



BRIEFING

Update following 4 May 2020 RED Ministers meeting

Date:	19 May 2020	Priority:	High
Security classification:	In Confidence	Tracking number:	3354 19-20

Action sought		
	Action sought	Deadline
Hon Grant Robertson Minister of Finance	Note the contents of this briefing and consider its recommendations.	26 May 2020
Hon Phil Twyford Minister for Economic Development Minister of Transport		26 May 2020
Hon David Parker Minister of Trade and Export Growth		26 May 2020
Hon Shane Jones Minister for Regional Economic Development		26 May 2020
Fletcher Tabuteau Under-Secretary to the Minister for Regional Economic Development	Note the contents of this briefing	26 May 2020

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Robert Pigou	Head of the Provincial Development Unit	Privacy of natural persons	✓
Lydia Jarman	Senior Advisor to Head of the Provincial Development Unit	Privacy of natural persons	

The following departments/agencies have been consulted
KiwiRail, NZTA



PROVINCIAL
DEVELOPMENT
UNIT

PROACTIVELY RELEASED

Minister's office to complete:

Approved

Noted

Seen

See Minister's Notes

Declined

Needs change

Overtaken by Events

Withdrawn

Comments



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Purpose

This briefing provides you with updates on the Provincial Development Unit's (PDU) engagements with Provincial Growth Fund (PGF) applicants, and their projects, that Regional Economic Development Ministers (RED Ministers) directed should be re-scoped.

Executive summary

On 4 May 2020, RED Ministers considered a list of projects which could have funding re-scoped or terminated in response to new expectations directed as part of the PGF's reset.

At that meeting, the PDU recommended that Ministers terminate 18 projects, worth \$^{Commercial Information}. Ministers decided to terminate 10 projects valued at \$^{Commercial Information}.

The PDU has actioned project terminations and investigated the possibility of re-scoping the remaining projects to meet expedited timeframes.

Recommended action

The Provincial Development Unit recommends that you:

- a **Note** the updates provided for projects which are being re-scoped or expedited. *Noted*
- b **Agree** that \$13.45 million of funding should be withdrawn for the State Highway 43 Forgotten Highway Improvements project. *Agree / Disagree*
- c **Agree** that \$32.65 million of funding should be withdrawn for the Tairāwhiti Roding – State Highway 35 – State Highway 2 Passing Opportunities project. *Agree / Disagree*
- d **Agree** that \$^{Commercial Information} of funding should be withdrawn for the Central North Island Regional Growth Hub project. *Agree / Disagree*
- e **Agree** that the PDU undertake further consultation with Dunedin City Council relating to the Dunedin Waterfront project. *Agree / Disagree*



Robert Pigou
Head of the Provincial Development Unit
Ministry of Business, Innovation and
Employment

19 /05 /2020

Hon Grant Robertson
Minister of Finance

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Hon Phil Twyford
Minister for Economic Development

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Hon David Parker
Minister for Trade and Export Growth

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Hon Shane Jones
Minister for Regional Economic Development

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Background

1. On 4 May 2020, RED Ministers considered a list of Provincial Growth Fund (PGF) funded projects and agreed that some could be re-scoped or terminated as part of the PGF's reset.
2. The Provincial Development Unit (PDU) has undertaken thorough assessments of which projects can reach expedited milestones. Those that will not will be recommended to RED Ministers for termination.
3. At that meeting, you agreed to reprioritise \$Commercial Information by terminating the following projects:
 - a. KiwiRail funding for Tourism Rail – \$Commercial Information (comprised of the allocations for Canterbury (\$Commercial Information), Top of the South (\$Commercial Information) and West Coast (\$Commercial Information))
 - b. National Simulator Centre – \$10.793 million
 - c. Dannevirke Rail Hub - \$4.000 million
 - d. Te Pu o Te Wheke - \$19.820 million
 - e. ASET Food Processing Facility - \$1.700 million
 - f. Titirangi – Puhi Kai Iti Connection: Summit Redevelopment - \$Commercial Information
 - g. Port Tarakohe - \$18.600 million
 - h. Land-based RAS Salmon Hatchery for Southland - \$9.700 million
4. Following the Cabinet's confirmation of the PGF's reset on 4 May 2020, the termination of the projects above, and the approval of projects at the 7 May RED Ministers' meeting, \$Commercial Information remains unallocated. This is comprised of:
 - a. \$Commercial Information unallocated PGF funding.
 - b. \$Commercial Information worth of funding that was not committed against PGF sectoral and regional allocations.
 - c. \$102.300 million unallocated funding from the Regional Investment Opportunities contingency.
 - d. \$Commercial Information of terminated funding from RED Ministers' 4 May 2020 meeting.

Project updates

Terminated project list

5. The PDU has undertaken consultation with applicants of terminated projects to inform them that funding will be withdrawn.

Commercial Information

Projects that have been re-scoped

7. The following is an update on projects which RED Ministers directed the PDU to undertake further consultation to ascertain the applicant's capability to deliver on recently directed expedited timeframes.

a. Commercial Information



b. Commercial Information Te Kaha Development Project - Stage 2 (Loan) - Kiwifruit (Orchard) (\$2 million), and Commercial Information



Commercial Information



iii. The PDU is working with the applicant on a re-scoped orchard project. The PDU supports the withdrawal of the Kiwifruit Orchard funding Commercial Information



Commercial Information



c. SH43 - Unlocking Taranaki's tourism potential (sealing the Gorge) (\$9.563 million)

i. NZTA has specified construction will start in July 2020 with works to be completed in December 2020. The PDU advises this timeframe is feasible based on documents provided.

Commercial Information

d.



Commercial Information

Projects which cannot meet expedited timeframes

8. Central North Island Regional Growth Hub (\$Commercial Information):
- i. Free and frank opinions
 - ii. Subject to additional funding being made available and the acceleration of consenting, enabling works could be commenced within 12 months. These include detailed design, earthworks, relocation of some services, and local road upgrade and realignment.
 - iii. Commercial Information
 - iv. KiwiRail has noted the strong community support from the project which they believe enables \$Commercial Information of commercial investment.
9. State Highway 43 Forgotten Highway Improvements (\$13.45 million)
- i. NZTA has advised work will start in Commercial Information and will be completed in Commercial Information. However, should Ministers agree to the project proceeding, there will be an opportunity to mark a sod turning event in Commercial Information.
 - ii. The PDU considers the start date is feasible and fast-track consenting provisions may assist, if passed.
10. Tairāwhiti Roding – State Highway 35 – State Highway 2 Passing Opportunities(\$Commercial Information)
- i. NZTA has planned an accelerated programme with two tranches of work. Tranche One is scheduled to start in Commercial Information, with a sod turning event in Commercial Information and completion in Commercial Information.
 - ii. Tranche Two construction is scheduled to start in Commercial Information and be completed in Commercial Information. The PDU considers the start date is feasible based on documents provided.
11. If RED Ministers agree to terminate the projects set out in the section above, an additional \$Commercial Information will be available to return to the PGF.

Projects which require further considerations

12. Dunedin Waterfront Development (\$19.9 million):
- a. Dunedin City Council (DCC) will decide at a Council meeting on 25 May whether to withdraw their funding from the project.
 - b. Last month, media reported the DCC's concerns about proceeding with this project.
 - c. This is within the 30 day period set out by RED Ministers at their meeting on 4 May and the PDU therefore recommends waiting to determine the outcome of DCC's meeting and whether the project will proceed.

Next steps

13. Once RED Ministers have given the PDU their direction, the PDU will make arrangements to terminate funding for the relevant projects.