



RED MINISTERS

Ngāwhā Innovation & Enterprise Park project update

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|---------------------------------|------------------|-------------------------|------------|
| Date: | 17 February 2020 | Priority: | Medium |
| Security classification: | In Confidence | Tracking number: | 2308 19-20 |

| Action sought | | |
|---|--|------------------|
| | Action sought | Deadline |
| Hon Shane Jones Minister for Regional Economic Development | Agree to the recommendations outlined in this briefing. | 20 February 2020 |
| Hon Grant Robertson Minister of Finance | | 20 February 2020 |
| Hon Phil Twyford Minister of Transport Minister of Economic Development | | 20 February 2020 |
| Hon David Parker Minister for Trade and Export Growth | | 20 February 2020 |
| Fletcher Tabuteau Parliamentary Under-Secretary to the Minister for Regional Economic Development | Note the contents of this briefing. | 20 February 2020 |

| Contact for telephone discussion (if required) | | | |
|--|-------------------------------|--|-------------|
| Name | Position | Telephone | 1st contact |
| David van der Zouwe | Head of Investment Management | Privacy of natural persons [REDACTED] | ✓ |



BRIEFING

Ngāwhā Innovation & Enterprise Park project update

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Purpose

This briefing provides Regional Economic Development Ministers with an update on the Ngāwhā Innovation & Enterprise Park project and seeks approval of the applicant's request for an early release of funding, prior to all conditions of funding being met.

Recommended Action

The Ministry of Business, Innovation and Employment recommends that you:

1. **Note** that on 4 December 2019, Regional Economic Development (RED) Ministers approved a grant of up to \$19.502 million from the Provincial Growth Fund (PGF) towards the Ngāwhā Innovation & Enterprise Park (the Park) infrastructure to Far North Holdings Limited (FNHL) subject to [1636 19-20 refers]:

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

- b. Commercial Information

Noted

2. Commercial Information

Noted

3. **Note** that the PDU views that this early release of \$ Commercial Information from the PGF is necessary because:

- a. It will provide FNHL with confirmed costings which will provide a higher degree of confidence to potential investors who are looking to invest in this project; and

- b. It will enable FNHL to maximise the leverage of PGF's total investment of \$19.502 million to attract investors for tenants and the Innovation and Education Hub.

Noted



**PROVINCIAL
DEVELOPMENT
UNIT**

4. **Agree** to approve the release of up to \$^{Commercial Information} of the original \$19.502 million approved PGF funding, subject to:
- a. FNHL's contribution of \$^{Commercial Information} being spent before draw down of PGF's \$^{Commercial Information}; and
 - b. FNHL continues to seek investors for the Park's Innovation and Education Hub which FNHL continues to maintain is key to the overall success of this project.

Agree / Disagree

David van der Zouwe
Head of Investment Management
Provincial Development Unit

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Hon Grant Robertson
Minister of Finance

..... / /

Hon Phil Twyford
Minister of Transport
Minister of Economic Development

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Hon David Parker
Minister for Trade and Export Growth

..... / /

Hon Shane Jones
Minister for Regional Economic Development

..... / /



Background

1. The Provincial Development Unit (PDU) received multiple Provincial Growth Fund (PGF) applications seeking a total of \$^{Commercial Information} towards the development of the Ngāwhā Innovation & Enterprise Park (the Park). These applications sought funding towards both infrastructure and the establishment of operations.
2. On 4 December 2019, Regional Economic Development (RED) Ministers approved a grant of up to \$19.502 million from the PGF towards the Ngāwhā Innovation & Enterprise Park infrastructure to Far North Holdings Limited (FNHL) subject to:
 - a. The Park securing enough tenants to make the Park commercially viable.
 - b. ^{Commercial Information}
3. RED Ministers agreed that this funding will go towards infrastructure only, and not towards individual tenants or the establishment of operations.
4. In October 2018, Senior Regional Officials approved \$0.897 million towards the feasibility study and business case for this project.

Request for early release of funding

5. Since approval of PGF funding, FNHL has been working with tenants to help them confirm funding from other sources so they can establish operations at the Park. Confirming this funding will allow FNHL to secure enough tenants to make the Park commercially viable, satisfying the condition 1(a) of PGF funding: *The Park securing enough tenants to make the Park commercially viable* while also satisfying the FNHL Board's comfort in proceeding with the project.
6. However, FNHL has informed the PDU of identified infrastructure activity that must be completed before potential investors confirm their funding towards the establishment of operations. Hence, before tenants can be secured, some PGF-funded activity must occur. This activity includes:
 - infrastructure engineering, design, tendering and resource consent specifically for the earth works and the roads; and
 - the Innovation & Education Hub building design, tender and building consent so that it can confirm the cost of that building.
7. A minimum of \$^{Commercial Information} is required to fund this activity. FNHL has approached the PDU with a request for the early release of \$^{Commercial Information} from the original approved amount of \$19.502 million towards this activity. FNHL will contribute \$^{Commercial Information} towards the total cost.
8. FNHL has informed the PDU that this activity will give FNHL confirmed costs of the infrastructure and buildings, and thereby prove the commercial viability of this project, attract investment and enable the delivery of the project for FNHL, investors and the PGF. FNHL has stated this work will bring the certainty of the project up to ^{Comm}% (from ^{Comm}%) but has also noted it would not be investing \$^{Commercial Information} if it was not confident the project would go ahead.
9. FNHL's email with this request is attached as Annex One. Withheld - Commercial Information



PDU position

10. [Redacted] Free and frank opinions [Redacted]
11. [Redacted] Free and frank opinions [Redacted]
12. [Redacted] Commercial Information [Redacted]
13. Therefore the PDU is confident there is low risk to the project not proceeding in some form, and supports the early release of PGF funding on the basis that it will come after FNHL's \$ [Redacted] contribution.

Next Steps

14. Following direction from RED Ministers, the PDU will work with the applicant towards the release of early funding [Redacted] Commercial Information [Redacted]