

Whangawehi Catchment Management Group



Funding Sustainability project

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Purpose of this Report

Need for this Report

1. The Whangawehi Catchment Management group (WCMG) is a community led voluntary organisation engaged in environmental protection and enhancement activities. It has predominantly been funded by winning public agency contracts and grants. It is likely that existing funding sources will cease , or substantially reduce, in the near term. WCMG therefore needs to find new ways to fund its core activities.

Outputs

2. This Report explores the potential areas of funding and income generation for the WCMG. It examines a small number of potential funding and revenue-generating activities to determine if they
 - i. are strategically relevant and/or supported by a robust case for change
 - ii. address the problems or takes advantage of the opportunities
 - iii. are likely to be worth pursuing
3. This Report recommends the most likely avenues for on-going funding, and suggests some further business case development based on the preferred way forward, and subject to satisfying the key dependencies identified. Such further analysis will determine if the non-grant funding activities are
 - i. commercially viable and/or financially affordable
 - ii. achievable
 - iii. acceptable to the required parties and other stakeholders

Report Quality

4. It was envisaged by Hawkes Bay Regional Council (HBRC), the agency which has commissioned this Report, that a range of possible ideas for funding would be generated through research on existing funding models for like organisations, and a stakeholder consultation workshop. The level of investigation and evaluation would therefore be to the level of a pre-feasibility study.
5. Although the workshop attendees were committed and expansive in their thinking, participation from the wider range of stakeholders was less than anticipated. There is not a lot of specific statistical or market data relevant to the WCMG's current or potential activities, and there is no standard model for water catchment management activities or funding. Indeed, each catchment in the country has quite specific and individual characteristic and stakeholder sets.
6. The Report, therefore, will include a range of options which are evaluated and prioritised in order to justify continued exploration, to commission a more detailed feasibility study, or to attract a joint venture partner(s). The best option(s) may present a base case scenario which can be developed in sufficient detail to underpin decisions to devote any additional funds required to move the project through subsequent stages of development.
7. The evaluation of potential opportunities will be undertaken on a partially subjective assessment of the feasibility, suitability and acceptability of each activity. Where possible, comparisons will be drawn to existing activities conducted elsewhere. The evaluations will provide enough context to help understand the likely approximate value of the idea and put options in a potential priority list to try and develop sustainable revenue streams.

Acknowledgements

Thanks to the WCMG team and other stakeholders who contributed to the development of this report, notably :

Nicolas Caviale- Delzescaux, Project Coordinator, WCMG

Campbell Leckie, Land Services Manager, Hawke's Bay Regional Council (HBRC)

Dr Will Allen, Principal, Learning for Sustainability Ltd, <http://learningforsustainability.net>

Peter Manson, Treasurer WCMG and Senior Land Management Advisor (HBRC)

Pera Edward, Chair of Kaiuku mare, and Janice Edward, for their hosting and participation in the ideas generation workshop

A list of other stakeholders interviewed is incorporated as Appendix Three.

Executive Summary

Context

8. The Whangawehi Catchment Management group (WCMG) is a community led voluntary organisation engaged primarily in environmental protection and enhancement activities. Whangawehi is the only significant river on the Peninsula for local Māori . WCMG has received public recognition for the quality of its work. The work of WCMG is aligned with numerous national environmental and biodiversity objectives.
9. The core business of WCMG is environmental management and enhancement. It has been funded with \$1.4M over the last five years by winning by contracts and grants, from public agencies, iwi, NGOs and private contributors. Funding contributed by each funding group is episodic and irregular. It is likely that existing funding sources will cease in the near term. WCMG therefore needs to find new ways to fund its core activities and ride out the fluctuations and change in focus of public funding.
10. There is no standard model for water catchment management activities or funding throughout New Zealand. Indeed, each catchment has quite specific and individual characteristic and stakeholder sets. One of the assets within the catchment is a 13km walking, biking and horse riding track. This is a relatively short and easy to moderate track. It is not iconic enough to be considered one of the Great Walks of New Zealand. If the track was developed more extensively then it could appeal to a wider group of users.
11. Discussion is under way with the NZ Access Commission to make the track a gazetted walkway. although landholders may charge for any facilities or services that they provide on their property when providing access, and they also have the right to recover any costs incurred in providing access, they cannot charge for the right to access the walkway. The relevance of this to any revenue-generating activities needs to be considered.

Generating and evaluation funding Ideas

12. A planning workshop of the WCMG in May 2017 developed a vision that included increased economic prosperity and job creation as a result of the foundation work laid by WCMG. The financial success of the vision relies on the development of a recognisable and authentic eco-friendly and eco-active brand for the Peninsula. As such, it resembles a regional development initiative. It may not be the responsibility or ability of WCMG to hold this vision for the wider community. Such developments are long-term and capital-intensive. Whichever organisation(s) hold the vision for the Peninsula, be it WCMG or another, needs reliable income over at least the next two-year period in order to prevent the environmental gains made so far from being regressed, and in order to provide the factual basis which would allow the concept of the ten year vision and brand to be investigated and implemented.
13. In the absence of local data and market validation, the initial evaluation of possible activities and funding has been completed based on the knowledge of the local WCMG and HBRC stakeholders in conjunction with the expertise of other project team members. It is a partially subjective assessment of the feasibility, suitability and acceptability of each activity. Comparisons were then drawn to existing similar activities conducted elsewhere. No consideration of legal, taxation or liability issues has been undertaken at this pre-feasibility level.

Baseline actions

14. To pursue any of the potential funding opportunities, WCMG needs to
 - develop its value proposition - clearly articulating its vision, mission, achievements and value proposition.
 - Tailor the WCMG website to new audiences.
 - Develop a social media presence
 - Enhance its volunteer workforce and form relationships with local service organisations

Opportunity 1 - Enhancing environmental management

15. The opportunity is to seek new government agency (national, regional and local), philanthropic and corporate funding for expanding the quantum and geographic range of core environmental management activities. Focus areas for increased environmental management work should leverage off areas with current national focus. These national foci areas include enhancing biodiversity, the Predator Free NZ movement, and improving freshwater quality.
16. Traditional funding from DOC and MfE for the groups' core activities cannot be relied on in the future as annual priorities are set by the Minister. Therefore the focus needs to shift to gaining funding support from philanthropic organizations. A list of potential philanthropic funders is provided in App Two. Highly relevant funders include the Predator Free Trust, Next philanthropic funding agency, Nature Conservancy and the Morgan Foundation.
17. It is hard to gauge the likely success or quantum of funding bids until actual bids are presented. For the purpose of this report, the measure is given in the form of a target. The target is arbitrarily set at an average of \$150k for each of the next three years. Of the targeted \$150k annual income, an allowance of 20% is made for funds to be allocated to paying for the operation of WCMG as opposed to direct physical implementation of contracted outcomes.

18. Annualised revenue is c \$17k, with low risks of failed implementation.

Philanthropic or corporate Income		
3 year target	\$ 450,000	
Funds for running costs	20%	
Income for running costs over 3 yr period		\$ 90,000
Costs to acquire funds		
Proposition development	\$ 8,000	
Website	\$ 8,000	
Social media strategy	\$ 10,000	
Personnel costs 0.2 FTE	\$ 14,000	
Costs over 3 year period		\$ 40,000
Revenue for running costs over 3 years		\$ 50,000
Revenue for running costs prorated annually		\$ 16,667

Opportunity 2 - developing a Mahia producer brand

19. There is an increasing movement amongst food consumers to pay a premium for food grown in environmentally friendly or ethical ways (e.g. free-range eggs). The work of the WCMG in enhancing environmental standards in the catchment creates an identifiable area upon which to build a brand based on two elements - caring for the environment, and having a high standard of natural inputs into the produce. The brand concept could be taken forward in the form of a medium term commercial response to new environmental standards. It could initially take the form of a Quality Tick, licensed out to producers meeting the audit regime of HBRC and the environmental principles of WCMG.
20. A number of factors impinge on the ability of WCMG to extract immediate returns from creating a Mahia brand :
- Of a 600kg export steer, only 16kg is prime cuts, meaning that any premium has to be significant to justify the investment in the brand.
 - While WCMG can give sound advice and assistance, there is no protectable Intellectual property within its knowledge set
 - All Regional Councils are requiring farmer groups to adopt the environmental and water catchment management practices that WCMG delivers. Eventually there will be little competitive advantage for produce from one catchment over another.
21. WCMG will provide the initial concept socialisation with producers and partners. This would include wider economic development and regional marketing organisations. It will also develop the certification regime and manage the audit process on behalf of HBRC. To create the potential for eventual return to the WCMG, it may need to own the brand and licence it to producers.

22. Brand establishment costs could be borne by the producers, wholesalers, and regional economic development and marketing agencies. Monitoring costs are met by HBRC

Customer Income	Yr 1	3 year trial
Number of licences	10	
Avg annual cost per licence	\$ 1,000	
Licence income		\$ 30,000
HBRC - for annual monitoring	\$ 7,000	\$ 21,000
		\$ 51,000
Costs		
Costs to develop quality mark	\$ 10,000	\$ 10,000
costs to develop monitoring and audit regime	\$ 5,000	\$ 5,000
Cost to deliver monitoring and audit	\$ 7,000	21000
		\$ 36,000
Revenue for running costs prorated annually		\$ 15,000

23. WCMG annualised revenue is \$ 15k. Breakeven pricing is \$500 per licence over 10 customers for 3 years.

Opportunity 3 - Ecotoursim - guided walks

24. The opportunity is to provide guided walks by developing tracks and facilities, and working with other local ecotourism providers to develop a broader offering
25. WCMG delivers the experience through the use of a volunteer group. The walk would offer historical and cultural commentary and opportunities to observe wildlife and birdlife, learn about trapping techniques and include lunch (perhaps of a Māori flavour).
26. The customers are fee-paying 'free and independent travellers', or possibly group tours. Corporate sponsorship will be sought to provide the materials for establishing stop off, viewing and shelter facilities

Customer Income		
Avg number of walkers	10	
Number of walks	28	
Day Walker numbers	280	
Walk price	\$ 55	\$ 15,400
Costs		
Track maintenance	7500	
H&S costs and insurance	1500	
volunteer costs	1000	
Lunch	1200	
Transport	1120	\$ 12,320
	Revenue	\$ 3,080

27. WCMG annual revenue is c \$3k. Breakeven pricing is \$44pp at 280 walkers. Sensitivity testing shows that a zero-sum operation is achieved with a 20% reduction in walker numbers. Costs could be reduced if (for example) track maintenance was covered by other contract work income.

Opportunity 4 - Ecotourism - Mahia Track management service

28. The opportunity is to offer an ecotourism management service to private landowners on the Peninsula who supply accommodation and home-stay experiences. A regional offering of scale is necessary to get visitors to spend enough time in the area to allocate to the Mahia Track, and to justify expenditure on accommodation on the track. Development of similar offerings builds the profile and identity of the region to attract the visitors who will become paying customers.
29. The landowners on the Peninsula join together to provide an ecotourism / farm experience similar to the Banks Peninsula track. Landowners bear the cost of the track and accommodation, and WCMG provides management of the experience - bookings, marketing and pickups / drop-offs from Wairoa. The target group will be Freedom Walkers as there is little ability to extract margin from independent walkers, and the Track needs to be developed more and have more attractions before offering enough content for fully guided walks.
30. WCMG needs to :
- Convince private landowners to participate for their own financial gain. This would require socialisation of similar models such as the Banks Track with private landowners.
 - Manage the extension of the track to a length which suits one to two nights accommodation. The accommodation at Okepuha Station already functions at a level at or beyond what is required on the track. Other landowners may have shearers' cottages or other buildings able to be renovated and used for walker accommodation. If not, indicative prices for portable accommodation huts and ablution blocks suggest a capital investment of around \$50k for a new accommodation provider.
 - Convince landowners that the WCMG can provide a reliable tourism management service on the required quality.
31. In Scenario A, WCMG provides only the management service two accommodation providers and two other landowners providing access across their land. On an annual basis, each participant in the Track company would receive as per the following table.

Customer Income		
Number of hikers	140	
Walk price	\$ 410	\$ 57,400
Distribution of Income		
Landowner 1 - accomodation provider	19600	
Landowner 2 - accomodation provider	19600	
Landowner 3 - access only	3500	
Landowner 4 - access only	3500	
Transport operator	2100	
WCMG staff cost	4760	
WCMG costs & insurance	2100	\$ 55,160
	Revenue	\$ 2,240

32. WCMG revenue is \$ 2 240.

33. In Scenario B, WCMG invests in owning one accommodation site. Additional assumptions are :

- Investment of \$50k of pre built or self-build accommodation and services is required to provide accommodation, cooking and ablution facilities for 8 people
- WCMG can secure a finance rate of 5% over 10 years on \$50k. This would mean repayments of \$7 500 pa.
- Additional servicing costs of \$10/hiker are incurred, but the cost of labour for servicing the accommodation has already been paid for in staff time calculation.

