



JOBS FOR NATURE – FUNDING FOR FENCING OF WATERWAYS PROPOSALS

Date:	31 July 2020	Priority:	High
Security classification:	In Confidence	Tracking number:	2021-0416

Action sought		
	Action sought	Deadline
Hon David Parker Minister for the Environment	Note and Agree the recommendations contained in the briefing	31 July 2020
Hon Nanaia Mahuta Minister of Local Government		
Hon Damien O'Connor Minister of Agriculture and Minister for Biosecurity		
Hon James Shaw Minister for Climate Change		
Hon Eugenie Sage Minister of Conservation and Minister of Land Information		
Hon Shane Jones Minister for Regional Economic Development and Minister of Forestry	Note and Agree the recommendations contained in the briefing Forward this briefing and appendices to RED Ministers prior to the next meeting on 6 August	

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Ben Dalton	Chief Operations Officer	Privacy of natural persons	✓
Martin Workman	Deputy Secretary Sustainable Land Use Delivery (acting)		

JOBS FOR NATURE – FUNDING FOR FENCING OF WATERWAYS PROPOSAL

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Purpose

This paper seeks agreement to EITHER:

- transfer \$^{Commercial Info} million of funding from Phase 2 of the Jobs for Nature fund to the Provincial Development Unit (PDU) so it can be used to fund two large scale regional council fencing of waterways proposals, which were submitted as Provincial Growth Fund applications to the Provincial Development Unit (**PDU preferred**);

OR

- the proposals be transferred to the Ministry for the Environment (MfE), subject to acceptance from the applicants, so they can be evaluated and progressed in way consistent with similar proposals from regional councils that SLU Ministers have already approved as part of MfE's quick start group of projects (**MfE preferred**).

The funding sought per region is summarised below:

Worker Redeployment Fencing of Waterways Projects	
Region	Recommended funding
Bay of Plenty	\$ ^{Commercial Information}
Hawkes Bay	\$ ^{Commercial Information}
Total	\$ ^{Commercial Information}

Recommended Action

- The Ministry of Business, Innovation and Employment recommends that Ministers:
 - Note** that the *Provincial Growth Fund: COVID-19 response – redeployment and acceleration* Cabinet paper identifies immediate worker redeployment initiatives, including \$100 million towards fencing of waterways, as a priority for PGF investment [CAB-20-MIN-0197 refers].

Noted

- Note** the Provincial Development Unit is seeking \$^{Commercial Info} million from Phase 2 of Jobs for Nature fund to support the delivery of two large scale and investment ready projects in the PGF pipeline.

Noted

EITHER (refer recommendations (c) to (f) – PDU preferred)

- Agree** to approve funding for the following fencing of waterways worker redeployment proposals:



Bay of Plenty		
Project	PGF funding recommendation	Additional conditions
Bay of Plenty Regional Council Catchment Projects <ul style="list-style-type: none"> Fencing of Waterways – Waihi Estuary Catchment (Commercial Information) Commercial Information Fencing of Waterways – Kaituna River / Maketu Estuary Catchment (Commercial Information) Commercial Information 	\$ Commercial Information	- The PDU being satisfied in relation to the consent of landowners.
Total	Up to \$ Commercial Information	

Agree/Disagree

Hawkes Bay		
Project	PGF funding recommendation	Additional conditions
HBRC Covid-19 Riparian fencing programme	\$ Commercial Information	
Total	Up to \$ Commercial Information	

Agree/Disagree

- d. **Note** that all recommended approvals in this briefing are subject to:
- Satisfactory financial analysis and due diligence;
 - Confirmation of the project budget as per the application; and
 - The PDU confirming the contracting entities.

Noted

- e. **Note** that these projects have been assessed by the PDU and have confirmed these proposals will be underway quickly. The PDU has well established mechanisms to support these projects to be contracted rapidly.

Noted



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- f. **Note** following agreement, officials will seek Ministers approval to transfer the funding from Vote Environment to Vote Business Science and Innovation.

Noted

OR (refer recommendations (g) to (i) - MfE preferred)

- g. **Agree** the projects referred to in (c) above be transferred to the Ministry for the Environment, subject to acceptance from the applicants, so they are can be evaluated and progressed in way consistent with similar proposals from other regional councils that SLU Ministers have already approved as part of MfE's quick start package of projects

Agree/Disagree

- h. **Note** that, consistent with similar proposals from other regional councils, MfE will work with the relevant councils to increase the level of co-funding in the projects and to expand the scope of actions to improve waterways that can be supported (that is beyond riparian fencing and planting)

Noted

- i. **Note** that MfE will advance these discussions with councils as quickly as possible and will bring revised proposals to Sustainable Land Use Ministers for their approval as soon as those discussions are complete.

Noted

Ben Dalton
Chief Operating Officer
Provincial Development Unit
31 / 7 / 2020

Martin Workman (**electronically signed**)
Deputy Secretary Sustainable Land Use
Delivery (acting)
Ministry for the Environment
31 / 7 / 2020

Hon David Parker
Minister for the Environment
..... / /

Hon Nanaia Mahuta
Minister of Local Government
..... / /

Hon Damien O'Connor
Minister of Agriculture and Minister for Biosecurity
..... / /

Hon James Shaw
Minister for Climate Change
..... / /



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PROACTIVELY RELEASED

Hon Eugenie Sage
**Minister of Conservation and Minister of Land
Information**

..... / /

Hon Shane Jones
**Minister for Regional Economic
Development and Minister of Forestry**

