



**MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT**  
HIKINA WHAKATUTUKI



**PROVINCIAL  
DEVELOPMENT  
UNIT**

## REGIONAL ECONOMIC DEVELOPMENT

### Weekly Report 5 to 8 June 2018

|                                 |               |                         |            |
|---------------------------------|---------------|-------------------------|------------|
| <b>Date:</b>                    | 8 June 2018   | <b>Priority:</b>        | Medium     |
| <b>Security classification:</b> | In Confidence | <b>Tracking number:</b> | 3671 17-18 |

| Action sought   |  |          |
|---|--|----------|
|   | Action sought                                | Deadline |
| Hon Shane Jones<br><b>Minister for Regional Economic Development</b>  | <b>Discuss</b> at the next officials meeting | N/A      |
| Fletcher Tabuteau<br><b>Parliamentary Under-Secretary to the Minister for Regional Economic Development</b> | <b>Discuss</b> at the next officials meeting | N/A      |

| Contact for telephone discussion (if required) |   |             |                            |             |
|--|---|-------------|----------------------------|-------------|
| Name   | Position                                | Telephone   |                            | 1st contact |
| Ben Dalton                                     | Head of Regions and Project Delivery    | 04 901 2016 | Privacy of natural persons |             |
| AJ Millward                                    | General Manager Strategy and Governance | 04 896 5560 | Privacy of natural persons | ✓           |
| Robert Pigou                                   | Acting Head of Investment               | 04 896 5824 | Privacy of natural persons |             |

AJ Millward

General Manager Strategy and Governance

**Provincial Development Unit**



## 1. Provincial Growth Fund Proposals

### Chatham Islands

**Comment:**

On Thursday 1 June John Doorbar attended a meeting of the Chatham Island stakeholders group. This is a quarterly meeting of the key people on the Chatham Islands including the Council, Chatham Island Enterprise Trust, Hokotehi Moriori Trust and Ngati Mutunga. Also attending were key government agencies including NZ Police, DoC, MPI, Justice and DIA.

The Chatham Islands leaders have identified the three key priorities for economic development of the Island, namely airport extension, renewable energy, and telecommunications infrastructure. They have also identified secondary priorities of housing, skills and employment, tourism and sustainable farming and fishing.

*Responsible Manager: John Doorbar* Privacy of natural persons

**Next Steps:**

The Islanders have engaged Privacy of natural persons of Privacy of natural persons to develop a proposal for feasibility studies into the three infrastructure projects and we will continue to work with them and Privacy of natural persons on progressing this further.

### Ōpōtiki

**Comment:**

The announcement not to proceed with the Ōpōtiki Harbour Development Project in its current form was made on 18 May 2018. The government is committed to finding a way to help the people of Ōpōtiki and we will continue to support Ōpōtiki District Council and Whakatōhea to look at options for investment and work with the eastern Bay of Plenty communities to create jobs and reduce social deprivation.

Key activities that are underway will:

1. Support Rosie Mercer, member of the Independent Advisory Panel, NZTA and Ōpōtiki District Council to review the Principal requirements to try and reduce the harbour projects costs.
2. Support Whakatōhea directly with initiatives such as marine based feasibility studies (subject to Whakatōhea Board approval), and
3. Support the Eastern Bay of Plenty Regional Leadership Group (facilitated by MP Kiri Allen) to provide strategic oversight of necessary infrastructure, joined up sequencing of initiatives and engagement priorities. A Provincial Growth Fund (PGF) application is expected seeking funding to support this work.

*Responsible Manager: Stuart Taylor 04 896 5858*

**Next Steps:**

We will continue to keep you informed of progress.



## Wairoa

### **Comment:**

MBIE staff are supporting Wairoa District Council with strategic planning and PGF process guidance.

An application for Capability Support (Commercial Information) was submitted on 1 June 2018. The funding will provide temporary capability support for Wairoa District Council's project office. It will also be used to conduct studies that identify economic development opportunities, and to prepare subsequent PGF applications.

*Responsible Manager: John Doorbar* (Privacy of natural persons)

### **Next Steps:**

The next step is for the Investment Team to process the application for Senior Regional Officials decision.

## Southland Regional Development Agency

### **Comment:**

Economic development arrangements for Southland have been under review. A new proposal has been developed which would create a Council Controlled Organisation, intended to drive regional and economic development opportunities in the region to meet the objectives of the Southland Regional Development Strategy and Action Plan.

