

**Southland Otago Regional Engineering Tranche 4 proposals**

Date:	5 May 2020	Priority:	Medium
Security classification:	In Confidence	Tracking number:	3202 19-20

Action sought		
	Action sought	Deadline
Hon Grant Robertson Minister of Finance	Agree to the recommendations outlined in this briefing.	7 May 2020
Hon Phil Twyford Minister of Transport Minister of Economic Development		7 May 2020
Hon David Parker Minister for Trade and Export Growth		7 May 2020
Hon Shane Jones Minister for Regional Economic Development		7 May 2020
Fletcher Tabuteau Parliamentary Under-Secretary to the Minister for Regional Economic Development	Note the contents of this briefing.	7 May 2020

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, PDU	Privacy of natural persons	✓
Jessica Sandford	Policy Advisor	Privacy of natural persons	



Southland Otago Regional Engineering Tranche 4 proposals

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Purpose

This paper seeks Regional Economic Development Ministers (RED Ministers) approval to the fourth and final tranche of Southland and Otago Regional Engineering Collective (SOREC) proposals, bringing the total PGF funding to \$7.5 million.

A description of the projects, and PDU analysis has been provided for all ^{Comme} proposals identified as part of tranche four.

Recommended Action

The Provincial Development Unit (PDU) recommends that you:

1. **Note** that engineering/manufacturing was identified as one of the key sectors for Provincial Growth Fund (PGF) investment, with a particular focus on Otago and Southland. *Noted*

2. **Note** that Senior Regional Officials have previously approved 22 projects as part of SOREC tranches one, two and three. This briefing seeks RED Ministers approval for the fourth and final tranche of SOREC proposals, bringing the total PGF funding to \$7.5 million. *Noted*

3. **Note** that the SOREC proposals below align with the revised PGF criteria of:
 - i. an increased focus on immediate job creation and income growth
 - ii. construction activity that will be underway within the next ^{Commercial Information},
 - iii. a high degree of visibility to the community, to give the public confidence that renewed economic activity is underway. *Noted*

4. **Agree** to approve grant funding of up to \$ ^{Commercial Information} from the PGF towards the fourth tranche of SOREC proposals, subject to the following breakdown and conditions:

Applicant	PGF Recommendation	Conditions for approval
Queenstown Engineering	Up to \$190,000	<ul style="list-style-type: none"> • The applicant maintaining alignment to the SOREC objectives evidenced by the continued reporting to the PDU on its outcomes. • The applicant providing a written statement that assures the new equipment will not adversely



		<ul style="list-style-type: none"> • affect other firms. • The applicant providing financial statements for the 2020 financial year. • Financial analysis and due diligence is undertaken to the satisfaction of the PDU.
AcuCut	Up to \$100,000	<ul style="list-style-type: none"> • The applicant maintaining alignment to SOREC objectives evidenced by the continued reporting to the PDU on its outcomes. • The applicant providing a written statement that assures the new equipment will not adversely affect other firms. • Satisfactory financial analysis and due diligence. • The applicant providing evidence that its co-contribution has been secured.
McKenzie Marine and Mackraft	Up to \$103,000	<ul style="list-style-type: none"> • The applicant maintaining alignment to the SOREC objectives evidenced by the continued reporting to the PDU on its outcomes. • Satisfactory financial analysis and due diligence.
McMaster Engineering	Up to \$108,000	<ul style="list-style-type: none"> • The applicant maintaining alignment to the SOREC objectives evidenced by the continued reporting to the PDU on its outcomes. • The applicant providing a written statement that assures the new equipment will not adversely affect other firms. • Satisfactory financial analysis and due diligence.
Calder Developments Limited	Up to \$356,371	<ul style="list-style-type: none"> • The applicant maintaining alignment to the SOREC objectives evidenced by the continued reporting to the PDU on its outcomes. • The applicant providing a written statement that assures the new equipment will not adversely affect other firms. • Satisfactory financial analysis and due diligence. • Commercial Information
Waikouaiti Auto & Engineering (WAE)	Up to \$177,500	<ul style="list-style-type: none"> • The applicant maintaining alignment to the SOREC objectives evidenced by the continued reporting to the PDU on its outcomes. • The applicant providing a written statement that assures the new equipment will not adversely affect other firms. • The PDU receiving financial statements for the 2020 financial year. • Satisfactory financial analysis and due diligence. • The PDU receiving quotes for the two items of equipment.
Te Pari Products	Up to \$210,000	<ul style="list-style-type: none"> • The applicant maintaining alignment to the SOREC objectives evidenced by the continued reporting to the PDU on its outcomes. • The applicant providing a written statement that assures the new equipment will not adversely affect other firms. • Satisfactory financial analysis of the applicant's



