

COVER SHEET

<p>1. Marine Farming Association Capability Project PGF Express Application</p>	<p>For: Approve</p>
<p>Background & context:</p>	<p>Recommendation:</p>
<p>Applicant Organisation:</p> <ul style="list-style-type: none"> Marine Farming Association (MFA) <p>Location:</p> <ul style="list-style-type: none"> Top of the South <p>Proposal:</p> <ul style="list-style-type: none"> This Express Application is seeking funding for Commercial Information assessment and business case development for Port infrastructure in Golden Bay. The MFA notes it does not have all the capability to undertake this work and is seeking to contract Commercial consultants to help develop their feasibility study and business case. The three stages of this project are: <ol style="list-style-type: none"> Project mobilisation and confirming short, medium and long term infrastructure needs High Level Options Analysis Detailed Feasibility Assessment and Business Case for Preferred Option(s) <p>Funding Sought:</p> <ul style="list-style-type: none"> Total project value: \$Commercial Inform PGF Funding: \$Commercial Inform Applicant: \$Commercial In <p>Background:</p> <p>Regulatory approval has been secured to increase Green Lipped Mussel farming in Golden Bay. This will increase the annual harvest from its current 7,000 tonnes to 20,000 tonnes in three years, and then to 45,000 tonnes in ten years. This will place it in a similar league to Havelock which currently harvests 48,000 tonnes annually.</p>	<p>We recommend that SROs:</p> <ol style="list-style-type: none"> Discuss Marine Farming Association's PGF Express Application Note The PDU, MPI and DOC have assessed and provided technical advice Note This project could eventually lead to a significant employment injection into the Golden Bay community of between Commercial FTEs in sustainable and high-paying jobs Note The applicant's members have spent \$Commercial In to gain regulatory approval and plan to spend \$Commercial in establishing farming operations in Golden Bay. As such, is it reasonable to ask the applicant to fund this work? Note The application does not reach the Commercial co-funding threshold Support the recommendation to Approve \$18,000 (Commercial%) from the PGF fund towards the Marine Farming Association PGF Express Application subject to: <ol style="list-style-type: none"> Due diligence on any business contracting to this project The applicant providing more information in relation to the likelihood of additional PGF applications as the project develops

The programme of expansion is estimated to generate significant employment for the wider community. The applicant has modelled their projections on Havelock. As such they note:

- [Comm] new FTEs on the boats
- [Commercial] FTEs in the processing plant(s)
- [Comm] in a mussel powder processing facility
- [Comm] in support services

The issue faced by Golden Bay is that associated infrastructure required to process this increased harvest is not in place. Several options are to be analysed as part of the feasibility study and business case development including existing small and larger scale port facilities in the region, and, an option to barge the harvest to Nelson.

A front runner has been identified which is to expand and upgrade Port Tarakohe. The Port is owned by Tasman District Council (TDC) and operates as a recreational and small-scale commercial Port. Significant deferred maintenance has meant the proposed plans for an expansion in Mussel farming cannot be undertaken at the Port if development does not occur.

In assessing this application a number of points have been identified by the PDU and should be considered by SROs.

