

Subject	Minutes of the SRO meeting held at MBIE offices in Stout Street on Thursday 26 September 2019, 9:00am-11:00am
Senior Regional Officials Present	Al Morrison (Chairperson), Karl Cummins, Di Grennell, Kathy Mansell, Apryll Parata, Kay Read and Bryan Wilson
In attendance:	David van der Zouwe, Michelle Ewington, Catherine Sinclair (minutes) and Monica Butler
PDU Attendees:	Ben Pringle, Marsha Wyllie, Catriona McKay, Jody Hayward, Jo Littin, Brendan Quinlivan, Marama Edwards, Amy McElroy, Michelle Paki, Stephen Ruddell, Delwyn Abraham, Hayley Honiss, Nick Hough, Jason Hall, Yen-Ting Liu, Hannah Walker, Paul Swallow, <u>Commercial Information</u> , Eliot Linforth-Hall, Alison Thom and Tania Heyrick
Apologies	Karen Adair, Ben Dalton and Robert Pigou

1. Meeting Administration

Reference #	SRO 26/09/2019/01
Discussion:	<p>1.1 Introduction</p> <p>Al welcomed all meeting participants.</p> <p>1.2 Apologies</p> <p>Apologies were received from Karen Adair, Ben Dalton and Robert Pigou.</p> <p>1.3 Conflicts of interest</p> <p>No standing conflicts of interests were registered.</p> <p>Privacy of natural persons</p> <p>[REDACTED]</p> <p>1.4 Ratification of minutes from 29 August 2019 SRO meeting</p> <ul style="list-style-type: none"> • It was agreed that the first bullet point under item <u>Commercial</u> should have the words “and approach” added so it reads: <ul style="list-style-type: none"> – It was noted that items <u>Commercial Information</u> 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. • It was agreed that the first bullet point under item 5.2 relating to the Muriwhenua Manuka Oil application contained a typographical error and should read: <ul style="list-style-type: none"> – 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.

With these changes, SROs approved the minutes from the 29 August 2019 meeting, agreeing that they formed a true and correct record of that meeting.

1.5 SRO Action Register

The Action Register was discussed and actions noted.

2. Investment Proposals

2.1 Regional Sector Investment Overviews (David van der Zouwe)

Reference # SRO 26/09/2019/02

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

- Nathan Grennell addressed the meeting, assisted by Stephen Ruddell, and provided some background and context to the applications to be discussed. Nathan described the TAM governance structures and collaboration with other government agencies, notably the Ministry of Education, particularly in the context of TAM linking in with schools to provide a pathway to employment from secondary education. **Commercial Information** [REDACTED].
- It was reported that there were 167 applications and expressions of interest in the system, with \$[REDACTED] worth of funding approved, and approximately \$[REDACTED] left.
- Responding to the observation that many of today's applications involved school programmes and there was no evidence of significant involvement from the Ministry of Education, Nathan reported that a **Commercial Information** [REDACTED]. It was agreed that Nathan would report back to the next SROs meeting about this.
- SROs noted that a number of applications involved funding for very limited periods, and that securing alternative sources of funding – such as from other government agencies – beyond that was often part of the work of such programmes. It was also noted that this issue would be considered by the paper referred to above.
- Noting that all of today's applications were recommended for approval, it was reported that the support and guidance provided by TAM and HPR, plus its connectedness with other government agencies, resulted in applications being made that were suitable for approval and those that were not being approved, receiving feedback that allowed them to revise their applications or seek funding from alternative sources. The TAM and HPR model also meant that the gaps that needed filling with this funding were typically identified at community level, so applications tended to reflect genuine need.
- **Commercial Information** [REDACTED].
- Al commented on the quality of the applications and thanked the team for their work.

Action: Nathan Grennell to report back at the November SRO meeting on the outcomes from the CEs of MoE and TEC meeting.

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2.4 Parata Contracting Workforce Development Project (TAM), Tairāwhiti (Marsha Wyllie)

Reference# SRO 26/09/2019/05

Discussion Privacy of natural persons

- SROs approved \$731,311.40 from the Te Ara Mahi portion of the Provincial Growth Fund toward the Parata Contracting Workforce Development project, noting that the project was regionally endorsed by the CARE (Regional Employment and Skills) Forum on 17 September 2019.
- SROs noted the many jobs attached to this project

2.5 Four Seasons Services Project (TAM), Tairāwhiti (Marsha Wyllie)

Reference# SRO 26/09/2019/06

- SROs noted that the funding was for two years and it was noted that a viable business was expected to have been established by the start of the third year, making the project's continuation self-sustaining.
- SROs approved \$940,228 from the Te Ara Mahi portion of the Provincial Growth Fund, toward the Four Seasons Services project, noting that the project was regionally endorsed by the CARE (Regional Employment and Skills) Forum on 17 September 2019.

