



## BRIEFING

### June 2019 In Principle Expense Transfers Submission: Vote Business, Science and Innovation – Regional Economic Development Portfolio

|                                 |               |                         |            |
|---------------------------------|---------------|-------------------------|------------|
| <b>Date:</b>                    | 27 May 2019   | <b>Priority:</b>        | Medium     |
| <b>Security classification:</b> | In Confidence | <b>Tracking number:</b> | 3597 18-19 |

| Action sought  |   |                  |
|--|---|------------------|
|  | Action sought   | Deadline         |
| Hon Shane Jones<br><b>Minister for Regional Economic Development</b> | <p><b>Approve</b> the proposed in principle expense transfer (IPET) affecting your portfolio appropriations.</p> <p><b>Sign</b> and send your IPETs submission letter to the Minister of Finance by 1pm, 4 June 2019.</p> | 1pm, 4 June 2019 |

| Contact for telephone discussion (if required) |   |                            |   |             |
|--|---|----------------------------|---|-------------|
| Name   | Position  | Telephone                  |   | 1st contact |
| Robert Pigou                                   | Head of Provincial Development Unit, Provincial Development Unit  | Privacy of natural persons | - | ✓           |
| Jo-Anne Taylor                                 | Manager, Finance Business Partnering, Provincial Development Unit | Privacy of natural persons | - |             |

**The following departments/agencies have been consulted:**  
The Treasury

**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 Withdrawn           |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**



## BRIEFING

### June 2019 In Principle Expense Transfers Submission: Vote Business, Science and Innovation – Regional Economic Development Portfolio

|                                 |               |                         |            |
|---------------------------------|---------------|-------------------------|------------|
| <b>Date:</b>                    | 28 May 2019   | <b>Priority:</b>        | Medium     |
| <b>Security classification:</b> | In Confidence | <b>Tracking number:</b> | 3597 18-19 |

#### Purpose

This briefing seeks your approval of a proposed in principle expense transfer (IPET) affecting an appropriation in the Regional Economic Development portfolio and to submit this proposal to the Minister of Finance by 1pm on 4 June 2019.

#### Recommended actions

The Ministry of Business, Innovation and Employment (MBIE) recommends that you:

- a **Approve** the proposed IPET from the 2018/19 year to the 2019/20 year as set out in Annex A.

*Approved / Not Approved*

- b **Agree** to sign and forward the 2019 IPETs submission letter as set out in Annex B to the Minister of Finance by 1pm on 4 June 2019.

*Agreed / Disagreed*

- c **Note** that final amount for the proposed IPET will be confirmed through the 2019 October Baseline Update (OBU) process, after the presentation of MBIE's 2018/19 audited financial statements.

*Noted*

AJ Millward  
**General Manager, Strategy and  
 Governance**  
**Provincial Development Unit, MBIE**

Hon Shane Jones  
**Minister for Regional Economic  
 Development**

..... / ..... / .....

..... / ..... / .....

## **Background**

---

1. The IPETs process provides an opportunity to transfer unutilised funding within an appropriation from the 2018/19 year to the 2019/20 year.
2. These transfers are 'in principle' as the final amount to be transferred can only be confirmed when the actual level of unutilised expenditure is known following the finalisation of MBIE's audited financial statements. Changes to appropriations to reflect the finalised amounts are then implemented through the OBU process.
3. This briefing seeks your approval to proposed IPETs affecting your portfolio appropriations in Vote Business, Science and Innovation.

## **Proposed In Principle Expense Transfer**

---

4. An IPET is requested relating to the concession value of loans being accounted for in the 2019/20 year due to the negotiation and signing of loan agreements occurring later than originally phased. This is explained in more detail in Annex A.

## **Next Steps**

---

5. Subject to your approval of the proposed IPET in your portfolio, please sign the attached submission letter (Annex B) and provide it to the Minister of Finance by 1pm on 4 June 2019.
6. Please also return the signed copy of this briefing to MBIE by 4 June 2019.

