

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. If your application is for an actual Project (i.e. delivery of an asset), or an activity under \$100,000 then please use either the Standard or Express forms 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. 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 regional advisors 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:

*[If you had 30 seconds, or 50 words, to explain what your project is, what would you say...
i.e. what you will be doing, why, and what the outcome will be]*

This project is seeking funding to continue exploring opportunities for community scale water storage and use schemes in Northland. The first two phases of project development (strategic and scoping phases) have been completed. The areas identified for immediate progression to the prefeasibility stage are Kaipara and the Mid-North. The intent is to harvest water during peak flows and store this for use during dry periods. This will facilitate a transition to higher value crops and increase climate resilience.

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

Legal Name:	Northland Regional Council
Entity Type:	Local Authority
Registered Offices / Place of Business:	36 Water Street, Whangārei
Identifying Number:	N/A
Organisation's Website:	https://www.nrc.govt.nz/

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

Contact Name:	Jonathan Gibbard, Group Manager Strategy and Engagement		
Email Address:	jong@nrc.govt.nz	Telephone:	09 470 1227

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

[Note for completion: we wish to know what your organisation's primary function is].

Regional council functions as per the Local Government Act 2002.

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

7. This application is for **Grant** funding.

[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:	1/11/2018	Completion Date:	31/10/2022
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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.

[Insert your commentary here]

This application is for funding to complete a project development work programme and to assist with construction costs. Two initial studies have been completed. These were jointly funded by council and central government through the Ministry for Primary Industries (MPI) (via the Irrigation Acceleration Fund) and Crown Irrigation Investments Limited (CIIL).

An Expression of Interest was submitted to the Provincial Growth Fund (PGF) for this next phase on the 30 April 2018. Since then representatives from MPI and the Provincial Development Unit (PDU) have been valued members of the project working group. The outcome of working closely with MPI and the PDU to develop this application has been that the project has a very good understanding of the government's new policy on investing in community-scale water storage schemes, and the outcomes the government is looking for from this investment. This will underpin project design as council continues to work closely with central government across this work.

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

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

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

Source of Funding: <i>[please indicate where all other funding is sourced from]</i>	\$ (excluding GST)	Status / Commentary <i>[i.e. received / confirmed / in principle]</i>
Past funding		
Northland Regional Council, Investment and Growth Reserve	\$240,000	Received: May 2014 Co-fund the Strategic and Scoping Studies.
Ministry for Primary Industries, Irrigation Acceleration Fund	\$75,000	Received: Mid 2016 Co-fund the Northland Strategic Irrigation Infrastructure Study.
Crown Irrigation Investments Limited	\$165,000	Received: Mid 2017 Co-fund the Scoping of Irrigation Scheme Options in Northland.
Provincial Growth Fund (previous application)	\$69,000	Received: Mid 2018 For project planning and application development resource.
Total past funding	\$549,000	

Future funding		
<u>Prefeasibility phase</u>		
Provincial Growth Fund	\$3,000,000	This application
Northland Regional Council	\$100,000	Confirmed
<u>Feasibility phase</u>		
Provincial Growth Fund	\$3,000,000	This application; provisional quantum Future local government funding will be considered to support later phases of the project development and construction depending on the outcome of the prefeasibility findings.
Local Government (NRC, KDC, FNDC)	TBC	
<u>Commitment phase</u>		
Provincial Growth Fund	\$3,000,000	This application; provisional quantum As above. Once definitive scheme(s) have been identified through the prefeasibility and feasibility phases of project development, private sector investment will be sought for the commitment phase and scheme construction.
Local Government (NRC, KDC, FNDC)	TBC	
Private sector	TBC	
<u>Construction</u>		
Provincial Growth Fund	\$10,900,000	This application; provisional quantum
Local Government (NRC, KDC, FNDC)	TBC	As above
Private sector	TBC	As above
Total future funding	+\$20,000,000	
Total PGF	\$19,900,000	This application

Part B: Project Description

12. This application is: “a stand-alone activity” or “in support of a wider project/programme”

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

- If Yes, please describe at a high level, what this may include.

[Insert your commentary here]

This application is seeking funding for \$20M to (a) carry out investigations through to the construction ready point, i.e. the remaining parts of project development work programme including the prefeasibility, feasibility and commitment phases, and (b) support the construction of one or more viable water storage and use schemes. We are seeking this commitment in funding from the Crown to remove the need to submit separate applications for each phase, and to provide an incentive to be as efficient as possible in carrying out the investigations so as to maximize the funds allocated by government to contribute to the construction should this prove viable. It is intended that government funding be released in stages as key project milestones are reached, e.g. completion of the prefeasibility phase.

If the study reveals that construction of one or more community based water storage and use schemes is viable, additional funding may be sought from the PGF to assist with construction if the unspent quantum of funding is considered insufficient. It is anticipated that local government and the private sector will also contribute to the cost of construction. The contribution of various parties to the construction cost will be determined during the commitment phase. This allocation of funding for construction among the parties will be commensurate with benefits received by each party. It is envisaged that most of the construction cost will be financed by the private sector.

