



POLICY AND STRATEGY

Tax policy report: Order in Council to designate Provincial Growth Fund Limited a public purpose Crown-controlled company

Date:	20 August 2019	Priority:	Medium
Security level:	In Confidence	Report number:	IR2019/380

Action sought

	Action sought	Deadline
Minister of Revenue	Agree to the recommendations. Refer copies of this report to the Minister of Finance and Minister for Regional Economic Development.	30 August 2019

Contact for telephone discussion

Name	Position	Telephone
[REDACTED]	Senior Policy Advisor	[REDACTED]
[REDACTED]	Policy Analyst	[REDACTED]

OFFICIAL INFORMATION ACT
RELEASED UNDER THE ACT

20 August 2019

Minister of Revenue

Order in Council to designate Provincial Growth Fund Limited a public purpose Crown-controlled company

Purpose

1. This report seeks your agreement to designate, by way of an Order in Council, Provincial Growth Fund Limited (PGFL) to be a public purpose Crown-controlled company. This status will make PGFL exempt from income tax.

Policy background

2. On the recommendation of the Minister of Finance and Minister for Regional Economic Development, Cabinet has agreed to establish PGFL as a schedule 4A company under the Public Finance Act 1989 [DEV-19-MIN-0084].¹ It is being established as an asset holding company to hold loan and equity investments made through the Provincial Growth Fund while outsourcing the management and administration functions associated with these investments to the Provincial Development Unit, which is part of the Ministry of Business, Innovation and Employment.

3. A Crown Law opinion on which entities qualify to be public authorities under the Income Tax Act 2007 resulted in most of the Crown-controlled companies listed in schedule 4A of the Public Finance Act losing their "public authority" status for tax purposes. In response, legislation enacted in March 2019 provides such companies with an income tax exemption and GST treatment² equivalent to their being public authorities when:

- they have no private sector shareholders (this requirement avoids subsidising private sector investors through the income tax exemption); and
- their primary purpose is to carry out one of the Government's public policy objectives rather than to make a profit (to distinguish them from state enterprises).

4. The purpose of these amendments were to reduce compliance costs for Crown companies without reducing government revenue or creating economic distortions.

5. Companies that meet the above criteria are listed in schedule 35 of the Income Tax Act as "public purpose Crown-controlled companies". Eleven companies are currently on the schedule, including New Zealand Green Investment Finance Limited which was added to the list early this year.

6. Companies can be added or removed from this schedule by Order in Council depending on whether the above criteria are met. The Governor-General is guided by the recommendations of the Minister of Revenue when considering an Order in Council.

¹ To be listed in schedule 4A, a company must be more than 50 per cent owned by the Crown, its shares cannot be listed on a registered market, and the company cannot be a Crown entity or a State Enterprise.

² This new provision in the Goods and Services Tax Act 1985 helps ensure that the companies can, like other businesses, claim back the GST paid on their purchases.

Designating PGFL to be a public purpose Crown-controlled company

7. Tax officials consider that PGFL meets the statutory criteria to be listed as a public purpose Crown-controlled company for income tax purposes. It will be a 100 per cent Crown-owned company (the Minister of Finance and the Minister for Regional Economic Development will each hold 50 percent of shares) and it will be listed in schedule 4A of the Public Finance Act.

8. In addition, officials believe that PGFL will have a primarily public policy objective as it will have the same policy objectives as the Provincial Growth Fund. The overall objective of the Crown, via the Provincial Growth Fund, is to invest in regional economic development in New Zealand, by providing various forms of financial support for recipients in regional New Zealand. PGFL will be the holding company for certain Fund investments. Decisions on the choice of investments will remain with the Crown and will be governed by criteria published by the Ministry of Business, Innovation and Employment, which include non-financial criteria.

9. In summary, the Crown wishes to hold its interests in certain Provincial Growth Fund investments through a limited liability company, while still ensuring the primary responsibility for management and administration of those investments remains with the Crown.

Financial implications

10. Making PGFL income tax exempt will not have fiscal implications as it is a new company, and it is likely to be initially making losses.

11. Officials note there is a provision in PGFL's constitution that enables shareholders to pass a special resolution to change the nature of the company so that its primary objective would be to operate as a successful business, and to this end, be profitable and efficient. If such a resolution were passed, this would trigger officials recommending the removal of PGFL from schedule 35 of the Income Tax Act.

Consultation

12. The Ministry of Business, Innovation and Employment and the Treasury have been consulted in the preparation of this report and agree with the recommendations. The Ministry of Business, Innovation and Employment is in the process of organising the Order in Council needed to add PGFL to schedule 4A of the Public Finance Act. This is a necessary step before an Order in Council adding PGFL to schedule 35 of the Income Tax Act can be made.

Next steps

13. PGFL is expected to be operational from October 2019. It would be desirable for there to be certainty about the tax treatment of the company before this date.

14. Therefore, if you agree that PGFL should be treated as a public purpose Crown-controlled company, officials will prepare a draft joint Cabinet paper for you and the Minister of Finance to take to Cabinet Legislation Committee in mid-September, seeking its authorisation of the Orders in Council needed to add PGFL to both schedule 4A of the Public Finance Act and schedule 35 of the Income Tax Act. These changes can be done concurrently (although the Order adding PGFL to schedule 4A of the Public Finance Act must be authorised first).

Recommended action

15. We recommend that you:

- (a) **agree** that Provincial Growth Fund Limited should be added to the list of public purpose Crown-controlled companies in schedule 35 of the Income Tax Act 2007.

Agreed/Not agreed

- (b) **agree** that the Parliamentary Counsel Office draft an Order in Council to add Provincial Growth Fund Limited to schedule 35.

Agreed/Not agreed

- (c) **direct** officials to prepare a draft joint Cabinet paper that you and the Minister of Finance can take to Cabinet Legislation Committee in relation to the necessary Orders in Council.

Directed

- (d) **refer** copies of this report to the Minister of Finance and the Minister for Regional Economic Development for their information.

Referred/Not referred


Senior Policy Advisor
Policy and Strategy

Hon Stuart Nash
Minister of Revenue
/ /2019



AIDE MEMOIRE

Summary of Provincial Growth Fund Limited: Orders in Council Cabinet paper

Date:	19 September 2019	Priority:	High
Security classification:	In Confidence	Tracking number:	0927 19-20

Information for Minister(s)
Hon Shane Jones Minister for Regional Economic Development
Fletcher Tabuteau Parliamentary Under-Secretary to the Minister for Regional Economic Development

Contact for telephone discussion (if required)				
Name	Position	Telephone		1st contact
Isabel Poulson	Manager, Strategy and Policy	[REDACTED]	[REDACTED]	✓
Levi Rona	Senior Policy Advisor	[REDACTED]	-	

The following departments/agencies have been consulted
N/A

Minister's office to complete:

- | | |
|-----------------------------------------------|----------------------------------------------|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Noted | <input type="checkbox"/> Needs change |
| <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |

Comments

AIDE MEMOIRE

Summary of Provincial Growth Fund Limited: Orders in Council Cabinet paper

Date:	19 September 2019	Priority:	High
Security classification:	In Confidence	Tracking number:	0927 19-20

Purpose

This aide memoire provides information on the Cabinet paper that seeks authorisation from Cabinet Legislation Committee (LEG) on 24 September 2019 to the Orders in Council for Provincial Growth Fund Limited (PGFL).

