



Minister for Economic and Regional Development

Economic and Regional Development Portfolio (Regional Development)

Vote Business, Science and Innovation

Report in relation to selected non-departmental appropriations for the year ended 30 June 2021

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Foreword

Ministers are responsible for reporting the financial and non-financial performance of non-departmental appropriations to Parliament. This report provides information about the year-end performance results of non-departmental appropriations that have not been included in any other reports to Parliament.

This report provides the 1 July 2020–30 June 2021 results of relevant non-departmental appropriations for the Economic and Regional Development (Regional Development) portfolio within Vote Business, Science and Innovation. The relevant appropriations are:

- Regional Economic Development Capital Investments (M25) (A17)
- Regional Economic Development: Tourism Investment Provincial Growth Fund Limited (M25) (A17)
- Economic and Regional Development: Tourism Capital Investment (M25) (A17)
- Worker Redeployment Package (M25) (A17)
- Economic and Regional Development: Infrastructure Investment Provincial Growth Fund Limited (MYA Expense) (M25) (A17)
- Economic and Regional Development: Investment in Crown-owned Companies for Waste and Resource Recovery Infrastructure (M25) (A17)
- Economic and Regional Development: Investment in Crown-owned Companies for Infrastructure (M25) (A17)
- Economic and Regional Development: Investment in Crown-owned Companies for Tourism (M25) (A17)
- Economic and Regional Development: Supporting Infrastructure Projects (M25) (A17)

Note: The non-departmental appropriations refer to Provincial Growth Fund Limited (PGFL). In June 2021, PGFL's name was changed to Crown Regional Holdings Limited (CRHL). To ensure funding of investments could be continued, new appropriations were established.



Hon Stuart Nash

Minister for Economic and Regional Development

Statements of Performance

Non-Departmental Output Expenses

Regional Economic Development Capital Investments (M25)(A17)

Scope of Appropriation

This appropriation is limited to Crown Investments in Provincial Growth Fund Limited (PGFL).

Intention Statement

This appropriation is intended to achieve the delivery of funding to the Crown's investment in Provincial Growth Fund Limited.

Assessment of Performance

Non-Financial

| Performance Measure | 2019/20 Actual Result | 2020/21 Total Standard | 2020/21 Actual Result |
|--|-----------------------------|---------------------------------------|-----------------------------|
| The satisfaction of the Provincial Growth Fund Limited Directors with agreed service levels and timeframes, on a scale of 1 to 5 | 4.7 | Average score of 3 out of 5 or better | 4.7 |

Comment

Scale for the satisfaction survey means 1 is very dissatisfied and 5 is very satisfied.

Financial

| Expenses (\$000) | 2019/20 Actual | 2020/21 Estimates \$000 | 2020/21 Supplementary Estimates | 2020/21 Addition to the Supplementary Estimates \$000 | 2020/21 Actual \$000 |
|---------------------|-------------------|-------------------------------|---------------------------------------|---|----------------------------|
| Total Appropriation | - | 6,600 | 81,400 | - | 88,000 |

Comment

This appropriation increased by \$81.400 million to \$88 million for 2020/21 as a result of a capital transfer from 2019/20 due to delays in the Opotiki Harbour Development project as a result of the exceptional circumstances and the nature of this funding.

Regional Economic Development: Tourism Investment Provincial Growth Fund Limited (M25) (A17)

Scope of Appropriation

This appropriation is limited to the Crown's investment in Provincial Growth Fund Limited for tourism-related projects.

Intention Statement

This appropriation is intended to achieve the holding of the Crown's tourism-related investments by the Provincial Growth Fund Limited. The purpose of the investments is to cushion the impact of COVID-19 on the tourism sector, and to position the sector for recovery.

Assessment of Performance

Non-Financial

| Performance Measure | 2019/20 Actual Result | 2020/21 Total Standard | 2020/21 Actual Result |
|--|-----------------------------|---------------------------------------|-----------------------------|
| Percentage of contracts monitored against their milestones and reporting requirements | New measure for 2020/21 | 100% | 100% |
| All approved payments are paid within 10 working days | New measure for 2020/21 | 100% | 100% |
| The satisfaction of the Provincial Growth Fund Limited Directors with agreed service levels and timeframes, on a scale of 1 to 5 | New measure for 2020/21 | Average score of 3 out of 5 or better | 4.7 |

Comment

Scale for the satisfaction survey means 1 is very dissatisfied and 5 is very satisfied.

