



PGF PROPOSALS FOR REVIEW

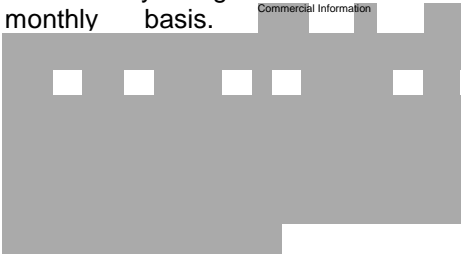
Date:	31 October 2018	Priority:	Medium
Security classification:	In Confidence	Tracking number:	1552 18 - 19

Action sought		
	Action sought	Deadline
Hon Shane Jones Minister for Regional Economic Development	Agree to the recommendations outlined in this briefing	5 November 2018
Hon Grant Robertson Minister of Finance		5 November 2018
Hon Phil Twyford Minister of Transport		5 November 2018
Hon David Parker Minister for Economic Development		5 November 2018
Fletcher Tabuteau Parliamentary Under-Secretary to the Minister for Regional Economic Development	Note the contents of this briefing	5 November 2018

Contact for telephone discussion (if required)				
Name	Position	Telephone		1st contact
Robert Pigou	Head of Investment Management	Privacy of natural persons	Privacy of natural persons	✓
Hannah Lee	Policy Advisor	Privacy of natural persons		

Ref	Project name	Project	Comment	Total cost of project	Proposed PGF investment	PDU recommendation
			(\$ ^{Commercial Information} capital expenditure) would be sufficient to fund them.			
3	<h1>Commercial Information - Declined Application</h1>					
4	KiwiRail Palmerston North Regional Economic Growth Hub	<p>KiwiRail has applied for a \$40 million PGF grant for the acquisition of approximately ^{Commercial} of land in the North East Industrial Zone (NEIZ), in ^{Commercial Information}, Palmerston North, to better service Central New Zealand's growing freight demands and support the country's wider regional transport, economic development and supply chain strategies. The project forms an integral part of a wider transportation package where interrelated transport initiatives for the region have been designed collaboratively.</p> <p>Cabinet have approved in principle the allocation of this \$40 million from the PGF towards the design and land acquisition, with the final decision to be made by RED Ministers [DEV-18-MIN-0235].</p> <p>Phase 1A involves site identification, designation, master-planning and concept design.</p> <p>Phase 1B is land acquisition, which would commence subject to Phase 1A meeting assessment requirements. The timeline for successful land acquisition is approximately two to three years.</p> <p>Region: Manawatū-Whanganui</p>	<p>NZTA are supportive of this application. NZTA has specifically identified the Manawatū-Whanganui region and Palmerston North as being a key enabler for the economic growth and a regional surge location for freight distribution in New Zealand.</p> <p>The Ministry of Transport (MoT) supports the proposal, as they consider the aspirations to be consistent with the Government's objectives for transport and freight, where the respective contributions of all modes are optimised as part of a mode neutral approach. MoT considers the facility represents the optimal and most appropriate use of KiwiRail's land assets in Palmerston North.</p> <p>The PDU recommends that approval is subject to staged payment gateways for each stage of Phase 1A. The grant would also be subject to Phase 1A being completed within 12 months, and Phase 1B within 36 months.</p>	^{Commercial Information}	\$40,000,000 (grant)	Approve with conditions

