

MEMO TO THE INDEPENDENT ADVISORY PANEL

Update from the Head of the Provincial Development Unit

Date prepared:	8 June 2018	Meeting date:	18 June 2018
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Purpose

- The purpose of this memo is to provide an update from the Head of the Provincial Development Unit (the Unit) to the Independent Advisory Panel from the period 8 May 2018 to 8 June 2018.

Recommended action

- I recommend that the Independent Advisory Panel note the contents of this update.

Update from the Head of Provincial Development Unit

Provincial Growth Fund update

- The Unit has published the Provincial Growth Fund (PGF) announcements as at 1 June 2018 on MBIE's [website](#). Up to \$111,025,000 of funding has been announced.
- As of 6 June 2018, the value of projects currently in the legal documentation phase is \$100,312,625. The difference between this figure and the funding announced to date is due to some projects that have been announced are in the assessment/evaluation phase.
- The Provincial Development Unit is drafting contracts to the value of \$47,780,125, and is currently negotiating contracts with a value of \$46,645,000. Executed contracts are to the value of \$5,887,500.
- As at 6 June 2018, 216 projects had been lodged in PipeDrive. Of the 216 projects, 104 are Expressions of interest and 112 are applications. The table below shows the total number of applications by region and funding sought from the Fund to date. **Commercial Information**.

Region	Number of Applications	Funding Sought
Bay of Plenty	Com	Commercial Information
Canterbury	Com	Commercial Info
East Coast/Tairāwhiti	Com	Commercial Information
Hawke's Bay	Com	Commercial Information
Kapiti/ Horowhenua	Com	Commercial Inform
Manawatu/ Whanganui	Com	Commercial Information
National	Com	Commercial Information
Northland	Com	Commercial Information
Otago	Com	Commercial Information

Region	Number of Applications	Funding Sought
Southland	Com	Commercial Inform
Taranaki	Comin	Commercial Information
Top of South	Com	Commercial Inform
Waikato	Com	Commercial Information
West Coast	Com	Commercial Information
TOTAL	Commerc	Commercial Information

Ministerial priorities

Funding announcements

7. On 1 June 2018, a \$46 million investment package aimed at tackling economic and social issues in Northland was announced by the Prime Minister. The funding included investment from the PGF for the following projects:
 - a) \$20.626 million into projects that create jobs
 - b) \$Commercial In million to the Hundertwasser Arts Centre with Wairau Māori Art Gallery
 - c) \$8.777 million in social and state housing projects
 - d) \$6.250 million for Twin Coast Discovery Route business cases
 - e) \$500,000 for a North of Auckland rail line upgrade business case.
8. The Minister will announce the investment for Ruapehu Alpine Lifts on 15 June 2018.

Regional Economic Development (RED) Ministers meetings

9. RED Ministers met on 28 May 2018 to review a range of proposals to form the package of Northland announcements made on 1 June 2018. In addition, Ministers discussed the Investment Statement and provided direction on the following matters; geographic scope of the Fund, Regional Action Plans, allocation of the Fund, sector priorities, risk appetite and funding instruments.

The Statement is currently being updated and a version for public release is being prepared in parallel. A meeting with the wider group of RED Ministers is likely to be scheduled for 19 June 2018, at this meeting Ministers will review the latest version of the Investment Statement.

Regional Economic Development Portfolio estimates hearing – 7 June 2018

10. The Minister for Regional Economic Development appeared before the Economic Development, Science and Innovation Committee on Thursday 7 June for the Estimates Hearing. Questions from the Committee focused on the composition of the \$1 billion fund, the distribution of funding to date and applications from the South Island.
11. Members of the Committee also questioned the Minister on the Unit's approach to openness and transparency, in particular information about contracts. In response, I have undertaken to review the issues raised by the Committee. The Unit will also shortly publish the contract templates on MBIE's website. Legal Services have prepared a range of contracts that take a risk-based approach depending on the value of the investment and the type of funding instrument.

Cabinet paper

12. A Cabinet paper report back on the ongoing implementation of the Fund is being prepared and will be submitted to the Minister on 15 June for consideration by Cabinet on 27 June. The Cabinet paper reports back on options for managing equity shares and the development on baseline measures of regional outcomes. It seeks amendments to previous decisions on governance arrangements including providing delegations to the Head of the Unit, clarifying membership of Regional Economic Development Ministers.

Provincial Development Unit

Operating model and structure

13. A briefing to the Minister for Regional Economic Development and Minister of Finance is being prepared that seeks agreement to the departmental costs of implementing the Fund. The Unit along with partner agencies including the Ministry for Primary Industries, Te Puni Kokiri, Department of Conservation, Ministry of Transport, New Zealand Transport Agency have been finalising the operating model, including roles and responsibilities. PDU staff will meet with the Minister on Monday 11 June 2018 to discuss the funding sought.
14. MBIE's Chief Executive agreed to the proposed structure for the Unit and shortly recruitment is underway.

Openness and transparency

15. With the high level of interest in the PGF, the Unit intends to proactively release OIA information. This is in line with MBIE's internal policies and practices that are being established to support increased proactive release, including the online publication of appropriate OIA responses. Shortly, briefings that support Ministers' decision-making in line with the provisions of the OIA will also be released at the same time as funding announcements are made.

Risks and opportunities

Monitoring and reporting Contract Management System

16. The Unit is in the process of implementing a contract management system known as the Investment Management System (IMS). IMS is currently used by MBIE's Science system. It is expected that IMS will better enable monitoring and reporting of contracts and ensure contract milestones have been met before any payment is made.

Annex

Commercial Information