

Application for Funding Projects



About this form

This form enables you to make an application for funding over \$100,000 from the Provincial Growth Fund for applications relating to the delivery of projects.

You will need to use the Express Form if your application is for an activity under \$100,000 or the Development Phase Form if your application is within the Development phase of a Project (i.e. feasibility / business case). 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. If you are applying on behalf of a number of parties, you need their consent to submit this application. You can add other applicants during the application process. You will be the point of contact for this application, but you must give us all information about all applicants.

Submitting your application

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

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. 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 held with the applicant (i.e. applying on behalf of another organisation), then we require the details of that organisation.

1. Proposal Title: KiwiRail Dunedin Hillside Workshops

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

Capital investment will re-establish Dunedin's Hillside Workshops as a mechanical hub and heavy-engineering facility for KiwiRail. This will enable job creation at a site that was once one of Dunedin's biggest employers around 1,200, and now employs ^{Commercial Information} people. The site is impaired by aged buildings, ^{Commercial Information}, and subsidence. The investment will upgrade heavy lift facilities, develop offices (including training and staff) and carparking, ^{Commercial Information} and through site consolidation provide business partnership opportunities. ^{Commercial Information}
^{Commercial Information}

Hillside is currently the only operational heavy-engineering rail workshop in the South Island. Investment would enable the re-use of the larger Heavy Lift building providing additional capacity for increased workloads, contribute to rolling-stock resilience, improved land optimisation, support Māori prosperity, unlock niche high-value engineering job opportunities in the region and provide opportunities for other Engineering industry development on the remainder of the site.

The investment of \$19.97 million for Hillside would be used for:

- Demolition of the existing end of life, unoccupied building(s)
- ^{Commercial Information}
- Workshop upgrades (Buildings 1812 and 1813), including:
 - Recladding
 - Separation, upgrade and installation of site power supplies and fire protection
 - Upgrading infrastructure to current seismic standards
 - Remediate sinking floors and lay foundations
 - Upgrade and reconfigure adjacent rail track
 - Creation of pedestal roads
 - Creation of shunt servicing facilities
- Essential interior upgrades
 - Overhaul of the heavy lift crane (near end of life)
 - Overhaul of the traverser (near end of life and had major breakdown in early 2019)
 - Development of offices for Rolling Stock and Network Servicing teams, including affiliated carparking.

What will be the benefits?:

Currently KiwiRail heavy lift operates out of one building (Asset 1813) which is 4,000m². ^{Commercial Information}
^{Commercial Information}

^{Commercial Information} This investment will allow for the reestablishment of Asset 1812 which will provide for additional capacity of 6 pits allowing for a 50% increase in capacity at the site.

The work will be staged so initially benefits will not be significant as the building is offline, however current capacity will be able to be maintained.

Within ^{Commercial Information} of completion:

- The site workforce will increase from ^{Commercial Information} FTE employees. This is a mixture of skilled labour similar to the current of Welding, Fabrication, Fitting, Machine operators, Electrical testing and diagnostics, shunting and vehicle refinishes. It will also include apprentices
- With increased headcount, there will be the ability to instate afternoon shifts, reducing the out of service locomotives between ^{Commercial Information}%. Allowing both buildings to be used will also increase capacity, reduce lead times for servicing and increase productivity of staff.
- There is an increased need for servicing due to increased freight in the South Island. One additional locomotive will be available to Hillside for servicing equating to increased revenue of \$^{Commercial Information} per annum

Within ^{Commercial Information}

- With both buildings, online and working to capacity there will be an additional increase of a further ^{Commercial Information}

staff increasing the workforce to approximately ^{Commercial} This will be a mixture of engineering, welding, fabrication, fitting, machine operators, electrical testing and diagnostics, shunting and vehicle refinishes as well as more apprentices.

- Improved heavy Engineering capacity to service future rolling stock refurbish and rebuild programs for KiwiRail and third-party rail operators
- These buildings will be used for the refurbishment and refabrication of tourist carriages, which will include internal and external works. It is expected that supporting businesses such as cabinet making, furniture manufacture, plumbing, air conditioning and the like will be established in the area to support this work.