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5	National Driver Training Centre	<p>Manfeild Trust's proposal is to extend the National Driver Training Centre's Class 1 drivers training program to incorporate Class 2 to 5 (the full range of driver training). The proposal is directly aimed at the region's logistics and road transport industries and is relevant for regional economic development more broadly.</p> <p>The capital investment at Manfeild Park will deliver a bespoke training facility incorporating specialist training courses (4WD, Quad, Light Utility Vehicle, wheels, track and rollers). The facility will also incorporate skid pan, civil plant pit, and classroom facilities. General infrastructure improvements (entry roading, car parking, and services) will also be undertaken.</p> <p>Manfeild Park Trust will coordinate different training providers to deliver at Manfeild and bring industry in to ensure there is a strong connection between local supply and demand of work and workers.</p> <p>Region: Manawatū-Whanganui</p>	<p>The project has significant community and industry support. Commercial Information</p> <p>MSD notes that the National Driver Training Centre (NDTC) proposal would help support career pathways into civil construction, transport and distribution for job seekers, including MSD clients and school leavers. They note that the proposal would also support the forecast skills and labour needs of the proposed road projects as well as shortage of track drivers across the region and nationally.</p> <p>TPK has been involved in the discussions re setting up and the development of this project. TPK consider it will have direct benefits for Māori outcomes in the region especially for the opportunity it is likely to offer Māori currently unemployed. TPK supports this initiative.</p>	Commercial Information	<p>Commercial Information</p> <p>Comprising of:</p> <p>Commercial Information (grant)</p> <p>Commercial Information (operating expenditure)</p>	Approve with conditions
6	<p>Commercial Information - Declined Application</p>					

Ref	Project name	Project	Comment	Total cost of project	Proposed PGF investment	PDU recommendation
<h1>Commercial Information</h1>						
11	Waiapu package – 4 applications	<p>The applicant, Te Wiwi Nati Trust and Te Riu o Waiapu Trust Partnership, submitted a suite of four applications pro-actively addressing the significant erosion and sediment issues currently facing the Waiapu River and, potentially highly alluvial flats on each side of the river.</p> <p>Erosion issues on the Waiapu River have been acknowledged in the 2010 Ngati Porou Treaty Settlement, where a 100-year Memorandum of Understand (MOU) was signed. However, the MOU did not put in place a budget for this work.</p> <p>The package of four projects consist of:</p> <ul style="list-style-type: none"> - Sediment and debris dam construction: Addressing and limiting debris entering the river (\$ Commercial Information) - People and capability building: Building capability to ensure knowledge is developed and retained (\$ Commercial Information) - Poplar and willow nursery establishment: Limiting the ongoing damage via riparian planting 	<p>Note that the Erosion Control Fund has approved \$ Commercial Information for riparian planting.</p> <p>The project has been assessed by the PDU and MPI, and MPI is supportive of this application. If approved, PDU and MPI will work with the applicant to seek co-funding options.</p> <p>NZTA is interested in being involved should PGF funding be approved. Waiapu River (Rotokautuku) bridge on Commercial Information has significant embankment/abutment issues, which are currently being monitored on a 12-monthly basis. Commercial Information</p>  <p>DOC supports the Waiapu package, but notes the following:</p> <ul style="list-style-type: none"> - Sediment and debris dam 	<p>Commercial Information</p>	\$5,030,000 (grant)	Approve with conditions

Ref	Project name	Project	Comment	Total cost of project	Proposed PGF investment	PDU recommendation
		<p>(Commercial Information)</p> <ul style="list-style-type: none"> - The river corridor design: designing a better path for the river where possible (\$ (Commercial Information)). <p>Region: Tairāwhiti</p>	<p>construction: DOC strongly support efforts to address sediment loss and believe this concept is a sensible approach, as long as fish passage and effects on existing habitats are considered.</p> <ul style="list-style-type: none"> - Poplar and willow nursery establishment: While DOC supports this aspect of the application, they would encourage broader consideration of tree species to be grown. - The river corridor design: DOC consider the concept is good and support the intention to take a whole-of-river approach to works but consider the bid has underestimated the amount of funding needed to deliver on its objectives. DOC would encourage the applicant to look at a full range of options for this work. 			
12	LeaderBrand	<p>LeaderBrand is an established produce grower and processor. The company has undertaken a significant investment programme recently.</p> <p>The PGF application is on the opportunity to bring forward LeaderBrand's investment programme by (Commercial Information) via two main projects: buy land currently being leased by LeaderBrand for \$ (Commercial Information) and establish (Commercial Information) of greenhouses. The total investment programme could result up to (Commercial Information) new FTEs.</p> <p>Commercial Information</p> <p>(Commercial Information)</p> <p>Region: East Coast</p>	<p>The project is based in a surge region, has strong regional support, focuses on a sector priority and has a strong jobs figure attached to it. The project is also supported by MPI.</p> <p>The PDU's advice is to approve between \$ (Commercial Information) 15 million from the PGF towards LeaderBrand's greenhouse investment (Commercial Information). The PDU believes its role should be to provide LeaderBrand with an opportunity to test, with scale, their expansion to develop between (Commercial Information). If the applicant's forecasts prove correct, LeaderBrand will be able to approach their bankers to complete the (Commercial Information) with proven data.</p> <p>MPI supports the application in principle on the understanding that any loan arrangement is made on commercial terms and does not conflict with New Zealand trade policy.</p> <p>Commercial Information</p>	<p>(Commercial Information)</p>	<p>(Commercial Information)</p> <p>\$15,000,000 (loan)</p>	Approve with conditions