Isabel Poulson
Manager, Strategy and Policy
 Provincial Development Unit, MBIE

..... / /

Background

1. This paper seeks LEG Committee's authorisation to submit Orders in Council to the Executive Council to:
 - a. add PGFL to Schedule 4A of the Public Finance Act 1989 (PFA) and;
 - b. add PGFL to the list of public purpose Crown-controlled companies in Schedule 35 of the Income Tax Act 2007.

Public Finance (Provincial Growth Fund Limited) Order 2019

2. This Order will add PGFL to Schedule 4A of the PFA and will make it subject to restrictions on borrowing and the use of derivatives (under section 162 and 164 of the Crown Entities Act 2004). Applying only these restrictions and not applying others will provide flexibility and avoid any potential issues that would prevent PGFL from carrying out activities aligned with the company's intended role and purpose such as holding loan agreements.
3. The Minister of Finance has recommended that the Governor-General add PGFL to Schedule 4A of the Public Finance Act 1989 by way of Order in Council because he is satisfied that:

- i. more than 50% of the issued ordinary shares in the capital of PGFL are held by Ministers of the Crown, on behalf of the Crown;
- ii. shares in the PGFL are not listed on a registered market; and
- iii. PGFL is not a Crown entity or a State enterprise named in Schedule 1 of the State-Owned Enterprises Act 1986.

Income Tax (Provincial Growth Fund Limited) Order 2019

4. This Order will add PGFL to the list of public purpose Crown-controlled companies in Schedule 35 of the Income Tax Act 2007, making the company exempt from income tax.
5. The Minister of Revenue has agreed to add PGFL to Schedule 35 on the basis that:
 - i. the company will be listed in Schedule 4A of the Public Finance Act or it is a subsidiary of a company listed in Schedule 4A;
 - ii. the Minister of Finance and Minister for Regional Economic Development each hold, on behalf of the Crown, 50% of the voting shares in PGFL; and
 - iii. PGFL's primary purpose of investing in regional economic development in New Zealand is a public policy objective of the Government.
6. Adding PGFL to Schedule 35 means that the company will be exempt from income tax, better enabled to claim back GST paid on its purchases, and be eligible for a resident withholding tax exemption certificate.

Waiver to the 28-day rule

7. The paper proposes that Cabinet agree to a waiver of the 28-day rule on the basis the Orders in Council will have little or no impact on the public. The Orders will be essentially adding PGFL to Schedule 4A of the PFA and Schedule 35 of the Income Tax Act 2007. PGFL itself will play a limited role in managing the investments that have already been approved through the PGF.
8. A waiver will allow PGFL to be established and operational as soon as possible. 11 loans are already signed and ready to be transferred to the company for management, with further loans nearing approval.
9. If Cabinet does not approve the waiver then the Orders will take effect in late October 2019. This will delay investments from being novated to PGFL.

Background to Provincial Growth Fund Limited

10. On 10 April 2019, Cabinet agreed to establish PGFL as a Schedule 4A company under the PFA. PGFL is being established as an asset holding company to hold loan and equity investments made through the Provincial Growth Fund (PGF).
11. Establishing PGFL as a Schedule 4A company was considered the most appropriate form of Crown entity to provide the necessary structure and flexibility to best manage loan and equity investments beyond the life of the PGF.
12. PGFL will have no operational role in the day-to-day management and administration of PGF investments. PGFL will outsource these functions to the Provincial Development Unit (PDU) through a management agreement. Decision making responsibilities on PGF investments will remain unchanged.



13. Existing investments are currently being managed by the PDU, and will be novated (or transferred) to PGFL once it is established and operational. Thereafter, new investments will be novated to PGFL once executed.
14. PGFL was registered and incorporated with the Companies Office on 3 September 2019 for the company to be “established” under the Companies Act 1993. The Minister of Finance and Minister for Regional Economic Development are Shareholding Ministers, on behalf of the Crown, each holding 50% of the issued ordinary shares in the capital of the company.
15. In July 2019, Cabinet noted the appointment of Mr Rodger Finlay (as Chair of the Board), Mr Neville Harris and Mr Graeme Mitchell as directors of PGFL. Directors commenced their three year term on 1 August 2019.

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Cabinet Legislation Committee

Summary

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Provincial Growth Fund Limited Orders

Portfolios	Revenue / Regional Economic Development
Purpose	<p>This paper seeks approval for submission to the Executive Council of:</p> <ul style="list-style-type: none"> • the Public Finance (Provincial Growth Fund Limited) Order 2019, adding Provincial Growth Fund Limited (PGFL) to Schedule 4A of the Public Finance Act 1989 (PFA); and • the Income Tax (Provincial Growth Fund Limited) Order 2019, adding PGFL to Schedule 35 of the Income Tax Act 2007.
Previous Consideration	<p>In April 2019, the Cabinet Economic Development Committee agreed to establish PGFL as a Schedule 4A company under the Public Finance Act 1989 [CAB-19-MIN-0084]. PGFL is being established as an asset holding company to hold loan and equity investments made through the Provincial Growth Fund (PGF).</p>
Summary	<p>The purpose of PGFL is to act as the nominated legal entity for taking PGF debt and equity investments, to act in accordance with its constitution and its management agreement with the Provincial Development Unit, and to distribute the receipts or proceeds of any PGF investments to shareholding Ministers.</p> <p>A Schedule 4A company is considered the most appropriate form of Crown entity to provide the necessary structure and flexibility to best manage loan and equity investments beyond the life of the PGF.</p> <p>The effect of adding PGFL to the list of public purpose Crown-controlled companies in Schedule 35 is that the company will be exempt from income tax, better enabled to claim back the goods and services tax paid on its purchases, and be eligible for a resident withholding tax exemption certificate.</p>
Regulatory Impact Analysis	Not required.
Compliance	On 19 September 2019, Parliamentary Counsel certified the Orders as being in order for submission to Cabinet.
Timing Issues	A waiver to the 28-day rule is sought, as the Orders have little or no effect on the public, and so that the Orders can come into force as soon as possible.

- Announcement** The Orders will be notified in the *New Zealand Gazette*.
- Proactive Release** This paper will be proactively released.
- Consultation** Paper prepared by IRD and MBIE (Regional Economic Development). The Treasury, DPMC and SSC were consulted.

The Minister of Revenue and the Minister for Regional Economic Development indicate that the Minister of Finance, the Prime Minister, the Deputy Prime Minister, the Minister of Transport, the Minister of State Services, the Minister for Trade and Export Growth, the Minister for Māori Development, the Minister of Agriculture, the Minister for Climate Change, the Minister of Employment, the Parliamentary Under-Secretary to the Minister for Regional Economic Development and the Minister for Economic Development were consulted, and that New Zealand First, the Green Party and the Labour Party were consulted.

