

Briefing for the incoming Minister for Regional Development

November 2023

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1. Welcome to the Regional Development portfolio

1. As incoming Minister for Regional Development you have a number of opportunities to support New Zealand's regions and to lift New Zealand's productivity and economic growth.
2. We understand that the Government's priorities in this portfolio are to drive meaningful regional improvement, and to lift New Zealand's productivity and economic growth to increase opportunities and prosperity for all New Zealanders. This includes:
 - a. establishing a Regional Infrastructure Fund with \$1.2 billion in capital funding over the Parliamentary term
 - b. implementing and supporting changes to regional infrastructure arrangements, including options for funding (City and Regional Infrastructure deals)
 - c. meeting with Councils and communities to establish regional requirements for recovery from Cyclone Gabrielle and other recent weather events.
2. The purpose of this briefing is to provide you with an understanding of the Regional Development portfolio and related challenges and opportunities. Immediate priorities and deliverables are presented, along with strategic choices on how the portfolio can help achieve the Government's objectives.
3. We would value an early opportunity to discuss your priorities and the strategic choices available to transform regional economies, help achieve the Government's economic priorities and improve economic prosperity, within a fiscally constrained environment.
4. Further briefings will be provided on specific topics.

2. Portfolio overview

5. The Regional Development portfolio is critical to growing the economy, lifting productivity, and building economic resilience. Central government, working with regions, has a role to identify constraints to development and opportunities for growth, regionally based challenges and comparative advantages.
6. Government interventions in regions are economically effective interventions as they impact firms and people at place while incorporating a national and long-term perspective. Regional development interventions have been shown to help address inequities, support economic development, build resilience, and respond to different emerging needs and priorities.
7. Since the Regional Development portfolio was created in 2017 with the establishment of the Provincial Growth Fund (PGF) the government has invested \$3.17¹ billion into New Zealand's regions. This investment has in turn unlocked an additional \$1.85 billion in co-investment from regions and firms that would not have otherwise occurred. Every \$1 of direct investment made by government in regional development has led to at least \$3 of additional expenditure. Overall investment has led to 44,000 jobs being created.

Responsibilities

8. As Minister for Regional Development, you are responsible for:
 - a. oversight of \$4.68 billion of regional investments across 2,722 projects and initiatives
 - b. decision-making and governance around regional development interventions
 - c. Crown Regional Holdings Limited (CRHL) as a Shareholding Minister alongside the Minister of Finance²
 - d. working closely with your Ministerial colleagues to ensure alignment and coordination across portfolios that achieve the Government's economic objectives.

Departmental arrangements

9. The Regional Development portfolio is supported by 81.5 full time equivalent employees (FTEs) in Kānoa – Regional Economic Development & Investment Unit (Kānoa – RDU), a group within the Ministry of Business, Innovation and Employment (MBIE).³ The primary functions of Kānoa – RDU are to strategically work with regions and their various communities to originate and structure appropriate investment opportunities and then deliver and manage these strategic, regionally-focused economic interventions and the associated investment funding. Figure 1 shows that over 90 per cent of Kānoa – RDU staff are operationally focused.

¹ \$3.17 billion is the amount paid to projects to date and differs to the \$4.68 billion contracted.

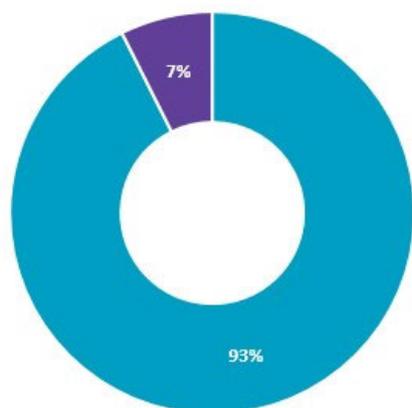
² CRHL is a Schedule 4A company which holds investments for regional development funds managed through the portfolio.

³ Kānoa – RDU employs a further 46 FTEs, which support Employment portfolio initiatives.

Figure 1: MBIE staff supporting the Regional Development portfolio

Portfolio by Policy/Operational Function

In the Regional Development portfolio, 93% is operational and 7% is policy. Enablement functions (corporate, ICT) have not been included.



- Operational
- Policy

Portfolio FTE by Function

Function	Portfolio FTE	Portfolio %
Operational	75.5	93%
Policy	6.0	7%
Total staff	81.5	100%

**The portfolio view does not include enablement functions (e.g. finance, legal, communications, ICT, Ministerial Services)*

Note:

All numbers are represented as FTE

Data is as at 30 September 2023

10. Kānoa – RDU has been undertaking ongoing cost savings over the past three years, including a reducing FTE in the regional development portfolio from a peak of 155 in July 2021 to 81.5 in October 2023, decreasing travel costs and reducing spend on contractors and consultants.

Legislation

11. The Regional Development portfolio is not responsible for any legislation.

Funds managed through the Regional Development portfolio

12. The portfolio is currently responsible for managing 10 funds, with investments ranging from small community-based projects through to major infrastructure and commercial investments in complex multi-party projects. A number of these projects involve partnerships with regional stakeholders and businesses to enable and deliver regional development.
13. Most of these funds are fully allocated. While funds such as the PGF and the Regional Strategic Partnership Fund (RSPF) are closed, Kānoa – RDU continues to have a significant administration and management role, managing \$1.64 billion in projects currently underway across a portfolio made up of grants, loans and equity.
14. The three funds that remain active - the North Island Weather Events (NIWE) Primary Producer Finance Scheme (PPFS), the Wood Processing Growth Fund (WPGF) and the Queenstown Economic Transformation and Resilience Fund (QETRF) - require decisions to be made by Ministers regarding the allocation of funding. Officials will provide you a briefing on the NIWE PPFS as a matter of urgency, as immediate investment decisions are required.
15. Figure 2 provides an overview of the funds managed by Kānoa – RDU. Further information on each fund is provided in **Annex One**.

Figure 2: Overview of funds administered by Kānoa – RDU

<p>NORTH ISLAND WEATHER EVENTS PRIMARY PRODUCER FINANCE SCHEME</p> <p><i>To support severely-affected businesses return to a point where they can re-engage with commercial lenders.</i></p> <p> \$240.0m Total Fund \$0.0m Approved \$0.0m Contracted \$0.0m Paid</p> <p> 0 approved projects 0 completed projects</p>	<p>NORTH ISLAND WEATHER EVENTS BUSINESS SUPPORT GRANTS PROGRAMME</p> <p><i>To support business continuity by helping firms maintain cashflow and position firms for a successful recovery.</i></p> <p> \$75.0m Total Fund⁷ \$71.2m Approved \$71.2m Contracted \$65.2m Paid</p> <p> 17 approved projects 8 completed projects</p>	<p>WOOD PROCESSING GROWTH FUND</p> <p><i>To increase New Zealand's onshore wood processing capacity.</i></p> <p> \$45.0m Total Fund \$6.0m Approved \$0.0m Contracted \$0.0m Paid</p> <p> 2 approved projects 0 completed projects</p>
<p>COVID-19 RESPONSE AND RECOVERY FUND INFRASTRUCTURE REFERENCE GROUP</p> <p><i>To support construction-ready infrastructure projects and accelerate construction-related spend.</i></p> <p> \$704.7m Total Fund \$696.3m Approved⁹ \$684.4m Contracted \$541.6m Paid</p> <p> 150 approved projects⁶ 72 completed projects</p>	<p>PROVINCIAL GROWTH FUND</p> <p><i>To accelerate regional development, increase regional productivity and contribute to more, higher-paying jobs.</i></p> <p> \$3,048.4m Total Fund \$3,025.8m Approved⁴ \$2,972.0m Contracted \$2,418.2m Paid</p> <p> 2269 approved projects 1530 completed projects³</p>	<p>REGIONAL INVESTMENT OPPORTUNITIES</p> <p><i>To support regional economic development through infrastructure as part of the Capital Investment Package.</i></p> <p> \$210.5m Total Fund \$206.0m Approved \$205.0m Contracted \$167.3m Paid</p> <p> 18 approved projects 11 completed projects</p>
<p>STRATEGIC TOURISM ASSETS PROTECTION PROGRAMME</p> <p><i>To ensure Tourism assets survive the disruption caused by COVID-19.</i></p> <p> \$107.4m Total Fund \$105.5m Approved \$105.5m Contracted \$99.7m Paid</p> <p> 74 approved projects 16 completed projects</p>	<p>WORKER REDEPLOYMENT</p> <p><i>To create immediate jobs and income growth with high visibility to the community.</i></p> <p> \$96.5m Total Fund \$96.4m Approved \$96.4m Contracted \$87.1m Paid</p> <p> 82 approved projects 79 completed projects</p>	<p>QUEENSTOWN ECONOMIC TRANSFORMATION AND RESILIENCE FUND</p> <p><i>To support diversification beyond tourism, increase resilience and develop higher paying jobs.</i></p> <p> \$18.0m Total Fund \$7.8m Approved \$0.0m Contracted \$0.0m Paid</p> <p> 3 approved projects 0 completed projects</p>
<p>REGIONAL STRATEGIC PARTNERSHIP FUND</p> <p><i>To support regional economies to be more productive, resilient, sustainable, inclusive and Māori-enabling.</i></p> <p> \$193.8m Total Fund \$188.6m Approved \$71.9m Contracted \$38.1m Paid</p> <p> 55 approved projects 3 completed projects</p>	<p>Definitions: Total Funding - the value appropriated into the relevant fund to administer; Approved Funding - funding approved at an individual project level; Contracted Funding - funding written into signed agreements with recipients or transferred to a partner agency to administer; Paid - funding disbursed from the relevant agency to the recipient.</p> <p>¹Kānoa also administers the Sector Workforce Engagement Programme which is a cross-government initiative to work with industry to develop a shared understanding of their key labour market and skills issues and take steps to address them.</p> <p>²Individual projects may be counted against multiple funds, sectors and lead agencies. This means totals can be less than the sum of individual categories.</p> <p>³Partner Agency data as at 30 September 2023, Kānoa data as at 15 October 2023.</p> <p>⁴The Provincial Growth Fund approved figure has increased due to the approval of additional funding for existing projects.</p> <p>⁵The Provincial Growth Fund completed project count has decreased because a project was previously incorrectly reported as complete.</p> <p>⁶The COVID-19 Response and Recovery Fund Infrastructure Reference Group approved figure and approved count has decreased due to the withdrawal of a project.</p> <p>⁷Cabinet approved \$75.0 million as a tagged contingency from Vote Business, Science and Innovation in FY22/23 (Cyclone Gabrielle: To provide for interim business and primary sector support for the impacts of Cyclone Gabrielle and other recent weather events not covered by the Auckland Package), which was paid to Local Delivery Partners who administered the grants. A \$10.0 million underspend remained which was transferred into a new Cyclone appropriation in FY23/24.</p>	

16. Projects with a total value of \$809.5 million are held by Crown Regional Holdings Limited (CRHL), a Schedule 4A company. An additional \$148.9 million in investments is in the process of being novated to CRHL, which will bring the total portfolio value to \$985.4 million.

Regional Development Appropriations

17. The Regional Development portfolio is covered by Vote Business, Science and Innovation. For 2023/24, the Regional Development portfolio's portion of the Vote Business, Science and Innovation appropriation is \$807 million. The portfolio appropriation is split between departmental funding (operational funding received by MBIE to provide services) of \$24 million, and non-departmental funding (funding for regional investments through the funds managed by Kānoa – RDU) of \$783 million. Further information is provided in **Annex Two**.
18. To date, Kānoa – RDU operational funding has been sourced from the funds it delivers and manages. The primary Kānoa – RDU managed regional development fund in recent years, the Regional Strategic Partnership Fund (RSPF), was fully allocated in August 2023. Confidential advice to Government

Confidential advice to Government

19. Confidential advice to Government

20. Confidential advice to Government

Ministerial governance

21. As a Shareholding Minister, you and the Minister of Finance have oversight of CRHL. In addition to CRHL holding loan, equity and asset investments made through a range of government funds, it provides commercial advice on potential projects.
22. Under previous arrangements, the Regional Development portfolio had representation on several groups and committees at a Ministerial level:
 - a. **Regional Economic Development Ministerial Group** (Chair): oversaw funding for regional economic development. The group met regularly to make funding decisions.
 - b. **Māori Economic Development Ministerial (MEDM) Group** (Co-Chair): guided the development and delivery of the Māori specific investment stream of the RSPF, and considered broader strategic matters.
 - c. **Extreme Weather Recovery Committee**: coordinated the central government response and recovery from the weather events in early 2023.
 - d. **Wood Processing Growth Fund (WPGF) Ministerial Group**: oversaw funding decisions relating to the WPGF.
23. MBIE will provide you with support for any governance groups established.

People live, work, and trade in our regions

24. Regional development is important because, in effect, all New Zealanders live and undertake business in regions.
25. Each of our regions has different resources, strengths and weaknesses. Unique regional characteristics include the demographic makeup of the people who live there, proximity to major transport routes, resources available (such as natural resources, favourable growing conditions and geographic location) and the comparative advantages reflected in established industries.
26. Over half (56 per cent) of the 5.1 million people in New Zealand live in one of our three metropolitan regions – Auckland, Wellington, and Canterbury.⁴ These three metropolitan regions make up 62 per cent of New Zealand’s overall Gross Domestic Product (GDP). The remaining 44 per cent of New Zealand’s population is spread across 13 provincial regions. These regions underpin our exports and make up a significant proportion of our primary sector. In the year to June 2023, \$56.2 billion (81.8 per cent of total exports) came from the primary sector.⁵
27. The unique composition, characteristics and comparative advantages in our regions means that economic trends impact them in different ways.

⁴ [Subnational population estimates: As at 30 June 2022 \(provisional\) | Stats NZ](#)

⁵ [Situation and Outlook for Primary Industries \(SOPI\) June 2023 \(mpi.govt.nz\)](#)

Economic context

28. As outlined in MBIE’s separate briefing on the economic context, New Zealand’s economy faces a number of long-term challenges. These include weak productivity, constrained capital markets, increasing stresses on our economic resilience, negative impacts on the natural environment, and significant disparities between different population groups. Compounding these are global ‘megatrends’, such as changes in climate, technology, and demography, and rising geopolitical tensions. In the short-term, our economy also faces immediate headwinds, including high interest rates and costs of living. These challenges and trends present both risks and opportunities to the economy. MBIE can help you to work collaboratively across portfolios and with stakeholders, such as business and local communities, to achieve your immediate portfolio priorities and address these challenges.
29. The Regional Development portfolio is positioned to enable Government to provide localised solutions to lift New Zealand’s productivity and economic growth to increase opportunities and prosperity for all New Zealanders.

There are long-standing economic disparities between our regions ...

30. There are long-standing disparities in regional GDP per capita across the country. For example, in Te Tai Tokerau GDP per capita has remained consistently below overall New Zealand GDP over the past 22 years (66 per cent below overall GDP per capita in 2022 and 67 percent below in 2000).
31. Regions with low levels of GDP per capita are also likely to have weaker outcomes across other economic indicators. For example, in the Te Tai Tokerau, Tairāwhiti and Manawatū-Whanganui regions where GDP per capita is low, there is also low median household incomes, less industry diversity and high unemployment rates compared to the national average.

Table 1: Key regional economic indicators

Region	Population (2022)	GDP per capita (2023)	Median household income (2023)	Unemployment rate (2023)
Te Tai Tokerau	201,500	\$46,611	\$88,900	4.7%
Auckland	1,695,200	\$80,328	\$130,000	3.6%
Waikato	513,800	\$63,713	\$108,500	3.8%
Bay of Plenty	347,700	\$62,673	\$105,000	4.1%
Tairāwhiti	52,100	\$51,833	\$96,600	S
Hawke's Bay	182,700	\$58,769	\$114,700	3.7%
Taranaki	127,300	\$75,643	\$109,000	4.9%
Manawatū-Whanganui	258,200	\$55,665	\$100,300	4.5%
Wellington	543,500	\$82,772	\$141,300	2.8%
Te Taihū*	165,100	\$61,239	\$101,966	S
West Coast	32,700	\$64,063	\$81,500	6.1%
Canterbury	655,000	\$67,400	\$109,300	2.8%
Otago	246,000	\$62,518	\$102,800	3.4%
Southland	102,400	\$72,223	\$100,800	2.8%
New Zealand	5,123,200	\$70,617	\$115,200	3.5%

* Tasman, Nelson and Marlborough; 'S' denotes suppressed data by Statistics New Zealand

... but each region also has unique characteristics and opportunities

32. Capitalising on the economic strengths within regions can help improve regional and national economic growth and productivity by transforming industries, sectors and communities. This is best achieved by identifying and maximising current and future comparative advantages.
33. The main comparative advantage for provincial regions is typically the primary and mineral sector due to the availability of natural resources and arable land, alongside favourable climatic conditions. Industries such as agriculture, horticulture, fishing and forestry contribute a large proportion to many regional economies, with specific areas of the country concentrating production to maximise their returns (eg dairy in Taranaki, fruit production in Otago and forestry in Waikato).
34. In metropolitan areas, comparative advantages lie in access to transport and freight logistics, professional services, business clusters and a higher-skilled labour force. The concentration of high-productivity firms such as information and communications technology and financial businesses is reflected in their regional economic performance. Both Auckland and Wellington have the highest levels of GDP per capita and median household incomes in New Zealand.
35. Examples of key sectors that underpin provincial regions include:
 - a. Manufacturing is a key sector across all provincial regions, contributing 11 per cent of national GDP. Regions such as Marlborough, West Coast, Taranaki, Waikato and the Hawke's Bay, this manufacturing is based on strong primary sectors.
 - b. Aquaculture and the wider marine economy are also growing in importance to the regions, contributing \$3.8 billion to the national GDP in 2022. Marlborough accounts for 60 per cent of the aquaculture contribution, while the Eastern Bay of Plenty has an emerging aquaculture industry linked to mussel farming, processing and spat production.⁶
36. **Annex Seven** provides an overview of each region, focusing on key sectors and economic trends.

The role of Māori in regional development

37. Māori make up a major share of the population in provincial regions, with 60 per cent of Māori living provincially compared to 40 per cent of non-Māori.
38. The economic influence of Māori is significant and well established, as both custodians and as core members of the New Zealand business sector. Māori have a significant ownership stake in many of the primary sector asset classes in New Zealand, with major stakes in fishing quotas, forestry assets, sheep, beef and cattle lamb production, dairy production and horticultural assets. This is especially notable in Te Tai Tokerau, Tairāwhiti and Waikato, where primary outputs are key contributors to the overall Māori asset bases of the respective regions.
39. In 2018, the Māori economy was estimated to be \$69 billion, with much of this held in provincial New Zealand.⁷ The Māori economy is made up of:
 - a. \$39.1 billion held by the 9,880 firms owned by Māori employers
 - b. \$8.6 billion in the businesses of 18,600 self-employed Māori
 - c. \$21 billion in trusts, incorporations and other Māori structures (\$14 billion in natural resources).

⁶ [NZIER: Economic contribution of marine farming in Marlborough \(mpi.govt.nz\)](https://www.mpi.govt.nz/press-releases/2022/02/24/nz-ier-economic-contribution-of-marine-farming-in-marlborough/)

⁷ [Te Ōhanga Māori – The Māori Economy 2018 \(rbnz.govt.nz\)](https://www.rbnz.govt.nz/press-releases/2019/02/20/te-ohanga-maori-the-maori-economy-2018/)

40. The Māori economy grew faster (37 per cent growth) than the overall economy (20 per cent growth) between 2013 and 2018.⁸ Continued growth in the Māori workforce is also expected, which is estimated to make up 20 per cent of the national workforce by 2040.

What we know about recent regional development interventions

41. The approach taken by New Zealand to regional development continues to evolve. As noted in **Annex Three**, New Zealand has used targeted initiatives to promote regional development over the years. Intervention approaches have typically focused on either providing strategic planning or funding.
42. In New Zealand, consistent with internationally recognised best practice, more recent governments have adopted a two-prong approach, combining a strategic approach to planning with development funds that have sufficient funding to enable and amplify regional development.

Independent studies highlight positive impacts from recent Regional Development interventions

43. A number of independent studies have been undertaken to better understand what regional development interventions have worked well in New Zealand. **Annex Four** outlines some of the key findings of these studies.
44. Overall, the independent studies have highlighted that regional development interventions are effectively delivering results and contributing positively to regions' improving economic prosperity, through job creation and additions to GDP, and improving living standards through community resilience, sustainability, enhanced infrastructure, stakeholder relationships, and increased social inclusion. Several of the studies also highlight positive impacts for Māori and overall Māori economic development.
45. The Office of the Auditor General (OAG) examined and reported on the PGF in 2020 and the PGF COVID-19 reset in 2023. The OAG reviewed the performance and management of the PGF, including the level of detail collected from applicants, as part of the ongoing monitoring of the fund. Officials can provide the reports and associated information on request.

Regional development investments in recent years have unlocked a further \$1.85 billion in co-funding and generated an additional \$4.40 billion in GDP and 44,000 new jobs

46. The Regional Development portfolio has invested \$3.17⁹ billion into New Zealand's regions since 2018 through the PGF and other funds. The provision of this funding unlocked a further \$1.85 billion in co-investment by successful applicants who may not have invested otherwise in regionally focused projects. Recent modelling has revealed that every \$1 of government direct investment has made in regional development, has led to at least \$3 of additional expenditure. Overall investment has led to 44,000 jobs being created.
47. Kānoa – RDU used a 2022 BERL developed model, which used an input-output multiplier model to estimate the economic impact of regional development investments across New Zealand.¹⁰ Input-output multipliers are one of the ways that economists to estimate the economic impacts of investment at a regional and national level.

⁸ [Te Ōhanga Māori – The Māori Economy 2018 \(rbnz.govt.nz\)](https://www.rbnz.govt.nz/te-ohanga-maori)

⁹ \$3.17 billion is the amount paid to projects to date and differs to the \$4.68 billion contracted.

¹⁰ An input-output multiplier model is a quantitative model based on the interdependencies between different economic sectors or industries. It estimates direct effects, such as employment growth, and the indirect and induced effects of expenditure.

48. As shown in Table 2, modelling demonstrates that it is estimated the \$5.02 billion expenditure (government spending plus co-funding) on regional development since 2018, has resulted in:
 - a. additional expenditure of \$10.20 billion
 - b. added GDP of \$4.40 billion, and
 - c. additional jobs (full-time equivalents) of 44,000

Table 2: Estimated impacts of government regional development and co-investment funding

Impact	Government funding estimated Impact	Co-funding estimated impact	Total estimated impact
Direct investment (\$m)	3,172	1,850	5,022
Additional Expenditure (\$m)	6,479	3,721	10,201
Added GDP (\$m)	2,816	1,580	4,396
Resulting Employment (FTE)	28,406	15,662	44,068

49. These estimated regional development impacts are based on projects at a point in time. Therefore, they do not capture the ongoing impacts created post investment (eg ongoing jobs created after the initial investment) or broader economic social and outcomes.
50. **Annex Five** contains further details on this impact analysis and regional breakdowns of investments made over recent years through the PGF and other funds, as well as an overview of the continuing economic impacts of two PGF funded projects to demonstrate the ongoing nature of impact.

