

Regional Economic Development Ministers Meeting 2 July 2018

Nigel outlined the focus for the PDU over the next 3 months:

- Double down on priority (surge) regions with a host of announced projects (West Coast, Tairāwhiti, Hawke's Bay, and Eastern Bay of Plenty) as well as framing commercial and sector deals.
- Ensuring the Investment Statement gets out to stakeholders following DEV

It was noted by Minister Robertson that:

Free and frank opinions

July PGF Cabinet paper

Minister Robertson commented that the changes proposed to decision making thresholds may be being made too soon. Small and easy matters could be better prepared by officials to make better use of Ministers time.

Minister Parker **Free and frank opinions** and added that a streamlined cover page template for such decisions could be developed to make the decision making process easier. This would include:

- The type of project
- Whether the IAP agrees
- Whether PDU officials agree
- Overall recommendation

Action: PDU to develop a new cover page for such decisions next month (AJ)

PGF Proposals

Commercial Information - Declined Application

Ministers **agreed** to fund the Cook's Landing restoration in Tairāwhiti.

Ministers **agreed** to fund the Te Hiku Sports Hub in Northland with a \$3.0 million grant.

Ministers **agreed** to fund the 28th Maori Battalion project in Northland.

- Meeting future operational costs noted as an issue by Ministers
- **Action:** National Trust can provide written statement that it can meet additional costs (Ben)

Ministers **deferred** a decision on the following:

- Commercial Information - Declined Application
- Te Waihora restoration
- Punakaiki Coastal restoration

Ministers asked officials to provide further information before making a decision on the Land Information New Zealand regional elevation data proposal. This was:

- **Action:** Officials to consult with regional councils and TAs are in support of the proposal (AJ/Robert?)
- **Action:** Officials to assess counterfactual to proposal (AJ)
 - It was noted that it sounded plausible but there was no sense of cost-savings and business benefits.

Ministers **agreed** to decline four projects.

Investment Statement

Ministers **agreed** to the scope and content of the Investment Statement.

Ministers **agreed** that TAs and provincial towns with high NEETs, low median incomes and a decreasing number of businesses are also priorities for the PGF.

Ministers **agreed** that Kapiti Coast be eligible for PGF.

- It was noted that Kapiti, though an urban centre in close proximity to Wellington, is seen as a gateway to regional investment, in the same way as Hamilton and Tauranga are.

Ministers **agreed** that Helensville and Wellsford are not eligible for PGF.

- Note that this means all of Auckland is excluded.

Action: Ministers agreed to officials developing a model for a fair allocation of the PGF and report back to RED Ministers by 3 September 2018

- Note this allocation is to be reviewed in one year
- Some scepticism for allocations outside of surge regions due to concerns of creating an entitlement to funds and a loss of focus on adding productivity.

Ministers **agreed** that co-contribution criteria for commercial applications should be:

1. For grants: wherever relevant, match existing criteria and PGF contribution capped at ^{Comm} per cent
2. For debt or equity investments: default is PGF maximum contribution for ^{Comm} per cent (exceptions by negotiation and by reference to PGF priorities).

Action: Ministers agreed that officials to identify priorities for firm-specific investments that would support co-investment with the private sector that would not otherwise occur and which contribute to the PGF objectives and report back to RED Ministers by 3 September 2018.

- It was noted that PGF could be utilised to help New Zealand companies to do more.

Action: Ministers **agreed** for officials to design a commercial entity, specifying mandate, funding and decision making and report back to RED Ministers by 3 September 2018.

- Minister Parker trusts IAP instincts on suitable structures and deals
- Minister Parker: No need to know exit strategy yet

Ministers **agreed** that PGF will consider investments where the application:

1. Will not be funded within the primary government programme
2. Clearly contributes to PGF objectives
3. Demonstrates net benefits (added: "including verified third party support")

Transport related funding

The outlined approach to transport related funding was accepted.

Note: "Productivity potential" of proposals will always be asked based on the approach.

Action: Transport related funding principles to be worked into the Investment Statement.

PROACTIVELY RELEASED