Within ^{Commercial Information}

- The workforce will continue to be maintained in the ^{Commercial} level with the steady stream as well as supporting business established.
- Development of a heavy engineering hub on the remaining vacant land will allow for the establishment of other supporting businesses which will have the ability to relocate to Hillside (in newly developed buildings).

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

Legal Name:	KiwiRail Limited
Entity Type:	Crown Entity / Government Agency
Registered Offices / Place of Business:	Level 1, Wellington Railway Station, Bunny Street, Wellington 6011
Identifying Number:	Company Number: 487638, NZBN: 9429039168818
Organisation's Website:	https://www.kiwirail.co.nz/

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

Contact Name and Role:	Simone Hadley		
Email Address:	Privacy of natural persons	Telephone:	Privacy of natural persons

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

KiwiRail a New Zealand state-owned enterprise responsible for rail operations in New Zealand.

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

Otago

7. What type of funding is this application for:

Grant

[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:	14/10/2019	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]

[Insert your commentary here]

KiwiRail have engaged with the PDU, MoT and local Council to ensure all elements of the PGF application process have been followed correctly and ensured alignment with wider regional and community growth objectives.

10. Have you previously received Government funding for this Project? 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:	\$ (excluding	Status / Commentary
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<i>[please indicate where all other funding is sourced from, noting who the funder is]</i>	GST)	<i>[i.e. received / confirmed / in principle]</i>
Provincial Growth Fund Funding (through this application)	\$19.97million	
<i>[please specify all other sources of funding, including prior Govt. funding]</i>	\$Commercial Information	
Total:	\$Commercial Information	

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Part B: Project Description

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

14. Will additional funding be required 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.

Additional funding would be required to upgrade Hillside in order to fully optimise the site. This is estimated at up to \$^{Commercial Information} and would cover the following works:

- Demolition of remainder of end of life buildings currently occupied
- ^{Commercial Information}
- Redevelopment of additional facilities and workshops for future expansion of services

It would likely be required in ^{Commercial Information}

At this stage KiwiRail is not seeking external funding for this work and it is likely to be undertaken using a combination of internal funding and third-party partnerships / development investment

15. Has a feasibility study, or equivalent, been conducted prior to this application? Yes: No:

- If **Yes**, please provide a copy, including an overview of the feasibility study and any outcomes.
- If **No**, please explain why not; and how feasibility/viability of the project has been assured.

See attached KiwiRail Business Case

16. Please provide a detailed description of this project for which funding is being applied, including the benefits arising from the project:

[Note: please describe what the funding is for, why it is required, what the project will do, how it links to other projects or activities and the benefits which will be attributed to it – for more information on benefits management, see this [guide](#).]

What and why:

This project requires \$19.97 million to ^{Commercial Information} and upgrade KiwiRail's heavy-engineering Hillside Workshop, based in Dunedin. This will reinvigorate heavy engineering services in the region and ensure a long term workstreams to compliment KiwiRail business. ^{Commercial Information}

^{Commercial Information} Hillside is currently the only operational heavy-engineering rail workshop in the South Island - the Linwood facility at Christchurch has not been replaced following the 2011 Christchurch earthquake.

The investment of \$19.97 million for Hillside would be used for:

- Demolition of the existing end of life, unoccupied building(s)
- ^{Commercial Information}
- Workshop upgrades (Buildings 1812 and 1813), including:
 - Recladding
 - Separation, upgrade and installation of site power supplies and fire protection
 - Upgrading infrastructure to current seismic standards
 - Remediate sinking floors and lay foundations
 - Upgrade and reconfigure adjacent rail track
 - Creation of pedestal roads
 - Creation of shunt servicing facilities
- Essential interior upgrades
 - Overhaul of the heavy lift crane (near end of life)
 - Overhaul of the traverser ^{Commercial Information}
 - Development of offices for Rolling Stock and Network Servicing teams, including affiliated carparking.

