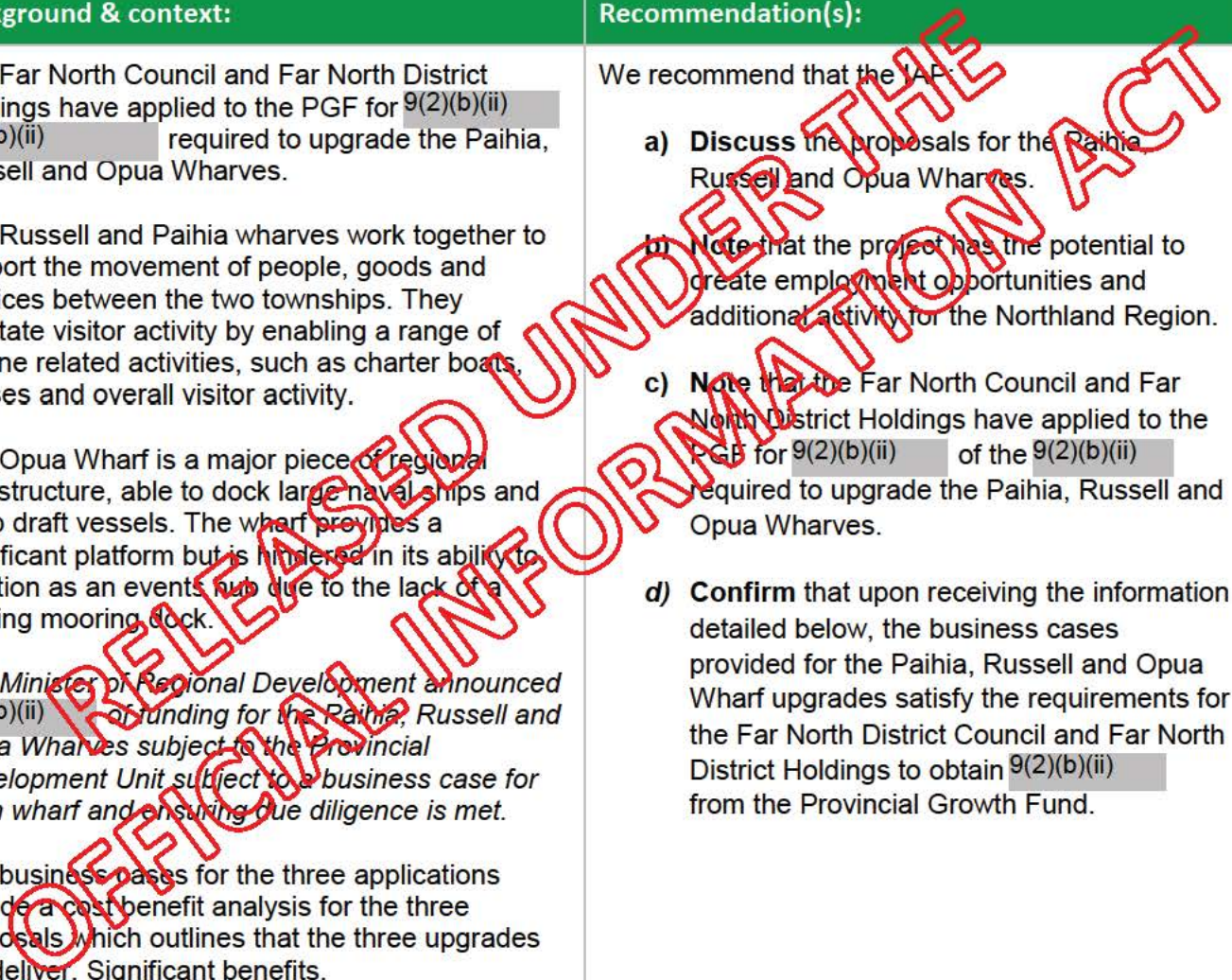


**COVER SHEET**

1. Paihia, Russell and Opua Wharves upgrade application	Decision/Noting/Discussion
<p><b>Background &amp; context:</b></p> <p>The Far North Council and Far North District Holdings have applied to the PGF for 9(2)(b)(ii) required to upgrade the Paihia, Russell and Opua Wharves.</p> <p>The Russell and Paihia wharves work together to support the movement of people, goods and services between the two townships. They facilitate visitor activity by enabling a range of marine related activities, such as charter boats, cruises and overall visitor activity.</p> <p>The Opua Wharf is a major piece of regional infrastructure, able to dock large naval ships and deep draft vessels. The wharf provides a significant platform but is hindered in its ability to function as an events hub due to the lack of a floating mooring dock.</p> <p><i>The Minister of Regional Development announced 9(2)(b)(ii) of funding for the Paihia, Russell and Opua Wharves subject to the Provincial Development Unit subject to a business case for each wharf and ensuring due diligence is met.</i></p> <p>The business cases for the three applications include a cost benefit analysis for the three proposals which outlines that the three upgrades will deliver. Significant benefits.</p>	<p><b>Recommendation(s):</b></p> <p>We recommend that the JAP:</p> <ul style="list-style-type: none"> <li>a) <b>Discuss</b> the proposals for the Paihia, Russell and Opua Wharves.</li> <li>b) <b>Note</b> that the project has the potential to create employment opportunities and additional activity for the Northland Region.</li> <li>c) <b>Note</b> that the Far North Council and Far North District Holdings have applied to the PGF for 9(2)(b)(ii) of the 9(2)(b)(ii) required to upgrade the Paihia, Russell and Opua Wharves.</li> <li>d) <b>Confirm</b> that upon receiving the information detailed below, the business cases provided for the Paihia, Russell and Opua Wharf upgrades satisfy the requirements for the Far North District Council and Far North District Holdings to obtain 9(2)(b)(ii) from the Provincial Growth Fund.</li> </ul>
<p><b>The purpose of this discussion is to: Examine the Business Cases for the Paihia, Russell and Opua Wharves Bay upgrade application.</b></p>	
<ul style="list-style-type: none"> <li>• The proposals are submitted by Far North Holdings Limited, the Commercial arm of the Far North District Council and they have stated that they have engaged with key stakeholders including: Northland Inc., Far Nth District Council, Northland Regional Council and Commercial Users of the wharves.</li> <li>• The Far North Council and Far North District Holdings have applied to the PGF for 9(2)(b)(ii)</li> </ul>	



of the 9(2)(b)(ii) required to upgrade the Paihia, Russell and Opua Wharves.

- The Russell and Paihia wharves work together to serve support the movement of people, goods and services. They facilitate visitor activity by enabling a range of marine related activities, such as charter boats, cruises and overall visitor activity.
- The business case details **Russell Wharf** was constructed in the 1970s and is no longer fit for purpose. The business case also notes the communities' economy relies almost solely on the wharf and states approximately 850,000 passengers use the wharf's ferry transport and the commercial tourism services that operate from there.
- The business case details the contribution **Pahia wharf** will make to the Fund's criteria. These include:
  - Size - increasing the size of the wharf to enable it to accommodate the increased demand from the 1.3 million cruise ship, charter and tourism activity passengers per annum.
  - Environment - the redevelopment will include the construction of a waste pumping facility which will improve water quality both within the bay and surrounding coastline;
  - Employment - it will create immediate and ongoing employment opportunities and ensure that the wharf can cope with increased capacity.
  - Infrastructure – upgrade infrastructure that has reached the end of its useful life.
- The **Opua Wharf** is a major piece of regional infrastructure, able to dock large naval ships and deep draft vessels.
- The business case details that the wharf provides a significant platform but is hindered in its ability to function as an events hub due to the lack of floating mooring dock. This will also create a facility to house superyachts in the Bay of Islands. The business case notes there are employment opportunities that come from being able to host Superyachts and it suggests that this could bring \$13 million per year to the local economy.
- Opua Wharf also has broader benefits for the top of the North Island, including Auckland, as currently Auckland has the only Superyacht Berth.
- The three applications each contain a business case which includes a Cost Benefit Analysis for the three projects.
- There are also environmental benefits for all three projects through improved water quality because, once upgraded, all the wharves will have water pumping facilities.

The information we require from Far North Holdings Limited and Far North District Council to complete application is:

- Information on potential Conflicts of Interest.
- Get a clear understanding on how the proposals fit into the Far North District Council Regional Economic development plan.
- Get a clear understanding whether there are any other international obligations, in addition to the Port Security accreditation, that the entities need to comply with.

- Understand who is underwriting the project, the procurement process to be followed and get an estimate of the maintenance costs and how they will be funded.
- Details of a clear Project/contractor management plan. We need details of who at the Far North District Council/Far North District Holdings Limited is going to manage the contractor.
- Get a clearer understanding of how risks are going to be managed.
- Get a clearer understanding of Governance arrangements.
- Ask for information of the potential environmental impacts.
- Note that the Crown should retain some oversight as contractors/partners are appointed.
- Get details of Far North Holdings asset management plan.
- Finally, get the Provincial Growth Fund's standard declaration relating to the information provided, signed.

**Consultation undertaken or implications:**

Legal	No	HR	No	Finance	No	MBIE policy	No	Other
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**Financial & Staff Implications:**

Recommend that the business cases provided for the Paihia, Russell and Opuā Wharves provided sufficient information for the Far North District Council and Far North District Holdings to obtain \$3.49 million from the Provincial Growth Fund for the three wharf upgrades once the information detailed above is provided to the Provincial Development Unit.

<b>Supporting proposal:</b>	Yes
<b>Appendices:</b>	Yes
<b>Sponsor(s):</b>	Ben Dalton (Senior Regional Official)
<b>Manager/Author of paper:</b>	David van der Zouwe (Senior Commercial Leader)



# Application for Funding

## EVALUATION FORM

Rate and provide commentary in each section to form the basis of a recommendation / next steps decision.

Consistently evaluate every qualifying application against the criteria to ensure fairness of treatment.

Record all decisions / commentary.

Recommend a way forward based on the evaluation, which may include areas of further work required to ensure the project is feasible.

If the answer box is not big enough, please attach a document that provides the answer/s when you submit the form.

**Red** = Failed to demonstrate – Feedback / re-work before progressing

**Amber** = Partly meets, minor demonstration, requires work – Feedback required, may require work through next stage

**Green** = Fully meets, demonstrated with confidence – ready to progress to next stage.

Project name:

Paihia Wharf

Organisation:

Far North District Holdings

Date of Review: 24/04/2018

Reviewer/s: insert your initials and positions here

DvdZ, Senior Commercial Leader

**Recommendation on way forward.**

**(To be completed once evaluation is complete.)**

Approve subject to further information requested through the application process being provided.



**1. Application Information**

Consider: The applicant will have demonstrated eligibility of the project to the Provincial Growth Fund (does it fit within one of the designated tiers and it is not one of the categories that are excluded from the Provincial Growth Fund (investment in social assets, housing three waters investments and irrigation schemes).

Rating **Green**

Comments *(strengths and weaknesses)*

It is not an excluded category and it could be classified as falling under the Regional Development/Enabling Infrastructure projects investment Tier.

Next steps

The applicant will have demonstrated eligibility (i.e. they are not excluded because they are bankrupt or insolvent).

Rating **Green**

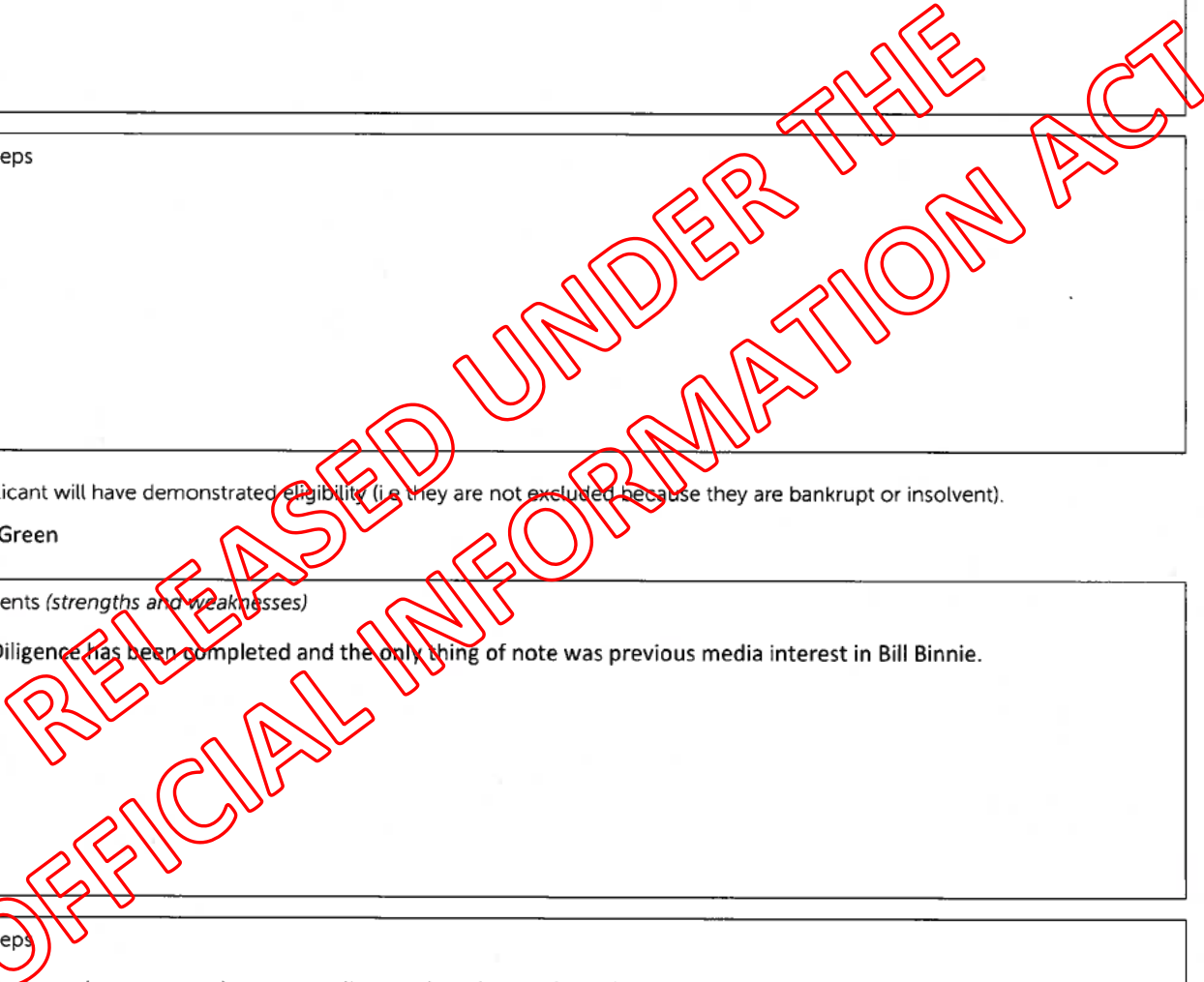
Comments *(strengths and weaknesses)*

A Due Diligence has been completed and the only thing of note was previous media interest in Bill Binnie.

Next steps

We note that subsequent to the matters discussed on the articles Bill Binnie has been made a companion of the New Zealand Order of Merit and appointed to the New Zealand Racing Board.

We also need information on potential Conflicts of Interest.



**2. Strategic case and regional alignment**

Consider: The applicant will have demonstrated the ways in which the project will contribute to lifting the productivity potential of the region.

Rating Green

Comments (*strengths and weaknesses*)

Any increase in productivity would be realised through increased throughput/passengers at the facility and the benefits that are outlined in the attached application and cost benefit analysis.

Next steps

Consider: The applicant will have demonstrated how the project will contribute to the Provincial Growth Fund's criteria of additionality (i.e. more jobs; community benefit; increased utilisation of Māori assets; sustainability; mitigating climate change impact).

Rating Green

Comments (*strengths and weaknesses*)

The contribution to the Fund's criteria include:

- Size - increasing the size of the wharf to enable it to accommodate the increased demand from the 1.3 million cruise ship, charter and tourism activity passengers;
- Environment - the redevelopment will include the construction of a waste pumping facility which will improve water quality both within the bay and surrounding coastline;
- Employment - it will create immediate employment opps and other opportunities for tourism through the increased activity.
- Infrastructure - the wharf has reached the end of its useful life and ensure that the wharf can cope with increased capacity.

Next steps

Consider: The applicant will have demonstrated alignment to regional objectives and local support either through existing regional development mechanisms, or another relevant body, such as a council, iwi or other representative group (or reason for any lack of support).

Rating Amber

Comments *(strengths and weaknesses)*

The proposal is submitted by Far North Holdings Limited, the Commercial arm of the Far North District Council and they have stated that they have engaged with key stakeholders including: Northland Inc, Far Nth District Council, Northland Regional Council and Commercial Users of the wharf.

Next steps

Get a clear understanding on how this fits into the Far North District Council Regional Economic development plan.

Consider: Has the applicant demonstrated that this is a region that has been identified for early investment (Tairāwhiti/East Coast, Hawke's Bay, Tai Tokerau/Northland, Bay of Plenty, West Coast and Manawatu Whanganui have been identified for early investment).

Rating Green

Comments *(strengths and weaknesses)*

This is a Northland project so within one of the regions identified for early investment.

Next steps



Consider: The applicant will have demonstrated their compliance with international obligations (where relevant).

Rating Amber

Comments *(strengths and weaknesses)*  
Far North Holdings are International Port Security accredited. Unclear if there are any other international obligations.

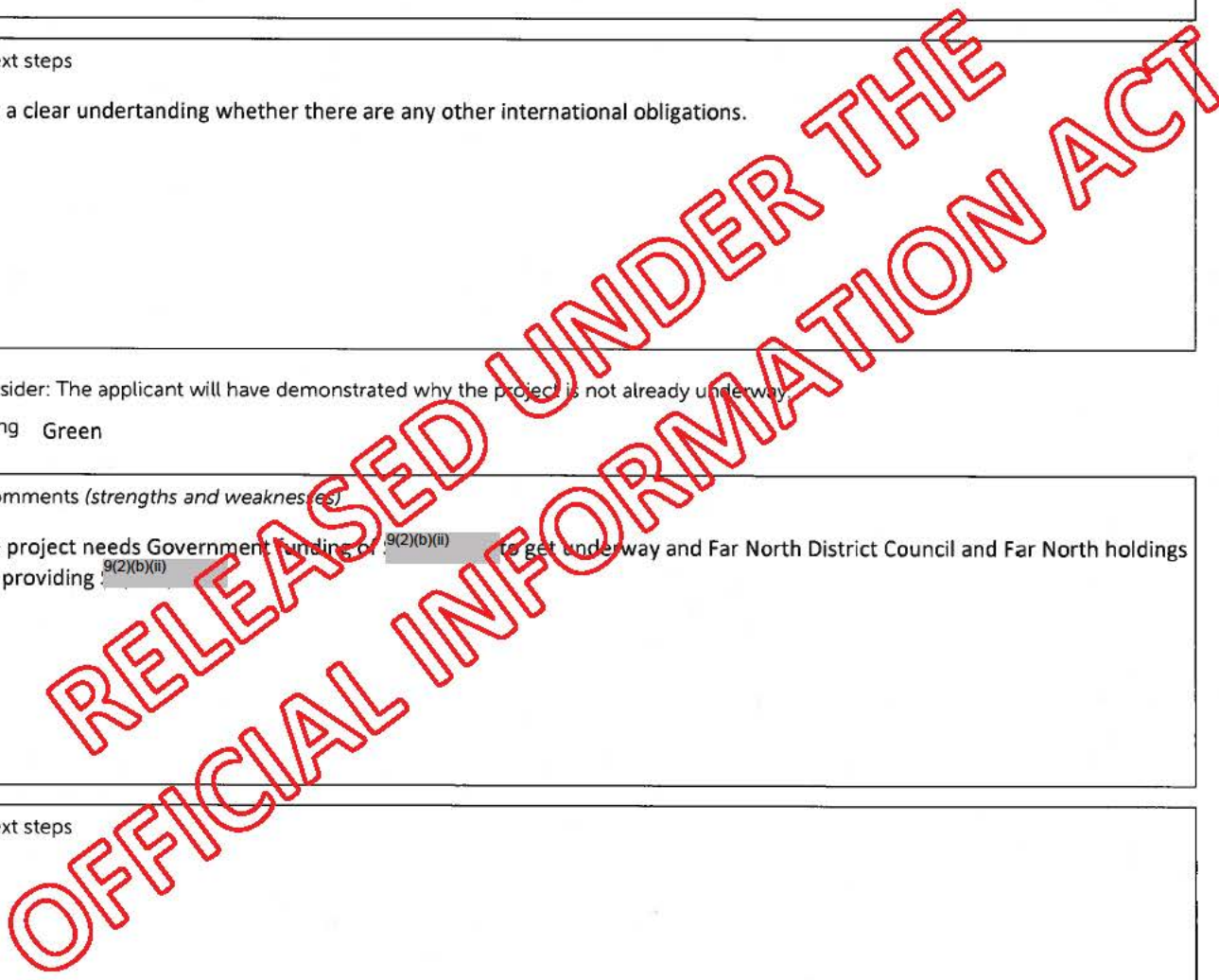
Next steps  
Get a clear understanding whether there are any other international obligations.

