



COVERSHEET

Minister	Hon Stuart Nash	Portfolio	Economic Regional Development
Title of Cabinet paper	A focused evolution of Regional Economic Development	Date to be published	22 July 2021

List of documents that have been proactively released

Date	Title	Author
July 2021	A focused evolution of Regional Economic Development	Office of Minister for Economic Regional Development
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Information redacted

YES / NO (please select)

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Office of the Minister for Economic and Regional Development
Cabinet Business Committee

A focused evolution of Regional Economic Development

Proposal

- 1 This paper seeks in principle agreement to the broad parameters of an evolved approach to Regional Economic Development for the delivery of the \$200 million Regional Strategic Partnership Fund. It also seeks agreement to some initial operational decisions to support the Regional Economic Development approach transition. Further policy and operational decisions will be presented to Cabinet in due course.

Relation to government priorities

- 2 The evolved approach to Regional Economic Development outlined in this paper is designed to be a core contributor to the Government’s five-point plan for economic recovery.

Investing in our people	The approach proposed in this paper will directly invest in our people by delivering local approaches tailored to the particular needs of individual regions and places.
Jobs	Jobs will continue to be an important outcome of Regional Economic Development success, with an increased focus on creating quality employment opportunities in the regions.
Preparing for the future	The key element of the proposal is the development of more consistent, enabling, and enduring regional strategic partnerships guided by a vision for Productive, Sustainable, Inclusive, Resilient and Māori-enabling regional economies.
Supporting our small businesses	Supporting our small businesses has an explicit focus through a proposed regional economic and business development work stream.
Positioning New Zealand globally	One of the key areas for an evolved Regional Economic Development approach proposed in this paper is better coordination of sector investment opportunities across regions based on their comparative advantages. This will help ensure that New Zealand competes with the world rather than setting regions up to compete with each other.

- 3 The evolved approach is also connected to the Government’s strategic priorities for broader regional development, such as Regional Public Service Leads and Regional Skills Leadership Groups. In principle agreement to broad parameters of an evolved approach to Regional Economic Development will provide a foundation for officials to work together to explore opportunities to create a high performing integrated government approach to broader regional development. MBIE officials will work with officials from other agencies, particularly from the

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Ministry for Social Development and Employment, and Public Service Commission, before I seek more detailed policy and operational decisions.

Executive Summary

- 4 Regional Economic Development is central to New Zealand's economic, social, cultural, and environmental prosperity. Economic development "happens" in regions. Regional Economic Development therefore aims to improve the economic prospects, and through this the living standards, of all New Zealanders. It does this through delivering local approaches tailored to the particular needs of individual regions – especially those regions, or areas within regions, that are falling behind.
- 5 The investment made by the Government through the Provincial Development Unit (PDU) over the last three years, in terms of the scope and range of investments made, was a direct recognition of the challenges regions face, the potential they contain, and the growing disparities between and among provincial regions and the major cities. There is now an opportunity to evolve and refocus the approach to Regional Economic Development, using the solid foundation the Government has built through the PDU, to address the limitations and missed opportunities of previous approaches.
- 6 The Government has also established a range of broader regional development initiatives, such as Regional Public Service Leads and Regional Skills Leadership Groups, and agreed a more joined up approach to the regional arm of government. An evolved regional economic development approach presents an opportunity to ensure better alignment with the Government's overall regional approach.
- 7 I propose an evolution of the previous Regional Economic Development approach, building on the foundation it established, by growing and weaving the PDU's partnership and investment capabilities together within a more coherent and coordinated strategic framework, with a stronger focus on achieving collective impact by targeting and aligning investments and building on regional comparative advantages.
- 8 This paper seeks in principle agreement to the broad parameters of a focused evolution of Regional Economic Development to deliver the \$200 million Regional Strategic Partnership Fund. The key elements of the approach are the development of more consistent, enabling, and enduring regional strategic partnerships, guided by a Productive, Sustainable, Inclusive, Resilient and Māori-enabling vision for regional economies, framed by a more strategic investment approach and coordinated Regional Economic Development work programme.
- 9 As well as seeking agreement to the broad parameters of an evolved approach to Regional Economic Development, there are some immediate governance decisions which I am seeking agreement to now to help ensure an effective transition to an evolved approach to Regional Economic Development.
- 10 I also seek Cabinet agreement to change the name of the holding company Provincial Growth Fund Limited (PGFL) to Crown Regional Holdings Limited. An Order in Council is required to change the name of the company under Schedule 4A of the Public Finance Act 1989 and Schedule 35 of the Income Tax Act 2007.

