

Strategy and Infrastructure Committee

OPEN AGENDA

Meeting Date: **Wednesday 30 August 2017**
Time: **3pm**
Venue: **Taradale Town Hall
Lee Road
Taradale**

Council Members	The Mayor, Councillor Price (In the Chair), Councillors Boag, Brosnan, Dallimore, Hague, Jeffery, McGrath, Tapine, Wise and Wright
Officer Responsible	Director Infrastructure Services and Director City Strategy
Administrator	Governance Team

Next Strategy and Infrastructure Committee Meeting
Wednesday 11 October 2017

ORDER OF BUSINESS

APOLOGIES

Deputy Mayor Faye White and Councillor Taylor.

CONFLICTS OF INTEREST

PUBLIC FORUM

Amelia Otto, speaking about roading outside Atawhai Retirement Village.

ANNOUNCEMENTS BY THE MAYOR

ANNOUNCEMENTS BY THE CHAIRPERSON

ANNOUNCEMENTS BY THE MANAGEMENT

CONFIRMATION OF MINUTES *(page 211 refers)*

That the Minutes of the Strategy and Infrastructure Committee meeting held on Wednesday, 19 July 2017 be taken as a true and accurate record of the meeting.

NOTIFICATION AND JUSTIFICATION OF MATTERS OF EXTRAORDINARY BUSINESS

(Strictly for information and/or referral purposes only).

AGENDA ITEMS

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PUBLIC EXCLUDED

Nil

AGENDA ITEMS

1. PEDESTRIAN SAFETY ON GLOUCESTER STREET ADJACENT TO ATAWHAI RETIREMENT VILLAGE

<i>Type of Report:</i>	<i>Operational</i>
<i>Legal Reference:</i>	<i>Local Government Act 2002</i>
<i>Document ID:</i>	<i>380677</i>
<i>Reporting Officer/s & Unit:</i>	<i>Tony Mills, Senior Roading Engineer</i>

1.1 Purpose of Report

The purpose of this report is to identify the different options considered for the provision of a safe pedestrian crossing facility on Gloucester Street adjacent to Atawhai Retirement Village, and to obtain a decision supporting the provision of a central refuge and additional road markings and signage.

This proposal arises from the community concern around the safety of the existing crossing facility.

Officer's Recommendation

That Council

- a. Approve the installation of an upgrade to the existing crossing facility to include a central pedestrian refuge.

CHAIRPERSON'S RECOMMENDATION

That the Council resolve that the officer's recommendation be adopted.

1.2 Background Summary

The original request for the provision of a pedestrian crossing to be installed adjacent to the Atawhai retirement village dates back to 2010; since then there have been numerous requests and subsequent reports discussing the matter. The topic has most recently come to Council in 2015, and at that time, it was decided to retain the status quo.

Since then submissions have been received as part of the 2016/17 Annual Plan process from the Atawhai retirement village, Grey Power, Taradale Community and Development Association and the Otto family, requesting that the crossing facility be evaluated again.

1.3 Issues

Since 2006, there have been five recorded crashes at this location, of which only one was involving a pedestrian. This crash occurred in 2012 where the

pedestrian stepped in to the road without looking for approaching vehicles and was not paying attention to their surroundings. This resulted in minor injuries.

To ensure that the crossing facility is as safe as possible a number of options have been investigated, as detailed below.

Pedestrian Crossing

The previous reports have detailed why the provision of a formal pedestrian crossing is not the preferred solution for this location and this position is still supported by Council officers.

Previous investigations into formalising the pedestrian crossing have found that the pedestrian and vehicular counts do not meet either the superseded warrant process or the latest NZTA Guideline for the Selection of Pedestrian Facilities. As there has been no change in land use or notable increase in traffic on Gloucester Street, there would not be a significant change to the outcome of those investigations at present.

NZTA guidelines and international studies show that “zebra crossings” are not considered a safe option in the majority of circumstances, and where they are not entirely justified or inappropriately located they may actually increase the risk of accidents.

Pedestrian Island

The provision of a central pedestrian island will reduce exposure time for people crossing the road.

With some alterations to the existing kerb buildouts, and by adjusting the kerb line at the bus stop, it is possible to install a central island without affecting the traffic lane widths or the provision of the on-road cycle lane. The flush median will allow traffic to be able to wait for space to turn right in to Hinton Road without blocking through traffic. There would only be space available for two cars within the flush median, however this is in fact an increase to the existing provision, where a right turner would block through traffic unless they merge into the cycle lane, which creates a more significant risk.

The narrowing effect of the additional road marking proposed with this solution has been shown to slow traffic speeds at other sites as it increases awareness that the traffic environment has changed.

Changing the existing Give Way on Hinton Road to a STOP will also increase safety for people crossing at this location, as vehicles will no longer be able to enter Gloucester Street freely and therefore will travel more slowly through the crossing location.

Signalised pedestrian crossing facility

A standalone signalised pedestrian crossing facility can be installed if there is a known safety problem.

Signals would also delay both pedestrian and vehicles, which would lower benefits if calculated for a benefit cost ratio.

The cost to construct a signalised pedestrian crossing facility is estimated to be in the order of \$100,000 which is a significant disincentive.

Due to the low crash history, cost, and delays it is not deemed the most appropriate facility, though it would provide a safe crossing facility for pedestrians.

Raised platform

A raised platform would reduce speed at this location but it is not a suitable location given Gloucester Street is a major arterial road.

The increased noise and vibration would also be a significant issue for the adjacent properties, due to the large number of vehicles using this road.

It is generally considered that vertical deflection devices should not be used in isolation, but should be part of an area wide treatment with clear entry and exit points (gateways).

Relocation of the crossing facility

This was investigated but no suitable location was found that would still have the benefits required for the children and retirement village.

This location would continue to be used to cross due to the schoolchildren using the bus stop on the opposite side of Gloucester Street and proximity to Atawhai Village.

1.4 Significance and Consultation

This project does not constitute a significant project and the upgrade of the crossing facility does not affect any residential dwellings.

1.5 Implications

Financial

The recommended option is estimated to cost approximately \$30,000 and will be funded from the minor improvements budget for 2017/18. This project would qualify for NZTA funding assistance of 51%.

Social & Policy

N/A

Risk

With the provision of any pedestrian crossing facility, there is risk of conflict between a pedestrian and motor vehicle resulting in serious injury. This is mitigated by the upgrade as detailed above which will improve safety.

The public may still request a formal pedestrian crossing after the proposed improvement.

1.6 Options

The options available to Council are as follows:

1. Install a pedestrian crossing (zebra crossing).
2. Improve road markings and signage, provide a central refuge pedestrian island and reduce the width of the existing kerb build outs
3. Provide a traffic signal controlled crossing
4. Install a raised platform on Gloucester Street
5. Relocate the crossing facility

1.7 Development of Preferred Option

Option 1 – Zebra Crossing

This is not a feasible option as it has been assessed as being unsafe.

Option 2 – Central refuge and associated marking and signs

Preferred option due to safety considerations and costs

Option 3 – Signal Controlled Crossing

Second option due to safety considerations but costs are estimated at 3-4 times higher than option 2

Option 4 – Raised platform

This is not preferred due to Gloucester Street being a major arterial and the issues with noise and vibration.

Option 5 – Relocate the crossing

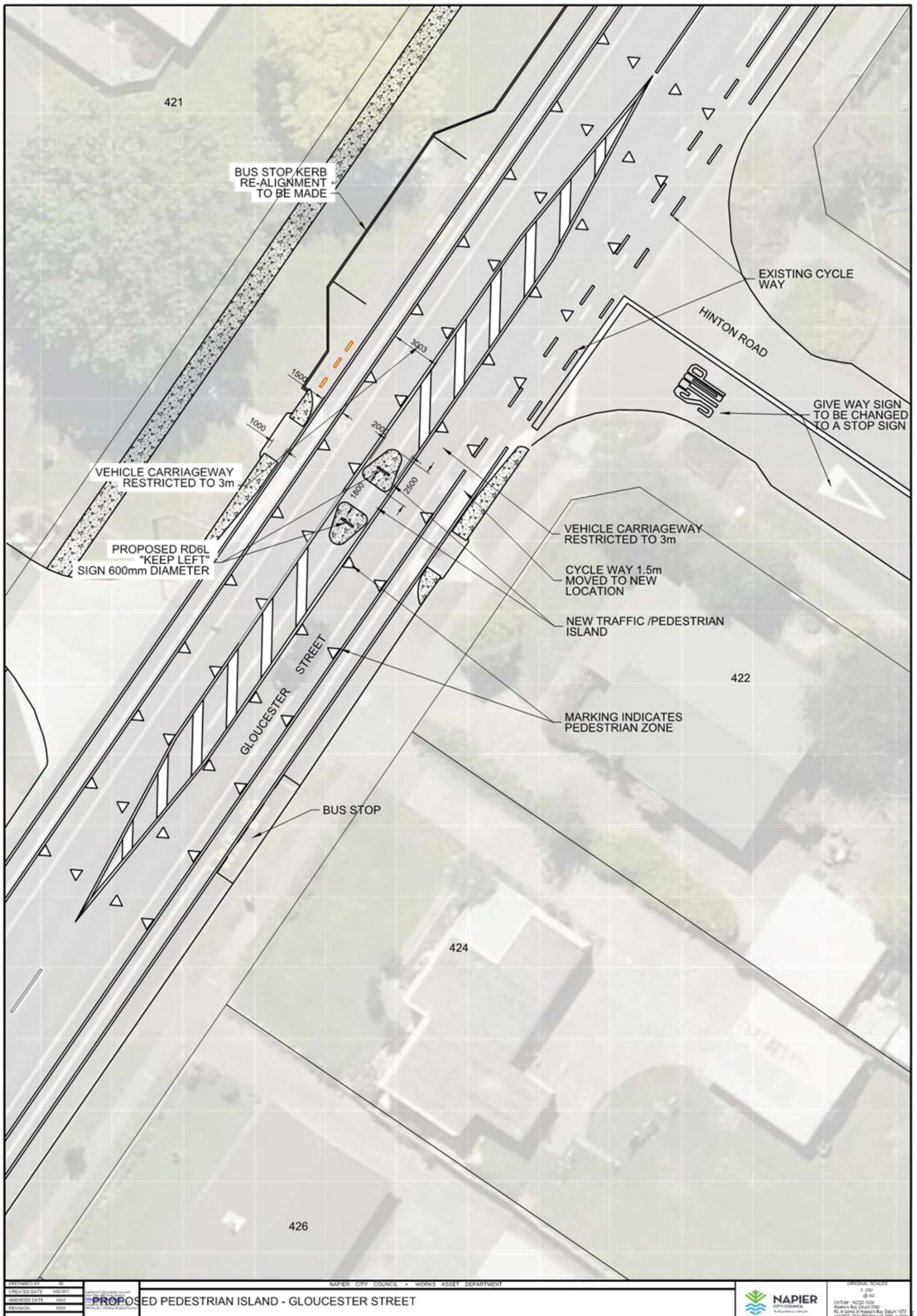
This is not preferred, as the need for a crossing facility at this location would still exist.

The preferred option is **Option 2** – approve the upgrade and allow for the installation of all relevant signage and lining.

With the reasons for this decision being that, the objective of the decision will contribute to the provision of a facility that is safe for walking and cycling.

1.8 Attachments

A Schematic [↓](#)



2. REVOCATION OF MEEANEE QUAY - DECLARATION OF PREBENSEN DRIVE

Type of Report:	Information
Legal Reference:	Enter Legal Reference
Document ID:	380678
Reporting Officer/s & Unit:	Tony Mills, Senior Roading Engineer

2.1 Purpose of Report

The purpose of this report is:

- To update Council on the intended declaration of Prebensen Drive from the expressway to Hyderabad Road as State Highway and the revocation of SH2 from Watchman Road to Hyderabad Road to Napier City Council control.
- To seek delegated authority for the Director of Infrastructure to negotiate a final agreement with NZTA.

Officer's Recommendation

That Council

- a. receives this report for information; and
- b. Delegates authority to the Director of Infrastructure to finalise an agreement with NZTA in relation to the State Highway declaration and revocation processes identified in this report.

MAYOR'S/CHAIRPERSON'S RECOMMENDATION

That the Council resolve that the officer's recommendation be adopted.

2.2 Background Summary

NZTA have identified the route to the Port of Napier as regionally strategic and notified Council of their intention to declare Prebensen Drive a State Highway and concurrently revoke Pandora Road and Meeanee Quay to local authority ownership.

This intention was signalled to Council a number of years ago but was not actioned at that time. The current NZTA network team are now keen to complete this process, partly driven by the recent revisions to the Vehicle Dimensions and Mass (VDAM) Rule which has enabled the use of heavier trucks on the network. Limits on the carrying capacity of the Pandora Bridge have resulted in most freight from the north using Prebensen Drive to access the port. The widening undertaken by Napier City Council on Prebensen Drive has also contributed to it being favoured by freight from the south.

NZTA have stated:

At present, the ownership of the link to the Port is confusing for customers and not well aligned with how the region sees freight movements in future. Given that the Napier City Council (NCC) prefers to see the majority of freight using Prebensen Drive, it makes strategic sense to include the four lane section within the state highway network.

Declaration and revocation of State Highways is legislated by the Land Transport Management Act 2003 (LTMA). The legislation requires NZTA to consult with the affected road controlling authority (RCA), but does not compel the agreement of said authority. If the RCA does not agree with the revocation, NZTA may still recommend the revocation to the Ministry of Transport, with the onus on demonstration that the road is 'fit for purpose'.

Pursuant of Section 103 of the LTMA it is NZTA's intention to revoke the section of existing State Highway 2 between the Watchman Road intersection and Hyderabad Road (Meeanee Quay & Pandora Road). As a result of this revocation, management and control will be returned to Council as the relevant RCA.

In exchange, Prebensen Drive (from the Expressway to Hyderabad Roundabout), will be declared as State Highway, and management and control will be transfer to NZTA as the relevant road controlling authority. The plan appended to this report identifies the affected lengths of road.

In September 2014, Council considered a report from the Roothing Manager relating to the Four Laning of Prebensen Drive and transfer of assets between NZTA and Napier City Council (Report S60-0171). That meeting resolved to seek the best possible advantage in the negotiations with NZTA for the long term maintenance and renewal of the sections of road revoked as State Highways and returned to Council ownership.

The construction of the Prebensen Drive four-laning between Hyderabad Road and Hawke's Bay Expressway was completed in 2016 for a total of \$6.9m and was primarily funded from financial contributions.

There are opportunities for Council if it were to take over ownership of these roads to improve the environment around Pandora Pond and to reduce the truck traffic particularly through Meeanee Quay and across the Pandora Bridge. Becoming the road controlling authority for Meeanee Quay and Pandora Road will increase the ease with which improvements can be made, particularly with regard to implementing the *Ahuriri Estuary and Coastal Edge Masterplan*.

2.3 Issues

The relative lane lengths of the roads to be declared are similar (6.4km on Prebensen Drive: 6.05km on Pandora Road and Meeanee Quay).

However, due to the age difference between the two sections of road there is a significant disparity between the book values of each section of road. This matter, together with the issue of differing annual depreciation allowances and cost of intended maintenance and renewal of each section of road will need to be considered in reaching a final agreement. Both organisations have identified some programmed maintenance interventions for the 17/18 financial year on their respective roads that will be completed prior to handover.

Pandora Bridge is well into its design life. It was seismically strengthened approximately 8 years ago, but is at the limit of its structural capacity when in use.

Reducing the truck traffic across the bridge may help to increase the service life of the bridge however the harsh marine environment will have a greater impact on its deterioration than loading.

Pandora Road is known to be have some maintenance issues with several sections having subsided over time. Meeanee Quay is in relatively good condition and should only require normal maintenance for the remainder of its life.

The legislation does allow for maintenance deficiencies to be brought to the attention of NZTA after handover and there is also an expectation that known deficiencies will be addressed by NZTA prior to handover.

2.4 Significance and Consultation

This does not constitute a significant process and it is deemed that consultation is not required.

2.5 Implications

Financial

There is no significant impact on operational budgets. Future maintenance costs will be managed within existing budgets, partially offset by the declaration of Prebensen Drive, which has greater lane length and traffic loadings.

NZTA have agreed in principle to retain the bridge on their current inspection schedule, with any findings reported to Napier City Council. Once their current inspection contract ends, then Council will add this asset to their existing inspection programme. This offer will be reciprocated by Napier City Council in respect of the culverts under Prebensen Drive.

There will be a minor change in the annual asset valuation once the handovers are finalised.

The greatest risk to Council is future bridge renewal, which has not been included in depreciation and renewal forecasts. Unlike Council, NZTA do not depreciate assets and there is therefore no 'accumulated depreciation' held or calculated against the bridge. Council needs to consider the likely value of depreciation which would have generated against the asset had it always been under Napier's control. This issue has been the focus of much of the discussion with NZTA to date, where they have indicated that they will either provide a financial contribution on handover, provide a 'guarantee' for a period following handover, or offer an increased financial subsidy when Council has to renew the bridge or some of its components.

Social & Policy

In accepting the change in road ownership, it will enable Council to realise the projects associated with the road network in the Pandora Masterplan to be realised.

Risk

NZTA may not guarantee Pandora Bridge or agree to undertake maintenance of the State Highway before the handover takes place which results in a financial burden on Council's existing maintenance budget.

2.6 Options

There are two options available;

1. Agree to the Land Transport Management Act 2003 process and continue to engage proactively with NZTA.
2. Object to the Land Transport Management Act 2003 process.

2.7 Development of Preferred Option

Option 1– Agree to the LTMA process

This is the preferred option. Maintaining a collaborative engagement with this process will enable Council to maintain the positive working relationship with NZTA and benefit from completing negotiations in good faith. There has been no indication from NZTA that they will not cover any reasonable funding shortfalls to Council as a result of this process.

Participating and supporting the process will enable a timely resolution for both parties and greater confidence in our future assets and associated maintenance obligations. Furthermore, it will provide Council with the control of those sections of road where community benefits can be achieved through the *Ahuriri Estuary and Coastal Edge Masterplan*.

Option 2 – Object to the LTMA process

The potential for meaningful objection is limited under the LTMA processes. The required consultation processes do not have a requirement for agreement and there is therefore no effective leverage for Council.

Should Council object to the process NZTA would only need to demonstrate that the assets it is transferring are 'fit for purpose'.

Objection to the process would appear to be a risk to the good relationship between NZTA and NCC with little or nothing to be gained.

2.8 Attachments

- A Plan showing extents of Declaration and Revocation [↓](#)



3. ELECTORAL SYSTEMS FOR ELECTION 2019

Type of Report:	<i>Legal</i>
Legal Reference:	<i>Local Electoral Act 1991</i>
Document ID:	<i>378902</i>
Reporting Officer/s & Unit:	<i>Jane McLoughlin, Team Leader Governance</i>

3.1 Purpose of Report

To outline the feedback received from the community consultation on the electoral systems and seek a decision from Council on which electoral system to use for the 2019 election.

Officer's Recommendation

That Council:

- a. Retain First Past the Post as the electoral system for the 2019 elections.

OR

- b. Change the electoral system to Single Transferable Vote (STV) for the electoral system for the 2019 and 2022 elections.
- c. Note that a **DECISION OF COUNCIL** is required to meet the 12 September 2017 deadline to make a decision on the electoral system and notify the public by 19 September 2017. This will require the following resolution to be passed before the decision of Council is taken:

Agree that, in terms of Section 82 (3) of the Local Government Act 2002, that the principles of consultation set out in that section have been observed in such manner that the Napier City Council considers, in its discretion, is appropriate to make decisions on the recommendation.

MAYOR'S/CHAIRPERSON'S RECOMMENDATION

That the Council resolve that the officer's recommendation be adopted.

3.2 Background Summary

At the Finance Committee meeting on 2 August 2017, Council was provided with a background paper on electoral systems that contained detailed information on First Past the Post (FPP) and Single Transferable Vote (STV) (Attachment A). Since that time, Officers have undertaken engagement with the public through an education campaign and consultation process. Outlined below is a summary of the data collected during this engagement to inform Council on the public's view of the electoral system.

Engagement summary 3 August to 23 August:

- Media release announcing that we are getting ready to take a paper to our Councils and we need the public to have their say.

- A Talk To Us page on the Napier City Council website educating community on the two possible systems and what they mean – the public will be able to nominate which they choose.
- 2 x adverts in Napier Mail –9 August/16 August.
- Various social media (Facebook) engagement across the two weeks.
- Electoral systems poster and cards at Civic Building reception.

Overview of results

- 52% of public feedback was in support of FPP
- 41% of public feedback was in support of STV
- 7% of public feedback had no preference/or not relevant to topic.

Key themes from comments included:

For STV:

- Fairer and democratic
- Achieves representative with the broadest support

For FPP:

- Simple and straightforward
- Your vote counts for the person you want to win only

The tables below outline the data collected and verbatim feedback received.

Data collected

<i>Means</i>	<i>Number of data collected</i>	<i>In support of STV</i>	<i>In support of FPP</i>	<i>No preference/not relevant to topic</i>
Council's Talk to us page	40 comments (excluding duplicate posts) 14 likes/dislikes on comments	19 comments plus 8 likes	21 comments plus 6 likes	N/A
Council's Facebook page	24 comments and 15 likes	6 comments and 3 likes	11 comments and 8 likes	5 (4 likes)
Electoral Systems card and poster at Civic Building reception	6 comments and 29 stickers placed on posters	4 comments and 12 likes	2 comments and 19 likes	N/A
<i>Total</i>	<i>128</i>	<i>52</i>	<i>67</i>	<i>9</i>

Single Transferable Vote

<i>Council's Talk to us page</i>
As a country we now support MMP which is an alternative to FPP. In a similar way STV is the system where we get representatives with the broadest support. I support a change to STV
We already have this system for voting for the Health Board. Most people are familiar with it, even if, as one of your commentators says, it requires more thought and time. It is fairer. it is more democratic. FFP is a very blunt instrument and does not always reflect what was hoped for. A bit more education on the STV system would be helpful. When it is used more often people will get used to it. (2 likes)
fairer system
Need change
This is the fairest voting system and ensures that fewer votes are wasted.
Gives voters a better option in my opinion to have a broader say in elections, rather than just the one choice.
Better system by far
I only want to vote
This is far more democratic, in the views of the public actually standing for something rather than a straight lottery of FFP where only one view is applied the vote. This allows the council to better apply the wishes and views of the voting public.
A fairer and more democratic system.
STV is by far the most democratic and fair means of electing. We ditched FPP nationally for MMP and that has been a disaster for NZ with Governments being held to ransom by tiny support parties. (1 like)
This voting system gives a fairer result, because it more accurately captures the range of voters' preferences. We already use this system for the health board and it would be easier for voters if we used just one system for Napier City council and the Regional Council as well. (2 likes) (1 dislike)
STV (2 likes)
Far more democratic.
I believe Single Transferable Vote is a more democratic system
A fairer system. As it better represents ratepayers views v
STV as it gives your 2nd, 3rd choices a chance. It also stops people from not voting for someone that they support yet they think there is no chance of them being elected (as under FPTP). However I do think FPTP is simpler which is important - a lot of people will give up on voting if it is too complicated! Especially young people.
I also wish that we had been given this option at a Central Government level, instead of MMP. MMP gives way too much power to the minority parties, out of kilter with their actual level of support. STV is more complex but offers the most fair & TRUE representation of what the Electorate (voters) truly want.
I like the way Napier City has a mixture of ward and at large councilors. It gives us the best of both worlds. I would support this continuing. To my mind STV offers the best opportunity for elected representatives to reflect the wishes of the voters i.e if your first choice doesn't make the cut then your second might. Note: This comment reflects my personal view only.
<i>Electoral Systems card at Civic Reception</i>
STV
Flow down effect gives people more of a chance
So much better!
STV is a more fair system

<i>Facebook</i>
STV, more representative of the votes people make. Many councils and countries are using it successfully
STV would be my preference
STV all the way! Better than FPP in many ways. Also way more democratic than MMP which totally sucks! If National lose in Sept we'll end up with a Labour, Green, NZ first fiasco. But I live in Havelock so looks like I don't get to participate. (2 likes)
STV, the fairest of them all.
STV (1 like)
Scotland introduced STV for local elections some time ago. Look at the Scottish government website to see how its been working.

First Past the Post

<i>Council's Talk to us page</i>
Voting needs to be simple and straight forward. We shouldn't be paying people to spend more time counting votes for most liked candidate to the least liked. Also voters don't want to be thinking about other candidates who they DON'T WANT to win. It's just down right confusing. (1 like)
You vote for the person(s) you want and if you don't get it, tough.
Agree with comments already made in support of FFP.
STV is too time consuming for both the voter and those counting the votes. Also more chance of mistakes being made
This system is easier for people to understand, consequently they are more likely to place a vote.
you know who you are getting
i prefer 1st past the post
FFP is the easiest, quickest and understandable voting system for the majority of voters to use. More people would probably vote using this system instead of having to try to rank the candidates which takes a lot more time and thought and is more complicated.
Candidate with the most votes is the choice of the majority of the voters
With the number of voters per election this is the simplest option.
FFP the most democratic way to vote
That way I know my vote counts for the person I want, rather than it being transferred to someone I don't want
STV is so confusing and feels like a diluted vote. I want to vote for my preferred candidates rather than ranking them. Stick with FPP it's simpler, people understand it. I think a change to STV may reduce voter turnout as it's not as simpler system.
The winner wins! With STV a person or party who poles less than the winner can coddle some other persons or party and end up with a casting vote! This does not show the will of the people! So let's be sensible and stick to FPP. (2 likes)
Much better than any other system. (2 likes) (1 dislike)
FFP. One vote done..not wrapping 2 nd and third choices in cotton wool
Too many folk don't understand STV & end up voting for people they don't even know. FPP much simpler.
Keep it simple. It's hard enough getting people to vote already. Let's not complicate things with rankings and system changes.
In the first flag referendum with STV the flag with the most votes came second.
Challenging enough to get people to vote and FPP is far simpler for people to understand and accept if their chosen candidates don't win. STV confuses voters, people are less satisfied with the convoluted ranking process and the DHB should revert to FPP again too.

The Flag Referendum demonstrated that voters don't understand the weighing of ranking in the STV system, or that it's optional to indicate secondary ranking.
<i>Electoral Systems card at Civic Reception</i>
STV is too complicated. FPP you know who you have voted for. (Electoral Systems Card)
Because its easier.
<i>Facebook</i>
FPP seems a lot simpler and requires less man power to record results AND less thinking for voter. I've used STV and find it confusing because I have to think about choosing other people who I don't want to win? (1 like)
First past the post is the easiest! Not 1, 2, 3. (3 likes)
It's FPP. (2 likes)
FPP, look where STV got us with the first flag referendum, the flag with the most votes came second. Thank heavens for the second referendum.
FPP (1 like)
FPP (1 like)
FPP...but are we being asked to vote on it, or just offer comments? The post is not really very clear in its aims.
FPP
FPP
FPP
FPP seems pretty loud n clear

No preference/other

<i>Facebook</i>
I don't think it matters. If it is about motivating a greater voter turnout, only engaging with the people will help. I commend the proactive stance though (2 likes).
Whatever it will be we should abolish the wards. Napier is not big enough for our current system and we have seen in the past that we couldn't even find enough candidates. (1 like)
Voters have never been foolish enough to offer free information! Figure it out if in doubt.
Crikey. The Napier City Council has finally discovered public consultation. Over this issue anyway.
Clean water (1 like)

3.3 Issues

N/A

3.4 Significance and Consultation

N/A

3.5 Implications**Financial**

N/A

Social & Policy

N/A

Risk

N/A

3.6 Options

The options available to Council are as follows:

1. Change the electoral system from FPP to STV for 2019 and 2022 Elections (any change in the electoral system must apply to the next two general elections).
2. Retain the FPP system for the 2019 election (this does not technically need a resolution, the electoral system continues until it is changed).
3. Hold a poll on the electoral system to apply for the 2019/22 elections by 21 February 2018. A poll is likely to cost up to \$100,000.

3.7 Development of Preferred Option

Options 1 or 2 are preferred as Council. Option 3 is not a preferred option due to the cost (a poll could cost up to \$100,000), which may not be considered a prudent use of Council funds.

3.8 Attachments

- A Electoral Systems information paper [↗](#)

5. ELECTORAL SYSTEMS FOR ELECTIONS

Type of Report:	<i>Legal</i>
Legal Reference:	<i>Local Electoral Act 1991</i>
Document ID:	<i>377703</i>
Reporting Officer/s & Unit:	<i>Jane McLoughlin, Team Leader Governance</i>

5.1 Purpose of Report

To outline the process for making any changes to the electoral system to be used for the 2019 elections.

Officer's Recommendation

That Council

- a. Receive the report titled Electoral Systems for Elections.
- b. Note that if Council wishes to make a decision to change the electoral system to STV for the 2019 elections, a decision will need to be made by 12 September 2017.
- c. Note that staff will undertake an education campaign and consultation process and report back to Council on the community's views to inform Council's decision-making. A report back will be provided at the Strategy and Infrastructure Committee meeting on 30 August for Council to make a decision on the electoral system.

MAYOR'S/CHAIRPERSON'S RECOMMENDATION

That the Council resolve that the officer's recommendation be adopted.

5.2 Background Summary

In accordance with the Local Electoral Act 1991, Council has an opportunity to change the electoral system to be used in the 2019 election. An electoral system is the system used for voting at a local authority election.

A decision on which electoral systems to use is a precursor to a wider Representation Review that is required to be carried out by Napier City Council ahead of the 2019 local election.

There are two kinds of electoral systems available: First Past the Post (FPP) and Single Transferable Vote (STV) – Note: It is mandatory for elections for District Health Boards to use STV.

To start building interest and involvement in the wider Representation Review process, Napier City Council intends to undertake a joint media "education and feedback" campaign on the electoral system in conjunction with Hawke's Bay Regional Council.

We are undertaking the education and feedback campaign for the following reasons:

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- The decision of which electoral system is to be used is a decision which affects the whole community
- It is important that Council take all opportunities to consult with the community
- Council has not consulted on this decision since 2003 via a poll.

What is FPP and STV

FPP has traditionally been the only option for local authorities. In 2004, STV was introduced as an option as well. In 2003, Napier City Council held a poll on the electoral system and the result of the poll was to retain FPP. Since then, Council has resolved to continue with FPP each election. In the 2016 elections, eight councils used STV, the rest remained with FPP.

The First Past the Post electoral system will be used in the 2019 election unless a decision is made to change it to STV. This decision will hold for two general elections 2019 and 2022, including any bi-elections. There are three main ways the electoral system for the 2019 elections can be changed:

- 1) Council may resolve to change the electoral system to take effect for the next two elections (no later than 12 September 2017). Council must then issue a public notice by 19 September 2017 of the right for electors to demand an electoral system poll.
- 2) 5% of electors may demand a poll on a proposal that a specified electoral system be used at the election of a local authority before 21 February 2018. Any poll must be held no later than 21 May 2018.
- 3) Council may resolve to hold an electoral system poll – no later than 21 February 2018.

If Council retains FPP for the 2019 election the next opportunity to change the electoral system is prior to the 2022 election.

FPP and STV have different ways of casting a vote: counting votes, and announcing results. No electoral system is perfect, both FPP and STV have advantages and disadvantages. Outlined below are some of the key differences between the two systems and some of the main advantages and disadvantages as referenced by academics (Janine Hayward, Senior Lecturer, Department of Politics, University of Otago. For more detailed information refer to Attachments A and B on Choosing Electoral Systems in Local Government in New Zealand, and The Local Government Electoral Option.

How do the two electoral systems work?

	<i>FPP</i>	<i>STV</i>
Casting a vote	<p>You place ticks equal to the number of vacancies next to the candidate(s) you wish to vote for.</p> <p>In multi-member wards/constituencies you cast one vote for each vacancy to be filled, as</p>	<p>You cast one single vote regardless of the number of vacancies.</p> <p>You cast this single vote by consecutively 'ranking' your preferred candidates beginning with your most preference candidate ('1') your next preferred candidates ('2') and so on.</p> <p>In multi-member wards/constituencies you cast</p>

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	<p>above.</p> <p>In single-member wards/constituencies you cast one vote.</p>	<p>a single vote by ranking as few or as many candidate as you wish, as above.</p> <p>In single-member wards/constituencies you case a single vote by ranking as few or as many candidates as you wish.</p>
Counting votes	<p>The candidate (s) with the most votes win(s). Each winning candidates is unlikely to have a majority of votes, just the largest number of votes cast.</p>	<p>The candidate(s) are elected by reaching the 'quota' (the number of votes required to be elected. (The quote is calculated using the total number of valid votes cast and the number of vacancies).</p> <p>Vote counting is carried out by computer.</p> <p>First preference votes ('1s) are counted. Candidates who reach the quote are elected. The surplus votes for elected candidates are transferred according to voters' second preferences. Candidates who reach the quote by including second preferences are elected. This process repeats until the required number of candidates is elected.</p> <p>In multi-member constituencies, despite voters casting only a single vote, a voter may influence the election of more than one representative (if their vote can be transferred to other candidates according to voters' preferences).</p>
Announcing results	<p>FPP results can usually be announced soon after voting ends.</p> <p>Results are announced and published showing the total votes received by each candidate.</p>	<p>Because vote counting is multi-part, it is likely to take longer than for FPP election results.</p> <p>Results are announced and published showing elected candidates in the order they reached the quota and unsuccessful candidates in the reverse order they were excluded. All elected candidates will have the same share of the vote.</p>

What are the advantages and disadvantages of each system?

	<i>Advantages</i>	<i>Disadvantages</i>
FPP	<ul style="list-style-type: none"> • Simplicity of process in ways votes are cast, counted and announced. 	<ul style="list-style-type: none"> • The results of the election, including the generally 'less representative' nature of FPP councils. • The obstacles to minority candidate election. • The number of wasted votes. • A 'block' of like-minded voters can determine the election of multiple candidates in multi-member wards/constituencies, without having a majority of the votes, thereby 'over-representing' themselves. • 'Tactical' voting is possible; votes can be used with a view to preventing a candidate from wining in certain circumstances.

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STV	<ul style="list-style-type: none"> • STV may achieve broader proportionality (in multi-member wards/constituencies) • Majority outcomes in single-member elections • More equitable minority representation • A reduction in the number of wasted votes. • It is virtually impossible to case a ‘tactical’ vote under STV. As a result, voters are encouraged to express their true preferences. 	<ul style="list-style-type: none"> • Public less familiar with the system and possibly finding it hard to understand • Matters of process such as the way votes are cast and counted (for example perceived complexity may discourage some voters, and some voters might not fill out their forms correctly) • The information conveyed in election results.
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5.3 Issues

SOLGM, *Electoral Systems, Code of Good Practice, Electoral Systems* paper highlights that STV is of most benefit when applied to a constituency of a minimum of 3-9 positions and the Local Government Commission *Guidelines for local authorities undertaking representation reviews* highlights that between 5-7 positions is where you see the most benefits with a minimum of 3 positions.

Napier’s current representation arrangements are six members elected at large and six members elected in wards. It is likely that the benefits of STV would be seen for the voting of ‘at large’ members, but less so for the wards given traditionally there have been limited number of candidates for wards (sometimes only one) and there is only a maximum of 1 or 2 candidates elected per ward.

The Representation Review which occurs in 2018 may have an unknown impact on any perceived benefits of changing the electoral system. For example, if Napier City moved from a mixed system of “at large” and “wards”, to a ward system, the number of positions available in the wards would increase to some degree, but it is unknown how many positions would be available in each ward and how many candidates there would be.

Conversely, a move to STV may encourage more candidates to apply as the STV system is reported as enabling more minority representation as the votes get distributed.

5.4 Significance and Consultation

As it is felt that the advantages and disadvantages of FPP and STV are not widely known, Communications and Marketing will deliver a small education campaign. There has been some discussion with other councils in the region whether this could be a joint campaign, and Hawke’s Bay Regional Council have agreed to undertake a joint campaign.

Specifically, the following consultation will be undertaken:

- Media release announcing that we are getting ready to take a paper to our Councils and we need the public to have their say.

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- A Talk To Us page on the Napier City Council website educating community on the two possible systems and what they mean – the public will be able to nominate which they choose.
- 2 x half or quarter page ads in Napier Mail –9 August/16 August.
- Various social media (Facebook) engagement across the two weeks.

Feedback from these channels will be collated and provided to Councillors to make a decision.

5.5 Implications

Financial

A change to STV would incur a slightly higher election cost (approximately \$5,000) to Council due to the complexity of vote counting.

There is currently no budget allocation for a poll. A poll is likely to cost up to \$100,000. A cost effective way to hold a poll is to include a question during the vote for 2019 election.

Social & Policy

N/A

Risk

N/A

5.6 Attachments

- A Choosing Electoral Systems in Local Government in New Zealand
- B The Local Government Electoral Option 2018

4. REPRESENTATION REVIEW

Type of Report:	<i>Information</i>
Legal Reference:	<i>Local Electoral Act 2001</i>
Document ID:	<i>383447</i>
Reporting Officer/s & Unit:	<i>Jane McLoughlin, Team Leader Governance</i>

4.1 Purpose of Report

To introduce the key legislative requirements for undertaking a representation review and outline the process for the review of Napier City's representation arrangements for 2018.

Officer's Recommendation

That Council

- a. Receive the report titled *Representation Review*.
- b. Note that pre-consultation will be undertaken with the public to help inform the Council of local issues and needs. Pre-consultation will occur prior to a representation model being developed, and then formal consultation will occur with the public on the model.
- c. Note that Council will be asked to make a decision on the representation model in March 2018, which is then put through the statutory process of consultation.

MAYOR'S/CHAIRPERSON'S RECOMMENDATION

That the Council resolve that the officer's recommendation be adopted.

4.2 Background Summary

Overview

Quality democratic processes are important and foster a richer form of citizenship and civic engagement. Electoral arrangements need to be fair so that communities feel that they have influence and can effect change.

Under the Local Electoral Act 2001, a Local Authority must review its representation arrangements every six years. Napier City Council last reviewed its representation in 2012, and is now due to review its representation arrangements. The review must be completed and publicly notified by 8 September 2018.

Representation arrangements are the way representation of the public is configured for elections for a Local Authority such as Napier City Council, including:

- Whether the election of members (also known as councillors) (other than the Mayor) is by the entire electoral district (called ‘at large’), whether the district is divided into wards for electoral purposes, or whether there will be a mix of ‘at large’ and ward representation,
- The boundaries of wards, the names of the wards, and the number of members that will represent each ward, if wards are used,
- The total number of members that are elected to the governing body of Napier City Council (the legal requirement is no less than 6 and no more than 30 members, including the Mayor), and
- Whether to have community boards, and if so, how many, and what their boundaries and membership will look like.

The aim of the review is to ensure fair and effective representation:

- Fair representation relates to the number of persons represented per member (must be within +/-10% of the ratio for the district as a whole so each person has a vote of equal value).
- Effective representation relates to representation for identified communities of interest. This needs to take account of the nature and locality of those communities and the size, nature and diversity of the district as a whole.

How a representation review works

The process for undertaking a representation review is largely prescriptive and outlined in legislation (Local Electoral Act 2001) and guidelines produced by the Local Government Commission. Councils do however have discretion on the level of investment in pre-consultation before the statutory process starts.

Investing in pre-consultation is considered best practice, as this will help inform the Council of local issues and needs, prior to developing a proposal and undertaking formal consultation on it (see Attachment A for the engagement summary).

The review will follow the following key steps and broad timeframes:

- 1) Data-gathering and pre-consultation (August 2017 - November 2017)
- 2) Analysis (November 2017 – February 2018)
- 3) Statutory Process: Council decision, submissions, appeals process (commencing in March 2018)

An indicative timeline based on the statutory process is outlined below (see Attachment B for more detail):

March 2018	Decision of Council.
April 2018	Notify public of Council’s resolution including reasons and method of making submissions (at least 1 month for submissions).
May 2018	Submissions considered by Council and original proposal amended as decided (notify public of final proposal including reasons why submissions were incorporated or not).

June-December 2018	Appeals from those who submitted on the original proposal and fresh objections to any amendments received no later than 20 Dec 2018.
January 2019	Appeals and objections forwarded to Local Government Commission by 15 Jan 2019.
April 2019	Appeals and objections considered and a determination set by the Local Government Commission (no later than 11 April 2019).
April-June 2019	Council implements determination to take effect for the 2019 elections.
October 2019	Elections.

Overview of Napier City's representation arrangements

Current arrangements

Napier's current representation arrangements have been in place for a decade and are:

- 12 elected members and a Mayor
- Mixed system of "at large" and wards.
 - There are six elected members voted in "at large" and six elected members voted in to wards.
 - There are four wards including:
 - Ahuriri (one elected member);
 - Onekawa/Tamatea (one elected member);
 - Nelson Park (two elected members); and
 - Taradale (two elected members).
- There are no Community Boards.