		2020 financial statements and due diligence.
ZoomTech	Up to \$250,000	<ul style="list-style-type: none"> • The applicant maintaining alignment to the SOREC objectives evidenced by the continued reporting to the PDU on its outcomes. • The applicant providing a written statement that assures the new equipment will not adversely affect other firms. • Satisfactory financial analysis and due diligence.
Datum Engineering	Up to \$231,500	<ul style="list-style-type: none"> • The applicant maintaining alignment to the SOREC objectives evidenced by the continued reporting to the PDU on its outcomes • The applicant providing a written statement that assures the new equipment will not adversely affect other firms • Satisfactory financial analysis and due diligence. • Commercial Information <p>The PDU receiving quotes for the two items of equipment.</p>
Commercial Inform	Commercial Information - Withdrawn projec	Com Commercial Information - Withdrawn project
Precision Profile	Up to \$392,000	<ul style="list-style-type: none"> • The applicant maintaining alignment to the SOREC objectives evidenced by the continued reporting to the PDU on its outcomes. • The applicant providing a written statement that assures the new equipment will not adversely affect other firms. • Satisfactory financial analysis and due diligence. • Commercial Information
Insol	Up to \$225,000	<ul style="list-style-type: none"> • The applicant maintaining alignment to the SOREC objectives evidenced by the continued reporting to the PDU on its outcomes. • The applicant providing a written statement that assures the new equipment will not adversely affect other firms. • Satisfactory financial analysis of the applicant's financial statements for the 2020 financial year and due diligence.
Cen Eng	Up to \$68,000	<ul style="list-style-type: none"> • The applicant maintaining alignment to the SOREC objectives evidenced by the continued reporting to the PDU on its outcomes. • The applicant providing a written statement that assures the new equipment will not adversely affect other firms.



PROVINCIAL DEVELOPMENT UNIT

		<ul style="list-style-type: none"> • Satisfactory financial analysis of the applicant's 2020 financial statements and due diligence. • Evidence that the applicant has secured co-contribution for this project.
Total	Up to \$ <small>Commercial Information</small>	

Agree/Disagree

Privacy of natural persons



Paul Swallow
Investment Director
Provincial Development Unit
...5.. / ..5.... / ..2020....

Hon Grant Robertson
Minister of Finance
..... / /

Hon Phil Twyford
Minister of Transport
Minister of Economic Development
..... / /

Hon David Parker
Minister for Trade and Export Growth
..... / /

Hon Shane Jones
Minister for Regional Economic Development
..... / /



Executive memo

Southland and Otago Regional Engineering Collective

The engineering and manufacturing sector has been identified by RED Ministers as a key sector for PGF investment, with Otago and Southland specifically targeted due to the high number of firms in this sector.

Through previous funding provided by the PGF, analysis was undertaken by Deloitte to identify the 'pain points' currently being faced by engineering and manufacturing firms in Otago and Southland. From this, a document outlining the steps to addressing the perceived issues was developed titled the 'Southland and Otago Regional Engineering Collective' (SOREC).

Across August, September and October Senior Regional Officials approved 22 Southland and Otago projects as part of the engineering package. This briefing seeks approval towards the fourth and final tranche of SOREC proposals, bringing the total PGF funding to \$ [REDACTED]

Tranche four proposals

The proposals as part of tranche four all align with the objectives of the SOREC. SOREC helps build the capability and capacity of the Southland and Otago manufacturing and engineering firms. SOREC will help grow the sector by increasing collaboration for firms to successfully compete for new work, adopt new technologies or methodologies, and increase the calibre and number of apprentices.

Financial analysis has been undertaken by the PDU and the results show that while most of the companies are performing relatively well, some face barriers to growing their business and are in varying financial positions. In part this is reflected in the amount of funding sought and (at a [REDACTED] % co-contribution) the amount a company can contribute towards the equipment.

Engineering and manufacturing is a strong sector in Southland and Otago which has been constrained due to the inability for companies to meet demands through the lack of efficient equipment. With the purchase of the new equipment the [REDACTED] applicants as part of tranche four will be able to increase productivity as they will have the equipment they need to accelerate the production and output required to meet the demands of their customers. The companies support a wide range of industries, particularly the local agriculture sector, the transport industry, construction industry and the mining sector. Initial feedback from the [REDACTED] applicants is that demand for their services remains strong, with some companies already experiencing increased demand to provide services and parts as a result of Covid-19.

MFAT has no material concerns, for any of the proposals identified in Tranche four, from an international obligations perspective as:

- a. The funding is not contingent on export performance or the use of domestic over imported inputs; and
- b. Firms receiving PGF funding sell to other NZ firms at normal commercial prices.