Customer Income		
Number of hikers	140	
Walk price	\$ 410	\$ 57,400
Distribution of Income		
Landowner 1 - accomodation provider	0	
Landowner 2 - accomodation provider	19600	
Landowner 3 - access only	3500	
Landowner 4 - access only	3500	
Transport operator	2100	
WCMG staff cost	4760	
WCMG capital loan repayment	5700	
WCMG costs & insurance	3500	\$ 42,660
	Revenue	\$ 14,740

34. WCMG revenue is c \$15k pa, plus it acquires an asset which can eventually be sold or used elsewhere on the catchment. Another scenario, which has not been modelled, is renting the building s required rather than owning them

Opportunity 5 - Social Licence

35. The opportunity is to provide established community engagement networks and experience to enable (mainly) land-based businesses to enhance their social licence to operate
36. A social licence to operate (SLO) refers to the level of acceptance or approval by local communities and stakeholders of organisations and their operations. The concept has evolved fairly recently from the broader and more established notions of “corporate social responsibility” and “social acceptability”. It is based on the idea that institutions and companies need not only regulatory permission but also “social permission” to conduct their business ¹ .
37. The elements of the WCMG offering could include :
- an 'accredited by WCMG mark' which shows that a company is attempting to become environmentally responsible. This would require review of the client's sustainability and harm minimisation plans, and an on-going audit function.
 - a schedule of public forums in which the client company explains it corporate strategy and its activities to minimise environmental impact.

¹ Dr Will Allen, <http://learningforsustainability.net/social-license/>

- c. featuring client companies on the WCMG website, and in newsletters
- d. co-producing media articles featuring the work of the client and WCMG

38. The potential customer group is local companies such as:

- Rocket Lab - commercialising space and looking after the planet
- AFFCO - large Wairoa employer
- Chemical companies
- Petroleum VMG
- Dairy farmers
- Red meat producers
- Agricultural supply companies - Ballance
- Beef & Lamb
- Forestry operators

39. The WCMG offering will be charged for on an annual subscription basis, based on the type and size of the organisation.

Organisation Type	Annual Subscription	Number of Subscribers	Income
Large company	\$ 7,500	3	\$ 22,500
Individual Farmer	\$ 200	10	\$ 2,000
Industry organisation	\$ 1,000	2	\$ 2,000
		Income	\$ 26,500
Costs Yr 1	Unit	Price	Cost
Offering development	0.1	\$ 45,000	\$ 4,500
		Costs	\$ 4,500
		Revenue	\$ 22,000

40. WCMG revenue is c \$22k.

Opportunity 6 - Life Skills Courses

- 41. Then opportunity is to provide experiences and mentoring to build life and work skills to increase job- readiness and/or to enable people to function in the community rather than in residential care
- 42. The product is a practical. One-week course which provides participants with skills, practices, experiences and self-belief which help them function better in life and reduce their dependence on costly social support systems. It The target fenders are a collection of Government Departments and philanthropic organisations with social outcome objectives, especially those which could reduce their costs by having to provide services to less people. Prime targets include MSD, Corrections, Dept of Corrections, MSD, DHBs, Rongomaiwahine Māori Trust, TPK, mental health services providers, and local Councils.

43. Course price is set at \$12 500 for the WCMG component. This could potentially be increased if positive results are produced from the first courses. five courses are run over the seven-month better weather season.

Customer Income		
Number of courses	5	
Course price	\$ 12,500	\$ 62,500
Costs		
Development costs	17096	
Delivery staff costs	35616	
		\$ 52,712
	Revenue	\$ 9,788

44. WCMG revenue is c \$10k.

Observations and recommended actions

45. The following general observations are made:

- WCMG is engaged in social and rural community development as well as in environmental enhancement. The group is leading the way in New Zealand for things such as linking marae and farming communities; for showing how to collaborate across communities (Maori, pakeha) and agencies, and for creating the capacity for local leadership. All of this is what Councils spend a great deal of money on to support the development of "resilient communities" - not only in economic terms, but also in preparation for a natural disaster. Further discussion on the additional value created by WCMG for the region and communities is provided in App Four.
- Continuing the work of WCMG allows for other parties to investigate add-on products and services, bringing enhanced social cohesion and employment opportunities.
- There is greater revenue potential in utilising the whole Peninsula than just the Whangawehi catchment.

46. The following recommendations for further action are made :

- Select one or two of the opportunities in this Report for further investigation.
- Conduct a full stakeholder analysis to determine WCMG of alignment with national Government and philanthropic organisation strategies and funding streams, and ascertain where their current interests and priorities lie.
- Develop a concise value proposition of the existing and expanded WCMG work. Show its vital contribution to the wider picture of Mahia as an eco-friendly region.
- Compile the existing and expanded environmental protection activities into an action plan over a three year window. Take this case to the philanthropic organizations which are interested in this activity. A list of potential organizations is attached as App Two.
- Establish a working group of interested producers, and a local marketing firm, to scope the requirements and costs of establishing a regional producer brand.
- Two concepts worthy of later investigation, based on the success of the next two years' initiatives, are :
 - Running a conference in years 2-3 to bring profitable revenue and shine a spotlight on the work and success of the WCMG. It would unearth new supporters and sponsors. The conference could be based on significant achievement in both the

environmental management work of WCMG and its attempts to become more self-funding. Perhaps revenue earning workshops could be appended to it.

- Supporting the building of a combined Info Centre, i-site & cultural centre for the District. Although not within the catchment area, this would offer a focal point and base for the work of the WCMG, albeit in its present or an evolved form
-

Strategic Context

The Whangawehi Catchment

47. Two maps showing the location and extent of the Whangawehi catchment is provided in App One. It sits within the Wairoa catchment zone as defined in the HBRC Regional Catchment Profiles.
48. At 3,588 hectares, the Whangawehi Stream catchment is the largest of the Mahia peninsula. The Whangawehi Stream takes its source near the northern end of the Mahia Peninsula, between the Mahia Beach (western side of the peninsula) and the Mahia settlements (Eastern side of the peninsula) (Figure 1). It flows into the Pacific Ocean at Whangawehi, after a course of approximately 13.3 km. It receives three main tributaries from the Southern part of the catchment: the unnamed tributary that drains the Department of Conservation bush reserve, the Urumatui Stream and the Mangatupae Stream.
49. Whangawehi river is a sacred river for Rongomaiwahine iwi and hapu. They refer to the Whangawehi Stream when they recite their pepeh “Ko whangawehi te awa”

Organisational Overview

50. The WCMG (<https://whangawehi.com/about/>) was born in 2011 when the consultation process undertaken in relation to the resource consent applications for the waste water treatment plant identified deep concerns from the local community. The majority of these concerns involved the potential effects the scheme could have in regard to the cultural, historical, recreational and ecological values of the Whangawehi catchment.
51. At a hui in September 2011 a decision was made to draw up a Catchment Management Plan, the core objective of which is to “maintain or improve the different cultural, ecological, recreational and economical values of the Whangawehi catchment identified by the community, in short, maintain or improve a healthy Awa”.
52. A Memorandum of Understanding between the Wairoa District Council, the Hawkes Bay Regional Council, Tangata Whenua of Mahia, represented by Kaiuku Marae Trustees, Tuahuru Marae Trustees, Ruawharo Marae Trustees, Mahanga Marae Trustees, Mahia Māori Committee and most landowners in the Catchment was signed in July 2011. By 2013 the DOC and several landowners also signed the MOU.
53. The principal activities of WCMG which require funding are
 - the development and implementation of a Catchment Management Plan, which is a document encompassing all the information available on the catchment relating mainly to land use and water quality and a range of actions to improve water quality and protect endangered habitats.
 - Engaging the community in conservation and education activities related to the catchment

- Undertaking cultural surveys
 - Monitoring the status and health of birds, banks, fish, insects, and water quality
 - Coordinating pest control and erosion control
 - Organising community planting days, guided walks, mountain bike rides and other events
54. The WCMG is an incorporated society with charitable status. It employs (via HBRC) one coordinator to seek funding, execute the Catchment Management Plan, coordinate volunteers and contractors, and promote the Group's work.
55. WCMG has received public recognition for the quality of its work :
- WCMG is the Supreme Winner at the Trust Power Community Awards for the District (December 2013)
 - Finalist at the Green Ribbon Award (MFE) in Wellington (June 2014)
 - Finalist for the New Zealand Rivers Award (November 2014)
 - Nomination at the Green Ribbon Award from the Ministry for the Environment (June 2016)
 - Winner of the Caring for our water Award and the Supreme Award at the 2017 Green Ribbon Awards held at Parliament (June 2017)

Alignment to Existing and Future Strategies

56. The work of WCMG contributes to six specific objectives of the New Zealand Biodiversity Strategy and has already delivered some real benefits. The Whangawehi Catchment contains a number of important biodiversity assets; the protection of which is recognised as a National Priority :
- Threatened freshwater fish (eg. Longfin eel, Inanga and Redfin bully)
 - Remnant vegetation on threatened land environments
 - Wetland habitat
 - Threatened habitat (eg. coastal forest)
57. The headwaters of the Whangawehi Stream fall within the Mahia Peninsula Scenic Reserve, a 374 ha block of natives managed by DOC. This reserve is the largest and most diverse coastal forest in Hawkes Bay and is considered the best example of this forest type on the east coast of the North Island. A total of 147 native plant species have been recorded within this forest and many plants are considered locally threatened
58. 190 ha within the Whangawehi catchment have been assessed as part of the Protected Natural Areas programme and have some significant value in terms of biodiversity.
59. There is a clear alignment with the Predator Free NZ movement. The stakeholders of Predator Free NZ Trust include DOC, OSPRI, Local Government, Landcare Research, Pure Advantage, Nga Whenua Rahui, QE II Trust, ESRI, Eagle Technology, Forest & Bird, WWF NZ, Federated Farmers, Fish and Game, NZ Sanctuaries, Janzoon Trust and the Universities of Auckland, Massey, Waikato and Victoria. DOC will deliver the Predator Free 2050 programme, meeting the goals and coordinating different agencies involved. Predator Free 2050 Ltd is the company set up by the government to invest in large landscape scale projects and breakthrough research. It is expected to leverage additional contributions from business, local government and philanthropists. Other significant players include National Science Challenge Biological Heritage, Local government, Ministry for Primary Industries, OSPRI, NEXT Foundation and many NGOs.
60. The DOC Community Fund, announced in March 2014, has approximately \$26 million dollars to distribute to community groups for priority conservation work over four years. Following the

initial four years, the fund will return to an allocation of approximately \$4.6 million per annum. The fund is directed at practical, on-the-ground projects. These projects will maintain and restore the diversity of our natural heritage and enable more people to participate in recreation, enjoy and learn from our historic places, and engage with and value the benefits of conservation.

61. Regional Councils have responsibilities under various national policy statements to improve environmental outcomes.

Funding of similar organisations

62. As noted in para 5, there is no standard model for water catchment management activities or funding throughout New Zealand. Indeed, each catchment has quite specific and individual characteristic and stakeholder sets. A number of other organisations were asked how they funded their activities. Information within the following descriptions is also useful when considering the 'attractions' on offer in comparison to what the Whangawehi catchment could offer.

Pathway for the Pomohaka

The prime funder behind catchments in Otago is the Otago Regional Council (ORC). Apart from Pomohaka the Kakanui catchment project is taking the work Otago-wide, and funding will be provided by ORC, the Waitaki District Council, and farmer subscriptions. Landcare Trust did a scoping report, funded from the SFF of MPI, on starting the Pomohaka catchment work. Farmers formed an independent group to lead the work. ORC funded the following year, and now the SFF has committed to providing three years funding for the 'Pathway for the Pomahaka' project.

About 140-160 farmers, around half of the number within the catchment area, pay \$250 each for water monitoring. Each landowner has to provide s16 discharge tests, and receive one free State of the Environment test. Peer pressure from fellow farmers encourages people to pay their subs. The Trust receives co-funding from Beef&Lamb, Ravensdown and Rabobank. Rabobank paid for the making of a documentary on the project.

HDLT costs about \$60-70k pa to run, and employs a part time coordinator. As the project is extended into Hakataramea, HDLT is looking to explore crowd-funding sources to supplement baseline MfE funding. This will require them to tell the story of wider good on Facebook and other social media. They will also be seeking funding from the Ministry of Tourism for toilet facilities, and finding from MBIE for regional development outcomes.

Hurunui District Landcare Trust

The Hurunui District Landcare Trust (HDLT) is an incorporated society with a membership of c. 130 farmers, and which has been running since 2015. Originally funded from the Sustainable Farming Fund, the members now pay a subscription of \$200. It gets matching funding from Beef&Lamb. It was originally established as a response to regulatory changes in 2013 capping increases in nutrient runoff to 10%. It is now effectively a lobby group for dryland farmers, giving them a voice into regional council via the Canterbury Water Management Strategy, and to DCO on biodiversity policy.

Bushy Park Trust

Bushy Park Sanctuary is located on the west coast of the North Island 25 kilometres from Whanganui City. In 1962 G.F.Moore bequeathed Bushy Park to the Royal New Zealand Forest & Bird Protection Society. In 1995 the Society transferred ownership of the Homestead, Stables and a surrounding area of 11.7ha. (27acres) to an independent Trust now known as Bushy Park Trust who continue to run the Park.

The sanctuary is a 100 ha predator-free native bird sanctuary, set amongst one of the few patches of virgin lowland forest. According to Ecological Management & Restoration, the journal of The Ecological Society of Australia along with SER International, the world's premier restoration body, have ranked Bushy Park as one of Australasia's "Top 25" Restoration Projects.

Within the Bushy Park Sanctuary is 3.4km of metalled or well-formed walking tracks throughout the forest providing easy all-weather access for visitors. The main attractions in the sanctuary are tree species and birdlife. A feature of the reserve is a large northern rata named Ratanui ("Big Rata"). It is estimated to be between 500 and 1000 years old and is 43 metres in height and has a girth that exceeds 11 metres.

A predator eradication programme has rid the forest of almost all pests – stoats, ferrets, weasels, possums, feral cats, hedgehogs and rats, and the culmination of this eradication programme has been the completion of a 4.8km Pest Proof Fence at the cost of \$830,000 around the entire Park.