Based on the Local Government Commission electoral statistics produced on 26 January 2017 (See Attachment C for more detail), Napier City with a population of 61,050, currently has one elected member for every 5,088 people based on 12 elected members (excluded the Mayor).

The following tables provides Napier City's electoral statistics. Up to date population statistics will be available later in 2017.

	<i>Population represented</i>	<i>Elected Members</i>	<i>Population-Member ratio</i>
Wards	61,050	6	10,175
At large	61,050	6	10,175
Total	61,050	12	5,088

<i>Ward</i>	<i>Population represented</i>	<i>Elected Members</i>	<i>Population-Member ratio</i>	<i>Difference from quota</i>	<i>% Difference from quota</i>
Ahuriri Ward	10,050	1	10,050	-125	-1.23
Onekawa-Tamatea Ward	10,250	1	10,250	75	0.74
Nelson Park Ward	18,450	2	9,225	-950	-9.34
Taradale Ward	22,300	2	11,150	975	9.58
Subtotal	61,050	6	N/A	N/A	N/A

Only five out of 67 territorial authorities have a mixed system (e.g. Napier City, Tauranga City, Kapiti Coast District, Masterton District and Gore District), with most territorial authorities (50) having a ward system and 12 with an ‘at large’ system.

The table below outlines current population/member ratio; basis of election; and whether there are community or local boards for similar-sized cities to Napier City. Napier City has a higher number of elected members per population compared with most other cities of a similar size.

<i>District</i>	<i>Population</i>	<i>Population/Member ratio</i>	<i>No. of elected members</i>	<i>At large/mix /Wards</i>	<i>Community Boards/ Local Board Area and Subdivision</i>
Nelson City	50,600	4,217	12	At large	No
Upper Hutt City	42,600	4,260	10	At large	No
Invercargill City	54,700	4,558	12	At large	2
Napier City	61,050	5,088	12	Mix at Large & (4 Wards)	No
Porirua City	55,350	5,535	10	Wards (3)	No
Palmerston North City	86,300	5,733	15	At large	No
Lower Hutt City	103,350	8,613	12	Wards (6)	4
Dunedin City	127,000	9,071	14	At large	7
Tauranga City	128,300	12,830	10	Mix at Large & 3 Wards	No
Hamilton City	161,200	13,433	12	Wards (2)	No

History of Napier’s arrangements

The Local Electoral Act 2001 was updated through the Local Electoral Amendment Act 2002 which introduced the option for Councils to review their arrangements every six years rather than having to review them every three years. Since that time, Napier City has undertaken a representation review every six years and since 2006 Napier City Council’s review is on the same timeline as other councils in Hawke’s Bay.

Over the last 27 years, Napier City has:

- experienced different bases of election including ward-only system; an ‘at large’ system; and is one of a handful of Councils to have experienced a ‘mixed system’, based on ‘at large’ and wards.
- mostly had 12 elected members excluding the Mayor except for 3 years between 1995-1998 where there were 13 elected members excluded the Mayor.
- no Community Boards.

Overview of representation arrangements include:

1989-1998

- Ward-only structure comprising of 3 wards including Ahuriri, Onekawa and Taradale. Each ward had 4 elected members except for between 1995-1998 where Taradale had 5 elected members. (The decision to increase Taradale to 5 made by the Local Government Commission due to the principle of fairness for the member/population ratio).
- 1993 NRB Survey responses indicated slightly more of the population preferred wards (45%) to 'at large' (42%), no preference (11%), don't know (8%).
- 1994 NRB Survey responses indicated slightly more of the population preferred wards (47%) to 'at large' (34%), no preference (3%), don't know (10%).
- In 1995, as part of the Triennial Election, a referendum was held with the majority of public preferring 'at large' representation (60%); Ward (33%), Informal (7%).

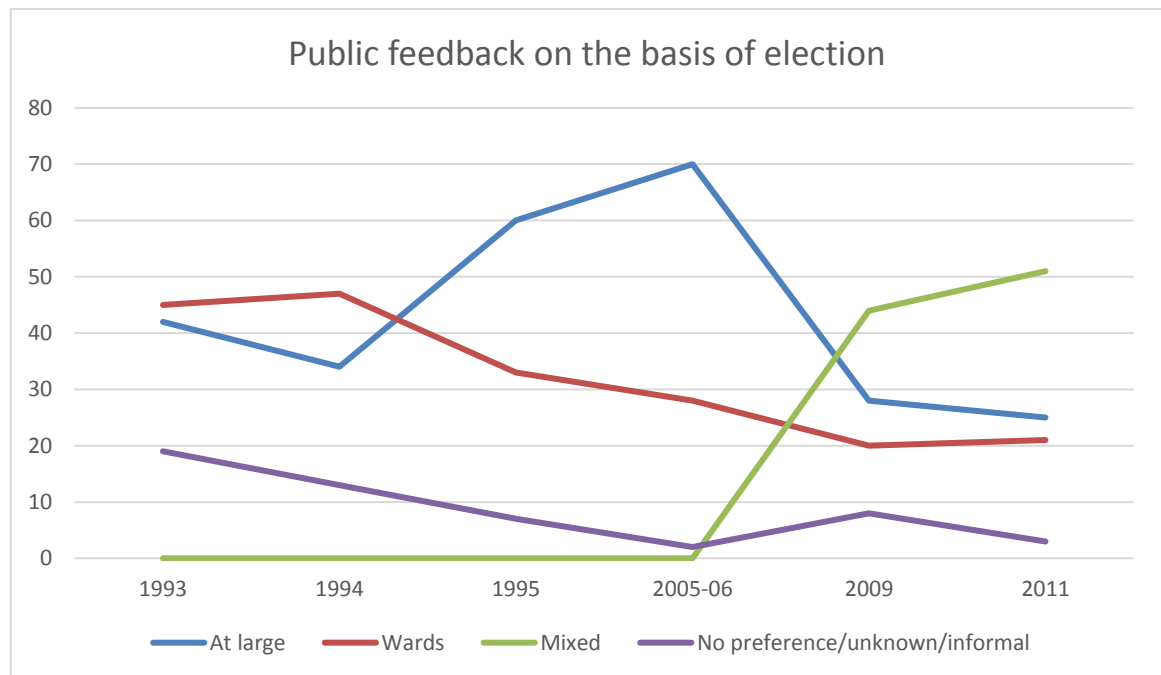
1998-2007

- 'At large' structure for 9 years comprising of 12 elected members.
- 2005 NRB Survey responses indicated the majority of public preferred 'at large' representation (70%); Ward (28%); no preference (1%); don't know (1%).
- Council survey undertaken just immediately prior to Local Government Determination indicated the majority of the public preferred 'at large (70%); versus Wards (28%).

2007-2017

- 'Mixed system' for 10 years comprising of 6 elected members elected 'at large', and 4 wards including Ahuriri (1 elected member), Onekawa-Tamatea (1 elected member), Nelson Park (2 elected members), and Taradale (2 elected members).
- 2009 NRB Survey responses indicated that the majority of public preferred the current mixed system (44%), 'at large' (28%), Wards (20%); no preference (3%); don't know (5%).
- 2011 NRB Survey responses indicated that the majority of public preferred the current mixed system (51%); 'at large' (25%); Wards (21%); no preference (1%); don't know (2%).

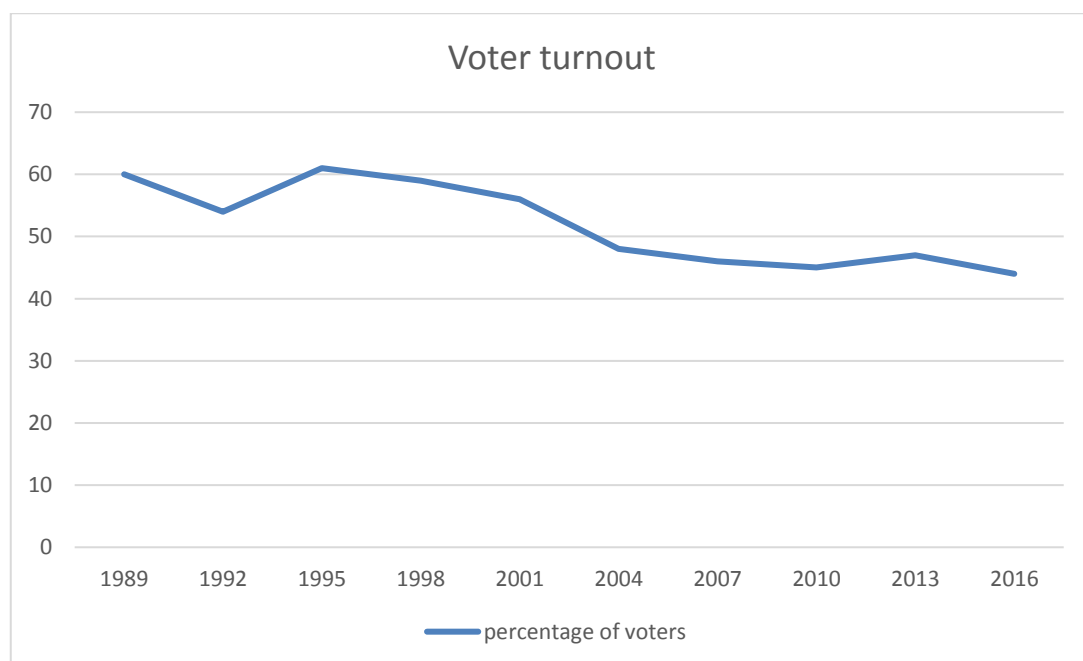
The following chart outlines the percentage of public preferences on the basis of election on Napier City's representation arrangements from 1993 to 2011.



Item 4

4.3 Issues

Over the last 27 years, voter turnout has declined nationwide including in Napier City. Engaging the public through the representation review process and ensuring fair and effective representation is one way to encourage people to vote. The following chart outlines the declining rates voter turnout for Napier City since the early 1990s.



4.4 Significance and Consultation

Representation arrangements are relevant for the entire population of Napier, and may extend to those people that use services and facilities in Napier but reside outside of Napier boundaries.

Officers have prepared an engagement plan to undertake pre-consultation including providing background information on the representation review to the public; and asking the public to share their ideas on - where they identify their community of interest; what they think of the current arrangements; and how they should be represented in the future.

4.5 Implications

Financial

N/A

Social & Policy

N/A

Risk

N/A

4.6 Attachments

- A Engagement Summary for pre-consultation [↓](#)
- B Representation Review Statutory Timeline [↓](#)
- C Statistics on Napier City's electoral area, Local Government Commission [↓](#)

Engagement Plan Summary – Representation Review

Introduction:

As part of the review of representation arrangements, a pre-consultation engagement process will be undertaken between 24 September – 8 November. The community feedback will help inform Council of local issues and needs, prior to developing a representation proposal and undertaking formal consultation on it, i.e. seeking public submissions.

Approach:

The pre-consultation engagement will target the general public and key stakeholders including Maori, youth, seniors and the disability community.

Quantitative feedback will be gained through an online survey, which will be promoted via newspaper, social media and will be provided on tablets at events around the city. A hardcopy will be made available at the libraries and the customer service areas – people will be encouraged to participate online where possible.

As this engagement is about part of civic participation, staff from the library will be asked to participate in the engagement. In addition, customer service staff will be briefed and asked to encourage customers to participate.

Tools and Tactics:

Activity	Who	Date
Survey	Engagement team	From 25 September
Customer engagement	Library and customer service staff	From 25 September
Events Locations: CBD, Taradale, Maraenui, Tamatea	Mayor, Councillors and Engagement team	2 October – 13 October
Focus Group (interested submitters, Youth Council, sample of peoples panel ²)	Engagement team	6 October
Advertising and promotion	Comms	From 20 September

Reporting:

A summary report will be provided to Council after the consultation period.

² The Peoples Panel – consultation volunteers sourced from www.sayitnapier.nz

Representation Review timeline:
(Excerpt from Local Government Commission Guidelines 2017)

Procedure	Deadline	Relevant section
Local authority determines proposed representation arrangements	Initial proposals must be made: <ul style="list-style-type: none"> no earlier than 1 March in the year before election year by 31 August in the year before election year, if establishing Māori wards/constituencies in any other case, in time for the deadline for public notice (i.e. by 7 September) 	<ul style="list-style-type: none"> 19H (territorial authorities) 19I (regional councils) 19J (community boards) Schedule 1A for Māori wards or constituencies
Local authority gives public notice of "initial" proposal and invites submissions	Within 14 days of resolution, and not later than 8 September in the year before election year	19M(1)
Submissions close	Not less than one month after public notice	19M(2)(d)
If no submissions then proposal becomes final ¹	Public notice to be given when there are no submissions but no date fixed for doing this	19Y(1)
Local authority considers submissions and may make resolution to amend proposal	Within 6 weeks of closing date for submissions	19N(1)(a)
Local authority gives public notice of its "final" proposal	Within 6 weeks of closing date for submissions	19N(1)(b)
Appeals and objections close	Must be lodged: <ul style="list-style-type: none"> not less than 1 month after the date of the public notice issued under section 19N(1)(b) not later than 20 December in the year before election year 	19O 19P
If no appeals or objections then proposal becomes final ¹	Public notice to be given when there are no appeals/objections, but no date fixed for doing this	19Y(1)
Local authority forwards appeals, objections and other relevant information to the Commission ²	As soon as practicable, but not later than 15 January in election year	19Q 19V(4)
Commission considers resolutions, submissions, appeals and objections and makes determination	Before 11 April in election year	19R
Determination subject to appeal to High Court on a point of law ³	Appeals to be lodged within 1 month of determination	Clause 2, Schedule 5, <i>Local Government Act 2002</i>

- ¹ Under *section 19V(4)* proposals that do not comply with the +/-10% fair representation requirement are subject to confirmation by the Commission.
- ² Includes any proposal that does not comply with the +/-10% fair representation requirement.
- ³ Commission determinations may also be subject to judicial review.

INTRODUCTION

These tables show for each local government electoral area in New Zealand the following details -

- * population
- * the number of members elected from each area
- * the population to member ratios for each area
- * where applicable, the difference, for each area, from the average population to member ratio for the overall district, community, local board area or region (in both numerical and % terms)

The populations used are the estimated resident population as at 30 June 2016, provided by Statistics New Zealand.

The local government boundaries used are those that existed as at 1 January 2017.

The % difference is the calculation applied when determining to whether an area complies with the +/-10% rule in section 19V(2) of the Local Electoral Act. Where this difference falls outside the +/-10% range it is shown in bold.

Statistics New Zealand has provided the following notes:

- (a) The estimated resident population of an area in New Zealand at 30 June 2016 is an estimate of all people who usually live in that area at that date. It includes all residents present in New Zealand and counted by the 2013 census; residents who are temporarily elsewhere in New Zealand and counted by the 2013 census; adjustment for residents missed or counted more than once by the 2013 census (net census undercount); and births, deaths and net migration between census night and the date of the estimates. Visitors from elsewhere in New Zealand and overseas are excluded.
- (b) Where a region is divided into General and Māori constituencies populations are calculated as follows. For each area, the Māori electoral population at 30 June 2016 is derived by applying a ratio to the estimated resident population of Māori descent at 30 June 2016; this ratio is attained by dividing the number of people of Māori descent who were on the Māori electoral roll by the number of people of Māori descent who were on either the general or Māori electoral roll. The general electoral population is calculated as the difference between the estimated resident population and the Māori electoral population.
- (c) The following rounding rules have been applied:
Figures less than 10,000 have been rounded to the nearest 10. Figures in the range 10,000–19,999 have been rounded to the nearest 50. Otherwise figures have been rounded to the nearest 100.
- (d) Due to independent calculation of populations at specific geographic levels, figures for the electoral areas in a district or region may not sum to the separate estimates for the district or region as a whole.

Local Government Commission
26 January 2017

TERRITORIAL AUTHORITIES

DISTRICT	WARD	Population	Members	Population-Member Ratio	Difference from Quota	% Difference from Quota
Far North District	Te Hiku Ward	19,450	3	6,483	-406	-5.89
	Bay of Islands-Whangaroa Ward	28,100	4	7,025	136	1.98
	Kaikohe-Hokianga Ward	14,450	2	7,225	336	4.88
	Total	62,000	9	6,889		
Whangarei District	Mangakahia-Maungatapere Ward	6,190	1	6,190	-551	-8.17
	Hikurangi-Coastal Ward	12,950	2	6,475	-266	-3.94
	Whangarei Heads Ward	6,790	1	6,790	49	0.73
	Denby Ward	20,900	3	6,967	226	3.35
	Okara Ward	27,700	4	6,925	184	2.73
	Bream Bay Ward	13,100	2	6,550	-191	-2.83
	Total	87,630	13	6,741		
Kaipara District	Dargaville Ward	4,930	2	2,465	-253	-9.29
	West Coast-Central Ward	7,540	3	2,513	-204	-7.51
	Otamatea Ward	9,270	3	3,090	373	13.71
	Total	21,740	8	2,718		
Auckland	Rodney Ward	62,200	1	62,200	-18,520	-22.94
	Albany Ward	164,400	2	82,200	1,480	1.83
	North Shore Ward	153,200	2	76,600	-4,120	-5.10
	Waitakere Ward	173,300	2	86,650	5,930	7.35
	Waitemata and Gulf Ward	111,900	1	111,900	31,180	38.63
	Whau Ward	82,900	1	82,900	2,180	2.70
	Albert-Eden-Roskill Ward	168,000	2	84,000	3,280	4.06
	Orakei Ward	89,200	1	89,200	8,480	10.51
	Maungakiekie-Tamaki Ward	78,300	1	78,300	-2,420	-3.00
	Howick Ward	146,500	2	73,250	-7,470	-9.25
	Manukau Ward	166,100	2	83,050	2,330	2.89
	Manurewa-Papakura Ward	145,600	2	72,800	-7,920	-9.81
	Franklin Ward	72,800	1	72,800	-7,920	-9.81
	Total	1,614,400	20	80,720		

DISTRICT	WARD	Population	Members	Population- Member Ratio	Difference from Quota	% Difference from Quota
Thames-Coromandel District	Coromandel-Colville Ward	3,040	1	3,040	-513	-14.43
	Mercury Bay Ward	7,910	2	3,955	403	11.33
	Thames Ward	10,750	3	3,583	31	0.87
	South Eastern Ward	6,720	2	3,360	-193	-5.42
	Total	28,420	8	3,553		
Hauraki District	Plains Ward	6,220	4	1,555	-73	-4.50
	Paeroa Ward	6,050	4	1,513	-116	-7.11
	Waihi Ward	7,270	4	1,818	189	11.62
	Total	19,540	12	1,628		
Waikato District	Awaroa ki Tuakau Ward	11,950	2	5,975	501	9.16
	Onewhero-Te Akau Ward	5,290	1	5,290	-184	-3.36
	Whangamarino Ward	5,990	1	5,990	516	9.43
	Hukanui-Waerenga Ward	5,640	1	5,640	166	3.04
	Eureka Ward	5,510	1	5,510	36	0.66
	Huntly Ward	10,000	2	5,000	-474	-8.66
	Ngaruawahia Ward	10,050	2	5,025	-449	-8.20
	Newcastle Ward	5,590	1	5,590	116	2.12
	Raglan Ward	5,590	1	5,590	116	2.12
	Tamahere Ward	5,550	1	5,550	76	1.39
	Total	71,160	13	5,474		
Matamata-Piako District	Morrinsville Ward	12,450	4	3,113	12	0.37
	Te Aroha Ward	8,110	3	2,703	-398	-12.82
	Matamata Ward	13,550	4	3,388	287	9.24
	Total	34,110	11	3,101		
Hamilton City	West Ward	76,600	6	12,767	-667	-4.96
	East Ward	84,600	6	14,100	667	4.96
	Total	161,200	12	13,433		
Waipa District	Pirongia Ward	8,600	2	4,300	0	0.00
	Cambridge Ward	19,800	4	4,950	650	15.12
	Maungatautari Ward	3,950	1	3,950	-350	-8.14
	Te Awamutu Ward	15,300	4	3,825	-475	-11.05
	Kakepuku Ward	3,950	1	3,950	-350	-8.14
	Total	51,600	12	4,300		

DISTRICT	WARD	Population	Members	Population- Member Ratio	Difference from Quota	% Difference from Quota
Otorohanga District	Kawhia-Tihiroa Ward	2,890	2	1,445	19	1.35
	Waipa Ward	1,490	1	1,490	64	4.51
	Kiokio-Korakonui Ward	1,480	1	1,480	54	3.81
	Otorohanga Ward	2,830	2	1,415	-11	-0.75
	Wharepuhunga Ward	1,290	1	1,290	-136	-9.52
	Total	9,980	7	1,426		
South Waikato District	Tirau Ward	2,280	1	2,280	-104	-4.36
	Putāruru Ward	6,610	3	2,203	-181	-7.58
	Tokoroa Ward	14,950	6	2,492	108	4.52
	Total	23,840	10	2,384		
Waitomo District	Waitomo Rural Ward	5,050	3	1,683	73	4.55
	Te Kuiti Ward	4,610	3	1,537	-73	-4.55
	Total	9,660	6	1,610		
Taupo District	Mangakino-Pouakani Ward	2,800	1	2,800	-818	-22.61
	Taupo-Kaingaroa Ward	28,500	7	4,071	453	12.53
	Turangi-Tongariro Ward	4,880	2	2,440	-1,178	-32.56
	Total	36,180	10	3,618		
Western Bay of Plenty District	Katikati-Waihi Beach Ward	13,200	3	4,400	55	1.26
	Maketu-Te Puke Ward	17,200	4	4,300	-45	-1.05
	Kaimai Ward	17,400	4	4,350	5	0.10
	Total	47,800	11	4,345		
Tauranga City	Mount Maunganui-Papamoa Ward	45,800	2	22,900	1,517	7.09
	Otumoetai-Bethlehem Ward	43,100	2	21,550	167	0.78
	Te Papa-Welcome Bay Ward	39,400	2	19,700	-1,683	-7.87
	Sub total	128,300	6	21,383		
	At large	128,300	4	32,075		
	Total	128,300	10	12,830		
Rotorua District	At large	70,500	10	7,050		

DISTRICT	WARD	Population	Members	Population- Member Ratio	Difference from Quota	% Difference from Quota
Whakatane District	Rangitāiki Ward	10,000	3	3,333	-170	-4.84
	Whakatāne-Ōhope Ward	18,450	5	3,690	187	5.34
	Tāneatua-Waimana Ward	3,350	1	3,350	-153	-4.37
	Galatea-Murupara Ward	3,230	1	3,230	-273	-7.79
	Total	35,030	10	3,503		
Kawerau District	At large	6,800	8	850		
Opotiki District	Coast Ward	1,560	1	1,560	90	6.12
	Waioeka-Waiotahi Ward	2,890	2	1,445	-25	-1.70
	Opotiki Ward	4,370	3	1,457	-13	-0.91
	Total	8,820	6	1,470		
Gisborne District	Matakaoa-Waiapu Ward	2,890	1	2,890	-795	-21.57
	Waipaoa Ward	3,600	1	3,600	-85	-2.30
	Tawhiti-Uawa Ward	2,840	1	2,840	-845	-22.92
	Taruheru-Patutahi Ward	3,770	1	3,770	85	2.32
	Gisborne Ward	34,800	9	3,867	182	4.94
	Total	47,900	13	3,685		
Wairoa District	At large	8,150	6	1,358		
Hastings District	Mohaka Ward	5,630	1	5,630	14	0.24
	Heretaunga Ward	10,750	2	5,375	-241	-4.30
	Hastings-Havelock North Ward	45,300	8	5,663	46	0.82
	Flaxmere Ward	10,800	2	5,400	-216	-3.85
	Kahuranaki Ward	6,150	1	6,150	534	9.50
	Total	78,630	14	5,616		
Napier City	Ahuriri Ward	10,050	1	10,050	-125	-1.23
	Onekawa-Tamatea Ward	10,250	1	10,250	75	0.74
	Nelson Park Ward	18,450	2	9,225	-950	-9.34
	Taradale Ward	22,300	2	11,150	975	9.58
	Sub total	61,050	6	10,175		
	At large	61,050	6	10,175		
	Total	61,050	12	5,088		

DISTRICT	WARD	Population	Members	Population- Member Ratio	Difference from Quota	% Difference from Quota
Central Hawke's Bay District	Aramoana-Ruahine Ward	6,730	4	1,683	-15	-0.88
	Ruataniwha Ward	6,850	4	1,713	15	0.88
	Total	13,580	8	1,698		
New Plymouth District	New Plymouth City Ward	57,000	10	5,700	0	0.00
	North Ward	11,200	2	5,600	-100	-1.75
	South-West Ward	11,600	2	5,800	100	1.75
	Total	79,800	14	5,700		
Stratford District	Stratford Rural Ward	3,650	4	913	-18	-1.88
	Stratford Urban Ward	5,650	6	942	12	1.25
	Total	9,300	10	930		
South Taranaki District	Egmont Plains Ward	6,730	3	2,243	-62	-2.68
	Eltham Ward	4,080	2	2,040	-265	-11.50
	Tangahoe Ward	2,840	1	2,840	535	23.21
	Hawera-Normanby Ward	10,100	4	2,525	220	9.54
	Patea Ward	3,910	2	1,955	-350	-15.18
	Total	27,660	12	2,305		
Ruapehu District	Ohura Ward	1,110	1	1,110	-28	-2.48
	Taumarunui Ward	5,900	5	1,180	42	3.67
	National Park Ward	1,110	1	1,110	-28	-2.48
	Waimarino-Waiouru Ward	4,400	4	1,100	-38	-3.35
	Total	12,520	11	1,138		
Whanganui District	At large	43,800	12	3,650		
Rangitikei District	Taihape Ward	3,580	3	1,193	-152	-11.31
	Huntermville Ward	1,260	1	1,260	-85	-6.35
	Bulls Ward	2,620	2	1,310	-35	-2.64
	Marton Ward	6,070	4	1,518	172	12.79
	Turakina Ward	1,270	1	1,270	-75	-5.61
	Total	14,800	11	1,345		

DISTRICT	WARD	Population	Members	Population- Member Ratio	Difference from Quota	% Difference from Quota
Manawatu District	Northern Manawatu Rural Ward	6,400	2	3,200	213	7.13
	Southern Manawatu Rural Ward	7,720	3	2,573	-414	-13.85
	Feilding Ward	15,750	5	3,150	163	5.46
	Total	29,870	10	2,987		
Palmerston North City	At large	86,300	15	5,753		
Taranua District	North Taranua Ward	9,660	4	2,415	219	9.96
	South Taranua Ward	7,910	4	1,978	-219	-9.96
	Total	17,570	8	2,196		
Horowhenua District	Kere Kere Ward	5,670	2	2,835	-356	-11.16
	Miranui Ward	3,010	1	3,010	-181	-5.67
	Levin Ward	16,750	5	3,350	159	4.98
	Waiopēhu Ward	6,480	2	3,240	49	1.54
	Total	31,910	10	3,191		
Kapiti Coast District	Ōtaki Ward	8,660	1	8,660	-1,752	-16.83
	Paraparaumu Ward	20,200	2	10,100	-312	-3.00
	Waikanae Ward	12,700	1	12,700	2,288	21.97
	Paekākāriki-Raumatī Ward	10,500	1	10,500	88	0.85
	Sub total	52,060	5	10,412		
	At large	52,060	5	10,412		
	Total	52,060	10	5,206		
Porirua City	Northern Ward	21,900	4	5,475	-60	-1.08
	Western Ward	11,050	2	5,525	-10	-0.18
	Eastern Ward	22,400	4	5,600	65	1.17
	Total	55,350	10	5,535		
Upper Hutt City	At large	42,600	10	4,260		

DISTRICT	WARD	Population	Members	Population- Member Ratio	Difference from Quota	% Difference from Quota
Lower Hutt City	Western Ward	16,400	2	8,200	-413	-4.79
	Harbour Ward	18,200	2	9,100	488	5.66
	Northern Ward	16,000	2	8,000	-613	-7.11
	Central Ward	17,050	2	8,525	-88	-1.02
	Eastern Ward	17,450	2	8,725	113	1.31
	Wainuiomata Ward	18,250	2	9,125	513	5.95
	Total	103,350	12	8,613		
Wellington City	Northern Ward	47,200	3	15,733	883	5.95
	Onslow-Western Ward	44,000	3	14,667	-183	-1.23
	Lambton Ward	49,700	3	16,567	1,717	11.56
	Eastern Ward	38,800	3	12,933	-1,917	-12.91
	Southern Ward	28,200	2	14,100	-750	-5.05
	Total	207,900	14	14,850		
Masterton District	Rural Ward	5,430	1	5,430	504	10.23
	Urban Ward	19,200	4	4,800	-126	-2.56
	Sub total	24,630	5	4,926		
	At large	24,630	5	4,926		
	Total	24,630	10	2,463		
Carterton District	At large	8,900	8	1,113		
South Wairarapa District	Greytown Ward	3,410	3	1,137	16	1.39
	Featherston Ward	3,150	3	1,050	-71	-6.34
	Martinborough Ward	3,530	3	1,177	56	4.96
	Total	10,090	9	1,121		

DISTRICT	WARD	Population	Members	Population- Member Ratio	Difference from Quota	% Difference from Quota
Tasman District	Golden Bay Ward	5,240	2	2,620	-1,246	-32.23
	Lakes-Murchison Ward	3,620	1	3,620	-246	-6.37
	Moutere-Waimea Ward	13,250	3	4,417	551	14.24
	Motueka Ward	12,050	3	4,017	151	3.89
	Richmond Ward	16,100	4	4,025	159	4.11
	Total	50,260	13	3,866		
Nelson City	At large	50,600	12	4,217		
Marlborough District	Marlborough Sounds Ward	8,210	3	2,737	-768	-21.91
	Wairau-Awatere Ward	11,350	3	3,783	279	7.95
	Blenheim Ward	26,000	7	3,714	210	5.98
	Total	45,560	13	3,505		
Kaikoura District	At large	3,730	7	533		
Buller District	Seddon Ward	1,660	2	830	-192	-18.79
	Inangahua Ward	2,010	2	1,005	-17	-1.66
	Westport Ward	6,550	6	1,092	70	6.82
	Total	10,220	10	1,022		
Grey District	Northern Ward	1,630	1	1,630	-65	-3.83
	Central Ward	6,440	4	1,610	-85	-5.01
	Southern Ward	2,120	1	2,120	425	25.07
	Eastern Ward	3,370	2	1,685	-10	-0.59
	Total	13,560	8	1,695		
Westland District	Northern Ward	2,840	3	947	-148	-13.55
	Hokitika Ward	3,870	3	1,290	195	17.81
	Southern Ward	2,050	2	1,025	-70	-6.39
	Total	8,760	8	1,095		
Hurunui District	Hanmer Springs Ward	1,190	1	1,190	-219	-15.54
	Amuri-Hurunui Ward	3,860	3	1,287	-122	-8.68
	Cheviot Ward	1,500	1	1,500	91	6.47
	Glenmark Ward	1,220	1	1,220	-189	-13.41
	Amberley Ward	4,910	3	1,637	228	16.17
	Total	12,680	9	1,409		

DISTRICT	WARD	Population	Members	Population- Member Ratio	Difference from Quota	% Difference from Quota
Waimakariri District	Kaiapoi-Woodend	21,400	4	5,350	-435	-7.52
	Rangiora-Ashley	24,500	4	6,125	340	5.88
	Oxford-Ohoka	11,950	2	5,975	190	3.28
	Total	57,850	10	5,785		
Christchurch City	Harewood Ward	22,500	1	22,500	-929	-3.96
	Waimairi Ward	23,500	1	23,500	71	0.30
	Papanui Ward	24,900	1	24,900	1,471	6.28
	Fendalton Ward	24,400	1	24,400	971	4.15
	Innes Ward	23,800	1	23,800	371	1.58
	Burwood Ward	25,700	1	25,700	2,271	9.69
	Coastal Ward	24,700	1	24,700	1,271	5.43
	Hornby Ward	23,700	1	23,700	271	1.16
	Halswell Ward	23,400	1	23,400	-29	-0.12
	Riccarton Ward	26,800	1	26,800	3,371	14.39
	Spreydon Ward	25,200	1	25,200	1,771	7.56
	Central Ward	24,200	1	24,200	771	3.29
	Cashmere Ward	22,500	1	22,500	-929	-3.96
	Linwood Ward	25,600	1	25,600	2,171	9.27
	Heathcote Ward	25,200	1	25,200	1,771	7.56
	Banks Peninsula Ward	8,760	1	8,760	-14,669	-62.61
	Total	374,860	16	23,429		
Selwyn District	Malvern Ward	9,010	2	4,505	-599	-11.73
	Selwyn Central Ward	21,300	4	5,325	221	4.34
	Ellesmere Ward	9,980	2	4,990	-114	-2.23
	Springs Ward	15,850	3	5,283	180	3.52
	Total	56,140	11	5,104		
Ashburton District	Western Ward	5,770	2	2,885	78	2.76
	Eastern Ward	9,070	3	3,023	216	7.69
	Ashburton Ward	18,850	7	2,693	-115	-4.08
	Total	33,690	12	2,808		
Timaru District	Geraldine Ward	5,660	1	5,660	467	8.99
	Pleasant Point-Temuka Ward	9,480	2	4,740	-453	-8.73
	Timaru Ward	31,600	6	5,267	73	1.41
	Total	46,740	9	5,193		

DISTRICT	WARD	Population	Members	Population- Member Ratio	Difference from Quota	% Difference from Quota
Mackenzie District	Pukaki Ward	2,250	3	750	-3	-0.44
	Opuha Ward	2,270	3	757	3	0.44
	Total	4,520	6	753		
Waimate District	Hakataramea-Waihaorunga Ward	900	1	900	-93	-9.32
	Pareora-Otaio-Makikihi Ward	1,920	2	960	-33	-3.27
	Lower Waihao Ward	1,100	1	1,100	108	10.83
	Waimate Ward	4,020	4	1,005	13	1.26
	Total	7,940	8	993		
Chatham Islands Territory	At large	610	8	76		
Waitaki District	Ahuriri Ward	1,290	1	1,290	-916	-41.52
	Oamaru Ward	13,650	6	2,275	69	3.13
	Waihemo Ward	2,330	1	2,330	124	5.62
	Corriedale Ward	4,790	2	2,395	189	8.57
	Total	22,060	10	2,206		
Central Otago District	Cromwell Ward	6,870	3	2,290	321	16.30
	Earnsclough-Manuherikia Ward	3,500	2	1,750	-219	-11.12
	Maniototo Ward	1,760	1	1,760	-209	-10.61
	Alexandra Ward	5,900	3	1,967	-2	-0.12
	Teviot Valley Ward	1,660	1	1,660	-309	-15.69
	Total	19,690	10	1,969		
Queenstown-Lakes District	Queenstown-Wakatipu Ward	21,000	6	3,500	25	0.72
	Wanaka Ward	10,900	3	3,633	158	4.56
	Arrowtown Ward	2,850	1	2,850	-625	-17.99
	Total	34,750	10	3,475		
Dunedin City	At large	127,000	14	9,071		

DISTRICT	WARD	Population	Members	Population- Member Ratio	Difference from Quota	% Difference from Quota
Clutha District	West Otago Ward	2,280	2	1,140	-105	-8.43
	Clinton Ward	1,260	1	1,260	15	1.20
	Lawrence-Tuapeka Ward	1,110	1	1,110	-135	-10.84
	Balclutha Ward	5,190	4	1,298	53	4.22
	Catlins Ward	990	1	990	-255	-20.48
	Bruce Ward	4,200	3	1,400	155	12.45
	Kaitangata-Matau Ward	1,140	1	1,140	-105	-8.43
	Clutha Valley Ward	1,260	1	1,260	15	1.20
	Total	17,430	14	1,245		
Southland District	Mararoa Waimea Ward	7,590	3	2,530	-41	-1.59
	Waiau Aparima Ward	8,060	3	2,687	116	4.51
	Winton Wallacetown Ward	9,190	3	3,063	493	19.16
	Waihopai Toetoes Ward	5,600	2	2,800	229	8.91
	Stewart Island/Rakiura Ward	410	1	410	-2,161	-84.05
	Total	30,850	12	2,571		
Gore District	Waikaka Ward	1,590	1	1,590	30	1.92
	Kaiwera-Waimumu Ward	1,690	1	1,690	130	8.33
	Gore Ward	7,610	5	1,522	-38	-2.44
	Mataura Ward	1,590	1	1,590	30	1.92
	Sub total	12,480	8	1,560		
	At large	12,480	3	4,160		
	Total	12,480	11	1,135		
Invercargill City	At large	54,700	12	4,558		

COMMUNITY BOARDS AND LOCAL BOARDS

DISTRICT	COMMUNITY/LOCAL BOARD AREA & SUBDIVISION	Population	Members	Population-Member Ratio	Difference from Quota	% Difference from Quota
Far North District	Te Hiku Community	19,450	6	3,242		
	Bay of Islands-Whangaroa Community	28,100	7	4,014		
	Kaikohe-Hokianga Community	14,450	6	2,408		
	Total	62,000				
	Te Hiku Community					
	North Cape Subdivision	3,000	1	3,000	-247	-7.60
	Whatuwhiwhi Subdivision	3,100	1	3,100	-147	-4.52
	Doubtless Bay Subdivision	3,230	1	3,230	-17	-0.51
	Kaitaia Subdivision	10,150	3	3,383	137	4.21
	Total	19,480	6	3,247		
	Bay of Islands-Whangaroa Community					
	Whangaroa Subdivision	4,100	1	4,100	84	2.10
	Kerikeri Subdivision	12,100	3	4,033	18	0.44
	Paihia Subdivision	4,190	1	4,190	174	4.34
	Russell-Opua Subdivision	3,710	1	3,710	-306	-7.61
	Kawakawa-Moerewa Subdivision	4,010	1	4,010	-6	-0.14
	Total	28,110	7	4,016		
	Kaikohe-Hokianga Community					
	North Hokianga Subdivision	2,190	1	2,190	-213	-8.88
	South Hokianga Subdivision	4,590	2	2,295	-108	-4.51
	Kaikohe Subdivision	7,640	3	2,547	143	5.96
	Total	14,420	6	2,403		
Whangarei District	No communities	87,600				
Kaipara District	No communities	21,700				

DISTRICT	COMMUNITY/LOCAL BOARD AREA & SUBDIVISION	Population	Members	Population-Member Ratio	Difference from Quota	% Difference from Quota
Auckland	Rodney Local Board Area	62,200	9	6,911		
	Hibiscus and Bays Local Board Area	101,600	8	12,700		
	Upper Harbour Local Board Area	62,800	6	10,467		
	Kaipatiki Local Board Area	91,900	8	11,488		
	Devonport-Takapuna Local Board Area	61,300	6	10,217		
	Henderson-Massey Local Board Area	119,900	8	14,988		
	Waitakere Ranges Local Board Area	53,400	6	8,900		
	Great Barrier Local Board Area	990	5	198		
	Waiheke Local Board Area	9,250	5	1,850		
	Waitemata Local Board Area	101,700	7	14,529		
	Whau Local Board Area	82,900	7	11,843		
	Albert-Eden Local Board Area	106,600	8	13,325		
	Puketapapa Local Board Area	61,400	6	10,233		
	Orakei Local Board Area	89,200	7	12,743		
	Maungakiekie-Tamaki Local Board Area	78,300	7	11,186		
	Howick Local Board Area	146,500	9	16,278		
	Mangere-Otahuhu Local Board Area	79,900	7	11,414		
	Otara-Papatoetoe Local Board Area	86,300	7	12,329		
	Manurewa Local Board Area	92,800	8	11,600		
	Papakura Local Board Area	52,700	6	8,783		
	Franklin Local Board Area	72,800	9	8,089		
	Total	1,614,440				
	Rodney Local Board Area					
	Wellsford Subdivision	6250	1	6,250	-659	-9.54
	Warkworth Subdivision	20100	3	6,700	-209	-3.02
	Kumeu Subdivision	28500	4	7,125	216	3.13
	Dairy Flat Subdivision	7330	1	7,330	421	6.10
	Total	62180	9	6,909		
	Hibiscus Coast and Bays Local Board Area					
	Hibiscus Coast Subdivision	51500	4	12,875	175	1.38
	East Coast Bays Subdivision	50100	4	12,525	-175	-1.38
	Total	101600	8	12,700		