The agency will bring together local government, iwi, and community and business interests to lead regional and economic development opportunities, including tourism. This proposal includes the formation of a skills-based board of directors (six board members), appointed by the council shareholders.

The Southland Regional Development Agency has been agreed upon by all councils. The full structure including the independent board will be in place by February 2019

*Responsible Manager: John Doorbar* (Privacy of natural persons)

### **Next Steps:**

We will continue to keep you informed of progress.

## Project Announcements – Bay of Plenty

### **Comment:**

The Bay of Plenty is identified as a high priority emerging region in the tourism investment framework. A key focus on government investment is in access, attractions, amenities and awareness. On 28 March 2018, Mayors from across the region endorsed four sub-regional strategies and one regional strategy. A number of priority projects have been identified that aim to increase visitors to the regions as well as improving their experience.

These include the cruise ship visitor hub in Western Bay of Plenty and the Taupō airport development. The two priority Rotorua Big moves projects are ready to be announced together with the release of the Visitor Economy Strategies – The Under-Secretary and the Minister of Tourism's offices are confirming availability.

The Rotorua Lakes Council and its partners (Ngati Whakaue, Tuhourangi, and CNI) have been approved \$811,625 to finalise the business cases for the Rotorua Lake Front Development and Whakarewarewa Forest Park.

### **Next Steps:**

It is expected that the Capital Investment Funding (Commercial Information) will be sought from the PGF and ideally be ready to announce at the World Indigenous Business Conference in Rotorua on 8 October 2018.



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**Rotorua Lakefront Development Project** – this project is about creating a world class Lake Front Precinct which sets the scene for and acquires the required infrastructure on the lakefront to attract substantial private investment in; a wellbeing/spa complex, 4 or 5 Star Hotel complex, wider food and beverage offerings, improved tourism support infrastructure, public amenities and private tourist offerings. Ngati Whakaue (mana whenua around the Lakefront) through Pukeroa Oruawhata Trust are key partners in this project and are currently pursuing the development of a unique wellbeing-spa complex on the waterfront which continues the manaakitanga based cultural tourism offerings Te Arawa have led for over 150 years. The project is anticipated to attract over \$<sup>Commercial</sup> private investment (and when combined with Whakarewarewa Forest Park development) will land <sup>Co</sup> direct jobs and <sup>Com</sup> indirect jobs. The public infrastructure investment is critical to attract a high quality lakefront hotel, which has been identified as a critical step in attracting higher value per night tourism and addressing the infrastructure requirements to reset Rotorua as both an international and national tourism icon destination.

**Whakarewarewa Forest Park Development** - Rotorua is an internationally recognised mountain biking mecca. It currently attracts over 230,000 visitors per annum. Off the back of its successful investment in the Waipa zone (southeastern corner of the park), Rotorua Lakes Council and its Central North Island (CNI) Iwi Partners are now looking to develop further zones and infrastructure within the park, from Long Mile Road all the way to Lake Tikitapu. Improved parking, visitor entranceways, and further mountain biking 'zones' will provide for ever increasing visitor numbers. The project is designed to land private investment for commercial 'uplift' services and other complimentary mountain biking experiences making it even more of a visitor drawcard. The opportunity for CNI Iwi with mana whenua in this area to design and create business opportunities that are synergistic with the cultural landscape and their respective tourism strategies will be significant.

The two projects are inherently linked and will create multiple private business opportunities, uplift the Maori asset base (in particular iwi settlement assets), create employment, provide training opportunities and will significantly enhance the natural environment around Rotorua to improve its accessibility and amenity value.

*Responsible Manager: Stephanie Weller 04 901 3898*



## 2. Provincial Development Unit

### Inclusive Economy Strategic Discussion

**Comment:**

On 20 June 2018 the Cabinet Economic Development (DEV) Committee will be having a strategic discussion about building an inclusive economy. This is the third and final discussion on elements of the Government's economic strategy, which is scheduled to be finalised at DEV in late July. The Provincial Development Unit has provided comment on an A3 prepared to support this discussion. We generally support the content, although we suggested that there could be a greater emphasis on the regional perspective, and the particular challenges regions will face in transitioning to a low emissions economy and responding to larger social and economic changes, such as technological change, population ageing and urbanisation.

*Responsible Manager: AJ Millward,* Privacy of natural persons

**Next Steps:**

We will continue to keep you informed of progress.