14. What type of activity is this application for?

- | | |
|--|-------------------------------------|
| Feasibility study | <input checked="" type="checkbox"/> |
| Business case | <input checked="" type="checkbox"/> |
| Report | <input type="checkbox"/> |
| Creation of an action plan | <input type="checkbox"/> |
| Research or surveys | <input checked="" type="checkbox"/> |
| Workshops or consultation | <input checked="" type="checkbox"/> |
| Capability building (Education / training) | <input type="checkbox"/> |
| Other (please specify) | <input checked="" type="checkbox"/> |

[Insert your commentary here]

This application is for a programme of work to explore the viability of constructing water storage and distribution infrastructure in Northland. This programme will include the prefeasibility, feasibility and commitment phases, involving among other things developing the business case, undertaking research into viable storage options, and holding workshops with and consulting with communities, mana whenua and industry. While an initial work programme for the prefeasibility phase has been developed, it will be refined by information gained from the technical investigations and stakeholders. This application is seeking a commitment from government to make any of the unused money allocated to the project development phase available for construction funding.

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

[Note: please describe what the funding is for, why it is required, what the project will do and how it links to other projects or activities. A description of the benefits is asked elsewhere.]

What the funding is for

This project is seeking funding to continue exploring opportunities for community scale water storage and use schemes in Northland. Two reports have already been completed:

- Northland Strategic Irrigation Infrastructure Study (completed in mid-2016). This provided a very high-level regional scale overview of the potential for water storage development in Northland.
- Scoping of Irrigation Scheme Options in Northland (completed in mid-2017). This considered in more detail the potential for water demand and supply opportunities in the two most promising areas considered in the strategic study for the purposes of identifying potential scheme options.

The Scoping report identified four potential water storage and use options, one in Kaipara (around the town of Dargaville) and three in the mid-North area: two located around Kaikohe (referred to as Mid-North A&B), and one involving the expansion of the current Kerikeri irrigation scheme (Mid-North C). The three mid-North options are much smaller than the Kaipara option: potentially irrigating 1,600-2,000 hectares compared to 6,300 hectares. For comparison, the current Kerikeri irrigation scheme supplies water to 2,650 hectares plus provides raw bulk water as one input into the Kerikeri municipal supply.

The work done to date through the strategic and scoping phases strongly suggests that the water will be used for the development of horticultural production, i.e. result in a land use change from pastoral farming to horticulture, rather than led to the conversion of sheep and beef to dairying. It is acknowledged that the Kaipara option may need to be rescoped through the prefeasibility work programme to meet this brief.

Non-irrigation water use opportunities such as municipal supply and/or industrial water use, were identified for all four water storage options. The ability to use any potential water storage infrastructure for these other uses will be actively considered through the project development programme of work as this may assist in creating a viable construction project. It also recognises the need for these communities to obtain new sources of water to ensure their long-term sustainability. While PGF funding will be used to assess the potential for urban water supply as part of the project development work programme, PGF funds will not be used to contribute to the construction costs associated with water supply for municipal use.

The work programme for which funding is now sought will work through the prefeasibility, feasibility and commitment phases to determine if a community scale water storage and distribution scheme(s) is viable in three of the option areas identified by the Scoping study. The areas being considered for further investigation are Kaipara and Mid-North A and B. Mid-North C is being excluded now to focus attention on the development of water storage and use options in new areas of Northland. It may be that the Mid-North C option is investigated in the future if a viable scheme does not eventuate from the investigation of the three options being pursued through the proposed programme of work.

In addition to funding for the remaining phases of project development, the application is also seeking a funding commitment from government to assist with the construction of one or more community scale water storage and distribution schemes should viable schemes be realised through the investigation.

Why it is required

The high-level aspiration of this project is to provide new reliable water supplies that help lift the prosperity and wellbeing of local communities. The areas to be investigated by this proposed programme of work have elevated levels of deprivation, high rates of unemployment and are characterized by stagnant or declining, often aging, populations.

In addition, these areas have low climate resilience with regards to both the current climate and to future climate changes. These areas are currently heavily reliant on dryland pastoral farming; sheep, beef and dairy. These industries are vulnerable to climatic shocks such as droughts and floods, both of which occur frequently in these areas and are anticipated to become more frequent with climate change.

A more reliable water supply will give land owners, including Māori, greater options to utilize their land. It is anticipated that the provision of water will facilitate a shift away from dryland pastoral farming to horticulture (both perennial and annual crops) and in the process optimise the use of the highly versatile soils located within the region. These higher value crops offer greater returns and employ more people than present dryland farming operations. Optimising the land for production minimises potential land uses that could impede rural economic production such as lifestyle housing.

There is presently demand for horticultural expansion in Northland. However, this expansion is dependent on reliable supply of water. Local Iwi have raised concerns regarding the over exploitation of rivers and ground water resources. A more sustainable water supply is needed to foster the continued expansion of horticulture and protect the environment.

What the project will do

The project will provide the resources to work with local communities to develop the most viable community scale water storage and use options in the areas under investigation. The funding will allow the necessary technical, environmental and economic analysis to be undertaken, provide opportunities for community input and engagement, and seek to ensure that the benefits of any scheme development return to the local community, for example through the develop of appropriate investment partnerships.