Consider: The applicant will have demonstrated why the project is not already underway.

Rating Green

Comments *(strengths and weaknesses)*  
The project needs Government funding of 9(2)(b)(ii) to get underway and Far North District Council and Far North holdings are providing 9(2)(b)(ii).

Next steps



**3. Project costs, economics and benefits**

Consider: The applicant will have demonstrated the funding allocation (including total exposure, timeframe, financing method and contingency).

Rating Amber

Comments (*strengths and weaknesses*)

There is an engineering cost estimate, but the actual costs will only be known once a procurement has been completed. It needs to be clear how additional costs would be financed.

There is no provision for operational costs, or details of what the income of the facility is going to be. For example it is not clear whether the revenue could be used to fund/or underwrite part of the project if the Government were to loan the money.

Next steps

Understand who is underwriting the project, the procurement process to be followed and get an estimate of the maintenance costs and how they will be funded.

Consider: The applicant will have demonstrated benefit of the Crown investing, as well as other sources of funding (where provided look at the information provided in the financial model, forecasts or CBA)

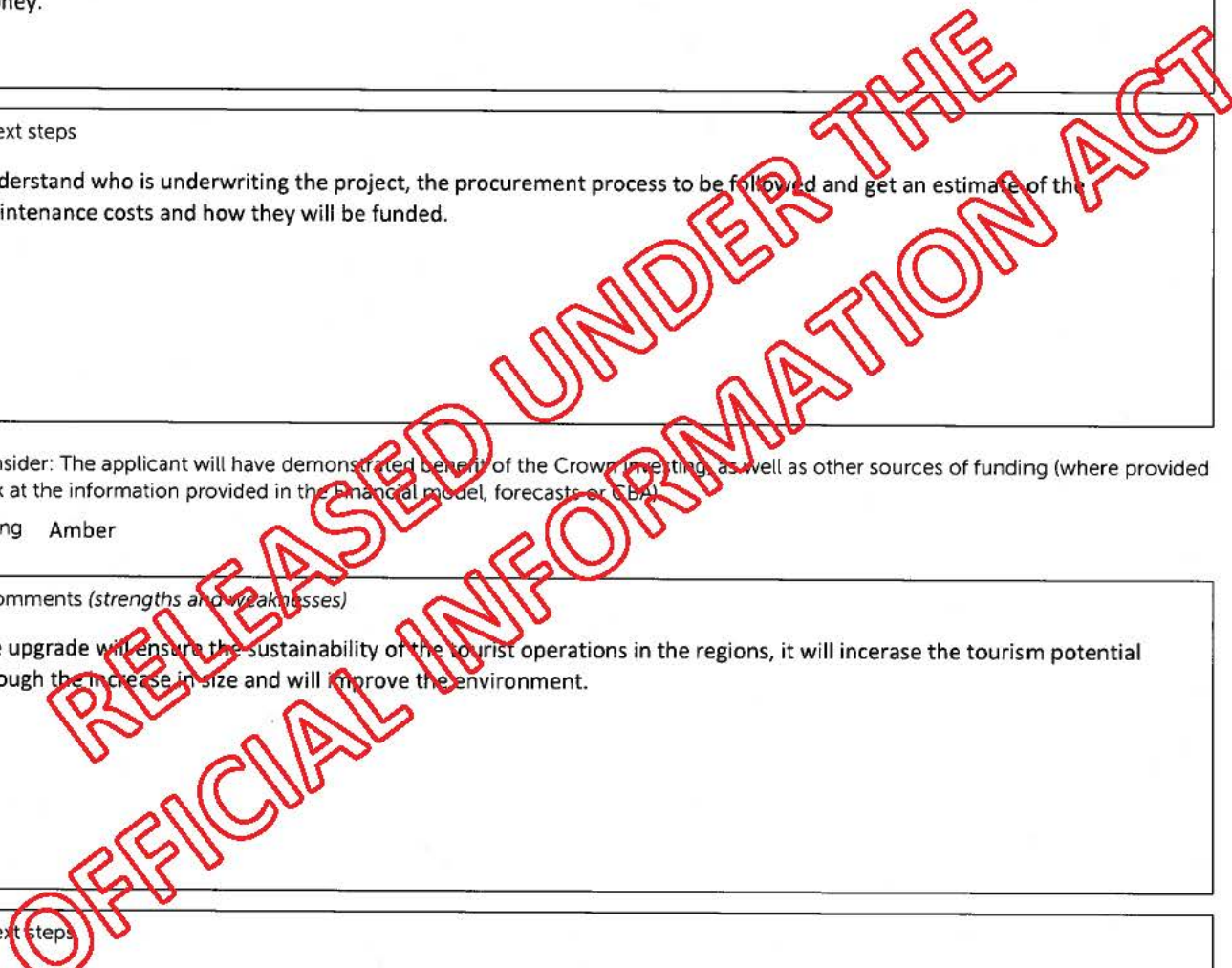
Rating Amber

Comments (*strengths and weaknesses*)

The upgrade will ensure the sustainability of the tourist operations in the regions, it will increase the tourism potential through the increase in size and will improve the environment.

Next steps

Environmental risks need to be considered for this project as any increase in water traffic could lead to increased erosion in the area.



Consider: Is this refinancing sunk costs?

Rating Green

Comments *(strengths and weaknesses)*  
No, this is not refinancing sunk costs.

Next steps

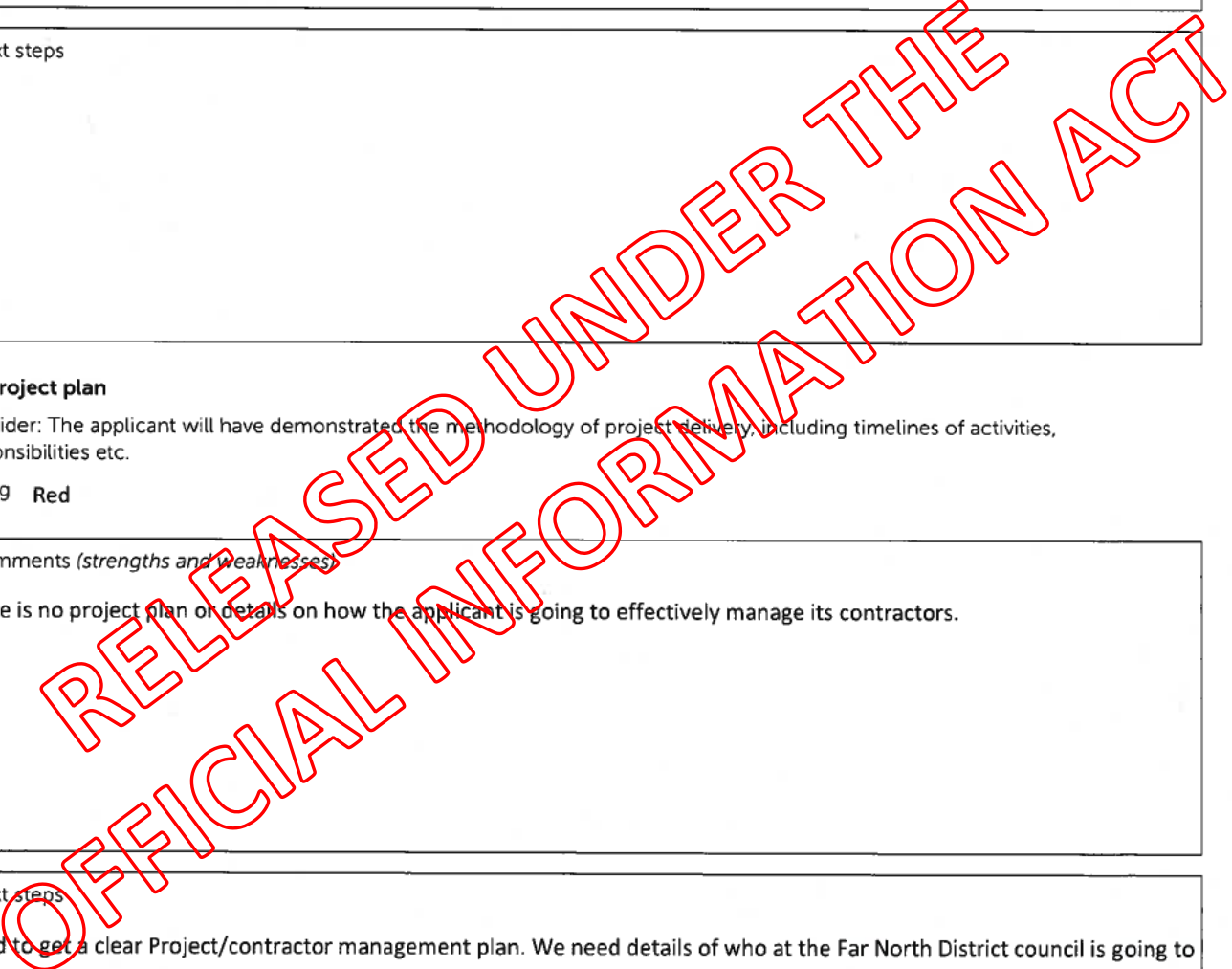
**4. Project plan**

Consider: The applicant will have demonstrated the methodology of project delivery, including timelines of activities, responsibilities etc.

Rating Red

Comments *(strengths and weaknesses)*  
There is no project plan or details on how the applicant is going to effectively manage its contractors.

Next steps  
Need to get a clear Project/contractor management plan. We need details of who at the Far North District council is going to manage the contractor.





Consider: The applicant will have demonstrated there is a strong risk management approach in place.

Rating Amber

Comments (*strengths and weaknesses*)

There are a number of risks identified. The risks that have not been adequately been addressed are: what happen if the costs increase and the project risks.

Next steps

Get a clearer understanding of how risks are going to be managed.

Consider: The applicant will have demonstrated effective Governance arrangements are proposed (including local governance).

Rating Red

Comments (*strengths and weaknesses*)

There are not sufficient details on the Governance arrangements or on the Project management plan.

Next steps

Get a clearer understanding of Governance arrangements.

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Consider: The applicant will have demonstrated there has been independent verification or expert advice obtained.

Rating Amber

Comments *(strengths and weaknesses)*

An independant QS has provided the estimate. There does not seem to be an independant assessment of the potential environmental impacts.

Next steps

Ask for an assessment of the potential environmental impacts.

**5. Commercial viability**

Consider: The applicant will have demonstrated their track record and capability to deliver the project.

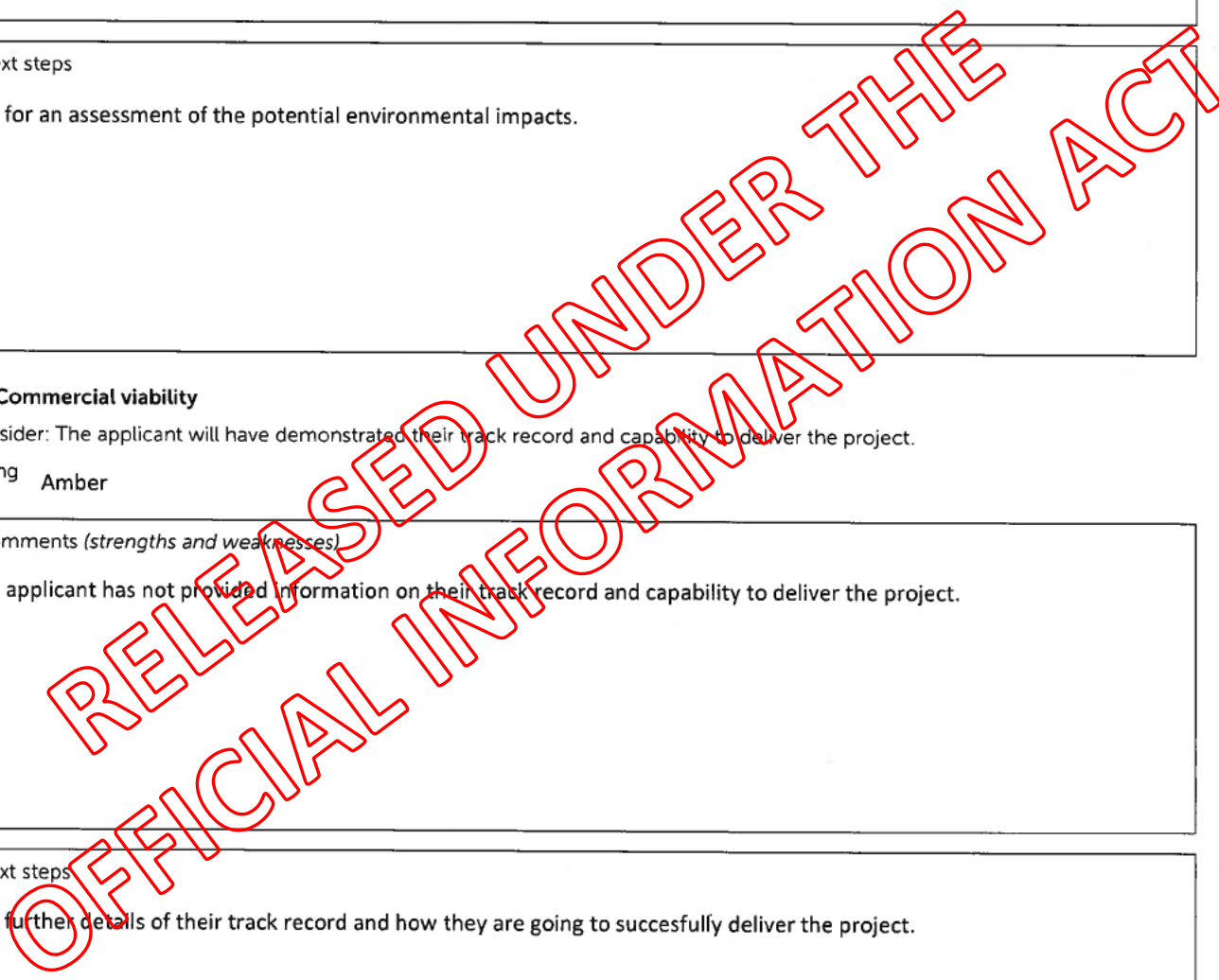
Rating Amber

Comments *(strengths and weaknesses)*

The applicant has not provided information on their track record and capability to deliver the project.

Next steps

Get further details of their track record and how they are going to succesfully deliver the project.



Consider: The applicant will have demonstrated how the market will be engaged to deliver the project (i.e. via procurement/partnerships).

Rating Amber

Comments *(strengths and weaknesses)*

There are light details provided on potential procurement option, no details have been provided on potential partners.

Next steps

The Crown could retain some oversight as contractors/partners are appointed.

Consider: The applicant will have demonstrated how the asset will be owned, managed and maintained after delivery (including risk allocation).

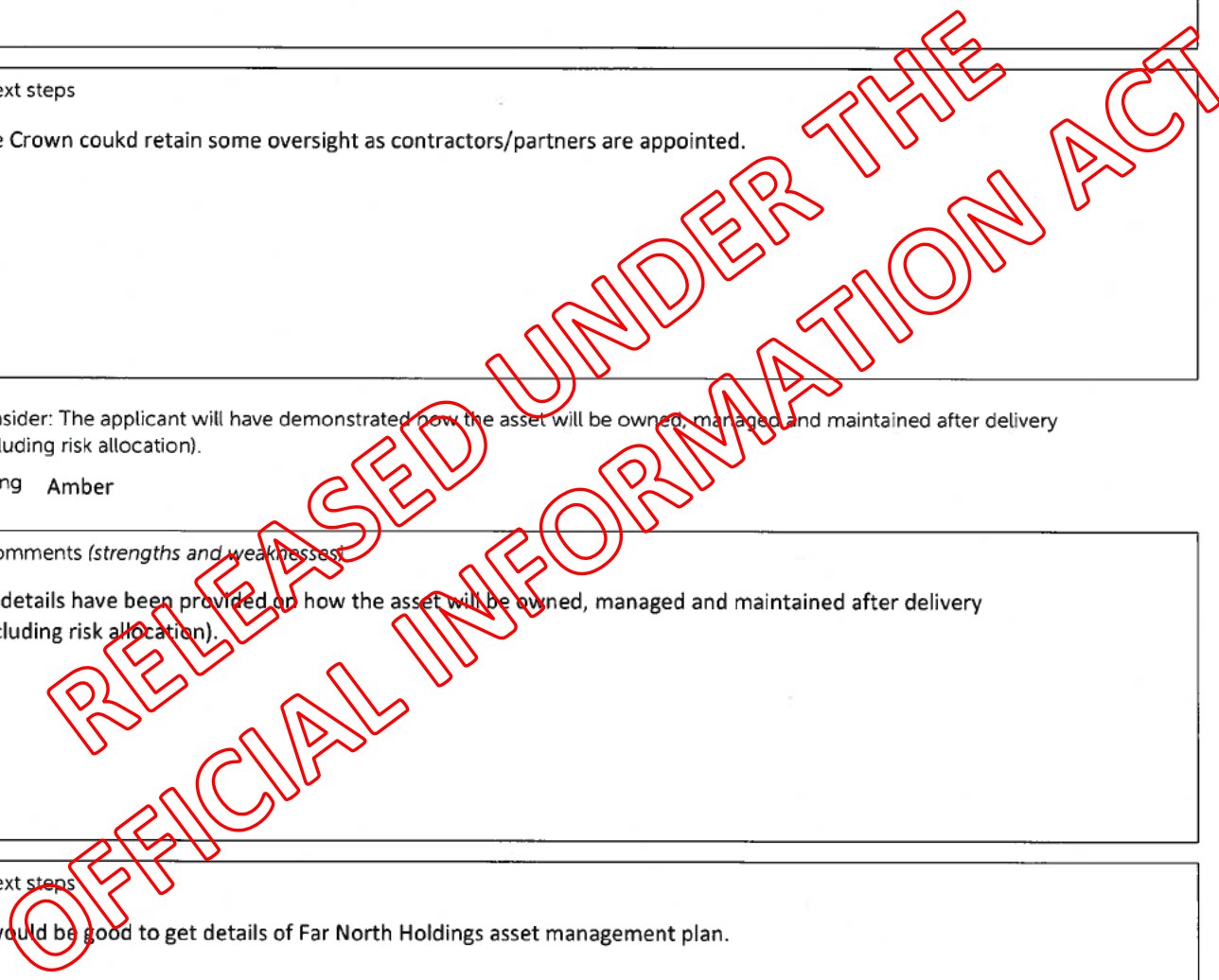
Rating Amber

Comments *(strengths and weaknesses)*

No details have been provided on how the asset will be owned, managed and maintained after delivery (including risk allocation).

Next steps

It would be good to get details of Far North Holdings asset management plan.





Consider: The applicant will have demonstrated the sustainability of the project beyond the term of the PGF investment.

Rating Amber

Comments *(strengths and weaknesses)*  
There are clear benefits as the Wharf will be a long-term asset, but there are also risks which need to be worked through.

Next steps  
Get a clear understanding of how the asset is going to be managed long-term.

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# Application for Funding

## EVALUATION FORM

Rate and provide commentary in each section to form the basis of a recommendation / next steps decision.

Consistently evaluate every qualifying application against the criteria to ensure fairness of treatment.

Record all decisions / commentary.

Recommend a way forward based on the evaluation, which may include areas of further work required to ensure the project is feasible.

If the answer box is not big enough, please attach a document that provides the answer/s when you submit the form.

- Red** = Failed to demonstrate – Feedback / re-work before progressing
- Amber** = Partly meets, minor demonstration, requires work – Feedback required, may require work through next stage
- Green** = Fully meets, demonstrated with confidence – ready to progress to next stage.

