

Community Consultation – SUMMARY

The full Statement of Proposal is available on www.otodc.govt.nz



THE PROPOSAL

That Ōtorohanga District Council invests \$2 million in the business trading as Ōtorohanga Kiwi House and Native Bird Park (Kiwi House).

The investment would be a loan to the Ōtorohanga Kiwi House Charitable Trust.

The loan will be used as part funding for the capital costs of the Kiwi House redevelopment.

Why are we consulting?

Council is consulting to be certain that the Ōtorohanga District community supports the proposal. This proposal shows community support for the Kiwi House to advance its redevelopment and access funding opportunities that are available now.

Proceeding with the redevelopment now, takes advantage of the post-COVID lull in visitors and allows the Trust to undertake the work with less disruption. The construction works and a better Kiwi House experience potentially provide big contributions to our community wellbeing.

The proposal does however, come with significant financial risk on the ability of the Kiwi House to service the loan. These risks and their consequences are explained in the full Statement of Proposal.

The Kiwi House have assumed a 20 % increase in domestic and Australian visitors for two years and then a return to pre-COVID domestic and international visitor numbers in year three. Visitor numbers then increasing year on year due to the benefits of the redevelopment.

If these assumptions are significantly wrong, the Kiwi House could close permanently and ratepayers would have to repay the balance of the loan, with the consequence being a rates increase of up to 2%.

What are the options?

Council is considering three options. Variants of these options could also be considered.

Council prefers Option 1: INVEST NOW

OPTION:1 INVEST NOW

- Council provide an unsecured low-interest loan of \$2 million for 10 years starting from the first drawdown of funds, expected in July 2020.
- The community will contribute from rates up to \$80,000 over two years, equal to the interest costs on the loan.
- The Kiwi House advise that other funders will join Council so that it can move closer to its vision “The Ōtorohanga Kiwi House will provide New Zealand’s most personal wildlife tour”.
- The Kiwi House advise that their financial projections support funding the loan costs and repayments.
- There is a high level of uncertainty over future revenue from tourism which could at worst mean, the Kiwi House permanently closes and the community would have to repay the loan from rates.

Option 2: INVEST LATER

- Council decide to wait until more information is available on domestic tourism, Australian tourism and some clarity on the future of international tourism.
- Risk is potentially reduced depending on how long we wait however, the Kiwi House have advised us that waiting too long would see the permanent closure of the Kiwi House.
- The Kiwi House advise that there is greater uncertainty on the availability of funds from potential funders in the future.
- A future decision to invest a significant amount would be the subject of future community engagement.

DON'T INVEST

- Council funds should not be used to develop the Kiwi House business.
- The Kiwi House advise that other potential funders would not contribute without a local contribution.
- The Kiwi House advise that the permanent closure of the Kiwi House is likely.

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SUBMISSIONS CLOSE 9 JUNE 2020, 5PM

How Do I Have My Say on this Proposal?

Council prefers Option 1: INVEST NOW

Questions for your consideration:

1. Do you agree that the Kiwi House is important to our Ōtorohanga identity?
2. Council proposes to INVEST NOW to maximise the available funding opportunities. The Kiwi House have advised Council, their financial forecasts show sufficient funds are available to operate the Kiwi House and meet the repayment requirements of the loan. This information is based on assumptions of a growth of domestic and Australian customers. There is significant risk in these assumptions. a. Do you support the INVEST NOW preferred option of Council? b. If the Kiwi House is unable to service and repay the loan, the ratepayer will need to pay an additional 2% in rates to repay the interest and principal on the loan. Do you agree that it is worth taking financial risk to potentially secure the future of the Kiwi House? c. Should Council wait for better information on the habits and behaviours of domestic tourists and better information on when the borders will reopen, before making a decision?
3. The Kiwi House have advised that without this Council investment it would likely permanently close. Is it acceptable to you that the Kiwi House would likely close without the proposed Council investment?

Council's Timeline

Need more space, use your own paper



SUPPORTING INFORMATION

This proposal is supported by additional information available on Council's website. This includes business cases, Kiwi House financial information and Council reports.

Got to www.otodc.govt.nz and follow the links to the Kiwi House consultation page.

HOW TO MAKE A SUBMISSION

There are several ways for you to make a submission but in all cases please provide the following information:

- Name
- Contact information
- State whether you want to speak at the Council Meeting on 16 June.

If you wish to speak at the Council meeting on 16 June 2020, we will contact you with how that will work. In a Level 2 COVID-19 situation we are still considering how to safely do this.

ON-LINE SUBMISSION: Got to www.otodc.govt.nz and follow the links to the Kiwi House consultation page.

EMAIL: Email your submission to: submissions@otodc.govt.nz with "Kiwi House Submission" as the subject line.

DELIVER BY HAND: You can deliver your submission by hand to the Council Office. 17 Maniapoto St, Ōtorohanga.

POST: Post your submission to: Ōtorohanga District Council, PO Box 11, Ōtorohanga, 3940.

Your submission and all your contact details on the submission form will be made available to Councillors, Council staff and the public as part of this consultation process. Copies of submissions may also be released at any other time, upon request.

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