

Subject	Minutes of the Independent Advisory Panel meeting held on Thursday 12 December 2019, 9:30am-4:30pm, Novotel, Rotorua
Panel members:	Rodger Finlay (Chair), Rosie Mercer, John Sproat, Neville Harris, Charlotte Severne and David Wilson
In attendance:	Robert Pigou, David van der Zouwe, Karen Walfisch, Jason Hall, Rose Stainer, Jamie Kendrick, Talani Meikle, Alison Thom and Glynis Mussen
PDU attendees via telephone conference:	Matt Chisnall, Jared Humm, Mike Neilson, Nick Hough, Hemi Kanji, Mark Pothecary, Paul Swallow, Dipankar Ganguly, Hannah Walker, Alex Matheson, Yen-Ting Liu, Eliot Linforth-Hall, Murray Beatson, Catherine Graham and Stephanie Todd
Apologies:	John Rae, Sarah Brown and Kay Read

1.0 MEETING ADMINISTRATION

Reference #	12/12/2019/01
Commentary:	<p>1.1 Committee only time</p> <p>Committee only time focused on general capability levels, the comparison between the Tairawhiti region and other regional packages and the strategy report on the remaining PGF funds and how this is shaping recommendations within PDU and elsewhere.</p> <p>1.2 Apologies</p> <p>John Rae, Sarah Brown and Kay Read (Senior Regional Official) submitted their apologies.</p> <p>1.3 Register of Interests</p> <p>The panel reviewed the register of interests dated 2 December 2019. No new standing conflicts of interest were declared.</p> <p>1.4 Ratification of minutes from 13 November 2019 meeting</p> <p>Subject to two grammatical corrections, the IAP approved the minutes from 13 November 2019 meeting.</p> <p>Commercial Information - Declined Application </p>
	<p>1.5 Matters arising from previous minutes</p> <p>No matters to report.</p>

2.0 HEAD OF PDU UPDATE (Robert Pigou)

Reference #	12/12/2019/02
Commentary:	<p>Robert Pigou provided an update on:</p> <ul style="list-style-type: none">• the role of SROs for inputting into the Briefing for Incoming Ministers;• the package announcement by the Minister of Finance, with \$300 million of this being allocated for regional economic development. Further details to be provided once the Cabinet Minute is provided; and• the Tranz Rail presentation on rail freight and rail tourism.

2.1 Equity of Allocation (David van der Zouwe & Jason Hall)

Reference #	12/12/2019/03
Commentary:	<p>David van der Zouwe and Jason Hall provided a verbal update on the PGF analysis reporting to the end October 2019.</p>

2.2 Commercial Loan Rate Setting Mechanism (David van der Zouwe & Jason Hall)

Reference #	12/12/2019/04
Commentary:	<p>Jason Hall provided an update on the PDU loan rate setting mechanism. Treasury advised PDU to use the 10 year swap loan rate on term loans. PDU are informed by IAP advice on loans and margins.</p> <p>The initial risk margin is based on the inherent risk to the applicant organisation (utilising standard ratios where applicable). Additional modifiers are then applied for Term, interest rate profile & repayment and security/subordination.</p> <p>Free and frank opinions</p>

2.3 Strategy, Planning and Performance (SPP) Update (Karen Walfisch)

Reference #	12/12/2019/05
Commentary:	<p>Karen Walfisch provided a verbal brief on the four teams within SPP and the roles they undertake.</p> <p>Some key focus work areas covered were:</p> <ul style="list-style-type: none">• Future RED and operating requirements work (discussed in detail later by Jamie and Rose).• 2020 evaluation.• Recruiting new Risk, Assurance and Governance manager to lead the team and assurance work programme.• The operations support and improvement programme getting underway with the team now fully staffed.• Continuous improvement approach to reporting and recruiting new Principal Advisors to support more narrative reporting and planning work.

3.0 PROPOSALS FOR PGF FUNDING

3.1 Kii Tahī Foundation Food Processing & Manufacturing Facility (Jason Hall & Matt Chisnall)

Reference # 12/12/2019/06

Commentary:

The panel have previously met with the applicants and were impressed with their drive and vision for the future of this product.

The panel are very supportive of the Kii Tahī Foundation Project and recommend approving PGF funding. Support is conditional upon the PDU seeking confirmation of the building design and consulting costs and confirmation of the supply arrangements. The panel also recommends the loan be a **Commercial information** loan and encourages the applicant to undertake some form of commercial upskilling.

The Kii Tahī Foundation Project strongly aligns with the PGF criteria creating permanent jobs, utilizing iwi owned land in Waverley and aligns with the districts Maori Economic Development Plan.

3.2 **Commercial Information - Deferred Project**

Reference # **Commercial Information - De**

Commentary:

Commercial Information - Deferred Project

[Redacted]

3.3 **Commercial Information - Withdrawn Application**

Reference # **Commerci**

Commentary:

Commercial Information - Withdrawn Application

[Redacted]

3.4 **Commercial Information - Withdrawn Application**

Reference # **Commercial Information - Wt**

Commentary:

Commercial Information - Withdrawn Application

[Redacted]

