



## BRIEFING

### Returning further funding from Kānoa – RD managed funds to the centre

<b>Date:</b>	27 March 2024	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	2324-2753

	Action sought	Deadline
Hon Shane Jones <b>Minister for Regional Development</b>	<b>Agree</b> that up to \$27.9 million of funds remaining in Kānoa – RD managed funds be returned to support Government priorities and Budget 2024.  <b>Note</b> this brings the total amount of funding recommended for return from Kānoa – RDU managed funds to \$117.4 million.	2 April 2024

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Karl Woodhead	General Manager, Strategy, Planning and Performance, Kānoa – Regional Economic Development & Investment Unit (Kānoa – RD)	Privacy of natural persons	✓
Privacy of natural persons	Manager, Strategy and Policy, Kānoa – RD	Privacy of natural persons	
Privacy of natural persons	Senior Policy Advisor, Strategy and Policy, Kānoa – RD	Privacy of natural persons	

#### The following departments/agencies have been consulted

The Treasury were engaged on the approach to returning Covid-19 Response and Recovery Fund - Infrastructure Reference Group funds.

**Minister's office to complete:**

Approved

Declined

Noted

Needs change

Seen

Overtaken by Events

See Minister's Notes

Withdrawn

**Comment**

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#### Purpose

To seek your agreement for Kānoa – Regional Economic Development & Investment Unit (Kānoa – RD) to facilitate the return up to \$27.9 million of further identified remaining funding in Kānoa – RD managed funds, in addition to the \$89.5 million agreed to on 19 March 2024 (briefing 2324-2583 refers).

The briefing also provides an update on further returns likely to be available through the North Island Weather Events Primary Producer Finance Scheme and the Confidential advice to Government

#### Recommended action

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

- a **Note** you previously agreed for Kānoa – Regional Economic Development & Investment Unit (Kānoa – RD) to facilitate the return of up to \$89.5 million of funding remaining in Kānoa – RD managed funds to the centre to support Government priorities and the availability of funds for Budget 2024 (briefing 2324-2583 refers).

*Noted*

- b **Note** Kānoa – RD has identified a further \$27.9 million that can be returned ahead of the Budget 2024 moratorium on 29 April, which if agreed would bring the total amount returned to \$117.4 million.

*Noted*

- c Confidential advice to Government

*Noted*

- d **Note** Kānoa – RD will provide you a briefing on Thursday 4 April 2024 that outlines a process to enable decision making for further funding that is currently underutilised but has a range of impacts and considerations associated with its return.

*Noted*

#### Interest held by CRHL

- e **Agree** that \$18.9 million of bank interest earned by CRHL be returned to the centre.

*Agree / Disagree*



- f **Direct** Kānoa – RD officials to facilitate a CRHL Board resolution seeking agreement to declare a dividend to shareholding Ministers to return the \$18.9 million.

*Direct*

**COVID-19 Response and Recovery Fund – Infrastructure Reference Group**

- g **Agree** the \$9 million in remaining IRG funding be returned to the IRG Programme Contingency.

*Agree / Disagree*

- h **Note** decisions on underspends from the overall IRG Programme Contingency will be the responsibility of authorising Ministers, but based on initial engagement with the Treasury our expectation is that it would be returned to the centre.

*Noted*

- i **Direct** Kānoa – RD officials to facilitate a CRHL Board resolution seeking agreement to buy back shares from shareholding Ministers to the value of \$9 million.

*Direct*

**North Island Weather Events Primary Producer Finance Scheme**

- j **Note** current demand, as of 25 March 2024, for the NIWE PPFS is estimated at \$Confidential advice to Government with the final amount likely to decline as applications, which have closed, are assessed.

*Noted*

- k **Direct** Kānoa – RD to progress further returns of funding from the NIWE PPFS to the centre via the funding briefings.

*Direct*

Karl Woodhead  
**General Manager, Strategy, Planning and  
Performance**  
Kānoa – Regional Economic Development &  
Investment Unit, MBIE  
27 / 03 / 2024

Hon Shane Jones  
**Minister for Regional Development**  
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## Background

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1. On 19 March 2024 you agreed for Kānoa – Regional Economic Development & Investment Unit (Kānoa – RD) to facilitate the return to the centre of up to \$89.5 million of funding remaining in Kānoa – RD managed to support Government priorities and the availability of funds for Budget 2024 (briefing 2324-2583 refers).

## Further funding available that could be returned to the centre

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2. Kānoa – RD has continued to assess available funding across all managed funds and have identified up to a further \$27.9 million which could be returned, comprising of:
  - a. Bank interest earned and held by Crown Regional Holdings Limited (CRHL) - \$18.9 million (interest earned between September 2019 – February 2024)
  - b. COVID-19 Response and Recovery Fund – Infrastructure Reference Group (IRG) - \$9 million (all remaining unused funding).
3. Confidential advice to Government [REDACTED] be available to return in mid-April. This is in addition to the \$40 million previously recommended for return (briefing 2324-2583 refers), bringing the total to \$50 million.
4. Further information and advice regarding the identified funds is included at **Annex One**.
5. While these funds are managed by Kānoa – RD, you, as Minister for Regional Development, are not the only authorising Ministers for decisions around funding. As such, the return of funding will require some consultation with other agencies and your Ministerial colleagues. However, we consider that the process to return the \$27.9 million of funding can be undertaken ahead of the Budget 2024 moratorium on 29 April.
6. The funding returned from the IRG will be returned to the IRG Programme Contingency, as opposed to directly returning to the centre. Decisions on underspends from the overall IRG Programme Contingency will be the responsibility of authorising Ministers, but based on initial engagement with the Treasury our expectation is that it would be returned to the centre.

