



BRIEFING

Budget 2024: Regional Development summary portfolio information for your discussion with Hon David Seymour

Date:	2 February 2024	Priority:	High
Security classification:	Budget - Sensitive	Tracking number:	2324-1913

Action sought		
	Action sought	Deadline
Hon David Seymour Associate Minister of Finance	To inform your upcoming discussion	9 February 2024
Hon Shane Jones Minister for Regional Development	To inform your upcoming discussion	9 February 2024
Hon Melissa Lee Minister for Economic Development	For your information	At your convenience

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Karl Woodhead	General Manager – Strategy, Planning and Performance, Kānoa – RDU	Privacy of natural persons	✓
Privacy of natural persons	Principal Advisor - Strategy, Planning and Performance, Kānoa – RDU	Privacy of natural persons	

The following departments/agencies have been consulted

Minister's office to complete:

Approved

Declined

Noted

Needs change

Seen

Overtaken by Events

See Minister's Notes

Withdrawn

Comments



BRIEFING

Budget 2024: Regional Development summary portfolio information for your discussion with Hon David Seymour

Date:	2 February 2024	Priority:	High
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Purpose

To provide financial information about the Regional Development portfolio for your upcoming discussion about Budget 2024.

Executive summary

On 18 December 2023, the Minister of Finance wrote to the Associate Minister of Finance (Hon David Seymour), outlining that the Associate Minister of Finance will be the lead Minister for the Initial Baseline Exercise for the Ministry of Business, Innovation and Employment (MBIE) and be responsible for co-ordinating across portfolio Ministers with responsibilities in MBIE, asked MBIE to identify options to meet a savings target of \$233.9 million and invited the submission of a Budget Bid for the Regional Infrastructure Fund (RIF). The bid is required to consider Kānoa – RDU operating funding.

On 29 January 2024, the Associate Minister of Finance wrote to the Minister for Regional Development to outline his intention to meet with the Minister for Regional Development in the week of 5 February to jointly develop credible savings targets and revenue options as part of the Budget 2024 Initial Baseline Exercise.

While the value of funds under management in the Regional Development portfolio has increased over time, changes in the profile of operating expenditure have reflected the lifecycle of funds being managed by Kānoa - RDU, which move from an operationally intensive implementation and delivery phase to contract and risk management over time.

Departmental funding in the Regional Development portfolio peaked at \$41.8 million in the 2021/22 financial year and is due to continue to reduce from \$26.0 million in this financial year, to \$1.8 million in 2024/25, \$1.0 million in 2025/26 and cease from 2026/27. By comparison, the value of funds under management has risen from \$3 billion in 2018/2019 financial year to \$4.67 billion in 2023/24.

There has been a focus on making efficiencies over recent years, which has driven a reduction in resource and operational spend, whilst maintaining delivery, retention of key expertise and achieving economies of scale from fewer FTEs. This includes:

- a. reducing FTE to a forecast 81.5 (44 per cent reduction from peak),
- b. a reduction in operating expenses to \$26.0 million (38 per cent decrease from peak),
- c. reducing spend on contractors and consultants by \$3 million (66 per cent) from peak.

Given the significant cost pressures in the portfolio, and the value of savings made to date, no cost savings in operational expenses have been identified.

\$14.75 million of unspent funding from the Queenstown Economic Transformation and Resilience Fund (QETRF) has been identified as suitable to be returned. Kānoa – RDU officials note there

has been a lack of demand from suitable projects that meet the QETRF eligibility criteria during the life of this fund, and that the fund is at the end of its expected span. As all funding for this fund is currently sitting with Crown Regional Holdings Limited, officials can provide further advice on how this may be returned through a share buyback.

Following the invitation to submit a Budget Bid for the RIF, Kānoa – RDU officials are working to prepare two Bids:

- A new capital initiative for the \$1.2 billion RIF, including a supplementary request for a management fee, split across three years, to cover the marginal costs of the delivery of the RIF.
- A cost pressure initiative to baseline Kānoa – RDU's operational spending including the costs to run CRHL, likely to be \$30.0 million per annum, based on forecast running costs for the 2023/2024 financial year. A scaled option of a 7.5 per cent reduction is also being prepared.

