



COVERSHEET

Minister	Hon Shane Jones	Portfolio	Regional Economic Development
Title of Cabinet paper	Delivering the 'Shovel Ready' Infrastructure Projects	Date to be published	5 March 2021

List of documents that have been proactively released		
Date	Title	Author
5 March 2021	Minute of Decision CAB-20-MIN-0341	Office of Minister for Regional Economic Development
5 March 2021	Delivering the 'Shovel Ready' Infrastructure Projects	Office of Minister for Regional Economic Development

Information redacted

YES / NO (please select)

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld to protect the confidentiality of advice tendered by ministers and officials, to protect the commercial position of the person who supplied the information, and to maintain the effective conduct of public affairs through the free and frank expression of opinions.



Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Delivering the 'Shovel Ready' Infrastructure Projects

Portfolios **Finance / Infrastructure / Regional Economic Development**

On 20 July 2020, Cabinet:

Background

- 1 **noted** that on 24 June 2020, the Cabinet Economic Development Committee:
 - 1.1 authorised Infrastructure Reference Group (IRG) Ministers to make final decisions on projects from a specified shortlist, to be funded from the \$3 billion Infrastructure Tagged Contingency; Shortlist Withheld as Contains Commercially Sensitive Information
 - 1.2 agreed to keep C mme percent (Commercial Information \$) of the \$3 billion Tagged Contingency unallocated at this time in case of project cost overruns that could emerge from further due diligence on projects, and for IRG Ministers to make decisions on allocating this contingency, including the timing and announcements of those decisions;
 - 1.3 agreed to appoint Crown Infrastructure Partners (CIP) to deliver projects progressed by IRG Ministers that do not have an existing central government delivery agency;
 - 1.4 agreed that the Provincial Development Unit (PDU) would be responsible for delivering projects progressed by IRG Ministers under \$20 million, where it is best placed to do so;
 - 1.5 noted that Cabinet agreement may be needed to allow the PDU to deliver projects that are currently outside its mandate, but that it is best placed to deliver;
 - 1.6 invited IRG Ministers to report back on the programme governance and monitoring arrangements;
 - 1.7 agreed to the high-level PDU and CIP roles to deliver the IRG projects;

[DEV-20-MIN-0114]

Allocation of the projects and funding

2 **noted** that on 11 May 2020, through the COVID-19 Response and Recovery Fund (CRRF) Foundation Package, Cabinet agreed to establish a \$3 billion Tagged Capital Contingency, phased evenly across the next three years as follows, to provide for investment in infrastructure to support the economic recovery from COVID-19 [CAB-20-MIN-0219.04]:

	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & outyears
COVID-19: Infrastructure Investment – Tagged Capital Contingency	1000.000	1000.000	1000.000	-	-

3 **noted** that IRG Ministers have indicated they will allocate a total of \$Commercial Information of the \$3 billion Tagged Capital Contingency to the following agencies and entities to deliver shovel-ready infrastructure projects:

- 3.1 \$723.3 million for the PDU to deliver C m m e projects;
- 3.2 \$986.3 million for CIP to deliver C m m e projects;
- 3.3 \$188.1 million for the Energy Efficiency and Conservation Authority (EECA) and the Ministry of Business, Innovation and Employment to deliver energy projects, plus \$22 million for the fair value write-downs of concessionary loans;
- 3.4 \$51.3 million for Fire and Emergency New Zealand (FENZ) to upgrade fire stations;
- 3.5 \$238.7 million for Kāinga Ora and the Ministry of Housing and Urban Development to deliver housing programmes;
- 3.6 \$52 million for KiwiRail to deliver rail projects;
- 3.7 \$14.1 million for the Ministry of Justice to upgrade courtrooms, and \$3.9 million for associated operating costs;
- 3.8 \$3.9 million for the New Zealand Defence Force to maintain its facilities;
- 3.9 \$30 million for the New Zealand Transport Agency to deliver roading projects;
- 3.10 \$183.4 million for Ōtākaro Limited to deliver projects located in Canterbury;
- 3.11 \$25 million for the Police to upgrade police hubs, and \$13 million for associated operating costs;
- 3.12 \$22 million to Heritage NZ for Seddon House;