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This ensures that it continues to operate as a Schedule 4A company with an income tax exemption.

- 11 I intend to seek final decisions on the approach by April 2021 once more detailed policy development and operational planning, in consultation with key agencies, is complete. I indicate in this paper some of the key issues that paper will address.

Background

- 12 Regional Economic Development is central to New Zealand's economic, social, cultural, and environmental prosperity. Economic development "happens" in regions. Regional Economic Development therefore aims to improve the economic prospects, and through this the living standards, of all New Zealanders. It does this through delivering local approaches tailored to the particular needs of individual regions – especially those regions, or areas within regions, that are falling behind.

Recent investment and activity has recognised the opportunities and challenges of Regional Economic Development, and regional development more broadly

- 13 The investment made by the Government through the PDU over the last three years, in terms of the scope and range of investments made, was a direct recognition of the challenges regions face, the potential they contain, and the growing disparities between and among provincial regions and the major cities. The speed at which some investment programmes were progressed, however, means some may have fallen short of their potential to deliver strategic outcomes at the fund-level.
- 14 The Government has also put in place a range of initiatives and programmes that operate at regional level. These include regional skills development and COVID-19-related programmes, and regional economic development initiatives. This work needs to be well aligned with government's overall approach to joining up the regional arm of government [CAB-19-MIN-0290 refers]. This set out clear directions for developing public service leadership at regional level, with an initial focus on the skills and social sectors, and for an approach to developing regional priorities in collaboration with Māori, local government, and other local organisations.
- 15 There is now an opportunity to evolve and refocus the approach to Regional Economic Development, using the solid foundation the Government has built through the PDU, to address the limitations and missed opportunities of previous approaches, and deliver the \$200 million Regional Strategic Partnership Fund. There is also an opportunity to ensure better alignment between the regional economic development approach and the Government's overall regional approach.

A solid foundation has been built through the PDU

- 16 The PDU has built a unique and flexible set of skills and delivery expertise that makes the Government well-placed to achieve its Regional Economic Development and economic recovery objectives.

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- 17 The PDU has established strong partnership capability with which the Regional Strategic Partnership Fund can be successfully delivered. PDU Officials have worked closely and extensively with regional stakeholders, including councils, Economic Development Agencies (EDA), iwi and Māori, business, and council controlled organisations, among others, over the last three years. They have also continued to work in tandem with key agencies in the social sector and labour market (through Regional Public Service Leads and Regional Skills Leadership Groups) to support and facilitate a more co-ordinated approach by the Government in the regions.
- 18 The PDU's investment capabilities are unique across government. Through its administration of government funding, the PDU has helped establish investment priorities and assessment criteria, identify projects by working with businesses, local government and other agencies and through the PDU's pipeline of applications, assess projects and provide advice to decision-makers, negotiate complex commercial deals, and contract and monitor significant projects, including through the use of loan and equity instruments.
- 19 The PDU's partnership and investment capabilities, combined, are generating real benefits for people and communities, for example, by:
 - 19.1 embedding the use of broader outcomes procurement, and extending the use of broader outcomes procurement principles beyond contractual arrangements;
 - 19.2 overcoming key challenges of supporting Māori economic development including working with a wide range of Māori organisations, building capability and capacity among Māori groups to deliver projects, poor relationships between Māori groups and regional economic development agencies (EDA), and a lack of alignment and connection between Māori economic aspirations and EDAs, councils, regional economic strategies and action plans; and
 - 19.3 getting large and complex sector projects over the line by weaving together the interests and assets of a wide range of stakeholders including, but not limited to, iwi, commercial firms, lenders, land owners, and government agencies.
- 20 The PDU has also demonstrated a level of flexibility that has resulted in it taking on a critical cross-government delivery function. The PDU undertakes various roles managing and administering a range of investments and investment programmes including Industry Infrastructure Reference Group projects through the COVID Response and Recovery Fund, Regional Investment Opportunities through the New Zealand Upgrade Programme, and the Strategic Tourism Assets Protection Programme.