The North Whanganui Rotary Club BP Committee was formed in 2014 to begin a 3 year partnership with The Bushy Park Trust in developing the Parks infrastructure. It began with building the 90m wetland boardwalk selling \$22,000 of sponsored named planks as a fund raiser, followed by the construction of a 60 seat amphitheatre costing \$6,500 funded from the clubs annual trailer raffle and a matching grant from the Rotary District. With Eleanor Burgess Trust funding native planting and signage the whole project came to over \$55,000 and was opened by GG Sir Jerry Mataparae in May 2015.

The Trust has one employee on a 2 year contract, funded by DOC Community Partnerships, supported by Forest and Bird. As well as the Sanctuary, the property also features an Edwardian-era homestead that is a Category One Heritage Building,

which operates as a B&B. The Trust sells an annual concession to the people who operate the B&B. The Trust also runs a small beef farming operation, bringing in revenue of c. \$ 11k. Most of Bushy Park's funding has come from projects, and they still have difficulty in raising money to run the Trust.

There is a small fee for visiting the Bushy Park Sanctuary. Currently the fee is \$10 for adults, while all children (15 years and younger) are free. The Trust supporters pay an annual subscription - in 2017/18 this is \$30 for an individual, \$50 for a couple or \$100 for a family.

The Trust provides educational experiences to primary and secondary school students. There are up to 1 000 school visitors per year, from as far away as Wellington, New Plymouth and Palmerston North. It is run in conjunction with the Whanganui Regional Museum which has educators on staff, which are supported on visits by Bushy Park volunteers. Several NZ and a few international university groups have also visited. These visits encourage young people to be interested in science careers. A charge of \$2 per student is made, to cover the costs associated with Health & Safety management.

Awhina Twomey, the Kaiwhakaako Māori, based at the Museum, is responsible for developing and delivering Māori content in Māori and English. Another example of a useful collaboration is where Bushy Park offers photography and art sessions within the park in conjunction with the Sarjeant Gallery. Friends of the Park also sell paintings and greeting card sets at the park to raise money.

Current situation

Development of the catchment area

63. In terms of environmental improvement, about 7.5 km of the stream is now protected by fences, 42 ha of its margins have been planted with 136,000 native trees, 5 ha of native bush have been retired and debris dams have been built to retain silt and build up the stream beds. The community and landowners manage a large network of pest traps, and birds are already returning to the area.
64. The benefits have been increased schools of whitebait, more abundant long fin eels and a 15 per cent increase in the recreational status of the water quality. WCMG was the Supreme Winner at the MfE Green Ribbon Awards 2017.
65. The current length of walkable track is approximately 13km. It mainly follows existing 3-4m wide 4WD suitable tracks. It is typical of non-enhanced farm and forestry tracks, and is not specifically formed or paved with limestone or other material. It is similar in quality to the tracks which exist in the Te Urewera National Park.
66. The track is on private forestry and farm land. Six km of track runs through the commercial Grandy Lake Forest, so with harvesting the tracks will change, making it difficult to build permanent tracks but does provide variety. There is a need to build raised walkways across some creeks. There is one shelter on Tharoa Trust land, built with contributions from Carters.

An out and back loop off the track crosses into DOC land. The track is shared by walkers, bikers and horse riders.

67. The track is a relatively short and easy to moderate track. It is not iconic enough to be considered one of the Great Walks of New Zealand. Therefore, the likely market segment which would be interested in using the track in its current would be medium fitness, middle aged individuals or families. It would suit either tour or free independent travellers who had a day to spend on the Mahia Peninsula. If the track was developed more extensively then it could appeal to a wider group of users.
68. The forestry is a commercial exotic forest rather than a scenic, multi-species native forest. The track provides an authentic outdoor experience, more so than being an iconic walk based on striking scenery. There is a large amount of rainfall experienced within the catchment, especially between the months of May to September, at which time the unformed tracks can become muddy. Without track formation, this may limit both the target user and the length of season in which the track is used.

Maintenance

69. Maintenance of the current 13km track is largely weather-driven and costs about \$5k pa. The tracks, which are part of the working farms and forest, are kept clear as opposed to being formed. Extra costs are incurred if a digger is required to remove large slips. Bike tracks need to be smoother. Cattle using the tracks dig up the surface, which is a problem for bikers who require a smoother track.

People resources

70. WCMG has the services of a 1 FTE coordinator, paid 61% by HBRC and 39% by the Hill Country Erosion Fund project.
71. The group relies heavily on a small core volunteer workforce of 10-15 retired or semi-retired volunteers. The WCMG coordinator has worked to expand the community of support and usually manages to gather between 30 to 60 volunteers for planting days/mountain bike ride events. As the group operates in a remote rural community this number is quite unreliable as people come from Hawkes Bay or Gisborne. Some batch owners are keen to be involved but once again, it hard to rely on securing a lot of people for planned events. The Group is trying to develop more community engagement / support via the educational school programme that it runs. It is hoped that this connection will enlarge the volunteer pool.

Current activities

72. WCMG has looked to provide access to the catchment and increase public awareness of the project by providing guided walks and by opening the track to mountain bikers on specified occasions over the last two years.
73. WCMG has run 10-15 guided walks and two organised mountain bike rides. Walkers numbered 275 in 2015 and 200 in 2016. The walk included a hire bus from Mahia Fishing Club to the walk gate, a self-catered lunch stop, and a bus to meet walkers at the Whangawehi River mouth. Volunteers provide commentary on the history of the area and the catchment project. The walk takes 5 hours at a relaxed pace.
74. The 25km mountain bike route starts and finishes on public road at either end of the walking track.

75. A charge of \$10 pp has been made to recover costs, but no additional revenue has been generated. The main cost is for a bus to get walkers to the start of the track and pick them up from the other end.
76. Users of these activities were an equal mix of local and non-resident people (including bach owners). Numbers were generated by the WCMG and other blogs, advising nearby i-sites and accommodation centres in Hawkes Bay and Gisborne, and word of mouth.
77. WCMG is training 4 -5 people to help with tree establishment, potentially creating local employment opportunities.

Public access

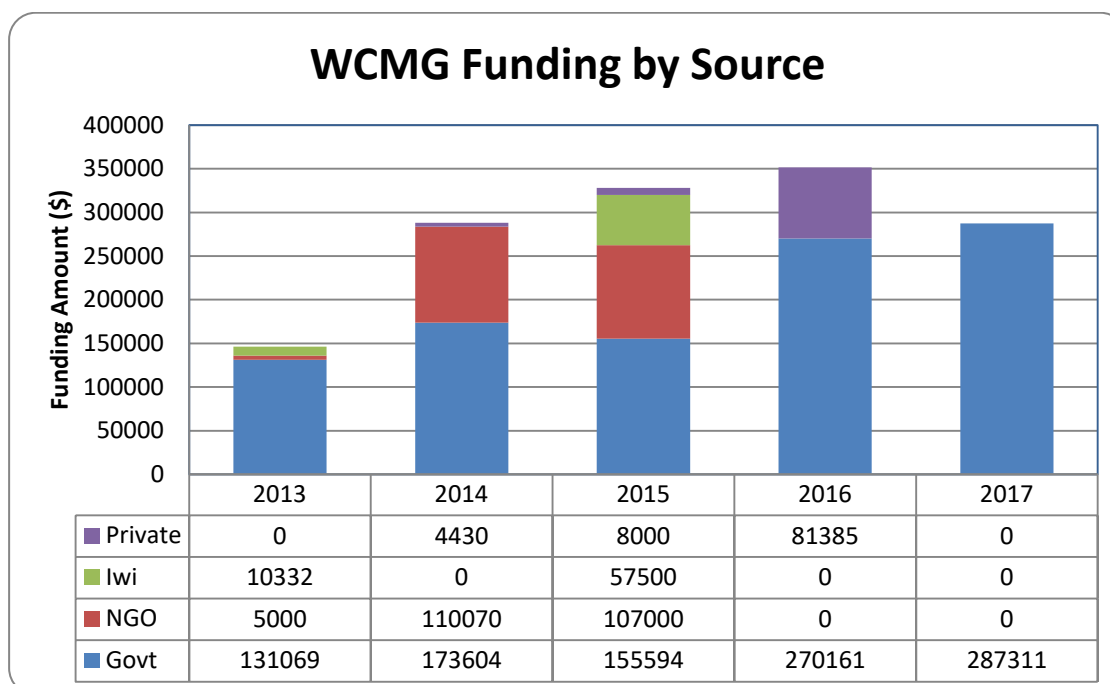
78. Discussion is under way with the NZ Access Commission to make the track a gazetted walkway. A gazetted walkway is a walkway that is legally protected by a registered easement or lease and notified in the New Zealand Gazette, giving landholders and the walkway the legal protections and status offered by the Walking Access Act 2008. The Access Commission will name a controlling authority which maintains the walkway and assumes some responsibilities to the public. HBRC have indicated to WCMG that HBRC would agree to become the controlling authority.
79. The advantage to WCMG is that the Access Commission pays survey and legal costs, estimated at \$15k. Landholders may refuse access to their land, even if such access may have been traditional and the request seems to be reasonable. On the other hand, although landholders may charge for any facilities or services that they provide on their property when providing access, and they also have the right to recover any costs incurred in providing access, they cannot charge for the right to access the walkway. The relevance of this to any revenue-generating activities needs to be considered.

Funding

Previous funding sources

80. WCMG has received funding of \$1.4M over the last five years. Funding has come from :
- Government = HBRC, DOC, MfE, Nga Whenua Rahui
 - Iwi = Wai Māori Trust
 - NGO = WWF, Endeavour Trust, Lottery Commission
 - Private = Eastern Central, Sustainable Business Network, Pam Torbett

81. The percentage of WCMG funding contributed by each funding group is episodic and irregular.



Future funding reliability

82. Interviews with DOC and MfE staff confirm that on-going funding from these traditional sources is at risk. The WCMG work struggles to meet DOC's national priority list. WCMG was funded from a Ministerial Fund called DOC Community Conservation fund, not out of Vote Conservation. The fund is in the 4th year of four, with no guarantee it will be available after this year. No other future funding streams specifically relevant to WCMG are envisaged by DOC.

83. The opinion of some DOC management is that WCMG should concentrate on reaching the natural conclusion of the Whangawehi work rather than getting into other work. There is not likely to be big impact from the commercialisation of walks, bike trails etc., as the site is in the middle of nowhere. They agree that WCMG provides the basis for others to achieve social and economic outcomes.

84. There are broad agency plans for a predator free approach in Mahia, contingent upon upcoming multi party work. Large national philanthropic funds present an opportunity for future funding.

85. While agency funding from MfE, DOC and MPI is ring-fenced for contestable funding the relevant Minister decides the target areas. Each round will be slightly different. WCMG just happened to fit three different MfE funding streams. One was community / marae connection. MfE will offer suggestions to groups who present draft proposals as to how to fit their funding streams. The current Minister for the Environment is not focusing on WCMG type work. No new funding channels are likely to be created in the near future.

86. The opinion of some MfE management is that the biggest feather in WCMG's cap is having many of the landowners on board. HBRC's funding and the coordinator's personal flexibility and resilience are critical success factors. The next catchment one over from Whangawehi has applied for funding. Having more and connected catchments being managed provide scale for relieving environmental impact and building a brand. WCMG cannot apply for more funding unless there is a different slant to its previous applications.

Stakeholder Opportunities Identification Workshop

Workshop

87. The WCMG, with support from HBRC, organised a workshop of WCMG stakeholders at Kaiuku marae on 23 May 2017. The purpose of the workshop was to identify the future direction of WCMG activities and how they might be funded. More detail on information in this section can be found in a standalone report on the workshop, which is available from HBRC ².

Self Assessment

88. WCMG is a community driven, capable group that delivers on contracts, achieves significant local environmental impact, but has limited public profile and exposure.
89. Currently WCMG is a fee for service delivery organisation. The group's coordinator spends maybe 50% of his time identifying and bidding for contracts requiring specific environmental deliverables, but the Group is not explicitly funded for the indirect and more intangible outcomes it produces. WCMG not only delivers specific environmental actions; it also acts as a builder of community engagement and adds to community resilience and capability by bringing local players into discussions and activities related to WCMG contract deliverables.

Vision for WCMG

90. The workshop split into two groups and did an exercise in which they described the newspaper headlines that WCMG would inspire over the next 2-10 years. This exercise created a vision of where the WCMG wants to head, split into three time periods. The goal for each period can be summarised as :

Horizon	State
In 2 years	consolidation of the core WCMG work in environmental protection and enhancement and the restoration of the Whangawehi River resulting in increased community awareness and engagement with the WCMG and the environment, and increased public use of the catchment area
In 5 years	getting smarter through technology and social presence to make the catchment more 'special' and attractive through value-add activities available within the catchment (e.g. rail / gondola). The Mahia brand has been established and used by various producers.
In 10 years	to have created an ecotourism industry on the peninsula as a result of significant ecological wins (eg pest eradication and takahe repopulation)

91. The new vision talks about increased economic prosperity and job creation as a result of the foundation work laid by WCMG. The success of the vision relies on the development of a recognisable and authentic eco-friendly and eco-active brand for the Peninsula. As such, it resembles a regional development initiative. It may not be the responsibility or ability of WCMG to hold this vision for the wider community. Such developments are long-term and capital-intensive.

² WCMG Workshop May 2017 Outcomes report v1.0, Katalyzer

92. Whichever organisation(s) hold the vision for the Peninsula, WCMG, whether it is that organisation or not, needs reliable income over at least the next two-year period in order to prevent the environmental gains made so far from being regressed, and in order to provide the factual basis which would allow the concept of the ten year vision and brand to be investigated and implemented.

