



3.13 BRIEFING - KAWERAU – PUTAUAKI PROJECTS

Purpose

The purpose of this cover briefing is to provide an overview of the wider Kawerau Putauaki Industrial Development (KPID) package.

Background

The Cabinet Economic Development Committee (DEV) Cabinet Minute from 17 October 2018 approved in principle the allocation of \$20 million from the PGF to the multimodal distribution hub at Kawerau.

More recently DEV Cabinet Minute from 07 August 2019 agreed in principle to invest ^{Commercial Information} in the rail-related components for the multimodal distribution hub.

The Kawerau Putauaki Industrial Development (KPID) package includes three key projects, these are:

- a. Putauaki Industrial Land Development – State Highway, internal roading and related infrastructure.
- b. Kawerau Container Terminal – Rail siding and related infrastructure.
- c. Off-highway Road Development – linking industry at the Kawerau Industrial Park to the Container Terminal, Putauaki industrial area and the hinterland plantation forests.

These three projects can proceed independently, however it is only when all three projects exist together that full economic potential can be unlocked.

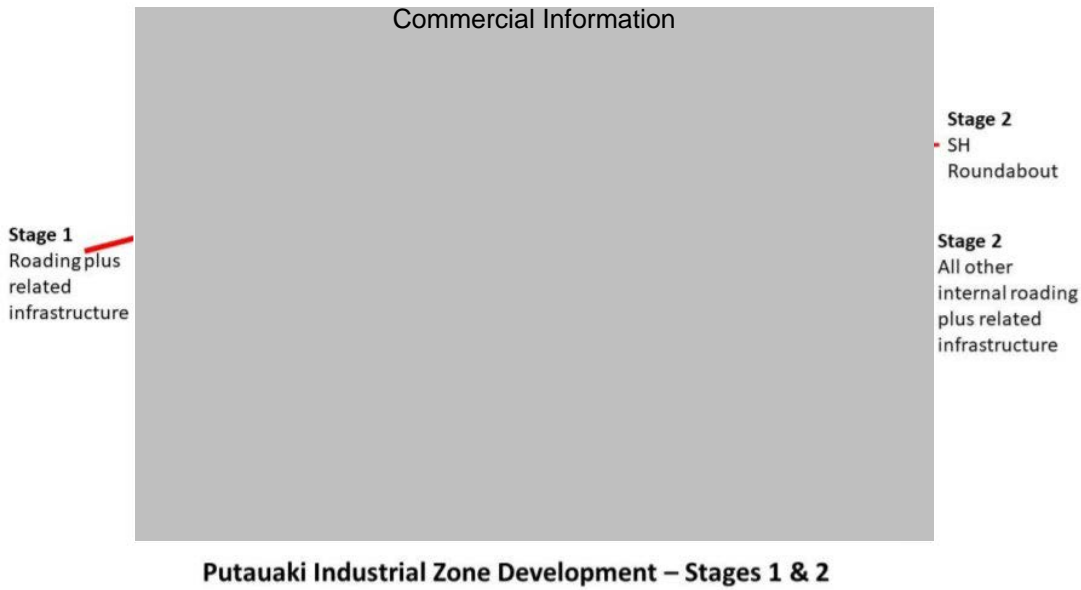
Project summaries

- a. **Putauaki Industries Land Development – Total PGF Investment approx. \$** ^{Commercial In}

Stage 1 - New right-turn bay intersection on SH34 - \$ ^{Commer} + \$ ^{Commer} related infrastructure.

Stage 2 - Establishment of a new roundabout on SH34 - \$ ^{Commercial} + \$ ^{Commer} internal roading & related infrastructure.

Purpose: provides the necessary roading infrastructure required to unlock the Putauaki Industrial Land for industry investment. This development will provide safe integration with local roading network and the Putauaki Trust Industrial Area, which is part of the overall plan for KPID.