### Release of the Government Policy Statement on Land Transport

**Comment:**

Cross-party consultation is currently under way on the 2018 Government Policy Statement (GPS) on Land Transport. A paper is scheduled to go to Cabinet in two weeks, seeking approval to release the GPS at the end of June. The GPS is underpinned by two fundamental commitments: to address the widening infrastructure deficit in our regions, towns and cities; and to invest in the best projects, whatever mode they are. The GPS will meet these commitments by increasing investment in regional roads, local roads, public transport, cycling and walking, and making a transitional investment in rail. The draft Cabinet paper and the GPS also note the role of the PGF as an additional contributor of funding towards addressing regional transport infrastructure needs.

The Provincial Development Unit is continuing to work with the Ministry of Transport and the New Zealand Transport Agency to implement processes for assessing and supporting decision making on transport proposals.

*Responsible Manager: AJ Millward,* Privacy of natural persons

**Next Steps:**

We expect to provide an update on this work in the upcoming PGF Cabinet paper, scheduled for the end of June.

### Pipedrive Update

**Comment:**

As at 6 June 2018, 217 projects had been lodged in PipeDrive. This is an increase of two from last week. Of the 217 projects, 104 are Expressions of Interest (EoIs) and 113 are applications. Attached is an overview of the projects in the pipeline.

*Responsible Manager: Robert Pigou,* Privacy of natural persons





### 3. Māori Economic Development

#### Labour Shortages in the Silviculture Industry

**Comment:**

This week we met with Silviculture industry forestry owners and small contractor business owners in Gisborne and one from Wairoa: Hikurangi Forest Farms; Ngāti Porou Forests Limited; JNL; Sunrise and Vailea Silviculture.

The supply of potential local labour does not appear to be the issue. There are a range of challenges across the industry, including work attitude readiness and attracting potential employees into a tough industry where wages are less attractive compared to some other industries and compete with other less demanding jobs for similar or better pay. The businesses reported the lack of people to work in silviculture is widespread and extends beyond the Hawke's Bay, right up to East Cape. Advice from MPI suggests this is a nationwide industry issue.

They report their immediate need is for up to <sup>Comme</sup> workers to plant trees over this planting season (3 months). Trees not planted within this season will be lost with costs negatively impacting the businesses. There is an urgency now for those businesses.

Some of the issues raised with us that are the cause of the shortage of work-ready labour supply within the industry include training by educational institutions not meeting job requirements. Graduates from courses are not fully work-ready. Contractors report they are required to provide weeks of additional training. In some cases training programmes have been closed due to lack of recruitment numbers. Failure to meet drug testing as a pre-requisite to course entry could also be one of the contributors.

A consideration for WINZ referrals is the stand-down period for those who resume collecting a benefit if their silviculture placement does not become permanent. This has been reported as a potential barrier for workers considering a career in the industry.

All spoken to this week reported the benefits of making migrant workers available to the industry. They say that the migrant labour force currently sustains the industry as the local potential workforce is not meeting the current workforce demands. For <sup>Commerci</sup> of the contractors spoken to this week, their teams were comprised mainly of immigrant workers, between 60-80%. This, they say, is due to a high level of commitment, great work attitude and strong desire to create a better life for them and their families despite the demanding conditions. The businesses experience is that, despite trying to attract local people into jobs including job advertising, there is little response and take up. In some cases those that do start, do not last long.

The silviculture industry has also expressed concern that the 1 billion trees policy may put even more pressure on their industry.

**Next Steps:**

We will meet with education and training providers, including Turanga Ararau and EIT, to discuss some of the problems/limitations raised with training currently available and the potential opportunities.

Over the next week we will have a firmer picture of the regional situation.



### 3. Māori Economic Development

There was general agreement in all the meetings this week that, apart from their immediate needs, they would like to be involved in the development of longer-term solutions.

Of the business owners spoken with Ngāti Porou Forests do not experience the same pressures in the same way. Their drivers are to create employment for Ngāti Porou whānau and have recently employed <sup>Comms</sup> local people into employment in Ruatoria through a local leadership approach. They do not support the immigrant labour approach, but prefer to focus efforts on local employment solutions.

Proposals put forward for the long-term include: creation of an industry body to develop industry regulations and principles and to monitor these, requiring certification for companies, incentives (top up of benefits) to encourage apprenticeships, consideration of a forestry industry visa, re-branding the industry as providing year-round employment with planting, pruning, trimming, harvesting and training easily covering 12 months of the year.

The strong themes emerging to date is that it is unlikely that the need by businesses is able to be met by a ready local labour supply for this winter and planting season. Industry and also MSD agree however, that there is a need to work collaboratively and develop longer-term sustainable employment solutions for the local labour market.

