



PGF PROPOSALS FOR REVIEW

Date:	20 March 2019	Priority:	Medium
Security classification:	In Confidence	Tracking number:	2900 18-19

Action sought		
	Action sought	Deadline
Hon Shane Jones Minister for Regional Economic Development	Agree to the recommendations outlined in this briefing	25 March 2019
Hon Grant Robertson Minister of Finance		25 March 2019
Hon Phil Twyford Minister of Transport		25 March 2019
Hon David Parker Minister for Economic Development		25 March 2019
Fletcher Tabuteau Parliamentary Under-Secretary to the Minister for Regional Economic Development	Note the contents of this briefing	25 March 2019

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
David van der Zouwe	Acting Head of Investment Management	Privacy of natural persons	✓
Hannah Lee	Policy Advisor	Privacy of natural persons	
Jessica Sandford	Policy Advisor	Privacy of natural persons	

Ref	Project name	Project	Comment	Total cost of project	Proposed PGF investment	IAP recommendation	PDU recommendation
			Commercial Information - Declined Project [REDACTED]				
2	<p>Maruawai Project</p> <p>Project 1: Hokonui Moonshine Museum</p> <p>Project 2: Maruawai Visitor Centre</p>	<p>Applicants: Project 1: Hokonui Heritage Centre Trust Project 2: Gore District Council (GDC)</p> <p>Region: Southland</p> <p>The Maruawai Project incorporates the redevelopment of two projects at the same site in Gore. The project will be managed by Gore District Council with Signal Management Group, Dunedin as the proposed Principal Contractor.</p> <p>The redevelopment project involves two projects:</p> <p>Project 1: Expansion of the existing Hokonui Moonshine Museum to incorporate a 'distil your own moonshine' exhibit, new function spaces and an on-site micro-distillery.</p> <p>Project 2: Redevelopment of the Maruawai Visitor Centre, to refresh the Centre, retail offerings and promote various hospitality and visitor services in the area.</p> <p>The project will create [REDACTED] FTE jobs directly, and anticipates [REDACTED] indirect jobs as a result of increased tourism.</p> <p>The GDC's sub-regional strategy 'Ready for Growth' identified the Museum and Visitors Centre as the top priority to increase tourism.</p>	<p>The PDU recommends that the application be approved subject to:</p> <ol style="list-style-type: none"> I. Funding being provided in tranches, with funding for construction only being available after construction related contracts and permits are in place, and construction related due diligence has been completed II. Funding being provided only once confirmation that all co-funding at each stage is secured and has been received. <p>Commercial Information [REDACTED]</p> <p>TPK have said the project will make a positive contribution to Māori development in Gore. This initiative makes a positive contribution to Māori development in the Gore and Southland District, both economically and culturally. It provides opportunities for iwi/Māori to develop unique products based upon indigenous flora and to grow and supply these to the project.</p> <p>TPK would like to see strong and clear linkages to the Hokonui Highway Project and strong employment outcomes for Māori and rangatahi.</p> <p>MBIE Tourism have stated that Gore's geographical position would attract additional tourists who would want to explore less crowded tourism products of the Southland region. The Museum has a good collection of art which will be a good attraction for tourists.</p> <p>Commercial Information [REDACTED] MBIE Tourism have noted that additional jobs will be created in the retail sector but those figures cannot be quantified.</p> <p>Free and frank opinions [REDACTED]</p>	<p>Commercial Information \$ [REDACTED]</p> <p>Stage 1: \$ [REDACTED] Stage 2: \$ [REDACTED]</p>	<p>\$1.65 million (grant)</p> <p>Stage 1: \$ [REDACTED] Stage 2: \$ [REDACTED]</p>	Approve	Approve