..... / /

Background

1. In May 2020 Cabinet approved a \$230 million package of PGF funding for immediate worker redeployment [CAB-20-MIN-0197]. This package is to provide immediate support for the redeployment of displaced workers, with an allocation of \$100 million for fencing of waterways and \$70m for the renovation of town halls, war memorials, Marae and Pasifika churches.
2. The main purpose of this PGF funding is to provide meaningful worker redeployment opportunities that support regional assets. As such, projects should prioritise employment for workers displaced by COVID-19 and be able to start within two months of approval.
3. The \$100 million for fencing of waterways has been expanded to include the fencing of waterways, stock reticulation and riparian planting. Surge regions with the greatest water quality issues are a priority but funding is available to all regions. Projects are assessed by the Provincial Development Unit with input from the Ministry of Primary Industries and the Ministry for the Environment, where appropriate.
4. Due to Budget 2020 decisions following Cabinet approval of the PGF's response to COVID-19, the amount of PGF funding available for immediate worker redeployment initiatives was reduced to \$210 million. As such, less than \$80 million has been allocated to Fencing of Waterways, Riparian Planting and Stock Reticulation projects.
5. The Provincial Development Unit has received high interest in the fencing of waterways fund. As such, there are over 100 proposals in the pipeline that total over \$201 million. These are all at different stages of the assessment process.
6. To date, delegated RED Ministers have approved \$24,487,927 of PGF funding towards fencing of waterways proposals, this will support 18 projects.

Overview of the Fencing of Waterways Work Plan

7. On 4 June 2020, Regional Economic Development Ministers and the Minister for Social Development agreed 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 memorial.

Summary of the agreed Work Plan

8. 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.
9. 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/hapū organisations. However, other groups may also be identified as the initiative progresses.
10. 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.

PGF proposals for further funding

11. The PGF has received high interest in the fencing of waterways fund. As such, the PGF pipeline is now oversubscribed with over 100 proposals (ranging in size) that total \$201 million. To date, delegated RED Ministers have approved \$24.49 million of PGF funds towards fencing of waterways proposals.

12. The PGF has received two large scale fencing of waterways proposals from the Bay of Plenty Regional Council and the Hawkes Bay Regional Council. These proposals target private fencing and riparian planting on farms and will be overseen and delivered through the relevant regional council.

13. Through engagement with MfE officials, it was identified that the regional council proposals fit well with the MfE fund, given the projects will support the creation of jobs in environmental projects that are targeted at catchment-scale improvement. The smaller scale projects are unlikely to meet the MfE criteria and there are limited funding opportunities for the smaller projects to be progressed outside of the PGF.

14. Due to the limited funding pool, the PDU is unable to progress both the large scale and the smaller scale projects in the pipeline. To enable the PDU to support the delivery of the smaller projects in the pipeline, the PDU seek confirmation that Ministers that are willing to fund two large scale projects from the MfE administered part of the wider Jobs for Nature package.

15. The regional council projects have been assessed by the PDU and are aligned with PGF criteria. To enable these projects to be progress quickly the PDU consider the most effective way to and maintain momentum is by way of vote transfer.

16. A vote transfer would ensure these projects do not need to undergo a further assessment process by MfE and would enable these projects to be contracted quickly to support the worker redeployment outcomes.

17. A detailed overview of these proposals is provided in Annex One. - **Withheld in full due to commercial sensitivity**

MfE comment

18. The Ministry for the Environment (MfE) supports, subject to further development, funding these projects from the MfE administered proportion of the Jobs for Nature funding package. This is because MfE has already recommended, and Ministers have already approved and announced, very similar projects from Taranaki Regional Council, Horizons and Commercial Information MfE considers it would be unreasonable if landowners in Bay of Plenty and Hawkes Bay were excluded from the opportunity to access funding, because their councils' funding applications were initially considered by PDU rather than MfE and the PDU's investment criteria has subsequently been revised.

19. However, MfE does not support the proposal that funding be transferred to the PDU so that these proposals can be advanced on the same basis as other riparian fencing projects administered by the PDU. This is because neither of the proposed projects have a significant component of co-funding. While this is consistent with PDU funding criteria, it is inconsistent with the approach MfE has taken with similar funding applications from other regional councils¹. Free and frank opinions

Free and frank opinions

- ¹ Taranaki Regional Council has Commercial % co funding (\$ Commercial m from MfE to a \$ Commercial m programme)
- Horizons has Commercial % co-funding (\$ Commercial m from MfE to a \$ Commercial m programme), and
- Commercial Information that has Commercial % co-funding (\$ Commercial from MfE to a \$ Commercial m programme)



20. In addition, each of the funding programmes is tightly focussed on fencing and riparian planting. Again, this is consistent with PDU funding criteria. However, MfE has generally supported programmes that take a wider view of mitigations to improve water quality – including treatments such as spaced tree planting and land retirement. If Ministers agree that these projects be funded, MfE would want to re-evaluate the scope of mitigations covered by the projects. MfE would also want to ensure that the advisors working with farmers to identify mitigations were familiar with the new regulatory requirements and good practice in terms of farm planning – which would also help build capacity and capability in these key areas for the future.

Bay of Plenty Regional Council Proposal

21. This proposal will accelerate the timing of and increase the scale of riparian planting and planting of waterways in the Bay of Plenty Region. This proposal combines 4 projects and will work across four catchments. Further information is attached in Annex One. - **Withheld in full due to commercial sensitivity**

22. Free and frank opinions
- [Redacted]

Hawkes Bay Regional Council Proposal

23. This proposal will accelerate an existing programme to encourage farmers to fence waterways and will be delivered across [Redacted] landowner blocks. Further information is attached in Annex One. - **Withheld in full due to commercial sensitivity**

24. Free and frank opinions
- [Redacted]

Annexes

Annex One: **Commercial Information - withheld**