Evaluation, Cover Sheet and Decision Form

Project:	**EIS – Engineering Equipment**	**FOR:**	**Approval**
Applicant:	EIS Group Limited	**PDU ID:**	Commercial Information
Application type:	PGF	**(A) Total Project Value:**	$Commercial Informa
Funding type:	Grant	**(B) PGF Funding Sought:**	$Commercial Info
Entity Type:	**Company**	**(C) PGF Funding Recommended:**	Up to $55,000
Region:	**Southland**	**(D) Applicant Contribution:**	$Commerc l Info (Cash)
Tier:	**2 - Sectors**	**(D/A) Co-contribution Rate:**	Comm%
Sector:	Manufacturing/ Engineering		
Application summary:	EIS is an automation engineering and electrical company which supports the Dairy, Smelting, Mining, Food and Beverage, Energy and Water Treatment sectors, in which it maintains, services, calibrates and repairs existing plant and equipment. EIS has a suite of electrical engineering capabilities to manage projects from conceptual design, specification through to detailed design for installation and finally installation testing, certification and inspection. The applicant seeks financial support to assist in the delivery of their fibre-optic services more effectively and efficiently through investment in specific equipment. The 11 pieces of equipment required are: 1. Fluke 574 Process Calibrator Hart 2. Fluke Ti480 Pro Thermal Camera 3. Fluke 435II Analyzer 4. Fluke Telephoto Lens 4 x telescopic 5. Fluke 9102S-265 Dry Well 6. Fluke multi-function Tester 7. Dublus Battery Crimper 12 Tonne and Dies 8. Sumitomo Fusion Splicer 9. ECL 30 Tonne Hydraulic Crimper and Dies 10. VeEX OTDR Fibre Tester 11. Fluke Net DSX5000 cable analyser The applicant initially indicated that this funding would lead to Comm new jobs, in discussion with the PDU this number has been decreased to Com still a very high number for the amount of funding sought. The applicant assures the PDU that this level is appropriate for the work enabled by the new fibre-optic equipment.		

It is recommended that SROs:

Agree to approve an up to $55,000 grant from the PGF towards the purchase of 11 specific pieces of electrical engineering equipment because:

- it aligns with the PGF objectives in regard to uplift in productivity, enhanced economic opportunities, more highly-skilled jobs/apprenticeships Com FTE) and resilient communities
- it aligns with the Southland and Otago Regional Engineering Collective objectives to build the capability and capacity of Southland and Otago manufacturing and engineering firms

Subject to:

- The applicant maintaining alignment to the Southland and Otago Regional Engineering Collective (SOREC) objectives evidenced by the continued reporting to the Ministry on its outcomes.
- Satisfactory financial analysis.

Note this funding request is part of the agreed PGF allocation for the Southland and Otago Regional Engineering Collective, in which 8 projects have already been approved by SRO's for grant funding.

Section A: Triage – Assessment against PGF eligibility criteria	
Is the project:	
➢ an illegal activity?	No
➢ located in the three main metropolitan areas?	No
➢ seeking investment in large scale infrastructure of social assets?	No
➢ three waters	No

Application description

The applicant seeks financial support for 11 pieces of equipment to assist in the delivery of its fibre-optic services more effectively and efficiently. The 11 pieces of equipment the applicant require include:

Item	**Cost (excluding GST)**
Fluke 574 Process Calibrator Hart	Commercial Information
Fluke 435II power quality and energy analyzer	
Fluke 9102S-265 Dry Well	
Dublus Battery Crimper 12 Tonne and Dies	
ECL 30 Tonne Hydraulic Crimper and Dies	
Fluke Net DSX5000 cable analyser	
Fluke Ti480 Pro Thermal Camera	
Fluke Telephoto Lens 4 x telescopic	
Fluke multi-function Tester	
Sumitomo Fusion Splicer	
VeEX OTDR Fibre Tester	
Total	**$Commercial Inform (PDU recommends Comm% funding of up to $Commercial Info)**

PGF funding will enable the applicant to increase its efficiency, saving time for both itself and its clients. It would also allow EIS to service more local businesses. The equipment sought not only contributes to the growth of the applicant, but the Southland engineering sector as a whole, as well as those industries the applicant supports, services, and maintains.

Detail of the equipment and the benefits to the company are as follows:

1. **Fluke 574 Process Calibrator Hart** – all in one unit therefore it will take half the time calibrate equipment, clients will see savings to production as most calibrations require dryers/boilers to be offline.
2. **Fluke 435II power quality and energy analyser** – the new meter would allow identification of power issues in a timelier manner.
3. **Fluke 9102S-265 Dry Well** – increases capability when calibrating temperature probes saving 70% of time, also takes out manual process of decreasing temperature with ice water.
4. **Dublus Battery Crimper 12 Tonne and Dies** – crimper is 4 times faster than current hand crimpers.
5. **ECL 30 Tonne Hydraulic Crimper and Dies** – currently only one crimper in the industry, another would increase productivity.
6. **Fluke Net DSX5000 cable analyser** – would allow for one stop shop when installing and certifying network cables, the applicant is currently hiring this equipment.
7. **Fluke Ti480 Pro Thermal Camera** – camera is currently shipped between Christchurch and Southland branch limiting its efficiency.
8. **Fluke Telephoto Lens 4 x telescopic** – this would allow specialised photography on high voltage lines and equipment, currently undertaken by Australian technicians.
9. **Fluke multi-function Tester** – currently have to use 5 single purpose testers to certify electrical works because of the cost/availability of these testers.
10. **Sumitomo Fusion Splicer** – applicant has an older model, a new model would increase splicing time by 50% and high speed ovens saves on dry times.
11. **VeEX OTDR Fibre Tester** – the applicant currently hires this equipment, would allow them to test installations without the added cost of hire and would be available when needed.

Co-Funding Table

Noting that the applicant has recorded the project value at $[redacted] and co-contribution at $[redacted] in the application. In reality the total cost of equipment is approximately $[redacted], and therefore the PDU recommend contributing up to $55,000 [redacted]% of the total cost of the equipment, in line with the other SOREC projects).

Co-Funder	Pledged/Confirmed/Cash/In-Kind	Amount
EIS Group Limited	Cash	$[redacted]
Total		**$**[redacted]

Southland and Otago Regional Engineering Collective

The Engineering and Manufacturing sector has been identified by the RED Ministers as a key sector for PGF investment. Linked to this is the identification that Otago and Southland are two regions which possess a high number of firms in this sector.

Through previous funding provided by the PGF, an analysis was undertaken by Deloitte to identify the 'pain points' currently being faced by engineering and manufacturing firms in Otago and Southland. From this, a document outlining the steps to addressing the perceived issues was developed titled the 'Southland and Otago Regional Engineering Collective'. The applicant was approached as part of the analysis, and now has the opportunity with the support of the PGF to address its current challenges, specifically around its ability to meet demand, and provide good employment options for high to low skilled employees and apprentices.

Please note that in August SRO's approved [redacted] Otago projects as part of the Engineering package and this coversheet should be read alongside the other [redacted] related SOREC projects from Southland.

Overseas Investment Office	
➢ Is the application being made by a non-New Zealand based legal entity? (Foreign investment laws may apply and the Overseas Investment Office consulted)	No

Section B: Operational Assessment Criteria (Complete for EoIs and Applications) ***(Rate and comment – 1= poor, 5 = very good - Provide the number for this project, not subsequent phases)***		
Fund and government outcomes		Please highlight number below
Would the project:		
➢ create permanent jobs?	The applicant currently has around [redacted] people working for it in Invercargill. Funding would enable [redacted] new sustainable jobs, a high number for the amount of funding sought ($[redacted]). The applicant assures the PDU that this number is achievable and directly related to the funding of specific electrical engineering equipment. Jobs are also expected to be created during construction/ installation of the equipment. Jobs created are at the highly-skilled level to apprentice level.	**N/A 1 2 3 4 5**
➢ deliver community benefits?	Indirectly, the creation of new sustainable roles will have flow on effects to the local community.	**N/A 1 2 3 4 5**
➢ increase utilisation of and returns on Maori assets?	Not evident.	**N A 1 2 3 4 5**
➢ enhance the sustainability of natural assets?	Not evident.	**N A 1 2 3 4 5**
➢ mitigate climate change effects, or assist with the lowering of emissions?	Not evident.	**N A 1 2 3 4 5**
Additionality		
Would the project:		
➢ add value by building on what is already there, without duplicating effort?	Engineering and Manufacturing is a strong sector in Southland which has been constrained due to the inability for companies to meet the demands through the lack of efficient equipment.	**N/A 1 2 3 4 5**

➢ be a catalyst for productivity potential in the region?	With the purchase of the new equipment, the applicant will be able to increase productivity as it will have the equipment it needs to accelerate the services required to meet the demands of its customers.	**N/A 1 2 3 4 5**
Connected to regional stakeholders and frameworks		
Does the project:		
➢ align with regional priorities, such as frameworks, or regional plans?	The applicant aligns with the objectives of the Southland and Otago Regional Engineering Collective (SOREC). SOREC is the incubator for building the capability and capacity of the Southland and Otago manufacturing engineering Firms. SOREC will grow the region by increasing collaboration to successfully compete for new work, adopt new technologies or methodologies, and increase the calibre and number of regional apprentices.	**N/A 1 2 3 4 5**
➢ have the support of local governance groups (councils, iwi and hapu)?	This project broadly aligns with Southland's goal of '10,000 more people by 2025' in the Southland Regional Development Strategy. The project fits with several of their objectives around developing innovative business environments, removing obstacles to doing business in Southland, and developing new industries in Southland.	**N/A 1 2 3 4 5**
Governance, risk and project execution		
Does the application show:		
➢ robust project management and governance systems?	The applicant will oversee the installation of the equipment (via their Compliance and Service team) and recruitment of the relevant staff to join the company. The project will be managed by team leaders and project managers within the company. Risks are identified and mitigated appropriately.	**N/A 1 2 3 4 5**
➢ plans for future ownership and operational management?	Existing arrangements.	**N/A 1 2 3 4 5**
➢ how the project will be delivered and managed?	Plans and personnel are in place to deliver the project.	**N/A 1 2 3 4 5**

Complete assessment and undertake due diligence?	☒ **Yes**. *Complete the Evaluation/ Recommendation form and submit DD request form.* ☐ **No**. *Complete the front page of this form, recommending the application be declined.* **Note:** Due diligence has been undertaken and nothing of note was found.