The value of WCMG to customers / stakeholders

93. The Groups' current funding sources are largely central and regional Government agencies buying environmental protection services. There is very little productisation of these or other services (such as guided walks or bike trail events) for sale to other customers. The current funders are not thought to have any particular need to acquire new or enhanced services or products from WCMG. One service that the WCMG does well, but is not compensated for, is its ability to link agencies or companies with the community.
94. The new potential customer groups identified could possibly desire enhanced products based on WCMG knowledge, community access or physical access to private land, include domestic users, educational organisations, philanthropic organisations, businesses requiring community engagement, and tourists through the achievement of the new vision.
95. The workshop and project team identified several area in which WCMG provide more intangible and therefore harder to calculate value for HBRC, MfE and MPI. No other catchment on the East coast has advanced so far in such a short time and gained measurable environmental improvements. The inputs are unique and multi-faceted, achieving holistic outcomes. These agencies have the opportunity to find out what a comprehensive catchment wide programme can achieve for the region's soil and water resources using existing best practise. Therefore, it's possible that a campaign directed at these agencies collectively, might be the most 'profitable' option for WCMG.
96. WCMG is engaged in social and rural community development as well as in environmental enhancement. The group is leading the way in New Zealand for things such as linking marae and farming communities; for showing how to collaborate across communities (Maori, pakeha) and agencies (HBRC), and for creating the capacity for local leadership. All of this is what Councils spend a great deal of money on to support the development of "resilient communities" - not only in economic terms, but also in preparation for a natural disaster.

Main Activity and Income Themes

97. Future WCMG activity in support of the larger 10-year vision, and corresponding potential income streams, were identified under five themes -
- A. Environmental Management - reflects the core business of the WCMG, and would primarily be funded by securing fee for service contracts from Government agencies or philanthropic organisations
 - B. Ecotourism - there could be an opportunity for WCMG to develop amenities along trails and manage tourism activities on private land
 - C. Mahia brand - WCMG acts as coordination group providing established community engagement to collate authentic local cultural experiences and the sale of agri-products produced or harvested in an environmentally improving catchment
 - D. Education - packaging up the acquired knowledge and wisdom of WCMG into educational and training packages
 - E. Community Development Impacts - WCMG provides pilot work programme and education to target groups - Providing experiences and mentoring to build life and work

skills to increase job- readiness or to function in the community rather than in residential care

98. The work of WCMG under Theme A would provide the basis of credibility and authenticity to enable Themes B and C to have. There is scope within Theme E for WCMG to be involved in the early stages of the development of a combined Visitor / Cultural / information centre and museum.

Evaluation of revenue potential

Revenue generation lens

99. A number of potentially revenue-generating ideas were identified in each theme. The evaluation of potential activities and funding options is undertaken through the following lenses:
- i. The core business of WCMG is environmental management and enhancement. This is largely a Government (central, regional, local) funded activity. Nationally and internationally, other sources for such work are philanthropic in nature.
 - ii. The activities which relate to wider economic development are considered to be beyond the scope and mandate of the WCMG. The securing of new funding channels would be well served by aligning WCMG activities with others necessarily involved with the greater economic and environmental vision described by the group.
 - iii. There is a pressing need to obtain funding to continue the work of WCMG, both in order to preserve the environmental gains achieved so far, and to create an authentic basis for investigation of the wider economic development vision. WCMG needs some sustaining income to ride out the fluctuations and change in focus of public funding. Therefore this evaluation focuses on the 2 year window described in the Workshop Outcomes report.

Evaluation Criteria

100. In the absence of local data and market validation, the initial evaluation of possible activities and funding has been completed based on the knowledge of the local WCMG and HBRC stakeholders in conjunction with the expertise of the other project team members. The evaluation of potential opportunities was undertaken on a partially subjective assessment of the feasibility, suitability and acceptability (defined below) of each activity. Comparisons were then drawn to existing similar activities conducted elsewhere.
- A. Feasible - Could the WCMG, with its existing skills and resources, undertake the a activity to the required standard ?
 - If not, is there a likelihood the WCMG could obtain or access the necessary skills and resources ?
 - B. Suitable - Does the activity provide a solution to the problem ?
 - Could WCMG capture some of the value stream (some of the value stream has to be in monetary income to sustain the coordinator role) ?
 - Activities creating on-going returns beyond fee for service contracts have additional attractiveness.
 - C. Acceptable - is the activity aligned with WCMG's mission and strategic objectives, and are there any legal, political, cultural or environmental considerations preventing the WCMG from carrying out the activity ?

- NB: The degree of acceptability to Government, private and iwi stakeholders cannot be fully assessed until ideas are socialised with them.
- Limited knowledge of public and private investment appetites at this evaluation stage.

Evaluation process

101. The range of activities identified by the workshop were assessed by
- removing activities which have significant barriers in terms of their feasibility, suitability or acceptability, or which may have socio-political and cultural implications.
 - down-ranking activities where the likely returns would enhance the general offering of the catchment area but are unlikely to provide direct financial gain to WCMG.
 - up-ranking activities which target new funding sources and models (e.g. public / private investment).
 - the inclusion of activities which target new funders for existing core activities.

Results and Ideas for consideration

102. The full evaluation matrix can be seen in the standalone workshop report. The evaluation resulted in the following ideas being put forward for further investigation.

A LEVERAGING ENVIRONMENTAL MANAGEMENT

1. Seeking new government agency (national, regional and local), philanthropic and corporate funding for expanding the quantum and geographic range of core environmental management activities
2. Developing a Mahia producer brand

B DEVELOPING ECOTOURISM ACTIVITIES

1. Providing guided walks by develop tracks and facilities, and working with other local ecotourism providers to develop a broader offering
2. Offering an ecotourism management service to private landowners who then have the opportunity to supply accommodation and a variety of home-stay experiences.

C DELIVERING SOCIAL AND COMMUNITY OUTCOMES

1. Providing established community engagement networks and experience to enable (mainly) land-based businesses to enhance their social licence to operate
2. Providing experiences and mentoring to build life and work skills to increase job-readiness and/or to enable people to function in the community rather than in residential care

103. A number of ideas were discounted at this stage, although they may have merit at some later stage or reveal new potentials if viewed from a wider perspective than is the scope of this report. These ideas included :

- I. Promoting research in relevant environmental management (e.g. grazeable shrubs). This was discounted as, while the benefit would accrue eventually to the catchment,

the income goes to research organisations. WCMG could continue its discussions with Gallagher Group and other private sector companies which may pay for trial site access (although WCMG does not own trial sites).

- II. Developing an authentic Mahia cultural experience, with WCMG acting as a coordination group providing established community engagement, rather than cultural product development. This was discounted as WCMG does not have the rights and mandate in this area.
- III. Developing artisan rongoa products. As with the cultural experience idea, WCMG does not have the cultural knowledge and ownership of the collated product in order to extract significant value, nor does it have land or water on which to produce the products. This idea could be taken up by the local iwi.
- IV. Creating educational offerings for schools. Experience with the Bushy Park model is that the Ministry of education does not buy or pay for educational products. Schools do not have funds to pay for educational products. School visits need a defined teaching and experience area (as per the Bushy Park amphitheatre which was built by the local Rotary Club and public contributions). There is not enough critical mass of Galleries, Libraries, Arts and museums in the local area to develop specific products such as photography experiences for that market. WCMG should monitor the GETS tender website for opportunities to acquire educator funding to investigate these areas. Creating educational resources for tertiary institutions. WCMG has no experience at creating academic material. Returns on raw content are likely to be minimal for the time involved in generating content and negotiating returns.
- V. Sharing best practice catchment management group knowledge and mentoring other catchment groups. The achievements and learnings of WCMG are based on a particular geographical and community situation. There is no presumption that it is a highly transferable model, although core competencies and processes are likely to be highly relevant in other situations. Several agencies (e.g. Landcare Trust, DOC³) offer on-line catchment management resources - WCMG would need to identify its particular value-add. There could be a viable variation on this by re-packaging the core non-environmental specifics from the work of the group into life-skill offerings aimed at securing social outcomes.

104. Two concepts worthy of later investigation, based on the success of the next two years' initiatives, are :

- A. Running a conference for profit in years 2-3 could bring profitable revenue and shine a spotlight on the work and success of the WCMG. It would unearth new supporters and sponsors. The conference could be based on significant achievement in both the environmental management work of WCMG and its attempts to become more self-funding. Perhaps revenue workshops could be appended to it.
- B. Supporting the building of a combined Info Centre, i-site & cultural centre for the District. Although not within the catchment area, this would offer a focal point and base for the work of the WCMG, albeit in its present or an evolved form.

Revenue Potential calculations

105. Given the absence of market validation and potential customer numbers, revenue potential will be expressed generally as a scenario containing utilisation targets or a breakeven calculation. This invites discussions around factors such as who might pick up some of the base costs to generate a better bottom line for WCMG.

³ <http://www.doc.govt.nz/get-involved/run-a-project/>

106. The potential revenues presented represent revenue that could be applied to the operation and administration of WCMG, as opposed to being solely targeted towards physical, environmentally focused contract deliverables.
107. Personnel costs are priced where the work to be done (at least initially) by the WCMG Coordinator or key partner personnel, as those personnel are taken away from existing duties and outputs. Ongoing activities rely heavily on set up costs being replaced by volunteer staff.
108. No consideration of tax liability has been undertaken. It is assumed, for the purposes of this report, that WCMG has non-taxable charitable status.
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Leveraging Environmental Management

Scaling Up

109. Environmental protection is the core purpose and capability of WCMG. The Group has a credible track record at delivering contracts and community outcomes. It is also trying to position itself as cutting edge – developing better methods for fencing steep gulleys, designing more effective tree protectors, and increasing the use of native trees. It is promoting research into virtual fences and better pest traps, and the use of drones for water monitoring.

Scale Up objectives

110. The Group wants to extend its pest control activities beyond the defined boundaries of the catchment to create a buffer to protect the control successes currently being achieved. There are already existing programmes in place to control wild goats, but this programme could be extended further down into the Peninsula.
111. One aim is to increase indigenous biodiversity and water quality within the catchment to provide a range of potential habitat types and locations.
112. It is anticipated that the immediate neighbours of the catchment area, who have signed the Group's MOU, would welcome work being done on their land. Of the 15 000 ha of land in the Peninsula, WCMG believes it has support from the owners of 13 000 ha to expand its activities, especially in the area of pest control. It is thought that Onenui Station in particular is interested in developing a range of good practice environmental activities.
113. Focus areas for increased environmental management work should
- a. leverage off national biodiversity strategies
 - b. create bigger impact to the Predator Free NZ movement
 - c. focus on freshwater.

Funding targets

114. Traditional funding from DOC and MfE for the groups' core activities cannot be relied on in the future as annual priorities are set by the Minister. Therefore the focus shifts to gaining funding support from philanthropic organizations. The only philanthropic organisation to so far have funded Million Metres project . Alignment with Predator Free NZ principles would boost the attractiveness of funding requests.

115. A list of potential philanthropic funders is provided in App Two. Highly relevant funders include
- a. Predator Free Trust allocates funds for pest control or conservation related projects.
 - b. Next philanthropic funding agency has \$100M fund. DOC is strongly connected to it, and might support a WCMG application.
 - c. Nature Conservancy - largest environmental philanthropic org in USA. It has branches in the South Pacific, and is becoming established in New Zealand. It may be interested in early signature projects.
 - d. Morgan Foundation - its work extends to public interest research and education as well as to investment in conservation and natural environmental enhancement.

What WCMG needs to do

Develop WCMG Proposition

116. To realise funding from non-traditional sources WCMG needs to clearly articulate its mission, achievements and value proposition. It needs to build on the work done at the two WCMG workshops, by developing a concise, readable business canvas that can be used in pitching to funding organisations.
117. Developing the proposition is also necessary to pursue other revenue options described in this report. It would also help prepare for eventual funding bids to the traditional environmentally-focused funding sources when their priorities are back in sync.
118. Historical funding sources typically pay for contracted environmentally-focused outputs, but do not pay for the operating costs of the WCMG, nor costs associated with the seeking of funds or more intangible social and community outcomes. The proposition must include elements which appeal to the wider objectives of the target funders.

Develop the WCMG website.

119. The website needs to be refreshed to present the value proposition and appeal to a different type of audience. It needs to be modern in design, and interact with funder websites.

Develop a social media presence

120. Many funders are conscious of the need to speak to, and appeal to, a growing audience of people who are both on social media and care about environmental and community outcomes. WCMG needs to support the objectives of funders by supporting their social media strategies, as well as establishing its own identity through these platforms.

Revenue Potential

121. It is hard to gauge the likely success or quantum of funding bids until actual bids are presented. For the purpose of this report, the measure is given in the form of a target. The target is arbitrarily set at an average of \$150k for each of the next three years.
122. Of the targeted \$150k annual income, an allowance of 20% is made for funds to be allocated to paying for the operation of WCMG as opposed to direct physical implementation of contracted outcomes.

123. The estimated cost to have someone assist the WCMG to develop and present its proposition could be in the vicinity of \$ 8k. Then the various organizations listed in Appendix Two could cover the costs of the actual environmental management outputs and development of associated educational product. A website refresh may cost in the vicinity of \$ 8k. A social media strategy and initial implementation may cost in the vicinity of \$ 10k.