How Kānoa – RDU supports the Government’s regional development objectives

51. Since the creation of the PGF and the establishment of the Regional Development portfolio, Kānoa – RDU has developed an understanding of the unique opportunities and challenges faced by regions through locally based partnerships.
52. The two broad interventions used by the Regional Development portfolio are funding and strategic planning partnerships. To support and enable these interventions, Kānoa – RDU staff have developed enduring regional relationships and enabling investment capabilities. These capabilities and functions, when combined, amplify the ability to capitalise on regional development opportunities while maintaining an appropriate balance between immediate needs and a long-term perspective that delivers for New Zealand.

Regional relationships and networks

53. Kānoa – RDU has developed strong, on-the-ground regional relationships and networks to deliver regional funding and help regions release their economic potential. These people focused economic relationships and expertise cannot be easily replicated by other agencies.
54. Establishing partnerships with key regional leaders has enabled Kānoa – RDU staff, as experienced regional development experts, to gain a practical understanding of regional needs. This has enabled it to gain the respect of key regional decision makers and drive large complex projects that align the interests of a wide range of stakeholders, including commercial firms, iwi, providers of capital, landowners and government agencies.
55. The local knowledge and networks that regionally based staff have developed have also allowed Kānoa – RDU to be responsive in its delivery of project funding. The ability to adjust to changing situations has given Kānoa – RDU valuable experience working across government agencies and with a range of regional stakeholders. This has led to the Regional Development portfolio playing a key role in responses to major events, including:

- a. **COVID-19:** In response to concerns around the negative effects on regions, the Government worked with MBIE and other agencies to distribute a support package to reduce the impacts of the pandemic. The areas of work managed by Kānoa – RDU included the Worker Redeployment Package, Strategic Tourism Assets Protection Programme (STAPP) funding, components of the Infrastructure Reference Group (IRG) and the PGF reset (see **Annex One** for more information).
- b. **Weather events:** Kānoa – RDU was involved in response efforts to both the 2023 Auckland Anniversary weekend floods and Cyclones Hale and Gabrielle. Through the RSPF, recovery packages were delivered to Hawke’s Bay and Tairāwhiti businesses to offset weather impacts, while Kānoa – RDU worked with Ministry for Primary Industries (MPI) and the Treasury to establish the NIWE PPFs to support regional businesses. Kānoa – RDU is currently delivering this fund.

Investment expertise

56. Kānoa – RDU has developed significant investment knowledge, expertise and processes that provide robust and fit for purpose evaluation, advice, financial structuring and investment (including risk) management. The expertise developed is supported by senior staff with substantial banking, legal, credit, corporate finance and investment experience. Investment expertise is informed by in-depth regional and sectorial knowledge of skills and employment, environmental and infrastructure issues, as well as wider systems knowledge.
57. Kānoa – RDU has built the institutional and commercial capability needed to deliver large and complex sector investments that generate broader public good outcomes. A key part of the capability is the ability to deliver investments using equity and debt, and to partner with additional public and private funding sources that can amplify the impact of the investment and increase the size of the original government investment through co-funding and revenue returns.
58. The investment function within Kānoa – RDU also supports other areas of government, including the delivery of funds for other agencies without their own in-house investment functions. Kānoa – RDU currently administers the NIWE PPFs and WPGF on behalf of MPI, and the STAPP on behalf of Tourism within MBIE.

Strategic insights, data, and advice

59. Kānoa – RDU holds region-specific and sector-related knowledge, insights and advice developed through both regionally based staff and their connections, and access to regional leadership and governance structures (eg Regional Skills Leadership Groups and Regional Economic Development Partnership Groups). These regional insights and perspectives are used by Kānoa – RDU staff to ensure approved projects capitalise on regional strengths and build regional resilience. Regional insights and data have contributed to wider government advice and decision-making processes that require regional perspectives, such as the Ministerial Inquiry into Land Use in Gisborne (Tairāwhiti) and Wairoa (Hawke’s Bay).
60. Kānoa – RDU, and broader MBIE, also has a range of centrally held economic databases, intelligence and expertise. This information can assist to ensure regional interventions align with national priorities and help ensure that planning and decisions are based on the latest data and evidence.

Māori-enabling focus

61. Kānoa – RDU has strong relationships with iwi and hapū, Māori landowners, Māori businesses and marae. Kānoa – RDU has supported a range of Māori investment development projects in the regions, including the development of land, regional projects led by Māori and business investments led by Māori and iwi. These connections have made important contributions toward meeting Māori-Crown objectives.

62. As whenua Māori is a collective resource for iwi, it is not generally recognised as appropriate security for debt. Kānoa – RDU has supported Māori economic development on whenua Māori where other providers of capital have been unable to develop it commercially. As a trusted player committed to regional development, Kānoa – RDU has also performed a facilitation role, bringing Māori together with commercial partners.

3. Strategic choices in the Regional Development portfolio

63. As Minister for Regional Development, you have several strategic choices about how the Regional Development portfolio can support improving productivity and economic growth and achieve broader Government objectives of increasing opportunities and prosperity for all New Zealanders.

Government investment and intervention has created a solid foundation, but regions continue to face challenges

64. Previous investment over recent years has provided a strong foundation to help transform regional economic performance and improve the standard of living for those who live there, however regions continue to face several long-standing issues. The Regional Development portfolio can play a key role in overcoming the following challenges, unlocking economic opportunities and contributing to help drive meaningful improvement in areas of focus to the Government .

Improving regional productivity and innovation

65. Regional productivity and overall national wealth can be improved through increased adoption of emerging technologies and increased diversification, economies of scale, better utilisation of existing resources and upskilling of regional labour forces. New Zealand has persistent poor productivity relative to other OECD economies, especially in regions. Furthermore, change is often difficult due to lower-skilled labour forces and geographic location. Despite this, some regional firms have demonstrated innovative practices that increase productivity.
66. There is an opportunity for Government investment to support regional firms that lack the scale to finance the infrastructure needed to upsize their businesses or reach wider markets. Fostering the development of innovative ecosystems within regional firms can create benefits both regionally and nationally.

Addressing core enabling infrastructure needs

67. Smaller centres, especially in provincial areas, often lack suitable infrastructure and commercial space to facilitate business growth, while their urban infrastructure (eg water, transport, housing) is often aging or not fit-for-purpose. Regional and local authorities have also stressed they will continue to require funding and capacity to progress major projects such as wharves, ports and water storage. This enabling type of infrastructure often has a public benefit element, which means that market forces alone often do not provide adequate levels of investment.
68. Central Government, working with regions to identify current and future regional infrastructure needs, can enable infrastructure projects that drive broader economic growth.
69. In addition to enabling infrastructure, climate-exacerbated flood risk has been identified as a key area of focus for regional councils and central government. Councils often face disincentives to actively manage this risk. Kānoa – RDU has supported 55 regional projects with \$211.8 million over the past three years that focus on supporting communities to meet climate change challenges such as extreme weather events and flooding (eg building or upgrading stop banks). One of these projects alone has saved an estimated \$50 million in flood damage in Kaitaia.
70. There is an opportunity for Kānoa – RDU to continue its work to address regional flood risks with future dedicated funding.

Access to capital constrains growth

71. Access to capital is an important enabler for growth for emerging sectors and small-medium firms regionally. Compared to most of our OECD comparator countries, they also have access to fewer financial products and government programmes for assistance. These issues are exacerbated in

provincial regions where firms face additional barriers to growth and scale due to their distance from main centres, and a lack of agglomeration.

72. Access to capital is also a common barrier for Māori businesses, with iwi often finding it difficult to borrow against collectively owned land/whenua. Given the large and growing importance of the Māori economy, such barriers can contribute to general inefficiencies.¹¹
73. Greater availability and access to capital for regional firms enables greater capital intensity and productivity across the economy. Kanoa-RDU has an opportunity to support regions and firms have greater access to capital for strategic project and lift productivity and economic growth.

Susceptibility to economic and environmental shocks

74. Assisting localities in both adaptation and mitigation methods for climate change and suitable infrastructural development can help manage economic and environmental shocks. This, in turn, can reduce future public expenditure.
75. Extreme weather events, pandemics (COVID-19) and supply chain disruptions have had a detrimental effect on regions. Such events are expected to become more frequent and extreme. This presents an opportunity to assist regions to strengthen and diversify regional infrastructure, and to assist regions with challenges should extreme whether event occur.

Preparing industry for a less carbonised economy

76. The process of decarbonising industry can support multiple energy security, economic development, productivity, employment and resilience objectives. Regional economies, which tend to be based in the primary sector and resource extraction, often require support to help move toward lower emissions outputs. Coordinated and aligned efforts across government can help the adjustment process and improve overall productivity and economic growth.

Digital and physical connectivity improvements can unlock access to markets

77. There continues to be inequities between metropolitan and provincial regions in terms of physical and digital infrastructure. This has prevented regions from attracting new business, increasing productivity and tapping into natural comparative advantages.
78. Further investment in digital and physical connectivity can enable regions to realise their economic potential through access to local and international markets. As an example, the West Coast has experienced difficulties accessing markets due to its isolation and lower digital connectivity. The Regional Development portfolio investment in the fibre internet rollout through the Haast-Milford and Fox Glacier-Hawea links has provided stronger broadband connection and mobile services for the region which has attracted and retained businesses and people.

There are strategic choices for the portfolio

79. The challenges faced by the regions are long-standing and require sustained, multi-faceted, multi-year solutions. Regional development can help address these challenges and realise place-based opportunities to improve economic prosperity and living standards for all New Zealanders.
80. As Minister for Regional Development, you can play an important role in providing leadership with other Ministers and portfolios, including the Economic Development and Infrastructure portfolios, to advance regional development outcomes. We welcome the opportunity to talk with you about your regional development priorities and understand how you plan to strategically lead the Regional Development portfolio.

¹¹ The Māori economy, includes Māori as employees and employers, Māori-run businesses, and assets associated with iwi, collectives, trusts, & incorporations.

81. You also have several decisions to make regarding the shape and direction of the Regional Development Portfolio. These decisions can also impact on broader Government objectives, such as increasing productivity, resilience and foreign direct investment in our regions.

82. Key decisions, which we would like to discuss with you at your earliest convenience are:

a. Confidential advice to Government

[Redacted content for item a]

b. Confidential advice to Government

[Redacted content for item b]

[Redacted content for item b]

c. Confidential advice to Government

[Redacted content for item c]

4. Regional development portfolio responsibilities

83. The Regional Development portfolio currently administers and manages 10 funds, three skills and employment initiatives and CRHL (of which you are a Shareholding Minister). The portfolio also has key linkages with other portfolios, including Economic Development, Māori Development, Agriculture, Oceans and Fisheries, Social Development and Employment.

The portfolio has both active and closed regional development funds

84. Kānoa – RDU administers three active funds. As Minister for Regional Development, you have governance and decision-making roles on Kānoa – RDU administered funds. This includes making decisions on reprioritising project funding and managing financial variations on projects. Key information on the three active funds is provided in Table 3. Further information on active funds is provided in Annex One.

Table 3: Active funds administered by Kānoa – RDU¹²

Fund Name (Established)	Fund Total	Purpose	Ministers involved for decision making (lead Minister(s) underlined)	Current Status
Queenstown Economic Transformation and Resilience Fund (2021)	\$18.0 million	Provides funding (loans, equity and underwrites) to help develop alternative industries in the Queenstown-Lakes District and surrounding areas	Finance; Research Science & Innovation; Trade & Export Growth; <u>Regional Development</u>	Approved: \$7.8 million Remaining: \$10.2 million
Wood Processing Growth Fund – Accelerator Programme (2023)	\$45.0 million	Supports growth in the wood processing sector to help increase output and improve business viability of wood processors	Finance; Māori Development; Trade & Export Growth; <u>Forestry; Regional Development</u>	Approved: \$6 million Remaining: \$39 million
North Island Weather Events Primary Producer Finance Scheme (2023)	\$243.3 million	Provides concessional loan and equity finance to land-based primary producers severely impacted by the North Island Weather Events in early 2023	<i>Joint Ministers</i> (Finance; Agriculture; Regional Development; Rural Communities; Economic Development)	Approved: \$3.3 million Remaining: \$240 million

85. Kānoa – RDU also has seven closed funds that require ongoing administration and management. Key information is provided in Table 4, with further information in Annex One.

¹² As at 17 September 2023.

Table 4: Closed funds administered by Kānoa – RDU

Fund Name (Duration)	Fund Total	Purpose	Ministers involved for decision making (lead Minister underlined)	Current Status
Provincial Growth Fund (2017 – 2021)	\$3.05 billion	Aimed to invest in projects to raise the productivity potential of regional New Zealand by accelerating investment and creating higher-value jobs	Finance; Transport; Trade & Export Growth; <u>Regional Development</u> ; Economic Development	Total projects: 2269 Active: 739 Complete: 1530
Regional Investment Opportunities (2019 – 2020)	\$210.5 million	Focused on enhancing regional transport links and infrastructure resilience. Part of the wider \$12 billion NZ Upgrade Programme	Finance; Transport; <u>Regional Development</u>	Total projects: 18 Active: 7 Complete: 11
COVID-19 Response and Recovery Fund Infrastructure Reference Group (2020)	\$704.7 million	Response to potential downturn in construction/infrastructure sector arising from the COVID-19 pandemic	Finance; <u>Infrastructure</u> ; Associate Finance	Total projects: 151 Active: 81 Complete: 70
COVID-19 Response – Worker Redeployment Package (2020)	\$96.5 million	Assistance to redeploy workers affected by the COVID-19 pandemic into short-term employment opportunities	Social Development & Employment; Forestry; <u>Regional Development</u> ; Economic Development	Total projects: 82 Active: 3 Complete: 79
Strategic Tourism Assets Protection Programme (2020 – 2021)	\$107.4 million	Supported tourism assets with strategic importance to local economies affected by COVID-19	Finance; Māori Development; <u>Tourism</u> ; Conservation	Total projects: 74 Active: 58 Complete: 16
Regional Strategic Partnership Fund (2021 – 2023)	\$193.8 million	To support regional economies to be more productive, resilient, inclusive, sustainable and Māori-enabling and invest in projects identified as regional development priorities	Social Development & Employment; Finance; Māori Development; <u>Regional Development</u> ; Economic Development	Total projects: 55 Active: 52 Complete: 3
Business Support Grants Programme (BSGP) (2023)	\$75.0 million	Provided interim cashflow support to businesses impacted by North Island Weather Events. A \$10 million underspend was directed to regional recovery initiatives (RRI)	BSGP: Prime Minister, Social Development & Employment, Finance, Regional Development, Economic Development, Agriculture). RRI: Finance, Economic Development	Allocated

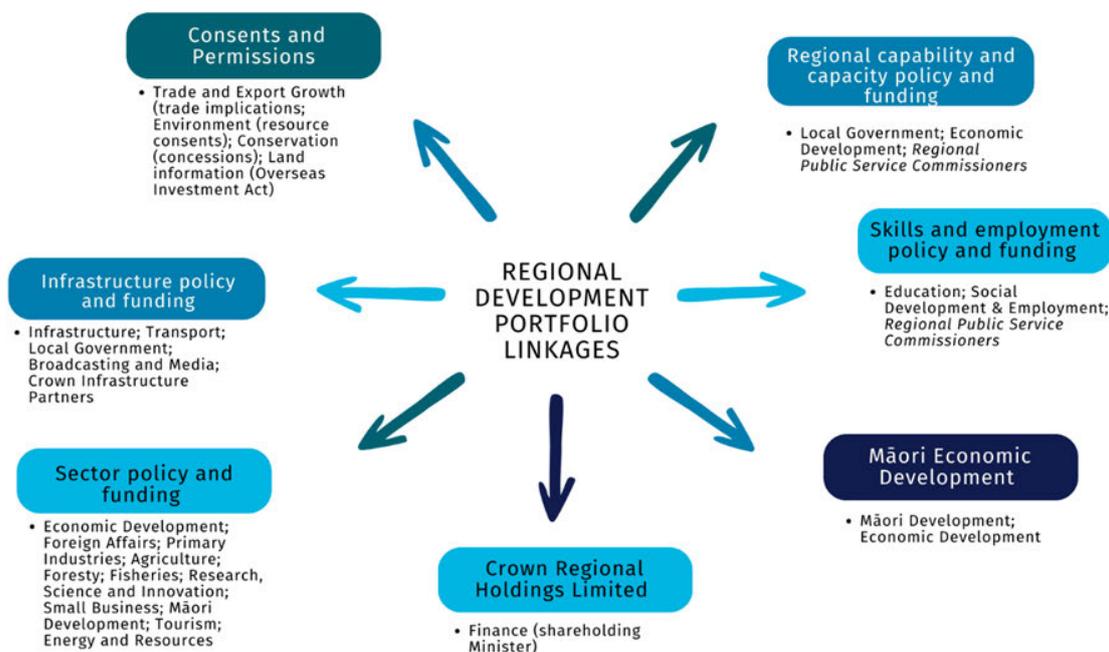
Related initiatives

86. In addition to managing Regional Development interventions, Kānoa – RDU also leads the delivery of three skills and employment initiatives. These initiatives are:
- Te Ara Mahi (TAM) received a \$160 million allocation from the PGF to support regional employment through the development of skills and capability, particularly for unemployed and underemployed.
 - Regional Skills Leadership Groups (RSLGs) identify and support better ways to meet future skills and workforce needs in their regions. The 15 independent regional advisory groups are locally based and made up of regional leaders. RSLGs produce Regional Workforce Plans that set out current and future regional labour market challenges and opportunities.
 - Sector Workforce Employment Programme (SWEP) aims to improve employers' access to reliable, appropriately skilled staff at the right time and place, while creating work opportunities for New Zealanders. SWEP seeks to achieve its objectives through industry-led, government-supported engagements to develop labour market solutions in critical industries that have coordinated government.
87. TAM sits within your portfolio, while the RSLGs and SWEP are initiatives within the Employment portfolio. The Minister of Employment will be briefed further on these initiatives.

Key portfolio linkages and bodies

88. The Regional Development portfolio intersects with other portfolios, particularly across the economic development, labour market and social development domains. Subject to portfolio allocation, you are likely to work closely with the Minister for Economic Development and Minister for Infrastructure, given the strong linkages with this portfolio. Kānoa – RDU will support you in your role on any relevant Ministerial groups and bilateral meetings with other Ministers.

Figure 3: Key Regional Development portfolio linkages



89. Key relevant portfolio relationships include:
- Finance**: This portfolio has a focus on macro-economic settings, and includes managing the government's balance sheet, its economic and fiscal policy and the Budget process. You will

work closely with the Minister of Finance to ensure regional development interventions are successfully implemented to progress the Government's overall economic objectives. You and the Minister of Finance are both Shareholding Ministers of CRHL.

- b. **Economic Development:** The Minister for Economic Development has been responsible for ensuring that economic policies are coordinated and aligned across a range of portfolios to achieve the Government's economic objectives, including developing government's economic strategy and plan, and providing a systems stewardship role to deliver this.
- c. **Infrastructure:** Infrastructure is central for enabling regional development. The Minister for Regional Development has worked with the Ministers of Transport and Infrastructure where transport strategies, plans and infrastructure developments have regional impacts.
- d. **Māori Development:** This portfolio has focussed on improving outcomes, strengthening the Crown's relationships, and actively supporting the cultural, social, and economic aspirations of iwi, hapū, and Māori.
- e. **Skills and Labour Market Portfolios:** The Education, Social Development and Employment portfolios can also influence broader regional economic outcomes. Alignment and collaboration with these Ministers will help achieve regional development objectives.
- f. **Sector Portfolios:** The Minister for Regional Development has worked closely with sector focused portfolios such as Agriculture, Oceans and Fisheries, Forestry, Tourism and Manufacturing. As Minister for Regional Development, you have responsibility for and oversight over some government funds that are region and sector specific (eg the WPGF).
- g. **Emergency Management and Recovery:** This portfolio covers responsibilities for leading and coordinating the government's response and recovery to weather related events, including the 2023 North Island Weather Events. The Minister for Regional Development was the lead minister responsible for the NIWE PPFS.
- h. **Regulation and RMA reform:** The newly created Regulation and RMA reform portfolios have the potential to reduce the costs associated with regional development. There is an opportunity for you, as Minister for Regional Development, to provide system leadership to these portfolios to help realise these potential benefits.

Crown Regional Holdings Limited

- 90. Established in 2019 as Provincial Growth Fund Limited, and later renamed Crown Regional Holdings Limited to reflect the expansion of funds held, CRHL is a Schedule 4A asset holding company, created under the Public Finance Act 1989. CRHL holds loan, equity and asset investments administered by Kānoa – RDU through the PGF, RSPF and other regional development funds. As Minister for Regional Development, you, and the Minister of Finance (as 'Shareholding Ministers') each hold 50 per cent of CRHL's issued ordinary shares on behalf of the Crown.
- 91. CRHL has a Board of six Directors and meets regularly to discuss matters relating to funds managed by Kānoa – RDU. The company reports to Shareholding Ministers quarterly and reports to Parliament annually. **Annex Six** contains more information on CRHL's operations and current Board of Directors.
- 92. As at 30 June 2023, the CRHL portfolio includes 163 active investments totalling \$809.5 million. This is comprised of \$564.6 million in loans (after repayments received), \$121.6 million in equity and \$123.3 million in capital assets. In addition, 37 further RSPF investments totalling \$148.9 million are progressing in line with Kānoa – RDU contracting process and will be transferred to CRHL on execution. This will bring the portfolio total to \$985.4 million.
- 93. CRHL has no staff or operational role in the day-to-day management and administration of the investments. CRHL outsources these functions to Kānoa – RDU through a Management Agreement.

94. CRHL Directors are consulted on matters related to investment management and have had a role in providing independent commercial advice to Ministers and Kānoa – RDU on investment proposals valued at \$1 million and over. CRHL does not make decisions on new investments.

Regional System Leadership Framework

95. The Regional System Leadership Framework (the framework) supports a more joined-up government across the regions and strengthens regional leadership to help deliver better outcomes and services for New Zealanders. Responsibility for the framework sits with the Minister for Public Services.
96. Under the framework, a senior public servant is appointed in each region to represent all-of-government as a Regional Public Service Commissioner (RPSC). RPSCs, who are not responsible for delivery or regional development interventions, have a mandate to convene the Public Service across the social, environmental, skills and workforce and economic sectors to resolve and escalate issues regional across agencies.
97. Regional Kānoa – RDU staff work with RPSCs to ensure regional development opportunities and challenges are understood, incorporated into engagements and planning undertaken by RPSCs.