Recommendations

Projects seeking decision from Regional Economic Development Ministers

Ref	Project name	Project description & benefits	Comment	Number of jobs	Total cost of project	Requested PGF Investment	PDU Recommendation
1.	Growing Engineering in Central Otago	<p>Applicant: Queenstown Engineering (2009) Limited</p> <p>Region: Otago</p> <p>Queenstown Engineering (2009) Limited is a specialist fabrication and installation company for industrial, structural, construction and architectural sectors. The company is at capacity currently, so in order to grow and take on more projects (especially with upcoming infrastructure plans for Queenstown), there is the need to acquire new machinery to reduce the amount of work it outsources to other areas of the country and keep up with current and upcoming demand.</p> <p>The applicant seeks PGF funding to purchase a CNC Mono Spindle Drilling Line (CNC Line) to help increase productivity and meet the current demands on its business. The CNC Line will process beams and profiles in a quick and flexible way enabling greater quantities of steel to be processed in-house. This will reduce the out-sourcing to other regions (such as Auckland and Christchurch) which usually has significant lead times and additional costs due to Queenstown Engineering's geographical isolation.</p>	<p>The PDU recommends that you approve Queenstown Engineering (2009) Limited's application as a grant of up to \$190,000 from the PGF subject to the following conditions:</p> <ol style="list-style-type: none"> The applicant maintaining alignment to the SOREC objectives evidenced by the continued reporting to the PDU on its outcomes. The applicant providing a written statement that assures that the new equipment will not adversely affect other firms. The applicant providing financial statements for the 2020 financial year. Financial analysis and due diligence is undertaken to the satisfaction of the PDU. <p>The PDU is supportive of this proposal for the following reasons:</p> <ul style="list-style-type: none"> it aligns with the PGF objectives in regard to uplift in productivity, enhanced economic opportunities, more highly-skilled jobs (FTE) and resilient communities; and it aligns with the SOREC objectives to build the capability and capacity of Southland and Otago manufacturing and engineering firms. <p>The business currently employs people, with funding providing a further sustainable, highly-skilled positions. Queenstown Lakes District Council is supportive of SOREC and the engineering package. The reduction in the need to outsource work would help to mitigate the effects of climate change and lower emissions produced during the transport of the products produced offsite.</p> <p>Co-funding of % will be provided by the applicant. Queenstown Engineering is a category three accredited Steel Fabricated Certification firm. The PDU has confidence in the applicant's ability to own the asset and be responsible for ongoing maintenance.</p>	FTEs	\$ Commercial Informa	Up to \$190,000	Approve
2.	AcuCut Capital Investment Project	<p>Applicant: AcuCut Limited</p> <p>Region: Otago</p> <p>AcuCut was established in 2016 and is located in Oamaru. AcuCut offers a range of services on different scales, including CNC precision cutting, precision waterjet cut profiles, laser cutting and engraving, CNC machining and digital tracing.</p> <p>The applicant seeks PGF funding for two pieces of equipment to help increase productivity and meet the</p>	<p>The PDU recommends that you approve AcuCut Limited's application as a grant for up to \$100,000 from the PGF subject to:</p> <ol style="list-style-type: none"> The applicant maintaining alignment to SOREC objectives evidenced by the continued reporting to the PDU on its outcomes. The applicant providing a written statement that assures the new equipment will not adversely affect other firms. Satisfactory financial analysis and due diligence. <p>The PDU is supportive of this proposal for the following reasons:</p> <ul style="list-style-type: none"> it aligns with the PGF objectives in regard to uplift in 	FTEs	\$ Commercial Informa	Up to \$100,000	Approve

Ref	Project name	Project description & benefits	Comment	Number of jobs	Total cost of project	Requested PGF Investment	PDU Recommendation
		<p>current demands. The pieces of equipment required are:</p> <ol style="list-style-type: none"> Laser cutting machine: to cut acrylics, plastics, laminates, wood and textiles significantly faster and with greater precision than the current machine. Currently local customers have had to outsource this type of work to other regions, but with increased production capacity AcuCut will be able to bring outsourced work back into the region. Laser marking machine: to increase production capacity as AcuCut's current machine takes 12 times longer to complete the same job. <p>The laser cutter and laser marking machine will work in conjunction to achieve increases in production and allow AcuCut to diversify the services it provides, while employing a two further 2 FTEs.</p>	<p>productivity, enhanced economic opportunities, more highly-skilled jobs (FTEs) and resilient communities; and</p> <ul style="list-style-type: none"> it aligns with the SOREC objectives to build the capability and capacity of Southland and Otago manufacturing and engineering firms. <p>The applicant will oversee the sourcing and installation of the equipment as well as recruitment of the relevant staff to join the company. It will own the equipment following the purchase.</p> <p>Free and frank opinions</p>				
3.	McKenzie Marine and MacKraft – Growth Acceleration Project	<p>Applicant: McKenzie Marine and MacKraft Limited (McKenzie)</p> <p>Region: Southland</p> <p>McKenzie is a jet boat manufacturer based in Bluff. The McKenzie family has developed and refined MacKraft jet boats for 35 years culminating in the current fleet of commercial/adventure tourism, pleasure, sprint and custom jet-boats. McKenzie also services the local fishing industry providing modifications and refurbishments to fishing vessels. McKenzie Commercial Information needs new equipment to meet these requirements.</p> <p>The applicant seeks PGF funding for two pieces of equipment to help increase productivity and meet the current demands on its business:</p> <ol style="list-style-type: none"> CNC Brake Press: allowing for the folding and adjustments to be made entirely by the machine. McKenzie's current brake press also allows for the folding however adjustments are done manually. McKenzie estimates the new brake press will be 10 times faster than its current model, reducing production time significantly. Milling Machine: this machine has automated feeds, a larger capacity and allows for larger cuts compared to McKenzie's current machine. The benefits of these inclusions allows for decreases in production time which McKenzie estimates to be up to 50%. <p>The addition of the new milling machine and CNC brake press is estimated to increase production from 14 boats a year to 26 boats a year.</p>	<p>The PDU recommends that you approve McKenzie Marine and MacKraft Limited's application as a grant for up to \$103,000 from the PGF subject to:</p> <ol style="list-style-type: none"> The applicant maintaining alignment to the SOREC objectives evidenced by the continued reporting to the PDU on its outcomes. Satisfactory financial analysis and due diligence. <p>The PDU is supportive of this proposal for the following reasons:</p> <ul style="list-style-type: none"> it aligns with the PGF objectives in regard to uplift in productivity, enhanced economic opportunities, more highly-skilled jobs (FTEs) and resilient communities; and it aligns with the SOREC objectives to build the capability and capacity of Southland and Otago manufacturing and engineering firms. <p>The applicant currently has people employed in Southland. Funding would enable new sustainable jobs, all at the highly-skilled level.</p> <p>The project broadly aligns with Southland's goal of '10,000 more people by 2025' in the Southland Regional Development Strategy. The project fits with several of its objectives around developing innovative business environments, removing obstacles to doing business in Southland, and developing new industries in Southland.</p> <p>The applicant will oversee the sourcing and installation of the equipment as well as recruitment of the relevant staff to join the company. McKenzie will own the equipment following the purchase.</p>	FTEs	\$	Up to \$103,000	Approve