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The Minister of Revenue and the Minister for Regional Economic Development recommend that the Committee:

- 1 note that on 10 April 2018, the Cabinet Economic Development Committee agreed to establish PGFL as a Schedule 4A company under the Public Finance Act 1989 [DEV-19-MIN-0084];
- 2 note that the Public Finance (Provincial Growth Fund Limited) Order 2019 gives effect to the decision referred to in paragraph 1 above;
- 3 note that the Minister of Finance has agreed to recommend that Provincial Growth Fund Limited be added to Schedule 4A of the Public Finance Act 1989;
- 4 note that Schedule 4A companies must comply with certain provisions of the Crown Entities Act 2004, the Official Information Act 1982 and the Ombudsmen Act 1975;
- 5 authorise the submission to the Executive Council of the Public Finance (Provincial Growth Fund Limited) Order 2019 [PCO 22348/3.0] adding Provincial Growth Fund Limited to Schedule 4A of the Public Finance Act 1989 and applying sections 162 and 164 of the Crown Entities Act 2004 to Provincial Growth Fund Limited;
- 6 note that on 21 August 2019, the Minister of Revenue agreed that Provincial Growth Fund Limited should be added to Schedule 35 of the Income Tax Act 2007;
- 7 note that the Income Tax (Provincial Growth Fund Limited) Order 2019 gives effect to the decision referred to in paragraph 6;
- 8 authorise the submission to the Executive Council of the Income Tax (Provincial Growth Fund Limited) Order 2019 [PCO 22352/3.0] adding Provincial Growth Fund Limited into Schedule 35 of the Income Tax Act 2007;
- 9 note that a waiver of the 28-day rule is sought:
 - 9.1 so that the Orders can come into force as soon as possible;
 - 9.2 on the grounds that the Orders have little or no effect on the public;
- 10 agree to a waiver of the 28-day rule so that the regulations can come to force on the day after the date of their notification in the Gazette.

Jack Petterson
Committee Secretary

Hard-copy distribution:

Cabinet Legislation Committee
Minister of Finance
Minister of Transport
Minister for Māori Development
Minister for Regional Economic Development
Minister of Employment
Minister for Climate Change
Parliamentary Under-Secretary to the Minister for Regional Economic Development



Cabinet

Minute of Decision

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Report of the Cabinet Legislation Committee: Period Ended 27 September 2019

On 30 September 2019, Cabinet made the following decisions on the work of the Cabinet Legislation Committee for the period ended 27 September 2019:

Not in scope



CONFIRMED

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LEG-19-MIN-0149

Provincial Growth Fund Limited Orders

CONFIRMED

Portfolios: Revenue / Regional Economic Development

Michael Webster
Secretary of the Cabinet

Hard-copy distribution:
Cabinet Legislation Committee
Minister for Regional Economic Development



From: Levi Rona [redacted]@mbie.govt.nz>
Sent: Friday, 19 July 2019 12:44 PM
To: [redacted]
Cc: Philippa Harray
Subject: RE: 0045 min PGF Ltd [IN-CONFIDENCE]

Follow Up Flag: Follow up
Flag Status: Completed

Thanks for that [redacted] – this was actually on my mind this morning so that's great timing.

We're close to finalising the drafting instructions but we're in the process of trying to confirm whether we need any exemptions to the restriction of financial power provisions under the Crown Entities Act. Once we have that confirmed we'll push forward. We don't have a set date but can provide better intel on Monday if needed

Cheers
Levi

From: [redacted]@ird.govt.nz]
Sent: Friday, 19 July 2019 12:36 p.m.
To: Levi Rona
Subject: RE: 0045 min PGF Ltd [IN-CONFIDENCE]
[IN CONFIDENCE]

Hi Levi

Apologies, as I don't think I thanked you for sending through the email below – it was very useful.

I just had a quick timing question. I note that para 7.4 of the draft constitution refers to the company is being "named in Schedule 4A of the Public Finance Act.." and I was just wondering what MBIE/TSY's timeframes were for organising the necessary Order in Council need to add PGF Ltd to schedule 4A?

Sa you are probably aware, although, we can report to the Minister of Revenue on the tax treatment of PGF Ltd prior to the schedule 4A order being finalised, technically the Order adding PGF Ltd to schedule 4A must be completed prior to the order adding PGF Ltd to the schedule of Crown-controlled companies for tax purposes is completed (although, I understand that in practice Cabinet approval for both of these orders can be sought at the same time).

I am out of the office for the rest of the day today, but happy to have a chat about this on Monday if it would be easier.

Thanks

[redacted]
[redacted] | Policy Analyst, Policy & Strategy | Inland Revenue
T. [redacted] | taxpolicy.ird.govt.nz

From: Levi Rona [redacted]@mbie.govt.nz>
Sent: Friday, 28 June 2019 4:00 PM
To: [redacted]@ird.govt.nz>
Cc: [redacted]@ird.govt.nz>; Philippa Harray [redacted]@mbie.govt.nz>; Isabel Poulson

[REDACTED]@mbie.govt.nz>

Subject: RE: 0045 min PGF Ltd [IN-CONFIDENCE]

Kia ora [REDACTED]

Thanks for the call just now. As discussed, we think that it's unlikely that there will be material changes to the constitution I previously sent as our legal advisors have developed this in conjunction with the agreed Cabinet paper (attached).

It is worth noting however that we're still working on other aspects for establishing the company e.g. the management agreement between the PDU and PGF Limited. We need to ensure that both the agreement and the constitution are aligned. Until we're in a good place with the management agreement we're unable to finalise the constitution. We're unsure about timeframes but we could be looking at around August 19. If there's any concerns with the timeframes, please let me know.

Of course if you have any further questions, happy to discuss

Have a great weekend

Levi

Levi Rona

Senior Policy Advisor
Strategy and Policy
Provincial Development Unit
Ministry of Business, Innovation & Employment

[REDACTED]@mbie.govt.nz | [REDACTED]

From: [REDACTED]@ird.govt.nz

Sent: Thursday, 27 June 2019 5:39 p.m.

To: Levi Rona; [REDACTED]@mbie.govt.nz

Cc: [REDACTED]

Subject: RE: 0045 min [IN-CONFIDENCE] PGF Ltd

[IN CONFIDENCE]

Hi Levi

I am going to be assisting [REDACTED] on the issue below from an IR perspective. Based on the draft constitution sent through below a draft report is being prepared for the Minister of Revenue, which would seek approval for PGF Ltd to be added to the list of public purpose Crown-controlled companies in the Income Tax Act.

As indicated below we should be able to report to the Minister of Revenue before the company set up is complete. However, as we want to ensure that the report accurately reflects what will be included in the final version of the constitution, I thought it would be prudent to touch base now to confirm whether you expect there are likely to be any substantive changes to the constitution that would be relevant to the determination of whether PGF could be added to the list of public purpose companies (e.g.: relation to the purpose/objective section).

For reference, I was also wondering if there had been any developments re timing for finalising the constitution?

Thanks very much.

[REDACTED] | Policy Analyst, Policy & Strategy | Inland Revenue

[REDACTED] | taxpolicy.ird.govt.nz

From: Levi Rona [redacted] <[redacted]@mbie.govt.nz>
Sent: Thursday, 6 June 2019 9:33 AM
To: [redacted] <[redacted]@ird.govt.nz>; Philippa Harray [redacted] <[redacted]@mbie.govt.nz>
Cc: Isabel Poulson [redacted] <[redacted]@mbie.govt.nz>; Matthew Green [redacted] <[redacted]@mbie.govt.nz>; [redacted] <[redacted]@ird.govt.nz>; Eleanor Green [redacted] <[redacted]@mbie.govt.nz>
Subject: RE: 0045 min [IN-CONFIDENCE]

Kia ora [redacted]

Now with Andy leaving the team, I'm stepping in to cover this work. Please see the latest version of the constitution that we can now share with you for your consideration. Let me know your thoughts once you've had time to review.