*Responsible Manager: Hinemaui Rikirangi;* Privacy of natural persons



## 4. Upcoming Meetings and Events

| Time / Meeting with / Purpose   | Support  |
|---|--|
| <b>Monday 11 June</b>   |  |
| 9:00-9:30am <b>Minister Jones:</b> MBIE officials re departmental briefing resourcing paper   | Officials Attending: Nigel Bickle, AJ Millward, Michelle Ewington    |
| 7:00-8:00pm <b>Minister Jones:</b> Dinner with Richard Jones and Craig Ellison, Poutama Trust   | No Officials requested   |
| <b>Tuesday 12 June</b>  |  |
| 7:30-8:30pm <b>USEC:</b> Toowoomba and Surat Basin Enterprise Conference Gala Dinner in Auckland  | Event briefing has been provided ref 3494 17-18                      |
| <b>Wednesday 13 June</b>  |  |
| Independent Advisory Panel Strategy Day   | For information only   |
| <b>Thursday 14 June</b>   |  |
| 1:00-1:30pm <b>Minister Jones:</b> Prime Minister (apology - Mike Munro will attend on behalf), Deputy Prime Minister and Hon David Parker re PGF water storage | PDU working with Chief Advisor on the support that will be required. |
| <b>Friday 15 June</b>   |  |
| 10:00am-1:00pm <b>Minister Jones:</b> Manawatu-Whanganui PGF announcements  | Event briefing due Wed 13 June                                       |
| 5:30-9:30pm <b>USEC:</b> Kōkiri Māori accelerator in Auckland   | Event briefing has been provided ref 3342 17-18                      |
| <b>Monday 18 June</b>   |  |
| Independent Advisory Panel meeting  | For information only   |
| <b>Tuesday 19 June</b>  |  |
| 12:30-1:30pm <b>Minister Jones:</b> Meeting with the Deputy PM and the West Coast Mayors and Chair  | Briefing due 15 June 2018  |
| 5:30-6:00pm <b>Minister Jones:</b> Hon Kris Faafoi and Jon Johansson - Kapiti air services support  | Briefing due 15 June 2018  |





## 5. Media and Communications Schedule:

| Event or announcement date | Activity   | Speech / media release due  | MBIE Contact          |
|----------------------------|--|---|-----------------------|
| 15 June 2018               | Ruapehu Alpine Lifts loan and Horizons 2018 winter afforestation programme   | Minister Jones' office will be provided with a draft communications release | Julia Paterson-Fourie |
| 22 June 2018               | Hawkes Bay Matariki event and investment announcement:<br><ul style="list-style-type: none"> <li>•Hawke's Bay aquarium feasibility study</li> <li>•Hawke's Bay Food Hub Feasibility Funding (SROs approved)</li> <li>•Wairoa Capability Funding (TBC)</li> </ul> | Under Secretary's office will be provided with communications material      | Emma Blackmore        |
| TBC – July 2018            | Provincial Growth Fund Investment Statement  | Minister Jones' office will be provided with communications material        | TBC                   |
| TBC                        | TBC Bay of Plenty-focused announcements on the Big Moves Projects (SROs approved), Visitor Economy Strategy (region led) and the Regional Cruise Gateway (TBC)   | Under Secretary's office will be provided with communications material      | Julia Paterson-Fourie |



## 6. Completed Briefings, Aide Memoires and Reports

| Tracker number | Title   | Minister/USEC          | Signed out by       | Date delivered |
|----------------|---|------------------------|---------------------|----------------|
| 3621 17-18     | PGF and Sustainable employment  | Min Jones, Regional ED | AJ Millward         | 6 June 2018    |
| 2473 17-18     | Māori Innovation Fund: briefing on governance arrangements and priorities for 2018/19           | Minister Jones         | Hineamaua Rikirangi | 8 June 2018    |
| 3494 17-18     | Event Briefing - Toowoomba and Surat Basin Enterprise conference opening in Auckland on 12 June | USEC                   | Stephanie Weller    | 8 Jun 2018     |