Ref	Project name	Project description & benefits	Comment	Number of jobs	Total cost of project	Requested PGF Investment	PDU Recommendation
4.	McMaster Engineering Productivity Project	<p>Applicant: McMaster Engineering Limited</p> <p>Region: Southland</p> <p>McMaster Engineering (McMaster), based in Winton, was formed in 1990 to service the engineering needs of the local farming community and industry in central Southland and today employs [redacted] people. McMaster manufactures a large range of products for the local agriculture industry.</p> <p>McMaster Engineering manufactures a large range of products including computerized hydraulic fertiliser spreaders, bulk handling plants, dairy sheds, and feeding systems.</p> <p>The applicant seeks financial support for three pieces of equipment to help increase productivity and meet the current demands on its business. The pieces of equipment required are:</p> <ol style="list-style-type: none"> Overhead Crane - Commercial Information [redacted] The overhead crane will improve McMaster's ability to move equipment and with it improve production efficiencies. McMaster will also be able to diversify its service offering through the establishment of a production line for fertiliser spreaders. The Overhead [redacted] Crane will also enable McMaster to provide services to the transport industry through manufacturing trailers and repairing truck chassis. Sheet metal Guillotine - Commercial Inform [redacted] This will increase production as guillotining sheet metal for the folder will provide a much cleaner end product. This will result in a significant increase in production capacity from McMaster's current manufacturing process which requires a hand held plasma torch. McMaster also does a lot of folding for other companies and is asked if it is capable of cutting sheet metal as opposed to using a plasma torch, demonstrating there is strong demand for this service. Plasma Table - Commercial Information: enabling McMaster to convert all electronic CAD drawings it has on file which will save McMaster hours on set up and cutting time. McMaster will be able to develop and cut its own parts for production as well as cut one-off parts that are not manufactured anymore. A significant part of McMaster's business involves repairing older machinery and this new piece of equipment will provide substantial production efficiencies. 	<p>The PDU recommends that you approve McMaster's application as a grant for up to \$108,000 from the PGF subject to:</p> <ol style="list-style-type: none"> The applicant maintaining alignment to the SOREC objectives evidenced by the continued reporting to the PDU on its outcomes. The applicant providing a written statement that assures that the new equipment will not adversely affect other firms. Satisfactory financial analysis and due diligence. <p>The PDU is supportive of this proposal for the following reasons:</p> <ul style="list-style-type: none"> It aligns with the PGF objectives in regard to uplift in productivity, enhanced economic opportunities, more highly-skilled jobs ([redacted] FTEs) and resilient communities; and It aligns with the SOREC objectives to build the capability and capacity of Southland and Otago manufacturing and engineering firms. <p>The applicant currently has [redacted] people employed in Southland. Funding would enable 4 new sustainable jobs, with 2 jobs being high-skilled and [redacted] jobs being low skilled. Indirectly, the creation of new sustainable roles will have flow on effects to the local community.</p> <p>This project broadly aligns with Southland's goal of '10,000 more people by 2025' in the Southland Regional Development Strategy. The project fits with several of its objectives around developing innovative business environments, removing obstacles to doing business in Southland, and developing new industries in Southland.</p> <p>The applicant will oversee the sourcing and installation of the equipment as well as recruitment of the relevant staff to join the company. McMaster will own the equipment following the purchase.</p>	[redacted] FTEs	\$ [redacted]	\$108,000	Approve

Ref	Project name	Project description & benefits	Comment	Number of jobs	Total cost of project	Requested PGF Investment	PDU Recommendation
5.	Calder Developments – Steel Fabrication equipment	<p>Applicant: Calder Developments Ltd (Calder)</p> <p>Region: Otago</p> <p>Calder is a family-run design and build company established in 1980 in Tapanui, approximately 30 minutes north-east of Gore. Calder specialises in commercial, industrial and rural buildings throughout Otago and Southland. Calder's business is comprised of four divisions, steel fabrication, pre-cast concrete and construction.</p> <p>The applicant seeks PGF funding for one piece of equipment, a Plasma Cutter, to help increase productivity and meet the current demands on its business. The purchase of the Plasma Cutter will significantly increase the production and capacity of prefabricated steel for Calder. Currently only 10% of Calder's current plasma cutting is done in-house. The current process carries a high safety risk to the engineer and is highly labour intensive which negatively impacts productivity. The applicant notes that it takes an engineer approximately 20 hours to do what the machine can do in one hour.</p> <p>Calder currently outsources the majority of its plasma cutting to Auckland based company as there are no suitable alternatives regionally. This new equipment will benefit others in the local industry as they will be able to source prefabricated steel products regionally from Calder rather than sourcing from Auckland or overseas.</p>	<p>The PDU recommends that you approve Calder's application as a grant for up to \$356,371 from the PGF subject to:</p> <ol style="list-style-type: none"> The applicant maintaining alignment to the SOREC objectives evidenced by the continued reporting to the PDU on its outcomes. The applicant providing a written statement that assures the new equipment will not adversely affect other firms. Satisfactory financial analysis and due diligence. Confirmation that Calder has invested or will have invested close to \$^{Commercial Information} into its building and plant in the 2019/2020 financial year. <p>The PDU is supportive of this proposal for the following reasons:</p> <ul style="list-style-type: none"> it aligns with the PGF objectives in regard to uplift in productivity, enhanced economic opportunities, more highly-skilled jobs (^{Com} FTEs) and resilient communities; and it aligns with the SOREC objectives to build the capability and capacity of Southland and Otago manufacturing and engineering firms. <p>The applicant currently has ^{Comme} employees working for it in Otago. Funding would enable ^{Com} new sustainable jobs - ^{Com} of the jobs created are highly-skilled, ^{Com} low-skilled and ^{Com} apprentices. Calder will upskill employees to use the plasma cutter through formal training and a mentoring system. It will oversee the installation of the equipment and recruitment of the relevant staff to join the company. The plasma cutter will be procured from ^{Commercial Information} which will assist in the installation and training at Calder's site in Tapanui. The goal is to become self-sufficient so new or existing staff can be trained in-house.</p> <p style="text-align: center;">Free and frank opinions</p>	^{Com} FTEs	\$ ^{Commercial Information}	Up to \$356,371	Approve
6.	Palmerston Engineering Workshop Expansion – New Machinery	<p>Applicant: Waikouaiti Auto & Engineering Limited (WAE)</p> <p>Region: Otago</p> <p>WAE operates three engineering hubs in Waikouaiti, Dunedin and Palmerston. The company offers a large variety of services, including plant maintenance, inspections and repairs. It also services large machinery from local mining companies. Due to increased demand from all these sectors WAE requires additional large equipment.</p> <p>The applicant seeks PGF funding for two pieces of equipment to help increase productivity and meet the current demands on its business:</p>	<p>The PDU recommends that you approve WAE's application as a grant for up to \$177,500 from the PGF subject to:</p> <ol style="list-style-type: none"> The applicant maintaining alignment to the SOREC objectives evidenced by the continued reporting to the PDU on its outcomes. The applicant providing a written statement that assures the new equipment will not adversely affect other firms. The PDU receiving financial statements for the 2020 financial year. Satisfactory financial analysis and due diligence. The PDU receiving quotes for the two items of equipment. <p>The PDU is supportive of this proposal for the following reasons:</p>	^{Com} FTEs	\$ ^{Commercial Information}	Up to \$ 177,500	Approve