Section C: Risk Management Evaluation			
Does this application demonstrate consideration of the following risks?			**Yes**
Type of risk	**Risk description**	**Mitigations**	**Risk Rating**
Duplication	PGF funding may lead to the applicant purchasing equipment that competes directly with another engineering firm.	The PDU has sought assurance the new equipment will not adversely affect other firms, at times checking with those other firms. We will also seek a written statement from the applicant where this confirmation wasn't explicit in the application.	Low
Resource	The ability for the company to find employees to fill the roles may delay the productivity potential of the applicant.	While still in its infancy, SOREC will aim to work with engineering firms to understand the current employee shortages, and then work with tertiary educators, employment agencies, and social development agencies to fill the employment gaps.	Medium

Section D: Funding and financial analysis		Please highlight number below
Does the application show:		
➢ How strong is the financial position of the applicant organisation?	The company has a strong financial position. The focus has been on their growth strategy around new equipment and advanced technology. Further information can be found in the cover briefing.	**N/A 1 2 3 4 5**
➢ How does the scale of the project compare to their overall business?	The project is in line with the company's standard business.	**N/A 1 2 3 4 5**
➢ Why is Crown funding being sought rather than commercially-available funding?	The PDU approached the applicant as part of the wider Engineering/Manufacturing priority package. It is unlikely that the applicant would reprioritise funds or seek bank support for these items, rather waiting Comme years to fund internally. The applicant is currently prioritising other equipment outside of fibre-optics.	**N/A 1 2 3 4 5**
➢ What does the independent financial analysis/ business case indicate?	N/A	**N A 1 2 3 4 5**
➢ Is the funding model requested appropriate? Is the PDU recommending a different model?	Due to the level of funding sought (under $ Commercial Inform) the Head of PDU agreed that a grant (with Comm % co-contribution) would be the most appropriate funding model for this Engineering/ Manufacturing package.	**N/A 1 2 3 4 5**
➢ Has the applicant provided evidence of market pull for this project?	Funding would positively impact on the applicant's ability to meet customer demand for services.	**N/A 1 2 3 4 5**
➢ Has the applicant provided evidence that their supply chain is secure?	As above.	**N/A 1 2 3 4 5**
Summary of funding and financial analysis:	If funding is approved for this equipment it is clear that it would impact significantly on efficiencies, job opportunities and would accelerate services available to meet customer demand. Without PGF support it is unlikely that the applicant will choose to fund these items later, therefore immediate benefits would not be realised.	**N/A 1 2 3 4 5**

Funding arrangements

Suggest a grant of up to $55,000 from the PGF fund towards the purchase of 11 specific pieces of engineering equipment.

Proposed deliverables include (dependent on final cost of machinery):

#	Deliverable	Due Date	Associated Payment (ex-GST)
1	Funding Agreement executed and any pre-conditions are met or waived	Commercial Information	Commercial Information
2	Equipment Piece One to Four installed and operational		
3	Quarterly report 1 of 4 submitted		
4	Equipment Piece Five to Eight installed and operational		
5	Equipment Piece Nine to Eleven installed and operational		
6	Quarterly report 2 of 4 submitted		
7	Quarterly report 3 of 4 submitted		
8	Quarterly report 4 of 4 submitted		
	Final Report submitted		
		Total	$Commercial Info

Consultation from partner agencies undertaken or implications

MFAT note that "Provided:

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

Then MFAT has no material concerns from an international obligations perspective."

Summary statement of Peer Review undertaken	
The following Peer Review has taken place in connection with this application: All applications are discussed between the Regions Team and Investment Team during the assessment process and prior to submission to SROs / IAP. Consultation with the relevant partner agencies has occurred allowing them to provide any relevant technical advice with any feedback included verbatim within this application form. In the development of this form: i. A peer review by an Investment Director has taken place and included the following to the satisfaction of the peer reviewer: a. An evaluation against the PGF criteria; b. Financial analysis; c. A risk assessment, highlighting any relevant or key risks; d. Conflicts of interest have been noted and accepted and the peer reviewer concurs with the recommendation proposed. ii. The Head of Investment has reviewed this recommendation. iii. This application has been reviewed by the PDU SLT.	
Peer Review has been completed	Yes

Supporting proposal:	Yes
Appendices:	Yes – application is attached
Author of paper:	HW, Senior Investment Analyst, PDU Investment Team PS, Investment Director, PDU Investment Team