4 **approved** the detailed appropriation and related recommendations set out in Annexes A – K of the paper under CAB-20-SUB-0341 and this minute, to give effect to the decisions in paragraph 3 above, with a corresponding impact on the operating balance and net core Crown debt;

5 **agreed** that the expenses and capital expenditure incurred under the decisions in Annexes A – K, and outlined as follows, be charged against the \$3 billion Tagged Contingency described in paragraph 2 above:

Vote	\$m - increase/(decrease)					Totals
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears	
Arts, Culture and Heritage Capital expenditure	22.000	-	-	-	-	22.000
Business Science and Innovation: Regional Economic Development Operating expenditure	200.000	200.000	150.000	58.339	-	608.339
Capital expenditure	65.000	30.000	20.000	-	-	115.000
Business Science and Innovation: Energy and Resources Operating expenditure	101.326	64.624	1.326	1.326	1.326	169.928
Capital expenditure	40.040	40.040	-	-	-	40.080
Courts Operating expenditure	0.598	1.521	0.593	0.593	0.593	3.898
Defence Force Operating expenditure	3.900	-	-	-	-	3.900
Finance Operating expenditure	469.711	350.000	350.000	-	-	1169.711
Housing and Urban Development Operating expenditure	178.670	48.750	7.500	3.750	-	238.670
Internal Affairs Capital expenditure	34.300	17.000	-	-	-	51.300
Justice Capital expenditure	14.100					14.100
Police Operating expenditure	0.000	3.250	3.250	3.250	3.250	13.000
Capital expenditure	25.000	-	-	-	-	25.000
Transport Operating expenditure	13.000	-	-	-	-	13.000
Capital expenditure	69.000	-	-	-	-	69.000
Total operating	967.205	668.145	512.669	67.258	5.169	2220.446
Total capital	269.440	47.040	20.000	0.000	0.000	336.480
Total	1236.645	715.185	532.669	67.258	5.169	2556.926

6 **authorised** IRG Ministers and the relevant appropriation Minister to make any necessary further changes to appropriations (including establishing any new appropriations) to deliver IRG projects following final decisions on projects by IRG Ministers;

7 **authorised** the Minister of Finance and the relevant appropriation Minister to approve jointly any changes to appropriations needed to correct any minor errors or inconsistencies that are subsequently identified;

- 8 **agreed** that the proposed changes to appropriations for 2020/21 in Annexes A – K of this minute be included in the 2020/21 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 9 **noted** that based on the assumptions that delivery agencies have made about the form of funding that will enable projects, the majority of appropriated funding will be in the form of operating expenditure rather than as capital expenditure as assumed in the tagged contingency;
- 10 **noted** that the final allocation of capital and operating funding will depend on the final form of government funding (such as loans, grants or equity) that is provided to enable IRG projects;
- 11 **noted** that now that the funding has been allocated to projects, the funding to be drawn down has a different profile to what was agreed for the Tagged Capital Contingency referred to in paragraph 2 above;
- 12 **agreed** that the remaining \$443.074 million from the Tagged Capital Contingency that is not being appropriated be set aside in a newly established Tagged Operating Contingency to provide for possible cost overruns or reprioritisation in relation to IRG projects that may arise during the implementation phase:

	\$m – increase/(decrease)			
	2020/21	2021/22	2022/23	2023/24 & Outyears
COVID-19: Infrastructure Cost Overruns and Reprioritisation – Tagged Operating Contingency	243.074	200.000	-	-

- 13 **noted** that this change to an operating contingency reflects that the majority of the allocated projects will likely be funded through operating grants rather than via loans or equity;
- 14 **authorised** IRG Ministers and the relevant appropriation Minister to draw down the Tagged Operating Contingency funding in paragraph 12 above (establishing any new appropriations as necessary), subject to their satisfaction of the requirement of any cost overruns or reprioritisation in relation to the IRG projects;
- 15 **agreed** that IRG Ministers will make subsequent decisions on operating expenditure requirements by delivery agencies to deliver the IRG projects, and that these costs will be managed from the COVID-19: Infrastructure Cost Overruns and Reprioritisation – Tagged Operating Contingency in paragraph 12 above;
- 16 **agreed** that the expiry date for the Tagged Operating Contingency ‘COVID-19: Infrastructure Cost Overruns and Reprioritisation – Tagged Operating Contingency’ be 30 June 2021;

