

COVER SHEET

3.1 Muriwhenua Incorporation Te Mingi Barge Site Feasibility Study – PGF Application <small>Commercial Information</small>		For: Approve	
Tier:	1 - Regional	Sector:	Feasibility Study
Background & context:		Recommendation:	
Applicant Organisation: <ul style="list-style-type: none"> Muriwhenua Incorporation Location: <ul style="list-style-type: none"> Kaitaia, Northland Proposal: <ul style="list-style-type: none"> To undertake a feasibility study to assess requirements, benefits, risks, and costs of building and operating a barge site at Te Mingi for transporting logs to the Whangarei port. Funding Sought: <ul style="list-style-type: none"> Total project value: \$<small>Commercial Information</small> PGF Funding: \$<small>Commercial Information</small> Background: <ul style="list-style-type: none"> Logs are currently transported from the Far North to the Whangarei port via road. There are long stretches of road that are unsealed, narrow and slip prone. Between December 2017 and August 2018, there were six logging truck crashes in Northland due to road conditions and driver fatigue. Currently there is a shortage of logging truck drivers and an increasing difficulty in filling driver positions. A barge site operation would take off a portion of the logging truck traffic from the road. The feasibility study will fully explore how the potential of the region will be unlocked by looking into employment opportunities, Maori economic development, and improved transport infrastructure. 		We recommend that SROs: <ol style="list-style-type: none"> Discuss the Te Mingi Barge Site Feasibility Study PGF application. Note MPI is supportive of this proposal but raises concerns around funding and resource consenting for the build phase of the project. Note PDU supports this proposal because <ol style="list-style-type: none"> It strongly aligns with PGF's objectives of lifting productivity potential of regions; It will increase regional resilience by providing an alternative route in and out of the district if the road network is compromised; and It aligns with Northland Economic Action Plan's focus on strategic investment to improve regional connectivity, resilience and safety. Commercial Information <ol style="list-style-type: none"> Approve up to \$257,000 from the PGF fund towards Te Mingi Barge Site Feasibility Study subject to: <ol style="list-style-type: none"> Due diligence on any contract awarded by Muriwhenua Incorporation in delivery of this project; and <small>Commercial Information</small> cash contribution for the 	

<ul style="list-style-type: none"> The feasibility study will also explore the back loading of freight on the return trip from Whangarei. Commercial Information [REDACTED] There is interest from apiculture and horticulture industries to learn more about this opportunity for their businesses. Muriwhenua Incorporation administers a Commercial Information Maori freehold land block and includes the community of Te Hapua. This land block produces Commercial Inform tonnes of logs per annum. As at 30 September 2017, Muriwhenua Incorporation reported a cash balance of \$Commercial Information [REDACTED] 	study.	
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"> The subsequent project (building and operating a barge) will create jobs including management and operational roles. The feasibility study will provide more details on employment numbers. 	✓✓✓
Delivers benefit to the community	<ul style="list-style-type: none"> A new barge will increase economic activities which will benefit local businesses and communities. 	✓✓✓
Increased utilisation and returns of Maori asset base	<ul style="list-style-type: none"> Most forestry in the Far North is on Maori owned land and the sector will benefit from increase in demand due to better transportation facilities. 	✓✓✓
Enhanced sustainability of natural assets	<ul style="list-style-type: none"> N/A 	
Mitigation of climate change effects	<ul style="list-style-type: none"> N/A 	
Additionality		
Adding value by building on what	<ul style="list-style-type: none"> The project will leverage existing forestry 	✓✓✓

is already there	resources in the region and will make log transportation more efficient by offering an alternative to the current transport route.	
Acts as a catalyst for productivity potential in the region	<ul style="list-style-type: none"> Improved transportation will support not only forestry but also other industries that currently rely on road and would benefit from an alternative transportation mode to ship their goods to customers. 	✓✓✓
Connected to regional stakeholders and frameworks		
Alignment with regional priorities	<ul style="list-style-type: none"> Transport is critical for Northland to develop, affecting virtually every part of the economy. This proposal aligns with Northland Economic Action Plan's focus on strategic investment to improve regional connectivity, resilience and safety. 	✓✓✓✓
Support from local governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> Support from Ngati Kuri Trust Board and <small>Commercial Information</small> 	✓✓✓
Governance, risk management and project execution		
Robust project management and governance systems	<ul style="list-style-type: none"> <small>Commercial Information</small> will manage the project for the applicant. Governance model, names and roles are provided. 	✓✓✓
Risk management approach	<ul style="list-style-type: none"> Risks are identified with mitigations. 	✓✓✓
Future ownership / operational management	<ul style="list-style-type: none"> Applicant will own and operate the barge site as a commercial business. 	✓✓✓
The purpose of this briefing is to consider recommending PGF funds to the Te Mingi Barge Site Feasibility Study		
Risks Issues:		
<ul style="list-style-type: none"> Finding a funding partner for the build phase may be difficult and the applicant may seek 100% PGF funding for the build phase of the project. 		
Eligibility points of note:		
<ul style="list-style-type: none"> <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. <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>:- Aligns with Northland Economic Action Plan's focus on strategic investment to improve regional connectivity, resilience and safety. <i>Commercial funding availability</i>:- Given the nature of the project which is to undertake a 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	
Comments from MPI										
<p>“There is a reasonably large catchment of planted forest about Commercial Information, that could produce log grades suitable only for barging to Commercial Information for export out of Northport. There is a large processing facility in Kaitaia, owned by an entity with no forests in the region and will be planning/expecting log supply from this Commercial Info of forests. The more tonnes the barging operation handles, the lower the operating cost per unit of volume becomes.</p> <p>There is also a reasonably high possibility that the volume currently trucked to the Commercial Information for processing from the Commercial Information catchment could also be barged given the proximity of the Commercial Information to Marsden Point. It is unrealistic to consider that mills outside the immediate Port location could be supplied via barge as the additional handling and road transport will make the total transport package uneconomic.</p> <p>There are issues currently with trucking capacity and the impact of trucking on Northland’s road network; as well as cost considerations that could make barging a realistic alternative to the current road transport model.</p> <p>In terms of 1BT, for a variety of reasons there are unlikely to be any significant new 1BT plantings north of Kaitaia. Therefore the proposal needs to stack up based on what forest area is already planted. That being said, there may be some Maori land blocks in weeds and scrub where the economics may “work” for planted production forestry if transport costs can be reduced through barging.</p> <p>There are two risks related to this project. The first is the capital funding. The empirical evidence in Commercial Information Commercial Information. The second (and biggest) risk is around the consenting process. This is a NZ-wide issue (in the last 24 months a barging proposal for the Commercial Information Commercial Information.”</p>										
Supporting proposal:				Yes						
Appendices:				Yes – Application, Commercial Information						
Sponsor(s):				N/A						
Manager/Author of paper:				Dipankar Ganguly, Investment Team						