Benefits include:

1. **Job creation:**

At its peak, Hillside employed 1,200 people, current employees at Hillside now sit at ^{Commercial Information} KiwiRail only operates out of one smaller building with others remaining vacant or leased for minimal rent. With investment from the PGF the volume of locomotives and wagons that Hillside will be able to service will increase ^{Commercial Information} and larger building becomes available.

The increased work from tourism carriage refurbishment, ability to service bogies and increased servicing will see a proportionate increase in staffing levels to ^{Commercial Inform} between ^{Commercial Inform} which for most part be industrial engineering, design engineers, welding & fabrication, fitting & mechanical, machine operators, electrical testing and diagnostics, ground based shunting of rolling stock and vehicle refinishes (painting).

2. **Ensuring rail resilience:** To enable the successful growth of rail, there must be a corresponding investment in maintenance infrastructure. The generally accepted maximum locomotive lifespan is 35 years, yet ^{Comme} % of KiwiRail's locomotives are ^{Commercial Information} KiwiRail's rolling stock consequently has ^{Commercial Information} ^{Commercial Information} The present condition of Hillside, which is the South Island's only operational heavy-engineering Workshop, is a key vulnerability for rail. It is essential that the Workshops are invested in to ensure a reliable, resilient rail network through servicing of rolling stock. The proposed works would increase servicing capacity from the current ^{Commercial Inform} units per week, significantly improving resilience.

3. **Land Optimisation**

- a) *Hillside Road site:* There is currently a shortage of industrial space in Dunedin with few options available for lease or purchase. Significant planned projects in Dunedin (for example, the Dunedin Hospital rebuild, Dunedin Harbourside development and various University of Otago development projects) are catalysts to the demand for industry space. The ^{Commercial Information} and upgrade of the Hillside site would also unlock viable options for industrial businesses to locate on site, creating a hub of aligned products and services e.g. engineering, mechanical, construction and manufacturing.

- b) ^{Commercial Information}

4. ^{Commercial Information}

^{Commercial Information} The construction phase and ongoing operation would present employment opportunities and encourage talent to the region.

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

[Please cover:

- Why the project is not already underway.
- How the project provides a new asset and is not seeking maintenance funding.
- The benefit of Central Government funding (i.e. over alternative sources).
- Why this project will unlock the potential within the region.]

Why the project is not already underway.

KiwiRail has not had the capital to undertake any capital upgrades on the assets. It has kept the one heavy lift building operational undertaking only essential work to keep it compliant. Capital has been needed in other areas of the business, however now with the increased work stimulated through the tourism carriage upgrades and increased freight usage it has become increasingly difficult to balance demand with facilities. Therefore this project has been discussed as a mutually beneficial investment from a regional development opportunity and for KiwiRail to invest back into the Hillside facility, thus is dependent on PGF funding for initiation.

How the project provides a new asset and is not seeking maintenance funding.

The buildings will be maintained by KiwiRail as part of our standard overall operating budget.

The benefit of Central Government funding (i.e. over alternative sources).

KiwiRail does not have the internal CAPEX funding to complete the upgrade needed to unlock this potential, to ensure capacity and capability to service and upgrade Rail. Commercial Information

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Why this project will unlock the potential within the region.

Over the last decade, Dunedin has experienced an estimated ^{Commercial} engineering and manufacturing industry job losses. This equates to an estimated value of \$^{Commercial Information} of lost incomes generated per year, which could have been spent in the local economy. Dunedin's March 2018 unemployment rate sat at 7.1% - nearly 3% higher than the New Zealand-wide rate of 4.3%.

With the increased capacity by having two operational buildings, the increased workload though increased servicing, bogie repairs, loco overhauls and tourism carriage refurbishment the projects enables KiwiRail to plan for these works at Hillside and has the benefit of unlocking up to ^{Commercial} jobs in highly skilled engineering trades such as mechanical fitter, industrial engineering, design engineers as well as associated trainees. This equates to an estimated value of \$^{Commercial Info} income tax paid per annum; and \$^{Commercial Info} income generated, which could be spent in the local community.

