur following the upgrade or redevelopment of arts, culture and heritage facilities, including:

- Building social capital (strengthening social bonds) through shared experience (Better Together Report, 2000). A shared experience can inspire valuable behaviours in people including trust, co-cooperativeness, tolerance and respect. The HUB will also provide a venue for bringing people together who would otherwise not necessarily engage with each other;
- Creating civic pride and identity. Buildings and places that reflect local identity, link the past with the present and have an outlook to the future are important in public spaces. A clear sense of identity leads to better use of a space and invokes a sense of ownership and pride. *"Positive images of places are created by local government agencies ... which are designed to encourage the locals to feel good about their hometowns and the quality of life that can be had there"* (Ministry for the Environment, 2000).
- Provision of quality facilities will contribute towards making Te Awamutu and Waipa District a more pleasant environment for current residents, an attractive place for prospective residents and businesses, and a desirable place for tourists to visit. Providing recreation and leisure choices. The latest census results from 2013 show that Waipa District, like New Zealand as a whole, has an ageing population. The Heritage Activity Management Plan, when discussing population projections, states: "The biggest shift however is in the population aged 65+. This group goes from being the smallest group in 2013 at 17% to the dominant group in 2063 at 43% of the

population.” This could have an impact on leisure activities as more people in this age group will have more time for recreation activities and could well create more demand for art, history, education and cultural services and facilities. The older age group also generally has an overall lower income, so provision of facilities and activities that are free or low cost are also important.

- Improving economic development. An aspiration of this project proposal is to improve economic development for the Waipa District through tourism. Museums and art galleries are important to tourism because they offer possibilities of a constantly renewed product, i.e. different exhibitions over time means they can offer a dynamic, changing “product” for returning or potentially returning visitors. They also offer the possibility of “themed” exhibits. A new “fit for purpose” heritage facility would be able to provide more and varied exhibitions over what the current facility is able to offer. It will also promote Waipa District’s significant heritage sites in the “Hub and Spoke” model.
- Creating a sustainable environment. Not only would the proposed new building be a source of civic pride and enhance the urban environment, but it could also incorporate and even showcase elements of sustainable design. It would also provide improved environmental conditions for the Collection, both when being exhibited and in storage, so that these will be properly cared for and preserved.

The project offers the opportunity to deliver both tangible and intangible benefits to the local community, from contributing to the economy of the town and wider district as a tourist destination, and enhancing the physical environment of the urban landscape, to the building of social capital through activities, events and a shared sense of belonging to a place. Refer also to economic benefits, Section 3.7.3 of the Economic Case.

Main Risks

A risk workshop was held with Council staff on 8th March 2017. The main risks fall into three categories:

- Existential - are we doing the right thing in the right way at the right time?
- Delivery - how will this be run out?
- Outcomes - what if the benefits do not eventuate?

The following risks were identified during the risk workshop:

Table 4: Identified Risks

Existential Risks	Delivery Risks	Outcome Risks
Political risks – change of direction/leadership/priorities	Time	Low attendance
Funding & fundraising	Cost	Community views it as a tourist facility only
Fit-for-purpose/ appropriate/affordable	Quality	Is not a facility of which to be proud
Scope & scale needs to match ambition	Scope	Potential split in community demographics – may appeal

		to one age-group over another
It won't fit in with existing facilities – not developing the sites in conjunction	Dependencies and constraints	Does not represent value for money
Have we got the balance right for exhibitions? Have we got the Land Wars story correct?		Less contribution to the wider HUB than anticipated
Iwi engagement – multiple iwi to engage with		Less contribution to economic development than anticipated
i-SITE involvement		Need to have long term commitment to the “spokes” as well as the “Hub”
Future proofing – financially sustainable		It is too successful and can't cope with demand
Site issues – demolition of buildings, site preparation, current lease agreements		Unknown OPEX costs

A risk register has been developed by Waipa District Council as part of the Heritage Centre project planning (Appendix 4). It is recommended that the above identified risks are incorporated into the risk register and evaluated according to the method currently used by the Council.

In a general discussion on mitigations it was considered that the Project Control Group could manage many of the risks through good planning and good communication with stakeholders.

Risks Associated with the Development of Cultural Facilities

Some identified risks from recent museum and gallery developments around New Zealand are:

- Public expectations around the cost of such facilities which are perceived to benefit only a small section of the community;
- A lack of clear goals and expectations;
- Catering to the local audience while also trying to be a tourist “destination” facility;
- Delivering some sustainability in operational funding; and
- The fact that market analysis for facilities and services of this nature is unlikely to accurately determine how a development will automatically translate into increased visitor numbers.

Satisfying expectations and meeting the needs of the various interested parties (staff, elected members, stakeholders, iwi, general community) can be a huge challenge and good ongoing communication and stakeholder engagement is necessary for the success of any community project. A Communications and Community Engagement Plan is being prepared as part of the project's development.

In the case of the Waipa Heritage Centre proposal, there is also a risk that the public will have a negative view of the redevelopment because of a previous proposal, termed a heritage and

cultural centre, which put the cost beyond what the Waipa District ratepayers found acceptable.

Funding Risks

Securing the necessary funding is one of the greatest risks to a project's viability and the Revenue Generation Strategy (Giblin Group, 2015) prepared for this project (Appendix 5) examines the risks associated with funding for the development. Suggested mitigation strategies are identified for each risk. Risks identified around funding include:

- Competing capital projects for funding in the region, e.g. new Hamilton theatre;
- Fluctuating political support;
- Funding fatigue from community because of other project fundraising, e.g. Velodrome, Cambridge Pool;
- Funder support.

Another risk is the significant competition the Museum has with other leisure pastimes. To be a place people want to visit, the Museum must offer a value perceived by people to be relevant and important to them. It needs to have an offering that will attract people to it.

Key Constraints and Dependencies

The proposal is subject to the following dependencies and constraints, which were identified at the Risks and Procurement Workshop on 8th March 2017. These dependencies and constraints should be carefully monitored during the project.

Table 5: Key Constraints and Dependencies

Table 5: Key Constraints and Dependencies	Notes
Site availability	The two sites where the Heritage Centre will go have buildings on them that need to be cleared and tenants still occupying the buildings.
Planning constraints	RMA and District Plan requirements – car parking for example.
Achievement of funding targets	Funding support from external agencies such as trusts and philanthropists is essential for this project to be able to proceed.
Tourism	Steady growth of tourist numbers continues
Partnerships	Strong partnerships need to be established with mana whenua, museum sector, education sector.

Community and Management Support

The various proposals for a new Museum over the last 16 years have received public scrutiny through LTP planning processes and the Town Concept Plans for Te Awamutu. The current LTP has a Museum project included to be built in the 2019/20 years, demonstrating that Waipa

District Council supports the proposal.

During the development of the Locales proposal, there have been a number of presentations to stakeholder and community groups, covering the Te Awamutu HUB development which included the Heritage Centre concept. These presentations were not intended as formal consultation, but more to gauge reaction and receive comment on the concept being developed. The strategy is to undertake more in-depth stakeholder consultation once the Business Case has been completed. Groups presented to include:

- Council and Committees: Heritage Committee, Service Delivery, Iwi Consultative and Senior Council;
- Nga Iwi Toopu O Waipā – representative of Marae from within and immediately outside of the Waipa District;
- A business and community stakeholder group formed to provide feedback on the Te Awamutu HUB development;
- The Board managing the Te Awamutu i-SITE;
- Grey Power Te Awamutu;
- Altrusa Te Awamutu;
- Te Kopua Marae Committee.

The development of this proposal has also included focus groups consisting of community members to help “flesh out” the concepts provided by Locales.

The Business Case process has also included workshops with key stakeholders in the areas of culture and heritage to define the objectives of the proposal and consider the options for the development in terms of scope, service delivery, service solution and implementation.

An archaeological assessment (Simmons & Associates Ltd, 2016) of the area proposed for the HUB development was undertaken in 2016 and this involved consultation with Māori, specifically Ngāti Apakura, who lived along the Mangaohoi Stream.

It is imperative for the project’s success that there is strong community support and “buy-in”. If there is not, the facility will not be used to its full potential. Immediate engagement with key partners is recommended.

2.4 The Case for Change

The proposal to redevelop the Te Awamutu Museum has come through several iterations since 2001 when it was first proposed. Not all the proposals have been well received by the general public. However, there is still a community desire to have a “cultural centre” in the town. The opening of the new Library building also appears to have given impetus to the desire to see a new heritage facility built by the community.

Museum History (Alderson, 2015)

The Te Awamutu Museum is the oldest Museum in the Waikato region. Founded in 1935 by a forward-thinking group of local history enthusiasts, the Museum has continually grown and evolved. The beginning of the collection was started by Mr Gavin Gifford, who opened rooms above his store on Alexandra Street to form the first museum. The collection grew steadily

and soon a purpose-built building was required.

Te Awamutu Museum has a strong connection to the Te Māori Exhibition, 1984-1987, as the Tainui taonga Uenuku travelled from the Te Awamutu Museum collection for that exhibition.

In 1987 the Museum Trust Board was formed, to administer funding from the Te Awamutu Borough Council and to hold the collection on behalf of the community, while the Te Awamutu Historical Society continued to maintain operational aspects of the Museum. In 2005, operational aspects of the Te Awamutu Museum were transferred to Waipa District Council, while the ownership of the collection remains with the Te Awamutu Museum Trust Board.

Since the operational take over by Waipa District Council in 2005, the focus of the Museum has been around Te Awamutu and the Waipa District.

There is a large focus within the collection, both in objects and archives, on the New Zealand Land Wars of the 1860s, followed closely by Māori/Pakeha Collaboration prior to the 1860s and after the 1870s. Another area that is well represented in the collection is the various objects and archives from the towns and villages within the Waipa District.

Waipa District is rich in cultural and archaeological sites with several sites of national significance because they coincide with critical moments in the region's and this country's history. Pre-European battle sites fall within this category, as do sites associated with the Waikato Land Wars. High profile battle sites include Ō-Rākau, Rangiaowhia, Mātakitaki and Hingakākā.

The Waipa District Council's Heritage Activity Management Plan 2015-25 (Waipa District Council, 2015a) gives information on the existing arrangements for the Te Awamutu Museum including services available, the size of the Museum, fees charged and satisfaction levels for services offered.

Museum Services

The services currently being provided by the Waipa District museums are designed to deliver the activity areas required to meet Waipā District Council's organisational role in relation to the Museum element of the Heritage Services. Services currently offered are:

- Long-term exhibitions – focus on providing information, history, context and exhibits by local and nationally significant contributors;
- Short-term exhibitions - focus on providing information, history, context and exhibits by local and nationally significant contributors;
- Research – document archive available for research by appointment, or conducted by staff;
- Public programmes and workshops – focus on engaging with various community groups through providing workshops of interest;
- Education – LEOTC programmes for both primary and secondary schools;
- Museum website – raise profile of the museum, its exhibitions and the Waipa stories to encourage and attract new visitors to the museum;
- Shop – small range of handmade crafts, books, prints, cards, and wrapping paper.

Te Awamutu Museum Building

Te Awamutu Museum is situated on Roche Street and occupies roughly a third of the former Te Awamutu Borough Council building, which dates from 1975. Until recently, the rest of the building was split equally between the Engineering Service Delivery Department and the Te Awamutu Library.

The Te Awamutu asset was not designed for use as a modern museum. There is insufficient storage space therefore off-site storage is currently leased at the Safe n Sound Storage facility at Bruce Berquist Drive. The design of the current building also restricts display space, and has limited space to support collection management, exhibition development, and research. The building also has limited climate control which could compromise the care of the collection items being exhibited and those in storage.

Museum Size

Museums Aotearoa categorise museums based on the number of paid full-time (PFT) employees (30hrs+ per week), the categories are shown below:

- 1-5 PFT Small Museum
- 6-20 PFT Medium Museum
- 20+ PFT Large Museum

Both the Cambridge and Te Awamutu museums fall into the “small” museum category with less than five PFT employees respectively. Museums Aotearoa records indicate there are 127 small museums/galleries within New Zealand, accounting for 27% of the total.

Museum Fees and Charges

Entry fees are not charged for either of the Waipa District museums, however donations are welcome. Fee generation is limited to research fees, some public programmes and educational services (LEOTC).

Opening Hours

Current opening hours are 10am – 4pm Monday to Friday, 10am – 2pm Saturday and Public Holidays. The Museum is closed Sundays, Christmas Day, Boxing Day and Good Friday.

Levels of Service

Waipa District Council has elected to partner with the Te Awamutu Museum Trust Board and to run the Museum in accordance with national guidelines and employ professional staff. This is a high level of service when compared to many other museums of similar size. Council acknowledges the need to move from the traditional museum operational model to a more responsive and engaging model that focuses on key heritage sites and feature stories within Waipa District.

Satisfaction levels with the museums have been consistently at the higher levels. National Research Bureau (NRB) surveys carried out annually show 85% or more of respondents have

been Very/Fairly Satisfied over the last nine years of surveys, with the 2014 survey recording a 90% Very/Fairly Satisfied response.

Those who were “Not Very Satisfied” gave their reason for their dissatisfaction. The primary reasons were:

- Inadequacy of displays – 7% of all respondents;
- Too small – 5% of all respondents;
- Waste of money and a bigger museum not required – 1% of all respondents.

Planned Levels of Service improvements include a new Museum building in Te Awamutu.

Visitor Numbers

The Heritage Activity Management Plan, prepared in 2015, noted that the Te Awamutu Museum had seen the number of general visitors rising slowly from 2009/10 to 2012/13 with a slight drop in the 2013/14 year. The relocation of the Library away from the Museum has seen a slight downward trend in numbers but it is too early to say what the true impact is of this change. However, it is expected that numbers will drop due to decreased foot traffic in the area.

Visitor numbers for the 2016 year were 11,199. Visitors are counted manually by a staff member at the front desk. More than half of the visitors are locals. The LEOTC school programmes account for 24% of total visitors.

Table 2: Te Awamutu Museum Visitor Numbers 2016

Visitor Source	Number	% of Total Visitors
Local	5,764	51.5
North Island	841	7.5
South Island	38	0.3
International	351	3.1
Research	128	1.2
LEOTC	2,702	24.1
Event	1,375	12.3
Total	11,199	100.0

Museum Performance

As with most community museums, the Te Awamutu Museum is not self-funding, instead relying on funding through rates. The operating costs for the museums have been compared to other community facilities that also receive rate funding. On a cost per user basis, the Museum has been calculated to cost \$63/user without the LEOTC programme and \$45/user with it. The average annual increase in cost per user has been about 4%.

