

Application for Funding Development Phase



About this form

This form enables you to make an application for funding over \$100,000 from the Provincial Growth Fund for activities in the Development Phase of a project.

You will need to use the Express Form if your application is for an activity under \$100,000 or the Standard Form if your application is for an actual Project (i.e. delivery of an asset).

These forms are available on the [Provincial Growth Fund website](#)

Purpose of the Provincial Growth Fund

The Provincial Growth Fund aims to lift productivity potential in the provinces. Its priorities are to enhance economic development opportunities, create sustainable jobs, enable Māori to reach their full potential, boost social inclusion and participation, build resilient communities, and help meet New Zealand's climate change targets.

Completing this form

Please complete all sections fully and accurately. Square brackets and italics indicate guides.

Please see the PGF website, or contact your regional relationship manager, for further support.

Submitting your application

All completed forms must be emailed to PGF@mbie.govt.nz with a clear subject heading.

If you are a Trust (or applying on behalf of a Trust), then you must provide a copy of your Trust Deed.

Next Steps

Applications will be assessed for eligibility, as well as how well they will deliver on the aims of the Provincial Growth Fund. One of our team will be in contact regarding your application.

Funding Agreement

The template funding agreements can be found on the [Provincial Growth Fund website](#)

Public disclosure

The Provincial Development Unit is responsible for leading the Provincial Growth Fund's design, administration and monitoring its operation in consultation with other government agencies. In the interests of public transparency, successful applications may be published by the Provincial Development Unit (PDU). Commercially sensitive and personal information will be redacted by reference to the provisions of the Official Information Act 1982. Please identify by highlighting any information in your application that you regard as commercially sensitive or as personal information for the purposes of the Privacy Act 1993.

Part A: Key Details

Please note that if the funding agreement will not be with the applicant (i.e. applying on behalf of another organisation), then please complete this application from the perspective of that organisation.

1. Proposal Title:

2. Please provide a very brief description of the project/activity:

Our craft distillery on the West Coast was established to create jobs and a tourist attraction in a small West Coast (South Island) town and to be part of the revitalisation. We have been open for 20 months and are experiencing considerable success. We have ^{Com}full time permanent staff, ^{Com}part time, ^{Com}casuals and ^{Com}volunteers and are currently seeking expressions of interest for additional permanent and casual roles. We also have a student from the local High School on work experience and several contractors.

We have proven the concept, experienced strong demand for our products nationally with frequent requests from offshore. We quickly outgrew our current leased premises and have purchased land and buildings to enable our expansion. To meet forecast growth we need to invest in new, larger equipment and mechanisation. There is no room for expansion in our current premises and we face regular production bottlenecks almost daily and limited office space.

We are seeking finance from PGF of \$928k to meet equipment, fit out and compliance/consulting costs as part of the wider \$^{Commercial Inf}. We will be contributing ~\$^{Commercial} including working capital and whisky barrel procurement. We are also seeking to raise up to \$^{Commercial} private equity toward working capital to support growth. Should our funding application to PGF be unsuccessful, we will need to scale back our growth and use available funds for capital costs.

This project has a short delivery timeframe, with fit out of the existing modern buildings minimal, and we expect it to be fully commissioned and operational by mid-December 2020.

3. Please provide the details of the applicant organisation/entity for which funding is being requested:

Legal Name:	Reefton Distilling Co. Limited
Entity Type:	Company
Registered Offices / Place of Business:	10 Smith Street, Reefton, West Coast, New Zealand (office at 27A State Highway 69, Reefton with production moving over post-fit out)
Identifying Number:	6265554; NZBN 9429046067494
Organisation's Website:	www.reeftondistillingco.com

4. Please provide the contact details for a person as a key point of contact):

Contact Name and Role:	Patsy Bass, Chief Executive		
Email Address:	Privacy of natural persons	Telephone:	Privacy of natural persons

5. Please describe the principal role or activity of the applicant organisation.

Production of premium spirits and fruit liqueurs, cellar door and retail, events, distillery tours

6. This project will be based in the region of:

7. What type of funding is this application for:

[Note: the most appropriate funding type will be determined by the PDU in consultation with the applicant]

8. What is the activity / funding start and end date?

Start Date:	Commercial Information	Completion Date:	Commercial Information
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9. Has this project / activity been previously discussed with any part of Government? Yes: No:

- If Yes, please describe which part of government, and what the outcome of the discussions were.

[The PDU will consult with other parts of Government as part of the assessment]

10. Have you previously received any Government funding for this Project/Activity? Yes: No:

- If Yes, please list which part of the Government, when the funding was received, and how much under Q11.

11. Are you an overseas investor for the purposes of the Overseas Investment Act? Yes: No:

To find out if you are an overseas investor, and find support, please visit the Overseas Investment Office [website](#).

12. Please set out the proposed sources of funding for the Project:

Source of Funding: <i>[please indicate where all other funding is sourced from, noting who the funder is]</i>	\$ (excluding GST)	Status / Commentary <i>[i.e. received / confirmed / in principle]</i>
Reefton Distilling Property Limited	\$ <small>Commercial Information</small>	Land & buildings purchase
Reefton Distilling Co. Limited	\$ <small>Commercial Inform</small>	Vehicles, inventory system, whisky cask purchase
Reefton Distilling Co. Limited	\$ <small>Commercial Inform</small>	This and above item 51%+ toward fit out
Provincial Growth Fund Funding (through this application)	\$928,000	Updated new application for fit out
Total:	\$ <small>Commercial Informatio</small>	Excl working capital

Part B: Project Description

13. This application is: "a stand-alone activity" or "in support of a wider project/programme"

14. Will additional funding likely be applied for in the future? Yes: No:

- If Yes, please describe at a high level, what this may include, and when this is likely to be applied for.