By 2030, this would equate to estimated total incomes generated of between \$^{Commercial Info} and \$^{Commercial} (with tax payable on these incomes[1])

[1] CPI used 2019 to 2030 (compounded). Stats NZ 2018 Otago region

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]

Regional Support

From a KiwiRail perspective the project is nationally driven, with benefits to the organisation from a operational and resilience perspective, it does however complement local sector projects, including:

- The Dunedin Hospital upgrade project
- Dunedin City Waterfront project
- Various University of Otago projects; and
- Council plans for a new community hub in South Dunedin.

It supports the Otago region by contributing to the upskilling and market opportunities are intrinsically linked. Skills transfer could be used across the projects and a thriving supply-chain of goods and services would inject further capital into the economy through increased spending. The opportunities would support capability building through a combination of work experience, apprenticeships and increased interest in trades training.

Investing in Hillside is an opportunity to ensure South Island rail resilience and dependability as stock and services grow (freight, tourism and commuter); support climate change goals, attract talent and provide a safe environment for upskilling; support iwi prosperity; and to unlock high-value employment for the local economy on land that is currently underutilised.

The Hillside Workshops Business Case - Supporting a sustainable economic ecosystem



Stakeholders who benefit (directly and indirectly) by this Business Case

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How will your project lift productivity potential in the regions? [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	✓	<p>The project has the benefit of increasing capacity for servicing and heavy lift upgrades within KiwiRail's operations. This will unlock up to ^{Commercial} jobs in highly skilled engineering trades such as mechanical fitter, industrial engineering, design engineers as well as associated trainees. It is also intended to generate an additional \$^{Commercial Informa} revenue within the local economy through KiwiRail maintenance and overhaul of rolling stock and locomotives and overtime.</p>
2. Enhance utilisation of and/or returns for ^{Commercial Information}	✓	<p style="text-align: center;">Commercial Information</p>
3. Increase productivity and growth	✓	<p>Currently with only one small building being utilised the site is not being used to its potential. A capital upgrade will allow for additional work to be undertaken in the two heavy lift buildings will increase productivity and allow for additional services to be undertaken which will grow freight opportunities for the region.</p>
4. Increase local employment and wages (in general and for Māori)	✓	<p>With the ability to use both heavy lift buildings there will be an increase from the work generated of servicing bogies, tourism carriage refurbishment etc will increase the workforce from ^{Commercial Information} skilled labour positions ^{Commercial Information} and the potential for ^{Commercial Information} construction jobs supports Dunedin City Councils goals of 2% employment growth per annum and 2.5% increase in GPD per capita.</p> <p style="text-align: center;">Commercial Information</p>
5. Increase local employment, education and training opportunities for youth (in general and for Māori)	✓	<p>With an increase in skilled labour positions there comes a requirement for trainees. On average KiwiRail supports apprenticeship schemes to equate to ^{Commercial Informa} % of our total workforce.</p> <p>KiwiRail is one of the last state-owned entities that train apprentices and engineers. Through intergenerational employment, we have had a traditional strong connection with Maori through family connections.</p>
6. Improve resilience and sustainability of transport infrastructure, within and between regions	✓	<p>Rail resilience: Rail is a solution to servicing New Zealand's increased freight, as well as supporting tourism, business and personal travel. Rail is the way to transport people and goods with two-thirds' fewer carbon emissions than road. To enable the successful growth of rail, there must be a corresponding investment in maintenance infrastructure. The present neglected state of Hillside, the South Island's only operational heavy-engineering hub, is a ^{Commercial Information} It is essential that the Workshops are invested in to ensure a reliable, resilient</p>

		rail network.
7. Contribute to mitigating or adapting to climate change	✓	<i>Sustainability and carbon neutrality will be a key component in the design and construction of the new facility. Given that the initial development of the facility was in 1875, the evolution of technology will mean that the operational carbon footprint will be significantly reduced based the current assets on site.</i>
8. Increase the sustainable use of and benefit from natural assets	✓	<i>It gives capacity to the assets promoting the continued use of Rail which supports New Zealand in meeting its climate change goals - every tonne of freight carried by rail has 66% fewer carbon emissions than heavy road freight</i>
9. Enhance wellbeing, within and/or between regions	✓	<i>The Otago Region has the highest unemployment rate in the South Island, the job opportunities created by this project are vital in supporting the Dunedin City Councils goal of 2% employment growth per annum and per capita GDP rise of 2.5%</i>
10. Total number of outcomes project contributes to	10/10	

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19. Has public consultation been conducted?

