

Ngawha Innovation and Enterprise Park

Projects overview

Name of the project	Ngawha Innovation and Enterprise Park
Region	Northland
Tier and type	Tier 3: Infrastructure
Applicant	Far North Holdings Limited and tenant companies
Estimated total project cost	\$ ^{Commercial Information}
Amount of funding sought from the PGF	<p>Requested:</p> <p>Infrastructure development - \$19.502 million</p> <p>^{Commercial Information}</p> <p>^{Commercial Information}</p> <p>Total – \$^{Commercial Information}</p> <p>Recommended: up to \$19.502 million to FNHL</p>
Financial instrument requested	Grant
PDU recommendation	Approve

The proposal

24. Far North Holdings Ltd (FNHL) is leading a 165 hectare infrastructure/property development project in Kaikohe. FNHL has bought a dairy farm for \$^{Commercial Information} to convert into an innovation and enterprise park. There are three main components of this \$^{Commercial Information} infrastructure/property development project:
- Infrastructure development
 - An innovation and training centre
 - ^{Commercial Inform} individual tenant projects (all primary industry related).
25. The PGF previously funded \$897,000 towards the feasibility study and business case for this project. The business case notes the need for government funding for the Park. Kaikohe has typically struggled to receive private investment for new business due to its relative distance from its main market (Auckland), poor infrastructure and a lack of trained workforce. FNHL wants to attract private investment by providing business ready infrastructure and lower rent.
26. FNHL and Northland Inc. are seeking grant and loan funding from the PGF for Stage 1 of the Ngawha Innovation & Enterprise Park (the Park). FNHL's funding request is for

infrastructure development and Northland Inc.'s funding request is for the innovation and training centre.

27. The Park will focus on the primary sector to attract businesses engaged in Northland's natural resources sector such as plant-based foods, forestry, etc.

28. The proposal suggests that a key attraction for businesses will be an innovation and training centre that, amongst other activities, will develop the local workforce who could then be employed by businesses planning operations in the Park. The training centre is intended to be the 'hub' for the Park and will house tenants from **Commercial Information** and other agencies for training and meeting rooms, and there will be R&D support for businesses to develop value-added products.

Project components

29. The overall project has three stages. This paper discusses Stage 1 which currently has commitment from **Commercial Info** cornerstone tenants (outlined in the table below) for setting up operations in the proposed Park.

Components of the infrastructure and property development project

Project	PGF Request \$m	Co-funding \$m	Total Cost \$m
Park Infrastructure (PGF \$ Commercial Information includes: Pre-build - \$ Commercial Information Infrastructure (eastern) - \$ Commercial Information Infrastructure (western) - \$ Commercial Information Innovation centre - \$ Commercial Information - \$ Commercial Information)	\$ Commercial Informa	\$ Commercial Informa	\$ Commercial Informa
Innovation and training centre positions for business attraction and Māori ED Support	\$ Commercial Info	\$ Commercial Info	\$ Commercial Info
Commercial Information			
Commercial Information)	Not required	\$ Commercial Info	\$ Commercial Info
Commercial Information	\$ Commercial Info	\$ Commercial Info	\$ Commercial Info
Commercial Information	Not required	\$ Commercial Info	\$ Commercial Info
Commercial Information	\$ Commercial Informa	\$ Commercial Informa	\$ Commercial Informa
Commercial Information	\$ Commercial Informa	\$ Commercial Informa	\$ Commercial Informa
Commercial Information	\$ Commercial Info (TAM)	\$ Commercial Info	\$ Commercial Info
Commercial Information	\$ Commercial Info	\$ Commercial Info	\$ Commercial Info

Commercial Information			
Total	\$ Commercial Information	\$ Commercial Information	\$ Commercial Information

30. Commercial Information

31. A map of the proposed park can be found below.

Commercial Information

PDU's approach to the proposals

32. The PDU has received Commercial Information applications from FNHL Commercial Information

33. The PDU proposes only providing PGF funding for infrastructure development of the proposed Park, Commercial Information
 This will result in \$19.502 million support Commercial Information

34. This approach and level of PGF contribution is in-line with other large infrastructure projects funded by the PGF.

PDU recommendation

35. The PDU recommends that you approve FNHL's application for PGF funding as up to \$19.502 million grant towards the Ngawha Innovation & Enterprise Park infrastructure subject to:

- a. The Park securing enough tenants to make the Park commercially viable.