[Insert your commentary here]

15. What type of activity is this application for?

- Feasibility study
- Business case
- Report
- Creation of an action plan
- Research or surveys
- Workshops or consultation
- Capability building (Education / training)
- Other (please specify)

The funds will be used to cover:

- a) Consultant and project management fees;
- b) Production area design and associated costs, and compliance costs;
- c) Automation to increase output to meet demand e.g. bottling and labelling equipment;
- d) Additional, larger copper stills and associated equipment to meet increased demand;
- e) Forklift, plumbing, electrical etc.;
- f) Office furniture and equipment to accommodate new roles.

16. Please provide a detailed description of this activity for which funding is being applied:

Please refer attached Information Memorandum which provides detail of our business, our achievements and future plans. Note that due to increased demand and having greater detail/pricing since initial application submitted the fit out requirements differ to our original application. **Withheld in Full Due to Commercial Sensitivity - withholding note**

We need to expand to meet national and international demand for our products. We purchased suitable land/buildings outright in March 2020 which will meet current and future requirements. Our funds are reinvested to support growth, and we therefore seek funds to procure new, larger stills and related equipment, compliance and commissioning costs to free up sufficient working capital for our expansion. Budget for fit out is \$^{Commercial Inf}, to fund this next stage of the business, and we seek \$928k of this from PGF by way of commercial finance.

We are seeking debt on favourable terms to purchase equipment that will allow the fit out to be suitable for the growth forecast, rather than needing to take a bare bones approach and face missing opportunities and further downtime by retrofitting in the short term. We also need to retain a portion of cash on hand to support growth including additional staff, procurement of product components and marketing.

We are shovel ready with fit out underway and some new equipment on order. If our application is not successful, the business will be severely restricted in its capacity to embrace the opportunities in front of us and we will need to manage growth accordingly.

We established Reefton Distilling Co. in a small regional town (my home town) to create jobs for locals and a tourist attraction, to be part of the revitalisation taking place there and show what could be done on the world stage. We have received no financial support from local or central government to date.

We have an experienced, industry specialist board of four independent directors (refer separate profiles) and we are preparing to scale significantly. **Commercial Information**

Our forecasts are based on input from our distribution partner, ^{Commercial Informat} (since impacted since due to Covid-19), current data from a specialist industry business analyst, our sales in the previous 20 months and inquiries from new markets.

We opened our doors in October 2018 and have experienced strong growth and demand. We frequently hear from visitors "you have put Reefton on the map" and "it seems all of NZ is talking about Reefton and Reefton Distilling Co.". We produce New Zealand's most exclusive gin along with a range of vodka and fruit liqueurs. Our Moonlight Creek Whisky will go down from December 2020, with the first product teasing the market from late 2023.

We have employed ^{Com} additional senior permanent roles in recent weeks, and should this application be successful, it will enable the recruitment of an additional ^{Comm} permanent roles immediately and others in 2021. We also have space at the new premises to offer work experience and are preparing an apprenticeship scheme for production/distilling roles.

This initiative links to other activities as follows:

- Career opportunities for those who may struggle to find employment. Part of our Ethos once established, is to help those who may struggle to find employment to learn new skills and perhaps secure a role with Reefton Distilling Co. This first placement commenced Dec 2019 and is enormously rewarding and successful. **Privacy of natural persons**
- Career path for local students. We have several students from the local high school working as casuals in production.
- Attracting people from main centres to relocate to the regions.

- *Environmental Stewardship: We are committed to incorporating sustainability wherever possible and will target CarbonZero. We are considering e.g. a bio-mass boiler, solar energy assistance (future project), large scale rain water collection tanks to cool our condensers and to make some of our spirits.*
- *Waste from our distillations will be fed to local farm stock (e.g. pigs and cattle) and other waste products used as fertiliser. The fresh botanical waste from production (e.g. citrus and berries) will be used onsite to*
Commercial Information *We sustainably forage for our fresh native botanicals immediately prior to distillation.*
- *Commitment to diversity: In a traditionally male industry, we seek the 'best person for the job' and are proud to lead with females in the roles of Chair, Founder/Chief Executive, (one of our) distillers, Production Manager and Finance Manager. We have gender, ethnic and age diversity on our team.*
- *We pay living wage or above for base roles and fair market rates for specialist and senior roles. Our remuneration is consistent across female and male staff for same roles/experience. This is important to attract and retain the high calibre people we need to remain successful. Being a small, lean business the loss of a valued employee would have a significant impact.*
- *West Coast Tourism Strategy: We have been a key attraction to Reefton since opening, with accommodation and hospitality providers saying their customers have cited a visit to Reefton Distilling Co. as the reason they have come to town. We have had prospective and current business owners come to us seeking a sounding board for their own initiatives based on our success.*
- *Should the Hokitika to Westport daily tourist train eventuate, those tourists would be dropped directly opposite our new distillery on a daily basis, and could take one of our Tour & Tastings, or purchase at our cellar door and retail store. We understand this has not progressed, but that there is a review of the project underway.*
- *Within 3 weeks of opening in October 2018 we had group bookings for up to 40 adults for Tours & Tastings and private functions out to Nov 2021. Many were coming to Reefton specifically to visit the distillery and staying for at least one night. Many others are visiting to do the Old Ghost Road and adding on a night in Reefton to visit our cellar door.*
- *Our procurement process is to purchase as locally as possible. This starts in Reefton, then in a ripple effect goes to Buller, West Coast, Canterbury/Tasman, South Island etc. Our ethos remains to help the regional economy wherever possible and this extends to using local labour e.g. builders, plumber, electrician, welders, just as we did when we set up our current premises, and for any subsequent works. We estimate we have directly contributed in excess of \$1M into the West Coast to date.*