Formal regional development bodies

98. Regional and local economic development bodies, such as Economic Development Agencies (EDAs) and Economic Development Units (EDUs) within local councils, generally act as the lead representative of economic development interests at a territorial authority or regional level. Economic development bodies work to encourage local economic growth, often providing advisory, support and resourcing functions for local businesses and projects.
99. Many of these regional development bodies develop and maintain short to medium term focused regional economic strategies and plans to identify opportunities and outline the strategic economic direction for the area. However, not all these bodies have the appropriate coverage, influence, and co-ordination to successfully promote a region's economic interests, nor do they usually or fully represent the wider perspectives of industry or key economic actors in the region, particularly Māori. The capability, influence, and level of regional coverage of the EDAs also varies across the country.
100. Since the creation of the Regional Development portfolio and the PGF, the portfolio has supported regional economic development bodies to build economic development capability and capacity. In total, regional economic development bodies have received \$7.6 million from government across 34 projects to enable them to build capability and capacity, manage regional economic development projects and undertake strategic planning and delivery.

5. How MBIE Assists you

Key MBIE officials

101. The broad range of responsibilities within the Regional Development portfolio are supported by the Kānoa – RDU group within MBIE. Table 5 provides a summary of key contacts:

Table 5: Key MBIE officials who support the Regional Development portfolio

Contact	Role	Contact details
<p>Carolyn Tremain</p> 	<p>Chief Executive and Secretary for Business, Innovation and Employment</p>	<p>Privacy of natural persons</p>
<p>Robert Pigou</p> 	<p>Deputy Secretary, Head of Kānoa – Regional Development & Investment Unit</p>	
<p>Isabel Poulson</p> 	<p>General Manager, Strategy, Planning & Performance</p>	
<p>Kay Read</p> 	<p>General Manager, Regional Development</p>	
<p>Paul Smith</p> 	<p>General Manager, Investment Management</p>	

The advice and support MBIE provides to you

102. MBIE provides a range of support and advice to you in your role as the Minister for Regional Development. This includes:
- a. policy advice on regional development priorities and linkages across portfolios
 - b. management of regional development appropriations, including multi-category appropriations for the PGF, RSPF, Regional Investment Opportunities, IRG, STAPP, Queenstown Economic Transformation and Resilience Fund, NIWE PPFs and WPGF
 - c. data collection and analysis to support decision making, including provision of the status and performance of investments, providing detailed analysis at a sectoral and regional level, and developing tools and products to provide easy access to information
 - d. origination of new investment opportunities in coordination with regional agencies, collective entities and firms
 - e. administration of CRHL: Kānoa – RDU is responsible for the day-to-day management and administration of investments held by CRHL under a Management Agreement which authorises MBIE to act on behalf of CRHL
 - f. advice on any proposals to support Ministerial decision making on regional development investments
 - g. support for you as the responsible / Shareholding Minister of CRHL, in MBIE’s capacity as the Monitoring Department, given it is a legislative role (refer section 27A of the Crown Entities Act 2004)
 - h. management of the portfolio including oversight, reporting, and risk management of all Kānoa – RDU managed funds at a project and portfolio level.

6. Upcoming actions and advice

103. You have a number of immediate priorities and deliverables. Some are policy and strategy focused, while others are operational.
104. We welcome the opportunity to discuss these with you, along with the strategic choices on how best to improve the economic prosperity of people in the regions in a fiscally constrained environment.
Confidential advice to Government
 [Redacted]
105. Table 6 sets out key policy decisions and strategic choices, while Table 7 includes operational decisions.

Table 6: Policy issues and strategic choices

Topic	Description	Driver	Timing
<small>Confidential advice to Government</small> [Redacted]	Further advice to you about the strategic choices available to improve regional development economic outcomes through a range of interventions, <small>Confidential advice to Government</small> [Redacted]	At your request	At your earliest convenience
<small>Confidential advice to Government</small> [Redacted]	Confidential advice to Government [Redacted]	<small>Confidential advice to Government</small> [Redacted]	Early decisions required
Decisions on the future of Ruapehu Alpine Lifts Limited (RAL)	Cabinet will need to decide whether to continue to provide support to RAL. MBIE will provide you advice on potential commercial arrangements for your consideration. There is a range of complex matters to consider including iwi views, impacts on the local economy and costs to the Crown	<small>Confidential Advice to Government</small> [Redacted]	<small>Confidential advice to Government</small> [Redacted] <small>Confidential advice to Government</small> [Redacted]
North Island Weather Events Primary Producer Finance Scheme (NIWE PPFS)	The NIWE PPFS aims to help North Island land-based primary producers that have been impacted by adverse weather events across 2023	The NIWE PPFS is an active cyclone recovery/ business support fund that requires your decisions in order to allocate funding	Early decisions required
<small>Confidential advice to Government</small> [Redacted]	Confidential advice to Government [Redacted]	<small>Confidential advice to Government</small> [Redacted]	<small>Confidential advice to Government</small> [Redacted]

Table 7: Operational decisions

Topic	Description	Driver	Timing
<p>Confidential advice to Government</p> <p>[Redacted]</p>	<p>Confidential advice to Government</p> <p>[Redacted]</p>	<p>Confidential advice to Government</p> <p>[Redacted]</p>	<p>Confidential advice to Government</p> <p>[Redacted]</p>
<p>Crown Regional Holdings Limited Annual Report for the year ended 30 June 2023.</p>	<p>CRHL is required to provide its Annual Report following signing of the Audit report.</p>	<p>To comply with the Crown Entities Act 2004.</p>	<p>December 2023</p>
<p>Confidential advice to Government</p> <p>[Redacted]</p>	<p>Confidential advice to Government</p> <ul style="list-style-type: none"> [Redacted] [Redacted] [Redacted] [Redacted] [Redacted] [Redacted] 	<p>Confidential advice to Government</p> <p>[Redacted]</p>	<p>Confidential advice to Government</p> <p>[Redacted]</p>
<p>Confidential advice to Government</p> <p>[Redacted]</p>	<p>Confidential advice to Government</p> <p>[Redacted]</p>	<p>Confidential advice to Government</p> <p>[Redacted]</p>	<p>Confidential advice to Government</p> <p>[Redacted]</p>
<p>Confidential advice to Government</p> <p>[Redacted]</p>	<p>Confidential advice to Government</p> <p>[Redacted]</p>	<p>Confidential advice to Government</p> <p>[Redacted]</p>	<p>Confidential advice to Government</p> <p>[Redacted]</p>

Annex One: Further detail on regional development funds administered and managed by Kānoa – RDU

1. Kānoa – Regional Development & Investment Unit (Kānoa – RDU) administers and manages a range of active and closed regional development funds.

Active Funds

North Island Weather Event Primary Producer Finance Scheme (NIWE PPFS)

2. The \$240 million NIWE PPFS was announced on 29 June 2023 to provide additional support to severely affected land-based primary producing businesses that have a reasonable pathway back to viability but are currently unable to access standard forms of lending.

Governance and decision-making

3. Investment decisions have been made by the Minister for Regional Development and Ministers of/for Rural Communities, Finance, Agriculture and Economic Development.

Wood Processing Growth Fund (WPGF)

4. The WPGF aims to support the wood processing sector to transform by catalysing and accelerating increased investment from the private sector into new long-lived wood product processing, resulting in greater capacity and improved business viability of wood processors.
5. The Fund will invest \$64.6 million through to 2026/27, with around \$5 million provisioned for outyears. The WPGF has two complementary programmes that create a pipeline of investment opportunities:
 - a. **Catalyst** (managed by the Ministry for Primary Industries (MPI)) has \$12.4 million to 2026/27 in grants for a mix of targeted and contestable co-investment in investment-enabling activities, with \$3 million per year for outyears.
 - b. **Accelerator** (managed by Kānoa – RDU) has up to \$45 million for contestable co-investment in additional long-lived wood processing capacity infrastructure through debt and equity finance delivered over 2023/24 and 2024/25.

Governance and decision-making

6. Oversight of the WPGF has include the Minister for Regional Development and the Ministers of/for Finance, Forestry, Māori Economic Development and Trade & Export Growth.

Queenstown Economic Transformation and Resilience Fund (QETRF)

7. The QETRF was established to underwrite projects that will develop alternative industries within the Queenstown-Lakes District and surrounding areas. Subsequently, the scope of the fund was broadened to include underwriting of loans and equity. Applicant co-funding is also expected.
8. In 2021, Cabinet agreed to a \$20 million package under the QETRF, with \$0.4 million allocated to departmental funding each year for five years, leaving \$18 million appropriated for commercial investment opportunities.

Governance and decision-making

9. Decisions on investments from the Fund are subject to approval by the Minister of Finance, the Minister for Regional Development, the Minister of Research, Science and Innovation, and the Minister for Trade and Export Growth [DEV-21-MIN-0067].

Closed Funds

Regional Strategic Partnership Fund (RSPF)

10. The RSPF was a \$193 million of funding allocated to support regional economies to be more productive, resilient, sustainable, inclusive, and Māori-enabling. Kānoa – RDU partners with regions to invest in projects they have identified as regional development priorities. The RSPF was fully allocated as at 24 August 2023.
11. The RSPF used the foundation of partnerships and trust built by the Provincial Growth Fund (PGF) to invest further in regional New Zealand with a stronger focus on achieving collective impact by targeting and aligning investments and building on regional comparative advantages.
12. Additionally, the RSPF had an emphasis on Māori economic development through the PRISM framework, particularly around enabling whenua Māori in Te Tai Tokerau and Tairāwhiti. This aimed to raise the performance of the Māori economy as they make up a larger proportion of regional populations.

Governance and decision-making

13. Oversight of the RSPF was led by the Minister for Regional Development with other Regional Economic Development Ministers: Finance, Social Development and Employment, and Māori Development.
14. RSPF investments were administered by Kānoa – RDU, with loan and equity investments held by Crown Regional Holdings Limited (CRHL).

COVID-19 Response and Recovery Fund – Infrastructure Reference Group (IRG)

15. The IRG funding was a response to concerns over a significant downturn in the infrastructure and construction sector as a result of COVID-19. The IRG focused on ‘shovel ready’ or ‘near ready’ (within 12 months) projects that would provide immediate employment for these sectors.
16. This is a portion of the wider \$3 billion shovel-ready infrastructure funding from the COVID-19 Response and Recovery Fund (CRRF). The wider fund is led by IRG Ministers and reported on by Crown Infrastructure Partners (CIP).

Governance and decision-making

17. Decisions on investments from the fund were subject to approval by IRG Ministers: Finance, Infrastructure and Associate Finance.

COVID-19 Response – Worker Redeployment Package

18. The Worker Redeployment Package was announced in March 2020 with \$96 million of funding. Kānoa – RDU assisted with the delivery of the Worker Redeployment Package, which helped redeploy workers affected by the economic impact of COVID-related job losses into short-term employment opportunities.

Strategic Tourism Assets Protection Programme (STAPP)

19. STAPP was established in May 2020. Its purpose was to provide funding for strategically significant tourism assets that contributed significantly to their local region and to tourism in New Zealand. The Government allocated \$107.4 million of funding for STAPP loans, including \$20 million for loans offered to 26 Inbound Tourism Operators.

Regional Investment Opportunities (RIO)

20. In December 2019, Budget Ministers allocated \$300 million of funding for regional infrastructure investments, which was part of a \$12 billion New Zealand Upgrade Programme. In May 2023,

uncommitted funding of \$102.3 million from this fund was reprioritised into the PGF, as part of the PGF COVID-19 response.

Provincial Growth Fund (PGF)

21. The PGF was a \$3.05 billion fund that was open to applications from 2017 to 2021. It focused on raising the productivity potential of regional New Zealand by accelerating regional development and contributing to the creation of higher-paying jobs.

Objectives and criteria

22. The overall objective of the PGF was to lift the productivity potential in the provincial regions, focusing on skills/employment issues as well as building resilience. Priority was given to 'surge' regions, focusing on Tai Tokerau, Bay of Plenty, Tairāwhiti, Hawke's Bay, Manawatū-Whanganui and West Coast.
23. These regions were identified as facing the biggest deprivation and requiring significant investment to unlock economic development opportunities. New Zealand's three main centres, Auckland, Wellington and Christchurch, were ineligible for funding, unless proposals were primarily for the benefit of the provincial regions.
24. To guide funding, the PGF had an initial focus on Regional Projects and Capability, Sector Investments and Enabling Infrastructure Projects.

Business Support Grants Programme

25. The Business Support Grants Programme was the first business support response to Cyclone Gabrielle. Initially \$25 million, it sat alongside funding support from MPI to farmers and growers, and targeted non-primary producing businesses that needed immediate cashflow support to assist with recovery. Grants of up to \$40,000 per business were available. The Programme was expanded to \$75 million and saw the distribution of over \$61 million to nearly 5,000 impacted businesses.
26. At the close of the Programme an underspend of \$10 million was repaid to MBIE and transferred to the 2023/24 financial year. On 23 August 2023 the Extreme Weather Recovery Cabinet Committee (EWR) agreed to move the transferred underspend to a new appropriation in Vote Business, Science and Innovation (Cyclone – Regional support for the impacts of Cyclone Gabrielle and January 2023 weather events) to enable the underspend to be committed to a series of regional recovery projects. Kānoa – RDU is currently contracting and administering these projects.

Governance and decision-making

27. Local Delivery Partners were the sole decision-makers for the grant funding provided to impacted businesses. The Minister of Finance and the Minister for Economic Development approved funding for the regional recovery projects, and the Extreme Weather Recovery Cabinet Committee created a new appropriation to support this funding.

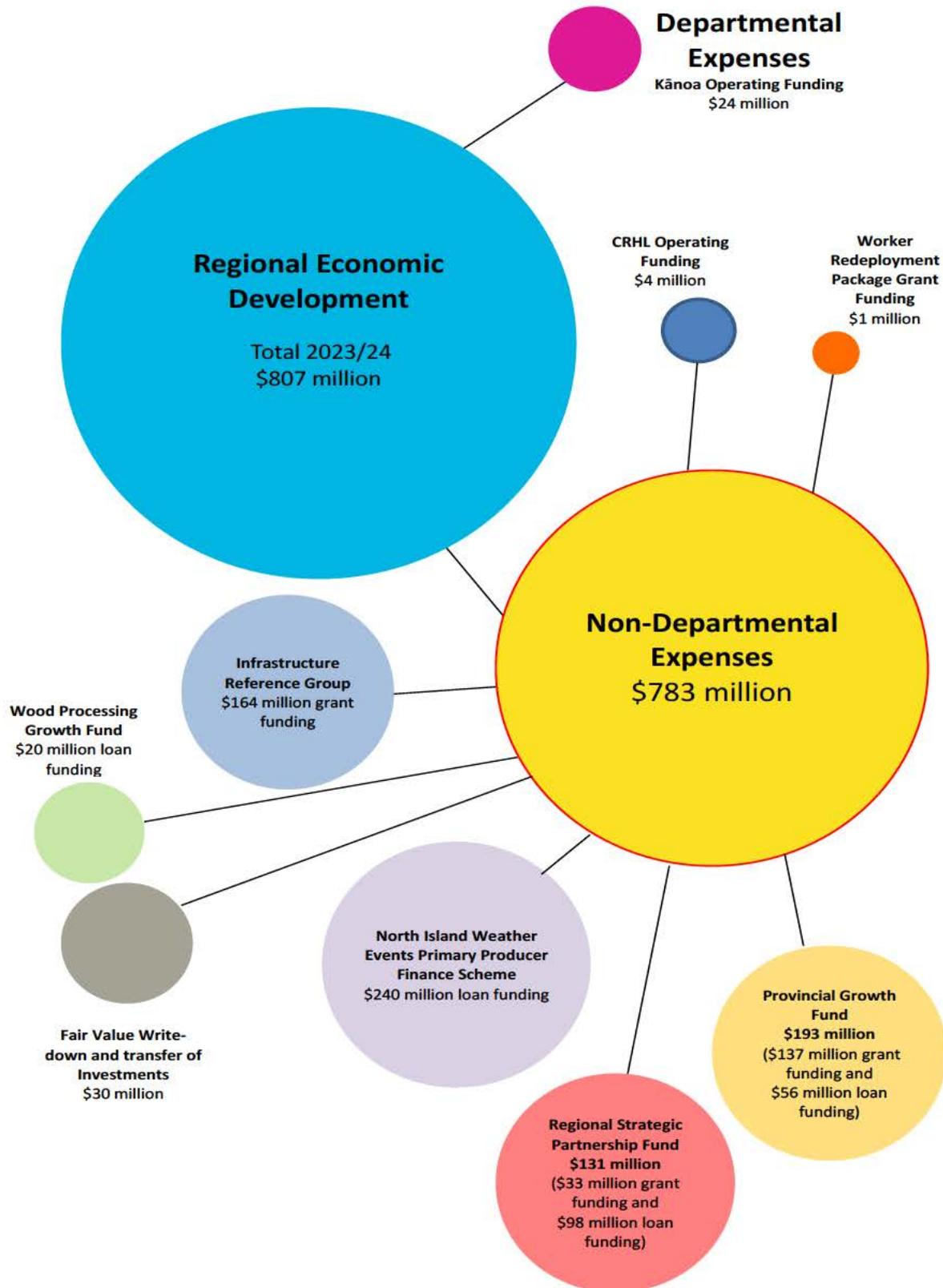
Regional Growth Initiatives

28. This fund was created in 2016 to support each region to identify opportunities for further economic development, including potential growth paths. 72 approved projects totalling more than \$12 million were approved to support the implementation of Regional Action Plans. All these projects are now complete.

Annex Two: Portfolio appropriations

1. Figure 1 details the appropriations for the Regional Development portfolio for 2023/24.

Figure 1: Regional Development portfolio appropriations, 2023/24



Annex Three: Historical approach and overseas experience

1. Successive governments have sought to drive economic outcomes by implementing a variety of policies and strategies. Some interventions have been region-agnostic, while others have been targeted at specific regions:
 - a. **1970s:** A focus on Think Big projects managed by Ministry of Works and data provision and advice to the regions provided by the Ministry of Commerce.
 - b. **1980s:** A shift to sector-based development and market forces that resulted in state divestment and rationalisation, and the removal of agricultural subsidies and trade barriers.
 - c. **1990s-2000s:** Market forces drove key economic sectors in the regions by developing their local strengths and comparative advantages. Some regions created their own regional economic development agencies to promote their towns and cities and boost their economic growth by providing advice and services to businesses.
 - d. **Early 2010s:** Central government provided strategic advice to regions, including the 2012 Business Growth Agenda (designed to support innovative growth across New Zealand) and the 2014 Regional Growth Programme, which identified economic opportunities and assisted regions to produce 'action plans' based on regional strengths and needs.
 - e. **Late 2010s onwards:** Building on the earlier work, the Regional Development portfolio received substantial funding to encourage place-based economic growth and prosperity. A number of sizable investment funds were set up following the introduction of the PGF in 2017, which had funding of \$3.05 billion.
2. The recent approach undertaken New Zealand is in line with international best practice.
3. For example, the European Union (EU) Cohesion Policy is a large-scale regional development intervention to support regional economic development, which aims to help regions in European countries achieve their potential and improve overall prosperity. With €292 billion to be delivered between 2021 and 2027, it focuses on the EU regions with a GDP per capita below the EU average.
4. The Cohesion Policy is administered through funds, with the four core funds making up almost a third of the EU budget. The EU works with national and regional authorities to allocate investments and ensure overall strategic alignment with Cohesion Policy targets.
5. Australia has several funds and partnerships at the federal and state level. Established in 2023, the Growing Regions program, for example, provides grants of between \$500,000 and \$15 million to local government entities and not-for-profit organisations, for capital works projects that deliver community and economic infrastructure projects across regional and rural Australia. Recently announced but still in design stage, the \$400 million regional Precincts and Partnerships Program will support transformative investment in regional, rural and remote Australia. Rather than grants, this program will take a partnership approach, bringing together governments and communities to create precincts that are tailored to local needs.
6. To achieve their regional development goals, the Australian Government set up Regional Development Australia (RDA), a network made up of local leaders who work across government, business and community groups, with the goal to improve their region. This is achieved by supporting economic and workforce development, local procurement, strategic regional planning and informing regions of government programmes and infrastructure investments.
7. Other themes evident from the overseas experience include the need to develop strong institutions capable of developing and implementing effective policy, understanding the role of place and localities, ensuring suitable infrastructure is established and utilising regional skills and knowledge bases as a site for innovation and change.

Annex Four: Key findings from impact studies relating to Kānoa – RDU administered funding

1. Table 1 outlines key findings from independent impact studies on the funds administered and managed by Kānoa – RDU. Further information on impact studies can be provided.

Table 1: Independent impact studies key findings

Name of Study	Key Findings
Evaluation of the Provincial Growth Fund, 2022 <i>(Allen + Clarke)</i>	<p>The evaluation found the following themes and strengths of the PGF:</p> <ul style="list-style-type: none"> • Decision-making processing improved over time, leading to good outputs and outcomes for regions • PGF projects are generating optimism about the future in regional communities • Māori economic development was a key area of success • Collaboration among government, regional stakeholders and Māori was a strength • PGF funded training programmes are helping to break intergenerational unemployment
The impact of the Provincial Growth Fund on the Gisborne economy, 2022 <i>(BERL)</i>	<p>Assessment estimated that the PGF:</p> <ul style="list-style-type: none"> • Created 1,500 Full Time Equivalent (FTE) jobs in the region • Increased regional GDP by \$176 million per annum • Enhanced competitiveness of the Gisborne economy • Made a positive contribution to Māori in Tairāwhiti
Te Ara Mahi (TAM) programme evaluation, 2023 ¹³ <i>(BERL)</i>	<p>Key findings from the evaluation were:</p> <ul style="list-style-type: none"> • TAM was broadly successful in its objective to improve employment pathways • Māori participants noted a stronger connection to their local iwi/hapū/marae • The Te Ao Māori approach was successful • Participants had improved economic situations and/or earning potential
Kānoa manufacturing-engineering sector impact study, 2023 <i>(BERL)</i>	<p>Assessed \$79.5 million of PGF funding across 47 projects, finding that the investments:</p> <ul style="list-style-type: none"> • Created total additional expenditure of \$229.5 million • Created/sustained 1,979 FTEs within the sector across regions
Kānoa Te Tai Tokerau impact study, 2023 <i>(BERL)</i>	<p>Assessed \$797 million of PGF funding across 365 projects in Te Tai Tokerau region, finding that the investments:</p> <ul style="list-style-type: none"> • Created total additional expenditure of \$1.19 billion • Created/sustained 5,571 FTEs in the region • Contributed \$519.8 million to the regional GDP • Positive impacts for Māori, particularly their labour force during COVID-19
Kānoa Ōpōtiki investment impact study <i>(Allen + Clarke)</i>	<p>The study assessed the impact of PGF funding invested in Ōpōtiki and found that the funding had a substantial positive impact on Ōpōtiki overall. The funding:</p> <ul style="list-style-type: none"> • improved infrastructure, education, economic development, and benefits for Māori • was essential for infrastructure projects important for the town's development, such as the mussel factory, Ōpōtiki library, and the harbour development
Kānoa aquaculture sector impact study <i>(Allen + Clarke)</i>	<p>The study assessed the impact of PGF funding invested in the aquaculture sector. The study found that the funding yielded positive outcomes, including economic growth through jobs, social inclusion, community resilience, sustainability, enhanced infrastructure and stakeholder relationships.</p>

¹³ Te Ara Mahi is an employment initiative to support regional employment through the development of skills and capability, particularly for unemployed, underemployed and those with difficulties re-entering the labour force.