DISTRICT	COMMUNITY/LOCAL BOARD AREA & SUBDIVISION	Population	Members	Population- Member Ratio	Difference from Quota	% Difference from Quota
	Albert-Eden Local Board Area					
	Owairaka Subdivision	52500	4	13,125	-200	-1.50
	Maungawhau Subdivision	54100	4	13,525	200	1.50
	Total	106600	8	13,325		
	Maungakiekie-Tamaki Local Board Area					
	Maungakiekie Subdivision	30800	3	10,267	-919	-8.22
	Tamaki Subdivision	47500	4	11,875	689	6.16
	Total	78300	7	11,186		
	Howick Local Board Area					
	Pakuranga Subdivision	44800	3	14,933	-1,356	-8.32
	Howick Subdivision	45100	3	15,033	-1,256	-7.71
	Botany Subdivision	56700	3	18,900	2,611	16.03
	Total	146600	9	16,289		
	Otara-Papatoetoe Local Board Area					
	Papatoetoe Subdivision	50500	4	12,625	296	2.40
	Otara Subdivision	35800	3	11,933	-395	-3.21
	Total	86300	7	12,329		
	Franklin Local Board Area					
	Waiuku Subdivision	14950	2	7,475	-608	-7.53
	Pukekohe Subdivision	34900	4	8,725	642	7.94
	Wairoa Subdivision	22900	3	7,633	-450	-5.57
	Total	72750	9	8,083		
Thames-Coromandel District	Coromandel-Colville Community	3,040	4	760		
	Mercury Bay Community	7,910	4	1,978		
	Thames Community	10,750	4	2,688		
	Tairua-Pauanui Community	2,480	4	620		
	Whangamata Community	4,240	4	1,060		
	Total	28,420				
Hauraki District	No communities	19,550				

DISTRICT	COMMUNITY/LOCAL BOARD AREA & SUBDIVISION	Population	Members	Population- Member Ratio	Difference from Quota	% Difference from Quota
Waikato District	Taupiri Community	490	6	82		
	Huntly Community	7,930	6	1,322		
	Ngaruawahia Community	7,780	6	1,297		
	Raglan Community	4,240	6	707		
	Onewhero-Tuakau Community	10,000	6	1,667		
	Area Outside Community	40,700				
	Total	71,140				
Matamata-Piako District	No communities	34,100				
Hamilton City	No communities	161,200				
Waipa District	Cambridge Community	23,700	5	4,740		
	Te Awamutu Community	19,250	5	3,850		
	Area Outside Community	8,600				
	Total	51,550				
	Cambridge Community					
	Cambridge Ward	19800	4	4,950	200	4.21
	Maungatautari Ward	3950	1	3,950	-800	-16.84
	Total	23750	5	4,750		
	Te Awamutu Community					
	Te Awamutu Ward	15300	4	3,825	-25	-0.65
	Kakepuku Ward	3950	1	3,950	100	2.60
	Total	19250	5	3,850		
Otorohanga District	Kawhia Community	400	4	100		
	Otorohanga Community	2,830	4	708		
	Area Outside Community	6,760				
	Total	9,990				

DISTRICT	COMMUNITY/LOCAL BOARD AREA & SUBDIVISION	Population	Members	Population- Member Ratio	Difference from Quota	% Difference from Quota
	Kawhia Community					
	Aotea Subdivision	40	1	40	-58	-58.97
	Kawhia Subdivision	350	3	117	19	19.66
	Total	390	4	98		
South Waikato District	Tirau Community	2,280	4	570		
	Area Outside Community	21,500				
	Total	23,780				
Waitomo District	No communities	9,660				
Taupo District	Turangi-Tongariro Community	4,880	6	813		
	Area Outside Community	31,300				
	Total	36,180				
Western Bay of Plenty District	Katikati Community	9,530	4	2,383		
	Omokoroa Community	2,800	4	700		
	Te Puke Community	10,300	4	2,575		
	Maketu Community	1,120	4	280		
	Waihi Beach Community	3,410	4	853		
	Area Outside Community	20,600				
	Total	47,760				
Tauranga City	No communities	128,200				
Rotorua District	Rotorua Lakes Community	3,920	4	980		
	Rotorua Rural Community	8,380	4	2,095		
	Area Outside Community	58,200				
	Total	70,500				
Whakatane District	Rangitāiki Community	10,000	6	1,667		
	Tāneatua Community	3,350	6	558		
	Murupara Community	3,230	6	538		
	Whakatāne-Ōhope Community	18,450	8	2,306		
	Total	35,030				

DISTRICT	COMMUNITY/LOCAL BOARD AREA & SUBDIVISION	Population	Members	Population- Member Ratio	Difference from Quota	% Difference from Quota
	Murupara Community					
	Galatea-Waiohau Subdivision	1,020	2	510	-30	-5.56
	Murupara Subdivision	1,730	3	577	37	6.79
	Te Urewera Subdivision	490	1	490	-50	-9.26
	Total	3,240	6	540		
Kawerau District	No communities	6,800				
Opotiki District	Coast Community	1,560	4	390		
	Area Outside Community	7,270				
	Total	8,830				
Gisborne District	No communities	47,800				
Wairoa District	No communities	8,150				
Hastings District	Hastings District Rural Community	11,750	4	2,938		
	Area Outside Community	66,800				
	Total	78,550				
	Hastings District Rural Community					
	Tutira Subdivision	2700	1	2,700	-245	-8.32
	Kaweka Subdivision	2930	1	2,930	-15	-0.51
	Maraekakaho Subdivision	2850	1	2,850	-95	-3.23
	Poukawa Subdivision	3300	1	3,300	355	12.05
	Total	11780	4	2,945		
Napier City	No communities	61,100				
Central Hawke's Bay District	No communities	13,600				
New Plymouth District	Kaitake Community	5,200	4	1,300		
	Waitara Community	8,460	4	2,115		
	Clifton Community	2,720	4	680		
	Inglewood Community	8,600	4	2,150		
	Area Outside Community	54,800				
	Total	79,780				

DISTRICT	COMMUNITY/LOCAL BOARD AREA & SUBDIVISION	Population	Members	Population- Member Ratio	Difference from Quota	% Difference from Quota
Stratford District	No communities	9,300				
South Taranaki District	Egmont Plains Community	6,730	4	1,683		
	Eltham Community	4,080	4	1,020		
	Hawera-Tangahoe Community	12,950	4	3,238		
	Patea Community	3,910	4	978		
	Total	27,670				
	<i>Hawera-Tangahoe Community</i>					
	<i>Tangahoe Ward</i>	2840	1	2,840	-395	-12.21
	<i>Hawera-Normanby Ward</i>	10100	3	3,367	132	4.07
	Total	12940	4	3,235		
Ruapehu District	National Park Community	1,110	4	278		
	Waimarino-Waiouru Community	4,400	4	1,100		
	Area Outside Community	7,010				
	Total	12,520				
Whanganui District	Wanganui Rural Community	5,670	7	810		
	Area Outside Community	38,100				
	Total	43,770				
	Wanganui Rural Community					
	Whanganui Subdivision	1,130	2	565	-245	-30.25
	Kai-Iwi Subdivision	2,620	3	873	63	7.82
	Kaitoke Subdivision	1,920	2	960	150	18.52
	Total	5,670	7	810		
Rangitikei District	Ratana Community	340	4	85		
	Taihape Community	3,580	4	895		
	Area Outside Community	10,850				
	Total	14,770				

DISTRICT	COMMUNITY/LOCAL BOARD AREA & SUBDIVISION	Population	Members	Population- Member Ratio	Difference from Quota	% Difference from Quota
Manawatu District	No communities	29,800				
Palmerston North City	No communities	86,300				
Tararua District	Dannevirke Community	9,660	4	2,415		
	Eketahuna Community	1,500	4	375		
	Area Outside Community	6,410				
	Total	17,570				
Horowhenua District	Foxton Community	4,550	5	910		
	Area Outside Community	27,400				
	Total	31,950				
Kapiti Coast District	Ōtaki Community	8,660	4	2,165		
	Waikanae Community	12,700	4	3,175		
	Paraparaumu-Raumati Community	28,900	4	7,225		
	Paekākāriki Community	1,870	4	468		
	Total	52,130				
Porirua City	No communities	55,400				
Upper Hutt City	No communities	42,600				
Lower Hutt City	Petone Community	13,200	6	2,200		
	Eastbourne Community	4,980	5	996		
	Wainuiomata Community	18,250	6	3,042		
	Area Outside Community	66,900				
	Total	103,330				
Wellington City	Makara-Ohariu Community	890	6	148		
	Tawa Community	15,000	6	2,500		
	Area Outside Community	192,000				
	Total	207,890				

DISTRICT	COMMUNITY/LOCAL BOARD AREA & SUBDIVISION	Population	Members	Population- Member Ratio	Difference from Quota	% Difference from Quota
Masterton District	No communities	24,600				
Carterton District	No communities	8,900				
South Wairarapa District	Greytown Community	3,410	4	853		
	Featherston Community	3,150	4	788		
	Martinborough Community	3,530	4	883		
	Total	10,090				

DISTRICT	COMMUNITY/LOCAL BOARD AREA & SUBDIVISION	Population	Members	Population- Member Ratio	Difference from Quota	% Difference from Quota
Tasman District	Golden Bay Community	5,240	4	1,310		
	Motueka Community	12,050	4	3,013		
	Area Outside Community	33,000				
	Total	50,290				
Nelson City	No communities	50,600				
Marlborough District	No communities	45,500				
Kaikoura District	No communities	3,730				
Buller District	Inangahua Community	2,010	4	503		
	Area Outside Community	8,210				
	Total	10,220				
Grey District	No communities	13,550				
Westland District	No communities	8,760				
Hurunui District	Hanmer Springs Community	1,190	5	238		
	Area Outside Community	11,500				
	Total	12,690				
Waimakariri District	Oxford-Ohoka Community	11,950	6	1,992		
	Rangiora-Ashley Community	24,500	8	3,063		
	Woodend-Sefton Community	7,460	5	1,492		
	Kaiapoi-Tuahiwi Community	13,950	5	2,790		
	Total	57,860				
	Oxford-Ohoka Community					
	Oxford Subdivision	5,950	3	1,983	-8	-0.42
	Ohoka-Swannanoa Subdivision	6,000	3	2,000	8	0.42
	Total	11,950	6	1,992		
	Rangiora-Ashley Community					
	Rangiora Subdivision	17,550	5	3,510	455	14.89
	Ashley Subdivision	6,890	3	2,297	-758	-24.82
	Total	24,440	8	3,055		

DISTRICT	COMMUNITY/LOCAL BOARD AREA & SUBDIVISION	Population	Members	Population- Member Ratio	Difference from Quota	% Difference from Quota
Christchurch City	Papanui-Innes Community	48,700	4	12,175		
	Fendalton-Waimairi-Harewood Community	70,500	6	11,750		
	Coastal-Burwood Community	50,300	4	12,575		
	Halswell-Hornby-Riccarton Community	73,900	6	12,317		
	Linwood-Central-Heathcote Community	75,000	6	12,500		
	Spreydon-Cashmere Community	47,700	4	11,925		
	Banks Peninsula Community	8,760	7	1,251		
	Total	374,860				
	Papanui-Innes Community					
	Papanui Ward	24,900	2	12,450	275	2.26
	Innes Ward	23,800	2	11,900	-275	-2.26
	Total	48,700	4	12,175		
	Fendalton-Waimairi-Harewood Community					
	Fendalton Ward	24,400	2	12,200	467	3.98
	Waimairi Ward	23,500	2	11,750	17	0.14
	Harewood Ward	22,500	2	11,250	-483	-4.12
	Total	70,400	6	11,733		
	Coastal-Burwood Community					
	Coastal Ward	24,700	2	12,350	-250	-1.98
	Burwood Ward	25,700	2	12,850	250	1.98
	Total	50,400	4	12,600		
	Halswell-Hornby-Riccarton Community					
	Halswell Ward	23,400	2	11,700	-617	-5.01
	Hornby Ward	23,700	2	11,850	-467	-3.79
	Riccarton Ward	26,800	2	13,400	1,083	8.80
	Total	73,900	6	12,317		
	Linwood-Central-Heathcote Community					
	Linwood Ward	25,600	2	12,800	300	2.40
	Central Ward	24,200	2	12,100	-400	-3.20
	Heathcote Ward	25,200	2	12,600	100	0.80
	Total	75,000	6	12,500		

DISTRICT	COMMUNITY/LOCAL BOARD AREA & SUBDIVISION	Population	Members	Population- Member Ratio	Difference from Quota	% Difference from Quota
	Spreydon-Cashmere Community					
	Spreydon Ward	25,200	2	12,600	675	5.66
	Cashmere Ward	22,500	2	11,250	-675	-5.66
	Total	47,700	4	11,925		
	Banks Peninsula Community					
	Wairewa Subdivision	1,150	1	1,150	-101	-8.11
	Akaroa Subdivision	1,910	2	955	-296	-23.69
	Mount Herbert Subdivision	2,790	2	1,395	144	11.47
	Lyttelton Subdivision	2,910	2	1,455	204	16.27
	Total	8,760	7	1,251		
Selwyn District	Malvern Area Community	9,010	5	1,802		
	Area Outside Community	47,200				
	Total	56,210				
	Malvern Area Community					
	Tawera Subdivision	3,440	2	1,720	-82	-4.55
	Hawkins Subdivision	5,570	3	1,857	55	3.03
	Total	9,010	5	1,802		
Ashburton District	Methven Community	1,860	5	372		
	Area Outside Community	31,800				
	Total	33,660				
Timaru District	Geraldine Community	5,660	6	943		
	Pleasant Point Community	3,040	5	608		
	Temuka Community	6,440	5	1,288		
	Area Outside Community	31,600				
	Total	46,740				

DISTRICT	COMMUNITY/LOCAL BOARD AREA & SUBDIVISION	Population	Members	Population- Member Ratio	Difference from Quota	% Difference from Quota
Mackenzie District	Twizel Community	1,380	4	345		
	Fairlie Community	910	4	228		
	Tekapo Community	410	4	103		
	Area Outside Community	1,830				
	Total	4,530				
Waimate District	No communities	7,950				
Chatham Islands Territory	No communities	610				
Waitaki District	Ahuriri Community	1,290	5	258		
	Waihemo Community	2,330	5	466		
	Area Outside Community	18,450				
	Total	22,070				
Central Otago District	Cromwell Community	6,870	4	1,718		
	Maniototo Community	1,760	4	440		
	Vincent Community	9,400	5	1,880		
	Teviot Valley Community	1,660	4	415		
	Total	19,690				
	Vincent Community					
	Earnsclough-Manuherikia Ward	3,500	2	1,750	-130	-6.91
Queenstown-Lakes District	Alexandra Ward	5,900	3	1,967	87	4.61
	Total	9,400	5	1,880		
	Wanaka Community	10,900	4	2,725		
	Area Outside Community	23,800				
	Total	34,700				

DISTRICT	COMMUNITY/LOCAL BOARD AREA & SUBDIVISION	Population	Members	Population- Member Ratio	Difference from Quota	% Difference from Quota
Dunedin City	Strath Taieri Community	650	6	108		
	Waikouaiti Coast Community	3,620	6	603		
	Mosgiel-Taieri Community	16,750	6	2,792		
	Saddle Hill Community	6,410	6	1,068		
	West Harbour Community	5,570	6	928		
	Otago Peninsula Community	4,450	6	742		
	Area Outside Community	89,500				
	Total	126,950				
Clutha District	West Otago Community	2,280	6	380		
	Lawrence-Tuapeka Community	1,110	6	185		
	Area Outside Community	14,050				
	Total	17,440				
Southland District	Otautau Community	1,360	6	227		
	Winton Community	3,310	6	552		
	Riverton/Aparima Community	1,590	6	265		
	Wallacetown Community	980	6	163		
	Edendale-Wyndham Community	2,560	6	427		
	Stewart Island/Rakiura Community	410	6	68		
	Te Anau Community	3,580	6	597		
	Tuatapere Community	1,500	6	250		
	Area Outside Community	15,600				
	Total	30,890				
	Edendale-Wyndham Community					
	Edendale Subdivision	1,340	3	447	20	4.69
	Wyndham Subdivision	1,220	3	407	-20	-4.69
	Total	2,560	6	427		

DISTRICT	COMMUNITY/LOCAL BOARD AREA & SUBDIVISION	Population	Members	Population- Member Ratio	Difference from Quota	% Difference from Quota
Gore District	Mataura Community	1,590	5	318		
	Area Outside Community	10,900				
	Total	12,490				
Invercargill City	Bluff Community	2,110	5	422		
	Area Outside Community	52,500				
	Total	54,610				

REGIONAL COUNCILS

REGION	CONSTITUENCY	Population	Members	Population- Member Ratio	Difference from Quota	% Difference from Quota
Northland Region	Te Hiku Constituency	19,150	1	19,150	111	0.58
	Hokianga-Kaikohe Constituency	15,800	1	15,800	-3,239	-17.01
	Kaipara Constituency	17,550	1	17,550	-1,489	-7.82
	Coastal North Constituency	36,500	2	18,250	-789	-4.14
	Whangarei Urban Constituency	41,200	2	20,600	1,561	8.20
	Coastal Central Constituency	18,950	1	18,950	-89	-0.47
	Coastal South Constituency	22,200	1	22,200	3,161	16.60
	Total	171,350	9	19,039		
Waikato Region	<i>General Constituencies</i>					
	Thames-Coromandel Constituency	33,000	1	33,000	1,242	3.91
	Waikato Constituency	58,400	2	29,200	-2,558	-8.06
	Waihou Constituency	58,800	2	29,400	-2,358	-7.43
	Taupo-Rotorua Constituency	32,100	1	32,100	342	1.08
	Hamilton Constituency	137,400	4	34,350	2,592	8.16
	Waipa-King Country Constituency	61,400	2	30,700	-1,058	-3.33
	Sub total	381,100	12	31,758		
	<i>Māori Constituencies</i>					
	Nga Tai ki Uta Constituency	31,400	1	31,400	-2,550	-7.51
	Nga Hau e Wha Constituency	36,500	1	36,500	2,550	7.51
	Sub total	67,900	2	33,950		
	Region Total	449,000	14	32,071		

REGION	CONSTITUENCY	Population	Members	Population- Member Ratio	Difference from Quota	% Difference from Quota
Bay of Plenty Region	<i>General Constituencies</i>					
	Western Bay of Plenty Constituency	41,900	2	20,950	-759	-3.50
	Tauranga Constituency	114,800	5	22,960	1,251	5.76
	Rotorua Constituency	49,300	2	24,650	2,941	13.55
	Eastern Bay of Plenty Constituency	32,800	2	16,400	-5,309	-24.46
	Sub total	238,800	11	21,709		
	<i>Māori Constituencies</i>					
	Mauao Constituency	19,400	1	19,400	1,167	6.40
	Okurei Constituency	17,500	1	17,500	-733	-4.02
	Kohi Constituency	17,800	1	17,800	-433	-2.38
	Sub total	54,700	3	18,233		
	Region Total	293,500	14	20,964		
Hawke's Bay Region	Wairoa Constituency	8,150	1	8,150	-9,800	-54.60
	Napier Constituency	61,100	3	20,367	2,417	13.46
	Ngaruroro Constituency	20,800	1	20,800	2,850	15.88
	Central Hawke's Bay Constituency	13,600	1	13,600	-4,350	-24.23
	Hastings Constituency	57,900	3	19,300	1,350	7.52
	Total	161,550	9	17,950		
Taranaki Region	North Taranaki Constituency	25,000	2	12,500	1,895	17.87
	New Plymouth Constituency	54,800	5	10,960	355	3.35
	Stratford Constituency	9,150	1	9,150	-1,455	-13.72
	South Taranaki Constituency	27,700	3	9,233	-1,371	-12.93
	Total	116,650	11	10,605		
Manawatu-Wanganui Region	Ruapehu Constituency	12,700	1	12,700	-7,038	-35.66
	Wanganui Constituency	43,800	2	21,900	2,163	10.96
	Manawatu-Rangitikei Constituency	36,900	2	18,450	-1,288	-6.52
	Palmerston North Constituency	86,300	4	21,575	1,838	9.31
	Horowhenua-Kairanga Constituency	39,600	2	19,800	63	0.32
	Tararua Constituency	17,550	1	17,550	-2,188	-11.08
	Total	236,850	12	19,738		

REGION	CONSTITUENCY	Population	Members	Population- Member Ratio	Difference from Quota	% Difference from Quota
Wellington Region	Kapiti Constituency	52,100	1	52,100	13,262	34.15
	Porirua-Tawa Constituency	70,400	2	35,200	-3,638	-9.37
	Upper Hutt Constituency	42,600	1	42,600	3,762	9.69
	Lower Hutt Constituency	103,400	3	34,467	-4,372	-11.26
	Wellington Constituency	192,800	5	38,560	-278	-0.72
	Wairarapa Constituency	43,600	1	43,600	4,762	12.26
	Total	504,900	13	38,838		
West Coast Region	Buller Constituency	10,200	2	5,100	456	9.81
	Grey Constituency	13,550	3	4,517	-128	-2.75
	Westland Constituency	8,760	2	4,380	-264	-5.69
	Total	32,510	7	4,644		
Canterbury Region	North Canterbury Constituency	74,200	1	74,200	-11,486	-13.40
	Christchurch Constituency	374,900	4	93,725	8,039	9.38
	Mid-Canterbury Constituency	89,800	1	89,800	4,114	4.80
	South Canterbury Constituency	60,900	1	60,900	-24,786	-28.93
	Total	599,800	7	85,686		
<p><i>Note: The Environment Canterbury (Transitional Governance Arrangements) Act 2016 provides that Environment Canterbury has a mixture of elected members and members appointed by the Minister for the Environment and the Minister of Local Government (currently six appointed members). Only the elected membership is listed above.</i></p>						
Otago Region	Dunstan Constituency	54,400	3	18,133	-133	-0.73
	Moeraki Constituency	20,300	1	20,300	2,033	11.13
	Molyneux Constituency	35,300	2	17,650	-617	-3.38
	Dunedin Constituency	109,200	6	18,200	-67	-0.36
	Total	219,200	12	18,267		
Southland Region	Fiordland Constituency	3,580	1	3,580	-4,589	-56.18
	Eastern-Dome Constituency	16,700	2	8,350	181	2.21
	Western Constituency	8,060	1	8,060	-109	-1.34
	Hokonui Constituency	7,880	1	7,880	-289	-3.54
	Southern Constituency	6,710	1	6,710	-1,459	-17.86
	Invercargill-Rakiura Constituency	55,100	6	9,183	1,014	12.41
	Total	98,030	12	8,169		

5. NATIONAL AQUARIUM OF NEW ZEALAND EXPANSION PROJECT

Type of Report:	Enter Significance of Report
Legal Reference:	Enter Legal Reference
Document ID:	383013
Reporting Officer/s & Unit:	Sally Jackson, Manager Visitor Experience

5.1 Purpose of Report

To request that Council accept the Indicative Business Case for the Expansion project of the National Aquarium of New Zealand and to instruct Council officers to proceed with the next steps of the project.

Officer's Recommendation

That Council:

- a. *Accept the Indicative Business Case for the Expansion project for the National Aquarium of New Zealand.*
- b. *Instruct officers to proceed with the next steps of the project, specifically*
 - i. *Present the final indicative business case to Central Government agencies and seek their feedback and endorsement.*
 - ii. *Include funding in the draft Long Term Plan of \$3,500,000 within the 2019/20 financial year; and \$3,500,000 with the 2020/21 financial year.*
 - iii. *Report back to Council on the development of the next stage of the business case following endorsement from Central Government.*

MAYOR'S/CHAIRPERSON'S RECOMMENDATION

That the Council resolve that the officer's recommendation be adopted.

5.2 Background Summary

Introducing the National Aquarium of New Zealand

"Napier is uniquely placed to showcase a little understood yet highly productive region of New Zealand's marine estate. The East Coast is a vibrant marine ecosystem influenced by the sub-Antarctic oceanic current, yet with evidence of pulses of warmer northern currents, remnants of the East Auckland current. The result is a rich and varied biodiversity... The marine aquarium at Napier therefore constitutes an enormously valuable portal ...into the functioning of a marine ecosystem that is resilient, biodiverse and productive." – Professor Chris Battershill, Chair Coastal Science, University of Waikato

Napier was the site of New Zealand's first aquarium when, in 1956, a local fish-keeping club, began gathering some of their favourite specimens in the basement of Napier's War Memorial Hall. Twenty years later the fish-keeping club moved to

a purpose-built site at the southern end of Marine Parade, where the aquarium is located today.

In the early 2000s, with a \$1 million grant from the Central Government Lotteries Fund, the aquarium underwent an \$8 million redevelopment and with the support from the Prime Minister's office at the time, was renamed the National Aquarium of New Zealand.

The current facility showcases New Zealand native species including a 1.5 million litre "Oceanarium" exhibiting the diversity of the local Hawke Bay aquatic environment alongside species from the different continents of the world.

Matariki – Hawke's Bay Regional Economic Development Strategy (REDS)

The National Aquarium of New Zealand expansion project is a part of the Government's Regional Growth Programme, which has identified potential growth opportunities in selected regions, to help increase jobs, income and investment in regional New Zealand.

This project is included in Matariki – Hawke's Bay Regional Economic Development Strategy and Action Plan 2016, which has a vision of "Every household and every whānau is actively engaged in, contributing to and benefiting from a thriving Hawke's Bay economy". This is to be achieved by making Hawke's Bay the most innovative region in New Zealand, the leading exporter of premium primary produce, and a hub for business growth.

The project has been commissioned jointly by the Ministry of Business, Innovation and Employment (MBIE) and the Ministry for Primary Industries (MPI), working in partnership with other Central Government agencies and regional stakeholders, such as businesses, iwi and Māori, economic development agencies and local government.

One action under the strategic direction of *Promote greater innovation, productivity and agility* is to "Support the expansion of the National Aquarium of New Zealand, including the development of marine research, to create high-skilled science-based employment."

The National Aquarium of New Zealand expansion project is being led by Napier City Council, in partnership with Hawke's Bay Regional Council and the University of Waikato along with the support of several other public and research organisations.

Development of the Indicative Business Case and Revenue Generation Strategy

In November 2016, Napier City Council commissioned Giblin Group to develop an indicative business case and revenue generation strategy for the expansion project. These are attached as Appendix One and Two.

In the development phase of the indicative business case, key stakeholders identified four investment objectives for the expansion project:

- To increase opportunities for education, training, research and employment in the natural sciences and aquarium management for New Zealanders and particularly Hawke's Bay residents.
- To tell the stories of the people of Aotearoa New Zealand and their relationship with the land and sea, encouraging kaitiakitanga of the natural environment contributing to its conservation and sustainability.
- To create a unique destination which will draw people from far and near to visit Hawke's Bay, to engage with the natural world, and to return again and again because the experience is so unforgettable.
- To create a facility that is financially sustainable that positively influences the local and national economy, and augments the tourism, education and science sectors within Hawke's Bay and New Zealand.

The business case followed the *New Zealand Treasury Better Business Case* format and is organised around the five-case model to systematically assess that the investment proposal:

- is supported by a robust case for change - the "Strategic Case";
- optimises value for money - the "Economic Case";
- is commercially viable - the "Commercial Case";
- is financially affordable - the "Financial Case", and
- is achievable - the "Management Case".

The Strategic Case for the Expansion Project

Napier City Council's strategic direction and planning documents support the proposed National Aquarium of New Zealand expansion project. The proposed expansion also fits well with and contributes to the objectives of many other regional and national policies and strategies. It can also contribute to national strategic outcomes.

The proposed expansion aligns well with environmental programmes both in New Zealand and internationally and offers the opportunity for significant partnerships to be established both at home and overseas.

The main drivers of this proposal are the opportunities that have presented themselves through the Matariki REDS and other strategies currently being developed in the region, i.e. the Integrated Catchment Management Plan being developed by Hawke's Bay Regional Council and the University of Waikato.

NANZ has reached capacity in terms of space, programmes and resources and if nothing is done to cater for expansion, then it may very well end up going backwards rather than capitalising on its reputation and success to date as a respected centre of marine management.

In a facilitated stakeholder workshops held on 16th November 2016, there was a consensus from participants that to do nothing would result in a lost opportunity

and that somewhere else might step into the breach and build an aquarium that would take over from the National Aquarium of New Zealand.

The stakeholders also considered that to be successful, this project needed to be addressed boldly and with vision. Small changes to the facility or to the exhibits would not achieve the stated objectives.

The Economic Case for the Expansion Project

Options for the development were discussed by stakeholders at the facilitated workshop held on 16th November 2016.

A Long List of Options was developed which addressed the “What, Where, Who, How and When” of the proposal.

On the basis of the options analysis, the recommended preferred way forward was:

- A new extension to the aquarium and upgrade of current facility;
- The facility to be located on the current site;
- Research into the management of other aquariums suggests the best management model is to establish a governing board or trust for the facility which will have representatives from partner organisations and be not-for-profit;
- A mix of funding sources to support the capital construction and ongoing operations;
- A multi-staged construction to transition from the old premises to the new and to allow upgrade of the current building.

Visitor number projections have been undertaken by an independent tourism consultant, Dave Bamford with a low projection of 200,000, a medium projection of 250,000 and a high projection of 325,000 per annum. The average number of visitors per annum is currently 150,000.

These numbers have been used in the economic impact analysis and financial projections.

An Economic Impact Assessment has identified monetary benefits from the proposal for the region through:

- Operational economic impacts from the facility;
- Economic impacts from the actual redevelopment (construction) work;
- Economic impacts of visitor spending for projected customer visitation levels.

The table below highlights the anticipated economic impact of the expanded facility.

Economic Impact Measures	Current Operation	Construction of Redeveloped NAQNZ Facility	Redeveloped NAQNZ Operation Including Visitor Spending		
			Low Projection	Medium Projection	High Projection
Total Revenue (\$M)	10.19	82.38	31.19	36.62	44.87
Net Household Income (\$M)	2.59	11.39	6.44	7.42	8.89
Employment (Persons/Jobs)	92	291	238	278	338
Value Added/GDP (\$M)	5.40	23.07	14.33	16.65	20.17

Under the **Low** projection, the key regional Value Added/ GDP impact increases from the current annual figure of approximately \$5.4 million to approximately \$14.3 million.

Under the **Medium** projection, the GDP impact increases from the \$5.4 million figure to approximately \$16.7 million.

Under the **High** projection, the regional Value Added or GDP impact increases from \$5.4 million to approximately \$20.2 million.

The overall employment increase is from 92 to in the range 238-338. The economic impacts for the facility reconstruction stage are also separately shown.

Potential benefits of the proposal that cannot be reliably quantified in monetary terms have also been identified and are detailed within the Business Case. These benefits may be seen in the social, cultural and environmental spheres of community wellbeing.

The Commercial Case for the Expansion Project

Napier City 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 process also caters for a situation where there is only one suitable supplier available within New Zealand. This is the case with the National Aquarium of New Zealand expansion project.

A key procurement risk has been identified, due to only one practical supplier for this job; the risk is that the price may be inflated because of the limited ability to compare with other suppliers.

The Contracts Policy requires that where this situation occurs, the purchaser (NCC Manager responsible) must demonstrate in an auditable manner that the price is value for money and the reasons for the selection of a single supplier are well documents.

Marinescape is the only real option for undertaking this work if Napier City Council selects a local New Zealand company. If this is the case, it is recommended that an independent reviewer peer reviews and assesses the costs they propose for the project. Further options for architectural design will be explored during the final business case analysis.

A preliminary estimate for the capital works has been submitted by Marinescape, detailing the facility construction costs of \$27.5 Million and specialist works costs of \$17.5 Million.

This preliminary estimate is based on concept designs which are certain to be further refined.

It should be noted that the current concept designs do not adequately address the strong theme, which emerged from the stakeholder workshops that this is a unique chance to tell the story of New Zealand's relationship with the sea, particularly from a Māoritanga perspective.

Marine scientists should also be involved in the design of the exhibits to ensure authenticity.

Marinescape Managing Director, Ian Mellsop has said in an email to NCC: *"By carefully reviewing the design and making adjustments using a cost optimisation approach, I believe it may possible to reduce this by about 20% without impacting significantly on the Architects intent. This work should be carried out as part of the next stage design works."*

This would reduce the costs of construction to \$22,000,000. There is clearly some room to move on this price and NCC should negotiate with the supplier on this.

The financial analysis model and the associated methodology is a profit and loss model for the operating projections.

The financial projections have been based on the current NANZ operating costs and based on the following assumptions for future operations:

- The floor area of the aquarium will be three times the size of the existing space.
- Staffing numbers will increase by 10 -15 additional FTEs;
- Projected visitor numbers per annum are 200,000 (Low); 250,000 (Medium) and 325,000 (High);
- Depreciation is not funded through operations;
- A 3% contingency is allowed for on direct costs.

The financial analysis indicates the National Aquarium of New Zealand expansion proposal will have the following impact on the Napier City Council accounts:

- For the **Low** visitor scenario (most conservative, providing the visitor numbers are achievable) the NANZ will record a deficit for the first 6 years. The deficits for equate to ongoing annual rating impact of 1% or 2%. NB: The current NANZ operation makes up 2% of total rates.
- For the **Medium** visitor scenario, the National Aquarium of New Zealand operations will see a surplus in the first two years of operation, then have two years of deficits equating to a 1% rating impact, then return to surplus in Year 4.
- For the **High** visitor scenario, the National Aquarium of New Zealand operations will see a surplus from the first full year of operation.

- The impact of a capital contribution to the project (estimated at \$7M) is \$430,000 per year for 25 years.

The financial analysis of the preferred option demonstrates that it is affordable only if central government puts substantive funding into the capital costs of this project.

The potential for funding from corporate partnerships is considered to be high as the NANZ will have many saleable properties within it which could attract corporate partners, e.g. the themed areas, exhibits and structures, and naming rights for the entire facility are also available.

The Management Case for the Expansion Project

Napier City Council has a track record of managing large capital projects successfully on time and within budget. 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 actual detail of the project management planning will be undertaken when Napier City Council approves further work on this project following the presentation of the Business Case.

It is recommended that a dedicated Project Manager be appointed to this project, supported by a Project Team. 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.

Key Project Partners

USA partners

Napier City Council is in the process of establishing relationships with overseas aquariums, particularly in California, USA. A recent visit to Monterey Bay Aquarium, the California Academy of Sciences, The Aquarium of the Pacific, and Birch Aquarium at Scripps was a trip designed to foster co-operative and collaborative relationships internationally. Napier City Council is seeking to work together with each of these institutions in a range of areas relating to education and research around marine sustainability.

Areas of partnership include:

- Marine science research and education programmes;
- Ocean conservation, sustainability and environmental issues;
- Marine conservation and care through tourism, education and research to inspire behaviour change;
- Exchanges of staff and personnel.
- Business modelling / mentorship.

Design Partners – Weta Workshop

Weta Workshop has joined the Expansion project team as the lead designers and will work alongside the team of aquarium designers in order to achieve the vision and outcomes of the facility.

They will articulate through high-level design concepts, the following elements of the project:

- The story of New Zealand and its relation to Hawk Bay
- The unique indigenous story of Napier and Hawke's Bay
- The importance of the ocean to world
- The current state of the ocean (impact on activity occurring on land through to our waterways, estuaries and out to sea)
- Protection of native New Zealand endangered species (Kiwi / Little Fairy Penguins etc)
- Impact of plastic on the health of the ocean and the animals within
- Influencing behavior change for visitors to the facility

An independent tourism consultant was used to assess and advise on the visitor numbers for the expanded facility. Figures used in the business case are considered conservative and it is recognised that the brand power of Weta Workshop is substantial to the project. The association with Weta Workshop and the expansion project will result in increased visitors into Napier specifically to visit the aquarium. Napier City Council will be working alongside the Weta Workshop team to ensure all brand opportunities are maximized.

Sustainability Partner – Air New Zealand

Air New Zealand has identified that there are many synergies with the expansion project. Air New Zealand has expressed support of the National Aquarium Expansion Project as a logical extension of their commitment to preserving and protecting New Zealand's unique natural environment for current and future generations. They have noted that they are behind the project and fully committed to working with Council and its other partners in seeing it through to fruition.

Education Partner - The University of Waikato

The University of Waikato will also take a role in the project's development. Vice Chancellor Professor Neil Quigley has noted that the University of Waikato is committed to creating and building knowledge and technologies that support New Zealand's sustainable future. As a partner in the Aquarium's expansion, they see this project as an exciting opportunity to further that research and teaching in a facility which reflects and enhances that intent.

5.3 Issues

This is an Indicative Business Case, which considers the information available at the present date. There is a high probability that some changes will be required for the proposal to be viable. Key to the success of this project is:

- Development of the design in conjunction with iwi representatives and marine researchers;
- Interpretation and delivery of the messages through Weta Workshop's technological expertise;
- Achievement of the funding targets as outlined in the Revenue Generation Strategy prepared for the project;

- Experienced project management;
- Best practice facility governance and management.

5.4 Significance and Consultation

Consultation has been held with key stakeholders through project group meetings and workshops, iwi, staff and the neighbouring properties of the National Aquarium.

5.5 Implications

Financial

The capital cost of the construction has been valued at \$45 million dollars with a proposed Council contribution of \$7 million (loan funded) split over two financial years.

The revenue assumptions include three scenarios for visitor numbers:

- The low visitor scenario of 200, 000 visitors (most conservative, providing the visitor numbers are achievable) shows the NANZ will make a small loss in the first five years with a 1% or 2% impact on rates. This is an equivalent or lesser impact than what currently occurs.
- The medium visitor scenario of 250,000 visitors shows an initial surplus, then a couple of years of losses when maintenance costs begin. The loss once again is small with a 1% or 0% rating impact.
- The high visitor scenario of 325,000 visitors will see the NANZ making a profit from Year 0 and will have no negative impact on annual rates.

The impact of a capital contribution to the project (estimated at \$7M) is \$430,000 per year for 25 years.

Social & Policy

Accessibility for Napier and Hawke's Bay locals

\$100,000 has been placed to in the budget to allow for accessibility programmes for locals and initiatives with social providers and schools will be in place to ensure all locals can gain access to the facility.

Free open days for locals will continue and school programmes that provide free access for school children will be introduced.

A pricing strategy will be developed within the detailed business case to maximize revenue generation and will identify and assess the opportunities around the local and tourist market.

Risk

The main risks fall into two categories: Construction/Delivery Risks and Operating Risks.

A risk register has been developed and can be progressively updated as more detailed analysis is undertaken. This is displayed in the Business Case.

5.6 Options

The options available to Council are as follows:

Option One

To accept the Indicative Business Case for the Expansion project of the National Aquarium of New Zealand and to instruct Council officers to proceed with the next steps of the project which include:

- *Present the final indicative business case to Central Government agencies and seek their feedback and endorsement.*
- *Include funding in the draft Long Term Plan of \$3,500,000 within the 2019/20 financial year; and \$3,500,000 with the 2020/21 financial year.*
- *Report back to Council on the development of the next stage of the business case following endorsement from Central Government.*

Option Two

To not proceed any further with the expansion project.

5.7 Development of Preferred Option

The preferred option is to proceed with Option One which is to accept the Indicative Business Case for the Expansion project of the National Aquarium of the New Zealand and to instruct Council officers to proceed next steps of the project. This is based on the Business Case demonstrating a very strong strategic case for undertaking the project.

The Business Case shows a positive picture in terms of the proposed expansion of the National Aquarium of New Zealand economically and financially, although the latter will need a long-term view in terms of attaining an operating surplus under the lowest projection scenario.

5.8 Attachments

A Indicative Business Case [↓](#)

Indicative Business Case

Version 4

National Aquarium of New Zealand
Expansion Proposal
July 2017
Revised August 2017



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Giblin Group's reputation is built on attracting millions of dollars to social infrastructure projects across regional New Zealand; including museums, galleries, theatres, sports facilities and environmental projects.

Report prepared by Christine Ennis, Jenni Giblin & Hugh Henderson

Disclaimer: This report has been prepared on behalf of and for the exclusive use of the Napier City Council as primary client. The opinions, key findings and recommendations in the study are based on conditions encountered and information provided and reviewed at the date of preparation. Giblin Group is not responsible or obligated to update this study to account for events or changes occurring subsequent to the date that the study was prepared.

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Document Sign-off

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1.0 EXECUTIVE SUMMARY

1.1 Background and Introduction

The proposal is to expand the current National Aquarium of New Zealand (NANZ) located in Napier to become a leader in environmental education both to schools and the community, a showcase for research being undertaken in the land-to-sea environment, and a unique tourist attraction. All three themes will support economic development and employment opportunities for Te Matau-a-Māui Hawke's Bay.

The project is being led by Napier City Council and supported by the Hawke's Bay Regional Council, the University of Waikato and Te Matau-a-Māui hapū representative groups. To date, the Napier City Council has commissioned concept drawings and a rough order cost (ROC) from aquarium designers, Marinescape. The facility has an estimated capital cost of \$45 million (M), of which the council may fund \$7M, but this is subject to Council approval and public consultation. The balance of the funding will be sought from external sources including a capital contribution from central government to support regional economic development.

