

Subject	Minutes of the SRO meeting held at MBIE offices in Stout Street on Thursday 29 August 2019, 9:10am-11:09am
Senior Regional Officials Present	Ben Dalton (Chairperson – except for item 5.2), Karen Adair, Di Grennell, Kathy Mansell, Al Morrison (Chairperson for item 5.2), Kay Read (until 10:24am), Bryan Wilson
In attendance:	David van der Zouwe, Mark Jacobs, Catherine Sinclair, Monica Butler, Jane Francis (item 5.2)
PDU Attendees:	Nick Hough, Delwyn Abraham, Paul Swallow, Nerissa Wallace, Michelle Ewington
Apologies	Apryll Parata, Karl Cummins, Robert Pigou

1. Meeting Administration

Reference #	SRO 29/08/2019/01
Discussion:	<p>1.1 Introduction</p> <p>Ben welcomed all meeting participants.</p> <p>1.2 Apologies</p> <p>Apologies were received from Karl Cummins, Apryll Parata and Robert Pigou.</p> <p>1.3 Conflicts of interest</p> <p>No standing conflicts of interests were registered; conflicts with specific proposals are captured within the body of the minutes.</p> <p>1.4 Ratification of minutes from 31 July 2019 SRO meeting</p> <p>The meeting approved the minutes from the 31 July 2019 meeting, agreeing that they formed a true and correct record of that meeting.</p> <p>1.5 SRO Action Register</p> <p>Action item 28/3/2019/01 was noted as having been completed and that all guidelines and criteria could now be found on the website, except those still to be ratified by ministers. The item was therefore closed.</p> <p>Action item 2/5/2019/28 was noted as having been completed, with proposals loaded directly into Pipedrive being referred to the relevant SRO. The item was therefore closed.</p> <p>Action item 30/5/2019/23 was noted as still being open as SROs had not yet received information on the decision-making process on Regional Digital Hubs.</p>

2. Investment Proposals

2.1 Regional Sector Investment Overviews (David van der Zouwe)

Reference # SRO 29/08/2019/02

There were no matters to be discussed under this item.

Te Ara Mahi (TAM) and He Poutama Rangatahi (HPR) proposals under \$1 million for SRO decision

2.2 Tongariro Professional River Guides Training Course Programme, Waikato (Hanipale Galo and Michelle Paki)

Reference # SRO 29/08/2019/03

Discussion

- SROs approved funding of \$504,930 from the Te Ara Mahi portion of the Provincial Growth Fund towards the Tongariro Professional River Guides Training Course programme noting:
 - the broader benefits for the area;
 - the jobs increase; and
 - the need to engage other agencies, notably MSD, at the local level; it was agreed that this would occur at and after contracting stage.

2.3 Wairoa Youth Achievement Trust Employment Pathways, Hawke's Bay (Stephen Ruddell and Rani Morunga)

Reference# SRO 29/08/2019/04

Discussion

- SROs approved funding of \$305,574 from the He Poutama Rangatahi Fund towards the Wairoa Young Achievers Trust Employment Pathways project.

2.4 Ūawanui Cultural Nursery Training Programme, Tairāwhiti (Hilary Pearse)

Reference# SRO 29/08/2019/05

Discussion

- SROs approved \$564,710 of He Poutama Rangatahi funding for the Ūawanui Cultural Nursery Training Programme.
- Privacy of natural persons

2.5 Parata Consulting Workforce Development, Tairāwhiti (Marsha Wyllie)

Reference# SRO 29/08/2019/06

Discussion

- It was noted that this item was withdrawn prior to the meeting.
- Privacy of natural persons

2.6 T&G Emerging Leaders Skills Pathway, Hawke's Bay (Cameron Osmond and Rani Morunga)

Reference# SRO 29/08/2019/07

Discussion

- SROs approved \$557,500 from the Te Ara Mahi portion of the Provincial Growth Fund towards the T&G Emerging Leaders Skills Pathway programme in the Hawke's Bay.
- The meeting discussed the effect of this training on the Hawke's Bay labour market, noting it would provide education for more trainees than T&G alone was expected to absorb, and would have a positive influence that went beyond T&G.

