

## REGIONAL ECONOMIC DEVELOPMENT MINISTERS

### Actions and decisions – as at 3 August 2018

#### 1.1 Action items

| Item    | Action   | Who     | By when       | Status update |
|---------|--|---------|---------------|---------------|
| 13/8    | Develop a strategy for regional air connectivity   | PDU/MoT | September     | Underway      |
| 13/8    | Obtain greater certainty on costings for Mt Titirangi – Puhi Kai Iti Connection  | PDU     | September     | Underway      |
| 13/8    | Predator Free 2050 – resolve questions from Ministers and resubmit   | PDU     | October       | Underway      |
| 2/7/18  | <i>28<sup>th</sup> Maori Battalion</i><br>National Trust to provide a written statement that it can meet additional costs  | PDU     | 13 August     | Underway      |
| 2/7/18  | Develop a model for fair allocation of the PGF and review this in one year   | PDU     | 3 September   | Underway      |
| 2/7/18  | 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 | PDU     | 3 September   | Underway      |
| 2/7/18  | Design a commercial entity, specifying mandate, funding and decision making  | PDU     | 3 September   | Underway      |
| 28/5/18 | Minister Jones requested for Grant Berghan (MPI) to be across the ownership matter of the three wharves.   | PDU     | 2 July        | Complete      |
| 2/5/18  | Develop an alternative proposal for Opotiki that builds off its comparative advantage  | PDU     | December 2018 | Underway.     |

## 1.2 Decisions – 13 August 2018

| Item  | Decision   | Comments   |
|---|--|--|
| Gisborne Airport Terminal (Tairāwhiti)                            | <b>DEFER</b>   | <p>Ministers raised that there is a wider, national problem facing regional airports that needs to be better understood. Ministers expressed the need for a set of principles for making decisions around funding airport infrastructure/a strategy for regional air connectivity before more investment decisions of this nature are taken. Officials noted MoT work is underway to develop principles and will be completed within a month.</p> <p>Ministers noted the time pressures that the applicant identifies, and questioned whether the proposed timeframes for delivery are feasible given that consenting has not been completed.</p> <p><b>Commercial Information</b></p> <p>[REDACTED]</p> |
| Mt Titirangi – Puhi Kai Iti Connection (Tairāwhiti)               | <p><b>APPROVE in principle</b></p> <p>Subject to further work to determine appropriate costings, and progress towards a bookable attraction in the region.</p> | <p>Ministers noted that this is part of a package of tourism initiatives to support the 2019 250<sup>th</sup> anniversary of Cook's landing, and has been recommended for funding by officials. TSY concerns about costings for project were noted as well as some concerns about what the package comprises.</p> <p><b>Commercial Information</b></p> <p>[REDACTED]</p>   |
| National Algae Research and Development Centre (Top of the South) | <b>APPROVE with conditions</b>   | <p>Ministers noted the importance of ensuring that the applicant is equipped with appropriate incentives and commercial expertise, given its commercial track record.</p> <p><b>Commercial Information</b></p> <p>[REDACTED]</p>   |
| Predator Free 2050  | <b>DEFER</b>   | <p>Ministers noted that this initiative cuts across a number of sectors, but it is difficult to understand how the investment creates sustainable benefits and so whether this is the best use of PGF funding. Notes commercial structure of company may be helpful in ensuring an enduring impact. Also noted that this was a potential example of 'Crown funding Crown', but that this does not detract from its merits.</p> <p><b>Commercial Information</b></p> <p>[REDACTED]</p>  |