A focused evolution of Regional Economic Development

- 21 I propose an evolution of the previous Regional Economic Development approach, building on the foundation it established, by growing and weaving the PDU's partnership and investment capabilities together within a more coherent and coordinated strategic framework, with a stronger focus on achieving collective impact by targeting and aligning investments.

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- 22 The key elements of the approach are:
- 22.1 the development of more consistent, enabling, and enduring partnerships with regions – enabling the development of regional plans – across all regions that build on, and refine, the significant regional presence the PDU has established in the regions;
 - 22.2 guided by a vision for regional economies developed in the context of global megatrends and COVID-19 recovery;
 - 22.3 framed by the consistent application of a more strategic investment approach and coordinated Regional Economic Development work programme.

Regional Strategic Partnerships

- 23 The key element of a more strategic approach to Regional Economic Development is to capitalise on, by refining, the significant regional presence the Government has established in the regions through the PDU. To date:
- 23.1 funding administered through the PDU has been used to support the refresh or development of many regional strategies and action plans which are likely to need further updating in the context of COVID-19 recovery and rebuild;
 - 23.2 the PDU has established strong links to EDAs, and local governments, including council-controlled holding companies. Funding has been provided to EDAs to increase portfolio management capacity. A senior PDU official also sits on the Economic Development New Zealand Board;
 - 23.3 the PDU has worked with regions to help them prioritise locally developed solutions to local challenges that would benefit from central government support; and
 - 23.4 PDU Officials are also involved at the policy and strategy levels of various regional groups including steering groups that develop and deliver regional economic strategies and action plans.
- 24 This approach has been well received by regions with regionally located PDU staff, and Wellington located regional advisors and investment leads, being commended by regional stakeholders. There is an opportunity to build on the trust and relationships this model has generated to address some gaps in the current approach, and underlying challenges of Regional Economic Development, by:
- 24.1 working with all regions consistently, including those containing major cities, to develop and implement regional economic development plans;
 - 24.2 supporting the capability development of bodies that co-ordinate or deliver regional economic development (including iwi/Māori), which is variable;
 - 24.3 addressing these bodies' capacity constraints and coverage gaps as they often do not represent the region as a whole;

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- 24.4 better involvement of iwi/Māori in Regional Economic Development processes at local levels;
 - 24.5 building on existing relationships between the PDU and Regional Skills Leadership Groups to better connect economic development efforts with labour market considerations;
 - 24.6 working across the various types of local business groupings to ensure they are part of the picture;
 - 24.7 incentivising improved Regional Economic Development governance and programme management arrangements at the regional level with a focus on ensuring representation of all relevant groups;
 - 24.8 developing a national strategic framework to align regions' various aspirations, challenges and opportunities, and coordinate impact to achieve national level outcomes; and
 - 24.9 adopting a Just Transitions approach where abrupt structural changes are required to a regional economy such as Taranaki and Southland.
- 25 PDU Officials are conscious of the challenges working with EDAs. There is not a single model for Regional Economic Development within regions, Regional Economic Development is not the responsibility of one actor, and EDAs are not always the best candidates for leading regional efforts. Six regions, for example, do not have a single EDA with region-wide coverage.
- 26 Regional strategic partnerships need to appreciate regional strengths and weaknesses in the governance space. They need to ensure the right people and organisations, including Māori organisations and commercial actors, are involved and, where necessary, enabled to participate in the leadership and delivery of Regional Economic Development where appropriate. They also need to ensure cohesive central government engagement in Regional Economic Development.
- 27 The overall approach also needs to ensure equity across regions by taking into account the importance of supporting those regions at risk of falling further behind. To do this I propose investment opportunities continue to focus on regions outside of the three main centres. Investments into the main centres would be by exception only and closely connected to wider regional outcomes.