Links to other projects or activities

In developing the application, council were made aware that the Lake Omapere Ahu Whenua Trust received funding from the PGF to develop a strategy to explore raising the level of Lake Omapere. This followed on from the conclusions of the Scoping report which identified Lake Omapere as a potential water source for Mid-North options A and B. There is an opportunity to coordinate the collective investigations if that is seen as desirable by the Trust. Council have requested an opportunity to discuss how the two projects could align. Unfortunately, this could not happen before this application was lodged. If the Trust wants Lake Omapere considered within this work programme then it will be; if the Trust does not then it will be excluded from the analysis undertaken and support provided to the Trust as they require.

The proposal to investigate and, if feasible, develop additional water storage in the Mid-North and Kaipara compliments the other existing water storage and use schemes in the region (Kerikeri and Maungatapere) and those potentially being investigated elsewhere (for example in Te Hiku). The Scoping study identified that there is no element of competition between the various water supply schemes across the region.

The horticulture industry will benefit from creating scale across the region. Greater scale will enable opportunities to develop markets, maintain and grow a skilled workforce, and establish supporting industry and facilities such as cool-stores and processing plants.

NorthPort is well placed to cater to increased exports. This natural deep-water port is surrounded by ample industrial zoned land, much of which has yet to be developed. Mediterranean Shipping Company (MSC) announced in July 2018 that the seasonal trial of a fortnightly call at Northport would become permanent. The cost of loading kiwifruit at Northport is \$66 per pallet cheaper than transporting it to Tauranga.

The development of new water storage and use infrastructure will also contribute to the work being undertaken at the local, regional and central government level to enable better utilisation of Māori land. There may be a need to revise and better coordinate this work if a viable water storage and use scheme is identified to enable local Māori to obtain the maximum benefit from the opportunity.

The development of new water storage in the Mid-North area has the potential to complement the expansion of the Ngāwhā geothermal power plant and thereby support the investigations being carried out for an industrial park at Ngāwhā. Having both water and cheap renewable electricity and heat in the vicinity offers opportunities for industries such as cool-storing and processing to establish in support of a booming horticultural industry. Comparable outcomes could be achieved to those seen near Lake Taupo with the [Tuaropaki Trust](#).

If a viable community based water storage and use infrastructure that supports horticultural development is the outcome of the project development work programme, then work will need to be undertaken during project construction to maximise the employment opportunities for Northlanders from the jobs to be created. An appropriate skills and training project would need to be developed. The strong link that this project has into the Tai Tokerau Northland Economic Action Plan (TTNEAP) will allow close coordination with the Skills and Employment Sub-Group that operates within the TTNEAP to develop such a project as required.

Given that this proposal concerns the development of new water storage and use infrastructure in Northland, council fully expects that there will be other projects funded through the PGF that will need to be linked with as the project moves through the development phase, e.g. potential uses of the water, projects which focus on climate resilience, etc. Working closely with the PDU through the development phase will ensure that the necessary links are made.

How does the project align with the objectives of the Provincial Growth Fund?

16. 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”. Where relevant, please cover how your project contributes to:

- *more permanent jobs,*
- *benefits to the community,*
- *increased utilisation and returns for Māori from their asset base,*
- *enhance sustainability or mitigate the effects of climate change*

Please also provide clear evidence of the public benefit of this project.]

Lifting productivity potential in the regions

This project is anticipated to facilitate a shift from dryland pastoral farming to higher value horticultural production. The Scoping study gave the following high-level estimates for potential GDP impacts for each of Mid-North water storage options that were scoped up. These GDP impacts include both direct and indirect effects (i.e. those resulting from increased demand for local goods and services, and higher household incomes). The Northland economy is estimated to currently generate \$6 billion in GDP each year, so the potential impact of developing a single new water storage and use option represents a significant lift in regional GDP, with a much greater impact at the local level.

Scoping option	Mid-North A	Mid-North B	Mid-North C
Potential command area (Ha)	2,300	2,800	5,000
Potential irrigated area (Ha)	1,600	1,700	2,000
Annual increase in regional GDP	\$70M	\$75M	\$96M

This assumption is supported by the success of the Kerikeri irrigation scheme, a community scale water storage and supply scheme built by the Ministry of Works and later purchased by the community through a cooperative known as the Kerikeri Irrigation Co Ltd (KICL). Completed in 1983, the provision of water facilitated the expansion of horticulture (particularly citrus and kiwifruit), while also providing water for municipal supply, industry and other agriculture. An economic, social and environmental impact report completed in 2016 estimated that the scheme contributes more than \$100 million per annum to regional GDP and supports the employment of more than 1,300 jobs. The Kerikeri scheme is a successful model that provides evidence that a new community scale water storage

option will facilitate a transition to high-value horticultural production in Northland.

More permanent jobs

The expansion of high-value horticultural production is anticipated to result in an increase in jobs as horticulture employs significantly more staff per hectare than livestock farming. For example, economic analysis being undertaken to support a district plan review by 4Sight and Market Economics shows that on average, horticultural properties with secure water supply (irrespective of soil quality) sustain a higher ratio of employment per hectare than properties without (almost 2:1).

The Scoping study gave the following high-level estimates for potential employment impacts for each of the three Mid-North options, including both direct and indirect effects. There are currently 70,000 filled jobs in Northland (measured on a full-time equivalent basis), so the potential impact of a developing a single new water storage and use option represents a significant lift in regional employment, with a much greater impact at the local level.