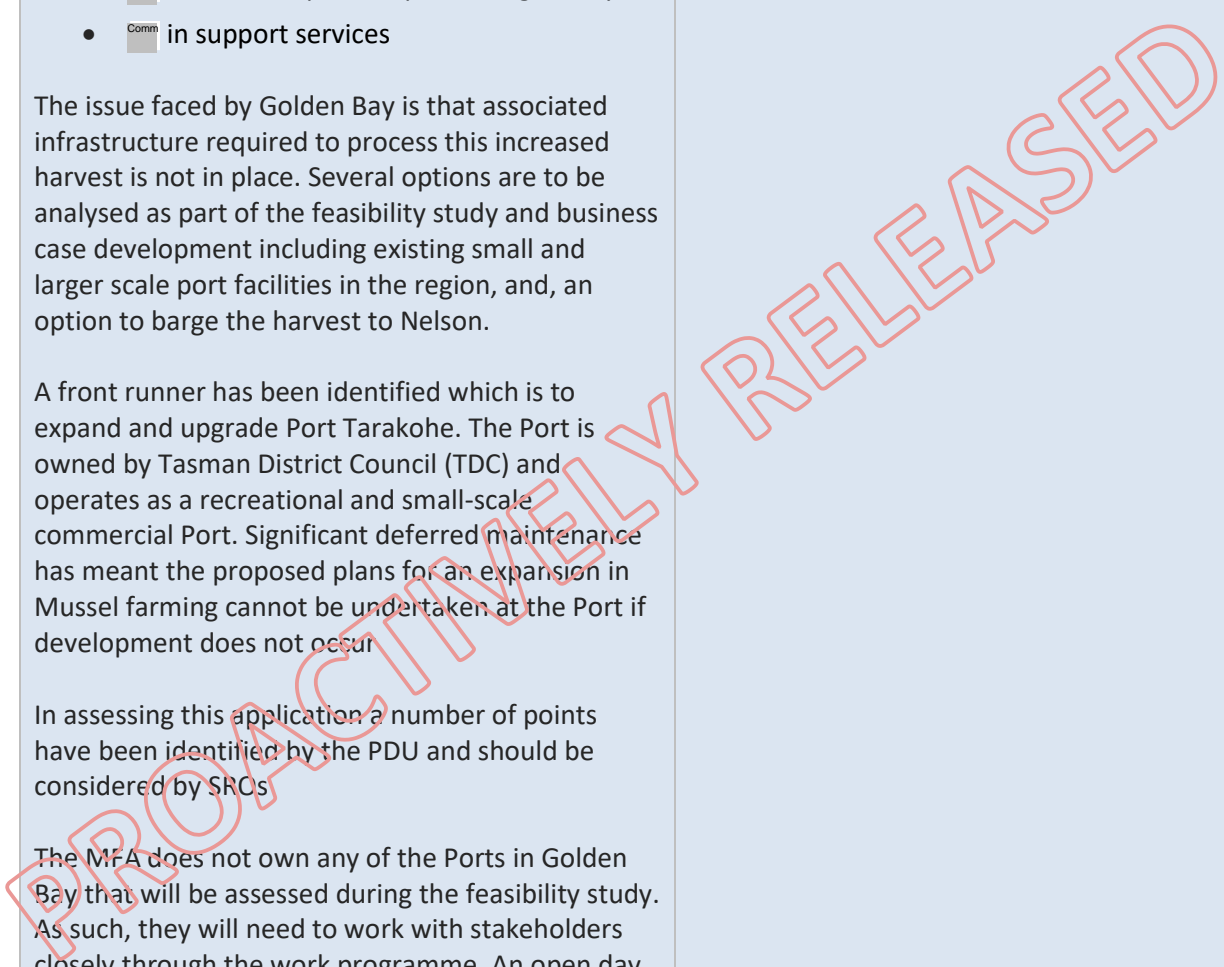
The MFA does not own any of the Ports in Golden Bay that will be assessed during the feasibility study. As such, they will need to work with stakeholders closely through the work programme. An open day has been held at Havelock. This brought together a number of potential project partners and was a strong early step.

The Marine Farming Association's members have spent \$[Commercial] to gain regulatory approval, and will spend \$[Commercial] to develop the Mussel farms in Golden Bay. It can be argued, they are in a position to pay for this work to be completed.

Tasman District Council own Port Tarakohe, the current front runner as an option. [Commercial Information]

Commercial Information
[Redacted]
[Redacted]
[Redacted]

