

BRIEFING

DRAW DOWN FROM MANIFESTO COMMITMENTS TO THE REGIONS – OPERATING TAGGED CONTINGENCY

Date:	20 February 2020	Priority:	High
Security classification:	In Confidence	Tracking number:	BR 2312 19-20

Action sought		
	Action sought	Deadline
Hon Grant Robertson Minister of Finance	Agree to draw down from the tagged contingency Manifesto Commitments for the Regions – Operating for five approved initiatives for the value of \$Commercial Information .	20 February 2020
Hon Phil Twyford Minister of Transport Minister for Economic Development		20 February 2020
Hon David Parker Minister for Trade and Export Growth		20 February 2020
Hon Shane Jones Minister for Regional Economic Development		20 February 2020
Fletcher Tabuteau Parliamentary Under-Secretary to the Minister for Regional Economic Development	Note the contents of this briefing	20 February 2020

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Robert Pigou	Head of the Provincial Development Unit	Privacy of natural persons	
Isabel Poulson	Manager, Strategy & Policy	Privacy of natural persons	✓

The following departments/agencies have been consulted
The Treasury

Minister's office to complete:

Approved

Noted

Seen

See Minister's Notes

Declined

Needs change

Overtaken by Events

Withdrawn

Comments

PROACTIVELY RELEASED

BRIEFING

DRAW DOWN FROM MANIFESTO COMMITMENTS TO THE REGIONS – OPERATING TAGGED CONTINGENCY OPPORTUNITIES

Date:	28 January 2020	Priority:	High
Security classification:	In Confidence	Tracking number:	

Purpose

This briefing seeks Ministers' approval to draw down funding from the tagged contingency Manifesto Commitments for the Regions – Operating for five projects with a total value of \$^{Commercial Information}

Recommended action

The Provincial Development Unit recommends that you:

- Note** that on 9 April 2018 Cabinet agreed to a tagged contingency for Manifesto Commitments to the Regions: "agreed that funding is set aside for Manifesto Commitments to the Regions be subject to approval through the Provincial Growth Fund" [CAB-18-MIN-0158.03]

Noted
- Note** total funding of \$^{Commercial Information} has been set aside in a tagged contingency to fund Provincial Growth Fund-related Coalition commitments;

Noted
- Note** that funding of \$^{Commercial Information} has previously been transferred from the tagged contingency to cover the costs of other projects;

Noted
- Note** that the balance remaining in the tagged contingency is \$^{Commercial Information} made up of \$^{Commercial Information} operating funding and \$^{Commercial Information} capital expenditure;

Noted
- Agree** to fund the Hawkes Bay Community Fitness Centre project (\$5.000m) from the Manifesto Commitments for the Regions – Operating tagged contingency.

Agree / Disagree

6. **Agree** to draw down against this contingency fund (Manifesto Commitments to the Regions – Operating) a total of \$^{Commercial Information} for the following projects:

a. ^{Commercial Information}

Agree / Disagree

b. Dunedin Centre of Digital Excellence (\$10.095 million)

Agree / Disagree

c. Rotorua Government Gardens (\$15.000 million),

Agree / Disagree

d. Hawkes Bay Community Fitness Centre (\$5.000 million)

Agree / Disagree

e. Northland Water Shortage (\$2.000 million).

Agree / Disagree

7. **Approve** the following changes to appropriations to provide for decisions in recommendation 6 above, with a corresponding impact on the operating balance:

	\$m – increase/(decrease)				
Vote Business, Science and Innovation Minister for Regional Economic Development	2019/20	2020/21	2021/22	2022/23	2023/24
Multi-Category Expenses and Capital Expenditure: Regional Economic Development: Provincial Growth Fund MCA Non departmental Other Expenses: Supporting Regional and Sector Initiatives	^{Commercial Information}	-	-	-	-
Total Operating	^{Commercial Information}	-	-	-	-

Approve / Do not approve

8. **Agree** that the proposed changes to appropriations for 2019/20 above be included in the 2019/20 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

Agree / Disagree

9. **Agree** that the expense incurred under recommendation 6 above be charged against the tagged contingency Manifesto Commitments to the Regions – Operating established as part of Budget 2018;

Agree / Disagree

10. **Note** that the expiry date for the Manifesto Commitments to the Regions – operating and the Manifesto Commitments to the Regions – capital, is 30 June 2021;

Noted

11. **Agree** and confirm that the projects noted in this paper should be recorded against the allocation for manifesto commitments

Agree / Disagree

Robert Pigou
Head of the Provincial Development Unit

..... / /

Hon Grant Robertson
Minister of Finance

..... / /

Hon Shane Jones
Minister for Regional Economic Development

..... / /

Hon Phil Twyford
Minister of Transport
Minister for Economic Development

..... / /

Hon David Parker
Minister for Trade and Export Growth

..... / /

PROACTIVELY RELEASED

Background

1. In April 2018, Cabinet agreed that a tagged operating and capital expenditure contingency be set aside for Manifesto Commitments to the Regions, and these would be approved through the Provincial Growth Fund (PGF) [CAB-18-MIN-0158.03 refers].
2. The tagged contingency was established with \$Commercial Information (Operating - \$Commercial Information and capital - \$Commercial Information) and in July 2019 an additional \$Commercial Information was added to the tagged operating contingency [CAB-19-MIN-0317 refers].
3. Cabinet has approved three draw downs from the fund since its establishment and this briefing is requesting a further draw down of \$Commercial Information.
4. Cabinet Economic Development Committee also approved [DEV-19-MIN-03-8 refers] a transfer of \$5.000 million from the tagged contingency Manifesto Commitments to the Regions – Capital to the tagged contingency Manifesto Commitments to the Regions – Operating.
5. Table 1 summarises the status of the tagged contingency including the impact this request will have.