Ref	Project name	Project	Comment	Total cost of project	Proposed PGF investment	PDU recommendation
			<p>Commercial Information [redacted] MFAT will need to work with MBIE to provide advice to Ministers on the consistency of this proposal with New Zealand's international obligations and options to change the programme to reflect those concerns.</p>			
13	Mātai Labs	<p>Matai Lab is seeking \$6 million in PGF funding to establish a Magnetic Resonance Imaging (MRI) research lab in Gisborne, to undertake research focussed on advancing the understanding of the brain, heart and body – with a particular focus on biomarkers associated with traumatic brain injury (TBI).</p> <p>Māori are overrepresented in TBI stats. Continued research and a better understanding of possible treatments would therefore benefit affected persons.</p> <p>The project will employ up to ^{Comm} FTEs in a surge region.</p> <p>Regions: Tairāwhiti</p>	<p>Commercial Information [redacted]</p> <p>The project has significant support from New Zealand and international research and medical organisations, including Stanford University.</p>	\$ ^{Commercial Information} [redacted]	\$6,000,000 (grant)	Approve conditions with
14	Commercial Information	<p>[Redacted Content]</p>				
15	Opuke Thermal Pools and Spa	<p>Since 2009, Methven Adventures Limited has been developing the Opuke Thermal Pools and Spa Project.</p> <p>MAL is requesting PGF funding for development and construction of Opuke, a thermal pools and spa attraction in</p>	<p>NZTE has been working with the applicant for ^{Commercial Information} and strongly supports this application.</p> <p>The project aligns strongly with the Canterbury Economic Development</p>	\$ ^{Commercial Information} [redacted]	\$ ^{Commercial Information} [redacted] grant for development and loan for construction	Approve conditions with

Ref	Project name	Project	Comment	Total cost of project	Proposed PGF investment	PDU recommendation
		<p>Methven, Ashburton. The greenfields thermal pool and spa retreat will be developed at the base of the Southern Alps and will utilise solar-heated mountain water. MAL has applied for PGF support to facilitate project development and assist in securing sufficient third-party capital.</p> <p>MAL's application for funding is divided into two parts:</p> <ul style="list-style-type: none"> - \$^{Commercial Information} development loan: invested on a ^{Commercial Information} basis ^{Commercial Information} - \$^{Commercial Information} loan: ^{Commercial Information} <p>If PGF funding is secured, and the remainder of capital raised, Opuke should be operational by 2020.</p> <p>Methven currently struggles with seasonality, with a fluctuating population and high number of short-term jobs over the winter months. Opuke is intended to transform Methven into an "all year" town with more permanent jobs. An economic benefit study estimated that through Opuke ^{Commercial Information} jobs will be created with an estimated \$^{Commercial Information} incremental GDP over 10 years.</p> <p>Region: Canterbury</p>	<p>Strategy and regional priorities.</p> <p>The \$^{Commercial Information} loan is conditional on the remainder of the capital being raised and the project being construction ready by March 2019.</p>			
16	<h1>Commercial Information - Declined Application</h1>					
17	Northland Water Storage	DEV has recently approved a Cabinet Paper setting out investment principles for PGF water storage projects. The paper was	The potential sites earmarked for this project are not on conservation land. Free and frank opinions	\$ ^{Commercial Information}	\$18,500,000 (grant and loan mix)	Approve