Scoping option	Mid-North A	Mid-North B	Mid-North C
Annual increase in employment	500	650	600

Industrial operations would also benefit from a more reliable water supply, leading to better employment outcomes. For example, the Silver Fern Farms meat processing plant at Dargaville (a key local employer) is often forced to shift stock for slaughter to other regions of New Zealand during periods of water restrictions (it currently obtains water via municipal supply). This reduces local employment causing hardship to employees who are laid off and noticeably reduces retail activity in Dargaville. The plant has a desire to expand its operation (thereby increasing employment) – something not possible with the town’s current water constraints.

Benefits to community

The spatial variability of deprivation in Northland reveals relatively high levels of deprivation on the west coast of Kaipara District around the Kaipara irrigation option, relatively higher deprivation in the Far North (including the Mid-North) and lessor deprivation in the area adjoining the Kerikeri irrigation scheme. Increasing employment and gross domestic product (GDP) in the three areas being proposed would have clear benefits for some of Northland’s most vulnerable communities.

The work to date has identified that the three water storage options to be further investigated have the potential to support municipal water supply in Kaikohe and Dargaville. As noted above (Q.15), while PGF funding will be used to assess the potential for urban water supply as part of the project development work programme, PGF funds will not be used to contribute to the construction costs associated with water supply for municipal use. It is expected that district councils will contribute to the cost of construction based on the quantity of water that will be used for municipal water supply.

The potential to significantly increase employment in some of Northland’s most deprived towns would have flow-on effects on society. The increase in demand for employment would include an increase in demand for a skilled workforce. This would have subsequent requirements for (further) employee training, increase the permanency of employment available, and increase the potential for seasonal worker employment. It would have impacts on an individual and community level locally and regionally. This will include creation of unskilled (entry level) jobs with opportunities for career progression. It is hoped this will reduce the number of young people not in employment, education and training, and a reduced proportion of this group being Māori. Improved employment prospects is likely to lead to reduced crime and drug-use, and improved health outcomes.

Benefits to Māori

As around one-third of people in Dargaville and three-quarters of people in Kaikohe identify as Māori (compared to 16% nationally and 20% in Kerikeri), Māori are well placed to benefit from these proposed schemes. This project takes a positive step to realising economic independence as a fundamental principle for Māori. The full potential for Northland will be achieved if Māori communities have the resources to participate in the economic development of the region.

The following table summarises the area and number of Māori Freehold Land (MFL) titles within each of the four areas. In addition to MFL titles, land within the scoped-up areas is owned by Māori either as private individuals or collectively through trusts, iwi investment companies, etc, and therefore potentially benefit from the development of improved long term secure access to water.

Scoping option	Kaipara	Mid-North A	Mid-North B	Mid-North C
Potential command area (Ha)	19,000	2,300	2,800	5,000
Number of Māori Freehold Land titles in potential command area	16	109	34	0
Area of Māori Freehold Land in potential command area (Ha)	331	349	134	0
Māori Freehold Land as a percentage of potential command area (%)	2%	15%	5%	0%

Māori will also be able to benefit from the increased employment opportunities and opportunities to develop supporting industries such as transport, warehousing and processing. There may also be opportunities for Iwi to own a stake in the water supply infrastructure, making them a water provider.

Climate change

While for the most part, Northland enjoys a mild climate with ample average annual rainfall, rainfall distribution and intensity can vary considerably, both between years and within seasons. Thunderstorms are common and rain is often high intensity and short in duration meaning much water is 'lost' as runoff. Rainfall events often results in overland flow causing flooding as it rushes to the sea. However, once the rain ceases, little water is retained to sustain growth during dry times. Consequently, Northland regularly experiences floods and droughts with farmers and growers regularly in the position of either having too much or too little water.

Climate change is predicted to exacerbate this weather pattern. Warmer temperatures will increase evaporation during summer resulting in drier soil conditions even if total rainfall does not decrease. Drought frequency in Northland may increase ~7% by 2030-2050 and 10% by 2070-2090 relative to 1980-1999. On the other hand, climate change may bring opportunities to Northland due to a longer growing season and the ability to grow more subtropical crops. However, these opportunities will not be realized unless greater soil moisture deficits can be overcome by a reliable water supply.

The water storage initiatives to be explored through this project are a climate change adaptation measure. The intention is to provide certainty of water supply to farmers, growers, industry and residents regardless of inconsistent weather patterns and climate change. Furthermore, the expansion of horticulture will result in more trees being planted (both fruit trees and shelterbelts) and a reduction in pastoral farming, leading to a reduction in greenhouse gas emissions.

Sustainability/Environment

Additional water storage and use infrastructure would reduce pressure on existing surface and groundwater resources. Currently, heavy rains result in floods which are quickly channelled away by drains leaving no storage for dry periods. This leaves water users dependant on extracting water from aquifers or from rivers, even during dry periods when stream flows are low. Water retention schemes allow flood waters to be detained, creating a water resource which can be used for primary production, industry and town supply during dry periods. In this way, water retention schemes can mimic natural retention systems such as wetlands, by holding back flood flows and maintaining stream flows during dry periods. By storing and using peak flows, Northland's communities can increase their use of water while protecting instream ecosystems, particularly during summer when minimum low flows are threatened. The 2016 economic, social and environmental impact report found that the Kerikeri irrigation scheme had improved total flows and drought flows in most of the catchment's streams and rivers.