Annex Five: Estimated economic impact of regional development investments over recent years

1. This Annex outlines the estimated impact of the various regional development investments and interventions made through the portfolio, including the PGF and other funds.

Approach to measuring the economic impact of regional development investments

2. Input-Output multiplier models show how changes in one part of an economy can affect other parts of the economy. For example, an investment in a road project will create jobs in the construction sector. The model estimates the size of the impact the initial investment has on the entire economy, considering *direct* effects as well as the *indirect* and *induced* effects.
3. Kānoa – RDU has used an input-output multiplier model developed by BERL to estimate the impact of regional development investments at a national, regional and project level.
4. Many of the projects with government investment also involves funding (co-funding) from recipients. The model has been adjusted to include co-funding.

Economic impact of government investment in regional development

Nationally, every \$1 of government direct investment has, when combined with unlocked co-funding, led to at least \$3 of additional expenditure

5. As of September 2023, the \$3.17 billion of RED investment and \$1.85 billion of co-funding has led to over \$10 billion in additional expenditure (see Table 1). This is expenditure related to the projects that would not have occurred or would have been deferred if the regional development investments had not been made.

Table 1: Estimated national impact of regional development investments

Nationwide impacts	Paid funding impacts (\$m)		Co-funding Impacts (\$m)		Total
	Total Paid (\$m)	Total	Total Co-funding (\$m)	Total	
Impact					Total Impact
Additional Expenditure (\$m)	\$3,172	\$6,479	\$1,850	\$3,721	\$10,201
Added GDP (\$m)		\$2,816		\$1,580	\$4,396
Supported Employment (FTEs)		28,406		15,662	44,068

6. Around \$4 billion of the additional \$10 billion in expenditure is a result of activity directly related to the projects, with a similar indirect amount due to the expenditure of the suppliers of goods and services required for the projects. A further \$2 billion of expenditure has occurred through the consumption activity of those employed to work on the projects, demonstrating the wider impact of government investment in local economies.

Regional impacts

7. Table 2 shows the regional impacts on additional expenditure, added GDP and additional FTE created through the investments. Further breakdowns and information provided.

Table 2: Estimated regional impact of regional development investments

Region	Total paid and total co-funding (combined)	Additional expenditure impacts	Added GDP impacts	Additional FTE created
Tai Tokerau/Northland	\$856,410,131	\$1,073,889,000	\$422,776,700	4,903
Auckland	\$1,518,547	\$2,720,600	\$1,222,600	11
Waikato	\$424,467,670	\$607,966,700	\$237,880,500	2,645
Bay of Plenty	\$810,781,461	\$1,099,833,400	\$430,906,700	4,929
Tairāwhiti/East Coast	\$401,034,142	\$388,864,900	\$157,505,500	2,123
Hawke's Bay	\$268,874,793	\$306,552,500	\$125,674,500	1,653
Taranaki	\$130,336,364	\$165,943,400	\$64,297,000	723
Manawatū-Whanganui/Horowhenua	\$384,999,593	\$495,415,800	\$203,392,400	2,726
Kapiti	\$16,868,402	\$20,969,300	\$9,063,800	92
Wairarapa	\$24,045,691	\$36,048,200	\$15,708,100	160
Wellington	\$29,936,201	\$43,882,400	\$18,565,800	179
Nelson-Tasman	\$75,242,587	\$79,587,900	\$31,970,600	370
Marlborough	\$55,724,287	\$56,202,900	\$21,676,200	258
West Coast	\$262,550,728	\$218,919,000	\$75,113,500	972
Canterbury	\$246,611,328	\$220,229,900	\$88,197,800	979
Chatham Islands	\$12,419,772	\$17,722,700	\$8,309,500	81
Otago	\$203,031,936	\$191,461,900	\$79,214,500	884
Southland	\$359,501,389	\$407,182,000	\$166,950,700	1,867
Pan-region	\$457,280,724	\$873,507,200	\$388,172,200	4,060

Benefits the input-output multiplier model does not capture

Post-investment impacts on the regions are not accounted for

- The model accounts for the period during which payments are made to the recipient. The model does not account for expenditure, GDP or job impacts outside this period. In some cases, such as non-commercial funding and other short-term job support initiatives, these ongoing impacts may not be material. In other cases, such as where infrastructure or plant has been funded, there will be sustained operations that will have ongoing expenditure, GDP and job impacts in regional economies.

Broader outcomes also need to be considered

- The multiplier is limited to specific economic impacts – expenditure, GDP and job creation – and therefore does not capture many of the other social benefits that can occur because of government investment. As shown in Annex Four, evaluations and impact studies commissioned by Kānoa – RDU have consistently highlighted the broader impacts on regions and communities, such as increased wellbeing through labour market engagement and participation, and enhanced relationships between business, iwi and local and central government.

Project Example - Reporoa Full-Scale Demonstration Biogas

Project overview

10. In 2019, EcoStock Supplies Ltd was approved \$7m of loan funding from the Provincial Growth Fund (PGF) to build a full-scale demonstration biogas plant to recover energy, carbon dioxide and nutrients from food waste.
11. The Reporoa Organic Waste Recovery facility was built on a two-hectare site within a 74.4 hectare tomato glasshouse operation. The facility takes industrial organic waste materials from local food manufacturers in Rotorua, Reporoa and Taupō, including dairy factories, commercial bakeries, cool stores, and fruit-grading facilities, and has the capacity to take milk shed washings from dairy cow and goat operations.
12. Every year 327,000 tonnes of food waste goes to landfills in New Zealand. At its full capacity, the facility will produce renewable energy, biofertiliser and renewable carbon dioxide from 75,000 tonnes of inedible food waste and other organic residues, which would otherwise go to landfill. It will generate enough energy to annually power the equivalent of 2,500 households in the region, produce clean bio-fertiliser for about 2,000 hectares of local farmland, and provide renewable CO₂ and heat to enhance the growth of tomatoes in the local glasshouse.
13. The facility is the first of its kind in New Zealand to use Anaerobic Digestion (AD). There are over 660 AD facilities in Europe, 142 in the UK and 3 in Australia. The project demonstrates the commercial viability of AD plants in New Zealand and could be a catalyst for additional AD biogas facilities.

Impact modelling

14. Input-output modelling was used to estimate the impacts of the construction phase of the facility. Table 3 shows the impact of the \$7m investment.

Table 3: Estimated economic impact - Reporoa Full-Scale Demonstration Biogas Project

Impact	Direct	Indirect	Induced	Total
Additional Expenditure (\$m)	Commercial Information			
Added GDP (\$m)				
Supported Employment (FTEs)				

15. In addition to these estimates, the project resulted in 80 construction jobs across a variety of industries and specialities, including earthworks, geotechnical specialists, civil construction, tank construction, electrical services, plumbing services and plant operating and control systems.

Ongoing impact and benefits

16. The Reporoa facility itself now employs ^{Commer} FTEs across day-to-day operations, engineering, management and compliance. These skilled roles require in depth knowledge across a variety of specialities including electrical and mechanical engineering, anaerobic digestion and microbial science, environmental and contractual compliance to international standards.
17. The facility is further supported by ^{Comm} FTEs at the **Commercial Information**, local fertiliser spreading and transport subcontractors, as well as its founding partners Pioneer Energy and Eco Stock Supplies.
18. Ecogas Reporoa has further plans to increase capacity to ^{Commercial Informa} tonnes per annum as there is a significant need in both the region and wider North Island for additional capacity, which may result in additional roles.

19. Fertify Regenerative Fertiliser is also produced at the facility from solid remnants following the digestion process. As it contains nutrients from food scraps, it is ideal for spreading on productive land as a fertiliser, thereby closing the food and energy loop. Fertify is currently spread on local land, reducing the area’s reliance on imported, synthetic and fossil derived fertilisers by approximately 1,800 tonnes per annum.
20. Commercial Information

Project Example - Hundertwasser Art Centre

Project overview

21. The Whangārei Art Museum Trust was approved \$13.94 million in grant funding through the PGF in 2018. The total cost of the project was estimated to be \$33 million, with over \$3 million of that raised through community-and-volunteer-run fund raising. Other co-funders included Whangārei District Council, Northland Regional Council, the Ministry of Arts Culture & Heritage, Central Government, NZ Lotteries Commission and Foundation North.
22. The funding was for the construction of the Hundertwasser Art Centre with Wairau Māori Art Gallery in Whangārei. The Centre was designed to house two galleries – one dedicated to original Hundertwasser artworks and one showcasing Māori art – as well as an education centre, a theatre, museum shop and café. Due to construction cost pressures, an additional \$4.56 million grant from the PGF was approved to take the project through to completion.
23. The project aimed to deliver the region its first prominent cultural destination with international appeal. It was noted in the original application that, “As a dynamic art precinct it will help revitalize Northland, enriching people’s lives through the experience of art and nature.”
24. The original Centre was designed by artist and architect Friedensreich Hundertwasser in 1993 but was not approved for construction until a Whangārei-based referendum in June 2015. The design also incorporated Māori-design elements. Construction began in 2018 and the Centre opened in February 2022.
25. The project had iwi and hapu backing, including Commercial Information, who hold and assert historical mana whenua in the entire Whangārei downtown/city area and over the Town Basin and Harbour, and Commercial Information. It is claimed that the Wairau Māori Art Gallery is the world’s first Māori-dedicated public art gallery.

Impact modelling

26. Input-output modelling was used to estimate the impacts of the construction phase. Table 4 shows the impacts of the \$18.5 million investment of government funding.

Table 4: Estimated regional economic impact - Hundertwasser Art Centre project

Impact	Direct	Indirect	Induced	Total
Additional Expenditure (\$m)	Commercial Information			
Added GDP (\$m)	Commercial Information			
Supported Employment (FTEs)	Commercial Information			

27. In addition to these estimates, 540 individuals were employed on the project in a variety of construction-related roles, including a team of expert artisans who undertook detailed tiling work for a year. Many volunteers also worked on the project.

Ongoing impact and benefits

28. The Hundertwasser Art Centre with Wairau Māori Art Gallery was completed and opened in February 2022. It is owned and operated by the Whangārei Art Museum Trust which is a Whangārei District Council organisation and fundraising entity for the Centre.
29. The project delivered several environmental outcomes, with 30,000 bricks from the old Harbour master's building and 3km of recycled timber reused in the construction. It also has a planted rooftop with native trees. This approach aligned with Hundertwasser's belief in educating people to live sustainably and care for natural assets.
30. Post-completion reporting from the recipient shows that there are ^{Comm} permanent roles required to operate the Art Centre, with additional staff hired through periods of high seasonal demand.
31. The widespread community input through the construction phase has continued after completion. Volunteers remain integral to the operation of the Centre, and as of September 2023 there are ^{Comme} active volunteers, contributing between 40-70 hours each per month.
32. While in 2018 Deloitte forecast around 90,000 visitors per year (with 52 per cent of them domestic), actual visitors for the year to June 2023 were 64,928. This was largely due to the latent impacts of COVID-19, followed by the Auckland weather events and Cyclone Gabrielle in early 2023. In total, from the opening in February 2022 to the end of September 2023, the Centre has welcomed over 109,000 visitors, with 94,753 from NZ. These visitors have generated an estimated \$37 million economic impact for the region, while Northland Inc (the local EDA) estimate the ongoing impact to be around \$26 million per annum.
33. The Art Centre and Gallery was awarded a 2023 Gold Qualmark tourism award for quality and sustainability and in May 2022, the Art Centre was awarded a Gold in the Tourism & Leisure category at the NZ Commercial Project Awards.

Annex Six: Crown Regional Holdings Limited Board of Directors

1. Crown Regional Holdings Limited (CRHL) is a Schedule 4A listed company which holds investments made through regional development funds. CRHL outsources day-to-day management of its investments to Kānoa – Regional Economic Development & Investment Unit (Kānoa – RDU) through a management agreement that authorises Kānoa – RDU to act on its behalf. The company reports to Shareholding Ministers quarterly and to Parliament annually.
2. The company was developed specifically for the purpose of holding Provincial Growth Fund (PGF) investments and is passive, not active. Over time, it has come to include projects from other regional development funds managed by Kānoa – RDU.
3. CRHL’s Board of six directors meet at least bi-monthly. The number of Directors that sit on CRHL’s Board is decided by Shareholding Ministers but must be between two and seven members. Directors are appointed for three-year terms.
4. CRHL’s Board of Directors is chaired by John Rae, who was appointed on 1 June 2023 for a three-year term.
5. Alongside Mr Rae, CRHL has five Directors: Rt. Hon. Dame Patsy Reddy, Neville Harris QSO, Rosie Mercer, Anne-Marie Broughton, and Elizabeth Mercer. The Board of Directors also provide advice to you prior to investment decisions being made. More details on each of the Directors is in the table below:

Director Picture	Name and Biography
	<p>John Rae (Chair) is a professional Director and business advisor. He is a Chartered Member of the Institute of Directors and has/had Director or Chairman roles for several New Zealand companies across a range of sectors. He was involved in banking in New Zealand and London in various treasury and capital market roles and undertook a number of private equity, venture capital and corporate finance transactions in New Zealand and Australia. For 9 years until early 2010, John was Managing Director of Stevenson Group, one of New Zealand’s largest private companies with more than 600 employees. John’s current roles include Chair of Thos. Corson Holdings Limited, Director of Bremworth Limited, a Panel Member on the Waste Minimisation Fund and Chair of Gisborne Holdings Limited (the Tairāwhiti region’s investment CCTO).</p> <p><i>Term: 31 May 2023 to 31 May 2026</i></p>
	<p>Rt. Hon. Dame Patsy Reddy (GNZM CVO QSO DStJ) was appointed to the CRHL Board in June 2022. The Former Governor-General Dame Patsy Reddy has served on numerous public and private sector boards across the arts, government and business sectors. She has also had significant experience working in investments, mergers and acquisitions. Her current governance roles include being the Chair for New Zealand Rugby and the NZ Symphony Orchestra Foundation and Trustee of the Aspen Institute New Zealand. Dame Patsy was a founding trustee and advisory board member for NZ Global Women and is a Distinguished Fellow of the NZ Institute of Directors.</p> <p><i>Term: 1 June 2022 to 1 June 2025</i></p>

Director Picture	Name and Biography
	<p>Neville Harris QSO was appointed to the CRHL Board on 3 September 2019. He worked for most of his career in the Public Sector in New Zealand with prominent roles in the management and supervision of the regulatory framework for corporations, securities, insolvency, intellectual property rights and Crown mineral estate. Neville was a Deputy Secretary at the Ministry of Economic Development until 2013. He is an independent director of Kiwifruit New Zealand and a trustee of the Christchurch Stadium Trust. He is also a member of the Racing Integrity Board. Neville was previously a member of the Independent Advisory Panel of the Provincial Growth Fund.</p> <p><i>Term: 1 August 2019 to 31 July 2025 (renewed in 2022)</i></p>
	<p>Rosie Mercer was appointed to the CRHL Board in May 2022. She is a civil engineer and Chartered Member of Engineering New Zealand. She is the Chief Executive Officer at Marsden Maritime Holdings Ltd, and before that was Ports of Auckland's General Manager of Sustainability. Her career started at engineering services group Beca, delivering airfield and highway projects in New Zealand and overseas. She also served in the New Zealand Defence Force. Rosie was previously Deputy Chair of the Provincial Growth Fund's Independent Advisory Panel.</p> <p><i>Term: 13 May 2022 to 13 May 2025</i></p>
	<p>Anne-Marie Broughton (Ngā Rauru Kīitahi, Ngā Ruahine, Ngāti Ruanui, Te Atihaunui A Papārangī, Ngāti Rangī, Ngā Puhī) was appointed to the CRHL Board in May 2022. She is a consultant specialising in Māori Economic Development and a Professional Director. Her directorships include Parininihi Ki Waitōtara Incorporation (a Taranaki Māori agri-business) and Whanganui and Partners Economic Development Agency. Anne-Marie is on the Ministry for Primary Industries Sustainable Food and Fibre Futures Investment Advisory Panel and is a Trustee of Agri-Women's Development Trust. She is active in her rural community and serves as Chair and Trustee of Whenuakura Marae and is on the Whanganui West Catchment Group Committee. Anne-Marie was a member of the Ministerial Advisory Group under the former Minister of Māori Economic Development.</p> <p><i>Term: 13 May 2022 to 13 May 2025</i></p>
	<p>Elizabeth Hopkins was appointed to the CRHL Board in May 2022. She is the Director of Research and Innovation at the University of Canterbury and is also a Director of Precision Chroma Ltd. She has a background in science and technology commercialisation and has run a publicly listed biotechnology enterprise. Elizabeth trained as a research biologist at Oxford University where she investigated the role of genetic inheritance in breast cancer. She was a founding Director of NZBio and has held several other governance roles including being Chair of the Trans-Tasman Intellectual Property Attorney's Board and a member of MBIE's Science Board.</p> <p><i>Term: 13 May 2022 to 13 May 2025</i></p>

Annex Seven: Regional profile dashboards

OVERVIEW OF NEW ZEALAND REGIONS

		New Zealand	Te Tai Tokerau	Auckland	Waikato	Bay of Plenty	Tairāwhiti	Hawke's Bay	Taranaki
Population	Overall (2022)	5,124,100	201,500	1,695,200	513,800	347,700	52,100	182,700	127,300
	Māori (2018)	16.50% 775,836	36.0% 64,458	11.5% 181,194	23.9% 109,488	29.1% 89,778	52.9% 25,134	27.0% 44,931	19.8% 23,298
	Pasifika (2018)	8.10% 381,642	4.20% 7,542	15.50% 243,966	4.50% 20,742	3.50% 10,926	4.50% 2,130	5.60% 9,351	2.10% 2,520
Productivity	Share of GDP (2022) \$ millions	100% \$361,299M	2.6% \$9,327	37.8% \$136,493	9.0% \$32,558	6.0% \$21,666	0.7% \$2,690	3.0% \$10,708	2.7% \$9,599
	GDP per capita (2022)	\$70,617	\$46,611	\$80,328	\$63,713	\$62,673	\$51,833	\$58,769	\$75,643
	Key Industries (by GDP - 2021) See N.B. below	Manufacturing	Owner-Occupied Property Operation	Manufacturing	Manufacturing	Owner-Occupied Property Operation	Forestry, Fishing, Mining etc	Manufacturing	Manufacturing
		Professional, Scientific and Technical Services	Rental, Hiring and Real Estate Services	Professional, Scientific & Technical Services	Forestry, Fishing, Mining etc	Rental, Hiring and Real Estate Services	Agriculture	Owner-Occupied Property Operation	Forestry, Fishing, Mining etc
		Owner-Occupied Property Operation	Health Care and Social Assistance	Financial and Insurance Services	Owner-Occupied Property Operation	Agriculture	Health Care and Social Assistance	Agriculture	Agriculture
	Int'l Tourism Spend (Year to June 2023)	\$3,264M	\$88M	\$1,014M	\$207M	\$200M	\$11M	\$59M	\$38M
Wellbeing	Material Deprivation (Y.E June 2020)	7.5%	12.0%	8.5%	8.2%	7.6%	6.2%	7.8%	
Social Infrastructure	Rent price (Average weekly 2023)	\$533	\$489	\$587	\$470	\$555	\$500	\$522	\$485
Labour Market	Unemployment rate (June 2023)	3.5%	4.7%	3.6%	3.8%	4.1%	S	3.7%	4.9%
	NEET rate (June 2023)	10.8%	13.6%	11.4%	9.4%	16.7%	S	14%	13.5%
	Median household income (2023)	\$115,200	\$88,900	\$130,000	\$108,500	\$105,000	\$96,600	\$114,700	\$109,000
Emissions	CO2-e (tonnes) per \$million of GDP	240.8	492.9	80.5	544.8	168.7	552.8	342.1	644.1

*Average of Tasman, Nelson, and Marlborough

N.B. "Forestry, Fishing Mining etc" includes Forestry, Fishing, Mining, Electricity, Gas, Water and Waste Services

N.B. "S" denotes data is suppressed due to low cell counts

N.B. Living in "material deprivation" is defined as the percentage of people with a DEP-17 index score of 6 or more.

KEY

LOW

MED

HIGH

OVERVIEW OF NEW ZEALAND REGIONS

		New Zealand	Manawatu-Whanganui	Wellington	Top of the South	West Coast	Canterbury	Otago	Southland
Population	Overall (2022)	5,124,100	258,200	543,500	165,100	32,700	655,000	246,000	102,400
	Māori (2018)	16.50% 775,836	22.9% 54,570	14.3% 72,252	10.8% 16,311	11.7% 3,687	9.4% 56,298	8.7% 19,521	14.9% 14,484
	Pasifika (2018)	8.10% 381,642	4.2% 10,140	8.4% 42,774	2.3% 3,519	1.5% 477	3.2% 18,927	2.7% 6,099	2.6% 2,523
Productivity	Share of GDP (2022) \$ millions	100% \$361,299M	4.0% \$14,328	12.5% \$44,987	2.8% \$10,078	0.6% \$2,101	12.2% \$44,032	4.2% \$15,336	2.0% \$7,396
	GDP per capita (2022)	\$70,617	\$55,665	\$82,772	\$61,042	\$64,063	\$67,400	\$62,518	\$72,223
	Key Industries (by GDP - 2021) See N.B. below	Manufacturing	Manufacturing	Professional, Scientific and Technical Services	Manufacturing	Manufacturing	Manufacturing	Owner-Occupied Property Operation	Manufacturing
		Professional, Scientific and Technical Services	Owner-Occupied Property Operation	Public Administration and Safety	Agriculture	Agriculture	Construction	Construction	Agriculture
		Owner-Occupied Property Operation	Public Administration and Safety	Owner-Occupied Property Operation	Forestry, Fishing, Mining etc	Forestry, Fishing, Mining etc	Professional, Scientific and Technical Services	Rental, Hiring and Real Estate Services	Forestry, Fishing, Mining etc
Int'l Tourism Spend (Year to June 2023)	\$3,264M	\$65M	\$262M	\$124M	\$72M	\$410M	\$646M	\$68M	
Wellbeing	Material Deprivation (Y.E June 2020)	7.7	9.5%	4.8%	7.9%		5.6%	4.0%	8.6%
Social Infrastructure	Rent price (Average weekly 2023)	\$533	\$448	\$565	\$475	\$342	\$464	\$492	\$367
Labour Market	Unemployment rate (June 2023)	3.5%	4.5%	2.8%	S	6.1%	2.8%	3.4%	2.8%
	NEET rate (June 2023)	10.8%	12.3%	7.3%	S	S	9.4%	9.8%	11.7%
	Median household income (2023)	\$115,200	\$100,300	\$141,300	\$101,966.00	\$81,500	\$109,300	\$102,800	\$100,800
Emissions	CO2-e (tonnes) per \$million of GDP	240.8	449.7	79.0	416.2	649.6	282.9	369.1	938.4

*Average of Tasman, Nelson, and Marlborough

N.B. "Forestry, Fishing Mining etc" includes Forestry, Fishing, Mining, Electricity, Gas, Water and Waste Services

N.B. "S" denotes data is suppressed due to low cell counts

N.B Living in "material deprivation" is defined as the percentage of people with a DEP-17 index score of 6 or more.