Ref	Project name	Project description & benefits	Comment	Number of jobs	Total cost of project	Requested PGF Investment	PDU Recommendation
		<p>1. 400T Hydraulic Brake Press- this will allow WAE to take on more work, such as fabricating truck bodies, with a quicker turnaround on jobs. The company does not currently have a brake press and has to outsource this work to Christchurch, so by purchasing its own it will be able to take on more jobs and create new roles.</p> <p>2. Sahinler Plate Rolls – this will allow WAE to roll steel for fabrication and repair the tromeels for Commercial Information, and allow for increased workload – including assisting other workshops within the area. Commercial Information, so new rollers will allow the company to take on more jobs involving thicker steel work, providing more work for the workshop.</p>	<ul style="list-style-type: none"> it aligns with the PGF objectives in regard to uplift in productivity, enhanced economic opportunities, more highly-skilled jobs (Com FTE) and resilient communities; and it aligns with the SOREC objectives to build the capability and capacity of Southland and Otago manufacturing and engineering firms. <p>The applicant currently has 85 people employed in Otago. Funding would enable Com new sustainable jobs. Com jobs created are highly-skilled and one at an apprentice level.</p> <p>The applicant will provide co-funding of Com%, having been approved through Commercial. The supplier has been chosen due to WAE having purchased from it prior to this project and has a proven track record. The applicant will oversee the installation of the equipment and recruitment of the relevant staff to join the company.</p> <p>Free and frank opinions</p>				
7.	Te Pari Products – Growth of Livestock Handling Equipment	<p>Applicant: Te Pari Products Limited (Te Pari)</p> <p>Region: Otago</p> <p>Te Pari is an engineering and manufacturing business that produces handling and livestock management solutions that service both the domestic and international markets. Te Pari provides safe, efficient and seamless handling solutions for livestock producers that include weigh scales, EID reading equipment and a connection to a livestock management software system. However, Te Pari’s business has a high level of manual labour involved in manufacturing its products and is currently struggling to satisfy demand in a timely manner.</p> <p>The applicant seeks PGF funding for two pieces of equipment to help increase productivity and meet the current demands on its business:</p> <p>1. Robotic Welder – Commercial Information : to reduce the lead time for Te Pari to manufacture cattle crushes. The current process for building crushes is manually intensive and production capacity is currently 5 crushes per week. With the addition of the Robotic Welder, Te Pari will increase its production capacity three fold to 15 crushes per week. Increased production will also require additional labour hours on the factory floor which will create Com new sustainable jobs.</p> <p>2. CNC Lathe – Commercial Information : required as a result of the increased production capacity achieved by the purchase of a Robotic Welder. The increased production will mean that Te Pari needs to machine its own parts in a way that is cost effective.</p>	<p>The PDU recommends that you approve Te Pari’s application as a grant for up to \$209,500 from the PGF subject to:</p> <ol style="list-style-type: none"> The applicant maintaining alignment to the SOREC objectives evidenced by the continued reporting to the PDU on its outcomes. The applicant providing a written statement that assures the new equipment will not adversely affect other firms. Satisfactory financial analysis of the applicant’s 2020 financial statements and due diligence. <p>The PDU is supportive of this proposal for the following reasons:</p> <ul style="list-style-type: none"> it aligns with the PGF objectives in regard to uplift in productivity, enhanced economic opportunities, more highly-skilled jobs (Com FTE) and resilient communities; and it aligns with the SOREC objectives to build the capability and capacity of Southland and Otago manufacturing and engineering firms. <p>The applicant currently has Com people working for it in Otago. Funding would enable 5 new sustainable jobs, Com at a high-skilled level, Com is at the low-skilled level and the remaining Com jobs created will be at an apprentice level.</p> <p>The applicant will manage the sourcing and installation of the new machinery. Te Pari has identified suppliers for both the Robotic Welder and the CNC Lathe. Te Pari will own the equipment following the purchase.</p> <p>Free and frank opinions</p>	Com FTEs	\$ Commercial Informa	Up to \$209,500	Approve

