



BRIEFING

WORK PLAN TO IMPLEMENT THE PGF's WORKER REDEPLOYMENT INITIATIVES

Date:	27 May 2020	Priority:	High
Security classification:	In Confidence	Tracking number:	3483 19-20

Action sought		
	Action sought	Deadline
Hon Shane Jones Minister for Regional Economic Development	Agree to the relevant recommendations before the 4 June RED Ministers meeting	29 May 2020
Hon Carmel Sepuloni Minister for Social Development	Agree to the relevant recommendations before the 4 June RED Ministers meeting	29 May 2020
Hon Grant Robertson Minister of Finance	Agree to the relevant recommendations	4 June 2020
Hon Phil Twyford Minister of Transport Minister for Economic Development	Agree to the relevant recommendations	4 June 2020
Hon David Parker Minister for Trade and Export Growth	Agree to the relevant recommendations	4 June 2020
Fletcher Tabuteau Parliamentary Under-Secretary to the Minister for Regional Economic Development	Note the contents of this briefing for your information.	None

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Ben Dalton	Chief Operating Officer PDU	Privacy of natural persons	✓
Viv Rickard	Deputy Chief Executive		✓



	Service Delivery, MSD			
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The following departments/agencies have been consulted
Ministry for Social Development

Minister's office to complete:

- | | |
|---|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Noted | <input type="checkbox"/> Needs change |
| <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |

Comments



BRIEFING

WORK PLAN TO IMPLEMENT THE PGF’s WORKER REDEPLOYMENT INITIATIVES

Date:	27 May 2020	Priority:	High
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Purpose

This paper seeks Ministerial approval to the proposed Work Plans delegations to implement the Provincial Growth Fund’s (PGF) worker redeployment initiatives, relating to the “fencing of waterways, riparian planting and stock reticulation”, and the “renovation of marae, Pasifika churches, town halls and war memorials” programmes.

Executive summary

As part of the PGF’s response to the economic impacts of COVID-19, Cabinet allocated \$230 million of PGF funding to worker redeployment initiatives. This funding was broken down by: \$60 million for road and rail projects; \$100 million for the fencing of waterways, riparian planting and stock reticulation projects;¹ and \$70 million for the renovation of marae, Pasifika churches, town halls and war memorials. Cabinet approved specific road and rail worker redeployment initiatives when approving the PGF’s response to COVID-19. Further, Cabinet agreed that the Minister for Regional Economic Development and the Provincial Development Unit (PDU) would work with the Minister for Social Development and Ministry of Social Development (MSD) to develop and deliver the worker redeployment initiatives.

This briefing outlines the proposed PDU-MSD interagency processes that will be utilised to develop and deliver the PGF’s worker redeployment initiatives, which build on the PGF’s existing interagency arrangements. Under the proposed process, the PDU would share specific funding proposals with MSD, including MSD Regional Commissioners during the assessment process. MSD would comment on the project, and would brief the Minister for Social Development, by exception, if concerned about the suitability of the identified projects to the employment needs of the region. The Minister for Social Development would have the opportunity to provide a comment to the Minister for Regional Economic Development ahead of the relevant PGF decision-making meeting. For approved projects, MSD would be responsible for matching workers displaced as a result of COVID-19 and people on a main benefit to jobs, providing skills, training and ongoing support.

This briefing also outlines the proposed Work Plans for the two worker redeployment programmes where funding decisions are required, these being the “Fencing of Waterways, Riparian Planting and Stock Reticulation PGF Work Plan” and “Renovation of Marae, Pasifika Churches, Town Halls and War Memorials PGF Work Plan”. These Work Plans outline the purpose of the programme, the factors to guide allocation decisions and partnerships with other agencies. These Work Plans ensure funding decisions are consistent with related Government and PGF policy. To ensure effective delivery of the PGF’s worker redeployment projects, the PDU will contract proposals within a fortnight of funding being approved for specific projects.