Ref	Project name	Project	Comment	Total cost of project	Proposed PGF investment	IAP recommendation	PDU recommendation
			<p>Free and frank opinions</p> <p>[REDACTED]</p> <p>MCH also considers that the Trust will benefit from the continued mentoring opportunities that might be available as part of PGF and MBIEs grant monitoring and ongoing regional support work.</p> <p>Free and frank opinions</p> <p>[REDACTED]</p> <p>International Obligations: Commercial Information</p> <p>[REDACTED]</p>				
3	Wood Cluster/Centre of Excellence (WCCE)	<p>Applicant: Eastland Community Trust (ECT)</p> <p>Region: Tairāwhiti</p> <p>Eastland Community Trust (ECT) are seeking a \$19.5 million in principle approval from the PGF towards a Wood Cluster/Centre of Excellence (WCCE). While the package of funding is \$19.5 million, each component will require a business case to be assessed before payment and have match-funding.</p> <p>The PDU has worked with the applicant over the past year on this project. This funding is for shovel ready projects associated with the development of the WCCE.</p> <ul style="list-style-type: none"> - The funding is divided into tranches associated with various components of the programme. These include: - WET Plant 1 Completion. Total cost estimate: \$ [REDACTED] - Sawmill Enhancements. Total cost estimate: \$ [REDACTED] - New Drystore with Floor Space for Thermal Modification. Total cost estimate: \$ [REDACTED] - Thermal Modification Plant. Total cost estimate: \$ [REDACTED] - Woodwaste Processing. Total cost estimate: \$ [REDACTED] - Container Shipping. Total cost estimate: \$ [REDACTED] - WET Plant 2 Building. Total cost estimate: \$ [REDACTED] - Combined Heat and Power Plant Total 	<p>The PDU recommends that you approve in principle \$19.5 million in funding towards the WCCE subject to:</p> <ol style="list-style-type: none"> i. ECT confirmed as the counterparty ii. Submission of a business case that has been assessed by the PDU as satisfactory iii. Each tranche of funding sought for individual investment components of the WCCE be conditional on match-funding from the applicant iv. The PDU assessing any third party investor if co-funding is not solely from ECT. <p>The level of detail required to make individual component investment decisions will be developed and provided as each component requests a funding tranche.</p> <p>The complete funding package is not known at this stage as each component of the programme will be dependent on the submission of a business case. The PDU has discussed possible funding models with ECT and has agreed that funding will be provided on the same terms as the co-funder (ECT). Commercial Information</p> <p>[REDACTED]</p> <p>To help analyse the opportunities and programme components associated with the WCCE, the PDU has contracted Forest Economic Advisors (FEA). They have been</p>	\$ [REDACTED]	\$19.5 million	Approve in principle	Approve in principle

Ref	Project name	Project	Comment	Total cost of project	Proposed PGF investment	IAP recommendation	PDU recommendation
		<p>cost estimate: \$[REDACTED].</p> <p>Commercial Information</p> <div style="background-color: grey; width: 100%; height: 100px; margin-top: 5px;"></div> <p>ECT is an independent Trust established by Gisborne District Council. The 'in principle' decision will allow ECT to accelerate the WCCE, and begin to plan the roll out of the various components, with confidence they have a funding partner.</p>	<p>conducting and producing studies and papers (Spotlight Papers) for the PDU to help inform decisions relating to forestry and wood processing. FEA has met with Eastland Community Trust, Far East Saw Mill and Wood Engineering Technology (WET) (key partners in this application). FEA has produced a 'Spotlight Paper' that provides positive analysis of the opportunities associated with developing the Wood Cluster/ Centre of Excellence.</p> <p>TPK note that this project will make a positive contribution to regional economic development. It needs to show evidence of its contribution to Māori development, including through workforce development (skill development to employment), mana whenua aspirations and iwi economic alignment.</p> <p>Engagement with iwi Interests on this development should occur to optimise Māori economic development opportunities with Mana whenua, including through workforce development and other economic opportunities.</p> <p>TPK notes that this project presents significant environmental and social impact consequences for this region. TPK recommends developing concurrent mitigating health and safety and other related strategies through this project that counteract the impacts of growth and development already occurring in this region, in this sector in particular.</p> <p>TPK also recommends you consider the impact of rail on this proposal and the phased developments, which in itself would affect the phased proposal and what is being resourced and approved.</p> <p>The components relating to upgrading Gisborne port and the combined heat and power plant will assist New Zealand Trade and Enterprise (NZTE) to promote investment into Gisborne. This is covered in more detail in the briefing below. NZTE also note that although the two initiatives may provide a solution to NZTE's potential investor in the short term, there are longer term constraints that exist for bigger operations being introduced into the region. In order to attract more investment and further value add processing into Gisborne, further work will need to be undertaken in the region to provide for a greater port capacity and power supply in addition to the ones proposed in this</p>				