## 7. Upcoming Cabinet Papers, Briefings, Aide Memoires and Reports

| Tracker number | Title  | Minister/USEC  | Signed out by    | Delivery Date |
|----------------|--|----------------|------------------|---------------|
| 3670 17-18     | 28th Māori Battalion - the Minister wants a timeline for June/July/August on this work | Minister Jones | John Doorbar     | 11 June 2018  |
| 2823 17-18     | Ongoing resourcing for the PDU and other agencies to administer the PGF                | Minister Jones | Nigel Bickle     | 12 June 2018  |
| 3633 17-18     | How Ministers are informed of PGF proposals  | Minister Jones | AJ Millward      | 12 June 2018  |
| 3695 17-18     | Central and Local Government Forum Actions   | Minister Jones | AJ Millward      | 13 June 2018  |
| TBC            | Ruapehu Announcements  | Minister Jones | John Doorbar     | 13 June 2018  |
| 3604 17-18     | Event briefing for Meeting with West Coast Mayors 19 June                              | Minister Jones | Stephanie Weller | 15 June 2018  |



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| Tracker number | Title  | Minister/USEC  | Signed out by    | Delivery Date |
|----------------|--|----------------|------------------|---------------|
| TBC            | Hon Kris Faafoi and Jon Johansson re Kapiti air services support (see letter from Kapiti Coast District Council Mayor) | Minister Jones | Stephanie Weller | 15 June 2018  |
| TBC            | Cabinet paper seeking further decisions on the PGF   | Minister Jones | AJ Millward      | 15 June 2018  |
| 3240 17-18     | Event briefing requested for meeting with Tourism Export Council NZ on 28 June 2018                                    | USEC           | Richard Davies   | 21 June 2018  |
| 3713 17-18     | Event Briefing - meeting with Ministers Clark and Parker re high value manufacturing in Dunedin on 28 June             | Minister Jones | Stephanie Weller | 26 June 2018  |



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## 8. Ministerial Servicing

| Ministerial OIAs |                            |               |                               |                       |  |
|------------------|----------------------------|---------------|-------------------------------|-----------------------|--|
| Tracking Number  | Name                       | Date received | Date due to Minister's Office | Date due to requestor | Request / Status Update  |
| SJOIA79          | Privacy of natural persons | 25 May 2018   | 13 Jun 2018                   | 20 Jun 2018           | Further decisions on Provincial Growth Fund appropriations dated 27 Mar 18 |

| Departmental OIAs |                            |               |   |                       |   |
|-------------------|----------------------------|---------------|---|-----------------------|---|
| Tracking Number   | Name                       | Date received | Date due to Minister's Office (if applicable) | Date due to requestor | Request / Status Update   |
| 1718-1349         | Privacy of natural persons | 24 Mar 2018   | 17 May 2018                                   | 26 Apr 2018           | Any advice given to the govt or any minister assessing the risk and or benefits of the Provincial Growth Fund<br>Any advice regarding the process for approving funding for projects Including but not limited to any discussion about who should have the mandate to approve funding and at what levels.<br>A list of all projects considered for funding in the rounds already made public.<br>Any and all advice regarding all projects considered so far for funding for the Provincial Growth Fund.<br>Any discussion or advice on how the success of the specific projects could be measured or how success of the Provincial Growth Fund could be measured |
| 1718-1391         | Privacy of natural persons | 1 Apr 2018    | 8 May 2018                                    | 15 May 2018           | 1. All documentation prepared for Ministers, the Cabinet, or the Independent Advisory Panel in relation to all approved projects  |



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### Departmental OIAs

| Tracking Number | Name                                  | Date received | Date due to Minister's Office (if applicable) | Date due to requestor | Request / Status Update   |
|-----------------|---------------------------------------|---------------|---|-----------------------|---|
|                 |                                       |               |   |                       | under the Provincial Growth Fund.<br>2. All internal MBIE emails in relation to the approval of the <sup>Commercial Inform</sup> [redacted] in the Buller District and the 'Manea Footprints of Kupe Cultural Heritage and Education Centre' in Hokianga projects since the Provincial Growth Fund was announced by the Government                                |
| 1718-1602       | Privacy of natural persons [redacted] | 10 May 2018   | N/A   | 8 Jun 2018            | Any information relating to MBIE's current work around impact investment in developing countries. Any research, reports, briefings about New Zealand's profile and contribution in this area as well as detail on any partnerships it's involved in would be much appreciated. Material on support for innovation and business development would also be helpful. |
| 1718-1713       | Privacy of natural persons [redacted] | 29 May 2018   | 20 Jun 2018                                   | 27 Jun 2018           | Can I please request the applications of all three Provincial Growth Fund submitters from the Wairarapa region  |
| 1718-1720       | Privacy of natural persons [redacted] | 30 May 2018   | N/A   | 28 Jun 2018           | Which Rotorua organisations/businesses have so far applied for the PGF? How much you can tell me about who has applied for what if the application process is still underway? If you can't go into specifics, maybe some general figures about Rotorua applications would be possible?  |