Recommended action

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

- a **Note** that in his role as lead Minister for the Initial Baseline Exercise for the Ministry of Business, Innovation and Employment (MBIE), the Associate Minister of Finance (Hon David Seymour) intends to meet with the Minister for Regional Development to jointly develop credible savings targets and revenue options for Budget 2024.

Noted
- b **Note** that MBIE has been asked to identify options to meet a savings target of \$233.9 million (7.5 per cent) from 2024/2025.

Noted
- c **Note** that departmental funding in the Regional Development portfolio is due to continue to reduce from \$26.0 million in this financial year, to \$1.8 million in 2024/25, \$1.0 million in 2025/26 and cease from 2026/27.

Noted
- d **Note** that given the significant cost pressures in the portfolio, no operational cost savings have been identified in the Regional Development portfolio.

Noted
- e **Note** that the Minister for Regional Development has identified the following priorities for the Regional Development portfolio:
 - a. Establish a RIF with \$1.2 billion in capital funding over the Parliamentary term
 - b. Develop a sustainable funding model for Regional Development investments, including the operation of CRHL
 - c. Improving the management of high-risk projects and increase the transparency of reporting in the Regional Development portfolio.

Noted
- f **Note** there is an opportunity to return \$14.75 million of unspent funding from the Queenstown Economic Transformation and Resilience Fund.

Noted

- g **Note** that the Minister of Finance has invited a budget bid for funding for the Regional Infrastructure Fund (RIF), including consideration of Kānoa - RDU's time-limited operating funding as part of the Government policy commitments. Officials continue to finalise the final details of the Bids.

Noted



Karl Woodhead
**General Manager, Strategy, Planning and
Performance, Kānoa – Regional Economic
Development & Investment Unit, MBIE**

2 Feb 2024

Hon David Seymour
Associate Minister of Finance

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Hon Shane Jones
Minister for Regional Development

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Hon Melissa Lee
Minister for Economic Development

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Background

2. On 18 December 2023, the Minister of Finance wrote to the Associate Minister of Finance (Hon David Seymour), outlining her fiscal objectives across the term and Budget 2024 expectations. A copy of this letter was provided to the office of the Minister for Regional Development.
3. The letter outlined that the Associate Minister of Finance will be the lead Minister for the Initial Baseline Exercise for the Ministry of Business, Innovation and Employment (MBIE) and be responsible for co-ordinating across portfolio Ministers with responsibilities in MBIE.
4. The letter also asked MBIE to identify options to meet a savings target of \$233.9 million (7.5 per cent) from 2024/2025, and invited the submission of a Budget Bid for the Regional Infrastructure Fund (RIF), including consideration of Kānoa's time-limited operating funding alongside this initiative in order to remove the fiscal cliff for this funding.
5. Departmental funding in the Regional Development portfolio peaked at \$41.8 million in the 2021/22 financial year and is due to continue to reduce from \$26.0 million in this financial year, to \$1.8 million in 2024/25, \$1.0 million in 2025/26 and cease from 2026/27. By comparison, the value of funds under management has risen from \$3 billion in 2018/2019 financial year to \$4.67 billion in 2023/24.
6. Given the significant cost pressures in the portfolio no operational cost savings have been identified. However, the principles of fiscal restraint and fiscal responsibility will be applied to the preparation of Budget Bids for future funding.
7. On 29 January 2024, the Associate Minister of Finance wrote to the Minister for Regional Development to outline next steps on delivering the fiscal sustainability programme and Budget 2024, and to outline his intention to meet separately with the Minister for Regional Development, and all MBIE portfolio Ministers in the week of 5 February to jointly develop credible savings targets and revenue options as part of the Budget 2024 Initial Baseline Exercise, and establish a longer term reprioritisation programme.