A vision for regional economies

- 28 A vision for Regional Economic Development has been developed which builds on the Government's Economic Plan for a Productive, Sustainable, and Inclusive economy. The vision clarifies what it means for a regional economy to be *Productive, Sustainable, and Inclusive* but also acknowledges the importance of creating *Resilient* economies and explicitly supporting *Māori* economic aspirations. This is the PRISM vision – a lens to transform regional economies.
- 29 The vision has been developed with the Living Standards Framework in mind. Regions need support to build their economies in a way that balances the four capitals, enables wellbeing for all New Zealanders and utilises the opportunity that COVID-19 recovery and economic reset present. Regional Economic Development can support this by transforming regional economies in line with a

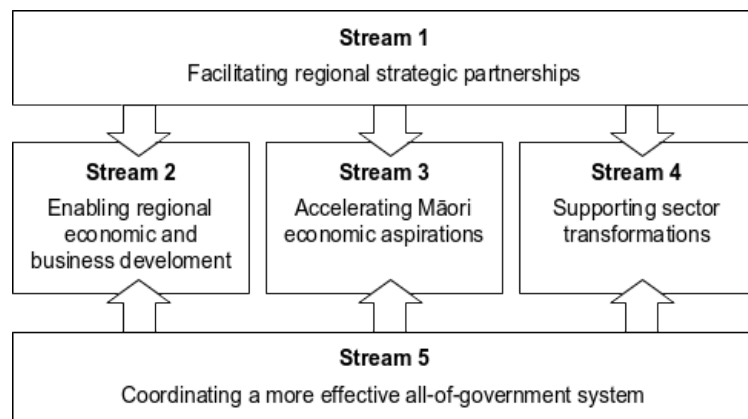
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PRISM vision of the future. The table below contains a high level summary of the PRISM vision for regional economies.

PRISM vision	Definition
Productive	Regional actors and economies are empowered to access and benefit from quality economic opportunities.
Resilient	Regional economies are enabled to effectively weather and recover from global events, economic shocks and natural disasters ; and enabled to adapt, in preparation for, and adjust to emerging global and domestic trends .
Inclusive	Residents have equal access to opportunities enabling their participation in the economy; and equitable outcomes are achieved leading to higher living standards and improved wellbeing for all.
Sustainable	Enable wellbeing of current and future generations through sustainable economic activity, use of resources, and policies
Māori	Māori and iwi are enabled to fully interact (using mātauranga Māori) and participate (using tikanga Māori) in economic development, and the economy, so that they experience Productive, Resilient, Inclusive and Sustainable outcomes.

A more strategic investment approach and coordinated Regional Economic Development work programme

- 30 I propose that facilitating and enhancing regional strategic partnerships, as described in paragraphs 20 - 24, is the first, and overarching, of five coordinated work streams. As shown below, the work programme highlights the fact that an effective approach relies on a system that successfully coordinates both local/regional and central government inputs.
- 31 I also anticipate that this approach will better align with and support the Government’s approach to empowering regional labour markets through Regional Skills Leadership Groups, leveraging existing regional governance structures, such as Regional Public Service Leads, and enabling Just Transitions for our people, places, sectors, businesses and regions.



32 I propose these work streams constitute the work programme for their relevance to Regional Economic Development, as follows:

32.1 **Stream 1 – Facilitating regional strategic partnerships:** Local knowledge and participation is fundamental to successful Regional Economic Development. Evidence and research shows that placing local realities at the heart of development approaches results in more responsive and effective outcomes.

32.2 **Stream 2 – Enabling regional economic and business development:** Local and regional economic development only happens when local businesses and people thrive. Significant PRISM progress can be made through small-scale, community-led, investment.

32.3 **Stream 3 – Accelerating Māori economic aspirations:** The future prosperity of many regions, and New Zealand overall, relies on Māori flourishing. Māori are the key demographic across many regions, constitute an increasing proportion of the workforce, and have increasing partnership expectations and balance sheets with which to drive Māori and regional economic aspirations.

32.4 **Stream 4 – Supporting sector transformations:** Sectors play a central role in Regional Economic Development, and regions – leveraging their comparative advantages – ultimately enable sector transformations. The opportunities and challenges of supporting sector transformations are likely to require regional strategic partnerships to have a strong business and commercial focus.