¹



Recommended action

The Ministry of Business, Innovation and Employment and Ministry of Social Development recommends that the:

Ministers for Regional Economic Development and Social Development

1. **Note** Cabinet allocated \$230 million of funding for worker redeployment initiatives as part of the PGF's response to the economic impacts of COVID-19, which includes:
 - a. \$60 million for road and rail projects
 - b. \$100 million for fencing of waterways, riparian planting and stock reticulation projects, and
 - c. \$70 million for the renovation of marae, Pasifika churches, town halls and war memorials
2. **Note** Cabinet agreed that the Minister for Regional Economic Development and Minister for Social Development jointly prepare a programme of investment for worker redeployment activities, to be approved by Regional Economic Development Ministers
3. **Note** Cabinet agreed that the Minister for Social Development would be consulted on PGF worker redeployment initiatives between \$1 and \$20 million before consideration by RED Ministers
4. **Note** Cabinet agreed that Provincial Development Unit and Ministry of Social Development Regional Commissioners would work together to deliver PGF worker redeployment programmes
5. **Note** Cabinet has approved specific road and rail investments on 4 May 2020
6.

Commercial Information
7. **Agree** to the Work Plans to implement the PGF's worker redeployment initiatives related to water way fencing, and the renovation of marae, Pasifika churches, town halls and war memorials

Agree/Disagree
8. **Agree** that the Provincial Development Unit shares information on all PGF Tier One projects with the Ministry of Social Development to inform its advice to the Provincial Development Unit on specific projects, including funding requirements to facilitate the training and support of workers that will be redeployed

Agree/Disagree
9. **Agree** that the Ministry of Social Development will brief the Minister for Social Development, by exception, if concerned about the suitability of the identified projects to the employment needs of the region, and seek the Minister's view on the proposals

Agree/Disagree
10. **Agree** that the Minister for Social Development can provide the Minister of Regional Development with a statement of her support or otherwise for applications before they are submitted to RED Ministers for approval



**PROVINCIAL
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UNIT**

Agree/Disagree

11. **Agree** that the Ministry of Social Development is responsible for supporting employers to identify and match workers impacted as a result of COVID-19 or people on a main benefit to work on these projects, assess these workers' training needs, set up training programmes, and implement ongoing support and pastoral care

Agree/Disagree

12. **Agree** to table this briefing at the RED Ministers meeting on 4 June for their consideration

Agree/Disagree

Regional Economic Development Ministers

13. **Agree** to the Work Plans to implement the PGF's worker redeployment initiatives related to fencing of waterways, riparian planting and stock reticulation; and the renovation of marae, Pasifika churches, town halls and war memorials

Agree/Disagree

14. **Agree** to the interagency processes outlined in recommendations 8-11 relating to how the PDU works with MSD and other agencies on the PGF's worker redeployment initiatives

Agree/Disagree

15. **Agree** the PDU will contract approved worker redeployment projects within 10 working days of approval and PGF funds would be paid to the applicant when the contract has been signed

Agree/Disagree

16. **Agree** the PDU will provide regular status updates on worker redeployment initiatives to RED Ministers and the Minister for Social Development

Agree/Disagree

Ben Dalton
Chief Operating Officer
Provincial Development Unit, MBIE

..... / /

Viv Rickard
Deputy Chief Executive, Service Delivery
Ministry of Social Development

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**PROVINCIAL
DEVELOPMENT
UNIT**

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

..... / /

Hon Carmel Sepuloni
Minister of Social Development

..... / /

Hon Grant Robertson
Minister of Finance

..... / /

Hon Phil Twyford
**Minister of Transport
Minister of Economic Development**

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Hon David Parker
Minister for Trade and Export Growth

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Background

The PGF's response to COVID-19 includes a key focus on worker redeployment initiatives