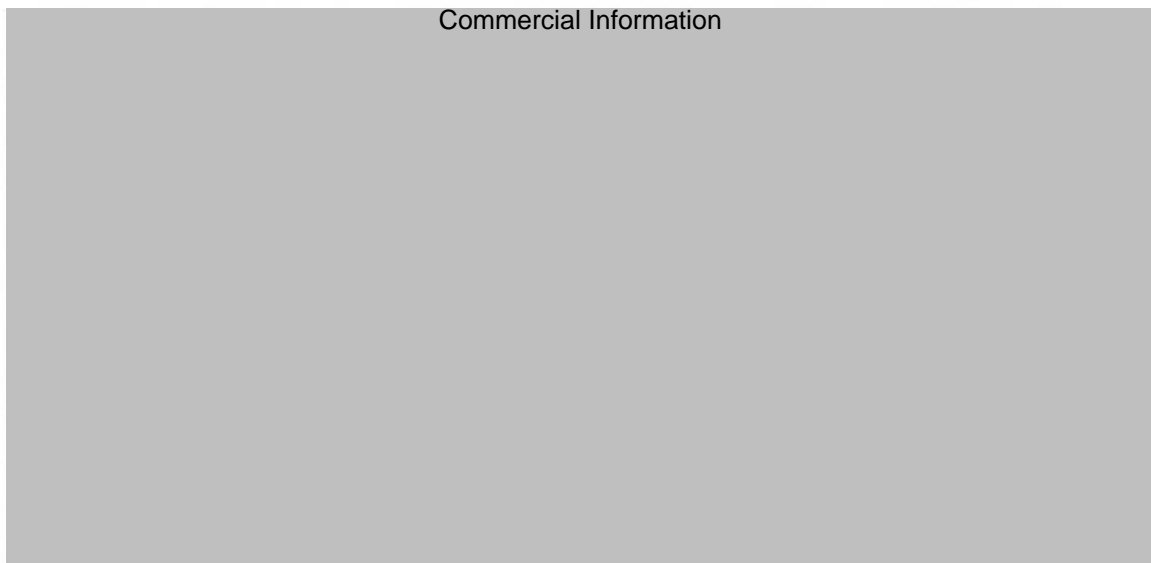
b. Kawerau Container Terminal (includes railing siding) – Total PGF Investment \$9.6m

Establish a warehousing, container packing and a bi-modal transhipment terminal to provide optimised access to global markets for value-add exporters across the Eastern BOP.

Purpose: To provide the optimal supply chain for added value industry and to reduce the environmental and social impact of industry growth. This is achieved through reduced heavy vehicle movements, offering road safety, congestion reductions and Co2/GHG savings. Estimated savings for value-add users of the Kawerau Container terminal is approximately \$^{comment} per container.

Note the rail siding asset will legally transfer to KiwiRail on completion of the project.

Locality Map: Kawerau-Putauaki Industrial Development (KPID)





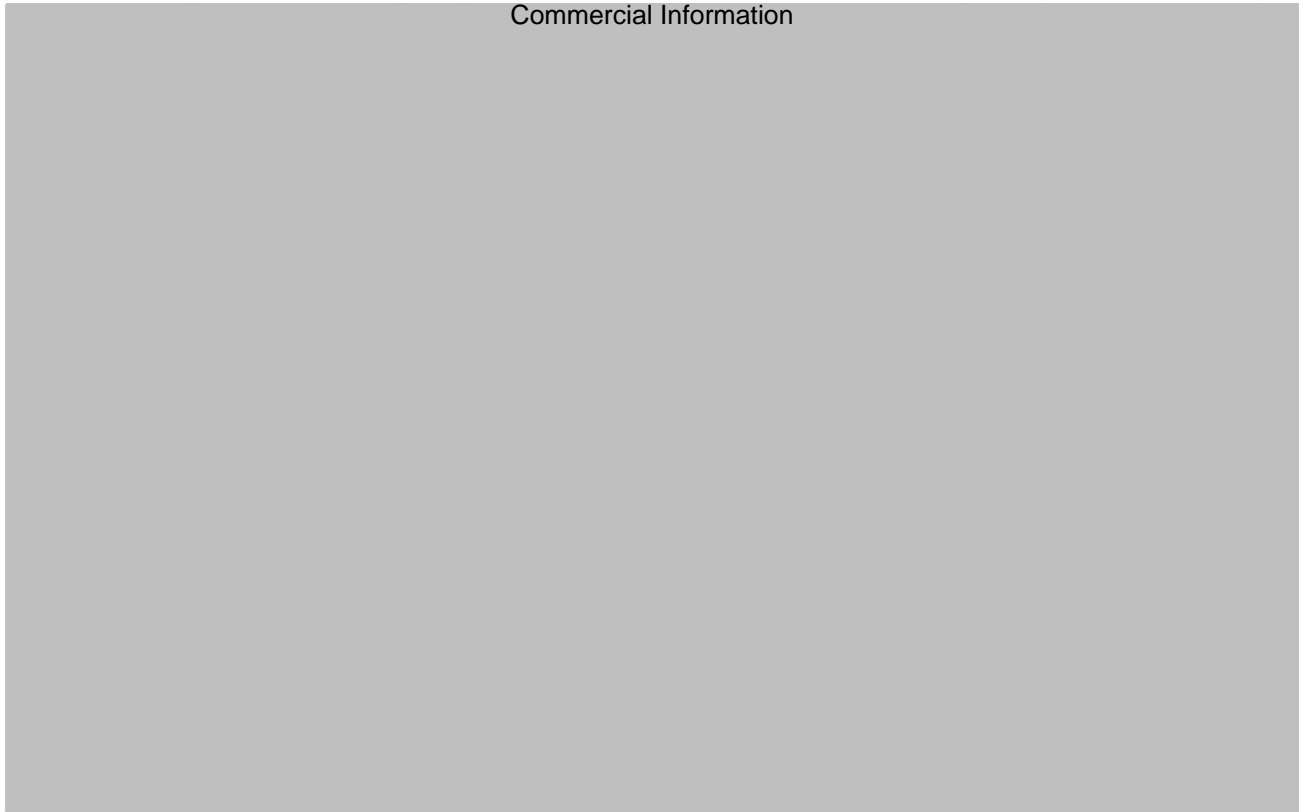
c. Off Highway Road – Total PGF Investment \$2.8m

