



## BRIEFING

### Oceania Marine 560T Travel Lift – variation to approval

<b>Date:</b>	18 September 2019	<b>Priority:</b>	Medium
<b>Security classification:</b>	Sensitive	<b>Tracking number:</b>	0841 19-20

Action sought		
	Action sought	Deadline
Hon Grant Robertson <b>Minister of Finance</b>	<b>Agree</b> to approve or decline Oceania Marine Group's request for a further loan of up to \$997,787 loan from the Provincial Growth Fund towards the Oceania Marine 560T Travel Lift.	23 September 2019
Hon Phil Twyford <b>Minister of Transport</b>		23 September 2019
Hon David Parker <b>Minister for Trade and Export Growth</b>		23 September 2019
Hon Shane Jones <b>Minister for Regional Economic Development</b>		23 September 2019
Fletcher Tabuteau <b>Parliamentary Under-Secretary to the Minister for Regional Economic Development</b>		<b>Note</b> the contents of this briefing.

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
David van der Zouwe	Head of Investment Management	Privacy of natural persons	✓
Paul Swallow	Investment Director	Privacy of natural persons	

#### The following departments/agencies have been consulted

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Minister's office to complete:

Approved

Declined



**PROVINCIAL  
DEVELOPMENT  
UNIT**

Noted

Seen

See Minister's Notes

Needs change

Overtaken by Events

Withdrawn

**Comments**



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#### Purpose

This briefing seeks Regional Economic Development (RED) Ministers' to approve or decline Oceania Marine Group's request for further loan of up to \$997,787 from the Provincial Growth Fund towards the Oceania Marine 560T Travel Lift.

#### Recommended action

The Provincial Development Unit (PDU) recommends that you:

- a **Note** that on 5 November 2018 Regional Economic Development Ministers approved a \$4,844,068 loan from the Provincial Growth Fund towards an Oceania Marine 560T Travel Lift.

*Noted*

- b **Note** that the applicant has requested a further \$997,787 loan from the Provincial Growth Fund, raising the total requested funding to \$5,841,855. Commercial Information

*Noted*

- c **Note** that scaling back the project, by reducing the lift's size and capacity, would limit the jobs it could undertake, reducing revenue, and limiting the ability to meet projected future demand from the marine industry.

*Noted*

- d **Note** that the PDU recommends that Regional Economic Development Ministers approve Oceania Marine Group's request for a further \$997,787 loan from the Provincial Growth Fund, subject to Oceania Marine Group confirming a co-contribution of \$ Commercial Information

*Noted*

#### Either

- e **Approve** Oceania Marine Group's request for a further \$997,787 loan from the Provincial Growth Fund towards the Oceania Marine 560T Travel Lift subject to:

- Oceania Marine Group confirming a co-contribution of \$ Commercial Information

*Agree / Disagree*



**OR**

- e **Decline** Oceania Marine Group's request for a further \$997,787 loan from the Provincial Growth Fund towards the Oceania Marine 560T Travel Lift.

*Agree / Disagree*

David van der Zouwe  
**Head of Investment Management**  
Provincial Development Unit, MBIE

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Hon Grant Robertson  
**Minister of Finance**

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Hon Phil Twyford  
**Minister for Transport**

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Hon David Parker  
**Minister for Trade and Export Growth**

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Hon Shane Jones  
**Minister for Regional Economic Development**

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## Background

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1. On 5 November 2018 Regional Economic Development Ministers approved Oceania Marine Group's application as a \$4,844,068 loan from the Provincial Growth Fund (PGF) towards an Oceania Marine 560T Travel Lift.
2. The PGF funding is to be used to purchase and install the 560 tonne travel lift to better service the growing demand for refit and building services of workboats and superyachts. It includes civil works including new piers, hardstand reinforcement and other civil works required by the travel lift.
3. In further discussions with PDU officials, Oceania Marine Group has advised that following further price confirmation from suppliers, and a confirmed tender price for the pier install, it is \$<sup>Commercial Information</sup> short of the funding required to purchase and install the travel lift.
4. Oceania Marine Group is seeking <sup>Comme</sup>% of the shortfall, raising the total requested to \$5,841,855. The PDU has advised Oceania Marine Group that Ministers, if approving any additional funding at all, are unlikely to fund <sup>Comme</sup>% of the shortfall and suggested Oceania should expect to provide <sup>Comme</sup>% (\$<sup>Commercial Information</sup>) which was the proportion of funding Oceania was providing for the original proposal.

## Oceania Marine Group's current position

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### The project requires further funding

5. <sup>Commercial Information</sup>
6. <sup>Commercial Information</sup>
7. The PDU has held several discussions with Oceania on this matter <sup>Commercial Information</sup>  
<sup>Commercial Information</sup>  
<sup>Commercial Information</sup> it will contribute \$<sup>Commercial Information</sup> toward the \$<sup>Commercial Information</sup> resulting in a request to the PGF for \$997,787.
8. Oceania has stated it is unable to provide any further funds itself due to:
  - Investment of \$<sup>Commercial Information</sup> into Stage 1 of the project;
  - <sup>Commercial Information</sup>
  - The need to invest in a large scale recruitment programme to build capability and capacity for when the lift is operationalised.

### Alternative scaled-back options

9. The PDU sought alternative options based on the original PGF loan amount and Oceania has provided scaled-back options. All of these options involve reducing the size of the lift, with resulting reductions in length, depth and width for the civil works. Such reductions in

size would eliminate larger projects, thereby reducing turnover, and would limit the ability of the lift to meet the growing needs of Oceania's customers.

10. The PDU considers these as sub-optimal options. Further information on the scaled-back options has been provided in Annex One. Withheld - Commercial Information

## Analysis

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11. The PDU still views this project as a worthwhile project for Oceania and the wider marine industry. It will provide the ability for multiple ships to be worked on at one time, with the potential for up to <sup>C mme</sup> new direct jobs and <sup>C mme</sup> apprenticeships, as well as <sup>C mme</sup> jobs in support industries.
12. This process with Oceania has reinforced to the PDU that the marine industry is a challenging industry in which to be successful. Indeed Oceania bought the assets of a company that went out of business and in recent times further companies have had financial difficulties.
13. 

Commercial Information
14. The PDU has been clear to Oceania that it will not entertain any further requests and that Oceania needs to be very confident with its budgets. Oceania has confirmed its contingencies are adequate and understand there is no to be no further funding requests.
15. In addition the PDU has pushed Oceania hard to contribute <sup>Comme</sup> % of the shortfall. The PDU believes the \$<sup>Commercial Informatio</sup> finally offered by Oceania is the maximum amount it can contribute, and believes any additional amount would risk compromising the project as it would reduce the amount available by Oceania to meet any unforeseen shortfalls for the project itself, as well as the ability for Oceania to contribute toward hardstand improvements and training.
16. On the basis of the analysis above, on balance the PDU recommends RED Ministers approve this further funding.

## Next Steps

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17. Agree to approve or decline Oceania Marine Group's request for a further \$997,787 loan from the PGF towards the Oceania Marine 560T Travel Lift.