Cheers
Levi

Levi Rona
Senior Policy Advisor
Strategy and Policy
Provincial Development Unit
Ministry of Business, Innovation & Employment
[redacted] <[redacted]@mbie.govt.nz | [redacted]>

From: [redacted] <[redacted]@ird.govt.nz>
Sent: Thursday, 23 May 2019 10:29 a.m.
To: Philippa Harray; Andy McLoughlin
Cc: Isabel Poulson; Matthew Green; [redacted]; Levi Rona; Eleanor Green
Subject: RE: 0045 min [IN-CONFIDENCE]

[IN CONFIDENCE RELEASE EXTERNAL]

Ok, thanks.

From: Philippa Harray [redacted] <[redacted]@mbie.govt.nz>
Sent: Thursday, 23 May 2019 8:30 AM
To: Andy McLoughlin [redacted] <[redacted]@mbie.govt.nz>
Cc: Isabel Poulson [redacted] <[redacted]@mbie.govt.nz>; [redacted] <[redacted]@ird.govt.nz>; Matthew Green [redacted] <[redacted]@mbie.govt.nz>; [redacted] <[redacted]@mbie.govt.nz>; [redacted] <[redacted]@ird.govt.nz>; Levi Rona [redacted] <[redacted]@mbie.govt.nz>; Eleanor Green [redacted] <[redacted]@mbie.govt.nz>
Subject: Re: 0045 min [IN-CONFIDENCE]

[redacted] making a few tweaks to the constitution to line it up with the management Agreement. Should have that this week. I think better to wait for the next draft if we can.
Philippa

On 23/05/2019, at 7:59 AM, Andy McLoughlin [redacted] <[redacted]@mbie.govt.nz> wrote:

Hi Philippa, I know this is still being drafted based on feedback received to date but is this in a position for IRD to take an initial look at it?

Thanks
Andy

From: [REDACTED]@ird.govt.nz
Sent: Wednesday, 22 May 2019 6:16 p.m.
To: Andy McLoughlin
Cc: Matthew Green; [REDACTED]; Levi Rona
Subject: RE: 0045 min [IN-CONFIDENCE]

[IN CONFIDENCE RELEASE EXTERNAL]

Hi Andy

Any progress on the draft constitution?

Cheers

[REDACTED]

From: Andy McLoughlin [REDACTED]@mbie.govt.nz>
Sent: Friday, 3 May 2019 3:09 PM
To: [REDACTED]@ird.govt.nz>
Cc: Matthew Green [REDACTED]@mbie.govt.nz>; [REDACTED]@ird.govt.nz>;
Levi Rona [REDACTED]@mbie.govt.nz>
Subject: RE: 0045 min [IN-CONFIDENCE]

Hi [REDACTED], we should have a draft purpose clause for the constitution next week which we'll share with you (this of course will be subject to Ministers' feedback etc).

Cheers

Andy

From: [REDACTED]@ird.govt.nz
Sent: Friday, 3 May 2019 12:12 p.m.
To: Andy McLoughlin
Cc: Matthew Green; [REDACTED]
Subject: RE: 0045 min [IN-CONFIDENCE]

[IN CONFIDENCE RELEASE EXTERNAL]

Hi Andy

Have been discussing timing with Matt Green. He's advised that the external lawyers engaged to set up the Company have indicated that it will take about three months to set up the company. We are happy to progress the various reports to our Minister before then, so we don't delay the company's formation, if we are able to sight the intended constitution of the company setting out its purpose/objectives. We would also be interested in whether there will be a clause in the constitution that provides shareholding Ministers with the power to amend the company's purpose to one of being primarily profit focused.

Happy to discuss.

Regards

[REDACTED]

From: Andy McLoughlin [REDACTED]@mbie.govt.nz>
Sent: Friday, 3 May 2019 11:32 AM
To: [REDACTED]@ird.govt.nz>

Cc: [REDACTED]@ird.govt.nz>
Subject: RE: 0045 min [IN-CONFIDENCE]

Hi [REDACTED], just wondering if IRD's thinking on the eligibility for an income tax exemption for PGF Limited had progressed?

Regards
Andy

From: Andy McLoughlin
Sent: Thursday, 11 April 2019 11:42 a.m.
To: [REDACTED]
Subject: RE: 0045 min [IN-CONFIDENCE]

Will-do.

From: [REDACTED]@ird.govt.nz]
Sent: Thursday, 11 April 2019 11:40 a.m.
To: Andy McLoughlin; [REDACTED]
Cc: Isabel Poulson; Eleanor Green
Subject: RE: 0045 min [IN-CONFIDENCE]

[IN CONFIDENCE RELEASE EXTERNAL]

Yes, can you please ask them to give me a call on [REDACTED] regarding intended timing.

Cheers
[REDACTED]

From: Andy McLoughlin [REDACTED]@mbie.govt.nz>
Sent: Wednesday, 10 April 2019 4:08 PM
To: [REDACTED]@ird.govt.nz>; [REDACTED]@ird.govt.nz>
Cc: Isabel Poulson [REDACTED]@mbie.govt.nz>; Eleanor Green [REDACTED]@mbie.govt.nz>
Subject: RE: 0045 min [IN-CONFIDENCE]

Thanks [REDACTED]. I've discussed with our legal folks and the OIC for the PFA will be ready for early next week.

I can put our lawyers in contact with you to coordinate the OICs if works for you.

Andy

From: [REDACTED]@ird.govt.nz]
Sent: Wednesday, 10 April 2019 3:46 p.m.
To: Andy McLoughlin; [REDACTED]
Cc: Isabel Poulson
Subject: RE: 0045 min [IN-CONFIDENCE]

[IN CONFIDENCE RELEASE EXTERNAL]

We will send him a report asking for his confirmation, assuming the necessary criteria are met.

From: Andy McLoughlin [REDACTED]@mbie.govt.nz>
Sent: Wednesday, 10 April 2019 3:23 PM
To: [REDACTED]@ird.govt.nz>; [REDACTED]@ird.govt.nz>

Cc: Isabel Poulson [REDACTED]@mbie.govt.nz>
Subject: RE: 0045 min [IN-CONFIDENCE]

Thanks [REDACTED]. How do we get your Minister's confirmation?

A

From: [REDACTED]@ird.govt.nz]
Sent: Wednesday, 10 April 2019 2:49 p.m.
To: Andy McLoughlin; [REDACTED]
Subject: RE: 0045 min [IN-CONFIDENCE]

[IN CONFIDENCE RELEASE EXTERNAL]

Thanks Andy

That's useful.

In terms of process, would be useful to liaise on the order in council process once you've had a chance to consider when that would be appropriate. Potentially both the schedule 4A order and any order under section CW 38B of the Income Tax Act could be done concurrently and covered off by the same Cabinet paper (for LEG committee). The orders just have to be signed by the GG in the right order, which PCO organises. We just have to get our Minister's confirmation beforehand that he is satisfied that the requirements for adding a company to the list in new schedule 35 of the ITA have been met and he supports an order being drafted.