Philanthropic Income		
3 year target	\$ 450,000	
Funds for running costs	20%	
Income for running costs over 3 yr period		\$ 90,000
Costs to acquire funds		
Proposition development	\$ 8,000	
Website	\$ 8,000	
Social media strategy	\$ 10,000	
Personnel costs 0.2 FTE	\$ 14,000	
Costs over 3 year period		\$ 40,000
Revenue for running costs over 3 years		\$ 50,000
Revenue for running costs prorated annually		\$ 16,667

Mahia Producer Brand

Concept

124. There is an increasing movement amongst food consumers to pay a premium for food grown in environmentally friendly or ethical ways (e.g. free-range eggs). The work of the WCMG in enhancing environmental standards in the catchment creates an identifiable area upon which to build a brand based on two elements - caring for the environment, and having a high standard of natural inputs into the produce. The brand does not have to be 'certified organic', but be based on good practice such as no antibiotics, grass feed, and using good water quality as a proxy of a healthy area.
125. Some independent organisations are already heading down this track. Food, Farms and Freshwater (3F) ⁴ is a new social enterprise passionate about connecting consumers with environmentally savvy farmers. The group, which was part of the Ākina Foundation's Launchpad programme for social enterprises, has set up a red meat certification recognising and rewarding farmers for operating in an environmentally conscious manner. It recognises farmers whose practices safeguard waterways, ensuring they are 'swimmable and fishable'. 3F will develop a management plan framework and online platform for farmers for them to achieve top red meat quality standards, and adhere to the swimmable and fishable objectives.
126. "The cornerstone of success of this model is to grow the financial return for farmers for meeting environmental and quality standards. To do this 3F will work to grow the value chain and assist verified farmers to access this premium for their meat from processors. The result will be a branded premium meat product in the retail market that meets high quality and environmental standards." The project will also achieve other positive spin-offs including stronger rural communities, enriched biodiversity and enabling consumers to be a part of the solution.

⁴ <http://sustainable.org.nz/sustainability-news/where-has-your-food-been#.WWKokIVOKM8>

Comparison - Taupo Beef & lamb

Unsustainable farming can cause damaging effects on waterways, but to place sole responsibility on farmers to solve the problem would either compromise farm business viability or lead to diluted water quality standards. Taupō Beef & Lamb (TBL) was established to test consumers' willingness to pay a premium for beef so that consumers are contributing to the costs of protecting Lake Taupo. To do this, the company has engaged consumers with the farm practices that lead to outstanding meat product quality. Convincing consumers to pay for the environmental costs of meat production could take a generation, but the brand owners believe there is no better time to start than now.

Taupo Beef and Lamb come exclusively from five certified farms (including a 2000ha Hurakia Māori Trust farm) in the area surrounding the lake known as "The Taupo Catchment" as defined by the Waikato Regional Council. The impact of each farm is managed and audited to ensure the water quality of Lake Taupo is protected for future generations.

The Taupo Beef: 'Grown Right Here' brand was a joint initiative between Taupo catchment farmers and the Lakes & Waterways Action Group Trust, supported by Waikato Regional Council, Enterprise Taupo, and Destination Great Lake Taupo.

A comprehensive article on Taupo Beef & Lamb founder Mike Barton can be found in Country Wide magazine, June 2016 ⁵ One of the biggest challenges in developing their own value-add branded meat business has been the competitive nature of the industry. Meat processors have targeted Taupo Beef suppliers with a short-term premium to secure supply, while wholesales have set their sights on restaurant customers, offering meat at lower prices.

"The premium for Taupo Beef is not yet covering the costs associated with a nitrogen cap, but it's getting very close. We can't suddenly turn a switch on and expect consumers to pay for the environmental cost of food production. The idea over time is to build a model where the full cost of water quality is incorporated into the cost consumers pay."

An environmental tick from Waikato Regional Council assures customers their meat has been grown with the quality of Lake Taupo in mind. This is the first environmental tick from a regional council. "The only reason the council can give the tick is because we are a catchment model – they are auditing every farm". Promoting a product based on environmental protection requires full traceability. Meat processors' ties to a commodity product made it difficult finding a processor willing to provide that traceability, so having a wholesaling partner is very important.

⁵ Country Wide magazine, June 2016, pp50-55,
http://docs.wixstatic.com/ugd/cb404c_032c2909af3243f89bfc3fa413792009.pdf

Limiting Factors

127. A number of factors impinge on the ability of WCMG to extract immediate returns from creating a Mahia brand :

- Of a 600kg export steer, only 16kg is prime cuts, meaning that any premium has to be significant to justify the investment in the brand. TBL is not yet realising the margins required to compensate for its capped numbers.
- While WCMG can give sound advice and assistance, there is no protectable Intellectual property within its knowledge set
- All Regional Councils are requiring farmer groups to adopt the environmental and water catchment management practices that WCMG delivers. Eventually there will be little competitive advantage for produce from one catchment over another.

Brand / Quality Mark Proposal

128. The brand concept could be taken forward in the form of a medium term commercial response to new environmental standards. It would initially take the form of a Quality Tick, licensed out to producers meeting the audit regime of HBRC and the environmental principles of WCMG.

129. Kiwi's do respond well to understanding provenance through geographical branding, and Mahia is a recognised and appreciated location. When NZ Dairy Foods acquired Puhoi Valley Cheese it replaced the existing French branding cues of Bouton D'or with a Puhoi range of cheeses, and it rose to the number one brand in NZ. Similar effects happen with Kapiti Cheese and Ice Cream, or Whitestone. People like a sense of place and a story bringing it to life.

130. Eventually the Quality mark could be extended into a Mahia Brand of foodstuffs - meat, seafood, etc., which would tell a brand story of a green, remote place, where neighbours share great produce, everything is natural (free range etc, not Organic) and environmentally sound, and where we protect our natural resources - most importantly the water.

WCMG offering

131. WCMG will provide the core enhancement work upon which the brand depends. It may require the WCMG extending its environmental work (see previous section on Scaling up environmental management) over a wider area.

132. WCMG will provide the initial concept socialisation with producers and partners. This would include wider economic development and regional marketing organisations.

133. It will also develop the certification regime and manage the audit process on behalf of HBRC.

134. To create the potential for eventual return to the WCMG, it may need to own the brand and licence it to producers.

Funding targets

135. Brand establishment costs could be borne by the producers, wholesalers, and regional economic development and marketing agencies. Monitoring costs are met by HBRC

What WCMG needs to do

136. In the socialisation and establishment phase, WCMG will develop a charter for interested producers, wholesalers and value chain partners. This could be similar to the MOU the WCMG currently has with interested stakeholders in the Whangawehi catchment.

137. Develop a certification regime, which would include

- the alignment of catchment plans over multiple catchments

- identification of environmental protection issues by individual farm, with recommendations for improvement
- monitoring schedule
- assistance linking environmental actions to farm plans
- audit schedule, including the establishment of contracts with HBRC for the monitoring and audit functions.

Potential revenue

138. Further investigation of the commercial business model of brand cooperatives like TBL needs to be undertaken. It is possible that a royalty model would be hard for WCMG to collect, and that royalties would likely be small per unit and low in quantum until brand awareness is established.
139. Work needs to be done to understand where the produce suitable for coverage under the brandmark are farmed. Statistics are available to a regional level only - in Hawkes Bay there were (at 30/6/206) 434 837 beef cattle, 90 854 dairy cattle and 2 872 524 sheep ⁶.
140. Costs to create a brand and website are estimated at \$15k. Costs to establish a 'quality mark' are estimated at \$10k.
141. As a staged trial, the revenue is modelled on accrediting producers with a 'quality mark'. Charges are set as a subscription for each producer, based on the size of the herd in any year. A personnel allowance of 0.1 FTE for monitoring and auditing has been included.

Customer Income	Yr 1	3 year trial
Number of licences	10	
Avg annual cost per licence	\$ 1,000	
Licence income		\$ 30,000
HBRC - for annual monitoring	\$ 7,000	\$ 21,000
		\$ 51,000
Costs		
Costs to develop quality mark	\$ 10,000	\$ 10,000
costs to develop monitoring and audit regime	\$ 5,000	\$ 5,000
Cost to deliver monitoring and audit	\$ 7,000	21000
		\$ 36,000
Revenue for running costs prorated annually		\$ 15,000

142. Breakeven pricing is \$500 per licence over 10 customers for 3 years.

⁶ StatsNZ, Livestock numbers by regional council,
<http://nzdotstat.stats.govt.nz/wbos/Index.aspx?DataSetCode=TABLECODE7423>

EcoTourism

Guided day walks on existing tracks

WCMG Offering

143. WCMG will provide guided walks by developing the appeal of the current tracks and facilities, and working with other local ecotourism providers to develop a larger scale or combined offering in the area. WCMG delivers the experience through the use of a volunteer group. The walk would offer historical and cultural commentary and opportunities to observe wildlife and birdlife, learn about trapping techniques and include lunch (perhaps of a Māori flavour).
144. The offering is likely to be seasonal, with perhaps one or two off-season walks to maintain profile. Additional private sector run experiences could include a marae visit and meal at the end of the walk.
145. A second alternative is to develop a day tour of the Mahia peninsula, incorporating the catchment as well as attractions such as the Rocket Lab launch site.

What WCMG needs to do

146. This venture is a low cost option. Necessary actions include :
- a. Maintaining the existing track and extending it with loop options
 - b. Establishing stop off, viewing and shelter facilities. e.g. establishing bird watching vantage points around the wetlands
 - c. Developing a volunteer workforce and partnership with iwi to guide day walkers and impart local knowledge, history and cultural information / products / rongoā. Another way to do this may be to establish relationships with local service clubs, as noted in the Bushy Park case study.
 - d. Establish feeder channels through i-sites, inbound tour operators.
 - e. Form relationships with other regional tourism offerings to create scale and a reason to spend time in the region.
 - f. As with the scaling up of environmental management option, WCMG needs to further develop its website and social media presence. This will be the booking and administration system for the venture.

Funding targets

147. The customers are fee-paying 'free and independent travellers', or possibly group tours.
148. Corporate sponsorship will be sought to provide the materials for establishing stop-off, viewing and shelter facilities

Potential revenue

149. In the absence of market validation data, the customer numbers which form the revenue projections are presented as targets. The venture is focused on walkers, who have the time to absorb the augmented product, rather than mountain bikers or horse riders who are travelling faster and are more self-contained.

150. Comparison prices for similar walks are :

Walk / Location	Distance	Duration	Transport / Pickup	Lunch	Cost
Lake Wakatipu Nature Walking Tour - Queenstown	5 km	2-3 hrs	Yes	Snacks	\$109
Wilderness Adventure Walk, Corromandel <small>[Goldmines and Wilderness])</small>		7 hrs	Yes	Yes	\$265
Nature & Coast trip, Corromandel <small>(Goldmines and Coast)</small>		6 hours (+1 hour transit)	Yes	No	\$265
Tongariro Alpine Experience - Full Day	16 km	8 hrs	Yes	Yes	\$295
One day Routeburn track excursion - Queenstown	13-18 km	3-5 hrs walking, 9 hours total	Extensive	Yes	\$199, Private group of 4 = \$ 1250
Queen Charlotte Track, Marlborough	15km	10 hrs	Yes, incl launch trip	Yes	\$365

151. Cost are factored in as :

- increased maintenance allowance given the end to run a revenue-generating and scheduled service.
- advertising achieved through i-sites, regional tourism organisations, relationships with inbound tour operators, and the web and media presence paid for under other initiatives
- guide personnel labour costs will be borne by the volunteer workforce
- additional administrative costs absorbed in current expenses
- transport costs are 40 trips @ 40km @\$0.70 c/km as a proxy for van rental. Pick up point is Wairoa.

152. Revenue factors are :

- increased numbers over 2015 and 2016 due to advertising
- a 7 month season, allowing 28 walking days (allowing for weather disruptions)
- Price is set at \$55 pp, which is 50 % of a lake front walk in Queenstown. This price is chosen because Queenstown visitors expect such prices, and there is less wilderness/urban mix available as per the Corromandel tours.

Customer Income		
Avg number of walkers	10	
Number of walks	28	
Day Walker numbers	280	
Walk price	\$ 55	\$ 15,400
Costs		
Track maintenance	7500	
H&S costs and insurance	1500	
volunteer costs	1000	
Lunch	1200	
Transport	1120	\$ 12,320
	Revenue	\$ 3,080

153. Breakeven pricing is \$44pp at 280 walkers. Sensitivity testing shows that a zero sum operation is achieved with a 20% reduction in walker numbers. Costs could be reduced if (for example) track maintenance was covered by other contract work income.

The Mahia track

Concept

154. The landowners on the Peninsula join together to provide an ecotourism / farm experience similar to the Banks Peninsula track. Landowners bear the cost of the track and accommodation, and WCMG provides management of the experience.

Scale and visitor attraction

155. A regional offering of scale is necessary to get visitors to spend enough time in the area to allocate to the Mahia track, and to justify expenditure on accommodation on the track. Development of similar offerings builds the profile and identity of the region to attract the visitors who will become paying customers.

156. Lake Waikaremoana in the Te Urewera National Park, a 90 minute drive from the Whangawehi catchment, is a recognized Great Walk of New Zealand. It features the country's largest native forest, a scenic lake and a kiwi restoration project. Currently there is one other walkable track in the Whangawehi locale. The Rongomaiwahine Trust want to establish a walkway around Mangawhio Lagoon. There is also consideration of a project to establish a bike trail along the Wairoa-Gisborne rail line.

157. The track needs to develop points of interest along its route. There is a fur seal colony on the Peninsula. A rest and observation post around the wetlands would add interest. Perhaps static displays of old farming equipment beside farm tracks, with information signs bearing QR codes could be installed.

WCMG Offering

158. WCMG will provide the initial concept socialisation with land owners and tourism partners. This would include wider economic development and regional marketing organisations.

159. WCMG will provide an ecotourism management service to private landowners who supply accommodation and home-stay experiences. It will handle bookings, marketing and pickups / drop-offs from Napier or Gisborne.