Education Programme

A core service provided by Te Awamutu Museum is the LEOTC Programme. LEOTC is a Ministry of Education (MoE) curriculum support project intended to complement and enhance

classroom learning. The museum works in partnership with schools to ensure that programmes meet the learning needs of students and support effective teaching and learning. Te Awamutu Museum has been awarded LEOTC contracts since 1997. Te Awamutu Museum is one of only five MoE providers in the Waikato Region; the others being Hamilton Zoo, Waitomo Caves Discovery Centre, Te Kauri Waikū Trust and Maungatautari Ecological Island.

The Te Awamutu Museum is contracted to provide programmes in the learning area of Social Sciences/Tikanga a-Iwi. To achieve this, programmes are designed to present a relevant and balanced portrayal of local and national themes and sometimes relate to key physical locations across the district: Rotopiko (Serpentine), Rangiaowhia, Ōrākau, Ōtāwhao, Ngāroto, Yarndley's Bush, Matakītaki Pa, Pirongia Lodge, and Temple Cottage. Space within the Te Awamutu Museum was reconfigured to enable the facilitation of this programme. Fees for education services vary from \$2 to \$3 per child depending on the programme. The contract sets an annual target of 4,400 students from year 1 to year 13 participating in the services. This target has been achieved.

A Ministry of Education review of the operation of the National LEOTC programme was recently undertaken and the Te Awamutu Museum's contract was renewed for a further three years from December 2016 to December 2019. If the Ministry was to withdraw from the programme it would compromise Waipa District Council's ability to continue to deliver an education programme, which has been and continues to be very successful.

Summary of the Case for Change

The case for change may be summarised as follows:

1. Waipa District Council's strategic direction and planning documents support the proposed construction of a new heritage facility in Te Awamutu.
2. Waipa District Council has a stable structure and has a role in and responsibility for promoting community well-being and providing a range of good quality infrastructure and services to meet the needs of the community.
3. The proposed new heritage facility fits well with and contributes to the objectives of other regional and national policies and strategies.
4. The main drivers of this proposal include opportunities that have presented themselves such as the current movement to commemorate and recognise the Land Wars as a significant part of New Zealand's nationhood. There is also a growing interest locally in researching heritage with a view to establishing personal identity, and from tourists who seek to learn the history of the places they visit.
5. Additionally, museum customers are driving the need for change. The current museum has reached capacity in all areas of delivery – exhibitions, storage, back of house and programming. If nothing is done to offer more space for exhibitions, offer research access and develop relevant programmes, then the offerings of the museum may end up reducing rather than being able to capitalise on its reputation and success to date as a respected museum with a collection of significance to New Zealand's history and heritage. The Museum, limited by space, is unable to accommodate any increase in customer demand.

See Appendix 6 for the tables summarising the case for change.

3.0 Economic Case

3.1 Critical Success Factors

The following options dimensions were assessed:

- **Scope:** To what extent does the facility need to be redeveloped to meet the investment objectives?
- **Service Solution:** How can the service offering be shaped to meet the investment objectives?
- **Service Delivery:** Who is the best management agent to ensure the best return on investment?
- **Implementation:** What is the best approach to ensure successful delivery of the proposal?
- **Funding:** What is the best funding model to ensure the proposal is affordable?

Long List Options and Initial Options Assessment

The purpose of this section is to identify and assess as wide a range of options as possible that achieve the investment objectives and service requirements yet lie within the boundaries of the scope parameters and critical success factors identified above.

The options were discussed by stakeholders at the facilitated workshop held on 10th February 2017. The long-list options essentially consider the “What, How, Who and When” of the project, i.e. What is possible? How can it be delivered? Who should deliver it? When should it be delivered?

Within the potential scope of this proposal, the following long-list options for providing the identified services were identified by key stakeholders:

Table 6: Long List Options Identified

Dimension	Description	Options within each Dimension
Scale and Scope	In relation to the proposal, what extent of redevelopment is required?	<ul style="list-style-type: none"> • Status Quo – do nothing. • Close the Museum. • Expand into the old Library space. • Refurbish and expand current museum building. • Don't display Collection. Public has virtual access. • Relocate to an existing building. • Purpose built new facility. • Purpose built new facility linked to Community HUB.
Service Solution	How can this be delivered?	<ul style="list-style-type: none"> • Replicate current service delivery model.

		<ul style="list-style-type: none"> • Reshape to meet today's demand. • Provide a standalone virtual offering. Conduit to enable access to the heritage of the region. • Create a personality that catches the essence of the region – environmental, cultural and history. • Central heart for all of Waipa's heritage. • Full Collection, research, education & display including a virtual offering.
Service Delivery	Who can deliver the services?	<ul style="list-style-type: none"> • Council only. • Trust only. • Council plus Trust. • Council & Trust in partnership with Community (further education, research, government ministries [DOC, MCH] & i-SITE). • Outsource. • Community of museums. • Treaty partnerships.
Implementation	When can the project be delivered?	<ul style="list-style-type: none"> • Phase • Sequence • Big Bang
Funding	How can it be funded?	<ul style="list-style-type: none"> • Solely funded by Council. • Solely funded by the Museum Trust. • Funded by the Council and the Museum Trust together. • Funded through a mix of funding from multiple sources.

The Long List of Options was tested against the defined Investment Objectives and the Critical Success Factors to produce a Short List of Options which were further analysed. The worksheet for the Long List Options Assessment is attached as Appendix 7.

It should be noted that the different option dimensions interact with one another to produce the short-listed options and finally the preferred option; in other words, the preferred option is constructed from the preferred option in each of the dimensions.

Identify Short-listed Options

On the basis of the initial assessment of the long-list options (by dimension), the following short-listed options were selected for further analysis. These options were considered likely to meet the investment objectives and the critical success factors.

Table 7: Options Analysis Short List

Option	Description
Scope Options (What)	
Purpose built new facility	A new building to house the current Museum Collection and heritage offering. The location was not specified.
Purpose built new facility linked to Community HUB	A new building to house the current Museum Collection and heritage offering. The facility would be a critical element of the Community HUB development near the Te Awamutu Town Centre.
Service Solution (How)	
Conduit to enable access to the heritage of the district/region	A portal to the greater heritage offering of the Waipa District and Waikato region, but not necessarily housing a full “museum” offering. The place to come to get information on and direction to heritage sites and places of interest.
Create a personality that catches the essence of the region –environmental, cultural and history	A facility that captures not just the cultural heritage and history of the Waipa District, but engages with the wider environmental heritage as well, so that the essence of Waipa is evident here.
Full Collection, research & display including virtual offering	A full “museum” offering. A central facility that people can visit to engage with the heritage of Waipa District.
Service Delivery Option (Who)	
Council & Trust in partnership with Community (further education, research, government ministries, iwi)	Working with multiple partners with various interests to enhance the offering of the Heritage Centre.
Community of Museums	Partnerships with other museums – link to national stories.
Treaty partnerships	Partnerships with iwi under Treaty of Waitangi settlement objectives.
Implementation Option (When)	
Phase	Stage the building programme for the Heritage Centre (not determined how this would proceed).
Sequence	Programme the Heritage Centre into a sequence of projects.
Big Bang	Undertake the proposal as a single building project, not reliant on anything else occurring.
Funding Option (How to make it work)	
Mix of funding sources	Capital funding for the project would be sourced from a range of funders: Council, central government, businesses, private

	donors and trusts, public fundraising.
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The Service Solution, Service Delivery and Implementation dimensions offer the most options for consideration and these were further analysed. Commentary on the short-listed options follows:

Scope Options

1. Purpose-Built New Facility

It was clear from the facilitated Options Workshop that “tweaking” of the current facility or attempts to re-establish it in another existing building were not going to achieve the objectives sought for this project. Stakeholders support a building that is purpose-built to undertake the functions of a Heritage Centre that would include museum services. It was also clear that a physical presence is needed rather than attempt to create a virtual offering of the current Museum’s taonga. One of the Investment Objectives is “...to provide a social focal point that provides community identity...” It would be impossible to do this without a physical focal point.

2. Purpose-Built New Facility Linked to Community HUB

The location of a new facility was addressed by the proposed option to link it to Te Awamutu’s Community HUB. The HUB location currently hosts the new Library, areas of open space, a children’s playground and the ASB Events Centre. It is already a destination for members of the community who use these facilities.

One of the Investment Objectives is “To provide appropriate stewardship and a suitable facility that showcases our unique heritage whilst complementing previous investment in social amenity”. This objective recognises the cost and effort already spent by the Waipa District Council on establishing a focal point of community facilities at a particular location. The Heritage Centre, as a community facility, fits perfectly with this concept, and can potentially benefit from and add to what will essentially be a consolidated community centre, with the clustered facilities able to meet the needs of the community now and into the future.

There has been discussion about having a covered performance space and commercial space at the HUB. These elements are being considered within the Social Space Concept development work being undertaken by Locales.

Service Solution Options

Conduit to enable access to the heritage of the region

This Option reflects the “Hub and Spoke” delivery model as described in Waipa District Council’s Draft Heritage Strategy (Waipa District Council, 2016c) and which has been agreed upon by Council, where the central Hub is the facility and the Spokes are the many and varied District-wide heritage attractions.

“The Hub and Spoke model has been developed to acknowledge:

- *the potential for a centralised museum and storytelling space to create a “destination”, a centre that acts as a gateway to wider tourism products, services and activities. It is marketed as a product in its own right – as a visitor experience – and also as a facilitator of other experiences in the region; and,*
- *that within the District there are sites, features and other functioning facilities that already offer a different or more in-depth on-site experience.”*

Create a personality that catches the essence of the region – environmental, cultural and history

This Option was to ensure that the Heritage Centre is not only capturing the cultural heritage of the Waipa District but that the essence of the region and of its community resides in the combination of environmental, cultural and social heritage and history. A new Heritage Centre needs to capture all aspects of heritage and share these with the public.

Full Collection, research & display including virtual offering

This would present a fully functioning “museum” offering – display, research, education, archives supported by a facility that could safely house and care for all aspects of the current Collection and make provision for the future. It was considered that the addition of a virtual offering would significantly enhance the Heritage Centre service offerings.

It should be noted that the above Service Solution options are not mutually exclusive. All three together may be seen to offer the solution as to “how” the needs and opportunities of this proposal could be addressed.

Service Delivery Options

Council & Trust in partnership with Community (further education, research, government, ministries, iwi)

At the Options workshop it was recognised that in order to deliver an outstanding service to the community, it would be advantageous and even necessary to work with multiple organisations which could offer knowledge, skills and expertise in specific areas to support the Heritage Centre service delivery. Some of the organisations or groups mentioned included iwi, tertiary education providers, research organisations, central government ministries such as Department of Conservation (DOC) and Ministry of Culture & Heritage (MCH).

Community of Museums

The Te Awamutu Museum hosts a strong history and heritage of the NZ Land Wars. However, it is not alone in this. Conflict took place in Wairau, Northland, Taranaki, Te Urewera, Tauranga, Ōpōtiki and the East Coast as well as Waikato, and a number of museums have collections that reflect this heritage. Within Waikato, the Waikato Museum in Hamilton also holds part of this story and it was suggested that a “community of museums” co-operating and sharing resources and taonga could be an option for delivering heritage services. There is

a national story to be told and a modest museum in Te Awamutu could be part of a larger scale delivery of museum services. The Waikato/Waipā events were significant and arguably the largest in terms of the scale of the conflict.

Treaty Partnerships

Partnerships with local iwi may also be considered in delivering the museum heritage services to the community. This option, as with the other service delivery options recognises the interests of the wider community in the taonga held by Te Awamutu Museum.

Implementation Options

Phase

Depending on the design of the Heritage Centre building, it could be possible to build in stages. This would need to be worked out in consultation with the architect and reflected in any tender documents for construction. The original proposal as articulated in the LTP 2015-25 involves the storage facility as a separate stage of the project to be undertaken much later. This would not be an ideal way to proceed and could incur additional costs if construction was delayed over several years. There may also be a requirement from any national funders to co-locate museum services and not have them spread around the town.

Sequence

The Heritage Centre project is effectively part of a sequence of developments within the HUB. The Library has been completed first and other spaces, i.e. the social space development is being worked on concurrently with the Heritage Centre Business Case.

Big Bang

The project could be undertaken in one stage with the current museum continuing to operate until the new museum building was ready for use. There would need to be a transition period from old to new and the relocation of the Collection will need to be planned for. Planning for this will need to be undertaken in consultation between the project management team and the existing museum staff.

Funding Options

Capital funding for the project would be sourced from a range of funders: Council, central government, businesses, private donors and trusts, public fundraising.

From Giblin Group's experience, the most successful funding of community facilities is when a range of funders join together to make a capital project possible. A key component of sustainable funding is also to have a broad range of funding sources. This mitigates the risk of relying on one primary funder.

Partnership funding offers ongoing benefits to the project such as particular skills and expertise from funders, the benefit of practical experience and also opens the door to other valuable partnerships.

UPDATE: May 2020

The Waipa District Council PCG team, Architect and Consultant design team proceeded with the development of a Functional Design Specification.

As the first steps of the Functional Design Specification, a Return Brief document was prepared as a summary of the architectural and consultant aspirational workshops and functional briefing work completed which will form the basis of the architectural design narrative and architectural design brief for Te Ara Wai. This document is the culmination of extensive analysis of this consultation and background research. This was presented to the WDC PCG team and approved by the Project Sponsor.

The Functional Design specification involved consultation with the Museum team, the Governance Committee members, iwi and local businesses. Following this consultation, it became very clear that the aspirational brief and approved LTP budgets were not aligned, and a facility of 3300m² was unrealistic due to the high value of external funding required over the approved WDC LTP funds.

The Project Sponsor agreed two design options should be explored:

Option 1

- A facility located on the identified hub site, the design to meet the aspirational brief with an enhanced budget reliant on success of funding and community grants such as the Provincial Growth Fund
- Approximately 3,300m² building
- Six target audiences
- A projected 115,000 visits per annum - 40-minute duration at the site.

