



BRIEFING

Update on PGF Economic Development Agency work

Date:	17 May 2019	Priority:	Low
Security classification:	In Confidence	Tracking number:	3528 18-19

Action sought		
	Action sought	Deadline
Fletcher Tabuteau Parliamentary Under-Secretary for the Minister for Regional Economic Development	Note the update on PGF economic development work and the stocktake of Regional Action Plans (Annex One)	N/A
Hon Shane Jones Minister for Regional Economic Development	Note the contents of this briefing	N/A

Contact for telephone discussion (if required)				
Name	Position	Telephone	1st contact	
Isabel Poulson	Manager, Strategy and Policy	Privacy of natural persons		✓
Jared Humm	Senior Policy Advisor	Privacy of natural persons		

The following departments/agencies have been consulted
N/A

Minister's office to complete:

Approved

Declined

Noted

Needs change

Seen

Overtaken by Events

See Minister's Notes

Withdrawn

Comments



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Purpose

The purpose of this briefing is to update you on the Economic Development Agency (EDA) capacity and capability work, including an update on:

- the PGF capacity funding for regions from the \$ ^{Commercial Information} envelope
- the Economic Development New Zealand (EDNZ) capability enhancement project; and
- the pending EDNZ white paper.

It also includes a stocktake of Regional Action Plans, attached as Annex One. ^{Annex A withheld - Commercial Information}

Recommended action

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

- a. **Note** the update on PGF economic development agency work

Noted

- b. **Note** the stocktake on Regional Action Plans attached as Annex One

^{Annex A withheld - Commercial Information}

Noted

AJ Millward
**General Manager,
 Strategy and Governance**
 Provincial Development Unit, MBIE

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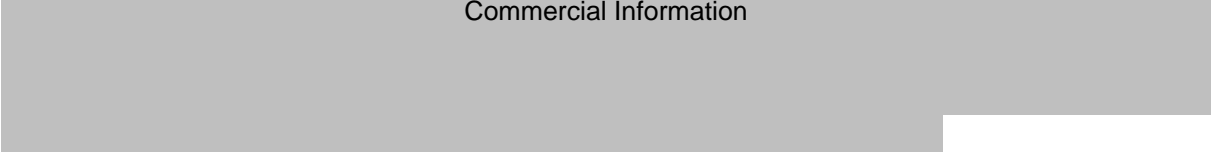
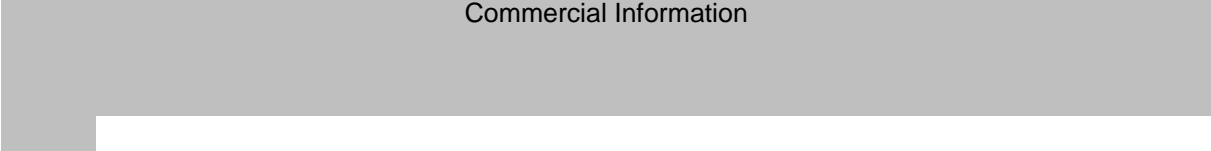
Fletcher Tabuteau
**Parliamentary Under-Secretary for the
 Minister for Regional Economic
 Development**

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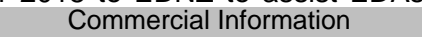
Background

1. On 6 December 2018, Regional Economic Development (RED) Ministers agreed to Provincial Growth Fund (PGF) principles and priorities for PGF investment in EDAs. These principles sought to ensure that “EDAs have sufficient capability and capacity to support regional economic development beyond the life of the PGF.” One of the specific PGF principles for funding EDAs is to provide funding to improve EDAs’ “capacity to deliver PGF funded activities or projects on behalf of the region.”

EDA Capacity

2.  Commercial Information
3.  Commercial Information
4. Subsequently, you directed the Provincial Development Unit (PDU) to establish an approach for funding to assist EDAs or equivalent organisations with managing their portfolio of PGF proposals during the life of the PGF.
5. On 10 January 2019, you agreed to the proposed approach for using PGF funding to assist EDAs short-term PGF portfolio management capacity.
6. On 29 January 2019, RED Ministers agreed to your proposal to provide up to \$5.6 million of PGF funding to assist an EDA, or equivalent regional body, in each region with their short-term PGF portfolio management capacity. Each region can apply for up to \$200,000 per year for two years.