KEY LOW MED HIGH

Te Tai Tokerau Northland

Summary Profile

Te Tai Tokerau Northland (Tai Tokerau) is a hugely diverse region that has comparative advantages in primary sector industries such as forestry, fishing, horticulture, and farming. However, it is weaker in the professional services sector, which is more productive. Tai Tokerau has the lowest GDP per capita and the highest level of material deprivation in the country. It also has the third lowest labour force participation rate and second highest underutilisation rate. Despite this, the labour market is strong by historical standards, with unemployment down from 7.5 percent in 2017 to 4.7 percent in 2023.

Tai Tokerau has experienced strong population growth over the last decade (up 23.2 percent), increasing to 201,500 residents in 2022. Māori comprise about 36 percent of the regional population, and around 48 percent in the Far North. The average household income in Tai Tokerau is the lowest in the country, but it has been catching up, growing at a stronger pace than the national average from 2018 to 2022.

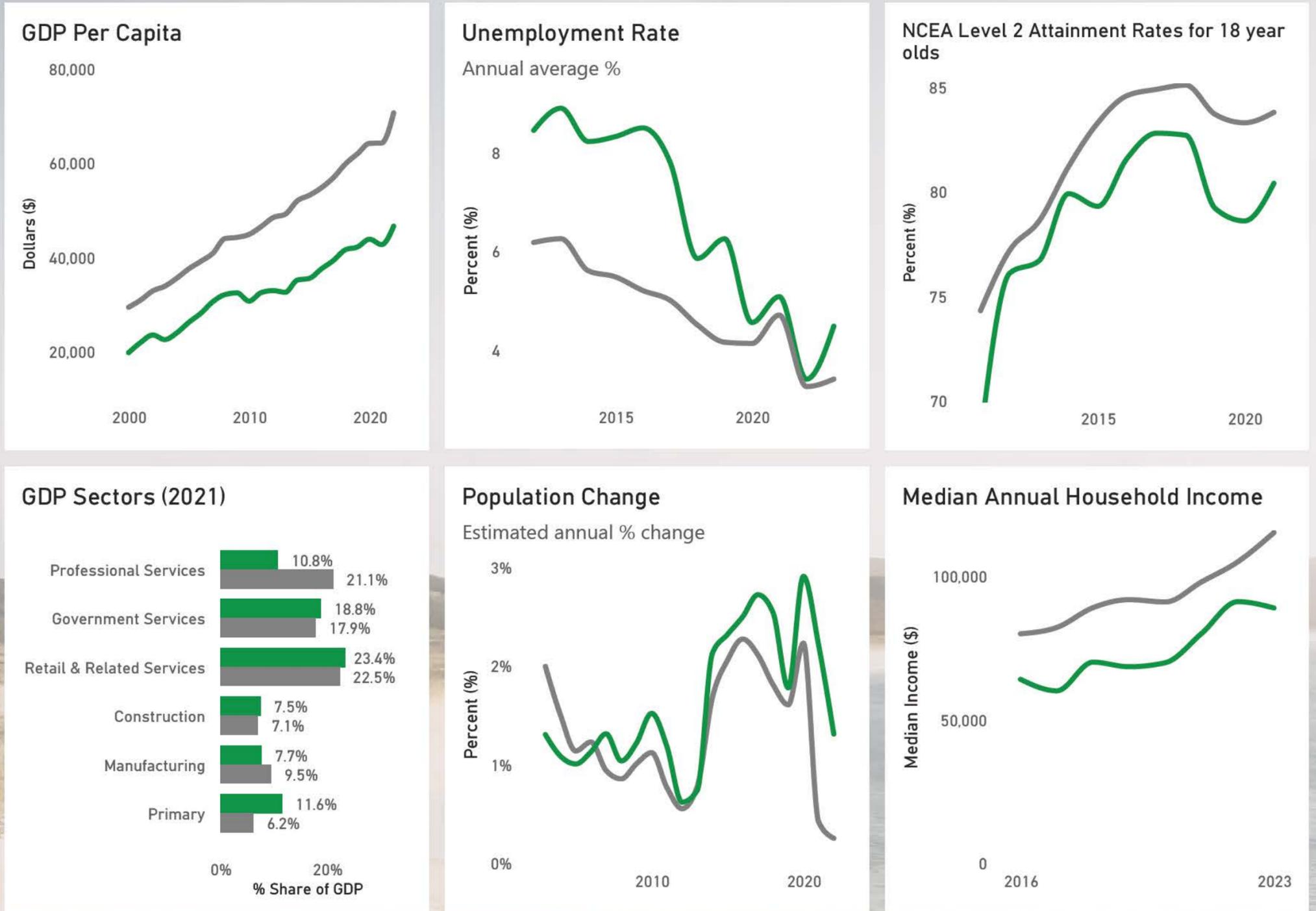
Existing priorities

(Te Tai Tokerau Economic Action Plan Advisory Group)

- Kai - grow and improve food processing
- High value manufacturing
- Infrastructure and construction
- Digital and technology
- Destination management

Relevant Economic Development Agency:

- Northland Inc



Key: — Northland Region — New Zealand

Tāmaki Makaurau Auckland

Summary Profile

Tāmaki Makaurau Auckland (Auckland) is the largest and the most ethnically diverse region in the country, with only half its residents identifying as European/New Zealand, and sixty percent of all Pacific Peoples in the country calling Auckland home. Its economy has a strong advantage in professional services, including ICT and financial services, which is typical of major metropolitan cities internationally. These high productivity industries, which also service the rest of the country, provide Auckland with the second highest GDP per capita, just behind Wellington. They also help Auckland have the highest median household income, slightly ahead of Wellington.

Auckland has some of the highest labour force participation and employment rates in the country, with an unemployment rate of around 3.6 percent, in line with the national rate of 3.5 percent. COVID-19 contributed to a small decline in Auckland's population, as a number of people moved to other regions. However, this is likely to reverse with high levels of net international migration.

Relevant Economic Development Agency:

- Auckland Unlimited



Key: — Auckland Region — New Zealand

Data sources: Statistics New Zealand and Education Counts

Summary Profile

Waikato's comparative advantages are in the primary sector due to large areas of productive arable land. The region has advantages in dairy cattle and beef cattle farming, and in the manufacturing of related milk and meat products. It is also strong in forestry and paper product manufacturing with the Kinleith Mill in South Waikato. In mining, it provides much of the coal used in the country and a large amount of aggregate for construction (construction and manufacturing are its biggest employing industries).

Waikato also generates a large share of the country's electricity, much of which goes to Auckland. Energy generation and mining are both highly productive, but Waikato's lower concentration in high productivity professional services puts it behind the main metropolitan city regions on a GDP per capita basis, though ahead of many of the smaller provincial regions. This position is also reflected in its median household income, where it is about mid-range.

Existing Priorities

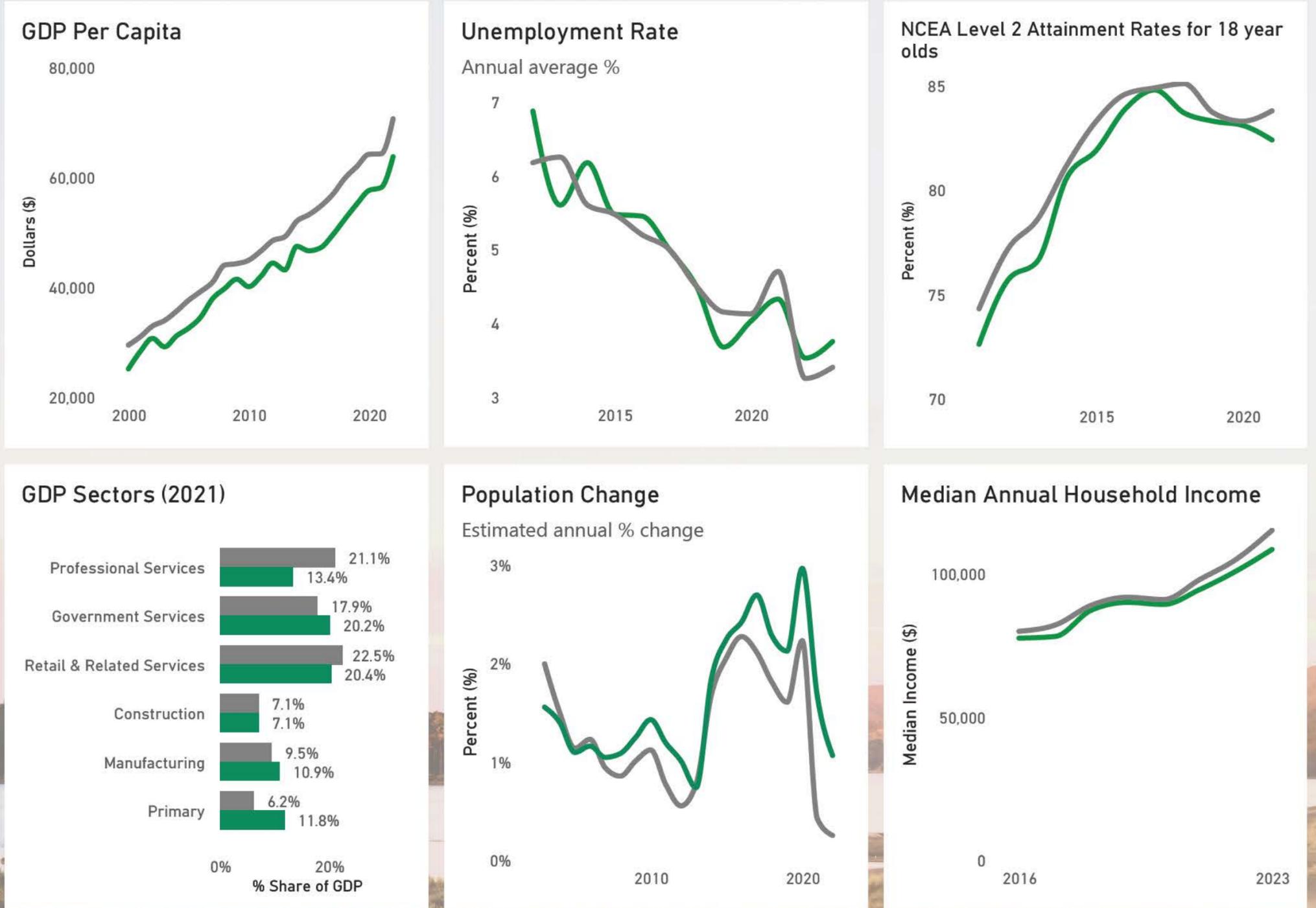
(Regional Partnership Group)

- Advanced manufacturing
- Logistics and distribution
- Sustainable food and agriculture
- Digital technology and ICT
- Energy and sustainability
- Tourism

Relevant Economic Development Agencies:

- Enterprise Great Lake Taupo
- Te Waka

Waikato



Key: — Waikato Region — New Zealand

Data sources: Statistics New Zealand and Education Counts

Bay of Plenty

Summary Profile

The Bay of Plenty has a strong primary sector, with comparative advantages in horticulture and fruit growing, forestry and logging, fishing and aquaculture, and the services supporting these industries. These primary industries are complemented by strengths in the related manufacturing industries, including pulp and paper product manufacturing, wood product manufacturing, and seafood processing.

The Bay of Plenty's GDP per capita is mid-range, and its median household income is in a similar position. The labour market is slightly weaker than nationally with an unemployment rate of 4.1 percent. Population growth in the Bay of Plenty was the second fastest in the country at 8.4 percent between 2018-2022, and it is projected to remain one of the fastest growing regions over the next five years (2023-28), although two thirds of the growth is likely to be in the 65+ years cohort.

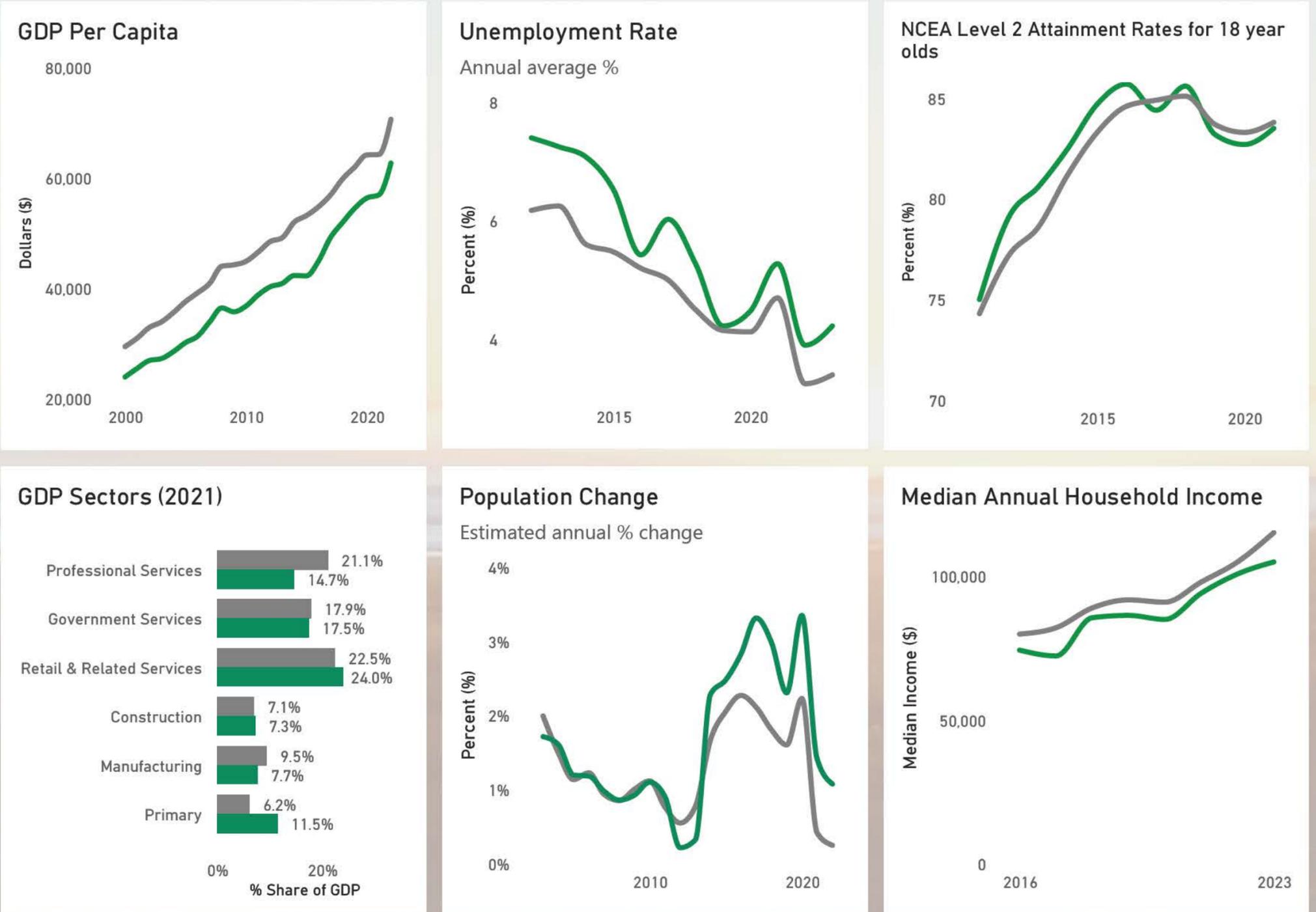
Existing Priorities

(Regional Skills Leadership Group)

- Driving sustainable aquaculture opportunities
- Accelerate a globally-focused, high-value wood products industry
- Supporting high-value horticulture products
- Diversifying the Māori economy
- Enabling infrastructure investment

Relevant Economic Development Agencies:

- Toi EDA
- Priority One
- Grow Rotorua



Key: — Bay of Plenty Region — New Zealand

Data sources: Statistics New Zealand and Education Counts

Summary Profile

Tairāwhiti Gisborne (Tairāwhiti) has seen an increase in its annual GDP, with growth of 5.4 percent, in line with the national growth (5.3 percent) from 2021-22. This was driven primarily by the professional, scientific and technical services industry, although it only employs 5.9 percent of the regional workforce. The region faces significant challenges, including its isolation and access to markets which have both been exacerbated by cyclone events.

About 54 percent of the population in Tairāwhiti identify as Māori. The region has experienced relatively strong population growth (5.3 percent) between 2018-2022, although over the next five years this is projected to slow to 2.1 percent, becoming one of the slowest growing regions in the country. Indicators show that the region has many impediments to achieving higher living standards, including high percentage of NEETs, and some of the lowest labour force participation and employment rates in the country.

Existing Priorities

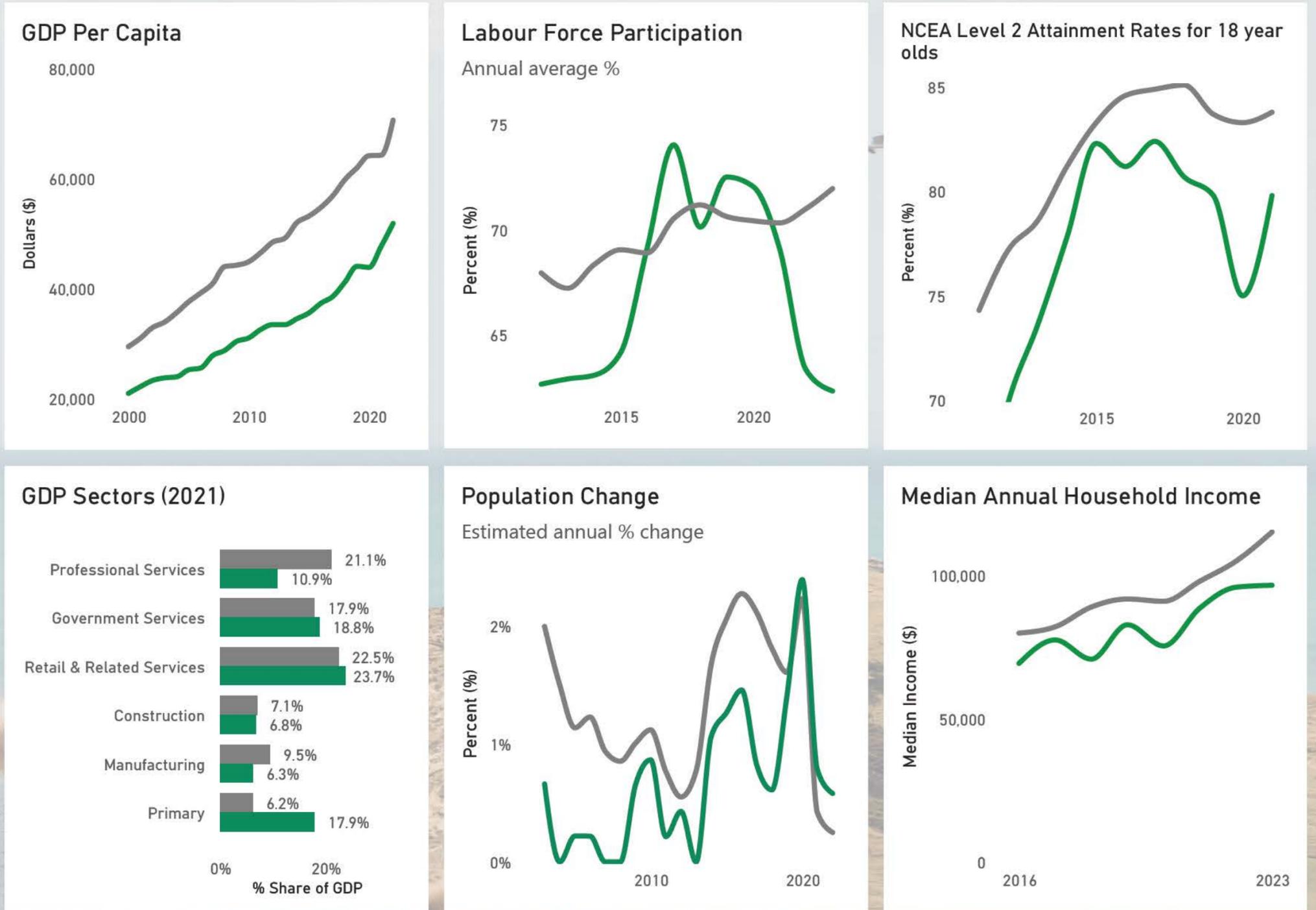
(Tairāwhiti Economic Action Plan Steering Group)

- Realising the value of forestry assets
- Driving sustainable value-added horticulture
- Unlocking the potential of Whenua Māori
- Growing the tourism sector
- Improving transport connections
- Maximising technology opportunities
- Becoming a business-enabled region
- Future-proofing our prosperity

Relevant Economic Development Agency:

- Trust Tairāwhiti

Tairāwhiti Gisborne



Key: — Gisborne Region — New Zealand

Hawke's Bay

Summary Profile

Historically, Hawke's Bay has been the fruit bowl of New Zealand, and this is reflected in their comparative advantage in the primary sector, particularly horticulture, viticulture and forestry. These industries are supported by a large cohort of migrant workers (28.6 percent of regional workforce compared to 22.6 percent nationally). The February Cyclone significantly disrupted production, with many crops wiped out.

Hawke's Bay has experienced relatively high population growth (6.0 percent) between 2018-2022, higher than the national average (4.6 percent). Over the next five years this growth is projected to slow to 3.4 percent, lower than the national average (4.0 percent). About 29 percent of the population identify as Māori. Pockets of deprivation exist across the region particularly in smaller towns such as Wairoa, and this has been exacerbated by the February Cyclone as many roadways were damaged, disrupting access to services.