In relation to water quality, a change in land use from pastoral farming to horticulture will result in a reduction in sediment and the occurrence of *E.Coli* and other bacteria in water bodies. There may also be opportunity through the development of new water storage and use infrastructure to develop appropriate mechanisms such as wetlands surrounding the water storage site to reduce the quantity of sediment occurring in water bodies. The environmental impacts of sediment and the health impacts of poor microbiological water quality are considered the important water quality issues to be addressed in the new Regional Policy Statement for Northland 2016 and the Proposed Regional Plan 2017.

Overall phosphorous and nitrogen do not appear to be causing any widespread nuisance aquatic plant or algae issues in Northland rivers. There are some localised issues with periphyton. However, the research to date indicates that nutrients do not appear to be a strong causal factor for periphyton growth at the river water quality monitoring sites in Northland. Council has implemented a staged implementation programme for the National Policy Statement for Freshwater Management (NPS-FM). Under this programme an amendment to the regional plan is scheduled for circa 2021 to address outstanding water quality matters (this is a valid option given councils have until 2025 to implement the NPS-FM). This provides council with an opportunity to take into account any of the environmental findings from the prefeasibility and feasibility phases within its planning framework.

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

[Please cover:

Why the project/activity 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/activity is not already underway.

The project has made some initial progress but has reached a point where further investment is required to take it through the next phases of project development. This further investment has not occurred because of the considerable costs involved in taking the investigation further. Local authorities have limited funding available to undertake this work, and the uncertainty around the results of further investigation make investment, at this time, unattractive for the private sector. Funding from the private sector is expected to increase in the later stages of this work programme when the potential for a return on investment is better understood.

Why has this project not been done before?

In a sense, this project both has and has not been done before. There are already two multi-purpose, community-scale water schemes in Northland; one in Kerikeri and the other at Maungatapere, near Whangārei. These two schemes, both built in the 1980s, have been successful in achieving an expansion in horticulture production. These schemes are considered successful models which can be applied to other communities in the region. The question of better managing Northland's water resources, including creating water storage, has come up many times in many different catchments and communities across the region. Severe drought events in the early years of the 2010s prompted the council to begin investigating whether additional water storage and use infrastructure should be developed in Northland.

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

This proposal seeks to complete the project development investigation into water retention opportunities in Northland. If completion of these investigations results in a viable option(s) being identified for construction, funding will be sought from the private sector and local government for construction. Once constructed, the scheme's maintenance and operational costs will be fully funded through operation of the scheme.

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

The benefit of central government funding is to reduce the risk of the project and to give certainty of crown funding through the various phases of project development including construction. The costs of undertaking the study are too great for local government to bear alone. Furthermore, as these investigations are still at a high level, the level of uncertainty over which areas will ultimately have water supplied is too great for the private sector to invest.

Why this project will unlock the potential within the region

The project will unlock the potential of the region by capturing a water resource (rain that falls during storm events) that is currently "lost" in terms of flowing out to the ocean.

18. How is the project/activity connected to regional 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]

Alignment with regional development mechanisms

The Tai Tokerau Northland Economic Action Plan (TTNEAP) lists water storage and management (including allocation) to enable best use through making water more consistently available as a “game changer” for Northland and something that will “underpin business growth”. The Action Plan sees better water management as one of four key issues at the heart of growth for all sectors (together with transport and digital infrastructure and skills and capability development). The Plan identifies economic development opportunities from better water use and storage as a key enabler of economic growth. The emphasis given to water storage in the TTNEAP reflects the findings of the Tai Tokerau Northland Growth Study – Opportunities Report prepared by MartinJenkins in 2015.

Other local and regional support

The project to investigate new water storage opportunities in Northland began amidst cries from the community to do more to address the water management issues facing the region. In particular, a group of concerned members of the Dargaville community come together under the name “Kauri Coast Water” to call for investigation into water storage. This followed a spate of droughts in the early years of this decade which impacted severely on the region’s agricultural based communities. Council staff have continued to work with members of Kauri Coast Water while preparing this application.

As part of the methodology used in the Scoping study, the project team identified and spent time with a selected local stakeholder group in both the Kaipara and Mid-North communities. The aim of the process was to assist the project team in developing an understanding of community values and aspirations regarding water storage and use in their respective communities, and ensure that members of the community are informed of potential initiatives being explored. While the stakeholder groups played a crucial role in the development of the four proposed irrigation options that were identified, the recommendations put forward in the Scoping study should not be interpreted as having community endorsement.

All the work done on this project to date (i.e. the Strategic and Scoping phases) has been made publicly available on the council website: <https://www.nrc.govt.nz/your-council/economic-development/investment-and-growth-reserve/>. There has also been a number of local newspaper articles reporting on the results of the work. An article on the results of the Scoping study also featured in the September 2017 issue of council’s Regional Report. <https://www.nrc.govt.nz/media/3509/4972a1a3-001e-4802-9797-fa886faeaf92.pdf>

In preparing this application, discussions have taken place with mana whenua groups Te Roroa, Te Uri o Hau, Te Kuihi and Ngāti Hine, as well as the Integrated Kaipara Harbour Management Group (IKHMG). It was hoped that a meeting with Te Rūnanga a Iwi o Ngāpuhi would also occur before lodging the application but this will now occur on 16 August.

