



RED MINISTERS – SUMMARY OF RECOMMENDATIONS

Date:	29 June 2018	Priority:	High
Security classification:	In Confidence	Tracking number:	3859 17 -18

Hon Shane Jones Minister for Regional Economic Development	Agree to the recommendations outlined in this briefing	2 July 2018
Hon Grant Robertson Minister of Finance		2 July 2018
Hon Phil Twyford Minister of Transport		2 July 2018
Hon David Parker Minister for Economic Development		2 July 2018
Fletcher Tabuteau Parliamentary Under-Secretary to the Minister for Regional Economic Development		Note the contents of this briefing for the RED Ministers on 2 July 2018

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Nigel Bickle	Head of Provincial Development Unit	Privacy of natural persons	✓



Recommendations

It is recommended that Regional Economic Development Ministers:

Projects recommended for approval

1. **Note** that the Provincial Development Unit (PDU) has assessed five proposals seeking a total of up to \$^{Commercial Information} of funding from the Provincial Growth Fund (PGF). *Noted*
2. **Note** that the Ministry for Primary Industries (MPI) has assessed a further three proposals seeking a total of \$^{Commercial Information} of this funding from the PGF. *Noted*
3. **Note** the total funding sought from the PGF is \$^{Commercial Information} *Noted*
4. **Note** that the MPI and the PDU will work to determine an effective mechanism to transfer \$^{Commercial Information} of funding from the PGF to give effect to decisions by Ministers. *Noted*

Commercial Information - Declined Application

Cook's Landing restoration - Tairāwhiti

9. **Note** that PDU and the Independent Advisory Panel recommend that Ministers support funding for \$1.630 million from the PGF towards the Cook's Landing Restoration Project. *Noted*
10. **Note** that Tairāwhiti region is working towards putting in place the infrastructure needed to support upcoming events, including the 250th landing of Captain Cook. *Noted*
11. **Agree** to approve \$1.630 million from the PGF to be allocated towards the Cook's Landing Restoration Project subject to confirmation that all relevant iwi/ hapu support has been secured for the project. *Agree / Disagree*
12. **Agree** that the PDU prepare an investment agreement, by way of a grant, for the Cook's Landing Restoration Project.



Agree / Disagree

13. **Note** that funding from the PGF for the Titirangi Maunga restoration project has also been sought and this application is currently being assessed.

Noted

Te Hiku Sports Hub – Northland

14. **Note** that one of Government's commitments is to support the Te Hiku Sports Hub Complex.

Noted

15. **Note** that Te Hiku Sports Hub Inc has submitted an application for funding of \$3.0 million from the PGF toward the overall \$^{Commercial Information} project and this is \$200,000 more than the agreed commitment.

Noted

16. **Note** that the proposal does not provide evidence of the level of economic and productivity benefits expected from PGF projects.

Noted

17. **Note** that the Far North District Council has confirmed a financial contribution to this project of \$^{Commercial Information} and **Commercial Information** is expected to contribute \$^{Commercial Information} from a targeted rate.

Noted

18. **Note** that any funding from the PGF will be conditional on Te Hiku Sports Hub Inc confirming the remaining funding has been raised.

Noted

19. Either:

- i. **Agree** to confirm the previous commitment made and fund Te Hiku Sports Hub Complex to a value of \$2.8 million by way of a grant.

Agree / Disagree

Or

- ii. **Agree** to fund Te Hiku Sports Hub Complex at an increased amount of \$3.0 million by way of a grant.

Agree / Disagree

Or

- iii. **Decline** the application to fund the Te Hiku Sports Hub Complex.

Agree / Disagree

20. **Note** that any approved funding is subject to:

- Evidence provided that remaining funding has been secured;
- Confirmation of final project costs and a schedule of how funds will used;
- Final due diligence being completed noting that the initial review has raised no issues; and



- Provision of a detailed project plan and regular reporting to the PDU on progress of the project.

Noted

28th Māori Battalion – Northland

21. **Note** that one of the Government's commitments outlined in the Coalition Agreement between Labour and New Zealand First is to "build a museum to commemorate the 28th Māori Battalion at Waitangi" (the Museum).

Noted

22. **Note** that the final business case for the Museum has been received and confirms the total cost of the project will be \$14.500 million with all funding to be requested from the PGF.

Noted

23. **Note** that the business case does not provide evidence of the level of economic and productivity benefits expected from PGF projects (e.g. no plan to increase the admission cost of visiting the Treaty grounds post completion of the Museum). Additionality benefits are available based on improving the overall experience of visitors to the Treaty of Waitangi grounds. Tourism was identified as a major potential opportunity for development for Northland.

Noted

24. **Note** that funding up to \$509,000 has already been approved by the Senior Regional Officials (in two tranches) to support Stage One planning, resource consent, design and regional consultation for the Museum.

Noted

25. **Agree** to support the 28th Māori Battalion Museum proposal and funding of \$13.991 million from the PGF to complete the Museum project.

Agree / Disagree

26. **Agree** to direct the PDU to prepare full investment agreements, by way of a grant, for the Māori Battalion Museum to a value of up to \$13.991 million and executing the agreements subject to:

- Support for the Museum being obtained from the representatives of the 28th Māori Battalion companies (A Company (Te Tai Tokerau Association), B Company (History Trust, Rotorua), C Company (Nga Taonga a Nga Tama Toa Trust) and D Company, Wellington) and Head Quarters Company) prior to construction commencing;
- The resource consent application for the Museum being approved by Far North District Council;
- A representative from MBIE with experience in building and quantity surveying to continue supporting the Steering Group for the project on the capital building components of the project;
- The Waitangi National Trust Board providing confidential updates to MBIE on the progress of the Serious Fraud Office investigation the Board initiated concerning financial irregularities identified through the Board's internal audits.