Cheers
[REDACTED]

From: Andy McLoughlin [REDACTED]@mbie.govt.nz>
Sent: Wednesday, 10 April 2019 2:24 PM
To: [REDACTED]@ird.govt.nz>; [REDACTED]@ird.govt.nz>
Subject: PGF: 0045 min [IN-CONFIDENCE]

Hiya, per my last email, here is the second.

Andy

www.govt.nz - your guide to finding and using New Zealand government services

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RELEASED UNDER THE OFFICIAL INFORMATION ACT

From: Hamish Slack [TSY]
Sent: Wednesday, 14 August 2019 3:41 PM
To: ; Levi Rona
Cc: ; Shane Domican [TSY]
Subject: RE: PGFL - income tax exemption draft report

Thanks for this – we have no comments.

Hamish

From: @ird.govt.nz>
Sent: Wednesday, 14 August 2019 10:17 AM
To: Levi Rona @mbie.govt.nz>; Hamish Slack [TSY]
Cc: @ird.govt.nz>
Subject: PGFL - income tax exemption draft report

[IN CONFIDENCE RELEASE EXTERNAL]

Hi

Attached is a draft report, seeking the Minister of Revenue’s approval to add, by way of Order in Council, Provincial Growth Fund Limited (PGFL) to the list of public purpose Crown-controlled companies in the Income Tax Act. This would have the effect of providing PGFL with an income tax exemption. The aim is for the report to be sent to the Minister of Revenue’s office on the 22 August.

Hamish – Levi said that you have been MBIE’s contact into Treasury on all things PGF related, so hopefully you are the right person to be sending this through to! Happy to send this through to the tax team as well, if you think it would be of interest to them.

The report is very similar to the one Inland Revenue prepared on NZ Green Investment Finance Limited earlier this year, so hopefully there isn’t anything too surprising included. It would be much appreciated if you could please let me know any comments or concerns by **cop Friday 16 August**.

Happy to discuss.

Kind regards

| Policy Analyst, Policy & Strategy | Inland Revenue
| taxpolicy.ird.govt.nz

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b. any use, dissemination or copying of this email is strictly prohibited and may be unlawful.

From: Levi Rona [redacted]@mbie.govt.nz>
Sent: Friday, 16 August 2019 12:14 PM
To: Laura Harris; [redacted]@treasury.govt.nz
Cc: [redacted]
Subject: RE: PGFL - income tax exemption draft report [UNCLASSIFIED]
Attachments: LR changes 2019-08-14 - PGFL - income tax exemption report (DRAFT).docx

Follow Up Flag: Follow up
Flag Status: Completed

Hi [redacted]

Thanks for sending this through. I don't have any material comments but just thought you may want to add some additional context. I've provided some suggested wording (attached)

Levi

From: [redacted]@ird.govt.nz]
Sent: Wednesday, 14 August 2019 10:17 a.m.
To: Levi Rona; [redacted]@treasury.govt.nz
Cc: [redacted]
Subject: PGFL - income tax exemption draft report

[IN CONFIDENCE RELEASE EXTERNAL]

Hi

Attached is a draft report, seeking the Minister of Revenue's approval to add, by way of Order in Council, Provincial Growth Fund Limited (PGFL) to the list of public purpose Crown-controlled companies in the Income Tax Act. This would have the effect of providing PGFL with an income tax exemption. The aim is for the report to be sent to the Minister of Revenue's office on the 22 August.

Hamish – Levi said that you have been MBIE's contact into Treasury on all things PGF related, so hopefully you are the right person to be sending this through to! Happy to send this through to the tax team as well, if you think it would be of interest to them.

The report is very similar to the one Inland Revenue prepared on NZ Green Investment Finance Limited earlier this year, so hopefully there isn't anything too surprising included. It would be much appreciated if you could please let me know any comments or concerns by **cop Friday 16 August**.

Happy to discuss.

Kind regards

[redacted]

[redacted] | Policy Analyst, Policy & Strategy | Inland Revenue
[redacted] | taxpolicy.ird.govt.nz

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From: [Redacted]
Sent: Wednesday, 28 August 2019 3:01 PM
To: Levi Rona
Subject: RE: Draft LEG paper: Provincial Growth Fund Limited Orders in Council [IN-CONFIDENCE]

[IN CONFIDENCE]

Hi Levi

Thanks very much for this and sorry I missed your call this morning, I was at FEC.

I will take a look at the briefing and get back to you with comments soon. Also, I have received the report back from the Minister of Revenue's office agreeing to PGFL being added to schedule 35 of the ITA and PCO has drafted the necessary Order in Council, which is now going through their QA process. So I will amend the report and Cabinet paper to reflect this.

Thanks

[Redacted]

[Redacted] | Policy Analyst, Policy & Strategy | Inland Revenue
[Redacted] | taxpolicy.ird.govt.nz

From: Levi Rona [Redacted] <[Redacted]@mbie.govt.nz>
Sent: Wednesday, 28 August 2019 11:18 AM
To: Sam Grayling [TSY] [Redacted]; Anthony Powell [TSY] [Redacted]; [Redacted] <[Redacted]@dpmc.govt.nz>; [Redacted] <[Redacted]@ssc.govt.nz>; [Redacted] <[Redacted]@ird.govt.nz>
Cc: Isabel Poulson [Redacted] <[Redacted]@mbie.govt.nz>
Subject: Draft LEG paper: Provincial Growth Fund Limited Orders in Council [IN-CONFIDENCE]

Kia ora koutou

Please see attached a draft LEG paper and cover briefing for adding PGF Limited into Schedule 4A of the Public Finance Act and schedule 35 of the Income Tax Act. This is following DEV decisions in April (paper also attached).

You will note that there are highlighted sections in draft documents, particularly in the cover briefing. These relate to parts that we are still waiting for Ministers to confirm as a result of briefings we forwarded last week.

We are intending to send this to Ministers next week in time to lodge for LEG at 17 September 2019. If you could provide your feedback by COP Friday 30 September 2019 that would be awesome.

Let me know if you have any concerns with the timeframe – also happy to chat if you have any questions about the establishment process itself

Thanks
Levi

Levi Rona
Senior Policy Advisor
Strategy and Policy
Provincial Development Unit
Ministry of Business, Innovation & Employment

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From: Levi Rona [redacted]@mbie.govt.nz>
Sent: Thursday, 5 September 2019 1:15 PM
To: [redacted]
Subject: RE: MBIE 0634 19-20 IR2019/481 Draft Cabinet paper for authorising the Orders in Council for Provincial Growth Fund Limited [IN-CONFIDENCE]

Hey [redacted] – just letting you know that our Minister has signed off on the LEG paper

From: Levi Rona
Sent: Wednesday, 4 September 2019 1:17 p.m.
To: [redacted] (Parliament)
Cc: [redacted]@parliament.govt.nz'; Briefings; Regional Economic Development; *PDU Policy Team; Nikki Carmichael; Karen Walfisch; [redacted]
Subject: MBIE 0634 19-20 IR2019/481 Draft Cabinet paper for authorising the Orders in Council for Provincial Growth Fund Limited [IN-CONFIDENCE]

Hey [redacted]

Please see final joint briefing between us and IRD attached plus:

- a draft of the LEG Cabinet paper for Ministerial consultation and
- draft Orders to add PGFL in Schedule 4 of the Public Finance Act 1989 and schedule 35 of the Income Tax Act 2007.