Option 2

- A facility located on the identified site, the design to meet the approved LTP budget with reduced facilities
- Approximately 1,500m² - 1,700m² building
- Six target audiences
- A projected 72,100 visits per annum - 40-minute duration at the site
- The facilities no longer included were agreed as Collection Storage, Research and Archives, this would then form a separate offsite storage facility project of approx. 800m²

To inform the commercial aspects, operational direction and potential for both options a Commercial and Operational Model was developed by Museumologist Neil Anderson, alongside the WDC PCG team to inform building spaces, target audiences, visitation targets, staff structure, circulation peak, cost per visitor to WDC, projected OPEX and levels of services and public programming and revenue generating opportunities.

Table 1: Te Ara Wai Functional Design Specification Option 1 and Option 2 comparison.

Description	Option 1 – Aspirational Brief	Option 2 – LTP Brief	Existing Museum
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Total Area	3,300m ²	1,650m ²	500m ²
The Building - Spaces	<i>*Entrance, *Permanent Exhibition Gallery, *Programmable Space, *Visitor amenity, *Café, *Research, *Collection Storage, *Archives, Exhibitions Preparation, Collections Preparation, Kitchen, Staff Areas, Amenity, *Plant rooms, *WC's and *Circulation. *Excluded from Option 2 or area differs between Option 1 and Option 2.</i>	Entrance, Permanent Exhibition Gallery, Programmable Space, Education, Exhibitions Preparation, Collections Preparation, Visitor amenity, Kitchen, Staff Areas, Amenity, Plant rooms, WC's and Circulation.	Entry, Permanent Exhibition, Programmable Space, Collection Storage (in part), Archives, Research Kitchen, Office, WC's
Other related projects	1. Social Spaces project including courtyard canopy and landscaping.	1. Social Spaces project including courtyard canopy and landscaping. 2. Collection Storage, Archives and Research facility (scope to be briefed).	NA
Staff Structure	16.7 FTE	14.1 FTE	5.6 FTE
Target Audience	90min drive time, domestic leisure visitors, international leisure visitors, curriculum focused visitors, private event groups, research focused visitors	90min drive time, domestic leisure visitors, international leisure visitors, curriculum focused visitors, private event groups, research focused visitors	90min drive time, domestic leisure visitors, international leisure visitors, curriculum focused visitors, research focused visitors
Average Projected Annual Visitation (year 0-5)	115,000	72,100	11,200
Circulation Peak (if Te Ara Wai is connected to the Library)	2,500 – 3,200 Visitors per day	1,600 – 2000 Visitors per day	Unknown
Cost to WDC per visitor	\$20.13	\$28.85	\$63.00
Projected OPEX	\$2,080,235.00	\$2,080,235.00	Unknown

The Functional Design Specification advanced to incorporate;

- **Stakeholder briefing:** Briefing tours and workshops, planning options, briefing

schedules and iwi consultation approach;

- **Planning and Pre-design:** briefing summaries, site analysis, planning diagrams, planning sketches, architectural kaupapa and consultant comments;
- **Total Project Considerations:** sustainability considerations, decisions register, communications strategy, founding briefing documents, risk register, road map and next steps.

The Functional Design Specification was presented to the WDC PCG team and Governance Committee then approved by the Project Sponsor. Approval was granted for the Architect and Consultant Design team to proceed with the Concept Design stage.

Te Ara Wai is nearing the completion of the Concept Design stage. Concept Design stage has addressed design outcomes for the reduced scale Option 2, with two design solutions based on;

- Option 2 - The aspirational brief
- Option 2 – The LTP budget.

The site and landscaping have been developed to provide options for later expansion to the Option 1 model.

The key strategic moves and goals outlined in the 2017 business case have been incorporated and largely met during this project development.

Studio Pacific Architecture have presented and Concept Design Report, Outline Specification and Design Features Report. The Concept Design stage developed the spatial arrangement and internal adjacencies of Te Ara Wai. Engagement with Shane Te Ruki and Henriata Nicholas informed the turanga for Te Ara Wai, the exterior form, site and landscaping and the purakau design narratives.

The concept Design documents incorporate:

- **Concept Design Features Report:** Exec Summary, The Setting, The Landscape, The Building, Building Area Studies, Total Project Considerations, Next Steps.
- **Concept Design Drawings:** Topographical Survey Drawings, Architectural drawings (General arrangement plans, elevations, sections and renders), Landscape drawings, Structural drawings, Services consultant drawings, Fire Consultant Drawings and Acoustic Consultant Drawings.
- **Concept Design Outline Specification:** Scope of report, Architectural Landscape and Outline Specification, Fire Report, Acoustics, Geotechnical Desktop Review, Site Remediation ROC Cost Estimate, Preliminary Contamination Considerations, Planning and Transportation.

Funding

Discussions were held with Momentum Waikato, a community foundation connecting funders with community projects. Momentum Waikato agreed to establishing a partnership model with WDC to apply for funding on behalf of WDC and to build and develop Te Ara Wai. A

partnership model was developed and was to be presented to the Governance Committee for approval in mid-March 2020. This Governance meeting was cancelled due to Covid-19 and the partnership between Momentum Waikato and WDC was no longer viable due to access to funds from community grants and philanthropic funders becoming difficult to realise due to a shift in priorities for community funding and philanthropic sources.

3.2 The Preferred Option

Preferred Option Configuration

Based on the analysis, the configuration of the preferred option is:

1. Scope: A purpose-built facility is clearly the preferred option. Integration of such a facility at the HUB as opposed to another location lends itself as the preferred option.

2. Service Solution: The options suggest that a full “museum” offering at a heritage facility is preferred (as opposed to a virtual offering or emphasis on one aspect of the current museum service over another) but it must also have an added role of being a conduit to the heritage sites of the greater district and region.

3. Service Delivery: All the options focus on partnerships of one kind or another. It is clear that the preferred service delivery option is to involve partnerships with appropriate organisations or entities to offer the best services possible.

The service delivery options do not present a working “management” option for the facility. The option of having a trust operate the facility is explored later in this section.

4. Implementation: Any of the options could work. The project timing may depend on the procurement process adopted for the project. Essentially the Heritage Centre project is already part of a “Sequence” of developments within the HUB area.

5. Funding: The partnership approach to funding is the preferable option and is in line with most developments of this kind around the country. Partnership funding offers benefits beyond just the money – it also offers particular skills and expertise from funders, the benefit of practical experience and also opens the door to other valuable partnerships.

Consideration of a Trust Management Model for the Te Awamutu Heritage Centre

An option proposed for management of the proposed Heritage Centre is to establish a charitable trust to operate the facility as with the Cambridge Museum to give effect to some of the recommendations in the Section 17A Museum Services Review (HG Consulting, 2015) report.

A Charitable Trust is an entity whose activities or aims must be for public benefit and must not be for the benefit or profit of any individual. Charitable purposes include those for education, health, the relief of poverty and other purposes beneficial to the community including public community infrastructure. The Charities Commission determines what constitutes a charitable society and a charitable trust needs to be registered by the Charities Commission to qualify for tax exemptions. The charitable purpose however does not prohibit

a trust from carrying out fully commercial activities as long as any proceeds or profits are used for the charitable purposes set out in the Deed of Trust.

If this was to be the operational model used, a trust would need to be formed with a trust deed outlining its purpose as being charitable. Legal advice would also need to be sought on the setting up of a trust to manage the operation of the Hall and advise what Council's role would be in this, e.g. with regard to appointment of trustees, the winding up of the trust, etc. There would also need to be a funding agreement or contract for service in place between the trust and Council linked to an annual operating grant and specifying criteria, including key performance measures, which the trust would have to work to.

Advantages/Disadvantages:

A Charitable Trust would cost little to set up, but as a separate entity from Council it would be subject to separate auditing and must file annual returns with the Inland Revenue Department and Charities Commission. Set up costs would need to involve a lawyer to ensure that the trust deed is properly constructed and acceptable in law.

A trust's charitable status provides tax advantages to donors, who may claim back 33 percent of their donations in rebates. The charitable status regarding donations would be helpful when applying for grants and fundraising for equipment, furniture or fittings for the Heritage Centre.

The Trust model could allow community representation and input into the direction of the facility and could attract trustees with specific expertise to enhance the facility operation. If a Trust model was to be investigated, the purview of the current Waipa Community Facilities Trust should be included in the study in terms of whether its role could be expanded to more community facilities.

Conclusion:

There are advantages and disadvantages of having an external organisation manage a Council facility. There are examples nationwide of where it has worked and others where it has not, and the principal objective to keep in mind is what is best for the Te Awamutu Community as it is their facility and their Collection (already owned and cared for by a Trust).

Waipa District Council should consider the management of its other community facilities where a trust management model is used and assess the benefit of the trust model in relation to these.

Inevitably Council will have to fund the operation to some extent. It is a matter of whether establishing a charitable trust to run the facility is worth it in terms of the outside income a charitable entity might attract. Certainly, during the fundraising phase of the capital project, the status of a charitable trust would be an advantage. The Gisborne Theatre Charitable trust assumed the lead in fundraising for the redeveloped Gisborne War Memorial Theatre, as is the Sarjeant Gallery Trust taking a lead in the Sarjeant Gallery redevelopment project. This takes

some of the burden off the Council in terms of seeking funds and being a driving impetus in the community for raising funds.

Visitor Projections:

An analysis was undertaken of similar projects which have “hubs”, and the impact that the co-location of facilities has had on visitor numbers. In all the case studies where the co-located facilities are now in operation, visitor numbers have increased, in some cases quite dramatically. In all cases considered they have at least doubled. Note that not all these facilities have tourism as a strong focus.

Case Studies

Te Kōputu, Whakatāne

Te Kōputu a Te Whanga a Toi - Whakatāne Library and Exhibition Centre (Te Kōputu), which opened in June 2012, was the first stage of a major arts and culture project in Whakatāne. This saw the former Briscoes building retrofitted into a purpose-built library and exhibition centre that includes a public library, a semi-permanent museum display area and three temporary art gallery spaces. The second stage of the project will be the redevelopment of the Whakatāne Museum and Research Centre, which will not be located with Te Kōputu but will have a presence there through the museum displays. Currently the Museum attracts similar visitor numbers to Te Awamutu Museum (approx. 10,000), but this has been dropping.



Since opening in 2012, Te Kōputu has celebrated a number of achievements including architectural awards. Visitation has increased (220,000 people visited the centre in its first year) and it is well used by a wide cross-section of the community. There is no separation of visitor numbers for the Library or Galleries however in its Annual Report 2012/13 Council reports that a “significant proportion” of those visitors to Te Kōputu visited the galleries.

Te Takeretanga o Kura-Hau-Po, Levin

Known in short as Te Takere, the Horowhenua Culture and Community Centre, opened in September 2012. A community heart and hub, the centre brings together library services, as well as services and facilities for community, business, youth, and tourism. Previously the location of a supermarket, the vacant building was purchased in 2007 by Horowhenua District Council, which had the strategic vision of creating a community centre, incorporating the Levin Library.



With an innovative design to re-purpose the building, construction was undertaken by local contractors between late 2011 and September 2012, resulting in a complete transformation from an unsightly big box-type building to a dynamic-looking and inviting community centre.

Nationally, Te Takere became a flagship of its kind - a relevant and convenient destination to complement people's lives at home, school and work. Recreational, cultural, learning, digital and social experiences located in one convenient, modern and accessible facility in the heart of Levin and wider Horowhenua District.

Te Ahu, Kaitaia

Te Ahu is a multi-functional community facility in Kaitaia in Northland, New Zealand, which houses the area's library, museum, i-SITE visitor information centre and council customer services. The complex also houses a café, a variety of venues for hire including different sized meeting rooms, banquet room and a main hall, little theatre, art space and cinema.



The initiative to establish the centre came from and was supported by several individuals and organisations. These included Te Runanga o te Rarawa and Te Rūnanga-ā-Iwi o Ngāti Kahu and representation from those hapū who mana whenua in Kaitāia are, namely, Te Paatu, Ngai Tohianga and Te Tahaawai Hapū of Kaitāia, Oturu and Pukepoto. This early involvement ensured that iwi participated in the design of the concept and the nature of the facility. They supported the aims of the Komiti by joining the Trust and mandating the name Te Ahu.

Te Awahou Nieuwe Stroom (TANS), Foxton

Te Awahou Nieuwe Stroom will be a destination where people can experience cultural tourism that is both authentic and interactive. This cultural precinct preserves, shares and makes accessible the stories and taonga of specific cultural groups: tangata whenua, early pioneers, Dutch and more recent immigrants.



The project has attracted widespread recognition at a national level and is the only project of its kind in New Zealand. It will transform Foxton into the tourism and events destination of the region.

Te Awahou Nieuwe Stroom is being developed as a partnership between:

- Horowhenua District Council (HDC)
- The Dutch Connection Museum Trust
- Horowhenua Library Trust

- Te Taitoa Māori o Te Awahou (9 Ngāti Raukawa hāpu and 6 other organisations)
- Save Our River Trust
- Flax Stripper Museum Trust

Table 8: Comparison of Community/Cultural Hubs

Facility	Construction Cost	Annual Visitor Numbers	Year number relates to	Entry fee	Resident Population
Te Kōputu a Te Whanga a Toi - Whakatāne Library and Exhibition Centre	\$2.95M in 2012 (retrofit)	220,000 (to Library and Gallery – this is double previous visitation)	2012/2013	No	9,300 (Whakatāne City) 32,691 (Whakatāne District)
Te Takeretanga o Kura-Hau-Po Horowhenua Culture and Community Centre	\$7M in 2012 (significant retrofit)	231,744 464,799	2012 2013	No, but costs to hire venue spaces	20,300 (Levin) 30,096 (Horowhenua District)
Te Ahu - Kaitaia	\$14M in 2012 (new build)	6,000 (museum only) 22,685 (estimated for museum) Visitor numbers to the total centre estimated at 239,096 (Te Ahu Charitable Trust, 2009)	2010 (Prior to Hub) 2015 – 4th year of operation	No, but costs to hire venue spaces	5,600 (Kaitaia) 55,731 (Far North District)
Te Awahou Nieuwe Stroom -Foxton	\$5.696M - In development	55,046 53,767 150,000 (medium scenario)	2012 2013 Estimated visitor numbers when hub is opened mid-2017.	Unknown – as this is primarily aimed at tourists, it is likely to have an entry fee	4,500 (Foxton) 30,096 (Horowhenua District) 650,000 people live within 1.5-hour drive of Foxton, i.e. Wellington, Palmerston North, Whanganui
Te Awamutu Heritage Centre	\$7.766M - \$8.974M	11,119 current Museum. Library visitor numbers have	2016/17	Projected visitor numbers could be	16,400 (Te Awamutu) 46,668 (Waipa District)

		increased by 33.4% over the same 4-month period as last year, since the new Library opened. It is likely that museum visitors will increase also by at least one third.		from 18,000 (low projection) to 25,000 (high projection)	403,638 (Waikato Region)
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Benefits of Community Hubs - Facility Co-location

There is strong evidence both within New Zealand and from overseas to suggest that the co-location of community facilities brings many benefits to a community:

- Greater convenience/ community uptake;
- Supports economic development of local retail areas;
- Greater efficiency with staffing and energy use;
- Lower maintenance costs;
- Improved safety from an increase in activity;
- Confidence that the design and use of facilities are fit for purpose;
- The overall amenity of the area around the facilities is improved.