Provincial Development Unit managed projects

- 17 **agreed** that the PDU can manage shovel-ready community, social and flood protection projects transferred by IRG Ministers, which are outside the scope of the PGF;

- 18 **noted** that investment in the ‘shovel ready’ flood protection infrastructure will be used to leverage longer term change in New Zealand’s flood risk management framework and that officials from the Department of Internal Affairs will engage with the PDU to assist with the due diligence of the shovel ready projects related to flood protection infrastructure;
- 19 **agreed** that the PDU can manage shovel-ready projects transferred by IRG Ministers located in New Zealand’s metropolitan areas;
- 20 **agreed** that the PDU’s mandate be expanded to hold projects transferred by IRG Ministers that are larger than \$20 million where the PDU is best placed to deliver;

21 **Commercial Information** [Redacted]

22 **Commercial Information** [Redacted]

Governance and monitoring arrangements

- 23 **authorised** IRG Ministers, comprising the Minister of Finance, Minister for Infrastructure, together with Associate Ministers of Finance, to make final decisions on projects;
- 24 **agreed** that, in making final decisions on projects, IRG Ministers may choose to progress projects from outside the shortlist agreed to by Cabinet on 24 June 2020 [DEV-20-MIN-0114]; Shortlist Withheld as Contains Commercially Sensitive Information

25 **Commercial Information** [Redacted]

- 26 **agreed** that, in making final decisions on projects, IRG Ministers establish rigorous governance arrangements to ensure that projects are progressed in a prudent and timely manner during the recovery;
- 27 **agreed** that where projects are scaled or replaced, IRG Ministers will, where practicable, seek to maintain the broad sectoral and regional split across the infrastructure projects;
- 28 **agreed** that a key part of the governance arrangements will be clearly establishing the roles and responsibilities of delivery agencies, and that IRG Ministers will direct the delivery agencies to give effect to these roles and responsibilities, including those set out in the paper under CAB-20-SUB-0341;
- 29 **noted** that IRG Ministers will work with the relevant shareholding and portfolio Ministers to direct delivery agencies in respect of their roles and responsibilities;
- 30 **agreed** that, in advance of any delivery agency distributing funding to enable a project, the delivery agency will seek final project approval from IRG Ministers and provide appropriate assurances that the project can achieve the intended benefits, enabled jobs, scope and expedient delivery, and that the government funding is appropriate to enable the project and represents value for money to the Crown;

- 31 **agreed** that delivery agencies be directed to seek further IRG Ministers' approval in a number of situations, including:
- 31.1 reprioritisation decisions, including where a delivery agency's due diligence reveals that a project cannot progress with the level of government financial support that was approved;
 - 31.2 changes to the form of government support, including where the form of government financial support approved (such as a loan, grant or equity) is no longer appropriate or adequate to progress the project;
- 32 **agreed** that CIP be directed to coordinate and deliver fortnightly progress reports to IRG Ministers and the Treasury with information on how the suite of infrastructure investments is performing as a whole;
- 33 **agreed** that, during the contracting phases, each delivery agency provide fortnightly data to CIP for every project approved by IRG Ministers, including, but not limited to, the following:
- 33.1 the number and percentage of projects that have been contracted;
 - 33.2 the rate of disbursement, including funding paid out and forecasts of expected funding paid out over the life of the IRG;
 - 33.3 how projects are tracking against budget, and any cost overruns;
 - 33.4 specific information sought on projects that Ministers identify as priorities;
 - 33.5 the number of people currently employed through projects funded by IRG Ministers. This should include the number of people who are currently or have previously worked on each project, and the expected number of workers in the future;
 - 33.6 the number and percentage of projects that are currently under construction, and for projects that are not currently under construction, information about when construction is expected to commence;
 - 33.7 if applicable, progress on gaining relevant consents;
 - 33.8 key milestones and deliverables, and how each project is performing against these milestones;
 - 33.9 key risks and issues, including proposed mitigations;
 - 33.10 the establishment and ongoing management of loans, equity or other instruments, and contracts that are used to enable the projects;
- 34 **agreed** that once contracting is complete, reporting should take place on a monthly basis;
- 35 **Commercial Information**
- 36 **noted** that delivery agencies will utilise their existing governance and oversight arrangements to monitor the delivery of their projects, and will feed information into the broader IRG oversight and monitoring arrangements;