Yes:

No:

- If yes, what were the results?
- If no, is there a plan to do so?

No formal consultation has been undertaken; however, the Ministers have raised the prospect of the redevelopment of the site as part of the current budget announcements. Discussions have also been had with a number of key local stakeholders in support of this application notably Ngāi Tahu and Dunedin City Council.

Formal consultation will be undertaken as a normal part of the design development stage and as part of any resource consent processes as required.

20. Please provide your customer demand / market analysis for this project, covering the following where possible:

- What is the current market for this project's outcome, and what is your current involvement in the market?
- What opportunities are there to *expand* market activity (i.e. what is the customer demand)?
- What customer market relationships do you have to leverage success of the outcomes of this project?
- Is the project primarily aimed at enhancing the share of a single market? If so, please detail the proposed markets with this intention.

KiwiRail has the opportunity to divert the required maintenance and overhaul of its current rolling stock and locomotive fleet into the new facility, the base forecast revenue from the new facility will be ^{Commercial Information} this will be done by undertaking the following work:

1. *Wagon Bogie Refurbishment:*

- a. *Over ^{Comme}% of the annual wagon bogie refurbishment program (up to ^{Commerc} bogies per annum). This work is currently undertaken at Hutt Workshops which increases the cost of work and means significant time delays in getting the bogies back in service (approximately one-week vs one day if done at Hillside)*
- b. *This will reduce transportation costs of assets being shipped across the Cook Strait.*

2. *Additional Locomotive Work*

- a. *It will increase the weekly throughput of locomotive work from ^{Commercial Inform}*
- b. *This will allow for maintenance activities to be carried-out to improve the reliability of the South Island fleet:*
 - i. *Rust repairs*
 - ii. *Structural repairs*
 - iii. *Component change-outs*
 - iv. *Rough-riding repairs*
 - v. *General preventative and corrective maintenance*

3. *Reinstatement of the Paint Booth – Work which is currently undertaken at Hutt Workshops which adds significant cost and time to any work. With Hillside reinstated there is increased capacity and resilience by having two facilities nationally.*

- a. *Will secure capacity for painting rolling stock in the South Island, including:*
 - i. *Locomotives (Paint is currently in poor condition, causing rust issues ^{Commercial Information} **Commercial Information**)*
 - ii. *Passenger units (Currently vehicles have to travel across the Cook Strait to be painted, adding two weeks to the out of service duration)*

4. *Wagon Maintenance & Project work*

- a. *It will productionise wagon project work through the Hillside Depots*
 - i. *Log conversion projects*
 - ii. *CC/CB crack repairs*
 - iii. *UKK to EU conversions*
 - iv. *IAB / IH crack repairs*
- b. *It will increase preventative and corrective maintenance of wagons*
 - i. *Current output levels of ^{Commercial Information} per week could increase to ^{Commerc}*
 - ii. *Net result will be increased utilisation of fleet, and additional revenue opportunities.*

New Zealand has a strong and continually growing rail freight and tourism demand, this project will directly support expanding these markets with increased tourism rolling stock output and greater rail resilience.

Our focus market however is initially heavy engineering, mechanical and industrial electrical work with a focus on rail, ultimately the skills and capability within the workshop facility can be transferred to water infrastructure, power transmission and generation, defence and manufacturing.

21. Where the project utilises land, does the land have any other interests associated with it? (i.e. Treaty claims, or iwi/hapū ownership) Yes: No:

Commercial Information

22. Is the land is owned by others, i.e. not solely by the applicant?
- If yes, then please describe the other interests and how will this be managed?

Commercial Information

23. Does the land have appropriate Resource Management Act consents? Yes: No:
- If no, how and when will this be addressed?