What WCMG needs to do

Convince private landowners to participate for their own financial gain.

160. This would require socialisation of models such as the Banks Track with private landowners. WCMG has spent the last 3-4 years building up trust and social capital with landowners, and will need to use this to engage participants.
161. There is already some acceptance of this type of venture within the Peninsula. Okepuha Station operates a Coastal Farmstay business. It provides accommodation in various configurations for up to 8 people per night, and offers farm experiences to those staying over. It charges \$150 pp/night. To make it attractive the track needs one other landowner in a suitable geographical position along the track to provide accommodation, and other landowners to allow access over their land (depending on the route chosen). It could still be viable if only one night's accommodation was included.
162. WCMG will arrange for the development of a business case and plan for the venture. These costs would be recovered from the participating landowners.

Manage the extension of the track to a length which suits one to two two nights accommodation.

163. This is necessary to provide a large enough activity to attract customers from outside the Hawkes Bay region. The average length of the nine Great Walks in New Zealand is 51.7 km. Under this venture the track would not be put through the Access Commission process.
164. While the north end of the Peninsula has many smaller landowners, the southern end of the Peninsula has a fewer number of larger landowners, who are generally receptive to WCMG activities. The WCMG coordinator believes it would be possible to create a route which left out landowners who were not yet in support of the venture. Options exist to use the beach and some parts of public roads to get walkers to the tracks on farms.

Convince landowners that the WCMG can provide a reliable tourism management service on the required quality.

165. Establish a charitable trading company to manage the Track.
166. WCMG can learn from comparison ventures such as the Banks Track. The skill-sets required are obtainable from the local workforce, and represents an opportunity to generate local employment.
167. Potential enhancements could involve seeking sponsorship from a Telco to introduce cellular phone coverage in places along the track, allowing for tourism friendly technology like QR code information signs to be installed.

Comparison - Banks Track - www.bankstrack.co.nz

The Banks Track is a commercial co-operative of neighbouring properties, which has worked together for more than twenty seven years. Income diversification was the only way out of the depression that gripped farming in the 1980s, and this group developed this tourism offering. Co-operative activity saw a 35km track formed, bridges, boardwalks and stiles constructed, hundreds of marker posts dug in, signage erected, overnight 'huts' and day shelters built. The track opened in 1989, with 296 people walking the track during that first short season.

The track is a purely commercial operation, owned by seven landowners, four of which provide accommodation. The accommodation providers already had some form of accommodation on their properties - a shearers' cottage, horse trek hut, and backpackers' hostel. Track quality differs on each property.

There are no easements across the properties. The operation runs on annual contracts for access and a high degree of trust. Each landowner is responsible for the track that runs through their land and the accommodation they provide, but the whole team pools resources when needed. The landowners formed a company which owns a bus and a computer, holds public liability insurance and employs one person to manage the finances, the booking system, health and safety, marketing etc. The owners share income based upon a formula involving the track length on each property, the difficulty to maintain specific sections of the track, and whether or not accommodation is provided. One landowner recently has pulled out for personal reasons, requiring a change to the track route and a reduction in length to 29km.

The Banks Track is open every year from October 1 to April 30 inclusive. The operation of the track is seasonal due to a number of factors – farm activities taking precedence, winter weather, less visitors in winter, and the need to provide a break for the track owner/operators. During the season the track manager's position is a full time role. Track capacity is 16 people per night. There are no day walkers as the loop is too long. The majority of customers are New Zealanders, 40-50 years old, empty nesters, who want better accommodation than a DOC hut. Groups of women walkers are common. The track provides a range of cost options, plus some extras like sleeping bag hire, storage and pack transport. Accommodation style (bunks / rooms) and quality vary on each property, but each location has a fridge, microwave, freezer, gas hobs and a gas oven. Some locations have a barbecue and a microwave. Private rooms with beds and towels are becoming increasingly popular. All accommodation kitchens, showers and toilets are serviced daily.

Offering	Two day hikers	Three day Classic Walkers
Track access and accommodation	\$195 pp	\$260 pp
Private Room	\$150 pp	\$225 pp
Sleeping Bag Hire	\$30/bag	\$30/bag
Full Pack Cartage (all legs).	\$60/pack	\$100/pack
Standard Pack Cartage (first and last legs)	\$50/pack	\$50/pack
Extra Luggage Storage	\$10/bag	\$10/bag

The track largely does its own marketing, and uses social media and word of mouth to attract customers. It uses an on-line booking system and does not get many bookings from i-sites.

Mafi Gehrig, the track manager, attributes the track's success to the variety of scenery available (bush, farms, bays, beaches, reserve), the already existing accommodation (reducing capital investment), having an already existing travellers' hostel at the start of the track, and associated activities such as penguin watching and kayak rental. Some owners provide separate tourist offerings. Issues that needed to be managed included the building of collaboration, relationship with DOC, succession planning with the track owners, and Health & Safety management (they are not subject to adventure tourism rules).

Possible capital investment

168. The accommodation at Okepuha Station already functions at a level at or beyond what is required on the track. Other landowners may have shearers' cottages or other buildings able to be renovated and used for walker accommodation. If not, indicative prices for portable accommodation huts and ablution blocks range according to capacity, finish, bunk or room design, facilities and delivery.

169. Indicative prices for cabins deliverable of a size able to be delivered on 4WD tracks are :

Building	Weekly Hire	Cost ex delivery
3.0m x 3.0m Toilet, Shower and 2 basins	\$ 95	\$ 14,800
2.4m x 2.5m double toilet	\$85	\$ 10 600
4.2m x 2.4m, 4 bunks accom, no facilities		\$ 12 000
12.0m x 3.6m Portalodge, requires kitchen	\$195	\$28 800

170. A landowner setting up an accommodation offering could mix and match the buildings necessary to accommodate up to 8 people. If a trail is desired, buildings can be hired rather than purchased. DOC prefers to build its own huts to suit them to the location and to take materials to the site in manageable quantities. Buildings below 10m² do not generally require building consents, but this would need to be checked with the relevant Council. No consideration is given in this report to any Council or RMA requirements relating to the various activities described.

171. Waste disposal and water supply costs will depend on the location of the accommodation, and have not been priced.

172. Another option is for WCMG to gain a low interest loan from HBRC, and establish the accommodation, with the location being gifted by the landowner. WCMG could then keep a higher share of the income.

Target customers

173. The target group will be Freedom Walkers (see following Table) - as there is little ability to extract margin from independent walkers, and the Track needs to be developed more and have more attractions before offering enough content for fully guided walks.

Potential Revenue

174. Comparison prices for similar tracks are hard to find as the 'Mahia Track' is as yet undeveloped, and it is not on a known tourist route. As well, most tracks offer packages for independent travellers, freedom travellers, and fully guided walks.

Walk / Location	Distance	Duration	Pickup	Accomm	Cost
Fully Guided Walks					
Lake Waikaremoana, Te Urewera national Park	46 km	4 days	Yes, from Rotorua	Huts	\$ 1490
				2 star Lodge	\$ 1590
Hollyford Track	43 km	3 days	Yes, incl heli flight and jet boat	Lodge	\$1895
Tongariro Hiking Tour	40km	3.5 days	Yes, from Rotorua or Taupo	4 star hotel	\$ 1590
Freedom Walking - customers carry own gear and food, organiser books bus and boat transfers to start and end of walk, and reserves DOC huts					
Milford Track	53 km	4 days	Arranged	DOC huts	\$795
Routeburn Track 3 day	42 km	3 days	Arranged	DOC huts	\$505
Kepler Track	60 km		Arranged	DOC huts	\$590
Independent Walking - self organised, stay in DOC huts which have bunks, mattresses, heating, toilets, basic cooking facilities, solar-powered lighting and cold running water					
Routeburn Track 3 day	42km	3 days	No	DOC huts	\$162

175. Pricing is set at \$ 410. This assumes the track is extended to about 35 km, and two landowners provide accommodation, of a standard above that of a basic DOC hut. Walkers are picked up and dropped off from Wairoa, given lack of public transport to the Track start.

176. Another variation is for WCMG to arrange additional volume to utilise the existing farmstay operation, which would allow a trail operation without investing in new accommodation builds.

177. The amount of revenue to be returned to the landowners and WCMG depends, as in the Banks Track example, on whether or not landowners supply accommodation in addition to access, and the standard of that accommodation.

178. So to assess potential revenue, this Report works backwards from a 'what the market might bear' price and a target throughput of hikers. After some identified costs, the remaining revenue is split amongst the Track company shareholders. Possible methods to set a target Financial Yield are discussed in research by Lincoln University, however the benchmark figures are old and are not relied on here ⁷.

179. Assumptions are :

- market price = \$410 including two nights accommodation, \$270 if including one night's accommodation. This is a \$10/night reduction on the \$150/night farmstay accommodation rate compensated for by increased volume.
- hiker numbers = 140 (seven month season, 20 per month).

⁷ https://researcharchive.lincoln.ac.nz/bitstream/handle/10182/281/trrec_yr_6c.pdf;sequence=1

- two landowners provide access over their land without providing accommodation
- transport costs use up all of the \$15pp allocated within the market price. Actual costs for transport will be influenced by the distribution of hikers start dates, as if there are no hikers, no transport is required.
- one staff person is paid for 50 days pa \$35k pa.
- WCMG admin and insurance costs use up \$15 of the allocated market price.

Scenario A - 2 night accommodation

180. The \$410 revenue from each hiker is distributed as per the following table (each recipient must bear the provision of service costs from this allocation):

Recipient	Share of \$410 price
Landowner 1 - accommodation provider	140
Landowner 2 - accommodation provider	140
Landowner 3 - access only	25
Landowner 4 - access only	25
Transport operator	15
WCMG staff cost	34
WCMG costs & insurance	15
WCMG revenue	16
Total	410

181. Selling a one-night stay does not reduce WCMG revenue. WCMG may seek synergies by being the transport operator, using the staff cost already accounted for, and receive some portion of the transport cost as additional revenue.

182. On an annual basis, each participant in the Track company would receive as per the following table. WCMG revenue is \$ 2 240.

Customer Income		
Number of hikers	140	
Walk price	\$ 410	\$ 57,400
Distribution of Income		
Landowner 1 - accommodation provider	19600	
Landowner 2 - accommodation provider	19600	
Landowner 3 - access only	3500	
Landowner 4 - access only	3500	
Transport operator	2100	
WCMG staff cost	4760	
WCMG costs & insurance	2100	\$ 55,160
	Revenue	\$ 2,240

Scenario B - WCMG invests in one accommodation site

183. Additional assumptions are :

- Investment of \$50k of pre-built or self-build accommodation and services is required to provide accommodation, cooking and ablution facilities for 8 people
- WCMG can secure a finance rate of 5% over 10 years on \$50k. This would mean repayments of \$7 500 pa.
- Additional servicing costs of \$10/hiker are incurred, but the cost of labour for servicing the accommodation has already been paid for in staff time calculation.

Customer Income		
Number of hikers	140	
Walk price	\$ 410	\$ 57,400
Distribution of Income		
Landowner 1 - accomodation provider	0	
Landowner 2 - accomodation provider	19600	
Landowner 3 - access only	3500	
Landowner 4 - access only	3500	
Transport operator	2100	
WCMG staff cost	4760	
WCMG capital loan repayment	5700	
WCMG costs & insurance	3500	\$ 42,660
	Revenue	\$ 14,740

184. WCMG revenue is \$14 740 pa, plus it acquires an asset which can eventually be sold or used elsewhere on the catchment.

Delivering Social and Community Outcomes

Social Licence to operate

Definition

185. A social licence to operate (SLO) refers to the level of acceptance or approval by local communities and stakeholders of organisations and their operations. The concept has evolved fairly recently from the broader and more established notions of “corporate social responsibility” and “social acceptability”. It is based on the idea that institutions and companies need not only regulatory permission but also “social permission” to conduct their business ⁸ .

186. Over the past couple of decades, 'corporate social responsibility' has been found to be an inadequate way of aligning business results and social outcomes. Corporate sponsorship has traditionally been seen as a form of advertising, but the rise of social enterprise provides new ways for businesses to back those doing good The challenge for corporations is that a social license to operate is a subjective concept, not a piece of paper. There is no issuing organization or agency. The terms are different for every business and vary considerably, even within the

⁸ Dr Will Allen, <http://learningforsustainability.net/social-license/>

same industry. Ultimately, SLO is based on who your stakeholders are and what they think of you"⁹.

187. Organisations seeking a SLO need to identify a social outcome relevant to their shareholders and stakeholders, engage local stakeholders in their corporate strategy, and form partnerships with the right NGOs.

Benefits of SLO

188. The benefits that a company (or an individual farmer or producer) might expect, and for which they may pay to acquire, include¹⁰

- e. low and infrequent conflict between stakeholders and the company
- a. the company or the project is seen as an inextricable and valued component of the social and economic fabric of the community
- b. its employees and managers will be socially well accepted in the community because they're part of the community. For example, their out of hours pursuits give them extensive community contact which helps them to understand the values of their community. Basically, the company will be treated as a valued member of the community.
- c. These companies will easily be able to attract good talent.
- d. They will have few or no problems in obtaining the necessary regulatory licences that they need.

