

COVER SHEET

1. Timber Waste Manufacturing Project PGF Application	For: Approval
Background & context:	Recommendation:
<p>Applicant Organisation:</p> <ul style="list-style-type: none"> Fomana Capital Ltd <p>Location:</p> <ul style="list-style-type: none"> Whanganui - Manawatu <p>Proposal:</p> <ul style="list-style-type: none"> The company is assessing an opportunity to introduce scalable technology for processing wood waste (both wood and sawdust). The technology is not currently operating in NZ. The PFG funding is to assist in the development of the business and technical feasibility case. This consists of technical testing and modelling and the securing of technology rights. Essentially, we are at 'proof of concept' stage of the project. <p>Funding Sought:</p> <p>Total project value: \$^{Commercial Inform}</p> <p>PGF Funding: \$45,000</p> <p>Background:</p> <ul style="list-style-type: none"> Fomana Capital Ltd has a successful track record in brokering investments in new primary sector based technologies – many of which are now successful commercial products. They are looking to partner with a Singaporean technology enterprise. The technology has the capability to produce ethanol, resin, glucose and lactic acid from wood fibre waste. If successful the proposal would introduce a new and significant value add in the downstream manufacturing in the forestry industry. 	<p>We recommend that the SROs:</p> <p>a) Note technical and modelling work is now required to:</p> <ul style="list-style-type: none"> Confirm the production properties and suitability of soft wood fibre wastes from both pinus radiata and potential indigenous species; and Modelling of suitable stock supply as up-stream processing comes on stream. This includes the location, volume, and availability of a suitable log supply. <p>b) Note that ^{Commercial Inf} will undertake the technical work, while ^{Commercial Informa} will undertake the supply modelling. Discussions and planning have commenced with both. This work will be completed over a two-month period.</p> <p>c) Note that this project has strong synergies with a current project funded through TPK where ^{Commercial Information} is looking at annual wood stock resources in the M-W region, as well as what Maori freehold land may be available for new plantings. This work is being done to determine whether there is enough wood harvest volumes per year to supply a new processing plant in the Manawatu region</p> <p>d) Note that alignment with the Fund criteria is dependent on the successful introduction of the technology to the NZ forestry sector.</p> <p>e) Note that the proposal has been discussed with MPI who support PGF funding to the level proposed.</p>

<ul style="list-style-type: none"> Targeting the Whanganui/Manawatu for the initial introduction of this technology. 	<p>f) Support the recommendation to Approve \$45,000 from the PGF fund towards the Timber Waste Manufacturing Project subject to:</p> <ul style="list-style-type: none"> provision of scope of works from both <u>Commercial Information</u>; and Summary report of results supported by a presentation from the applicant 	
PGF criteria that this proposal supports:		
PGF Criteria	Assessment Commentary	Rating (1✓ to 5✓)
Link with fund and government outcomes		
Creates permanent jobs	Potentially strong economic impact – new investment into the region, generation of new jobs, improved profitability and income streams.	✓✓✓✓
Delivers benefit to the community	Supports the economic viability of investment in new wood processing plants. Greater local wood processing potentially reduces the impact on regional roads of carting logs over long distances to export ports.	✓✓✓✓
Increased utilisation and returns of Maori asset base	Increased downstream wood processing potentially provides an opportunity for Iwi to improved economic returns from their forestry holdings.	✓✓✓
Enhanced sustainability of natural assets		
Mitigation of climate change effects	A reduction in harvest waste and slash will provide a positive impact on the environment through less wood waste material at risk from entering adjacent waterways.	✓✓✓
Additionality		
Adding value by building on what is already there	Investment in the bioprocessing of waste would align to existing and new forestry value-add manufacturing. The combined value from timber and waste product will place local downstream manufacturing on a competitive footing with Chinese and Asian log buyers.	✓✓✓✓
Acts as a catalyst for productivity potential in the region	Support the economic viability of new downstream manufacturing	✓✓✓

Connected to regional stakeholders and frameworks										
Alignment with regional priorities		Expansion of forestry is a new priority for the Manawatu-Whanganui region.						✓✓		
Support from local governance groups (inc. Councils, Iwi/Hapu)		Engagement with regional leaders, including Iwi has commenced. This will ramp-up once proof of concept has been achieved.						✓		
Governance, risk management and project execution										
Robust project management and governance systems		Would be assessed if the project proceeds to the next phase								
Risk management approach		Would be assessed if the project proceeds to the next phase								
Future ownership / operational management		Would be assessed if the project proceeds to the next phase								
The purpose of this briefing is to consider recommending PGF funds to the Timber Waste Manufacturing Project.										
Risks Issues:										
<ul style="list-style-type: none"> The project is at proof of concept stage and there is a risk that the proposal will not proceed beyond this stage. However, the proposed PGF funding represents a small investment in a proposal that has the potential to be a game changer in the forestry industry. 										
Eligibility points of note										
<ul style="list-style-type: none"> <i>Due diligence:</i> Entity due diligence has been completed. No issues identified. <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> Expansion of forestry is a new priority for the Manawatu-Whanganui region. <i>Commercial funding availability:</i> Given the nature of the project, which is at 'proof of concept' stage, access to commercial funding is not a feasible option. 										
Consultation undertaken or implications:										
Legal	N/A	HR	N/A	Finance	N/A	MBIE policy	N/A	Other	MPI	
Supporting proposal:		Yes								
Appendices:		Yes - Applications and supporting letters are as annexes								
Sponsor(s):		N/A								

Manager/Author of paper:

Nick Hough, Investment Team

PROACTIVELY RELEASED