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2.8 Northland Employer Support Package (TAM), Northland (Jody Hayward)

Reference #	SRO 26/09/2019/09
Discussion	<ul style="list-style-type: none"> • SROs noted that this was a change of scope and did not involve any additional funding. • SROs approved the change of scope for the Northland Employer Support Package project to move from a three month establishment project to a 12 month pilot. • SROs also approved the Funding Agreement for the project being re-drafted to reflect the change of scope, noting that: <ul style="list-style-type: none"> - SROs approved a \$106,750 grant to Northland Inc in June 2018 to scope the development of a Northland Employer Support Package, and, since then, several developments have occurred that rendered that work unnecessary; - the Northland Skills and Employment Steering Group have worked with stakeholders on an amended project to ultimately achieve broader outcomes sought by the original project; - the changes are endorsed by MSD and TPK; and - TPK are co-funding the project and have approved \$<small>Commercial Inform</small> cadetship funding for the development of employees.

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2.12 The Forestry Pathways Course (TAM), Otago (Amy McElroy)

Reference # SRO 26/09/2019/13

- Discussion
- SROs indicated their support for this application. They noted with concern that the TEC Gateway fund was the appropriate source of funding but in this instance a much-needed course should not be penalised because the fund is oversubscribed.
 - SROs approved \$63,000 from the Te Ara Mahi portion of the Provincial Growth Fund towards The Forestry Pathways Course, noting that:
 - this funding is for the period February to November 2020;
 - the funding will result in Commercial young people aged 17-18 being trained, upskilled and supported into local full time employment;
 - this programme falls under the criteria for Gateway funding from TEC, but that barriers exist which make Gateway funding an unrealistic option for it in the 2020 school year;
 - the applicant aims to work with TEC and local employers to secure ongoing funding for the programme;
 - the programme is run through Tokomairiro Training and is a Competenz accredited course. Tokomairiro Training is an independent entity run by a manager under Tokomairiro High School's NZQA accreditation;
 - the applicant is securing co-funding from employers and community partners, with the exact amounts to be confirmed;
 - MPI, MoE, TEC and MSD are supportive of the project; and
 - MPI was originally going to progress this application but due to prioritisation issues the application was handed back to the PDU in August 2019 for progress through to a decision.

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2.14 Locals Building Local Homes at Volume (TAM), Waikato (Michelle Paki)

Reference # SRO 26/09/2019/15

Discussion

- SROs approved \$646,450 from the Te Ara Mahi (TAM) portion of the Provincial Growth Fund towards Locals Building Local Homes at Volume, noting that:
 - the funding sought was \$Commercial Inform and a lower amount is being approved due to the application including certain positions that are not typically funded under TAM;
 - this covers the set up and delivery of the first 12 months of a 24 month programme (two cohorts each per 12 month period);
 - the funding will allow for five staff to be employed immediately, being Commercial Information FTEs and Commercial Information ;
 - Comm people will be employed at the beginning of the programme in February 2020, with the applicant providing training and upskilling on the job;
 - the programme will be based in Tokoroa, and will offer a transport service to ensure individuals living outside Tokoroa can participate and attend;
 - the applicant is in the process of becoming a registered private training establishment and will work in collaboration with Toi Ohomai until they are registered (they intend this to be operational from 2021 hence the application being for only 12 months);
 - a related company, Emergent Design and Construct Limited, will employ all Comm participants who will 'earn as they learn';

- MSD has endorsed the programme and the applicant has strong links to their regional office. MSD have advised that they are able to match some of their suitable clients to fill the cohorts. **Commercial Information** ;
- the programme will have an emphasis on NEETs;
- participants will assist in building ten modular homes which will be purchased by the South Waikato District Council. Some of the profits will be used to fund wages and costs related to the ongoing delivery of the training programme;
- an additional **Comme** people will be employed, trained and upskilled in year 2 of the programme, making a total of **Commerc** people in the first two years. An additional 20 homes are projected to be built in the second year, totalling 30 over two years. South Waikato has an immediate shortage of 739 houses;
- the programme's close links and collaboration with Raukawa Charitable Trust who will provide leadership, incorporating kaupapa Māori, and wraparound and pastoral care services within the project. Raukawa has also provided a letter of endorsement for the project;
- **Commercial Information**
- this project is a priority project for the South Waikato package for a November 2019 announcement.