Today, cultural institutions are working amongst themselves and communities collectively and collaboratively. Old distinctions between art (the gallery), evidence (the museum), and information (the library and archive) are being challenged. This is reflected globally in programming and building design for cultural institutions.

A recent trend in the sector is the “convergence” of cultural institutions. This has come out of the digital and information centres of facilities originally, but the term has come to be applied to the combining of cultural facilities not only or necessarily on one site, but has included the discussion of financial efficiencies, rationalisation of services and the ideal of universal access to information about material culture (Robinson, 2012).

At the same time, cultural institutions face significant competition with other leisure pastimes as well as greater pressure to perform economically. It is no longer enough for the existence of cultural institutions to provide evidence of a desire for some higher purpose or meaning. To be a place people want to visit, the Heritage Centre must offer a value perceived by people to be relevant and important to them. The proposed “Active Edge Discovery Zone” for the Heritage Centre adds value to the proposal and is a “hook” by which to attract visitors to the Centre.

A greater combination of cultural amenities in one location is likely to be an attractive magnet to visitors and increase overall visitor numbers rather than split and reduce numbers to each facility, as is possible when the facilities are located in separate places. The linkages between

facilities however is very important – in one New Zealand city, although the Library and Art Gallery are adjacent to each other, visitor numbers to the Library are 80,000 per year, while only 8,000 visit the Art Gallery. This is primarily because the parking for the Library is close to the door on the side of the building away from the Art Gallery. With separate entrances away from each other, there is little cross-over with patronage, and therefore the co-location of these facilities is not being taken advantage of.

Benefits of Co-locating the i-SITE in the HUB

The proposal to co-locate public facilities within the Te Awamutu community HUB includes moving the i-SITE to this location. Currently it is located in a high-profile position, adjacent to public toilet facilities and offering plenty of parking spaces for larger vehicles such as buses and camper vans. If it was to be relocated to the HUB, then parking would need to be considered.

The Te Awamutu i-SITE visitor numbers have been increasing year by year with a 5% increase over the last three years. Enquiries relating to heritage sites and activities have been growing; and i-SITE staff direct visitors to the current museum whenever asked about activities to do in the area. The Te Awamutu i-SITE plays an important role in community public relations and encourages locals to visit the i-SITE to do bookings for travel and events.

Table 9: Te Awamutu i-SITE Visitor Numbers

Year	Numbers
2013/14	24,506
2014/15	24,987
2015/16	25,598
2016/17 (estimated)	27,480

In 2015, a report was prepared for Auckland Tourism, Events and Economic Development (ATEED) and i-SITE New Zealand on the economic impact of the i-SITE network across New Zealand (ME Spatial, 2015). The report states that the role of the i-SITE is to inform the tourism market, which is a key to maximising tourist potential, and its overall effect is that it unlocks visitor spending, facilitating a series of flow-on effects.

This report examined monetary impact only and found that for every \$1 provided in funding to i-SITEs, the network returns on average \$8.7M in Gross Domestic Product (GDP) and the average income returned to households is \$5.2.

The report does not consider the non-monetary impacts of the i-SITEs and the i-SITE network but notes that the impacts may be substantial and could create wider economic benefits arising from the i-SITE's social value and role as an important community facility.

The research shows there is a correlation between visitor centre usage and visitors staying longer and spending more:

- Over 40% of international visitors use an i-SITE in New Zealand;
- They stay longer – 14 days as opposed to 6 days;
- They spend more - \$1,766 vs \$774;
- 83% participate in additional activities due to their visit;
- 59% say their visit resulted in additional, unplanned spend in the community.

Research shows that i-SITES draw visitors to a location, and around two thirds of international visitors who visited an i-SITE said that they were influenced by the i-SITE on their decisions regarding activities, transport and accommodation.

The research undertaken on the i-SITE network shows that i-SITES make an important contribution to the economic, social and recreational wellbeing of communities by encouraging visitors to experience local events, visit local attractions and support community retail, accommodation and hospitality venues.

Assessment of Viability of Visitor Experience based on Heritage Themes

The Ministry of Culture and Heritage has undertaken research into the demand for cultural and heritage tourism in New Zealand (Quality Tourism, 2008). Although the research was undertaken in 2008, the Ministry still has it available on its website with the following comment: “Cultural activities, experiences and products contribute significantly to the overall satisfaction of both international and domestic tourists in New Zealand. The Ministry believes that cultural organisations and businesses could benefit greatly from a more strategic engagement with the tourism market and is interested in actively encouraging the development of strong and enduring relationships with the tourism sector” (Ministry of Culture and Heritage, 2016a).

A report prepared in June 2008 for the Ministry of Culture and Heritage (Angus & Associates Ltd, 2008) updated previous research undertaken in 2003 on the demand for cultural tourism. The following findings were significant in terms of the arts/cultural/heritage experience in tourism:

- There is a significant demand for cultural tourism experiences amongst international visitors to New Zealand. This demand has grown over time to the point that cultural considerations can be said to be a factor in the decision-making of at least one-third of all international visitors as far as individual destinations within New Zealand are concerned;
- Participation in arts/cultural/heritage experiences remains lower than expected given the extent of the demand that is apparent and there is clear evidence of unmet demand in several areas (Māori cultural experiences and major art/cultural events in particular). It is unclear as to why this is so;
- The benefits that accrue if visitors are encouraged to participate in an arts/cultural/heritage experience are very clear. The satisfaction of visitors who participate in arts/cultural/heritage experiences is very high - both in the context of each individual experience and the visitor's overall experience of New Zealand and its regions.

The report concluded that there is much to be gained in boosting international visitor participation in arts/cultural/heritage experiences, both by the tourism industry and by individual arts/cultural/heritage businesses and organisations.

The Ministry of Culture and Heritage has developed a specific strategy for New Zealand Arts, Cultural and Heritage Tourism as indicated in the Strategic Case. This supports the view that there is a place in the New Zealand tourism offering for experiences based on cultural and heritage themes.

The TRC “Opportunities Plan” for Hamilton Waikato Tourism (TRC Tourism Ltd, 2016) also supports a tourism experience based on heritage themes. They have identified the “Waikato Story” as a key element of any positioning of the region for tourism and say the following about “Heritage Attractions”:

“Complementing the Kiingitanga story is the opportunity to create a more unified “Heritage” offering. The New Zealand Wars stories in particular are entwined with Kiingitanga, and of unique interest to visitors. The wider human and natural history of the Waikato provides significant supporting experiences to a range of market segments, especially older FITs (free independent travellers), both domestic and international, and educational groups. There is a diverse range of museums and heritage centres in the region, which can be included in itineraries, and supported and promoted as a group.”

This aligns perfectly with a new initiative currently being undertaken by the Ministry of Culture and Heritage Manatū Taonga, in partnership with the Department of Conservation (DOC) Te Atawhai and NZ Heritage Pouhere Taonga entitled “Landmarks Whenua Tohunga”. The aim of this project is to “Discover the places that have shaped our nation and created our stories”. The aim is to showcase New Zealand’s historically and culturally important places. MCH says that up until now there has not been a unified approach to promoting them and encouraging both New Zealanders and tourists to visit them and discover and experience the fascinating stories of our country. A pilot programme is being trialled in Northland over the summer of 2015/16. The Landmarks pilot has been developed with Northland partners, Te Tai Tokerau iwi and hapū and the tourism sector. Nine sites have been selected to showcase Northland’s heritage (refer *Appendix 8* for brochures).

A heritage experience also supports the increased national profile of the Land Wars and complements the offerings of other museums in the region. The new facility could operate as part of a collective of museums involving several participants each with their own part of the New Zealand Land Wars story to tell.

An assessment of the demand for heritage experiences was undertaken by tourism consultants TRC Tourism (TRC Tourism Ltd, 2016a). Current trends in tourism indicate growth in both the international and domestic markets. In the year ending June 2015, the International Visitor Survey estimated that almost 1.16 million international visitors went to a public museum or art gallery on their trip to New Zealand. This was a 14% increase over the previous year.

The Domestic Growth in Tourism Tool (DGIT)¹⁴ shows 18% of domestic visitors claim they will visit a museum or gallery on a future trip. This tool indicates there is a substantial demand for visits to the Waikato to experience Maori culture, museums, and important buildings or sites – an estimated

819,257 trips per annum. These visitors are mostly from Auckland and the Waikato itself, more likely to be aged 35-49 or over 65, 30 percent travel with children and most are day trippers (84%) or stay with family and friends (12%).

New Zealand does not have a high profile as a historic/heritage/culture destination internationally or among New Zealand residents. However, one third of international visitors were interested in learning about New Zealand culture, and one tenth of domestic visitors have an interest in experiencing local culture.

Visitors to key heritage sites in New Zealand administered by Heritage New Zealand show that visitor numbers are trending upwards.

There is a global trend for heritage and cultural visitors to expect personal or interactive experiences that bring a place, its people and stories to life rather than be presented solely through static displays.

The assessment finds:

- Heritage attractions and experiences that are unique and visitor focused are proving successful in New Zealand and experiencing an increase in visitor numbers, e.g. Forgotten World Adventures self-driven rail carts;
- The multi-function “Hub” type approach to offering resident services and visitor experiences in a single location has proved successful with both residents and visitors;
- Travel routes and trails are currently very popular and formed the links, themes and clusters of tourism experiences and services in many New Zealand regions;
- The proposed Hub and Spoke concept in Waipa District has the potential to be a unique experience attracting a wide visitor base and there is a solid market demand for this type of concept/experience.

The research undertaken in New Zealand on cultural and heritage tourism all points to the viability of a tourism experience based on heritage themes.

Economic Impact Assessment

An Economic Impact Assessment has been undertaken by Sean Bevin, Economic Solutions Ltd (Bevin, 2017) (*Appendix 9*). The assessment covers:

- Economic impacts for current Te Awamutu Museum operation;
- Economic impacts for proposed Te Awamutu Heritage Centre construction work;
- Economic impacts for proposed Heritage Centre operation;
- Other economic benefits.

The Economic Impact Assessment (EIA) quantifies the total multiplied economic impacts within a particular geographical area (local/regional/national) of a significant existing or new revenue/expenditure operation, development or activity in the area. The total economic

impacts comprise the initiating direct expenditure or revenue/turnover impact associated with the activity and the flow-on or “multiplied” economic impacts.

The four traditional economic impact measures are:

- Revenue (i.e. the total value or turnover impact including imported goods and services expenditure);
- Value Added/GDP or the true gain in overall economic activity generated by a development after removing expenditure on imported goods and services;
- Employment; and
- Net or disposable (i.e. after taxation, savings, superannuation) Household Income.

Base Information

The key information sources for the report have been relevant statistical, financial, market and other information about the existing Te Awamutu Museum and proposed Heritage Centre operation provided by Giblin Group Ltd/Waipā District Council, Statistics New Zealand and MBIE (Ministry of Business Innovation and Employment) regional tourism statistics, and economic impact modelling results for the Waikato area provided by Hughes Economics, Auckland (specialist economic impact modelling consultancy).

The model used is a Waikato region one. Regional multipliers are used to get a better appreciation of the scale of economic impact flow-ons. Waipā District will benefit to the extent that:

- Suppliers of goods and services to the annual museum/heritage operation are based in the Waipā District;
- Employees in these facilities and in supplier industries reside and shop in the district;
- Construction employees and suppliers also reside in the district.

Assumptions

For the purposes of the analysis the following assumptions have been made:

- Total construction cost for the proposed Heritage Centre is \$8.4M;
- Peak employment level of 14 persons at the Heritage Centre (increase of 5 over the current level);
- Indicative operating spend of \$1.25M has been used for new facility (compared with current Museum operation spend of \$0.74M);
- Visitor projection figures are 18,000 (Low) and 25,000 (High). An average of these two figures is used for visitor spend calculations.

Estimating Monetary Gains

The Economic Impact Assessment has identified the following potential monetary gains in current dollar terms for the region. These are separated in the following table into:

- Economic impacts of proposed Heritage Centre operational expenditure;
- Economic impacts for proposed Heritage Centre construction work;

- Economic impacts of likely visitor spending;
- The economic impacts of the current Museum operation are included for comparison.

Table 10: Estimated Monetary Benefits from the Te Awamutu Heritage Centre

Potential Monetary Benefits (Value Added/GDP)	Timing	Description – Operational Expenditure including visitor spend
\$0.95M (Current)	2016/17	Total economic impact in Waikato region of the current Te Awamutu Museum operations.
\$4.58M	2020/21	Total economic impact in Waikato region of the first full year of Heritage Centre operations.
\$4.58M	2019-2020 (construction period only)	Facility construction will benefit Waikato supplying sectors including construction services, and non-residential building industries.

In terms of employment, the Economic Impact Assessment estimates that the overall employment increase in the region as a result of the new Heritage Centre is from 16 to 24-25. This includes both direct employment within the new Heritage Centre and flow-ons in supplier industries to the Heritage Centre operation.