During these discussions, mana whenua expressed strong interest in being involved in the governance / management of the project going forward, i.e. be part of the journey from this point forward. Another key issue for mana whenua to be considered during the project development is how the mana whenua perspective regarding the ownership of water can be addressed through the outcomes of this process. Finally, the prefeasibility and feasibility phases need to consider mana whenua values in the assessment of proposals.

Part C: Delivery of this Activity

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

19. 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]

#	Deliverable	Payment criteria:	Invoice Value \$ (Exc. GST)	%	Invoice Date:
1	Prefeasibility (Phase 3 of project development)	Various stage gaps including: <ul style="list-style-type: none"> signature of the funding agreement and the delivery of start-up report delivery of RFP documents completion of the reports 	\$3,000,000	[15%]	31/07/2019
2	Feasibility (Phase 4 of project development)	Various stage gaps including <ul style="list-style-type: none"> decision on water storage and use option(s) to carry forward to Feasibility phase other funding commitments if available delivery of project plan and RFP documents Upon completion of the Feasibility reports 	\$3,000,000 (provisional based on number of schemes being progressed to the feasibility phase and the financial contribution from other parties)	[15%]	31/07/2020
3	Project commitment (Phase 5 of project development)	Various stage gaps including <ul style="list-style-type: none"> Delivery of project plan for Phase 5 Delivery of RFP documents as appropriate for Project commitment phase Upon completion of the Project commitment reports 	\$3,000,000 (provisional)	[15%]	31/07/2021
4	Construction	Various stage gaps including: <ul style="list-style-type: none"> building and resource consents land access agreements confirmation of funding approval from other contributors 	\$10,900,000 (plus whatever is not used from above, final amount conditional the value of public benefits derived)	[55%]	31/10/2022

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

A detailed project plan for the prefeasibility phase is attached. A project plan for the feasibility phase will be developed based on the outcome of the prefeasibility work.

[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 for Prefeasibility phase only	Responsible:	Date / Period:
1	Project planning	Project team	8/08/2018
2	Funding approved	Central government	20/09/2018
3	Appointment of Project Manager	Project team, procurement expert	31/10/2018
4	Engagement of consultants to undertake prefeasibility work programme	Project team, Project Manager and procurement expert	30/11/2018
	Prefeasibility reports	Project team, consultants	31/07/2019

The feasibility phase will involve, among other things, detailed technical investigations, scheme design drawings (storage and distribution network), full assessment of environmental and cultural effects, land access agreements, financial models and resource consent applications.

The project commitment phase will involve, among other things, execution of the financing strategy to obtain funding from private and public-sector parties, and planning and executing building consents.

21. 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]

Cost Description:	\$ (excluding GST)
Project management personal (project manager, general manager, stakeholder engagement)	██████████
Consultants for Phases 3-5	██████████
Engagement / community consultation	██████████
Construction	██████████
Total	+\$20,000,000

22. Please provide a description of why is Crown funding required to deliver this project?

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

Crown funding is required because the market is not going to undertake this activity. Market failure exists in this circumstance because of the high costs associated with obtaining the necessary information and the fact that not all the benefits associated with the development of a water storage and use scheme have a market available to make a contribution to the cost. The Scoping report noted that; "If the focus is placed solely on the ability of farm gate returns to pay for the schemes they are unlikely to proceed". While growers are unlikely to be able to afford to build the schemes alone, given the likely flow-on economic, environmental and other benefits they would offer the wider community, there is a potential case for wider investment, including by both central and local government. The project development phases will ensure that the various beneficiaries are identified and it is expected that they will make a contribution to the cost of construction commensurate to these benefits.

23. Please provide an overview of the management approach / plan for this activity:

[We would like you to demonstrate:

- *How the activity will be managed from your organisation?*
- *What involvement is required by the Provincial Development Unit?*
- *What other partners are required for successful delivery?*
- *What project management practices will be in place?*
- *Who are the key personnel within the organisation relating to this project?*
- *Please include bio's and provide an organisational/project structure where possible]*

How the activity will be managed

The activity will be initially managed through the establishment of an appropriate project steering group, a technical working group, project advisory group and the employment of a specialist Project Manager (see Q.25). As the project moves through the various phases the appropriate management structure is likely to change. For example, the employment of a General Manager or communications expert, and/or the possible development of two specific working groups (one in Kaipara and one in the Mid-North area). A small project steering group is proposed for the prefeasibility phase to enable quick progress to be made. This will need to be widened if viable community scale water and use schemes are identified to carry on through to the feasibility phase.

Progress on the delivery of the project will be reported monthly to the project steering group and MBIE. The Crown will be provided copies of the draft reports when they are received to provide comment and feedback. As a key project on the TTNEAP, monthly updates will also be provided to that forum. Working closely within the TTNEAP will also enable the project to link in with other projects occurring within the region, and to tap into the resources available through the TTNEAP members and sub-working groups.

Involvement required by the Provincial Development Unit

The PDU will be involved as a valued member of the working group.

