

PRIMARY GROWTH PARTNERSHIP

INVESTMENT ADVISORY PANEL: TERMS OF REFERENCE

BACKGROUND

1. The Primary Growth Partnership (**PGP**) is a partnership between the Crown and the primary industries in New Zealand. PGP will invest in programmes designed to drive substantial economic growth and sustainability in the primary industries. Primary industries included in PGP are:
 - a) pastoral (including wool) and arable production;
 - b) horticulture;
 - c) seafood (including aquaculture);
 - d) forestry and wood products; and
 - e) food processing.
2. The Director-General of the Ministry for Primary industries (**MPI**) is responsible for the commitment of Crown funding to PGP investment programmes.
3. An Investment Advisory Panel (**IAP**) has an important role in the success of PGP.
4. These Terms of Reference describe the role and functioning of the IAP.

ROLE OF THE IAP

5. The role of the IAP is to:
 - a) provide independent and objective advice to the Director General MPI on the investment of Crown funds for investment programmes;
 - b) assess and determine which proposals are to be progressed to business plans;
 - c) monitor investment programmes and recommend adjustments to existing investment programmes to MPI;
 - d) promote PGP, in accordance with a communications strategy developed by MPI.
 - e) report annually on the matters contained in this Terms of Reference.
6. In carrying out its role, the IAP will:
 - a) act in accordance with procedures agreed or mandated by MPI;
 - b) act within a budget notified to it, but held by MPI;
 - c) comply with relevant MPI Policies as advised from time to time;
 - d) maintain the confidentiality of confidential material submitted to it or obtained in carrying out, or incidental to, its functions; and
 - e) comply with legal requirements.

FUNCTIONS

7. Within the PGP process, the functions of the IAP are:

Proposals

7.1 The IAP will determine which proposals will progress to business plans using the framework and criteria, as advised by MPI from time to time and taking into consideration the funding available to PGP.

Business plans

7.2 The IAP will assess business plans for investment programmes using the framework and criteria, as advised by MPI from time to time. This includes:

- a) determining whether to accept an in-kind contribution and its value within parameters agreed with MPI; and
- b) recommending to the Director General MPI that the Crown commit funds to a business plan and it thereafter becomes an investment programme.

Evaluation and adjustment

7.3 In accordance with paragraph 5(c) the IAP will:

- a) monitor all investment programmes against the agreed objectives and intended outcomes of the investment programme; and
- b) recommend appropriate adjustments across investment programmes to better target the investment programme to the PGP objectives.

Reporting

7.4 In accordance with paragraph 5(e) the IAP will:

- a) present an annual report of progress in achieving the objectives of PGP and the IAP's activities and performance to the Annual Meeting.
- b) hold and chair an Annual Meeting of key Ministers, the Director General MPI, relevant government officials and stakeholders each year. The purpose of the Annual Meeting is to discuss the progress of PGP, including the IAP's:
 - i) observations on how investment programmes fit with the objective of PGP to drive substantial economic growth and sustainability in the primary industries;
 - ii) undertaking of its approval and monitoring roles regarding proposals, business plans, investment programmes; and
 - iii) recommendations for any adjustments to investment programmes.

PGP PROCESS

8. The key steps of the PGP process are:

- a) *Step 1:* MPI, in consultation with the IAP, will call for proposals for investment programmes from the primary industries.
- b) *Step 2:* The IAP determines which proposals will be progressed.
- c) *Step 3:* Proposals selected to progress will develop business plans for investment programmes. These business plans are then submitted to the IAP for assessment.

- d) *Step 4:* The IAP assesses the quality and value proposition of each investment programme and makes a recommendation to the Director General MPI on the commitment of Crown funding.
- e) *Step 5:* The Director General MPI makes the decision on the commitment of Crown funding to the investment programme.
- f) *Step 6:* Contracts are entered into to deliver the investment programme. A Programme Steering Group, consisting of representatives of the proposer and the Crown, will be responsible for oversight of the investment programme. Programmes are required to provide quarterly reports on progress to the Programme Steering Group, to develop an annual plan for the Programme Steering Group to approve, and to be audited and reviewed in accordance with contract terms. Such reports and plans are also provided to the IAP.

IAP RECOMMENDATIONS

9. The IAP's role in recommending the commitment of Crown funds to investment programmes and the adjustment of funds across all investment programmes is strictly advisory. The Director General MPI has absolute discretion to accept or decline in whole or part, recommendations of the IAP. The IAP has no voting, decision making or veto rights in respect of the decision to commit funds to, or amend funds within, an investment programme. For the avoidance of doubt, the IAP decides which proposals are to be progressed to business plans in accordance with the criteria and recommends to the Director General MPI which business plans should receive investment funds.