WCMG Offering

189. WCMG offers a worthy and relevant social outcome and an established avenue of community engagement. The elements of the offering could include :

- e. WCMG could develop and award an 'accredited by WCMG mark' which shows that a company is attempting to become environmentally and socially responsible. This would require review of the client's sustainability and harm minimisation plans, and an on-going audit function.
- f. WCMG could organise a schedule of public forums in which the client company explains its corporate strategy and its activities to minimise environmental impact.
- g. feature client companies on the WCMG website, and in newsletters
- h. co-produce media articles featuring the work of the client and WCMG

What would WCMG need to do

190. WCMG would need to

- i. establish partnership with a credible organisation to review company or farm suitability plans. The plans might not have to be as detailed or complicated as plans required to gain a Mahia brand mark.
- j. arrange a venue sponsor(s) for public forums
- k. allocate perhaps 0.25 FTE for two months to organise the offering, and an on going allocation of 0.05 FTE to maintain the programme

⁹ "Three Ways to Secure Your Social License to Operate in 2013", Paul Klein, Forbes, <https://www.forbes.com/sites/csr/2012/12/28/three-ways-to-secure-your-social-license-to-operate-in-2013/#14dc1a2848aa>

¹⁰ Leorra Black, Australian Centre for Corporate Social Responsibility, <http://accsr.com.au/defining-the-elusive-and-essential-social-licence-to-operate/>

191. WCMG would need to maintain its integrity on issues of environmental and community standards and not be seen as a paid lobby group.

Potential customer group

192. Exemplars of local companies which may wish to pay for the WCMG offering are :

- Rocket Lab - commercialising space and looking after the planet
- AFFCO - large Wairoa employer
- Chemical companies
- Petroleum VMG
- Dairy farmers
- Red meat producers
- Agricultural supply companies - Balance
- Beef & Lamb
- Forestry companies and operators

Potential income

193. The WCMG work will be offered as an annual subscription service, based on the type and size of the organisation.

Organisation Type	Annual Subscription	Number of Subscribers	Income
Large company	\$ 7,500	3	\$ 22,500
Individual Farmer	\$ 200	10	\$ 2,000
Industry organisation	\$ 1,000	2	\$ 2,000
		Income	\$ 26,500
Costs Yr 1	Unit	Price	Cost
Offering development	0.1	\$ 45,000	\$ 4,500
		Costs	\$ 4,500
		Revenue	\$ 22,000

194. A client company's SLO may be enhanced if it also contributed directly to a specific environmental enhancement initiative, to which it was offered naming rights.

Life Skills Course

WCMG Offering

195. The product is a practical one-week course which provides participants with skills, practices, experiences and self-belief which help them function better in life and reduce their dependence on costly social support systems. It would also prepare people better to find employment.

196. Possible skills and to be imparted include:

- environmental skills - tree establishment and maintenance, water monitoring , pest control
- organisational skills
- work ethic and behaviours
- tenacity

- outdoor skills and knowledge
- connection to other people, community and the land - perhaps leading to the development of a rongoā venture.

Comparison Study - Environmental course

In 2015 the WCMG was involved in a multi-group initiative to deliver vocational training - providing academy-style courses in environmental management, using the Whangawehi catchment as a practical outdoor campus. The course was run in conjunction with DOC, WINZ and Ngati Pahueawera. It was of 6 weeks duration, and not only covered environmental topics, but included general life skill elements (work ethic etc), first aid training and driver education.

The twelve participants were aged 18-35, and came mainly from the Raupunga area (20km south of Wairoa). Money from funders paid for protective clothing and incidentals for the participants. No accommodation or transport was provided. DOC and WCMG covered the preparation time, Health & Safety considerations, and the inclusion of tikanga Māori principles into the course. Local iwi provided a base for the course at Mohaka marae. A spin off effect of this was in increase in local marae support for the work of WCMG.

Although there has been no tracking of the social or employment outcomes from this course, it is anecdotally considered successful in imparting value and life skills to the participants. There was no profit in this course for any of the funders or delivery agencies.

What would WCMG need to do

197. WCMG needs to :

- Design the course in conjunction with funders so that it meets the needs of multiple funders.
- Seek professional input into skill and behaviours content
- Establish a relationship with an accommodation provider and a transportation provider, unless WCMG is providing a transport function through pursuit of other ventures.
- Consider health and safety and security issues for participants and staff

Potential customer group

198. The target funders are a collection of Government Departments and philanthropic organisations with social outcome objectives, especially those which could reduce their costs by having to provide services to less people. Prime targets include :

- Department of Internal Affairs - A pilot programme could possibly be funded from the Community Organisation Grants Scheme (COGS) fund. COGS provides one-off grants to non-profit community organisations delivering community-based social services, projects and events. Grants may be used for running or operational costs, community development costs, and community projects or events.
- Rongomaiwahine Māori Trust - promoting local Māori welfare
- Corrections Department - in regard to prisoner rehabilitation and reintegration objectives.

- The Mātauranga Kura Taiao Fund - set up to preserve, protect and promote the use of traditional Māori knowledge and practices in biodiversity management. Application would be done in conjunction with local marae Komiti, Trusts or Incorporations.
- Te Puni Kōkiri - in relation to Māori economic development and social outcomes.
- Ministry of Social Development - in regard to increasing people's readiness for employment.
- District Health Boards who provide residential care.

Potential income

199. It is likely that such an offering would only produce positive revenue if it can be sold to multiple agencies. It needs two dedicated staff, one with experience in life skills coaching, which do not currently exist within the WCMG.

200. Costs are set at :

- Development time costs of 2 weeks at average salary of \$60k
- Delivery cost of two people for one week at average salary of \$50k
- Transport, accommodation, meals, and health and safety equipment covered by purchaser

201. Course price is set at \$12 500 for the WCMG component. This could potentially be increased if positive results are produced from the first courses. Five courses are run over the seven-month better weather season.

Customer Income		
Number of courses	5	
Course price	\$ 12,500	\$ 62,500
Costs		
Development costs	17096	
Delivery staff costs	35616	
		\$ 52,712
	Revenue	\$ 9,788

202. WCMG revenue is \$ 9 788.

Appendix One - Maps of the Whangawehi catchment area

203. The Mahia Peninsula and the Whangawehi Catchment are located within the Wairoa Catchment Zone ¹¹ .

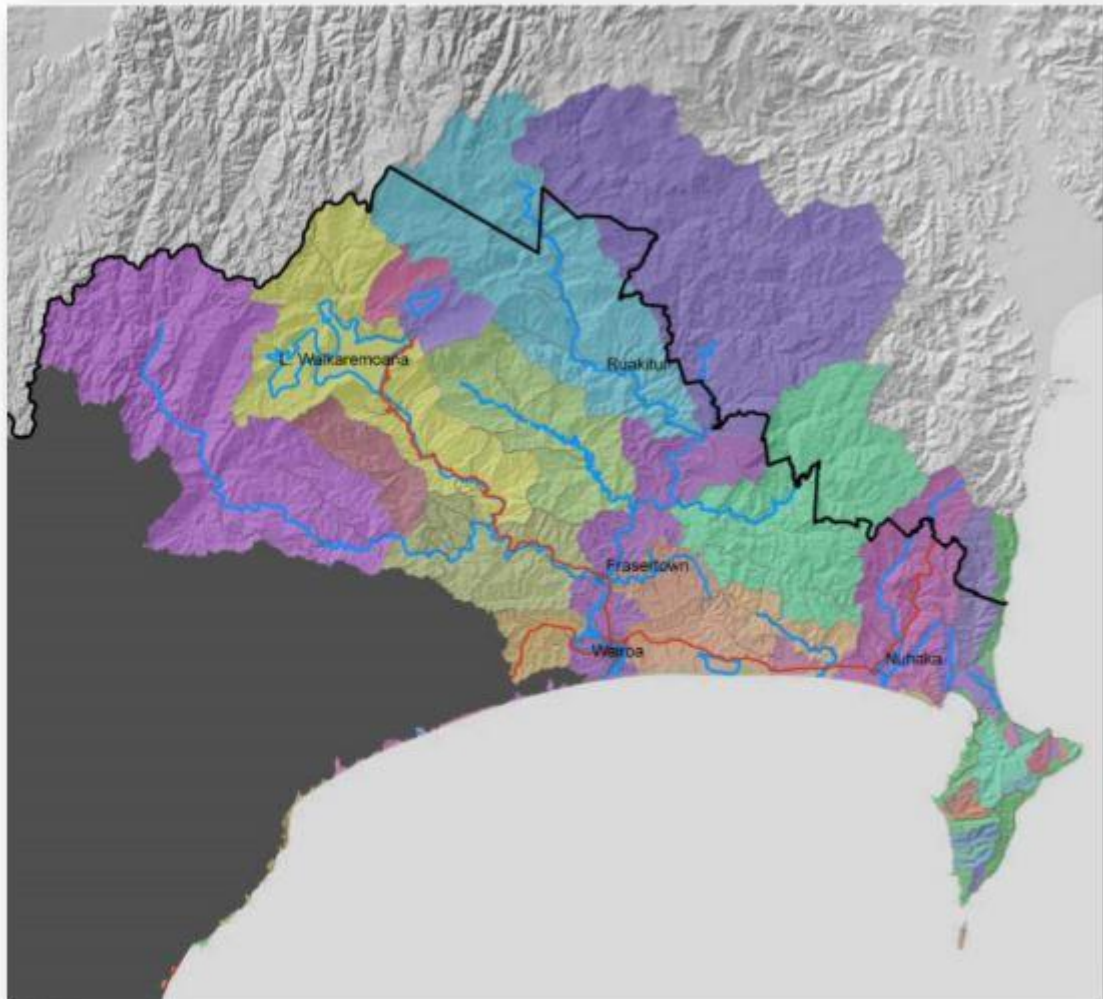


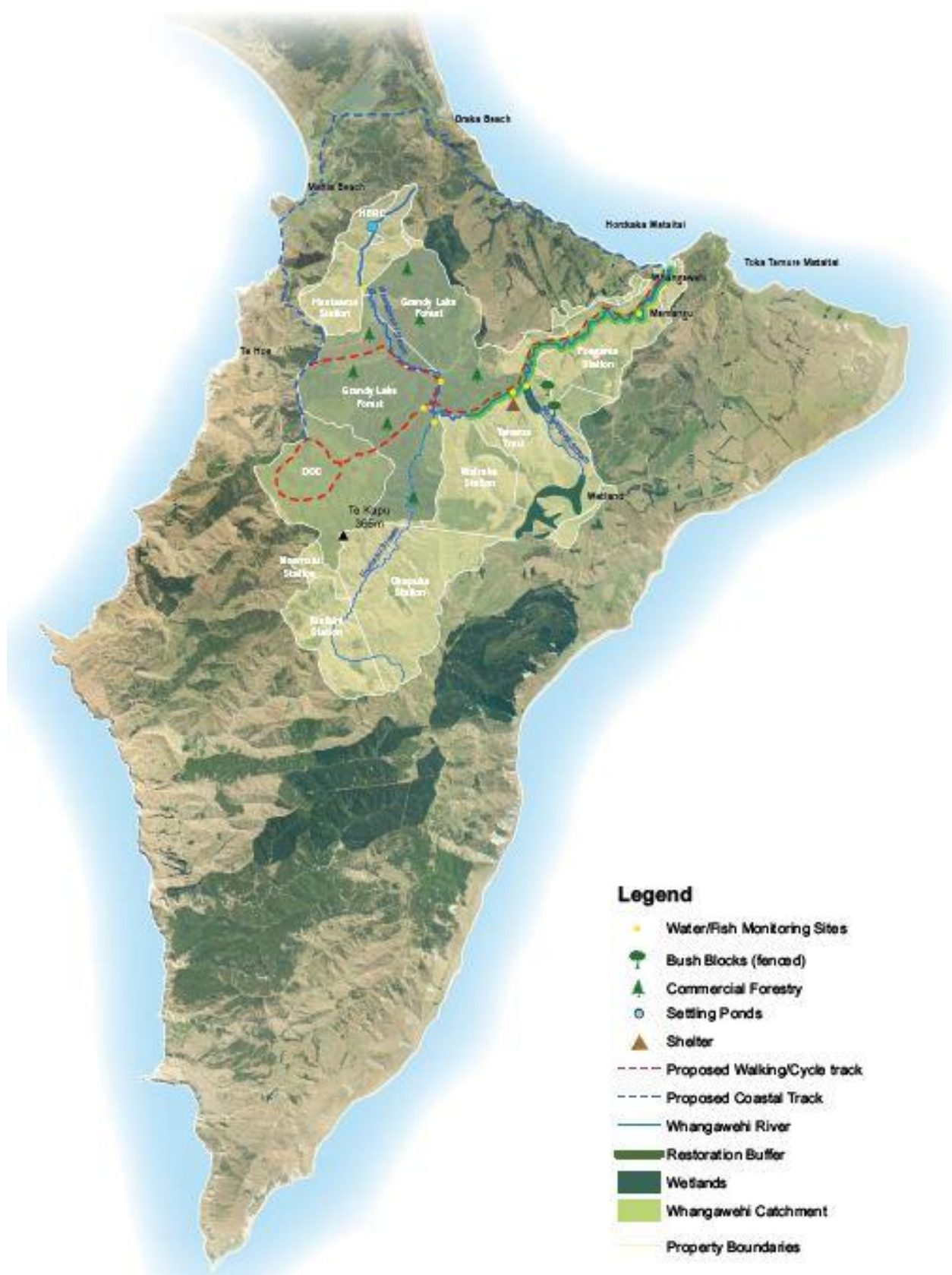
Figure 2 - Wairoa Catchment Zone and sub-catchments

204. The issues and drivers for the zone are :

- Hill country farming and forestry dominate economy, but erodible soil resources and surface waters are threatened by unsustainable land management and high rainfall
- Mahia Peninsula is a popular regional tourist destination. A wealth of other natural assets are less intensively used
- Heavily reliant on a few key employers
- The zone's relative isolation is compounded by transport and IT infrastructure shortcomings, which could limit development potential
- Strong local identity, despite socio-economic challenges. A vulnerable zone with potential.