- b. [REDACTED] Commercial Information
- c. FNHL, in its procurement, considers the social, economic, cultural and environmental outcomes that this project is aiming to achieve by incorporating the government's broader outcome procurement objectives.
36. There appears to be a very high reliance on PGF funding from FNHL [REDACTED] Commercial Information [REDACTED] with the majority of funding sought as grants. The proposed Park tenants need the Park infrastructure development, and conversely there is no need to build Park infrastructure if there are not enough tenants in the Park to make it a commercially viable project.
37. [REDACTED] Commercial Information [REDACTED]
38. The PDU has received a number of large scale infrastructure development project funding applications from other regions. PDU acknowledges the regional economic development benefits of these large scale infrastructure development projects but also understands the need to balance investments across New Zealand.
39. On balance, when taking into account the above factors, and to be consistent with its approach and equitable across all regions of New Zealand, the PDU is recommending approving up to \$19.502 million grant towards the Ngawha Innovation & Enterprise Park.

Costs and funding

40. FNHL has the financial and management capability to support the delivery of the infrastructure development project. There is demand from businesses in the region which could support the need for the Park.
41. The business case indicates PGF or other government funding is required for the project, and it is unlikely that the infrastructure development would be funded otherwise. Crown funding is sought as there is no commercial funding available for infrastructure development in Kaikohe.
42. The PDU views the Park as a large scale property development project. It is led by FNHL [REDACTED] Commercial Information [REDACTED]
43. The innovation and training centre would provide a place where tenants could grow and develop through co-location of synergistic businesses at the Park and through connections with businesses beyond the Park. It would also train workforce for tenants and businesses

in close proximity to the Park. The innovation and training centre would also test product and work with scientists in the on-site labs.

44. The PDU notes that even with \$^{Commercial Information} PGF funding, ^{Commercial Information}



PDU assessment of the project

45. This section provides an overview of PDU's assessment against the PGF eligibility and assessment criteria.

Assessment against PGF criteria

Criteria	Rating (1✓ to 5✓)	Comment
<i>Link with fund and government outcomes</i>		
Creates permanent jobs	✓✓✓✓	FNHL states that over ^{Commercial} full time jobs would be created after the completion of Stage 1 which includes infrastructure development and ^{Commercial Infor} cornerstone tenants setting up businesses in the Park. ^{Commercial Information}
Delivers benefit to the community	✓✓✓	This project would train and employ a large number of local people which would benefit local communities. After the completion of Stage 1, the estimated annual contribution to the local GDP would be over \$ ^{Commercial In}
Increased utilisation and returns of Māori asset base	✓✓	^{Commercial Information}
Enhanced sustainability of natural assets	N/A	
Mitigation of climate	✓✓✓	The Park would be self-sufficient for energy and waste disposal.

Criteria	Rating (1✓ to 5✓)	Comment
change		
<i>Additionality</i>		
Adding value by building on what is already there	✓✓✓	It is a new project which would convert a dairy farm into a business park to house innovative businesses that would leverage on the region's natural resources (primary industry) to grow and develop a high value primary industry in Northland.
Acts as a catalyst for productivity potential in the region	✓✓✓	This project would enable the development of value-added products (primary industry) in the Northland region which would be a step change for the region as it currently produces mostly raw or low-value products from its natural resources.
<i>Connected to regional stakeholders and framework</i>		
Alignment with regional priorities	✓✓✓✓	This project is a high priority on the Tai Tokerau Northland Regional Action Plan.
Support from local governance groups	✓✓✓✓	Support letters from regional and local councils, and iwi groups. <i>Withheld - Commercial Information</i>
<i>Governance, risk management and project execution</i>		
Robust project management and governance systems	✓✓✓	FNHL's board will make commercial decisions for the FNHL led parts of this project, including most of the buildings that will be owned by FNHL. FNHL's CE Andy Nock will lead the project development.
Risk management approach	✓✓✓	FNHL could operate the business park as it has the expertise to manage and grow property investments. The PDU suggests there are better placed organisations to run the innovation and training centre such as Northland Inc.
Future	✓✓✓	FNHL has an experienced project team who will deliver much of this

Criteria	Rating (1✓ to 5✓)	Comment
ownership / operational management		project. Training and R&D support will be provided by Commercial Information and others. A tender process will be followed for the infrastructure build part of the project.

