

2.05 Capability to support priority project

Evaluation, Cover Sheet and Decision Form

Project:	Capability to support priority project		FOR:	Approval
Applicant:	Central Economic Development Agency (CEDA)		Pipedrive ID:	Commercial Information
Application type:	Main PGF	(A) Total Project Value:	\$ Commercial Inform	
Funding type:	Grant	(B) PGF Funding Sought:	\$ Commercial Inform	
Entity Type:	Company	(C) PGF Funding Recommended:	\$40,000	
Region:	Manawatu-Wanganui	(D) Applicant Contribution:	Commercial Information	
Tier:	1 - Regional	(D/A) Co-contribution Rate:	Com %	
Sector:	Regional Projects			
Application summary:	<p>Application is to provide funding for resources (staffing) such that CEDA can develop a business case for infrastructure within Te Āpiti – Manawatū Gorge.</p> <p>Specifically the business case will focus on increasing accessibility for visitors by building suspension bridges and improving tracks/walkways. The business case will also identify further investment opportunities and priority investment sites to develop conservation and education.</p> <p>CEDA does not have the internal capability to build robust business cases. Outsourcing the additional resource would provide the opportunity for the development of/critical learning in business case development for existing CEDA staff thereby developing new skill sets.</p> <p><i>[Please see full project description in the Application Description Section]</i></p>			

The PDU recommends the SRO:

Agree to approve a grant of up to \$40,000 from the PGF towards resourcing CEDA:

1. Because:
 - a) Increase jobs: It is noted that this funding will result in one fixed term contract to prepare the business case in question. While this request does not create permanent jobs, it is noted that further funding on the back of the business case could lead to permanent jobs.
 - b) Additionality: Should the business case for infrastructure within Te Āpiti – Manawatū Gorge be endorsed and the project proceeds, additional funding will be sourced to build on existing facilities.
 - c) Regional support: The business case has the support of the Palmerston North City Council who has invested heavily in a “Te Āpiti Master Plan”.
 - d) Governance and Management: CEDA is controlled by the Palmerston North City Council and Manawatu District Council. Any recommendations provided by the business case will be managed by the respective

councils.

2. Subject to:

- a) CEDA and the Palmerston North City Council being made aware that any follow-on request for funding from the PGF for the Te Āpiti – Manawatū Gorge project will be assessed on its merits and independent of this decision to fund the development of the business case.

3. Notes:

- a) On 22nd January 2019 RED Ministers agreed to ring-fence \$5.6m of PGF funding for the fourteen Regional EDAs to assist them with managing their portfolio of PGF proposals to ensure they have capacity to undertake “both their PGF related activities in the short term, and their business as usual activities”. This funding was broken down to \$200k per year for two years for each EDA.
- b) The Manawatu Whanganui Region has used \$310k of its allocation; this application will take their allocated funds to \$350k. Approvals to date:
- Horizons Regional Council - \$200,000
 - Whanganui and Partners - \$40,000
 - Tararua District Council - \$30,000
 - Horowhenua District Council - \$40,000
- c) At the SRO August 2019 meeting it was noted that “these (EDA) applications were for work that would lead to applications that would themselves be unlikely to meet PGF criteria” and “after some discussion, it was agreed that it was not up to SROs nor indeed PDU to decide on applications for EDA funds”.
- d) Funding type being recommended: RED Ministers agreed to “ring fence” funding for the development of PGF proposals and business as usual activities, therefore a grant is the appropriate funding type.

Section A: Triage – Assessment against PGF eligibility criteria

Declining under CAP-18-MIN-0347

➤ Is the project an illegal activity?	No
➤ Is the project located in the three main metropolitan areas?	No
➤ Is the project seeking investment in large scale infrastructure of social assets?	No
➤ Is the project seeking investment for three waters?	No

Declining under DEV-19-MIN-260

➤ The applicant is not willing to consider a loan which is deemed necessary to ensure the proposal complies with New Zealand’s international trade obligations?	No
➤ Due Diligence is failed, including financial and character assessments?	No
➤ The application is for a Commercial project and has zero co-contribution?	No
➤ Application likely to fail on a TWO STAGE TRIAGE	No
➤ STAGE 1	a) the project is only weakly aligned to PGF objectives, AND any of the following (from Stage 2)
	No