17. How does this project demonstrate additionality within the region?

We are the first commercial spirit distillery on the West Coast. We were established with a 100 year vision (refer attached IM) to create a sustainable business which has potential to generate significant employment as we scale and show that innovation can reduce the reliance on traditional sectors like mining.

We needed to test the concept over the first [redacted] months. It has been a resounding success, hence our move to new, larger premises. We do not have sufficient funds after purchasing land and buildings for full fit out and require commercial finance.

Our financial modelling shows viability and healthy returns in a relatively short timeframe. We broke even at month [redacted] and turn over was circa \$[redacted] per month at 31/10/19 when this application was originally prepared; and at 30/4/2020 this was \$[redacted]. Draft financials for May are showing \$[redacted].

With Covid-19 and Lockdown, we swiftly moved into hand sanitiser production and accelerated an online marketing campaign. At concept we identified that in times of recession and natural disaster, alcohol sales surge. This has proved correct. Gross profit is in excess of [redacted] % (excl excise tax). Latest financials and DRAFT EoY financials are included with this updated application. [redacted] Withheld in Full Due to Commercial Sensitivity - withholding note

The benefit of Central Government funding is that the PGF is set up for the very purpose that we also did i.e. economic and regional development, with innovative new businesses/activities that support employment, attract tourism and others to live in the area. Free and frank opinions [redacted]

[redacted] The timeframes of 6+ months they have indicated also do not fit with our project, as we will be operational by Dec 2020.

We have already shown the potential and that which we can further unlock within the region. We understand there are several other people within the West Coast region considering establishing distilleries. This may further enhance the tourism potential, similar to the Scottish and Kentucky whisky trails which attract millions of tourists annually. Lighthouse Gin and Reid & Reid Gin have just unveiled concepts for large new distilleries in NZ, on par with Cardrona which is the current largest distillery (footprint/investment) in New Zealand. We understand [redacted] Commercial Information [redacted]. We are well positioned as one of the early leaders in the industry and part of creating a significant NZ spirits presence on the world stage, further supported by the many medals we have already secured for our products.

We have had a successful start, with considerable opportunities in front of us. We now need financial support for this next stage, which will create additional jobs, further promoting the West Coast as innovative and suitable for sustainable, unique new businesses which can compete on the world stage.

We have attracted significant media attention for Reefton and the wider West Coast, having been featured in many of NZ's premium print, online and radio programmes. We secured a 5min feature for Reefton on Prime TV in November, and will screen on Sky TV to over 7 million viewers in the UK plus Australia (Griff's Great Kiwi Adventures) last summer. Link to media cover here <https://www.reeftondistillingco.com/pages/in-the-media>

18. How is the project connected to regional (and sector) stakeholders and frameworks?

[Please provide an overview, including any evidence where appropriate of any relevant local and regional support, either via existing regional development mechanisms (i.e. regional plans), or through any other relevant body (i.e. council, iwi, hapū, or other representative group). If you do not have support, please explain why not and how you intend to get it]

Commercial Information - [REDACTED]

Supporting letters withheld due to commercial sensitivity

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

In addition we believe this project relates to other PGF support in the region, including:

1. Tasman Mine (Blackwater) which will bring new people and industry
2. Westport Airport (wall funding) a strategic asset for Buller district,
3. Dolomite Point, which is focused on tourism into the district;
4. Keeping the airport open and reducing coastal erosion challenges;
5. Improve the visitor and other access to the region;
6. Kawatiri Coastal Trail; again focused on bringing further visitors to the area.

19. How will your project lift productivity potential in the regions? See below

[We want to understand how your project will meet the primary objective of the fund: “to lift productivity potential in the regions”. Please provide a description of this and where relevant, please cover how your project contributes to the following outcomes:

PGF Outcome	✓	How will the project positively or negatively impact this outcome in the region(s) identified?
1. Increase economic output	✓	<i>We purchase as locally as possible, having already put in excess of \$1M into the West Coast economy since 2018. We have created ^{com} full time, permanent roles, ^{com} part time permanent plus casual, contract and volunteer roles and have been cited as the reason some professionals have visited Reefton/the West Coast and since purchased or are seeking to purchase here (for permanent & holiday purposes) and/or commercial premises. In addition to spend, these people will contribute their skills to further enhance the Reefton community.</i>
2. Enhance utilisation of and/or returns for Māori assets	<input type="checkbox"/>	<i>[Insert your relevant commentary here]</i>
3. Increase productivity and growth	✓	<i>Our distillery is a first for the West Coast during the early stages of growth of this sector nationally. Our strategy includes additional related businesses and many associated jobs.</i>
4. Increase local employment and wages (in general and for Māori)	✓	<i>We have created permanent, casual and contract roles and we pay living wage for base roles; through to competitive professional wages for senior roles. This expansion project will enable us to create ^c ^{mer} additional new roles, which will have a flow on effect in the community. Just as we did not put limitations on our quality and price strategy ‘because we were in a West Coast town’, our global business model will increasingly accommodate competitive remuneration packages to attract and retain exceptional talent.</i>
5. Increase local employment, education and/or training opportunities for youth (in general and for Māori)	✓	<i>We have several casual production staff from the local high school, and/or on work experience placements. We are keen to support youth who may otherwise struggle to find employment, to learn skills and gain secure employment with us. The first placement commenced December 2019 and is proving very successful. As we grow so too will the roles available. We actively seek opportunities for our staff to gain skills and experience including via traditional and site placement training programmes, coaching, and travel to exemplar industry peers. Privacy of natural persons ().</i>
6. Improve digital communications, within and/or between regions	<input type="checkbox"/>	<i>[Insert your relevant commentary here]</i>
7. Improve resilience and sustainability of transport infrastructure, within and/or between regions	✓	<i>As we grow, so too will the volume of freight we dispatch. We currently work with Reefton, Westport and Greymouth based freight and courier companies to bring in our supplies and dispatch our finished goods nationally.</i>
8. Contribute to mitigating or adapting to climate change	✓	<i>We are doing things differently to show in a small way what other opportunities the region can support. This project will incorporate sustainable practices, e.g. we are considering solar energy;, a bio-mass boiler to power our stills and brewhouse; rain water collection tanks for grey</i>

		<i>water and irrigation and also for making some of our products. We reduce-reuse-recycle everything possible, including shredding all paper waste and using it in product packaging.</i>
9. Increase the sustainable use of and benefit from natural assets	✓	<i>We will regenerate our 1ha of land (currently in shingle laid by the former crane yard) and plant native botanicals which we will use in our products. Our rain water collection will save many thousands of litres of water going to waste daily as part of our distillation process (i.e. cooling condensers). We will showcase this as an example for other West Coast and national businesses to consider.</i>
10. Enhance wellbeing, within and/or between regions	✓	<i>Providing skills training and employment, hosting events which attract people to Reefton and showing that a small regional town can succeed and compete on the world stage are some of our contributions to the revitalisation of Reefton. We provide sponsored product for local events.</i>
Total number of outcomes project contributes to	8/10	

Part C: Project Delivery

[Please note – this section refers to the actual activity associated with this application.]

20. Please provide an overview of the project management approach / plan for this activity.

Our managing director is an experienced project manager with experience in large commercial new builds and refits.

- We have engaged Commercial Information, commercial project managers to manage the project, with Patsy as client representative. Project advisors include experienced small and large scale brewery/distillery owners, brewery operations manager and distillery owner/engineer.
- **What involvement is required by the Provincial Development Unit?** We require funds to enable the projected growth and fitout. We do not require support other than considering this application.
- **What other partners are required for successful delivery?** We have a full project team including architect, hazardous substances specialist, electrical and fire engineers etc and we have engaged with Worksafe from the outset. All are essential to ensuring a well fitted out distillery with any risk mitigated and procedures carefully documented.
- **What project management practices will be in place?** All project leads are experienced project managers, fully conversant with each stage of the project lifecycle. Equally, our team of professionals have a reputation for delivering large, complex projects to quality, time and within budget. This is a small project by comparison.
- **Who are the key personnel within the organisation relating to this project?** Patsy Bass – Chief Executive, Client representative; Privacy of natural persons
- **Please include bio's and provide an organisational/project structure where possible.** Refer IM attached. Org chart is included with this application pack (current and proposed). Withheld in full - Privacy of natural persons
- **Copy of your health and safety policy that will apply for this project.** This is still in development with current work undertaken under our existing policy. Our Company H&S Policy is included as part of this application.

21. Please provide us with a project plan, where possible please attach a schedule (i.e. Gantt chart):

[Please use the following table to describe the activities of the project. Please use as many lines as it takes to provide us with the appropriate detail]

#	Project Activity	Responsible:	Date / Period:
1	<i>Delivery of a detailed project plan. Note: dates in IM were updated due to Covid impact and inability to bring consultant team to site until last week.</i>	Commercial Information	Commercial Information
2	<i>Engage consultant team (complete)</i>	Commercial Information	Commercial Information
3	<i>Secure Resource Consent (amendment to existing consent only. Due by 29/02/20)</i>	Commercial Information	Commercial Information
4	<i>Distillery fit out and commissioning</i>	Project Team	Commercial Information
5	<i>Project completion report to PGF</i>	Patsy Bass	Commercial Information

Refer attached Gantt chart

22. Please provide a complete breakdown of the costs of the project:

[Note that figures in this table must align with other figures provided in Q11. Please use as many lines as it takes to provide us with the appropriate detail. If more suitable, please attach a budget spreadsheet to this application]

Refer Financial model provided with this application for budget detail

Cost Description:	\$ (excluding GST)
PLEASE REFER ATTACHED BUDGET; 'SET UP COSTS' TAB	
Total	\$Commercial Information

23. Please provide a description of why Government funding is required to deliver this project?

[Specifically, please set out why the funding cannot be sourced from other sources (e.g. banks, investors)]

Our discussions with banks indicated they would lend to a max. of [Comm] % if they were satisfied with proposal, but because of the Commercial Information [redacted] Commercial Information [redacted] Commercial Information [redacted] and we feel a more holistic view of what we aim to achieve and why, and the advantages of establishing a business on the West Coast appreciated. We feel an application to PGF is better aligned and potentially will offer more favourable terms.