32.5 **Stream 5 – Coordinating a more effective all-of-government system:** There are governance challenges to ensuring the appropriate and optimal coordination of efforts across a range of agencies at a national and local level to ensure collective impact. A key opportunity exists for officials, across Regional Strategic Partnerships, Regional Public Service Leads, and Regional Skills Leadership Groups, to work closely together to develop a high performing integrated government approach to regional economic development and broader regional development.

33 I propose these work streams due to the opportunities they present to embed a more effective approach to Regional Economic Development which builds on the foundation the Government has built through the PDU. I also propose, however, that there should be scope for the approach to continue evolving based on the progression and outcomes of Regional Strategic Partnerships, and opportunities presented by a more integrated government approach to broader regional development.

Initial transition decisions

34 As well as setting the broad parameters of an evolved approach to Regional Economic Development, there are some immediate governance decisions which should be made now to help ensure an effective transition. A wider review of governance arrangements will be undertaken by officials to inform final decisions.

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Decision-making delegations

- 35 In July 2019 Cabinet updated Ministerial delegations for the purposes of the Provincial Growth Fund (PGF) to be jointly placed with the Minister of Finance, the Minister for Regional Economic Development, the Minister for Economic Development, the Minister of Transport, and the Minister for Trade and Export Growth [CAB-19-MIN-0341].
- 36 Given the transition that needs to be carried out, the combining of the Economic and Regional Economic Development portfolios, and the smaller scale and refined type of investment decisions anticipated, I propose Regional Economic Development delegations be updated and placed with the Minister of Finance and the Minister for Economic and Regional Development. This delegation would cover any outstanding PGF decisions and new funding decisions progressed through the Regional Strategic Partnership Fund. Any outstanding decisions relating to approval of funding committed through the COVID-19 Worker Redeployment Package will be consulted on with the Minister for Social Development and Employment. I understand, as at 6 December 2020, approximately \$2.8 million remains to be approved for worker redeployment initiatives.

Māori economic development Ministers group

- 37 Given the centrality of Māori economic development to Regional Economic Development, and the consequent proposal to include a specific Māori economic development work stream in an evolved approach to Regional Economic Development, I consider a Māori Economic Development Ministers group be set up. I propose the group initially consist of the Minister for Economic and Regional Development, the Minister for Māori Development, the Minister for Māori Crown Relations, and the Minister of Local Government.
- 38 I propose this is an interim group to help to guide the development of the accelerating Māori economic aspirations, and regional strategic partnerships, work streams, and input into the development of the wider evolved approach. It is important, for example, that the evolved Regional Economic Development approach align with and support the Māori Economic Development strategy. Final arrangements, including membership of the group and any potential financial delegations, will be confirmed through indicated future Cabinet decisions..

Senior Regional Officials

- 39 Senior Regional Officials (SROs) have played an important role in coordinating Regional Economic Development at the regional level over the last three years. SROs are deputy chief executives from government agencies who work with the region and coordinate government support. Key strengths of SROs are their ability to manage, coordinate and encourage the all-of-government team in a region to work collaboratively, and their ability to shepherd investment proposals through the required processes.
- 40 SROs have had a formal role over the past three years in helping to identify, progress, and process funding applications, including a delegation to make funding decisions on projects under \$1 million [CAB-17-MIN-0554]. Given the transition towards a more strategic Regional Economic Development approach,

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particularly through more coordinated investment decisions, I propose SROs have their financial delegation removed (and placed with the Minister of Finance, and Minister for Economic and Regional Development, so they can have a complete overview of potential funding decisions) while continuing to coordinate and lead all-of-government Regional Economic Development activity in regions.

Holding company name change

- 41 Finally, in line with the transition being carried out, and in recognition of the greater range of investments it now holds from different funding sources, which achieve broader regional economic development objectives, I propose to change the name of PGFL to Crown Regional Holdings Limited.
- 42 Pending Cabinet approval, drafting instructions will be provided to Parliamentary Counsel Office (PCO) to draft an Order in Council to change the name of the company under Schedule 4A of the Public Finance Act 1989 and list of public purpose Crown-controlled companies in Schedule 35 of the Income Tax Act 2007. This ensures that the new name of the company is correctly referenced in the respective Schedules, allowing it to continue to operate as a Schedule 4A company with an income tax exemption.
- 43 The Order in Council will be submitted to the Cabinet Legislation Committee (LEG) and Executive Committee for approval.