Ref	Project name	Project description & benefits	Comment	Number of jobs	Total cost of project	Requested PGF Investment	PDU Recommendation
		The machine identified for purchase is able to feed material in automatically to reduce the marginal cost per part. The CNC lathe will require ^{Commerc} in-house trained operator and will create an opportunity for Te Pari to take on an apprentice operator.					
8.	ZoomTech Expansion Project	<p>Applicant: ZoomTech Limited</p> <p>Region: Otago</p> <p>ZoomTech is a high-tech engineering workshop based in Dunedin specialising in computer design, drawing and 3D modelling, custom machining, product innovation and revolution and finally rapid prototyping. ZoomTech offers a computer modelling design suite where it can customise parts specific to customers' needs as well as comprehensive batch production capacity and custom work.</p> <p>The applicant seeks PGF funding for three pieces of equipment to help increase productivity and meet the current demands on its business:</p> <p>1. Floor Borer – ^{Commercial Information}: for deep hole drilling capabilities unique in its market. ZoomTech will be able to further diversify its service offering, fitting the niche and specialised market that ZoomTech services. This specialised capability will provide opportunities to keep this work within the region along with providing opportunities to up-skill current and new staff to operate the floor borer.</p> <p>2. Cylindrical Grinder: this machine will work in conjunction with both the floor borer and lathe, improving efficiency. Zoomtech has new contracts within the boating industry using its water jet-cutter and will need the grinder to meet the new requirements for these contracts. As ZoomTech is currently at maximum capacity the increases in output and efficiency will increase the productivity potential of ZoomTech allowing for more jobs to be taken on leading to new sustainable jobs within the region.</p> <p>3. CNC Lathe: this will allow ZoomTech to meet the demand on its business that currently exceeds production capacity. It will also enable Zoomtech to tender for work with large multinationals such as Caterpillar. These increases in production capacity and diversified service offering will provide new sustainable jobs for the region, allowing ZoomTech to move to a larger facility to keep up with the current demands of the firm.</p>	<p>The PDU recommends that you approve ZoomTech Limited's application as a grant for up to \$250,000 from the PGF subject to:</p> <ol style="list-style-type: none"> The applicant maintaining alignment to the SOREC objectives evidenced by the continued reporting to the PDU on its outcomes. The applicant providing a written statement that assures the new equipment will not adversely affect other firms. Satisfactory financial analysis and due diligence. <p>The PDU is supportive of this proposal for the following reasons:</p> <ul style="list-style-type: none"> it aligns with the PGF objectives in regard to uplift in productivity, enhanced economic opportunities, more highly-skilled jobs (^{Com} FTEs) and resilient communities; and it aligns with the Southland and Otago Regional Engineering Collective objectives to build the capability and capacity of Southland and Otago manufacturing and engineering firms. <p>The applicant currently has ^{Com} people employed in Otago. Funding would enable ^{Com} new sustainable jobs, ^{Com} at the highly-skilled level with the remaining newly created job an opportunity for an apprentice.</p> <p>The applicant will oversee the installation of the equipment and recruitment of the relevant staff to join the company. ZoomTech will own the assets upon completion of the project.</p> <p style="text-align: center;">Free and frank opinions</p>	^{Com} FTEs	\$ ^{Commercial Informa}	Up to \$250,000	Approve
9.	Growing the Engineering Sector - Datum Engineering	<p>Applicant: Datum Engineering Ltd (Datum)</p> <p>Region: Otago</p>	<p>The PDU recommends that you approve Datum's application as a grant for up to \$231,500 from the PGF subject to:</p> <ol style="list-style-type: none"> The applicant maintaining alignment to the SOREC objectives evidenced by the continued 	^{Commerc} FTEs	\$ ^{Commercial Informa}	Up to \$231,500	Approve

Ref	Project name	Project description & benefits	Comment	Number of jobs	Total cost of project	Requested PGF Investment	PDU Recommendation
		<p>Datum is a versatile engineering company which manufactures a wide variety of precision machined components. Datum has been operating since 2007 and is based in Dunedin.</p> <p>The applicant currently manufactures parts for many different markets such as the transport <small>Commercial Information</small> Automotive and Agricultural industries, and also has capability in the Aerospace industry <small>Commercial Information</small></p> <p>Datum is seeking PGF funding to upgrade machinery to advance its manufacturing capability to compete for a greater range of contracts whilst keeping up with current demand. The equipment required is:</p> <ol style="list-style-type: none"> CNC Lathe with Bar Feeder <small>Commercial Information</small>): includes a Y axis machining capability (proving 3 dimensional capabilities). The bar feeder would also speed up production as it is twice as long as their current machines, which are 30 years old. Datum expects that this new piece of equipment will at least double the current output capacity. Machining Centre <small>Commercial Information</small> : this has a larger capacity, so can undertake larger sized work than the current machine. It includes a 4th axis which will enable more efficient production, and increase the speed in which items are currently being manufactured. The new technology will allow Datum to diversify its service offering with the goal of accessing new markets including the Aerospace sector. 	<p>reporting to the PDU on its outcomes</p> <ol style="list-style-type: none"> The applicant providing a written statement that assures the new equipment will not adversely affect other firms Satisfactory financial analysis and due diligence. The PDU receiving written confirmation that <small>Commercial Information</small> The PDU receiving quotes for the two items of equipment. <p>The PDU is supportive of this proposal for the following reasons:</p> <ul style="list-style-type: none"> it aligns with the PGF objectives in regard to uplift in productivity, enhanced economic opportunities, more highly-skilled jobs (<small>Commer</small> FTE) and resilient communities; and it aligns with the SOREC objectives to build the capability and capacity of Southland and Otago manufacturing and engineering firms. <p>The applicant currently has <small>Com</small> people employed in Otago. Funding would enable <small>Commer</small> new sustainable jobs. An additional <small>Com</small> jobs will be created whilst the new equipment is installed and commissioned.</p> <p>The applicant will oversee the installation of the equipment and recruitment of the relevant staff to join the company. The equipment supplier has already been chosen and the machine has been viewed by the applicant. The applicant has confirmed a co-contribution of \$ <small>Commercial Inform</small> with a further \$ <small>Commercial Information</small></p> <p>The applicant notes that there are a number of companies that provide similar services to it however Datum provides engineering solutions to different markets and on a different scale. Datum also notes that it partners with local engineering and manufacturing firms when outsourcing is required.</p> <p>Free and frank opinions</p>				
10.	<small>Commercial Information - Withdrawn project</small>	<small>Commercial Information - Withdrawn project</small>	<small>Commercial Information - Withdrawn project</small>	<small>Commercial Information</small>	<small>Commercial Information - Wi</small>	<small>Commercial Information - Withdrawn pr</small>	<small>Commercial Informa</small>