The Value Added or GDP impact is considered to best measure the true multiplied gain in total economic activity in an area as a result of an initial expenditure or revenue change, as it excludes the value of imported items required for the project, payments for which flow out of the geographical area being considered to externally based suppliers of goods and services. The table below summarises the economic impacts of the proposed Heritage Centre project. This shows that there are positive economic impacts to be achieved from the proposal.

Table 11: Te Awamutu Museum and Heritage Centre Summary of Regional Economic Impacts

Economic Impact Measures	Current Operation	Construction period of Heritage Centre Facility	New Heritage Centre Annual Operation including Visitor Spending
Total Revenue (\$M)	1.2	17.26	2.00
Net Household Income (\$M)	0.50	2.3	0,86
Employment (Persons/Jobs)	16	64	24-25
Value Added/GDP (\$M)	0.95	4.58	1.64

Non-monetary Benefits

Some potential economic benefits of the proposal that cannot be reliably quantified in

monetary terms are described below:

Table 12: Non-monetary Benefits from Investment Proposal

Table 12: Non-monetary Benefits from Investment Proposal	Description
Economic and Tourism benefits	Strengthening of the overall arts and cultural sector in the district. This includes related educational and research activity.
	Contribution to enhancing the overall local 'quality of life' for residents in the township and wider district, with potential positive flow-ons in terms of attracting new residents to the area.
	Contribution to increasing the range and quality of local attractions/amenities available for visitors to the district and wider region.
	Contributing importantly to the effective operation and service delivery of the overall Community Hub operation.
	Flow-on gains from the latter in terms of strengthening the overall economy of the Te Awamutu central business area, for example, flow-on benefits for retailing, hospitality and other commercial operations located near the Hub complex.

Summary of the Preferred Way Forward

The preferred option is:

- A purpose-built facility – integration of such a facility at the HUB.
- A full museum offering, with an added role of being a conduit to the heritage sites of the greater district and region.
- Service delivery option is to involve partnerships with appropriate organisations or entities to offer the best services possible.
- Project timing may depend on the procurement process adopted for the project, but the project is part of a sequence of developments for the HUB.
- Funding partnerships.

This option will achieve the three Investment Objectives and meets the criteria of the Critical Success Factors.

The preferred option was used as the basis of the Economic Impact Assessment which finds that a moderate positive impact would result on Waikato Region's and Waipa District's economy in terms of tangible monetary gains from the operation of the proposed Heritage Centre. It also demonstrates potential non-monetary benefits that could ensue from the proposed Heritage Centre development.

UPDATE: May 2020

Scope of Te Ara Wai

During the Functional Design Specification preplanning, briefing and aspirational phase of the project, it was realised the scale of a fully functioning Museum offering amounted to 3300m² in floor area, this was larger than the proposed site. Early cost estimates indicated the value of the project was in excess of the approved LTP funding provided by WDC.

It was agreed by the Project Sponsor to review a reduced scale facility: Option 2 whereby the collection storage, archives and research facilities would be excluded for now.

Option 2 has a total floor area of 1650m² and includes Museum front and back of house function, Education Space, Temporary Gallery and Public Programming, Permanent Gallery, Tourism information, retail and a small coffee cart. The commercial and operational model for Option 2 supports well performing visitation targets and opportunities for ongoing community engagement and revenue generation.

The current thinking of the WDC PCG team is for a separate project to house the collection storage, research and archives and this brief is to be developed over time. This could be an extension to the Te Ara Wai building or a separate off-site purpose-built storage facility to meet Museum Standard environmental conditions with public access to meeting/viewing rooms of archives, taonga and research. It has been recognised in the Business Case May 2017, in order to deliver an outstanding service to the community, it would be advantageous and even necessary to work with multiple organisations which could offer knowledge, skills and expertise in specific areas to support Te Ara Wai's service delivery. Some of the organisations or groups mentioned included iwi, tertiary education providers, research organisations, central government ministries such as Ministry of Culture & Heritage (MCH). Collaboration with these organisations and partners would be key in the development of any Collection Storage, Research and Archives facility.

The preference and recommendation of the Museum Team is for the collection to be included within a new Museum facility, Option 1. It is however not uncommon for collection storage to be stored separately from the museum itself, however the associated risks and time in transporting collection objects are much higher than if the collection was stored on site, these risks and opportunities would need to be well considered in any future Museum related projects.

The Opportunities outlined in the Business Case May 2017 would see all opportunities being met in Option 1 with Option 2 meeting all these same opportunities, but through a staged development of the site.

The preferred Concept Design Option is to be agreed at the June 2020 Governance Committee meeting.

Economy and Funding:

The New Zealand economy is in recovery mode following the Covid-19 global pandemic. External funding such as community grants and philanthropic funders priorities have shifted to recovery mode and access to previously identified funding streams are no longer available.

A Treasury Better Business Case was to be developed by Stephen Hamilton at Horwath HTL to

support an application to the Provincial Growth Fund. This Better Business Case is currently on hold due to Covid-19.

Late March 2020 the Government announced an initiative to support 'shovel ready' infrastructure projects from the public and certain private infrastructure sector participants that have been impacted by Covid-19.

Ministers advised that they wish to understand the availability, benefits, geographical spread and scale of 'shovel ready' projects in New Zealand. These projects will be considered in the context of any potential Government response to support the construction industry, and to provide certainty on a pipeline of projects to be commenced or re-commenced, once the Covid-19 Response Level is suitable for construction to proceed. Te Ara Wai submitted an application seeking external funding of the project shortfall by way of a grant to progress with the completion of the Te Ara Wai project. WDC were notified late May that this application had been unsuccessful.

WDC is moving into a post COVID-19 era where the focus of the council is recovery and support of the local economy. Te Ara Wai's previously approved council funding has been transferred to other projects.

As part of the 2020 / 21 Annual Plan review resulting from Covid-19, Te Ara Wai's previously approved LTP funding has been transferred to other projects. As such, Te Ara Wai and all associated projects (Te Ara Wai Exhibition development, Streetscape and Landscape development) is due to be on hold from the end of June 2020.

Other related projects:

Based on the May 2017 Business Case, development of Te Ara Wai is underway with a number of packages of interrelated works being completed as the basis of the planning and design of Te Ara Wai.

Locales, a Wellington based visitor experience design agency were engaged to complete the WDC Journey's project and develop the Te Ara Wai Concept Masterplan, this complex piece of works has informed the narratives linking the journeys sites to the exhibition within Te Ara Wai. The works relating to the Concept Masterplan has informed the scale of the Permanent Gallery and Programmable areas.

The recommendation within the Business Case May 2017 was for Te Ara Wai to be integrated within the Te Awamutu HUB. At the same time the surrounding Mahoe and Market Streets have planned streetscape upgrades, the opportunity to align the design and physical works was seen to benefit both projects. The procurement of the Architect and Consultant Design team included design of the intersection of Market and Mahoe Streets extending across the site boundary of Mahoe Street. WDC is currently working on developing the key moves and actions from the TA Precinct Plan with Beca, it was planned once the key moves and actions were known for this Market and Mahoe Street areas a meeting would be held between WDC, Studio Pacific and Beca to agree scope, to brief the project and commence design. The timing of the Te Ara Wai Concept Design advanced ahead of the streetscape works and has meant

the landscape design and a high-level sketch of the streetscape has been proposed with the Studio Pacific Concept reports. These works have not been approved and there are no updated cost estimates for these works.

At the time of the Business Case May 2017, there was discussion about having a covered performance space and commercial space at the HUB. These elements were considered within the Social Space Concept development work completed by Locales. The increased level of opportunities for community events, revenue generation, shows and touring exhibitions, allows Te Ara Wai to become more community focused and supports local's engagement with Te Ara Wai. A covered courtyard area between the Library and Te Ara Wai has been explored within the current Concept Design Stage. We recognise this is a separate project and budget (PR2251 TA Community HUB External Social Space) and as such the cost estimates will separate the cost of the construction works.

The Journeys project, the self-guided history tour of the Waipā district including key sites of the 1863/64 Waikato War is complete. Phase one and two includes 6 Zones, Rangiaowhia-O-Rakau, Kakepuku, Karāpiro, Pirongia, Nga Roto, Cambridge, and multiple sites within each Zone to explore via the website.

Since the Business Case May 2017, the digitising of the Museum collection is complete.

4.0 Commercial Case

Commercial Case – Preparing for the Potential Deal

The purpose of the Commercial Case is to outline the procurement and contracting approach for the proposed Heritage Centre. Having accepted that there is a “case for change” (Strategic Case) and the preferred option as described in the Economic Case, the Commercial Case looks at whether the preferred option is able to be procured within the current procurement procedures of the organisation.

The Procurement Strategy

Waipa District Council currently has a Procurement Procedures Manual which sets out the process to be followed when going to the market to procure goods and services. The intent of this manual is to provide staff with a definitive guide to the whole procurement process which consists of a number of logical stages. The Procurement Lifecycle is presented as a series of consecutive stages. In practice however, some stages may be done concurrently.

Stages of Procurement Process:

1. Initiate project.
2. Identify needs and analyse the market.
3. Specify requirements.
4. Plan approach to market and evaluation.

5. Approach market and select supplier.
6. Negotiate and award contract.
7. Manage contract and relationships.
8. Review.

Principles:

Keeping in mind Waipa District Council's responsibility under the Local Government Act 2002 and its 2012 amendment " ...to meet the current and future needs of its community for good-quality local infrastructure, local public services, and performance of regulatory functions **in a way that is cost- effective for households and businesses...**" (NZ Government, 2012), the Council works to the following principles in its procurement processes:

A strategic approach - A focus on relationship development and management means that less time is spent resolving issues and more time applied to assessing quality in delivery and identifying opportunities for cost savings and benefit gains. A strategic approach delivers greater value.

Value for Money - Value for money does not always equate to the cheapest price. Value for money means using resources effectively, economically, and without waste, and taking into account:

- the total cost and benefits of a procurement (total cost of ownership); and
- its contribution to the results you are trying to achieve.

The principle of value for money is about achieving the best possible outcome over the whole-of-life of the goods, services or works for the benefit of Waipa's ratepayers.

The Procurement Plan

At a workshop held with Waipa District Council staff on 8th March 2017, the preferred procurement process was discussed.

Required Services

The required services for the Heritage Centre are:

- Design
- Build
- Fit out/Exhibition design
- Operate

Procurement of Design

Open tender is required if the value is over \$100k. It is unlikely that initial concept designs would be above this amount and authority then resides with the Project Delivery Unit to

contract a suitable architect to undertake initial design works. A full brief would need to be developed for the architect to work to.

Procurement of Capital Works

The following are options for procurement:

1. Open tender
2. Early Contractor Involvement (ECI)
3. Contract payment
 - Lump sum, or
 - Measure and value contract

A lump sum is preferred for cost certainty.

An early contractor involvement model can add significant value to the project if the designers and building contractor work as a team for the entire duration of the project, rather than the more traditional approach where a construction contract is procured after completion of the design.

Through negotiation, savings could potentially be made on the build, which could then be spent on the fit-out. If the two elements are contracted separately, there is no opportunity to trade-off between the two stages of the project.

This can also reduce the overall risk to the Council by ensuring that any design or construction issues would be identified and addressed early in the project.

Table 13: Procurement Process

<u>Design</u>	<u>Build</u>	<u>Fit-out</u>	<u>Operate</u>
Concept drawings \$50-\$100k	Detailed Design [ECI-----]	Commissioning Fit-out -----]	Set up Closed/Invited tender
Consents - Resource - Building Exhibition design	Construction	Exhibition construction	Ongoing costs all opex

Following discussions with staff at the procurement workshop, it is recommended that early contractor involvement is the procurement process for this project.

Procurement of Exhibition Design and Construction

Design and construction of the exhibitions proposed for the new Heritage Centre is a specialised area and will need to be procured separately to the building design and construction. It is expected that this will follow the usual tender process.

Contract Considerations

Waipa District Council has a great deal of contract experience.

Some things to consider when drafting a contract document are:

- Proposed term of the contract;
- The key performance indicators/quality standards for measuring the supplier's performance;
- Timeframes for delivery;
- Who in Waipa DC will manage the contract;
- Payment mechanisms and pricing structure – generally linked to milestones;
- Strategy for exiting the contract.

Proposed Timeline

See the Management Case for a proposed timeline for the project. A call for tenders would not take place until July 2018 as this is the earliest that the project would be approved by the Waipa District Council to proceed.

Potential Risk Allocation

No particular risks can be identified at this stage but during the tender evaluation process and when negotiating the contract for design and build, there may be risks identified. Some potential risks could be:

Table 14: Commercial Risk Allocation

Risk	Assessment	Mitigation
Design Risks		
Completeness and appropriateness of design	High	Detailed design brief required and good communication with architect. Hands-on oversight by the Council project team of the design development.
Final design within approved budget	Medium	Independent Quantity Surveyor to provide cost estimate at each stage of design.
Construction risks		
Construction industry demands – i.e. industry booming - prices could be over-inflated	High	Independent Quantity Surveyor review of price at the completion of Developed Design before negotiating construction contract.
Quality of finish	Medium	Careful management of building contractor. Ensure specifications are detailed and correct in

		contract.
Site Risks		
Demolition of buildings - delays with current lease agreements create timing issues and costs	Medium	Good communication and negotiation with current tenants to resolve any issues.
Potential contaminated site	Medium	Have geotechnical report done to determine level of contamination if any and remedial work required.

Risks to the project have also been identified in the Strategic Case (Section 2.4.1) and the Financial Case (Section 5.5 Funding Risks) and staff have commenced the development of a Risk Register, attached as *Appendix 4*. It is recommended that the above identified risks are incorporated into the risk register and evaluated according to the method currently used by the Council and to ensure that all risks identified are listed in one place and evaluated consistently.

Central to mitigating the construction and design risks is the involvement of suitably qualified Quantity Surveyors at the appropriate times, and the Council putting in place an effective project governance structure and project management practice as described in the Management Case.

Summary of Preparing for the Potential Deal

Waipa District Council has considerable experience in the tendering of and contracting for large construction projects. It has procurement processes in place to secure and manage a contract with a suitable supplier.

The recommended procurement strategy is to follow an early contractor involvement (ECI) process. This would potentially enable savings to be made across the design/build/fit-out deliverables and also reduce the overall risk to Council by ensuring any issues or identified risks are addressed early

Complex Business Case – Enter Name of Project
Enter Month and Year

5.0 Financial Case

Financial Case – Affordability and Funding Requirements

The financial case outlines the funding requirements of the preferred way forward and demonstrates whether it is affordable. It also examines the impact the proposal will have on the organisation's accounts.

