



BRIEFING

Recommendations for funding from the Regional Growth Initiative Fund and Provincial Growth Fund

Date:	9 February 2018	Priority:	High
Security classification:	In Confidence	Tracking number:	2037 17-18

Action sought		
	Action sought	Deadline
Hon Grant Robertson Minister of Finance	Note the contents of this brief in preparation for your meeting on Monday 12 February 2018.	12 February 2018
Hon Phil Twyford Minister of Transport	Note the contents of this brief in preparation for your meeting on Monday 12 February 2018.	12 February 2018
Hon David Parker Minister for Economic Development	Note the contents of this brief in preparation for your meeting on Monday 12 February 2018.	12 February 2018
Hon Shane Jones Minister for Regional Economic Development	Note the contents of this brief in preparation for your meeting on Monday 12 February 2018.	12 February 2018

Contact for telephone discussion (if required)				
Name	Position	Telephone		1st contact
John Doorbar	Director, Regional Economic Development	04 896 5565	s9(2)(a)	✓
Stephanie Weller	Manager, Regions and Cities Team	04 901 3898		

The following departments/agencies have been consulted
Te Puni Kōkiri, Ministry for Primary Industries, Ministry of Transport, The Treasury

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 Withdrawn |



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Recommendations for funding from the Regional Growth Initiative Fund and Provincial Growth Fund

Date:	9 February 2018	Priority:	High
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Purpose

On Monday February 12, the Minister of Finance, Minister of Transport, Minister for Economic Development and the Minister for Regional Economic Development are meeting to approve funding of projects for announcement at the launch of the Provincial Growth Fund in Gisborne on 23 February 2018. This briefing provides information on the projects recommended by Senior Regional Officials for that meeting.

Executive summary

The Government has committed to a significant investment in regional economic development through the establishment of the Tuawhenua Provincial Growth Fund (the PGF) of \$1bn per annum over three years. The PGF will invest in a range of projects from feasibility studies, capacity building and small local projects through to larger sector-led initiatives and infrastructure investments.

The Senior Regional Officials group convened on 8 February to review funding proposals and have made decisions within their delegations and recommendations for funding projects that require your delegated authority. This group comprises Deputy Secretary level officials that support economic development in respective regions.

The proposals have been assessed against the criteria for both the Regional Growth Initiatives Fund (RGI) and PGF and recommendations made as per the relevant delegated authority. These are outlined in appendix one. Funding decisions and recommendations for funding have been made from both the RGI and PGF.

We are seeking your approval of eight proposals at your meeting on Monday 12 February. The New Zealand Transport Agency will table a further four proposals for your consideration at the meeting. There are a further six proposals that fit with the draft PGF criteria being developed by officials, that we wish you to consider for approval, subject to the PGF criteria being confirmed by Cabinet on 19 February.

The Prime Minister and the Minister of Regional Economic Development will launch the PGF at Gisborne on Friday 23 February 2018 and will announce the suite of projects that will be funded from the PGF.

Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

- a. **Note** that Senior Regional Officials have reviewed the proposals outlined in schedule one and have recommended a range of actions, including
 - a. Already approved, ready to be announced,
 - b. Approve in full,
 - c. Approve subject to business case or further information,
 - d. No recommendation at this stage, continue to work with the applicant,
 - e. Proceed through the Cabinet process,
 - f. Decline, does not meet criteria.
- b. **Note** that Cabinet has agreed to the following delegations:
 - a. Minister for Regional Economic Development to approve projects less than \$1m,
 - b. Minister of Finance, Minister for Regional Economic Development, Minister for Economic Development, and Minister of Transport, together with any other relevant portfolio Ministers (joint Ministers), to approve projects between \$1m and \$10m, and in exceptional circumstances up to \$20m,
 - c. agree that projects greater than \$10m require Cabinet approval, (other than those approved by joint Ministers in exceptional circumstances up to \$20m)
- c. **Approve** the projects recommended by the SROs that fit within your delegated authority of up to \$1m under the RGI as the Minister for Regional Economic Development.
- d. **Agree** to the recommendations made by the SROs regarding proposals of more than \$1m assessed under the RGI criteria that require approval by the delegated Ministers.
- e. **Note** that SROs have identified some proposals that fit with the draft PGF criteria that have been developed by officials, and that these criteria will be confirmed by Cabinet on 19 February 2018
- f. **Agree in principle** to the recommendations made by the SROs regarding proposals of more than \$1m assessed under the draft PGF criteria that require approval by the delegated Ministers, subject to these criteria being confirmed by Cabinet on 19 February



John Doorbar
Director, Regional Economic Development,
MBIE

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Hon Shane Jones
Minister for Regional Economic
Development