➤ STAGE 2	b) the project is not likely to commence within the PGF timeframes*; OR	No
	c) the extent of regional support and alignment with regional priorities is low; OR	No
	d) the co-contribution is inadequate given the key information about the project; OR	No
	e) available security does not align with security principles position paper	No
<i>* The application is not in line with the PGF position paper on feasibility studies and business cases, or does not have required resource or other statutory consents.</i>		
Is the application eligible for funding?		Yes
Have you received feedback from the relevant partner agencies?		No
Due diligence on applicant – Summary of findings		Not Requested
Entity due diligence not required as the applicant is the EDA for Palmerston North City Council and the Manawatu District Council (a Council Controlled Organisation).		
Conflicts of Interest		No
No conflict of interest noted.		
Terms and Conditions		Yes
Applicant correctly completed the T&C's and signed the application.		

Application description

Introduction:

CEDA is Manawatū's Economic Development Agency, and a Regional Tourism Organisation. CEDA is a Council Controlled Organisation owned by the Palmerston North City Council and Manawatu District Council.

CEDA is seeking \$40,000.00 to fund the sourcing of skills and expertise that do not currently exist within its organisation. Through the recruitment of a fixed term position to undertake business analysis and business case development, the appointee would support the development of internal capability, so that in the future the team will be better able to undertake this type of activity for key regional projects.

Detailed Funding Requirements:

The business case and analysis will be used to assess the viability of investment into infrastructure within Te Āpiti, more specifically, suspension bridges that will enable access across the Gorge by pedestrian and cyclists, activating loop tracks, opening access to tracks and sites that have previously been inaccessible. The analysis will form the basis of a business case for investment, along with identifying other investment opportunities and priority investment sites that could be opened for the commercial sector to develop into conservation, education and cultural experiences.

Linkages to existing frameworks and stakeholders:

This business case will align with the overall regional initiatives, plans and strategies including:

- Accelerate25 - Manawatū-Whanganui Economic Action Plan
- CEDA's Statement of Intent
- Palmerston North City Council's Economic Development Strategy
- Manawatu District Council's Economic Development Strategy.

Co-Funding Table

There is no direct cash contribution from the applicant towards this project. We have listed below the estimated value of co-funding Commercial Information provided by the Palmerston North City Council and CEDA.

Co-Funder	Commercial Inform	Amount
Palmerston North City Council LTP Programme Allocation for Te Āpiti via staff time	Commercial Information	\$ Commercial Inform
Central Economic Development Agency Resource Commercial Information	Commercial Information	\$ Commercial Inform
Total		\$ Commercial Inform

Project Ownership (Structure and Key Personnel)

- Central Economic Development Agency is controlled by the Palmerston North City Council and the Manawatu District Council. Its CEO is Linda Stewart.

Overseas Investment Office

- Is the application being made by a non-New Zealand based legal entity? (Foreign investment laws may apply and the Overseas Investment Office consulted)

No

Section B: Operational Assessment Criteria (Complete for EoIs and Applications)

(Rate and comment – 1= poor, 5 = very good - Provide the number for this project, not subsequent phases)

Fund and government outcomes

Please highlight number below

Would the project:

➤ create permanent jobs?	This application will not create permanent jobs, however it is noted that subsequent applications may do.	N/A 1 2 3 4 5
➤ deliver community benefits?	This application will not deliver direct community benefits, however it is noted that subsequent applications may do.	N/A 1 2 3 4 5
➤ increase utilisation of and returns on Maori assets?	No evidence in application.	N A 1 2 3 4 5
➤ enhance the sustainability of natural assets?	No evidence in application.	N A 1 2 3 4 5
➤ mitigate climate change effects, or assist with the lowering of emissions?	No evidence in application.	N A 1 2 3 4 5

Additionality

Would the project:

➤ add value by building on what is already there, without duplicating effort?	Should the business case be endorsed and the project proceed additional funding will be sourced to build on existing facilities.	N/A 1 2 3 4 5
➤ be a catalyst for productivity potential in the region?	No evidence in application.	N A 1 2 3 4 5

Connected to regional stakeholders and frameworks

Does the project:

➤ align with regional priorities, such as frameworks, or regional plans?	This business case will either directly or indirectly assist with the overall regional initiatives, plans and strategies including: <ul style="list-style-type: none"> • Accelerate25 - Manawatū-Whanganui Economic Action Plan • CEDA's Statement of Intent • Palmerston North City Council's Economic Development Strategy • Manawatu District Council's Economic Development Strategy. 	N/A 1 2 3 4 5
➤ have the support of local governance groups (councils, iwi and hapu)?	Being an EDA this proposal comes with the support of the Palmerston North City Council.	N/A 1 2 3 4 5

Governance, risk and project execution

Does the application show:

➤ robust project management and governance systems?	Recruitment and oversight of a short-term employee at CEDA will be managed by CEDA's CEO Linda Stewart	N/A 1 2 3 4 5
➤ plans for future ownership and operational management?	Funding is for the employment of a specialist resource on a short term contract. The Business Manager and Marketing and Communications Manager will work with the contractor to upskill and learn.	N/A 1 2 3 4 5
➤ how the project will be delivered and managed?	Not applicable.	N/A 1 2 3 4 5

Is the Project an EXPRESSION OF INTEREST?

No

Is the Project an APPLICATION?

Yes

Section C: Risk Management Evaluation

Does this application demonstrate consideration of the following risks?

Yes

Type of risk	Risk description	Mitigations	Risk Rating
<input checked="" type="checkbox"/> Project risk	Project delivery	Employment of resource to commence <small>Commercial Information</small> with business case completion by <small>Commercial Information</small> . Weekly project meetings and progress reports to ensure project stays on track, and any escalation is	L w /Medium/High

		identified in advance.	
<input checked="" type="checkbox"/> Operational risk	Delay or inability to recruit suitable candidate for the role	CEDA will utilise a recruitment agency to assist. No direct revenue streams coming from this project.	Low/ Medium /High
<input checked="" type="checkbox"/> Force majeure/Insurance risk	Have insurable risks been considered? Is the level of insurance adequate?	N/A.	L w /Medium/High
<input checked="" type="checkbox"/> Macroeconomic risk	Has the impact of possible external economic changes been considered?	N/A.	L w /Medium/High

If the answers to the first question is NO, or assessments of risk(s) are HIGH, discuss with an Investment Director.

Section D: Funding and financial analysis

Please highlight number below

Does the application show:

➤ How strong is the financial position of the applicant organisation?	Financial analysis beyond the scope of this application. CEDA is well established with an annual Council budget circa \$ ^{Privacy of natural persons} [REDACTED]	N/A 1 2 3 4 5
➤ How does the scale of the project compare to their overall business?	The CEDA acknowledge they lack the resource or expertise to complete business cases of this nature. With a total project budget of \$ ^{Commercial Inform} [REDACTED] this is a relatively small scale project and well within their capability to manage and deliver successfully.	N/A 1 2 3 4 5
➤ Why is Crown funding being sought rather than commercially-available funding?	N/A	N A 1 2 3 4 5
➤ What does the independent financial analysis/ business case indicate?	N/A	N A 1 2 3 4 5
➤ Is the funding model requested appropriate? Is the PDU recommending a different model?	Funding a grant as per RED Ministers paper 22/01/2019.	N/A 1 2 3 4 5

➤ Has the applicant provided evidence of market pull for this project?	N/A	NA 1 2 3 4 5
➤ Has the applicant provided evidence that their supply chain is secure?	N/A	NA 1 2 3 4 5
Summary of funding and financial analysis:	N/A	NA 1 2 3 4 5
Funding arrangements		
The applicant suggests a \$ ^{Commercial} payment up front and \$ ^{Commercial} at the completion of the business plan. PDU recommend a ^{Commercial Information} payment given the size and scope of the application.		
Consultation from partner agencies undertaken or implications		
N/A.		
Is there any further information from the applicant?		No - Section deleted
Summary statement of Application Review undertaken		
All of the following have occurred as part of this application assessment and recommendation:		
<ul style="list-style-type: none"> ➤ Discussions between the Regions Team and the Investment Team; and ➤ Consultation with relevant partner agencies allowing the provision of technical advice; their verbatim feedback is included above; and ➤ Full and comprehensive review by an Investment Director; and ➤ Review by the Head of Investment; and ➤ Review by the PDU Leadership Team. 		
These have occurred to the satisfaction of the reviewer and the reviewer concurs with the recommendation.		
Review has been completed		Yes
Supporting proposal:	Yes	
Appendices:	Yes – Application.	
Author of paper:	MP, Senior Analyst, NH Investment Director - PDU Investment Team	