Predjudice to Negotiations

SRO Investment Proposals

2.8 Building capacity in Southland, Southland (Murray Beatson and Yen-Ting Liu)

Reference # SRO 29/08/2019/09

Discussion

- SROs approved \$400,000 over two years from the Provincial Growth Fund towards the Building Capacity in Southland project because it aligns with the PGF Economic Agencies position paper, subject to:
 - the roles being focused on overall regional economic growth for Southland;
 - the roles supporting the delivery of existing PGF-funded projects; and
 - the applicant demonstrating support from relevant iwi, preferably in the form of a letter of support, before funding is released.
- It was noted that the application was made under the umbrella of the RED Ministers' approval for regional funding in support of Regional Development Agencies or other regional bodies' capacity to deliver projects.

2.9 Wairarapa Primary Sector Skills Development, Wairarapa (Jason Hall and Matt Chisnall)

Reference # SRO 29/08/2019/10

Discussion

- SROs approved funding of \$60,000 from the Provincial Growth Fund towards the Wairarapa Primary Skills Development Plan via a SRO out of cycle decision in August 2019.

Commercial Information - declined project

2.11 An affordable and efficient dredging option for Port of Greymouth, West Coast (Alex Matheson and Joan Ng)	
Reference #	SRO 29/08/2019/12
Discussion	<ul style="list-style-type: none"> SROs approved up to \$800,000 of funding from the PGF towards an affordable and efficient dredging option for the Port of Greymouth to improve the resilience of a critical piece of regional infrastructure and to ensure the viability of the Port for the fishing and processing industries on the West Coast. It was noted that this backs up what has already been supported, as this application is for works that will provide a permanent solution for the Port of Greymouth and enable the Grey District Council to maintain this aspect of the Port themselves. The situations of similar ports were discussed, with the meeting noting that this application was for a permanent solution that provided broad economic development benefits, and was not simply for remedial works.
Commercial Information - declined project	
Commercial information - declined project	
Commercial Information - declined project	
2.15 Application Support for Whanganui PGF Projects, Manawatū-Whanganui/Horowhenua (Nick Hough)	
Reference #	SRO 29/08/2019/14
Discussion	<ul style="list-style-type: none"> It was noted that items Commercial information and 2.15 would be considered together. It was noted that the applications were for funds that were unused from the previous year's EDA allocation. It was confirmed that \$200,000 was left from the EDA money and that these applications were for money from that allocation. The importance of these projects for the area and the expectations of the local community were noted and discussed. The SROs noted that these applications were for work that would lead to applications that would themselves be unlikely to meet PGF criteria, as the work described would not be considered a top priority for the PGF. After some discussion, it was agreed that it was not up to SROs nor indeed PDU to decide on applications for EDA funds. After some discussion, SROs agreed that the applications were to be considered withdrawn in their current form as they were for non-PGF funding; and that funding of \$110,000 for the Provincial Growth Fund was agreed in principle pending receipt of relevant applications to the PGF.
Uchoose Regional Contact Centre – Palmerston North Project (Nick Hough)	
	<ul style="list-style-type: none"> Nick Hough discussed the Uchoose project. The Uchoose Regional Contact Centre project was approved \$100,000 PDU grant funding at the 22 November 2018 meeting. The proposal was discussed at the meeting, noting that the application indicated some Comm jobs would be created. After some investigation, it was found that the company behind the application was in poor financial shape, having suffered such losses recently that it could be considered technically insolvent. In light of this information, the SROs agreed with the PDU that this application have the offer of

	grant funding withdrawn.
Commercial Information - declined project	
2.17 Cover briefing on context for the eight individual engineering related proposal below (2.18-2-25) (Paul Swallow)	
Reference #	SRO 29/08/2019/16
Discussion	<ul style="list-style-type: none"> • It was noted that items 2.18, 2.19, 2.20, 2.21, 2.22, 2.23, 2.24 and 2.25 would be considered as separate applications that are part of a package within a funding envelope and approach already approved by Ministers. • SROs supported the Dunedin/Otago package that is due to be announced in September/October, and approved each of the applications therein. • SROs noted that conditions would exist that forbade the sale of items purchased by applicants with these funds, and that, if any items were sold, the PGF grant would have to be repaid. • It was noted that many of the applications were for items that would increase the applicant companies' revenues, and would reduce barriers to growth and productivity. • It was noted that the building of a skilled workforce was being allowed for with the coordinator being required to work with other parties, such as MSD, construction providers, and the engineering units at the Universities of both Canterbury and Otago. • It was noted that businesses in the area were highly collaborative and cooperative; the relationship between this integrated nature of the business ecosystem and their increased chances of success was noted. • It was noted that another tranche was expected for September.
2.18 Southland and Otago Regional Engineering Collective ('SOREC') Establishment and Regional Leader Role, Otago and Southland (Paul Swallow)	
Reference #	SRO 29/08/2019/17
Discussion	<ul style="list-style-type: none"> • As noted above, this item was considered with items 2.19, 2.20, 2.21, 2.22, 2.23, 2.24 and 2.25, and was supported by SROs as part of the Dunedin/Otago package that is due to be announced in September/October. • SROs approved \$495,000 of funding from the PGF towards the establishment of the Southland and Otago Regional Engineering Collective (SOREC) and the SOREC Regional Leader role to help build the capability and capacity of Southland and Otago manufacturing and engineering firms, noting that this project strongly aligns with PGF criteria.

