



## Weekly Report to the Minister for Regional Economic Development

For the period 16 April to 20 April 2018

<b>Date:</b>	20 April 2018	<b>Priority:</b>	Medium
<b>Security classification:</b>	In confidence	<b>Tracking number:</b>	2974 17-18

Action sought		
	Action sought	Deadline
Hon Shane Jones <b>Minister for Regional Economic Development</b>	Discuss at the next officials meeting	N/A
Fletcher Tabuteau <b>Parliamentary Under-Secretary to the Minister for Regional Economic Development</b>	Discuss at the next officials meeting	N/A

Contact for telephone discussion (if required)		
Name	Position	Telephone
Nigel Bickle	Head of Provincial Development Unit	Privacy of natural persons
John Doorbar	Director, Provincial Development Unit	
Stephanie Weller	Implementation Manager, Provincial Development Unit	

Nigel Bickle  
Head of Provincial Development Unit  
**Ministry of Business, Innovation and Employment**

# 1. REGIONAL ECONOMIC DEVELOPMENT PORTFOLIO OFFICIALS MEETING

## 1.1 Outstanding items from previous officials meetings

Item	Action	Who	By when	Status update
Holding Company	Information on the process for setting up a holding company	Treasury	27 April 2018	Briefing being prepared
Existing Funds and the PGF	How other government funds work with the PGF	Iain Cossar	30 April 2018	Briefing being prepared

## 2. PROVINCIAL GROWTH FUND UPDATES

### 2.1 Provincial Growth Fund

*Eliot Linforth-Hall*

Privacy of natural persons

As at 18 April 2018, 10 new queries, expressions of interest (Eois) and applications have been processed from the Provincial Growth Fund (PGF) portal into the pipeline since last week. In total, there are 141 queries, Eois and applications in the PGF pipeline.

The Provincial Development Unit (PDU) has completed a series of new application documents and application assessment forms. These are expected to be uploaded to the MBIE website for applicants to access on Friday 20 April 2018. The PDU's pipeline tracking platform - PipeDrive is now operational. It will take several days to transfer all the data to the new tool. It is expected that the use of PipeDrive will generate greater efficiencies as well as providing the ability to easily track, monitor and report on Eois and applications.

### 2.2 28<sup>th</sup> Māori Battalion Museum

*Mark Patterson*

Privacy of natural persons

MBIE and the Ministry for Culture and Heritage (MCH) recently met with the independent consultants at Waitangi who presented a first draft of the business case for the Māori Battalion Museum. MBIE has requested that the business case be presented to other government agencies including the Treasury. The presentation will take place on Tuesday 24 April.

The anticipated cost of the project is estimated at \$13 million. MCH is working with the Waitangi National Trust Board to develop an engagement strategy with the four companies of the 28<sup>th</sup> Māori Battalion. This work will run in parallel to the business case process.

### 2.3 Hundertwasser Arts Centre with Wairau Māori Art Gallery

*Mark Patterson*

Privacy of natural persons

MBIE has received final sign off from the Regional Economic Development (RED) Ministers group on the recent request for up to \$9.94 million from the PGF for the Hundertwasser Arts Centre with Wairau Māori Art Gallery in Whangarei. The Whangarei Art Museum Trust required a response prior to 20 April 2018 when the fixed tender price expires. MBIE will now work with the recipients to announce the decision which may involve a sod turning ceremony for you to attend.

## 2.4 Bay of Islands airport

*Mark Patterson*

Privacy of natural persons

MBIE is continuing to work with Far North Holdings Limited on development of the final business case which is required to meet the terms of the announcement for the Bay of Islands airport. The closing date for tenders is Friday 20 April 2018.

## 2.5 Under-Secretary Tabuteau visit to Taranaki and Whanganui

*Mark Patterson*

Privacy of natural persons

Under-Secretary (USEC) Tabuteau recently visited the Taranaki and Whanganui regions to meet with local stakeholders and businesses. The recent oil and gas announcement was a topic of discussion in Taranaki. The USEC, with support from the Independent Advisory Panel Chair Rodger Finlay and officials, provided clear guidance about the role of central government in supporting the Taranaki region transition to renewable energy, in particular hydrogen, as well as diversifying the economy.

