

COVER SHEET

2.4 SH1 – Rosebank Industrial Estate Slip Lane	For: Approval
<p>Background & context:</p> <p>Applicant Organisation:</p> <ul style="list-style-type: none"> Clutha District Council <p>Location:</p> <ul style="list-style-type: none"> Balclutha, Otago <p>Proposal:</p> <ul style="list-style-type: none"> This project is a slip lane off SH1 and into the Clutha District Council developed Rosebank Industrial Estate. This road is needed to fully develop the remaining five sections and ensure the estate's safe use. According to the Council, 28 people currently work at Rosebank, with a further six sections sold/under contract with five sections unsold – it looks as if it Rosebank will easily exceed the forecast estimate of 45 jobs from the entire development. <p>PGF Funding Sought:</p> <ul style="list-style-type: none"> \$218,000 (31%) <p>Other funding:</p> <ul style="list-style-type: none"> Applicant \$ <small>Commercial Inform</small> (<small>Comm</small>%) NZTA \$ <small>Commercial Inform</small> (<small>Comm</small>%) <p>Total Project:</p> <ul style="list-style-type: none"> \$ <small>Commercial Inform</small> <p>Background:</p> <ul style="list-style-type: none"> This seven hectare brownfield site was purchased by the Council in 2015 for development as an industrial estate following a sawmill closure. It was the first time in decades that such a large parcel of industrial land became available in Balclutha. Prior to this, businesses faced the choice of relocating out of the town in order to grow, or outright closure. Balclutha has a shortage of industrial sites coming forward for development from private landowners. According to the Council, there are already 28 	<p>Recommendation:</p> <p>We recommend that SROs:</p> <p>a) Approve the application for \$218,000 from the PGF fund towards the SH1- Rosebank Industrial Estate Slip Lane because the project:</p> <ol style="list-style-type: none"> Strongly aligns with the PGF's Investment Statement: <i>Land transport infrastructure and regional economic development</i>; Builds upon existing infrastructure; and Unlocks the productivity potential of Balclutha by providing sizeable developmental footprints for new and expanding local businesses. <p>b) Note that the project will likely be completed in the 2019/20 financial year.</p> <p>c) Note that while the project is ineligible for NTLF funding, because developers are responsible for slip roads, NZTA is providing \$ <small>Commercial Inform</small>. NZTA supports the application due to job creation and its alignment with the PGF.</p>

<p>people employed on the Estate by six companies. With six plots being developed for five businesses (one has started construction) and a further five sections awaiting development, the original forecast total of 45 jobs on the Estate looks to be conservative.</p> <ul style="list-style-type: none"> The NZTA requires the slip road due to forecast traffic volumes from the Estate. This road has been costed by NZTA at \$^{Commercial Inform} whereas the Council had budgeted \$^{Commercial Inform}. As the NZTA is contributing \$^{Commercial Inform}, the Council has lodged this application to the PGF for \$218,000. The increased cost of the slip road adversely affects the development's economics. Rosebank's industrial sections sell for around \$^{Comme} and are among the lowest priced in Otago; that though is the local market reality. To date, the Council has spent \$^{Commercial} on the Estate's development as part of its Long Term Plan to sustain and grow employment opportunities. 	<ul style="list-style-type: none"> This application is accordingly assessed against the PGF Investment Statement: <i>Land transport infrastructure and regional economic development</i>. This allows the PGF to assist local authorities when they face significant difficulty in meeting local share requirements. This is clearly Rosebank, with the Council's \$218,000 application being the shortfall in share funding between what the council had budgeted for and the NZTA's contribution. The PGF also recognises transport investments may be needed to enable new opportunities for growth. This can be appropriately applied to the Rosebank Industrial Estate. 	
<p>PGF criteria that this proposal supports:</p>		
<p>PGF Criteria</p>	<p>Assessment Commentary</p>	<p>Rating (1✓ to 5✓)</p>
<p>Link with fund and government outcomes</p>		
<p>Creates permanent jobs</p>	<ul style="list-style-type: none"> There are <i>at least</i> ^{Comm} jobs projected for the Estate when all plots are developed. It should be noted that there is already 28 people working there for six companies. Six of the lots are in the process of development for five purchasers (one has purchased a double-lot); this could yield a further ^{Commercial I} roles. The five lots unsold have further potential for another ^{Comm} jobs. 	<p>✓✓✓✓</p>
<p>Delivers benefit to the community</p>	<ul style="list-style-type: none"> Rosebank represents an important part of the Council's economic plan for Balclutha. Given it has been developed since 2015, there is considerable benefit to providing expansion room for existing and new businesses. This creates jobs including apprenticeships. ^{Commercial Information}, for instance, ^{Commercial Information} 	<p>✓✓✓</p>