Commercial Information

Part C: Project Delivery

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

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

How the activity will be managed from your organisation?

KiwiRail have already developed a high level programme and through their business case developed the base outline scope for the design scoping work required for a design feasibility assessment. See program below:

Commercial Information

What involvement is required by the Provincial Development Unit?

KiwiRail have experience in delivering major CAPEX throughout New Zealand, as such we would anticipate that there will be minimal requirement for ongoing support from the PGF team. For example, we have led and delivered multiple large-scale projects from \$^{Commercial Information} metro upgrade projects and an annual capital replacement project in excess of \$^{Commercial Information}

What other partners are required for successful delivery? (demonstrating this with diagrams where possible)

Commercial Information

What project management practices will be in place?

KiwiRail has a formal PMO office for delivery of major CAPEX project and robust governance process using the reporting structure shown in the diagram below.

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KiwiRail's existing processes include oversight by an appointed executive owner and project sponsor. These processes have been robustly tested ^{Commercial Information}

Commercial Information

KiwiRail already has in place a Governance Board charged with overseeing their range of investment in the Mechanical Facilities.

Who are the key personnel within the organisation relating to this project?

The Project Team will be formed out of KiwiRail's Property and Capital Projects teams and allocated at the time when funding is approved.

For in the initial feasibility and design stages Sponsor and Project Manager are as follows:

Stephanie Campbell – Project Sponsor –

Privacy of natural persons

Simone Hadley - Project Director / Manager -

Privacy of natural persons

25. Have you had independent verification of the project approach / plan? Yes: No:

If yes, who verified the project and when?

[insert your commentary here]

No

26. 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 milestones of the project, if preferred, a schedule can be provided]

#	Project Activity	Responsible:	Date / Period:
1	Procurement, design and consenting	KR	Commerci
2	Demoition of building / Commercial Information	KR	Commercia
3	Workshop Upgrade	KR	Commercia

KiwiRail have already completed a high-level plan of the proposed programme of work (see below) and established a base project team to support the supporting business case and this application. The business case forms the base for KiwiRail to develop the initial contract scope.

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27. Please provide a complete breakdown of the costs of the project to assist us in understanding where the funds will be utilised:

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

\$	Commercial Information	Commercial Information	Commercial Information	Totals
	*	*		
Phase 1 – preparation				
Demolition - end of life/unoccupied building(s)	\$ Commercial Information	\$ Commercial Information	\$ Commercial Information	\$ Commercial Information
Commercial Information	\$ Commercial Information	\$ Commercial Information	\$ Commercial Information	\$ Commercial Information
Phase 2 – construction works				
Workshop Upgrade (1812)				
Services (power, fire & plumbing)	\$ Commercial Information	\$ Commercial Information	\$ Commercial Information	\$ Commercial Information
External Works	\$ Commercial Information	\$ Commercial Information	\$ Commercial Information	\$ Commercial Information
Demolition of Amenity Block	\$ Commercial Information	\$ Commercial Information	\$ Commercial Information	\$ Commercial Information
Construction of new Amenity	\$ Commercial Information	\$ Commercial Information	\$ Commercial Information	\$ Commercial Information
Internal Works	\$ Commercial Information	\$ Commercial Information	\$ Commercial Information	\$ Commercial Information
Workshop Upgrade (1813)				
Services (power fire & plumbing)	\$ Commercial Information	\$ Commercial Information	\$ Commercial Information	\$ Commercial Information
External Works	\$ Commercial Information	\$ Commercial Information	\$ Commercial Information	\$ Commercial Information
Internal works	\$ Commercial Information	\$ Commercial Information	\$ Commercial Information	\$ Commercial Information
Mechanical Upgrade				
Overhauls of heavy lift cranes	\$ Commercial Information	\$ Commercial Information	\$ Commercial Information	\$ Commercial Information
Overhauls of traverser*	\$ Commercial Information	\$ Commercial Information	\$ Commercial Information	\$ Commercial Information
Total	\$ Commercial Information	\$ Commercial Information	\$ Commercial Information	\$ Commercial Information