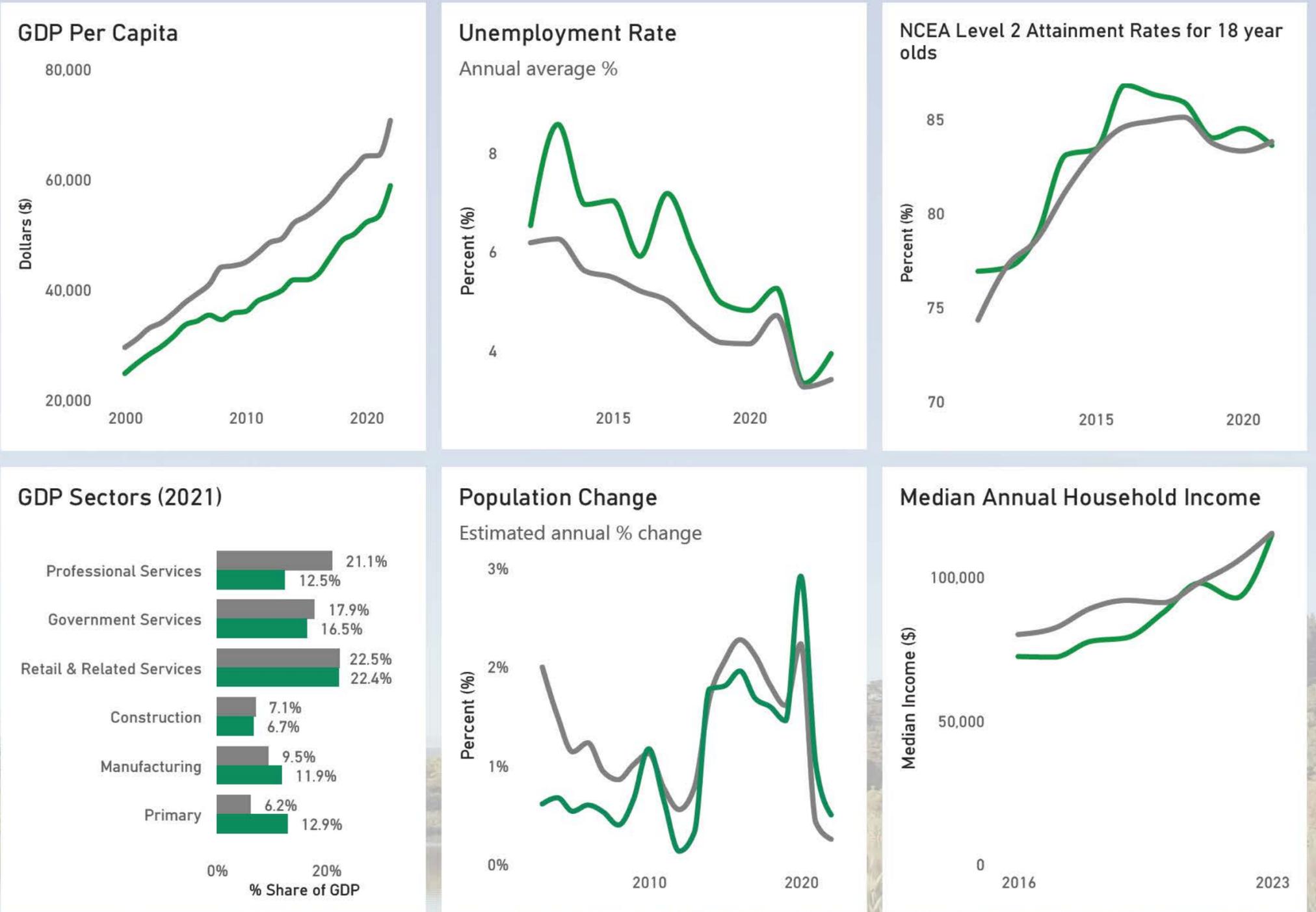
Existing Priorities

(Matariki Hawke's Bay Regional Development Strategy Group)

- Water security
- Higher value food production
- Labour market shortages
- Capacity to meet the demand for housing
- Security of export logistics

Relevant Economic Development Agency:

- Hawke's Bay Regional Economic Development Agency



Key: — Hawke's Bay Region — New Zealand

Data sources: Statistics New Zealand and Education Counts

Summary Profile

Taranaki's economy is heavily reliant on its oil and gas sector, which is currently adjusting to a lower-carbon economy. Despite this reliance, the sector only employs 1.7 percent of the regional working population. The region has a relatively strong labour force participation rate at 72.1 percent (fifth highest overall) though it also has some of the highest unemployment and NEET rates in the country. Taranaki historically has had higher GDP per capita than the national average, although that gap has narrowed.

While Taranaki has strong comparative advantages in the oil and gas industry, professional, scientific and technical services has been the leading driver of GDP growth in the region, increasing by 15 percent between 2021 and 2022. Taranaki has experienced moderate population growth (5 percent) between 2018-2022, higher than the national average of 4.6 percent. Over the next five years this growth is projected to slow considerably (to 2.7 percent), a lower rate relative to the national average (4.0 percent).

Existing Priorities

(Ngā Kaiwhakare o Taranaki)

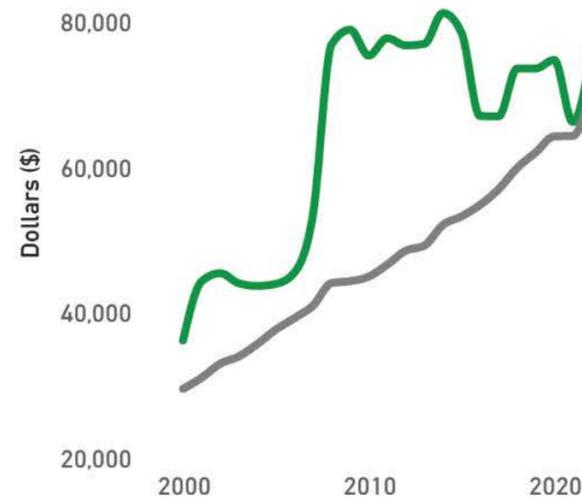
- Skills, entrepreneurship, and innovation
- Industry transformation
- Te Aranga o Taranaki

Relevant Economic Development Agency:

- Venture Taranaki

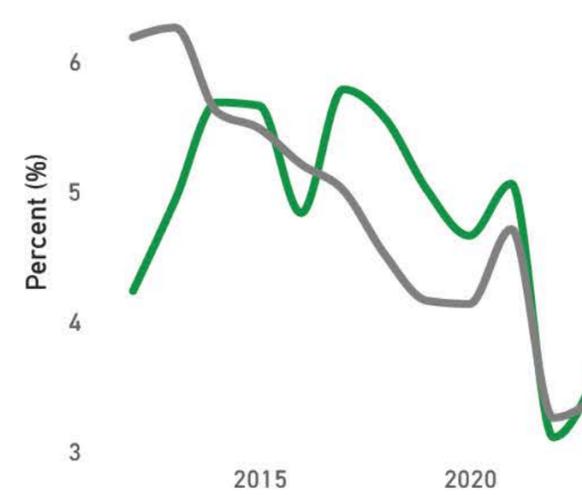
Taranaki

GDP Per Capita

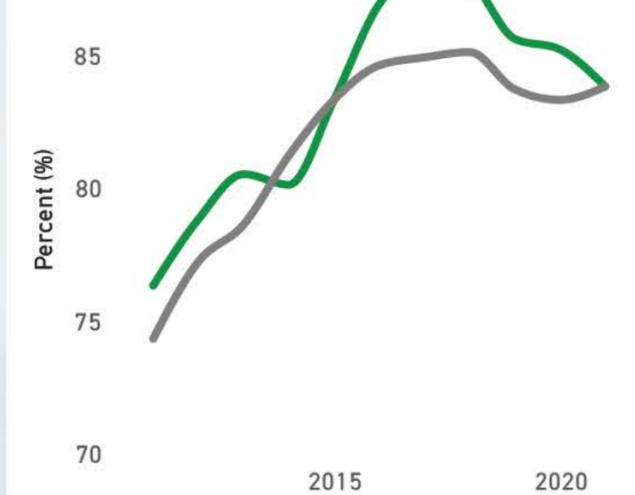


Unemployment Rate

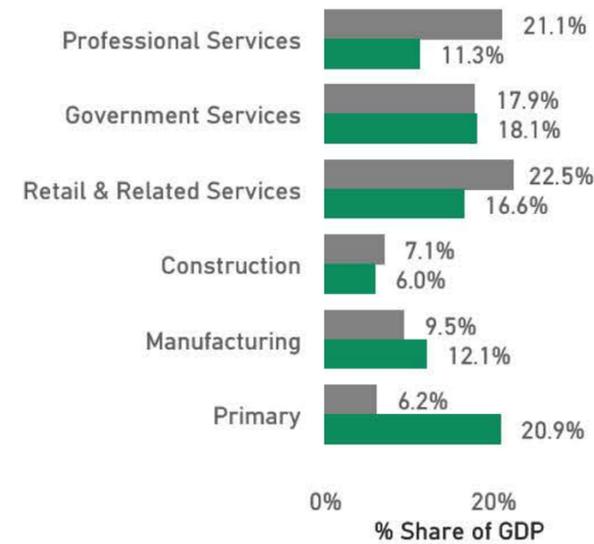
Annual average %



NCEA Level 2 Attainment Rates for 18 year olds

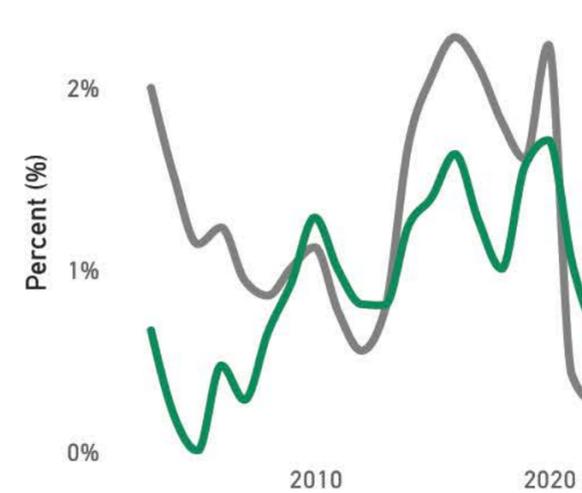


GDP Sectors (2021)

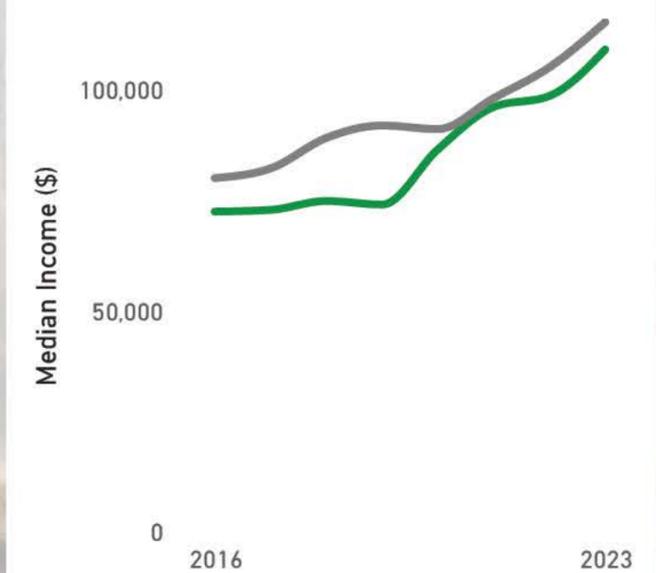


Population Change

Estimated annual % change



Median Annual Household Income



Key: — Taranaki Region — New Zealand

Data sources: Statistics New Zealand and Education Counts

Manawatū-Whanganui

Summary Profile

Manawatū-Whanganui shows comparative advantages in agricultural production, and public administration and safety, although the regional economy is more diverse than average. It is a key freight and transport hub with critical road and rail infrastructure that supports much of the central North Island. Despite this, the transport sector only provides 3.2 percent of employment in the region.

Manawatū-Whanganui has experienced mild population growth (4.3 percent) between 2018-2022, slightly lower than the national average (4.6 percent). However, over the next five years this growth is projected to slow to 2.6 percent, lagging the national average (4.0 percent). Currently the region ranks in the bottom third for labour force participation and employment rates, and is amongst the highest for unemployment, underutilisation and NEET rates, so there is opportunity to strengthen employment by utilising spare labour capacity.

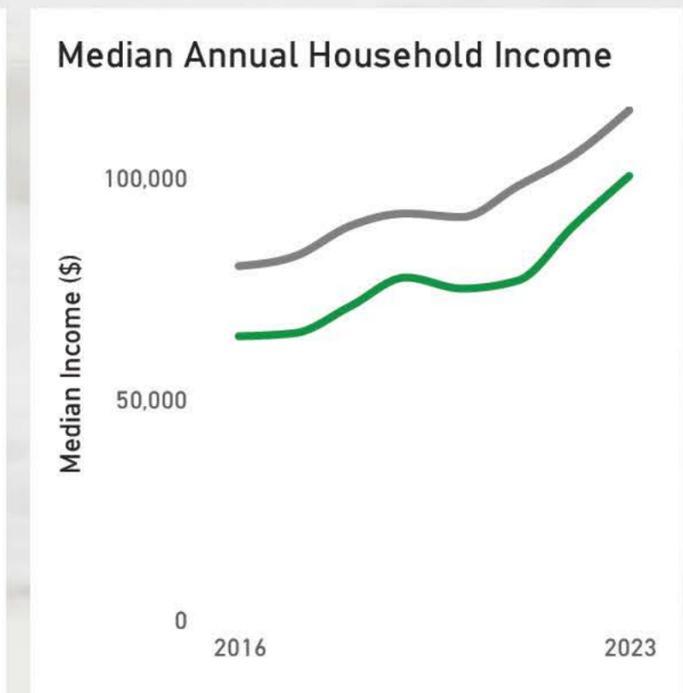
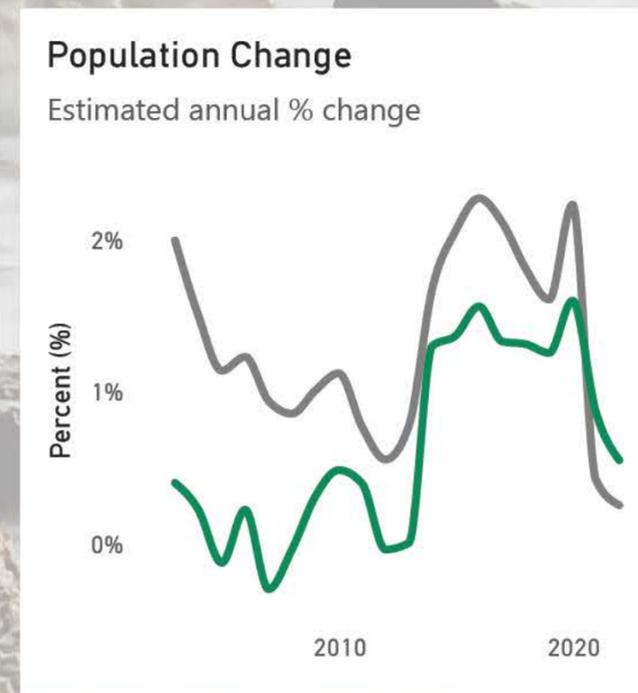
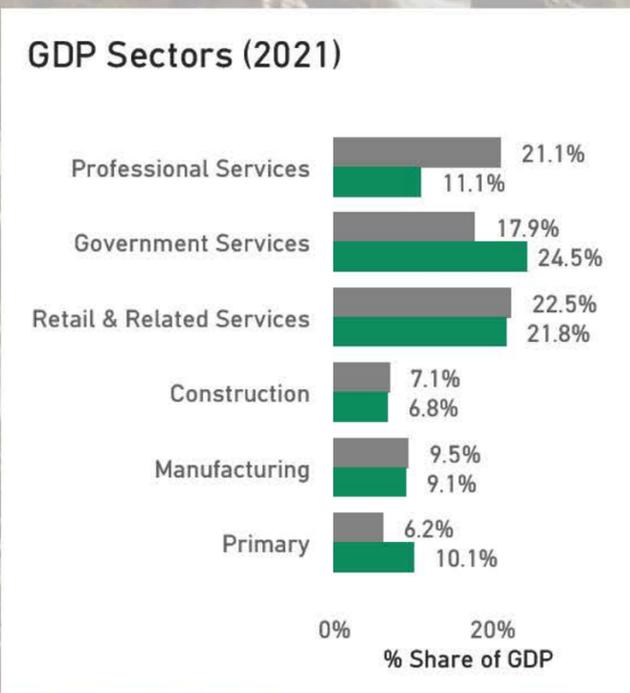
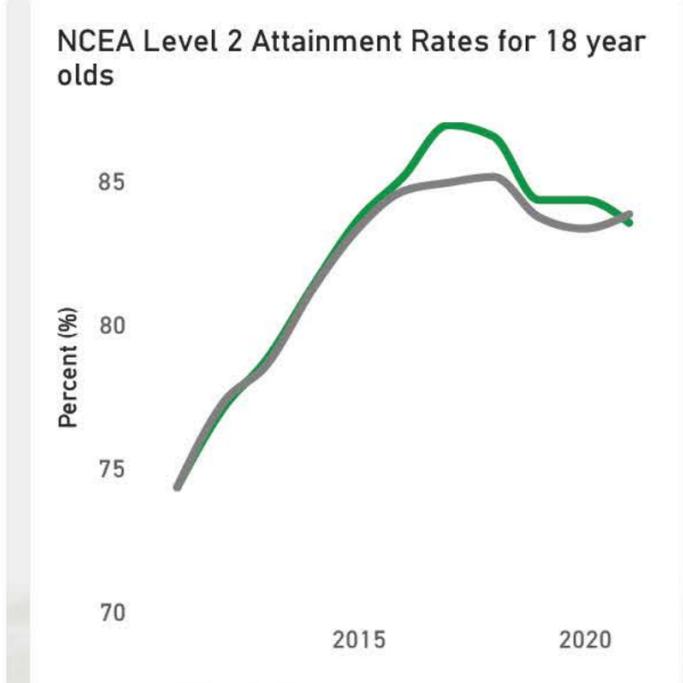
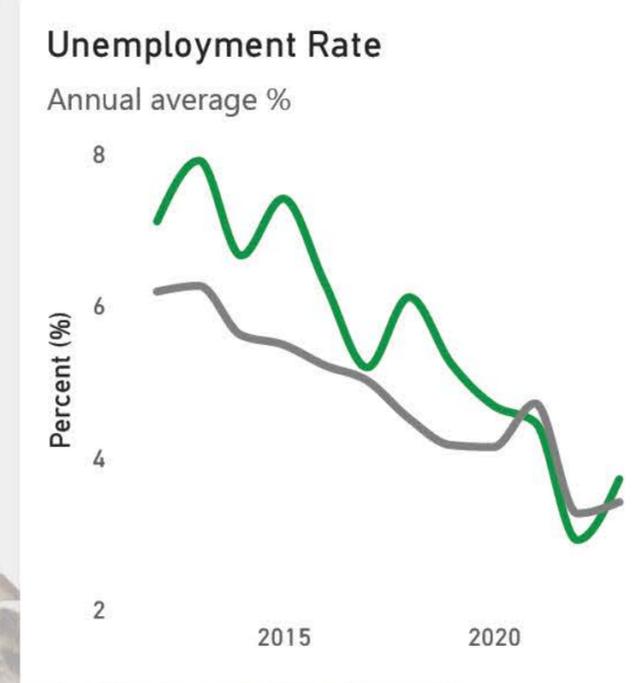
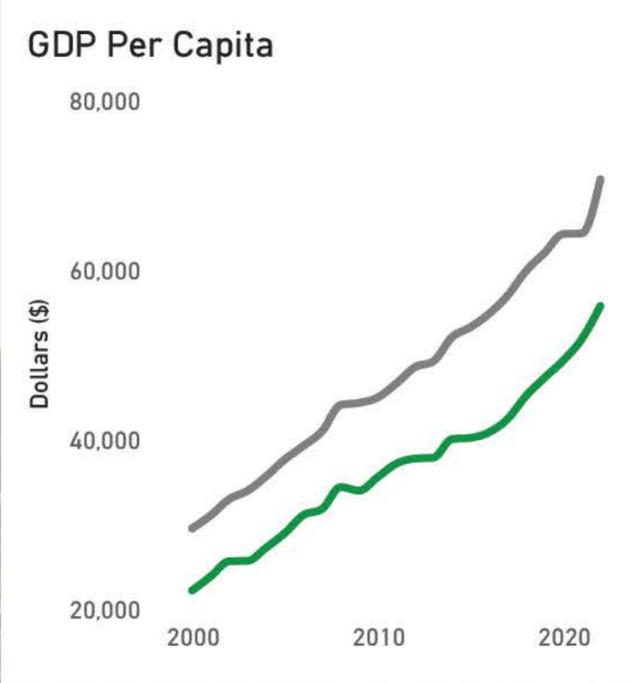
Existing Priorities

(Accelerate 25 Lead Team)

- Sustainable food and fibre , food-tech, and agri-tech
- Visitors/tourism
- Māori economy – Te Pae Tawhiti
- Specialist services – focused on business attraction and clustering to create innovations

Relevant Economic Development Agencies:

- Whanganui and Partners
- Central Economic Development Agency
- Horowhenua New Zealand Trust
- Tararua District Council EDU



Key: — Manawatū-Whanganui Region — New Zealand

Data sources: Statistics New Zealand and Education Counts

Summary Profile

As the capital, Wellington is the strongest region for government services, but it also has considerable strength in professional services. In 2022 the regional economy grew 5.5 percent, compared to the national annual average of 5.3 percent. Professional, scientific and technical services made the largest contribution by far, with the industry growing 13.3 percent between 2021 to 2022.

Wellington had one of the slowest population growth rates in the country (3.3 percent) between 2018-2022, and this is projected to slow further over the next five years. However, Wellington is also one of the slowest growing 65+ years cohorts in the country, suggesting they will maintain their prime age (15-64 years) workforce for longer than other regions.