Portfolio overview

8. The Regional Development portfolio is funded through nine appropriations, including three multi-category appropriations. The majority of portfolio funding is non-departmental funding for regional development initiatives.
9. The Regional Development portfolio is supported by MBIE, through its business unit, Kānoa – Regional Economic Development & Investment Unit (Kānoa – RDU). Kānoa – RDU was established (as the Provincial Development Unit) in 2018 to deliver the Provincial Growth Fund (PGF) and drive sustainable regional economic development by supporting projects that create employment, increase environmental sustainability, diversify and develop regional economies and raise the wellbeing of people living in the regions.
10. The portfolio is also supported by Crown Regional Holdings Limited (CRHL), a 'Schedule 4A' non-listed company under the Public Finance Act 1989. CRHL is a holding company, which is used to undertake much of the execution of funding agreements (loans and equity) with fund recipients. It then receives back any returns from investments.

Current Regional Development portfolio baseline

Funding	2023/24 \$m	2024/25 \$m	2025/26 \$m	2026/27 \$m	2027/28 & Outyears \$m	Current FTE
Departmental Crown Revenue	\$20.732	\$1.808	\$1.000	-	-	73.5
Departmental Third Party Revenue	\$3.505	-	-	-	-	8
Non-Departmental Crown Revenue	\$782.769 ¹	\$25.400	\$0.400	-	-	-
Non-Departmental Third Party Revenue	-	-	-	-	-	-
Total	\$807.006	\$27.208	\$1.400	-	-	81.5

Description of interventions within the portfolio

11. The two broad interventions used by the Regional Development portfolio are system-wide regional economic development leadership and funding. These capabilities and functions, when combined, generate positive broad externalities, and amplify the ability to capitalise on regional development opportunities while maintaining an appropriate balance between immediate needs and a long-term perspective that delivers for New Zealand.
 - a. System-wide regional economic development leadership – Using the expertise, relationships and knowledge that Kānoa – RDU has developed to improve decision-making by various actors in the regions. This is through actively linking decision-makers (businesses, local government, iwi, other government agencies) with other actors whose work has an impact on them. This can be to, for example, connect organisations to funding sources (public or private), connect organisations to decision-makers whose work impacts on them, and facilitating the development of relationships and capability within and across regions. The unique position of Kānoa – RDU provides it with knowledge and trust and confidence of decision-makers that no other players in the economy has and it seeks to use that knowledge to lift regional development.
 - b. Funding – The Regional Development portfolio has invested \$3.17² billion into New Zealand’s regions since 2018 through the PGF and other funds. The provision of this funding crowded-in a further \$1.85 billion in co-investment by successful applicants who may not have invested otherwise in regionally focused projects. Recent modelling has revealed that every \$1 of government direct investment made in regional development, has led to at least \$3 of additional expenditure. Overall investment has led to 44,000 jobs being created. The focus of much of the funding to date has been loans, rather than grants, meaning that this is a recoverable investment, and returns are expected.
12. Kānoa – RDU has a role in the administration of 11 key funds for a combined total of \$4.74 billion, as at 28 January 2023. Investments projects range from small community-based projects through to major infrastructure and commercial investments in complex multi-party projects.
13. As of 28 January 2023, Kānoa – RDU has:

¹ Note: This includes CRHL operating costs

² \$3.17 billion was the amount paid to projects at the time of calculation.

- a. 906 projects under active management
- b. 30 projects undergoing contracting negotiations
- c. three funds in the delivery phase (which will generate new approvals and contract negotiations). These are the North Island Weather Events (NIWE) Primary Producer Finance Scheme (PPFS), the Wood Processing Growth Fund (WPGF) (both administered on behalf of the Ministry for Primary Industries) and the Queenstown Economic Transformation and Resilience Fund (QETRF).

14. **Annex 1** provides an overview of funds administered by Kānoa – RDU.