3.5 Pūkaha Environment and Ecology Programme Te Wananga Taiao (Nick Hough & Hemi Kanji)

Reference #	12/12/2019/10
Commentary:	<p>Privacy of natural persons</p> <p>The IAP disagrees with the PDU recommendation to decline the Pūkaha Project PGF funding and recommends the project is approved PGF funding subject to PDU conditions.</p> <p>The panel particularly noted the broad stakeholder and community commitment to the Project's objectives and the educational and cultural integrity of the proposal which incorporates Māori Mātauranga concepts.</p> <p>The Pūkaha Project is aligned with the PGF criteria, creating moderate job growth with an additional FTEs and trainees in the medium term, and providing increased training and employment opportunities for the people of Rangitāne.</p>

3.6 Commercial Information - Declined Application

Reference #	Commercial Information - De
Commentary:	<p>Commercial Information - Declined Application</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p>

3.7 Commercial Information - Declined Application

Reference #	Commercial Information - De
Commentary:	<p>Commercial Information - Declined Application</p> <p>[Redacted]</p> <p>[Redacted]</p>

3.8 Commercial Information - Declined Application

Reference #	Commercial Information - De
Commentary:	<p>Commercial Information - Declined Application</p> <p>[Redacted]</p> <p>[Redacted]</p>

3.9 Commercial Information - Withdrawn Application

Reference # Commerci

Commentary: Commercial Information - Withdrawn Application

3.10 Scott Agritech (Paul Swallow & Hannah Walker)

Reference # 12/12/2019/15

Commentary: PDU briefed the panel on the new joint venture model that is being proposed by SCOTT as an alternative to the loan funding structure approved by RED Ministers in October 2019.

Free and frank opinions

3.11 Ngā Whenua Kaikohe (Paul Swallow & Hannah Walker)

Reference # 12/12/2019/16

Commentary: Privacy of natural persons

The IAP recommends the Ngā Whenua Kaikohe Project is approved the full amount of the grant sought from the PGF, subject to the conditions recommended by the PDU, including an appropriate governance structure to develop the necessary business and skills to ensure the best chance of success for the project.

The panel notes the project strongly aligns to the aspirations of the Whenua Māori allocation and supports the creation of skilled jobs in a deprived region. The project also aligns with the Te Ara Mahi programme.

Free and frank opinions

3.12 Whangamoe Inlet, Chatham Island Aquaculture Farm (Alex Matheson & Jared Humm)

Reference # 12/12/2019/17

Commentary: The IAP recommends the Chatham Island Aquaculture Farm Project is approved PGF funding.

The panel recognises this is a pre-commercial pilot, which will act as a proof of concept for further development, and as such expect the applicant will use the best science available in making species choices.

The project is well aligned with the key PGF criteria, particularly creating between Commercial In skilled jobs, creating additionality through expanding the fishing industry by more than Comm%, has key regional support and aligns with the Chatham Islands Investment Strategy.

3.13 Commercial Information - Declined Application

Reference # Commerci

Commentary: Commercial Information - Declined Application

3.14 Port Tarakohe Redevelopment (Eliot Linforth-Hall)

Reference # 12/12/2019/19

Commentary: The IAP are supportive of the Port Tarakohe Redevelopment Project but raised concerns with the proposed funding structure and whether resource consents are non-notifiable.

The panel recommends the Port Tarakohe Redevelopment Project be approved PGF funding subject to PDU conditions and:

- determination of a final funding structure through a meeting with the applicant, PDU and John Sproat;
- clarification on the resource consent notice; and
- confirmation that the proposal will focus mainly on commercial facilities.

The Port Tarakohe Project is well aligned with the PGF criteria creating an additional Commerc FTEs and expanding the mussel industry expedientially.

3.15 Commercial Information - On Hold

Reference # c

Commentary: Commercial Information - On Hold

4.0 ITEMS FOR DISCUSSION

4.1 Whenua Maori Update (Alison Thom)

Reference # 12/12/2019/21

Commentary: Alison Thom provided the panel an overview of the Whenua Maori PGF fund.

	<p>Approximately \$20m of the \$100m has been approved with a further \$30m in the pipeline.</p> <p>PDU have faced challenges with the calibre of applications being received and getting money out the door once approved. This tranche of work, improving Maori agriculture, is crucial.</p>
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5.0 SUPPLEMENTARY DOCUMENTS

5.1 Future of Regional Economic Development (Rose Stainer & Jamie Kendrick)

Reference #	12/12/2019/22
Commentary:	<p>Rose Stainer and Jamie Kendrick tabled the Future of Regional Economic Development paper which provides a framework for discussion with the IAP. PDU are seeking IAP's feedback on what they have learnt during their tenure as panel members. This will inform the PDU's advice for the incoming Government which will be contained in a Briefing to the Incoming Minister.</p> <p>The panel provided the following feedback:</p> <ul style="list-style-type: none">• the panel reserves the right to prepare its own advice;• the panel considers one legacy of the PGF is a number of regions are now focused on regional development as a whole and are working closer together;• the model developed was not the most agile and flexible model with wider MBIE government systems restraining the PDU;• there is a need to think outside the public service guidelines on how to do business;• there has been apparent interagency conflict with [redacted] and [redacted];• regional economic development is broader than the PGF and is not central or local government's role;• EDAs need to be highly skilled and independent;• recommend having more Maori representation on the IAP;• PGF pool for funding to be solely for projects that meet the PGF criteria, with the contingency fund being kept separate; and• Te Ara Mahi funding and programmes addressing meth in communities should sit with the agency they belong with. <p>The panel requested PDU have one on one meetings with them to discuss further.</p>

6.0 GENERAL BUSINESS

Reference #	12/12/2019/23
Commentary:	No general business items were tabled.

The meeting closed at 4:45pm.

Mr Rodger Finlay
Chairperson

Date