Provide an off-highway connection between the Kawerau Industrial Park (Manukorihi Drive) and McKee Rd.

Purpose: Connect existing industry to the Putauaki Trust Industrial Zone to ensure it is viable for existing industry to use the Kawerau Container Terminal. The Container Terminal offers freight and cost savings to industry as well as enables the efficient delivery of raw materials to operators of the added value industry as 100 tonne axel weight trucks will be able to use the Off Highway Road. This will ensure there is an initial demand base for the Kawerau Container Terminal to make the terminal viable from its inception.

Locality Map: Kawerau Off-Highway Road (OHR)

Commercial Information



Off-Highway Road - Southern Section (Te Tahuna & Te Kori Ngaheu Whanau Trusts)

Off-Highway Road - Northern Section (Putauaki Trust)

Scale 1: 20,000



Overall Package

a. Putauaki Industrial Land Development

Applicant	Total Funding \$million	Co-funding \$million	PGF Funding \$million	PGF Funding Type	Deliverables	FTE
Putauaki Trust Stage 1	\$ ^{Comm}	\$ ^{Comme}	\$2.0	Grant	New right-turn bay intersection on SH34 to give milk tanker access to Waiu Dairy Plant and general access to the Putauaki Industrial area.	^{Comm} FTEs construction only.
Putauaki Trust Stage 1 – Project Extension <i>To be assessed. Awaiting Stage2.</i>	Estimated \$ ^{Comm}	Estimated \$ ^{Comme}	Estimated \$ ^{Comme}	TBC	Allow extension of Tamaoho Drive by 300m to allow 8ha of industrial land to be accessed by potential tenants in the future.	TBC
Putauaki Trust Stage 2 <i>To be assessed. Application received 07/11/2019</i>	Estimated \$ ^{Commercia}	TBC	TBC	TBC	Stage 2 - Establishment of a new roundabout on SH34 - \$ ^{Commercia} + \$ ^{Comme} internal roading & related infrastructure	TBC

b. Kawarau Container Terminal Rail Siding

Applicant	Total Funding \$million	Co-funding \$million	PGF Funding \$million	PGF Funding Type	Deliverables	FTE
KCT Co Limited	\$ ^{Co erc}	\$ ^{Co erc}	\$9.6	Grant	Container Terminal and Rail Siding includes warehouse and container packing facilities.	^{Commercial} FTEs siding construction. Ongoing Kiwirail ^{Co merc} FTEs. Ongoing KCT ^{Comme} FTEs.

c. Off Highway Road

Applicant	Total Funding \$million	Co-funding \$million	PGF Funding \$million	PGF Funding Type	Deliverables	FTE
Sequal Lumber Ltd	\$ ^{Comm}	\$ ^{Comme}	\$2.8	Grant \$ ^{Comm} Loan \$ ^{Comme}	1.6km Off Road Highway	^{Commercial} FTEs road construction. Ongoing ^{Co} FTEs road mgmt.



Recommendation

The PDU recommends that the IAP note the Kawerau Container Terminal Rail Siding and the Off-Highway Road projects as part of the 'package' of projects for the Kawerau Putauaki Industrial Development.

This recommendation is on the basis:

- The Eastern Bay of Plenty has been identified by Government as one of the four top priorities for regional economic development.
- The Cabinet Economic Development Committee (DEV) Cabinet Minute from 17 October 2018 approved in principle the allocation of \$20 million from the PGF to the multimodal distribution hub at Kawerau.
- The three individual projects are interconnected to transform economic and social outcomes for the Kawerau community. All three projects need to occur to optimise the supply chain for the value-add sector to enable the creation of jobs and assist with the well-being of the community.
- The development of the Putauaki Trust Industrial Zone has created significant economic opportunities and attracted private sector investment. Currently, the Putauaki Trust is in negotiations with Commercial Information where the Container Terminal will provide a crucial element of the supply chain.
- The Container Terminal will provide manufacturers and exporters in the Eastern Bay of Plenty with rail transport as an alternative to road haulage, taking pressure of roads and consequently reducing Co2 emissions.
- The KPID project is estimated to create Commerc direct jobs and a total of Commercial indirect jobs.