

2.22 BISON – CONTAINER SYSTEMS

PGF Application		For: Approval	
Applicant:	Bison Group Limited	Pipedrive ID #	Commercial
Entity Type:	Company	PGF Funding Sought:	\$110,000
Region	Otago	Total Project Value:	Commercial Inform
Tier:	2 - Sectors	Co-contribution:	Commercial Inform Comm (%)
Sector:	Southland and Otago Regional Engineering Collective (SOREC)	Funding Structure:	Grant

We recommend that SROs:

a) **Approve** up to \$110,000 from the PGF fund towards the infrastructure required for a demonstration space, and manufacturing equipment to build the capability and capacity of Southland and Otago manufacturing and engineering firms, subject to:

- The applicant maintaining alignment to the Southland and Otago Regional Engineering Collective (SOREC) objectives evidenced by the continued reporting to the Ministry on its outcomes.

b) **Note** this project strongly aligns with PGF and Southland and Otago Regional Engineering Collective objectives.

c) **Note** this funding request is part of the agreed PGF allocation for the Southland and Otago Regional Engineering Collective.

Proposal:

The applicant specialises in manufacturing accessible equipment that lifts and weighs container systems even in the most remote settings.

The applicant seeks financial support for infrastructure related to the creation of a demonstration space to showcase its lifting and weighing shipping container product. Additionally, the applicant seeks funding for manufacturing equipment required to increase efficiencies and production in the company.

The funding sought is for two areas:

1. Demonstration Space and Equipment (\$ Commercial Inform)
2. Manufacturing Plant and Equipment (\$ Commercial Inform)

Total - \$ Commercial Inform (and the PDU recommends funding Comm % at \$110,000)

Breakdown of equipment costs is included in the following table:

Demonstration Space and Equipment	Total cost	Manufacturing Plant and Equipment	Total cost
Electric walk behind forklift	Commercial Information	C-Lift A32	Commercial Information
Roller feed for saw		C-Lift P32	
Standardised pallets		C-Lift M10	
Lathe		C-Lift X40	
Extractor		C-Lift Smart Bollards	
Floor standing bench grinder		C-Jacks	
Production cells		C-Jack Stands	
Welding jigs		C-Jack Connectors	
Electrical test equipment		Calibration Apparatus	
Load test frame		Booster Set	
Total		Castor Set	
		Demo Centre Fit Out	
		AV Equipment	
		Total	

The applicant states the demonstration space will provide the required space to showcase its product both domestically and internationally via video link and as a showroom. Partnering this investment in the demonstration space along with the manufacturing equipment required to meet the current and anticipated demand, the applicant will be able to scale its company to a level which will grow the business and attract new capital.

(Please note that this coversheet should be read alongside the SOREC cover briefing and the other 7 related SOREC projects).

Assessment against the PGF criteria:

Eligibility Criteria

This application is eligible for PGF funding.

Productivity Potential

The demonstration space will be the catalyst to accelerating sales and subsequently accelerate growth of its business. Partner this with investment into the new equipment and productivity levels will be enhanced, delivering better financial results that will allow for more investment into its company.

Policy objectives and regional priorities		
<p>The Engineering and Manufacturing sector has been identified by the RED Ministers as a key sector for PGF investment. Linked to this is the identification that Otago and Southland are two regions which possess a high number of firms in this sector.</p> <p>Through previous funding provided by the PGF, an analysis was undertaken by ^{Commercial Inform} to identify the pain points currently being faced by engineering and manufacturing firms in Otago and Southland. From this, a document outlining the steps to addressing the perceived issues was developed titled the 'Southland and Otago Regional Engineering Collective'. The applicant was approached as part of the analysis, and now has the opportunity with the support of the PGF to address its current challenges, specifically around its ability to grow demand,</p>		
PGF Criteria	Assessment Commentary	Rating (0✓ to 5✓)
Link with fund and government outcomes		
Creates permanent jobs	<ul style="list-style-type: none"> The applicant currently employs ^{Com} staff. PGF support will enable the applicant to hire ^{Com} more permanent staff being ^{Com} highly-skilled and ^{Com} lower-skilled roles. 	✓✓✓✓
Delivers benefit to the community	<ul style="list-style-type: none"> Indirectly, the creation of ^{Com} new, sustainable roles will have flow on effects to the local economy. 	✓✓
Increased utilisation and returns of Maori asset base	<ul style="list-style-type: none"> Not evident 	
Enhanced sustainability of natural assets	<ul style="list-style-type: none"> Not evident 	
Mitigation of climate change effects	<ul style="list-style-type: none"> Not evident 	
Additionality		
Adding value by building on what is already there	<ul style="list-style-type: none"> Engineering and Manufacturing is a strong sector in Dunedin which has been constrained due to the inability for companies to meet the demands through the lack of efficient equipment. 	✓✓✓
Acts as a catalyst for productivity potential in the region	<ul style="list-style-type: none"> With the purchase of the new equipment and creation of the demonstration space to increase the profile of the product, the applicant will be able to increase productivity and meet current demands on its product. 	✓✓✓
Connected to regional stakeholders and frameworks		
Alignment with regional priorities	<ul style="list-style-type: none"> While not yet public, the project aligns well to the objectives of the ORED Framework, specifically the objective to increase productivity of the region. 	✓✓✓

Support from local governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> The Dunedin City Council is aware of the applicant's application to the PGF. The Dunedin City Council is heavily involved in Engineering Dunedin Inc. 	✓✓✓
Governance, risk management and project execution		
Robust project management and governance systems	<ul style="list-style-type: none"> The applicant's CEO and CTO will oversee the activities related to the procurement of new staff and acquisition of new equipment. Since its establishment in 2014, the applicant has a board of directors that is comprised of 2 non-executive members, along with the CEO and CTO. 	✓✓✓
Risk management approach	<ul style="list-style-type: none"> Risks are identified with mitigations. 	✓✓
Future ownership / operational management	<ul style="list-style-type: none"> Existing arrangements. 	
Analysis of the benefits and costs		
<p>The key benefit of the application is the number of jobs created for the PGF investment being sought. In addition, the jobs being created provide a good platform for a person coming into the company with a low-skill base, being able to progress through the company to a high-skilled role on a variety of equipment.</p>		
Financial Analysis		
Yes – 5 year financial and performance statements between 2015 and 2019 have been provided.		
Funding Arrangements		
A grant of \$110,000		
Due Diligence and Ownership		
Commercial Information		

Risk Assessment

The key risks to the PDU and proposed mitigations of this investment are as follows:

Type of risk	Risk description	Mitigations	Risk Rating L/M/H
Duplication	Commercial Information [Redacted]	While still in its infancy, SOREC will aim to undertake a cataloguing of equipment across the engineering firms that are part of SOREC to ensure that duplication of equipment is minimised.	Medium
Resource	The ability for the company to find employees to fill the roles may delay the productivity potential of the applicant.	While still in its infancy, SOREC will aim to work with engineering firms to understand the current employee shortages, and then work with tertiary educators, employment agencies, and social development agencies to fill the employment gaps.	Medium

Consultation undertaken or implications:

MFAT has been consulted on any subsidies that could be provided through a grant to the applicant. This project was considered low risk as long as PGF funding did not distort the current domestic/export mix of the company.

Commercial Information

Supporting proposal:

Yes

Appendices:

Yes – application has been provided

Author of paper:

HW, Investment Team