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Background

1. The Government is committed to economic growth that is sustainable and benefits all New Zealanders. Regional economic development is an essential component of the Government's economic strategy.
2. In December 2017, Cabinet agreed to establish the Tuawhenua Provincial Growth Fund (the PGF), a \$1 billion per annum fund investment for three years, with the overall objective to lift productivity potential in the regions [CAB-17-MIN-0554, paragraphs 1 and 2]. The Fund will have three tiers: Regional Projects and Capability; Sector Investments (including the One Billion Trees Programme); and Enabling Infrastructure Projects [CAB-17-MIN-0554, paragraph 7].
3. Cabinet also agreed that projects agreed in 2017/18 that require new funding be subject to the PGF processes, including objectives, criteria and any detailed criteria and success measures agreed to in a February 2018 report back, with existing criteria for the Regional Growth Initiatives appropriation used in the interim. The draft PGF criteria that officials have been developing will be confirmed by Cabinet on 19 February when they consider this report.
4. Senior Regional Officials (SROs) have continued to assess projects prior to the February 2018 report using the existing criteria for the Regional Growth Initiatives (RGI) appropriation. There are some projects that fit the draft criteria for the PGF rather than the RGI. We are seeking your approval of these projects, subject to Cabinet confirmation of the PGF criteria on 19 February 2018.
5. In December 2017, Cabinet also agreed to the following delegations before the February 2018 report for projects that are investment-ready but require new funding:
 - authorise the Minister for Regional Economic Development to approve projects less than \$1 million;
 - authorise the Minister of Finance, Minister for Regional Economic Development, Minister for Economic Development, and Minister of Transport, together with any other relevant portfolio Ministers (Joint Ministers), to approve projects between \$1 million and \$10 million, and in exceptional circumstances up to \$20 million;
 - agree that projects greater than \$10 million require Cabinet approval, (other than those approved by joint Ministers in exceptional circumstances up to \$20 million as provided for under paragraph 13.2);

Funding decisions

6. The Senior Regional Officials (SROs) group met on 8 February 2018 and reviewed a suite of proposals against the criteria for the RGI and the PGF and have made decisions within their delegations and recommendations for those within your Ministerial delegations. (See schedule one.)
7. In reviewing the proposals, SROs have followed your instruction and taken an ambitious approach to supporting regional economic development. They have considered projects that are a combination of regional priorities, and also some that are sectoral and infrastructural in nature.
8. Some of the projects will set precedents for future decisions and we seek clarification from Ministers as to whether they are willing to set these precedents by supporting these projects.

Project	Issues of precedents	Recommended action
outside scope		

9. outside scope

10.

11.

Next steps

Report to Cabinet on the PGF

12. 12 February, the Ministers of Finance, Transport, Economic Development and Regional Economic Development meet and consider one proposal for funding within your delegations.
13. 14 February, Economic Development (EDEV) Cabinet Committee considers an oral item to consider seven proposals that fall outside of current delegations.
14. 19 February, Cabinet confirms EDEV's recommendations.
15. 23 February, The Prime Minister and the Minister for Regional Economic Development launch the PGF in Gisborne.

Launch of the PGF

16. Announcements at the launch will include the projects that are being funded from the PGF and will include aggregate investment by all partners' i.e. private, local government and central government.

Pipeline of projects

17. Officials will continue to compile a pipeline of regional, sectoral and infrastructure projects. Some of these projects will be submitted for consideration in the current financial year while others will be considered over the coming year.

Financial implications

18. outside scope

- 19.

RGI MYA appropriations table

	\$m increase/(decrease)					Total
	2016/17	2017/18	2018/19	2019/20	2020/21 only	
Amount in Regional Growth Initiatives appropriation			44.000			44.000
outside scope						
<i>Northland - Manea Footprints (Briefing MBIE 1580 17-18 refers)</i>	-	(4.600)	-	-	-	(4.600)
outside scope						

Note 1: In-Principle funding endorsed as part of government response to Action Plan - Awaiting business case and submission for formal approval by delegated authority (Ministers/SROs)

Note 2: Appropriation balance if current proposal for funding is approved.

PGF MYA appropriations table

	\$m increase/(decrease)				Total
	2017/18	2018/19	2019/20	2020/21 only	
outside scope					

Annexes

Annex one: Schedule of projects and recommended actions

Annex two: Schedule of confirmed decisions

Annex three: Summary of projects for decision

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Annex one: Schedule of projects and recommended actions

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Annex One: Schedule of Projects and Recommended Actions

#	Announcement	Region	Lead agency	Recommendation	Funding (up to amounts)	Potential Future Crown Investment	Source of funding	Comments	Strategic link to existing plans
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ACTION REQUIRED: FOR JOINT MINISTERS APPROVAL ON THE 12 FEBRUARY 2018
outside scope

ACTION REQUIRED: FOR JOINT MINISTERS ENDORSEMENT TO PROCEED TO EDEV AND CABINET
outside scope

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ACTION REQUIRED: FOR MINISTER FOR REGIONAL ECONOMIC DEVELOPMENT APPROVAL - under \$1 million
outside scope

ACTION REQUIRED: CURRENTLY UNDER ACTIVE CONSIDERATION BY RELEVANT MINISTER SEE ACTION REQUIRED

15	Menes - Footprints of Kupe	Northland	MBIE	2. Approve in full	\$4,600,000	\$0	Regional Growth Initiative - MYA	Do not have Min Robertson (MOF) approval; three others have approved - Davis, Twyford, and Parker.	In regional action plan
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outside scope

Annex two: Schedule of confirmed decisions

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Announcement	Region	Lead agency	Recommendation	Funding (up to amounts)	Potential future Crown investment	Source of funding	Comments	Strategic link to existing plans
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Annex Two: Schedule of Confirmed Decisions

ACTION REQUIRED: FOR NOTING BY MINISTERS
outside scope

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Annex three: Summary of projects

outside scope

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