Professor Chris Battershill, Chair Coastal Science, University of Waikato has said, *"Napier is uniquely placed to showcase a little understood yet highly productive region of New Zealand's marine estate. The East Coast is a vibrant marine ecosystem influenced by the sub-Antarctic oceanic current, yet with evidence of pulses of warmer northern currents, remnants of the East Auckland current. The result is a rich and varied biodiversity... The marine aquarium at Napier therefore constitutes an enormously valuable portal ... into the functioning of a marine ecosystem that is resilient, biodiverse and productive."*

Napier was the site of New Zealand's first aquarium when, in 1956, a local fish-keeping club, began gathering some of their favourite specimens in the basement of Napier's War Memorial Hall. Twenty years later the fish-keeping club moved to a purpose-built site at the southern end of Marine Parade, where the aquarium still resides today.

In the early 2000s, the aquarium underwent an \$8M redevelopment with a \$1M grant from the Central Government Lotteries Fund, and with the support from the Prime Minister's office at the time, the facility was renamed the National Aquarium of New Zealand.

The current facility showcases New Zealand native species including a 1.5 million litre "Oceanarium" exhibiting the diversity of the local Hawke Bay aquatic environment alongside species from the different continents of the world.

Expansion of the facility will mean increased ongoing operational costs, which the Council will be committed to fund. It will also mean increased revenue, which on current calculations shows an operating surplus for the “High” visitor projection scenario, surpluses for the “Medium” visitor projection but leaves the “Low” visitor projection operating at a similar level to what currently occurs.

This is an Indicative Business Case, which considers the information available at the present date. There is a high probability that some changes will be required for the proposal to be viable. Key to the success of this project is:

- Development of the design in conjunction with iwi representatives and marine researchers;
- Interpretation and delivery of the messages through Weta Workshop’s technological expertise;
- Achievement of the funding targets as outlined in the Revenue Generation Strategy prepared for the project;
- Experienced project management;
- Best practice facility governance and management.

A concept document (Napier City Council, 2016) was presented to the NZ Government as part of the Regional Economic Development Strategy (REDS) and the Ministry of Business Innovation and Employment agreed to put funding towards a Business Case on the proposal to expand the facility.

This business case follows the Better Business Cases process and is organised around the five-case model to systematically ascertain that the investment proposal:

- is supported by a robust case for change - the “Strategic Case”;
- optimises value for money - the “Economic Case”;
- is commercially viable - the “Commercial Case”;
- is financially affordable - the “Financial Case”, and
- is achievable - the “Management Case”.

1.2 Strategic Case

1.2.1 THE STRATEGIC CONTEXT

Napier City Council’s strategic direction and planning documents support the proposed National Aquarium of New Zealand expansion project.

Napier City 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

The proposed expansion of the National Aquarium of New Zealand fits well with this and contributes to the objectives of many other regional and national policies and strategies. It can also contribute to national strategic outcomes.

The proposed expansion aligns well with environmental and conservation programmes both in New Zealand and internationally and offers the opportunity for significant partnerships to be established both at home and overseas.

Napier City Council is in the process of establishing relationships with overseas aquariums, particularly in California, USA. A recent visit to Monterey Bay Aquarium, the California Academy of Sciences, The Aquarium of the Pacific, and Birch Aquarium at Scripps was a trip designed to foster co-operative and collaborative relationships internationally. Napier City Council is seeking to work together with each of these institutions in a range of areas relating to education and research around marine sustainability. Areas discussed include:

- Marine science research and education programmes;
- Ocean conservation, sustainability and environmental issues;
- Marine conservation and care through tourism, education and research to inspire behaviour change;
- Exchanges of staff and personnel.

Key learnings from these visits are included in Section 3.4, Table 8.

The main drivers of this proposal are around opportunities that have presented themselves through the Matariki REDS and other strategies currently being developed in the region. NANZ has also reached capacity in terms of space, programmes and resources and if nothing is done to cater for expansion, then it may very well end up going backwards rather than capitalising on its reputation and success to date as a respected centre of marine management.

The proposal is also a response to the Government's Regional Growth Programme, which has identified potential growth opportunities in selected regions, to help increase jobs, income and investment in regional New Zealand. The programme has been commissioned jointly by the Ministry of Business, Innovation and Employment (MBIE) and the Ministry for Primary Industries (MPI), working in partnership with other central government agencies and regional stakeholders, such as businesses, iwi and Māori, economic development agencies and local government.¹

¹ <http://www.mbie.govt.nz/info-services/sectors-industries/regions-cities/regional-growth-programme>

In facilitated stakeholder workshops held on 16th November 2016, there was a consensus from participants that to do nothing would result in a lost opportunity and that somewhere else might step into the breach and build an aquarium that would take over from the National Aquarium of New Zealand². However, that in itself is not a reason to progress this project.

The stakeholders also considered that for the project to be successful, it needs to be addressed boldly and with vision. Small changes to the facility or to the exhibits would not achieve the stated objectives.

The Investment Objectives of the project, defined by the stakeholders, have been shown to respond to the needs and opportunities identified and offer a range of potential benefits, both of a tangible and intangible nature.

1.2.2 THE CASE FOR CHANGE

Key stakeholders identified four investment objectives for this investment proposal. The case for change is summarised for each investment objective below. The investment objectives for the proposed investment are:

Table 1: Investment Objectives

Investment Objective One	To increase opportunities for education, training, research and employment in the natural sciences and aquarium management for New Zealanders and particularly Hawke's Bay residents.
Existing Arrangements	NANZ has arrangements with various agencies to assist in research on marine species and native NZ species such as kiwi, tuatara, native frogs and eels. They also support work in water monitoring and quality, fisheries operations and aquaculture. Learning Experiences Outside the Classroom (LEOTC) programmes run by in-house education team. Also, training of tertiary students in the areas of animal care, vet nursing, tourism, diving.
Business Needs & Opportunities	Hub for understanding the coastal environment with a view to informing any marine activities in the region. Role in Integrated Catchment Management Strategy developed by Hawke's Bay Regional Council. Interest careers in science and build capacity and training for Hawke's Bay and New Zealand. Job opportunities in Hawke's Bay region. Encourage, stimulate interest in science. More space needed. Building currently at capacity. Education areas are shrinking to accommodate new technology.

² Wellington has been seeking to build an aquarium for some time.

	<p>Connect the community to science.</p> <p>Accessibility for the community to the marine environment.</p> <p>Participation in research – connection to social, cultural, education dimensions.</p> <p>Strengthen relationships with Te Matau-a-Māui hapū to enable stronger Māori narratives pertaining to land and sea, with specific cultural education relating to the regional environment across Te Matau-a-Māui Hawke's Bay.</p>
Potential Scope	<p>Construction of a facility that has more meeting space, lecture/theatre space, interactive learning space.</p> <p>Construction of a modern aquarium with research support capability, possibly a containment facility, and a hospital facility.</p> <p>A facility that uniquely differentiates itself by bringing to life the Māori world-view relating to the genealogies, stories and sacred places of Te Matau-a-Māui and its connection with Aotearoa, Te Waipounamu and Te Moana-nui-a-Kiwa.</p>
Potential Benefits	<p>Employment and training opportunities.</p> <p>International partnerships and development of knowledge.</p> <p>National, local and community pride.</p> <p>Changing behaviours with the local and visiting communities.</p> <p>Uplift in local indigenous knowledge relating to the environment of Te Matau-a-Māui Hawke's Bay contributing to greater involvement of mana whenua in marine and environmental conservation initiatives.</p>
Potential Risks	<p>Redeveloped facility does not meet expected requirements.</p> <p>One project strand may dominate at the expense of the others.</p> <p>Varied and differing expectations from stakeholders – staff, elected members, stakeholders, iwi, community, New Zealand government.</p>
Constraints and Dependencies	<p>Strong partnerships need to be established with mana whenua, education sector, and research institutes for this to be successful.</p>
Investment Objective Two	<p>To tell the stories of the people of Aotearoa New Zealand and their relationship with the land and sea, encouraging kaitiakitanga of our natural environment contributing to its conservation and sustainability.</p>
Existing Arrangements	<p>The National Aquarium of New Zealand works with schools, scientists and other groups in programmes, projects and public events locally, nationally and internationally to increase awareness of the need to protect natural habitats and biodiversity.</p> <p>The National Aquarium of New Zealand currently does not focus on telling the stories of Te Matau-a-Māui hapū in relation to the sea or land environment.</p>
Business Needs & Opportunities	<p>There is an opportunity with the proposed expansion to have a unique perspective on the relationship between land and sea environments. Māori have always understood the links and have an integral relationship with both.</p> <p>Māori care for the land to sea environment – Mātauranga, kaitiakitanga. Customs and traditions.</p>

	<p>As a national facility, the NANZ should convey the story of this country's relationship and history with the marine environment.</p> <p>Shape and impact the environment in a sustainable way. Educate the public about sustaining the waterways and sea environment – coastal and freshwater connection. Local iwi stories are significant – the legend of Maui, the beginning of this country, started here in Hawke Bay. Pania sits on the waterfront at Napier. Her story is part of our heritage. Hawke Bay is significant in the national story of the origins of Aotearoa. People want to know more about the environment and how they should interact with it.</p> <p>Using national and international examples and partnerships, lead a behaviour change in terms of people interacting with the natural environment.</p> <p>Lead targeted programmes in changing the behaviour of people for a beneficial environmental outcome.</p> <p>Engage with a greater number of formalised research programmes nationally and internationally resulting greater knowledge and ability to restore waterways and marine life within New Zealand.</p>
Potential Scope	<p>Design of a facility that incorporates Māori principles with a specific focus on the stories and traditions of the people of Te Matau-a-Maui and offers an authentic New Zealand experience.</p> <p>Construction of a facility that makes the most of its location on the sea front and establishes its relationship with the natural environment.</p> <p>Construction of a facility that has more meeting space, lecture/theatre space, interactive learning space.</p> <p>Construction of a modern aquarium with research support capability and possibly a containment facility and a hospital facility.</p> <p>Construction of an aquarium with more exhibition space, possibility for revolving exhibitions, and involving interactive, augmented and virtual reality technology.</p> <p>Development of a Māori tourism offering that supports regional economic growth.</p>
Potential Benefits	<p>Helping locals (and tourists) understand the natural history of Hawke's Bay and New Zealand.</p> <p>National, local and community pride.</p> <p>Uplift in Māori employment and social wellbeing.</p> <p>Providing an opportunity to tell national and local iwi stories.</p> <p>Increased public awareness of the effect of society's impact on the environment.</p> <p>Return on the investment of an expanded aquarium.</p> <p>Becoming a key contributor to the national Kiwi Recovery Programme and other programmes relating to native species.</p> <p>Effecting tangible environmental outcomes (Haumoana) on land and sea.</p>
Potential Risks	<p>Inconsistent expectations – staff, elected members, stakeholders, iwi, community, New Zealand government.</p> <p>Does not meet stakeholder needs.</p> <p>Weak Māori tourism industry.</p>

Constraints and Dependencies	<p>Strong partnerships need to be established with mana whenua, education sector, and research institutes for this to be successful.</p> <p>Mātauranga Māori and access to expertise and knowledge.</p> <p>Hapū permissions to incorporate stories and genealogies.</p>
Investment Objective Three	To create a unique destination which will draw people from far and near to visit Hawke's Bay, to engage with our natural world, and to return again and again because the experience is so unforgettable.
Existing Arrangements	<p>Tourists are primarily from the domestic market. The cruise ships bring in international visitors and when a ship is in port, visitors can either walk or take the free shuttle to the NANZ. A key driver for the international tourists is the kiwi bird display. There is nowhere else in New Zealand that you can see a kiwi so close to a port destination and with such clarity. Modest gift shop and café offering at present. There are no formal arrangements with mana whenua and kaumātua are engaged for specific practices i.e. karakia and powhiri. Māori stories are not communicated although there is some use of Te Reo Māori.</p>
Business Needs & Opportunities	<p>Visitor numbers are increasing. Cruise ship visits to Napier have a significant impact with day visitor numbers.</p> <p>Connect with other tourism ventures across Aotearoa New Zealand and Te Matau-a-Māui Hawke's Bay, e.g. Cape Kidnappers and the gannet colony, the Cape Sanctuary programme, Rainbow Springs in Rotorua, Zealandia, Auckland Zoo.</p> <p>Enhanced visitor experience. More interactive experience.</p> <p>Deeper engagement with mana whenua to bring to life the unique stories of Te Matau-a-Māui, Pānia, Te Maramataka and Māori life in relation to the environment.</p> <p>Visitors learn about conservation, protection of the environment.</p>
Potential Scope	<p>Construction of an aquarium with more exhibition space, possibility for revolving exhibitions, and involving interactive, augmented and virtual reality technology.</p> <p>Construction of a facility that has more meeting space, lecture/theatre space, interactive learning space.</p> <p>Construction of a modern aquarium with research support capability and possibly a containment facility and a hospital facility.</p> <p>Construction of a facility that makes the most of its location on the sea front and establishes its relationship with the natural environment.</p> <p>Design of a facility that incorporates Māori design elements and an authentic New Zealand experience.</p> <p>The facility complements the Marine Parade development overall.</p> <p>The facility incorporates those amenities that tourists seek i.e. café/restaurant, gift shop, and public toilets.</p>
Potential Benefits	<p>Return on the investment of an expanded aquarium.</p> <p>Helping locals (and tourists) understand the natural history of Hawke's Bay and New Zealand.</p>

	<p>Providing an opportunity to tell national and local iwi stories. Employment and upskilling of Māori to deliver stories to Māori and non-Māori audiences.</p> <p>Development of a significant tourism activity generating new and extended visits to Napier and Hawke's Bay, and New Zealand.</p> <p>Promotion and development of eco-tourism capability for Hawke's Bay and New Zealand.</p>
Potential Risks	<p>Revenue generated is lower than forecast.</p> <p>Forecast visitor numbers are less than forecast.</p> <p>An international event effecting worldwide tourism (wars / health risk etc.)</p>
Constraints and Dependencies	<p>Needs to be affordable for locals and not just a tourist facility.</p> <p>Central government appetite to fund the project.</p> <p>Achievement of funding targets.</p> <p>Steady growth of tourist numbers continues.</p> <p>The timing of this project in relation to other significant regional projects is important in terms of seeking funding as many of the same funders will be approached for these large projects.</p>

Investment Objective Four	To create a facility that is financially sustainable that positively influences the local and national economy, and augments the tourism, education and science sectors within Hawke's Bay and New Zealand.
Existing Arrangements	The National Aquarium of New Zealand has recorded an average net operating loss of \$1.07M over the past five years, which has been offset through Napier City Council rates.
Business Needs & Opportunities	<p>Tourism – maintain currency/relevancy, changing market.</p> <p>Increase in international visitors.</p> <p>Scuba Dive school.</p> <p>National breeding programme potential.</p> <p>Partnerships with iwi and hapū entities including Post Settlement Governance Entities across Ngāti Kahungunu, Ngāti Rongomaiwahine and Ngāti Hineuru.</p> <p>Partnerships with corporates.</p>
Potential Scope	<p>Construction of an aquarium with more exhibition space, possibility for revolving exhibitions, and involving interactive, augmented and virtual reality technology.</p> <p>Construction of a facility that has more meeting space, lecture/theatre space, interactive learning space.</p> <p>Construction of a modern aquarium with research support capability and possibly a containment facility and a hospital facility.</p> <p>Construction of a facility that makes the most of its location on the sea front and establishes its relationship with the natural environment.</p> <p>Construction of a facility which allows more scope to incorporate greater commercial opportunities in the new design and therefore more revenue.</p>

	Stronger incorporation of Māori stories and genealogies relating to the land and sea, putting the Māori world-view first to create a national first in Māori tourism. The facility complements the Marine Parade development overall. The facility incorporates those amenities that tourists seek, i.e. café/restaurant, gift shop, and public toilets.
Potential Benefits	A better return on the investment than is currently being received. Increased economic impact for Napier, Hawke's Bay and New Zealand. Employment and training opportunities. Development of a significant tourism activity. Promotion and development of eco-tourism capability for Hawke's Bay and New Zealand. Becoming a key contributor to the national Kiwi Recovery Programme and other native breeding programmes.
Potential Risks	Revenue generated is lower than forecast. Running costs exceed budgets. Forecast visitor numbers are less than anticipated.
Constraints and Dependencies	Needs to be affordable for locals and not just a tourist facility. Steady growth of tourist numbers continues. Central government appetite to fund a project such as this. Achievement of funding targets.

1.3 Economic Case

The purpose of the Economic Case 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 for the project.

The options were discussed by stakeholders at the facilitated workshop held on 16th November 2016. The long-list options essentially consider the "What, Where, How, Who and When" of the project, i.e. What is possible? Where is it possible? How can it be delivered? Who should deliver it? When should it be delivered?

1.3.1 THE LONG LIST

Within the potential scope of this proposal, the following options were considered and analysed:

Scope (What to do):

- Status quo – do nothing
- Exterior facelift
- Current facility and exhibition upgrade
- Extensions to research space, education/meeting space
- Upgrade café/retail space

- New extension to and upgrade of current facility
- Build new aquarium

Location (Where to put it?)

- Current site
- New site on waterfront (Hardinge Rd?)

Service Delivery (Who should manage it?)

- Council function (status quo)
- Stand Alone Business Unit with governing board
- External management contracted by Council (either Charitable Trust, Charitable Company or private commercial operator)

Funding (How to pay for it?)

- Solely funded by NCC
- Solely funded by central government
- Solely funded by the private sector
- Mix of funding sources

Timing (When should this happen?)

- Single stage build – facility closes
- Multi-stage build – new built then old upgraded

1.3.2 THE PREFERRED WAY FORWARD

On the basis of the analysis of the above, the recommended preferred way forward is:

- A new extension to the aquarium and upgrade of current facility;
- The facility to be located on the current site;
- Research into the management of other aquariums internationally suggests the best management model is to establish a governing board or trust for the facility which will have representatives from partner organisations and be not-for-profit;
- A mix of funding sources to support the capital construction and ongoing operations;
- A multi-staged construction to transition from the old premises to the new and to allow upgrade of the current building.

1.3.3 ECONOMIC IMPACT ASSESSMENT

An independent Economic Impact Assessment has identified the following monetary benefits for the region.

The Economic Impact Assessment summarises the total Hawke's Bay based economic impacts of the proposal in the following table. This shows that there are significant positive economic impacts to be achieved from the expansion proposal.

The visitor projections have been done by Tourism Consultant, Dave Bamford and peer reviewed by a second tourism consultant. It is considered that the projected numbers are conservative but it is prudent to work with these, as if numbers do not meet expectations or fall below those projected, this is a risk to the ongoing operation of the NANZ. Realistic visitor projections are a mitigation of this risk.

Table 2: NANZ Summary of Quantified Hawke's Bay Based Economic Impacts from Economic Impact Assessment

Economic Impact Measures	Current Operation	Construction of Redeveloped NANZ Facility	Redeveloped NANZ Operation Including Visitor Spending		
			Low Projection	Medium Projection	High Projection
Total Revenue (\$M)	10.19	82.38	31.19	36.62	44.87
Net Household Income (\$M)	2.59	11.39	6.44	7.42	8.89
Employment (Persons/Jobs)	92	291	238	278	338
Value Added/GDP (\$M)	5.40	23.07	14.33	16.65	20.17

In terms of employment, the Economic Impact Assessment estimates that the overall employment increase in the region as a result of the redevelopment is from 92 to a range of 238-338. This includes both direct employment within the expanded National Aquarium of New Zealand and flow-ons in supplier industries to the NANZ operation, including industries supporting visitor spending in the region that can be attributed to the facility's operation.

Some potential economic benefits of the proposal that cannot be reliably quantified in monetary terms are described below:

Table 3: Non-monetary Benefits from the Investment Proposal

Non-monetary Benefits	Description
Economic and Tourism benefits	Major redevelopment and upgrading of one of Napier/Hawke's Bay's key visitor attractions.
	Strengthening of the "iconic" tourism status of NANZ.
	Strengthening of the NANZ contribution to other tourism in the region, particularly eco-tourism.

	Increased range of employment qualification and skills within the facility.
	Attraction of increased depth and range of customer “markets” for the facility over & above the local community, tourism and primary education, e.g. marine research/education, breeding & recovery facilities, etc.
	Potential for increased public and private sector collaboration and partnerships, and potential for increased funding, resources and investment into Napier.
	Strengthening of the overall Marine Parade tourism precinct including family-orientated attractions.
	Flow-on benefits for the Napier waterfront and CBD area (City Vision Framework).
	Improvement in the “quality of life” and “civic pride” for local residents and families.
	“Stronger hand” for promoting increased tourism to Napier/Hawke’s Bay.
	Increased local tourism opportunity for cruise ship visitors and other local niche tourism markets.
	Strengthening of the regional portfolio of commercial/family attractions for visitors.
	Part of “Cape to City” wildlife corridor.
	Development of conservation and environmental initiatives that change behaviour for locals and visitors.
	Strengthening of the “National Aquarium of New Zealand” brand.
	Māori economic and social development linkages.
	Encouragement of more “repeat visitation” to the City/region.
	Part of the Matariki REDS strategy – contribution to economic development.

1.4 Commercial Case

Napier City 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 process also caters for a situation where there is only one suitable supplier available. This is the case with the National Aquarium of New Zealand expansion project.

A procurement risk has been identified, due to only one practical New Zealand based aquarium designer; the risk is that the price may be inflated because of the limited ability to compare with other suppliers.

The Contracts Policy requires that where this situation occurs, the purchaser (NCC Manager responsible) must demonstrate in an auditable manner that the price is value for money and the reasons for the selection of a single supplier are well documented.

As Marinescape is the only real option for undertaking this work in terms of a local New Zealand company, it is recommended that an independent peer review assesses the costs they propose for the project. Although an independent company has done the Quantity Surveying exercise on the construction costs, the initial costs are based on concept designs only, and should be reviewed when the detailed designs are completed. Napier City Council would need to approve the moving forward with designs and they may not wish to do this until public consultation has been undertaken.

A preliminary estimate for the capital works has been submitted by Marinescape:

Construction: \$27.5M – A Quantity Survey report has been prepared by MPM Projects Limited of Auckland

Specialist Works: \$17.5M - depends on extent of the design and specialist components, which has not been finally quantified

Total: \$45M

This is a preliminary estimate on concept designs which are certain to be further refined. It should be noted that the current concept designs do not adequately address the strong theme, which emerged from the stakeholder workshops that this is a unique chance to tell the story of New Zealand's relationship with the sea, particularly from a Māoritanga perspective.

It is also proposed that marine scientists are consulted on the design as they will be able to contribute knowledge of the marine environment to authenticate the exhibits.

Marinescape Managing Director, Ian Mellsop has said in an email to NCC: *"By carefully reviewing the design and making adjustments using a cost optimisation approach, I believe it may possible to reduce this by about 20% without impacting significantly on the Architect's intent. This work should be carried out as part of the next stage design works."* This would reduce the construction costs to \$22,500,000,

but it is considered specialist works and other project costs would still take the total to \$45M. It would appear that there is some room to move on the construction price and NCC should negotiate with the supplier on this.

Weta Workshop has indicated an interest to be the lead designer of the expansion project, working alongside Marinescape in order to achieve the project's vision. Through high-level design concepts, they will articulate the following elements of the project:

- The story of New Zealand and the significance of Hawke Bay;
- The unique indigenous story of Napier and Hawke's Bay;
- The importance of the ocean to the world;
- The current state of the ocean (impact of activity occurring on land and affecting our waterways, estuaries and seas);
- Protection of native New Zealand endangered species (Kiwi, Little Fairy Penguins, etc);
- Impact of plastic on the health of the ocean and animals within;
- Influencing behaviour change of visitors to the facility.

1.5 Financial Case

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.

The financial analysis model and the associated methodology is a profit and loss model for the operating projections.

The financial projections have been based on the current NANZ operating costs and based on the following assumptions for future operations:

- The floor area of the aquarium will be three times the size of the existing space.
- Staffing numbers will increase by 10-15 additional FTEs;
- Projected visitor numbers per annum are 200,000 (Low); 250,000 (Medium) and 325,000 (High);
- Depreciation is not funded through operations;
- A 3% contingency is allowed for on direct operational costs.

The financial analysis indicates the National Aquarium of New Zealand expansion proposal will have the following impact on the Napier City Council accounts:

- For the **Low** visitor scenario (most conservative, providing the visitor numbers are achievable) the NANZ will record a deficit for the first 6 years. The deficits equate to ongoing annual rating impact of 1% or 2%. The current NANZ operation makes up 2% of total rates.
- For the **Medium** visitor scenario, the National Aquarium of New Zealand operations will see a surplus in the first two years of operation, then have two years of deficits equating to a 1% rating impact, then return to surplus in Year 4. The two years of deficits are due to the impact of increased maintenance costs beginning from Year 2 onwards.
- For the **High** visitor scenario, the National Aquarium of New Zealand operations will see a surplus from the first full year of operation.
- The impact of a capital contribution to the project (estimated at \$7M) is \$430,000 per year for 25 years.

It is considered that further work could be done on revenue sources as the current projected revenue is on entry sales only.

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

- The capital cost is \$45M, however this is subject to change. Marinescape believes some savings can be made and this price reduced, however the cost of enhanced exhibits may take it back up to this price or even more.
- The project has national significance and therefore has the opportunity to obtain national sponsorship and funds of national significance.
- 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 five years.

The financial analysis of the preferred option demonstrates that it is affordable only if central government puts substantive funding into the capital costs of this project; that local government likewise makes a significant contribution and that national commercial partnerships are established to support the proposed expansion.

A Revenue Generation Strategy has been developed to ensure the assumptions made about funders are valid and that the support for this project is evident from potential funders. The strategy identifies a range of external funding sources such as central and local government, community, private and gaming trusts, lottery grants, corporate partnerships and community fundraising.

It is also recommended that more work is done on reducing the costs estimated for the building expansion as discussed in the Economic Case.

1.6 Management Case

Napier City Council has a track record of managing large capital projects successfully on time and within budget, e.g. McLean Park, MTG Hawke's Bay. It has project management processes in place to manage, execute, monitor and evaluate the project and can contract specialist personnel where necessary if internal capability does not exist.

The actual detail of the project management planning will be undertaken when Napier City Council approves further work on this project following the Business Case. It is recommended that a dedicated Project Manager be appointed to this project, supported by a Project Team. 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.

1.7 Next Steps

This Indicative Business Case has been undertaken on the basis of the information available at the time of writing. It is considered that more detailed work should be undertaken in some areas of the Business Case as outlined below.

However, the Business Case demonstrates a very strong strategic case for undertaking the project and there are good and proven processes in place for preparing the contracts to undertake the physical works and for managing the proposed project.

The Business Case shows a positive picture in terms of the proposed expansion of the National Aquarium of New Zealand economically and financially, although the latter will need a long-term view in terms of attaining an operating surplus under the lowest projection scenario.

This Indicative Business Case therefore seeks formal approval to:

- Take the draft Business Case to central government with a view of gaining its financial support for the proposal. This is considered vital for the project to proceed and if it is not secured, the proposal as it stands would need to be reconsidered and potentially scaled down.

If the Government is supportive then the following steps should be instigated:

- Briefing of Napier City Councillors followed by neighbouring councils;

- Develop and implement a plan to engage with key stakeholders on this proposal and refine the concept plans in consultation with them. A Communications and Community Engagement Plan to support a significant project such as this would be a valuable tool;
- Community consultation through the LTP process in 2018;
- Refinement of the plans, with iwi input into the design and marine scientist advice regarding exhibits;
- Work with Marinescape and other contractors (AR/VR component)³ on the capital costs with a view to reducing them;
- Undertake more detailed financial projections as the capital costs and operational requirements become clearer;
- Undertake detailed work on the potential tourism offering, ticketing structures and potential for linking with other tourist attractions;
- Continue discussions with partners to define their participation in and contribution to the project, both financial and other.

³ There is no accurate indication of what the AR/VR component will cost at the time of writing this Business Case.

2.0 INTRODUCTION

The Government's Regional Growth Programme has identified potential growth opportunities in selected regions, to help increase jobs, income and investment in regional New Zealand. The programme has been commissioned jointly by the Ministry of Business, Innovation and Employment (MBIE) and the Ministry for Primary Industries (MPI), working in partnership with other central government agencies and regional stakeholders, such as businesses, iwi and Māori, economic development agencies and local government.⁴

Released in July 2016, *Matariki – Hawke's Bay Regional Economic Development Strategy and Action Plan 2016* has a vision of "Every household and every whānau is actively engaged in, contributing to and benefiting from a thriving Hawke's Bay economy". This is to be achieved by making Hawke's Bay the most innovative region in New Zealand, the leading exporter of premium primary produce, and a hub for business growth.⁵

Implementation of Matariki is currently led by the interim Hawke's Bay Action Plan Governance Group. Work is underway to establish a more permanent body and Governance Group members are considering the most appropriate model to drive Matariki for the region. Iwi have come together to form Te Kāhui Ōhanga o Takitimu to support the development and implementation of Matariki.

Matariki is underpinned by the following strategic directions:

- Improve pathways to and through employment.
- Identify and support existing businesses wanting to grow.
- Promote greater innovation, productivity and agility.
- Become a beacon for investment, new business, and skilled migrants.
- Lead in the provision of resilient physical, community, and business infrastructure.
- Enhance visitor satisfaction and increase visitor spend.

Action 3 under the strategic direction of *Promote greater innovation, productivity and agility* is to "Support the expansion of the National Aquarium, including the development of marine research, to create high-skilled science-based employment."

⁴ <http://www.mbie.govt.nz/info-services/sectors-industries/regions-cities/regional-growth-programme>

⁵ <http://hbreds.nz/matariki/action-plan.pdf>

The National Aquarium of New Zealand (NANZ) expansion project is being led by Napier City Council (NCC), in partnership with Hawke's Bay Regional Council (HBRC) and the University of Waikato (UoW), Te Matau-a-Māui hapū representative groups, along with the support of several other public and research organisations.

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3.0 THE STRATEGIC CASE – MAKING THE CASE FOR CHANGE

The purpose of the Strategic Case is to confirm the strategic context for the proposal and to demonstrate how it fits within the existing business strategies of the organisation. The Strategic Case:

- Demonstrates the strategic alignment for the proposed project;
- Establishes the investment objectives, existing arrangement and business needs;
- Considers the scope of the proposal and the key service requirements; and
- Identifies the potential benefits, risks, constraints and dependencies.

3.1 Strategic Context

3.1.1 ORGANISATIONAL OVERVIEW

Napier City Council is leading the National Aquarium of New Zealand expansion project. Napier City 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).

The key aims and priorities of the organisation are described in its Mission, Vision and key areas of focus as described in the Council’s Long Term Plan 2015-25 (Napier City Council, 2015):

MISSION

“To provide the facilities and services and the environment, leadership, encouragement and economic opportunity to make Napier the best city in New Zealand in which to live, work, raise a family, and enjoy a safe and satisfying life.”

VISION

“Over the next 10 years we will continue to grow and maintain a vibrant Napier which surpasses expectations and embraces new opportunities for all aspects of the city.”

Napier City Council has a staff of 450 FTEs (Full-time equivalents) and is considered a medium-sized council in New Zealand.

3.1.2 FINANCIAL STATEMENTS

Napier City Council had rates revenue of \$49,391,000 with total income of \$97,935,000 for the 2015/2016 year. It has total assets of \$1,474,397,000.

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

In our opinion:

- *“the financial statements on pages 23 to 72:*
 - *present fairly, in all material respects:*
 - *the City Council’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 Public Benefit Entity Reporting Standards.*
- *the funding impact statement on page 73, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council’s Long-term plan;*
- *the statement of service provision (referred to as performance results) on pages 99 to 138:*
 - *presents fairly, in all material respects, the City Council’s levels of service for each group of activities for the year ended 30 June 2016, including:*
 - *the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;*
 - *the reasons for any significant variation between the levels of service achieved and the intended levels of service; and*
 - *Complies with generally accepted accounting practice in New Zealand;*
- *the statement about capital expenditure for each group of activities on pages 102 to 140, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council’s Long-term plan; and*
- *the funding impact statement for each group of activities on pages 100 to 139, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council’s long-term plan.”*

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

- Napier City Council is in a stable phase with staffing following a restructure in the last couple of years;
- Napier City Council is currently undertaking (Napier Conference Centre) or proposing to undertake other large capital projects in the next several years, particularly the upgrade of McLean Park turf and further Marine Parade developments. There is also an Aquatic Strategy underway with the possible upgrade of the Napier Aquatic Centre.

3.1.3 ALIGNMENT TO EXISTING STRATEGIES

The investment proposal aligns to several existing plans and strategies. The proposed project directly aligns to the following plans:

NAPIER CITY COUNCIL PLANS AND STRATEGIES

Long Term Plan 2015-25⁶

The project fits with the broad long-term purpose of the Napier City Council as the city's Territorial Authority, described by its Mission Statement: "To provide the Facilities and Services and the Environment, Leadership, Encouragement and Economic Opportunity to make Napier the best provincial city in New Zealand in which to live, work, raise a family, and enjoy a safe and satisfying life."⁷

To achieve its strategic vision to enhance the city's position as the leading commercial and tourism centre in Hawke's Bay,⁸ Council's key economic goal is to strengthen the local economic base by expanding employment opportunities and achieving higher rates of economic growth. Two of the core Council economic development activities are to support:

- Business attraction and promotion; and
- Funding key local economic development and tourism organisations.

Napier's historical development and cultural identity has been significantly influenced by a number of interrelated factors, including its coastal location and economic and social activities linked to this (e.g. Port of Napier, leisure tourism and recreation), attractive climate, the enduring impact of the major 1931 earthquake in terms of providing a major development resource for the City and underpinning the growth of its special Art Deco character, the wine industry and complementary food, hospitality, café and arts sectors, and the City's ideal living environment. These aspects continue to underpin the growth and development of Napier.

Napier City Council's vision over the next 10 years is to continue to grow and maintain a vibrant Napier which surpasses expectations and embraces new opportunities for all aspects of the city. While a component of their Long Term Plan is "business as usual", Council has a strong focus on enhancing its facilities and wants to encourage investment to grow Napier. The key areas focused on are:

- Community and Facilities
- Development & Planning
- Events & Tourism

⁶ <http://www.napier.govt.nz/assets/Document-Library/Plans/Annual-Plans-and-Ten-Year-Plans/napier-city-council-long-term-plan-2015-25.pdf>

⁷ Napier City Council Local Government Statement Adopted by Council at its Ordinary Meeting of Wednesday, 26 February 2014

⁸ Napier.govt.nz

▪ Infrastructure

The proposed National Aquarium expansion would align with these focus areas.

City Vision Framework⁹

The Napier City Vision Framework developed by Council in 2016 is an over-arching strategy that sets a direction for Napier City Council's new way of working. It establishes a range of potential future projects and a more collaborative approach to interactions with the business and wider community. It works under the by-line: *"small city. BIG ideas"*.

The framework recognises the waterfront as a unique asset for the city and its potential to showcase Napier to the world. The waterfront is one of three locations focused on for development in the City Vision Framework, which demands that future changes to the city's public realm be of world-class design to ensure the building of a legacy that is as strong as what exists today in Napier from the past.

Principles of the City Vision Framework include:

- Putting People First: A focus on quality/ Keep our city fresh
- Open for Business: An entrepreneurial culture
- A Port and Coastal City: Embracing the coast
- Our People, Our Stories: Understanding the significance of place to mana whenua
- Ecological Excellence: Promotion of sustainable thinking in design to create positive environmental impact.

In terms of the waterfront development, the first strategy articulated in the City Vision Framework is: *"One Waterfront, Multiple Destinations, 100+ things to do."*

The proposed NANZ expansion aligns well with the City Vision Framework.

HAWKE'S BAY REGIONAL PLANS AND STRATEGIES

The proposed expansion of NANZ has emerged from a regional strategy, the aforementioned Matariki - Hawke's Bay Regional Economic Development Strategy and Action Plan 2016, as a key project for the region. Other regional strategies and plans which closely align with the proposal and to which the activities of the NANZ will contribute and support are:

⁹ <http://www.napier.govt.nz/our-council/publications/strategies/#1>

Hawke's Bay Biodiversity Strategy 2015-2050 (Hawke's Bay Regional Council, 2015)

Developed by the Hawke's Bay Regional Council, the Hawke's Bay Biodiversity Strategy is a response to an issue that affects everyone: declining biodiversity. Biodiversity is essential for all life as it gives greater resilience to ecosystems, organisms and humans. In Hawke's Bay, a lot of biodiversity has been lost and a lot of taonga are still under threat. The strategy is a first step to halting biodiversity decline and envisioning a new hope for biodiversity in Hawke's Bay.

Marine biodiversity is a significant aspect of this strategy as up to 80% of New Zealand's indigenous species are thought to occur in the marine environment, approximately half of which are thought to be endemic. The seafloor of Hawke's Bay's near-shore marine environment has high biodiversity values and locations along the coast line are areas of significant ecological value. Biological monitoring and data around these marine environments is currently limited.

The strategy has a key objective around Māori values:

"We will recognise indigenous biodiversity as a taonga to be protected for future generations."

Mātauranga Māori (cultural knowledge) is acknowledged as including valuable tools to assist in biodiversity enhancement. The strategy notes that management tools such as rahui and tapu (temporary ban) help protect taonga and sites of biodiversity significance to be maintained for future generations.

Integrated Catchment Management

Discussions have been held with scientists from the Hawke's Bay Regional Council and University of Waikato, which are partners in this proposal, regarding the science and research aspects of the proposal. The two organisations are in discussion to develop a major integrated catchment management initiative for Hawke's Bay. Integrated catchment management seeks to understand and sustainably manage biophysical processes within a context that includes social, cultural, economic and political considerations. Inherent in this approach is the recognition that the activities undertaken upstream (say, on arable land) have downstream effects on our rivers, estuaries and coastal sea.

Central to the integrated catchment management initiative is "joining up" science with projects, tools and opportunities to engage and empower communities to achieve sustainable economic and environmental outcomes.

The expansion of the National Aquarium of New Zealand presents an exciting opportunity to conduct this "people-and-science-centred" work in an environment and facility which reflects and enhances that intent. The land-to-sea scope aligns with that of the expanded NANZ displays, providing excellent potential to tell stories of how we use and value our taonga/natural resources, and how we protect

them for future generations. The public face of the NANZ will enable the promotion of relevant research programmes and outcomes, enlist people as citizen-collaborators, and contribute to NANZ's role in educating visitors (e.g. schools programmes, tourist experiences).

Iwi Marine Strategy

Hawke's Bay iwi, Ngāti Kahungunu originates from the *Tākitimu* canoe, sailed from Hawaiki by Tamatea Arikinui. It has the second largest tribal rohe in the country, from the Wharerata ranges in the Wairoa District extending to Cape Palliser in South Wairarapa.

Ngāti Kahungunu Iwi Inc (NKII), the iwi organisation mandated to represent the people of Ngāti Kahungunu, has a Marine and Freshwater Fisheries Strategic Plan – Kahungunu ki Uta, Kahungunu ki Tai, which is underpinned by the philosophy "*Tangaroa a mua, tāngata ki muri*"- "*If Tangaroa is abundant, the people will thrive.*"

This strategy sets out a framework whereby hapū will be supported to do the things they need to do in order to manage their customary fisheries in the freshwater and along the coast. The strategy prioritises local management in accordance with tikanga and supports the mana of hapū.

The vision of this strategy is "*kaitiakitanga o ngā rawa a Tangaroa mo ngā uri whakatupu*"- "*guardianship of Tangaroa's multitudes on behalf of all generations yet to come.*"

The vision of the Ngāti Kahungunu strategy aligns very well with the vision for the expanded aquarium facility.

The Māori view of, and goals and aspirations for the rohe moana (the realm of the sea) are integral to this proposal. Tangaroa (the sea god) is an ancestor of Māori, so any project concerning the sea impacts on the relationship Māori have with Tangaroa. This is about identity, whakapapa, and heritage. The sea holds taonga (treasures) and gives sustenance and needs to be managed with respect and care. The NANZ expansion project offers an opportunity for Māori to educate and inform the local community around tikanga and improve their perception, experience and appreciation of the sea (Walker, 2016).

NATIONAL EDUCATION PLANS AND STRATEGIES

A key role of the expanded NANZ would be in education. The NANZ already has a well-established education programme, receiving a Ministry of Education (MoE) Learning Experiences Outside the Classroom (LEOTC) grant to deliver primary and secondary school programmes.

Our research has shown several potential strategic alignments for the NANZ with existing education strategies and programme providers, which can enhance its education offering and contribute to the project's feasibility.