USEC Tabuteau had the chance to meet with Whanganui and Partners, the Economic Development Agency for Whanganui. A site visit to the Whanganui Port showcased the infrastructural requirements needed if the Port was to re-establish itself. This provided a chance to understand some of the difficulties and opportunities the Port is experiencing and discuss next steps. The PGF has approved in-principle \$3 million for the Port which was announced as part of the PGF launch on 23 February 2018.

The Whanganui regional leads also discussed a potential international pilot academy and flight school, leveraging off the existing training space at the airport. This would contribute to Whanganui becoming New Zealand's leading air training location.

## 2.6 Approaches to managing debt and equity issued/held by Crown

*Andrew Beaufort*

Privacy of natural persons

The Minister of Finance has asked Treasury officials for advice on how the Crown could hold and manage equity in projects funded by the PGF. This includes the options of a Department holding shares on behalf of Ministers, or using a holding company. Treasury is developing this advice with the input from MBIE officials. As Associate Finance Minister, and Minister for Regional Economic Development, you will also receive this advice. The advice specifically discusses the Crown holding equity and managing loan under the PGF. The paper will inform the broader advice around types of funding instruments.

A brief overview of the funding instruments will be provided at the upcoming RED Ministers meeting on 2 May 2018. In the interim, MBIE proposes to utilise its own balance sheet as a holding place for any PGF investments.

## 2.7 The Charitable status of Economic Development Agencies and their tax obligations

*Andrew Beaufort*

Privacy of natural persons

Venture Taranaki recently raised with the USEC the issue of Economic Development Agencies (EDAs) having lost their charitable status and now paying income tax on any operating surpluses. This loss of charitable status occurred following the implementation of the Charities Act 2005 and the establishment of the Charities Commission.

The USEC has asked officials to investigate the situation, how it affects EDAs and what might be done to address the issues raised. Advice will be provided before the end of May.

### 3. PROVINCIAL DEVELOPMENT UNIT UPDATES

#### 3.1 Establishment of the Provincial Development Unit

*Nigel Bickle*

Privacy of natural persons

Ben Dalton, Senior Regional Official for Northland and Deputy Director General - Sector Partnerships and Programmes, MPI, has been seconded to the PDU as the Head of Regions and Project Delivery. The function of the Regions and Project Delivery Branch is to work with people in the regions to identify and support the development of proposals for investment. Ben will commence his role on Thursday 26 April. Interviews for the General Manager, Strategy and Governance have been completed and an appointment is expected by the end of April.

Secondments from other government agencies to the Investment Management Branch of the PDU have been facilitated to support the assessment of queries, Eols and applications and to develop advice for the Independent Advisory Panel.

Officials will be seeking approval from the Minister for Regional Economic Development and the Minister of Finance on the resources required by the PDU and other agencies to support the PGF. A briefing will be provided in May.

#### 3.2 Update following the Economic Development, Science and Innovation Committee hearing

*Nigel Bickle*

Privacy of natural persons

Officials from the PDU and MBIE attended the Economic Development, Science and Innovation Committee (the Committee) to discuss the PGF on Thursday 12 April. The hearing provided an opportunity for the Head of Provincial Development Unit to discuss the work underway to ensure that systems, processes, governance and due diligence are in place to effectively manage the PGF.

Subsequent to the hearing, two follow up questions from the Committee have been received which are due on Friday 27 April. The questions relate to community-based water storage projects in South Canterbury, Hurunui and Flaxbourne and the number of projects from the South Island in the PGF pipeline.

### 3.3 Investment Statement

*Nigel Bickle*

Privacy of natural persons

The PDU is developing a draft Investment Statement for the PGF for consideration by Ministers. The draft Investment Statement builds on Cabinet decisions on the PGF, and is intended to provide guidance to:

- Potential applicants, so that they can understand government's priorities, assess probability of success for a proposal and minimise wasted effort; and
- Independent Advisory Panel and government officials who will be supporting PGF, to support consistency of communication and engagement with applicants, and consistency and probity in assessment and decision-making.

The content of the draft Statement will cover such things as:

- Scope
- Measures of success
- Criteria for co-contribution by PGF
- Expectations of co-contribution by applicants
- Relationship between regional action plans and individual proposals
- How PGF will approach the building of a balanced portfolio, for which the whole is greater than the sum of the parts
- An indicative portfolio allocation, so that regional groups have got some basis with which to size their action plans and proposals
- PGF's appetite for risk
- Range of financial instruments that PGF will consider for each category of proposal.