Key focus areas for more detailed decisions

- 44 I intend to bring another paper to Cabinet by April 2021 to seek agreement to the final evolved approach to Regional Economic Development in line with what is proposed in this paper. The paper will cover a range of issues, to ensure a more strategic and effective approach, including:
 - 44.1 potential reprioritisation of existing Regional Economic Development funding decisions;
 - 44.2 implementation of regional strategic partnerships, and alignment with other regional initiatives;
 - 44.3 scope and allocation method(s) of potential investment streams across regions;
 - 44.4 eligibility and assessment criteria relating to potential investment streams;
 - 44.5 eligibility and assessment criteria to clarify when investment into the main centres would be considered by exception;
 - 44.6 continued alignment between Regional Economic Development work programme and provision of skills and training programmes;
 - 44.7 recycling of funding returned from completed or exited projects;
 - 44.8 governance arrangements at both the Ministerial and departmental levels (including how regional arrangements across Government will be arranged to facilitate better co-ordination across portfolios);
 - 44.9 the role of the Independent Advisory Panel;

- 44.10 the role of SROs;
- 44.11 the phasing or staging of an evolved Regional Economic Development approach in the context of a long term and sustainable funding model; and
- 44.12 financial and decision-making delegations.

Implementation

- 45 This paper seeks in principle agreement to the broad parameters of a focused evolution of Regional Economic Development. I intend to seek final decisions by April 2021 once more detailed policy development and operational planning is complete, and further agency consultation is undertaken. Implementation issues will be covered in that paper.

Financial Implications

- 46 This paper contains no financial implications.

Legislative implications

- 47 An Order in Council will be needed to change the name of PGFL to Crown Regional Holdings Limited in Schedule 4A of the Public Finance Act 1989 and Schedule 35 of the Income Tax Act 2017.

Impact Analysis

Regulatory Impact Statement

- 48 A Regulatory Impact Statement is not required for this paper.

Climate Implications of Policy Assessment

- 49 The climate implications of the evolved approach to Regional Economic Development, discussed in this paper for in principal agreement, will be assessed in the more detailed upcoming paper seeking Cabinet agreement to policy and operational recommendations.

Population Implications

- 50 The evolved Regional Economic Development approach proposed in this paper, and the establishment of a formal Māori economic development work stream, is a direct recognition of the centrality of Māori economic development to Regional Economic Development. Accelerating Māori economic aspirations, and through this increasing Māori well-being, will be a key outcome of this approach, which will be developed in consultation with relevant Ministers with portfolio responsibilities relating to Māori development.
- 51 The evolved approach to Regional Economic Development is being guided by the principle of equity. While all regions will be included in the Regional Strategic Partnership approach, the importance of supporting those regions which have been left behind by historic approaches to Regional Economic Development will remain a focus. This is anticipated to generate better economic opportunities and

positive outcomes for rural and isolated communities as well as provincial regions generally.

Human Rights

52 This paper contains no human rights implications.

Consultation

53 The Treasury, Te Puni Kōkiri, Te Arawhiti: Māori Crown Relations, the Ministry for Social Development and the Public Services Commission have been consulted on this paper. The Department of Prime Minister and Cabinet has been notified.

Communications

54 The evolved approach to Regional Economic Development proposed by this paper will need to be carefully communicated to regional stakeholders. The PDU, using its established relationships, will undertake this process. More formal and public communications will occur following final Cabinet decisions on the evolved approach to Regional Economic Development.

Proactive Release

55 This paper seeks in principle decisions on the Government's evolved approach to Regional Economic Development. More detailed policy and operational decisions are scheduled to be made by Cabinet by April 2021. I intend to release this paper at the same time as the Cabinet paper confirming the evolved approach to Regional Economic Development.