Ref	Project name	Project	Comment	Total cost of project	Proposed PGF investment	PDU recommendation
		<p>considered and approved by full Cabinet on 23 October 2018.</p> <p>Northland Regional Council seek PGF funding for a project development work programme and to assist with the construction costs of a water storage scheme in Northland.</p> <p>The benefits of this project are three-fold:</p> <ul style="list-style-type: none"> The creation of a stable water source for use by the horticultural industry year round will ensure it has the necessary resources to continue to expand and develop in Northland. The intent is to harvest water during peak flows and store this for use during dry periods. This will work to facilitate a continued transition to higher value horticulture crops and to increase climate resilience in the Northland area and economy. Increased economic activity and jobs growth in the region through a greatly expanded horticultural economy. It is estimated that this project will generate approximately ^{Commercial Information} additional jobs and generate \$^{Commercial Information} per annum for Northland. The facilitation of a shift from traditional carbon-intensive land uses such as farming and dairying to higher value lower carbon horticultural production. This will work to help the Government attain their stated climate change emission targets. <p>Region: Northland</p>	<p>Free and frank opinions</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>			
18	Woodspan PLT Panels – Accelerated Commercialisation	Region: Taranaki	<p>Advice and agency comments are to follow on 1/11/2018.</p> <p>An updated summary sheet will be provided.</p>			



The Provincial Development Unit recommends that you:

Commercial Information

KiwiRail Palmerston North Regional Economic Growth Hub - Manawatū-Whanganui

3. **Note** that KiwiRail is seeking \$40,000,000 from the PGF to develop the KiwiRail Palmerston North Regional Economic Growth Hub.
Agree / Disagree
4. **Note** that the PDU recommends that RED Ministers support funding for \$40,000,000 from the PGF towards the KiwiRail Palmerston North Regional Economic Growth Hub subject to conditions.
Agree / Disagree
5. **Agree** to support funding for \$40,000,000 from the PGF towards the KiwiRail Palmerston North Regional Economic Growth Hub subject to conditions.
Agree / Disagree
6. **Agree** that the PDU prepare an investment agreement on terms and conditions to be negotiated, by way of a grant, for KiwiRail Palmerston North Regional Economic Growth Hub.
Agree / Disagree

National Driver Training Centre - Manawatū-Whanganui

7. **Note** that Manfield Park Trust Charitable Trust is seeking \$ Commercial Information from the PGF to develop the National Driver Training Centre.
Agree / Disagree
8. **Note** that the PDU recommends that RED Ministers support funding for \$ Commercial Information from the PGF towards the National Driver Training Centre subject to conditions.
Agree / Disagree
9. **Agree** to support funding for \$ Commercial Information from the PGF towards the National Driver Training Centre subject to conditions.
Agree / Disagree
10. **Agree** that the PDU prepare an investment agreement on terms and conditions to be negotiated, by way of a grant, for Manfield Park Trust Charitable Trust's National Driver Training Centre.
Agree / Disagree



Commercial Information

Waiapu River Restoration - Tairāwhiti

23. **Note** that Te Wiwi Nati Trust and Te Rui o Waiapu Trust Partnership are seeking \$5,030,000 from the PGF via four applications which as a programme of work seek to address the significant erosion and sediment issues facing the river, catchment and alluvial plains of the Waiapu River.

Agree / Disagree

24. **Note** that the PDU recommends that RED Ministers support funding for \$5,030,000 from the PGF towards the Waiapu River Restoration project subject to conditions..

Agree / Disagree

25. **Agree** to support funding for \$5,030,000 from the PGF towards the Waiapu River Restoration project subject to conditions.

Agree / Disagree

26. **Agree** that the PDU prepare an investment agreement on terms and conditions to be negotiated, by way of a grant, for the Waiapu River Restoration project.

Agree / Disagree

LeaderBrand - Tairāwhiti

27. **Note** that Mānuka Honey Appellation Society Incorporated is seeking \$ ^{Commercial Information} from the PGF ^{Commercial Information} and the construction of up to ^{Commercial In} of greenhouses in Gisborne.