No risks have been identified with the return of bank interest earned by CRHL. *Additional analysis will be required to determine additional Kānoa – RD funding that can be returned to the centre while minimising potential risks or unintended consequences*

7. The funding recommended to be returned to the centre to date has come from sources that officials consider to have less risk as it is unused and uncommitted. Confidential advice to Government [REDACTED]
8. Officials will work to outline a process to enable decision making for further funding that is currently underutilised but has a range of impacts and considerations associated with its return, including potential legal risks. This briefing will be provided to your office by Thursday 4 April 2024.

## Update on further returns from the North Island Weather Events Primary Producer Finance Scheme and Confidential advice to Government [REDACTED]

9. Previous advice regarding the return of funding from Kānoa – RD managed funds:

- a. recommended that \$40 million be returned from the North Island Weather Events Primary Producer Finance Scheme (NIWE PPFs)
- b. Confidential advice to Government  
[Redacted]  
[Redacted]  
[Redacted]).

*North Island Weather Events Primary Producer Finance Scheme*

- 10. Following your direction, Kānoa – RD has sought agreement from North Island Weather Events Primary Producer Finance Scheme (NIWE PPFs) Joint Ministers to return \$40 million of projected underspends to the centre ahead of the scheme’s close on 30 June 2024 (briefing 2324-2664 refers).
- 11. Confidential advice to Government  
[Redacted]  
[Redacted]
- 12. This briefing seeks your agreement to facilitate the return of these funds through the NIWE PPFs funding briefing expected to be provided to Ministers on 18 April 2024.

Confidential advice to Government  
[Redacted]

- 13. Confidential advice to Government  
[Redacted]  
[Redacted]  
[Redacted].

- 14. Confidential advice to Government  
[Redacted]  
[Redacted].

Confidential advice to Government  
[Redacted]

- 15. Confidential advice to Government  
[Redacted]  
[Redacted]  
[Redacted].

- 16. Confidential advice to Government  
[Redacted]  
[Redacted]  
[Redacted]  
[Redacted]

- 17. Confidential advice to Government  
[Redacted]  
[Redacted]  
[Redacted]

## Next steps

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- 18. If agreed, there are three approaches required to return the funding to the centre:
  - a. **Interest held by CRHL:** to return the \$18.9 million of interest held by CRHL, a CRHL Board resolution must be signed by all Directors to agree to declare a dividend to shareholding Ministers.
  - b. **IRG:** as the \$9 million of unused funding sits with CRHL, a CRHL resolution must be signed by all Directors to agree to buy back shares from shareholding Ministers, following this funding will be returned to the IRG Programme Contingency.

19. The next CRHL Board meeting is scheduled to take place on 16 April 2024, where relevant resolutions can be put to the Board, alongside those required for the return of \$89.5 million of previously identified funds.
20. A draft letter to the Minister of Finance is attached (**Annex Two**) outlining the further funding available to be returned and next steps.

## Annexes

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**Annex One:** Further remaining funding in Kānoa – RD managed funds recommended to be returned to the centre.

**Annex Two:** Letter to the Minister of Finance outlining further funding available to be returned.



**Annex Two: Draft letter to the Minister of Finance outlining further funding available to be returned**

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# Hon Shane Jones

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Minister for Oceans and Fisheries  
Minister for Regional Development  
Minister for Resources  
Associate Minister of Finance  
Associate Minister for Energy



[Day] [Month] 2024

Hon Nicola Willis  
Minister of Finance  
Beehive  
Wellington  
[Nicola.Willis@parliament.govt.nz](mailto:Nicola.Willis@parliament.govt.nz)

Tēna koe Nicola

On 20 March 2024, I wrote to you to inform you that Kānoa – Regional Economic Development & Investment Unit (Kānoa – RD) officials had identified \$89.5 million of Kānoa – RD managed funds that could be returned to the centre and that I had instructed officials to work to return these funds ahead of the Budget 2024 moratorium on 29 April.

I have requested that Kānoa – RD officials continue to identify and highlight to me potential cost saving measures and other funds that could be returned to the centre.

On Wednesday 27 March 2024, Kānoa – RD officials provided me with advice identifying and recommending a further \$27.9 million of Kānoa – RD managed funds that could be returned:

- **Bank interest earned and held by Crown Regional Holdings Limited** - \$18.9 million (bank interest earned between September 2019 and February 2024).
- **COVID-19 Response and Recovery Fund – Infrastructure Reference Group (IRG)** - 9 million (all remaining unused funding).

The advice also noted that further returns from the North Island Weather Events Primary Producer Finance Scheme (NIWE PFS) **Confidential advice to Government**

On [Date], I instructed Kānoa – RD to work to return these funds before the Budget 2024 moratorium. Kānoa – RD officials are confident of this occurring.

## Next steps

Bank interest earned and IRG funds are held by Crown Regional Holdings Limited (CRHL). The return of these funds requires CRHL Board resolutions signed by all Directors to agree to buy back shares from us (as shareholding Ministers), and to pay us a dividend.

The next CRHL Board meeting is on 16 April 2024, where these resolutions will be put to the Board. Following that Kānoa – RD officials will prepare documents for us to finalise the processes before the end of April 2024.

Funds returned from the IRG will be returned to the IRG Programme Contingency. Decisions on the return of underspends from the overall IRG Programme Contingency will be responsibility of relevant Ministers.

Funds from the NIWE PPFs are held by the Ministry of Business, Innovation and Employment in an appropriation and can be returned by Joint Ministerial agreement. Following Ministerial agreement, Kānoa – RD will prepare documents to finalise the process before the end of April 2024.

Yours sincerely

Hon Shane Jones  
**Minister for Regional Development**