Recommendations

The Minister for Economic and Regional Development recommends that the Committee:

- 1 **note** that Regional Economic Development aims to improve the economic prospects and living standards of all New Zealanders by delivering local approaches tailored to the particular needs of individual regions – especially those regions, or areas within regions, that are falling behind;
- 2 **note** that I propose an evolution of the previous Regional Economic Development approach by growing and weaving the Provincial Development Unit's partnership and investment capabilities together, within a more coherent and coordinated strategic framework, with a stronger focus on achieving collective impact by targeting and aligning investments;
- 3 **note** that the key elements of the proposed approach are regional strategic partnerships, guided by a Productive, Sustainable, Inclusive, Resilient, and Māori-enabling vision for regional economies, framed by a more strategic investment approach and coordinated Regional Economic Development work programme with the following work streams:
 - 3.1 Stream 1 – Facilitating regional strategic partnerships;
 - 3.2 Stream 2 – Enabling regional economic and business development;
 - 3.3 Stream 3 – Accelerating Māori economic aspirations;

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- 3.4 Stream 4 – Supporting sector transformations; and
- 3.5 Stream 5 – Coordinating a more effective all-of-government system;
- 4 **note** the proposed approach is connected to the Government’s strategic priorities for broader regional development, such as Regional Public Service Leads and Regional Skills Leadership Groups, and alignment with the Government’s overall regional approach is important;
- 5 **note** MBIE officials will work with officials from other agencies, particularly from the Ministry for Social Development and Employment, and Public Service Commission, to explore opportunities to create a high performing integrated government approach to broader regional development;
- 6 **agree** in principle to the broad parameters of a focused evolution of Regional Economic Development proposed in this paper;
- 7 **note** that I intend to seek Cabinet approval to final decisions on an evolved Regional Economic Development approach by April 2021, including options considering the future role and membership of the Independent Advisory Panel, following more detailed policy development and consultation;
- 8 **note** there are some immediate governance decisions which should be made now to help ensure an effective transition to an evolved Regional Economic Development approach;
- 9 **note** that, in July 2019, Cabinet updated Regional Economic Development delegations to be jointly placed with the Minister of Finance, the Minister for Regional Economic Development, the Minister for Economic Development, the Minister of Transport, and the Minister for Trade and Export Growth [CAB-19-MIN-0341];
- 10 **agree**, given the combining of the Economic and Regional Economic Development portfolios, and the smaller scale and refined type of investment decisions anticipated, that Regional Economic Development delegations be updated and placed with the Minister of Finance and the Minister for Economic and Regional Development;
- 11 **agree** that the updated Regional Economic Development delegations provide decision-making authority over any outstanding PGF investment decisions and new funding decisions progressed through the evolved approach to Regional Economic Development;
- 12 **note** that any outstanding decisions relating to approval of funding committed through the COVID-19 Worker Redeployment Package will be consulted on with the Minister of Social Development and Employment;
- 13 **agree**, given the proposal to include a specific Māori economic development work stream in the evolved Regional Economic Development approach, that a Māori Economic Development Ministers group be set up now, to help to guide the development of the accelerating Māori economic aspirations, and regional strategic partnerships work streams, and input into the development of the wider evolved approach;

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- 14 **agree** that the Māori Economic Development Ministers group initially consist of the Minister for Economic and Regional Development, the Minister for Māori Development, the Minister for Māori Crown Relations, and the Minister of Local Government, with final arrangements, including membership of the group and any potential financial delegations, confirmed alongside other upcoming Cabinet decisions;
- 15 **note** that the Senior Regional Officials (SROs) have played an important role in coordinating Regional Economic Development at the regional level over the last three years;
- 16 **agree**, given the transition towards a more strategic Regional Economic Development approach, particularly through more coordinated investment decisions, SROs have their financial delegation removed and placed with Regional Economic Development Delegated Ministers so they can have a complete overview of potential funding decisions;
- 17 **agree** that SROs will continue to coordinate and lead all-of-government Regional Economic Development activity in regions:
- 18 **agree** to change the name of Provincial Growth Fund Limited to Crown Regional Holdings Limited; and
- 19 **invite** the Minister for Economic and Regional Development to issue drafting instructions to the Parliamentary Counsel Office to give effect to recommendation 18 in this paper.

Authorised for lodgement

Hon Stuart Nash

Minister for Economic and Regional Development