EDA Capability

7. In addition, \$985,000 of funding was granted in September 2018 to EDNZ to assist EDAs and other regional bodies build their capability over the next  Commercial Information

Update on PGF EDA work

\$ 5.6 million Funding for regional EDA capacity building

8. This funding is to address short-term capacity issues of EDAs, or equivalent bodies, within regions, by providing up to \$200,000 of PGF funding a year, per region, for up to two years, to assist them with managing their portfolio of PGF proposals during the life of the PGF. This will cost up to \$5.6 million if implemented across all 14 regions eligible for PGF funding.
9. This investment seeks to ensure regional EDAs have the capacity to undertake both their PGF-related activities in the short-term, and their business-as-usual activities. Recipient organisations are expected to demonstrate that they will take steps to improve their long-term capacity and capability through identifying their future needs, budgeting appropriately, and building the skills they require.

10. RED Ministers agreed the recipient of funding must be agreed upon by the region, and approved by the Senior Regional Official (SRO), before final approval of the funding by the SRO group.

Update on capacity funding

11. To-date, nine regions have had funding committed from the PGF toward capacity building, which incorporates both year one and year two allocations. These are:

Table 1: Recipients of PGF EDA capacity funding

Region	Recipient organisation	Committed funding	Contracted (Y/N)
Northland	Northland Inc	\$200,000	Y
Bay of Plenty	Ōpōtiki District Council	\$237,500	Y
Waikato	Te Waka Waikato	\$400,000	N
Tairāwhiti	Activate Tairāwhiti	\$90,000	Y
Hawke's Bay	Business Hawke's Bay	\$ ^{Commercial Information}	N
Taranaki	Venture Taranaki Trust	\$210,000	Y
Manawatū-Whanganui	Horizons Regional Council	\$200,000	N
Canterbury	Environment Canterbury	\$175,000	Y
Wairarapa	Wellington Regional Economic Development Agency	\$200,000	Y
Total	-	\$ ^{Commercial Information}	

12. ^{Commercial Information}

Some regions have not yet applied for funding

13. Some regions have yet to make an application for funding. We understand that the main issue experienced by these regions is difficulty in ascertaining the appropriate organisation to receive the funding and in identifying the best way this resource can help across what are large and diverse regions which may have multiple EDAs.
14. Helping these regions work out the appropriate recipient for the funding is a focus for the PDU, and PDU officials will continue to work with SROs to support these regions. However, it is ultimately up to regions themselves to engage internally and identify the appropriate recipient of the capacity funding, and it is likely that one or two regions may not apply for this funding.

EDNZ capability building

15. In September 2018, \$985,000 of PGF funding was approved for EDNZ to develop and improve the capability of regional economic development practitioners in the identification,

development, and delivery of transformation projects. This is being realised through the delivery of the following:

- a. development and delivery of a professional development programme incorporating a cultural capability and Māori development module; and
 - b. establishment and operation of an online repository for best practice economic development resources.
16. The contract for this funding was signed in ^{Commercial Information}, and the first instalment of \$^{Commercial Informa} was made at this time. Delivery (and PGF funding) will be phased over ^{Commercial Information}:
- a. ^{Commercial Information} – agreed (with MBIE) programme, key performance indicators (KPI), and administration (\$^{Commercial Informatio} PGF funding) – payment made;
 - b. ^{Commercial Information} – delivery of 30 relevant and high quality professional development courses to elected officials and practitioners during year one (\$^{Commercial Informatio} PGF funding);
 - c. ^{Commercial Information} – delivery of 40 relevant and high quality professional development courses to elected officials and practitioners during year ^{Commerci} (\$^{Commercial Informatio} PGF funding); and
 - d. ^{Commercial Information} – delivery of 50 relevant and high quality professional development courses to elected officials and practitioners during year ^{Commerci} (\$^{Commercial Informa} PGF funding).
17. The PGF funding is in addition to \$^{Commercial Informatio} of co-funding from ^{Commercial Inform} which is payable in ^{Commercial In} increments: ^{Commercial Information}
- ^{Commercial In} The PGF funding contributions are also conditional on these co-funding contributions being made. The online repository must be maintained during this period, KPIs met or exceeded, and a quarterly report delivered to MBIE by the tenth business day following the end of each quarter and within twenty business days of completion of the project.

EDNZ white paper

18. EDNZ informed the PDU, prior to October 2018 that it was working on developing a white paper on regional economic development. Its intention is to leverage off current approaches to regional economic development and create a legacy change.
19. EDNZ has recently informed PDU that this white paper is still being developed, and EDNZ intends to approach the PDU at some point to ascertain how the PGF could assist in the development of a legacy change in regional economic development.

Stocktake of Regional Action Plans

20. **Attached as Annex One** is a stocktake of Regional Action Plans. This includes information on the status of action plans for each region, including when a refresh has been planned or undertaken, a summary, and a PDU comment on the current status and state of the each Regional Action Plan. **Annex One withheld - Commercial Information**

Next Steps

21. We will keep you updated on the uptake of EDA capacity funding, and progress on the capability funding programme with EDNZ. We will also update you on the details of the EDNZ white paper on regional economic development when this is available.