- 37 **noted** that the Infrastructure Commission, Te Waihanga, and the Construction Sector Accord will also play a role in providing advice on the procurement of projects, and that this will be reflected in the IRG Ministers' direction to delivery agencies;

Changes to PGF decision-making delegations

- 38 **agreed** that PGF decisions may be delegated to the Minister of Finance and the Minister of Regional Economic Development from August 2020.

Michael Webster
Secretary of the Cabinet

Annex A: Projects to be Delivered by the Provincial Development Unit

39 **agreed** to establish the following new multi-year appropriations, to run from 1 July 2020 to 30 June 2025:

Vote	Appropriation Minister	Title	Type	Scope
Business Science and Innovation	Minister for Regional Economic Development	Regional Economic Development: Infrastructure Capital Expenditure Investment	Non-departmental Capital Expenditure	This appropriation is limited to capital expenditure on capital infrastructure projects that support economic growth.
Business Science and Innovation	Minister for Regional Economic Development	Regional Economic Development: Infrastructure Investment Provincial Growth Fund Limited	Non-departmental Capital Expenditure	This appropriation is limited to the Crown's investment in Provincial Growth Fund Limited.
Business Science and Innovation	Minister for Regional Economic Development	Regional Economic Development: Supporting Infrastructure Projects	Non-departmental Other Expenses	This appropriation is limited to operating expenses on infrastructure projects that support economic growth.

40 **approved** the following changes to appropriations to provide for the decisions in paragraph 3 above, with a corresponding impact on the operating balance and net core Crown debt:

	\$m – increase/(decrease)	
	2020/21 to 2024/25	2025/26 & outyears
Vote Business Science and Innovation		
Minister for Regional Economic Development		
Non-departmental Capital Expenditure: Regional Economic Development: Infrastructure Capital Expenditure Investment	45.000	
Non-departmental Capital Expenditure: Regional Economic Development: Infrastructure Investment Provincial Growth Fund Limited	70.000	
Non-departmental Other Expenses: Regional Economic Development: Supporting Infrastructure Projects	608.339	
Total operating	608.339	
Total capital	115.000	

41 **noted** that the indicative spending profile for the new multi-year appropriations described in paragraph 39 above is as follows:

Indicative annual spending profile	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25
Non-departmental Capital Expenditure					
Infrastructure Capital Expenditure Investment	40.000	5.000			
Non-departmental Capital Expenditure					
Infrastructure Investment Provincial Growth Fund Limited	25.000	25.000	20.000		
Non-departmental Other Expenses Supporting Infrastructure Projects	200.000	200.000	150.000	58.339	-
Total operating	200.000	200.000	150.000	58.339	-
Total capital	65.000	30.000	20.000	-	-

Annex B: Projects to be Delivered by Crown Infrastructure Partners

42 **agreed** to establish the following new multi-year appropriation, to run from 1 August 2020 to 1 June 2023:

Vote	Appropriation Minister	Title	Type	Scope
Finance	Infrastructure	Shovel ready project funding – Crown Infrastructure Partners	Non-Departmental Other Expense	This appropriation is limited to grants to Crown Infrastructure Partners to fund or deliver infrastructure projects.