Projected Capital Costs

As no concept plans have yet been developed for the Heritage Centre, the costs are based on a footprint (*Appendix 10*) of 1450m² to 1750m² for the building with an additional 200m² for the Active Edge Discovery Zone and a further 200m² for the i-SITE, should that be included in the redevelopment. The floor area has been taken from the concepts developed by Locales in their Waipa Discovery Centre Concept October 2016 (Locales, 2016) and the Waipa Social Space Concept January 2017 (Locales, 2017) documents.

Table 15: Estimated Capital Cost

Item	Unit Cost	Amount (\$) 1750m2	Amount (\$) 1450m2
Construction:			
Heritage Centre	\$3,518/m ²	6,156,500	5,101,110
Active Edge Discovery Zone	\$2,000/m ²	400,000	400,000
i-SITE	\$2,500/m ²	500,000	500,000
Fitout		610,000	510,000
Contingency		307,807	255,040
Exhibition Development		1,000,000	1,000,000
TOTAL		\$8,974,307	\$7,766,150

The above costs do not include design costs or consent costs.

The per square metre construction cost of \$3,518/m² has been calculated using a base figure of \$3198/m² (which is the cost of the new Library building) and increased by 10% to allow for upward movement in construction costs. A report by Colliers International (Colliers, 2016) noted that commercial building costs have been increasing by 3-4% per annum. Research on other recent museum developments have also shown that the 'per square metre' cost of construction can range between \$2,500 to over \$9,000 depending on what is proposed. The Active Edge Discovery Zone and the i-SITE have been costed at a lower per square metre cost.

For the purposes of this Business Case and the financial and economic assessments, the capital cost used is \$8.4M (mid-point between \$7.7M and \$8.9M).

Projected Operational Costs

The financial projections have been based on the current Te Awamutu Museum operating costs excluding the LEOTC programmes and include the following assumptions for future operations:

- The floor area of the Heritage Centre will have three times more floor space over the current museum;
- Staffing numbers will increase by 4 additional FTEs;
- Projected visitor numbers per annum are 18,000 (Low); 20,000 (Medium) and 25,000 (High);
- No entry fee will be charged to visit the Heritage Centre but a cost of \$10 per person will be charged for entry to the Active Edge Discovery interactive zone;
- 50% of visitors to the Heritage Centre are anticipated to visit the Active Edge Discovery Zone;
- Depreciation is an operational cost.

Three scenarios have been used for the operating projections: Low (18,000 visitors per annum), Medium (20,000 visitors per annum) and High (25,000 visitors per annum). The visitor numbers to the Museum in 2016 were 11,119. For the Low visitor scenario (most conservative, providing the visitor numbers are achievable) the Heritage Centre will cost less than what it currently does. The current cost is \$63 per visitor and the cost will reduce to the range of \$39-\$46 per person per year in the first 7 years of operation. Excluding the first year of operation when significant external funding is anticipated for the capital project, the average cost per visitor will be \$42.50.

For the Medium and High visitor scenarios, the Te Awamutu Heritage Centre will cost on average \$38.00 and \$30.50 per visitor respectively over 6 years of operation. A capital charge of \$184,450 per annum on an initial investment of \$3.5M from Waipa District Council represents the principal and interest repayments required by the Council.

The operating expenses have been calculated using the current budget and the LTP budget for 2017/18 and compounded 2.5% year by year, except for including an increase in salaries over the first two years of full operation of the new heritage Centre to account for four additional FTEs. The operating projections worksheet is attached as Appendix 11.

Table 16: Financial Projections and Cost per Visitor Years 1-7 (excludes LEOTC)

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	
	Current	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Capital spend	-	\$184,450	\$184,450	\$184,450	\$184,450	\$184,450	\$184,450	\$184,450	\$1,291,150
Operating spend	\$632,745	\$408,907	\$621,421	\$705,253	\$717,067	\$735,024	\$753,227	\$771,886	\$4,712,785
Total expenditure	\$632,745	\$593,357	\$805,871	\$889,703	\$901,517	\$919,474	\$937,677	\$956,336	\$6,003,935
Operating revenue	\$18,790	\$199,221	\$111,853	\$115,050	\$117,722	\$120,461	\$123,471	\$126,546	\$914,324
External funding	-	\$4,044,000	\$614,000	\$64,000	\$64,000	\$64,000	-	-	\$4,850,000
Total revenue	\$18,790	\$4,243,221	\$725,853	\$179,050	\$181,722	\$184,461	\$123,471	\$126,546	\$5,764,324
(Surplus)/Deficit		(\$3,649,864)	\$805,871	\$710,653	\$719,795	\$735,013	\$814,206	\$829,790	\$239,611
Cost per visitor from rates (Low visitor numbers – 18,000)	\$63	(\$202)	\$44	\$39	\$40	\$41	\$45	\$46	
Cost per visitor from rates (Medium visitor numbers – 20,000)	\$63	(\$182)	\$40	\$35	\$36	\$37	\$41	\$41	
Cost per visitor from rates (High visitor numbers – 25,000)	\$63	(\$146)	\$32	\$28	\$29	\$29	\$32	\$33	
Cost per Waipa District ratepayer property ¹⁷		(\$183)	\$40	\$36	\$36	\$37	\$41	\$42	
Cost per Te Awamutu ratepayer property		(\$574)	\$127	\$112	\$113	\$115	\$128	\$130	

Table 17: Financial Projections and Cost per Visitor Years 1-7 (includes LEOTC)

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	
	Current	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Capital spend	-	\$184,450	\$184,450	\$184,450	\$184,450	\$184,450	\$184,450	\$184,450	\$1,291,150
Operating spend	\$778,946	\$453,763	\$666,732	\$751,693	\$764,717	\$783,863	\$801,256	\$821,094	\$5,043,118
Total expenditure	\$778,946	\$638,213	\$851,182	\$936,143	\$949,167	\$968,313	\$985,706	\$1,005,544	\$6,334,268
Operating revenue	\$108,100	\$112,946	\$207,753	\$213,347	\$218,476	\$223,733	\$229,324	\$235,054	\$1,440,633
External funding		\$4,044,000	\$614,000	\$64,000	\$64,000	\$64,000			\$4,850,000
Total revenue	\$108,100	\$4,156,946	\$821,753	\$277,347	\$282,476	\$287,733	\$229,324	\$235,054	\$6,290,633
(Surplus)/Deficit		(\$3,518,733)	\$29,429	\$658,796	\$666,691	\$680,580	\$756,382	\$770,490	\$43,590
Cost per visitor from rates (Low visitor numbers – 18,000)	\$55	(\$195)	\$2	\$37	\$37	\$38	\$42	\$43	
Cost per visitor from rates (Medium visitor numbers – 20,000)	\$55	(\$176)	\$1	\$33	\$33	\$34	\$38	\$39	
Cost per visitor from rates (High visitor numbers – 25,000)	\$55	(\$140)	\$1	\$26	\$27	\$27	\$30	\$31	
Cost per Waipa District ratepayer property		(\$177)	\$2	\$33	\$33	\$34	\$38	\$39	
Cost per Te Awamutu ratepayer property			\$5	\$103	\$105	\$107	\$119	\$121	

Revenue Generation Strategy

A Revenue Generation Strategy (Giblin Group, 2017) was prepared in early 2016 for building a new museum. The capital costs and therefore the target for fundraising have increased since then due to the revised project becoming a Heritage Centre with an interactive zone as part of this. Construction costs have also been increasing. A revised funding plan is attached as *Appendix 5* to this Business Case, but a high-level summary of funding follows in this section.

The proposed funding arrangements have been based on the following assumptions:

- That broadly the principle of one third/one third/one third funding is used. From experience this is what central government likes to see: one third from local government/one third from central government/one third from other sources. This is a guideline only and may need to be adjusted depending on the project and external funding available;
- The capital cost is \$8.4M, however this is subject to change. Until concept plans are developed and costed, this is an indicative cost only;
- The timeline has not yet been set but it is assumed funding will come in over a period of several years up to a maximum of 5 years.

The proposed funding sources for the construction costs of the project are:

- Waipa District Council
- Central government through Ministry of Culture and Heritage
- Lottery grants
- Community, Private and Gaming Trusts
- Corporate Sponsors
- Private Individuals
- Community Fundraising

Table 18: Summary of Funding Sources

Funder	Amount (\$m)	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Local Government	3,500,000		700,000	700,000	700,000	700,000	700,000
Central Government (MCH)	2,800,000		2,800,000				
Community Trusts	540,000		270,000	270,000			
Private Trusts	280,000		140,000	140,000			
Gaming Trusts	130,000			130,000			
Lottery Grants	750,000		750,000				
Corporate Partnerships	320,000		64,000	64,000	64,000	64,000	64,000
Community Fundraising	\$30,000		20,000	10,000			
TOTAL	8,350,000		4,744,000	1,314,000	764,000	764,000	764,000
SHORTFALL	50,000						
OPERATIONAL				805,871	889,703	901,517	919,474

\$4.8M of potential funding has been identified from external funding sources.

It should be noted that there is far more potential for external funding for a project such as a heritage centre, museum or gallery than there is for swimming pools or libraries. The latter are considered by central government funders to be facilities that councils should provide as part of their core services to the community.

Waipa District Council's original funding commitment of \$1.5M to a new museum will need to increase if the Heritage Centre project is to go ahead. It is proposed that a commitment of at least \$3.5M will be required from Council.

Central government funding through the Ministry of Culture and Heritage (MCH) Regional Culture and Heritage Fund (RCHF) can potentially fund one third of the total construction cost. This is a contestable fund and it is recommended that Waipa District Council remains in contact with the fund advisor about the progress of this project. An EOI was submitted to the RCHF in 2015, however the project has changed since then to the Heritage Centre concept, and MCH should be advised of this as the project progresses. Dialogue with MCH needs to reflect the national significance of the Land Wars events that took place in Waipa District. Any approaches to MCH will need to demonstrate iwi's support for and involvement in the project.

The potential for funding from the community – through businesses and philanthropic individuals and trusts is considered to sit at around \$600,000. This does not include any community fundraising initiatives which are strongly recommended to engage the community in the project. Community fundraising could add another \$30,000.

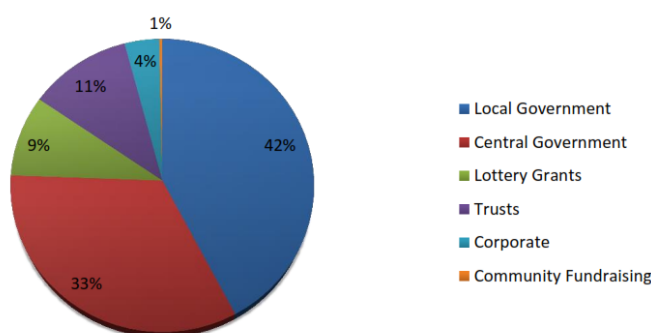
In 2000, the Te Awamutu community raised \$880,000 through sponsorship towards the Events Centre²⁰. While that was a sports project and possibly may have been more appealing for businesses to associate with, the Heritage Centre speaks directly to Te Awamutu's and Waipa's identity and has a great deal to contribute to community wellbeing. Local businesses which demonstrate consistent corporate social responsibility should be approached to support this project.

The model for corporate sponsorship (now more generally referred to as a partnership) has also changed in the last 17 years since the Events Centre fundraising. Today's model sees a set period for sponsorship - usually five years with the option to renew. This is quite different from previous models where large sponsors had their name attached to a facility in perpetuity or for long periods like 20 years for contributions that probably did not reflect the benefits of the exposure that accrued to them during that timeframe. The long sponsorship periods may also preclude bringing new commercial partners on board.

The renewal of sponsorships every five years allows for more income to come into the facility which may help with operating costs once the capital cost is achieved. It also means that sponsors need to be well looked after during their period of sponsorship if there is any chance of securing their ongoing support and renewal of their funding.

Figure 2: Funding by Sector

Funding by Sector



Funding Risks

One of the greatest risks to any capital project is the risk of not being able to secure the necessary funding for it. The Revenue Generation Strategy identifies the potential risks related to fundraising and possible mitigation strategies.