| Item   | Decision                    | Comments  |
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|  |                             | <p><b>Commercial Information</b></p> <p>Ministers noted that the scheme is national, but investment would be targeted to surge regions. Deferred decision, pending answers to further questions:</p> <ul style="list-style-type: none"> <li>• How will investment assist with the development of new technologies to support the Predator Free initiative?</li> <li>• What control strategies and tools will be used to ensure that there are sustainable results (i.e. line of control agent, rather than restoration island?)</li> <li>• Confirm that the project does not involve an extension of 1080.</li> <li>• Confirm that the project is supported/sought by regions.</li> <li>• IAP: Could a more appropriate payment mechanism be used to ensure the desired results?</li> </ul> |
| <h2>Commercial Information - Declined Application</h2> |                             |   |
| <h2>Commercial Information - Deferred Application</h2> |                             |   |
| LINZ – Regional Elevation Data proposal                | <b>APPROVE in principle</b> | Minsters requested more detail on how the information could be used to support land classification, especially identifying appropriate land for use in certain industries (e.g. forestry, agriculture), and for environmental management. Minsters also noted that priority will be given to the surge regions. Chair of IAP noted that there was strong support for this initiative from a   |

| Item   | Decision       | Comments   |
|--|----------------|--|
|  |                | number of panel members.   |
| Te Waihora (Lake Ellismere) Restoration Project (Canterbury) | <b>APPROVE</b> | Officials noted that funding will come from funding package approved by DEV for the delivery of the One Billion Trees programme. |
| Punakaiki Coastal Restoration Project (West Coast)           | <b>APPROVE</b> | N/A  |

## Commercial Information - Declined Application

### 1.3 Decisions – 2 July 2018

| Item | Decisions | Comments |
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PROACTIVELY RELEASED

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| <p><b>Investment Statement</b></p> | <p>Ministers <b>agreed</b> to the following:</p> <ul style="list-style-type: none"> <li>i. the scope and content of the Investment Statement.</li> <li>ii. that TAs and provincial towns with high NEETs, low median incomes and a decreasing number of businesses are also priorities for the PGF.</li> <li>iii. that Kapiti Coast be eligible for PGF.</li> <li>iv. that Helensville and Wellsford are not eligible for PGF.</li> <li>v. that officials develop a model for a fair allocation of the PGF and report back to RED Ministers by 3 September 2018.</li> <li>vi. that co-contribution criteria for commercial applications should be: <ul style="list-style-type: none"> <li>o For grants: wherever relevant, match existing criteria and PGF contribution capped at 40 per cent</li> <li>o For debt or equity investments: default is PGF maximum contribution for 50 per cent (exceptions by negotiation and by reference to PGF priorities).</li> </ul> </li> <li>vii. 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.</li> <li>viii. that officials design a commercial entity, specifying mandate, funding and decision making and report back to RED Ministers by 3 September 2018.</li> <li>ix. that PGF will consider investments where the application: <ul style="list-style-type: none"> <li>o will not be funded within the primary government programme</li> <li>o clearly contributes to PGF objectives</li> <li>o demonstrates net benefits (added: "including verified third party support").</li> </ul> </li> </ul> | <p>Ministers noted that:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• all of Auckland is excluded</li> <li>• the PGF allocation is to be reviewed in one year</li> <li>• PGF could be utilised to help New Zealand companies to do more.</li> </ul> |
| <p><b>Proposals – PGF</b></p>      | <p>Ministers <b>agreed</b> to fund the 28<sup>th</sup> Maori Battalion project in Northland - \$13.991 million.</p> <p>Ministers <b>agreed</b> to fund the Cook’s Landing restoration in Tairāwhiti - \$1.630 million.</p> <p>Ministers <b>agreed</b> to fund the Te Hiku Sports Hub in Northland with a \$3.0 million grant.</p> <p>Commercial Information - Declined Application<br/> <span style="background-color: grey; display: inline-block; width: 100%; height: 1em;"></span></p> <p>Commercial Information - Declined Application<br/> <span style="background-color: grey; display: inline-block; width: 100%; height: 1em;"></span></p>  | <p>Ministers noted that meeting future operational costs could be an issue for the 28<sup>th</sup> Maori Battalion project.</p> <p>Ministers noted that additional funding was not seen as necessary to complete the project to a standard that will achieve stated goals.</p>   |