As flagged earlier:

- MOF will need to approve before it goes for Ministerial consultation (no later than 12 September 2019) as MOF needs to recommend the Order to add PGFL in Schedule 4A of the Public Finance Act. We have worked with Treasury on the recs for his approval. I have included an extra copy for you to walk up to MOF's office.
- We are wanting the Orders in Council to be considered at LEG Cabinet Committee on 24 September 2019 (rather than 17 Sept).

Hard copies will be in the 3.15pm bag. And of course let me know if you have any questions

Cheers
 Levi

Levi Rona
 Senior Policy Advisor
 Strategy and Policy
 Provincial Development Unit
 Ministry of Business, Innovation & Employment
 [redacted]@mbie.govt.nz | [redacted]

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From: [redacted]@parliament.govt.nz>
Sent: Monday, 9 September 2019 1:46 PM
To: 'Levi Rona'
Cc: Hannah Lee; 'Briefings'; 'Regional Economic Development'; '*PDU Policy Team'; 'Nikki Carmichael'; 'Karen Walfisch'; [redacted]; Isabel Poulson
Subject: RE: MBIE 0634 19-20 IR2019/481 Draft Cabinet paper for authorising the Orders in Council for Provincial Growth Fund Limited [IN-CONFIDENCE]
Attachments: RE: Joint Briefing Draft Cab paper for authorising the Orders in Council for PGF Ltd

Attached is email confirmation that Ministers Robertson and Nash have agreed to the paper. This will now go for Ministerial consultation,

From: [redacted]
Sent: Monday, 9 September 2019 11:06 AM
To: 'Levi Rona' [redacted]@mbie.govt.nz>
Cc: [redacted]@parliament.govt.nz>; Briefings [redacted]@mbie.govt.nz>; Regional Economic Development [redacted]@mbie.govt.nz>; *PDU Policy Team [redacted]@mbie.govt.nz>; Nikki Carmichael [redacted]@mbie.govt.nz>; Karen Walfisch [redacted]@mbie.govt.nz>; [redacted]@ird.govt.nz>
Subject: RE: MBIE 0634 19-20 IR2019/481 Draft Cabinet paper for authorising the Orders in Council for Provincial Growth Fund Limited [IN-CONFIDENCE]

Please see Minister Jones' returned copy

From: Levi Rona [redacted]@mbie.govt.nz]
Sent: Wednesday, 4 September 2019 1:17 PM
To: [redacted]@parliament.govt.nz>
Cc: [redacted]@parliament.govt.nz>; Briefings [redacted]@mbie.govt.nz>; Regional Economic Development [redacted]@mbie.govt.nz>; *PDU Policy Team [redacted]@mbie.govt.nz>; Nikki Carmichael [redacted]@mbie.govt.nz>; Karen Walfisch [redacted]@mbie.govt.nz>; [redacted]@ird.govt.nz>
Subject: MBIE 0634 19-20 IR2019/481 Draft Cabinet paper for authorising the Orders in Council for Provincial Growth Fund Limited [IN-CONFIDENCE]

Hey [redacted]

Please see final joint briefing between us and IRD attached plus:

- a draft of the LEG Cabinet paper for Ministerial consultation and
- draft Orders to add PGFL In Schedule 4 of the Public Finance Act 1989 and schedule 35 of the Income Tax Act 2007.

As flagged earlier:

- MOF will need to approve before it goes for Ministerial consultation (no later than 12 September 2019) as MOF needs to recommend the Order to add PGFL in Schedule 4A of the Public Finance Act. We have worked with Treasury on the recs for his approval. I have included an extra copy for you to walk up to MOF's office.
- We are wanting the Orders in Council to be considered at LEG Cabinet Committee on 24 September 2019 (rather than 17 Sept).

Hard copies will be in the 3.15pm bag. And of course let me know if you have any questions

Cheers

Levi

Levi Rona

Senior Policy Advisor
Strategy and Policy
Provincial Development Unit
Ministry of Business, Innovation & Employment

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[Redacted]

From: [Redacted]@parliament.govt.nz>
Sent: Monday, 9 September 2019 11:59 AM
To: [Redacted]
Subject: RE: Joint Briefing Draft Cab paper for authorising the Orders in Council for PGF Ltd

Hi

So has the MoR.

[Redacted]

From: [Redacted]
Sent: Monday, 9 September 2019 11:58 AM
To: [Redacted]@parliament.govt.nz>; [Redacted]@parliament.govt.nz>
Subject: Joint Briefing Draft Cab paper for authorising the Orders in Council for PGF Ltd

Hi [Redacted]
MOF agreed to the recs in this paper making the PGF tax exempt.
Thanks

[Redacted]

[Redacted]

Revenue and Finance Advisor
Office of the Hon Grant Robertson | Minister of Finance, Minister Responsible for the Earthquake Commission,
Minister for Sport and Recreation
7.6 Executive Wing, Parliament Buildings, PO Box 18041, Wellington
Phone: [Redacted] | Mobile: [Redacted] | Email: [Redacted]@parliament.govt.nz

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[Redacted]

From: [Redacted]
Sent: Wednesday, 23 October 2019 6:13 PM
To: [Redacted]
Subject: FW: CONSULTATION: Establishing Provincial Growth Fund Limited and Amendment to Contingency Funding
Attachments: Cabinet paper - Establishing Provincial Growth Fund Limited and Amendmen....docx

[IN CONFIDENCE]

From: [Redacted]
Sent: Tuesday, 2 April 2019 5:33 PM
To: [Redacted]@treasury.govt.nz' [Redacted]@treasury.govt.nz>
Cc: [Redacted]@ird.govt.nz>
Subject: FW: CONSULTATION: Establishing Provincial Growth Fund Limited and Amendment to Contingency Funding

[IN CONFIDENCE]

Hi [Redacted]

There doesn't appear to be any comment/discussion on tax considerations in the draft paper. While it's not imperative to consider the tax implications at this stage as it's likely to take three months to establish the new company and the constitution of the company hasn't been determined, it would be good if consideration was given to the tax aspects sooner rather than later, to decide whether an income tax exemption will be sought (i.e. whether the company should be included on schedule 35 of the Income Tax Act) as it will be a schedule 4A company and prima facie the provincial growth fund has a Govt public policy objective.

[Redacted] can you please pass this on to the appropriate Treasury person involved in the set up of PGF Ltd.

I am happy to discuss.

Cheers
[Redacted]

From: [Redacted]
Sent: Monday, 1 April 2019 9:07 PM
To: [Redacted]@ird.govt.nz>
Subject: Fwd: CONSULTATION: Establishing Provincial Growth Fund Limited and Amendment to Contingency Funding

Hi [Redacted]

Could you please take a look at this paper. It looks relatively straight forward (famous last words!)