Ref	Project name	Project description & benefits	Comment	Number of jobs	Total cost of project	Requested PGF Investment	PDU Recommendation
		<p>Commercial Information - Withdrawn project</p> <p>[Redacted]</p>	<p>Commercial Information - Withdrawn project</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p>				
11.	<p>Precision Profile Technology Update</p>	<p>Applicant: Precision Profile Limited (Precision)</p> <p>Region: Otago</p> <p>Precision is a Dunedin based steel profiling business that is locally owned and operated. Precision has provided local engineering businesses with complete steel cutting services for over 20 years to both maintain and create new products throughout Otago and Southland. Precision's primary function is providing raw engineering materials in the form of steel profiles to businesses across multiple sectors including construction, transport and manufacturing.</p> <p>The applicant seeks PGF funding for one piece of equipment, a Plasma Cutter, to help increase productivity and meet the current demands on its business.</p> <p>The Plasma Cutter- [Redacted] will allow Precision to meet current customer requirements that it cannot currently meet, such as ready to install components that have prefinished holes and threads as well as pre-prepared weld surfaces ready for installation and assembly on site. Precision will be able to then diversify the services that it offers with the potential to double Precision's current plasma machine production. This will allow Precision to compete for larger upcoming projects in Otago.</p>	<p>The PDU recommends that you approve Precision's application as a grant for up to \$392,000 from the PGF subject to:</p> <ol style="list-style-type: none"> The applicant maintaining alignment to the SOREC objectives evidenced by the continued reporting to the PDU on its outcomes. The applicant providing a written statement that assures the new equipment will not adversely affect other firms. Satisfactory financial analysis and due diligence. [Redacted] Commercial Information <p>The PDU is supportive of this proposal for the following reasons:</p> <ul style="list-style-type: none"> it aligns with the PGF objectives in regard to uplift in productivity, enhanced economic opportunities, more highly-skilled jobs ([Redacted] FTE), low-skilled jobs ([Redacted] FTEs) and resilient communities; and it aligns with the SOREC objectives to build the capability and capacity of Southland and Otago manufacturing and engineering firms. <p>The applicant currently has [Redacted] people working for it in Otago. Funding would enable [Redacted] new sustainable jobs. [Redacted] job created is at the highly-skilled level, with the remaining [Redacted] jobs created being at the low-skilled level.</p> <p>The applicant originally requested \$ [Redacted] however, the PDU recommends that a grant (with [Redacted] % co-contribution) would be the most appropriate funding model for this project as it will constitute a significant increase in Precision's business. This project is set to double the total assets of</p>	[Redacted] FTEs	\$ [Redacted]	Up to \$392,000	Approve