A discussion with Roy Sye, the Director for Education Hawke's Bay/Tairāwhiti indicated that there are opportunities for NANZ from an educational perspective through an education programme which aligns to the New Zealand curriculum. Not only is there funding through LEOTC but the Curious Minds Programme, which seeks to facilitate better engagement of the community with science and technology, also offers an opportunity for funding.

Programmes that encourage children and young people to investigate science and the world around them so that they want to choose science and technology as a career are critical to the future of New Zealand. The NANZ has a role to play in offering science "experiences" to children.

The proposed education role of NANZ aligns with the following national education strategies:

The New Zealand Curriculum

The New Zealand Curriculum shows multiple areas of alignment to the NANZ project across all levels of schooling. There is strong alignment to the Science and Health and Physical Education curricula.

Any programmes developed and delivered by the NANZ will therefore be easily integrated into the curriculum, allowing schools and teachers to more readily transfer their time at the NANZ into teachable experiences and making a strong case for educational visits. Further, wherever a third-party provider who seeks to partner with the NANZ already links their own programmes to the NZ Curriculum then the project alignment is strengthened as it adds more weight to joint programme or learning experiences being developed and will make it easier for programme integration.

New Zealand Science Curriculum

<http://nzcurriculum.tki.org.nz/The-New-Zealand-Curriculum/Science>

Science in the New Zealand curriculum is described as *"a way of investigating, understanding, and explaining our natural, physical world and the wider universe."*

The fundamental aims of science education are expressed as a series of achievement aims, grouped by strand. The Nature of Science is *"an overarching, unifying strand [through which] students learn what science is and how scientists work."* Four more "context strands", each with their own achievement objectives, make up the New Zealand Science Curriculum:

- The Living World
- Planet Earth and Beyond
- The Physical World
- The Material World

Each of the four context strands and the core strand will align with programmes delivered by the NANZ across all learning levels. A particularly strong alignment could be made with two of the context strands:

- *“The Living World strand is about living things and how they interact with each other and the environment. Students develop an understanding of the diversity of life and life processes, of where and how life has evolved, of evolution as the link between life processes and ecology, and of the impact of humans on all forms of life. As a result, they are able to make more informed decisions about significant biological issues. The emphasis is on the biology of New Zealand, including the sustainability of New Zealand’s unique fauna and flora and distinctive ecosystems.”*
- *“The Planet Earth and Beyond strand is about the interconnecting systems and processes of the Earth, the other parts of the solar system, and the universe beyond. Students learn that Earth’s subsystems of geosphere (land), hydrosphere (water), atmosphere (air), and biosphere (life) are interdependent and that all are important. They come to appreciate that humans can affect this interdependence in both positive and negative ways. Students also learn that Earth provides all the resources required to sustain life except energy from the Sun, and that, as humans, we act as guardians of these finite resources. This means knowing and understanding the numerous interactions of Earth’s four systems with the solar system. Students can then confront the issues facing our planet and make informed decisions about the protection and wise use of Earth’s resources.”*

New Zealand Health and Physical Education Curriculum

<http://nzcurriculum.tki.org.nz/The-New-Zealand-Curriculum/Health-and-physical-education>

The focus of the Health and Physical Education (HPE) in the New Zealand Curriculum is *“on the well-being of the students themselves, of other people, and of society through learning in health-related and movement contexts.”*

Students are encouraged to study HPE to *“develop resilience and a sense of personal and social responsibility, [to be increasingly able to] take responsibility for themselves and contribute to the well-being of those around them, of their communities, of their environments (including natural environments), and of the wider society.”*

Programmes developed by the NANZ will align closely with the outdoor education area of *“the healthy communities and environments”* strand across all learning levels.

National Strategic Plan for Science in Society (A Nation of Curious Minds)

www.curiousminds.nz

The National Strategic Plan for Science in Society was launched in 2014 following the creation of the National Science Challenges. There are three outcomes identified over the next 10 years:

- more science and technology-competent learners, and more choosing science, technology, engineering and mathematics (STEM)-related career pathways;
- a more scientifically and technologically engaged public and a more publicly engaged science sector;
- a more skilled workforce and more responsive science and technology.

There are many areas of alignment between the plan and the NANZ. The plan aims to enhance the role of education by *“[building] stronger links between science and technology educators, learners, technologists and scientists, in the classroom and in the community [and through the] public engaging with science and technology.”*

The plan intends to establish a contestable fund for education and outreach initiatives on science and technology for harder-to-reach sectors of the community and to build stronger links between the science and education sectors and science centres, museums and zoos.

A key proponent of the plan is a **Participatory Science Platform (PSP)**. The Participatory Science Platform brings the three action areas of the plan together. This world-first initiative aims to engage communities in research projects that are locally relevant and have quality science and learning outcomes. It aims to do this by engaging young people, communities and scientists in collaborative science research projects.

These projects not only have scientific value, but are also relevant to local people and provide excellent teaching and learning opportunities for those who get involved.

This strategy also makes explicit reference to increasing the profile of Māori science/putaiao researchers, developing programmes (via a contestable fund) that will fund education and community outreach initiatives for harder-to reach groups such as Māori and Pasifika.

INTERNATIONAL PLANS AND STRATEGIES

The World Association for Zoos and Aquariums (WAZA) have released a strategy document entitled “Turning the Tide” and subtitled “A Global Strategy for Conservation and Sustainability” (WAZA, 2017). In this strategy, WAZA calls upon all public aquariums, national and regional associations and partners to maximise the conservation and sustainability value of their activities. Zoos and Aquariums are recognised as:

- Fully and actively integrated in the science and research community and are urged to conduct or support relevant research and make it accessible to the wider community;
- Having unique resources of live animals and expertise that can make them leaders and mentors in formal and informal education for conservation.

OTHER REGIONAL/NATIONAL ORGANISATIONS AND PROGRAMMES

The following strategies and programmes could potentially align with the NANZ expansion around Education and Research and focus on conservation and environmental sustainability:

National Science Challenges (Sustainable Seas)

<http://sustainableseaschallenge.co.nz/>

The National Science Challenges are designed to take a strategic approach to the Government's science investment by targeting a series of goals which will have major and enduring benefits and will answer questions of national significance to New Zealand. The Challenges provide an opportunity to align and focus New Zealand's research on large and complex issues by drawing scientists together from different institutions and across disciplines to achieve a common goal. The **Sustainable Seas Challenge** is one of 11 National Science Challenges. The objective of the Sustainable Seas Ko ngā moana whakauka National Science Challenge is to “*Enhance utilisation of our marine resources within environmental and biological constraints*”.

The research and activities of the Challenge are focussed on the development of an ecosystem-based approach to the management of our marine resources which will in turn increase the potential for utilisation of our marine resources. Ecosystem Based Management (EBM) is a strategy that integrates management of natural resources, recognises the full array of interactions within an ecosystem, including human, and promotes both sustainable use and conservation in an equitable way.

To achieve the objective, the Challenge will:

- Work collaboratively with Māori and a wide range of stakeholders to develop and trial processes, frameworks and tools to support an EBM approach to managing our marine estate in a holistic way;
- Provide data and information to increase understanding of the marine environment in the wider community to improve/increase participation in resource management decisions;

- Provide processes, frameworks and tools that resource managers can use in an EBM approach to managing increased utilisation of our marine estate;
- Review current legislation and policy to assess how an EBM approach to management could be implemented in New Zealand.

Successful implementation of EBM will enhance the sustainability of New Zealand's marine resources and add value to the marine economy through a variety of pathways including product certification and provenance, increased investment, enhanced diversification, and an increased social licence to operate, which will increase the potential use of our marine resources. In addition, the Challenge will support the development of new environmentally sustainable technologies and activities that will add value to the marine economy.

Envirolink

<http://www.envirolink.govt.nz/>

Envirolink is a regional council driven funding scheme, with funds administered by the Ministry of Business, Innovation & Employment - Science and Innovation. Investment funding of \$1.6 million (M) (excluding GST) per annum is available to regional councils to contract government-funded research organisations to transfer environmental research knowledge. They are overseeing a Regional Council Research, Science and Technology Strategy which identifies 7 strategic priorities, one of which is a coastal strategy:

Priority 6: Coastal

"Research is needed on ways in which customary knowledge can be captured, in accordance with tikanga Māori, and incorporated into coastal and marine monitoring and management frameworks. In addition, important Māori environmental values will need to be captured that relate to kaitiakitanga, whakapapa, tino-rangatiratanga and mānaakitanga. There is a need for consistency amongst councils for national state of the environment (SoE) monitoring and reporting. In addition, high quality, "fit for purpose" data is needed in many regions to establish regional monitoring programs."

Enviroschools

www.enviroschools.org.nz

Enviroschools is a nationwide programme which supports children and young people to plan, design and implement sustainability actions that are important to them and their communities. The programme provides pathways from early childhood through primary, intermediate and secondary school and beyond. Enviroschools is supported by a national team, in partnership with nearly 100 national and regional partners, including most New Zealand councils.

A third of all schools in New Zealand are now a part of the Enviroschools network. In Hawke's Bay, there are 53 Enviroschools, totalling 6,859 students.

Although every Enviroschool develops their own programmes to suit their own needs there are central themes to the programme which align to potential NANZ programmes including those which:

- [empower] tamariki and students;
- [build] sustainable communities;
- [integrate] into the curriculum; both Te Whāriki and the New Zealand Curriculum;
- [are] grounded in Māori Perspectives;
- [engage] in the physical, social, cultural and political aspects of the environment.

Enviroschools may be a key communication tool for the NANZ to reach schools which are already attuned to environmental issues and are proactive in this area, or the NANZ may be used by the school for alternative enviroschool programme delivery options.

Kiwi Recovery Programme

<http://www.doc.govt.nz/pagefiles/165018/consultation-draft-kiwi-recovery-plan-2017-2027.pdf>

The national Kiwi Recovery Programme has been in effect since 1991 when the first Kiwi Recovery Plan was written. DOC is currently consulting on its fourth Kiwi Recovery Plan to help direct the conservation of New Zealand's five kiwi species. This Recovery Plan's strategic goal of growing the populations of all kiwi species will require an increase in management and resourcing at a national level, and the collaboration of many partners. However, the fact that management technologies are advancing, numerous synergies exist with other conservation initiatives, and community and tangata whenua involvement is rising means that it is possible to bring all kiwi populations back from endangered.

Potential Partnerships & Aligned Activities

The current work of several organisations, both regional and national, aligns well with the proposed expansion of education and research activities at the National Aquarium of New Zealand. The NANZ currently has relationships with several key organisations such as the University of Waikato (a signed MOU for Collaboration/Partnership (NCC and UoW, 2016) exists between the two organisations), Hawke's Bay Regional Council, the Department of Conservation (DOC), the National Institute of Water and Atmospheric Research (NIWA) and the Ministry for Primary Industries (MPI) on research, monitoring and containment projects. There is potential in an expanded facility to establish further strategic partnerships with organisations and programmes both within New Zealand and internationally.

Cape Sanctuary (Te Matau a Maui)

<http://www.poutiri.co.nz/partners/te-matau-a-maui-cape-kidnappers-sanctuary/>

Cape Sanctuary is the largest privately owned and funded wildlife restoration project of its kind in New Zealand. It is situated on the Cape Kidnappers peninsula, 20 km south of Napier, owned by Julian Robertson, and the Hansen and Lowe families. The landowners share a vision to restore the coastal communities of landbirds, seabirds, reptiles and invertebrates that would once have existed on the peninsula. The project aims to achieve significant biodiversity gains alongside the existing land uses of farming, forestry, recreation and tourism. The 2500 ha sanctuary includes a DOC reserve (13 ha), the world-class Cape Kidnappers golf course and a mosaic of pasture, pine forest, regenerating native forest, native gullies and nationally significant dune systems.

Poutiri Ao ō Tāne

<http://www.poutiri.co.nz/about/habitat-restoration/>

The Hawke's Bay region is ideally placed to be a leader in the restoration of native biodiversity within the broader human landscape. The rich range of indigenous ecosystems that once dominated the landscape have been greatly reduced and fragmented. However nationally significant ecosystem and species populations remain. Private landowners surrounding Boundary Stream Mainland Island, 60kms north of Napier, have been instrumental in providing sections of land to retire, fence and encourage habitat restoration. Wetlands, streams and small pockets of native bush are ideal as this land which is unable to be farmed, can be used to increase conservation through enhancing and encouraging our native wildlife back to the area and providing a protected location for translocated bird species to travel between.

This project is a collaboration of key partner organisations and led by DOC.

New Zealand Recreation Association

www.nzrecreation.org.nz

The New Zealand Recreation Association (NZRA) is New Zealand's "go to" organisation for recreation professionals. They aim to lead and build capability in the recreation sector. NZRA provides professional development to the sector, accreditation and, as part of regional networking or conferences, facility tours.

The NANZ could partner with the NZRA on an ad-hoc basis to deliver sector specific trainings and facility tours and the expansion of the NANZ could strengthen a case for the NZRA annual conference to be held in Hawke's Bay.

New Zealand Underwater Association

www.nzu.org.nz

New Zealand Underwater Association (NZUA) develops and promotes water safety and dive safety strategies. They run diver safety campaigns with the aid of funding partners, as well as promoting the campaigns of their sector partners which tie in to the vision that recreational underwater activities in New Zealand will be readily accessible, safe, and enjoyable.

They are focusing on re-establishing the Mini Dippers programme, starting with a small pilot in South Auckland, and with the goal of having it nationally available. The Mini Dippers programme aims to introduce children to safe snorkelling and diving practices, as well as building confidence in and especially under the water.

Their mission is to be the recognised lead organisation for promoting and advocating safe and enjoyable underwater activities in New Zealand. NZUA continues to align its strategies, goals, and ambitions with industry partners, establishing a broad network of contact points within the underwater activity sector.

The NANZ could align with the NZUA to develop a Mini-Dippers programme for Hawke's Bay.

Sustainable Coastlines

www.sustainablecoastlines.org

Sustainable Coastlines deliver educational presentations to schools, community groups and organisations around New Zealand and the Pacific that bring to light the effects of rubbish on our marine environment and motivate communities to work on simple solutions to address it. They are also developing a series of training workshops that will teach anyone how to impart this knowledge to others. They also started the Love your Coast project (<http://loveyourcoast.org/>)

This project is a collaboration of New Zealand non-profit organisations, including Sustainable Coastlines, Keep New Zealand Beautiful, Sir Peter Blake Trust, Social Innovation and Watercare Harbour Clean-up Trust.

Forest and Bird

www.forestandbird.org.nz

Formed in 1923, Forest & Bird has about 70,000 supporters in 50 branches that work on a variety of conservation activities, from re-forestation to lobbying, bird monitoring to weed-busting. Forest and Bird run active research programmes such as 'bioblitzes' which could be run in conjunction with the NANZ as a community outreach programme. This could also meet a requirement of the National Strategic Plan for Science in Society to provide Participatory Science Platforms.

Project Jonah

www.projectjonah.org.nz/

Project Jonah is a New Zealand based charity which aims to inspire New Zealanders to care for and protect marine mammals and the ocean. They have three key work areas:

- Rescue
- Action
- Protection.

The Action component includes a public education and awareness campaign to inform and educate the public.

Other International Research and Advocacy Organisations

There are numerous international research and advocacy agencies which have research and education outreach capability which may add value to the work of the NANZ, or be interested in partnering with the NANZ on developing new programmes in New Zealand. Napier City Council is already investigating alliances with overseas aquaria and research institutes. These include the Monterey Bay Aquarium, California Academy of Sciences, The Aquarium of the Pacific and Birch Aquarium at Scripps.

Mission Blue

<https://www.mission-blue.org/>

Mission Blue is an initiative of the Sylvia Earle Alliance (S.E.A.) to ignite public support for the protection of Hope Spots - special places that are vital to the health of the ocean. They are uniting a global coalition of partners to inspire an upwelling of public awareness, access and support for a worldwide network of marine protected areas. Mission Blue seeks to bring about a significant increase in ocean protection from less than four percent today to 20% by the year 2020.

International Programme on the State of the Oceans (IPSO)

<http://www.stateoftheocean.org/>

The International Programme on the State of the Ocean (IPSO) is an initiative created to enable a greater scientific understanding of the services the ocean provides to humankind and the impact of the main human stressors upon it, enabling solutions to be explored and greater communication to be made with decision-makers and the public. To that end, the initiative brings together science, communications, policy and legal disciplines.

Cousteau Society

<http://www.cousteau.org/>

Founded in 1973 by Captain Jacques-Yves Cousteau, the Society has more than 50,000 members worldwide. Under the leadership of President Francine Cousteau, the Society continues the unique explorations and observations of ecosystems throughout the world that have helped millions of people understand and appreciate the fragility of life on our Water Planet.

The above are only some examples of existing organisations and programmes with which the NANZ expansion proposal has strong synergies. There are many more that could also be considered for potential partnerships on a regional, national and international basis.

3.2 Vision, Investment Objectives, Existing Arrangements and Business Needs

3.2.1 VISION & OBJECTIVES

Two facilitated case for change workshops were held with key stakeholders on the 16th November 2016 to:

- Ensure that key stakeholders had the opportunity to challenge and shape the direction of the proposal;
- Get agreement on the investment objectives and vision for the proposal;
- Identify the benefits, risks, constraints and dependencies of the proposal;
- Identify and discuss options for the proposal (all options will need to be tested against critical success factors – agreed-upon criteria).

A list of stakeholders who attended the workshops is attached as *Appendix 1*.

The workshops were successful and provided valuable insights into the project, particularly with regard to the opportunity and scope. The most common theme to emerge was that this is a unique chance to tell the story of New Zealand's relationship with the sea, particularly from a Māoritanga perspective.

Interwoven with the existing objectives of education, research, and tourism, the following four themes emerged from the workshops:

Table 4: Stakeholder Workshop Themes

Māoritanga	Iconic	Innovative	Connected
Whakapapa 1. Tangaroa-Pania-Today	1. A beacon 2. World Class 3. Every Child in NZ will see and every tourist must see	1. Interactive 2. Use of technology -VR and AR 3. A living building	1. A hub 2. In partnership 3. Connects to other marine areas of HB-NZ-World
Matauranga 1. Science - Nature - Navigation	4. X Factor 5. Game Changer 6. Excellence	4. Underpinned by science 5. Drives behaviour change 6. Best practice	4. Connection between land-sea 5. Fresh water-Salt water
Kaitiakitanga 1. Restoration-stewardship			

			6. Authentic 7. Sustainability 8. Tells our story
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The four themes are not mutually exclusive and have been used to inform the objectives, with the Māoritanga theme emerging particularly strong from the workshops. Participants also identified that any expansion needed to transform the National Aquarium of New Zealand into a genuinely iconic world class facility with interactive and leading-edge attractions.

While a final project vision statement was not articulated at the stakeholder workshops, the key elements of the vision were explored. A number of statements were constructed from this and further workshopped with the smaller Project Working Group (PWG) to finalise the Vision:

*“Care of our natural taonga for a sustainable environment
for the benefit of us all.”*

The key investment objectives were agreed upon from the workshops and confirmed at a meeting of the Project Working Group on 27th January 2017. While originally six objectives were identified, these have been reduced to four which capture the original intent of the workshops and PWG:

1. To increase opportunities for education, training, research and employment in the natural sciences and aquarium management for New Zealanders and particularly Hawke’s Bay residents.
2. To tell the stories of the people of Aotearoa New Zealand and their relationship with the land and sea, encouraging kaitiakitanga of our natural environment contributing to its conservation and sustainability.
3. To create a unique destination which will draw people from far and near to visit Hawke’s Bay, to engage with our natural world, and to return again and again because the experience is so unforgettable.
4. To create a facility that is financially sustainable that positively influences the local and national economy, and augments the tourism, education and science sectors within Hawke’s Bay and New Zealand.

3.2.2 PARTNERSHIP WITH IWI

Iwi representatives have participated in the stakeholder workshops, and have been involved in the early stages of the project, both during the development of the Matariki REDS Economic Development Strategy and in the proposed NANZ expansion Project Group. Iwi engagement has also been undertaken with the following iwi/hapū:

- Ngāti Paarau

- Maungaharuru-Tangitū Trust
- Mana-Ahuriri
- Te Taiwhenua O te Whanganui a Orotou
- He Toa takatini
- Ngāti Kahungunu Iwi Inc.

This initial iwi/hapū engagement showed a strong desire from iwi/hapū to be involved with the project and all have agreed that an Iwi Engagement Group will be established for the NANZ project. The working title of this group will be Te Matau-a-Māui Steering Group and it is proposed that it will be established along the following guidelines:

- Each participating hapū or iwi will be responsible for appointing their representative;
- Meetings will be facilitated by Napier City Council staff member, Charles Ropitini;
- Participants will be remunerated for their contribution;
- The Iwi Engagement Group will have input into the Project Group with expert advice as appropriate;
- Terms of Reference will be determined by the Group and forwarded to NCC for feedback and negotiated until both parties are happy.

The proposed Te Matau-a-Māui representation is in the table that follows. Individual representatives have not been identified yet for all participating entities. The parties involved demonstrate a regional spread of iwi/hapū.

Table 5: Te Matau-a-Māui Partnership Representation

Entity	Key Contact
1. Ngāti Paarau	Taape Tareha-O'Reilly
2. Ngāti Kahungunu Iwi Inc.	Hori Reti
3. Rongomaiwahine Iwi Trust Board	TBC
4. Mana-Ahuriri Trust	Piri Prentice
5. Maungaharuru-Tangitū Trust	Jarrod Wilkinson-Smith
6. Heretaunga-Tamatea Settlement Trust	TBC
7. Ngāti Pāhauwera Development Trust	TBC
8. Tātau Tātau o Te Wairoa Trust	TBC
9. Ngāti Hineuru Iwi Inc	David Jones
10. Te Taiwhenua o Te Whanganui-o-Orotū	TBC
11. Te Matau-a-Māui Voyaging Trust	Wayne McGillivray

The role of the Te Matau-a-Māui Steering Group is to support the NANZ project by fulfilling the following functions:

- Providing advice to the Project as appropriate;
- Receiving and reviewing regular project reports and providing input and advice to assist with delivering the Project successfully according to the objectives, scope, time, quality and cost in accordance with the Project Plan;
- Providing expert opinion and advice on specific historical, cultural and technical areas of the Project as appropriate;
- Making recommendations to support decisions that will have a material impact on the Project;
- Acting as a key professional forum to communicate appropriate project information back to their respective communities to reach marae and whanau;
- Enabling informed engagement between NCC and iwi/hapū on the development of the NANZ Project;
- Ensuring NCC decisions on the project are informed by iwi/hapū views;
- Ensuring NCC and iwi/hapū can engage on the NANZ Project in good faith and with confidence.

3.2.3 EXISTING ARRANGEMENTS AND BUSINESS NEEDS

The National Aquarium of New Zealand, located on Napier's Marine Parade, is home to over 100 rich and diverse saltwater, freshwater and land animal exhibits from New Zealand and around the world. The 1.5 million litre Oceanarium showcases the many and varied aquatic species that exist in the adjacent Hawke Bay, including five types of shark and many other reef fish. An underwater viewing tunnel takes visitors through the Oceanarium via a 50m traveller as hundreds of local fish species swim and feed, above and around.

The National Aquarium is located within 100m of the Marine Parade's breaking surf where fresh seawater is pumped directly into the aquarium's tanks and enclosures. This modern aquarium incorporates some of the latest technological life support and operational systems in New Zealand, if not the world.

The last major upgrade to the facility occurred in 2002 when the Aquarium underwent an \$8M extension and renovation which included the addition of the 1.5 million litre Oceanarium and tunnel. A recent upgrade has been undertaken to the café/retail area. A further upgrade to accommodate the penguins following the closure of nearby Marineland was undertaken in 2011.

NANZ is restricted in its activities by the current building capacity. If any new element is to be added into the building, space is lost from somewhere – usually the staff areas and education areas. Any new

technology that is brought in impacts on the use of space and without a redevelopment, the facility will begin to lose traction and go backwards in its offering to the community.

It would be fair to say that the National Aquarium is operating at capacity, not only because of limited space but also in what it is able to offer with the current resources available. In order to keep attracting people to visit and to encourage repeat visits there needs to be new and fresh offerings. People expect much more today than simply observing fish in a tank. The use of augmented and virtual reality and interactive displays using modern technology is now expected to be “the norm” in such facilities.

The National Aquarium of New Zealand has recorded a net operating loss over the past five years. This loss has been offset through rates despite the initial plan for the National Aquarium of New Zealand previous expansion estimating that the facility would operate at a breakeven position.

From a Napier City Council perspective, there is a need for the facility to improve its financial performance, which would be difficult to achieve with its current offering and in its current operating model.

Although this facility is the **National** Aquarium of New Zealand, it has not received any central government funding support during its existence. It has been wholly supported financially through local government rates, entry fees and charges for “experiences”.

The National Aquarium has a staff of 27 FTEs, and is supported by 28 volunteers.

3.2.4 CURRENT ROLE OF THE NATIONAL AQUARIUM OF NEW ZEALAND

NANZ currently plays a significant role in the following areas:

- **Conservation** – As Te Whare Tangaroa o Aotearoa, it has a guardianship role of the marine environment and works closely with schools, scientists and other community groups in a wide range of programmes, projects and public events locally, nationally and internationally. Scientists use NANZ as a monitoring and research centre and the National Aquarium has strong partnerships with:
 - Department of Conservation (DOC)
 - Ministry of Primary Industries (MPI)
 - National Institute of Water and Atmospheric Research (NIWA)
 - Hawke’s Bay Regional Council (HBRC)
 - Ngāti Kahungunu iwi Incorporated (NKII)

- **Education** – NANZ offers students through from early childhood to tertiary education unique and stimulating experiences outside the classroom. Education programmes are created and delivered by a fully trained and enthusiastic teaching team. The programmes are interactive, hands-on and enquiry-based and have been developed in line with the New Zealand Curriculum framework. Programmes focus primarily on the Nature of Science and living World achievement aims in the Science learning areas. NANZ holds a LEOTC (Learning Experience Outside the Classroom) contract with the Ministry of Education for primary and secondary education programmes.

NANZ Education facilities include:

- Laboratory for upper primary and secondary school students;
- Reference library;
- Behind the scenes technological areas;
- The Colenso shell collection;
- The Enviro-Room.
- East Coast LAB: Recently the National Aquarium launched East Coast LAB (Life at the Boundary), a project aimed at fostering new research to increase understanding of the Hikurangi plate boundary and associated natural hazards like earthquakes and tsunami.

- **Research** – NANZ has a long-standing reputation for robust collecting techniques, handling and treatment, along with superb water quality and filtration. NIWA uses the Aquarium as a monitoring and research centre and educational study environment. NANZ has been involved in many research programmes, both national and international in scale. Some research achievements include:

- First aquarium to hatch a turtle egg (1975);
- Researched Orange Roughy stocks to determine sustainability of fishery and successfully brought a fish to the surface alive, from a depth of 1400m;
- In association with DOC, Victoria and Otago Universities, is involved with Tuatara recovery programmes;
- Kiwi breeding programmes (NANZ participates in the national “Operation Nest Egg” conservation programme);
- The National Aquarium of New Zealand has the world’s oldest living Tuatara to be hatched in captivity (hatched 1980);
- NANZ participates in a national genetic database with the kiwi programme. The animals are registered in a New Zealand database for zoos and aquariums (Zoo Book) allowing other facilities nationally and internationally to see what is housed at NANZ and allow for informal exchanges regarding particular species.

- Worldwide reputation for ability to keep animals in captivity with species living way beyond normal life span;
 - In conjunction with NIWA (National Institute of Water and Atmospheric Research) carried out Snapper breeding in captivity, which resulted in a private industry programme of breeding Snapper for release back into the wild to restock fishery;
 - The National Aquarium is a member of the Zoo & Aquarium Association (ZAA). It is the first aquarium facility in New Zealand to get this accreditation;
 - In association with Massey University, several research programmes have been undertaken including evaluating the use of identification tags on fish and monitoring the heart function of Kingfish under different environmental controls.
- **Tourism** – NANZ offers many exciting visitor experiences both in and out of the water. It is the only place in New Zealand where you can “Swim with the Sharks” (in a wetsuit not a cage). You can get up close and personal with New Zealand’s littlest penguins (Fairy Penguins) and take part in hand-feeding them. Other visitor experiences include:
- Tuatara Close Encounter
 - Piranha & Pacu Close Encounter
 - Kiwi Close Encounter
 - Alligator Close Encounter
 - Public Sleepovers for groups.

140,000 people visited the NANZ in the last full financial year (2015/16) for tourism, research and education purposes. NANZ is audited by Qualmark and has a high visitor rating of 94/100 currently. It also has the Qualmark enviro silver rating.

Currently 25% of visitors are international – the cruise ship industry is a good source of international visitors with ships docking a short distance from the Aquarium at the Port of Napier. Many tourists are independent travellers and include backpackers or campervanners and this part of the market is growing.

Over 60% of visitors are domestic tourists from other parts of New Zealand. Hawke’s Bay is still a popular tourist destination for New Zealanders, especially over the summer. The remaining 15% are locals.

The International Visitor Survey conducted by the Ministry of Business Innovation and Employment (MBIE) found a total of 473,279 international visitors visited a marine park or marine reserve in New Zealand in the year ended Sept 2015, up from 385,841 in the previous year (Statistics NZ, 2016).

Table 6: Summary of Existing Arrangements and Business Needs & Opportunities

Investment Objective One	To increase opportunities for education, training and employment in the natural sciences and aquarium management for New Zealanders and particularly Hawke's Bay residents.
Existing Arrangements	<p>NANZ has arrangements with various agencies to assist in research on marine species and native NZ species such as kiwi. The also support work in water monitoring and quality, fisheries operations and aquaculture.</p> <p>Learning Experiences Outside the Classroom (LEOTC) programmes run by in-house education team. Also, training of tertiary students in the areas of animal care, vet nursing, tourism, diving.</p>
Business Needs & Opportunities	<p>Hub for understanding the coastal environment with a view to informing any marine activities in the region.</p> <p>Role in Integrated Catchment Management Strategy for HB developed by HBRC.</p> <p>Interest careers in science and build capacity and training for Hawke's Bay and New Zealand. Job opportunities in HB region. Encourage, stimulate interest in science.</p> <p>More space needed. Building currently at capacity. Education areas are shrinking to accommodate new technology.</p> <p>Connect the community to science.</p> <p>Accessibility for the community to the marine environment.</p> <p>Participation in research – connection to social, cultural, education dimensions.</p> <p>Strengthen relationships with Te Matau-a-Māui hapū to enable stronger Māori narratives pertaining to land and sea, with specific cultural education relating to the regional environment across Te Matau-a-Māui Hawke's Bay.</p>
Investment Objective Two	To tell the stories of the people of Aotearoa New Zealand and their relationship with the land and sea, encouraging kaitiakitanga of our natural environment contributing to its conservation and sustainability.
Existing Arrangements	<p>The National Aquarium of New Zealand works with schools, scientists and other groups in programmes, projects and public events locally, nationally and internationally to increase awareness of the need to protect natural habitats and biodiversity.</p> <p>The National Aquarium of New Zealand currently does not focus on telling the stories of local iwi in relation to the sea environment.</p>
Business Needs & Opportunities	<p>There is an opportunity with the proposed expansion to have a unique perspective on the relationship between land and sea environments. Māori have always understood the links and have an integral relationship with both.</p> <p>Māori care for the land to sea environment – Mātauranga, kaitiakitanga. Customs and traditions.</p> <p>As a national facility, the NANZ should convey the story of this country's relationship and history with the marine environment.</p> <p>Shape and impact the environment in a sustainable way. Educate the public about sustaining waterways and the sea environment – coastal and freshwater connection.</p>

	<p>Local iwi stories are significant – the legend of Maui, the beginning of this country, started here in Hawke Bay. Pania sits on the waterfront at Napier. Her story is part of our heritage.</p> <p>People want to know more about the environment and how they should interact with it.</p> <p>Using national and international examples and partnerships, lead a behaviour change in terms of people interacting with the land to sea environment.</p> <p>Engage with a greater number of formalised research programmes nationally and internationally resulting greater knowledge and ability to restore waterways and marine life within New Zealand.</p>
Investment Objective Three	To create a unique destination which will draw people from far and near to visit Hawke's Bay, to engage with our natural world, and to return again and again because the experience is so unforgettable.
Existing Arrangements	<p>Tourists are primarily from the domestic market. The cruise ships bring in international visitors and when a ship is in port, visitors can either walk or take the free shuttle to the NANZ. A key driver for the international tourists is the kiwi display. There is nowhere else in New Zealand that you can see a kiwi so close to a port destination and with such clarity. Modest gift shop and café offering at present. There are no formal arrangements with mana whenua and kaumātua are engaged for specific practices only, i.e. karakia and pōhiri. Māori stories are not communicated, although there is some use of Te Reo Māori.</p>
Business Needs & Opportunities	<p>Visitor numbers are increasing. Cruise ship visits to Napier have a significant impact with day visitor numbers.</p> <p>Connect with other tourism ventures across Aotearoa New Zealand and Te Matau-a-Māui Hawke's Bay, e.g. Cape Kidnappers and the gannet colony, the Cape Sanctuary programme, Rainbow Springs in Rotorua, Zealandia, Auckland Zoo.</p> <p>Enhanced visitor experience. More interactive experience.</p> <p>Deeper engagement with mana whenua to bring to life unique stories of Te Matau-a-Māui, Pānia, Te Maramataka and Māori life in relation to the environment.</p> <p>Visitors learn about conservation, protection of the environment.</p>
Investment Objective Four	To create a facility that is financially sustainable that positively influences the local and national economy, and augments the tourism, education and science sectors within Hawke's Bay and New Zealand.
Existing Arrangements	<p>The National Aquarium of New Zealand has recorded an average net operating loss of over the past five years. This loss has been offset through rates despite the initial plan for the National Aquarium of New Zealand previous redevelopment estimating that the facility would operate at a breakeven position.</p>
Business Needs & Opportunities	<p>Tourism – maintain currency/relevancy, changing market.</p> <p>Increase in international visitors.</p> <p>Scuba Dive school.</p> <p>Breeding programme potential.</p>

	Partnerships with corporates. Hub for NIWA and national and international universities.
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3.3 Proposed Roles for Expanded Aquarium

Early in the process of developing the concept for the proposed expansion, three core themes emerged as the focus of activities for the NANZ. The three areas are strongly inter-linked and each supports and strengthens the role and objectives of the others.

1. Tourism Destination: The rationale for developing the NANZ as a key tourism destination for the region is very strong with the steadily increasing numbers of international and domestic tourists to Hawke's Bay. Statistics New Zealand's Commercial Accommodation monitor indicated that Hawke's Bay had the second-greatest increase in visitors for New Zealand in February 2017, with an extra 11,000 guest nights over the same period in the previous year.

Cruise tourism is also contributing to the growth in Hawke's Bay with almost 100,000 cruise passengers visiting the Port of Napier in the 2016/17 year. This was an increase of 29% or 22,600 passengers over the previous year. The Port of Napier is very close to the CBD and Marine Parade and there is easy and quick access to the NANZ from the Port, which will make it a desirable destination for cruise passengers, who want to make the most of the limited time they have in each destination they visit.

The role of the NANZ in tourism would be to offer an experience with both land and sea creatures, which is not readily available in one place anywhere else in this country. With the Weta Workshop interactive exhibits adding an element of great excitement and interest, the experience will be memorable and a "must see" destination in Hawke's Bay's tourism portfolio.

While hosting visitors, both locals and those from other places, the NANZ can engage its other two key roles of education and research. Through its exhibits and interactive experiences with animals, NANZ can disseminate the findings of current research on the land to sea environment and convey messages around the changes required in our attitudes and behaviours to care for the physical environment. Conservation and sustainable practices can be conveyed in subtle and captivating ways to those visitors who have come to enjoy the visitor experience.

NANZ can also be a window to conservation projects throughout the region such as Cape Sanctuary at Cape Kidnappers and Poutiri Ao O Tane in the Maungahururus, where habitat restoration, pest control, species relocation, research, education and community participation are all working together to bring native flora and fauna back into the everyday lives of local people. It may be possible to have live camera feeds at the NANZ of nesting birds and other

activity at the outlying sites. The links between the sites will showcase Hawke's Bay's stunning natural environment and promote the region as a nature-based tourism destination.

The NANZ project provides an opportunity to tell local Māori stories, as told by Māori and interpreted by Māori and supported by the use of digital technologies to encourage an interactive involvement in the stories. Local stories of the early navigators (Te Ika-a-Māui), of Pania and of others from Te Matau-a-Māui Hawke's Bay will further pique the interest of visitors, who may be inspired to find out more about these people and places, and visit other locations in Hawke's Bay.

NANZ would also have a role in cross-promotion of events in Hawke's Bay such as the Air NZ Marathon, IronMāori and Farmlands Horse of the Year. Visitors that come to the region to participate in such events would also be encouraged to visit the National Aquarium of New Zealand during their stay.

2. **Education Provider:** The NANZ has a significant role in educating the public, through formal school programmes and community initiatives in conservation, e.g. Seaweed (as they do currently) and environmental education through the exhibits and activities offered throughout the NANZ visitor experience. The World Zoo and Aquarium Association (WAZA) urges all zoos and aquariums to ensure that education is a central part of their reason for being and to provide adequate support and resources to enable fulfilment of an education role. Although people don't necessarily visit an aquarium to learn something, it is the perfect place for them to:
 - Gain some knowledge and a greater appreciation of natural habitats and the species that live in them;
 - Appreciate the diversity of species, a better understanding of ecosystems and the importance of these ecosystems to human well-being; and
 - Receive messages about lifestyle changes needed to ensure the sustainable use of our planet's limited resources (WAZA, 2017).

The expanded NANZ will offer teaching spaces such as theatres and laboratories where prospective young scientists can "discover" aspects of the natural environment. The educational role of the NANZ will be socially, environmentally and culturally relevant and advocate for the local marine and land environment. Education will be seen as an important conservation activity in itself as it focuses on learnings that influence people's behaviour and values, which is the objective of the Integrated Catchment Management initiative led by HBRC and UoW for Hawke's Bay.

A recent international study (Jensen EA, Moss A, Gusset M., 2017) suggests that the immediate positive effects of a zoo or aquarium visit may be long lasting and even help lay the groundwork for further improvements over an extended period of time following the visit. The study evaluated the long-term educational impact of visits to zoos and aquariums on biodiversity understanding and knowledge of actions to help protect biodiversity. Although the number of respondents was very low (n=161) it did suggest that the immediate positive effects of a zoo or aquarium visit on biodiversity-related learning outcomes may be long lasting and even help lay the groundwork for further improvements over an extended period of time following the visit.

The strong LEOTC programme at the NANZ will continue in close alignment to the NZ curriculum as mentioned previously in the “Strategic Context” section of this report. It also offers far greater possibilities in working within the national science challenges and the Participatory Science Platform (PSP) which aims to engage young people, communities and scientists in collaborative science research projects.

The East Coast LAB (Life at the Boundary) established at the NANZ is focused on educating the community about natural hazard science and encourages “Citizen Science” projects that help gain information about hazards and disasters. In the redeveloped facility, the East Coast LAB will be able to continue to grow and develop its research work around earthquakes, tsunami, volcanic eruptions, coastal erosion and their effects, and work to be better prepared for when these types of events occur.

The NANZ can use research findings to promote conservation “stories” and the teaching labs themselves could be part of the visitor experience with “hands-on” experiments for visitors to try or simply to observe students working in them.

3. **Research Support:** As the third theme of the proposed expansion, NANZ’s role will be to support relevant research and make its facilities and knowledge available to assist the local scientific community and government departments such as MPI, NIWA and DOC. Currently none of these organisations foresee the NANZ as playing a direct role in their own research activities as they have their own coastal research facilities.

The University of Waikato is in the process of establishing a presence in Hawke’s Bay and sees the expansion of the NANZ as presenting an exciting opportunity to conduct “people and science-centred” work in an environment and facility which reflects and enhances that intent. *“The land-to-sea scope (of integrated catchment management) aligns with that of the expanded Aquarium’s displays, providing fabulous potential to tell stories of how we use and value our taonga/natural resources, and how we protect them for future generations. The public face of the Aquarium will*

*enable us to promote the research and outcomes, enlist people as citizen-collaborators, and contribute to the Aquarium's role in educating visitors (e.g. schools programmes, tourist experiences)."*¹⁰

Organisations spoken to¹¹ during the development of this Business Case see a role for the NANZ as an information provider of research findings, an advocate for environmental sustainability in Hawke's Bay and a showcase for the region's environmental treasures and projects such as the Te Angi Angi Marine Reserve, Cape Sanctuary and Poutiri o Ao Tane.