2.19 Farra Engineering - Installation of Horizontal Floor Borer, Otago and Southland (Paul Swallow)	
Reference #	SRO 29/08/2019/18
Discussion	<ul style="list-style-type: none"> As noted above, this item was considered with items 2.18, 2.20, 2.21, 2.22, 2.23, 2.24 and 2.25, and was supported by SROs as part of the Dunedin/Otago package that is due to be announced in September/October. SROs approved up to \$325,000 of funding from the PGF towards the installation of the applicant's horizontal floor borer machine costs to build the capability and capacity of Southland and Otago manufacturing and engineering firms, subject to the applicant maintaining alignment with the Southland and Otago Regional Engineering Collective (SOREC) objectives evidenced by the continued reporting to the Ministry on its outcomes, and noting that this project strongly aligns with PGF criteria and Southland and Otago Regional Engineering Collective objectives.
2.20 Tru-Bilt Industries - Manufacturing Automation Project - CNC and Robotics, Otago (Paul Swallow)	
Reference #	SRO 29/08/2019/19
Discussion	<ul style="list-style-type: none"> As noted above, this item was considered with items 2.18, 2.19, 2.21, 2.22, 2.23, 2.24 and 2.25, and was supported by SROs as part of the Dunedin/Otago package that is due to be announced in September/October. SROs approved up to \$387,500 of funding from the PGF towards the purchase of four specific pieces of engineering equipment (a computer numerical control plasma cutter, a computer numerical control folding machine, a robotic welder and a robot for folder) to build the capability and capacity of Southland and Otago manufacturing and engineering firms, subject to the applicant maintaining alignment with the Southland and Otago Regional Engineering Collective (SOREC) objectives evidenced by the continued reporting to the Ministry on its outcomes, and noting that this project strongly aligns with PGF criteria and Southland and Otago Regional Engineering Collective objectives.
2.21 Site Weid – Engineering Machinery, Otago (Paul Swallow)	
Reference #	SRO 29/08/2019/20
Discussion	<ul style="list-style-type: none"> As noted above, this item was considered with items 2.18, 2.19, 2.20, 2.22, 2.23, 2.24 and 2.25, and was supported by SROs as part of the Dunedin/Otago package that is due to be announced in September/October. SROs approved up to \$350,000 of funding from the PGF towards the purchase of three specific pieces of engineering equipment (a mobile line borer rig, a kinetic profile cutter with rotary head, and a lathe) to build the capability and capacity of Southland and Otago manufacturing and engineering firms, subject to the applicant maintaining alignment with the Southland and Otago Regional Engineering Collective (SOREC) objectives evidenced by the continued reporting to the Ministry on its outcomes, and noting that this project strongly aligns with PGF criteria and Southland and Otago Regional Engineering Collective objectives.
2.22 Bison – Container Systems, Otago (Paul Swallow)	
Reference #	SRO 29/08/2019/21
Discussion	<ul style="list-style-type: none"> As noted above, this item was considered with items 2.18, 2.19, 2.20, 2.21, 2.23, 2.24 and 2.25, and was supported by SROs as part of the Dunedin/Otago package that is due to be announced in September/October. SROs approved up to \$110,000 of funding from the PGF towards the infrastructure required for a demonstration space and manufacturing equipment to build the capability and capacity of