The PDU has completed two co-design workshops – with the Independent Advisory Panel and with senior officials - to develop the draft Investment Statement, which will be provided to the Minister for Regional Economic Development for review and subsequent submission to Cabinet. Subject to Ministerial agreement, officials propose that the Statement then be publicly released.

## 4. REGIONAL ECONOMIC DEVELOPMENT INFORMATION

### 4.1 Updated Modelled Territorial Authority GDP to be released

*Mark Gordon*

Privacy of natural persons

MBIE has updated its Modelled Territorial Authority GDP estimates to the March 2017 year and is looking to release them on Thursday 3<sup>rd</sup> May 2018. These estimates are linked to the Regional GDP estimates released by Statistics NZ on 21 March 2018, but make use of other data sources so that finer geographical and industry breakdowns can be made available to researchers and policy teams. For example, they increase the ability to distinguish between what is produced in the cities and what is produced in the provinces in Regional Councils.

In this latest update, MBIE has obtained a new customised dataset from Statistics NZ that has enabled the methodology to be simplified and improved. This includes improving the allocation of economic activity to the location of a person's workplace address, as opposed to their home address.

The release will be accompanied by a press release and some unpaid social media posts. The figures will be available via an interactive web tool and also through MBIE's suite of Regional Economic Activity Tools.

## 4.2 Māori Innovation Fund: Pakihi – Māori Small Business Workshops, pilots and launch

*Hinemaui Rikirangi*

Privacy of natural persons

The official launch of Pakihi is planned for 22 June 2018 in Waikato. Pakihi aims to give Māori business people practical skills to start or grow businesses, followed up with mentoring. The launch will be the start of 200 workshops that will be provided in 25 locations around the country by November 2019. We understand the Ministers for Regional Economic Development (together with the Under-Secretary), Māori Development and Small Business will be invited to the event.

Two pilot workshops for the Pakihi programme of small business skills workshops will be held at the end of April 2018 in Auckland and a third will be held in mid-May 2018 in Hastings. These pilot workshops are intended to test the approach and iron out any issues, before the official launch. A Pakihi webpage with information and registration capability is due to be launched within the next few days.

Pakihi is an MBIE He kai kei aku ringa initiative funded through the Māori Innovation Fund. Te Wānanga o Aotearoa is contracted to deliver the programme in partnership with Crowe Horwath and Aotahi and has chosen to adjust the branding of the workshops to 'Pakihi', as opposed to 'Pakihi 101' which had been the Government's working title.

## 5. OTHER UPDATES

### 5.1 Regional immigration policies

*Michael Hampl*

Privacy of natural persons

The Minister of Immigration is progressing a work programme to improve the operation of temporary work visas. This work includes advice on how immigration settings could be targeted by region. In particular, the Minister is interested in making skill shortage lists more regionally focused, but the work will need to consider if there are other ways of addressing the needs of regions, and the overlaps with the other regional work being undertaken by government, including the PGF.

The PDU will work with immigration officials to ensure this work aligns with the Government's objectives for regional economic development. We also understand that the Minister of Immigration will be engaging with his Cabinet colleagues on this work.

## 6. UPCOMING PAPERS FROM PROVINCIAL DEVELOPMENT UNIT

### 6.1 Upcoming papers from the Ministry to the Minister for Regional Economic Development and Under-Secretary

Tracker Number	Title	Minister/USEC	Signed Out By	Date expected
2969 17-18	Radiata Pine Breeding Consortium	Minister Jones	Max Kennedy	23 Apr 18
2966 17-18	Meeting with Auckland Tourism, Events and Economic Development (ATEED) on 4 May	USEC	Stephanie Weller	24 Apr 18
TBC	Briefing request for Tax Status on Economic Development Agencies	USEC	John Doorbar	24 Apr 18
2926 17-18	Event Briefing – Aotearoa Maori Business Leaders Awards and pre-event	USEC	Hinemaua Rikirangi	26 Apr 18
3032 17-18	RED delegated Ministers meeting on 2 May 18 at 9.30am	Minister Jones	Nigel Bickle	27 Apr 18
2823 17-18	Ongoing resourcing for the PDU and other agencies to administer the PGF	Minister Jones	Nigel Bickle	1 May 18
2473 17-18	Māori Innovation Fund: briefing on governance arrangements and priorities for 2018/19	Minister Jones	Hinemaua Rikirangi	3 May 18
TBC	Central and Local Government Forum	Minister Jones	Stephanie Weller	8 May 18
TBC	Information for visit to Nelson/Greymouth/Christchurch/Invercargill/Kaikoura/Hurunui: 28 May – 1 Jun 18	USEC	Stephanie Weller	18 May 18
TBC	Information for visit to Wairoa/Bay of Plenty – Minginui and Taupo: 5-9 Jun 18	USEC	Stephanie Weller	28 May 18
2824 17-18	Draft Investment Statement	Minister Jones	Nigel Bickle	May 18
2822 17-18	Evaluation plan for the PGF	Minister Jones	Nigel Bickle	1 Jun 18
2821 17-18	Regional baseline measures and outcomes (CAB 18 MIN 0045)	Minister Jones	Nigel Bickle	1 Jun 18
TBC	Options for managing any equity shares the government takes in projects through the Fund (CAB 18 MIN 0045)	Minister Jones	Nigel Bickle	1 Jun 18
TBC	Information for visit to Masterton/Palmerston North: 22-23 Jun 18	USEC	Stephanie Weller	8 Jun 18

