

Commercial-in-Confidence

3.6. Putauaki Industrial Land Development – Stage 1 Application	For: Approval
<p><b>Background &amp; context:</b></p>	<p><b>Recommendation(s):</b></p>
<p><b>Applicant Organisation:</b></p> <ul style="list-style-type: none"> <li>Putauaki Trust</li> </ul> <p><b>Location:</b></p> <ul style="list-style-type: none"> <li>Kawerau</li> </ul> <p><b>Proposal:</b></p> <ul style="list-style-type: none"> <li>Putauaki Industrial Land Development – Stage 1</li> </ul> <p><b>Funding Sought:</b></p> <ul style="list-style-type: none"> <li>Total project value: \$<sup>Commercial Information</sup> (estimated, subject to final costings from Kiwirail). There has also been previous investment of \$<sup>Commercial Information</sup> from other investors.</li> <li>PGF Funding: \$2 million, for this phase and \$<sup>Commercial Information</sup> overall.</li> <li>At this stage the applicant is only requesting \$2 million in funding <sup>Commercial Information</sup>.</li> </ul> <p><b>Background:</b></p> <p>This application is for one aspect of a wider project to locate a bi-modal container terminal in Kawerau.</p> <p>There are three individual but related components to this:</p> <ul style="list-style-type: none"> <li>Putauaki Industrial Land Development – Roading Infrastructure developments (the current application relates to part of this development);</li> <li><sup>Commercial Information</sup></li> <li></li> </ul> <p>This aspect is phase 1 of the Putauaki Industrial Land Development – Roading Infrastructure developments. The specific project this funding is for is a new right-turn bay intersection on SH 34 and the other aspect of this part of the proposal is the establishment of a new roundabout.</p> <p>It is an initiative that has developed over 10 years that involves:</p> <ul style="list-style-type: none"> <li>A large scale industrial subdivision to enable factories to be developed that will process</li> </ul>	<p><b>We recommend that the IAP:</b></p> <ol style="list-style-type: none"> <li><b>Discuss</b> the Putauaki Industrial Land Development – Stage 1 Application for an initial \$2,000,000 of funding;</li> <li><b>Note</b> this is the first application of <sup>Commercial Information</sup> that will be coming for a total investment of \$<sup>Commercial Information</sup>;</li> <li><b>Note</b> that the intention is that the <sup>Commercial Information</sup> will ultimately vest in <sup>Commercial Information</sup>. The approximate value of these assets will be \$<sup>Commercial Information</sup>;</li> <li><b>Note</b> that the positive outcomes for the Kawerau and New Zealand are detailed below;</li> <li><b>Note</b> there has been considerable consultation and support of a range of affected parties including the communities of Kawerau and Whakatane District Councils, Bay of Connections, Toi EDA, existing industry, energy companies such as Mighty River Power &amp; Transpower, NZTA, KiwiRail, Ports of Tauranga, BOP Regional Council, Forest and Bird, landowners, Iwi and Hapu resident in the area;</li> <li><b>Note</b> independent work has been completed by Scion (environmental benefits), Shaper (Economic Benefits and Bloxam, Burnett and Olliver (project plan, governance and costings) to support the application; and</li> <li><b>Approve</b> \$2,000,000 from the PGF fund towards \$<sup>Commercial Information</sup> investment still to be made (noting there has already been \$<sup>Commercial Information</sup> of investment) and noting that we will come back to you when the applicant requests the further \$<sup>Commercial Information</sup> of PGF funding.</li> </ol>

Commercial-in-Confidence

Commercial-in-Confidence

<p>hinterland resources;</p> <ul style="list-style-type: none"> <li>• With access to direct geothermal heat;</li> <li>• With the potential for direct embedded renewable electricity;</li> <li>• Where industries could connect to raw materials and each other through an off-highway network to minimise the cost of interdependence within the cluster; and</li> <li>• Connected to the world through a bi-modal transport hub that will optimise supply chain efficiencies for value-add processors.</li> </ul>		
<p><b>PGF criteria that this proposal supports:</b></p>		
<p><b>PGF Criteria</b></p>	<p><b>Assessment Commentary</b></p>	<p><b>Rating (1✓ to 5✓)</b></p>
<p><b>Link with fund and government outcomes</b></p>		
<p>Creates permanent jobs</p>	<ul style="list-style-type: none"> <li>• Between Kawerau Dairy, Fenglin &amp; Kawerau Terminal there are <sup>Commer</sup> direct jobs on offer. Based on the University of Waikato 4x multiplier effect indicates an additional <sup>C</sup> indirect jobs created.</li> <li>• In addition, three other organisations currently undertaking feasibility studies have indicated further workforce needs of up to <sup>Commerc</sup></li> </ul>	<p>✓✓✓✓</p>
<p>Delivers benefit to the community</p>	<ul style="list-style-type: none"> <li>• ISK Workforce Development Team are identifying the skill gaps and working with the education sector, Government agencies (MBIE, HPR) labour hire/workforce development companies and industry to find solutions.</li> <li>• By facilitating and enabling the KPID, Putauaki are demonstrating leadership and can participate fully in the commercial, environmental and community developments evident in the District.</li> </ul>	<p>✓✓✓✓</p>
<p>Increased utilisation and returns of Maori asset base</p>	<ul style="list-style-type: none"> <li>• Putauaki Trust Lease Agreement with Kawerau Dairy Group confirms an annual income of \$<sup>Commercia</sup> from the 4ha site.</li> <li>• The yield per hectare of industrial occupation of the zone will increase from \$<sup>Comin</sup> to \$<sup>Commercial Informatio</sup> i.e. cropping/grazing vs added value industry as evidenced by leaseholder agreements.</li> </ul>	<p>✓✓✓✓</p>