	<p>Southland and Otago manufacturing and engineering firms, subject to the applicant maintaining alignment with the Southland and Otago Regional Engineering Collective (SOREC) objectives evidenced by the continued reporting to the Ministry on its outcomes, and noting that this project strongly aligns with PGF criteria and Southland and Otago Regional Engineering Collective objectives.</p>
2.23 RED1 Fabrication – Engineering Equipment, Otago (Paul Swallow)	
Reference #	SRO 29/08/2019/22
Discussion	<ul style="list-style-type: none"> As noted above, this item was considered with items 2.18, 2.19, 2.20, 2.21, 2.22, 2.24 and 2.25, and was supported by SROs as part of the Dunedin/Otago package that is due to be announced in September/October. SROs approved up to \$93,000 of funding from the PGF towards the purchase of one specific piece of engineering equipment (a maximum 1530 water jet cutter) to build the capability and capacity of Southland and Otago manufacturing and engineering firms, subject to the applicant maintaining alignment with the Southland and Otago Regional Engineering Collective (SOREC) objectives evidenced by the continued reporting to the Ministry on its outcomes, and noting that this project strongly aligns with PGF criteria and Southland and Otago Regional Engineering Collective objectives
2.24 United Machinists Accelerate Scalability Project, Otago (Paul Swallow)	
Reference #	SRO 29/08/2019/23
Discussion	<ul style="list-style-type: none"> As noted above, this item was considered with items 2.18, 2.19, ^{Commercial}, 2.21, 2.22, 2.23 and 2.25, and was supported by SROs as part of the Dunedin/Otago package that is due to be announced in September/October. SROs approved up to \$520,000 of funding from the PGF towards the purchase of one of three requested specific pieces of engineering equipment (Mazak Integrex fully automated machining) to build the capability and capacity of Southland and Otago manufacturing and engineering firms, subject to the applicant maintaining alignment with the Southland and Otago Regional Engineering Collective (SOREC) objectives evidenced by the continued reporting to the Ministry on its outcomes, and noting that this project strongly aligns with PGF criteria and Southland and Otago Regional Engineering Collective objectives. It was noted that, unlike for other SOREC applicants, approval was given for 100% funding for the equipment due to the applicant withdrawing its recent PGF application and obtaining a bank loan for other equipment costing \$^{Commercial Inform}. It was further noted that the applicant sought funding for \$^{Commercial Inform}, and that the approval is for up to \$^{Commercial Inform} to cover just one piece of equipment.
2.25 Petridish – Markerspace Project #1248, Otago (Paul Swallow)	
Reference #	SRO 29/08/2019/24
Discussion	<ul style="list-style-type: none"> As noted above, this item was considered with items 2.18, 2.19, ^{Commercial}, 2.21, 2.22, 2.24 and 2.24, and was supported by SROs as part of the Dunedin/Otago package that is due to be announced in September/October. SROs approved up to \$240,000 of funding from the PGF towards half the costs for the purchase of specific pieces of engineering equipment for the ‘Markerspace’ and half of the Operations role salaries (1.5 FTE over three years) of the ‘Markerspace’, subject to the applicant maintaining alignment with the Southland and Otago Regional Engineering Collective (SOREC) objectives evidenced by the continued reporting to the Ministry on its outcomes, and noting that this project strongly aligns with PGF criteria and Southland and Otago Regional Engineering

	<p>Collective objectives.</p> <ul style="list-style-type: none"> It was noted that the applicant applied for \$^{Commercial informa} and that the approval is for \$240,000 as this represents a parity investment in line with the co-funding requirements of the PGF.
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3. SRO Out of Cycle Paper

3.1 Wairarapa Primary Sector Skills (Glynis Mussen)

Reference #	SRO 29/08/2019/25
Discussion	<ul style="list-style-type: none"> It was noted that this matter was covered under item 2.9.