Project name:

Russell Wharf

Organisation:

Far North District Holdings

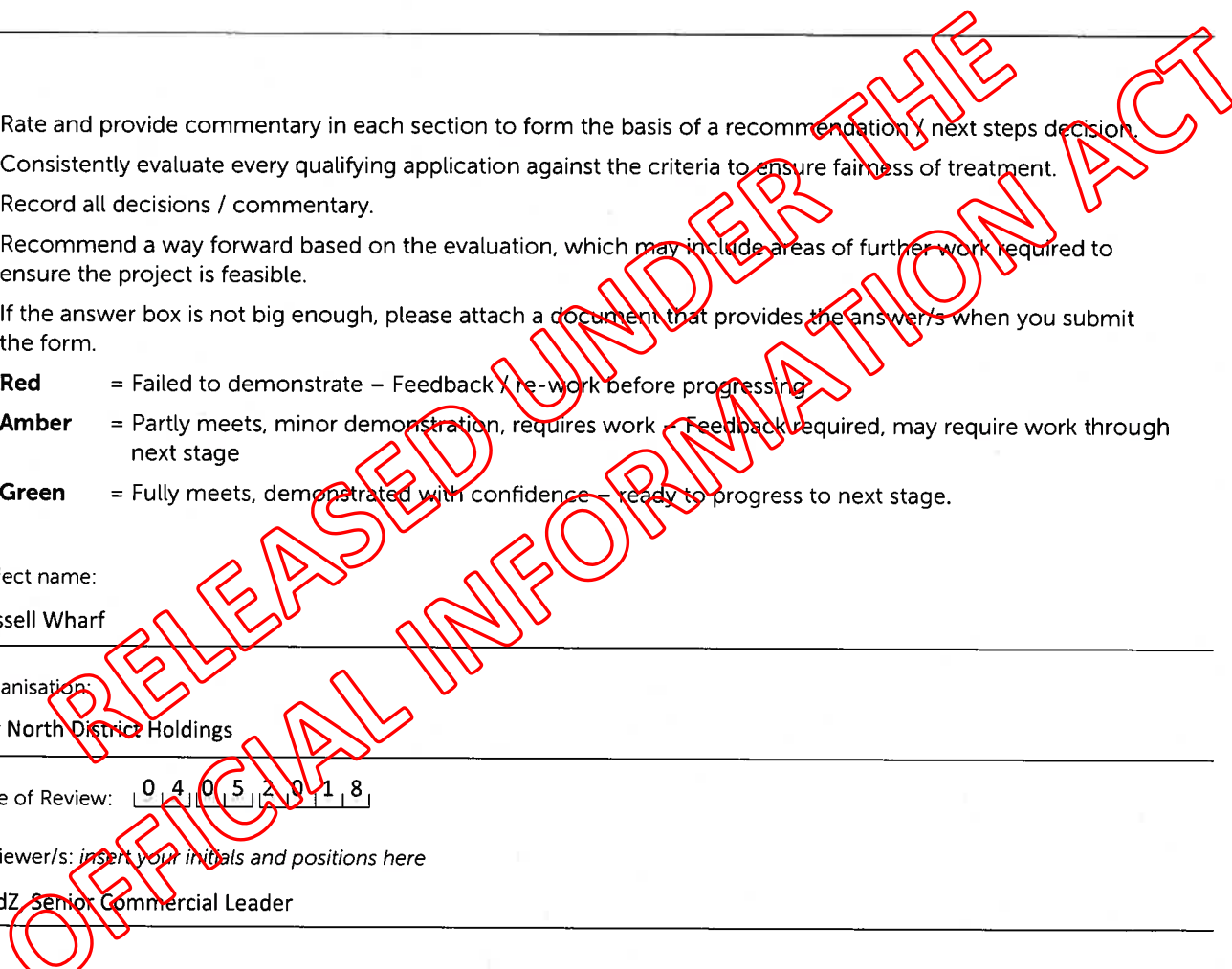
Date of Review: 04/05/2018

Reviewer/s: insert your initials and positions here

DvdZ Senior Commercial Leader

**Recommendation on way forward.**  
**(To be completed once evaluation is complete.)**

Approve subject to certain information being provided.



**1. Application Information**

Consider: The applicant will have demonstrated eligibility of the project to the Provincial Growth Fund (does it fit within one of the designated tiers and it is not one of the categories that are excluded from the Provincial Growth Fund (investment in social assets, housing three waters investments and irrigation schemes).

Rating Green

Comments *(strengths and weaknesses)*  
It is not an excluded category and it could be classified as falling under the Enabling Infrastructure projects investment Tier.

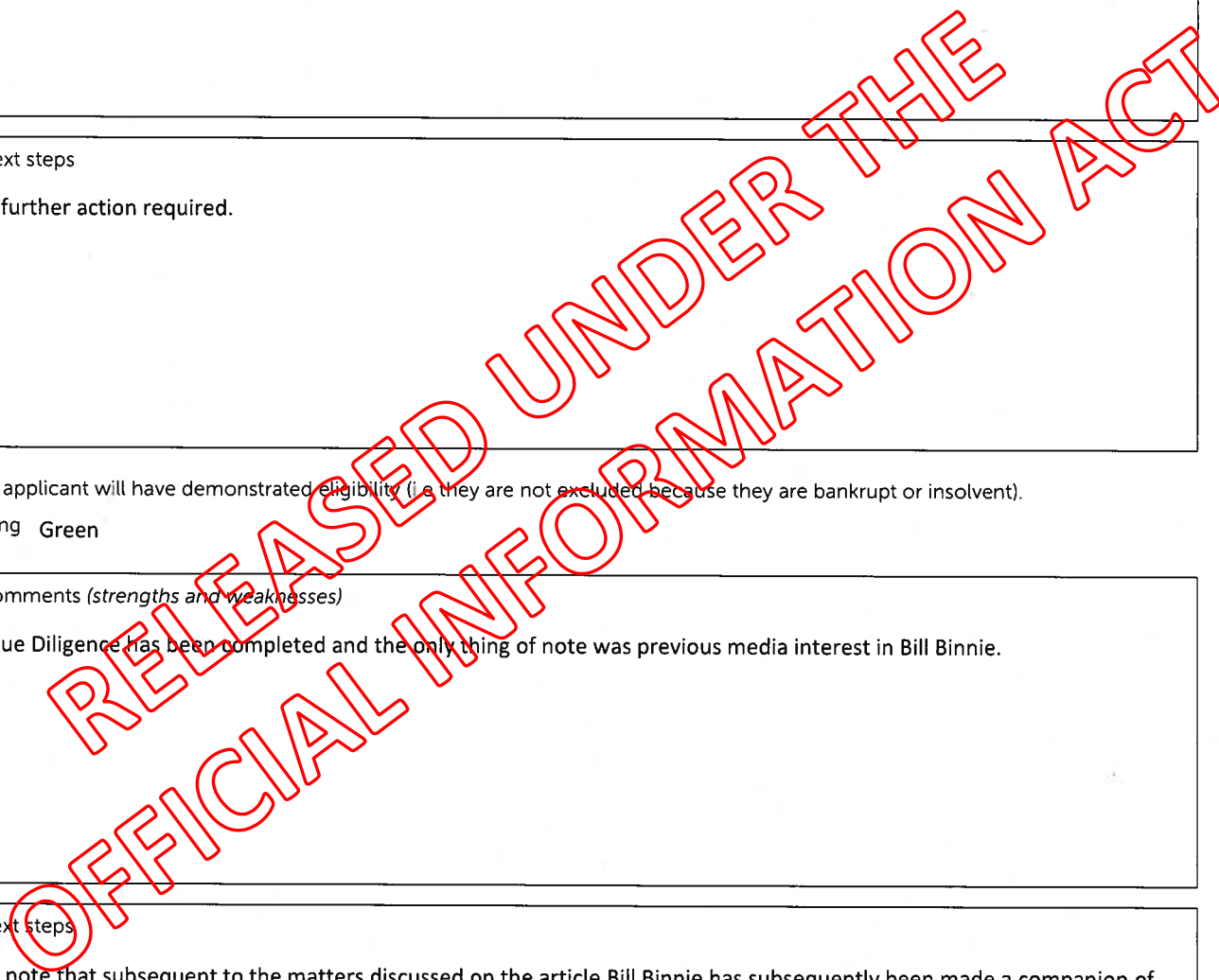
Next steps  
No further action required.

The applicant will have demonstrated eligibility (i.e. they are not excluded because they are bankrupt or insolvent).

Rating Green

Comments *(strengths and weaknesses)*  
A Due Diligence has been completed and the only thing of note was previous media interest in Bill Binnie.

Next steps  
We note that subsequent to the matters discussed on the article Bill Binnie has subsequently been made a companion of the New Zealand Order of Merit and appointed to the New Zealand Racing Board.  
We also need information on potential Conflicts of Interest.





**2. Strategic case and regional alignment**

Consider: The applicant will have demonstrated the ways in which the project will contribute to lifting the productivity potential of the region.

Rating Green

Comments *(strengths and weaknesses)*

Any increase in productivity would be realised through increased throughput/passengers at the facility and the benefits that are outlined in the attached application and cost benefit analysis.

Next steps

Consider: The applicant will have demonstrated how the project will contribute to the Provincial Growth Fund's criteria of additionality (i.e. more jobs; community benefit; increased utilisation of Māori assets; sustainability; mitigating climate change impact).

Rating Green

Comments *(strengths and weaknesses)*

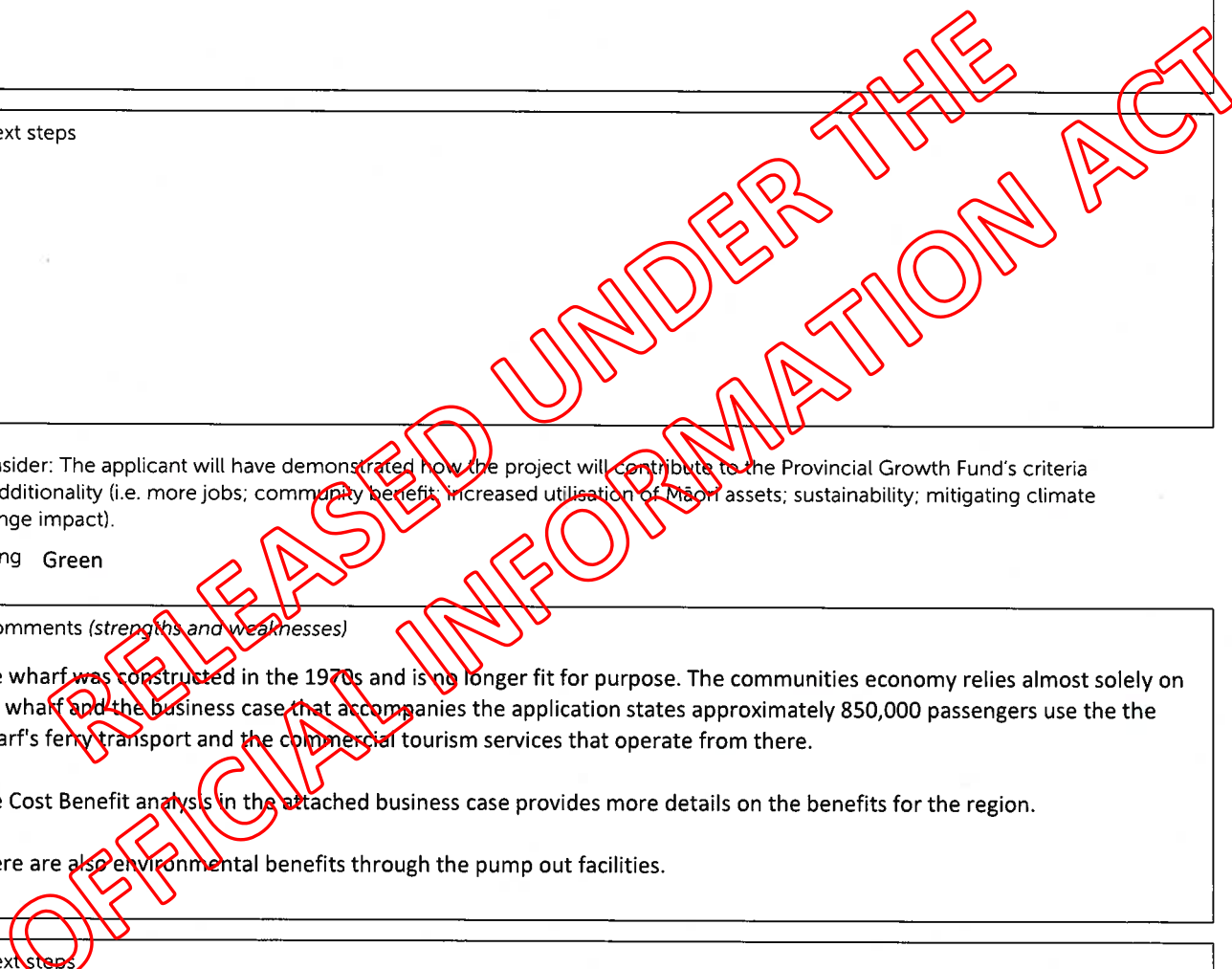
The wharf was constructed in the 1970s and is no longer fit for purpose. The communities economy relies almost solely on the wharf and the business case that accompanies the application states approximately 850,000 passengers use the the wharf's ferry transport and the commercial tourism services that operate from there.

The Cost Benefit analysis in the attached business case provides more details on the benefits for the region.

There are also environmental benefits through the pump out facilities.

Next steps

Nothing further at this stage.



Consider: The applicant will have demonstrated alignment to regional objectives and local support either through existing regional development mechanisms, or another relevant body, such as a council, iwi or other representative group (or reason for any lack of support).

Rating Amber

Comments *(strengths and weaknesses)*

The proposal is submitted by Far North Holdings Limited, the Commercial arm of the Far North District Council and they have stated that they have engaged with key stakeholders including: Northland Inc, Far Nth District Council, Northland Regional Council and Commercial Users of the wharf.

The Russell Wharf business case states that Russell Wharf is an integral part of the Far North District Council's Long Term Plan to provide the required maritime infrastructure to service the region.

Next steps

Consider: Has the applicant demonstrated that this is a region that has been identified for early investment (Tairāwhiti/East Coast, Hawke's Bay, Tai Tokerau/Northland, Bay of Plenty, West Coast and Manawatu-Whanganui have been identified for early investment).

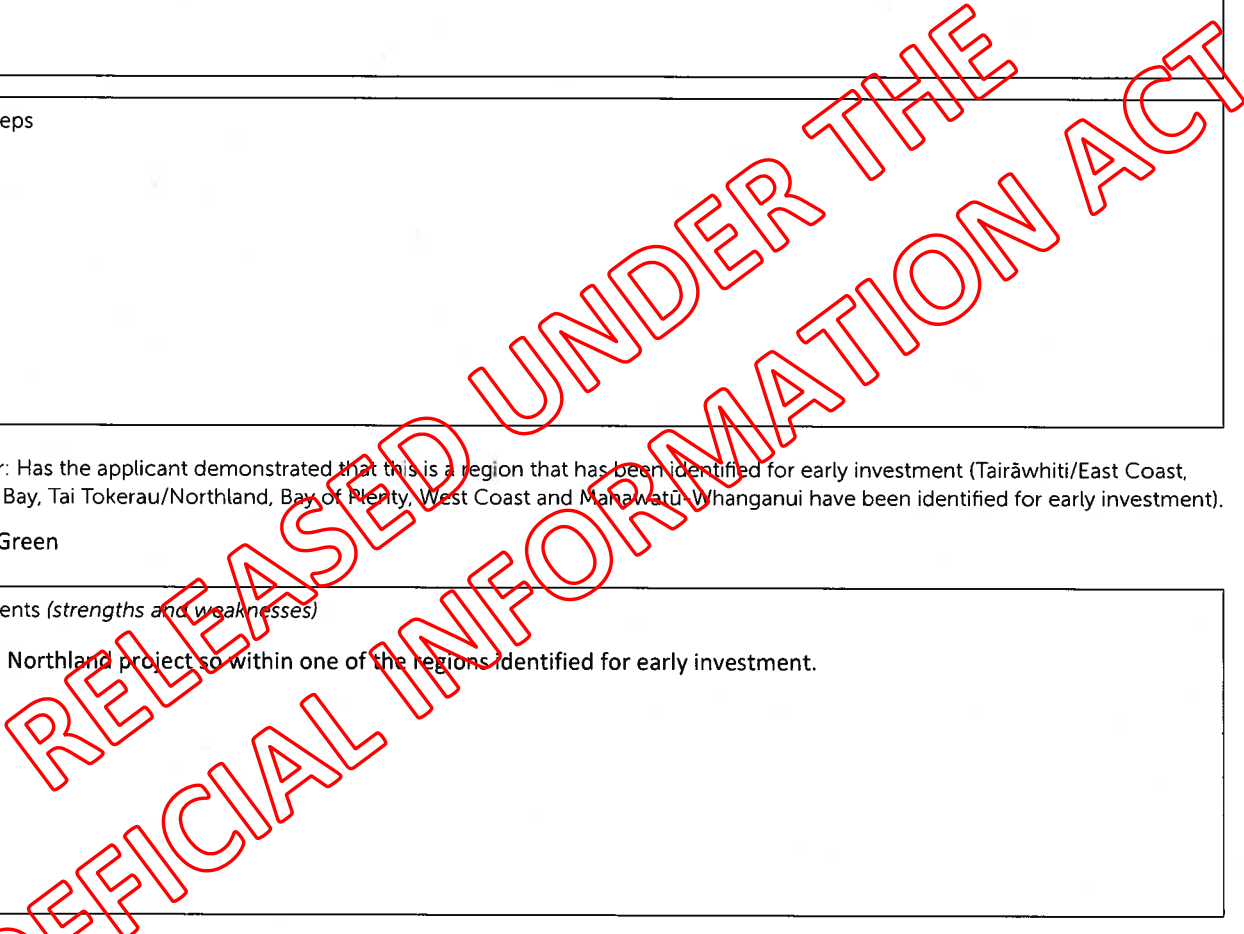
Rating Green

Comments *(strengths and weaknesses)*

This is a Northland project so within one of the regions identified for early investment.

Next steps

No further action required.



Consider: The applicant will have demonstrated their compliance with international obligations (where relevant).

Rating Amber

Comments (*strengths and weaknesses*)  
Far North Holdings are International Port Security accredited. Unclear if there are any other international obligations.

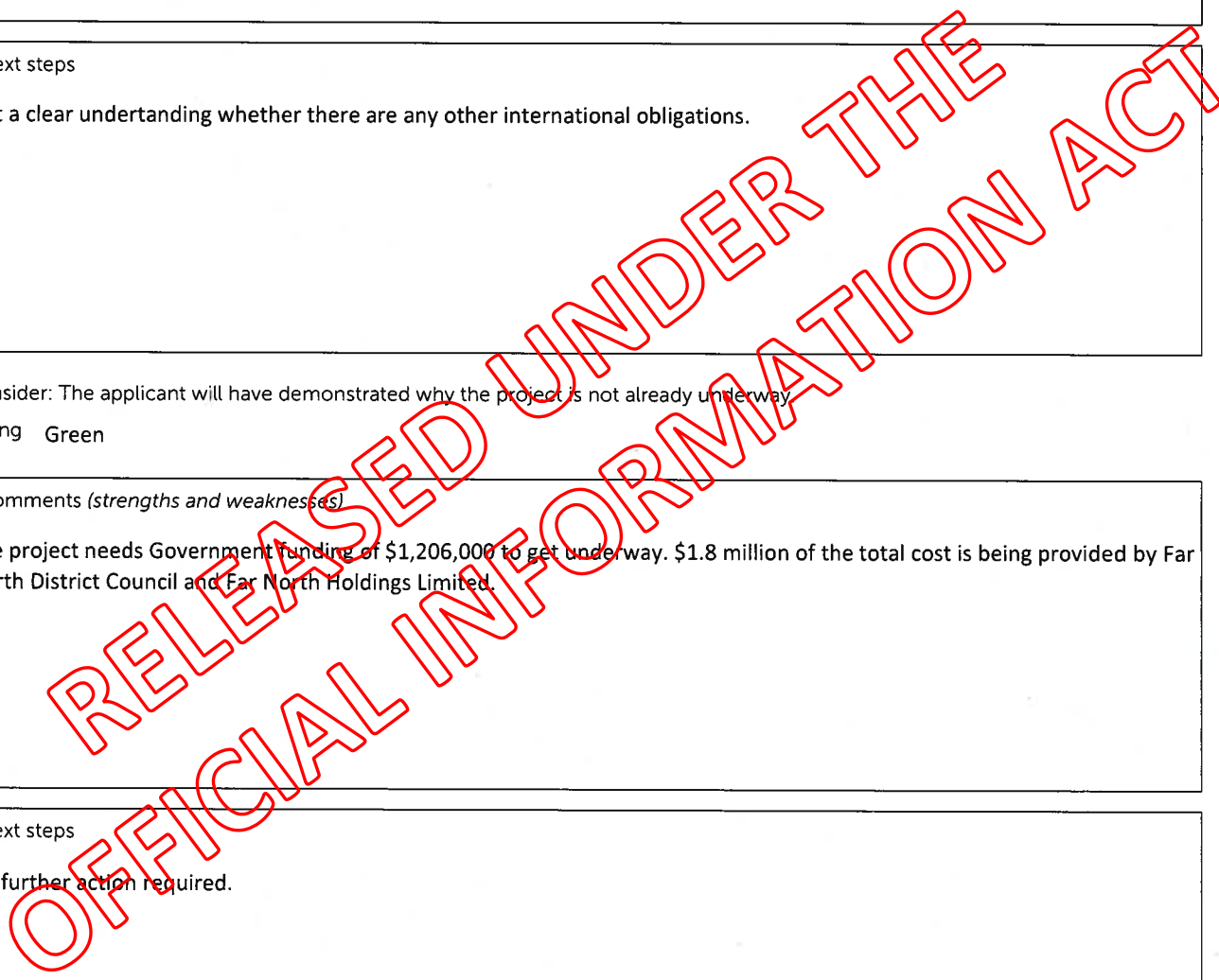
Next steps  
Get a clear understanding whether there are any other international obligations.