43 **approved** the following changes to appropriations to give effect to the policy decisions in paragraph 3 above, with a corresponding impact on the operating balance and net core Crown debt:

Vote Finance Minister for Infrastructure	\$m – increase/(decrease)	
	2020/21 to 2022/23	2023/24 & outyears
Shovel ready project funding – Crown Infrastructure Partners	986.271	-

44 **noted** that the indicative spending profile for the new multi-year appropriation described in paragraph 43 above is as follows:

Indicative annual spending profile	\$m – increase/(decrease)			
	2020/21	2021/22	2022/23	2023/24 & Outyears
	386.271	300.000	300.000	-

45 **noted** that in the short to medium term, and at the discretion of shareholding Ministers, a portion of the non-departmental capital multi-year appropriation Crown Infrastructure Partners Limited – Equity Injection in Vote Finance from which CIP currently funds its bulk housing infrastructure work can be used to fund CIP’s operating costs associated with the oversight of shovel ready projects in 2020/21;

46 **noted** that any funding taken from the appropriation referred to in paragraph 45 above to fund CIP’s new role would need to be replaced later to allow for the successful delivery of the Infrastructure Funding and Financing Model, for which the appropriation was initially established;

Annex C: Projects to be Delivered by Ōtākaro Limited

47 **agreed** to establish the following new multi-year appropriation, to run from 1 August 2020 to 1 June 2023:

Vote	Appropriation Minister	Title	Type	Scope
Finance	Infrastructure	Shovel ready project funding – Ōtākaro Limited	Non-Departmental Other Expense	This appropriation is limited to grants to Ōtākaro Limited to fund or deliver infrastructure projects.

48 **approved** the following changes to appropriations to give effect to the policy decisions in paragraph 3 above, with a corresponding impact on the operating balance and net core Crown debt:

	\$m – increase/(decrease)	
	2020/21 to 2022/23	2023/24 & Outyears
Vote Finance Minister for Infrastructure		
Shovel ready project funding – Ōtākaro Limited	183.440	-

49 **noted** that the indicative spending profile for the new multi-year appropriation described in paragraph 48 above is as follows:

Indicative annual spending profile	\$m – increase/(decrease)			
	2020/21	2021/22	2022/23	2023/24 & Outyears
	83.440	50.000	50.000	-

Annex D: Energy Projects

- 50 **noted** that the Minister of Finance has approved the establishment of a new multi-category appropriation “Energy and Resources: Investment in Infrastructure Projects” in Vote Business, Science and Innovation, to be administered by the Ministry of Business, Innovation and Employment and with Minister of Energy and Resources as appropriation Minister, to facilitate funding and operational support for infrastructure projects;
- 51 **noted** that the Minister of Finance has agreed that the single overarching purpose of this appropriation is to invest in infrastructure projects which support the Energy sector;
- 52 **noted** that the Minister of Finance and the Minister of Energy and Resources have agreed that the categories for this appropriation be as follows:

Title	Type	Scope
Loans and Equity Investments to support Infrastructure Investments	Non-departmental Capital Expenditure	This category is limited to loans and equity investments for infrastructure projects
Grants to support Infrastructure Investments	Non-departmental Other Expenses	This category is limited to grants for infrastructure projects
Other Activities to support Infrastructure Investments	Non-departmental Other Expenses	This category is limited to activities that support the development of infrastructure projects
Capital Infrastructure Investments – fair value write down	Non-departmental Other Expenses	This category is limited to the initial fair value write-down of loans for infrastructure projects
Capital Infrastructure Investments – Impairment of debt and equity investments	Non-departmental Other Expenses	This category is limited to expenses arising from the recognition of the impaired value of infrastructure investment debts and equity investments, including write down and write offs.
Operational Support of Infrastructure Investments	Non-departmental output expense	This category is limited to the supporting infrastructure projects, including the purchase of ancillary services.