24. What are the proposed deliverables if funding is approved?

*[Please use the following table, consider what deliverables there will be, when, and whether there are any payments associated with them and against what criteria payment should be made. If it is a single deliverable with single payment, please just use one line] **PGF PORTION OF TOTAL COSTS IN TABLE BELOW***

#	Description	Payment criteria:	Invoice Value \$ (Exc. GST)	%	Invoice Date:
1	Purchase stills, automated bottling/labelling and other equipment including associated pipe work and consultant/design fees	Due to equipment lead times payment dates will vary. We have used end date for this line. Consultant fees will be payable monthly throughout project.	\$ [Commercial Inform]	[Comin] %	Commercial Information [redacted]
2	Compliance and consulting fees e.g. hazardous substances, resource consent	Monthly progress payments circa \$ [Commer] per month.	\$ [Commercial Info]	[Comin] %	Commercial Information [redacted]
3	Delivery of final report to the Ministry	On completion of project team wrap up meeting and successful go-live.	\$ [Commercial]	[Comin] %	Commercial Information [redacted]

25. Please provide an overview of the applicant’s relevant skills and experience for delivering a projects of this nature:

26.

[We would like to understand your relevant experience to assist in delivering this project. In addition, any track record you may have delivering projects of a similar size, scope, or complexity, and how these projects contribute to the future success of a business. Please use examples. If you do not have the experience, then please indicate how you will manage this risk.]

Patsy is an experienced project manager who previously consulted to large NZ companies to successfully deliver complex commercial new builds and refits, interior fit outs and associated changes to ways of working and process improvement. Corporate restructures were another deliverable Patsy was frequently engaged to deliver. While an experienced project manager will be appointed to this project, Patsy will oversee the project and be responsible for overall delivery.

Patsy’s specialty was taking previously stalled or poorly scoped projects of up to \$50m and building relationships, defining requirements, gathering the right project team and making recommendations to boards/executive on whether the project should proceed, and if so, how best to. Delivering projects on time, to budget and quality, while

engaging the organisation's staff on the journey is a particular strength with direct relevance to this project.

With no experience in brewery, distillery or winery production, Patsy successfully established the Reefton Distilling Co. production area, procured suitable equipment and established processes. Within months of opening the business received national recognition and our products won silver and/or bronze awards both in NZ and internationally.

The current equipment and documentation will be scaled up and updated to suit the new premises. Where needed we will engage specialist assistance and advice.

27. Please explain the Governance arrangements for this project:

[We would like to know about how your organisation will govern the project/activity, as well as how other organisations may be involved (i.e. the Provincial Development Unit, local council, or iwi/hapū) in the governance procedures. Specifically please name who is on the governance board / leadership team]

This is a relatively small and straightforward project for Patsy and our team.

Project Governance Board (PGB): Patsy Bass (Chair), Jo Bransgrove (Director RDC, Financial), Independent Advisory (tbc). The Project Manager reports to the PGB.

We will meet fortnightly for the duration of the project and up to 12 weeks post completion with a quality and issue remediation focus.

We do not require external support outside of the technical specialists on our project team. If PDU are interested in some involvement we are open to that discussion.

28. What procurement process has been undertaken (i.e. selection of a provider), or will be undertaken, and how will that be managed? In addition, please provide a description of how greater public value will be achieved through the procurement process, for example by considering one or more of the following:

- How regional businesses (inc. Māori / Pacifica enterprises) will be provided with opportunities
- How skills will be developed in the market (i.e. via construction apprenticeships)
- How worker conditions in the supply chain will be improved / managed
- How waste / emissions are being reduced in this procurement.

For more information, please visit: <https://www.procurement.govt.nz/broader-outcomes/>

[We wish to understand how you will approach the market effectively and ensure value for money / public value is delivered, noting that public money is being utilised. If you have already been to market, then please describe who the supplier(s) are, how/why they were selected, and what the contractual arrangements are]

- We are especially careful with our procurement decisions, which are filtered through key criteria, including - buy as locally as practicable to help the regional economy, environmental stewardship, reuse or recycle wherever possible, value for money, quality, social responsibility.
- We seek a minimum of three quotes where alternatives exist, and negotiate firmly. Just as we did when first establishing, we will use local suppliers where practicable.
- The consultant team includes the original team of specialists where possible (HazChem, Fire Eng, Architect, Electrician), established gin and whisky distillers from Australia who have distilleries of a scale and quality we're moving to and have offered free or extremely reasonable rates based on our relationship with them.
- We do not differentiate between Maori/Pacific or any other ethnicity when seeking suppliers. We simply research best supplier/person for the job and may seek references as part of procurement process.
- This project is too small and short term to provide apprenticeship opportunities. We need highly

experienced people, locally who can work swiftly to deliver the project outcomes within our limited resources and tight timeframe. We do however anticipate apprentice's should funding be provided and we are preparing to move manufacturing to the new site.

- Worker conditions - Everything possible is procured locally (Reefton / Buller / West Coast / South Island / NZ. An exception is 1-2 stills which will come from Australia or Europe (tbc depending on final funds available and current lead times). We have no visibility currently of whether worker conditions in that supply chain need improving. We are open to discussion/advice on this from PDU.
- Waste/Emissions - we are repurposing an existing building which is far better environmentally than building new. There is no deconstruction to take place, we are simply adding to the existing structures. Ply sheets for example will be used in their standard sheet size, non-toxic products will be used wherever practicable/permitted, we will purchase recycled items where possible and have already purchased some items second hand. Our engineering services consultants are currently analysing any waste/emissions and best heat source for our equipment. Their report is due Commercial Information. We are capturing rain water and recirculating our condenser cooling water.