Agree / Disagree

27. **Note** that three land restoration projects have been identified as investment-ready, and available for planting in winter 2018, if funded.

Noted



28. **Note** that Cabinet has given interim authority to delegated RED Ministers (RED, Economic Development, Finance, Transport) to approve applications for afforestation proposals under the One Billion Trees Programme of between \$1 million and \$20 million (CAB-18-MIN-0045 refers).

Noted

29. **Note** that each proposal has been assessed as sound, and meets the environmental and social, cultural, and economic objectives of the PGF and the One Billion Trees programme.

Noted

30. **Agree** to fund the following investment ready landscape restoration proposals:

a. Commercial Information - Declined Application

Agree / Disagree

b. Te Waihora Restoration, Canterbury, South Island: \$ Commercial Information over ten years;

Agree / Disagree

c. Punakaiki Coastal Restoration Project, West Coast, South Island: \$ Commercial Information over four years;

Agree / Disagree

31. **Note** that these projects have a combined total cost of \$ Commercial Information over the expected timeframes of the projects, with \$ Commercial Information of this funding sought from the PGF.

Noted

32. Commercial Information

Noted

33. **Note** that the MPI and the PDU will work to determine an effective mechanism to transfer \$ Commercial Information of funding from the PGF to give effect to decisions by Ministers.

Noted

Land Information New Zealand – New Zealand regional elevation data proposal

34. **Note** the information provided on LINZ's coordinated capture of regional elevation data (in 3D) project.

Noted

35. **Note** the three options for funding LINZ land elevation data project:

- Option 1: a three year project – would fund coverage for surge regions and regions ready to enter into co-funding partnerships – seeking \$ Commercial Information from the PGF.
- Option 2: a five year project – would fund coverage over nearly all of provincial New Zealand – seeking \$ Commercial Information from the PGF, noting that this would require approval from Cabinet.



- Option 3: a five year project – would fund coverage over nearly all of provincial New Zealand – requiring \$^{Commercial Information} from the PGF and \$^{Commercial Information} of extra co-funding from **Commercial Information**

Noted

36. **Agree** to one of the three options above to fund the project in the form of grant funding to LINZ subject to milestones being met.

Agree / Disagree

Commercial Information - Declined Application

Investment Statement for the Provincial Growth Fund

38. **Note** that an Investment Statement has been developed that is essentially the backdrop to market guidance and information to applicants about the Government's approach to and priorities for the PGF.

Noted

39. **Note** that RED Ministers have previously discussed the Investment Statement on 2 May and 29 May 2018.

Noted

40. **Agree** to the scope and content of the Investment Statement.

Agree / Disagree

41. **Note** that RED Ministers previously provided direction on the scope of the Investment Statement on 29 May 2018 as follows:

- Geographic scope: Auckland, Wellington (including Hutt and Porirua) and Christchurch (which includes Banks Peninsula) are excluded; Wairarapa is included and surge regions are prioritised over other regions;
- Regional Action Plans have an important role in the context of the PGF;
- Capability development: there is a need to focus on the long-term sustainability of capability investments and encourage the development of skills that relate to the Future of Work;
- Sector and infrastructure priorities: tourism, forestry, food and beverage shifting to value over volume, digital enablement and transport investments focused on supporting regional economic development.

Noted



42. **Agree** that Territorial Authorities and provincial towns with high NEETs, low median incomes and a decreasing number of businesses are also priorities for the PGF.

Agree / Disagree

43. **Agree** that Kapiti Coast, Helensville and Wellsford are either:

- eligible for funding from the PGF; or
- not eligible for funding from the PGF.

Agree / Disagree

Agree / Disagree

44. **Note** that Ministers agreed that all surge regions should receive a fair allocation of the PGF.

Noted

45. **Note** that officials recommend developing an indicative allocation of the PGF to provide certainty to applicants and guide decision-making.

Noted

46. **Agree** to direct officials to develop a model for a fair allocation of the PGF and report back to RED Ministers by 3 September 2018.

Agree / Disagree

47. **Agree** that co-contribution criteria for commercial applications should be established as follows:

- For grants: wherever relevant, match existing criteria and PGF contribution capped at %; and
- For debt or equity investments: default is PGF maximum contribution of % (exceptions by negotiation and by reference to PGF priorities).

Agree / Disagree

48. **Agree** to direct 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.

Agree / Disagree

49. Commercial Information

Noted

50. Commercial Information

Noted

51. **Agree** to direct officials to design a commercial entity, specifying mandate, funding and decision-making and report back to RED Ministers by 3 September 2018.

Agree / Disagree

52. **Note** that there are a number of existing government funding programmes and some applications to the PGF may be a better fit with those programmes.

Noted

53. **Agree** that the PGF will consider investments where the application:

- will not be funded within the primary government programme



- clearly contributes to PGF objectives
- demonstrates net benefits.

Agree / Disagree

54. **Note** that work is underway to develop a guide for public release and sector-tailored one-pagers and technical information for the commercial sector will be produced, supported by proactive engagement led by the PDU.

Noted

Privacy of natural persons

Nigel Bickle
Head of Provincial Development Unit
MBIE

29 / 06 / 2018

Hon Grant Robertson
Minister of Finance

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Hon Shane Jones
**Minister for Regional Economic
Development**

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Hon Phil Twyford
Minister for Transport

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