Other partners required for successful delivery

At present, this project is being progressed by staff from Northland Regional Council, Far North District Council, Kaipara District Council and Northland Inc. working closely with staff from the Ministry for Primary Industries and Ministry of Business, Employment and Innovation. As this project progresses and transitions through the remaining project development phases and potentially into construction, other partners will also come on board. These include iwi authorities, industry groups and community representatives.

Project management practices that will be in place

A Project Manager will be appointed at the beginning of the project to ensure that the necessary time and effort is devoted to the project, to ensure a single point of contact is available to discuss matters with partners and stakeholders, and to oversee the selection and management of consultants to undertake the various pieces of work required. The Project Manager will have the necessary qualifications, skills and experience to carry out this significant work programme.

Key personnel within the organisation relating to this project

Who	Role	Organisation
Malcolm Nicolson	Chief Executive Officer	Northland Regional Council
Curt Martin	Acting Chief Executive Officer	Kaipara District Council
Shaun Clarke	Chief Executive Officer	Far North District Council
Jonathan Gibbard	Group Manager Strategy and Engagement	Northland Regional Council
Fran Mikulicic	General Manager Planning and Regulatory	Kaipara District Council
Greg Wilson	Manager - District Planning	Far North District Council
Vaughan Cooper	General Manager Infrastructure and Investment	Northland Inc. Limited

24. Please provide an overview of the applicant’s relevant skills and experience for delivering a project(s) 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 your successful delivery going forward. Please use examples. If you do not have the experience, then please indicate how you will manage this risk.]

Council has already delivered the first two phases of the project development, i.e. strategic and scoping studies. Council also has considerable experience right across the organisation in working with central government including applying for and receiving funding through a variety of programmes such as the Freshwater Improvement Fund, the Hill Country Erosion Fund, etc.

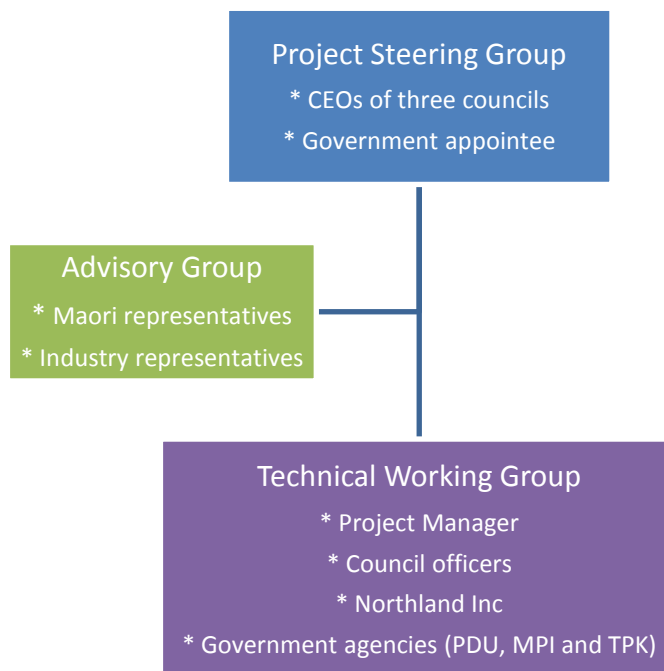
In April 2016 council completed construction of the Hopua te Nihotetea detention dam. This \$11 million project is designed to reduce costly flooding in Whangārei's Central Business District and parts of Morningside and the Raumanga Stream floodplain. The 18-metre high dam holds up to 1.27 million cubic metres of floodwater during heavy rain (about two-thirds of the capacity of the existing Whau Valley dam, which meets much of the city's demand for drinking water).

As part of council’s Long Term Plan 2018-2028, council is undertaking a \$15 million project to improve urban resilience in Kaitāia, including upgrades to existing spillways and urban channels, and new flow diversion spillways upstream of Kaitāia.

25. 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]

The following diagram shows the initial governance arrangement that will be put in place for the prefeasibility phase of the work programme. These arrangements will need to change overtime as the project moves through the various development phases and as a specific scheme(s) is constructed, for example, to increase the involvement of Māori and private sector in governance / ownership of the project.



26. What procurement process has been undertaken (i.e. selection of a provider), or will be undertaken, and how will that be managed?

[We wish to understand how you will approach the market effectively and ensure value for money 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]

Council has well-established procurement and tender policies. The objective of the purchasing policy is to ensure that procurement is done in the most effective and efficient manner that provides value for money while providing for appropriate internal controls to ensure these objectives are met. The tendering policy outlines the requirements about when and how to seek tenders, the information to be provided, how tenders are to be evaluated, and how to communicate and negotiate with tenderers.

The project will use an external procurement expert who is well versed in local government procurement to select the Project Manager and the consultants to undertake the prefeasibility phase work programme. A detailed procurement strategy would be developed for the prefeasibility study. The procurement will be via an open market, two staged (Registration of Interest, followed by Request for Proposal), two envelop (quality and pricing separate) approach. The procurement will involve a collaborative approach to make it attractive for the supplier market to engage.

27. What risks are associated with the delivery of this activity? **Please see the attached risk register.**

A risk analysis was conducted and a risk register developed from that. Please see the attached risk register. This includes:

- Risks
- Implications
- Probability
- Severity
- Risk score
- Mitigation

28. 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.)]