Table 19: Funding Risks and Mitigations

Risk	Mitigation Strategy
Significance of the Collection: A successful application to the Ministry for Culture and Heritage: Regional Culture and Heritage Fund is the central pillar to the external funding for this project. Demonstrating the significance of the collection and the impact it has on the wider Waikato region is key. Developments at Waikato Museum will be a threat if developments increase access to the regional collection.	Demonstrating that the collection has regional and national significance is key to securing a third of the predicted funding needed. Feedback from MCH is that evidence of collection significance (and collections within it) must be substantiated by an independent expert or academic in that field. An application should also demonstrate the regional impact of the collection and how the development will improve access to the collection and participation in arts and culture activities related to it are also important. Lobbying MCH with iwi in partnership is essential to get their support for the project.
Budget: Ensuring the budget is robust is critical to the project to ensure there are no cost over-runs and funders are confident of project disciplines. The project is in the very early stages, with no design of internal spaces completed or quantity surveyor's report to inform a budget. Budget blowouts can often negatively affect public opinion towards a project. This can have a flow-on effect to funding. Retrospective funding is typically difficult to obtain.	The current budget is based on a square metre estimate, based on the footprint of the build. It is recommended that designs and a rough order of costs be done as soon as possible so the budget can be confirmed. Once this is completed, it is recommended that the RGS be revised to ensure the strategy can incorporate the refined budget.
Competing Projects: There will be a number of projects in directly competing for funding in the wider Waikato region and the timing and regional significance	Staying informed of competing projects to establish the timing of any application is highly recommended. Conversations with MCH are encouraged so

of any Waikato Museum Development will be key to the project securing funding from the RCHF. Tauranga is also proposing a new museum which will include a Land Wars exhibit of the Gate Pa conflict.	that the Waikato Land Wars are firmly associated with Waipa and Te Awamutu.
Community expectations/perceptions: In 2010, Council consulted on a \$14M Museum and Performing Arts Centre but it was later shelved. This project may have left either negative perceptions of project scope or, on the opposing sides, have raised expectations of what the community is likely to get in the upcoming proposal.	Stakeholder and community engagement at the closest opportunity is critical to ensure that community is both engaged in the project development and that accurate information is available about the project.
Fluctuating political support: As elected members and priorities change, political support for the project may be affected.	Presenting a robust funding plan will give councillor's confidence that the Museum project is achievable. To date very little has been made public about plans for the Heritage Centre (which are preliminary only). Embarking on stakeholder engagement, on the needs of the community, internal layout or design elements, as soon as possible will create momentum and support for the project, which will reduce the political risk around publicly supporting a capital project. It is recommended a Stakeholder Engagement Plan and Communications Strategy be developed. It is also important to include councillors in regular communications and provide opportunities for them to engage in the project.
Funding fatigue from other projects (particularly the Velodrome and Cambridge Community Pool): On the development of this strategy, Avantidrome is still fresh in people's minds and Cambridge Pool costs have risen. Conflicts or fundraising fatigue may be of concern to Council and funders. Communities can also grow weary of being asked for money from a multitude of other organisations.	The Velodrome and Pool are likely to approach different Central Government funds for money than the Heritage Centre. Local Trusts will have different priorities for how they divide their money between sport, community and culture too. Diversifying the funding model and being aware of the timing of projects so there is no conflict in applications is recommended. Also, the community funding aspects of the Heritage Centre project are likely to focus more heavily on Te Awamutu rather than Cambridge (although not exclude it) to minimise that fatigue. As there is a considerable ratepayer contribution already, it is recommended that not too much should be driven from community fundraising campaigns.
Resource Consent affecting timing of applications: The proposed development	Resource consents, which are critical to any Central Government application to give

will require building and resource consents. Resource Consent is a requirement of any application to the Regional Culture & Heritage Fund and the Department of Internal Affairs (DIA's) Environment & Heritage Fund.	assurance that the project will proceed imminently, can take time to be processed. It is recommended that these are progressed well before applications are due.
Unforeseen external factors unrelated to the project: such as regulatory changes, natural disasters and economic conditions could change the funds offered by Central Government and/or put pressure on existing funding sources. New Zealand has a finite pool of money available and a limited number of corporate sponsors to approach. Contestable funds are routinely oversubscribed. There is a national election this year (2017) and the Minister of Arts and Culture may change as may the fund.	No application can be guaranteed, however the range of funds available for this project reduces this risk to some degree. A funding buffer, over and above the project cost, of at least five percent is recommended. Currently, there is no buffer.
Effective project management: is needed to not only avoid cost overruns (e.g. from scope creep) but also to ensure sufficient funding is secured on time.	It is recommended a dedicated project manager (PM) is appointed to oversee phases of the project, including fundraising. The PM should regularly monitor progress against the RGS.
Under-resourcing: the implementation of fundraising campaigns and under-delivering on sponsorship partnership promises is a risk. Without funding there is no project. Implementation of the RGS is critical to the success of the project.	It is also recommended that a dedicated resource (whether that is internal or external) is committed to fundraising. Establishing good ongoing relationships and maintaining communication with funders should be assigned to an internal staff member.
Community and stakeholder support: is critical to attracting investment from government funds, trusts, philanthropists and corporates. It is essential the profile of the facility is raised to ensure funders can leverage their support with the community.	There needs to be more information driven out to the community. A Communications and Community Engagement Strategy should be developed to ensure all stakeholders, particularly iwi, are included in project decisions and that the wider community has an opportunity to engage with the project through campaigns and key project milestones.
Reduction in gaming trust funding opportunities: Due to changes in national policy and "sinking lid" policies around New Zealand, the pool of gaming trust money is reducing. The number of organisations applying has however increased. Waipa is a small district with just over 200 gaming machines in total and just five gaming trusts with venues in the District.	This RGS has recommended a diversified approach be taken, maximising the level of funding from sources outside the region, such as Government and Lottery Grants Board funding.
Sponsorship Properties are overpriced:	Sponsorship property values have been tested

While it is important to maximise the amount of corporate sponsorship, overpricing will not achieve the desired outcome. Each region engages with corporate funding differently.	with three local business representatives and the values recommended are in line with other sponsorship values (over a multi-year sponsorship term). Feedback was that there would be local support for sponsorship of the project from some quarters and that there was an ability to pay.
Tangata Whenua participation: Participation by local Māori is critical. In order to secure central government and in some cases trust funding, Māori partnership/collaboration must be demonstrated.	There are opportunities for genuine and ongoing collaboration with Māori in the project design and function. It is recommended that a Stakeholder Engagement Plan be developed to ensure all iwi/hapū with an interest in the Waipa District are engaged in the project.

Summary of Financial Impact and Affordability of Proposal

The financial analysis indicates the Te Awamutu Heritage Centre proposal will have the following impact on the Waipa District Council accounts:

- The Heritage Centre will still largely need to be funded by Waipa District Council through rates. At the present time 97% of the current Museum's operations are rate funded; this is expected to drop to around 87% in Year 6 of operation.
- It is highly unlikely that the Heritage Centre will ever be in the position of making a profit in itself but it will contribute to economic benefits for Te Awamutu and the Waipa District (See Economic Case).
- The overall cost per visitor will reduce from the current cost of \$63 over the first six years of operation:
 - **Low** visitor scenario (most conservative, providing the visitor numbers are achievable) will cost on average \$42.50 per visitor over the first 7 years.
 - **For the Medium and High visitor scenarios**, the Te Awamutu Heritage Centre will cost on average \$38.00 and \$30.50 per visitor respectively.
- A capital charge of \$184,450 per annum on an initial investment of \$3.5M from Waipa District Council represents the principal and interest repayments required by the Council for 20 years.

A high-level funding plan indicates that a significant sum will need to be contributed by Waipa District Council to the capital costs of the project – a minimum of \$3.5M. However, this investment can potentially attract external funding of \$4.8M.

The high-level funding assessment leaves a shortfall of \$50,000, which it is recommended Waipa District Council underwrites while continuing to seek external funding, or fund as its contribution to the project – the total from Council would then be \$4M.

All the figures are estimates only and need to be reassessed when costs are confirmed through a QS report on concept designs.

UPDATE: May 2020

Project Costs:

The cost to construct a facility like Te Ara Wai have increased since the Business Case May 2017. Cost Estimates on the Concept Design have an indicative per square metre cost of between **\$10,000 - \$11,500m²** and include contingency and escalation to June 2021 and exclude fees and consents. All other related projects with separate Business Cases' and their costs are excluded from these rates.

As at 25 March 2020, New Zealand entered a Civil Defense Emergency and a Level 4 lockdown due to the global pandemic, Covid-19. This transformed the economy overnight where funding streams were no longer available, and the focus of the council shifted to recovery and support of the local economy.

The Concept Design documents from Studio Pacific Architecture are currently with the Quantity Surveyor for estimating, a breakdown of the known costs as at 29 May 2020 are shown below. The Cost Estimates for Concept Design will be included with the completed Concept Design package.

BREAKDOWN	BUDGETS (NZ\$) Option 1 – 3300m ²	BUDGETS (NZ\$) Option 2 – 1650m ²
FEES Architects, Consultant team, Project Manager, Quantity Surveyor, Master planning, Business Case, Museumologist, Fundraising.	\$3,245,000.00	\$3,245,000.00
COUNCIL COSTS Iwi Engagement, Communications, Governance, Internal Staff time.	\$1,220,000.00	\$1,220,000.00
CONSENTS	\$140,000.00	\$140,000.00
SUBTOTAL	\$4,605,000.00	\$4,605,000.00
SITE WORKS & BUILD Site remediation, demolition, infrastructure services. Construction of Te Ara Wai. Values are based on the sqm rates from Option 2.	Range between \$21,500,000.00 to \$24,700,000.00	Range between \$7,000,000.00 to \$8,000,000.00
FURNITURE FITTINGS & EQUIPMENT	\$510,000.00	\$510,000.00
CONTINGENCY & ESCALATION Contingency allowance 25% Escalation (14-20.0%). Based on project being on hold for 5 years, 12-month design programme and construction beginning on site in 6 years' time.	\$12,610,000.00	\$4,255,000.00
ESTIMATED CONSTRUCTION TOTAL	\$37,820,000.00	\$12,765,000.00
ESTIMATED PROJECT TOTAL	\$42,425,000.00	\$17,370,000.00
2018/28 APPROVED LTP Construction of Te Ara Wai	\$7,066,000.00	\$7,066,000.00
FUNDRAISING REQUIRED Trust Waikato (\$1,000,000.00). This funding was received in 2019, any future funding from Trust Waikato would need to be confirmed.	\$35,359,000.00	\$10,304,000.00

Funding:

An application was made to Trust Waikato to seek funding for Te Ara Wai, with the application being successful in receiving \$1,000,000 in funds.

Since the Business case 2017, the Government has introduced the Provincial Growth Fund to support growth in the regions. Since COVID-19 it is unknown to what extent the fund will be still available and the value remaining.

Projected Cost split per year:

Selected Program:	Must Have
Implementation Timing:	Base
Contingencies Included?	Yes

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	LTP Total
Cash Inflows											
Implementation Benefit	-	-	-	-	-	-	-	-	-	-	-
Efficiencies	-	-	-	-	-	-	-	-	-	-	-
External Funding	-	2,576,000	2,576,000	2,576,000	2,576,000	-	-	-	-	-	10,304,000
Total Cash Inflows	-	2,576,000	2,576,000	2,576,000	2,576,000	-	-	-	-	-	10,304,000
Cash Outflows											
Implementation Cost	-	-	-	-	(1,485,000)	(9,369,333)	(4,934,337)	-	-	-	(15,788,670)
Implementation Opex	-	-	-	-	-	-	-	-	-	-	-
Direct Opex	-	-	-	-	-	-	-	-	-	-	-
Recurring Opex	-	-	-	-	-	-	-	-	-	-	-
Total Cash Outflow	-	-	-	-	(1,485,000)	(9,369,333)	(4,934,337)	-	-	-	(15,788,670)
Net Cashflow	-	2,576,000	2,576,000	2,576,000	1,091,000	(9,369,333)	(4,934,337)	-	-	-	(5,484,670)
Depreciation	-	-	-	-	-	-	-	(197,358)	(197,358)	(197,358)	(592,075)
Estimated Program NPV	(11,380,769)										

Assumptions as follows:

- **2018 - 28:** LTP budget unchanged at \$7,066,000 plus \$10,304,000 external fundraising. Note: Fundraising requirement has increased to reflect escalations in construction costs related to the 5-year project deferral
- **2018/19:** Actual costs \$764,000
- **2019/20:** Forecast costs \$727,000. Te Ara Wai is expected to go on hold at end of (concept design complete) with a 5-year project deferral.
- **2020/25:** External fundraising progresses during the 5-year project deferral
- **2025/26:** Project to recommence when fundraising is secured. Forecast costs \$1,575,000 for preliminary design, developed design and detailed design, plus all PM services, Cost Management and staff time
- **2026/27:** forecast costs \$9,369,333.00 for construction, project management and staff time
- **2027/28:** forecast costs \$4,934,667.00 for construction, project management and staff time

6.0 Management Case

Management Case – Planning for Successful Delivery

The management case confirms that the proposal is achievable in terms of delivery and details the arrangements needed to both ensure successful delivery and to manage project risks.

In the event that this investment proposal receives formal approval, a project will be established to deliver the required services as follows:

6.1 Project Management Planning

The project will be managed using Council's Project Management Framework (PMF) (Waipa District Council, 2016b), which is made up of the Project Management Policy and Manual. Council is striving to achieve better monitoring and management of all projects as one of its key priorities and aligns with the Organisational Plan and Management Reporting Framework. This includes moving towards tighter financial management, procurement, asset and risk management and ensuring that there is sufficient and transparent reporting on the delivery of both operating and capital projects.

The Project Management Policy addresses Council's management of projects and provides Council staff with a policy framework within which a project must take place. The Policy is supported by the Project Management Manual, which is to be read in conjunction with the Policy. The Project Management Manual is made up of scope, procedures and a checklist to enable the completion of a project. It defines the processes performed throughout the lifecycle of a project. The Project Management Framework will also ensure that risks associated with project deliverables are identified and managed effectively.

The Project Management Policy describes a three-stage sequential lifecycle:

Stage 1: Planning > Stage 2: Delivery > Stage 3: Benefit Realisation

Figure 3: Overview of Project Management Process



Projects must pass through governance and assurance gateways to progress from one stage to the next.

6.2 Stage 1: Project Planning

Project Initiation & Business Case

The proposal to build a Heritage Centre with museum services has been around for some time in one form or another. In order to give some impetus to the project, Tony Roxburgh has been appointed to the full-time role of Manager, Waipa Heritage and Museums.

An internal Project Manager has been appointed to see the Business Case through to completion. Giblin Group Ltd has been contracted to develop the Business Case.

This project is clearly considered to be a priority for Waipa District Council as resource has been allocated to it.

Project Control Group

Ultimately the Waipa District Council elected members will make the decisions on this project but proposals need to be properly formed and presented to them so they can make informed decisions. A Project Control Group (PCG) has been established to oversee the project development and early stage project research and planning. Members are:

- Waipa Heritage and Museums (Tony Roxburgh) – Chair
- Director Museums (Anne Blyth)
- Strategy (Jo Ireland)
- Communications (Natalie Palmer)
- Strategic Partnerships (Gary Knighton)
- Economic Development (Steve Tritt)
- Project Manager (Liv Theunissen)
- EA to Group Manager Service Delivery (Ruth Dolan)
- The Project Sponsor is Barry Bergin – Group Manager Service Delivery.

6.3 Stage 2: Project Delivery

Planning & Implementation

In the event that this Business Case finds the project is feasible and this investment proposal receives formal approval to proceed, the project will move to the Project Delivery stage of the process.

A project implementation plan will be developed and approved by the Project Sponsor, Barry Bergin and the Manager Project Delivery. A Project Manager will need to be appointed, who will manage the overall project reporting to the Project Control Group and working with Council's Project Delivery Team for Major Capital Works. This Group will take over responsibility for procurement, conducting the tendering process and contracting of services for design, construction and fit out. It has been noted in the Commercial Case that an Early Contractor Involvement (ECI) model of procurement would be advantageous in terms of early identification of issues between design and build, and also offer potential savings between build and fit-out.