Breakdown of expenditure and FTE growth since 2017

15. From establishment in 2018, to its peak in financial year 2019/2020, Kānoa – RDU grew to 144.4 FTE, with corresponding operating expense of \$41.8 million in the 2020/2021 financial year. During this time Kānoa – RDU was actively delivering the PGF and standing up a number of COVID-related response funds, including the PGF reset, and managing a number of early PGF contracts.
16. While the value of funds under management has increased over time, changes in the profile of operating expenditure have reflected the lifecycle of funds being managed by Kānoa - RDU, which move from an operationally intensive implementation and delivery phase to contract and risk management over time.
17. There has been a focus on making efficiencies which has driven a reduction in resource and operational spend over recent years, whilst maintaining delivery, retention of key expertise and achieving economies of scale from fewer FTEs. This includes:
 - a. reducing FTE to a forecast 81.5 (44 per cent reduction from peak),
 - b. a reduction in operating expenses to \$26.0 million (38 per cent decrease from peak),
 - c. reducing spend on contractors and consultants by \$3 million (66 per cent) from peak.

Regional Development portfolio by financial year

Financial Year	Total Investment Portfolio \$m	Operating Expenditure ³ \$m	Total FTE
2017/18	-	-	-
2018/19	3,000.0	22.7	107.5
2019/20	3,322	35.5	144.4
2020/21	4,313	41.8	126.9
2021/22	4,360	28.8	108.6
2022/23	4,375	26.6	101.0
2023/24	4,741	26.0	81.5

A more detailed table is provided in **Annex 2**.

18. Over the past years the other key areas of change in the portfolio are:

³ Excludes costs to run Crown Regional Holdings Limited – currently \$3.9 million per annum

- a. \$640 million from the PGF was reprioritised as part of the PGF Reset, and a further \$140.9 million was reprioritised from the PGF to fund the RSPF, Kānoa – RDU operating expenses and the \$210.5 million Regional Investments Opportunity fund.
- b. A rapid saving exercise conducted in the supplementary estimates of appropriations 2022/23 saw \$3 million from the Worker Redeployment Programme returned to the Treasury.
- c. Costs to deliver two funds for which no operating funding was received (Regional Investment Opportunities, and the Business Support Grants Programme), have been absorbed by the portfolio.

Alignment of current expenditure with Government priorities

19. Future expenditure in the portfolio is required in order to meet the Government’s coalition agreements. In particular, the commitments to rebuild the economy and improve productivity, through establishing a Regional Infrastructure Fund, which recognises that wealth creation and infrastructure should be prioritised over expenditure on consumption. Further, decision-making in the portfolio will be aligned with the Coalition Government’s decision-making principles that decisions are: principled; focused; results-driven; people-focussed; accountable; evidence-based; fiscally responsible; and pro-democracy.
20. The Minister for Regional Development recently wrote to the Prime Minister, outlining the following priorities for the Regional Development portfolio:
 - a. Establish a RIF with \$1.2 billion in capital funding over the Parliamentary term
 - b. Develop a sustainable funding model for Regional Development investments, including the operation of CRHL
 - c. Improving the management of high-risk projects and increase the transparency of reporting in the Regional Development portfolio.
21. In order to achieve these priorities, the Minister for Regional Development has directed Kānoa – RDU officials to:
 - a. undertake design work on the policy and operational settings for the RIF
 - b. prepare a Budget initiative to secure funding for the RIF, including its ongoing operation through Kānoa – RDU
 - c. review the current operating model for Kānoa – RDU to ensure it is fit for purpose, including both the ability to deliver the RIF and managing existing projects, especially those in the CRHL portfolio. This will include ensuring that CRHL has the capability to provide commercial advice on potential RIF investments prior to Ministerial decision making
 - d. provide advice on the opportunity to establish a fiscally-responsible funding model that will use returns from existing Regional Development investments and the RIF to support the creation of a self-sustaining fund for future regional development investments
 - e. report to Ministers quarterly on the performance of investments across the Regional Development portfolio
 - f. undertake initiatives to improve the management of project risks undertaken by Kānoa – RDU.

22. The Minister for Regional Development has advised the Prime Minister that priorities for the portfolio have been set to ensure that they are aligned with the fiscal sustainability principles of the Government.