Thanks 😊

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From: Emma Grigg
Sent: Monday, April 1, 2019 8:58:44 PM
To: [REDACTED] David Carrigan; [REDACTED]
Subject: Fwd: CONSULTATION: Establishing Provincial Growth Fund Limited and Amendment to Contingency Funding

[REDACTED] is this you?
Emma

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From: [REDACTED]
Sent: Monday, April 1, 2019 4:27:01 PM
To: Emma Grigg
Subject: FW: CONSULTATION: Establishing Provincial Growth Fund Limited and Amendment to Contingency Funding

[IN CONFIDENCE]

Emma – who should look at this ?

Cheers [REDACTED]

From: Ministerial Services
Sent: Monday, 1 April 2019 3:41 PM
To: [REDACTED] [@ird.govt.nz](mailto:[REDACTED]@ird.govt.nz)>
Subject: FW: CONSULTATION: Establishing Provincial Growth Fund Limited and Amendment to Contingency Funding

[IN CONFIDENCE]

Attached cabinet paper.

From: [REDACTED] [@parliament.govt.nz](mailto:[REDACTED]@parliament.govt.nz)>
Sent: Monday, 1 April 2019 9:19 AM
To: Ministerial Services [REDACTED] [@ird.govt.nz](mailto:[REDACTED]@ird.govt.nz)>
Cc: [REDACTED] [@parliament.govt.nz](mailto:[REDACTED]@parliament.govt.nz)>
Subject: FW: CONSULTATION: Establishing Provincial Growth Fund Limited and Amendment to Contingency Funding

Hi

Can you please check whether IR has any comments on the attached Cabinet paper. The deadline is Thursday 9.00am.

Thanks

From: [REDACTED]
Sent: Sunday, 31 March 2019 7:32 PM
To: [REDACTED] [@parliament.govt.nz](mailto:[REDACTED]@parliament.govt.nz)>
Cc: [REDACTED] [@parliament.govt.nz](mailto:[REDACTED]@parliament.govt.nz)>
Subject: CONSULTATION: Establishing Provincial Growth Fund Limited and Amendment to Contingency Funding

Hi team

Let me know if IR has any comments by Thursday morning, 9:00am please.

I am guessing some of the tax treatment for schedule 4 entities will apply here if Cabinet agrees? (Didn't we receive a note on one of these recently?)

Thanks in advance



Ministerial Advisor

Office of Hon Stuart Nash

Minister of Police | Minister of Revenue | Minister of Fisheries | Minister for Small Business | MP for Napier

Parliament Buildings, 80 Lambton Quay | Private Bag 18041 | Wellington 6160 | Aotearoa New Zealand

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From: [redacted]
Sent: Wednesday, 23 October 2019 6:19 PM
To: [redacted]
Subject: FW: Topical Issues for updating. Due midday Monday 15th April

[IN CONFIDENCE]

From: [redacted]
Sent: Monday, 15 April 2019 11:29 AM
To: [redacted]@ird.govt.nz>
Cc: [redacted]@ird.govt.nz>
Subject: RE: Topical Issues for updating. Due midday Monday 15th April

[IN CONFIDENCE]

Hi [redacted]

An item to add:

"Provincial Growth Fund Limited is being established to hold the investments made by the Provincial Growth Fund. We are considering its tax status, in particular whether it should be designated a public purpose Crown-controlled company and, therefore, be exempt from income tax. We plan to report next month."

From: [redacted]
Sent: Monday, 15 April 2019 9:47 AM
To: [redacted]@ird.govt.nz>
Subject: FW: Topical Issues for updating. Due midday Monday 15th April

[IN CONFIDENCE]

Hi [redacted]

Do you have any matters to be included into this week's topical issues update? If so, can you get back to me before noon today with some suggested wording.

Cheers

[redacted]

From: [redacted]
Sent: Friday, 12 April 2019 3:32 PM
To: [redacted]@ird.govt.nz>; [redacted]@ird.govt.nz>; [redacted]@ird.govt.nz>; [redacted]@ird.govt.nz>; David Carrigan@ird.govt.nz>; Emma Grigg@ird.govt.nz>; [redacted]@ird.govt.nz>; [redacted]@ird.govt.nz>; [redacted]@ird.govt.nz>; Nigel Mehta-Wilson@ird.govt.nz>; [redacted]@ird.govt.nz>; [redacted]@ird.govt.nz>; [redacted]@ird.govt.nz>

Subject: Topical Issues for updating. Due midday Monday 15th April

[IN CONFIDENCE]

Hi

Please find attached the topical issues for the MORs status report. The MOR will still be receiving this via email whilst he is away.

Any amendments / new items to me by midday Monday 15th April.

Thanks ■

■ | PA to the Deputy Commissioner, Policy and Strategy | Inland Revenue
Kaiāwhina Kaikōmihana Tuarua | Te Wāhanga o te Rautaki me te Kaupapa | Te Tari Taake

T. ■ | F. ■

E. ■

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[REDACTED]

From: [REDACTED]
Sent: Wednesday, 23 October 2019 6:08 PM
To: [REDACTED]
Subject: FW: re Provincial Growth Fund Limited [IN-CONFIDENCE]

[IN CONFIDENCE]

From: [REDACTED]
Sent: Tuesday, 16 April 2019 12:51 PM
To: [REDACTED] <[REDACTED]@ird.govt.nz>
Cc: [REDACTED] <[REDACTED]@ird.govt.nz>
Subject: FW: re Provincial Growth Fund Limited [IN-CONFIDENCE]

[IN CONFIDENCE]

Doesn't look like we need to report in a hurry on this!

From: Matthew Green <[REDACTED]@mbie.govt.nz>
Sent: Tuesday, 16 April 2019 12:46 PM
To: [REDACTED] <[REDACTED]@ird.govt.nz>
Subject: RE: re Provincial Growth Fund Limited [IN-CONFIDENCE]

Hi [REDACTED]

We have been advised by our external lawyers engaged to set up the Company that it will take about three months. We will draft the OIC to meet that timeframe.

Many thanks

Matthew

From: [REDACTED] <[REDACTED]@ird.govt.nz>
Sent: Tuesday, 16 April 2019 10:21 a.m.
To: Matthew Green <[REDACTED]@mbie.govt.nz>
Subject: RE: re Provincial Growth Fund Limited [IN-CONFIDENCE]

[IN CONFIDENCE RELEASE EXTERNAL]

Hi Matthew

Any firmer idea of timing of intended Cab paper for LEG Committee? We'll need to put a report up to our Minister if PGF Ltd is to be added to schedule 35 of the Income Tax Act— at this stage we are anticipating needing to do that in the first half of May, before the Cab paper.

Cheers

[REDACTED]

From: Matthew Green <[REDACTED]@mbie.govt.nz>
Sent: Friday, 12 April 2019 10:59 AM
To: [REDACTED] <[REDACTED]@ird.govt.nz>

Cc: [REDACTED]@ird.govt.nz>
Subject: RE: re Provincial Growth Fund Limited [IN-CONFIDENCE]

Thanks [REDACTED], this is very useful.

From: [REDACTED]@ird.govt.nz]
Sent: Thursday, 11 April 2019 6:14 p.m.
To: Matthew Green [REDACTED]@mbie.govt.nz>
Cc: [REDACTED]@ird.govt.nz>
Subject: re Provincial Growth Fund Limited

[IN CONFIDENCE RELEASE EXTERNAL]

Hi Matthew

Thanks for giving me a call earlier today.