SRO Investment Proposals

2.15 Regional Digital Hub Proposal – Te Pae Tata (Hayley Honiss/Nick Hough)

Reference # SRO 26/09/2019/16

- Discussion
- Di Grennell discussed the proposal, noting that it would be very beneficial to the area across a range of local interests, including iwi and business. She thanked the teams for the work that had brought it to this point.
 - SRCs approved \$399,628 from the PGF towards the Regional Digital Hub Proposal – Te Pae Tata, noting that:
 - the project is located in a key service town in a rural area, will provide digital connectivity and create a place for business and community activity, will take place in a location that is geographically isolated, will connect the southern, northern and eastern parts of the region, and will connect the areas where there is the least level of existing business support infrastructure; and
 - the grant is offered subject to due diligence being completed (noting the only issue outstanding is a Trust Deed review), and subject to KPIs being established to assess the ongoing performance of the project.

Commercial Information - declined project

Commercial Information - declined project

Commercial Information - declined project

Commercial Information - declined project

Commercial Information - declined project

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2.21 FI Innovations – Industry 4.0 HERE WE COME, Southland (Hannah Walker/Paul Swallow)

Reference #	SRO 26/09/2019/22
Discussion	<ul style="list-style-type: none"> It was noted that items 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. Al Morrison provided the history and context around the SRO's earlier funding for a New Zealand Engineering Hub (with a stated particular reference to Taranaki) to build capacity and capability and asked how it had come to be confined to Otago/Southland only. Paul reported that the focus on engineering in Dunedin was in response to a lack in that area, whereas Taranaki, and Waikato already had engineering clusters. He also noted that the Dunedin engineering hub connects with the Taranaki and Waikato ones, forming the start of a national engineering network. It was agreed that Paul would report further on this to at the next meeting. It was noted that the role of the PDU is to fund business-based applications such as these as well as support-based applications, such as those put forward through TAM and HPR. It was further noted that some applications had been withdrawn or re-scaled before being presented. It was noted that some of the previous applications had been subject to financial analysis and Paul reported that some applications had been received from very well-off companies, and some from companies whose ongoing viability was questionable; applications from organisations between the two are welcomed. SROs approved up to \$370,000 for a grant from the PGF to FI Innovations towards the purchase of two specific pieces of engineering equipment because: <ul style="list-style-type: none"> it aligns with the PGF objectives to uplift productivity, enhance economic opportunities, increase highly skilled jobs and apprenticeships (ComFTE) and create resilient communities; it will enable local firms and the Southern Institute of Technology to develop new products; and it aligns with the Southland and Otago Regional Engineering Collective objectives to build the capability and capacity of Southland and Otago manufacturing and engineering firms. It was noted that this approval is made subject to the applicant maintaining alignment to the Southland and Otago Regional Engineering Collective (SOREC) objectives evidenced by the continued reporting to the Ministry on its outcomes; and to a satisfactory financial analysis outcome. <p><i>Action: Paul Swallow to report back to SROs in November on the Dunedin engineering hub connection with the Taranaki and Waikato hubs.</i></p>

2.22 Stabicraft – Engineering Equipment for Marine Services, Southland (Hannah Walker/Paul Swallow)

Reference #	SRO 26/09/2019/23
Discussion	<ul style="list-style-type: none"> It was noted that this application is part of the Dunedin/Otago package that is due to be announced in September/October 2019. SROs approved up to \$225,000 grant funding from the PGF fund to Stabicraft towards the purchase of two specific pieces of engineering equipment because:

	<ul style="list-style-type: none"> - it aligns with the PGF objectives to uplift productivity, enhance economic opportunities, increase highly skilled jobs and apprenticeships (Comm FTE) and create resilient communities; and - it aligns with the Southland and Otago Regional Engineering Collective objectives to build the capability and capacity of Southland and Otago manufacturing and engineering firms. <ul style="list-style-type: none"> • It was noted that this approval is made subject to the applicant maintaining alignment to the Southland and Otago Regional Engineering Collective (SOREC) objectives evidenced by the continued reporting to the Ministry on its outcomes; and to a satisfactory financial analysis outcome.
2.23 Sheet Metalcraft – Engineering Equipment, Southland (Hannah Walker/Paul Swallow)	
Reference #	SRO 26/09/2019/24
Discussion	<ul style="list-style-type: none"> • It was noted that this application is part of the Dunedin/Otago package that is due to be announced in September/October 2019. • SROs approved up to \$132,500 grant funding from the PGF to Sheet Metalcraft towards the purchase of two specific pieces of engineering equipment because: <ul style="list-style-type: none"> - it aligns with the PGF objectives to uplift productivity, enhance economic opportunities, increase highly skilled jobs (Comm FTE) and create resilient communities; and - it aligns with the Southland and Otago Regional Engineering Collective objectives to build the capability and capacity of Southland and Otago manufacturing and engineering firms. • It was noted that this approval is made subject to the applicant maintaining alignment to the Southland and Otago Regional Engineering Collective (SOREC) objectives evidenced by the continued reporting to the Ministry on its outcomes; to the applicant providing a written statement confirming that the new equipment will not adversely affect other firms; and to a satisfactory financial analysis outcome.
2.24 EIS – Engineering Equipment, Southland (Hannah Walker/Paul Swallow)	
Reference #	SRO 26/09/2019/25
Discussion	<ul style="list-style-type: none"> • It was noted that this application is part of the Dunedin/Otago package that is due to be announced in September/October 2019. • It was noted that this application is for a relatively modest sum of money yet enabled the purchase of 11 items of equipment. • SROs noted that this approach to increasing capability was in line with the aims of the package. SROs also noted that this set of equipment enabled the company to do work not currently being done elsewhere in the region, and will create eight extra jobs. • SROs approved up to \$55,000 grant funding from the PGF to EIS towards the purchase of eleven specific pieces of engineering equipment because: <ul style="list-style-type: none"> - it aligns with the PGF objectives to uplift productivity, enhance economic opportunities, increase highly skilled jobs (Comm FTE) and create resilient communities; and - it aligns with the Southland and Otago Regional Engineering Collective objectives to build the capability and capacity of Southland and Otago manufacturing and engineering firms. • It was noted that this approval is made subject to the applicant maintaining alignment to the Southland and Otago Regional Engineering Collective (SOREC) objectives evidenced by the continued reporting to the Ministry on its outcome; and to a satisfactory financial analysis outcome.
2.25 Southern Steel Windows – Engineering Equipment, Southland (Hannah Walker/Paul Swallow)	
Reference #	SRO 26/09/2019/26