Revenue and expenditure options

Savings options

Identification of programmes that can be scaled or stopped

23. The Queenstown Economic Transformation and Resilience Fund (QETRF) is an \$18 million fund established in 2021 to underwrite projects that will develop alternative industries within the Queenstown-Lakes District and surrounding areas. Subsequently, the scope of the fund was broadened to include underwriting of loans and equity. The fund was due to close in November 2023.
24. To date, two projects have been approved for funding from the QETRF, for a total of \$3.25 million. \$14.75 million remains unapproved.
25. Kānoa – RDU officials note there has been a lack of demand from suitable projects that meet the QETRF eligibility criteria during the life of this fund, and that the fund is almost at the end of its expected span.
26. Kānoa – RDU officials suggest you consider reprioritising the remainder of this fund. As all funding for this fund is currently sitting with Crown Regional Holdings Limited, officials can provide further advice on how this may be returned through a share buyback.

Operational savings

27. Significant cost savings (30 per cent reduction in operational spend) have already been achieved in this portfolio since the 2020/2021 financial year.
28. No further operational savings have been identified, due to the significant cost pressures in the portfolio.

Savings on contractors, vacancies and overheads

29. Kānoa – RDU has achieved savings on the following expenditure types between 2020/21 and 2023/24:
- Reduced personnel expenditure by \$5.0 million per annum (28 per cent)
 - Reduced contractors and consultants expenditure by \$3.0 million per annum (66 per cent)
 - Reduced corporate overheads of \$3.5 million (35 per cent) per annum driven by the reduction in FTE and contract staff.

FTE and contract staff Revenue options

30. There are no revenue options in the Regional Development portfolio.
31. MBIE will provide a separate briefing to the Associate Minister of Finance on revenue options across MBIE.

Future funding requirements

32. Following the invitation to submit a Budget Bid for the Regional Infrastructure Fund, including consideration of Kānoa's time-limited operating funding and following guidance from the Treasury, Kānoa – RDU officials are working to prepare two Bids, a new capital initiative for the \$1.2 billion Regional Infrastructure Fund (RIF), and a cost pressure initiative to baseline Kānoa – RDU's operational spending. Officials are working to confirm final details of the Bids.

\$1.2 billion Regional Infrastructure Fund

33. This is a new capital initiative that will bid for \$1.2 billion for the RIF, over the parliamentary term. The RIF is a commitment in the coalition agreement between the New Zealand National Party and New Zealand First.
34. On advice from the Treasury, the Bid will include a supplementary request for a management fee.
35. The management fee would cover the marginal costs of the delivery of the RIF, such as fund design and policy settings, origination, due diligence, consultation, support for ministerial decision making, contracting and post-contract evaluation.
36. The proposed management fee is akin to the standard management fees charged by commercial fund managers. The final figure is likely to be aligned to previous management fees allocated to Kānoa – RDU, for example:
- a. PGF – 3 per cent
 - b. STAPP – 3 per cent
 - c. NIWE PPFS – 2 per cent (noting that the RIF is likely to include projects of a higher complexity than the NIWE PPFS, due to multiple funding streams, more work required on origination, and lower investment-readiness of projects).

Kānoa's operational spending

37. This is a cost pressure initiative to baseline Kānoa's operational spending, which is a fiscal cliff. The initiative will include the costs to run CRHL and is likely to total \$30.0 million per annum, although a scaled option of a 7.5 per cent reduction is also being prepared.
38. The baseline funding is aligned with the forecast running costs for the 2023/2024 financial year and is intended to cover the ongoing costs of contract management, including support for CRHL, client and milestone management, contract variations, risk management and programme-level evaluation.
39. Without ongoing baseline funding, there is a risk that the outcomes of the regional development investments to date are not realised and issues arising in the portfolio and not able to be appropriately managed.

Plans for future reprioritisation

40. Kānoa – RDU's contracts with funding recipients are clear that there is no assumption or automatic right to additional funding above any contingency agreed in contract. When projects face unexpected cost increases that they are unable to meet, funding recipients are expected to find funding from other sources. Where no other funding sources are available, officials work with funding recipients to consider options to reduce costs.
41. However, there are times where projects are not able to acquire funding from other sources and risk being left incomplete, risking the loss of government funding provided and the

expected regional development benefits. Twice a year, Kānoa – RDU advises Ministers about funding within the PGF that has become available via underspends (e.g. because projects have completed under budget or withdrawn), and projects facing cost pressures that require additional funding support. This enables Ministers to make decisions on the reallocation of available funding efficiently and ensures that projects can be completed and realise their benefits.