¹¹ Hawkes Bay Regional Catchment profiles, July 2012 SD 12/08 HBRC Plan Number 4337, p2

205. The following map shows the location of the Whangawehi catchment within the Mahia Peninsula, along with relevant property boundaries and WCMG activity areas.



Appendix Two: National Funding Sources

Fund name	About	Amount available	Funding rounds
Air New Zealand Environment Trust	Funds projects which have a direct impact on the restoration of the New Zealand environment. Funding is for projects and not day-to-day programmes.	\$10,000 +	Open all year
ANZ NZ Staff Foundation	ANZ staff in New Zealand support organisations and projects that make a difference in their communities.	\$25,000 maximum by each charity per funding round.	February & August
Bayer Primary School Science Award	Primary school funding to teach and enhance both environmental science education and 'nature of science' activities.	\$2,000	Annually
Chalkydigits	Ethical Fashion made in NZ supporting projects to boost our dawn chorus.	\$5,000 maximum per project	Annually - April
Community Environment Fund	The Community Environment Fund funds projects that support partnerships between parties and increase community-based advice, educational opportunities and public awareness on environmental issues.	Up to \$300,000	Annually (next round 2018)
Community Internship Programme	The Community Internship Programme gives grants for community groups to employ skilled workers as interns. The grant pays the interns salary while they are away from their own workplace.	Grant pays interns salary.	Open all year
Department of Conservation Community Fund	The fund is directed at practical, on-the-ground projects. These projects will maintain and restore the diversity of our natural heritage.	No limit - should reflect reasonable costs for project implementation.	One funding round per year. Apply for a max of three years funding if project is multi-year.
Enhancement Access Fund	The New Zealand Walking Access Commission administers a contestable fund to support projects aimed at enhancing access to New Zealand's great outdoors.	A maximum of \$25,000 per project.	Two funding rounds per year.
Fonterra Grassroots Fund	Supports projects that are in line with their values of quality, safety, well being, the environment and fostering community spirit.	Between \$500-\$5,000	Annually
Harcourts Foundation	Provides grants to community-based organisations which need funding for projects and initiatives designed to benefit as many people as possible.	Up to \$10,000	Quarterly
Kiwis for kiwi	All community-based kiwi conservation groups, universities and recognised	Up to \$40,000	Annually (March)

	research facilities can apply. Must be registered charity and or designated group.		
Lion Foundation	Funds are available for any charitable, philanthropic or cultural purpose that benefits the local community.	No limit	Open all year
Lottery Significant Projects Fund	Provides support to organisations undertaking major community-based capital expenditure projects.	Projects must have a total cost of \$3 million +	Annually
Lottery, Environment and Heritage Committee	Grants to foster the conservation, preservation and promotion of New Zealand's natural, physical and cultural heritage.	\$250,000 + but can also request less than this	Open all year
Matauranga Kura Taiao Fund	A contestable fund supporting hapū/iwi initiatives to retain and promote traditional Māori knowledge and its use in biodiversity management.	TBC	Quarterly
Ministry of Youth Development	Encourages young people to apply for small grants of between for Youth Development projects for and by young people aged 12-24 years.	\$2,000-\$7,000	Annually
Morgan Foundation	Its work extends in New Zealand to public interest research and education as well as to investment in conservation and natural environmental enhancement.	TBC	TBC
Nature Heritage Fund	Provides contestable finance for projects that protect ecosystems either by direct purchase, or covenant.	TBC	2-4 times a year
NEXT Foundation	Established to invest in transformational projects for the benefit of future generations of New Zealanders.	No limit	Open all year
Nga Whenua Rahui	Supports the protection of indigenous ecosystems on Māori-owned land while honouring the rights guaranteed to landowners under Te Tiriti o Waitangi.	TBC	Quarterly
Nature Heritage Fund	Provides financial incentives to encourage the conservation of nationally significant heritage places in private ownership.	No limit	2-4 times a year

Appendix Three : Consultation and References

Interviews :

Roz Anderson, Analyst, MfE, M: 022 068 4921, E: roz.anderson@mfe.govt.nz

Malcolm Smith, Community Engagement Ranger, DOC, Wairoa. T: 06 838 8527

Reg Kemper, Regional Director for Lower North Island, DOC, M: 027 248 5860, E: rkemper@doc.govt.nz

NZ Landcare Trust Project Coordinator Craig Simpson, craig.simpson@landcare.org.nz, T: 03 489 2150

Josh Brown, Project Coordinator, Hurunui District Landcare Trust

Janet Gregory, Regional Coordinator, Landcare Trust, +64 27 222 4005

Mafi Gehrig. Track Manager, Banks Peninsula Track. T: 03 304 7612 E: bankstrack@xtra.co.nz

WCMG Workshop, Kaiuku marae, 23 May 2017 - see standalone workshop report

Readings

Hawkes Bay Regional Catchment Profiles, July 2012 SD 12/08 HBRC Plan Number 4337

Taupo Beef & lamb. Country Wide magazine, June 2016, pp50-55,
http://docs.wixstatic.com/ugd/cb404c_032c2909af3243f89bfc3fa413792009.pdf

Federated Farmers' president Dr William Rolleston discusses the [challenge of maintaining the social licence to farm in New Zealand in the 21st century](https://homepaddock.wordpress.com/2015/06/15/challenge-of-maintaining-social-licence-to-farm/) HomePaddock,
<https://homepaddock.wordpress.com/2015/06/15/challenge-of-maintaining-social-licence-to-farm/>

New Zealand catchment group funding articles :

<https://www.odt.co.nz/business/farming/pomahaka-catchment-plan-manage-water-quality>
<http://www.landcare.org.nz/Regional-Focus/Gore-Office/Pomahaka-Project>

Enhancing Financial and Economic Yield in Tourism: , Division Benchmarks for New Zealand Tourism Characteristic and Tourism Related Industries , 2001 – 2005, John Moriarty, November 2007,
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Appendix Four : WCMG additional value created

This Appendix, authored by Dr Will Allen, sets out the additional value created for the Mahia region and communities by WCMG activities and influence.

Introduction

“This is such a great community initiative that we would like to see happen in other areas. This success is due to an active e community driving a project that the rest of us can get behind, and it is a model for the future.” [Rex Graham, Regional Council Chair]

In recent years, it has become important for New Zealand to look to the best ways to maintain and improve the management of our waterways. Apart from the social, cultural and environmental reasons for doing so, it is necessary from an economic standpoint to protect the international reputation of our farming and tourism industries. In practice, addressing water quality issues is complex, requires collaborative action, and takes time. However, since 2011 the Whangawehi Catchment Management Group have together developed an effective model of collaborative action to improve fresh water quality in a catchment.

The environmental group includes local land owners, local authorities, several marae, the Department of Conservation, a forestry company, the Mahia Māori Committee and Mahia School – all working together to better manage land and water in the catchment. After seven years the groups activities have contributed to greater connectedness or social capital within the local communities and developed a number of community members as leaders of positive change.

Key outputs

- 9 km riparian fencing
- 56 hectares native planting (160,000 native trees)
- 5 ha bush block retired
- Debris dams (7 – over 2 km stretch)
- 250 traps managed over 3 years
- 42 school workshops held by the community
- 10 fish monitoring survey carried out
- 10 guided walks, mountain bike rides organized (400 participants)
- 30 Community events (planting days, workshops, A&P Show, Mahia Market, evening presentations etc)
- 65 Newspaper articles, 10 newsletters, 1 video part of Mataranga series Maori Channel, 8 amateur videos, 7 posters, a banner, flags, corporate polos, a blog, 228 post published.
- Catchment management plan
- MoU (6 signings)
- catchment scale water monitoring plan (developed with HBRC 2014) 24 water analysis on 7 sites.

National recognition

These awards are also indication of success, peer reviewed by others.

- December 2013– WCMG is the Supreme Winner at the Trust Power Community Awards for the District.
- Finalist at the Green Ribbon Award (MFE) in Wellington (June 2014)
- Kathleen Mato (Leader), National winner at the Pride of New Zealand Awards in the environmental category (September 2014)
- Finalist for the New Zealand Rivers Award (November 2014)
- Rae Te Nahu Finalist at the New Zealander of the year (November 2015)
- Nomination at the Green Ribbon Award from the Ministry for the Environment (June 2016)
- Winner of the Caring for our water Award and the Supreme Award at the 2017 Green Ribbon Awards held at Parliament (June 2017)

Value for money

Value for money reminds us that it is important to think about how the WCMG stakeholders are using their combined resources well. Funding and other resources (such as time, knowledge and skills) are always limited, and there is an opportunity cost associated with their use. It is therefore important to allocate resources to activities that return high-value outcomes. However, high value outcomes are not just those that deliver economic outcomes, but also environmental, cultural and social outcomes.

An evaluation-specific approach to assessing the value produced by WCMG activities should produce findings that are valid (supported by robust evidence and analysis), credible (e.g. underpinned by appropriate methods) and useful (of practical value to inform future decisions). We need to document some clear criteria that help us meet these aims, and begin to provide an explicit basis for determining whether the WCMG activities are worth the resources used. For this desktop exercise we have reflected on developing a realistic set of criteria for the different outcome areas involved. These are shown below in the accompanying table.

Value outcome areas	Evaluative criteria
Environmental values	<ul style="list-style-type: none">• Nutrient contaminants are reduced• Soil erosion is reduced, and sediment loads in waterways are reduced• Fish stocks are increased• Bird and insect populations are increased• Riparian planting increased• Better environmental standards are incorporated in farm level, policy level and/or industry-level systems• Greater use of environmentally sustainable practice is evident amongst land managers• Farmers are able to leverage off environmental credentials to response to market opportunities
Social values	<ul style="list-style-type: none">• Social and organizational capacity and capability-building occurs at individual, community and sector levels• Knowledge and technologies to address wider land management challenges are developed, and scale out (from an individual level, to the peninsula and to wider neighboring areas)• Relationships (social capital) spread within and across

	<p>communities, iwi, sectors and regions, and vibrant networks are built and cemented (really important)</p> <ul style="list-style-type: none"> • There is improved rural wellbeing and a vibrant rural sector enhances wellbeing, sustainability and resilience. • The school programme is very well supported by tangata whenua because it represents a succession plan and an effective way of passing on their knowledge to the next generation
Cultural values	<ul style="list-style-type: none"> • The WCMG is contributing to meeting Māori aspirations in a culturally meaningful way. • Revival of local history via the cultural survey done by a local matakete. Transfert of the korero, traditions associated with the land, stream, sites of significance to the next generations • Water and fish monitoring using a Maori approach (the Cultural Health Index technique) and organization of workshops to upskill new participants • WCMG activities support Māori development aims in all areas – economic, environmental, social and cultural
Economic values	<ul style="list-style-type: none"> • WCMG activities contribute towards farm systems that improve on-farm productivity and/or profitability • Clear economic benefit is realised beyond just the community of interest – and supports GDP at a local and regional level • Greater value created contributes to increased GDP at a local and regional level • Creation of temporary employment (fencing, tree planting and maintenance, pest control, water monitoring etc.) • Other work opportunities could arise but will rely on local entrepreneurship • There a prospect of some WCMG activities being financially successful enough that the group becomes increasingly self-funding

Key outcomes – the difference we make on the ground

Value generated from the WCMG activities have many dimensions including social, cultural environmental and economic. In this next section the report authors and key WCMG individuals reflect on the outcomes that can be identified within these four broad dimensions.

Social dimensions

- The group and their activities provide an excellent example of how to develop social and organizational capability and capacity-building. There is good evidence of this occurring at individual and community levels.
- Stronger networks have been built within the Wairoa/Mahia catchment community across land managers, marae communities, community and environmental groups, council, industry (rocket lab) and schools.
- Stronger networks have been built across the region linking the local community with researchers, policy makers, funders. These links provide those outside the direct community with a greater understanding of local social and cultural needs, as well as farming and environmental systems. In turn, this aids the development of research and policy initiatives that can be better targeted to integrate with local systems.

- These projects contribute to the development of community-building, project management and meeting skills among a range of local community members. This has built stronger leadership in the community.
- Working directly with local Marae, environmental and farming groups builds leadership and resilience among the community.
- The work of the group is supported by many external ‘friends’ of Whangawehi. This provides the group with recognition and reach both nationally and internationally.
- Children have increased awareness of environmental and social benefits

Environmental dimensions

- The group and their activities have brought about long-term changes that have improved water quality, serving both to reduce the impacts on the environment in these catchments and to demonstrate what can be done in other catchments. The group has achieved a significant reduction in faecal contamination, and Whangawehi is the only river in Hawke’s Bay improving at this level.
- Biodiversity has increased with the retirement and planting of native trees by x ha
- Whitebait levels have increased in recent years
- Long-finned eels have increased in number
- The recreational status of the water quality has increased
- Farm environmental plans have been introduced.

Cultural dimensions

- WCMG activities are addressing local Maori outcomes. Marae are well used, many non-Maori locals have been introduced to the marae, and elders are supporting the community and demonstrating leadership.
- Retention and use of Matauranga Maori (water monitoring, rongoa, indigenous crafts etc.)
- Retention and promotion of the local history around waitapu sites and sites of significance

Economic dimensions

- The work done by WCMG reflects the acknowledgement across the country that addressing water quality issues protects the value of rural and farming enterprises. Many local players in the farming sector are not averse to making a contribution to protecting the value and brand of the local farming industry.
- Group activities enable Whangawehi catchment communities to demonstrate high levels of compliance with good management practices, (such as those set out in the Water Accord)