

COVER SHEET

1. Industrial Park Feasibility Study- South Taranaki Project PGF Application

**For:
Approval**

Background & context:

Recommendation:

Applicant Organisation:

- South Taranaki District Council (STDC)

Location:

- Hawera

Proposal:

- To fund a feasibility investigation into the establishment of an Industrial Park in South Taranaki

Funding Sought:

- Total project value: \$ Commercial Information
- PGF Funding: \$50,000
- Other funders: \$ Commercial Information comprising:
 - \$ Commercial Information
 - \$ Commercial Information contributions (Commercial Information)

Background:

The feasibility study will support investigation of an Industrial park which is seen as a key to supporting the district's economic development by helping remove current barriers identified in STDC's Economic Development Strategy 2014. These included lack of room for expansion and the high cost of establishment.

This area has the opportunity to leverage off:

- A strong, innovative engineering base grown from years of servicing the dairy, meat and petrochemical industries.
- Highly skilled energy sector employees and specialist businesses with strong international connections.
- Growing interest in diversification into producing alternative horticultural products and crops.

We recommend that the SRO:

- Note** the project has been assessed by the PDU and PGF funding criteria categories including Economic Benefit, Additionality, Regional Stakeholder Support and Management and Governance, are evidenced.
- Note** the PGF exposure will be used to fund Commercial Information % of the costs of a feasibility investigation into the establishment of an Industrial Park in South Taranaki.
- Approve** \$50,000 from the PGF to be allocated towards the "Industrial Park Feasibility Study – South Taranaki subject to:
 - the Head of the PDU Investments team being satisfied with the final results of due diligence.

The purpose of this briefing is to consider recommending PGF funds to the Industrial Park Feasibility Study

Alignment to PGF criteria:*Increased Economic Benefit*

Establishing an Industrial Park creates an opportunity for South Taranaki to attract new industries and would support the expansion of existing South Taranaki companies. It creates the opportunity for businesses within the Park to collaborate and build resilience and supports economic development in the District.

Additionality

An Industrial Park would offer the opportunity of industry clusters with the benefits of shared labour pools, resources, and infrastructure. It would enable not only new industry in this space to establish, but also ancillary industries to those that currently exist.

Alignment with regional plans/ Stakeholder support

This proposal supports key recommendations in Taranaki's Economic Development Strategy -Tapuae Roa, Make Way For Taranaki, Action Plan. In particular the Tourism, Energy, Food Futures, Investment Foundation and Major Business Supports, which focuses on business support infrastructure – digital, innovation and incubation, building on existing regional strengths.

The creation of an Industrial Park is one of the two key actions in the Food Futures Action Plan.

Further consultation will be a core part of the feasibility study, including with local Iwi.

Management and Governance

Limited information is provided in the application but it notes that the proposed next steps are to confirm project management, establish a stakeholder/industry working group, develop and agree the project scope of work, issue an RFP, secure the preferred supplier, with project work commencement in August and conclusion in February 2019.

Information provided in the application supported awareness of project management disciplines and approach.

Risks Issues:

The application has identified 3 key risks to this feasibility report phase of the project. These capture the key areas of focus for the governance of this project.

Risk	Responsible party	Risk treatment (by applicant)
Calibre of skills for feasibility study analysis, given business and technical understanding, is found to be lacking.	Commercial Information / Taranaki Councils	The scope of work will encourage collaborative proposals between consulting firms to ensure skills are matched to requirements. Guidance and technical support from industry leaders, clusters and Venture Taranaki regional development staff will be made available to successful applicant.
Failure to meet timelines and outcomes	Commercial Information / Taranaki Councils	Good project management is critical and selection of an effective, committed working party prepared to dedicate and prioritise time to the task at hand.
Estimated project costs are significantly greater than initially estimated	Commercial Information / Taranaki Councils	Fixed term project costings to be agreed.

Eligibility points of note:

- *Due diligence:* Full due diligence into the contracting party is still to be completed. It is a condition of approval that due diligence is to be to the satisfaction of the Head of PDU Investment team.
- *Conflict(s) of interest:* Based on the information provided no conflict of interest is evident, noting that full due diligence will inform this item further.
- *Illegal Activity:* Based on the application information provided there is no indication that the applicant or project has been involved in, or associated with illegal activity.
- *Alignment with Regional development plans:-* Project aligns supports key recommendations in Taranaki's Economic Development Strategy -Tapuae Roa.
- *Commercial funding availability:-* Given the catalyst for this feasibility study is the STDC LTP, access to commercial funding is not considered a feasible option for this phase. It would be expected that any future phases would be supported by commercial partners.

Consultation undertaken or implications:

Legal	N/A	HR	N/A	Finance	N/A	MBIE policy	N/A	Other	
Supporting proposal:									
						Yes			
Appendices:									
						Yes - Application is an annex			
Sponsor(s):									
						N/A			
Manager/Author of paper:									
						<small>Privacy of natural persons</small> Investment Team			