42. Kānoa – RDU use the following criteria to determine which PGF projects with cost overruns are recommended to Ministers to receive additional funding:
 - a. There are no alternative funding sources available to the recipient prior to seeking additional Crown funding.
 - b. The recipient has shown evidence of project costs, and that all reasonable efforts have been made to make the project delivery as efficient as possible and the costs as low as practicable.
 - c. Benefits of the project have either been realised partially or will be demonstrably and evidentially realised by the completion of the project.
 - d. Without funding the completion of the project is at significant risk.
43. To date \$176.32 million of PGF project funds have been reprioritised from withdrawn project or projects with underspends to projects facing cost pressures. The last reprioritisation exercise occurred, in December 2023 and reprioritised a total of \$9.55 million to seven projects. The next reprioritisation round is due to occur before the end of the financial year.

Next steps

44. Further information to support your portfolio meeting can be provided on request.

Annexes

Annex One: Kānoa – RDU Project Status Report, as at 28 January 2024

Annex Two: Changes in portfolio expenditure and FTE since 2017

Kānoa – RDU Project Status Report

This report provides an overview of Kānoa – RDU project portfolios. Kānoa – RDU has a role in the administration of 11 key funds¹ and manages 1550² projects, with 1194² projects managed by partner agencies, for a combined total of \$4,475.7m as at 28 January 2024³.

<p>PROVINCIAL GROWTH FUND <i>To accelerate regional development, increase regional productivity and contribute to more, higher-paying jobs.</i></p> <p> \$3,048.4m Total Fund \$3,031.2m Approved \$2,981.4m Contracted \$2,473.8m Paid</p> <p> 2269 Approved Projects 1581 Completed Projects</p>	<p>COVID-19 RESPONSE AND RECOVERY FUND INFRASTRUCTURE REFERENCE GROUP <i>To support construction-ready infrastructure projects and accelerate construction-related spend.</i></p> <p> \$696.3m Total Fund \$696.3m Approved \$685.8m Contracted \$568.6m Paid</p> <p> 150 Approved Projects 82 Completed Projects</p>	<p>NORTH ISLAND WEATHER EVENTS PRIMARY PRODUCER FINANCE SCHEME <i>To support severely-affected businesses return to a point where they can re-engage with commercial lenders.</i></p> <p> \$240.0m Total Fund \$45.6m Approved \$15.7m Contracted \$6.8m Paid</p> <p> 13 Approved Projects 0 Completed Projects</p>	<p>REGIONAL INVESTMENT OPPORTUNITIES <i>To support regional economic development through infrastructure as part of the \$12b Capital Investment Package.</i></p> <p> \$210.5m Total Fund \$206.0m Approved \$205.0m Contracted \$175.6m Paid</p> <p> 18 Approved Projects 12 Completed Projects</p>
<p>REGIONAL STRATEGIC PARTNERSHIP FUND <i>To support regional economies to be more productive, resilient, sustainable, inclusive and Māori-enabling.</i></p> <p> \$193.8m Total Fund \$193.8m Approved \$133.1m Contracted \$64.5m Paid</p> <p> 55 Approved Projects 3 Completed Projects</p>	<p>STRATEGIC TOURISM ASSETS PROTECTION PROGRAMME <i>To ensure Tourism assets survive the disruption caused by COVID-19.</i></p> <p> \$107.4m Total Fund \$105.5m Approved \$105.5m Contracted \$99.7m Paid</p> <p> 74 Approved Projects 22 Completed Projects</p>	<p>WORKER REDEPLOYMENT <i>To create immediate jobs and income growth with high visibility to the community.</i></p> <p> \$96.5m Total Fund \$96.4m Approved \$96.4m Contracted \$87.2m Paid</p> <p> 81 Approved Projects 80 Completed Projects</p>	<p>NORTH ISLAND WEATHER EVENTS BUSINESS SUPPORT GRANTS PROGRAMME <i>To support business continuity by helping firms maintain cashflow, and where possible, position firms for a successful recovery.</i></p> <p> \$75.0m Total Fund⁴ \$72.4m Approved \$72.4m Contracted \$64.9m Paid</p> <p> 19 Approved Projects 8 Completed Projects</p>
<p>WOOD PROCESSING GROWTH FUND <i>To increase New Zealand's onshore wood processing capacity.</i></p> <p> \$45.0m Total Fund \$2.0m Approved \$0.0m Contracted \$0.0m Paid</p> <p> 1 Approved Projects 0 Completed Projects</p>	<p>QUEENSTOWN ECONOMIC TRANSFORMATION AND RESILIENCE FUND <i>To support diversification beyond tourism, increasing economic resilience and developing higher paying jobs.</i></p> <p> \$18.0m Total Fund \$3.3m Approved \$3.3m Contracted \$1.3m Paid</p> <p> 2 Approved Projects 0 Completed Projects</p>	<p>CHATHAM ISLAND RENEWABLE ENERGY GENERATION <i>To address the long-term nature of many of the challenges presented by climate change.</i></p> <p> \$10.0m Total Fund⁵ \$10.0m Approved \$10.0m Contracted \$0.5m Paid</p> <p> 1 Approved Projects 0 Completed Projects</p>	<p>Definitions: Total Funding - the value appropriated into the relevant fund to administer. Approved Funding - funding approved at an individual project level. Contracted Funding - funding written into signed agreements with recipients or transferred to a partner agency to administer. Paid - funding disbursed from the relevant agency to the recipient.</p>

