



Southland Package overview

Purpose

The purpose of this cover note is to provide an overview of the **Southland package** that is due to be announced in October. This will provide context prior to Regional Economic Development Ministers' (RED Ministers) consideration of Provincial Growth Fund (PGF) applications.

Background

Rationale for Package

Key sectors were identified by the Provincial Development Unit (PDU) for Provincial Growth Fund (PGF) investment. RED Ministers considered this as part of the Sector Investment Briefing [3942 18-19 refers] at the RED Ministers meeting 26 June 2019.

Three of the key sectors identified for PGF investment are the Energy, Primary, and Engineering/Manufacturing sectors.

The Southland package due to be announced in October will include projects for these sectors. Decisions for funding need to go through the agreed PGF decision making processes, including the two PGF applications for RED Ministers' consideration on 11 September 2019 being:

- a. Stewart Island Wind Power (Energy); and
- b. Commercial Information

The PDU has been working directly with the Southland Otago Regional Engineering Collective (SOREC) on how the PGF can assist the sector to rebuild some of the capability and capacity it has lost in recent years. The announcement will also include two tranches of funding (Commercial Information) for small engineering firms. At this stage Tranche 2 will include six projects totalling Commercial Information to be considered by Senior Regional Officials on 26 September 2019 (Annex One).

Note that tranche one relates only to projects in Otago (listed on the Dunedin/Otago coversheet), and will be announced as part of the Otago package.

The Overall Package

The overall package for Southland is shown in the table below; it includes two tranches of funding (Commercial Information) for small engineering firms, further details provided in Annex One. The below package does not include Commercial Information - declined and Commercial Information - declined as the PDU are recommending the current application be declined.

Overall package Southland

Project	Investment
Southland Youth Futures (\$1.55m)	Southland Youth Futures is a careers programme for young southlanders, aged 14 – 20, who are studying at secondary



	<p>school or undertaking foundation studies courses. It covers the whole of Southland and involves 85 Southland businesses (at present) and all secondary schools in the region.</p> <p>By working in partnership with educators, employers, training providers, ITOs and industry advocacy groups, Southland Youth futures “connects the dots”, ensuring young people are assisted into appropriate training and/or employment before they leave the education sector, thus reducing the rate of those who end up as long-term NEETs.</p>
<p>Stewart Island Wind Power <small>(Commercial Info)</small> (\$ [REDACTED])</p>	<p>PGF funding is required for the Southland District Council to:</p> <ol style="list-style-type: none"> 1. Commission independent consultants to undertake pre-development activity including an economic analysis, the procurement of resource consents, further geotechnical work, and securing land access agreements. 2. Construct and install two wind turbines initially on Stewart Island upon completion of the development activity.
<p>Commercial Information</p>	
<p>Building Capacity in Southland – Economic Development Agency support (\$400,000)</p>	<p>PGF funding to create two new roles (Portfolio Manager and Project Support Advisor) to deliver existing projects to drive regional economic growth and assist businesses within the Southland region who wish to submit PGF applications.</p> <p>The Portfolio Manager will be required to have an overview of portfolio and project management and performance assessment. The Project Support Advisor’s primary responsibility will be assisting the Portfolio Manager with preparation of action plans, including resources, timeframes and budgets for new and innovative projects that meet PGF criteria.</p>
<p>Manufacturing/Engineering Sector (\$40m) – Southland and Otago</p>	



<p>“Enablers for Engineering/ Manufacturing sector”</p> <p>Southland Otago Regional Engineering Collective – Regional Leader</p>	<p>Coordination across Otago/Southland sector, including possible investment in apprenticeships/training – Co % funding of \$Comme across C years.</p>
<p>“Small Engineering companies – new plant – Tranche 2”</p> <p>(\$Commercial) l ti</p>	<p>Invest in equipment needed by individual firms to increase productivity (but ensuring equipment complements other firms’ equipment).</p> <p><i>Note: 6 projects yet to be approved by Senior Regional Officials in Annex One will form the second tranche of proposed funding.</i></p>

Updates on other proposals

Commercial Information



Commercial Information - declined project





Annex One: Senior Regional Officials Meeting 26 September 2019

Six proposals are seeking approval by Senior Regional Official's on 26 September 2019 to form the second tranche of funding for small engineering firms (up to \$Commercial Information). This tranche will invest in equipment needed by individual firms to increase productivity (but ensuring equipment complements other firms' equipment).

Project	Applicant	Description	Total Project Cost	PGF Request	Sustainable Jobs to be created
Commercial Information - withdrawn proposal					
FI Innovations – 3D Innovation	FI Innovations Ltd.	PGF funding to establish a world-class Additive Manufacturing (advanced 3D printing) hub in Invercargill. Two 'state-of-the-art' digital machines will be purchased (specifically, an SLS 3D printer and a high-resolution portable 3D scanner).	\$Commercial Information	\$370,000	Com
Stabcraft – Engineering Equipment	Stabcraft Marine Limited	PGF funding sought for three pieces of equipment to help bring more of the process in establishing equipment in-house for the manufacturing aluminium-chambered vessels. Specifically a Robot and Welder, and two press machines.	\$Commercial Information	\$Commercial Information	Comm



Sheetmetal Craft – Engineering Equipment	Sheet Metal Craft Limited	PGF funding for a capital expansion project to invest in machinery capabilities needed to grow our productivity and capacity. Specifically a CNC Milling Machine and CNC Lathe.	\$ Commercial Information	\$132,500	Com
EIS – Electrical Engineering Equipment for Fibre Optics	EIS Group Ltd.	PGF funding for investment into new engineering equipment (specifically fibre installation related) to meet the demands of our customers.	\$ Commercial Information	\$50,000	Com
Southern Steel Windows – Engineering Equipment	Southern Steel Windows Ltd.	PGF funding sought for four pieces of equipment to help bring more of the process in establishing equipment in-house for the design, manufacture and installation of architectural and commercial steel joinery organisation. Specifically a Welding table, Glass-cutter and two CNC machines.	\$ Commercial Information	\$ Commercial Information	Com
Total			\$ Commercial Information	\$ Commercial Information	Com ercial

PROACTIVELY RELEASED