Ref	Project name	Project description & benefits	Comment	Number of jobs	Total cost of project	Requested PGF Investment	PDU Recommendation
			<p>Precision. Precision will make its co-contribution <small>Commercial Information</small></p> <p>[REDACTED]</p> <p>The applicant will oversee the installation of the equipment from, a company based in Auckland <small>Commercial Information</small> and recruitment of the relevant staff to join the company. Free and frank opinions</p> <p>[REDACTED]</p>				
12.	Wind tunnel for façade testing – Manufacturing Enhancements	<p>Applicant: Insol Limited</p> <p>Region: Southland</p> <p>Insol Limited, located in Invercargill, provides nationwide services in the design, manufacture and installation of architectural façade treatments. The company provides a world-class wind tunnel testing facility which it claims to be unique in the southern hemisphere. This enables it to understand wind interaction with façade elements and allows international projects to take place, and opens up an international market for Insol Limited.</p> <p>The applicant seeks financial support for two pieces of equipment to help increase productivity and meet the current demands on its business:</p> <p>1. Acoustic Camera - <small>Commercial Information</small> – this will allow rapid and precise pinpointing of sound sources, which removes the need for multiple iterations of modification and testing as it is more accurate and gathers more information than other technology available. The equipment allows both the aural and visual recording of sound produced by facades. The camera is very important to the expansion of Insol's business as currently it does not have the capabilities to record such observations.</p> <p>2. Fixed computer with pressure measuring equipment – this will allow the company to perform tests which require surface pressure measurements. Wind tunnel testing often requires as many as 50-60 separate pressure tests to occur simultaneously, under as many as 360 conditions. Currently Insol uses a single channel pressure measurement device which involves manual recording while the new equipment will allow automatic, remote (i.e. outside wind flow) and rapid measurements.</p>	<p>The PDU recommends that you approve Insol Limited's application as a grant for up to \$225,000 from the PGF subject to:</p> <ol style="list-style-type: none"> The applicant maintaining alignment to the SOREC objectives evidenced by the continued reporting to the PDU on its outcomes. The applicant providing a written statement that assures the new equipment will not adversely affect other firms. Satisfactory financial analysis of the applicant's financial statements for the 2020 financial year and due diligence. <p>The PDU is supportive of this proposal for the following reasons:</p> <ul style="list-style-type: none"> it aligns with the PGF objectives in regard to uplift in productivity, enhanced economic opportunities, more highly-skilled jobs (FTE) and resilient communities; and it aligns with the SOREC objectives to build the capability and capacity of Southland and Otago manufacturing and engineering firms. <p>The applicant currently has <small>Comme</small> people working for it in Southland. Funding would enable <small>Com</small> new sustainable jobs. Jobs created are at the highly-skilled level.</p> <p>This project broadly aligns with Southland's goal of '10,000 more people by 2025' in the Southland Regional Development Strategy. The project fits with several of their objectives around developing innovative business environments, removing obstacles to doing business in Southland, and developing new industries in Southland.</p> <p>Suppliers for the equipment have been chosen. <small>Commercial</small> will oversee the installation of the equipment and recruitment of the relevant staff to join the company.</p>	<small>Com</small> FTEs	\$ <small>Commercial Informa</small>	\$ 225,000	Approve
13.	Cen Eng Omakau – Engineering Machinery	<p>Applicant: Cen Eng Limited (Cen Eng)</p> <p>Region: Otago</p>	<p>The PDU recommends that you approve Cen Eng's application as a grant for up to \$68,000 from the PGF subject to:</p> <ol style="list-style-type: none"> The applicant maintaining alignment to the SOREC objectives evidenced by the continued 	<small>Com</small> FTEs	\$ <small>Commercial Informa</small>	Up to \$68,000	Approve

Ref	Project name	Project description & benefits	Comment	Number of jobs	Total cost of project	Requested PGF Investment	PDU Recommendation
		<p>Cen Eng is a specialist provider of mechanical engineering services with a heavy focus on the agricultural sector. Located in Central Otago, Cen Eng offers top-level design, drafting and project management, coupled with two engineering workshops in Omakau and Oturehua. Cen Eng is owned and operated by Steven and Kim Hore who both hold qualifications in mechanical engineering and have many years of experience.</p> <p>The applicant sought PGF funding for [redacted] pieces of equipment to help increase productivity and meet the current demands on its business including; CNC Press Brake, Lathe, Punch and Shear Machine, [redacted]</p> <p>[redacted] the PDU recommends funding the first three pieces for which the total value is \$ [redacted]</p> <p>1. CNC Press Brake – this will enable Cen Eng to fold sheet metal plates above 1.2mm thick. This means that a wider range of work can be completed in-house and shorten lead times that are exacerbated by Cen Eng’s isolated location. Cen Eng will be able to diversify its product range and develop its manufacturing capability in industries such as agriculture and transport.</p> <p>2. Lathe – Commercial Information - Cen Eng currently does not have any in-house centre lathe machining capability in its Oturehua workshop. This will enable Cen Eng to save time for urgent repair work and costs at this site.</p> <p>3. Punch and Shear Machine – Commercial Information [redacted] - this will speed up a number of metal working operations increasing productivity. The ability to punch holes in structural steel plates will also expand Cen Eng’s capabilities in structural steel work as it will not be required to flame cut holes.</p>	<p>reporting to the PDU on its outcomes.</p> <p>b. The applicant providing a written statement that assures the new equipment will not adversely affect other firms.</p> <p>c. Satisfactory financial analysis of the applicant’s 2020 financial statements and due diligence.</p> <p>d. Evidence that the applicant has secured co-contribution for this project.</p> <p>The PDU is supportive of this proposal for the following reasons:</p> <ul style="list-style-type: none"> it aligns with the PGF objectives in regard to uplift in productivity, enhanced economic opportunities, more highly-skilled jobs ([redacted] FTEs) and resilient communities; and it aligns with the SOREC objectives to build the capability and capacity of Southland and Otago manufacturing and engineering firms. <p>The applicant currently has [redacted] FTEs employed in Central Otago. Funding would enable [redacted] FTEs new sustainable jobs. Two of the jobs created are at the highly-skilled level with the other job created being an apprentice position.</p> <p>With the purchase of the new equipment, Cen Eng will be able to increase productivity as it will have the equipment it needs to accelerate the production and output required to meet the demands of its customers. Diversification of equipment will allow Cen Eng to take on contracts that it currently cannot complete.</p> <p>This project is the smallest project recommended for funding in this tranche of funding from the Southland and Otago Regional Engineering Collective allocation. The PDU has supported one other project under the SOREC banner that is smaller than this project (\$55,000 investment to EIS Group Ltd) however it was an electric servicing firm that required funding for testing equipment and not a traditional engineering firm.</p> <p>The applicant will provide [redacted] % of co-funding (\$68,000). The applicant will oversee the installation of the equipment and recruitment of the new staff to join the company. Cen Eng will own the equipment following the purchase.</p> <p>The Central Otago District Council very supportive of Cen Eng’s application and this engineering package.</p>				