¹Kānoa – RDU also administers the Sector Workforce Engagement Programme which is a cross-government initiative to work with industry to develop a shared understanding of their key labour market and skills issues and take steps to address them.

²Individual projects may be counted against multiple funds, sectors and lead agencies. This means totals can be less than the sum of individual categories.

³Partner Agency data as at 31 December 2023, Kānoa – RDU data as at 28 January 2024.

⁴Cabinet approved \$75.0 million as a tagged contingency from Vote Business, Science and Innovation in FY22/23 (Cyclone Gabrielle: To provide for interim business and primary sector support for the impacts of Cyclone Gabrielle and other recent weather events not covered by the Auckland Package), which was paid to Local Delivery Partners who administered the grants. A \$10.0 million underspend remained which was transferred into a new appropriation in FY23/24 (Cyclone – Regional support for the impacts of Cyclone Gabrielle and January 2023 weather events).

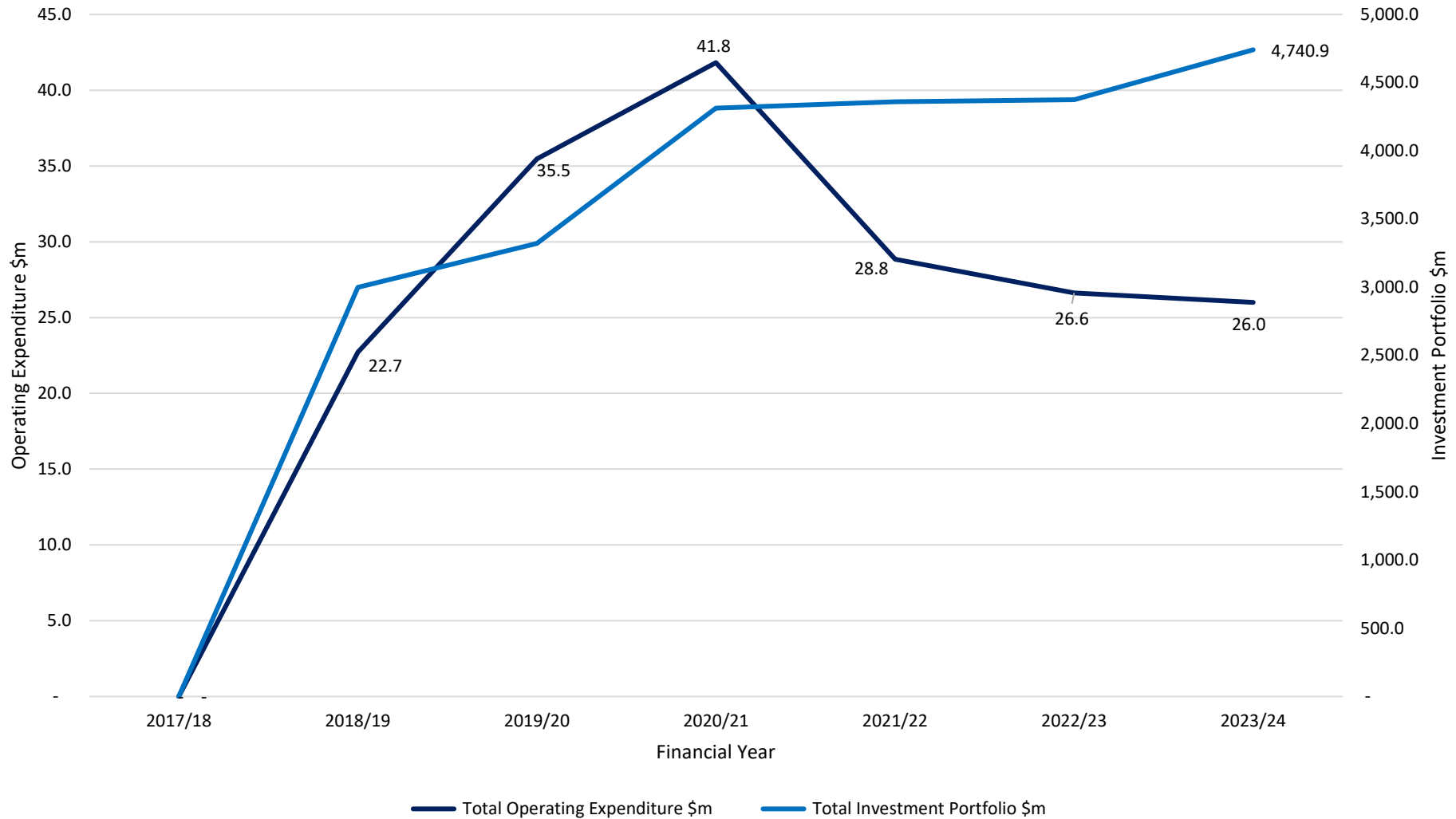
⁵The Climate Emergency Response Fund is newly approved as part of Budget 2023. The Fund is administered by Buildings, Resources and Markets (BRM) and Kānoa – RDU will contract and manage the Chatham Islands Renewable Energy Generation project on behalf of BRM. BRM will provide the Minister of Energy and Resources with detailed project updates as required.

