



COVERSHEET

Minister	Hon Shane Jones	Portfolio	Regional Development
Title of Cabinet paper	Using Provincial Growth Fund (PGF) underspends to address cost pressures for two PGF projects	Date to be published	7 June 2024

List of documents that have been proactively released		
Date	Title	Author
April 2024	Using Provincial Growth Fund (PGF) underspends to address cost pressures for two PGF projects	Office of the Minister for Regional Development
9 April 2024	Using Provincial Growth Fund (PGF) Underspends to Address Cost Pressures for Two Projects EXP-24-MIN-0021 Minute	Cabinet Office

Information redacted

YES / NO

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Some information has been withheld for the reasons of Confidential advice to Government and Commercial information.



Cabinet Expenditure and Regulatory Review Committee

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.

Using Provincial Growth Fund (PGF) Underspends to Address Cost Pressures for Two Projects

Portfolio Regional Development

On 9 April 2024, the Cabinet Expenditure and Regulatory Review Committee:

- 1 **noted** that in December 2021, the previous government agreed that any decisions on the future use of funding made available from Kānoa – Regional Economic Development & Investment Unit (Kānoa – RDU) be delegated to the Minister of Finance and the Minister responsible for regional development, including the Provincial Growth Fund (PGF) [DEV-21-MIN-0257];
- 2 **noted** that Kānoa – RDU has identified two existing PGF projects that require up to \$5.000 million each due to cost pressures, and that these two projects' cost pressures could be funded by Confidential advice to Government
- 3 **noted** that approval is sought as, if approved, funding for both the projects will exceed the \$20.000 million threshold over which PGF investment decisions must be made by Cabinet [CAB-18-MIN-0045];
- 4 **noted** that the two projects with cost pressures are:
 - 4.1 Northland Water Storage and Use (Kaipara Water Infrastructure), which is seeking up to \$5.000 million in PGF loan funding to complete the final five months of the multi-year construction project;
 - 4.2 Government Garden Cultural Quarter (Rotorua Museum), which is seeking up to \$5.000 million in PGF grant funding as a result of increased project cost estimates to enable construction to begin;
- 5 **noted** that Kānoa – RDU have assessed both projects against the cost pressure criteria and advised that all criteria are met;
- 6 **noted** that funding for the Kaipara Water Infrastructure project has already been announced as the Minister of Finance and the Minister for Regional Development agreed to provide an additional \$5.000 million loan for this project in December 2023, based on an incorrect figure for the total project funding approved, supplied by Kānoa – RDU officials;

- 7 **noted** that officials have now provided a corrected figure for the total project funding approved to date and advised that the additional \$5.000 million loan will need to be considered by Cabinet as per the delegated authority [CAB-18-MIN-0045];
- 8 **noted** that no additional funding has been paid for the Kaipara Water Infrastructure project to date;
- 9 **agreed** to provide up to an additional \$5.000 million in PGF loan funding to Te Tai Tokerau Water Trust for the Northland Water Storage (Kaipara Water Infrastructure) project to address its cost pressures;
- 10 **agreed** to provide up to an additional \$5.000 million in PGF grant funding to Rotorua Lakes Council for the Government Garden Cultural Quarter (Rotorua Museum) project to address its cost pressures;
- 11 **noted** that no further funding is expected to be required for either of these two projects.

Sam Moffett
Committee Secretary

Present:

Rt Hon Christopher Luxon
Hon David Seymour (Chair)
Hon Nicola Willis
Hon Chris Bishop
Hon Dr Shane Reti
Hon Simeon Brown
Hon Erica Stanford
Hon Paul Goldsmith
Hon Louise Upston
Hon Mark Mitchell
Hon Brooke van Velden
Hon Shane Jones
Hon Casey Costello
Hon Chris Penk
Hon Simon Watts
Hon Andrew Bayly
Hon Andrew Hoggard
Hon Mark Patterson
Simon Court MP

Officials present from:

Office of the Prime Minister
Officials Committee for EXP
Office of the Minister for Climate Change