

New Zealand Government establish \$3b Provincial Growth Fund February 2018

On 23 February 2018 Regional Economic Development Minister Shane Jones launched the \$3b Provincial Growth Fund. The Fund will provide capital to projects in New Zealand's regions with the aim of enhancing economic development opportunities, creating jobs, lifting regional productivity and helping to meet New Zealand's climate change targets.

The Provincial Growth Fund was a key plank negotiated by New Zealand First in its coalition agreement with Labour.

The first regional packages will assist the following areas:

- Northland.
- Tairāwhiti-East Coast.
- Hawke's Bay and Manawatū-Whanganui.
- West Coast of the South Island.

An initial round of Funding worth \$61.7m will be injected into forestry initiatives, tourism ventures, rail and road projects in these regions. The first round of projects will create more than 700 direct jobs and 80 indirect jobs. The initial projects include:

- \$9m to upgrade Waipapa intersection on State Highway 10.
- \$8m towards a series of a tourism and cultural hubs, including a \$4.6m centre in Opononi.
- \$6m to upgrade Whanganui rail line and port.
- \$5m to open the Napier-Wairoa rail line for forestry trains.
- \$2.3m to develop Gisborne's Inner Harbour.
- \$1m for West Coast cycle trails.
- \$750,000 to examine feasibility of rail projects in Kawerau, Southland, and New Plymouth.
- Almost \$60,000 towards an historic steam train journey on the "Chardonnay Express" in Hawke's Bay.

Oversight

The Fund will be overseen by a core group of Regional Economic Development ministers, who will monitor the Fund's performance and examine opportunities for investment.

Two groups will be established to facilitate the Fund's operation – the Regional Economic Development Unit in the Ministry of Business, Innovation and Employment, and an Independent Advisory Panel.

The Panel, to be chaired by Rodger John Finlay, will deliver independent advice on projects and the balance of the portfolio of investments. Mr Finlay is currently Governor of Radio NZ, Deputy Chairman of Rural Equities Limited, Chairman of Mundane Asset Management (UK) and a Director of NZ Thoroughbred Racing.

The Unit will lead the administration and design of the Fund, while overseeing its operation in consultation with other relevant government agencies.

Determination on funding approval will lie with either senior government officials or ministers depending on the type of project and the scale of investment. Senior officials will be able to approve



projects costing less than \$1m. The core ministerial group can approve projects costing between \$1m and \$10m, while any projects exceeding \$10m will require full cabinet approval.

Investment priorities and criteria

The Fund contains three tiers of investment to deliver its priorities:

- Regional projects and capability – initiatives geared towards economic development, feasibility studies and capability building.
- Sector investment (including the One Billion Trees programme) – initiatives targeted at priority and/or high value economic opportunities.
- Enabling infrastructure projects – regional infrastructure initiatives.

Criteria for funding will be organised around four key pillars:

- Link to Fund and government priorities – these include jobs, community benefits, improved use of Māori assets, sustainability of natural assets, and mitigating and adapting to climate change.
- Additionality – projects should value-add and not duplicate existing efforts, providing clear public benefit in each case.
- Alignment with regional stakeholders and frameworks – projects should align with established regional priorities and consultation with relevant local stakeholders should occur.
- Governance, risk management and project execution – projects should be supported by good governance and thorough processes, with a sustainable long-term future beyond the Fund's lifespan.

Further information

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