1. On 4 May 2020, Cabinet agreed to the PGF's response to the economic impacts of COVID-19. The response entails the PGF being reoriented to contribute more directly to the government's COVID-19 response while delivering on its underlying objective of creating sustainable lifts in regional productivity. The PGF will prioritise projects that lead to:
 - a. immediate job creation and income growth
 - b. construction activity that will be underway within the next Commercial Information, and
 - c. a high degree of visibility to the community to give the public confidence that renewed economic activity is underway.
2. The PGF response to COVID-19 includes revised investment priorities within the PGF's existing three tier framework. A key focus of the PGF's revised investment prioritised is immediate worker redeployment initiatives. Specifically, Cabinet agreed to invest \$230 million in immediate worker redeployment, including:
 - a. \$60 million for roading and rail projects. Cabinet approved specific road and rail investments on 4 May 2020
 - b. \$100 million for fencing of waterways, riparian planting and stock reticulation projects, and
 - c. \$70 million for renovations of town halls, war memorials, marae and Pasifika churches [CAB-20-0197 refers].
3. Commercial Information

Commercial Information In the first instance, the Provincial Development Unit will look to allocate \$Commercial Information for these projects and will seek the remaining \$Commercial Information for Fencing of Waterways, Riparian Planting and Stock Reticulation projects as part of the COVID-19 Recovery and Rebuild Fund in June 2020.
4. The PGF's response to COVID-19 also stipulates that sector and infrastructure investments will also look for opportunities to redeploy workers. RED Ministers wish to see worker redeployment projects brought forward that will support local council activities. Specific funding has not been set aside for worker redeployment functions related to these investments. However, the PDU will consider projects in these areas that are shovel ready and create redeployment opportunities.

Cabinet agreed the Minister for Social Development and Ministry of Social Development would be involved in developing and delivering the PGF's worker redeployment initiatives

5. Given the Minister of Social Development's role in supporting workers to access employment, Cabinet agreed that the Minister of Regional Development would work with the Minister for Social Development to develop a programme of investment in PGF worker redeployment initiatives. Specifically, Cabinet agreed that:
 - a. the Minister for Regional Economic Development and Minister for Social Development would jointly prepare a programme of investment in redeployment activities, which would be approved by Regional Economic Development (RED) Ministers

- b. for worker redeployment initiatives between \$1 million and \$20 million, RED Ministers would consult with the Minister for Social Development. Under standard PGF decision-making processes, proposals under \$1 million would be approved by Senior Regional Officials (SROs), and proposals over \$20 million would be approved by Cabinet whereby Ministers, including the Minister for Social Development would be consulted before Cabinet consideration, and
 - c. the Prime Minister, Minister for Regional Economic Development and Minister for Social Development would jointly announce the PGF's worker redeployment programme.
6. Cabinet also agreed that the Ministry of Social Development's Regional Commissioners will work with PDU staff in the regions in delivering redeployment programmes.

Interagency progress on PGF worker redeployment initiatives since Cabinet approval

7. Under the PGF's existing interagency coordination arrangements, relevant agencies and Ministers are consulted on projects within their portfolios. Views from all agencies and Ministers are collated and provided to RED Ministers to inform their decisions on individual applications. While this fulfils the Cabinet direction that the Minister for Social Development be consulted, it is proposed that the Minister of Social Development can provide the Minister for Regional Economic Development with a statement of her support or otherwise for any application before it is submitted to RED Ministers for approval.
8. This statement will be informed by advice to the Minister from MSD's Regional Commissioners. The Commissioners will work closely with the PDU throughout PGF assessment, decision-making and delivery processes. This will be similar to the way in which the two organisations have worked together on other areas of shared interest. For example, MSD Regional Commissioners currently have visibility of all Te Ara Mahi and He Poutama Rangatahi projects in their regions before they are considered by the relevant PGF decision-makers.
9. Agencies have begun the process of establishing joint working arrangements in relation to redeployed workers. The PDU and MSD's Group General Manager for Client Service Delivery and MSD Regional Commissioners met to discuss how they will ensure that the synergy they have developed over the life of the PGF is consolidated and is taken forward to ensure effective delivery on worker redeployment initiatives.
10. The PDU and MSD have worked together to set out roles and responsibilities for ensuring worker redeployment objectives are met. These arrangements include:
 - a. The PDU sharing information on all PGF Tier One projects, which includes immediate worker redeployment initiatives, with MSD, including the relevant MSD Regional Commissioner and national office teams. MSD will provide advice to the PDU about specific projects during the assessment process, and will detail their funding requirements to facilitate the training and support of workers that will be redeployed.
 - b. MSD will brief the Minister for Social Development by exception if concerned about the suitability of the identified projects to the employment needs of the region, and seek the Minister's view on the proposals
 - c. The Minister for Social Development can provide the Minister of Regional Development with a statement of her support or otherwise for applications before they are submitted to RED Ministers for approval, and
 - d. MSD will be responsible for supporting employers to identify and match impacted workers or people on a main benefit to work on these projects, assess workers' training needs, set up training programmes, and implement ongoing support and pastoral care.