Where capability does not exist in-house, some roles may be filled by external contractors. Early planning should signal how and when external contractors are likely to be used and factor in any additional project costs.

A design brief will need to be developed for concept designs and this taken to the market to secure an architectural partner in this project. Already the footprint designs have identified areas of discussion to be considered in the design stage once an architect has been appointed.

With the Heritage Centre, an essential aspect of its success will be the exhibition design and the inclusion of interactive exhibits in the Active Edge Discovery Zone. These may involve augmented and /or virtual reality components which will require procurement of specialised design expertise.

The Project Control Group, advised by the Project Manager, will oversee the development of the design from concepts through to detailed design. Other actions that will need to be progressed are: resource consent obtained, a sufficient level of funding secured and the construction of the facility tendered through Waipa District Council's procurement process. When resource consent is in place, a sufficient level of funding has been secured and Council has accepted a tender for construction, the physical works will begin.

During the execution of the project the designer will work closely with the contracted constructor's team, compliance requirements will be met, detailed design will be finalised, and the construction completed to the necessary standards.

Project Plan, Milestones and Reporting

The project plan including milestones will be developed once a Project Manager has been appointed. A broad indication of the timeline is as follows:

- June 2017: Complete Business Case; gain approval to proceed should Business Case support the project;
- July – Dec 2017: Procure concept design and costings on that design; finalise funding plan and begin discussions with potential funders; continue engagement with stakeholders including iwi; regular briefing of key personnel, i.e. councillors. Appointment of Project Manager- continuity throughout the stages from early design to completion and handover would benefit the project.
- April - June 2018: Include project in Long Term Plan for public consultation.
- July 2018 - December 2019: Construction, development of exhibitions.

The Project Manager will report regularly (anticipated weekly once construction is underway) to the PCG Chair on project progress.

Financial reporting on this project will be from the Project Manager, who will report expenditure against budget to the PCG. The Project Manager will also consider and issue variation orders during the project to keep within the budget parameters.

Close

The close of the project is about closure of contractual obligations. This would occur following successful project delivery and commissioning of the facility. How the commissioning and handover of the Heritage Centre building will happen is dependent on further discussions with key stakeholders and a decision by Waipa District Council on the appropriate model of operation that will be put in place (see Economic Case options).

6.4 Stage 3: Benefit Realisation

A post implementation review will be undertaken to evaluate the project from Business Case development to delivery. This is to reconcile achieved project benefits against those identified in the Business Case. This is typically undertaken within the first six months after delivery, to confirm that the new facilities are operating as intended and delivering the services proposed in the Business Case.

Further reviews to determine if the project delivers its anticipated improvements and benefits should be undertaken regularly during the life of the asset.

6.5 Risk Register

It is expected that a project risk register will be developed by the Project Manager in consultation with the design and construction managers. This will result in a detailed construction risk register listing all the identified risks, information on the status of the risk and mitigation strategies for each risk. The risk register is intended to be continuously updated and reviewed throughout the course of a project.

The main risks to the project were identified by stakeholders at the facilitated workshop on 8th March 2017. These are included in the Strategic Case. Funding risks are identified in the Financial Case. Waipa District Council's staff have also begun a risk register for the project and it is recommended that all the risks be incorporated into one comprehensive register which is referred to and updated throughout the project.

6.6 Summary of Planning for Successful Delivery

Waipa District Council has a track record of managing large capital projects successfully on time and within budget, e.g. the new Te Awamutu Library. It has project management processes in place to manage, execute, monitor and evaluate the project and has the ability to contract specialist personnel where necessary if internal capability does not exist. The Council's detailed Project Management Framework outlines a step-by-step process for managing projects and this will be followed to give councillors the assurance they require that appropriate management disciplines are in place and that risks are clearly identified and mitigated.

The actual detail of the project management planning will be undertaken when Waipa District Council approves further work on this project following the Business Case. It is recommended that a dedicated Project Manager be appointed to this project. The Project Manager will have an overview of and overall responsibility for all work streams of the project: Design/Construction/ Finances/Fundraising/Communications & Community Engagement. A detailed Project Plan will be developed by the Project Manager taking note of key milestones, which will be specified as part of the project.

UPDATE: May 2020

A risk register has been developed by Waipa District Council as part of the Te Ara Wai project planning. This Risk Register is regularly updated and evaluated according to the method currently used by the Council.

Risk	Assessment	Mitigation
Project Risks		
Project on hold, loss of key external design and consultant team resulting in loss of critical and extensive	High	Comprehensive Concept Design package completed with Cost Estimates, Safety in Design

project knowledge.		workshop with Governance Committee and Council approval.
Uncertain construction industry due to Covid-19, access to appropriate companies to construct Te Ara Wai	Medium	Maintain contact with key external design and consultants' team and industry partners.
Uncertainty in construction market, increased building costs.	Medium	Independent Quantity Surveyor to review the cost estimates prior to commencing the project or applying for funding.
Uncertainty in construction market, with supply chain issues	Medium	Independent Quantity Surveyor with key external design and consultants to review supply chain of materials and products prior to commencing the project or applying for funding.
Due to Covid-19 slow economic recovery delays availability of Council and external funding.	Medium	Complete Concept Design and Treasury Better Business Case to expedite ability to submit funding applications when opportunity arises.
Delay to project with cost to build Te Ara Wai exceed what is affordable.	High	Complete all design stages to the end of Detailed Design based on Council approved Concept Design Option, this is a 12-14 month timeframe and aligns with current project economic recovery. Ensures a full design and consent package is available for funding applications.
Unknown success with funding applications. No longer funding avenues available or partnerships with community trusts and iwi.	Medium	Te Ara Wai to secure shortfall in funding before any further project stages proceed.
Reputational risk with community, project seen as rates spend with no delivery.	Medium	Now have documents in place to proceed with seeking external funding as soon as funds become available.
Less certainty with iwi partners.	Medium	WDC Iwi Relations Advisor to remain in close contact with iwi groups.
Full Design and Consultant team procured and contract in place.	Low	Hold points in programme and contracts which relate directly to funding acquisition.
Te Ara Wai Journeys project and not realising the full potential of return on investment without the link to Te Ara Wai and taonga.	High	Use elements of the Concept Masterplan to create a Land Wars exhibition at the existing Museum linking the two together, increasing interest in Te Ara Wai and the existing

		Museum. These exhibition components can be readily moved into Te Ara Wai when it is built.
Government moves to supporting and funding LEOTC education programmes which teach the New Zealand Land Wars. Te Awamutu Museum loose valuable funding	Medium	Use elements of the Concept Masterplan to create a Land Wars exhibition at the existing Museum linking the two together, increasing interest in Te Ara Wai and the existing Museum. These exhibition components can be readily moved into Te Ara Wai when it is built.
Continued low visitation to existing Museum due to the facility being disconnected from the HUB and Library.	High	Develop a 'pop up' offering down in the hub space, to engage visitors and draw them to the Museum and rebrand the existing Museum to link to Te Ara Wai and the Journeys.
Project Opportunities		
Complete all design stages with current consultant and design teams within 12-14 month programme so project is construction ready to align with projected timeframe for economic recovery and funding opportunities become available.	High	Te Ara Wai is built as renewed tourism opportunities arise and to be available to education partners for the teaching of the Waikato Land Wars as per the curriculum. Ensures a full design and consent package is available for funding applications.
WDC has an approved and agreed Concept Master Plan for Te Ara Wai which has been through extensive community and iwi consultation process. <ul style="list-style-type: none"> • Bring to fruition the development work for Te Ara Wai • Develop an offering that will keep the Museum relevant to the local community and increase tourism visitation • Keep the community warm to the Te Ara Wai project • Provide a direct link to the Te Ara Wai Journeys product • Provide a Museum environment that will help to retain and attract good staff 	High	Use elements of the Concept Masterplan to create a Land Wars exhibition at the existing Museum linking the two together, increasing interest in Te Ara Wai and the existing Museum. These exhibition components can be readily moved into Te Ara Wai when it is built.
Re-roof and new Windows to existing Museum, address other property related issues such as;	High	Least amount of disruption to the museum as an operating public facility

number of public toilets, disabled access to the mezzanine, fire protection review, and security at the same time.		
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Current Project Programme based on Option 2 – LTP Budget

STAGE	CURRENT PROGRAMME
Concept Design (inc design and costing)	Mid-February – Mid May 2020
Approval	Mid May – End June 2020
PROJECT HOLD POINT	From 30 June 2020
Preliminary Design (inc design and costing)	14 Weeks
Approval	6 Weeks
Developed Design – 14 weeks (inc design and costing)	14 Weeks
Approval	6 Weeks
Detailed Design – 14 weeks (inc design and costing)	14 Weeks
Approval	6 Weeks
Building Consent and Main Contractor Tender	6 Weeks
Approval	4 Weeks
Base Building Construction and Exhibition	14 months

A full project team is under contract as follows;

Company / Committee	Contract	Comments
Studio Pacific Architecture and Consultant Design Team	ACENZ/Engineering New Zealand Conditions of Contract for Consultancy Services	Signed by SPA and WDC. Studio Pacific Architecture is the lead consultant. Hold points at the end of each design stage.
Beca Project Management	WLASS August 2019	Hold points at the end of each design stage.
Beca Cost Management	WLASS August 2019	Hold points at the end of each design stage.
Neil Anderson Consulting	Short Form Agreement	All contracted works to date is complete.
Horwath HTL	Nil	Business case development on hold

Approved fees and spend to date as follows;

External Consultant	Stage	Approved Fee	Spend to date / expected spend
Architect and Consultant Design Team	Functional Design Specification	\$175,833.84	\$116,499.23
	Concept Design	\$164,916.04	\$164,916.04 (completion)
	Safety in Design Workshop	\$6,255.50	\$6,255.50 (completion)

	Preliminary Design	\$265,037.83	-
	Developed Design	\$321,562.36	-
	Detailed Design	\$412,774.33	-
	Construction Observation	\$469,929.77	-
	Post Completion	\$28,214.41	-
Landscape Architect and Consultant Design Team	Functional Design Specification	\$68,637.15	\$6,642.86
	Concept Design	\$65,564.00	\$27,000.00 (estimated completion)
	Preliminary Design	\$53,972.00	-
	Developed Design	\$98,165.00	-
	Detailed Design	\$175,810.00	-
	Construction Observation	\$141,140.00	-
	Post Completion	\$26,942.40	-
Quantity Surveyor	Rough Order of Costs	\$16,800.00	\$16,800.00 (completion)
	Concept Design	\$18,700.00	\$18,700.00 (estimated completion)
	Preliminary Design	\$14,100.00	
	Developed Design	\$17,400.00	
	Detailed Design	\$19,100.00	
Project Manager	Procurement and establishment	\$292,814.50	\$292,814.50 (completion)
	Functional Design Specification	\$100,849.20	\$100,849.20 (completion)
	Concept Design	\$78,750.00	\$78,750.00 (estimated completion)
	Preliminary Design	\$78,750.00	
	Developed Design	\$78,750.00	
	Detailed Design	\$78,750.00	
Please note: There may be additional services required and fees from consultants to wrap up the project. This will be agreed by WDC and the consultant.			

Next Steps to support the design of Te Ara Wai;

1. Review of Cost Estimates for Concept Design and value engineering if required.
2. Safety in Design workshop with Architect and Consultant design team, Project Manager and Programme Manager.
3. Approval of preferred Concept Design Option by the Governance Committee and Council.
4. Proceed with remaining Design Stages (Preliminary design onwards)
5. Obtain funding in principle of budgeted shortfall

WDC has the following supporting information is available;

- Te Ara Wai Commercial and Operational Model Option 1
- Te Ara Wai Commercial and Operational Model Option 2
- Concept Masterplan - Locales
- Return Brief - Studio Pacific Architecture

- [Functional Design Specification - Studio Pacific Architecture](#)
- [Concept Design Features Report - Studio Pacific Architecture](#)
- [Concept Design Drawings - Studio Pacific Architecture](#)
- [Concept Design Outline Specification - Studio Pacific Architecture](#)

Additional Documents to support the completed Concept Design stage:

- [Concept Design Cost Estimates](#)
- [WDC Risk Register](#)
- [Procurement Strategy](#)
- [Iwi Engagement and Kaupapa Korero](#)
- [Safety in Design Report](#)

7.0 Next Steps

This business case seeks formal approval from the Group Manager to proceed to the LTP.

This single stage complex business case has established:

- There is a strong Strategic Case to support development of the Heritage Centre;
- The Economic Case demonstrates moderate economic gains could ensue for the District and wider region from the preferred option of developing a Heritage Centre as part of a community hub;
- The Commercial Case confirms Waipa District Council has processes and procedures in place to undertake appropriate procurement of the required services for a Heritage Centre development;
- The Financial Case shows that Waipa District Council would need to make a commitment of at least \$3.5M to the capital cost of the development and operational costs would increase initially but reduce overtime to require less of a ratepayer contribution than currently. External funding of several million is potentially available for the project. It is considered that further detailed work needs to be undertaken on revenue generation although it would make sense to do this once cost are more certain.
- The Management Case confirms Waipa District Council will be able to manage the delivery of the proposal effectively and has experience in this area from which the Project Manager and team can draw.

This single-stage business case therefore seeks formal approval from Waipa District Council to:

- Consider this project proposal in deliberations for the Long Term Plan 2018-28 with a view to its inclusion in the LTP.
- Note that a minimum capital contribution of \$3.5 million (M) is required from Waipa District Council to support this proposal and recommends that this be considered for inclusion in the Long Term Plan 2018-28.

- Immediately engage with key partners, particularly iwi, in this proposal. This is vital for the success of this project. Development of a Communications and Community Engagement Plan is desirable for a significant project such as this.

And in due course the following steps should be instigated:

- Develop a design brief and procure an architect to develop concept plans for the building.
- Have a QS report done on the concept designs to refine the capital cost of the project.
- Undertake more detailed financial projections as the capital costs and operational requirements become clearer;
- Undertake detailed work on what the Active Edge Discovery Zone will entail and the cost of entry to this area of the Heritage Centre.
- Continue discussions with partners to define their participation in and contribution to the project, both financial and other.

UPDATE: May 2020

This updated business case seeks formal approval from the Group Manager to proceed to the LTP.