29. What risks are associated with the delivery of this activity?

#	Risk	Mitigation approach	Rating
1	Insufficient funds are secured to complete fit out. We will not be able to meet demand or grow and have no premises from Commercial Information	<ul style="list-style-type: none"> - We are seeking funds from various sources - debt and equity - We will scale down working capital to meet capital funds, but this will impact growth 	Medium
2	Loss of key project team member/s	<ul style="list-style-type: none"> - All consultants have peers who would assume responsibility - Project Manager would liaise with RDC Chair or other nominated person, until replacement CEO in place. 	Low
3	Supplier delays, resulting in delays to completion and impacting financial forecasts	<ul style="list-style-type: none"> - Some flex is built into the project plan - We maintain sound relationships and open communication with suppliers, to understand any potential issues early. - Having alternative suppliers 	Medium
4	Cost escalation	<ul style="list-style-type: none"> - Signed contracts for all items asap - Close financial oversight 	Medium
5	Quality issues	<ul style="list-style-type: none"> - Reputable suppliers, many who we have worked with previously or are highly recommended by peers - Close focus on quality throughout project lifecycle - Experienced professionals in all supply / consulting roles 	Low

30. What is the future intent (at this stage) relating to the project? Has there been any assessment of future viability of

the project undertaken?

[We would like to understand what will happen after the funding has been used, and the activity is complete. Specifically in relation to the viability of the project going forward (if applicable to this application), and what the end objectives are. Please describe/attach any former development phase outcomes that you may have completed prior to this application (i.e. business cases, feasibility assessments, workshop result, consultation etc.)]

On project completion we will be in a position to significantly scale up our production and prepare for export. We have sufficient space for warehousing, storage, supplies, staff workspaces and automation. We will also have space to soak/clean and reuse our bottles which we are currently struggling to accommodate.

We have an objective of export and being the dominant NZ botanical gin in the \$80+ market which we need the full project budget before that can be fully realised.

Commercial Information

[Redacted]

We will have space for a dedicated lab for our distillers to use for enhanced product development, quality and trials.

Attached:

- Investment Memorandum (last round) which includes staff bios
- DRAFT end of year accounts to 31/3/20
- Financials for April 2020 (still awaiting May reports)
- Budget and forecast x5 years from 1/6/20
- Project Management – Gantt chart
- Director bios (we appointed 3 new independent directors on 9 April)
- Letters of Support from local community
- Health & Safety Policy
- Organisation structure (current and future roles)

Withheld in Full Due to Commercial Sensitivity

Part D: Declarations

- 31. The contracting entity is compliant and will continue to comply with all applicable laws, regulations, rules and professional codes of conduct or practice including but not limited to health and safety and employment practices Yes: No:

- 32. Has this activity ever been declined Crown Funding in the past? Yes: No:

- 33. Has the applicant or the contracting entity ever been insolvent or subject to an insolvency action, administration or other legal proceedings? Yes: No:

- 34. Has any individual in the Project Team (including the Applicant’s Leadership Team, directors, partners, or trustees, or any key members of the project) ever been insolvent or subject to an insolvency action, administration or other legal proceedings, or actively involved in any organisation which has? Yes: No:

- 35. Has any individual in the Project Team (including the Applicant’s Leadership Team, directors, partners, or trustees, or any key members of the project) ever been Yes: No:

adjudged bankrupt or is an undischarged bankrupt?

36. Has any individual in the Project Team (including the Applicant's Leadership Team, directors, partners, or trustees, or any key members of the project) ever been under investigation for, or been convicted of, any criminal offence? Yes: No:

37. Are there any actual, potential or perceived conflicts of interest that the applicant or any of the key personnel have in relation to this project. Yes: No:

"In a small country like ours, conflicts of interest in our working lives are natural and unavoidable. The existence of a conflict of interest does not necessarily mean that someone has done something wrong, and it need not cause problems. It just needs to be identified and managed carefully..."

<https://www.oag.govt.nz/2007/conflicts-public-entities>

If you answered "Yes" to any question from 32 to 37, please provide a description below:

By completing the details below, the applicant makes the following declarations about its application for Provincial Growth Fund funding for the project ("application"):

I have read, understand and agree to the Terms and Conditions of applying for Provincial Growth Fund funding which are attached as Appendix 1;

The statements in the application are true and the information provided is complete and correct, and there have been no misleading statements or omissions of any relevant facts nor any misrepresentations made;

I have secured all appropriate authorisations to submit the application, to make the statements and to provide the information in the application;

I have obtained the permission of each member of the Project Team to provide the information contained in this application and those individuals are aware of, and agree to, the Terms and Conditions of applying for Provincial Growth Fund funding which are attached as Appendix 1;

I consent to this application being publically released if funding is approved. I have identified the commercially sensitive and personal information.

The applicant warrants that it has no actual, potential or perceived conflict of interest (except any already declared in the application) in submitting the application, or entering into a contract to carry out the project. Where a conflict of interest arises during the application or assessment process, the applicant will report it immediately to the Provincial Development Unit by emailing PGF@mbie.govt.nz; and

I understand that the falsification of information, supplying misleading information, or the suppression of material information in this application, may result in the application being eliminated from the assessment process and may be grounds for termination of any contract awarded as a result of this application process.