SYSTEMS AND PROCESSES

10. The IAP will operate in a manner that promotes:
 - a) transparency of its decision making;
 - b) consensus decision making;
 - c) fairness and consistency of process;
 - d) the transparency, credibility, integrity and confidence in the PGP, given the commitment of Crown funds to investment programmes; and
 - e) the goal of the PGP to promote substantial economic growth and sustainability.
11. In considering any proposal or business plan, the IAP may:
 - a) discuss matters with the primary industry investors in order to gather more information, suggest amendments, or suggest combining or linking with other proposals or business plans;
 - b) determine that an proposal or business plan will be deferred, in accordance with rules advised by MPI; and
 - c) seek external advice, within parameters agreed with MPI.
12. The IAP, with the written agreement of the Director General MPI, will document systems and processes it will use to operate, including:
 - a) the procedures for assessing and prioritising proposals and business plans and recommending investments;
 - b) how its decisions are made and notified;

- c) how its meetings are conducted, including a quorum, procedures when the Chair is absent and voting;
- d) how information is to be treated, secured and returned where a person is no longer a member of the IAP;
- e) a conflicts of interest policy that complies with State Services Commission guidance, including procedures for where members of the IAP are conflicted and the maintenance of a conflicts of interest register;
- f) its working relationship with MPI; and
- g) how its systems and processes are monitored and improvements are made.

MEMBERS

13. The IAP will consist of a Chair and up to five additional members, appointed for terms of up to 3 years, renewable for one further term.
14. The Minister for Primary Industries may, by written notice appoint or reappoint –
 - a) any natural person as a member; and
 - b) any member as the chairperson or deputy chairperson -
 and any such appointment or reappointment shall be effective from the time and date specified in the notice.
15. The Minister for Primary Industries may at any time, at his or her discretion, terminate an appointment by written notice signed by the Minister and sent to the member stating that the appointment shall be vacated and copied to MPI.
16. The Minister for Primary Industries may at any time, at his or her discretion, dissolve the IAP by written notice signed by the Minister and sent to each member stating that the IAP is dissolved and all appointments to it shall be vacated. Such notice is to be copied to MPI.
17. A member may, at any time, resign membership of the IAP by providing written notice to the Minister for Primary Industries.
18. A member of the IAP has a duty to:
 6. act in good faith and in the best interests of the IAP and PGP; and
 7. comply with these Terms of Reference and decisions of the Director General MPI.
19. Cabinet will determine the amount of remuneration payable for services as a member of the IAP. Members are responsible for paying all Inland Revenue payments, other taxes and Accident Compensation levies in respect of remuneration and disbursements.
20. The daily remuneration can be claimed in accordance with Cabinet Office instructions and MPI policies as advised from time to time.
21. Travel, accommodation and meals will be organised and paid by MPI where practicable. Disbursements will be reimbursed as agreed with MPI. Where travel, accommodation and meals cannot be organised by MPI then actual and reasonable costs will be reimbursed in accordance with relevant MPI policies.

22. The Director-General MPI will arrange for appropriate insurance arrangements to be made to cover potential personal liability of members arising out of IAP acts or omissions.

ROLE OF THE IAP CHAIR

- 23 The Chair of the IAP is responsible for:
- a) ensuring the IAP operates in a manner that enables it to undertake its role and functions;
 - b) acting as the spokesperson for the IAP; and
 - c) liaising with MPI on all matters relating to the role of the IAP.

ROLE OF DG MPI

24. The DG MPI will:
- a) take due consideration of IAP recommendations to commit Crown funding to investment programmes and adjustments to investment programmes;
 - b) be responsible for employing MPI staff who will manage and administer PGP and for providing an operating budget for the IAP and MPI's administration of PGP; and
 - c) review these Terms of Reference, from time to time, in consultation with the Chair of the IAP.

OFFICIAL INFORMATION ACT 1982

25. The Official Information Act applies to the records of the IAP.

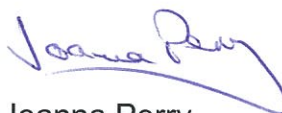
EXECUTION

Agreed and Signed by:



Martyn Dunne
Director General
Ministry for Primary Industries

29 / 11 / 13



Joanna Perry
Chair
Investment Advisory Panel

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