Commercial Information

29. 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)]

To ensure the successful growth and prolonged use of rail, there must be a corresponding investment in maintenance infrastructure. Given New Zealand’s growing freight demands, and increased desire to use rail over road for tourism and general commuting, investment in rolling stock maintenance is a necessity. As a State-Owned Enterprise KiwiRail is funded through Crown funding and capital investment. The New Zealand Government 2019 Budget specifically aims to invest in the Future of Rail with more than \$1 billion to be invested in the rail network including \$ Commercial Information from the Provincial Growth Fund. This project forms part of that allocation.

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

[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 will enable the future success of your business. If you do not have the experience, then please indicate how you will manage this risk.]

The KiwiRail team has specialist expertise in Crown land and infrastructure advisory services, delivering technical advice in property consultancy, strategic planning, project management, and resource management. KiwiRail also has specialist procurement personnel who will be used to support related processes.

KiwiRail's existing processes include oversight by an appointed executive owner and project sponsor. These processes have been robustly tested [REDACTED] Commercial Information

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31. Please outline the project team and explain the Governance arrangements for this project

*[We would like to know about the members of your project team (the key personnel/leadership team involved in your application), 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 (the **Project Team**)]*

The Project Team

The Project Team will be formed out of Property PMO team and allocated at the time when funding is approved. For in the initial feasibility and design stages Sponsor and Project Manager are as follows:

Stephanie Campbell – Project Sponsor – [REDACTED]

Privacy of natural persons

Simone Hadley - Project Director / Manager - [REDACTED]

Privacy of natural persons

Project Governance and Capital Project Processes

KiwiRail's existing governance processes include a Project Control Group (PCG) that meets monthly to provide overall project governance and direction to the project team and review project performance and assurance. Members of the PCG will be responsible for producing a single report for the Mechanical Facilities Governance Board that then reports to the KiwiRail chief executive and Board. Membership of the PCG will typically include:

- KiwiRail – Executive Owner (e.g. Group General Manager)
- KiwiRail – Project Sponsor (e.g. General Manager Project Management Office)
- Project Director
- KiwiRail – Technical representation (TBC)

For larger (>\$10m) high risk projects, KiwiRail's standard process is to establish a Project Steering Committee (PSC) with representatives from key stakeholders and personnel. The PSC meets fortnightly or as required.

The PSC's role is to monitor and support the delivery of the programme of works.


- KiwiRail - Group General Manager
- KiwiRail - General Manager Project Management Office
- Project Director
- KiwiRail – Technical and Representation (TBC)

As part of KiwiRail's project governance and management processes a Project Status Report (PSR) is prepared monthly by the Project Manager for submission to the PCG. The Programme Director will provide an overarching commentary on progress against key programme milestones focusing on exceptions, risks, impact on interdependent projects and plans to mitigate or manage the impact(s).

The PSR provides a dashboard of project performance highlighting areas of key performance including:

- Budget
- Programme
- Quality
- Stakeholders
- Risks
- Health & Safety and Environmental

Commercial Information



The Project Director acts as the representative of the organisation, and plays a vital leadership role through:

- Providing 'championship' for the project, selling and marketing the project throughout the organisation
- Providing business expertise and guidance to the Project Manager
- Acting as the link between the project, the business community and perhaps most importantly, management decision making groups
- Acting as an arbitrator and making decisions that may be beyond the authority of the Project Manager
- Acting as chairperson of the Steering Committee.

The Project Manager is responsible for developing, in conjunction with the Project Director, a definition of the project. The Project Manager then ensures that the project is delivered on time, to budget and to the required quality standard (within agreed specifications). The PM ensures the project is effectively resourced and manages relationships with a wide range of groups (including all project contributors). The Project Manager is also responsible for managing the work of consultants, allocating and utilizing resources in an efficient manner and maintaining a co-operative, motivated and successful team.

32. 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]

KiwiRail procures in accordance with the Government Rules of Sourcing.