The applicant consents to the Provincial Growth Fund undertaking due diligence including any third party checks as may be required to fully assess the application.

Full name: Patricia Anne BASS (Patsy)	
Title / position: Chief Executive	
Signature / eSignature: 	Date: 29 January 2020 (updated 11 June 2020)

Appendix 1 – Terms and Conditions of this Application

General

The terms and conditions are non-negotiable and do not require a response. Each applicant that submits a request for Provincial Growth Fund (“PGF”) funding (each an “application”) has confirmed by their signature (or e-signature) on the application that these terms and conditions are accepted without reservation or variation.

The Provincial Growth Fund is a government initiative which is administered by the Provincial Development Unit, a unit within the Ministry of Business, Innovation and Employment. Any reference to the Provincial Development Unit in these terms and conditions, is a reference to MBIE on behalf of the Crown.

Reliance by Provincial Development Unit

The Provincial Development Unit may rely upon all statements made by any applicant in an application and in correspondence or negotiations with the Provincial Development Unit or its representatives. If an application is approved for funding, any such statements may be included in the contract.

Each applicant must ensure all information provided to the Provincial Development Unit is complete and accurate. The Provincial Development Unit is under no obligation to check any application for errors, omissions, or inaccuracies. Each applicant will notify the Provincial Development Unit promptly upon becoming aware of any errors, omissions, or inaccuracies in its application or in any additional information provided by the applicant.

Ownership and intellectual property

Ownership of the intellectual property rights in an application does not pass to the Provincial Development Unit. However, in submitting an application, each applicant grants the Provincial Development Unit a non-exclusive, transferable, perpetual licence to use and disclose its application for the purpose of assessing and decision making related to the PGF application process. Any hard copy application or documentation supplied by you to the Provincial Development Unit may not be returned to you.

By submitting an application, each applicant warrants that the provision of that information to the Provincial Development Unit, and the use of it by the Provincial Development Unit for the evaluation of the application and for any resulting negotiation, will not breach any third-party intellectual property rights.

Confidentiality

The Provincial Development Unit is bound by the Official Information Act 1982 (“OIA”), the Privacy Act 1993, parliamentary and constitutional convention and any other obligations imposed by law. While the Provincial Development Unit intends to treat information in applications as confidential to ensure fairness for applicants during the assessment and decision making process, the information can be requested by third parties and the Provincial Development Unit must provide that information if required by law. If the Provincial Development Unit receives an OIA request that relates to information in this application, where possible, the Provincial Development Unit will consult with you and may ask you to confirm whether the information is considered by you to be confidential or still commercially sensitive, and if so, to explain why.

Use and disclosure of information

The Provincial Development Unit will require you to provide certain information, including personal information, on application forms if you wish to apply for funding. If you do not provide all of the information that is required on an application form, the Provincial Development Unit may be unable to process or otherwise progress your application.

MBIE will generally only use personal information provided in the application process for the purpose of administering the PGF which includes assessing an application you have submitted, contracting, monitoring compliance and reporting.

We may use personal information provided to us through the application for other reasons permitted under the Privacy Act (e.g. with your consent, for a directly related purpose, or where the law permits or requires it).

The Provincial Development Unit may disclose any application and any related documents or information provided by the applicant, to any person who is directly involved in the PGF application and assessment process on its behalf including the Independent Advisory Panel (“IAP”), officers, employees, consultants, contractors and professional advisors of the Provincial Development Unit or of any government agency. The disclosed information will only be used for the purpose of participating in the PGF application and assessment process, including assessment and ongoing monitoring, which will include carrying out due diligence. Due diligence may involve MBIE disclosing information to another MBIE business unit or relevant agency in order to assess the application and verify the information contained in the application and accompanying documents.

MBIE will generally not otherwise disclose personal information provided or collected through this application unless required or

otherwise permitted by law. For example, we may seek your consent to undertake additional due diligence checks and request information from other relevant third parties. If an application is approved for funding, information provided in the application and any related documents may be used for the purpose of contracting.

In the interests of public transparency, if an application is approved for funding, the application (and any related documents) may be published by the Provincial Development Unit. Commercially sensitive and personal information will be redacted by reference to the provisions of the Official Information Act 1982.

Limitation of Advice

Any advice given by the Provincial Development Unit, any other government agency, their officers, employees, advisers, other representatives, or the IAP about the content of your application does not commit the decision maker (it may be Senior Regional Officials, Ministers or Cabinet depending on the level of funding requested and the nature of the project) to make a decision about your application.

This limitation includes individual members of the IAP. The IAP's recommendations and advice are made by the IAP in its formal sessions and any views expressed by individual members of the IAP outside of these do not commit the IAP to make any recommendation.

No contractual obligations created

No contract or other legal obligations arise between the Provincial Development Unit and any applicant out of, or in relation to, the application and assessment process, until a formal written contract (if any) is signed by both the Provincial Development Unit and a successful applicant.

No process contract

The PGF application and assessment process does not legally oblige or otherwise commit the Provincial Development Unit to proceed with that process or to assess any particular applicant's application or enter into any negotiations or contractual arrangements with any applicant. For the avoidance of doubt, this application and assessment process does not give rise to a process contract.