Table 1 – Summary of tagged contingency Manifesto Commitments for the Regions

	Operating \$m	Capital \$m	Total \$m
Total Contingency Fund	Commercial Informa	Commercial Informa	Commercial Informa
<i>Projects approved & funding drawn down</i>			
Tuia – Encounters 250	(3.500)		(3.500)
Te Hiku Sports Hub	(3.000)		(3.000)
Synthetic Racing Tracks	(6.750)		(6.750)
Transfers between contingency	5.000	(5.000)	-
<i>Total Funding changes</i>	Commercial Informa	(5.000)	Commercial Informa
Funding Remaining as at 31 Dec	Commercial Informa	Commercial Infor	Commercial Informa
<i>Requested draw downs</i>			
Commercial Information	Commercial Informa		Commercial Informa
Dunedin Centre of Digital Excellence	(10.095)		(10.095)
Rotorua Government Gardens	(15.000)		(15.000)
HB Community Fitness Centre	(5.000)		(5.000)
Northland Water Shortage	(2.000)		(2.000)
<i>Total Requested Drawdowns</i>	Commercial Informa		Commercial Informa
Closing Contingency Fund balance	Commercial Infor	Commercial Infor	Commercial Informa

6. Cabinet Economic Development Committee confirmed in December [DEV-19-MIN-0338 refers] that the Regional Economic Development (RED) Ministers have authority to draw down the remaining tagged operating and capital expenditure contingency funding.
7. All projects that funding is being drawn down for have been approved by RED Ministers previously.
8. A brief description of the projects follows.

Commercial Information

9. Commercial Information

10. [REDACTED] Commercial Information [REDACTED]
11. [REDACTED] Commercial Information [REDACTED]
12. [REDACTED] Commercial Information [REDACTED]
13. [REDACTED] Commercial Information [REDACTED]
14. [REDACTED] Commercial Information [REDACTED]

Dunedin Centre of Digital Excellence \$10.095 million (Briefing 3985 18-19 refers)

15. The Labour Party Manifesto 2017 includes a commitment to invest \$10 million over 10 years to establish a Centre of Digital Excellence (CODE) in Dunedin, with the vision of a \$1 billion computer gaming industry in New Zealand.
16. An initial business case to outline how Dunedin City would deliver on the project was funded by the PGF in October 2018.
17. The business case established that the project presents an opportunity to have a complementary focus on [REDACTED] and to establish a key point of difference for CODE.
18. In June 2019 based on the outcome of the business case RED ministers approved a further \$10 million for investment in CODE.
19. In November 2019, RED Ministers approved a grant of \$0.095 million from the Manifesto Commitments to the Regions so the applicant could undertake a business case for the project.

Rotorua Government Gardens \$15.000 million (Briefing 3387 18-19 refers)

20. The Rotorua Lakes Council submitted an application to the PGF to develop the Government Gardens Cultural Quarter for the upgrade of the Rotorua Museum.
21. In June 2019 RED Ministers approve grant funding of \$15 million for this project to be funded from the tagged contingency Manifesto Commitments for the Regions – Operating.

Hawkes Bay Community Fitness Centre \$5.000 million (Briefing 1328 18-19 refers)

22. This proposal seeks funding to construct a 43-bed hostel with self-catering facilities and amenities. The applicant will also use funding to acquire portable fitness training equipment and mobile cooking facilities to support satellite programmes aimed at at-risk youth. The hostel and equipment will enable the applicant to deliver programmes for at-risk youth by leveraging off the Hawke's Bay Sports and Health Centre facilities. The project will target communities in Waipukurau, Flaxmere, Maraenui and Wairoa.
23. At the 7 November 2019 RED Ministers meeting, RED Ministers agreed with the PDU's recommendation to decline the project on the grounds that it did not fit within the PGF's criteria. However, RED Ministers referred the project to be considered for other forms of funding by the Ministers' of Regional Economic Development, Social Development, Health, Youth, and Sport and Recreation.
24. On 10 February 2020, the Minister of Finance and the Minister for Regional Economic Development considered this project as part of the Regional Investment Opportunities tagged

contingency, however, they directed officials to progress it through the tagged contingency Manifesto Commitments for the Regions.

25. At the 20 February 2020 RED Ministers meeting, RED Ministers will be asked to confirm their approval of the project. Should it be approved, the PDU recommends the funding be drawn down from the tagged contingency Manifesto Commitments for the Regions.

Northland Water Shortage \$2.000 million

26. Parts of Northland are facing severe water shortages as a result of drought, particularly in Kaikohe, Kaitaia and Dargaville. Between the period 15th to 17th February 2020, RED Ministers agreed to allocate up to \$2.000 million from the Emerging Priorities contingency of the PGF for temporary water supply for Kaitaia and Kaikohe.
27. While the paper approved by RED Ministers references the Emerging Priorities contingency, in practice this is the tagged contingency Manifesto Commitments for the Regions – Operating.

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