While it is not envisaged that the NANZ will provide a full-scale research facility, it could be positioned as a support agency for discovery across:

1. The biophysical sciences using its work and knowledge of animals and their ecosystems (i.e. general biology, husbandry, diseases, healthcare, breeding of animals) and laboratory space to support projects conducted by researchers, post-graduate students, and citizen-scientists in Hawke's Bay;
2. Community engagement and training using its meeting rooms and lecture theatres to enable two-way communication of relevant information related to the research to be undertaken in the Hawke's Bay region. A key purpose would be to directly involve the community in research projects, as citizen-scientists (e.g. involved in data and sample collection and analysis) and as collaborators (e.g. co-creating management strategies for water quality in a catchment).

The University of Waikato has found that there is a definite demand for research that supports better land and water (fresh/salt water) management as an integrated whole. This is the basis of the current initiative to establish a Professorial Chair position in Hawke's Bay, aligned to the Regional Council and working on a range of projects around management of natural resources and, most importantly, being able to bring together the biophysical aspects with the human motivation and behaviour aspects. The Hawke's Bay region is dependent on primary industries - chiefly hill country (beef-sheep) farming and horticulture (principally orcharding, maize and vegetables), so how, and how well land management change that promotes water quality is achieved will impact economic, environmental and socio-cultural values. The need for better understanding by both rural and urban communities, new approaches and technologies, and community engagement has been apparent in the level of constructive discussion during the 'The Future of our Water' community symposium (held 1-2 June in Havelock North), and will be at the

¹⁰ Report from Belinda Sleight, Director-Napier Centre, The University of Waikato.

¹¹ The following organisations were consulted with regard to the science and research focus of the expanded NANZ: Hawke's Bay Regional Council, The University of Waikato, Ministry of Primary Industries, NIWA and Department of Conservation (HB).

forefront of the various water quality challenges proposed to be addressed by the Regional Council in collaboration with Post Settlement Governance Entities (PSGEs) (e.g. clean-up of Lake Tutira in partnership with Maungaharuru Tangitū Trust). Many of the research results would be relevant to other regions (e.g. engagement strategies for catchment management, new technologies for monitoring fish populations, etc) but the work would be focused on developing solutions for Hawke's Bay as the initial target (field site).

The NANZ's role in supporting current research projects undertaken by other agencies and sharing the findings of research with the public will lend credibility to the messages and teachings being disseminated through its other two roles of visitor destination and education provider. A level of research can also be undertaken through the development of student projects as part of the education programme.

Napier City Council is in the process of establishing relationships with overseas aquariums, particularly in California, USA. A recent visit to Monterey Bay Aquarium, the California Academy of Sciences, The Aquarium of the Pacific and Birch Aquarium at Scripps was a trip designed to foster co-operative and collaborative relationships internationally. Napier City Council is seeking to work together with each of these institutions in a range of areas relating to education and research around marine sustainability. Areas discussed include:

- Marine science research and education programmes;
- Ocean conservation, sustainability and environmental issues;
- Inspire marine conservation and care through tourism, education and research;
- Exchanges of staff and personnel.

Figure 1: Inter-relationship of NANZ roles



3.4 International Partnerships

Napier City Council is seeking to establish collaborative partnerships with four international marine facilities in the United States of America. These are: Monterey Bay Aquarium; California Academy of Sciences; The Aquarium of the Pacific; and Birch Aquarium at Scripps. The Mayor, Chief Executive and Manager Visitor Experiences visited these four facilities in June 2017.

These facilities were selected as potential partners with the National Aquarium of New Zealand as they each are international leaders in the areas of marine conservation, science and research and tourism. Partnerships would benefit the National Aquarium of New Zealand as well as having an impact on marine sustainability and conservation.

The aim for the relationships is to support the attainment of mutually shared goals, the creation of joint education and research programmes and to enhance capability development and accelerate knowledge transfer between the institutions.

Key learnings from the visits included are summarised in the following table.

Table 7: Key Learnings from International Aquariums

Area of Learning	Key Points to Note
Operating Model	<ul style="list-style-type: none"> Look at establishing a charitable/non-profit organisation, which is run with Council support. Look at putting the pricing up (alongside local accessibility programmes). Free education programme (sponsored). Customer service really important. Culture really important.
Funding	<ul style="list-style-type: none"> Investigate major car company for sponsorship.
Research/science/conservation	<ul style="list-style-type: none"> Do not pretend to be the research/science expert if you are not. Find the experts to work in with you linking in with other facilities across the country. Define the programmes you want your facility to work on. Focus on key projects - e.g. Plastic Bag Free Hawke's Bay. Key project: Use science to tell the story of HB including the stories associated with Gannets/Kiwi/Godwits/the land to Estuary to Ocean. It is very important to make the research unique to Napier/Hawke's Bay. It needs to tell the local story. Explain the story from the Antarctic to the Pacific Islands. Run a "secondary research" programme where other researchers from other institutions are brought to the table. Augmented reality can be used, e.g. showing the changing nature of the ocean. Need to bring in 3-5 top marine scientists to define the stories, then designers to overlay over this.
Staff	<ul style="list-style-type: none"> Need a highly qualified Manager for the facility in order to drive all areas of operation - conservation, commercial and logistics of the facility. Need to have a good "interpreter" to tell the stories through the curating of exhibitions. Volunteer programs work extremely well. Staff interaction with the public extremely important.

	<ul style="list-style-type: none"> Volunteer exchange programmes? Could actually be sold as a product. Volunteer families - encourage volunteering as an entire family. The family members can be as young as 5 years old. Staff create atmosphere as soon as you walk in. Specialist people for the roles.
Building/Infrastructure	<ul style="list-style-type: none"> Allow for growth/adequate storage/exhibition preparation areas. Little exhibits require more work. Large spaces are easier to manage. Look at the NZ Chapter of the National Society of Interpretation (Jane Bady). Bring 4-5 leading scientists together to tell our “science story”. Design from the inside out. Everything at kid’s height.
Theme of the upgraded facility	<ul style="list-style-type: none"> The story of New Zealand and its relation to Hawke Bay. The unique indigenous story of Napier and Hawke’s Bay. The importance of the ocean to world. The current state of the ocean (impact on activity occurring on land through to our waterways, estuaries and out to sea). Protection of native New Zealand endangered species (Kiwi/Little Fairy Penguins etc). Impact of plastic on the health of the ocean and the animals within. Influencing behavior change for visitors to the facility.
Exhibits/products	<ul style="list-style-type: none"> All diving done in dry suits. The jellyfish are incredibly popular!
Promotion	<ul style="list-style-type: none"> Accessibility for locals: Free locals’ day/library programme/ systems in place in order to deal with those that cannot afford the ticket price.
Other	<ul style="list-style-type: none"> Quality standard across the facility needs to be extremely high. Music playing in exhibition space – commission the NZ Symphony Orchestra to compose and perform appropriate music.
Future	<ul style="list-style-type: none"> This is the opportunity to change behaviours. What will be the impact of not proceeding with the redevelopment?

3.5 Te Ara Pūtaiao | Māori science

Māori science underpinned by cosmogeny, astronomy and the lunar calendar brings to life the aquarium experience linking traditional stories, practices and understanding of the environment in which our native fish and bird species live. Te Ara Pūtaiao brings to life “Te Whare Tangaroa o Aotearoa” in a way that allows kaupapa Māori to come to the fore, adding gravitas to education and research programmes operating out of the National Aquarium of New Zealand. The Māori science components will focus on:

1. Mātai tuarangi | Māori cosmogeny

The Māori belief of the creation of the universe is important to understanding the environment in which we live and how all things are inter-connected through Ngā Atua Māori – Māori Gods descended from Ranginui and Papatūānuku. The deities Tangaroa and Tāne Māhuta particularly, will play a large part in the education programmes and visitor experience of the aquarium.

Te Whare Wānanga o Tangaroa | The School of Tangaroa

Here all of the protocols relating to Tangaroa and the sea would be taught, the practices of Tangaroa would also be included into the operations of the NANZ ensuring that the mana of Tangaroa is maintained for his children. The School would inform and promote traditional fishing seasons and practices, encouraging kaitiakitanga. The School would promote traditional migration knowledge and mythologies associated with migratory species such as eels and whales.

2. Maramataka | Māori lunar calendar

The Maramataka governs the Māori cycle of time and guides the rangatira | chief when directing their people. The lunar calendar is important to the aquarium in understanding the phases of the moon, the impact on tides and fish and bird species. The calendar dictates productive days for fishing, eeling, planting, harvesting, resting and learning. Daily life in times-gone-by was governed by the moods and phases of the moon in conjunction with the solar calendar and celestial activity.

3. Tātai arorangi | Māori astronomy

Māori astronomy and the association of individual stars and constellations herald important times of the lunar year. The rising of Whānui | Vega, signals the start of the kumara harvest around the month of Poutū-te-Rangi | March, while the constellation of Matariki heralds the time of rest and relaxation with the forecast of the year ahead. Specific to the NANZ are four stars from Matariki:

- Waitī – all things that grow and live in fresh water
- Waitā – all things that grow and live in salt water
- Tupuārangi – all things that grow and live in the air
- Tupuānuku – all things that grow and live in the earth

Te Whare Kōkōrangi | The House of Astronomy

Māori are experiencing a revival in traditional astronomy, led by the resurgence of the Matariki Festival. Recent research led by Dr Rangi Matamua, of University of Waikato have seen accuracies applied to the practice of Matariki festivities, returning to the true indigeneity of traditional practices. A House of Astronomy would be core to the education and research experience, particularly in association with the migration of eels to Tonga and and Samoa, thus extending the reach and influence of the aquarium into Polynesia.

- The Whare Kōkōrangi would be intended to provide a platform from which celestial knowledge can be transferred and interpreted through the aquarium experience.
- The Whare Kōkōrangi will leverage and augment the new celestial compass at Waitangi Park, extending the reach of the aquarium along the coast.
- The Whare Kōkōrangi would leverage and augment the Matau-a-Māui Voyaging Waka Trust and become a centre of excellence for Polynesian celestial navigation.
- The Whare Kōkōrangi will be the lead agency nationally to set the dates for Matariki and the Maramataka | Lunar Calendar. The Whare would also promote the revival of other significant celestial practices still to be fully researched.

The Whare Kōkōrangi will base the curriculum on:

- Cosmogony – the origin and evolution of the Māori universe i.e. the separation of Ranginui and Papatuanuku. A heavy focus would also be placed on Ruaumoko, God of Earthquakes and Volcanic Activity
- Astrology – Māori celestial knowledge as taught by the Tohunga Kōkōrangi
- Meteorology – Māori weather predications and use of the Maramataka | Lunar Calendar

3.6 Investment Scope and Drivers of the Proposed Expansion

The drivers for this proposed project may be defined as follows:

Table 8: Drivers of the proposal to expand the National Aquarium

External (outside NCC)	Internal (inside NCC/NANZ)
Matariki REDS Strategy – investment in the regions	Lack of space – physical space at capacity for animals especially kiwis and penguins.
Increasing visitor numbers	Programming at capacity
Opportunity to extend research and education capabilities to support national strategies and cater to requests from external organisations for research assistance	Financial – too ratepayer dependent, could be more self-sustaining.
Opportunity to create a unique tourism destination for Hawke's Bay and New Zealand – tourists expect an interactive “wow” experience	Supports City Vision and Marine Parade development plans
Public attitude is changing with regard to environmental awareness e.g. climate change, pollution and water ways. Public want to be involved in positive change and want to know more.	
There is a national need for increased breeding and care facilities for kiwis.	

At the facilitated workshops on 16th November, the scope of the project was discussed in terms of what are the options for delivering on the objectives and achieving the vision of this proposal. There was clearly a preference for a significant step increase from what currently exists at the National Aquarium. Stakeholders felt that by keeping with the status quo or making minimum changes to the facility, this would not cater to the objectives of this proposal.

The proposed scope would be:

1. Construction of a modern aquarium with increased research and education capability including wet and dry labs and able to accommodate a small number of permanently based scientists. A containment facility should also be included.
2. Construction of a facility that has more meeting space, lecture/theatre space, interactive learning space.
3. Construction of a facility that makes the most of its location on the sea front and establishes its relationship with the natural environment.
4. Construction of an aquarium with more exhibition space, possibility for revolving exhibitions, and involving interactive, augmented and virtual reality technology.

5. Design of a facility that incorporates Māori design elements and an authentic New Zealand experience.
6. The facility must complement the Marine Parade development overall.
7. The facility must incorporate those amenities that tourists seek i.e. café/restaurant, gift shop, entertainment space and public toilets.

The notes from the stakeholder workshop and the original concept document presented as part of the Matariki REDS process were made available to aquarium designers, Marinescape, as a brief for developing concept plans. A summary of the workshop notes is attached as *Appendix 2*.

3.7 Main Benefits

Stakeholders identified the following benefits at the facilitated workshops on the 16th November 2016:

- A better return on the investment than is currently being received;
- Employment and training opportunities;
- Increased awareness by society of its impact on the ocean;
- Helping locals (and tourists) understand their natural history;
- Leadership in the protection of the land-to-sea environment;
- Becoming a key contributor to the Kiwi Recovery Programme;
- Development of a significant tourism activity;
- Promotion and development of eco-tourism capability;
- Providing an opportunity to tell national and local iwi stories;
- Effecting tangible environmental outcomes (Haumoana) on land and sea;
- National, local and community pride.

Some benefits cannot be reliably quantified in monetary values, however non-monetary or intangible benefits are also valid as part of the assessment of benefits.

Table 9: Analysis of Potential Benefits

Main Benefits	Who Benefits?	Direct or indirect	Description
Return on the investment of an expanded aquarium	Napier ratepayers NCC	Direct	There will be increased opportunities for revenue generation from the activities of the expanded aquarium. 12 new points of sale have been identified as revenue generating and an economic analysis has found that the expanded NANZ would have a positive economic impact on the region.
Employment and training opportunities	HB community NZ marine/ science industry	Direct	Employment for local people and opportunity for a career in science and technology. This is of direct benefit to the HB economy and one of the prime objectives of the Regional Economic Development Strategy. It will also bring social benefits with it and build social wellbeing.
Increased public awareness of the effect of society's impact on the environment	HB community All who visit the NANZ New Zealand as a whole NZ marine life Ecology of NZ water ways	Direct and Indirect	Education of the populace regarding the impact of humans on the environment can lead to an attitude and behaviour change towards precious environmental resources. This may be able to be quantified in monetary terms, e.g. energy costs, transport costs, but primarily in quality of life, social and environmental benefits.
Helping locals (and tourists) understand	HB community	Indirect and Direct	This benefit speaks to identity and belonging, a good sense of which contributes to community wellbeing.

the natural heritage of Hawke's Bay and New Zealand	All who visit the NANZ New Zealand as a whole		Tourists generally seek to establish the context of a place they visit, which includes learning its history and customs, so a direct monetary benefit could come from this.
Leadership in the protection of the land to sea environment	Everyone benefits	Indirect and Direct	Environmental benefits are the main result but the National Aquarium of New Zealand could build such a reputation in this area, researchers and visitors will travel to Napier to learn and be part of this. That will then bring a direct economic benefit to Hawke's Bay and New Zealand.
Becoming a key contributor to the Kiwi Recovery Programme	Everyone benefits	Direct and Indirect	Environmental benefits but also the kiwi is key to New Zealand's and New Zealanders' identity.
Development of significant tourism activity	HB community New Zealand	Direct	Increased tourism activity and economic development and impact through association with the NANZ and its links to other tourist attractions.
Promotion and development of eco-tourism capability	HB community New Zealand	Direct	Increased tourism activity and economic development and impact through association with the NANZ and its links to other tourist attractions.
Providing an opportunity to tell national and local iwi stories	HB community All who visit the NANZ New Zealand	Indirect and Direct	This benefit speaks to identity and belonging, a good sense of which contributes to community wellbeing. Tourists generally seek to establish the context of a place they visit, which includes learning its history and customs, so a direct monetary benefit could come from this.

Effecting tangible environmental outcomes (Haumoana) on land and sea	HB community and other communities in a similar situation New Zealand	Direct and Indirect	This could lead to solving or successfully mitigating the effects of coastal erosion and other environmental issues for coastal communities. It would have a direct physical result but also indirectly social and cultural benefits for communities. This could have national and international significance.
Local and community pride	HB community	Indirect	The value of community pride is significant in a community. <i>"Positive images of places are created by local government agencies ... which are designed to encourage the locals to feel good about their home towns and the quality of life that can be had there."</i> ¹² The expanded National Aquarium facility has the potential to invoke civic pride and identity.

¹² Thorns, 2002, p 145.] (Ministry for the Environment, 2000).

3.8 Main Risks

Several risks were identified within the stakeholder workshops, the most notable one being that the full potential of the project would not be reached or achieved. Participants identified that the significant opportunity that the expansion could deliver might not be achieved due to limiting the scope of the project.

Similarly, the risk that one of the three main project strands (research, education and tourism) might overshadow the other two was identified as a risk that would compromise the project.

Lack of Iwi engagement was considered a significant risk alongside managing stakeholder and partner expectations.

The stakeholder consultation process was identified as a significant element of the project, as was allowing sufficient time to complete the detailed business case.

The main risks fall into two categories: Construction/Delivery Risks and Operating Risks. A risk register has been developed and can be progressively updated as more detailed analysis is undertaken.

Table 10: Analysis of Main Risks

Main Risks	Consequence (H/M/L ¹³)	Likelihood (H/M/L)	Comments and Risk Management Strategies
Construction/ Delivery Risks			
Limiting the project scope so as not to get the desired result	H	L	Project scope is clearly defined and agreed before final commitment is made to construction.
Costs exceed budget authority	H	M	Maintain appropriate level of contingency. Clearly establish the project scope when establishing capital budgets.
Insufficient funding	H	M	Allow sufficient time and flexibility in funding model to secure necessary level of external project funds.
Regulatory changes	H	L	Regulatory changes could increase costs, e.g. changes to the building regulations

¹³ High, medium or low.

Construction costs inflation	H	M	Due recognition to be made within the funding model for the possible impact of construction costs exceeding general inflation. Ensure a contingency in the budget.
Scope creep	M	M	Project scope is clearly defined and agreed before final commitment is made to construction.
Late project delivery	M	L	Establish robust project management process for project implementation to assess and manage delivery.
Operational Risks			
Revenue generated is lower than forecast	H	M	Set realistic and achievable targets based on the best available information.
Running costs exceed budgets	M	H	Ensure resource requirements are factored into project planning and reflect expected changes to service levels.
Redeveloped facility does not meet expected requirements	H	L	Ensure sufficient planning, peer review and manage staff and stakeholder expectations through provision of information and ongoing communication.
One project strand may dominate at the expense of the others	M	M	Managing and communicating well with the various stakeholders and their particular interests. A good Communications and Community Engagement Plan should be part of the project.
Inconsistent expectations – staff, elected members, stakeholders, iwi, community, NZ government	H	M	Undertake communication planning and identify information needs. A good Communication and Community Engagement Plan should be part of the project. Stakeholder engagement needs to be ongoing throughout the project.
Forecast visitor numbers are less than anticipated	M	M	Set realistic and achievable targets based on best available information (including national and international trends).

Does not meet stakeholder needs	M	L	Appropriate stakeholder engagement planning.
Café/restaurant lease not taken up	M	L	Appropriate planning and engagement with potential restaurateurs at an early stage. Benefits of seaside restaurant location fully considered and communicated.

A risk register is attached as *Appendix 9*. A risk assessment has also been undertaken using the Gateway Assessment process. It is attached as *Appendix 10*. The project presents a high-risk profile due to the specialised nature of the works involved.

3.9 Key Constraints and Dependencies

The proposal is subject to the following constraints and dependencies, which were identified at the Stakeholder Workshops on 16th November 2016. These constraints and dependencies should be carefully monitored during the project.

Table 11: Key Constraints and Dependencies

Constraints	Notes
Affordability	Needs to be affordable for locals and not just a tourist facility.
Community buy-in	Successful projects always require strong community support. Good community engagement and consultation is essential.
Other regional projects seeking significant funding	The timing of this project in relation to other significant regional projects is important in terms of seeking funding as many of the same funders will be approached for these large projects.
Dependencies	Notes
Central Government	Appetite to fund a project such as this.
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.
Water quality in HB	If water quality was compromised it could have a detrimental effect on Aquarium operations.
Partnerships	Strong partnerships need to be established with mana whenua, education sector, and research institutes for this to be successful.

3.10 Summary of the Case for Change

The case for change may be summarised as follows:

1. Napier City Council's strategic direction and planning documents support the proposed National Aquarium of New Zealand expansion project.
2. Napier City 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 expansion of the National Aquarium of New Zealand fits well with and contributes to the objectives of many other regional and national policies and strategies. It can also contribute to national strategic outcomes.
4. The proposed expansion also aligns well with environmental programmes both in New Zealand and internationally and offers the opportunity for significant partnerships to be established both at home and overseas.
5. The main drivers of this proposal may be seen as opportunities that have presented themselves through the Hawke's Bay Matariki RED Strategy and the Government's Regional Growth Programme. It is true that the NANZ has reached capacity in terms of space, programmes and resources and that if nothing is done to cater for expansion, then it may very well end up going backwards rather than capitalising on its reputation and success to date as a respected centre of marine management.
6. In the stakeholder workshops, there was a consensus from participants that to do nothing would result in a lost opportunity and that somewhere else might step into the breach and build an aquarium that would take over from the National Aquarium of New Zealand¹⁴. However, in itself this is not a reason for progressing this project.
7. The Investment Objectives of the project, defined by stakeholders, have been shown to respond to the needs and opportunities identified and offer a range of potential benefits, both of a tangible and in tangible nature.

A summary of the Investment Objectives is in the following tables:

Investment Objective One	To increase opportunities for education, training, research and employment in the natural sciences and aquarium management for New Zealanders and particularly Hawke's Bay residents.
Existing Arrangements	NANZ has arrangements with various agencies to assist in research on marine species and native NZ species such as kiwi, tuatara, native frogs and eels. They also support work in water monitoring and quality, fisheries operations and aquaculture. Learning Experiences Outside the Classroom (LEOTC) programmes run by in-house education team. Also, training of tertiary students in the areas of animal care, vet nursing, tourism, diving.
Business Needs & Opportunities	Hub for understanding the coastal environment with a view to informing any marine activities in the region.

¹⁴ Wellington has been seeking to build an aquarium for some time.

	<p>Role in Integrated Catchment Management Strategy developed by Hawke's Bay Regional Council.</p> <p>Interest careers in science and build capacity and training for Hawke's Bay and New Zealand. Job opportunities in Hawke's Bay region. Encourage, stimulate interest in science.</p> <p>More space needed. Building currently at capacity. Education areas are shrinking to accommodate new technology.</p> <p>Connect the community to science.</p> <p>Accessibility for the community to the marine environment.</p> <p>Participation in research – connection to social, cultural, education dimensions.</p> <p>Strengthen relationships with Te Matau-a-Māui hapū to enable stronger Māori narratives pertaining to land and sea, with specific cultural education relating to the regional environment across Te Matau-a-Māui Hawke's Bay.</p>
Potential Scope	<p>Construction of a facility that has more meeting space, lecture/theatre space, interactive learning space.</p> <p>Construction of a modern aquarium with increased research support capability, possibly a containment facility, and a hospital facility.</p> <p>A facility that uniquely differentiates itself by bringing to life the Māori world-view relating to the genealogies, stories and sacred places of Te Matau-a-Māui and its connection with Aotearoa, Te Waipounamu and Te Moana-nui-a-Kiwa.</p>
Potential Benefits	<p>Employment and training opportunities.</p> <p>International partnerships and development of knowledge.</p> <p>National, local and community pride.</p> <p>Changing behaviours with the national, local and visiting communities.</p> <p>Uplift in local indigenous knowledge relating to the environment of Te Matau-a-Māui Hawke's Bay contributing to greater involvement of mana whenua in marine and environmental conservation initiatives.</p>
Potential Risks	<p>Redeveloped facility does not meet expected requirements.</p> <p>One project strand may dominate at the expense of the others.</p> <p>Varied and differing expectations from stakeholders – staff, elected members, stakeholders, iwi, community, New Zealand government.</p>
Constraints and Dependencies	<p>Strong partnerships need to be established with mana whenua, education sector, and research institutes for this to be successful.</p>

Investment Objective Two	To tell the stories of the people of Aotearoa New Zealand and their relationship with the land and sea, encouraging kaitiakitanga of our natural environment contributing to its conservation and sustainability.
Existing Arrangements	The National Aquarium of New Zealand works with schools, scientists and other groups in programmes, projects and public events locally, nationally and internationally to increase awareness of the need to protect natural habitats and biodiversity.

	The National Aquarium of New Zealand currently does not focus on telling the stories of local iwi in relation to the sea environment.
Business Needs & Opportunities	<p>There is an opportunity with the proposed expansion to have a unique perspective on the relationship between land and sea environments. Māori have always understood the links and have an integral relationship with both.</p> <p>Māori care for the land to sea environment – Mātauranga, kaitiakitanga. Customs and traditions.</p> <p>As a national facility, the NANZ should convey the story of this country's relationship and history with the marine environment.</p> <p>Shape and impact the environment in a sustainable way. Educate the public about sustaining the waterways, the estuary and sea environment – coastal and freshwater connection.</p> <p>Local iwi stories are significant – the legend of Maui, the beginning of this country, started here in Hawke Bay. Pania sits on the waterfront at Napier. Her story is part of our heritage.</p> <p>People want to know more about the environment and how they should interact with it.</p> <p>Using national and international examples and partnerships, lead a behaviour change in terms of people interacting with the natural environment.</p> <p>Engage with a greater number of formalised research programmes nationally and internationally resulting greater knowledge and ability to restore waterways and marine life within New Zealand.</p>
Potential Scope	<p>Design of a facility that incorporates Māori principles with a specific focus on the stories and traditions of the people of Te Matau-a-Maui and offers an authentic New Zealand experience.</p> <p>Construction of a facility that makes the most of its location on the sea front and establishes its relationship with the natural environment.</p> <p>Construction of a facility that has more meeting space, lecture/theatre space, interactive learning space.</p> <p>Construction of a modern aquarium with research support capability and possibly a containment facility and a hospital facility.</p> <p>Construction of an aquarium with more exhibition space, possibility for revolving exhibitions, and involving interactive, augmented and virtual reality technology.</p> <p>Development of a Māori tourism offering that supports regional economic development.</p>
Potential Benefits	<p>Helping locals (and tourists) understand the natural history of Hawke's Bay and New Zealand.</p> <p>National, local and community pride.</p> <p>Uplift in Māori employment and social wellbeing.</p> <p>Providing an opportunity to tell national and local iwi stories.</p> <p>Increased public awareness of the effect of society's impact on the environment.</p> <p>Return on the investment of an expanded aquarium.</p>

	Becoming a key contributor to the national Kiwi Recovery Programme and other programmes relating to native species. Effecting tangible environmental outcomes (Haumoana) on land and sea.
Potential Risks	Inconsistent expectations – staff, elected members, stakeholders, iwi, community, New Zealand government. Does not meet stakeholder needs. Weak Māori tourism industry.
Constraints and Dependencies	Strong partnerships need to be established with mana whenua, education sector, and research institutes for this to be successful. Mātuaranga Māori and access to expertise and knowledge. Hapū permissions to incorporate stories and genealogies.

Investment Objective Three	To create a unique destination which will draw people from far and near to visit Hawke's Bay, to engage with our natural world, and to return again and again because the experience is so unforgettable.
Existing Arrangements	Tourists are primarily from the domestic market. The cruise ships bring in international visitors and when a ship is in port, visitors can either walk or take the free shuttle to the NANZ. A key driver for the international tourists is the kiwi bird display. There is nowhere else in New Zealand that you can see a kiwi so close to a port destination and with such clarity. Modest gift shop and café offering at present. There are no formal arrangements with mana whenua and kaumātua are engaged for specific practices i.e. karakia and powhiri. Māori stories are not communicated although there is some use of Te Reo Māori.
Business Needs & Opportunities	Visitor numbers are increasing. Cruise ship visits to Napier have a significant impact with day visitor numbers. Connect with other tourism ventures across New Zealand and Hawke's Bay in for example Cape Kidnappers and the gannet colony, the Cape Sanctuary programme, Rainbow Springs in Rotorua, Zealandia, Auckland Zoo. Enhanced visitor experience. More interactive experience. Deeper engagement with mana whenua to bring to life the unique stories of Te Matau-a-Māui, Pānia, Te Maramataka and Māori life in relation to the environment. Visitors learn about conservation, protection of the environment.
Potential Scope	Construction of an aquarium with more exhibition space, possibility for revolving exhibitions, and involving interactive, augmented and virtual reality technology. Construction of a facility that has more meeting space, lecture/theatre space, interactive learning space. Construction of a modern aquarium with research support capability and possibly a containment facility and a hospital facility. Construction of a facility that makes the most of its location on the sea front and establishes its relationship with the natural environment. Design of a facility that incorporates Māori design elements and an authentic New Zealand experience.

	The facility complements the Marine Parade development overall. The facility incorporates those amenities that tourists seek i.e. café/restaurant, gift shop, and public toilets.
Potential Benefits	Return on the investment of an expanded aquarium. Helping locals (and tourists) understand the natural history of Hawke's Bay and New Zealand. Providing an opportunity to tell national and local iwi stories. Development of a significant tourism activity generating new and extended visits to Napier and Hawke's Bay and New Zealand. Promotion and development of eco-tourism capability.
Potential Risks	Revenue generated is lower than forecast. Forecast visitor numbers are less than forecast. An international event effecting worldwide tourism (wars/health risk etc.)
Constraints and Dependencies	Needs to be affordable for locals and not just a tourist facility. Central government appetite to fund the project. Achievement of funding targets. Steady growth of tourist numbers continues. The timing of this project in relation to other significant regional projects is important in terms of seeking funding as many of the same funders will be approached for these large projects.

Investment Objective Four	To create a facility that is financially sustainable that positively influences the local and national economy, and augments the tourism, education and science sectors within Hawke's Bay and New Zealand.
Existing Arrangements	The National Aquarium of New Zealand has recorded an average net operating loss of \$1.07M over the past five years, which has been offset through the Napier City Council rates.
Business Needs & Opportunities	Tourism – maintain currency/relevancy, changing market. Increase in international visitors. Scuba Dive school. National breeding programme potential. Partnerships with iwi and hapū entities including Post Settlement Governance Entities across Ngāti Kahungunu, Ngāti Rongomaiwahine and Ngāti Hineuru. Partnerships with corporates.
Potential Scope	Construction of an aquarium with more exhibition space, possibility for revolving exhibitions, and involving interactive, augmented and virtual reality technology. Construction of a facility that has more meeting space, lecture/theatre space, interactive learning space. Construction of a modern aquarium with research support capability and possibly a containment facility and a hospital facility. Construction of a facility that makes the most of its location on the sea front and establishes its relationship with the natural environment.

	<p>Construction of a facility which allows more scope to incorporate greater commercial opportunities in the new design and therefore more revenue.</p> <p>Stronger incorporation of Māori stories and genealogies relating to the land and sea, putting the Māori world-view first to create a national first in Māori tourism.</p> <p>Design of a facility that incorporates Māori design elements and an authentic New Zealand experience.</p> <p>The facility must complement the Marine Parade development overall.</p> <p>The facility must incorporate those amenities that tourists seek i.e. café/restaurant, gift shop, and public toilets.</p>
Potential Benefits	<p>A better return on the investment than is currently being received.</p> <p>Increased economic impact for Napier, Hawke's Bay and New Zealand.</p> <p>Employment and training opportunities.</p> <p>Development of a significant tourism activity.</p> <p>Promotion and development of eco-tourism capability for Hawke's Bay and New Zealand.</p> <p>Becoming a key contributor to the national Kiwi Recovery Programme and other native breeding programmes.</p>
Potential Risks	<p>Revenue generated is lower than forecast.</p> <p>Running costs exceed budgets.</p> <p>Forecast visitor numbers are less than anticipated.</p>
Constraints and Dependencies	<p>Needs to be affordable for locals and not just a tourist facility.</p> <p>Steady growth of tourist numbers continues.</p> <p>Central government appetite to fund a project such as this.</p> <p>Achievement of funding targets.</p>

The support of funders for this project has been identified as a Dependency and securing the necessary funding for the project is one of the greatest risks to a project's viability. The funding risk is examined in more depth in the Financial Case.

The National Aquarium of New Zealand is uniquely placed to provide services that few other facilities in this country can provide such as the kiwi breeding programme, hospital care for marine species, and recovery programmes for endangered species on both land and sea. In addition, it can directly interact with the community through education and tourism activities to encourage appreciation of and care for the natural environment. With the solid backing of scientific research to influence environmental policy and actions, strong partnerships with key national and international institutions to effect change, and a cultural overview which understands the effects of human/nature interactions and seeks to restore balance and a healthy environment, the National Aquarium of New Zealand has the opportunity through this expansion project to drive behaviour change.

The opportunities presented by this proposal speak directly to the improvement of the natural environment and the wellbeing of the community through education, cultural understanding, economic development and social interactions.

4.0 ECONOMIC CASE - EXPLORING THE PREFERRED WAY FORWARD

The purpose of the Economic Case is to identify the investment option that optimises value for money. Having determined the strategic context for the investment proposal and established a robust case for change, this part of the Business Case:

- identifies critical success factors;
- generates a wide range of long-list options;
- undertakes an initial options assessment to identify a limited number of short-listed options; and
- identifies a preferred way forward based on the short-listed options.

4.1 Options Assessment

The options that are available to the Council to deliver on the investment objectives are assessed, taking into consideration the planning and asset management constraints. In the Better Business Cases methodology, this is a multi-step process as follows:

1. Determine the dimensions of the possible solutions and develop a long-list of available options;
2. Assess the long-list options against the investment objectives to determine whether each solution will meet the full range of requirements;
3. Assess the long-list options against the critical success factors used in the Better Business Cases methodology to determine their viability;
4. Develop a preferred solution based on the assessments.

This is the process that forms the structure of this section of the business case.

4.2 Investment Objectives

The objectives established through the Strategic Case workshops with stakeholders and with the Project Working Group are as follows:

1. To increase opportunities for education, training, research and employment in the natural sciences and aquarium management for New Zealanders and particularly Hawke's Bay residents.
2. To tell the stories of the people of Aotearoa New Zealand and their relationship with the land and sea, encouraging kaitiakitanga of our natural environment contributing to its conservation and sustainability.
3. To create a unique destination which will draw people from far and near to visit Hawke's Bay, to engage with our natural world, and to return again and again because the experience is so unforgettable.

4. To create a facility that is financially sustainable that positively influences the local and national economy, and augments the tourism, education and science sectors within Hawke's Bay and New Zealand.

4.3 Critical Success Factors

The Treasury best practice critical success factors have also been assessed for each option. These are:

- **Strategic fit and business needs:** does the investment align with the Council's and Central Government's strategies and the business needs of the community it serves?
- **Potential value for money:** does the facility produce a good return to the Council and the community for the level of investment required?
- **Supplier capacity and capability:** does the ability to deliver a high-quality outcome exist in the marketplace?
- **Potential affordability:** is the proposed investment affordable from a capital and operational standpoint for the Council and ratepayers?
- **Potential achievability:** can the investment be successfully delivered within the agreed time, cost and quality metrics, with the resources available? Can the identified benefits be achieved?

As noted above, the following options dimensions were assessed:

- **Scope:** To what extent does the facility need to be expanded to meet the investment objectives?
- **Location:** Is the current location the best option for an expanded aquarium building?
- **Service Delivery:** How can the facility be managed to ensure the best return on investment?
- **Funding:** What is the best funding model to ensure the proposal is affordable?
- **Implementation:** When should the expansion take place and can this be staged?

4.4 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 16th November 2016. The long-list options essentially consider the "What, Where, How, Who and When" of the project, i.e. What is possible? Where is it possible? How can it be delivered? Who should deliver it? When should it be delivered?

Table 12: Long List Options Identified

Dimension	Description	Options within each dimension
Scale and Scope	In relation to the proposal, what extent of expansion is required?	<ul style="list-style-type: none"> ▪ Status Quo – do nothing other than routine maintenance. ▪ Overhaul and upgrade existing facility and exhibitions to include virtual reality where possible. ▪ Extend to include new lab space only. ▪ Increase meeting/education space only. ▪ Upgrade café/retail space only. ▪ Upgrade exterior only to make it more inviting from street – draw people in. ▪ Upgrade existing building and extension to all areas – new labs, new meeting/education spaces, new exhibitions, new café & shop, new exterior ▪ Build completely new aquarium.
Location	Where should the facility be sited?	<ul style="list-style-type: none"> ▪ Current site. ▪ Another seafront location - Hardinge Road mentioned.
Service delivery	Who can deliver the services?	<ul style="list-style-type: none"> ▪ Function of Council (current situation); ▪ Stand Alone Business Unit (CCO) ▪ Facility is managed by an external contractor/organisation – could be Charitable Trust, Charitable Company or Private Company reporting to Council.
Funding	How can it be funded?	<ul style="list-style-type: none"> ▪ Solely funded by Council ▪ Solely funded by private sector. ▪ Solely funded by central government. ▪ Funded through a mix of funding from multiple sources.

Implementation	When can the project be delivered?	<ul style="list-style-type: none"> Single stage – Building project is done at one time, aquarium closed for a period. Multi-staged, i.e. Build new extension, move into it and then upgrade the existing facility. (Need to think about the care of the animals during transition phase).
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It should be noted that the different option dimensions interact with one another to produce the short-listed and preferred option; in other words, the preferred option is constructed from the preferred option in each of the dimensions.

The potential long-list options were assessed against the investment objectives and critical success factors.

The summary assessment of the options is included in the table below. A discussion on each of the likely options follows the table.

The key to the table is as follows:

	Will not achieve the investment objective or the critical success factor the option is being assessed against.
	Could achieve the investment objective or the critical success factor the option is being assessed against.
	Will achieve the investment objective or the critical success factor the option is being assessed against.

Table 13: Options Analysis Long List

Description	Scope (What)							Location (Where)		Service Delivery (Who)			Funding (How)				Implementation (When)	
	Status Quo - do nothing	Exterior facelift	Current facility and exhibition upgrade	Extensions to research lab space, education/meeting space	Upgrade café/retail space	New extension to and upgrade of current facility	Build new aquarium	Current site	New site on water front - Hardinge Rd?	Council function	Stand Alone Business Unit of Council	External management, contracted by Council	Solely funded by Council	Solely funded by Central Govt (national facility)	Solely funded by private sector	Mix of funding sources	Single Stage	Multi stage
Investment Objectives	1. To increase opportunities for education, training and employment for New Zealanders (and particularly local residents) in the natural sciences and aquarium management.	No	No	No	Partial	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	2. To establish national and international partnerships for research, education, training and employment in the natural environment.	Partial	Partial	Partial	Partial	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

	3. To tell the stories of the people of Aotearoa New Zealand and their relationship with the land and sea.	Partial	Partial	Yes	Partial	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	4. To encourage kaitiakitanga of our natural environment contributing to its conservation and sustainability.	Partial	Partial	Partial	Partial	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	5. To create a unique destination which will draw people from far and near to visit Hawke's Bay, to engage with our natural world, and to return again and again because the experience is so unforgettable.	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	6. To create a facility that is financially sustainable that positively influences the local and national economy, and augments the tourism, education and science sectors within Hawke's Bay and New Zealand.	No	No	No	Partial	No	Yes	Partial	Yes	Partial	Yes	Yes	Yes	No	Yes	No	Yes	Partial	Yes

Critical Success factors	Strategic fit and business needs	No	No	Partial	Partial	No	Yes	Yes	Yes	Partial	Partial	Yes	Yes	Partial	Yes	Partial	Yes	Partial	Ye
	Potential value for money	Partial	Partial	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Ye
	Supplier capacity and capability	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Partial	Yes	Yes	Partial	Yes	Partial	Ye
	Potential Affordability	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes	Yes	No	No	Partial	Yes	Yes	Ye
	Potential Achievability	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Partial	Yes	Yes	Yes	Yes	Partial	Partial	Yes	Partial	Yes
Summary		No	No	No	No	No	Yes	No	Yes	No	Yes	Yes	Partial	No	No	No	Yes	Partial	Ye

Option Progressed to Solution Option Short List	No	No	No	No	No	Yes	No	Yes	No	Yes	Yes	Yes	No	No	No	Yes	No	Ye
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4.5 The Short-listed Options

The table shows that some options in each dimension will not or are unlikely to meet either an investment objective or a critical success factor. On this basis, they have been removed from the list of options to consider further.

Options that are likely to meet the investment objectives and the critical success factors have been carried through to a short list of options.