Consider: The applicant will have demonstrated why the project is not already underway.

Rating Green

Comments (*strengths and weaknesses*)  
The project needs Government funding of \$1,206,000 to get underway. \$1.8 million of the total cost is being provided by Far North District Council and Far North Holdings Limited.

Next steps  
No further action required.



**3. Project costs, economics and benefits**

Consider: The applicant will have demonstrated the funding allocation (including total exposure, timeframe, financing method and contingency).

Rating Amber

Comments *(strengths and weaknesses)*

There is an engineering cost estimate, but the actual costs will only be known once a procurement has been completed. It needs to be clear how additional costs would be financed.

There is no provision for operational costs, or details of what the income of the facility is going to be. For example it is not clear whether the revenue could be used to fund/or underwrite part of the project if the Government were to loan the money.

Next steps

Understand who is underwriting the project, the procurement process to be followed and get an estimate of the maintenance costs and how they will be funded.

Consider: The applicant will have demonstrated benefit of the Crown investing, as well as other sources of funding (where provided look at the information provided in the Financial model, forecasts or CBA).

Rating Green

Comments *(strengths and weaknesses)*

The upgrade will ensure the sustainability of the tourist operations in the regions, it will increase the tourism potential through the increase in size and will improve the environment.

There are a number of benefits outlined in the CBA in the attached application.

Next steps

No further action required.

Consider: Is this refinancing sunk costs?

Rating Green

Comments *(strengths and weaknesses)*  
No, this is not refinancing sunk costs.

Next steps  
No further action required.

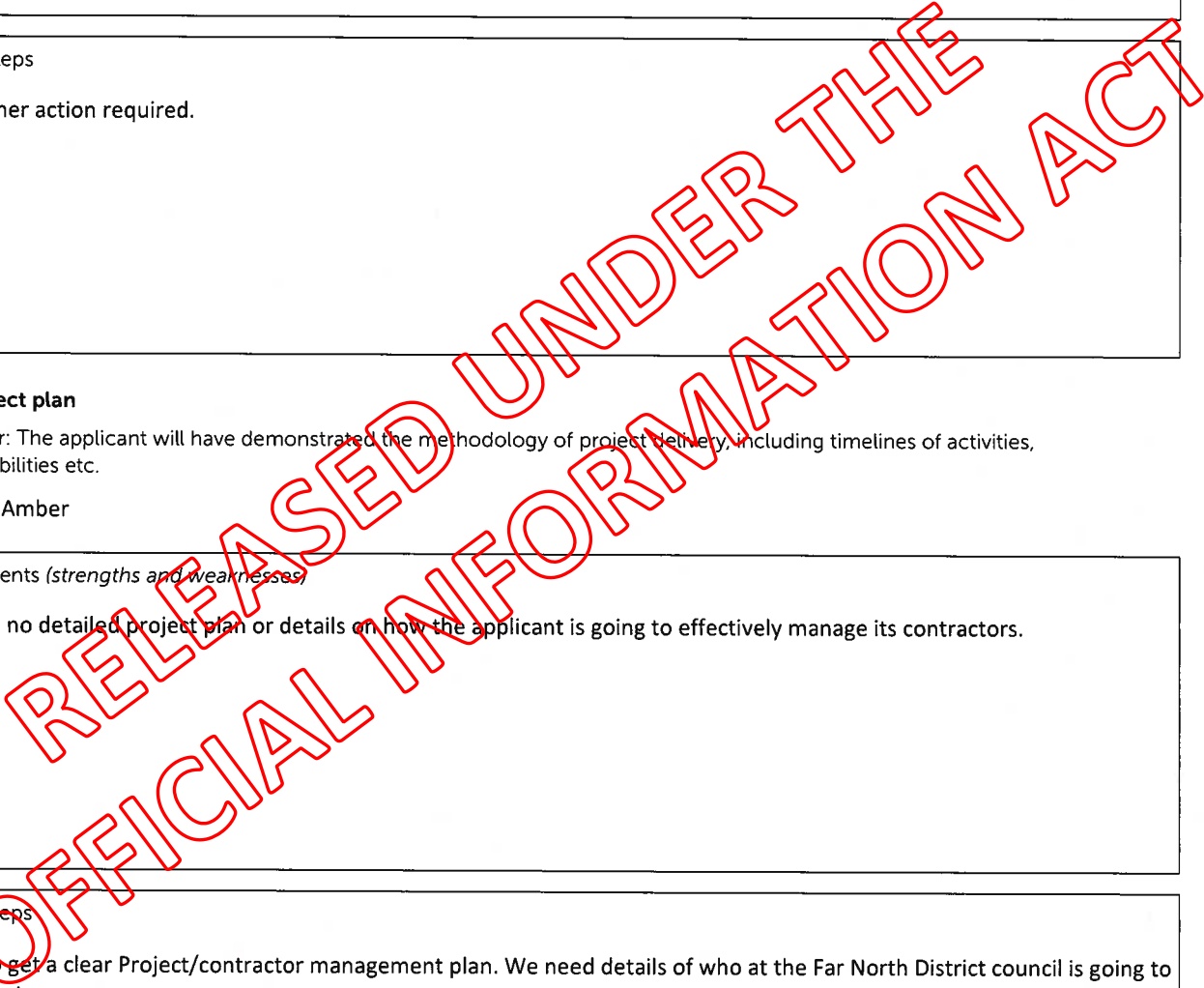
**4. Project plan**

Consider: The applicant will have demonstrated the methodology of project delivery, including timelines of activities, responsibilities etc.

Rating Amber

Comments *(strengths and weaknesses)*  
There is no detailed project plan or details on how the applicant is going to effectively manage its contractors.

Next steps  
Need to get a clear Project/contractor management plan. We need details of who at the Far North District council is going to manage the contractor.





Consider: The applicant will have demonstrated there is a strong risk management approach in place.

Rating Amber

Comments *(strengths and weaknesses)*

There are a number of risks identified. The risks that have not been adequately been addressed are: what happen if the costs increase and the project risks.

Next steps

Get a clearer understanding of how risks are going to be managed, including the litigation risk from the transfer of tthe asset to Far North District Holdings.

Consider: The applicant will have demonstrated effective Governance arrangements are proposed (including local governance).

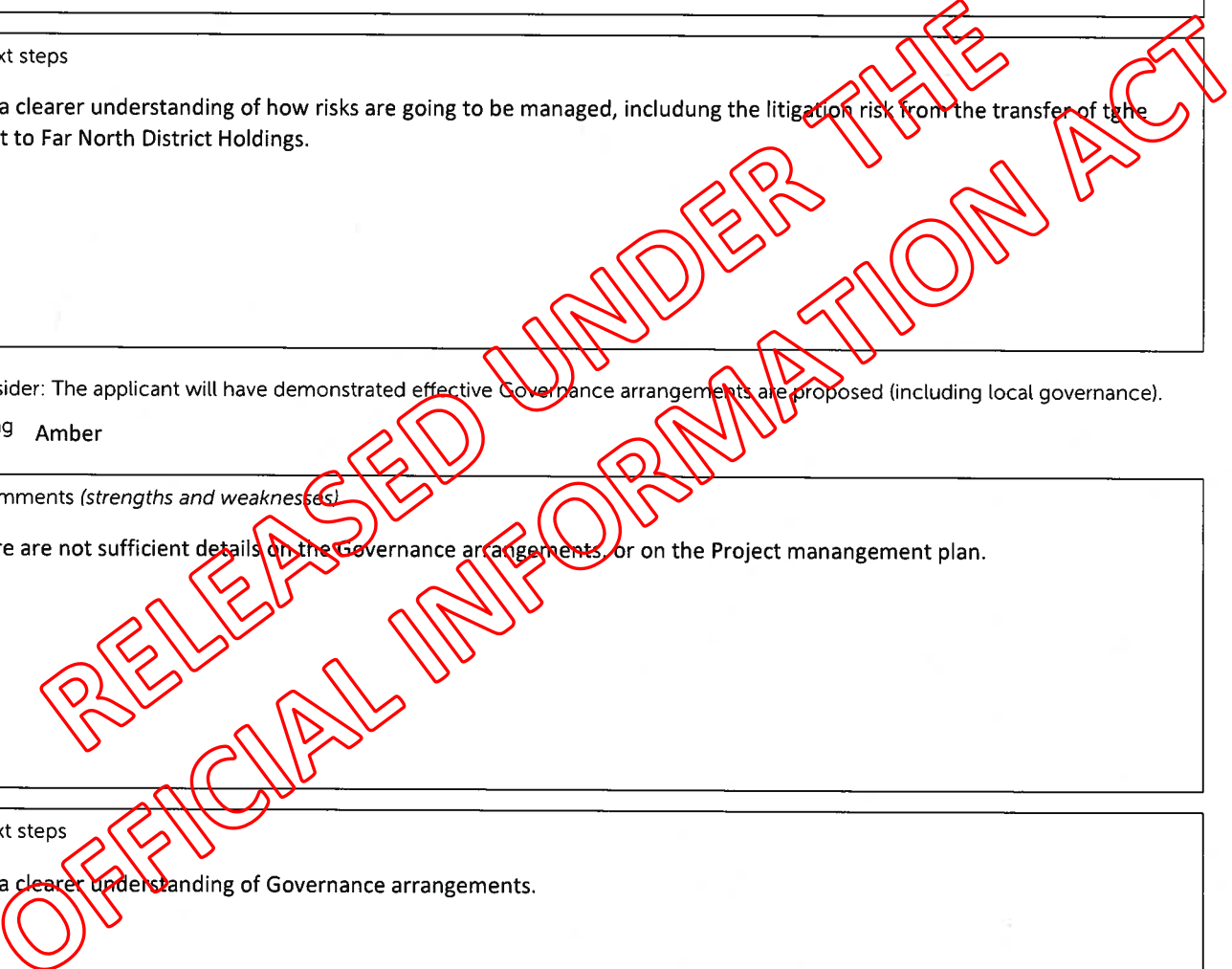
Rating Amber

Comments *(strengths and weaknesses)*

There are not sufficient details on the Governance arrangements, or on the Project management plan.

Next steps

Get a clearer understanding of Governance arrangements.



Consider: The applicant will have demonstrated there has been independent verification or expert advice obtained.

Rating Amber

Comments *(strengths and weaknesses)*

An independant QS has provided the estimate. There does not seem to be any information on potential environmental impacts.

Next steps

Ask for information of the potential environmental impacts.

**5. Commercial viability**

Consider: The applicant will have demonstrated their track record and capability to deliver the project.

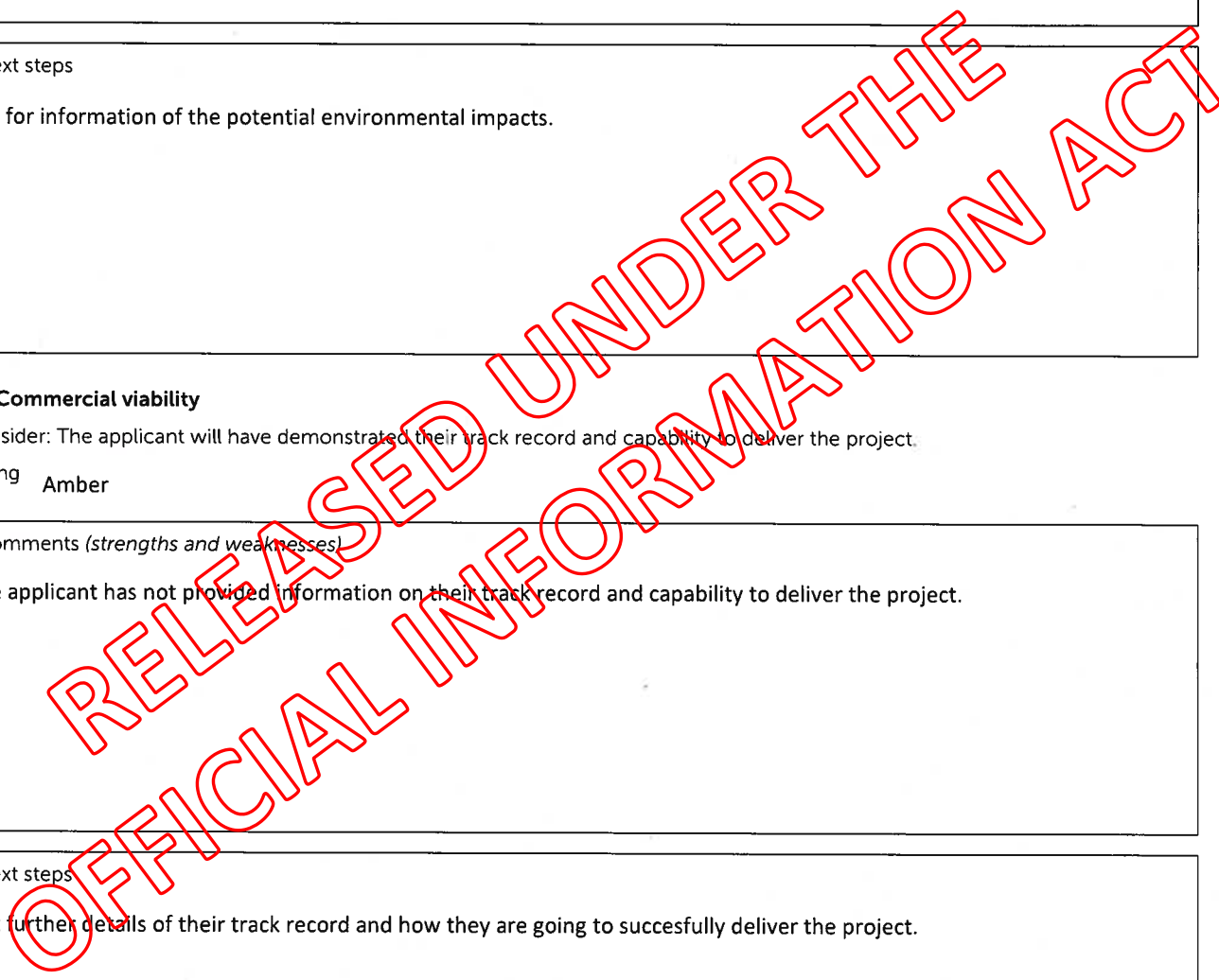
Rating Amber

Comments *(strengths and weaknesses)*

The applicant has not provided information on their track record and capability to deliver the project.

Next steps

Get further details of their track record and how they are going to succesfully deliver the project.



Consider: The applicant will have demonstrated how the market will be engaged to deliver the project (i.e. via procurement/partnerships).

Rating Amber

Comments *(strengths and weaknesses)*

There are light details have been provided on potential procurement option, no details have been provided on potential partners.

Next steps

The Crown could retain some oversight as contractors/partners are appointed.

Consider: The applicant will have demonstrated how the asset will be owned, managed and maintained after delivery (including risk allocation).

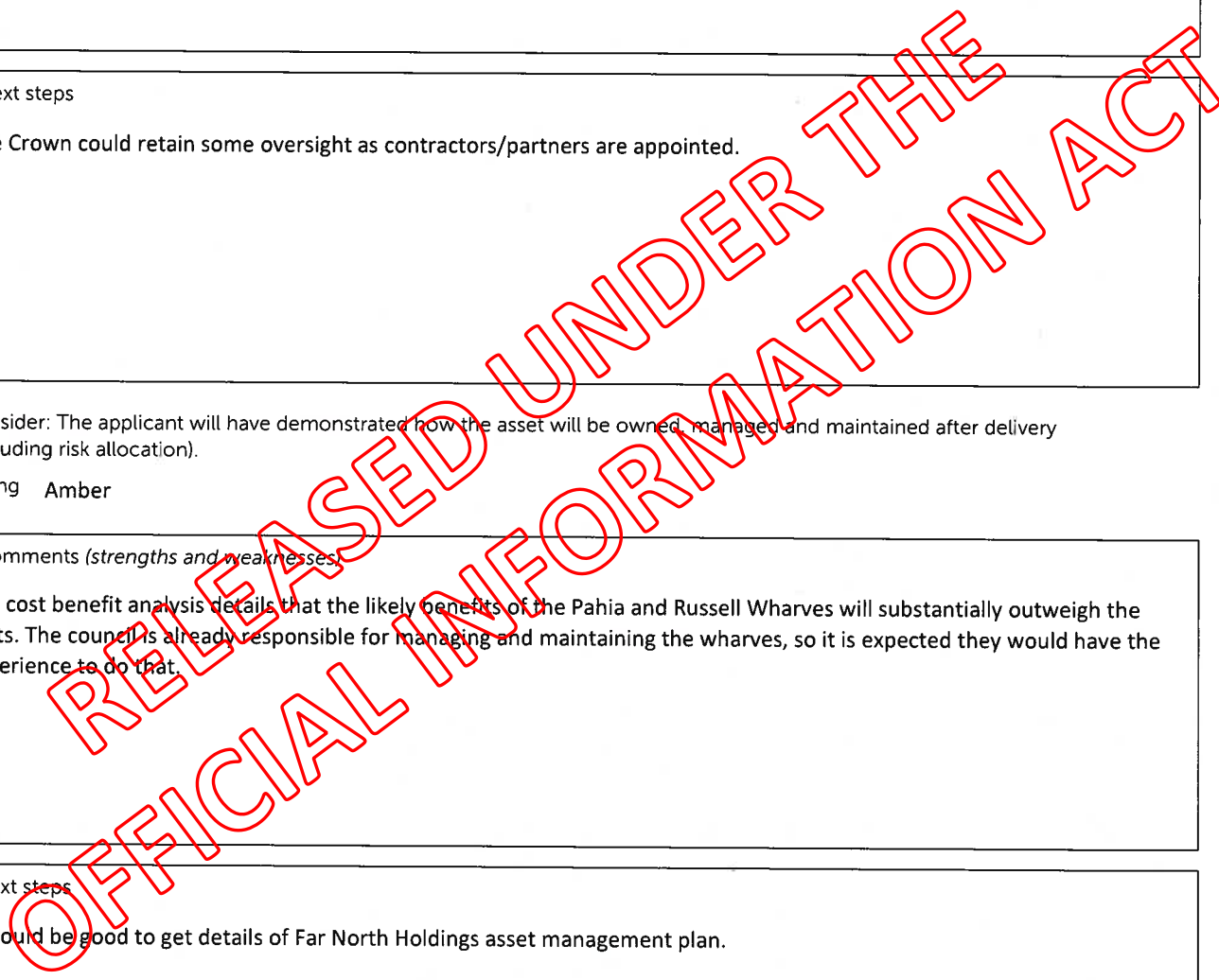
Rating Amber

Comments *(strengths and weaknesses)*

The cost benefit analysis details that the likely benefits of the Pahia and Russell Wharves will substantially outweigh the costs. The council is already responsible for managing and maintaining the wharves, so it is expected they would have the experience to do that.

Next steps

It would be good to get details of Far North Holdings asset management plan.



Consider: The applicant will have demonstrated the sustainability of the project beyond the term of the PGF investment.

Rating Green

Comments *(strengths and weaknesses)*

The CBA details there are clear benefits as the Wharf will be a long-term asset and it will be the heart of a great deal of tourism related economic activity in the region.

Next steps

No further action required.

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# Application for Funding

## EVALUATION FORM

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Rate and provide commentary in each section to form the basis of a recommendation / next steps decision.  
Consistently evaluate every qualifying application against the criteria to ensure fairness of treatment.  
Record all decisions / commentary.

Recommend a way forward based on the evaluation, which may include areas of further work required to ensure the project is feasible.

If the answer box is not big enough, please attach a document that provides the answer/s when you submit the form.

- Red** = Failed to demonstrate – Feedback / re-work before progressing  
**Amber** = Partly meets, minor demonstration, requires work – Feedback required, may require work through next stage  
**Green** = Fully meets, demonstrated with confidence – ready to progress to next stage.

Project name:

Opua Wharf

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Organisation:

Far North District Holdings

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Date of Review: 04/05/2018

Reviewer/s: insert your initials and positions here

DvdZ, Senior Commercial Leader

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**Recommendation on way forward.**

*(To be completed once evaluation is complete.)*

Approve subject to certain information being provided.

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**1. Application Information**

Consider: The applicant will have demonstrated eligibility of the project to the Provincial Growth Fund (does it fit within one of the designated tiers and it is not one of the categories that are excluded from the Provincial Growth Fund (investment in social assets, housing three waters investments and irrigation schemes).