Further to our conversation, here's some suggested wording to add to the drafting instructions that you are putting together for PCO to get them started on drafting the Order in Council that will add Provincial Growth Fund Limited to schedule 4A of the Public Finance Act 1989:

"The tax status of the new company is currently being considered. It is therefore possible that a further Order in Council may be required to add Provincial Growth Fund Limited to the list of companies in schedule 35 of the Income Tax Act 2007. That order would be made under section CW 38B of the Income Tax Act."

Cheers

[REDACTED]
Senior Policy Advisor
Policy and Strategy

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From: [REDACTED]
Sent: Tuesday, 6 August 2019 11:24 AM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: Reports which should be flagged in the MORs status report (topical issues)

[IN CONFIDENCE]

Hi [REDACTED]

Here is a para on the Provincial Growth Fund report:

The report seeks approval for the Provincial Growth Fund Limited (PGF Ltd), the holding company for the Provincial Growth Fund, to be added to the list of public purpose Crown-controlled companies in the Income Tax Act, thereby exempting it from income tax. PGF Ltd will satisfy the test in the Income Tax Act to be treated as a public purpose Crown-controlled company as it is 100% Crown-owned and its primary purpose is to carry out Government public policy objectives. Subject to your approval, officials will then instruct PCO to draft an Order in Council to make PGF Ltd a public purpose Crown-controlled company and will prepare a paper for you to take to LEG on this matter.

Let me know if you need anything further – there isn't a great degree of urgency with this, so should not be a rush to get the MoR to sign-off on it, once it is sent up.

Thanks

[REDACTED]

[REDACTED] | Policy Analyst, Policy & Strategy | Inland Revenue
T. [REDACTED] | taxpolicy.ird.govt.nz

Not in scope

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Not in scope

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From: [redacted]
Sent: Wednesday, 23 October 2019 6:13 PM
To: [redacted]
Subject: FW: CONSULTATION: Establishing Provincial Growth Fund Limited and Amendment to Contingency Funding
Attachments: Cabinet paper - Establishing Provincial Growth Fund Limited and Amendmen....docx

[IN CONFIDENCE]

From: [redacted]
Sent: Tuesday, 2 April 2019 5:21 PM
To: Ministerial Services [redacted] @ird.govt.nz>
Cc: [redacted] @ird.govt.nz>; [redacted] @ird.govt.nz>
Subject: FW: CONSULTATION: Establishing Provincial Growth Fund Limited and Amendment to Contingency Funding

[IN CONFIDENCE]

Hi

Please find below, our comment for [redacted]

There doesn't appear to be any comment/discussion on tax considerations in the draft paper. While it's not imperative to consider the tax implications at this stage as it's likely to take three months to establish the new company and the constitution of the company hasn't been determined, it would be good if consideration was given to the tax aspects sooner rather than later, to decide whether an income tax exemption will be sought (i.e. whether the company should be included on schedule 35 of the Income Tax Act) as it will be a schedule 4A company and prima facie the provincial growth fund has a Govt public policy objective.

I am happy to discuss this further with [redacted].

From: Ministerial Services
Sent: Monday, 1 April 2019 3:41 PM
To: [redacted] @ird.govt.nz>
Subject: FW: CONSULTATION: Establishing Provincial Growth Fund Limited and Amendment to Contingency Funding

[IN CONFIDENCE]

Attached cabinet paper.

From: [redacted] @parliament.govt.nz>
Sent: Monday, 1 April 2019 9:19 AM
To: Ministerial Services [redacted] @ird.govt.nz>
Cc: [redacted] @parliament.govt.nz>
Subject: FW: CONSULTATION: Establishing Provincial Growth Fund Limited and Amendment to Contingency Funding

Hi

Can you please check whether IR has any comments on the attached Cabinet paper. The deadline is Thursday 9.00am.

Thanks

From: [REDACTED]
Sent: Sunday, 31 March 2019 7:32 PM
To: [REDACTED] <[\[REDACTED\]@parliament.govt.nz](mailto:[REDACTED]@parliament.govt.nz)>
Cc: [REDACTED] <[\[REDACTED\]@parliament.govt.nz](mailto:[REDACTED]@parliament.govt.nz)>
Subject: CONSULTATION: Establishing Provincial Growth Fund Limited and Amendment to Contingency Funding

Hi team

Let me know if IR has any comments by Thursday morning, 9:00am please.

I am guessing some of the tax treatment for schedule 4 entities will apply here if Cabinet agrees? (Didn't we receive a note on one of these recently?)

Thanks in advance



[REDACTED] | Ministerial Advisor
Office of Hon Stuart Nash

Minister of Police | Minister of Revenue | Minister of Fisheries | Minister for Small Business | MP for Napier
Parliament Buildings, 80 Lambton Quay | Private Bag 18041 | Wellington 6160 | Aotearoa New Zealand

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[Redacted]

From: [Redacted]
Sent: Wednesday, 23 October 2019 6:06 PM
To: [Redacted]
Subject: FW: CONSULTATION: Establishing Provincial Growth Fund Limited and Amendment to Contingency Funding

[IN CONFIDENCE]

From: [Redacted]
Sent: Tuesday, 2 April 2019 3:03 PM
To: [Redacted] <[Redacted]@ird.govt.nz>
Cc: [Redacted] <[Redacted]@ird.govt.nz>
Subject: RE: CONSULTATION: Establishing Provincial Growth Fund Limited and Amendment to Contingency Funding

[IN CONFIDENCE]

Can't find any tax considerations/comments in the draft paper. While it's not imperative to consider the tax implications at this stage as it's likely to take three months to establish the new company and the constitution of the company hasn't be determined, would be good if they turned their mind to the tax aspects (sooner rather than later) to decide whether they want to have it considered for a tax exemption (i.e. included on schedule 35 of the ITA) as it will be a schedule 4A company and prima facie the provincial growth fund has a Govt public policy objective.

From: [Redacted]
Sent: Monday, 1 April 2019 9:07 PM
To: [Redacted] <[Redacted]@ird.govt.nz>
Subject: Fwd: CONSULTATION: Establishing Provincial Growth Fund Limited and Amendment to Contingency Funding

Hi [Redacted]

Could you please take a look at this paper. It looks relatively straight forward (famous last words!)

Thanks ☺

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From: Emma Grigg
Sent: Monday, April 1, 2019 8:58:44 PM
To: [Redacted] David Carrigan; [Redacted]
Subject: Fwd: CONSULTATION: Establishing Provincial Growth Fund Limited and Amendment to Contingency Funding

[Redacted] is this you?
Emma

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From: [REDACTED]
Sent: Monday, April 1, 2019 4:27:01 PM
To: Emma Grigg
Subject: FW: CONSULTATION: Establishing Provincial Growth Fund Limited and Amendment to Contingency Funding

[IN CONFIDENCE]

Emma – who should look at this ?

Cheers [REDACTED]

From: Ministerial Services
Sent: Monday, 1 April 2019 3:41 PM
To: [REDACTED] <[\[REDACTED\]@ird.govt.nz](mailto:[REDACTED]@ird.govt.nz)>
Subject: FW: CONSULTATION: Establishing Provincial Growth Fund Limited and Amendment to Contingency Funding

[IN CONFIDENCE]

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