



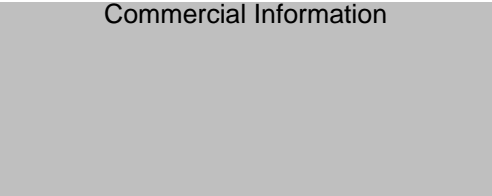
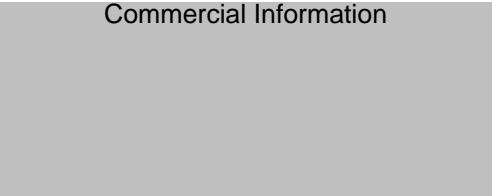
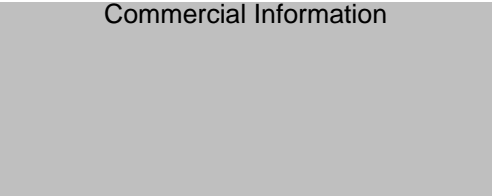
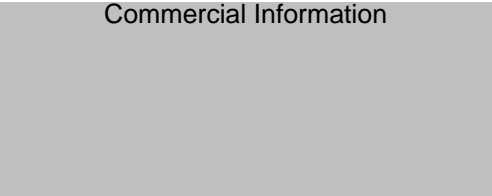
COVER SHEET

3.3 National Algae Centre (Cawthron) Project PGF EoI/ Application	For: Approve
Background & context:	Recommendation:
<p>Applicant Organisation:</p> <ul style="list-style-type: none"> Cawthron Trust <p>Location:</p> <ul style="list-style-type: none"> Top of the South <p>Proposal:</p> <ul style="list-style-type: none"> Develop a pilot plant to scale up R&D associated with high-value algae extracts To be located in the Tasman region Comm new FTEs for the facility <p>Funding Sought:</p> <ul style="list-style-type: none"> Total project value: Commercial Information Cawthron's contribution: Commercial Information PGF Funding: Commercial Information <p>Background: Cawthron is a Trust. Established to undertake research in agriculture, it is now an industry leader in R&D and product development in the Aqua culture/marine sector Commercial Information</p> <p>Cawthron is seeking funding to scale up their pipeline of algae-based R&D projects from bench-top to pilot plant, a well-established pathway for product development. Importantly, Cawthron has proven success in this model with 'The Farm'. The Farm is an established research and product development complex that works with industry at a shared site. An example of this research/industry collaboration is SPATnz. This Commercial Inf Primary Growth Partnership project took the selective breeding technology for mussels, and has developed separate commercial facilities for breeding spat at commercial scale for the aquaculture industry.</p>	<p>We recommend that the IAP:</p> <p>a) Discuss the National Algae Centre PGF application</p> <p>b) Note The project has been assessed by the PDU, MBIE science and MPI</p> <p>c) Note MPI are supportive of this application</p> <p>d) Note The project could be funded commercially but Cawthron is seeking to keep this stage of product development under its control to ensure no undue influence is brought to bear on its ongoing R&D</p> <p>e) Note This project has strong employment forecasts (Comm FTEs) with subsequent commercial projects providing additional opportunities for high-value FTEs in the region</p> <p>f) Note Cawthron is working with NMIT to generate education opportunities associated with the wider algae programme</p> <p>g) Note Cawthron has consulted widely with iwi and has support from:</p> <ul style="list-style-type: none"> Ngati Koata Ngati Toa Ngati Tama Ngati Rarua Rangitane Te Atiawa

<p>Cawthron is seeking to expand this model by establishing a pilot plant to process algae extracts. The facility will prove bench-top results can be replicated in increased quantities, while maintaining quality, and like The Farm act as a bridge between science and industry.</p> <p>Cawthron has a pipeline of potential products at varying stages of development, and will continue to develop new algae-based research that will feed a forward facing work programme – ensuring the pilot plant has a secured work stream following its commissioning. This will build on Cawthron’s over 30 years of experience working with algae.</p> <p>Cawthron has developed an exciting algae-based product that is now on a path, in conjunction with an existing commercial relationship [Commercial Information]. This has provided an opportunity to piggyback a sector play off this discovery.</p> <p>The project could lead to the establishment of a full-scale production plant, making the pilot plant a strong catalyst for economic growth via FDI ([Commercial Information]), on top of the benefits the pilot plant itself will generate.</p> <p>The question has been asked of Cawthron, why should industry not invest in the pilot plant? Cawthron wishes to keep the pilot plant fully under their control to ensure the research agenda is not in any way commercially influenced.</p>	<ul style="list-style-type: none"> • Ngati Apa kit e Raa Too <p>h) Support the recommendation to approve up to [Commercial Information] of PGF funding to Cawthron for the National Algae Centre subject to:</p> <ul style="list-style-type: none"> • Due diligence on all contractors to this project • The development of a detailed project plan • Depending on the nature of Cawthron’s contribution, their [Commercial Information] being drawn down ahead of any PGF funds
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PGF criteria that this proposal supports:

PGF Criteria	Assessment Commentary	Rating (1✓ to 5✓)
Link with fund and government outcomes		
Creates permanent jobs	[Comm] new FTEs will be generated in the establishment of the pilot plant. These positions will be high paying in an expanding industry. Should a commercial plant be established, a strong number of additional positions will be created.	✓✓✓✓

Delivers benefit to the community	Cawthron is also working with Nelson Marlborough Institute of Technology (NMIT) to develop educational pathways. This will provide the region's youth and existing workforce to gain tertiary skills associated with aquaculture.	✓✓✓✓
Increased utilisation and returns of Maori asset base	Maori are heavily involved in this sector and work with Cawthron on several projects. While not directly related to this project, Maori in the Top of the South have been heavily consulted and are supportive of this project.	✓✓✓
Enhanced sustainability of natural assets	Cawthron's work seeks to generate sustainable benefits from the <small>Commercial Information</small> via R&D and industry support	✓✓✓✓
Mitigation of climate change effects	N/A	
Additionality		
Adding value by building on what is already there	This project has strong additionality. Cawthron has been working with algae development for 30 years. As such, this project further develops the value chain building on existing IP.	✓✓✓✓✓
Acts as a catalyst for productivity potential in the region	The development of this pilot facility will act as a strong bridge between science and industry and will help to unlock potential productivity opportunities for the region and New Zealand	✓✓✓✓✓
Connected to regional stakeholders and frameworks		
Alignment with regional priorities	The project has strong regional support and the development of the <small>Commercial Information</small> is noted as a priority in the regional plan. Aquaculture in the Top of the South is an established industry displaying competitive advantage.	✓✓✓✓
Support from local governance groups (inc. Councils, Iwi/Hapu)	Letters of support have been provided by: <ul style="list-style-type: none"> • <small>Commercial Information</small> •  •  •  •  <p>Strong consultation has been undertaken with Maori including:</p> <ul style="list-style-type: none"> • Ngati Koata 	✓✓✓✓✓

	<ul style="list-style-type: none"> • Ngati Toa • Ngati Tama • Ngati Rarua • Rangitane • Te Atiawa • Ngati Apa kit e Raa Too 	
Governance, risk management and project execution		
Robust project management and governance systems	<p>Cawthron has strong governance processes and this project will be undertaken using its standard structures. Cawthron has provided a detailed outline for:</p> <ul style="list-style-type: none"> • Delivery methodology • Roles and responsibilities • Procurement • Risk Management • Governance 	✓✓✓✓
Risk management approach	See above	
Future ownership / operational management	Cawthron operate as a Trust. Ongoing ownership of the National Algae Centre will remain under their control	✓✓✓✓✓
The purpose of this briefing is to consider recommending PGF funds to Cawthron		
<p>Risks Issues: <i>Cawthron has provided a strong risk/mitigation register broken into project stages (please refer to application)</i> The PDU has analysed this register and is happy with its level of detail and identified risks.</p> <p><i>Commercial contracts for product and ongoing development will not eventuate</i> The commercial contracts for product are multi-year and the relationships Cawthron has with these companies are long-standing.</p> <p>Eligibility points of note:</p> <ul style="list-style-type: none"> • <i>Due diligence:</i> Full due diligence is to be completed. Due Diligence will be conducted on all contractors to the project, should this application be successful. • <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. • <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. • <i>Alignment with Regional development plans:</i> Project aligns with regional priorities, the <small>Commercial</small> The applicant has provided letters of support from Mayors and economic agencies in 		

the region.

- *Commercial funding availability:* Cawthron desire to keep the pilot plant out of the commercial sphere. This will ensure that continued R&D and product scale-up will not be unduly influenced by a commercial partner.

Consultation undertaken or implications:

Legal	N/A	HR	N/A	Finance	N/A	MBIE policy	N/A	Other	MBIE science/ MPI
Supporting proposal:									
Yes									
Appendices:									
Yes - Application									
Sponsor(s):									
N/A									
Manager/Author of paper:									
ELH Investment Team									

PROACTIVELY RELEASED