53 **approved** the following changes to appropriations to provide for the new multi-category appropriation described in paragraphs 50-52 above:

Vote Business, Science and Innovation Minister of Energy and Resources	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Multi-Category Expenses and Capital Expenditure: Energy and Resources: Investment in Infrastructure Projects MCA					
Non- departmental Output Expenses: Operational Support of Infrastructure Investments	-	-	-	-	-
Non-departmental Other Expenses: Grants to support Infrastructure Investments	48.000	-	-	-	-
Other Activities to support Infrastructure Investments	-	-	-	-	-
Capital Infrastructure Investments – fair value write down	22.000	-	-	-	-
Capital Infrastructure Investments – Impairment of debt and equity investments	-	-	-	-	-
Non-departmental Capital Expenditure: Loans and Equity Investments to support Infrastructure Investments	-	-	-	-	-
Loans and Equity Investments to support Infrastructure Investments	40.000	-	-	-	-
Total Multi-Category Expenses and Capital Expenditure: Energy and Resources: Investment in Infrastructure Projects MCA	110.000	-	-	-	-
Total Operating	70.000	-	-	-	-
Total Capital	40.000	-	-	-	-

54 **agreed** to establish the following new multi-year appropriation, to run from 20 July 2020 to 30 June 2025:

Vote	Appropriation Minister	Title	Type	Scope
Vote Business, Science and Innovation	Minister of Energy and Resources	Energy and Resources: Advice on Viable Energy Storage Projects MYA	Non-Departmental Output Expense	This appropriation is limited to the delivery of advice on the technical, environmental, and commercial feasibility of viable energy storage projects, including an assessment against alternatives.

55 **agreed** to increase expenditure to provide for costs associated with the new multi-year appropriation described in paragraph 54 above and ancillary costs, with the following impacts on the operating balance and net core Crown debt:

Vote Business, Science and Innovation	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance and Net Core Crown Debt Impact	31.326	64.624	1.326	1.326	1.326
Operating Balance Only Impact	0.008	0.016	0.016	0.016	0.016
Net Core Crown Debt Only Impact	0.040	0.040	-	-	-
No Impact	-	-	-	-	-
Total	31.374	64.680	1.342	1.342	1.342

56 **approved** the following changes to appropriations to give effect to the decisions in paragraphs 3 and 54 above, with a corresponding impact on the operating balance and net core Crown debt:

Vote Business, Science and Innovation Minister of Economic Development	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Multi-Category Expenses and Capital Expenditure: Policy Advice and Related Services to Ministers MCA Departmental Output Expenses: Policy Advice and Related Services to Ministers - Energy and Resources (funded by revenue Crown)	1.326	1.326	1.326	1.326	1.326
Capital Injection: Ministry of Business, Innovation and Employment - Capital Injection	0.040	0.040	-	-	-
Total Operating	1.326	1.326	1.326	1.326	1.326
Total Capital	0.040	0.040	-	-	-

	\$m – increase/(decrease)	
Vote Business, Science and Innovation Minister of Energy and Resources	2020/21 to 2024/25	2025/26 & Outyears
Non-Departmental Output Expense: Energy and Resources: Advice on Viable Energy Storage Projects MYA	93.298	-

57 **noted** that the indicative spending profile for the new multi-year appropriation described in paragraph 56 above is as follows:

	\$m – increase/(decrease)				
Indicative annual spending profile	2020/21	2021/22	2022/23	2023/24	2024/25
	30.000	63.298	-	-	-

Annex E: Housing Projects

58 **agreed** to establish the following new multi-year appropriation, to run from 1 August 2020 to 30 June 2024:

Vote	Appropriation Minister	Title	Type	Scope
Vote Housing and Urban Development	Minister of Housing	Infrastructure Investment to Progress Urban Development	Non-Departmental Other Expense	This appropriation is limited to investment into housing and infrastructure projects to enable urban development, regeneration and housing outcomes.

59 **approved** the following change to appropriations to give effect to the policy decisions in paragraph 3 above, with a corresponding impact on the operating balance and debt:

	\$m – increase/(decrease)	
Vote Housing and Urban Development Minister of Housing	2020/21 to 2023/24	2024/25 & Outyears
Non-Departmental Other Expenses:		
Urban Development and Infrastructure Outcomes	238.670	

60 **noted** the indicative spending profile for the new multi-year appropriation described in paragraph 59 above is as follows:

	\$m – increase/(decrease)				
Indicative annual spending profile	2020/21	2021/22	2022/23	2023/24	2024/25
	178.670	48.750	7.500	3.750	-

Annex F: Fire and Emergency New Zealand Projects

61 **agreed** to establish the following new multi-year appropriation to run from 1 July 2020 until 30 June 2023:

Vote	Appropriation Minister	Title	Type	Scope
Internal Affairs	Minister of Internal Affairs	Fire and Emergency New Zealand – Rebuild and Upgrade of Fire Stations	Non-Departmental Capital Expenditure	This appropriation is limited to a capital injection to enable Fire and Emergency New Zealand to rebuild and upgrade fire stations.