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| <b>Proposals – reforestation</b> | Ministers <b>deferred</b> a decision on the following: <ul style="list-style-type: none"> <li>• Commercial Information - Deferred Application</li> <li>• Te Waihora restoration</li> <li>• Punakaiki Coastal restoration.</li> </ul> |  |
|----------------------------------|--|--|

#### 1.4 Decisions – 28 May 2018

| Item                     | Decisions  | Comments  |
|--------------------------|--|---|
| 1 – Proposals for review | <i>Northland package</i><br>Ministers agreed to the following investments : <ol style="list-style-type: none"> <li>1. \$7.514 million in the Howard League Unlicensed Drivers licence programme.</li> <li>2. \$6.25 million in the Twin Coast Discovery Route</li> <li>3. \$6.65 million in the Trees That Count project</li> <li>4. \$1.89 million in the Ngāti Hine 400 Hectare Mānuka planting and training project.</li> </ol> Ministers also agreed to establish a multi-category appropriation in Vote Transport for Tuawhenua Provincial Growth Fund transport. | <i>Twin Coast</i> <ul style="list-style-type: none"> <li>• Ministers suggested a single business case rather than seven separate business cases.</li> <li>• Ministers directed officials to adopt a business case format that would enable potential economic development to be incorporated.</li> <li>• Ministry of Transport informed Ministers it would be 24 months before implementation phase.</li> </ul> |
|                          | <i>Matariki Tu Rakau</i><br>Ministers agreed to fund \$5.55 million towards the Matariki Tu Rākau Programme from the Provincial Growth Fund, to allow for the planting of up 350,000 seedlings at locations across the country   | Ministers requested an implementation plan and execution. Officials confirmed this would occur.   |
|                          | <i>Three Wharves</i><br><b>Ministers agreed</b> that the Provincial Development Unit prepares full investment agreements, by way of a grant, for the three wharves to a value of up to \$ Commercial Information and executing the agreements  | Officials confirmed the project can be initiated following Ministers agreement to prepare the investment agreements.  |

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| 2 – Investment Statement | <p><i>Investment Statement</i></p> <p>Ministers provided direction on the geographic scope of the Fund and agreed:</p> <ul style="list-style-type: none"> <li>• Porirua, Upper Hutt, Lower Hutt are excluded</li> <li>• Wairarapa is included</li> <li>• Kapiti is on the margins</li> <li>• South Auckland is excluded</li> <li>• Helensville, Wellsford are marginal</li> <li>• Urban centres (e.g. Hamilton, Tauranga City) are included based on their role of supporting the region</li> <li>• Christchurch – areas outside are included Selwyn, Hurunui.</li> </ul> <p>Ministers agreed to the sector priorities and emphasised value over volume.</p> | <p>Ministers made the following comments:</p> <ul style="list-style-type: none"> <li>• Regional Action plan should be updated and align with the Statement</li> <li>• Allocation of the Fund would be developed over time and requested that officials provide indicative updates</li> <li>• Ministers support the intention that all surge regions receive a fair allocation</li> <li>• The Fund should not operate on a first come, first serve basis</li> <li>• There needs to be a focus on the long term sustainability of capability investments</li> <li>• The development of skills that relate to the Future of Work was encouraged</li> <li>• Funding instruments, MBIE's balance sheet is suitable in the interim, however, there is a need for a vehicle.</li> </ul> |
| 4 - SRO decisions        | N/A  | Ministers discussed the proposals and the SRO operating model.   |

### 1.5 Decisions – 2 May 2018

| Item                   | Decisions   | Comments  |
|------------------------|---|---|
| Bay of Islands Airport | Ministers agreed to the proposal  | Officials directed to review all airport applications to PGF based on their merits and note the cross-regional consideration of all regional airports underway. |
| Opotiki                | Minister's noted the advice from officials and the Independent Advisory Panel | Ministers asked the PDU to come up with something better by December 2018, where the region can build off natural advantages.                                   |
| Ruapehu Alpine Lifts   | Ministers agreed to the proposal  |   |