

Under-Secretary Fletcher Tabuteau

Speech to the Toowoomba and Surat Basin Enterprise (TSBE) delegation from south-east Queensland

Gala Dinner, 12 June 2018 6.30pm

Pullman Hotel, Corner Princes Street and Waterloo Quadrant, Auckland 1010

EMBARGOED UNTIL 6.30PM

I am delighted to welcome you all to New Zealand. It is great to see that the Toowoomba and Surat Basin Enterprise's latest ACCESS industry tour is to New Zealand. Your visit is an opportunity for companies from both sides of the Tasman to network, share ideas, and for you to meet with dozens of New Zealand business leaders.

I understand you are also taking the chance to gain backstage access to some of our most well-known or innovative businesses. When people first imported and exported goods to and from New Zealand, there was no central government. The first exports were seal furs, whale oil, kauri timber and flax. Imports were clothes, metal goods and alcohol.

In those early years, New Zealand traded mainly with Australia. Now here we are, almost 200 years later, and it is no accident that Australia and New Zealand are two of the world's most connected economies. This has been achieved through thirty-five years of persistent effort, as successive governments and business leaders helped build a single market.

We have virtually free movement in goods, services, investment and people. We have alignment of standards at the border and harmonisation of our business law behind the border.

Our two-way trade exceeded \$24 billion last year. Australia takes around 20% of our exports and provides 13% of our imports. You are also the largest source of tourists and capital – and our only formal military ally.

The strength and success of the trans-Tasman bond is one of the things that will remain constant and enduring. We want it to be as easy for a business based in Toowoomba to trade here in New Zealand, and vice versa.

We also seek outcomes which deliver fair economic benefits for all our people, ensuring a dignified standard of living for all citizens. Trade helps us do that. That is why, internationally, the New Zealand Government is prosecuting a trade agenda that is progressive, inclusive and sustainable.

Like you, our Government believes it is vital that the benefits of this trade reach deeply into the regions. Economic success cannot be enjoyed alone by the major cities.

The Coalition are firmly focussed on boosting New Zealand's regions. The regions are a key driver of New Zealand's economy, but many of them have been left falling behind the main cities. This is why New Zealand First negotiated as part of the Government formation in September last year, the Provincial Growth Fund (PGF) – a new \$1 billion per annum fund officially launched in February this year by the Minister for Regional Economic Development, my esteemed colleague, the Honourable Shane Jones.

The aim of the PGF is to lift productivity in the regions by increasing the quality of resources available to existing sectors and opening up investment to new sectors. It will focus on:

- Enhancing economic development opportunities
- Creating sustainable jobs
- Boosting social inclusion and participation
- Building resilient communities, and
- Helping to meet New Zealand's climate change targets

The first regional packages support the region's most neglected, places like Northland, Tairāwhiti-East Coast, Hawke's Bay and Manawatū-Whanganui and the West Coast of the South Island. Central government has already been partnering with regional leaders to gain a shared understanding of each region's comparative strengths and opportunities, vulnerabilities and barriers to quality growth.

For example, some regions have under-developed tourism potential that they aim to tap into. To that end we recently announced business case funding for wharf and airport upgrades in Northland.

In the Bay of Plenty, communally-owned Māori land is also an opportunity and there is work underway there to unlock this land for horticulture and new commercial varieties such as berries and hemp.

We are providing funding to investigate establishing Taranaki as an internationally recognised leader in clean energy technology, potentially enabling the region to diversify from oil and gas. We are investing to re-open a rail line for logging trains in Hawke's Bay, and in a wood processing centre in neighbouring Gisborne to help boost forestry, and forestry jobs in the East Coast region.

This work isn't without its own set of challenges. To lift productivity in the regions, we want PGF investments to do two things:

First, they need to strengthen the resources firms need to grow by supporting key infrastructure such as road, rail or telecommunications.

Secondly, our investments will open up sectors with untapped potential such as high-value food production or the digital economy. We looking for high quality initiatives and sometimes we may take calculated risks, where we think these are justified, for the potential of greater returns. Importantly, the private sector has a real opportunity – though those who wish to access the fund will need to create genuine partnerships with the regions and with regional stakeholders. Ultimately we want to see both central government and the private sector working hand in hand with the regions – co-designing and co-creating from the ground up.

So, how does the Provincial Growth Fund work? It has three investment tiers: The first tier is for regional projects and capability. These will be projects identified by the region and worth less than \$10 million – i.e. smaller economic development projects, feasibility studies or capability building initiatives.

The second tier is sector investment and is possibly more of interest to you. These are mid to large scale investments of more than \$10 million, with a focus on increasing jobs and private investment. Our support will be targeted at priority or high value economic opportunities or sectors, such as tourism, horticulture, aquaculture, tech and niche manufacturing projects that will make a significant contribution to a region's future growth potential.

We will work in partnership with private investors where possible, via grants or co-funding, low-interest loans or equity. Our 'One Billion Trees Planting' programme sits within this second tier. The Government has set a goal to plant one billion trees over 10 years, which will boost the forestry sector and create jobs and training opportunities. It will also advance our climate change objectives.

Finally, the third investment tier is for infrastructure projects. This tier will invest in regional infrastructure that will lift productivity and grow jobs by linking with and supporting regional economic development initiatives. Along with capability building, infrastructure is critical to ensuring our regions are investment ready.

Regional New Zealand and regional Australia face many similar challenges and opportunities in economic development. I encourage all of you over the next few days to strategise with New Zealand businesses to make the most of this shared outlook to work together to create sustainable economic development opportunities for both our regions.

And of course, we will be watching closely your progress in Australia particularly around your SMEs and regional spaces. Clearly we have a lot in common and you will find that collaboration and partnerships are a fundamental part of our culture.

Earlier this year, our two Prime Ministers announced a work programme to investigate ways to boost the flow of business and experts from SMEs across the Tasman. Given the ties between our nations, anything that can make it easier and speedier for SMEs to do business across the border is to be welcomed.

It was also noteworthy that both Prime Ministers agreed to jointly commission a review of our policy and regulatory frameworks in the digital space. The aim of that is to create an environment in which trans-Tasman digital trade is as open and facilitative as they are for conventional trade.

Tomorrow, when you visit Fieldays just down the road in Mystery Creek, you will find innovation a core part of our agri-business. And I look forward to seeing some of you there.

And for those of you from the tourism sector, we are constantly looking for new ways to enhance the experience of Aotearoa for our visitors from all around the world.

To conclude I would leave you with a simple message; that it is our aim to partner with the regions so that our investments help to create a step-change that will increase the community's prosperity over the long-term.

The more each region is an attractive location for talented people, for doing business and for creating business, the more likely it is that New Zealand can achieve more balanced growth and wider sharing of prosperity.

The Provincial Growth Fund represents a major opportunity for unlocking barriers to growth and identifying new opportunities – including in the areas of sustainability, the digital economy and support Maori economic development.

As regional business people, I encourage you to look no further than the untapped potential of provincial New Zealand, and to most importantly enjoy your stay in our beautiful country.

But lastly I'd like to thank you all for being here today as part of this very important delegation to New Zealand. Australia continues to be, if not one of the most important relationships to New Zealand and it is a priority for this government to work towards mutual prosperity on both sides of the Tasman.

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