



## INDEPENDENT ADVISORY PANEL: TERMS OF REFERENCE

1. These Terms of Reference describe the role and functions, membership, systems and processes of the Provincial Growth Fund – Independent Advisory Panel (IAP) “the Panel”.

### BACKGROUND

2. The Government is committed to economic growth that is sustainable and benefits all New Zealanders. Regional economic development is an important part of the Government's economic strategy. Nearly half of New Zealand's population lives outside the main urban centres, and they generate around 40 per cent of the country's economic output. If New Zealand's provincial areas are not doing well, New Zealand's overall economic performance will be affected. Similarly, if we want to diversify our economy and make it more environmentally sustainable, changes will be needed in the regions.
3. The Provincial Growth Fund (PGF), “the Fund”, aims to create a step change in the provinces, so that increased economic opportunity and stronger social capability and capacity increase prosperity over the long term. This will create opportunities for higher skilled, better paid, employment in our regions.
4. To support the implementation of the Fund, two new groups have been established; the Provincial Development Unit (PDU), established in the Ministry of Business, Innovation and Employment and an Independent Advisory Panel.

### THE PROVINCIAL GROWTH FUND

5. The PGF is a fund of \$1 billion per annum for three years, commencing in 2018/19. The PGF will invest in projects that address under-investment in regional infrastructure, capability and capacity.
6. The objective of the PGF is to lift the productivity potential in the provinces. The specific objectives of the PGF are to support:
  - a. increased jobs and sustainable economic development;
  - b. increased social inclusion and participation;
  - c. Māori economic development;
  - d. environmental sustainability and help in addressing climate change; and
  - e. increased resilience (infrastructure and economic).



7. The PGF has three tiers to support projects of differing nature and scale:
  - a. Regional Projects and Capability – smaller economic development projects and feasibility studies for potential projects, and initiatives to build skills, capability and capacity. Upper limit of \$10 million;
  - b. Sector Investments (including the One Billion Trees Programme) – larger investments (over \$10 million) in priority and/or high value sectors such as tourism, horticulture, technology, niche manufacturing and aquaculture, with a focus on increasing jobs and private investment; and
  - c. Enabling Infrastructure Projects – investing in regional projects that support connections within and between regions, including rail, road and communications.
8. The PDU is being established within the Ministry of Business, Innovation and Employment, as a focal point for officials involved in regional economic development. The PDU will be the hub for processing applications to the PGF. It will be a strong partner to our regions and industries in identifying and developing investable proposals for the PGF and will provide support to senior officials and Ministers in making funding decisions.

#### **ROLE AND FUNCTIONS OF THE IAP**

9. The role of the IAP is to support the PDU making robust decisions. In particular, the IAP will:
  - a. provide independent and objective advice on expression of interest proposals and full proposals submitted, where requested (excluding proposals under the One Billion Trees Programme). The advice will be provided on a free and frank basis [and will include risks identified];
  - b. work with the PDU to ensure that applications across the PGF meet the required PDU standards for submission;
  - c. assist the PDU to assess and refine processes and tools to assist applicants make proposals and decision makers to assess them (this process may also include iterative discussions between the IAP and groups to further develop expressions of interest and proposals); and
  - d. contribute to the management of the overall portfolio of investments across the PGF by providing independent and objective advice on the quality of investments and the coherence and sustainability of the investment portfolio. This will be both at early stages of projects (concepts, feasibility studies, business cases) and as they are being rolled out.
10. In carrying out its role, the IAP will:
  - a. act in accordance with procedures agreed or mandated by the PDU;



- b. act within any budget notified to it, but held and managed by the PDU;
- c. comply with relevant policies of the PDU as advised from time to time;
- d. maintain the confidentiality of confidential material submitted to it or obtained in carrying out, or incidental to, its functions; and
- e. comply with legal requirements.

## **DECISION RIGHTS & PROTOCOL FOR ADVICE**

11. The IAP's role in recommending the commitment of Crown funds to investment projects and assessing the allocation of funds across the PGF investment portfolio is strictly advisory. Decision makers have absolute discretion to accept or decline, in whole or part, recommendations of the IAP. The IAP has no voting, decision making or veto rights in respect of the decision to commit funds to, or amends funds within, an investment project.

12. In considering and providing advice on any proposal it is asked to consider, the IAP may, with the knowledge and agreement of the PDU:

- a. confer with the project applicant, including seeking any additional necessary information, and suggesting amendments;
- b. seek information relating to other relevant proposals and approved projects, and suggest combining or linking with other proposals and approved projects; and
- c. seek any other relevant external advice.

13. The IAP, with the written agreement of the Head of the PDU, will document systems and processes it will use to operate, including:

- a. the procedures for assessing proposals and providing such other advice as may be sought by decision makers;
- b. how its advice is compiled and notified;
- c. how its meetings are conducted, procedures when the Chairperson is absent, and voting;
- d. how information is to be treated, secured and returned where a person is no longer a member of the IAP;
- e. a conflict of interest policy that complies with State Services Commission guidance, including procedures for where members of the IAP are conflicted and the maintenance of a Register of Interests;
- f. its working relationship with the PDU; and



- g. how its systems and processes are monitored and improvements are made.