Table 14: Options Analysis Short List

Option	Description
<i>Scope Option (What)</i>	
New extension to and upgrade of current facility	The existing aquarium building will be upgraded and a new build/extension added to it to accommodate new exhibition, research, education and meeting space.
<i>Location Option (Where)</i>	
Current site	The site of the existing aquarium on Marine Parade is adequate to accommodate an extension to the current facility.
<i>Service Delivery Option (Who)</i>	
Council Function	This would retain the status quo in terms of facility management
Stand Alone Business Unit	The facility would be governed by a Board with delegated authority from Council to make key business, operational and financial decisions on Council's behalf. Council would provide a financial commitment to operational funding and capital renewal costs.
Contract to external organisation	A separate organisation (charitable trust or charitable company) would manage the facility under the terms of a contract. Council would most likely provide a financial commitment to operational funding and capital renewal costs.
<i>Funding Option (How)</i>	
Mix of funding sources	Capital funding for the project would be sourced from a range of funders: Council, central government, corporates, private donors and trusts, public fundraising.
<i>Timing Option (When)</i>	

Multi-staged development	The staging of the building programme is important for the ongoing operation of the aquarium and the managed transition of the aquarium fauna.
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The Service Delivery dimension offers the most options for consideration and these were further analysed.

Commentary on the short-listed options follows:

1. New Extension to and Upgrade of Current Facility

It was clear from the stakeholder workshops that “tweaking” of the current facility was not going to achieve the objectives sought for this project. Stakeholders are seeking something special from this project - a “wow” factor. Words and phrases such as “unique”, “beacon”, “X-factor”, “iconic”, “point of difference”, “must-see”, “game-changer” were used by workshop participants to express their vision for this facility.

When considering the options for expansion, enthusiasm “boiled over” for the “Big Thinking” options. The status quo option engendered responses of “stagnation”, “outdated”, and “limited”. Modest or minimum expansion options still felt limited, with minimum requirements of an exhibition wing for rotating displays considered necessary, as was a wet and dry lab for research and an enlarged meeting space (200 capacity). Sustainability of the physical structure was considered of paramount importance.

Any expansion would require an interactive virtual reality or augmented reality component to be able to achieve the unique factor stakeholders are seeking and make the facility a “must-see” tourist attraction. Māoritanga was considered an overarching and all-embracing theme of an expanded facility, permeating all aspects of the three “pillars” – research, education and tourism.

The feedback from the stakeholder workshops were given to aquarium designers, Marinescape, along with a brief (*Appendix 3*).

2. Current Site

In one of the workshops, the location of the NANZ was questioned in terms of whether its current location is the best site for it. At present, the facility seems to be somewhat isolated from the rest of the activity on Marine Parade. While a walkway, cycleway goes right past the building, it is unlikely that casual foot traffic would be attracted to it, as it is located a good distance from the Napier CBD. Those walking there would be doing so with intention to go there. Their attendance would not be a spontaneous decision.

A new aquarium on a new site on the waterfront was suggested as an option, with Hardinge Road mentioned as a possibility. A new site has not been considered as it would mean a huge capital outlay,

not just for the building but all the technical equipment required to run the aquarium tanks, which by and large is in place at the present site. While an expansion of the facility will require upgrade and new technical equipment, it does not make financial sense to begin from scratch.

There is also no certainty that a suitable other site would be found along the Napier sea front. The current site is owned by Napier City Council and has room for expansion without impacting significantly on neighbours/residents. It is anticipated that issues could arise if consent was required for a new building site at another point along the sea front.

The brief for the aquarium design stated that the design must be for the current site (Napier City Council, 2016a).

It is noted in the Preliminary Estimate document (MPM Projects , 2017) that the ground conditions of the current site are a key project risk: *“The ground conditions and proximity to the ocean introduces a number of unknowns in terms of geotechnical conditions and groundwater levels which could have a significant impact on cost and design. A geotechnical investigation comprising of boreholes would allow the risk in this regard to be clarified”*.¹⁵

3. Service Delivery Options

The service delivery option will be a decision made by Napier City Council elected members. The options and advantages and disadvantages associated with each option follows:

a) Function of Council

This would see the status quo remain for operation of the facility, i.e. Council employs a facility manager and team to run the everyday operations of the aquarium.

Advantages/Disadvantages:

The current team at the National Aquarium of New Zealand are experienced and skilled in their roles, and the facility operates smoothly with few issues. The question is whether the National Aquarium of New Zealand should be run in a more business-like and revenue-earning manner. Ticket sales and the LEOTC grant from the Ministry of Education are external sources of revenue, however there is potential to do much more.

Financial analysis of the current situation shows that the NANZ runs at a loss which is made up by ratepayer funding. A Strategic Objective of this proposal is *“To create a facility that is financially sustainable ...”* A new facility gives the opportunity for a more commercial approach to aquarium operations.

¹⁵ Richard Hiles-Smith, MPM Projects (2003) Ltd.

b) Stand Alone Business Unit or Council Controlled Organisation (CCO)

A Business Unit of Council would have a Board with delegated authority from Council to make key business, operational and financial decisions on Council's behalf. In this situation the National Aquarium of New Zealand would remain as a Council activity and function and there is no need to form a separate legal entity.

Advantages/Disadvantages:

A stand-alone Business Unit would allow for more flexibility and immediacy in decision-making, e.g. on ticket prices and service charges.

There would be no significant set-up costs related to this model, although if a CCO is established it is assumed the Board members would be paid fees as they would be bringing a skill-set and experience to the aquarium operation that should be acknowledged through payment. They would also have responsibility for decision-making on operational matters, which would need a fiscal acknowledgement.

Having a governance board for the National Aquarium of New Zealand could be a vehicle for maintaining and strengthening the partnerships with Hawke's Bay Regional Council and the University of Waikato as they could have representatives on the board. A central government representative could also be included on the board.

A stand-alone Business Unit of Council cannot qualify as a charitable entity and cannot access any benefits of charitable status. Where commercial ventures are pursued, this model provides little incentive to enhance the quality of service or reduce funding deficits to provide a more self-sustaining business, if it is known that local government will fill the gap if there are deficits.

If the CCO makes money, it would be required to pay tax.

If NCC was to establish the National Aquarium of New Zealand as a Council Controlled Organisation (CCO)¹⁶, it would need to do the following (OAG, 2015):

- consult the community before setting up a new CCO;
- appoint members of the CCO's governing body in keeping with the local authority's policy for such appointments;
- consider and comment on the CCO's draft statement of intent;
- describe the significant policies and objectives for the CCO in its long-term plans and annual plans;
- regularly monitor the performance of the CCO to evaluate its contribution to the local authority's objectives for the CCO and the local authority's overall aims and outcomes;

¹⁶ A CCO is an entity in which a local authority has any ownership interest whatsoever.

- report on the CCO's actual performance and achievements against its planned performance in the local authority's annual report; and
- review the cost-effectiveness of a CCO's provision of local infrastructure, local public services, or regulatory functions.

Advantages/Disadvantages:

The benefits such a structure may bring could include an improved commercial focus – that is, operating a company with a professional board of directors with the objective of achieving greater operating efficiency; independence/separation from political direction; streamlining of bureaucracy and the ability to recruit and retain high quality board members and staff.

Some possible disadvantages of CCOs include:

- the local authority's lack of direct accountability to the community for the services the CCO delivers;
- tensions between the objectives of pursuing profit and delivering community outcomes;
- additional ongoing costs – the costs incurred by the local authority in monitoring the performance of the CCO, and the CCO's own costs, can increase overall service delivery costs; and
- reduced ability to manage risk – arm's-length delivery can make managing risks to the reputation of the local authority more difficult.

The OAG does point out that a CCO will have additional overhead costs associated with its establishment, management and administration. *“Local authorities should be aware of these costs and take them into account when deciding whether a CCO is the most appropriate model. In short, the scale of a CCO's undertaking should be large enough to justify the additional cost.”*

c) Contract to an External Organisation

An external organisation working under a “Contract for Services” arrangement with Napier City Council could take the form of a charitable trust or a charitable company.

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 organisation 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 National Aquarium of New Zealand 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.

The Charitable Trust or Charitable Foundation model is in place for managing many aquariums overseas, e.g. Monterey Bay Aquarium, the Sea Life Aquariums (Sea Life Trust). A non-profit organisation seems to be the predominant model for aquarium management overseas.

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 have to 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. However, the accountability and structure of a charitable trust is not as clear as that of a company. While trustees are responsible to the beneficiaries of a trust, they are ultimately accountable to the High Court only, whereas company directors of a limited liability company have a responsibility to their shareholders for the delivery of key objectives.

A **charitable company** is a company incorporated for charitable purposes. These purposes (the same as for a charitable trust) need to be specified in the constitution of the company and the charitable status needs to be accepted by the Charities Commission.

A charitable company can carry out full commercial activities as long as any profits are used towards advancing the charitable purposes that are set out in the company constitution. A charitable company has the advantage of offering benefits to donors if public donations are sought.

A charitable company could be formed where the Council is owner and shareholder with the right to appoint and remove directors. A charitable company would be required to prepare an annual SOI outlining its objectives and any key performance measures and targets. It would also need to enter into a funding agreement or contract for service linked to an annual funding contribution from Council. Registration with the Charities Commission would need to be sought for such a company.

A charitable company would be a Council-Controlled organisation (CCO) as defined under the Local Government Act 2002.

Advantages/Disadvantages:

A company established under the Companies Act, subject to meeting certain requirements, can qualify as a charitable company. If the Council were to control such an entity, the tax exemptions applicable to charities would not apply. However, individuals or companies who donate to the charity are given

relief from gift duty. Charitable structures are more likely to attract donations than non-charitable entities.

The ability to apply for contestable funding while conducting operations via a “commercially agile” business model is a perfect blend of not-for-profit and commercial business models. The management and governance set-up and advantages and disadvantages of a charitable company are the same as for a company.

A private commercial enterprise could be contracted to manage the facility. For this to be viable commercially however, Marinescape said from their experience the visitor numbers would need to be over 300,000 a year which may be difficult to achieve. Visitor projections have been done by Marinescape, the Aquarium designers as part of a feasibility study they prepared (Traviss, 2016). Further analysis of potential visitor numbers was undertaken by Dave Bamford, Tourism Consultant under contract to Giblin Group. The numbers used for the economic analysis are less than those forecast by Marinescape but are considered more realistic as they have been compared to visitation at other tourism sites around New Zealand. A summary of the potential visitor number analysis occurs later in this section.

There are examples of privately owned and managed aquariums around the world. The Aquarium of Western Australia (AQWA) is owned and managed by a private company, Coral World International. A non-profit organisation, the AQWA Foundation has been established to work alongside it to increase awareness, understanding and appreciation of Western Australia’s oceans.

The Ocean Park Aquarium, Shark Bay, Western Australia is owned and operated by marine scientists and caters to tourism, research, animal rehabilitation and customer education. It has a restaurant, café and runs 4WD tours to complement aquarium tours.

In all cases, the National Aquarium of New Zealand building remains the property of the Napier City Council.

Table 15: Service Delivery Analysis

Parameter	Function of Council	Stand Alone Business Unit/ CCO	Charitable Trust	Charitable Company	Private Business
Establishment Costs	Low	Low	Medium	Director’s fees	Would be legal costs associated with contract.

Ongoing costs	High	High	Medium – Annual operating grant to part fund operations	Medium – Annual operating grant to part fund operations	Low
Donation Status i.e. donors can claim tax rebate.	No	No	Yes	Yes	No
Tax Status (Whether exempt)	No	No	Yes	No	No
Self-sustaining financially	No – has not been to date	Potentially yes	Potentially yes	Potentially yes	Yes
Relationship with Council	Local Authority	CCO – still part of the Council organisation	Separate entity reporting to Council	Separate entity reporting to Council	Separate entity reporting to Council

With the exception of the Service Delivery Model, there is clearly a preferred option for stakeholders, which is the extension and upgrade of the current facility at its present location on Marine Parade. Whether this the best option to give value for money will be further explored.

4. Funding

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 opens the door to other valuable partnerships.

5. Timing (Mellsop, 2017)

The existing aquarium should continue to operate normally as long as possible while the new construction takes place. This is a staged approach and will probably consist of three or four stages leading up to the hand over with the process as follows:

1. Existing aquarium fully functional.
2. Part new and part old functional.
3. Completed refurbished facility.

Clearly there will need to be a transition period from old to new and care of the marine fauna will need to be planned for. The exact sequencing and staging will need to be worked out in consultation between the project management team and the existing aquarium staff.

4.6 The Preferred Way Forward

Based on the initial assessment of the above options, the preferred way forward is for:

- A new extension to the NANZ and upgrade of current facility;
- The facility to be located on the current site;
- Research into the management of other aquariums internationally suggests the best management model is to establish a governing board or trust for the facility which will have representatives from partner organisation and be not-for-profit;
- A mix of funding sources to support the capital construction and ongoing operations;
- A multi-staged construction to transition from the old premises to the new and to allow upgrade of the current building.

4.7 Economic Assessment

4.7.1 POTENTIAL VISITOR NUMBERS

An analysis of visitor numbers at other similar facilities around New Zealand was undertaken to understand potential visitor numbers to the NANZ. The projected visitor numbers are 200,000 (LOW), 250,000 (MEDIUM) and 325,000 (HIGH). These projections have been done by Tourism Consultant, Dave Bamford and peer reviewed by a second tourism consultant. It is considered that the projected numbers are conservative but it is prudent to work with these, as if numbers do not meet expectations or fall below those projected, this is a risk to the ongoing operation of the NANZ. Realistic visitor projections are a mitigation of this risk (refer Section 3.6 Main Risks).

The comparison should be made with the National Aquarium of New Zealand as a \$45M project (as per the QS on the concept designs), drawing on a resident population of 151,179 for the Hawke's Bay region. Visitation numbers were also considered in the analysis: the NANZ had 140,000 visitors in that year.

Current NANZ entry prices¹⁷ are:

- Adults - \$20
- Children (3 to 14 yrs) - \$10
- Student - \$18
- Seniors - \$15

There are options for Family tickets, Friends of the Aquarium, Schools and "Experiences".

¹⁷ From website www.nationalaquarium.co.nz

Table 16: Comparative analysis of visitor numbers at similar facilities¹⁸

Facility	Cost to Build	Annual Visitor numbers	Year number relates to	Entry Fee	Resident population
National Aquarium of New Zealand	\$40M (projected)	140,000	2015/16	Adults - \$20 Children (3 to 14 yrs) - \$10 Student - \$18 Seniors - \$15	151,179 (Hawke's Bay region)
The Ocean Centre (The Island Bay Marine Education Centre) ¹⁹	\$30M (projected)	Start at 280,000, then drop to 200,000 (projected)	2011	Yes (price unknown)	504,900 (Greater Wellington region – June 2016)
Wellington Zoo	New Zealand's first zoo – dates back to 1906	180,000 260,809	2011 2016	\$25 adults \$11 (3-14 yrs)	504,900 (Greater Wellington region – June 2016)
Zealandia	\$30M	110,000	2016	\$18.50 adults \$10 (5-17 yrs)	504,900 (Greater Wellington region – June 2016)
Te Papa	\$100M	1.7 million	2016	Free admission Pay for special exhibitions	504,900 (Greater Wellington region – June 2016)

¹⁸ Compiled by D Bamford from TRC Tourism database.

¹⁹ This Centre has not eventuated due to inability to get resource consents and funding.

The Movie Museum (Peter Jackson)	\$150M (projected)	350,000 (projected)	2016	Yes (price unknown)	504,900 (Greater Wellington region – June 2016)
Kelly Tarlton's Sea Life Aquarium	\$3M in 1985	700,000 at its peak 400,000 550,000	2011 2016	\$39 adult \$22 child Cheaper if you book online: \$31 adult \$17 child	1,614,300 (Auckland CC catchment)
Goat Island Public Marine Reserve		300,000 to 400,000	2016	Free	1,614,300 (Auckland CC catchment)
Tongariro National Trout Centre	\$10M	16,000	2016	\$15 adult Children free	32,907 (Taupo District)
Underwaterworld Australia Mooloolaba, Gold Coast		300,000	2011	\$NZ45 adult \$NZ30 child	

Table 17: Comparison with Hawke's Bay Visitor Facilities

Hawke's Bay Facilities/ Activities Comparison					
Splash Planet, Hastings	\$6.2M upgrade in 1998	112,651	2015/16	\$29 adult \$19 child \$5 Senior Citizens	151,179 (Hawke's Bay region)
MTG Museum Theatre Gallery	\$18M upgrade in 2011	117,388	2015/16	\$10 adult Children under 15 free Concessions \$7.50	151,179 (Hawke's Bay region)
McLean Park (one-day international cricket match)	\$7.9M upgrade to Graeme Lowe Stand 2009	18,700 (full capacity crowd)	2017	\$45 adult \$5 child under 14 Concession \$30	151,179 (Hawke's Bay region)

4.7.2 ECONOMIC IMPACT ASSESSMENT

An Economic Impact Assessment has been undertaken by Sean Bevin, Economic Solutions Ltd (Bevin, 2017)(Appendix 4). The assessment covers:

- Economic impacts for current annual NANZ operation;
- Economic impacts for proposed NANZ redevelopment work;
- Economic impacts for redeveloped NANZ operation;
- Other economic benefits.

The Economic Impact Assessment is primarily concerned with quantifying the total direct and flow-on/multiplied economic impacts within an area of expenditure or revenue change associated with a significant economic development in the area. 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) Household Income.

Base Information

Base information for the analysis has been sourced as follows:

- NANZ operation financial estimates for the 2016/17 year and for the projected redeveloped operation options provided by the Napier City Council;
- Customer information provided by NANZ and the “Visitor Experiences” Department of Napier City Council;
- Regional tourism information provided by MBIE;
- Specialist economic impact modelling results based on an updated 88-sector December 2015 Hawke’s Bay economic impact model provided by Hughes Economics, Auckland.

Assumptions

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

- Total construction cost for the proposed redevelopment work is \$45M;
- Peak employment level of 46 persons (increase of 16 over current level) at the NANZ;
- Total qualifying base operating expenditure ranges from \$6.25M (Low projection) to \$6.48M (High projection);
- Base expenditures for the proposed redeveloped operation is an annual average over 0-10 years of the new operation;
- Visitor projection figures are 200,000 (Low), 250,000 (Medium) and 325,000 (High).

Estimated Costs

All internal operating expenditure including capital charges is included in the base operating expenditure figures.

Estimating Monetary Benefits

The Economic Impact Assessment has identified the following monetary benefits for the region. These are separated in the following table into:

- Operational economic impacts for the three visitor level scenarios²⁰;
- Economic impacts for proposed NANZ redevelopment (construction) work;
- Economic impacts of visitor spending for the three customer visitation levels.
- The economic impacts of the current NANZ operation are included for comparison.

Table 18: Estimated Monetary Benefits from the National Aquarium of New Zealand Expansion

Monetary Benefits (Value Added/GDP)	Timing	Description – Operational Expenditure
\$2.66M (Current)	2016/17	Total economic impact in Hawke's Bay region of the current National Aquarium of New Zealand operations.
\$5.20M (LOW)	2021 – 2031	Total annual economic impact to the Hawke's Bay region of the expanded NANZ during first 6 years of operations.
\$5.24M (MEDIUM)	2021 – 2031	Total annual economic impact to the Hawke's Bay region of the expanded NANZ during first 6 years of operations.
\$5.34M (HIGH)	2021 – 2031	Total annual economic impact to the Hawke's Bay region of the expanded NANZ during first 6 years of operations.
Monetary Benefits (Value Added/GDP)	Timing	Description - Construction
\$23.07M	2019-2020 (construction period only)	Facility Construction will benefit Hawke's Bay supplying sectors including construction services, scientific and technical services, owner-occupied housing, non-metallic minerals and petrol/chemical wholesaling.

²⁰ As the base figures provided include financial results for the first ten years under each projection scenario, for the purposes of this economic impact assessment an 'annual average' expenditure approach has been used. Total annual operating expenditure does not vary significantly from year to year within the period.

Monetary Benefits (Value Added/GDP)	Timing	Description – Visitor Spend Generation
\$3.22M (Current)	2015/16	The total Hawke's Bay economic impacts of visitor spending which can be attributed to the facility.
\$10.73M (LOW)	2021-2031	The total Hawke's Bay economic impacts of visitor spending which can be attributed to the expanded NANZ facility.
\$13.41M (MEDIUM)	2021-2031	The total Hawke's Bay economic impacts of visitor spending which can be attributed to the expanded NANZ facility.
\$15.89M (HIGH)	2021-2031	The total Hawke's Bay economic impacts of visitor spending which can be attributed to the expanded NANZ facility.

In terms of employment, the Economic Impact Assessment estimates that the overall employment increase in the region as a result of the redevelopment is from 92 to a range of 238-338. This includes both direct employment within the expanded National Aquarium of New Zealand and flow-ons in supplier industries to the NANZ operation, including industries supporting visitor spending in the region that can be attributed to the facility's 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.

Summary

The Economic Impact Assessment summarises the total Hawke's Bay based economic impacts of the proposal in the following table. This shows that there are significant positive economic impacts to be achieved from the expansion proposal.

Table 19: NANZ Summary of Quantified Hawke's Bay Based Economic Impacts from Economic Impact Assessment

Economic Impact Measures	Current Operation	Construction of Redeveloped NANZ Facility	Redeveloped NANZ Operation Including Visitor Spending		
			Low Projection	Medium Projection	High Projection
Total Revenue (\$M)	10.19	82.38	31.19	36.62	44.87
Net Household Income (\$M)	2.59	11.39	6.44	7.42	8.89
Employment (Persons/Jobs)	92	291	238	278	338
Value Added/GDP (\$M)	5.40	23.07	14.33	16.65	20.17

Non-monetary Benefits

Some potential economic benefits of the proposal that cannot be reliably quantified in monetary terms are described below:

Table 20: Non-monetary Benefits from the Investment Proposal

Non-monetary Benefits	Description
Economic and Tourism benefits	Major redevelopment and upgrading of one of Napier/HB's key visitor attractions.
	Strengthening of the "iconic" tourism status of NANZ.
	Strengthening of the NANZ contribution to other tourism in the region, particularly eco-tourism.
	Increased range of employment qualification and skills within the facility.
	Attraction of increased depth and range of customer "markets" for the facility over & above the local community, tourism and primary education, e.g. marine research/education, breeding & recovery facilities, etc.
	Potential for increased public and private sector collaboration and partnerships, and potential for increased funding, resources and investment into Napier.
	Strengthening of the overall Marine Parade tourism precinct including family-orientated attractions.
	Flow-on benefits for the Napier waterfront and CBD area (City Vision Framework).
	Improvement in the "quality of life" and "civic pride" for local residents and families.
	"Stronger hand" for promoting increased tourism to Napier/Hawke's Bay.

	Increased local tourism opportunity for cruise ship visitors and other local niche tourism markets.
	Strengthening of the regional portfolio of commercial/family attractions for visitors.
	Part of “Cape to City” wildlife corridor.
	Development of conservation and environmental initiatives that change behaviour for locals and visitors.
	Strengthening of the “National Aquarium of New Zealand” brand.
	Māori economic and social development linkages.
	Encouragement of more “repeat visitation” to the City/region.
	Part of the Matariki REDS strategy – contribution to economic development.

Dis-benefits/Adverse Impacts

The Economic Impact report has not considered any possible downside economic impacts for the region resulting from the proposal and comments briefly in this respect as follows:

“Net economic impacts which also take into account potential ‘downside’ economic impacts arising from the redevelopment, have not been considered at this stage. These could include, for example, adverse impacts associated with construction resource pressures faced by the proposed specialist redevelopment and possibly reduced patronage at other ‘competing’ visitor attractions in the region during the initial years of operation of the ‘new’ Aquarium facility.”

4.8 Summary of the Preferred Way Forward

The preferred option is a new extension to the National Aquarium of New Zealand and upgrade of the current facility, located on the current site, and funded by a mix of funding options. Construction for the facility should be staged and the management of the facility potentially may involve a governance board, with the facility operating as a separate business unit from Council.

This option will achieve the six Investment Objectives and meets the criteria of the Critical Success Factors. The option also fulfils the vision for this project, as described by the stakeholders in the facilitated workshops.

The preferred option was used as the basis of the Economic Impact Assessment which finds that a strong positive impact would result on Hawke’s Bay’s economy in terms of tangible monetary benefits during the first eleven years of operation of the expanded facility. It also demonstrates many potential non-monetary benefits that could ensue for the Hawke’s Bay region from the proposed expansion of the NANZ.

5.0 THE COMMERCIAL CASE – PREPARING FOR THE POTENTIAL DEAL

This section outlines the proposed deal in relation to the preferred option outlined in the economic case.

5.1 The Procurement Strategy

Napier City Council currently has a Contracts Policy (Napier City Council, 2016b) which sets out the process to be followed when going to the market to procure goods and services. This is currently under review and will lead to the development of a new Procurement Manual and Procurement Policy. However, the Contracts Policy remains current and will be referred to for the purposes of this project. The Contracts Policy sets out the following process for procurement:

- Tender preparation
- Tender Closing Procedures
- Tender Evaluation
- Reporting and Approvals

5.1.1 PROCUREMENT OF DESIGN

A request for a quotation (RFQ) document was submitted to two aquarium designers. There are only two designers in New Zealand, who have the experience to undertake such work: Marinescape and M J Murphy. The request for a quotation is attached as *Appendix 3*.

The only company who was able to work within Napier City Council's timeframes was Marinescape. This company submitted a quote for the work and this was approved by Council CEO, Wayne Jack, who was confident that Marinescape had the experience to undertake the project and also had knowledge of the National Aquarium of New Zealand facility as they designed the original redevelopment in the 1990s. Napier City Council has a contract with Marinescape to complete the concept design work at a cost of \$48,000.

The brief requested the preparation of conceptual drawings. The information given to Marinescape gave the background to the project, a list of components that could potentially be included in the design, the notes from the Stakeholder Workshops and the initial concept document drawn up for the government as part of the Matariki REDS.

The concept designs were delivered to Napier City Council on 20th December 2016 and key council staff members were briefed by designer, Nicholas Traviss. The designs were presented to the Project Working group meeting on 27th January 2016.

5.1.2 PROCUREMENT OF CAPITAL WORKS

The procurement strategy as described in the Contracts Policy document is to take the following position and approach when going to the market:

Procurement Principles

- Consideration of and preference for local based suppliers. Council is committed to promoting the economic growth and wellbeing of Hawke's Bay and Napier District. Where value for money is offered by a locally based supplier that is at least as good as suppliers based outside the region, preference should be given to the local supplier.

In view of this preference for local based suppliers to be involved in any work commissioned by Napier City Council, it can be assumed that NCC will look to local businesses where possible to work on the project, particularly with the construction and landscaping.

Tender Method

The Contracts Policy allows for:

- Direct Appointment for Design - This is where only one practical supplier is available. This could be used in the case of the National Aquarium of New Zealand project as there is limited capability and availability in New Zealand to undertake the proposed work. Marinescape, managed by Ian Mellsop, was contracted to do concept designs for the expanded aquarium and will more than likely be contracted to undertake detailed designs when required. Nicholas Traviss prepared the concept designs.

Marinescape has submitted a preliminary estimate for the capital works:

Construction: \$27.5M – A Quantity Survey report has been prepared by MPM Projects Limited of Auckland (*Appendix 5*)

Specialist Works²¹: \$17.5M dependent on extent of the design and specialist requirements, which has not been finally quantified

Total: \$45M

This is a preliminary estimate on concept designs which are likely to be further refined. Marinescape Managing Director, Ian Mellsop has said in an email to NCC: *"By carefully reviewing the design and making adjustments using a cost optimisation approach, I believe it may possible to reduce this by about 20% without impacting significantly on the Architects intent. This work should be carried out as part of the next stage design works."* This would reduce the construction costs to \$22,500,000, but it is considered specialist works and other project costs would still take the total to \$45M. It would

²¹ At time of writing this, proposals from AR/VR specialists had not been received.

appear that there is some room to move on the construction price and NCC should negotiate with the supplier on this.

The Project Group was briefed by Marinescape on the concept designs and estimated cost at its meeting on 27th January 2017, when Nicholas Traviss dialled in from Moscow and Ian Mellsop from Chennai.

Should the Business Case find the project viable, the next step would be to finalise the designs and procure detailed designs from Marinescape. Before this can happen however, the project proposal will have to go through an approval process with Napier City Council elected members and through a public consultation process as part of the 10 Year Plan (Long Term Plan –LTP).

As Marinescape is the only real option for undertaking this work in terms of a local New Zealand company, it is recommended that an independent peer review assesses the costs they propose for the project. Although an independent company, MPM Projects (2003) Ltd of Auckland, has done the Quantity Surveying exercise on the construction costs, the initial costs are based on concept designs only, and should be reviewed when the detailed designs are completed. Napier City Council would need to approve the moving forward with designs and they may not wish to do this until public consultation has been undertaken.

A Project Manager and Project Team, once appointed for the project, could manage the process from that point and the procurement process would be as follows:

- Overall consultant to be appointed as architects/engineers;
- Tenders called from general contractors to build the facility;
- Tenders assessed in consultation with architect;
- Specialist works²² provider appointed – this requires an expert specialist works contractor to build the actual tanks, tubes, etc.

In developing the Business Case and analysing the market, Giblin Group engaged with the only supplier capable of doing the work by speaking to the management personnel at Marinescape. It was necessary to understand how they would be able to supply the services required. They have indicated that from their experience the procurement plan could proceed as below (Section 5.2).

It is recommended that Napier City Council follows the “Direct Appointment” process for the procurement of services for capital works for the National Aquarium of New Zealand expansion

²² Specialist works include acrylic works [tanks and windows]; life support systems; wet and dry decoration [theming] and other items not easily provided by general contractors. The acrylic tanks, life support systems and theming are all interrelated and it is absolutely essential that they are supplied by one party so that they function together for the health of the fish and success of the aquarium.

project. There is only one practical supplier available to undertake this work. Contract terms and the price will have to be negotiated with the single supplier.

5.2 The Procurement Plan

While at this stage the project has not been subject to detailed project planning, it is expected that the procurement strategy is to use a combination of in-house project management services and external tendering for the detailed design and construction of the capital works, which is in-line with Council's Contracts Policy.

5.2.1 REQUIRED SERVICES

The following services are likely to require procurement:

- Project Management
- Detailed design
- Construction
- Fundraising
- Internal Fit-out
- Augmented and Virtual reality components
- Commercial lease arrangements

5.2.2 CAPITAL WORKS

There are two possible methods for procurement of capital works services²³. As there is only one company available locally to undertake the aquarium design work, a conversation was held with them about preferred manner of procurement for building and sub-contractors:

- Carry out a full design and bill of quantities then call tenders for a scheduled rate contract; or
- For fast track construction; Use a system of project management whereby a project management team is appointed and this team engages various subcontractors on behalf of the Council to carry out the works trade by trade.

Marinescape has indicated they have worked within both approaches on many similar projects and they consider the second option to be superior especially if there are time constraints.

"There are a number of variations to this design and build approach which put checks in place to limit the cost. This can be achieved by holding the project managers to a "maximum price guarantee". The big advantage of the fast track system is that it eliminates variations and extras and will probably achieve the best overall price and result. The difficulty with aquariums is that they are essentially works

²³ From discussion with Ian Mellsop, Managing Director, Marinescape Group.

of art and it's very hard to get the desired result using the traditional contracting approach.”- Ian Mellsop, Marinescape.

Weta Workshop has indicated an interest to be the lead designer of the expansion project, working alongside Marinescape in order to achieve the project’s vision. Through high-level design concepts, they will articulate the following elements of the project:

- The story of New Zealand and the significance of Hawke Bay;
- The unique indigenous story of Napier and Hawke’s Bay;
- The importance of the ocean to the world;
- The current state of the ocean (impact of activity occurring on land and affecting our waterways, estuaries and seas);
- Protection of native New Zealand endangered species (Kiwi, Little Fairy Penguins, etc);
- Impact of plastic on the health of the ocean and animals within;
- Influencing behaviour change of visitors to the facility.

5.2.3 CONTRACT CONSIDERATIONS

Until the tender process for construction is ready to be undertaken, it is impossible to assess whether there are any challenges to address, or risks of which to be aware. Napier City Council has a great deal of contract experience and all significant contracts are reviewed by the Council’s lawyers.

- 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 NCC will manage the contract;
- Payment mechanisms and pricing structure – generally linked to milestones;
- Strategy for exiting the contract.

5.3 Proposed Timeline

See the Management Case, Section 7 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 Napier City Council to proceed.

5.4 Potential Risk Allocation

A procurement risk has been identified, due to only one practical New Zealand based aquarium designer; is the price reasonable they have quoted a reasonable price? The risk is that it may have been inflated because of the limited ability to compare with other suppliers.

The Contracts Policy requires that where this situation occurs, the purchaser (NCC Manager responsible) must demonstrate in an auditable manner that the price is value for money and the reasons for the selection of a single supplier are well documents.

5.5 Summary of Preparing for the Potential Deal

Napier City 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 process also caters for a situation where there is only one suitable supplier available. This is the case with the National Aquarium of New Zealand expansion project.

6.0 THE FINANCIAL CASE- AFFORDABILITY AND FUNDING REQUIREMENTS

The purpose of the financial case is to determine the funding requirements of the preferred option and to demonstrate whether the recommended deal is affordable. The Financial Case also assesses the impact of the proposed investment on Council's financial statements.

6.1 Projected Costs

Aquarium designer, Marinescape, has submitted a preliminary estimate for the capital works on the concept designs:

Table 21: Concept Design Cost Estimate

Item	Amount (\$)
Construction	27,500,000
Specialist works ²⁴	17,500,000
Total	45,000,000

A Quantity Survey report on the concept designs has been prepared by MPM Projects Limited of Auckland (*Appendix 6*).

Marinescape Managing Director, Ian Mellsop has said in an email to NCC: *"By carefully reviewing the design and making adjustments using a cost optimisation approach, I believe it may possible to reduce this by about 20% without impacting significantly on the Architect's intent. This work should be carried out as part of the next stage design works."* This would reduce the construction costs to \$22,500,000.

It should be noted that these costs have been based on the concept designs presented to Napier City Council in January 2017 (see *Appendix 6*) and may be subject to further change following feedback from stakeholders.

6.2 Financial Projections

The financial projections have been prepared by Napier City Council's Corporate Finance Group and are based on the information available at the time of writing this business case. This includes:

- NANZ current operational costs and revenue;
- Feasibility Study prepared by Marinescape including budget for the expanded facility;
- Further information provided by Ian Mellsop of Marinescape including staff number projections;

²⁴ Depends on the extent of the augmented and virtual reality component

- QS prepared by MPM Projects Ltd on the concept drawings;
- Visitor projections prepared by Dave Bamford, Tourism Consultant;
- Revenue Generation Strategy (Section 6.3) prepared by Giblin Group;
- Current budgets for the NANZ.

The financial analysis looks at the impact the redeveloped National Aquarium of New Zealand will have on the Napier City Council's finances for the first six years of operation of the new facility. The financial costing approach used for this analysis is a Profit and Loss approach.

6.2.1 ASSUMPTIONS

There are a number of assumptions that underpin the financial analysis, as follows:

- The projected capital costs are based on the high-level figures provided by Marinescape and MPM Projects Ltd;
- Napier City Council's contribution will be \$7M²⁵;
- External funding of \$38M will need to be secured from external sources as per the high-level funding summary in the Financial Case;
- All dollar figures are exclusive of GST;
- Year 0 in the operational projections is the first full year of operation after the redeveloped facility opens;
- Entry charges are \$35 for an adult and \$22 for a child;
- An "accessibility programme" for locals with reduced entry costs has been included. Entry charges for local residents are \$28 for an adult, \$18 for a child and \$22 for a student;
- Advertising and marketing of the new facility has been based on 6% of gross ticket sales. The NANZ will need to establish itself in the market when it reopens as a new facility;
- A governance cost of \$20,000 has been included in the event that a Board of Directors is established as part of the operations model for the expanded NANZ;
- A 3% contingency is allowed for on direct costs;
- The operational projections are for the first 10 years (see *Appendix 7*);
- Staffing numbers are based on 10-15 additional staff required following the redevelopment and peak season months requiring higher staff numbers;
- The projected visitor numbers are 200,000 (Low), 250,000 (Medium) and 325,000 (High). Refer to Economic Case for basis of projections.

6.2.2 SENSITIVITY ANALYSIS

As part of the financial modelling, a sensitivity analysis was conducted. This shows the annual impact on the bottom line from increases and/or decreases in income and expenditure.

²⁵ The financial model was also run with a \$7M capital input.

The results of this analysis are contained in the financial tables.

6.2.3 OPERATING PROJECTIONS SUMMARY

Three scenarios have been used for the operating projections: low, medium and high. For the **Low** visitor scenario (most conservative, providing the visitor numbers are achievable) the NANZ will record a deficit for the first 6 years. The deficits equate to ongoing annual rating impact of 1% or 2%. The current NANZ operation makes up 2% of total rates.

For the **Medium** visitor scenario, the National Aquarium of New Zealand operations will see a surplus in the first two years of operation, then have two years of deficits equating to a 1% rating impact, then return to surplus in Year 4. The two years of deficits are due to the impact of increased maintenance costs beginning from Year 2 onwards.

For the **High** visitor scenario, the National Aquarium of New Zealand operations will see a surplus from the first full year of operation.

A **capital charge** of up to \$430,000 per annum on an initial investment of \$7M from Napier City Council represents the principal and interest repayments required by the Council.

The full financial tables for each of the LOW, MEDIUM, HIGH scenarios are included as *Appendix 7*.

It is considered that further work could be done on revenue sources as the current projected revenue is on entry sales only.

Depreciation is excluded from the operating costs, consistent with the policy laid down in Napier City Council's Long Term Plan which excludes "*Community assets considered to be of a non-critical/essential nature*" from fully funding depreciation through operating revenues. The National Aquarium of New Zealand is identified as such an asset.

"Council will manage these assets as part of the Building Asset Management Plans and to financially provide for the assets so they are maintained on an ongoing basis at a level that meets the community's requirements. Any decision to replace the assets will be made at the time in consultation with the community. A mixture of loans, reserves and community funding could fund the cost of replacement" (Napier City Council, 2015).

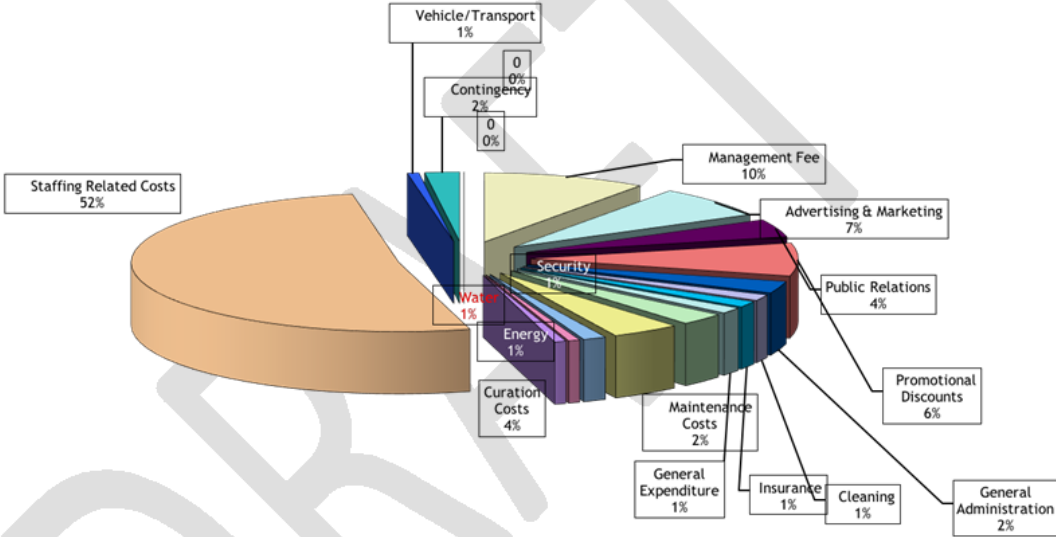
Table 22: Operating Projections and Impact on Rates Years 0-6 Overview

LOW	Current	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Income	(1,997,250)	(5,469,478)	(4,944,660)	(5,039,127)	(5,135,483)	(5,282,909)	(5,434,757)
Expenditure	2,648,354	5,480,583	5,449,094	6,304,371	6,457,834	6,410,902	6,415,457
Net operating (surplus)/deficit	651,104	11,106	504,435	1,265,244	1,322,351	1,127,993	980,700
Capital	392,000	152,500	232,500	282,500	332,500	332,500	332,500
Rating impact (ongoing)	2%	0%	1%	2%	1%	2%	1%

MEDIUM	Current	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Income	(1,997,250)	(6,739,597)	(6,087,767)	(6,205,097)	(6,324,772)	(6,507,877)	(6,696,474)
Expenditure	2,648,354	5,583,482	5,544,372	6,389,361	6,532,097	6,474,343	6,480,000
Net operating (surplus)/deficit	651,104	(1,156,115)	(543,395)	184,265	207,325	(33,534)	(216,473)
Capital	392,000	152,500	232,500	282,500	332,500	332,500	332,500
Rating impact (ongoing)	2%	-2%	-1%	1%	1%	1%	0%

HIGH	Current	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Income	(1,997,250)	(8,644,776)	(7,802,428)	(7,954,051)	(8,108,706)	(8,345,328)	(8,589,049)
Expenditure	2,648,354	5,790,330	5,739,789	6,569,346	6,695,992	6,622,003	6,629,315
Net operating (surplus)/deficit	651,104	(2,854,446)	(2,062,639)	(1,384,705)	(1,412,714)	(1,723,325)	(1,959,734)
Capital	392,000	152,500	232,500	282,500	332,500	332,500	332,500
Rating impact (ongoing)	2%	-5%	-4%	-2%	-2%	-3%	-3%

Figure 2: Operations Breakdown



6.3 Revenue Generation Strategy

There are several options available to Napier City Council for funding the capital costs of construction. While the Council regularly uses some of these options – such as local and central government funding sources – others require a degree of specialist expertise to develop the case and collateral for applying to the various corporate and not-for-profit entities, if there is to be a reasonable chance of obtaining funding from them.