Rating Green

Comments (strengths and weaknesses)  
It is not an excluded category and it could be classified as falling under the Enabling Infrastructure projects investment Tier.

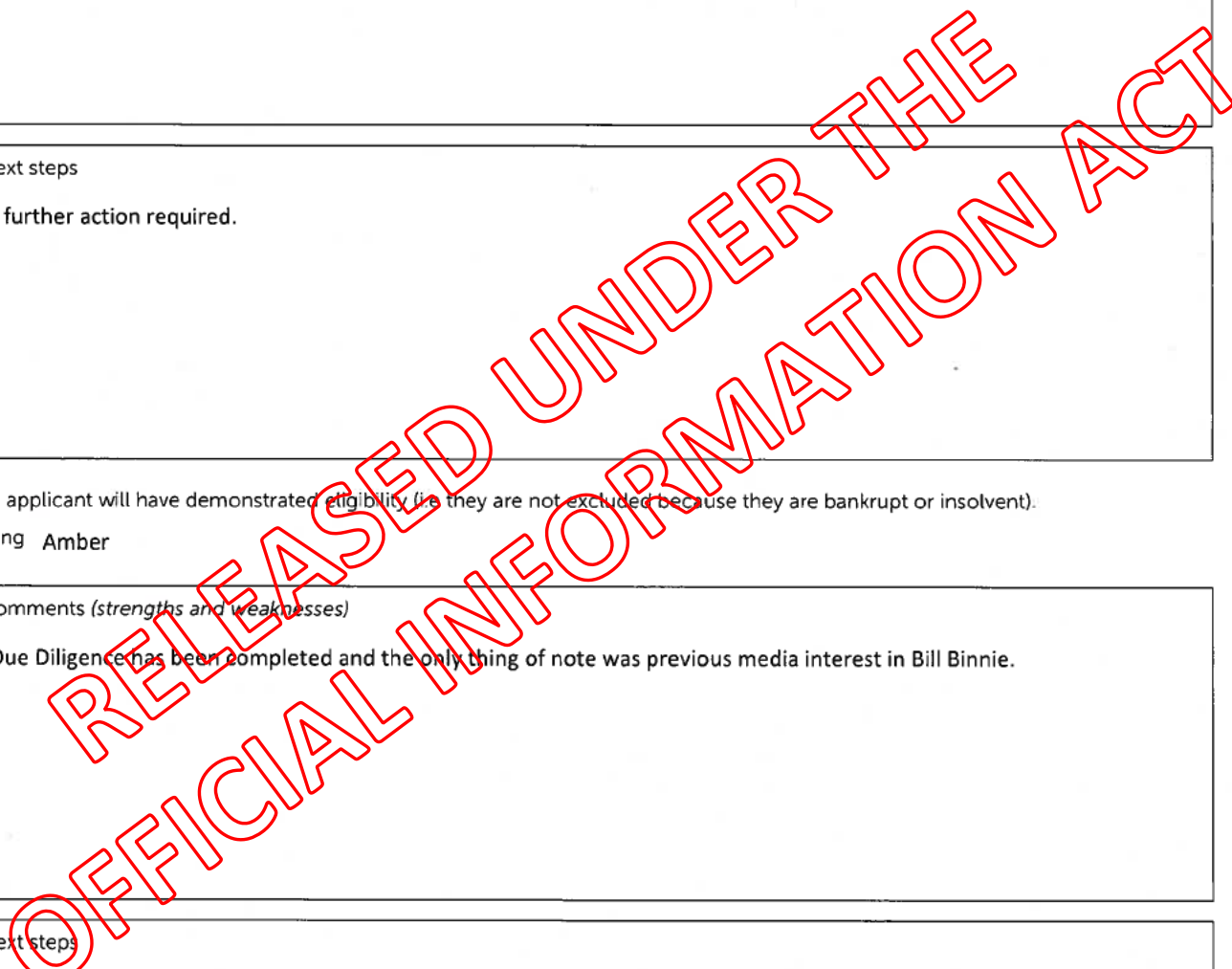
Next steps  
No further action required.

The applicant will have demonstrated eligibility (ie they are not excluded because they are bankrupt or insolvent).

Rating Amber

Comments (strengths and weaknesses)  
A Due Diligence has been completed and the only thing of note was previous media interest in Bill Binnie.

Next steps  
We note that subsequent to the matters discussed on the article Bill Binnie has subsequently been made a companion of the New Zealand Order of Merit and appointed to the New Zealand Racing Board.  
We also need information on potential Conflicts of Interest.



**2. Strategic case and regional alignment**

Consider: The applicant will have demonstrated the ways in which the project will contribute to lifting the productivity potential of the region.

Rating Green

Comments *(strengths and weaknesses)*

Any increase in productivity would be realised through increased throughput of Superyachts and the benefits that are outlined in the attached application and cost benefit analysis.

Next steps

Consider: The applicant will have demonstrated how the project will contribute to the Provincial Growth Fund's criteria of additionality (i.e. more jobs; community benefit; increased utilisation of Māori assets; sustainability; mitigating climate change impact).

Rating Green

Comments *(strengths and weaknesses)*

The wharf provides a significant platform but is hindered in its ability to function as an events hub due to the lack of floating mooring dock.

This will also create a facility to house superyachts in the Bay of Islands.

There are employment opportunities that come from being able to host Superyachts and the business case suggests that the could bring \$13 million per year to the local economy.

The Cost Benefit analysis in the attached business case provides more details on the benefits for the region.

There are also environmental benefits through the pump out facilities.

Next steps

Nothing further at this stage.

Consider: The applicant will have demonstrated alignment to regional objectives and local support either through existing regional development mechanisms, or another relevant body, such as a council, iwi or other representative group (or reason for any lack of support).

Rating Green

Comments (strengths and weaknesses)

The proposal is submitted by Far North Holdings Limited, the Commercial arm of the Far North District Council and they have stated that they have engaged with key stakeholders including: Northland Inc, Far Nth District Council, Northland Regional Council and Commercial Users of the wharf.

This also has benefits for the top of the North Island, including Auckland, as currently Auckland has the only Superyacht Berth.

Next steps

Consider: Has the applicant demonstrated that this is a region that has been identified for early investment (Tairāwhiti/East Coast, Hawke's Bay, Tai Tokerau/Northland, Bay of Plenty, West Coast and Manawatū-Whanganui have been identified for early investment).

Rating Green

Comments (strengths and weaknesses)

This is a Northland project so within one of the regions identified for early investment.

Next steps

No further action required.

Consider: The applicant will have demonstrated their compliance with international obligations (where relevant).

Rating Amber

Comments (strengths and weaknesses)

Far North Holdings are International Port Security accredited. Unclear if there are any other international obligations.

Next steps

Get a clear understanding whether there are any other international obligations.

Consider: The applicant will have demonstrated why the project is not already underway

Rating Green

Comments (strengths and weaknesses)

The project needs funding <sup>9(2)(b)(i)</sup> to get underway. The Far North District Council and Far North Holdings Limited are providing <sup>9(2)(b)(ii)</sup>

Next steps

No further action required.

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**3. Project costs, economics and benefits**

Consider: The applicant will have demonstrated the funding allocation (including total exposure, timeframe, financing method and contingency).

Rating Amber

Comments (*strengths and weaknesses*)

The actual costs will only be known once a procurement has been completed. It needs to be clear how additional costs would be financed.

There is no provision for operational costs, or details of what the income of the facility is going to be. For example it is not clear whether the revenue could be used to fund/or underwrite part of the project if the Government were to loan the money.

Next steps

Understand who is underwriting the project, the procurement process to be followed and get an estimate of the maintenance costs and how they will be funded.

Consider: The applicant will have demonstrated benefit of the Crown investing, as well as other sources of funding (where provided look at the information provided in the Financial model, forecasts or CBA).

Rating Green

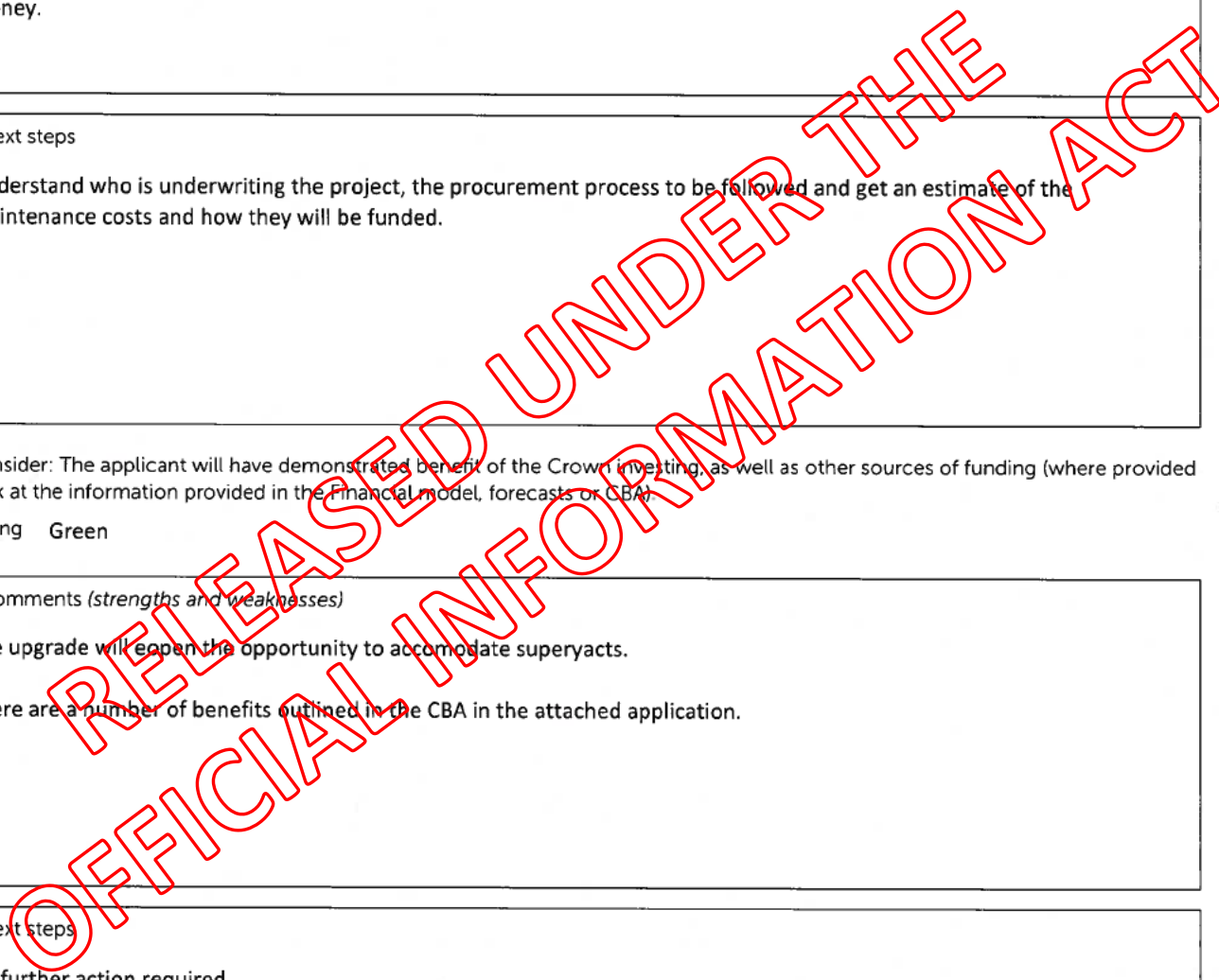
Comments (*strengths and weaknesses*)

The upgrade will open the opportunity to accommodate superyachts.

There are a number of benefits outlined in the CBA in the attached application.

Next steps

No further action required.





Consider: Is this refinancing sunk costs?

Rating Green

Comments *(strengths and weaknesses)*  
No, this is not refinancing sunk costs.

Next steps  
No further action required.

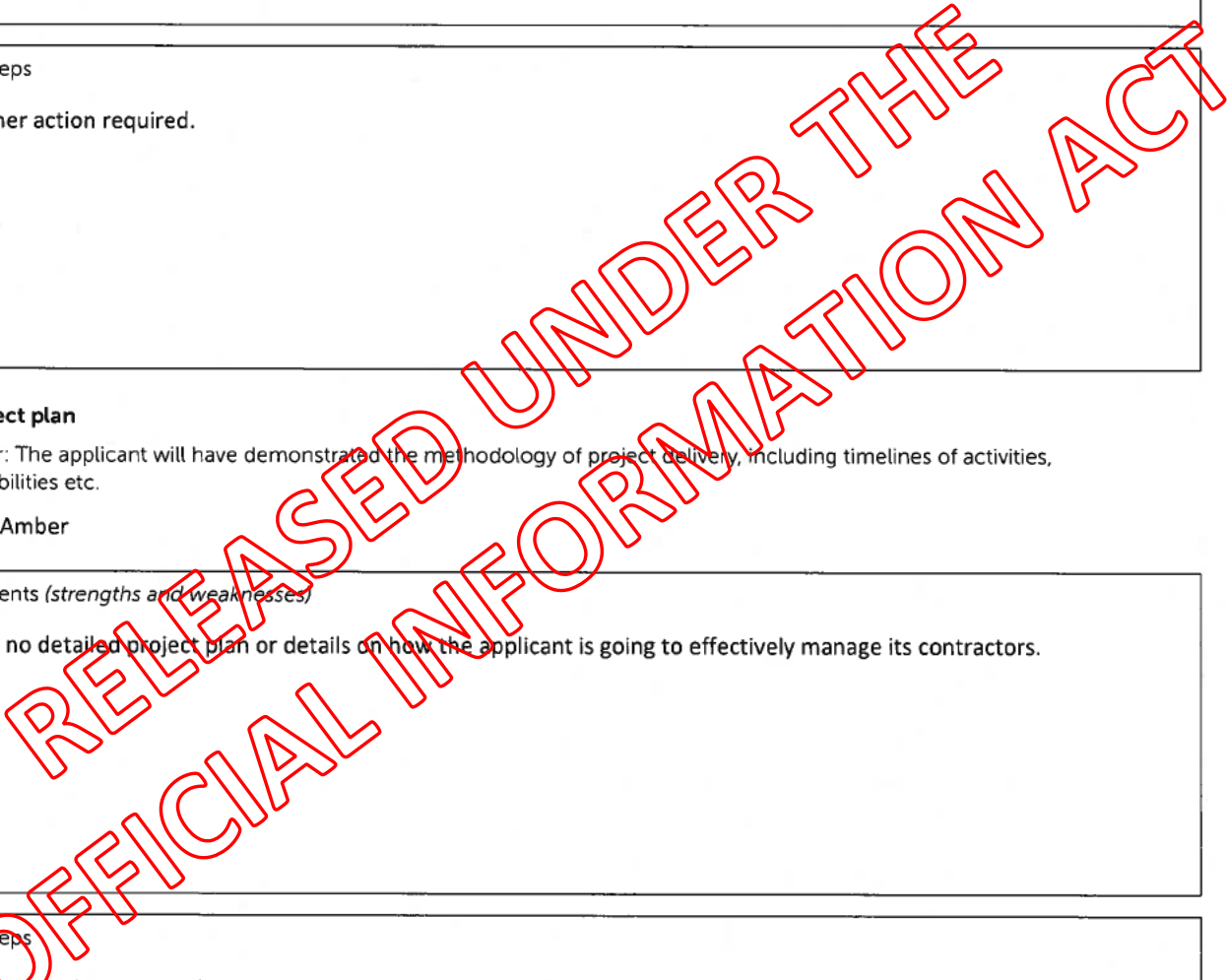
**4. Project plan**

Consider: The applicant will have demonstrated the methodology of project delivery, including timelines of activities, responsibilities etc.

Rating Amber

Comments *(strengths and weaknesses)*  
There is no detailed project plan or details on how the applicant is going to effectively manage its contractors.

Next steps  
Need to get a clear Project/contractor management plan. We need details of who at the Far North District council is going to manage the contractor.



Consider: The applicant will have demonstrated there is a strong risk management approach in place.

Rating Amber

Comments (*strengths and weaknesses*)

There are a number of risks identified. The risks that have not been adequately been addressed are: what happen if the costs increase and the project risks.

Next steps

Get a clearer understanding of how risks are going to be managed, including the litigation risk from the transfer of the asset to Far North District Holdings.

Consider: The applicant will have demonstrated effective Governance arrangements are proposed (including local governance).

Rating Amber

Comments (*strengths and weaknesses*)

There are not sufficient details on the Governance arrangements, or on the Project management plan.

Next steps

Get a clearer understanding of Governance arrangements.

Consider: The applicant will have demonstrated there has been independent verification or expert advice obtained.

Rating Amber

Comments *(strengths and weaknesses)*

There does not seem to be any information on potential environmental impacts and there is no QS estimate for the Opua Wharf.

Next steps

Ask for information of the potential environmental impacts.

**5. Commercial viability**

Consider: The applicant will have demonstrated their track record and capability to deliver the project.

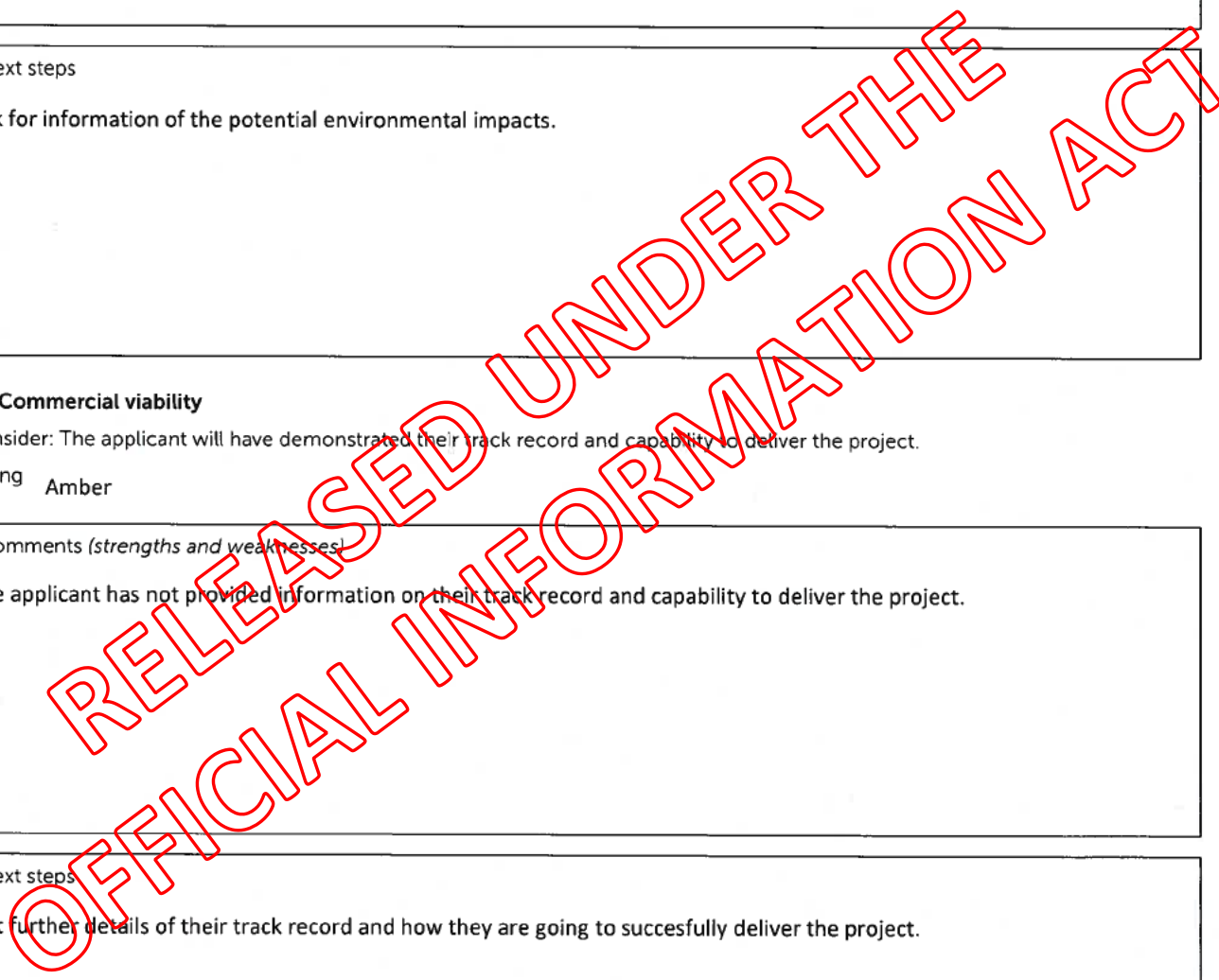
Rating Amber

Comments *(strengths and weaknesses)*

The applicant has not provided information on their track record and capability to deliver the project.