62 **approved** the following change to appropriations to give effect to the decisions in paragraph 3 above, with a corresponding impact on net core Crown debt:

Vote Internal Affairs Minister of Internal Affairs	\$million – increase/(decrease)	
	2020/21 to 2022/23	2023/24 & Outyears
Non-Departmental Capital Expenditure: Fire and Emergency New Zealand – Rebuild and Upgrade of Fire Stations	51.300	-

63 **noted** that the indicative spending profile for the new multi-year appropriation described in paragraph 62 above is as follows:

Indicative annual spending profile	\$million – increase/(decrease)			
	2020/21	2021/22	2022/23	2023/24 & Outyears
	34.300	17.000	-	-

64 **noted** that the Fire and Emergency New Zealand (FENZ) projects referred in paragraph 3 above will be delivered and managed by FENZ and monitored by the Department of Internal Affairs;

65 **noted** that the Department of Internal Affairs and FENZ will enter into a Memorandum of Understanding and Funding Agreement that will include the drawdown process and reporting requirements;

66 **noted** that FENZ is currently not subject to capital charge as its Crown funded assets are below the \$15 million threshold established through the 2011 review of capital charge rules for statutory Crown entities [ECC Min (11) 4/1];

67 **noted** that the Crown capital investment provided through paragraph 62 above would mean that FENZ’s Crown funded net assets increase above the \$15 million threshold and therefore should be captured by the capital charge regime under current policy settings;

68 **noted** that the Treasury will provide advice to the Minister of Finance in late 2020 about whether the capital charge regime for statutory Crown entities should apply to FENZ, and if so, how that should be implemented through section 166 of the Crown Entities Act 2004;

Annex G: Justice Projects

69 **approved** the following changes to appropriations and departmental capital injections to give effect to the policy decisions in the paragraph 3 above, with a corresponding impact on the operating balance and net core Crown debt:

	\$m - increase/(decrease)			
	2020/21	2021/22	2022/23	2023/24 & Outyears
Operating Balance Impact	0.598	1.521	0.593	0.593
Debt Impact	14.100	-	-	-
No Impact	-	-	-	-
Total	14.698	1.521	0.593	0.593

	\$m - increase/(decrease)			
	2020/21	2021/22	2022/23	2023/24 & Outyears
Vote Courts Minister for Courts				
Multi-Category Expenses and Capital Expenditure:				
Courts, Tribunals and Other Authorities Services, including the Collection and Enforcement of Fines and Civil Debts Services (MCA)				
Courts, Tribunals and Other Authorities Services, including the Collection and Enforcement of Fines and Civil Debts Services (MCA)				
<i>Departmental Output Expense:</i>				
District Court Services (funded by revenue Crown)	0.598	1.521	0.593	0.593
Vote Justice Minister of Justice				
Capital Injection:				
Ministry of Justice – Capital Injection	14.100	-	-	-
Total Operating	0.598	1.521	0.593	0.593
Total Capital	14.100	-	-	-

70 **authorised** the Minister of Finance, Minister of Justice and Minister for Courts to approve the Wellington District Court – Refurbishment and Modernisation of Courthouse Initiative Project Business Case prior to going to market;

71 **noted** that, as part of Budget 2020, Cabinet agreed to set aside funding in the Justice Property Health and Safety Remediation tagged capital and operating contingencies, and authorised the Minister of Finance, the Minister of Justice and the relevant Appropriation Ministers to drawdown from the tagged contingencies, subject to Cabinet’s approval of a programme business case and any individual business cases as necessary [CAB-20-MIN-0155.20];

