

## Supporting our regions to grow

- **\$200 million Regional Strategic Partnership Fund to provide seed funding for regional economic development plans**
- **Existing PGF projects to be progressed over next term, unallocated PGF sector funding will be considered for redistribution to new regionally developed plans**
- **Continuing the Provincial Development Unit to work with regions to develop and implement economic development plans**

New Zealand's regions are vital to our COVID recovery plan. They are the home to innovative and creative businesses and the backbone of our export economy. Every region has a role to play in our recovery.

Region-specific economic development planning enables us to focus on the unique features of each region and their contribution to our COVID-19 recovery, build on existing strengths and comparative advantages, and use them to attract new investment, improve productivity, increase skills and wages, and strengthen existing businesses. It enables tailored and effective investments targeted to where it will have the greatest impact realising each region's unique potential and growing New Zealand's economy.

When we took office there was a need to provide significant direct investment into regional New Zealand that was outside of traditional funding streams. This investment allowed for the development of key regional infrastructure and a programme of works that is vital to the economic development of the region, which would have otherwise gone unfunded.

Over the last three years we made real progress investing in regional New Zealand. The Provincial Growth Fund has put our regional investment back on track through its investment in infrastructure, training and jobs – which has supported regional businesses to increase productivity and grow. The Provincial Growth Fund has demonstrated the value of partnering in projects seeking to unlock regional economic development through improving infrastructure or supporting the establishment of new industries where the region has a comparative advantage.

- **Labour will continue to rollout significant investments across the regions**

We have a significant pipeline of investment across the regions into a wide range of health, education, transport, and housing infrastructure. A core part of our plan is rolling out the projects started in our first term:

- Allocated \$3 billion for infrastructure, training and jobs through the Provincial Growth Fund.
- Established an \$8 billion national infrastructure pipeline of schools, hospitals, clean energy, housing, and transport projects, through the New Zealand Upgrade Programme.

- Funded \$3 billion of shovel-ready infrastructure projects to create and maintain jobs as we respond to COVID-19.
- Allocated \$750 million to support the delivery of new and upgraded water infrastructure across New Zealand, working with local authorities to maximise the opportunities.
- Record levels of investment in local schools, hospitals, environmental work, and job creation, including through the \$1.1 billion Jobs for Nature fund that will deliver thousands of job opportunities that benefit the environment.

Our plan to respond to the economic impact of COVID-19 is built around five key principles: investing in our people, jobs, future proofing the economy, supporting our small businesses, and positioning New Zealand globally. Underpinning these is a need to identify new opportunities, and scale up existing opportunities, to create jobs and grow the economy.

These opportunities differ in each region. Some regions will seek to take advantage of our record terms of trade and make the shift from volume to value. Others will seek to leverage off new and innovative technology to create new industries or improve productivity. Labour will support local regions to identify their economic opportunities, existing strengths and constraints, and the key investments required to grow the economy.

- **Labour will partner with regions to progress their regional economic development plans by making \$200 million seed funding available through the Regional Strategic Partnership Fund for strategic investments in projects or programmes that support the growth of new and innovative industries, deliver sustainable employment opportunities, and further a region's economic development.**

Labour's Regional Economic Development policy is a more focussed evolution of the Provincial Growth Fund. Central Government, through the Provincial Development Unit (PDU), will support regional economic development agencies to develop their own economic plans – identifying their key industries, investments and long-term plans. The PDU will collaborate with the regional economic development agencies on identifying the parts of the plan that may need central government support, and help to establish a funding arrangement that best fits the project, including through this seed funding.

Many of our regions already have comparative advantages and expertise in particular sectors such as agritech and horticulture in the Bay of Plenty, and specialist and advanced manufacturing in Canterbury. This fund will help regions boost productivity and develop their particular niche areas through strategic seed investment. This will also build on work the Government is already doing with sectors on Industry Transformation Plans in agritech, food and beverage, advanced manufacturing and digital technologies.

Local Government, Iwi, business, and central government agencies have been preparing economic development strategies for some time. These strategies identify their region's comparative advantages and innovation strengths, infrastructure needs, and key industries to focus on.

Examples of these strategies include:

- [Matariki Regional Economic Development Strategy](#) is a regional economic development strategy for Hawke's Bay. It was co-created by Iwi, local authorities, business and Central Government and refreshed in December 2019. It aims to support

the creation of jobs, to raise incomes in Hawke's Bay and to improve the overall economic performance and competitiveness of the region.

- [Tai Poutini West Coast Economic Development Strategy](#) was launched in 2018 and sets out the West Coast's economic development strategy. It was developed by the District Councils, Regional Council, Iwi, Tourism West Coast, Development West Coast and Department of Conservation.
- [The Tai Tokerau Northland Economic Action Plan](#) sets out the key opportunities that will have the greatest impact on Northland's economic growth and social wellbeing. It provides a long-term collaborative approach to Northland, our local businesses, hapū and iwi Māori, local and central government. The Provincial Development Unit worked closely as part of the Tai Tokerau Northland Economic Action Plan Advisory Group to develop this refresh.

Funding from the Provincial Growth Fund is already helping get many of the projects identified in these reports off the ground.

The PDU will also identify where existing government spending through programmes such as PGF and the Infrastructure Reference Group can best leverage local economic development opportunities. This means that both new and existing funding will be targeted to make the most difference to the economic potential of a region. We will also review any funding in the PGF that has been set aside for a sector but that has not yet been allocated to a project with a view to redistributing it to the new regional plans. Based on this work, we will fund future support for regional economic development as part of the COVID Recovery and Rebuild Plan.

## Responding to the economic impact of COVID-19

Our Regional Economic Development policy is one part of our wider plan to keep New Zealand moving. Our plan to respond to the economic impact of COVID-19 is built around five key principles: investing in our people, jobs, preparing for the future, supporting our small businesses, and positioning New Zealand globally. Other key initiatives include:

- **Long-term infrastructure plan** – we are funding a long-term infrastructure pipeline and immediate shovel-ready projects to create jobs. We have committed to long-term investment in state housing, transport projects, schools, hospitals, waste management, and under-pressure water services. We will continue to roll this out.
- **Industry Policy** – Labour is committed to work with industries and unions to prepare industry plans to:
  - support industries in transition (in response to both near-term disruption caused by COVID-19 and long-term challenges such as the shift to a low emissions economy), focussing on energy, construction and tourism; and
  - transform industries to lift aggregate productivity and enabling the scaling up of highly productive and internationally competitive clusters in areas where we have a comparative advantage focussing on agritech, digital technologies, advanced manufacturing and food and beverage.
- **Training and Skills** – Free apprenticeships and trades training in key areas for people of all ages, not just school-leavers. We're also adding 1,000 more Trades Academy places to equip young New Zealanders with practical skills and experience, and

expanding initiatives like Mana in Mahi and He Poutama Rangitahi to get rangatahi work ready and support them into jobs

- **Research and Development** – the Research and Development Tax Incentive and our Research, Science and Innovation Strategy increasing business research and development, innovation and the use of new ideas and technology.
- **Backing Small Business** through our Small Business Policy – which includes support for lending, regulating debit and credit card fees, growing businesses through digital technology, and making it easier to interact with government.
- **Investing in trade** – supporting the international business sector to significantly increase the number of exporters receiving intensive support from New Zealand Trade and Enterprise (NZTE) fund ‘boots on the ground’ for New Zealand exporters in international markets, while international travel remains restricted.