Increased utilisation and returns of Maori asset base	<ul style="list-style-type: none"> N/A 	
Enhanced sustainability of natural assets	<ul style="list-style-type: none"> The Rosebank Industrial Site is on a former saw mill site so is the recycling of a brownfield site. 	✓✓✓
Mitigation of climate change effects	<ul style="list-style-type: none"> N/A 	
<ul style="list-style-type: none"> Additionality 		
Adding value by building on what is already there	<ul style="list-style-type: none"> The new road access will fully unlock the remaining five lots (offering potentially ^{Comm} additional jobs). The Industrial Estate is also a brownfield development. 	✓✓✓✓
Acts as a catalyst for productivity potential in the region	<ul style="list-style-type: none"> As Balclutha's main industrial development, six businesses are already based there. They will soon be joined by five further businesses (one is now building). The access road will help to unlock the remaining five while improving traffic safety. 	✓✓✓✓
Connected to regional stakeholders and frameworks		
Alignment with regional priorities	<ul style="list-style-type: none"> The Estate's slip road is now in the Otago Southland RTLP. Balclutha is a vital service centre for the primary sector so the continued development of Rosebank will enable it to not only service this sector (e.g. Commercial Information [REDACTED]), but attract new employers to the District as well. This diversifies the job offering and provides career pathways for Balclutha's young; noting there are an estimated 63 NEETS within Balclutha. 	✓✓✓
Support from local governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> The Rosebank Industrial Estate was developed by the Clutha District Council and is in its Long Term Plan. 	✓✓✓✓
Governance, risk management and project execution		
Robust project management and governance systems	<ul style="list-style-type: none"> The project will be led by NZTA/Clutha District Council. 	✓✓✓✓
Risk management approach	<ul style="list-style-type: none"> It will have NZTA and Clutha District Council oversight. 	✓✓✓✓

Future ownership / operational management	<ul style="list-style-type: none"> As a slip road off SH1 public ownership is assured. 								✓✓✓✓
The purpose of this briefing is to consider approving PGF funds to the SH1- Rosebank Industrial Estate Slip Lane									
Risk Issues:									
There are no discernible risk issues from this development.									
Eligibility points of note:									
<ul style="list-style-type: none"> <i>Due diligence</i>:- Full due diligence is to be completed. <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 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>:- While The Otago Regional Development Strategy is currently in development, Rosebank has been raised in relevant regional forums <i>Commercial funding availability</i>:- Not applicable. 									
Consultation undertaken or implications:									
Legal	N/A	HR	N/A	Finance	N/A	MBIE policy	N/A	Other	NZTA
NZTA comments attached as annex									
Supporting proposal:				Yes					
Appendices:				Yes – NZTA feedback					
Sponsor(s):				N/A					
Manager/Author of paper:				<small>Privacy of natural persons</small> Investment Director David Broome Senior Regional Advisor					

Email from NZTA (Privacy of natural persons) received on 5 December 2018:

The PGF application is not eligible for NLTF funding as developers are responsible for funding slip-lanes.

Work has already started on the Rosebank Industrial Estate, a proposal that is expected to result in an additional (conservative) jobs for the region. The Industrial Estate will provide additional training opportunities for the regions youth and is part of a targeted effort to encourage more people to live and work in the area

The Transport Agency is supportive of the application. The major benefits of this activity are more jobs, increased economic growth and productivity and improved employment opportunities that are well aligned to the growth and productivity objectives of the Provincial Growth Fund.

PROACTIVELY RELEASED