Existing Priorities

(Wairarapa Economic Development Strategy Governance Group, draft priorities)

- Iwi enterprise
- People and skills development
- Digital/technology enhancement
- Business development
- Water resilience, destination management

(Kāpiti Economic Development Kotahitanga Board)

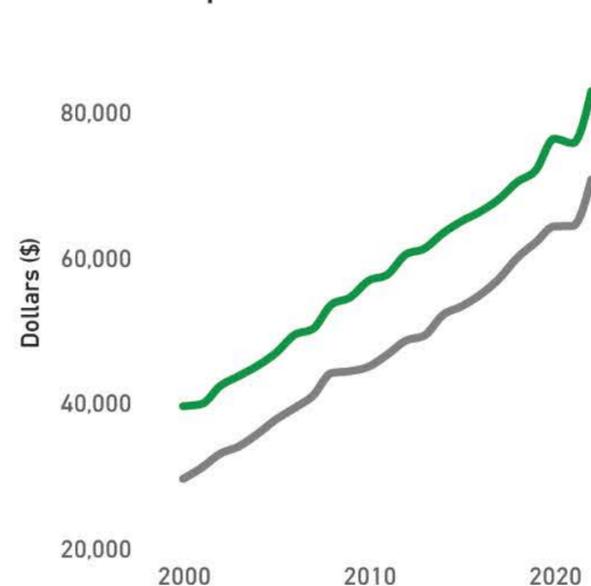
- Food and beverages
- Services economy based on the development and application of new skills, ideas, and technologies

Relevant Economic Development Agency:

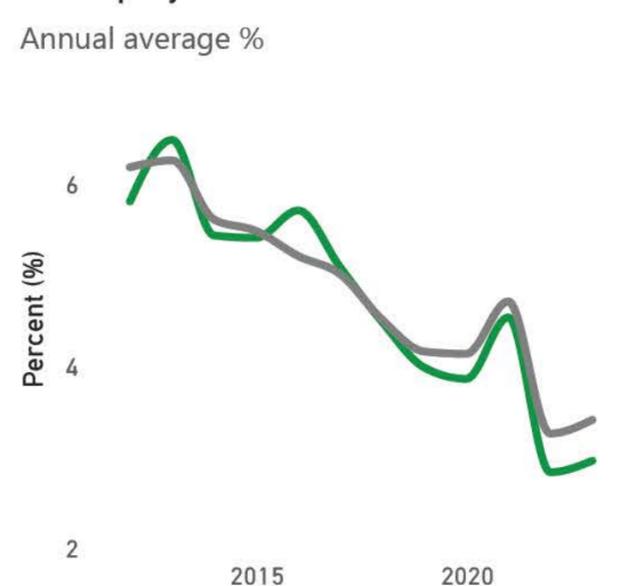
- WellingtonNZ

Wellington

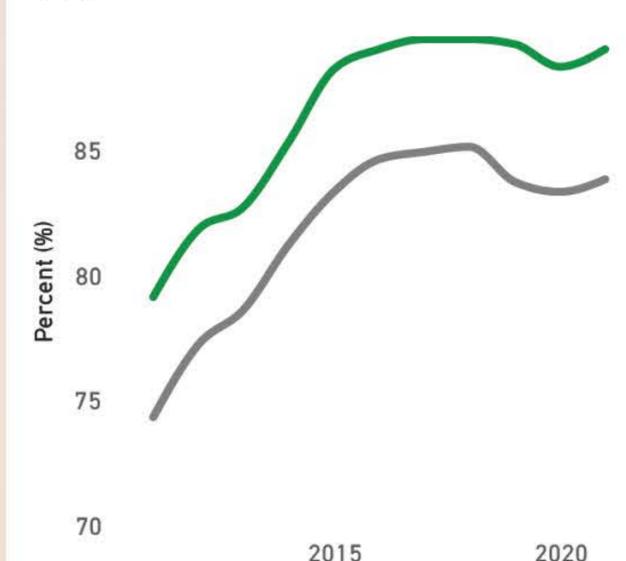
GDP Per Capita



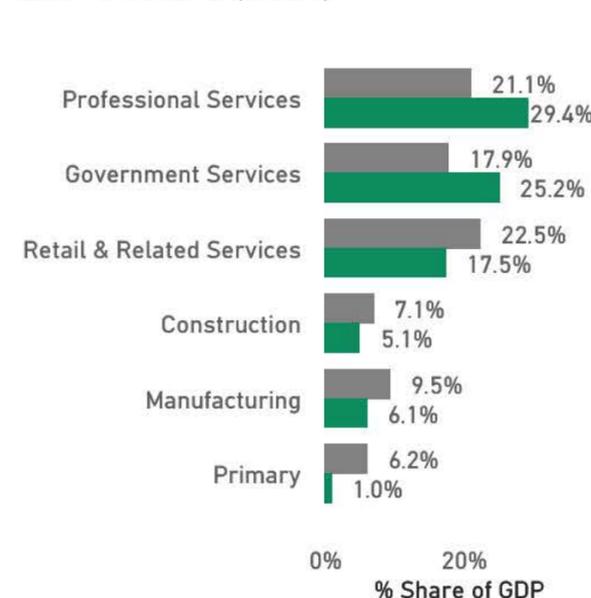
Unemployment Rate



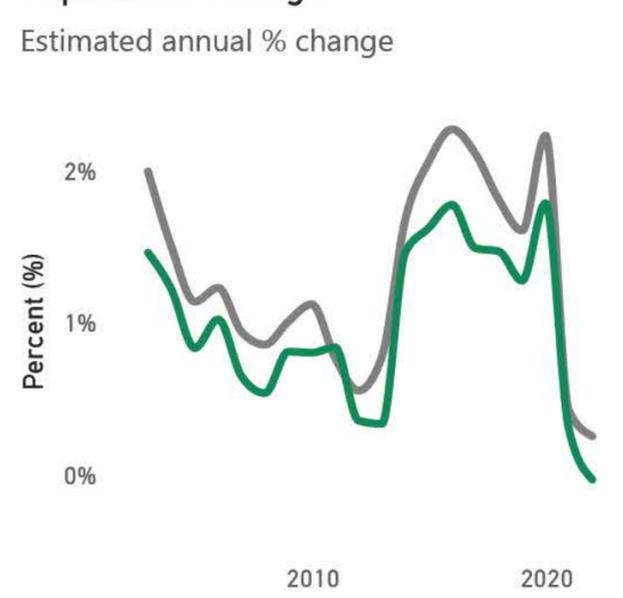
NCEA Level 2 Attainment Rates for 18 year olds



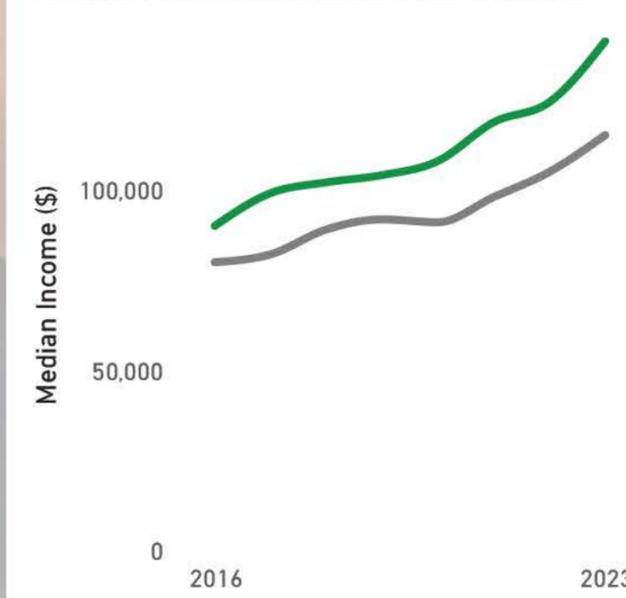
GDP Sectors (2021)



Population Change



Median Annual Household Income



Key: — Wellington Region — New Zealand

Summary Profile

Nelson-Tasman is a relatively diverse region, with comparative advantages spanning a range of industries, particularly those related to primary production, such as seafood processing, fishing and aquaculture, and horticulture and fruit growing. Household incomes in Nelson-Tasman rank consistently lower than the national median (\$98,650 versus \$115,200 in 2023), although NCEA attainment levels in the area tend to outperform the national average. GDP per capita is relatively low in Nelson-Tasman, which can be partly attributed to the age structure of local residents. In 2022, 61.5 percent of Nelson-Tasman's population was of working age (15-64), significantly lower than the proportion of the national population (64.8 percent).

Although Nelson-Tasman is ranked 6th/7th in the country for labour force participation and employment rates, it has seen significant improvement over the decade, increasing by 4 to 5 percentage points each. This reflects the regions efforts to utilise the local labour force, as does their low unemployment rate.

Existing Priorities

(Intergenerational Strategic Governance Group)

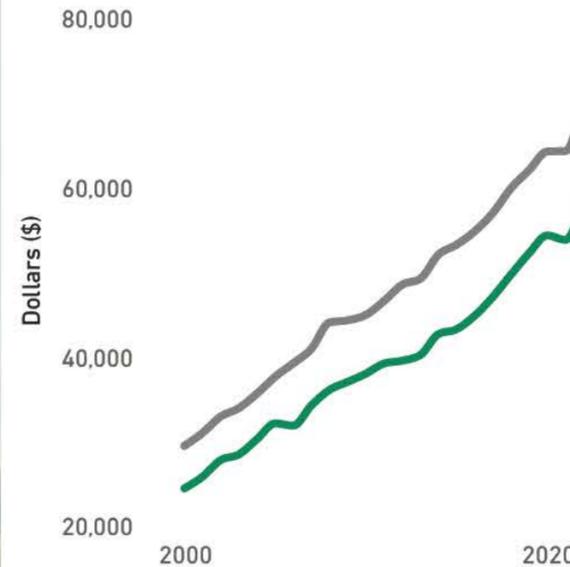
- Ocean economy
- Food and beverage
- Forestry and wood processing

Relevant Economic Development Agency:

- Nelson Regional Development Agency

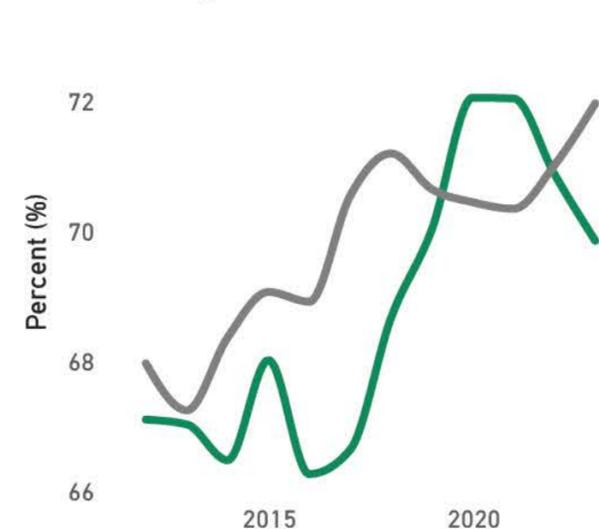
Nelson-Tasman

GDP Per Capita

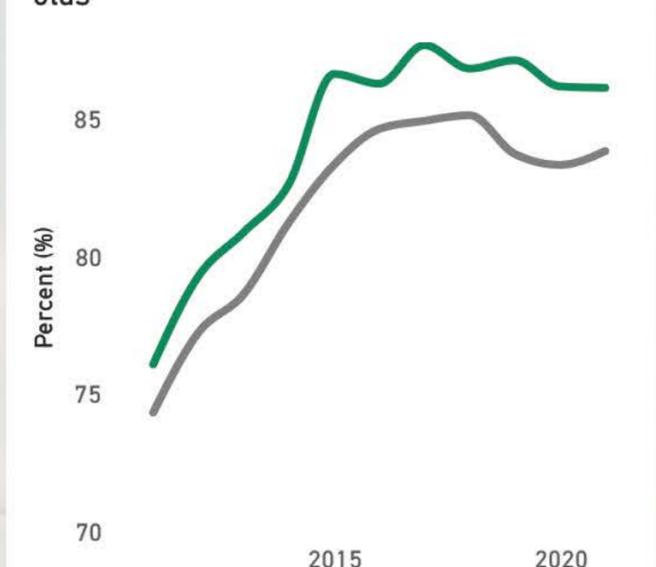


Labour Force Participation

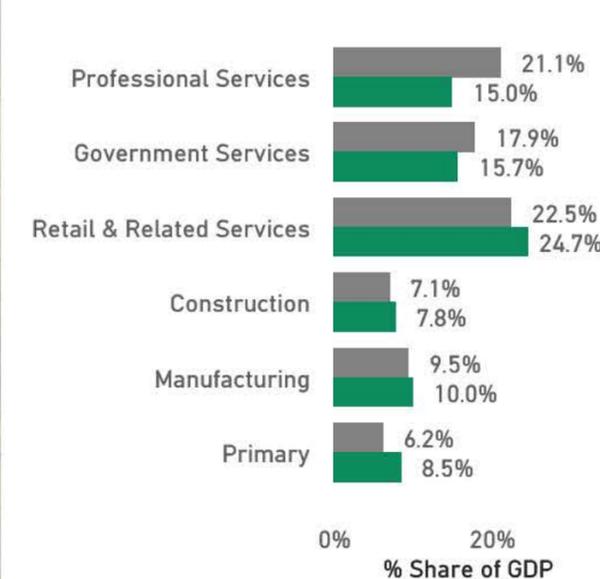
Annual average %



NCEA Level 2 Attainment Rates for 18 year olds

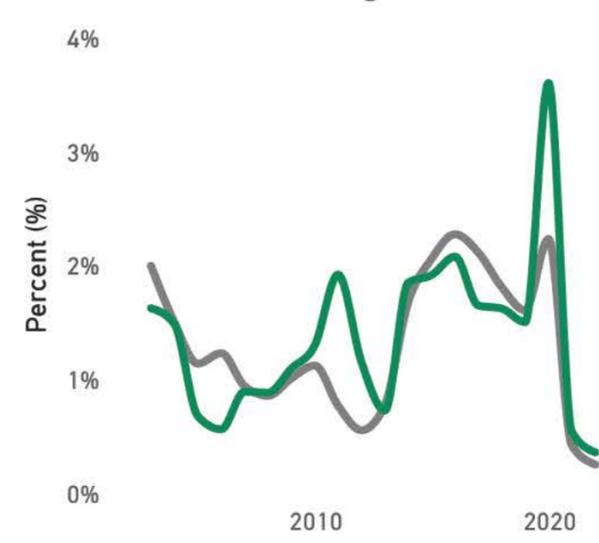


GDP Sectors (2021)

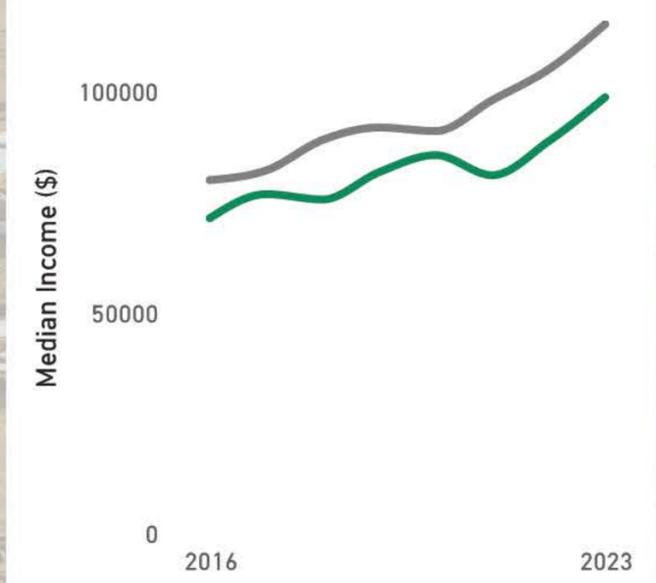


Population Change

Estimated annual % change



Median Annual Household Income



Key: — Nelson / Tasman — New Zealand

Data sources: Statistics New Zealand and Education Counts

Marlborough

Summary Profile

Marlborough is the largest wine growing region in the country, and this is reflected in its comparative advantages in manufacturing (wine making), and the agriculture, forestry, and fishing industries. The region had the 4th highest population growth rate (6.2 percent) in the country between 2018-2022, exceeding the national average rate of 4.6 percent. However, this regional growth has largely been driven by the 65+ years cohort (15.3 percent increase), resulting in relatively slow growth in GDP per capita over recent years.

Marlborough has the third highest labour force participation and employment rates in the country, along with the lowest underutilisation rate, indicating good use of their local labour force. Industries in the region therefore tend to rely on migrant and seasonal workers to fill vacancies. This trend is likely to continue as population growth is projected to slow to 0.4 percent annually over the next 20 years, well below the national expected annual growth rate (0.7 percent).

Existing Priorities

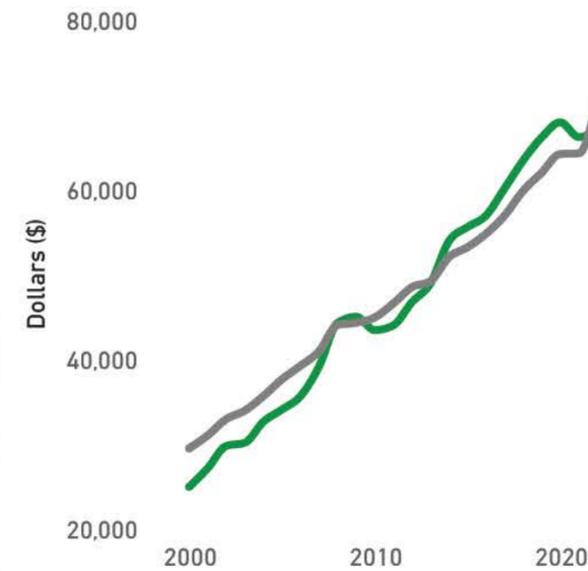
(Intergenerational Strategic Governance Group)

- Ocean economy
- Food and beverage
- Forestry and wood processing

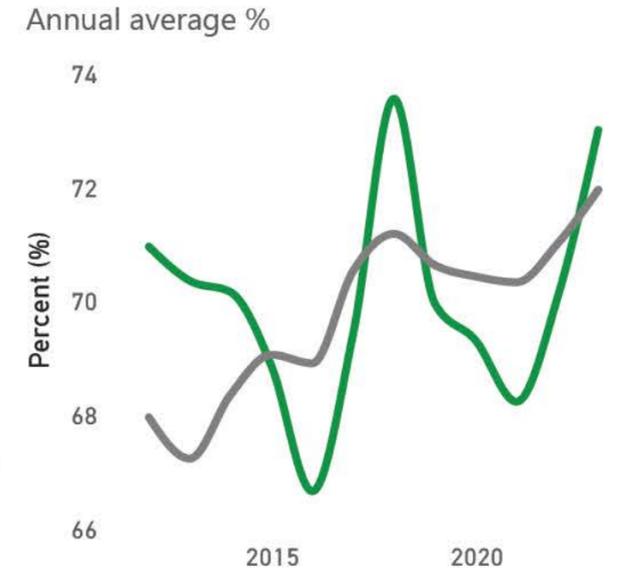
Relevant Economic Development Agency:

- Marlborough District Council EDU

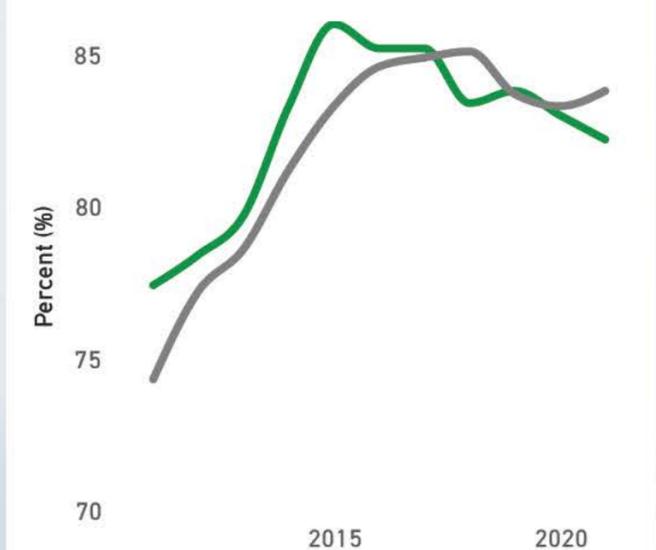
GDP Per Capita



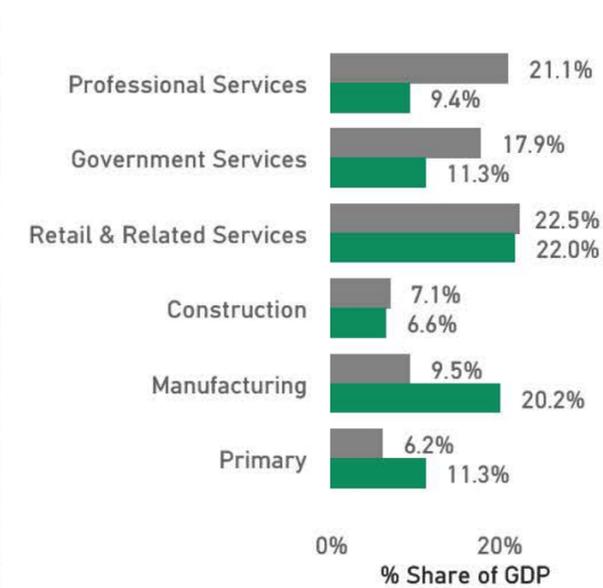
Labour Force Participation



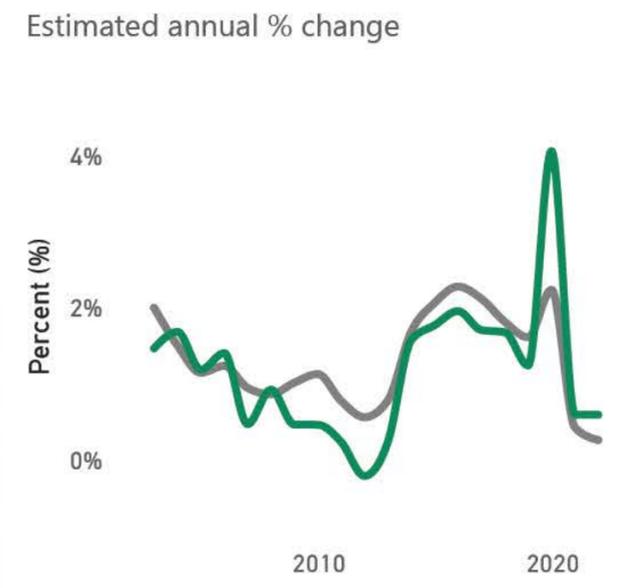
NCEA Level 2 Attainment Rates for 18 year olds



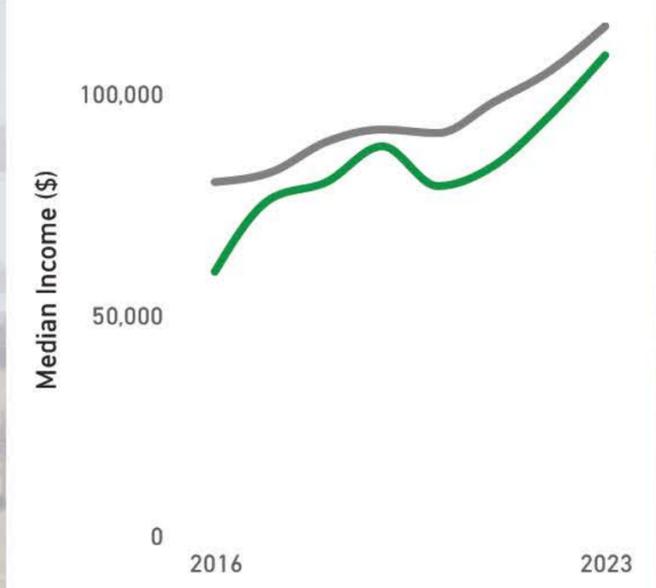
GDP Sectors (2021)



Population Change



Median Annual Household Income



Key: — Marlborough Region — New Zealand

Data sources: Statistics New Zealand and Education Counts

Summary Profile

West Coast has strong comparative advantages in primary sector industries such as agriculture, forestry, fishing and mining, as well as Government services such as electricity, gas and water services. The region is mid-range when it comes to regional GDP per capita (7th overall), though it showed relatively strong annual growth in the year to March 2022. Despite this, median household income is the lowest in the country at \$81,500.

The West Coast experienced the slowest population growth in the country between 2018 to 2022 (0.9 percent). This trend is expected to continue over the coming decade, as the population is projected to shrink in all age groups other than the 65+ years cohort. Health care and social assistance was the largest employer in the West Coast Region in 2022, accounting for 11.1 percent of the regions workforce, and this trend is expected to continue as the aging population grows. The West Coast faces challenges, including its isolation. Indicators show that the region has many impediments to achieving higher living standards, including high underutilisation and unemployment, and the lowest labour force participation and employment rates in the country.