Proposed Work Plans for PGF worker redeployment initiatives

11. The PDU and MSD have jointly prepared Work Plans for the PGF's worker redeployment initiatives where funding decisions are required, these being the "Fencing of Waterways, Riparian Planting and Stock Reticulation PGF Work Plan" and "Renovation of Marae, Pasifika Churches, Town Halls and War Memorials PGF Work Plan". The work plans outlines the:
 - a. purpose of the programme
 - b. factors to guide the allocation of funding, and
 - c. partnership with other government agencies.
12. As outlined above, Cabinet has already approved specific funding for the PGF's road and rail worker redeployment projects.

Road and rail worker redeployment initiatives were approved by Cabinet when it approved the PGF's COVID-19 response

Purpose

13. As the economic impacts of COVID-19 emerged, the PDU worked with district councils eligible for PGF funding to identify shovel-ready local roading projects that could support worker redeployment throughout New Zealand.

Allocation decisions have already been made for PGF road and rail worker redeployment initiatives

14. When considering the PGF's response to COVID-19, Cabinet approved specific projects to allocate the \$60 million of PGF funding set aside for road and rail worker redeployment initiatives. Of this:
 - a. \$^{Commercial Information} was approved for specific local roading projects with funding contracted to local councils or groups that represent local councils. Projects involve constructing footpaths, cycleways, playgrounds, vegetation management and roadside clearing
 - b. \$^{Commercial Information} approved for rail projects, with funding contracted to KiwiRail. Projects involve deferred maintenance and drainage improvements, and
 - c. \$^{Commercial Information} was allocated to MSD to provide training and support to assist workers to take up the redeployment opportunities.
15. The table below outlines the PGF-funded local road worker redeployment projects at a regional level:

Region	Total cost (\$m)	Min. No. Jobs
Bay of Plenty	Commercial Informa	Commercial
Manawatu- Whanganui	Commercial Info	Commercial
West Coast	Co mercial fo	Comme
Wairarapa	Commercial Info	Comme
Taranaki	Commercial Info	Comme
Top of the South	Co mercial fo	Comme
Waikato	Commercial In o	C mme
Total	Commercial Informa	C mmercia

16. These proposals build on worker redeployment road projects in Tairāwhiti, Northland, Hawke's Bay and Rotorua progressed through the Government's \$100 million worker redeployment allocation. The table below outlines the local road worker redeployment initiatives funded through this allocation:

Location	Total cost (\$m)	Min. No. Jobs
Tairāwhiti	\$ Commercial Information	Commercial Information
Northland	Commercial Info	Commercial Information
Hawke's Bay	Commercial Information	Commercial Information
Rotorua	\$ Commercial Info	Comme

17. The PDU has executed most of the contracts for each of the local road and rail worker redeployment initiatives, with local councils. All contracts contain social procurement objectives which aim to give effect to the Broad Outcomes set out in the new All of Government procurement rules. Contracted parties are required to engage with MSD and prioritise employment of workers impacted by COVID-19, with Maori, Pasifika, and women targeted in particular. The social procurement objectives also address participation of Maori and Pasifika enterprises, worker training and development, and environmental responsibility.

Partnership with other government agencies

18. The PDU and MSD will continue to work together to implement the approved road and rail worker redeployment initiatives. MSD is in the process of supporting employers to identify and match individuals to work on these projects, assess workers' training needs, set up training programmes, and implement ongoing support and pastoral care. The PDU will monitor these projects and provide regular reporting about progress to Ministers and MSD.