Annex Two: Changes in portfolio expenditure and FTE since 2017

Financial Year	Total Investment Portfolio \$m	Operating Expenditure ⁴ \$m	Total FTE	Funds/programmes established (Total value)
2017/18	-	-	-	-
2018/19	3,000.0	22.7	107.5	Provincial Growth Fund (\$3 billion)
2019/20	3,322	35.5	144.4	Regional Investment Opportunities (\$210.5 million) COVID-19 Response – Worker Redeployment Package (\$96.5 million)
2020/21	4,313	41.8	126.9	Strategic Tourism Assets Protection Programme (\$107.4 million) COVID-19 Response and Recovery Fund – Infrastructure Reference Group (\$696.3 million) Regional Strategic Partnership Fund (\$200 million)
2021/22	4,360	28.8	108.6	
2022/23	4,375	26.6	101.0	Queenstown Economic Transformation and Resilience Fund (\$18 million) North Island Weather Event Business Support Grants Programme (\$75 million)
2023/24	4,741	26.0	81.5	North Island Weather Event Primary Producer Finance Scheme (\$240 million) Wood Processing Growth Fund (\$45 million) Chatham Island Renewable Energy Generation

⁴ Excludes costs to run CRHL – currently \$ Commercial Information per annum

Kānoa - RDU Operating Expenditure by Total Investments 2018-2024



Kānoa - RDU FTE by Total Investment 2018-2024