Existing Priorities

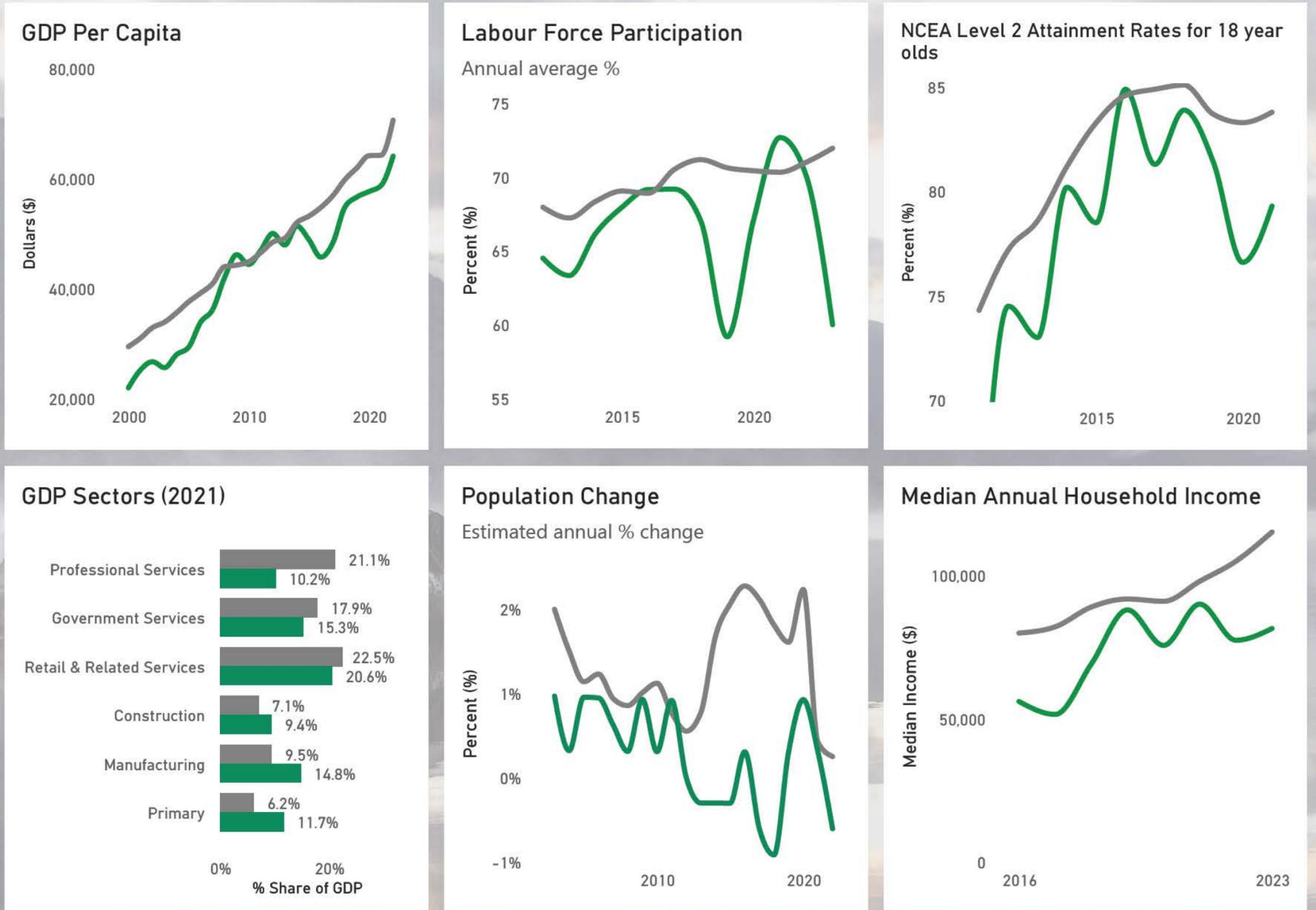
(West Coast Mayors and Chairs)

- Strengthen and diversify our economy
- Enhanced regional identity
- Strengthen our communities

Relevant Economic Development Agency:

- Development West Coast

West Coast



Key: — West Coast Region — New Zealand

Summary Profile

Canterbury has a diverse economy that provides comparative advantages from agriculture, forestry and fishing to accommodation and food services, which shows the regions long-term opportunities for growth. Although it includes one of the major metro centres, its professional services sector, including financial and insurance services, is relatively small.

Canterbury has a strong labour market, with high labour force participation and employment rates, and one of the lowest unemployment rates (2.8 percent) in the country. Canterbury is the third highest contributor to national GDP (12.2 percent) with professional, scientific, and technical services industry being the major contributor to regional GDP. Canterbury has the second lowest level of material deprivation in the country, and the median household income is relatively high compared to most regions (\$109,300 - 4th overall) although slightly lower than the national median household income (\$115,200).

Existing Priorities

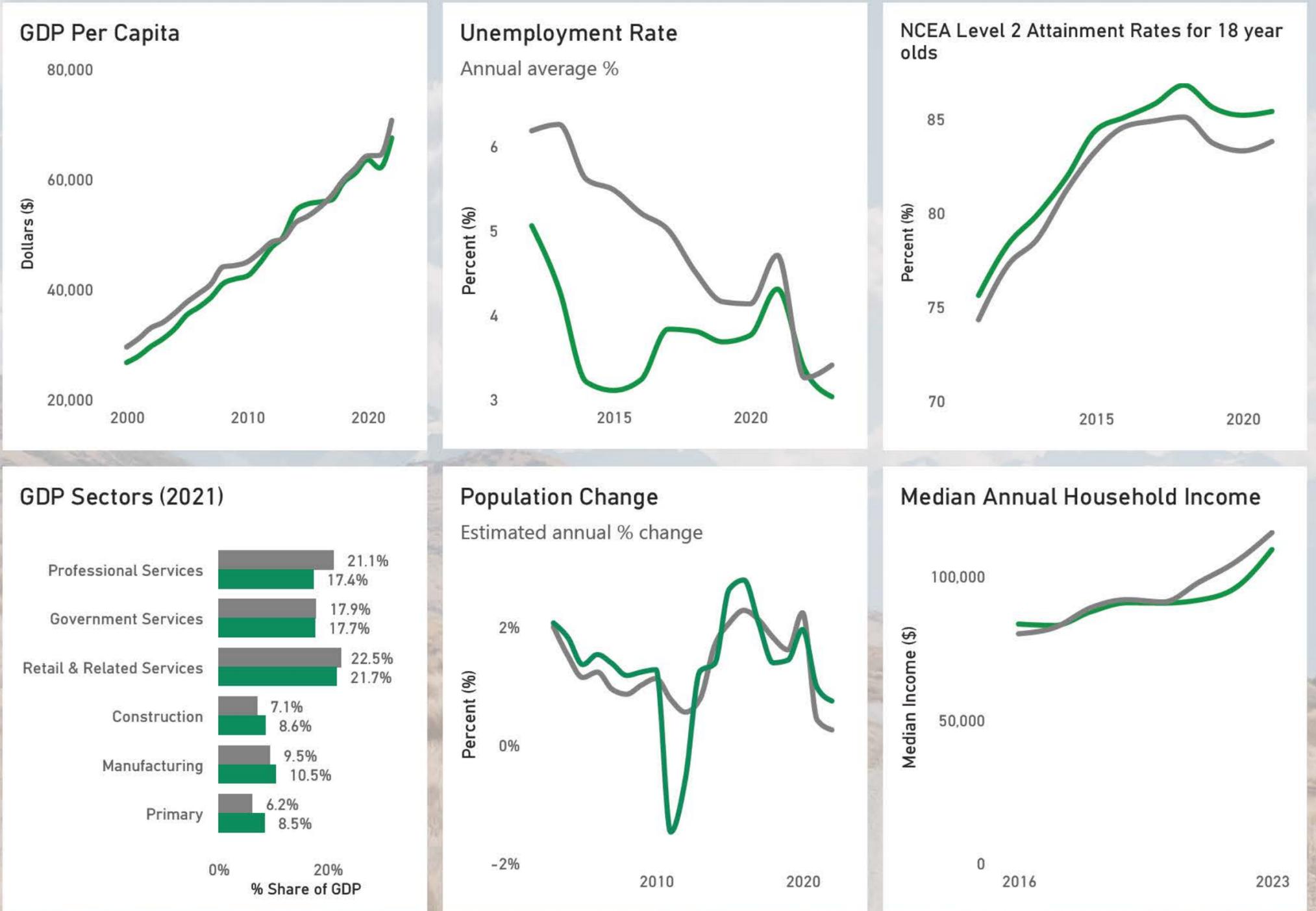
(Canterbury Mayoral Forum and ED Agencies)

- Better freight transport options
- Shared economic prosperity
- Sustainable environmental management
- Climate change mitigation and adaption

Relevant Economic Development Agencies:

- Ashburton District Council EDU, ChristchurchNZ, Enterprise North Canterbury, Kaikoura District Council EDU, Selwyn District Council EDU, Venture Timaru, and Waitaki District Council EDU

Canterbury



Key: — Canterbury Region — New Zealand

Data sources: Statistics New Zealand and Education Counts

Otago

Summary Profile

In Otago, construction was the largest driver of both employment and GDP in 2022 (12.2 percent). Although the region has comparative advantages in the mining industry, followed by accommodation and food services, the largest contributor to GDP growth was the professional, scientific and technical services industry. Otago's labour market is moderately strong with the unemployment rate at 3.4 percent and labour force participation at 70.5 percent for the June 2023 quarter, both improvements from the previous year.

International tourism spend is the second highest in the country, due to the presence of Queenstown and Wanaka. Despite this high tourism spend, Otago's GDP per capita is ranked one of the lowest in the South Island (and 10th overall nationally). The median household income also sits below the national average (\$102,800 versus \$115,200). However, the region has the lowest level of material deprivation in the country.

Existing Priorities

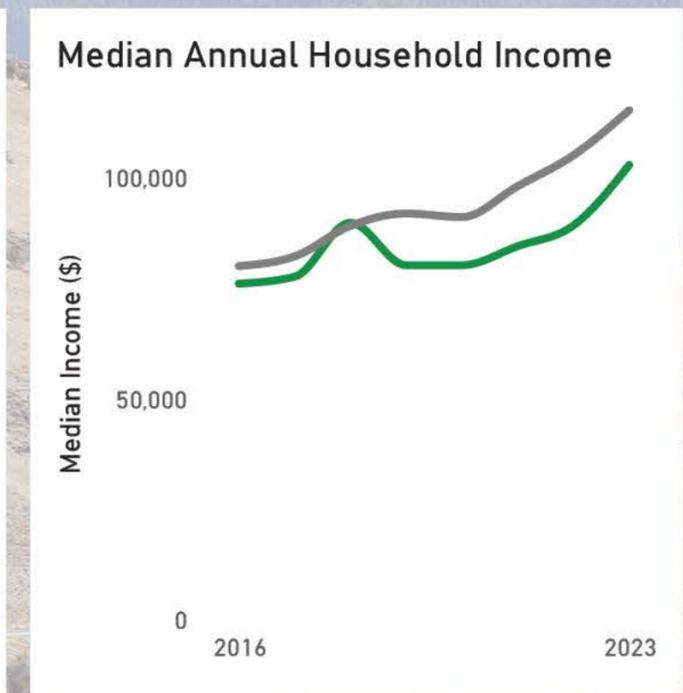
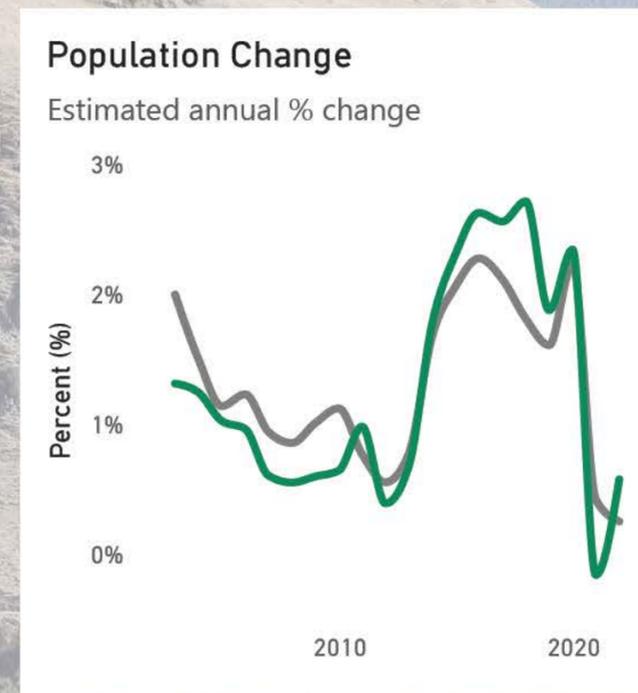
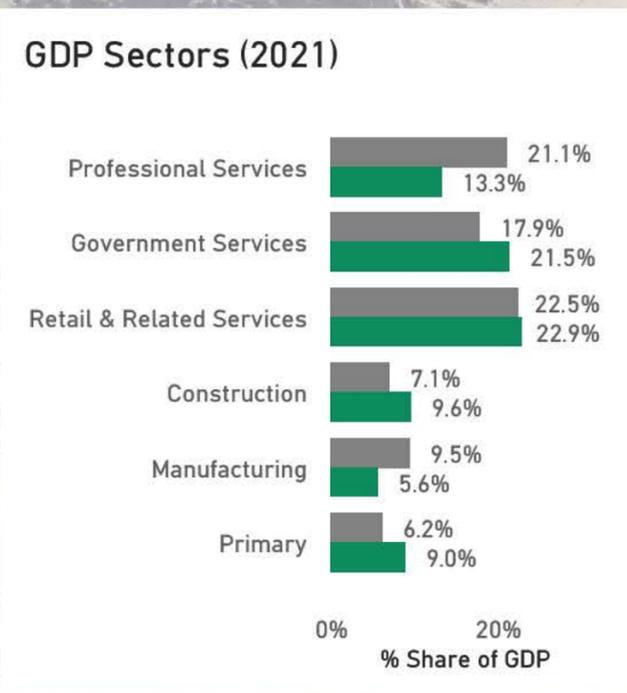
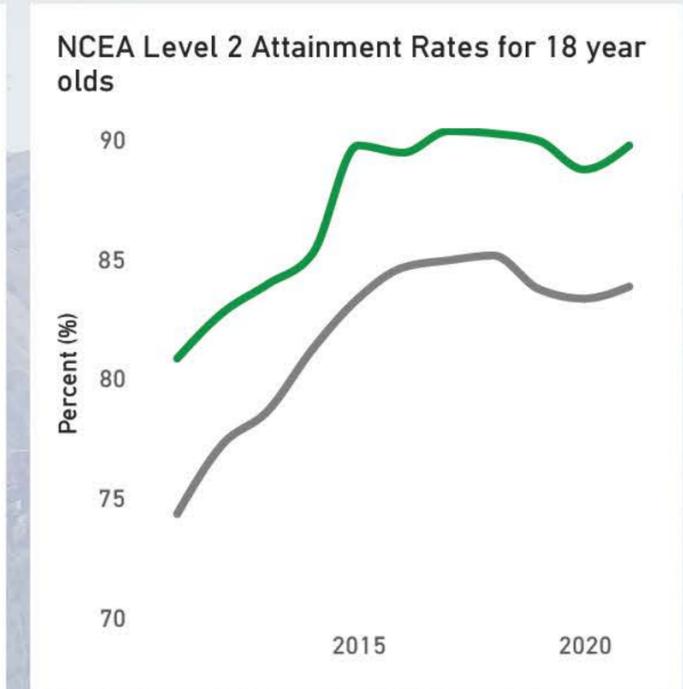
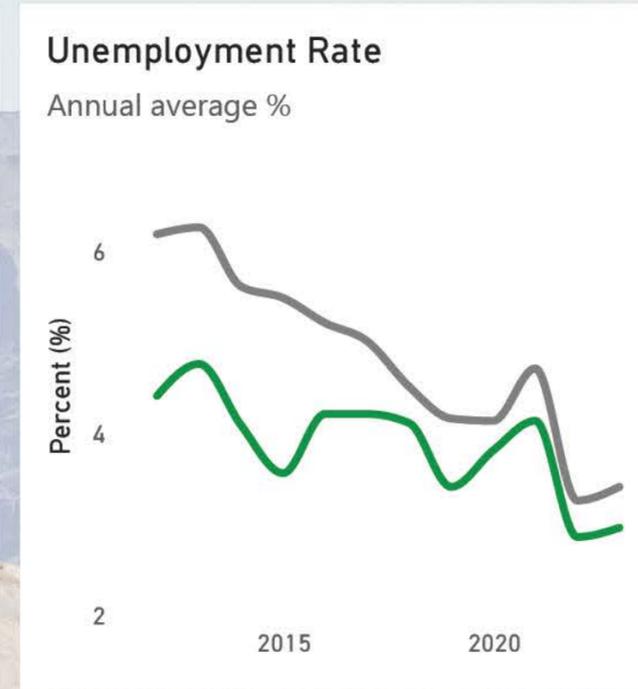
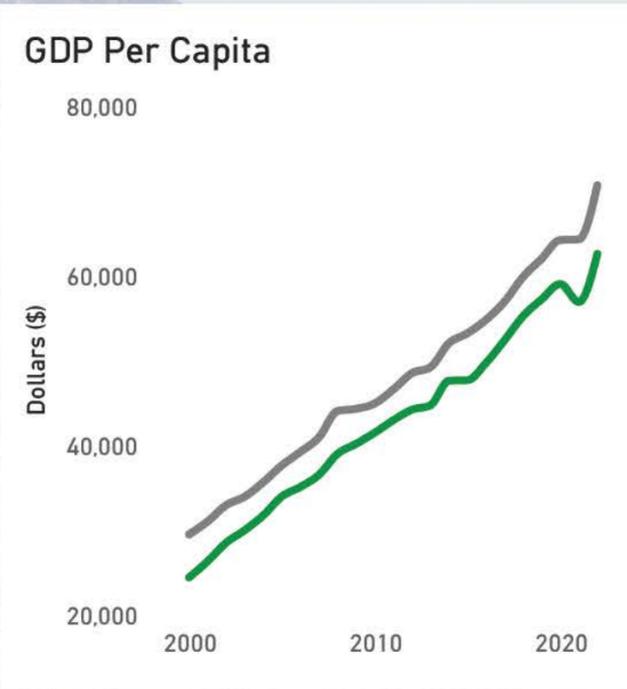
(Otago Regional Economic Development Group)

N.B. These are draft priorities

- Connectivity, people, housing and sustainability

Relevant Economic Development Agencies:

- Central Otago District Council EDU, Clutha Development Trust, Enterprise Dunedin, Queenstown Lakes District Council EDU, and Waitaki District Council EDU.



Key: — Otago Region — New Zealand

Data sources: Statistics New Zealand and Education Counts

Southland Murihiku

Summary Profile

Southland Murihiku (Southland) has the highest GDP per capita in the South Island for 2022 and ranks 4th nationally. The regional economy is driven by primary sector industries such as sheep, beef and dairy farming, and manufacturing. It is weaker in professional services as it does not include a major metropolitan centre. Southland has a strong labour market with high labour force participation and employment rates, and one of the lowest unemployment rates in the country at 2.8 percent - although disparities remain for minority groups such as Māori.

Population growth in the region was one of the lowest in the country (1.9 percent) from 2018 - 2022, only ahead of the West Coast. The median household income also sits below the national average (\$100,800 versus \$115,200), although it has increased by \$30,000 from 2018 to 2023.

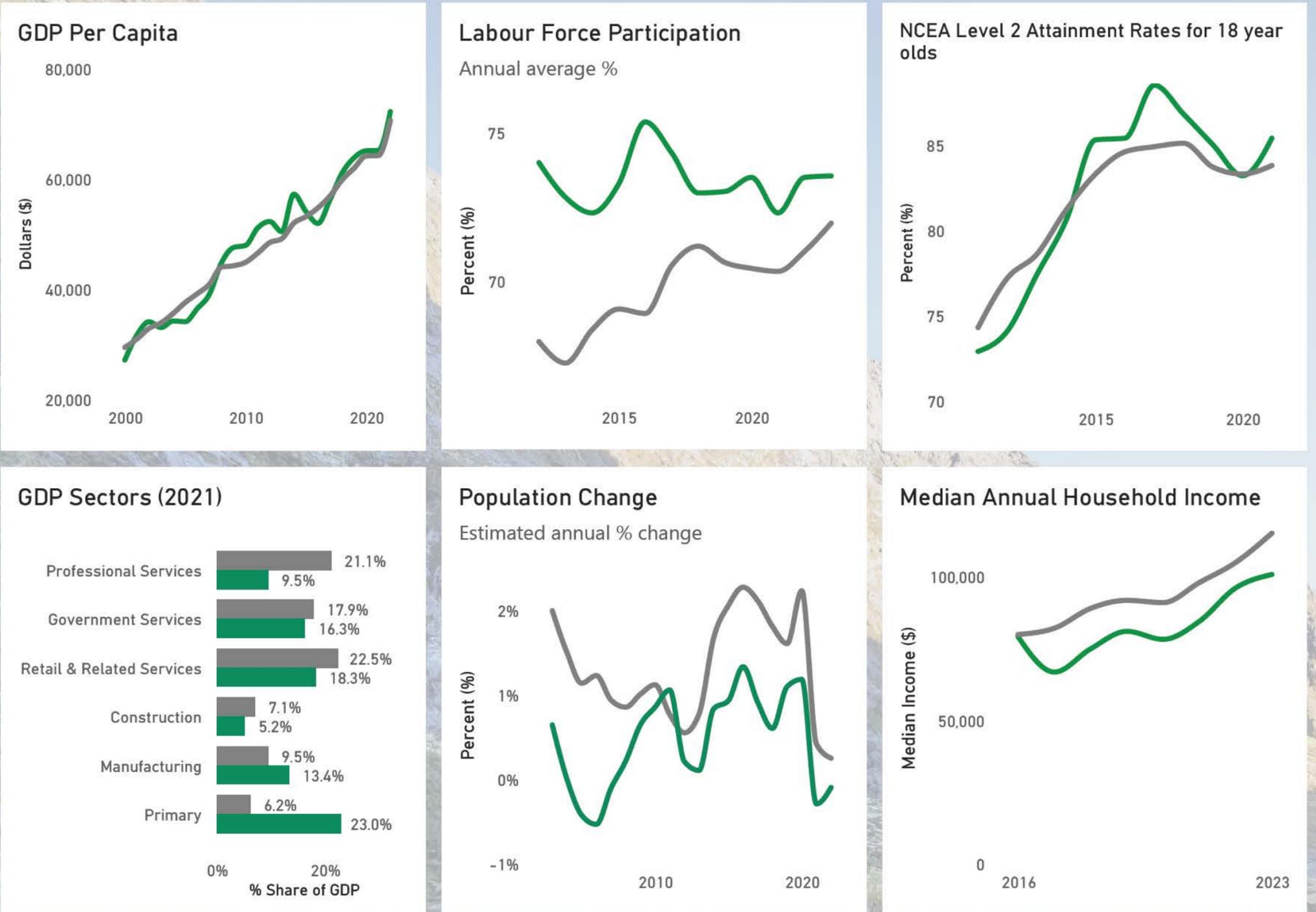
Existing Priorities

(Murihiku Enduring Oversight Group)

- Clean energy
- Land use
- Aquaculture
- Business transitions
- Long-term planning

Relevant Economic Development Agency:

- Great South



Key: — Southland Region — New Zealand

Data sources: Statistics New Zealand and Education Counts