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			PGF application. The Ministry of Primary Industries are in support of this application.				

PROACTIVELY RELEASED



The Provincial Development Unit recommends that you:

Commercial Information - Declined Application

Maruawai Project – Southland

4. **Note** that the Hokonui Heritage Centre Trust and Gore District Council have applied for a \$1.65 million grant from the Provincial Growth Fund to redevelop the Hokonui Moonshine Museum and Maruawai Visitor Centre respectively.

Noted

5. **Note** that the \$1.65 million application is made up of two parts:

- a. Hokonui Moonshine Museum (\$^{Commercial Information}); and
b. Maruawai Visitor Centre (\$^{Commercial Information}).

Noted

6. **Note** that the Provincial Development Unit recommends that you approve Hokonui Heritage Centre Trust and Gore District Council's application for funding from the Provincial Growth Fund in the form of a grant.

Noted

7. **Agree** to approve Hokonui Heritage Centre Trust and Gore District Council's applications for a \$1.65 million grant from the Provincial Growth Fund, subject to:

- a. Funding being provided in tranches, with funding for construction only being available after construction related contracts and permits are in place, and construction related due diligence has been completed
b. Funding being provided only once confirmation that all co-funding at each stage is secured has been received.

Agree / Disagree



Wood Cluster / Centre of Excellence - Tairāwhiti

1. **Note** that Eastland Community Trust has applied for \$19.5 million from the Provincial Growth Fund to fund a 'Wood Cluster/Centre of Excellence' in Tairāwhiti.

Noted

2. **Note** that an in principle approval will allow Eastland Community Trust to accelerate the Wood Centre/Centre of Excellence and begin to plan the roll out of the various components.

Noted

3. **Note** that the Provincial Development Unit recommends that you approve in principle Eastland Community Trust's application for funding from the Provincial Growth Fund.

Noted

4. **Agree** to approve in principle the Eastland Community Trust's application for \$19.5 million from the Provincial Growth Fund subject to:

- a. Eastland Community Trust being confirmed as the counterparty
- b. For each individual investment component, submission of a business case that has been assessed by the Provincial Development Unit as satisfactory
- c. Each tranche of funding sought for individual investment components of the 'Wood Cluster/Centre of Excellence' project be conditional on Commercial Information
- d. The Provincial Development Unit assessing any third party investor if co-funding is not solely from Eastland Community Trust.

Agree / Disagree

Proactive release

5. **Note** that the Provincial Development Unit is taking a proactive approach to releasing information related to decisions on Provincial Growth Fund applications.

Noted

6. **Note** that the Provincial Development Unit and Provincial Growth Fund agencies will consult with the Regional Economic Development Ministers on proposals in the January suit of papers before they are proactively released.

Noted



7. **Note** that advice will only be released where proposals have been approved, announced and contracted.

Noted

David van der Zouwe
Acting Head of Investment Management
Ministry of Business, Innovation and Employment
..... / /

Hon Grant Robertson
Minister of Finance
..... / /

Hon Shane Jones
Minister for Regional Economic Development
..... / /

Hon Phil Twyford
Minister for Transport
..... / /

Hon David Parker
Minister for Economic Development
..... / /

PROACTIVELY RELEASED