

AIDE MEMOIRE

PROVINCIAL GROWTH FUND UPDATE – INFORMATION FOR WIDER RED MINISTERS

Date:	22 June 2018	Priority:	High
Security classification:	In Confidence	Tracking number:	3900 17-18

Action sought		
	Action sought	Deadline
Hon Shane Jones Minister for Regional Economic Development	Note the contents of this briefing and discuss with officials on 25 June 2018	25 June 2018
Fletcher Tabuteau Parliamentary Under-Secretary to the Minister for Regional economic Development		25 June 2018

Contact for telephone discussion (if required)				
Name	Position	Telephone	1st contact	
Nigel Bickle	Head of Provincial Development Unit	Privacy of natural persons		✓
AJ Millward	General Manager, Strategy and Governance	Privacy of natural persons		

The following departments/agencies have been consulted

Minister's office to complete:

Approved

Declined

Noted

Needs change

Seen

Overtaken by Events

See Minister's Notes

Withdrawn

Comments

AIDE MEMOIRE

PROVINCIAL GROWTH FUND UPDATE – INFORMATION FOR WIDER RED MINISTERS

Date:	22 June 2018	Priority:	High
Security classification:	In Confidence	Tracking number:	3900 17-18

Purpose

The purpose of this aide memoire is to provide you with an update on the Provincial Growth Fund the wider RED Ministers meeting on 26 June 2018. You are meeting with the Provincial Development Unit Leadership Team to discuss on 25 June 2018.

Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

- a **Note** an update on the Provincial Growth Fund (PGF) attached as **Appendix I** has been prepared that could be shared with Wider RED Ministers on 26 June 2018;
- Noted*
- b **Discuss** the PGF update with the Provincial Development Unit (PDU) Leadership Team on Monday 25 June 2018; and
- Noted*
- c **Note** the PDU Leadership Team will table further information at your meeting on 25 June 2018; and
- Noted*

AJ Millward
Manager, Strategy and Governance
 Provincial Development Unit

..... / /

Appendix I – Provincial Growth Fund update for Wider RED Ministers

1. The purpose of this paper is to provide an update on Provincial Growth Fund since its launch just over 100 days ago on 23 February 2018.

Update on the Provincial Growth Fund

2. The Provincial Growth Fund (PGF) was officially launched on 23 February 2018. The introduction of the PGF represents a significant opportunity for regional economic development and is a centrepiece of the Government's commitment to economic growth that is sustainable and benefits all New Zealanders.
3. The PGF aims to lift productivity potential in the provinces. Its priorities are to enhance economic development opportunities, create sustainable jobs, enable Māori to reach their full potential, boost social inclusion and participation, build resilient communities, and help meet New Zealand's climate change targets.
4. All provinces are eligible for funding, however, Tairāwhiti/East Coast, Hawke's Bay, Tai Tokerau/Northland, Bay of Plenty, West Coast and Manawatū-Whanganui have been identified for early investment.

Highlights since the launch of the PGF

5. A significant amount of progress has been made to support the effective delivery of the PGF. Since the launch of the PGF just over 100 days ago, some of the highlights include:
 - **240 projects** have been lodged
 - of the **240 projects**, **112** are applications, seeking funding of **\$300m** and over half of the projects have funding committed
 - up to **\$^{Commercial Information}** of funding has been announced and all funding announcements are published on the Ministry of Business, Innovation and Employment's website. For context, this is nearly three times the amount of the previous Regional Growth Programme.
 - Significant funding announcements to date include:
 - **\$20m** for Taranaki on 6 April 2018
 - **\$46m** investment package for Northland on 1 June 2018
 - **\$10m** for Ruapehu Alpine Lifts on 15 June 2018.
 - contracts to the value of **\$^{Commercial Information}** are being drafted and contracts with a value of **\$^{Confidential advice to Govern}** are being negotiated. Executed contracts are to the value of **\$^{Commercial Information}**.
6. **Appendix II** provides a status update of the PGF as of 20 June 2018.

The Provincial Development Unit

7. The Provincial Development Unit established to implement and administer the PGF has introduced the following processes and systems required to scale up and maintain the integrity of the Fund:
 - PipeDrive - a cloud-based client relationship and pipeline management system to manage PGF applications at speed
 - new application and assessment forms that reflect prudent approaches to due diligence practice
 - applicants are required to declare that they have not been convicted or are under investigation

for any offences

- contract templates are proportionate to the level of risk.

Investment Statement for the PGF

8. An Investment Statement that is essentially the backdrop to the PGF has been developed to provide market guidance and information to applicants about the Government's approach to and priorities for the PGF. Work is underway to develop a guide for public release and sector-tailored one-pagers will be produced as well as technical information for the commercial sector.
9. The Investment Statement has been developed with input from Ministers, senior leaders, commercial experts, the Independent Advisory Panel and the Chair of the Māori Economic Development Advisory Board. RED Ministers will discuss an updated version of the Investment Statement on 2 July 2018.
10. The Investment Statement covers nine aspects:
 - a. Geographic scope
 - b. Regional action plans
 - c. PGF allocation
 - d. Capability development
 - e. Sector priorities – tourism, food and beverage, forestry
 - f. Infrastructure priorities – road, rail and digital
 - g. Supporting Māori economic development
 - h. Operationalising the PGF
 - i. Cost-benefit analysis
 - ii. Relationship of PGF to other government funds and programmes
 - iii. Co-contributions and co-investments
 - iv. Risk
 - v. Funding instruments
 - i. Measuring performance of PGF.

Focus for the next six months

11. While a significant amount of progress has been made to implement and administer the Fund, further work is required to continue to build the pipeline of investments and achieve the objectives of the PGF.
12. It is expected that the majority of the Fund would be largely committed by 2020 and the objective is to achieve a balanced portfolio of investments. This will require a front-end loaded effort over the next 12-18 months focusing on:
 - Implementing a new regional operating model to better integrate government and support the regions
 - Implementing an accelerated process for low value (<\$100k)/low risk projects
 - Operationalising the Investment Statement
 - Targeted engagement in the regions and with sectors to promote the Fund and the Investment Statement
 - Mobilising government, the Independent Advisory Panel and different commercial players to support regions to bring forward high quality proposals that are decision-ready

- Refreshing Regional Action Plans, taking into account the priorities and criteria of the PGF
- Commencing a series of regional engagements for the Minister and the Under-Secretary, combined with a package of announcements
- Developing integrated investment packages focusing on the following regions over the next six months – Hawke’s Bay including Wairoa, Tairāwhiti-East Coast, Bay of Plenty including Opotiki, Manawatu/Whanganui, West Coast and Southland
- Developing a set of sector-led investment proposals.

PROACTIVELY RELEASED