Agree / Disagree

28. **Note** that the PDU recommends that RED Ministers support funding for \$ ^{Commercial In} 15 million from the PGF towards the LeaderBrand project subject to conditions.

Agree / Disagree

29. **Agree** to support funding for \$ ^{Commercial In} 15 million from the PGF towards the LeaderBrand project subject to conditions.

Agree / Disagree

30. **Agree** that the PDU prepare an investment agreement on terms and conditions to be negotiated, by way of a loan, for the LeaderBrand project.

Agree / Disagree

Mātai Lab - Tairāwhiti

31. **Note** that Mātai Lab is seeking \$6,000,000 from the PGF to to establish a Magnetic Resonance Imaging (MRI) research lab in Gisborne.

Agree / Disagree

32. **Note** that the PDU recommends that RED Ministers support funding for \$ ^{Commercial Information} from the PGF in the 2018 financial year and up to another ^{Commercial Information} in the 2019 financial year towards the Mātai Lab project subject to conditions..

Agree / Disagree



33. **Agree** to support funding for \$ ^{Commercial Information} from the PGF in the 2018 financial year and up to another \$ ^{Commercial Information} in the 2019 financial year towards the Mātai Lab project, subject to conditions.

Agree / Disagree

34. **Agree** that the PDU prepare an investment agreement on terms and conditions to be negotiated, by way of a grant, for the Mātai Lab project.

Agree / Disagree

Oceania Marine 550 tonne Travel Lift - Northland

35. **Note** that Oceania Marine Group is seeking \$ ^{Commercial Information} from the PGF towards the purchase and installation of a 560 tonne travel lift and to fund civil works at South Shipyard.

Agree / Disagree

36. **Note** that the PDU recommends that RED Ministers support funding for \$ ^{Commercial Information} from the PGF towards the Oceania Marine 550 tonne Travel Lift Project.

Agree / Disagree

37. **Agree** to support funding for \$ ^{Commercial Information} from the PGF towards the Oceania Marine 550 tonne Travel Lift Project subject to conditions.

Agree / Disagree

38. **Agree** that the PDU prepare an investment agreement on terms and conditions to be negotiated, by way of a loan, for Oceania Marine 550 tonne Travel Lift Project.

Agree / Disagree

Opuke Thermal Pools and Spa - Canterbury

39. ^{Commercial Information}

40. **Note** that the PDU recommends that RED Ministers support funding for \$7,500,000 from the PGF towards the Opuke Thermal Pools and Spa Project.

Agree / Disagree

41. **Agree** to support funding for \$7,500,000 from the PGF towards the Opuke Thermal Pools and Spa Project subject to conditions.

Agree / Disagree

42. **Agree** that the PDU prepare an investment agreement on terms and conditions to be negotiated, by way of a loan, for Opuke Thermal Pools and Spa Project.

Agree / Disagree



Northland Water Storage - Northland

43. **Note** that Northland Regional Council is seeking \$18,500,000 from the PGF to complete a project development work programme and to assist with the construction costs of a water storage scheme in Northland.

Agree / Disagree

44. **Note** that the PDU recommends that RED Ministers support funding for \$18,500,000 from the PGF towards the Northland Water Storage project.

Agree / Disagree

45. **Agree** to support funding for \$18,500,000 from the PGF towards the Northland Water Storage project subject to conditions.

Agree / Disagree

46. **Agree** that the PDU prepare an investment agreement on terms and conditions to be negotiated, by way of a grant and loan mix, for Northland Water Storage project.

Agree / Disagree

Commercial Information - Declined Application

PROACTIVELY RELEASED



Privacy of natural persons

Robert Pigou
Head of Investment Management
MBIE

31/10/2018

Hon Grant Robertson
Minister of Finance

..... / /

Hon Shane Jones
Minister for Regional Economic Development

..... / /

Hon Phil Twyford
Minister for Transport

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Hon David Parker
Minister for Economic Development

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