III. Confirmation of co-funding being secured



Commercial Information		
PGF criteria that this proposal supports:		
PGF Criteria	Assessment Commentary	Rating (1✓ to 5✓)
Link with fund and government outcomes		
Creates permanent jobs	<ul style="list-style-type: none"> This development, when commercialised would provide significant employment opportunities both directly and in services associated with the maintenance of the industry. The applicant notes: <small>Comme</small> new FTEs on the boats, <small>Comme</small> FTEs in the processing plant, <small>Comme</small> in a mussel powder processing facility, <small>Comm</small> in support services. Note however, this initial piece of work will generate <small>Comme</small> new jobs 	✓✓✓✓
Delivers benefit to the community	<ul style="list-style-type: none"> Golden Bay would benefit through the development of this expansion. The application speaks to contributions to the local community for projects. Employment opportunities for the local community also have strong value 	✓✓✓✓
Increased utilisation and returns of Maori asset base	<ul style="list-style-type: none"> 20% of the allocation in the new regulatory approval is set aside for Maori 	✓✓✓✓
Enhanced sustainability of natural assets	<ul style="list-style-type: none"> The applicant speaks to ensuring that traditional waste products generated through the processing of mussels, and in particular shells, will be repurposed into products that have markets 	✓✓✓
Mitigation of climate change effects	<ul style="list-style-type: none"> N/A 	
Additionality		
Adding value by building on what is already there	<ul style="list-style-type: none"> The Top of the South has significant existing mussel farming. Golden Bay is 	✓✓✓✓✓

	an expansion of this industry, and as such, is evidence of additionality	
Acts as a catalyst for productivity potential in the region	<ul style="list-style-type: none"> The scale of the expansion will undoubtedly act as a catalyst for economic growth. The applicant notes that the development will generate an additional \$^{Commercial Information} of export earnings. Again, it must be noted this early stage of the project will not achieve this but will provide the opportunity via project development to achieve this longer-term outcome 	✓✓✓✓✓
Connected to regional stakeholders and frameworks		
Alignment with regional priorities	<ul style="list-style-type: none"> This proposal is in an early stage and more consultation is noted by the applicant as being required. The PDU undertook discussions with parties, ^{Commercial} the ^{Commercial In} ^{Commercial Information}, and MFA during the 10/8/ 18 visit. All parties are currently supportive. Growing the 'Blue Economy' is a strong regional priority 	✓✓✓✓✓
Support from local governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> The applicant notes this will be undertaken as required through the process of business case development 	✓✓
Governance, risk management and project execution		
Robust project management and governance systems	<ul style="list-style-type: none"> For the level of work proposed in this application, the applicant has provided sufficient material. The applicant's understanding of the requirement to bring in additional capability provides confidence in the project 	✓✓✓✓✓
Risk management approach	The risk register is high level. As early feasibility it provides the risks associated with the particular piece of work, rather than the wider risks associated with the project. The PDU will work with the applicant to see how much detail is currently available	✓✓
Future ownership / operational management	N/ A	
The purpose of this briefing is to consider recommending PGF funds to the Marine Farming Association capability request:		

Risks Issues:

- The applicant has provided a high level risk register. As early feasibility it provides the risks associated with the particular piece of work, rather than the wider risks associated with the project. This is reasonable and a more detailed register will be established as part of the business case and any construction.
- The PDU attended the MFA's open day. A number of stakeholders were in attendance. The fact the project to develop Port infrastructure will require the support of a number of stakeholders must be considered a risk. The PDU met and spoke to these parties and all have expressed an interest in this project, acknowledging that it is currently at an early stage.
- No indication has been given to the PGF in relation to any additional 'ask' for subsequent project stages assuming the project moves ahead.

Eligibility points of note:

- *Due diligence*:- Full due diligence is to be completed. It is a condition of approval that due diligence is to be to the satisfaction of the Head of PDU Investment team.
- *Conflict(s) of interest*:- Based on the information provided no conflict of interest is evident noting that full due diligence will inform this item further.
- *Illegal Activity*:- Based on the application information provided and feedback from other agencies there is no indication that the applicant or project has been involved in, or associated with illegal activity.
- *Alignment with Regional development plans*:- The project is building on an established regional industry noted in the region's plans as an industry deserving of focus
- *Commercial funding availability*:- Given the nature of the project which is to place capability into the development of MFA's feasibility study access to commercial funding is not considered a feasible option.

Consultation undertaken or implications:

Legal	N/A	HR	N/A	Finance	N/A	MBIE policy	N/A	Other	MPI, DOC
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Supporting proposal:

Yes

Appendices:

Yes - Application

Sponsor(s):

N/A

Manager/Author of paper:

ELH Investment Team