Fencing of Waterways, Riparian Planting and Stock Reticulation PGF Work Plan

Purpose of the programme

19. Up to \$100 million of PGF investment has been set aside for worker redeployment programmes that relate to the fencing of waterways, companion riparian planting and stock reticulation projects that will commence in the next Commercial Information, with priority provided to those that can commence within Commercial Information. This level of funding may be scaled due to Budget decisions related to additional funding for the PGF.
20. Investment in the fencing of waterways is aligned with broader Government policy to encourage farmers to fence off sensitive waterways from stock to improve freshwater quality. PGF funding seeks to provide financial support to land owners where the costs of fencing is prohibitive in the short term. Regional councils provide some support for fencing that the PGF can augment by contracting local firms to redeploy workers to undertake the work.
21. The PGF response to COVID-19 Cabinet paper outlined that funding for fencing, planting and stock reticulation would be undertaken on land where owners wished to have waterways fenced. To ensure that PGF funding is delivered effectively, the PDU recommends the following groups be eligible to deliver these projects on behalf of landowners – regional councils, catchment groups (including NZ Landcare Trust), individual landowners, contractors, and iwi/hapu organisations. However, other groups may also be identified as the initiative progresses.
22. PGF funding is part of a broader programme of work on fencing waterways and will complement the Government's broader sustainable land use work, which is being progressed by the Ministry of Primary Industries and the Ministry for the Environment.

Factors to guide the allocation of funding

23. In our consideration of funding specific fencing of waterways worker redeployment initiatives, we will consider a range of factors to guide our recommendations. These ensure that funding decisions are consistent with broader Government policy, the PGF's objectives, the PGF's response to COVID-19, and the Government's other worker redeployment funding decisions. These factors include:
- a. Priority is given to PGF surge regions that have the greatest water quality issues
 - b. Projects should maximise employment opportunities for workers impacted by COVID-19. Local individuals will be prioritised to be deployed on the project
 - c. Priority is given to projects that can commence within ^{Commercial Information} and require no further consenting. This ensures projects can commence during PGF timeframes and align with key priorities of the PGF's COVID-19 response, which is to ensure work is underway at pace and is visible to the public
 - d. Projects are consistent with the Government's broader sustainable land use work
 - e. Projects are additional to already funded work programmes, which ensures they create additional jobs. Priority will be given to applicants without the financial capability to undertake these activities without PGF support
 - f. The initiative should prioritise redeploying workers from vulnerable groups. Vulnerable groups include Maori and Pasifika, but this group will be determined in each region, and
 - g. Co-funding will not typically be required, unless funding is provided to a commercial entity that would otherwise receive a windfall gain.

Partnership with other government agencies

24. The PDU will work with Te Uru Rakau, Ministry of Primary Industries, the Ministry for the Environment, Department of Conservation and Te Puni Kōkiri to ensure consistency of projects. The PDU will work with MSD Regional Commissioners on PGF funding proposals where MSD is able to identify and match workers impacted by COVID-19 or people on a main benefit with redeployment opportunities.
25. The PDU will seek input on applications from relevant agencies as it does through its existing arrangements when preparing advice for PGF decision makers.

Renovation of Town Halls, War Memorials, Marae and Pasifika Churches PGF Work Plan

26. Cabinet set aside \$70 million of PGF investment to renovate town halls, war memorials, marae and Pasifika churches in the regions. These facilities are often at the heart of their communities and are also used by the wider communities in which they are situated. Many of these facilities require renovation because they are in a state of disrepair. PGF funding provides an opportunity to renovate these facilities and create employment opportunities for local tradesmen and contractors who have been displaced by the economic impacts of COVID-19.
27. Renovation activity eligible for PGF funding includes: building works and repairs (including exterior, interior and roofing), underground infrastructure, plastering and painting, restoration works, and grounds and landscape work.
28. The PDU expects that approximately \$^{Commercial Information} of the allocation will be used to fund marae and Pasifika churches renovations, and approximately \$^{Commercial Information} will be used to fund town hall and war memorial renovations. However, this will depend on the applications that are received.