Discussion

- It was noted that this application is part of the Dunedin/Otago package that is due to be announced in September/October 2019
- It was noted that the sum sought by the applicant was \$^{Commercial I} more than the sum recommended for approval.
- SROs approved up to \$250,000 for a grant from the PGF to Southern Steel Windows towards the purchase of four specific pieces of engineering equipment because:
 - it aligns with the PGF objectives to uplift productivity, enhance economic opportunities, increase highly skilled jobs (C^{me} FTE) and create resilient communities; and
 - it aligns with the Southland and Otago Regional Engineering Collective objectives to build the capability and capacity of Southland and Otago manufacturing and engineering firms.
- It was noted that this approval is made subject to the applicant maintaining alignment to the Southland and Otago Regional Engineering Collective (SOREC) objectives evidenced by the continued reporting to the Ministry on its outcome; to the applicant providing a written statement confirming that the new equipment will not adversely affect other firms; and to a satisfactory financial analysis outcome.

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3. Amendment of previous minutes

3.1 NZ Macadamia Industry Development Project (Eliot Linforth-Hall)

Reference #	SRO 26/09/2019/31
Discussion	<ul style="list-style-type: none"> • Eliot reported that this matter had come up as the result of audit activity. • It was noted that the minutes of the meeting of 28 June 2018 had recorded under item 3 that the NZ Macadamia Industry Development Project approved a sum for training of \$265,000. • However, later emails that took up the matter following negotiation with the applicant regarding a related loan discussed a sum for training of \$^{Commercial Inform} instead of \$265,000. • SROs confirmed that the sum for training was in fact \$265,000 and any reference to \$^{Commercial Informa} was an error.

4. Noting and Discussion Papers

4.1 Regional Digital Hubs and Marae Connectivity Programme Update (Alison Thom)

Reference # SRO 26/09/2019/32

- Discussion
- Alison reported that the focus for this programme was on smaller towns in surge regions and that up to three hubs per region were planned. It was noted that the partners for these hubs were often local authorities or iwi, and that the hubs involved a shop-sized space with some hardware and basic services to assist with the running of a small business, including internet access.
 - The relationship with existing commercial enterprises was discussed, with SROs noting that creating a competitive situation with local commercial enterprises was always avoided. Responses to local needs were discussed, such as transportable or mobile hubs, along with the challenges such setups brought.
 - Relationships with local emergency services were also considered.
 - The importance of providing ready internet connectivity was noted.

4.2 PGF Portfolio Analysis (Tania Heyrick)

Reference # SRO 26/09/2019/33

- Discussion
- Tania reported to the meeting on the development of the work programmes and regional priorities, and outlined the sectors and type of projects that were considered particular priorities to the fund.
 - Free and frank opinions [REDACTED].
 - It was also noted that the priorities documents were future planning tools only and did not form a complete list of everything that would be funded. Tania also reported that some communications to assist with the management of expectations in the regions would be forthcoming.
 - SROs asked Tania to provide an update at SROs meetings on development in the priorities.
 - SROs agreed that further consideration regarding dealing with future applications would be discussed at the next meeting.

*Action: New standing item at SRO meetings – Development priorities update by Tania Heyrick
SROs to discuss the management of future applications.*

Privacy of natural persons



Meeting closed at 11:05am