Commercial-in-Confidence

	<ul style="list-style-type: none"> <li>By increasing economic wealth the Putauaki Trust is then able to reinvest in future economic, social, cultural and environmental outcomes for their people e.g. via their Grants Policy. This in turn benefits the wider community.</li> </ul>	
Enhanced sustainability of natural assets	<ul style="list-style-type: none"> <li>Increased use of geothermal energy locally provides a cost effective, low carbon solution for industry while at the same time increases returns to the generators through reduced distribution cost. In the Kawerau case this is important as Ngati Tuwharetoa ki Kawerau are owners via treaty settlement agreements. At present their available resource currently consented is underutilised.</li> </ul>	✓✓✓✓
Mitigation of climate change effects	<ul style="list-style-type: none"> <li><b>Commercial Information</b> [redacted]. This results in an average reduction of Co2 by 28,000 tonnes per annum (noting that NZTA suggest that this would need to be tested).</li> </ul>	✓✓✓✓
<b>Additionality</b>		
Adding value by building on what is already there	<ul style="list-style-type: none"> <li>The development of a <b>Commercial Information</b> option in Kawerau offers multiple benefits. Not only does this provide for a reliable storage/transport connection option for horticulture and other product coming on line in Eastern Bay, it also provides an alternative storage option for horticulture industry as a bio-security measure.</li> </ul>	✓✓✓✓
Acts as a catalyst for productivity potential in the region	<ul style="list-style-type: none"> <li>KCT represents a significant opportunity to diversify the Eastern Bay of Plenty economic base. NZ Govt. Regional Growth Programme Report "Working in Partnership with Regional NZ (June 2017). Includes diverse wood processing, new and innovative dairy and other milk products, engineering and industrial service provision.</li> <li><b>Commercial Information</b> [redacted] show a range of cost savings per [redacted] resulting in a median saving of \$ [redacted] [redacted]. This is the supply chain benefit which</li> </ul>	✓✓✓✓

## Commercial-in-Confidence

	will allow for opportunity for reinvestment in individual business and thus ensuring long term viability of the <b>Commercial Information</b> .	
<b>Connected to regional stakeholders and frameworks</b>		
Alignment with regional priorities	<ul style="list-style-type: none"> <li>Support for this project has been identified as a priority in the 2018 EBOP Economic Leadership Strategy.</li> <li>This project is strongly aligned with the Toi Moana BOP Regional Growth Study particularly the "Maori Land Utilisation" and "Agribusiness" sector areas and is a focus for the Eastern BOP's Economic Development Agency Toi EDA. Letters of support from Toi EDA, the three EBOP Councils and the Bay of Connections are contained in Appendix 8.</li> </ul>	✓✓✓✓
Support from local governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> <li>The applicant for this aspect of the development is the Putauaki Trust is an Ahu Whenua Trust which was established on 3 June 1981, and is currently owned by approximately 800 shareholders. The shareholders are predominately descendants of Te Pahipoto, hapu of Ngati Awa of Te Teko.</li> <li>Significant Iwi consultation was undertaken during the boundary change and rezoning of the land. Consent by the Maori Land Court to subdivide has been granted.</li> <li>Iwi were also involved in the preparation of the 2011 Shaper Report attached as Appendix 7. Support from Iwi is also reflected in the shareholding of Kawerau Dairy (Appendix 2) and letters of support from Ngati Awa Runanga and Tuwharetoa mai Kawerau ki te Tai (Appendix 8).</li> </ul>	✓✓✓✓
<b>Governance, risk management and project execution</b>		
Robust project management and governance systems	<ul style="list-style-type: none"> <li>The project governance systems are clear, but we need clearer details on the oversight of the various projects and how the governance/oversight functions will be working together.</li> </ul>	✓✓✓
Risk management approach	<ul style="list-style-type: none"> <li>The risk management approach is consistent with NZTA standards.</li> </ul>	✓✓✓

## Commercial-in-Confidence

Future ownership / operational management	<ul style="list-style-type: none"> <li>Future ownership and management of the state highway sector will be with NZTA. We are working to understand the percentage of the works relates to the internal road.</li> </ul>	✓✓✓							
<b>The purpose of this briefing is to consider recommending/ declining PGF funds to the:</b>									
<b>Risks Issues:</b>									
<b>Eligibility points of note:</b>									
<ul style="list-style-type: none"> <li><i>Due diligence</i>:- 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.</li> <li><i>Conflict(s) of interest</i>:- Based on the information provided no conflict of interest is evident noting that full due diligence will inform this item further.</li> <li><i>Illegal Activity</i>:- 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.</li> <li><i>Alignment with Regional development plans</i>:- Support for this project has been identified as a priority in the 2018 EBOP Economic Leadership Strategy and there are letters of support from Toi EDA, the three EBOP Councils and the Bay of Connections are contained in Appendix 8.</li> <li><i>Commercial funding availability</i>:- Given the nature of the project which is to build a roundabout that is to be vested in NZTA access to commercial funding is not considered a feasible option.</li> </ul>									
<b>Consultation undertaken or implications:</b>									
Legal	N/A	HR	N/A	Finance	N/A	MBIE policy	N/A	Other	Kiwirail, NZTA, Transport.
<b>Supporting proposal:</b>			Yes						
<b>Appendices:</b>			Yes - Applications and supporting letters are as annexes						
<b>Sponsor(s):</b>			N/A						
<b>Manager/Author of paper:</b>			David van der Zouwe - Investment Team						