Financial

| Expenses (\$000) | 2020/21 Actual | 2020/21 Estimates | 2020/21 Supplementary Estimates \$000 | 2020/21 Addition to the Supplementary Estimates | 2020/21 Actual \$000 |
|---------------------|-------------------|----------------------|--|--|----------------------------|
| Total Appropriation | - | - | 94,823 | - | 60,000 |

Comment

This appropriation increased by \$94.823 million for 2020/21 due to:

- \$152.823 million being allocated from the Strategic Tourism Assets Protection Programme for loans to be administered, and
- \$18 million for supporting the Tourism sector and communities to recover and reset from the COVID-19 pandemic.

This increase is partially offset by:

- a \$40 million capital transfer to 2021/22 as not all Inbound Tourism Operator loans will not be fully drawn down as a result of the COVID-19 pandemic
- a \$30 million fiscally-neutral adjustment to the 'Economic and Regional Development: Investment in Crown-owned Companies for Tourism' appropriation due to the renaming of Provincial Growth Fund Limited to Crown Regional Holdings Limited (CRHL) where new appropriations have been established to enable Ministry Business Innovation and Employment (MBIE) to pay CRHL, and
- a \$6 million fiscally-neutral adjustment to 'Economic and Regional Development: Tourism Investment' appropriation to assist with the Tourism Recovery Package.

Economic and Regional Development: Tourism Capital Investment

Scope of Appropriation

This appropriation is limited to capital expenditure for tourism-related initiatives.

Intention Statement

This appropriation is intended to achieve the holding of loans for Inbound Tourism Operators. The purpose of the investments is to cushion the impact of COVID-19 on the tourism sector, and to position the sector for recovery.

Assessment of Performance

Non-Financial

| Performance Measure | 2019/20 Actual Result | 2020/21 Total Standard | 2020/21 Actual Result |
|--|-----------------------------|------------------------------|-----------------------------|
| All approved payments are paid within 10 working day | New measure for 2020/21 | 100% | 100% |
| Percentage of applications that are assessed against all relevant criteria | New measure for 2020/21 | 100% | 100% |

Financial

| Expenses (\$000) | 2020/21 Actual | 2020/21 Estimates | 2020/21 Supplementary Estimates \$000 | 2020/21 Addition to the Supplementary Estimates | 2020/21 Actual \$000 |
|---------------------|-------------------|----------------------|--|--|----------------------------|
| Total Appropriation | - | - | 17,500 | - | 850 |

Comment

This appropriation increased by \$17.500 million for 2020/21 due to:

- a fiscally-neutral adjustment of \$20 million from the 'Regional Economic Development: Tourism Investment Provincial Growth Fund Limited' appropriation as part of the Strategic Tourism Asset Protection Programme, and
- \$7.500 million to support the Tourism Sector and communities to recover and reset from COVID-19.

This increase is offset by a \$10 million capital transfer to 2021/22, as not all ITO loans will be fully drawn down as a result of the COVID-19 pandemic.

Worker Redeployment Package (M25) (A17)

Scope of Appropriation

This appropriation is limited to the support package for worker redeployment and training.

Intention Statement

This appropriation is intended to achieve employment and training opportunities for people displaced by the COVID-19 economic crisis.

Assessment of Performance

Non-Financial

| Performance Measure | 2019/20 Actual Result | 2020/21 Total Standard | 2020/21 Actual Result |
|---|-----------------------------|------------------------------|-----------------------------|
| All approved payments are paid within 10 working day | New measure for 2020/21 | 100% | 100% |
| Percentage of contracts monitored against their milestones and reporting requirements | New measure for 2020/21 | 100% | 100% |

Financial

| Expenses (\$000) | 2020/21 Actual | 2020/21 Estimates | 2020/21 Supplementary Estimates \$000 | 2020/21 Addition to the Supplementary Estimates | 2020/21 Actual \$000 |
|---------------------|-------------------|----------------------|--|--|----------------------------|
| Total Appropriation | - | - | 55,790 | - | 50,240 |

Comment

This appropriation increased by \$55.790 million for 2020/21 due to:

- an expense transfer of \$50 million from 2019/20 to reflect delays in finalising project applications and ensuring that they are being considered by the appropriate boards, as a result of the COVID-19 pandemic, and
- an expense transfer of \$11.300 million from 2019/20 to reflect Ministerial agreement to transfer any under spend to recognise the uncertain timing of project initiation, approval and subsequent expenditure.

This increase is partially offset by:

- \$5 million expense transfer to 2021/22 reflecting forecasts of recipients of the package needing to fulfil certain terms and conditions, meet the milestones, prior to raising a funding request, and
- a \$510,000 fiscally-neutral adjustment to the 'Regional Economic Development: Provincial Growth Fund' MCA to provide the Provincial Development Unit within MBIE departmental resourcing, project administration, reporting and accountability requirements.