## **MEETINGS**

14. It is anticipated that the IAP will meet every two months in different parts of the country to consider papers and to hear presentations from local figures on regional economic development issues, opportunities and projects.
15. Additional meetings may be called when needed on particularly urgent or important proposals. Where such issues arise between scheduled meetings, the PDU may contact the IAP by email or teleconference to seek its view.
16. An agenda will be circulated to members prior to each meeting. Pre-reading will be made available where the PDU determine this will be useful for discussions.
17. Members are expected to treat meetings of the IAP as high priority and attend as often as possible. However, where members cannot attend a meeting, they can provide written or verbal feedback on proposals to the Chairperson prior to the meeting.
18. The meeting can progress without a quorum. After each meeting of the IAP, the draft advice will be circulated to each member for their review and opinion of whether they support that advice.
19. The IAP will operate on the basis of consensus, and where it is not possible to achieve a consensus, on the basis of a majority decision. Once the IAP has made a decision, each member will support that decision so that the IAP has one collective view.

## **ROLE OF THE CHAIRPERSON**

20. The Chairperson of the IAP is responsible for:
  - a. ensuring the IAP operates in a manner that enables it to undertake its role and functions;
  - b. liaising with the PDU on all matters relating to the role of the IAP;
  - c. acting as the spokesperson for the IAP; and
  - d. maintaining a close relationship with the Minister of Regional Economic Development and the Head of the PDU.

## **MEMBERSHIP**

21. The IAP will consist of 8 members (including the Chair), appointed for the term of operation of the PGF (three years). Members will be chosen based on their commercial, industry, public policy and sector specific knowledge and expertise.



22. Specific knowledge of Māori economic development opportunities will also be an advantage.
23. The Minister for Regional Economic Development may, by written notice, appoint:
- any natural person as a member; and
  - any member as the Chairperson or Deputy Chairperson.
24. Any such appointment shall be effective from the time and date specified in the notice.
25. The Minister for Regional Economic Development may, at any time, at his or her discretion, terminate an appointment by written notice signed by the Minister and sent to the member (copied to the PDU) stating that the appointment shall be vacated.
26. A member may, at any time, resign membership of the IAP by providing written notice to the Minister for Regional Economic Development.
27. A member of the IAP has a duty to:
- act with honesty and integrity;
  - act in good faith and in the best interests of the PGF;
  - act with reasonable care, diligence and skill; and
  - comply with these Terms of Reference and decisions of the Head of the PDU.
28. A member who has information in his or her capacity as a member that would not otherwise be available to him or her must not disclose that information to any person, or make use of, or act on, that information, except –
- in the performance of the IAP's functions;
  - as required or permitted by law; or
  - in complying with the requirement for members to disclose interests.
29. Cabinet will determine the amount of remuneration payable for services as a member of the IAP. Members are responsible for paying all Inland Revenue payments, other taxes and Accident Compensation levies in respect of remuneration and disbursements.
30. The daily remuneration can be claimed in accordance with Cabinet Office instructions and PDU policies as advised from time to time.
31. Travel, accommodation and meals will be organised and paid by the PDU where practicable. Disbursements will be agreed with the PDU. Where travel,



accommodation and meals cannot be organised by the PDU, then actual and reasonable costs will be reimbursed in accordance with relevant PDU policies.

32. The PDU will arrange for appropriate insurance arrangements to be made to cover potential personal liability of members arising out of IAP acts or omissions. The insurance will not cover any act or omission that is in bad faith or not done in the performance or intended performance of the IAP's functions.

#### **INVITED EXPERTS**

33. For the purposes of any proposal before the IAP, the Chairperson may agree with the Head of the PDU Unit to invite additional attendee(s). This would be any person or persons whose qualifications or experience are likely, in the opinion of the Chairperson and Head of the PDU, to be of assistance to the IAP in dealing with that matter.
34. Every person invited in this way will be entitled to take part in the proceedings of the IAP meeting in relation to that matter.
35. That person, while not a member, will be subject to the same obligations of confidentiality, conflicts of interest process and any other due diligence process and paid at the same daily rate as an IAP member.

#### **ROLE OF THE PDU**

The PDU will:

- a. employ staff who administer the PGF and support the administration of the IAP;
- b. collate and submit IAP advice to decision makers, and report back to IAP on decisions made and any relevant feedback from decision makers;
- c. seek the assistance of the IAP as required in relation to the operation of the PGF; and
- d. review these Terms of Reference, within the first 6 months and then an annual basis, in consultation with the members of the IAP.

#### **OFFICIAL INFORMATION ACT 1982**

All information provided to the IAP and the records of the IAP will be treated as official information under the Official Information Act 1982, and subject to the requirements of that Act, may be released unless there are grounds for withholding it.



**EXECUTION**

Agreed and Signed by:

Rodger Finlay

Date: .....

Chairperson

Independent Advisory Panel

PROACTIVELY RELEASED