Development phases completed

The first two phases of project development have been completed.

Northland Strategic Irrigation Infrastructure Study

The purpose of the study was to undertake a high-level, region-wide study to identify the opportunity for irrigated agriculture to contribute to Northland's economic development. This work was also included in the Tai Tokerau Northland Economic Action Plan given the potential of irrigation infrastructure to lift the region's performance. A key finding of the study was that further detailed work should focus on two 'clusters' – one in the region's mid-North (containing the Kaikohe, Kerikeri and Waimate North areas) and the other to the south in Kaipara (containing North Kaipara and Ruawai). Another important conclusion reached in the report was that other uses, such as public drinking supply and industrial demand, may be key to making a community based water storage scheme economically viable. The study, completed in 2016, is available to download in three parts below.

[Northland Strategic Irrigation Infrastructure Study - Exec Summary - References](#) (PDF, 4.1MB)

[Northland Strategic Irrigation Infrastructure Study - Appendix A - Appendix H \(part\)](#) (PDF, 3.2MB)

[Northland Strategic Irrigation Infrastructure Study - Appendix H \(part\) - End](#) (PDF, 4.1MB)

Scoping of Irrigation Scheme Options in Northland

Following on from the Northland Strategic Irrigation Infrastructure Study, council commissioned a consortium led by Opus International to scope up some irrigation scheme options in the Kaipara and Mid-North cluster areas. The study, completed in July 2017, developed four scheme options: one in Kaipara and three in the mid-North area. While none of the options appear overly attractive for private sector investment alone and would likely require public investment, council have determined that further project development work should be done because of the potential opportunities that they could create for Northland. Should any of the schemes proceed, the likely outcome will be a change in land use to horticultural crops such as kiwifruit and avocados rather than conversion to dairy. The report is available to download in three parts below.

[Scoping of Irrigation Scheme Options in Northland – Final Report](#) (PDF, 4.4MB)

[Scoping of Irrigation Scheme Options in Northland – Appendices](#) (PDF, 6.83MB)

[Scoping of Irrigation Scheme Options in Northland – Summary Report](#) (PDF, 3.1MB)

Funding

The quantum of funding being sought through this application will enable all the remaining phases of the project development work programme to be undertaken and provide a level of public sector commitment to any future construction of a viable community scale water storage and use scheme(s). This initial public-sector commitment to funding construction – should an appropriate and viable scheme be developed – will give the private sector confidence to make its required investment. The contribution of the various public and private sector parties to the construction cost will be determined during the commitment phase, and be based on the benefits received by each party.

This application is seeking a commitment from government to make any of the unused money allocated to the project development phase available for construction funding. This will provide an incentive to be as efficient as possible in carrying out the investigations so as to maximize the funds allocated by government to contribute to the construction should this prove viable.

End objectives

The purpose of this project is to determine whether there are viable community scale water storage and use schemes in the areas identified in the Scoping study as Kaipara, Mid-North A and Mid-North B, and if so, to construct such infrastructure. As the scheme(s) come online and begin supplying water, land owners (including Māori) will have greater opportunities in how they use their land. Opportunities for the establishment and expansion of industry will also be improved. Over time, this is anticipated to lead to an expansion of higher value crops, growth in employment, greater climate resilience and improved wellbeing for our people.

To ensure lasting, intergenerational changes, territorial authorities will also look to make changes in land zoning to protect prime growing land (i.e. which is supplied with water or which has highly versatile soils) from inappropriate subdivision and use. Nationally, this is one of the key issues faced by the horticulture industry. Houses and lifestyle blocks increasingly encroach on valuable horticulture growing land. There are ongoing talks between industry bodies (such as Horticulture New Zealand) and local councils to discuss proposed plan changes to zones, which will put some growing areas under pressure from urbanization.

Part D: Declarations

- 29. Has this activity ever been declined Crown Funding in the past? Yes: No:
- 30. Is the applicant or the contracting entity insolvent or subject to any insolvency action, administration or other legal proceedings? Yes: No:
- 31. Is any individual involved in the application, the proposed contracting entity or the project, an undischarged bankrupt? Yes: No:
- 32. Is any individual under investigation for, or has any individual been convicted of, any offence that has a bearing on the operation of the project? Yes: No:
- 33. 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 of the above, please provide a description below:

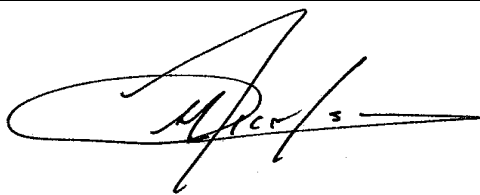
By completing the details below, the applicant makes the following declaration about its application for Provincial Growth Fund funding for the project ("application"):

- A. I have read, understand and agree to the Terms and Conditions of applying for Provincial Growth Fund funding which are attached as Appendix 1;
- B. 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;
- C. I have secured all appropriate authorisations to submit the application, to make the statements and to provide the information in the application;
- D. I consent to this application being publically released if funding is approved. I have identified the commercially sensitive and personal information.
- E. 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
- F. 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.

Full name: Malcom Nicolson

Title / position: Chief Executive Officer

Signature:



Date: 8 August 2018

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 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.

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, which will include carrying out due diligence.

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.

Appendix 2 - 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)