- 72 **noted** that as part of the tagged contingencies referred to in paragraph 71 above, \$6.0 million capital expenditure and \$2.9 million total operating expenditure was set aside for seismic strengthening of the Wellington District Courthouse;
- 73 **authorised** the Minister of Finance, Minister of Justice and Minister of Courts to approve the drawdown of funding in the tagged contingency referred to in paragraph 71 above, as part of the approval process for the Wellington District Court – Refurbishment and Modernisation of Courthouse initiative, without requiring further reference to Cabinet;

Annex H: New Zealand Defence Force Projects

74 **approved** the following changes to appropriations for the New Zealand Defence Force to maintain their facilities in the Southern Region:

	NZ \$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Vote Defence Force					
Minister of Defence					
Departmental Output Expense:					
Army Capabilities Prepared for Joint Operations and Other Tasks (funded by revenue Crown)	3.900	0.000	0.000	0.000	0.000
Total Operating	3.900	0.000	0.000	0.000	0.000

Annex I: Police Projects

75 **approved** the following changes to appropriations and departmental capital injections to give effect to the policy decisions in paragraph 3 above, with a corresponding impact on the operating balance and net core Crown debt:

	\$m - increase/(decrease)			
	2020/21	2021/22	2022/23	2023/24 & Outyears
Operating Balance Impact	-	3.250	3.250	3.250
Debt Impact	25.000	-	-	-
No Impact	-	-	-	-
Total	25.000	3.250	3.250	3.250

Vote Police Minister of Police	\$m - increase/(decrease)			
	2020/21	2021/22	2022/23	2023/24 & Outyears
Multi-Category Expenses and Capital Expenditure:				
Policing Services (MCA)				
<i>Departmental Output Expenses:</i>				
Crime Prevention (funded by revenue Crown)	-	0.800	0.800	0.800
Investigations and Case Resolution (funded by revenue Crown)	-	1.280	1.280	1.280
Policy Advice and Ministerial Services (funded by revenue Crown)	-	0.010	0.010	0.010
Primary Response Management (funded by revenue Crown)	-	1.160	1.160	1.160
Total Multi-Category Expenses and Capital Expenditure: Policing Services (MCA)	-	3.250	3.250	3.250
Capital Injections:				
New Zealand Police – Capital Injection	25.000	-	-	-
Total Operating	-	3.250	3.250	3.250
Total Capital	25.000	-	-	-

76 **authorised** IRG Ministers and the Minister of Police to approve the Whanganui Police Hub business case prior to going to market;

Annex J: Transport Projects

77 **agreed** to establish the following new appropriation, to allow KiwiRail to deliver rail projects:

Vote	Appropriation Minister	Title	Type	Scope
Transport	Minister of Transport	Shovel ready project funding – Rail	Non-departmental Other Expense	This appropriation is limited to grants to KiwiRail Holdings Limited to deliver infrastructure projects.

78 **approved** the following changes to appropriations to give effect to the policy decisions in paragraph 3 above, with a corresponding impact on the operating balance and net core Crown debt:

Vote Transport Minister of Transport	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Non-departmental Other Expense: Shovel ready project funding – Rail	13.000	-	-	-	-
Non-departmental Capital Expenditure: Rail – KiwiRail Holdings Limited	39.000				
Non-departmental Capital Expenditure: Regional State Highways MYA	30.000				

79 **agreed** that the Multi Year Appropriation “Regional State Highways” be adjusted by \$30 million;

80 **noted** that the amount shown in the appropriations changes table in paragraph 78 above for the Multi Year Appropriation: "Regional State Highways" is the change to the indicative annual spending profile;

Annex K: Heritage New Zealand Projects

81 **approved** the following changes to appropriations to provide for the decisions in paragraph 3 above, with a corresponding impact on net core Crown debt:

	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & outyears
Vote Arts, Culture and Heritage Minister for Arts, Culture and Heritage Non-Departmental Capital Expenditure: Heritage and Culture Sector Capital (M4)	22.000	-	-	-	-
Total Capital	22.000	-	-	-	-

82 **noted** that the Treasury will provide advice to the Minister of Finance in late 2020 about whether the capital charge regime for statutory Crown entities should apply to Heritage New Zealand, and if so, how that should be implemented through section 166 of the Crown Entities Act 2004.