Typically for a package of works of this nature an initial tender will be put to open market in two separate packages. Firstly for the appointment of professional service providers for design and then physical works contractor(s) for construction.

The professional services provider will complete the consenting, initial design, specifications, site supervision and tender documents. The physical works contract will be for the provision of prime contractors to deliver, commissioning and handover the project (including all labour, material and plant) in accordance with the design and specifications.

KiwiRail is currently implementing a sustainable outcomes framework to formalise social, economic, environmental and community outcomes. In accordance with the framework the procurement will look to review in the non-price attributes of the tender the supplier's commitment to:

- Commitment to trainee development – with a focus of Maori, disadvantaged youth and long term unemployed for apprentices and trades training,
- Commitment for the employment of cadets, graduates and apprentices,
- Local supply commitment, and
- Sustainable environmental outcomes – carbon reduction, recycling, EV/Hybrid vehicles, carbon offsetting etc.

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

KiwiRail have identified a number of high-level risks and issues. Where in the Mitigation it is stated 'note' this is to ensure that during further detailed investigation (i.e. the design stage), that these issues and risks are subsequently mitigated through planning and consideration.

	RISK	MITIGATION
1	Commercial Information	All activities carried out on site will be done so in accordance with the Health and Safety at Work Act and Commercial Information
2	Sourcing a construction partner with the increased investment in Dunedin.	KiwiRail will commence the procurement process early to ensure that work is carried out before other major infrastructure projects such as the hospital do not impact on the project.
3	Heritage NZ oppose the demolition of end of	There is no current Heritage interest in the site, KiwiRail

	life vacant buildings	will ensure they are engaged appropriately.
4	Commercial Information within the facility	KiwiRail will ensure that there is a current environmental plan in place for the duration of the project. Suitably qualified contractors will undertake the work and any Commercial Information
5	Time Constraints to undertake the work	KiwiRail will ensure that significant planning is undertaken in the front end of the project. This will include some contingency and will agree the timeframe with the contractor and put in performance management as part of the project.
6	Escalation of Costs	KiwiRail will ensure all planning is thoroughly undertaken, scoped and have fixed priced contracts in place where possible.
7	Requirement of Resource Consents	KiwiRail will be doing the work under their Rail Designation and do not anticipate the requirement of Resource Consents. KiwiRail will ensure that our Senior RMA Advisors are consulted before any work undertaken.
8	Additional works due to complicated integrated overall site.	It is possible due to the whole site being integrated in terms of services, this will be managed by ensuring that where possible incumbent contractors are used, the work is thoroughly scoped prior to work commencing.

34. Will the applicant own the asset on delivery? Yes: No:

- If no, please describe who will own the asset

Yes

35. When the project is delivered, what is the plan to operationalise the asset (if an asset), and maintain it through life?

[We would like to understand what will happen after the funding has been used, and the project is delivered. Please cover how sustainable the resulting asset will be in terms of funding, skills required, and consumer demands etc.]

KiwiRail intends to own and operate the asset throughout its life.

36. What will the impact be on the applicant's financial accounts?

[Please describe what impact the funding will have on the applicant's financial accounts over the time of the project.

Where possible, please provide us with the following:

- *Growth forecasts / projections post project completion.*
- *2 years of financial accounts.*
- *Current banking arrangements.*
- *Details of any borrowings (including lender, loan values and loan maturity dates).*
- *Current level of debt and equity and financial Ratios (i.e. Debt to Equity, Debt to Revenue, and Current Ratio).*
- *Insurance provider.]*

PROACTIVELY RELEASED

Part D: Declarations

Commercial
Information

- 37. 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

- 38. Has this activity ever been declined Crown Funding in the past?

- 39. Has the applicant or the contracting entity ever been insolvent or subject to an insolvency action, administration or other legal proceedings?

- 40. 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?

- 41. 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 adjudged bankrupt or is an undischarged bankrupt?

- 42. 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?

- 43. 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.

"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 38 to 43, 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:

David Gordon

Title / position:

COO - Capital Projects and Asset Development

Signature / eSignature:

Commercial Information

Date:

19 August 2019

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)