Regional Economic Development: Infrastructure Investment Provincial Growth Fund Limited (M25) (A17)

Scope of Appropriation

This appropriation is limited to the Crown's investment in Provincial Growth Fund Limited.

Intention Statement

This appropriation is intended to achieve the holding of the Crown's infrastructure-related investments by Provincial Growth Fund Limited. The purpose of the investments is to reduce the economic impact of the COVID-19 on the construction industry.

Assessment of Performance

Non-Financial

| Performance Measure | 2019/20 Actual Result | 2020/21 Total Standard | 2020/21 Actual Standard |
|---|-----------------------------|---------------------------------------|-------------------------------|
| All approved payments are paid within 10 working day | New measure for 2020/21 | 100% | 100% |
| Percentage of contracts monitored against their milestones and reporting requirements | New measure for 2020/21 | 100% | 100% |
| The satisfaction of the Provincial Growth Fund Limited Directors with infrastructure-related investments reporting and technical advice, on a scale of 1 to 5 | New measure for 2020/21 | Average score of 3 out of 5 or better | 4.7 |

Comment

Scale for the satisfaction survey means 1 is very dissatisfied and 5 is very satisfied.

Financial

| Expenses (\$000) | 2019/20 Actual | 2020/21 Estimates | 2020/21 Supplementary Estimates \$000 | 2020/21 Addition to the Supplementary Estimates | 2020/21 Actual \$000 |
|---------------------|-------------------|----------------------|--|--|----------------------------|
| Total Appropriation | - | - | 70,000 | - | 70,000 |

Comment

This appropriation was established in 2020/21 to hold the Crown's infrastructure-related investments in Provincial Growth Fund Limited.

Economic and Regional Development: Investment in Crown-owned Companies for Waste and Resource Recovery Infrastructure (M25) (A17)

Scope of Appropriation

This appropriation is limited to investments in Crown-owned companies and their subsidiaries to provide infrastructure for waste and resource recovery activities.

Intention Statement

The appropriation is intended to achieve the effective management of loans on behalf of the Ministry for the Environment in relation to water and resource recovery infrastructure-related investments by Crown Regional Holdings Limited and the Provincial Growth Fund Limited.

Assessment of Performance

Non-Financial

| Performance Measure | 2019/20 Actual Result | 2020/21 Total Standard | 2020/21 Actual Result |
|---|-----------------------------|---------------------------------------|-----------------------------|
| The satisfaction of the Provincial Growth Fund Limited Directors with infrastructure-related investments reporting and technical advice, on a scale of 1 to 5 | New measure for 2020/21 | Average score of 3 out of 5 or better | N/A |

Comment

Reporting to CRHL had not commenced as the loans were not yet contracted.

Financial

| Expenses (\$000) | 2019/20 Actual | 2020/21 Estimates | 2020/21 Supplementary Estimates \$000 | 2020/21 Addition to the Supplementary Estimates | 2020/21 Actual \$000 |
|---------------------|-------------------|----------------------|--|--|----------------------------|
| Total Appropriation | - | - | 33,000 | - | - |

Comment

This new appropriation increased by \$33 million in 2020/21 due to a fiscally-neutral adjustment from the Ministry for the Environment to MBIE to enable the loan scheme to be run and provide operational support.

Economic and Regional Development: Investment in Crown-owned Companies for Infrastructure (M25) (A17)

Scope of Appropriation

This appropriation is limited to investment in Crown-owned companies and their subsidiaries for infrastructure.

Intention Statement

This appropriation is intended to achieve the Crown's infrastructure-related investment in Provincial Growth Fund Limited and Crown Regional Holdings Limited.

Assessment of Performance

Non-Financial

| Performance Measure | 2019/20 Actual Result | 2020/21 Total Standard | 2020/21 Actual Result |
|---|-----------------------------|---------------------------------------|-----------------------------|
| The number of investment status reports to Crown Regional Holdings Limited and Provincial Growth Fund Limited Board covering Crown infrastructure investments held by the company | New measure for 2020/21 | 5 | 5 |
| The satisfaction of the Provincial Growth Fund Limited Directors with infrastructure-related investments reporting and technical advice, on a scale of 1 to 5 | New measure for 2020/21 | Average score of 3 out of 5 or better | 4.7 |

Comment

Scale for the satisfaction survey means 1 is very dissatisfied and 5 is very satisfied.