Costs and expenses

The Provincial Development Unit is not responsible for any costs or expenses incurred by you in the preparation of an application.

Exclusion of liability

Neither the Provincial Development Unit or any other government agency, nor their officers, employees, advisers or other representatives, nor the IAP or its members will be liable (in contract or tort, including negligence, or otherwise) for any direct or indirect damage, expense, loss or cost (including legal costs) incurred or suffered by any applicant, its affiliates or other person in connection with this application and assessment process, including without limitation:

- a) the assessment process
- b) the preparation of any application
- c) any investigations of or by any applicant
- d) concluding any contract
- e) the acceptance or rejection of any application, or
- f) any information given or not given to any applicant(s).

By participating in this application and assessment process, each applicant waives any rights that it may have to make any claim against the Provincial Development Unit. To the extent that legal relations between the Provincial Development Unit and any applicant cannot be excluded as a matter of law, the liability of the Provincial Development Unit is limited to \$1.

Nothing contained or implied in or arising out of the PGF documentation or any other communications to any applicant shall be construed as legal, financial, or other advice of any kind.

Inducements

You must not directly or indirectly provide any form of inducement or reward to any IAP member, officer, employee, advisor, or other representative of the Provincial Development Unit or any other government agency in connection with this application and assessment process.

Governing law and jurisdiction

The PGF application and assessment process will be construed according to, and governed by, New Zealand law and you agree to submit to the exclusive jurisdiction of New Zealand courts in any dispute concerning your application.

Public statements

The Provincial Development Unit and any other government agency, or any relevant Minister, may make public in whole or in

part this application form including the following information:

- the name of the applicant(s)
- the application title
- a high-level description of the proposed project/activity
- the total amount of funding and the period of time for which funding has been approved
- the region and/or sector to which the project relates

The Provincial Development Unit asks applicants not to release any media statement or other information relating to the submission or approval of any application to any public medium without prior agreement of the Provincial Development Unit.

Electronic signature

You can only file documents and information with us using an electronic signature if you're the signatory, or have authority to act on behalf of the signatory, and are using software that complies with our standards, in particular keeping records of transactions where an electronic signature has been used. Once a document with your electronic signature has been filed with us, we consider the information:

- has been provided with your full knowledge and agreement
- is authentic and accurate
- wasn't amended after your electronic signature was added to the document, unless a change has been clearly marked on the document.

You're responsible for:

- safeguarding how and when your electronic signature and credentials are used on documents and information
- managing who has authority to use your electronic signature on your behalf, for example, a chartered accountant.

If your electronic signature on a document or information is filed with us, you won't be able to dispute having signed and approved the document or information. If we question the authenticity of an electronic signature or online transaction, you must be able to demonstrate on request the validity of the software used to apply your electronic signature to the document.

You must use electronic signature software that captures authentication, time and source details for any online transaction where a document with your electronic signature has been filed. These details must be held within the software itself, in the form of a file that:

- is maintained in its original form with no amendments, and
- can be provided to us, if requested, within a specified time.

The file must be treated as a record, as defined by the Companies Act 1993, and a business record as defined by the Evidence Act 2006.

Appendix 2 - Operational criteria for all tiers of the Fund

Link to Fund and government outcomes

- Demonstrate the ways in which the project will contribute to lifting the productivity potential of the region
- Demonstrate how the project contributes to the Fund's objectives of:
 - more permanent jobs
 - benefits to the community and different groups in the community
 - increased utilisation and returns for Māori from their asset base (where applicable)
 - sustainability of natural assets (e.g. water, soil integrity, the health and ecological functioning of natural habitats)
 - mitigating or adapting to climate change effects, including transitioning to a low emissions economy
- Clear evidence of public benefits (i.e. benefits other than increased profitability for the applicant)
- Are in a Government priority region or sector

Additionality

- Project is not already underway, does not involve maintenance of core infrastructure or assets (except for rail and transport resilience initiatives), and does not cover activities the applicant is already funded for (funding could be considered to increase the scale of existing projects or re-start stalled projects)
- Demonstrated benefit of central Government investment or support
- Detail of any supporting third party funding (and any funding sought unsuccessfully)
- Acts as a catalyst to unlock a region's productivity potential
- Demonstrated links to other tiers of the Fund and related projects, to maximise value of Government investment

Connected to regional stakeholders and frameworks

- Evidence of relevant regional and local support, either through existing regional development mechanisms, or through another relevant body such as a council, iwi or other representative group (or reasons for any lack of local support)
- Has been raised and discussed with the region's economic development governance group
- Alignment with, or support for the outcomes of, any relevant regional development plan, Māori development strategy or similar document (whether regional or national)
- Demonstrated improvement in regional connectedness (within and between regions)
- Leverage credible local and community input, funding, commercial and non-commercial partners
- Utilise existing local, regional or iwi/Māori governance mechanisms

Governance, risk management and project execution

- Evidence of robust project governance, risk identification/management and decision-making systems and an implementation plan appropriate to the size, scale and nature of the project
- Future ownership options for capital projects, including responsibility for maintenance, further development, and other relevant matters
- Benefits and risks clearly identified and quantified, depending on the scale of the initiative
- Evidence of potential exit gates and stop/go points, and a clear exit strategy
- Clearly identifies whole of life costs (capital and operating)
- Dependencies with other related projects are identified
- Evidence of sustainability after conclusion of PGF funding
- Adequacy of asset management capability (for capital projects)
- Compliance with international obligations (where relevant)