## **Annexes**

---

Annex A: 2019 In Principle Expense Transfer Proposed for Vote Business, Science and Innovation – Regional Economic Development Portfolio

Annex B: Submission Letter to the Minister of Finance - 2019 In Principle Expense Transfer Proposed for Vote Business, Science and Innovation – Regional Economic Development Portfolio

**Annex A: 2019 In Principle Expense Transfer Proposed for Vote  
Business, Science and Innovation – Regional Economic  
Development Portfolio**

---

Annex A: 2019 In Principle Expense Transfers Proposed for Vote Business, Science and Innovation - Regional Economic Development Portfolio

PROACTIVELY RELEASED

| Portfolio | Dep / Non Dep | Title Reason | Imprest supply required? | Reason imprest supply is required if applicable (TSY/ Ministerial approval given in limited circumstances) | Appropriation | 2018/19 \$000s | 2019/20 \$000s | Approved / Not Approved |
|-----------|---------------|--------------|--------------------------|--|---------------|----------------|----------------|-------------------------|
|-----------|---------------|--------------|--------------------------|--|---------------|----------------|----------------|-------------------------|

**Vote Business, Science and Innovation - Regional Economic Development Portfolio**

|     |         |  |     |                                       |  |          |        |                         |
|-----|---------|--|-----|---------------------------------------|--|----------|--------|-------------------------|
| RED | Non Dep | <p><b>Fair Value Write Downs</b><br/>                     This appropriation was established during the 2018/19 year to enable the concession value of loans to be accounted for separate from the PGF Fund. This appropriation is only required until the establishment of Provincial Growth Fund Limited, which was approved by Cabinet in April 2019. Due to the negotiation and signing of loan agreements occurring later than originally phased the Ministry is seeking an in principle expense transfer to enable the concession value of loans to be accounted for in the 2019/20 year.</p> <p>Accordingly, the Ministry seeks approval for an in principle expense transfer of up to \$36.000 million from 2018/19 to 2019/20 in the <i>Regional Economic Development: Fair Value Write Down</i> appropriation.</p> | Yes | There is no appropriation in 2019/20. | Regional Economic Development: Fair Value Write Down | (36,000) | 36,000 | Approved / Not Approved |
|-----|---------|--|-----|---------------------------------------|--|----------|--------|-------------------------|

**Annex B: Submission Letter to the Minister of Finance - 2019 In Principle Expense Transfer Proposed for Vote Business, Science and Innovation – Regional Economic Development Portfolio**

---

Hon Grant Robertson  
Minister of Finance  
Parliament Buildings  
WELLINGTON

Dear Grant

**PROPOSED 2019 JUNE IN PRINCIPLE EXPENSE TRANSFER FOR VOTE BUSINESS,  
SCIENCE AND INNOVATION – REGIONAL ECONOMIC DEVELOPMENT**

**Introduction**

This letter seeks your approval of an in principle expense transfer, following the March Baseline Update, for Vote Business, Science and Innovation – Regional Economic Development Portfolio.

In principle expense transfers are confirmed in the 2019 October Baseline Update after the presentation of the Ministry of Business, Innovation and Employment's 2018/19 audited financial statements.

The proposed in principle expense transfer from 2018/19 is as follows:

*Fair Value Write Downs*

This appropriation was established during the 2018/19 year to enable the concession value of loans to be accounted for separate from the PGF Fund. This appropriation is only required until the establishment of Provincial Growth Fund Limited, which was approved by Cabinet in April 2019. Due to the negotiation and signing of loan agreements occurring later than originally phased the Ministry is seeking an in principle expense transfer to enable the concession value of loans to be accounted for in the 2019/20 year.

Accordingly, I seek your approval for an in principle expense transfer of up to \$36.000 million from 2018/19 to 2019/20 in the *Regional Economic Development: Fair Value Write Down* appropriation.

## Recommendations

I recommend that you:

1. **Note** the above in principle transfer from 2018/19 to 2019/20 has no impact on the operating balance or debt.

*Noted*

2. **Approve** the in principle expense transfer outlined in this letter for Business, Science and Innovation – Regional Economic Development Portfolio.

*Approved / Not approved*

3. **Agree** that the Minister of Finance and the Minister for Regional Economic Development be delegated the authority to determine the final amounts to be transferred following the presentation of the Ministry of Business, Innovation and Employment's 2018/19 audited financial statements.

*Agreed / Not agreed*

Hon Shane Jones  
**Minister for Regional Economic Development**

..... / ..... / 2019