## 7. UPCOMING EVENTS AND MEETINGS

Date	Details	Minister/USEC	Briefing
23 Apr 18	Visiting Gisborne	Minister Jones	N/A
24 Apr 18	Northland announcement planning meeting	Minister Jones	Official requested to attend
30 Apr 18	Hon Phil Twyford and KiwiBuild Unit officials re NZ Super Fund and potential investment in affordable housing	Minister Jones	N/A
2 May 18	Regional Economic Development Minister's meeting	Minister Jones	Briefing due 27 Apr 18
3 May 18	Visiting New Plymouth	Minister Jones	TBC
4 May 18	Visiting Auckland (ATEED and Maori Business Leaders Awards)	USEC	Briefing due 24 Apr 18
10 May 18	Attend 2018 Central and Local Government Forum	Minister Jones	Briefing due 8 May 18
28 May – 1 Jun 18	Visiting Greymouth/Nelson/Kaikoura/Huranui/Christchurch/Invercargill	USEC	Briefing due 18 May 18
5-9 Jun 18	Visiting Wairoa/Minginui/Taupo/Mt Maunganui	USEC	Briefing due 28 May 18
16 Jun 18	Kōkiri Māori accelerator	Minister Jones/USEC	Briefing to be provided
22 Jun 18	Launch of Pakihi	Minister Jones/USEC	Briefing to be provided
22 Jun 18	Visiting Masterton/Palmerston North	USEC	Briefing due 8 Jun 18
29 Jun 18	Visiting Northland	USEC	Briefing to be provided
June 18	Hawkes Bay Matariki Event	Minister Jones/USEC	Briefing to be provided
Aug 18	Waikato Economic Summit	Minister Jones/USEC	Briefing to be provided



## 8. MEDIA AND COMMUNICATIONS SCHEDULE – RED and ED

Date	Details	Communications material
April/May TBC	Commercial Information	Minister Jones and Woods' offices will be provided with a draft joint media release
Mid-May	Hundertwasser investment announcement	Minister Jones' office has been provided with a draft media release
May - TBC	Ruapehu Alpine Lifts investment	Minister Jones' office will be provided with a draft media release
May - TBC	Provincial Growth Fund investment strategy released	Minister Jones' office will be provided with communications material
May- TBC	Announcement of Small Business Roadshow 'Taking care of business'	Minister Nash's office will be provided with communications material
TBC	Bay of Plenty event and announcement on Visitor Economic Strategies – Minister Jones	Minister Jones' office will be supplied with press release and supporting communications material

## 9. MINISTERIAL SERVICING

### 9.1 Ministerial Correspondence

Requestor	Tracker	Topic	Date due to Minister's Office	Date due for reply
Privacy of natural persons	SJ770	Wairarapa and the PGF	2 May 18	9 May 18

### 9.2 Written parliamentary questions

Member	Minister	Question	Date due to Minister's Office	Date due for reply
Paul Goldsmith	RED	165 WPQs about the PGF	24 Apr 18	26 Apr 18

### 9.3 Departmental Official Information Act Requests

Tracking number	Requestor	Summary of request	Date due to Minister's Office	Date due to requestor
1718 1380	Privacy of natural persons	Information regarding an individual linked to PGF and SFO investigation	24 Apr 18	1 May 18
1718 1092		The Manea Footprints of Kupe Cultural Heritage Centre	26 Apr 18	3 May 18
1718 1452		Copy of funding agreement for PGF investments	3 May 18	10 May 18