Next steps

Get further details of their track record and how they are going to successfully deliver the project.



Consider: The applicant will have demonstrated how the market will be engaged to deliver the project (i.e. via procurement/partnerships).

Rating Amber

Comments *(strengths and weaknesses)*  
light details have been provided on potential procurement option, no details have been provided on potential partners.

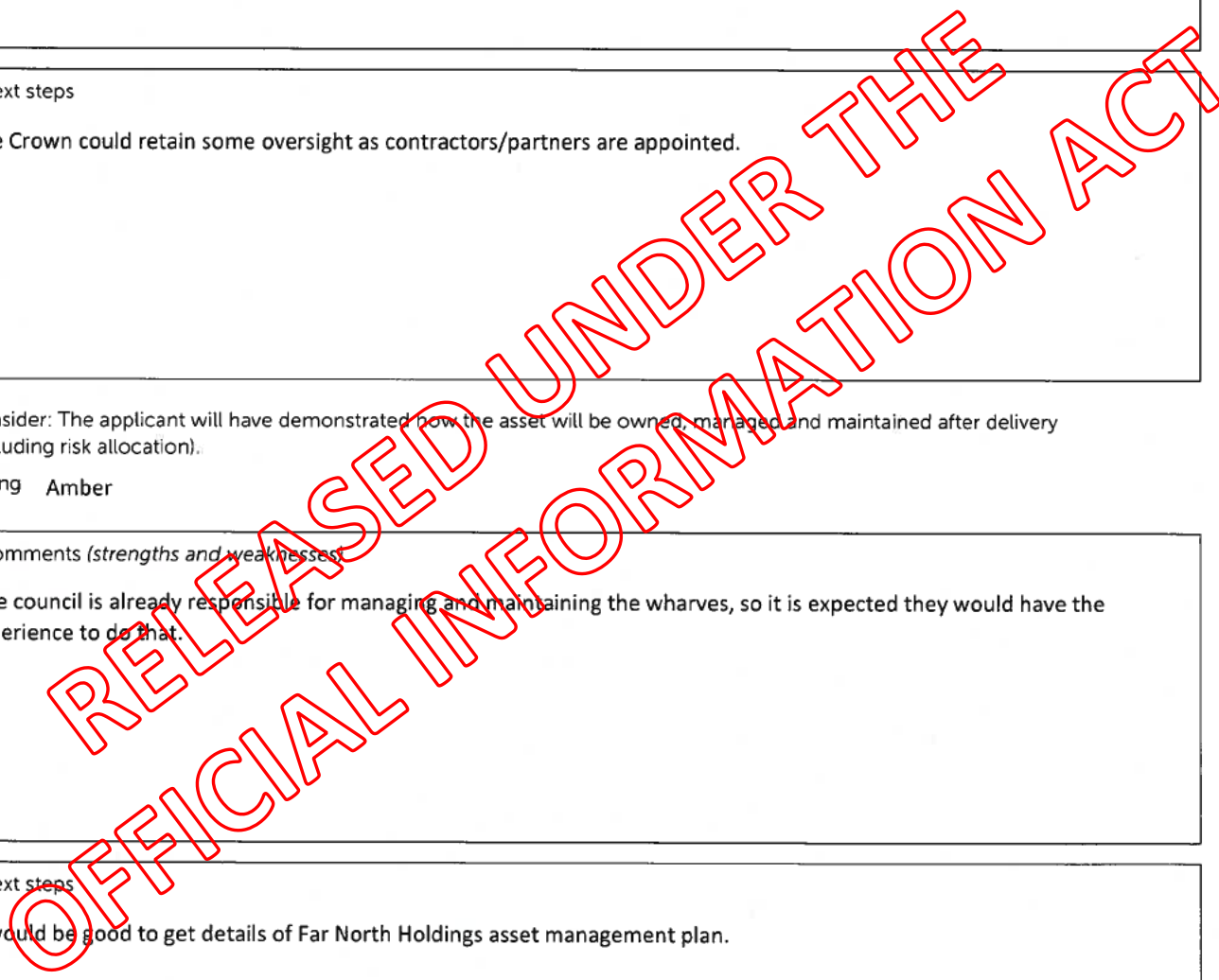
Next steps  
The Crown could retain some oversight as contractors/partners are appointed.

Consider: The applicant will have demonstrated how the asset will be owned, managed and maintained after delivery (including risk allocation).

Rating Amber

Comments *(strengths and weaknesses)*  
The council is already responsible for managing and maintaining the wharves, so it is expected they would have the experience to do that.

Next steps  
It would be good to get details of Far North Holdings asset management plan.



Consider: The applicant will have demonstrated the sustainability of the project beyond the term of the PGF investment.

Rating **Green**

Comments (*strengths and weaknesses*)

The CBA details there are clear benefits as the Wharf will be a long-term asset and it will be the heart of a great deal of tourism related economic activity in the region.

Next steps

No further action required.

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**COVER SHEET**

<p><b>1. Business case development for North Auckland (rail) Line Upgrade</b></p>	<p><b>Decision/Noting/Discussion</b></p>
<p><b>Background &amp; context:</b></p>	<p><b>Recommendation(s):</b></p>
<p>Northland is identified as a high priority region for the Provincial Growth Fund.</p> <p>Funding the improvement of transport infrastructure is one of the three identified investment tiers.</p> <p>The application states that improving land transport connections between Northland and Auckland will offer better access to markets for Northland businesses.</p> <p>A business case will provide greater certainty about costs and benefits of rail. It will also gauge support within Northland for upgrading the North Auckland Rail Line and assist with planning for the upgrade.</p> <p>Neither the Ministry of Transport nor Kiwirail are able to fund the cost of the business case out of their baselines.</p>	<p>We recommend that the IAP:</p> <ul style="list-style-type: none"> <li>a) <b>Discuss</b> the Business Case Development for North Auckland (rail) Line Upgrade.</li> <li>b) <b>Note</b> that the project aims to inform decision-making concerning improved transport connectivity for Northland. The Northland community has identified transport infrastructure improvements as essential for supporting Northland's ongoing growth and development.</li> <li>c) <b>Note</b> that funding of the improvement of transport infrastructure is one of the three identified investment tiers.</li> <li>d) <b>Note</b> the preference is for Kiwirail to be the contracting party.</li> <li>e) <b>Note</b> that the Ministry of Transport and Kiwirail are unable to fund any of the project's costs.</li> <li>f) <b>Agree</b> to either:  <b>Recommend</b> a grant of \$500,000 to progress the business case.</li> </ul> <p>Or</p> <p><b>Provide</b> advice on key areas for further investigation/detail for the proposal to conduct feasibility for the North Auckland (rail) Line Upgrade.</p>
<p><b>The purpose of this discussion is to: Discuss the PGF application for the business case development for</b></p>	

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## North Auckland (rail) Line Upgrade.

- Northland is identified as a high priority region for the Provincial Growth Fund.
- Funding the improvement of transport infrastructure is one of the three identified investment tiers.
- The Tai Tokerau Northland Economic Action plan released in 2016 outlines a 10 year plan that identifies several growth opportunities for Northland. These are:
  - forestry and related processing;
  - tourism;
  - specialised (marine) manufacturing;
  - aquaculture;
  - horticulture; and
  - agriculture, with an emphasis on improving the utilisation of Maori-owned land.
- Releasing these opportunities is reliant on good connecting infrastructure. The Action Plan identifies better connectivity with Auckland, within the region and with export markets as being needed if Northland is to realise economic opportunities.
- Improving land transport connections between Northland and Auckland will offer better access to markets for Northland businesses.
- Ministry of Transport Officials have sought to understand the likely market for rail. This has included meeting with Fonterra. We have been able to establish some limited interest but not enough to demonstrate productivity potential in excess of the level of investment required. Given the uncertainty the recommendation is that a business case be undertaken.
- A business case will provide greater certainty about costs and benefits. The business case will enable the costs and benefits of investment of the North Auckland Rail Line to be better tested.
- It will also gauge support within Northland for upgrading the North Auckland Rail Line and assist with planning for the upgrade.
- The project will also inform broader decisions about transport infrastructure investment in Northland.
- The business case will be conducted by an independent party and the award of the work will be conducted by a competitive tender.
- Neither the Ministry of Transport nor Kiwirail are able to fund the cost of the business case out of their baselines.
- Given that this is going to improve the ultimate decision-making the recommendation is that a \$500,000 grant be made to conduct the business case.

**PGF operational framework**

Officials have reviewed the request and ultimate objective against the PGF operational framework and confirm that it aligns with relevant criteria.

There is overall support from the region for this application and strategic alignment with the PGF.

**Consultation undertaken or implications:**

<b>Legal</b>	No	<b>HR</b>	No	<b>Finance</b>	No	<b>MBIE policy</b>	No	<b>Other</b>	NZTA and Ministry of Transport.
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Ministry of Transport's preference is for Kiwirail to be the contracting party.

**Financial & Staff Implications:**

Recommend \$500,000 from the Provincial Growth Fund be allocated to MOT/Kiwirail to fund the cost of the business case for the North Auckland (rail) Line Upgrade

<b>Supporting proposal:</b>	Yes
<b>Appendices:</b>	No
<b>Sponsor(s):</b>	Mark Barrett
<b>Manager/Author of paper:</b>	Erin Wynne – Manager, Rail and Freight and Mark Barrett Senior Adviser.

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# Application for Funding EVALUATION FORM

Rate and provide commentary in each section to form the basis of a recommendation / next steps decision.

Consistently evaluate every qualifying application against the criteria to ensure fairness of treatment.

Record all decisions / commentary.

Recommend a way forward based on the evaluation, which may include areas of further work required to ensure the project is feasible.

If the answer box is not big enough, please attach a document that provides the answers when you submit the form.

**Red** = Failed to demonstrate – Feedback / re-work before progressing

**Amber** = Partly meets, minor demonstration, requires work – Feedback required, may require work through next stage

**Green** = Fully meets, demonstrated with confidence – ready to progress to next stage.

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Project name:

Rotorua Big Moves

Organisation:

Rotorua Lakes Council

Date of Review:

16/05/2018

Reviewer/s: insert your initials and positions here

MW - Commercial Leader, DvDZ Senior Commercial Leader Peer Review

**Recommendation on way forward.**

*(To be completed once evaluation is complete.)*

Very good proposal - recommend submission to SRO for approval.



**1. Application Information**

Consider: The applicant will have demonstrated eligibility of the project to the Provincial Growth Fund (does it fit within one of the designated tiers and it is not one of the categories that are excluded from the Provincial Growth Fund (investment in social assets, housing three waters investments and irrigation schemes).

Rating Green

Comments (strengths and weaknesses)

Tier 1 - by value and feasibility study/business case development.  
Tier 2 - Tourism, jobs.

Next steps

The applicant will have demonstrated eligibility (i.e they are not excluded because they are bankrupt or insolvent).

Rating Green

Comments (strengths and weaknesses)

Rotorua Lakes Council.

Next steps

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## 2. Strategic case and regional alignment

Consider: The applicant will have demonstrated the ways in which the project will contribute to lifting the productivity potential of the region.

Rating Green

Comments (*strengths and weaknesses*)

Project has clear drivers which include triggering \$350 million of proposed investment from both Iwi and private sector. Details provided. This includes new and expanded businesses.

Also identifies the potential for 1000 new jobs (direct and indirect) as a result of project.

Next steps

Consider: The applicant will have demonstrated how the project will contribute to the Provincial Growth Fund's criteria of additionality (i.e. more jobs; community benefit; increased utilisation of Maori assets; sustainability; mitigating climate change impact).

Rating Green

Comments (*strengths and weaknesses*)

Jobs - also identifies the potential for 1000 new jobs (direct and indirect) as a result of project.

Community benefits - involvement of funders with social support objective including outcomes for children, youth and the vulnerable.

Maori land - Whakarewarewa Forest lands owned by CNI Iwi Holdings.

Next steps



Consider: The applicant will have demonstrated alignment to regional objectives and local support either through existing regional development mechanisms, or another relevant body, such as a council, iwi or other representative group (or reason for any lack of support).

Rating Green

Comments (strengths and weaknesses)

Project part of Regional Visitor Economy Strategy and endorsed by Bay of Connections.

Strong Iwi and regional stakeholder involvement throughout, including in project governance.

Next steps

Consider: Has the applicant demonstrated that this is a region that has been identified for early investment (Tairāwhiti/East Coast, Hawke's Bay, Tai Tokerau/Northland, Bay of Plenty, West Coast and Manawatu-Whanganui have been identified for early investment).

Rating Green

Comments (strengths and weaknesses)

Toi Moana/Bay of Plenty

Next steps

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Consider: The applicant will have demonstrated their compliance with international obligations (where relevant).

Rating Green

Comments (*strengths and weaknesses*)  
N/A - no obligations identified.

Next steps

Consider: The applicant will have demonstrated why the project is not already underway.

Rating Green

Comments (*strengths and weaknesses*)  
Phase Two of project - business case and detailed design which is required in order to enable progression to Phase 3 - capital investment.

Next steps

**3. Project costs, economics and benefits**

Consider: The applicant will have demonstrated the funding allocation (including total exposure, timeframe, financing method and contingency).

Rating Green

Comments *(strengths and weaknesses)*  
Project financials included, along with breakdown of Phase 1 and Phase 2 funding (on line-by-line basis).  
High level timeframes only.

Next steps  
We should get further details on these elements at the contracting phase.

Consider: The applicant will have demonstrated benefit of the Crown investing, as well as other sources of funding (where provided look at the information provided in the financial model, forecasts or CBA).

Rating Green

Comments *(strengths and weaknesses)*  
Funding to support business case and detailed design which will enable development and act as catalyst to private/Iwi investment.

Next steps

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Consider: Is this refinancing sunk costs?

Rating Green

Comments *(strengths and weaknesses)*  
No - Phase 1 fully funded by Council. Funding sought for 55% of Phase 2, rest funded and over-runs underwritten by Council.

Next steps

**4. Project plan**

Consider: The applicant will have demonstrated the methodology of project delivery including timelines of activities, responsibilities etc.

Rating Amber

Comments *(strengths and weaknesses)*  
High level key milestones provided. Budget includes detailed activity list but no specific dates.

Next steps  
More details project timeline required as part of contracting which includes detailed deliverable and drawdown dates.

Consider: The applicant will have demonstrated there is a strong risk management approach in place.

Rating Green

Comments *(strengths and weaknesses)*  
Detailed risk matrix provided including ratings, mitigations and owners of risks identified.

Next steps

Consider: The applicant will have demonstrated effective governance arrangements are proposed (including local governance).

Rating Green

Comments *(strengths and weaknesses)*  
Governance arrangements of each project identified. Council and Iwi involvement in both developments. Terms of Reference and co-governance agreements referenced. Lakefront development includes independent chair.  
Disciplines involved in project control group identified.

Next steps  
Applicant invites PDU representation on governance group - for consideration.

Consider: The applicant will have demonstrated there has been independent verification or expert advice obtained.

Rating Green

Comments (*strengths and weaknesses*)

External advice sought:

- International destination management expert Prof Terry Stevens
- Consultancy Martin Jenkins
- Intend to engage experts as part of business case development.

Next steps

**5. Commercial viability**

Consider: The applicant will have demonstrated their track record and capability to deliver the project.

Rating Amber

Comments (*strengths and weaknesses*)

Phase 1 complete but limited further details of track record and capability to deliver the project, especially beyond business case.

Next steps

Details of other comparable projects successfully delivered Rotorua Lakes Council would help support capability.



Consider: The applicant will have demonstrated how the market will be engaged to deliver the project (i.e. via procurement/ partnerships).

Rating Green

Comments (*strengths and weaknesses*)

Council procurement policy will apply. Procurement plan approved by Council CE.

Public tender identified for Phase 3.

Next steps

Consider: The applicant will have demonstrated how the asset will be owned, managed and maintained after delivery (including risk allocation).

Rating Amber

Comments (*strengths and weaknesses*)

Ownership of land clearly described but limited details on asset ownership and therefore who will manage and maintain.

This level of detail may be more relevant to next application for project capital, to be presented following completion of business case.

Next steps

Consider: The applicant will have demonstrated the sustainability of the project beyond the term of the PGF investment.

Rating Green

Comments (*strengths and weaknesses*)

Business case and detailed design so finite life to this Phase. Council to under-write overruns during Phase.

Application for Phase 3 capital signalled - circa \$27.5 million from PGF.

Next steps

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## COVER SHEET

1. Howard League driver licencing	Decision/Noting/Discussion
<p><b>Background &amp; context:</b></p> <p>The Provincial Growth Fund (PGF) has received an Application from the Howard League to expand their programme to provide drivers licences to mainly offender NEETS from 3 tranches to 15 tranches.</p> <p>This is a national programme seeking to introduce tranches in the Far North, Whakatane, Opotiki, Hastings / Napier, Central Hawkes Bay and West Coast others (amongst other non-surge regions).</p> <p>The project is seeking PGF funding of \$7,514,000 over three years:</p> <ul style="list-style-type: none"> <li>• Setup costs (vehicles, etc)</li> <li>• Salaries for instructors, identification costs, licencing fees</li> <li>• Contingency</li> </ul> <p>The PGF Application and supporting letters are attached as Annexes.</p>	<p><b>Recommendation(s):</b></p> <p>We recommend that the IAF:</p> <ol style="list-style-type: none"> <li><b>Discuss</b> the Howard League unlicensed driver application.</li> <li><b>Note</b> the project has been assessed by the PDU as aligning with the fund criteria</li> <li><b>Note</b> Howard League has a track record in successfully running driver licencing programmes</li> <li><b>Note</b> the PGF exposure will be managed by mitigating its exposure by including stop/go points at the end of each year</li> <li><b>Agree to recommend</b> \$7,514,000 from the PGF be allocated towards the Howard League unlicensed driver project subject to the head of the PGF investments team being satisfied with the results of due diligence.</li> </ol>
<p><b>The purpose of this discussion is to: consider recommending allocating PGF funds to the Howard League driver licencing project.</b></p>	
<p><b>Co-funding</b> Co-funding is not available, as the Howard League is a charity and uses all available funds for its existing programmes.</p> <p><b>Alignment to PGF criteria</b> <i>Increased Economic Benefit</i> Increased economic benefit will be indirect. Lack of driver licencing has been identified as a key barrier to work readiness.</p> <p><i>Additionality</i> There is sufficient latent demand (i.e. unlicensed NEETS) that this project will meet the additionality criteria (more jobs). This is an existing model and looking to expand. Factoring that 50% of the prison</p>	



muster is Maori, it would have a strong economic benefit to Maori.

*Alignment with regional plans*

Alignment with individual regional plans is not as relevant for the application as it is a national programme.

**Management and Governance**

Howard League has a track record of successfully running driver licencing initiatives of this nature. They manage other programmes in relation to offenders and have the governance and policy structures to manage this new project.

**Risks**

*Ongoing sustainability*

The applicant does not have sufficient funding to continue the project after the 3 years of funding requested from the PGF. To some extent there is a risk of institutional knowledge / IP being lost if alternative funding sources are not able to be found.

Having said that, the 3 year impact of licencing alone will be significant and will contribute to the PGF objectives.

*Ability to scale up and procure instructors*

Currently the Howard League manages a literacy programme in 17 correctional facilities established and implemented over 1 year so they consider that they have the ability and experience to scale up.

The Howard League does not view ability to scale up as a risk based on their knowledge and experience in the field. They have already identified 7 prospects who align to the ideal person specification. Their process of identification is through their extensive networks. To date this process has proved to be a successful approach.

*Managing PGF exposure*

PGF exposure will be managed by mitigating its exposure by including stop/go points at the end of each year - funding for the subsequent year will only be available upon successful delivery of the prior year.

**Conflicts of interest**

One conflict of interest has been disclosed - Mike Williams is the CEO of the applicant and a director of Ritchies Transport. Ritchies Transport have been identified as stakeholder (potential employee of graduates)

This conflict should be able to be managed through the normal Howard League governance processes.

**Consultation undertaken or implications:**

<b>Legal</b>	N/A	<b>HR</b>	N/A	<b>Finance</b>	N/A	<b>MBIE policy</b>	N/A	<b>Other</b>	TPK (pending), NZTA, Corrections, MBIE SWEP (pending)
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outside scope

**Financial & Staff Implications:**

**Recommend** \$7,514,000 from the PGF be allocated towards the Howard League unlicensed driver project subject to the head of the PGF investments team being satisfied with the results of due diligence.

<b>Supporting proposal:</b>	Yes
<b>Appendices:</b>	Yes - Applications and <span style="background-color: #cccccc; color: red;">outside scope</span> are attached as annexes
<b>Sponsor(s):</b>	N/A
<b>Manager/Author of paper:</b>	Richard Westbury, Investment Team

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# Application for Funding

## About this form

This form enables you to make an application for funding under any of the three investment tiers for the Provincial Growth Fund:

- Regional Projects and Capability: Under \$1 million;
- Sector Investments: Between \$1 - \$20 million; and
- Enabling infrastructure projects: Over \$20 million.