29. These facilities are owned by a range of different groups, including local councils, community trusts and iwi/hapu. To ensure coordination at a local level and streamlined delivery processes, the PDU will encourage groupings of applications to come forward, where this does not slow down the application process. PGF funded projects would typically be administered under an agreement between the PDU and the recipient.

Factors to guide the allocation of funding

30. In our consideration of funding specific town hall, war memorial, marae and Pasifika church renovations, we will consider a range of factors to guide our recommendations. These ensure that funding decisions are consistent with broader Government policy, the PGF's objectives, the PGF's response to COVID-19, and the Government's other worker redeployment funding decisions. These factors include:
- a. Priority is given to PGF surge regions and those with high Maori and Pasifika populations
 - b. Projects should maximise employment opportunities for workers impacted by COVID-19. Local individuals will be prioritised to be deployed on the project
 - c. Priority is given to projects that can commence within Commercial Information and require no further consenting. This ensures projects can commence during PGF timeframes and align with key priorities of the PGF's COVID-19 response, which is to ensure work is underway at pace and is visible to the public
 - d. Projects are additional to already funded work programmes, which ensures they create additional jobs. Priority will be given to applicants without the financial capability to undertake these activities without PGF support
 - e. The initiative should prioritise redeploying workers from vulnerable groups. Vulnerable groups include Maori and Pasifika, but this group will be determined in each region
 - f. Priority is given to proposals that demonstrate the facility is either important to or used by a given community, and
 - g. Co-funding will not typically be required, unless funding is provided to a commercial entity that would otherwise receive a windfall gain.

Partnership with other government agencies

31. For marae and Pasifika church projects, the PDU will work with TPK, and the Ministry for Pacific People (MPP) to identify eligible projects. As with the Fencing of Waterways, Riparian Planting and Stock Reticulation Work Plan, the PDU will work with MSD Regional Commissioners on PGF funding proposals where MSD is able to identify and match workers impacted by COVID-19 or people on a main benefit with redeployment opportunities.
32. Marae applications will be submitted to TPK. The PDU is currently working with MPP to discuss processes relating to Pasifika church applications. TPK or MPP will provide an indication of how they align with the PGF's criteria and the programme's guiding factors to make allocation decisions.
33. The PDU will request that local councils provide applications for town hall and war memorial projects by a set deadline, in order to be able to assess projects and provide to decision-makers for consideration in one batch. Depending on the outcome of this process, a subsequent batch of applications may be required.

Implementation processes

Implementation of approved projects

34. The PDU seeks your approval for the “Fencing of Waterways, Riparian Planting and Stock Reticulation PGF Work Plan” and the “Renovation of Marae, Pasifika Churches, Town Halls and War Memorials PGF Work Plan.” This will inform the PDU, MSD and partner agencies operational work to identify and assess possible worker redeployment proposals.
35. The PDU will provide the relevant PGF decision-maker with proposals to consider frequently. The PDU expects that it will have allocated the majority of PGF worker redeployment funding by the end of ^{Commercial Information} .
36. For approved projects, the PDU will streamline contract negotiations so that approved projects can be contracted within ^{Commercial Information} of approval. This is broadly consistent with the approach used to contract the road and rail worker redeployment projects, which were all contracted within ^{Commercial Information} . Additional time is required to negotiate contract relating to the other PGF worker redeployment programmes, because of the potential complexity and volume of these contracts. Further, the PDU recommends that PGF funds will be paid when the contract is signed to accelerate project initiation, which is consistent with Cabinet’s approval to accelerate the disbursement of PGF funding.
37. The PDU would provide regular reports to all RED Ministers and the Minister for Social Development so that they can monitor the progress of these investments.

Next steps

38. The PDU and MSD seek a decision from the Ministers for Regional Economic Development and Social Development on the proposed Work Plans and interagency processes before it is considered at the 4 June 2020 RED Ministers meeting.
39. The PDU will provide RED Ministers with the first tranche of PGF worker redeployment proposals in June 2020.