4. Noting and Discussion Papers

4.1 PGF Portfolio Analysis (Nerissa Wallace)

Reference #	SRO 29/08/2019/26
Discussion	<ul style="list-style-type: none"> Nerissa Wallace, Manager of PDU's Monitoring and Reporting team, briefed SROs on initiatives in reporting, and Michelle Ewington, Manager of Cross-Government Coordination for PDU, discussed the benefits of this in light of the more focused programme of works in the second half of the life of the PGF. <p>Michelle updated SROs on upcoming applications and future expectations for applications, noting that tighter criteria may be applied nearer the end of the life of the fund. It was agreed that messaging to applicants would be realistic and accurate at all times, but that the fund still had money available for good applications.</p> <p>Nerissa discussed the work of her team, noting the transition from high level reporting to a more granular approach in the second half of the life of the fund, with numbers now being available on a project by project basis. It was noted that reporting was available on funds committed, contracted, approved and paid, with projects being tracked weekly to ensure figures were always up to date. Nerissa also reported on the focus on getting contracts signed within 60 days, and that this was tracking well, with a total of 20 contracts unsigned, down from 41 in June. It was noted that those that remained outstanding were typically highly complex contracts. Nerissa also reported that forward payments were being reported on as well, and that, overall, a far clearer picture was being provided.</p> <p>SROs were asked to consider what reporting they would find useful and it was agreed that Nerissa would circulate examples of reports for consideration.</p> <p>It was noted that an indication of what projects were coming up would be useful, as well as regular information on funds remaining and spent. It was also noted that information on cancelled projects would be useful, and the importance of exiting projects well if they were not working out was noted.</p> <p>The importance of SROs having an overall strategic lens was noted.</p>

5. General Business

5.1 Education Skills Training Letter (Apryll Parata)

Reference #	SRO 29/08/2019/27
Discussion	<ul style="list-style-type: none"> Discussion on this was deferred in light of Apryll's absence.

5.2 Muriwhenua Mānuka Oil Application (Paul Swallow)

Reference #	SRO 29/08/2019/28
Discussion	<ul style="list-style-type: none"> Privacy of natural persons [REDACTED]. Al took the chair. SROs approved \$524,400 funding from the Provincial Growth Fund from Aupouri Ngāti Kahu Te Rarawa for Muriwhenua Mānuka Oil to allow for the planting of mānuka, harvesting of wild mānuka and for community-owned mānuka oil distillation facilities, subject to clear milestones being adhered to, and PDU assuming a formal coordination and oversight role in the project. Paul discussed the background to the project and explained the time constraint being due to another agency having been approached for funding originally, and the need to get plants in the ground without delay. Paul reported that the plants were healthy and ready to plant, and that some wild harvesting would also be carried out. Paul also discussed the work of the applicant in the area, including their contribution to local employment and their positive use of Māori land assets. The meeting noted that this application succeeding would provide employment where it is needed, and would use land in a way that is considered suitable and sustainable. The value for money of the project was noted. It was agreed that, to manage the risks, close oversight of the project would be appropriate and that close liaison with local nursery Kauri Park, as well as with PDU and MPI, would be advisable. Ben returned to the room and resumed the chair. <p><i>Kay Read left at this point (10:24am).</i></p>

5.3 Priorities Work Programme (Jane Frances)

Reference #	SRO 29/08/2019/29
Discussion	<ul style="list-style-type: none"> Jane updated the meeting on a number of upcoming matters, including relating to Northport, and the shifting focus towards the delivery and execution of projects in the second half of the fund's life. It was also noted that some applications would inevitably take longer, such as those received under Whenua Maori involving multiple-owner land, and it remained important to be realistic when dealing with applicants. Jane reported on an upcoming paper on initiatives to deal with the drug methamphetamine ("P"). The impact of this drug on regions was discussed by the meeting, including the role of the PGF to assist with the provision of alternatives to the drug economy in the regions. Jane also discussed action on Digital Hubs; waste, notably plastic and, to a lesser extent, food waste; and energy, particularly hydrogen and the possible investment in its generation and transmission. Applications for the primary sector, engineering and manufacturing; water storage and airports were also discussed. Bryan discussed a possible application for a Hawke's Bay project involving a water tower and Jane indicated that such a project could potentially meet PGF criteria, notably jobs and productivity. The role of the World Trade Organization (WTO) rules were discussed and Jane emphasised the importance of not seeing these as simply a barrier, but instead as something to be considered. The meeting discussed adopting a "how can we make it happen?" attitude and the need for

	PDU to show leadership in this space.
5.4 Terms of Reference for SROs (Catherine Sinclair)	
Reference #	SRO 29/08/2019/30
Discussion	<ul style="list-style-type: none"> • It was noted that Ben’s title had recently changed from “Head of Regional Development” to “Chief Operating Officer”. However, this group’s Terms of Reference only made mention of the retired term and therefore needed to be updated to reflect his new title. • SROs agreed to change all references to the “Head of Regional Development” in the group’s Terms of Defence to “Chief Operating Officer”.

Meeting closed at 11:09am

PROACTIVELY RELEASED