Financial

| Expenses (\$000) | 2019/20 Actual | 2020/21 Estimates \$000 | 2020/21 Supplementary Estimates \$000 | 2020/21 Addition to the Supplementary Estimates | 2020/21 Actual \$000 |
|---------------------|-------------------|-------------------------------|--|--|----------------------------|
| Total Appropriation | - | - | 5,000 | - | - |

Comment

This appropriation increased by \$5 million as a result of a fiscally-neutral adjustment from the 'Regional Economic Development: Infrastructure Capital Expenditure Investment' MYA, due to the renaming of Provincial Growth Fund Limited to Crown Regional Holdings Limited (CRHL) where new appropriations have been established to enable MBIE to pay CRHL.

Economic and Regional Development: Investment in Crown-owned Companies for Tourism (M25) (A17)

Scope of Appropriation

This appropriation is limited to investments in Crown-owned companies and their subsidiaries for tourism-related projects.

Intention Statement

This appropriation is intended to achieve the holding of the Crown's tourism-related investments by the Crown Regional Holdings Limited and Provincial Growth Fund Limited. The purpose of the investments is to cushion the impact of COVID-19 on the tourism sector, and to position the sector for recovery.

Assessment of Performance

Non-Financial

| Performance Measure | 2019/20 Actual Result | 2020/21 Total Standard | 2020/21 Actual Result |
|--|-----------------------------|---------------------------------------|-----------------------------|
| All approved payments are paid within 10 working days | New measure for 2020/21 | 100% | 100% |
| Percentage of contracts monitored against their milestones and reporting requirements | New measure for 2020/21 | 100% | 100% |
| The number of investment status reports to Crown Regional Holdings Limited and Provincial Growth Fund Limited Board covering Crown tourism investments held by the company | New measure for 2020/21 | 3 | 7 |
| The satisfaction of the Provincial Growth Fund Limited Directors with infrastructure-related investments reporting and technical advice, on a scale of 1 to 5 | New measure for 2020/21 | Average score of 3 out of 5 or better | 4.7 |

Comment

Scale for the satisfaction survey means 1 is very dissatisfied and 5 is very satisfied.

Financial

| Expenses (\$000) | 2019/20 Actual | 2020/21 Estimates | 2020/21 Supplementary Estimates \$000 | 2020/21 Addition to the Supplementary Estimates | 2020/21 Actual \$000 |
|---------------------|-------------------|----------------------|--|--|----------------------------|
| Total Appropriation | - | - | 15,000 | - | - |

Comment

This new appropriation increased by \$15 million for 2020/21 due to a fiscally-neutral adjustment of \$30 million from the 'Regional Economic Development: Tourism Investment Provincial Growth Fund Limited'

appropriation due to the renaming of Provincial Growth Fund Limited to CRHL where new appropriations have been established to enable MBIE to pay CRHL.

This is partially offset by reprioritised funding of \$15 million as this portion of the CRRF relates to loan funding offered to the Tourism sector but declined and therefore no longer required.

Economic and Regional Development: Supporting Infrastructure Projects (M25) (A17)

Scope of Appropriation

This appropriation is limited to operating expenses on infrastructure projects that support economic growth.

Intention Statement

This category is intended to achieve the support of regional economic development by providing operational funding for infrastructure initiatives that lift regional productivity potential.

Assessment of Performance

Non-Financial

| Performance Measure | 2019/20 Actual Result | 2020/21 Total Standard | 2020/21 Actual Result |
|--|-----------------------------|------------------------------|-----------------------------|
| Percentage of contracts monitored against their milestones and reporting requirements | New measure for 2020/21 | 100% | 100% |
| All approved payments are paid within 10 working days | New measure for 2020/21 | 100% | 100% |
| The number of monthly reports to Crown Infrastructure Partners on Provincial Development Unit contracted infrastructure projects | New measure for 2020/21 | 3 | 11 |

Comment

Monthly reports have been provided to Crown Infrastructure Partners on Kānoa-Regional Economic Development & Investment Unit (formerly Provincial Development Unit)-managed infrastructure projects at the end of every month since the inaugural report in September 2020.

Financial

| Expenses (\$000) | 2019/20 Actual | 2020/21 Estimates | 2020/21 Supplementary Estimates \$000 | 2020/21 Addition to the Supplementary Estimates | 2020/21 Actual \$000 |
|---------------------|-------------------|----------------------|--|--|----------------------------|
| Total Appropriation | - | - | 200,000 | - | 159,436 |

Comment

This new appropriation was established to manage shovel-ready community, social and flood protection projects which are outside the scope of the Provincial Growth Fund.