A Revenue Generation Strategy (RGS) has been developed which sets out a strategic plan for securing external funding from a diverse range of sources. The RGS identifies appropriate funding sources and realistic targets for each source. Potential funders have been contacted for a preliminary discussion about the proposed project and they are supportive and would like to continue the conversation. However, they have not been asked outright for funding and the amounts are based on knowledge of funders and what they have given to other Hawke's Bay community projects.

N.B. Marinescape is confident construction could be undertaken in a 12 to 15-month period. It is considered this is more likely to be 12-24 months.

Some assumptions have been made for the following proposed high-level funding plan:

- The capital cost is \$45M; however, this is subject to change. Marinescape believes some savings can be made and this price reduced, however the cost of enhanced exhibits may take it back up to this price or even more.
- The project has national significance and therefore the opportunity to go for national sponsorship and funds of national significance.
- 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. Naming rights sponsorship for the facility would be over 10 years.

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

- Local councils
- Central government
- Lottery grants
- Community, Private and Gaming Trusts
- Corporate Sponsors
- Private Individuals
- Community Fundraising initiatives

There may be opportunities for partnership funding from international partners but there is no information on this at present so they have not been included as a funding source.

Initial meetings have occurred with Central Government, specifically through the Regional Growth Programme, and will continue to occur as the project progresses.

6.4 Funding Risks

Securing the necessary funding for the project is one of the greatest risks to a project's viability. Some potential risks related to the fundraising could include:

- Fluctuating political support
- Competition with other key projects in the region;
- Cost over-runs requiring additional funding support;
- Under-resourcing the implementation of fundraising campaigns and sponsorship approaches;
- Lack of iwi, community and stakeholder support;
- Funder fatigue – the same people are approached for funding of all major projects in Hawke's Bay;
- Lack of effective project management.

A Revenue Generation Strategy has been developed which identifies potential funding risks and strategies to mitigate the risks (see *Appendix 8*).

A full risk register of funding and other identified risks is attached as *Appendix 9*.

The proportion of financial contribution each source may make to the project can be illustrated as follows:

6.5 Accounting Treatment

It is envisaged that the expanded aquarium asset will be capitalised by the Council and form part of its assets on the balance sheet.

6.6 Operations Revenue

Aquarium designer, Nicholas Traviss, has allowed for 12 points of sale in his design plans and these options for revenue generation need to be investigated for practicality and how they could be implemented/managed.

The financial projections in this Business Case allow for a reduced ticket price for locals, which is considered an essential offering for the support and success of an expanded NANZ. There is the potential to gain additional revenue beyond the entry fee with "add-ons" such as special areas of the facility to visit and participating in "experiences", some of which are already on offer. A suite of tourist experiences could be developed and needs further investigation as to how this could operate at the expanded NANZ. It is a model used widely overseas at tourist facilities and it should not be difficult to get information on how to structure this.

The NANZ offering could also be linked to other events and facilities within Hawke's Bay, e.g. when there is a sports event at McLean Park and added extra when people buy their tickets could be a discounted entry fee to the NANZ.

6.7 Summary of Financial Impact and Affordability of Proposal

The financial analysis indicates the National Aquarium of New Zealand expansion proposal will have the following impact on the Napier City Council accounts:

- The **LOW** visitor scenario (most conservative, providing the visitor numbers are achievable) shows the NANZ will make a small loss in the first five years with a 1% or 2% impact on rates. This is an equivalent or lesser impact than what currently occurs.
- The **MEDIUM** visitor scenario shows an initial surplus, then a couple of years of losses when maintenance costs begin. The loss once again is small with a 1% or 0% rating impact.
- The **HIGH** visitor scenarios will see the NANZ making a profit from Year 0 and will have no negative impact on annual rates.
- The impact of a capital contribution to the project (estimated at \$7M) is \$430,000 per year for 25 years.

It is considered that more work could be undertaken on the revenue side of the financial projections. Currently there is a gap in revenue that could be obtained from "extras" or "experiences" such as photos and "swim with the sharks". Even \$1 per visitor from the optional extras would equate to a few hundred thousand dollars in revenue.

A high-level funding plan indicates that a significant sum will need to be contributed by central government to the capital costs of the expansion project.

Local government will also need to contribute substantially to the capital cost of the project.

The potential for funding from corporate partnerships is considered to be high as the NANZ will have many saleable properties within in it which could attract naming sponsors, e.g. the themed areas, exhibits and structures.

While more than the required \$45M has been identified from funding sources, more work is required to ensure the assumptions made are valid and that the support for this project is evident from funders.

It is also recommended that more work is done on reducing the costs estimated for the building expansion as discussed in the Commercial Case.

7.0 THE MANAGEMENT CASE - PLANNING FOR SUCCESSFUL DELIVERY

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

7.1 Project Management Planning

The project will be managed using Council's Project Management Framework (PMF), which is based on the US Project Management Institute's *A Guide to the Project Management Body of Knowledge (PMBOK® Guide), Fifth Edition*, a recognised global standard for the project management profession. The PMF incorporates PMBOK's ten knowledge areas and five process groups, and defines a four-phase sequential project lifecycle:

Initiate Project > Plan Project > Execute Project and Monitor & Control > Close Project

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

7.2 Project Initiation

The proposed expansion of the National Aquarium of New Zealand has come out of the Matariki – Hawke's Bay Regional Economic Development Strategy and Action Plan. The launch of the Matariki REDS in July 2016 was accompanied by an announcement from the Economic Development Minister (NZ Government, 2016) that the government was putting funding into scoping the feasibility of the proposal.

A Project Group was established by Napier City Council, who identified experts and senior managers to assist with implementing the Matariki REDS strategic objectives relating to the National Aquarium of New Zealand. Approval to proceed with the Business Case was given by the Project Group with local government consultants, Giblin Group, appointed to undertake the study. A Single Stage Detailed Business Case (this document) based on the Better Business Case guidelines recommended by Treasury is the result of this initial stage of the project.

The Project Group that has been established to oversee the initial phase of the project has the following membership:

- Wayne Jack (NCC, Chair)
- Keith Price (Councillor, NCC)
- Kirsten Wise (Councillor, NCC)
- Faye White (Councillor, NCC)
- Antoinette Campbell (Director of Community Services, NCC)
- Sally Jackson (Manager, Visitor Experiences, NCC)
- James Rowe (Economic Development Manager, NCC)

- Rob Yarrall (Manager, NANZ, NCC)
- Roy Sye (Ministry of Education (MoE))
- Shayne Walker (Maungaharuru Tangitū Trust)
- James Palmer (HBRC)
- Cherreen Exeter (MoE)
- Bruce Clarkson (University of Waikato)
- Chris Battershill (University of Waikato)
- Taina Wilson (MBIE)
- Carol Larsen (Education Coordinator, NANZ, NCC)
- Craig Petherick (Ministry of Primary Industries (MPI))
- Dr Adele Whyte (Ngāti Kahungunu Iwi Inc (NKII))
- Connie Norgate (Department of Conservation (DOC))

A representative of the Iwi Engagement Group is also likely to join the Project Group.

In order to develop an achievable design concept with a reasonable degree of confidence that it can be successfully constructed to achieve the Investment Objectives developed by the stakeholders, Marinescape (a specialist aquarium design consultancy based in Auckland) has been contracted to develop concept designs. This was through a Request for Quotation (RFQ) process to develop a concept and preliminary design, and cost estimate for this project.

The results from the design process have formed the basis of the Single Stage Detailed Business Case.

It is expected that the concept designs will be further refined as already feedback from stakeholders has noted some omissions from the concept that was expected, e.g. Māori cultural iconography in the design.

7.3 Project Planning

7.3.1 PROJECT GOVERNANCE

It is proposed that the Project Group, or a reduced representation of this, be mandated to monitor the performance of the Project Team (see Section 7.3.2). The Working Group will develop Terms of Reference that gives them the authority to make decisions on key matters pertaining to the National Aquarium of New Zealand expansion project implementation.

The group may wish to consider a change in title to “Advisory Group” as it assumes a governance role in the project.

Ultimately the Napier City 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.

7.3.2 PROJECT MANAGEMENT ARRANGEMENTS

In the event that this Business Case finds the project is feasible and this investment proposal receives formal approval, a project will be established to deliver the required services.

For the next stage of the project, a suitably qualified independent Project Manager should be appointed, who has experience in large capital construction projects. This role should not be confused with the Construction Project Manager, who would have direct responsibility for the building construction and will most likely be an employee of the company that successfully tenders to build the expanded aquarium.

During this phase, a Project Team needs to also be appointed to support the Project Manager in his/her role. The Project Team members may represent (but are not necessarily limited to) the following areas:

- Architect/Designer
- Building construction and physical fit-out
- Facilities Manager
- Asset/Property Manager
- Aquarium Manager
- Capital raising/Sponsorship
- Finance
- Community Engagement and Communication
- Visitor experience

Where capability does not exist in-house, some roles may be filled by external contractors. This could include nationally contracted companies as well as other specialists for advice and planning on specialist services. Early planning should signal how and when external contractors are likely to be used and factor in any additional project costs.

The Project Team will undertake the activities of the Developed Design Stage. The preliminary design will be progressed to a full developed design, resource consent obtained, stakeholder agreements negotiated, a sufficient level of funding secured and the construction of the facility tendered through Napier City Council's procurement process. The project will progress to the next phase (Execution) when resource consent is in place, a sufficient level of funding has been secured and Council has accepted a tender for construction.

7.4 Project Execution, Monitoring and Reporting

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.

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

Financial reporting on this project will see the Project Manager report expenditure against budget on to the NCC Finance Manager, who will in turn report to the Chief Executive. The Project Manager will also consider and issue variation orders during the project to keep within the budget parameters. The Council has a robust computerised accounts payable system which captures approval of every item of expenditure, and it has sound depreciation reserves to fund ongoing maintenance of all assets.

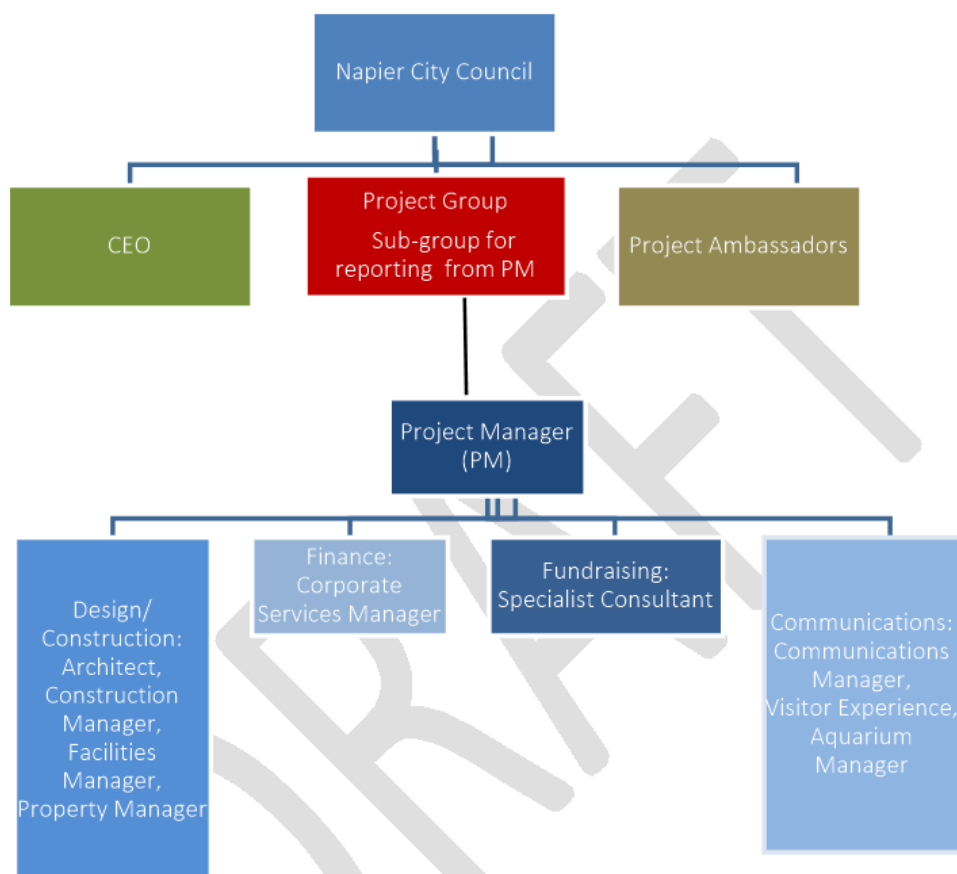
7.5 Project Close

How the commissioning and handover of the expanded aquarium building will happen is dependent on further discussions with key stakeholders and a decision by Napier City Council on the appropriate model of operation that will be put in place.

7.6 Proposed Structure

The proposed project management structure is shown in Figure 5 below.

Figure 3: Proposed Project Management Structure



7.7 Project Plan and Milestones

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

- 2017-2018: Complete Business Case; finalise concept design and costings on that design; develop detailed funding plan and begin discussions with potential funders; continue engagement with stakeholders; briefing of key personnel, i.e. councillors. It may be strategically prudent to appoint a dedicated Project Manager for this project earlier rather than later as it is a significant project and will develop into a full-time role. Continuity

throughout the stages from early design to completion and handover would benefit the project.

- 2018: Include project in Long Term Plan for public consultation.
- 2018-2019: Project implementation. The designers have indicated a build-time of 12-15 months; however, this may be optimistic and up to 24 months should be expected.

7.8 Change Management Planning

The potential impact of the proposed change on the culture, systems, processes and people at the NANZ needs to be assessed as part of the project. A change management plan should be developed together with underlying communications to staff and staff development strategies. It is important to keep NANZ staff briefed on the project throughout its duration.

7.9 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. The register lists all the identified risks and the results of their analysis and evaluation. Information on the status of the risk is also included. 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 16th November 2016. These are included in the Strategic Case. A full register of risks is attached as *Appendix 9* and an assessment of the risk profile for the proposal is attached as *Appendix 10*.

7.10 Post-Project Evaluation Planning

A post implementation review should be undertaken to evaluate the project from Business Case development to delivery. 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.

7.11 Summary of Planning for Successful Delivery

Napier City Council has a track record of managing large capital projects successfully on time and within budget, e.g. the Marine Parade developments such as the Skate Park, Bike Pump Track, Outfall and Viewing Platform. 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 actual detail of the project management planning will be undertaken when Napier City Council approves further work on this project following the Business Case. It is recommended that a dedicated Project Manager be appointed to this project, supported by a Project Team. 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.

DRAFT

8.0 NEXT STEPS

This single stage detailed business case seeks formal approval from Napier City Council to:

- Take the Business Case to central government with a view of gaining its financial support for the proposal. This is considered vital for the project to proceed.

If the Government is supportive then the following steps should be instigated:

- Further investigate the potential funding sources identified in the draft Revenue Generation Strategy and establish more accurately the level of external funding that could be achieved;
- Continue to engage with key stakeholders, particularly iwi, on this proposal and refine the concept plans in consultation with them. A Communications and Community Engagement Plan is desirable for a significant project such as this;
- Community consultation through the LTP process in 2018;
- As part of the refinement of the plans, the research laboratory component requires firming up with potential research partners as to what shape this will take and what will be required in terms of fit-out;
- Work with Marinescape and other contractors (AR/VR component)²⁶ on the capital costs with a view to reducing them;
- Undertake more detailed financial projections as the capital costs and operational requirements become clearer;
- Undertake detailed work on the potential tourism offering, ticketing structures and potential for packages with other tourist attractions;
- Continue discussions with partners to define their participation in and contribution to the project, both financial and other.

²⁶ There is no accurate indication of what the AR/VR component will cost at the time of writing this Business Case.

9.0 APPENDICES

1. List of Stakeholders who attended the facilitated workshops.
2. Summary of Workshops' Notes
3. RFQ / Brief for Aquarium designers.
4. Economic Impact Assessment – Commercial in Confidence.
5. Quantity Survey Report – MPM Projects Ltd.
6. Concept Designs – Marinescape.
7. Full financial Tables for Financial Projections.
8. Revenue Generation Strategy - Commercial in Confidence.
9. Risk register.
10. Risk profile assessment – Commercial in Confidence.

10.0 REFERENCES

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6. MULTI-USE SPORTS FACILITY BUSINESS CASE

Type of Report:	<i>Enter Significance of Report</i>
Legal Reference:	<i>Enter Legal Reference</i>
Document ID:	383123
Reporting Officer/s & Unit:	Antoinette Campbell, Director Community Services

6.1 Purpose of Report

To seek a decision from Council to suspend further progress on the Detailed Business Case for the Multi-Use Sports Facility and that the information developed in the draft business case is provided to the Regional Indoor Sports and Events Centre (RISEC) Trust for the purpose of developing an independent Detailed Business Case for Indoor Courts.

Officer's Recommendation

- a. That the progress on the Multi-Use Sports Facility Business Case is suspended until such a time that community recreation projects are prioritised and sequenced in the future.
- b. That funding allocated for the Multi-Use Sports Facility be reallocated through the Long Term Plan 2018-28 process to other projects that support community well-being.
- c. That Council officers work with the Regional Indoor Sports and Events Centre (RISEC) Trust in the development of a detailed business case for additional indoor court space at Pettigrew Green Arena.

CHAIRPERSON'S RECOMMENDATION

That the Council resolve that the officer's recommendation be adopted.

6.2 Background Summary

A proposed multi-use velodrome concept was consulted with the community in the drafting of the 2015/25 Long Term Plan. Strong support for the proposal was raised by the cycling community and others, however there was also significant support for the development of more indoor courts. It was agreed by Council to progress to a detailed business case for a Multi-Use Sports Facility (MUSF) that incorporated indoor court space into a velodrome complex. Funding of \$5,094,000 was allocated to the MUSF from the Capital Reserves Fund. It was proposed that the balance of the funding required would come from external grants and sponsorship opportunities.

A full business case has since been drafted which details the design and siting of the facility, the capital and operational costs, and the community-wide benefits of an integrated indoor multi-use court and velodrome complex. It is considered that the draft business case makes a compelling argument for the establishment of such a facility to complement the wider recreation offering in Hawke's Bay. The projections demonstrated that the proposed facility would contribute to meeting current and growing demand for indoor court provision as well as providing a

unique additional sports component with the inclusion of an elevated velodrome track. It is this element of the design that provides a point of difference that would more likely attract external funding.

6.3 Issues

The draft detailed business case was delivered to Sport New Zealand for feedback in November 2016. Sport New Zealand commissioned APR Consultants Ltd to carry out an independent review of the business case. A summary of the reviewers' opinion follows:

- *The project rationale is well researched and the project objectives are SMART (specific, measureable, achievable, relevant and time bound).*
- *While the financial analyses are reasonable; there may be some pressure on the target amounts for other capital funding sources which require further clarification. This is important given the level of funding from NCC represents only around 25% of total project capital funding. Also there is an inherent risk in the level of debt funding proposed. Project debt on a project of this nature with uncertain income streams and operational costs raises significant project risks, particularly with uncommitted project capital.*
- *The wider socio-economic benefits are well described and conservatively estimated.*
- *The assessment of alternative delivery options is comprehensive and transparent.*
- *At a local authority level the proposed facility is well-aligned with other relevant projects, plans and budgets; supported by organisational strategies and policies; and has accounted for public feedback and stakeholder engagement. However there is further clarification required around other proposed regional projects and the Hawke's Bay Regions Facilities Network Plan.*
- *Options and preferences on governance and management aspects of the proposal have been clearly set out, subject to further consultation and refinement.*
- *Subject to the matters raised above and below the identification, measurement, mitigation and management of risks has been adequately accounted for.*

Sport New Zealand provided further feedback based on its own high level review identifying what were seen as gaps in information and made recommendations for further consideration by the project team in finalising the business case.

In Sport New Zealand's feedback the question was raised whether the proposed facility is an appropriate response to the priority needs identified and adopted in the Hawke's Bay Regional Facilities Plan (HBRFP). The HBRFP does however clearly state the following priority action for the sport of cycling;

Develop a Better Business Cases study for a Velodrome in Hawke's Bay aligned with the National Cycling Major Events Strategy

A key concern of Sport New Zealand's was that the proposal did not demonstrate adequately how it would meet the needs of Maori, particularly young Maori, in engaging in sport. It is considered that while this element has been covered within the business case, it will need to be strengthened within the final business case with the provision of greater supporting evidence.

At this stage Sport New Zealand do not maintain any position on the support or otherwise of the MUSF proposal and cannot state its position until the business case is complete. Sport New Zealand are currently developing their sports facilities strategy which will identify where velodromes are best located within New Zealand. Once this work is complete, the business case can be updated in response to gaps identified in the feedback provided by APR Consultants Ltd and Sport New Zealand.

It is therefore considered necessary to suspend progressing the business case until Sport New Zealand have worked through their national strategies for sporting infrastructure development. It would also be prudent to remove the funding allocated for the MUSF and have this funding available for community well-being projects in the Long Term Plan.

Suspending the business case development will not address the immediate need for indoor courts identified as high priority by the HBRFP and indoor sporting codes. The Regional Indoor Sports and Events Centre (RISEC) Trust are committed to progressing an independent business case proposing to develop additional indoor courts at the Pettigrew Green Arena. It is considered that much of the background work carried out in the development of the MUSF business case can be incorporated to the Trust's proposal. Council officers will work with the Trust in progressing their proposal.

6.4 Significance and Consultation

N/A

6.5 Implications

Financial

N/A

Social & Policy

N/A

Risk

N/A

6.6 Options

The options available to Council are as follows:

1. Suspend the progress on finalising the detailed business case and reallocate the funding for other community well-being projects identified through the Long Term Plan 2018/28 process.
2. Progress the detailed business case to completion and formally present to Council.

6.7 Development of Preferred Option

Sport New Zealand commissioned APR Consultants Ltd to provide an independent review of the detailed business case for the Multi-Use Sports Facility. The review and feedback from Sport New Zealand highlighted gaps in information and where further supporting evidence is required before they can state their position on the proposal. Sport New Zealand are also carrying out their own national strategies

for sporting infrastructure development and until this has been completed it is unlikely that they will be able to provide a position statement on the proposal. The preferred option is to therefore suspend the development of the detailed business case until this has occurred.

6.8 Attachments

Nil

7. OMARUNUI REFUSE LANDFILL JOINT COMMITTEE - DRAFT MINUTES 28 JULY 2017

<i>Type of Report:</i>	<i>Information</i>
<i>Legal Reference:</i>	<i>N/A</i>
<i>Document ID:</i>	<i>382394</i>
<i>Reporting Officer/s & Unit:</i>	<i>Deborah Smith, Governance Advisor</i>

Item 7

7.1 Purpose of Report

To present to Council the draft minutes of the Omarunui Refuse Landfill Joint Committee meeting of 28 July 2017.

Officer's Recommendation

That Council

- a. Receive the draft minutes of the Omarunui Refuse Landfill Joint Committee meeting of 28 July 2017.

CHAIRPERSON'S RECOMMENDATION

That the Council resolve that the officer's recommendation be adopted.

7.2 Background Summary

The Omarunui Refuse Landfill Joint Committee met on the 28 July 2017; the draft minutes of this meeting are shown at **Attachment A**.

7.3 Issues

N/A

7.4 Significance and Consultation

N/A

7.5 Implications

Financial

N/A

Social & Policy

N/A

Risk

N/A

7.6 Options

1. N/A

7.7 Development of Preferred Option

N/A

7.8 Attachments

- A Omarunui Refuse Landfill Joint Committee draft minutes - 28 July 2017 [↓](#)



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OPEN

MINUTES

OMARUNUI REFUSE LANDFILL JOINT COMMITTEE

Meeting Date: **Friday, 28 July 2017**

**Minutes of a Meeting of the Omarunui Refuse Landfill Joint Committee
held on 28 July 2017 at 1.00pm**

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HASTINGS DISTRICT COUNCIL

MINUTES OF A MEETING OF THE OMARUNUI REFUSE LANDFILL JOINT COMMITTEE HELD IN THE COUNCIL CHAMBER, GROUND FLOOR, CIVIC ADMINISTRATION BUILDING, LYNDON ROAD EAST, HASTINGS ON FRIDAY, 28 JULY 2017 AT 1.00PM

PRESENT: Councillor Heaps
Councillors Harvey, Nixon and Redstone (HDC)
Councillors Dallimore (Deputy Chair) and Tapine (NCC)

IN ATTENDANCE: Group Manager: Asset Management (Mr C Thew)
Waste and Data Services Manager (Mr M Jarvis)
Waste Minimisation Officer (Mr A Atkins)
Solid Waste Engineer (Mr P Doolan)
Director of Infrastructure (Mr J Kingsford) (NCC)
Environmental Compliance Officer (Mr R van Veldhuizen) (NCC)
Management Accountant (Mr J Tieman)
Health and Safety Advisor (Ms J Kuzman)
Senior Health & Safety Coordinator (Ms N Bass)
Committee Secretary (Mrs C Hunt)

1. APOLOGIES

There were no apologies.

2. CONFLICTS OF INTEREST

There were no declarations of conflicts of interest.

3. CONFIRMATION OF MINUTES

Councillor Nixon/Councillor Redstone

That the minutes of the Omarunui Refuse Landfill Joint Committee Meeting held Friday 17 March 2017 be confirmed as a true and correct record and be adopted.

CARRIED

4. 11 MONTH ACTIVITY REPORT (Document 17/392)

The Waste and Data Services Manager, Mr Jarvis presented his report updating the Omarunui Joint Refuse Landfill Committee on landfill activities for the period ending May 2017 advising that the net surplus from operations as at 31 May 2017 was \$1,149,175 above budget.

Mr Jarvis advised that tonnages were currently tracking ahead of last year's actual

total, at 77,000 tonnes received, being 16,000 higher than last year, with Special Waste volumes significantly higher than expected.

The total revenue from waste was above budget which was mainly due to increased volumes of Special and Commercial Waste. Smaller increases in waste volumes were recorded for Hastings District Council and Napier City Council Refuse Transfer Stations.

Mr Jarvis advised that the revenue included allowance for expenditure and revenue for the forest with the forestry harvest being spread over two financial years. There was approximately two weeks forestry harvesting work left to do.

With the wet weather the Landfill was damp and there was the probability that leachate would be carted off site for disposal. Disposal of the leachate would not impact on the budget as the Landfill had reserve funds to deal with leachate in these circumstances.

Mr Jarvis advised that the Joint Waste Futures Project Steering Committee had looked at future options for waste disposal but had decided that the continuation of landfilling was the preferred option.

Review of the Waste Management and Minimisation Plan (WMMP) was being undertaken and it was anticipated that both Councils will adopt the draft WMMP for consultation in October 2017.

Mr Jarvis also advised that currently the landfill was subject to a levy of \$10 per tonne of waste under the Government's Waste Minimisation Act. A review of the levy was being undertaken with claims that the levy was too low and that it should be increased significantly (up to \$140.00 per tonne) for maximum benefit.

Councillor Harvey/Councillor Dallimore

That the report of the Waste and Data Services Manager, titled "11 Month Activity Report" dated 28 July 2017, be received.

CARRIED

5. ANNUAL REVIEW OF HEDGING STRATEGY FOR LANDFILL CARBON EMISSIONS
(Document 17/633)

The Management Accountant, Mr Tieman advised that the purpose of the report was to obtain a decision from the Committee on the hedging strategy for carbon emissions at the Omarunui Landfill.

Mr Tieman recommended that the Committee approve the signing of a forward contract to fix the price of NZUs for the 2019 calendar year and purchase any potential shortfall for 2017 and 2018 on the spot market.

The landfill currently had forward cover for 2017 and 2018 calendar for 97% and 95% respectively for the revised forecast tonnes. The gate price already allowed for a per tonne levy to cover these contracts and currently the spot market was more favourable than the forward market.

However, the recent change to the two-for-one transition measure, increasing tonnages, above what was expected, and rising NZU prices had resulted in an

increase to the ETS portion of the gate rate. Mr Jarvis advised that when the Full Cost Accounting Model (FCAM) had been run the gate charge had dropped by \$1.00. However, the increase in the ETS had meant an overall increase of \$6.00 per tonne.

Councillor Heaps/Councillor Redstone

- A) That the report of the Management Accountant titled "Annual Review of Hedging Strategy For Landfill Carbon Emissions" dated 28/07/2017 be received.**
- B) That the Landfill Committee approve the purchase of NZU's for any potential shortfall arising from higher than expected tonnages for 2017 and 2018 calendar year on the spot market and the Chief Executive (Hastings District Council) be authorised to approve the nature, timing and size of any purchase.**
- C) That the Landfill Committee approve the forward purchase contract for 105,910 New Zealand Units currently estimated at around \$1,943,448.50 to fix the price of NZUs for the calendar year 2019 and that the Chief Executive (Hastings District Council) be authorised to approve the nature of the contract and to execute the necessary contracts.**
- D) That it be noted that the actual cost of the extension of the forward purchase contract can only be firmly established when the order is placed in the market.**
- E) That the hedging strategy be reviewed annually.**

CARRIED

6. HEALTH & SAFETY REPORT
(Document 17/618)

The Health and Safety Advisor, Mrs Kuzman spoke to the report and responded to questions.

Mrs Kuzman advised that staff were very proactive and took time planning jobs and undertaking inspections which has prevented incidents. Most incidents had involved contractors and were low level and measures were being put in place to work with contractors.

The Landfill Plantation forest was currently being harvested and nearing completion. Prior to the work commencing a Health and Safety Plan had been submitted by the Contractor, Pan Pac. A lot of effort was put into the Health and Safety plan and to date no significant incidents have occurred from that project.

Councillor Harvey/Councillor Dallimore

- A) That the report of the Health and Safety Advisor titled "Health & Safety Report" dated 28/07/2017 be received.**

CARRIED

7. ADDITIONAL BUSINESS ITEMS

There were no additional business items.

8. EXTRAORDINARY BUSINESS ITEMS

There were no extraordinary business items.

The meeting closed at 1.55pm

Confirmed:

Chairman:

Date:

Strategy and Infrastructure Committee

OPEN MINUTES

Meeting Date: **Wednesday 19 July 2017**
Time: **2.41pm – 3.08pm**
Venue: **Taradale Town Hall
Lee Road
Napier**

Present: Councillor Price (In the Chair), the Mayor, Councillors Boag, Brosnan, Dallimore, Hague, Jeffery, McGrath, Tapine, Taylor, White, Wise and Wright

Chief Executive
Director City Strategy, Director Infrastructure Services, Director Corporate Services, Director Community Services, Director City Services, Manager Communications and Marketing
In Attendance: Manager Regulatory Solutions, Manager City Strategy, Manager Community Services, Team Leader Resource Consents, Team Leader Policy Planning, Policy Planner, Senior Advisor Policy, Communications Specialist

Administration: Governance Team

APOLOGIES

Nil

CONFLICTS OF INTEREST

Nil

PUBLIC FORUM

Nil

ANNOUNCEMENTS BY THE MAYOR

Nil

ANNOUNCEMENTS BY THE CHAIRPERSON

Nil

ANNOUNCEMENTS BY THE MANAGEMENT

Nil

CONFIRMATION OF MINUTES

Councillors McGrath / Wise

That the Minutes of the meeting held on 31 May 2017 were taken as a true and accurate record of the meeting.

CARRIED

NOTIFICATION AND JUSTIFICATION OF MATTERS OF EXTRAORDINARY BUSINESS

(Strictly for information and/or referral purposes only).

AGENDA ITEMS

1. MATARIKI REGIONAL ECONOMIC DEVELOPMENT STRATEGY

Type of Report:	<i>Enter Significance of Report</i>
Legal Reference:	<i>Enter Legal Reference</i>
Document ID:	375927
Reporting Officer/s & Unit:	Wayne Jack, Chief Executive

1.1 Purpose of Report

To endorse the governance structure, delivery and funding model for Mataraki – Hawke's Bay Regional Economic Development Strategy.

At the Meeting

In response to questions from Councillors, the Chief Executive ('CE') advised that:

- There are currently three primary goals for the strategy, with measures which will be used to assess success. These goals are:
 - To increase the average wage across Hawke's Bay
 - To create 5000 jobs over the next 5 years (measures for this goal include such things as NCEA Level 3 attainment for Māori/ Non-Māori and changes in employment growth)
 - To become a top quartile regional performer for GDP. Measures for this goal will be broken down by sector.
- Council are trialling a collaboration portal on behalf of the Ministry of Business, Innovation and Employment (MBIE) which will allow elected members to see how we are tracking against those goals on a website. Quarterly reports will also be able to be generated via the portal.

It was asked how the Matariki REDS strategy was or may be able to be aligned with the recently launched government contestable fund for youth projects. The CE advised that the strategy shares a similar 'language' with the new fund in that activities that create and encourage social inclusion are a key focus in how development will be approached. What is important is that the identification of key projects or activities will happen at local level rather than being 'imposed' by government. For example, it has recently been presented to the Matariki team that drivers' licensing programmes have the potential to make a large difference in accessibility to work.

It was expected that there are a number of robust development opportunities that could win a strong share of the contestable fund.

The consultation on the social inclusion strategy has now been completed and the draft document is being finalised. It is expected that this will be circulated to council in the near future.

The Mayor acknowledged the considerable work put into the Matariki REDS by the Chief Executive.

COMMITTEE'S RECOMMENDATION

Councillors White / Wise

That Council

- a. Endorse the governance structure, delivery and funding model for the Matariki Regional Economic Development Strategy.

CARRIED

2. NAPIER AQUATIC CENTRE BUSINESS CASE: OPTIONS FOR EXPANSION

Type of Report:	<i>Enter Significance of Report</i>
Legal Reference:	<i>Enter Legal Reference</i>
Document ID:	375027
Reporting Officer/s & Unit:	Glenn Lucas, Manager Sport & Recreation

2.1 Purpose of Report

To seek Council approval of the Napier Aquatic Centre Expansion Business Case and engage with the community on the recommended options.

At the Meeting

General support was indicated for the recommendation to take options 2, 3 and 4 to public consultation; it had become clear over recent discussions that a 'no frills' renovation would not meet the community's needs. It was noted that this business case is focussed specifically on the aquatic facilities themselves and consideration to related matters such as car parking and surrounding environment will be addressed separately.

It was suggested that the appetite for a 50m pool may become clearer through the consultation process. It was hoped that in general there would be good levels of feedback through the process, reflecting the range of people that would use the facilities in different ways.

It was noted that the process of developing the options has been undertaken extremely quickly, in part out of necessity following the unexpected closure of the Greendale Pool in December 2016. The Community Team was thanked for the work they have undertaken to present such strong options as fast as they have.

COMMITTEE'S RECOMMENDATION

Councillors Brosnan / Taylor

That Council

- a. Approves the Napier Aquatic Centre: Options for Expansion Business case
- b. Progresses community engagement and consultation on the recommended three options.

CARRIED

3. DRAFT AHURIRI ESTUARY & COASTAL EDGE MASTERPLAN - CONSULTATION

Type of Report:	<i>Procedural</i>
Legal Reference:	<i>N/A</i>
Document ID:	<i>373788</i>
Reporting Officer/s & Unit:	<i>Fleur Lincoln, Strategic Planning Lead</i>

3.1 Purpose of Report

The purpose of the report is to obtain endorsement of the Final Draft Ahuriri Estuary and Coastal Edge Masterplan, and of the community engagement plan in advance of the community consultation phase.

At the Meeting

There was strong support for the draft Ahuriri Masterplan. It was seen as a visionary and robust document, with a heavy focus on environmental considerations while also allowing for recreational use. It was anticipated that future generations would truly see the benefits of the work to be undertaken now under the plan.

It was noted that there will be opportunities to work in partnership with and or alongside a number of organisations and build useful relationships to achieve the aims of the masterplan. Taking the opportunity to work closely with the Hawke's Bay Regional Council and sharing our vision for the Estuary was seen as particularly important.

COMMITTEE'S RECOMMENDATION

Councillors Boag / Taylor

That Council

- a. endorse the Final Draft Ahuriri Estuary and Coastal Edge Masterplan.
- b. endorse the Community Engagement Plan.

CARRIED

4. PERMANENT COMMERCIAL ACTIVITY ON MARINE PARADE

Type of Report:	<i>Operational</i>
Legal Reference:	<i>N/A</i>
Document ID:	<i>352651</i>
Reporting Officer/s & Unit:	<i>Fleur Lincoln, Strategic Planning Lead</i>

4.1 Purpose of Report

The purpose of this report is to obtain a Council decision on whether to allow a commercial activity to operate on Marine Parade's foreshore reserve throughout the year on a more permanent basis.

At the Meeting

It was noted that the initial trial had gone well and the commercial activity was seen as

creating vibrancy on the foreshore for cyclists and pedestrians. It was good that the location had been moved to work in better with the petanque club.

Some concerns were raised on two matters:

- It was noted that the area had experienced inundation in early July; the owners would need to be prepared to address this possibly occurring again.
- It was asked that Council review the charging model, noting that 5% turnover in arrears acts as a disincentive to good operators. It was recommended that a set monthly fee be looked at instead.

COMMITTEE'S RECOMMENDATION

Councillors Jeffery / White

That Council

- Agree to grant a 'licence to occupy' for the northern end of the Marine Parade foreshore reserve (adjacent to the petanque court) to a food and beverage-related commercial business.
- Agree that the license to occupy be managed as a 3 year contract with a review after each year.
- Direct officers to hold an open tender process to determine who will be granted this licence to occupy.
- Require the future proprietor to cover all costs associated with the provision of infrastructure.

CARRIED

5. HAWKE'S BAY AIRPORT LTD - REAPPOINTMENT OF DIRECTOR

Type of Report:	<i>Operational</i>
Legal Reference:	<i>Enter Legal Reference</i>
Document ID:	<i>376916</i>
Reporting Officer/s & Unit:	<i>Caroline Thomson, Chief Financial Officer</i>

5.1 Purpose of Report

To seek endorsement from Council for the re-appointment of Sarah Park as a Director to Hawke's Bay Airport Ltd.

At the Meeting

It was suggested that re-appointments should be undertaken in committee to protect the reputations of anyone involved until a decision has been made.

COMMITTEE'S RECOMMENDATION

Mayor Dalton / Councillor Brosnan

That Council

- a. Endorse the re-appointment of Sarah Park for a further term as Director of the Hawke's Bay Airport Ltd.

CARRIED

PUBLIC EXCLUDED ITEMS

Councillors Wise / Brosnan

That the public be excluded from the following parts of the proceedings of this meeting, namely:

1. CBD Security Patrols
2. Citizen's Civic Award recommended recipients

CARRIED

The general subject of each matter to be considered while the public was excluded, the reasons for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution were as follows:

GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED	REASON FOR PASSING THIS RESOLUTION IN RELATION TO EACH MATTER	GROUND(S) UNDER SECTION 48(1) TO THE PASSING OF THIS RESOLUTION
1. CBD Security Patrols	7(2)(b)(ii) Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	48(1)A That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.
2. Citizen's Civic Award recommended recipients	7(2)(a) Protect the privacy of natural persons, including that of a deceased person	48(1)A That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist: (i) Where the local authority is named or

		specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official Information and Meetings Act 1987.
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The meeting closed at 3.08pm.

**APPROVED AND ADOPTED AS A TRUE AND ACCURATE RECORD OF THE
MEETING**

CHAIRPERSON: _____

DATE OF APPROVAL: _____