The information you provide will help us to assess and evaluate eligible projects and investment opportunities.

## Next steps

We will review your application to further test suitability and risk and to make a decision on suitability for funding. We will be in contact where further information is required and we may provide you advice and support (i.e. from regional advisors) where necessary throughout this next stage of the process.

## Instructions

Please complete the 'Application Form' section below, which is compulsory. In addition, please complete the parts of this application form that are relevant to your proposal. If the answer box is not big enough, please attach a document that provides the answers when you submit the form.

Please provide as much detail as you are able to, as appropriate to the size and complexity of your proposal.

If compulsory or relevant information is missing, this may slow down the application process as we will need to contact you.

You can find the terms and conditions of applying for Provincial Growth Fund investment in **Appendix 1**. You must agree to those terms and conditions as part of submitting this application.

We also attach a copy of the Eligibility and Assessment criteria in **Appendix 2** to provide further context.

## Submitting your application

Please email your completed form to [PGF@mbie.govt.nz](mailto:PGF@mbie.govt.nz).

### A. Application Form (Compulsory section)

1. Proposal Name:

Provincial Unlicensed Offenders Driving Programme

2. Please provide the name of applicant organisation/entity:

The New Zealand Howard League for Penal Reform Incorporated

3. What is the physical address of the applicant's organisation?

8/17 Harbour View Road, Te Atatu Peninsula, Auckland 0610

4. Please provide the contact details for the applicant's organisation (including a specific person as a point of contact):

Mike Williams 9(2)(a)



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

The New Zealand Howard League is a registered charity whose aim is to reduce New Zealand's high rate of incarceration. A major programme we operate assists young, mostly Maori, offenders obtain a legal licence, get off the path to prison, and enter full time employment, or further training or education. Our focus is on NEETs. Howard League participants are offenders from community service, home detention, parolees, and newly released from prison. The programme also incorporates newly released offenders who require a driving licence in order to get a job. Many of whom have learned to read while in prison through the Howard League Literacy Programme which runs in most of NZ Prisons.

The NZ Howard League was the Department of Corrections preferred partner in 2016.

6. Please provide a brief summary description of the project, including its location, purpose and history.

We have operated in Hawke's Bay since 2014, West Auckland since 2016 and Whangarei since 2017. The purpose is to help offenders become legal drivers. It has a history of success with over 1000 offenders helped to get their licences, become work ready, find jobs, enter education or training, and reducing reoffending.

Our driving programmes to date (funded on the basis of achieving 8 driving licences per month)

Hawke's Bay:

In 2017, the Hawke's Bay programme generated 253 licences for offenders out of the Hastings, Napier and Flaxmere Probation offices and we have been awarded a further \$100,000 by Land Transport NZ for the next year of operation.

West Auckland:

This programme easily exceeded its target and achieved 120 licences in its first year of operation. It accepts offenders from the Wairau and Henderson Probation Centres as well as the Waitakere and Auckland Central

7. Please describe (or re-affirm) which industry or sector/s the proposal is relevant to.

According to statistics supplied by former Minister Judith Collins 84% of entry level jobs in all industries and sectors require applicants to have driver licence. Our successful participants have found work in forestry, horticulture, agriculture, construction, engineering, manufacturing, road works, the care industry, bee keeping, and transport; helping address the shortage of drivers around the country.

8. In what location/region/s is the proposal to be based? What is the name of the relevant District as detailed on the Local Government New Zealand website: <http://www.lgnz.co.nz/nzs-local-government/new-zealands-councils/>

- 1) Far North, Whangarei, Kaipara - 2 instructors
- 2) Hauraki, Western Bay of Plenty - 1 instructor
- 3) Tauranga, Rotorua, Whakatane, Opoitiki - 2 instructors
- 4) Gisborne, Wairoa - 1 instructor
- 5) Hastings, Napier, Central Hawke's Bay - 1 instructor
- 6) Otorohanga, Waikato, Waitomo, South Waikato - 1 instructor
- 7) Matamata, Piako, Waipa - 1 instructor
- 8) Taranaki, Masterton, Carterton - 1 instructor
- 9) New Plymouth, Stratford, South Taranaki - 1 instructor
- 10) West Coast - 1 instructor

9. Please provide full names of the project's leadership team, including your chief executive, directors and trustees (as appropriate).

Dame Catherine Tizard - Patron, Anthony (Tony) Ian Gibbs CNZM - President, Kenneth Michael (Mike) Williams - CEO, 9(2)(a)

Instructor

10. If different from the applicant, who would be the 'contracting party' with the Crown under any successful contract?

*Please provide the full name.*

As above - The New Zealand Howard League for Penal Reform Incorporated

11. Are there any other Partners within this project? (i.e construction, design or other significant partners).

If so, please provide their names.

Department of Corrections, The Land Transport Agency, Ministry of Justice, The Lighthouse Foundation  
Vehicle Testing New Zealand (Stakeholder), Automobile Assosiation (Stakeholder)  
Ritchies Transport (Stakeholder)

12. Is the applicant or the contracting entity insolvent or subject to any insolvency action, administration or other legal proceedings?

No

13. Is any individual involved in the application, the proposed contracting entity or the project an undischarged bankrupt?

No

14. 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?

Comments  
Not applicable

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15. Conflicts of Interest: Please detail any actual, potential or perceived conflict of interest that the applicant(s) 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>

Comments

Mike Williams is a director of Ritchies Transport.

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#### B. Strategic Case and Regional Alignment

1. How does the project propose to act as a catalyst to lift the productivity potential of the region where the project is based?

In every region there are significant numbers of NEETs (not in education, employment or training). We have found that very often getting a drivers' licence is the key to work-readiness. It enables mainly young Maori to apply for many more jobs, get work, get a bank account and have a broadly accepted means of identification. Participants in the driving course enjoy vastly increased confidence, motivation, self esteem, and their families/whanau take great pride in their achievements. They become role models for their whanau. The programme acts as a catalyst for other whanau members to also take responsibility for their lives and to see that the programme is a safe place and a worthwhile programme to take part in. It is not unusual for our instructors to deal with multiple generations within a whanau. We work closely with Corrections to place offenders into employment once they obtain their licence. The Waitakere Corrections catchment has the highest rate of placing offenders into full time employment largely due to the close collaboration between the Howard League driving instructor and the local Corrections employment officers.



2. How does the project align with the objectives of the Provincial Growth Fund:

- More permanent jobs;
- Benefits to the community and different groups in the community;
- Increased use and returns for Māori from their asset base (where applicable).

Successful participants in the Howard League driving programme for offenders become much more employable and often develop the motivation to find a job. A major benefit to the community is that there are fewer unlicensed drivers on the road and many fewer people on a path to prison. 65% of Maori prisoners have a driving offence as part of their first prison sentence. We stop the trajectory of driving offences which leads to fines and prison; reducing reoffending and the number of people in prison.  
Due to their increased driving skills New Zealand roads are safer.  
Initial data from Corrections suggests a reduction in reoffending from participants of the programme.  
The programme makes participants more attractive candidates for permanent employment thus breaking the cycle of benefit dependency and lowering the cost to the Crown.  
Investment in educational capital allows young Maori in take part in their local economy often for the first time.

3. Please provide a detailed description of the project, including the objectives and business need.

The NZ Howard League for Penal Reform is a registered charity. Our kaupapa is to reduce re-offending by educating prisoners and providing driver licence programmes for offenders. We are a trusted provider of services by both the ministries of Corrections and Transport. We were Corrections' Partner of the Year 2016. We employ qualified driving instructors.  
According to Corrections CEO Ray Smith, a large proportion of people who turn up in reoffending statistics have driving-related convictions "If they were helped to get their licence, many of them would never find themselves in trouble with law again. You just have to wonder whether so many young people really had to be tied up in the system if you could just get them a driver's licence". Ray Smith to Parliamentary Select Committee

4. Please provide a description of how the project aligns to the Government's additionality objective under the Provincial Growth Fund (including infrastructure, Māori assets/development, sustainability, investment tiers and regional development plans).

This programme will generate large numbers of work ready (mainly Maori) young people and has been doing so in Hawke's Bay, Whangarei and West Auckland (references attached). Our people have tasted success and many are ready for the next phase of employment or training for employment.  
The criteria of additionality is clearly met. We add greatly to the reach of the Community Probation Service, for example we will add driver licence tuition in places which have community probation centres, such as Kaikohe, Kaitaia, Dargaville and Wairoa.

5. What benefits will the region get from the Crown's investment?

Regions will have safer roads with many fewer unlicensed drivers, a steady supply of young work-ready people, higher levels of employment and therefore local spending. This programme will help meet labour shortages in forestry, horticulture as in the kiwifruit and pipfruit industries, construction, and transport due to the lack of drivers in the transport industry.

6. Please describe the current state of the proposal, and why the project has not been done before.

Since 2014 this programme has functioned successfully in Hawke's Bay, since 2016 West Auckland and since 2017 in Whangarei. The fact that it has not spread further given its provable success is simply a matter of resourcing. This proposal seeks to replicate our successful model into other areas of high need.

7. Please provide a description, and evidence where applicable, of any local support for the project either through existing regional development mechanisms, or another relevant body, such as a council, iwi or other representative group (or reason for any lack of support).

We have strong support from Senior Corrections Officials in all three regions in which we operate and have the strong support of the two judges who work in the Auckland and Waitakere Alcohol and Other Drug Treatment Courts, where we offer our services.  
Please see attached referrals.

outside scope

8. Please provide a description of any consultation required.

The initial consultation was conducted when the programme was first established with Department of Corrections and NZTA. We will seek to leverage off our existing contacts as we expand the programme into the targeted areas.



9. Please demonstrate how this project will fit in with wider assets or infrastructure, projects and benefits in the region.

Regions will have safer roads with many fewer unlicensed drivers, a steady supply of young work-ready people, higher levels of employment and therefore local spending. This programme will help meet labour shortages in forestry, horticulture as in the kiwifruit and pipfruit industries, construction, and transport due to the lack of drivers in the transport industry.

10. Has the project been discussed with a regional economic development governance group? If so, what was the outcome of the discussion?

Just as where the programme has been operating we have engaged with appropriate groups to extend this engagement to the new areas. Informally we have been discussing the expansion of our programme with Corrections officials, relevant MPs, local government officials, Chamber of Commerce officials, and regional development programmes.

11. Please provide evidence of Iwi consultation.

Our programmes are well known to urban Maori Authority leaders <sup>9(2)(a)</sup> and was discussed sometime ago with <sup>9(2)(a)</sup>. We will engage with appropriate local iwi authorities as the programme expands.

12. Please provide evidence of compliance with international obligations (where relevant).

Not applicable.

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**C. Project costs, economics and benefits**

1. Please provide details of the wider benefits, over and above those described in the above Strategic Case and Regional Alignment section.

For the cost of keeping one person in prison for one year (\$110,000) over 100 offenders can become legal drivers and employment-ready through the Howard League Driving Programme for offenders.

In 2014 we were advised by a senior Transport Agency official that the average cost of getting drivers' licence for offenders was approximately \$2000 per licence. Since our pilot programme began in Hawke's Bay in 2014 we have trebled in size with additional successful programmes in Waitakere and Whangarei. Through streamlining our processes and using well trained instructors the average cost of getting a licence through the Howard League Driving Programme in 2017 was approximately \$600 per licence.

2. Please provide a detailed breakdown of the benefits that will be enabled by the delivery of this project and the timeframes in which those benefits will be achieved/realised.

Based on the results of the three existing programmes where throughput is 150 to 200 licences per programme per year, we anticipate similar results from the ten new programmes for which we seek funding. Experience tells us we can have a new programme fully operational within three months; subject to availability of places with a registered driving instructor licence course. We aim to have four new programmes within three months of funding, then the next eight in place over the next six months approximately.

Please see previous answers to benefits to the individuals, community and regions.

4. Please provide a cost breakdown covering the following:

- Total project cost breakdown (including contingency);
- Total funding sought from the Provincial Growth Fund;
- Type of funding sought (i.e grant, loan or other);
- Description and breakdown of funding sought from elsewhere (approached/approved/declined) and what funding has been committed;
- Details of ongoing costs and financial viability;
- Required timing of costs; and
- Maintenance costs and funding sources

Project cost breakdown and funding sort

Please see attachment - Project Cost Breakdown

Types of funding sort

One off grant  
Annual grant  
Contingency

Funding from elsewhere

We anticipate that the existing three programmes will carry on being funded by LTNZ, the Department of Corrections and private philanthropy.

Maintenance costs are already factored in – refer financial breakdown

5. Please provide a demonstration of the impact the project will have on the applicant's balance sheet.

As we are a registered charity the project will not significantly impact the organisation's balance sheet. The project will require investment in training resources, which the funds applied for will contribute to.

The organisation's assets will increase if the funding is received, and then reduce over time as the programmes are carried out. All things being equal, the balance sheet will be in a similar position at the completion of the programmes, as it is at the commencement.

6. Please provide a demonstration of how you will ensure that your project represents good value for money.

For the cost of keeping one person in prison for one year (\$110,000) over 100 offenders can become legal drivers and employment-ready through the Howard League Driving Programme for offenders.

Attachment - NZ Howard League Financial Statements 2017

7. If applicable, is there a financial model, financial forecasts, or a Cost Benefit Analysis which can be provided?  
(If so, please attach to this application.)

Not applicable

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**D. Project Plan**

1. Please provide a project management plan covering the following:
  - Delivery methodology
  - Roles and responsibilities (including who will be managing/delivering the project and key contractors)
  - Timeline
  - Procurement
  - Constraints and dependencies
  - Risks associated with project
  - Risk management methodology
  - Governance arrangements (including using existing credible local and community input, funding, commercial and non-commercial partners)
  - Project delivery gates
  - Exit gates and stop/go points.

**Delivery methodology**

We will utilise the delivery model for the three existing programmes:  
Identify, train and implement the new instructors in each area as we phase in the implementation of the programme.

**Roles and responsibility**

Executive Director Howard League CEO Mike Williams, administrator to be appointed, and instructors to be appointed.

**Timeline**

We aim to have four new programmes within three months of funding, then the next eight in place over the next six months approximately.

**Procurement**

See set up costs. Attachment - Project Cost Breakdown

**Constraints and dependencies**

Nil

**Risks associated with the project**

We are aware we are dealing with offenders. Personal security mitigated by panic buttons, training, GPS tracking on phones, etc.

**Governance arrangements**

Those in place for the NZ Howard League for Penal Reform Incorporated

**Project Delivery Gates**

Not applicable

**Exit gates**

2. Please provide any feasibility assessment which has been conducted for the project.

We have a proven track record over four years.

3. Please provide details of the key risks associated with the project, as well as how they will be managed.

Funding withdrawn, loss of credibility with community/investors, competition, recidivist behavior of clients (no significant incidents thus far). We will deal with any issues as they arise with the appropriate authorities to ensure the integrity of the programme is maintained and the safety of our staff and others is ensured.



4. Please provide detail of any alternative project delivery options which have been considered and ruled out.

An alternative drivers' licence online delivery mechanism programme was recommended by one of our funders but was not implemented as it was inappropriate and too expensive for the participants of the Howard League driving programme. This organisation has continued to support us with our kanohi ki te kanohi (one-on-one) delivery model.

5. Has the project plan been independently tested, or developed with assistance of a project management professional? If so, by whom?

No. The programme has been developed through the experience and expertise gathered over four years. In the future we will seek to have the programme evaluated over the period of implementation and through the three years of the project.

**E. Commercial Viability**

1. Please provide an overview of the applicant's track record in delivering projects of this nature.

Please see letters of endorsement.

outside scope

2. Please provide any demand analysis (customers and growth/utilisation forecasts) which has been conducted.

In the three areas in which we operate the programme demand heavily exceeds supply.

3. Please describe how the market has been, or will be, tested and engaged (if required) to assist in the delivery of this project.

In all three existing locations there has been a strong flow of participants which is only increasing as word of our successes becomes known.

4. Please describe what will happen upon delivery of the project, including the maintenance plan and plan for ownership of the asset.

Not applicable

5. Please describe how the project will be sustainable beyond the term of the Provincial Growth Fund investment.

At the current level it will not be sustainable. Our long term vision is that the programme will be delivered nationwide and base-lined through departmental appropriation. Hence the proposed evaluation included in this application.

6. Please outline why Crown funding is required?

The NZ Howard League driving programme for offenders is an early intervention and up front investment to prevent much more expensive societal costs down the track requiring government intervention and funding.

Assisting offenders to gain meaningful and fulfilling employment can be central to breaking the cycle of re-offending. International research has shown a positive link between the stability, income, and satisfaction gained from work and a reduction in an offender's likelihood to re-offend. Employment can provide structure and purpose in a person's life, and can cement an offender's transition to a sustainable and law abiding lifestyle.

Our purpose is to reduce reoffending; helping offenders into sustainable employment, being part of growing regional economies and to enhance opportunities for all offenders with a focus on young Maori.

**F. Declaration by lead applicant**

By completing the details below, the applicant makes the following declaration about its application for PGF funding for the

Provincial Unlicensed Offenders Driving Programme.

project ("application"):

- A. I have read, understand and agree to the Terms and Conditions of applying for PGF 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. 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 PGF by emailing PGF@mbie.govt.nz; and
- E. 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.

Signature:

Kenneth Michael Williams

Full name:

Kenneth Michael Williams

Date: 15/05/2018

Title / position:

C.E.O.

Name of applicant organisation:

NZ Howard League for Penal Reform

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# Application for Funding

## EVALUATION FORM

Rate and provide commentary in each section to form the basis of a recommendation / next steps decision.

Consistently evaluate every qualifying application against the criteria to ensure fairness of treatment.

Record all decisions / commentary.

Recommend a way forward based on the evaluation, which may include areas of further work required to ensure the project is feasible.

If the answer box is not big enough, please attach a document that provides the answers when you submit the form.

- Red** = Failed to demonstrate – Feedback / re-work before progressing
- Amber** = Partly meets, minor demonstration, requires work – Feedback required, may require work through next stage
- Green** = Fully meets, demonstrated with confidence – ready to progress to next stage.

Project name:

Rotorua Big Moves

Organisation:

Rotorua Lakes Council

Date of Review: 16/05/2018

Reviewer/s: insert your initials and positions here

MW - Commercial Leader, DvDZ Senior Commercial Leader Peer Review

**Recommendation on way forward.**

*(To be completed once evaluation is complete.)*

Very good proposal - recommend submission to SRO for approval.

**1. Application Information**

Consider: The applicant will have demonstrated eligibility of the project to the Provincial Growth Fund (does it fit within one of the designated tiers and it is not one of the categories that are excluded from the Provincial Growth Fund (investment in social assets, housing three waters investments and irrigation schemes).

Rating Green

Comments (strengths and weaknesses)

Tier 1 - by value and feasibility study/business case development.  
Tier 2 - Tourism, jobs.

Next steps

The applicant will have demonstrated eligibility (i.e they are not excluded because they are bankrupt or insolvent).

Rating Green

Comments (strengths and weaknesses)

Rotorua Lakes Council

Next steps

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**2. Strategic case and regional alignment**

Consider: The applicant will have demonstrated the ways in which the project will contribute to lifting the productivity potential of the region.

Rating Green

Comments *(strengths and weaknesses)*

Project has clear drivers which include triggering \$350 million of proposed investment from both Iwi and private sector. Details provided. This includes new and expanded businesses.

Also identifies the potential for 1000 new jobs (direct and indirect) as a result of project.

Next steps

Consider: The applicant will have demonstrated how the project will contribute to the Provincial Growth Fund's criteria of additionality (i.e. more jobs; community benefit; increased utilisation of Maori assets; sustainability; mitigating climate change impact).

Rating Green

Comments *(strengths and weaknesses)*

Jobs - also identifies the potential for 1000 new jobs (direct and indirect) as a result of project.

Community benefits - involvement of funders with social support objective including outcomes for children, youth and the vulnerable.

Maori land - Whakarewarewa Forest lands owned by CNI Iwi Holdings.

Next steps

Consider: The applicant will have demonstrated alignment to regional objectives and local support either through existing regional development mechanisms, or another relevant body, such as a council, iwi or other representative group (or reason for any lack of support).

Rating Green

Comments *(strengths and weaknesses)*

Project part of Regional Visitor Economy Strategy and endorsed by Bay of Connections.

Strong Iwi and regional stakeholder involvement throughout, including in project governance.

Next steps

Consider: Has the applicant demonstrated that this is a region that has been identified for early investment (Tairāwhiti/East Coast, Hawke's Bay, Tai Tokerau/Northland, Bay of Plenty, West Coast and Manawatu-Whanganui have been identified for early investment).