Agency comments

Ministry for Primary Industries

46. MPI recommends that the application be approved on the basis of it being the co-dependant project for all of the tenant's future primary industry related PGF proposals.

Te Puni Kōkiri

47. TPK has advised that the proposed benefits to the region and local Māori in particular could be significant. In order to capture the public good benefits for Māori employment and socio-economic wellbeing, TPK recommend:

- If supported, PDU embed its expectation that public benefits will be delivered, via creating an interest in the business (es), which delivers to Māori in the Kaikohe region.
- That this interest is asserted by requiring appropriate Māori (group/s) to be represented in the Park's (and tenant business', in the case that the funding recipient is a tenant business) Governance and influence operational delivery.
- As a condition of support, PDU require broader consultation and engagement of local Māori, to better inform the development and delivery of training, employment, and Māori groups' ability to take up economic opportunities.

New Zealand Transport Agency

48. NZTA has been in discussion with the applicant on its associated resource consent application for Stage 1 of the Innovation and Enterprise Park. These discussions have included the Transport Agency's approval in principle for a new access to State Highway 12, which was granted in July this year.


49. Further approvals from the Transport Agency will be required for subsequent resource consents and a proposed plan change. The Transport Agency looks forward to continuing its relationship with the applicant, to help progress their development plans and explore issues that have arisen.

50. NZTA also notes that it:

- i. Considers that the application offers a very good opportunity to the Far North District and Kaikohe in terms of regional development outcomes. However the application is light on transport outcomes particularly those associated with 'inclusive access', 'healthy and safe people' and 'environmental sustainability' (transitioning to zero carbon emissions from the transport sector). These are key objectives of the Government Policy Statement on land transport 2018 and form part of the Ministry of Transport's Transport Outcomes Framework.

- ii. Is concerned that there is a lack of reference to National and Regional direction on transport outcomes within the application. Section 3 should make mention of these strategies and the outcomes they seek.
- iii. Notes that the Integrated Traffic Assessment (ITA) sent through supporting this application, estimated that some ^{Comme} employees would walk to work at the Park and some ^{Com} employees would cycle to work, and almost all would come from Kaikohe. The ITA concludes that there are deficiencies on the network for safe passage for pedestrians and cyclist. These deficiencies should be identified and addressed within this application – particularly as there would be a financial cost in addressing these and transport elements are integral to the proposal.
- iv. Notes that there exists an opportunity through this PGF application to address Government outcomes sought around inclusive access, safety mode share shift and tackling climate change. If a good quality walk and cycle facility (along with end of trip facilities such as secure bike parking) were identified as part of this application the Transport Agency considers that a significant number of employees or trainees would view walking or cycle to the proposed Ngawha Park as a viable and attractive option.
- v.

Commercial Information


- vi. Recognises the potential of this proposal (as a significant employment and trip generator to the east of the town) in influencing the population growth and direction of growth of the township. Overall, this would have a positive impact on regional development in the area. The Transport Agency expects that, because of the potential impact of the development on Kaikohe that greater consideration is given to strategic or spatial planning for greater Kaikohe. Even basic spatial planning could provide some context for large employment generators, such as the proposed Ngawha Park. This is even more important for rural zones outside of the urban zones, because of the potential 'pull' of employment, traffic flow and potentially development. Spatial or structure planning would assist in improving urban form which could assist further with realising wider economic, social, environmental and transport benefits.
- vii. Notes that there are key challenges and risks around gaining plan changes and resource consents for this proposal.
- viii. Considers that any approval should consider an independent exploration of the support from other tertiary providers and the outcome of the tertiary review.
- ix. Suggests that because of the scale of this project that there may be further opportunities to more appropriately stage development to the reduce investment risk.

Risk assessment

- 51. Due diligence has been undertaken, no concerns have been identified.
- 52. The PDU has identified the following key risks and mitigations:

Type of risk	Risk description	Mitigations	Risk Rating L/M/H
Project risk	<p>The Park does not get enough tenants to be commercially viable.</p> <p>Commercial Information</p> <p>[Redacted]</p>	<p>FNHL and all tenants must explore all available funding options.</p>	<p>High</p>
Operational risk	<p>Park revenue would depend on</p> <p>Commercial Information</p> <p>[Redacted]</p>	<p>FNHL and all tenants must explore all available funding options.</p>	<p>Medium</p>