Tracking number	Requestor Privacy of natural persons	Summary of request	Date due to Minister's Office	Date due to requestor
1718 1391		Documents and emails re approved projects under the PGF	3 May 18	10 May 18
1718 1071		Request for information regarding Renew Energy waste management project	16 May 18	23 May 18
1718 1349		Advice given to the Minister regarding the PGF	17 May 18	24 May 18

#### 9.4 Ministerial Official Information Act Requests

Tracking number	Requestor Privacy of natural persons	Summary of request	Date due to Minister's Office	Date due to requestor
SJOIA53		Announcement of \$1.8 million grant to Kerikeri Airport	17 Apr 18	24 Apr 18
SJOIA39		Regional Growth Initiatives MYA - Manea Footprints of Kupe Cultural Heritage	19 Apr 18	26 Apr 18
SJOIA40		Recommendations for funding from the Regional Growth initiatives, final February PGF Cabinet Paper as referenced in response to written question 1349	19 Apr 18	26 Apr 18
SJOIA41		Generic Investment Tools and Institutional Arrangements for Investing in Regional Economic Development, developing an Employment Strategy as referenced in response to written question 1350	19 Apr 18	26 Apr 18
SJOIA42		Update on the Provincial Growth Fund, NZTE Fortnightly Report - 26 January 2018, briefing on Icehouse and accelerators as referenced in response to written question 1348	19 Apr 18	26 Apr 18
SJOIA43		DRAFT Cabinet paper for consideration: Developing a vision for Pacific Peoples in New Zealand, information on the New Zealand manufacturing sector and the Manufacturing Sector Report 2018, briefing - Quarterly Canterbury Rebuild Update - September 2018, the Regional Business Partner Programme, Regional Economic Development Weekly Report week ending 16 February 2018 as referenced in response to written question 1347	19 Apr 18	26 Apr 18
SJOIA57		List of papers received between 1 Feb and 31 Mar 18	24 Apr 18	1 May 18
SJOIA58		Minutes and any notes taken in meeting with Ngai Tahu and others	24 May 18	31 May 18
SJOIA59		Minutes recorded and any notes taken during the Ministers meetings with Ministers Robertson and Parker and Advisors on March 20, meeting with Minister Robertson, Parker and Twyford on 21 March, and meeting with MBIE Weekly officials meeting 22 March with Minister Robertson, Treasury and MBIE officials, as referenced in written question 5103	24 May 18	31 May 18

Tracking number	Requestor	Summary of request	Date due to Minister's Office	Date due to requestor
SJOIA60	Privacy of natural persons	Copies of minutes recorded and any notes taken during the Ministers meetings with Minister Faafoi, Rino Tirikatene MP, Kaikoura Mayor Winston Gray, KDC Chief Executive Angela Oosthuizen and Hurunui Mayor Winton Dalley on 6 March - as referenced in written question 5103	24 May 18	31 May 18
SJOIA61		Copies of BNZ/NAB Board and Client Dinner - 6 March 2018, Meeting with Mayor and CE of Kaikoura District Council, 6 March, Taranaki Economic Actions Plan – Proposals for consideration, New Zealand Initiative Retreat 8 March, event briefing - LGNZ meeting 8 and 9 March, Regional Economic Development weekly report week ending 9 March 2018, As referenced in written question 5108 (2018)	24 May 18	31 May 18
SJOIA62		Copies of Regional Economic Development weekly report week ending 16 March 2018, agenda RED Officials meeting 21 March 2018, external permanent and long-term migration - February 2018, Treasury report: Treasury publications, RED estimates briefing, Regional Economic Development weekly report week ending 23 March 2018, as referenced in written question 5106 (2018)	24 May 18	31 May 18
SJOIA63		Copies of briefing to support the Minister in Economic Development workstream meeting, briefing to support the Minister in Infrastructure workstream Meeting, NZTE Provincial Growth fund meeting, agenda - weekly MBIE officials meeting, national survey of employers (NSE) 2016/17, event briefing: Employers and Manufacturing Association, leasehold products to assist households in home ownership, as referenced in written question 5109 (2018)	24 May 18	31 May 18
SJOIA51		Every weekly report received by you as Minister for Regional Economic Development since 1 Feb	24 May 18	31 May 18