Rating Green

Comments *(strengths and weaknesses)*

Toi Moana/Bay of Plenty

Next steps

Consider: The applicant will have demonstrated their compliance with international obligations (where relevant).

Rating Green

Comments *(strengths and weaknesses)*  
N/A - no obligations identified.

Next steps

Consider: The applicant will have demonstrated why the project is not already underway.

Rating Green

Comments *(strengths and weaknesses)*  
Phase Two of project - business case and detailed design which is required in order to enable progression to Phase 3 - capital investment.

Next steps

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**3. Project costs, economics and benefits**

Consider: The applicant will have demonstrated the funding allocation (including total exposure, timeframe, financing method and contingency).

Rating Green

Comments *(strengths and weaknesses)*

Project financials included, along with breakdown of Phase 1 and Phase 2 funding (on line-by-line basis).

High level timeframes only.

Next steps

We should get further details on these elements at the contracting phase.

Consider: The applicant will have demonstrated benefit of the Crown investing, as well as other sources of funding (where provided look at the information provided in the financial model, forecasts or CBA).

Rating Green

Comments *(strengths and weaknesses)*

Funding to support business case and detailed design which will enable development and act as catalyst to private/Iwi investment.

Next steps



Consider: Is this refinancing sunk costs?

Rating **Green**

Comments *(strengths and weaknesses)*  
No - Phase 1 fully funded by Council. Funding sought for 55% of Phase 2, rest funded and over-runs underwritten by Council.

Next steps

**4. Project plan**

Consider: The applicant will have demonstrated the methodology of project delivery including timelines of activities, responsibilities etc.

Rating **Amber**

Comments *(strengths and weaknesses)*  
High level key milestones provided. Budget included detailed activity list but no specific dates.

Next steps  
More details project timeline required as part of contracting which includes detailed deliverable and drawdown dates.

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Consider: The applicant will have demonstrated there is a strong risk management approach in place.

Rating Green

Comments *(strengths and weaknesses)*  
Detailed risk matrix provided including ratings, mitigations and owners of risks identified.

Next steps

Consider: The applicant will have demonstrated effective Governance arrangements are proposed (including local governance).

Rating Green

Comments *(strengths and weaknesses)*  
Governance arrangements of each project identified (Council and Iwi involvement in both developments. Terms of Reference and co-governance agreements referenced. Lakefront development includes independent chair.  
Disciplines involved in project control group identified.

Next steps  
Applicant invites PDU representation on governance group - for consideration.

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Consider: The applicant will have demonstrated there has been independent verification or expert advice obtained.

Rating Green

Comments *(strengths and weaknesses)*

External advice sought:

- International destination management expert Prof Terry Stevens
- Consultancy Martin Jenkins
- Intend to engage experts as part of business case development.

Next steps

**5. Commercial viability**

Consider: The applicant will have demonstrated their track record and capability to deliver the project.

Rating Amber

Comments *(strengths and weaknesses)*

Phase 1 complete but limited further details of track record and capability to deliver the project, especially beyond business case.

Next steps

Details of other comparable projects successfully delivered Rotorua Lakes Council would help support capability.

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Consider: The applicant will have demonstrated how the market will be engaged to deliver the project (i.e. via procurement/ partnerships).

Rating Green

Comments *(strengths and weaknesses)*  
Council procurement policy will apply. Procurement plan approved by Council CE.  
Public tender identified for Phase 3.

Next steps

Consider: The applicant will have demonstrated how the asset will be owned, managed and maintained after delivery (including risk allocation).

Rating Amber

Comments *(strengths and weaknesses)*  
Ownership of land clearly described but limited details on asset ownership and therefore who will manage and maintain.  
This level of detail may be more relevant to next application for project capital, to be presented following completion of business case.

Next steps

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Consider: The applicant will have demonstrated the sustainability of the project beyond the term of the PGF investment.

Rating Green

Comments (*strengths and weaknesses*)

Business case and detailed design so finite life to this Phase. Council to under-write overruns during Phase.

Application for Phase 3 capital signalled - circa \$27.5 million from PGF.

Next steps

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# COVER SHEET

## 5.9 Rotorua Big Moves PGF Application & Feasibility Assessment for [redacted] PGF Application

## Discussion

### Background & context:

### Recommendation(s):

#### Applicant Organisations:

- Rotorua Lakes Council & [redacted]

#### Location:

- Bay of Plenty [redacted]

#### Proposals:

- **Rotorua Big Moves** – is a feasibility for the development of the Rotorua Lakefront and the ongoing enhancement of the Whakerewarewa forest
- [redacted]

#### Funding Sought:

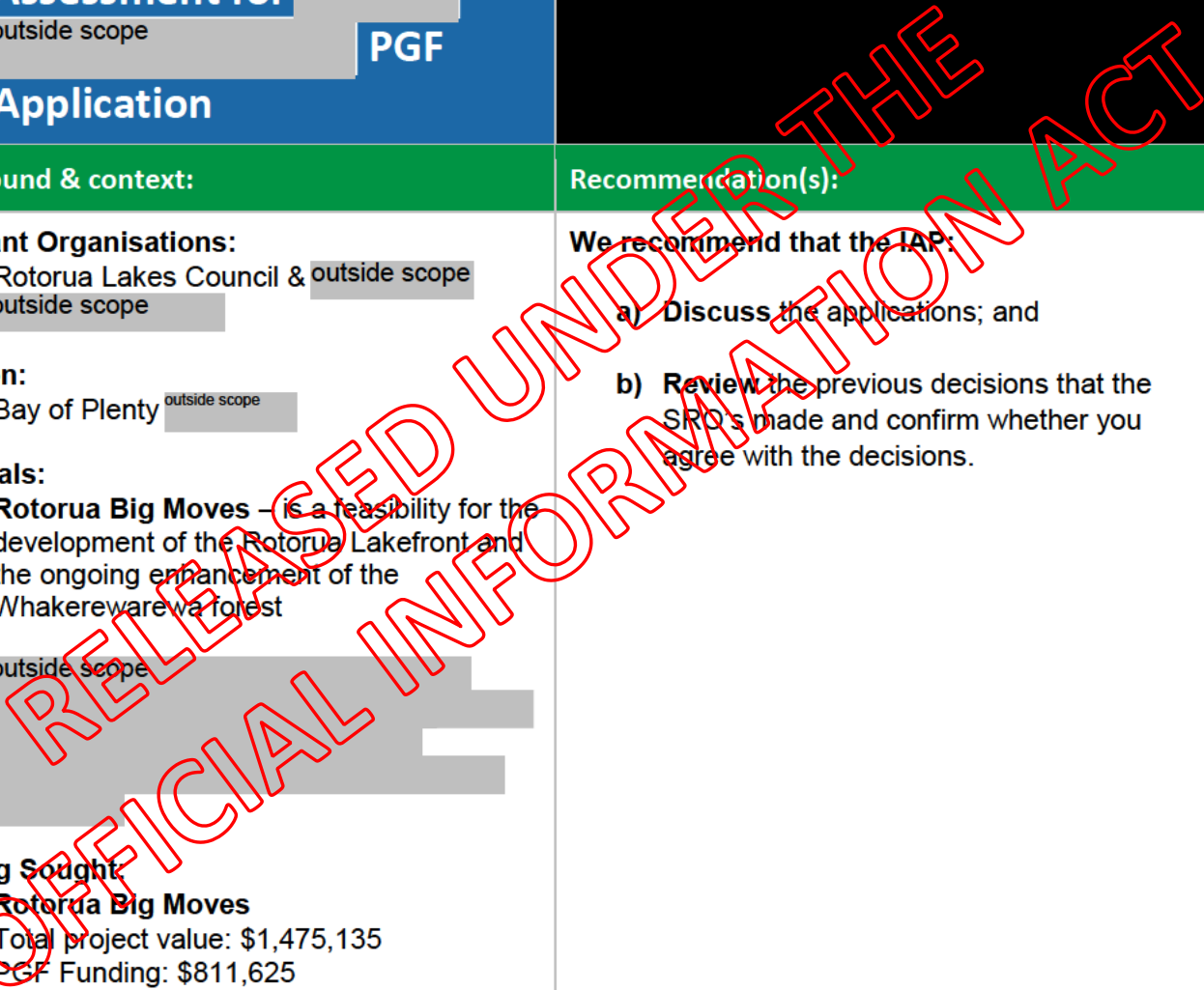
- **Rotorua Big Moves**
- Total project value: \$1,475,135
- PGF Funding: \$811,625
- [redacted]

#### Background:

On the 21<sup>st</sup> of May SRO's considered two applications for similar projects, despite our advice being to approve both projects. The SRO's

#### We recommend that the IAP:

- Discuss** the applications; and
- Review** the previous decisions that the SRO's made and confirm whether you agree with the decisions.



approved one and declined the other.

We would like the IAP to review that decision to confirm you agree with those decisions.

The purpose of this discussion is to discuss SRO decisions: Big Moves and outside scope

*The previous advice given to the SRO's and reasons for their decisions are below.*

**Our advice on Feasibility Assessment for Rotorua Big Moves was:**

***Meets the principles of allocation of PGF Funding***

**Positives**

- It was a very clear and well-articulated proposal;
- The Project has clear drivers which include triggering \$350 million of proposed investment from both Iwi and private sector. This includes new and expanded businesses; and
- It also identifies the potential for 1000 new jobs (direct and indirect) as a result of project.

**Issues**

- We will ask for more details about the project plan and draw down plans at the contracting phase, but this a minor point of clarity.

**Recommendation**

Approve, with requirement that officials get clarity on the project plan and draw down dates.

**The reasoning for the SRO's decision to approve is below:**

- 50:50 funding, Approved \$811,625

outside scope

outside scope

Consultation undertaken or implications:

Legal	N/A	HR	N/A	Finance	N/A	MBIE policy	N/A	Other	N/A
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Supporting proposal:

Yes

Appendices:

PGF applications and supporting docs

Sponsor(s):

No

Manager/Author of paper:

David van der Zouwe (Investment Team)

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# Application for Funding

## EVALUATION FORM

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Rate and provide commentary in each section to form the basis of a recommendation / next steps decision.

Consistently evaluate every qualifying application against the criteria to ensure fairness of treatment.

Record all decisions / commentary.

Recommend a way forward based on the evaluation, which may include areas of further work required to ensure the project is feasible.

If the answer box is not big enough, please attach a document that provides the answers when you submit the form.

- Red** = Failed to demonstrate – Feedback / re-work before progressing
- Amber** = Partly meets, minor demonstration, requires work – Feedback required, may require work through next stage
- Green** = Fully meets, demonstrated with confidence – ready to progress to next stage.

Project name:

Rotorua Big Moves

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Organisation:

Rotorua Lakes Council

---

Date of Review: 16/05/2018

Reviewer/s: insert your initials and positions here

MW - Commercial Leader, DvDZ Senior Commercial Leader Peer Review

---

**Recommendation on way forward.**

*(To be completed once evaluation is complete.)*

Very good proposal - recommend submission to SRO for approval.

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**1. Application Information**

Consider: The applicant will have demonstrated eligibility of the project to the Provincial Growth Fund (does it fit within one of the designated tiers and it is not one of the categories that are excluded from the Provincial Growth Fund (investment in social assets, housing three waters investments and irrigation schemes).

Rating Green

Comments *(strengths and weaknesses)*

Tier 1 - by value and feasibility study/business case development.  
Tier 2 - Tourism, jobs.

Next steps

The applicant will have demonstrated eligibility (i.e they are not excluded because they are bankrupt or insolvent).

Rating Green

Comments *(strengths and weaknesses)*

Rotorua Lakes Council.

Next steps

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**2. Strategic case and regional alignment**

Consider: The applicant will have demonstrated the ways in which the project will contribute to lifting the productivity potential of the region.

Rating Green

Comments *(strengths and weaknesses)*

Project has clear drivers which include triggering \$350 million of proposed investment from both Iwi and private sector. Details provided. This includes new and expanded businesses.

Also identifies the potential for 1000 new jobs (direct and indirect) as a result of project.

Next steps

Consider: The applicant will have demonstrated how the project will contribute to the Provincial Growth Fund's criteria of additionality (i.e. more jobs; community benefit; increased utilisation of Maori assets; sustainability; mitigating climate change impact).

Rating Green

Comments *(strengths and weaknesses)*

Jobs - also identifies the potential for 1000 new jobs (direct and indirect) as a result of project.

Community benefits - involvement of funders with social support objective including outcomes for children, youth and the vulnerable.

Maori land - Whakarewarewa forest lands owned by CNI Iwi Holdings.

Next steps

Consider: The applicant will have demonstrated alignment to regional objectives and local support either through existing regional development mechanisms, or another relevant body, such as a council, iwi or other representative group (or reason for any lack of support).

Rating Green

Comments (strengths and weaknesses)

Project part of Regional Visitor Economy Strategy and endorsed by Bay of Connections.

Strong iwi and regional stakeholder involvement throughout, including in project governance.

Next steps

Consider: Has the applicant demonstrated that this is a region that has been identified for early investment (Tairāwhiti/East Coast, Hawke's Bay, Tai Tokerau/Northland, Bay of Plenty, West Coast and Manawatu-Whanganui have been identified for early investment).

Rating Green

Comments (strengths and weaknesses)

Toi Moana/Bay of Plenty

Next steps

Consider: The applicant will have demonstrated their compliance with international obligations (where relevant).

Rating Green

Comments *(strengths and weaknesses)*

N/A - no obligations identified.

Next steps

Consider: The applicant will have demonstrated why the project is not already underway.

Rating Green

Comments *(strengths and weaknesses)*

Phase Two of project - business case and detailed design which is required in order to enable progression to Phase 3 - capital investment.

Next steps

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**3. Project costs, economics and benefits**

Consider: The applicant will have demonstrated the funding allocation (including total exposure, timeframe, financing method and contingency).

Rating Green

Comments (*strengths and weaknesses*)

Project financials included, along with breakdown of Phase 1 and Phase 2 funding (on line-by-line basis).

High level timeframes only.

Next steps

We should get further details on these elements at the contracting phase.

Consider: The applicant will have demonstrated benefit of the Crown investing, as well as other sources of funding (where provided look at the information provided in the financial model, forecasts or CBA).

Rating Green

Comments (*strengths and weaknesses*)

Funding to support business case and detailed design which will enable development and act as catalyst to private/lwi investment.

Next steps

Consider: Is this refinancing sunk costs?

Rating Green

Comments *(strengths and weaknesses)*

No - Phase 1 fully funded by Council. Funding sought for 55% of Phase 2, rest funded and over-runs underwritten by Council.

Next steps

#### 4. Project plan

Consider: The applicant will have demonstrated the methodology of project delivery including timelines of activities, responsibilities etc.

Rating Amber

Comments *(strengths and weaknesses)*

High level key milestones provided. Budget included detailed activity list but no specific dates.

Next steps

More details project timeline required as part of contracting which includes detailed deliverable and drawdown dates.



Consider: The applicant will have demonstrated there is a strong risk management approach in place.

Rating Green

Comments *(strengths and weaknesses)*  
Detailed risk matrix provided including ratings, mitigations and owners of risks identified.

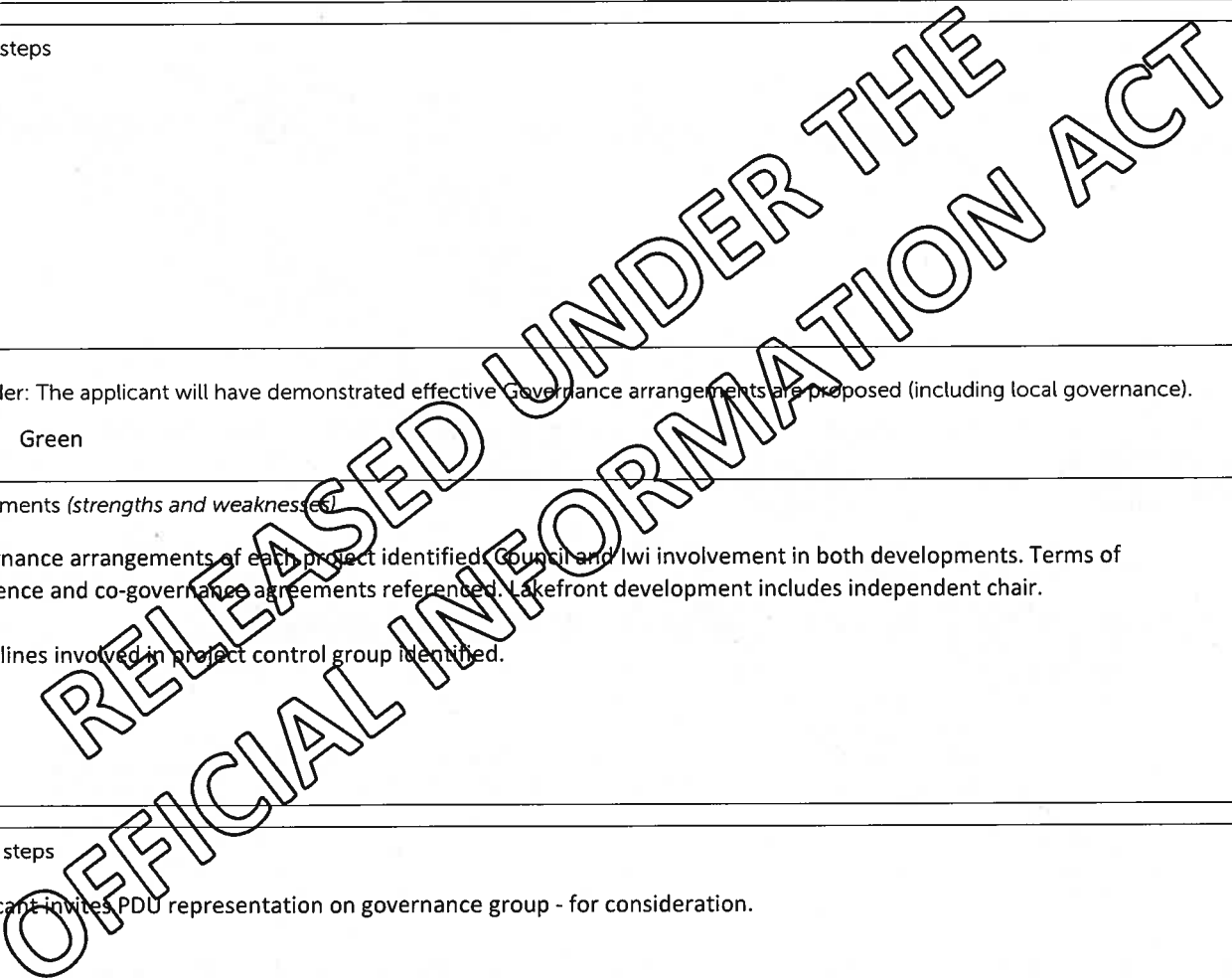
Next steps

Consider: The applicant will have demonstrated effective governance arrangements are proposed (including local governance).

Rating Green

Comments *(strengths and weaknesses)*  
Governance arrangements of each project identified. Council and Iwi involvement in both developments. Terms of Reference and co-governance agreements referenced. Lakefront development includes independent chair.  
Disciplines involved in project control group identified.

Next steps  
Applicant invites PDU representation on governance group - for consideration.



Consider: The applicant will have demonstrated there has been independent verification or expert advice obtained.

Rating Green

Comments (strengths and weaknesses)

External advice sought:

- International destination management expert Prof Terry Stevens
- Consultancy Martin Jenkins
- Intend to engage experts as part of business case development.

Next steps

### 5. Commercial viability

Consider: The applicant will have demonstrated their track record and capability to deliver the project.

Rating Amber

Comments (strengths and weaknesses)

Phase 1 complete but limited further details of track record and capability to deliver the project, especially beyond business case.

Next steps

Details of other comparable projects successfully delivered Rotorua Lakes Council would help support capability.

Consider: The applicant will have demonstrated how the market will be engaged to deliver the project (i.e. via procurement/ partnerships).

Rating Green

Comments (*strengths and weaknesses*)

Council procurement policy will apply. Procurement plan approved by Council CE.

Public tender identified for Phase 3.

Next steps

Consider: The applicant will have demonstrated how the asset will be owned, managed and maintained after delivery (including risk allocation).

Rating Amber

Comments (*strengths and weaknesses*)

Ownership of land clearly described but limited details on asset ownership and therefore who will manage and maintain.

This level of detail may be more relevant to next application for project capital, to be presented following completion of business case.

Next steps

Consider: The applicant will have demonstrated the sustainability of the project beyond the term of the PGF investment.

Rating Green

Comments *(strengths and weaknesses)*  
Business case and detailed design so finite life to this Phase. Council to under-write overruns during Phase.  
Application for Phase 3 capital signalled - circa \$27.5 million from PGF.

Next steps

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OFFICIAL INFORMATION ACT