

The Treasury

Infrastructure Reference Group (IRG): Update on Infrastructure Projects Information Release

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Cabinet Document Details

Title: **Cabinet Minute: DEV-20-MIN-0114: Infrastructure Reference Group (IRG): Update on Infrastructure Projects**

Date: **24 June 2020**

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[37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice

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Cabinet Economic Development Committee

Minute of Decision

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Infrastructure Reference Group (IRG): Update on Infrastructure Projects

Portfolios **Finance / Infrastructure**

On 24 June 2020, the Cabinet Economic Development Committee, having been authorised by Cabinet to have Power to Act [CAB-20-MIN-0304]:

Background

- 1 **noted** that on 17 May 2020, the final Infrastructure Reference Group (IRG) Report was received by the Minister of Finance, Minister for Economic Development, Minister for Infrastructure and Associate Ministers of Finance;
- 2 **noted** that the final IRG report includes 802 infrastructure projects from central government, local government, the private sector and other entities requesting government financial support of \$33 billion;
- 3 **noted** that through the COVID-19 Response and Recovery Fund (CRRF) Foundation Package, Cabinet has agreed to a \$3 billion Tagged Contingency to provide for investment in infrastructure to support the economic recovery from COVID-19 [CAB-20-MIN-0219.04];

The shortlist of projects

- 4 **noted** that Ministers have requested further advice from Crown Infrastructure Partners (CIP) and officials, and have established a shortlist of 177 projects seeking an estimated \$3.3 billion government funding, as outlined in Attachment A to the paper under DEV-20-SUB-0114 (Attachment A), which focus on the following key sectors:
 - 4.1 housing and urban development;
 - 4.2 energy;
 - 4.3 community development;
 - 4.4 waste and water;
 - 4.5 other central and local government infrastructure;
- 5 **noted** that the projects in Attachment A achieve a wide distribution of investment across the regions of New Zealand, including a focus on those regions most impacted by COVID-19, such as the Bay of Plenty, the West Coast and Otago;

- 6 **noted** that this shortlist of projects is estimated to enable 26,000 jobs and a total value of projects worth \$6.6 billion;

Delegation of final decisions

- 7 **authorised** the Minister of Finance and the Minister for Infrastructure, together with the Associate Ministers of Finance (IRG Ministers), to make final decisions on projects in the shortlist in Attachment A to be funded from the \$3 billion Infrastructure Tagged Contingency, including decisions on timing and announcements;
- 8 **agreed** that IRG Ministers take into consideration the following criteria when making final decisions on which IRG infrastructure projects to fund from the \$3 billion Infrastructure Tagged Contingency:
- 8.1 the number of jobs created;
 - 8.2 regional impact and distribution of projects;
 - 8.3 project achievability and readiness;
 - 8.4 net public benefit;
 - 8.5 alignment with wider government objectives;
- 9 **agreed** that when making final decisions on projects from the shortlist in Attachment A, IRG Ministers prioritise 'preferred' projects over 'reserve' projects in the first instance, on the basis that they are more likely to achieve the government's objectives;

[37]

10 [37]

11

- 12 **authorised** IRG Ministers and the relevant portfolio Minister to make the necessary changes to appropriations (including establishing any new appropriations) to deliver projects following decisions from IRG Ministers;

Delivery agencies

- 13 **agreed** that for those projects progressed by IRG Ministers that are best delivered by relevant central government agencies, those agencies will be funded to deliver those projects including, where applicable, New Zealand Transport Agency, Kainga Ora and Ministry for the Environment;
- 14 **invited** the relevant portfolio Ministers to engage with central government agencies on the delivery of projects described in paragraph 13 above;

- 15 **agreed** that the Provincial Development Unit (PDU) within MBIE be responsible for delivering projects progressed by IRG Ministers that are under \$20 million where they are best placed to do so, such as those within the scope and objectives of the Provincial Growth Fund;
- 16 **noted** that Cabinet agreement may be needed to allow the PDU to deliver projects that are currently outside its mandate (for example, social infrastructure in districts currently outside the scope of the Provincial Growth Fund) but that it is best placed to deliver;
- 17 **agreed** that CIP be responsible for delivering other local government and non-government (including private sector) projects progressed by IRG Ministers, but that do not have an existing central government delivery agency best placed to deliver them;
- 18 **agreed** that the PDU and CIP roles include:
 - 18.1 carrying out any necessary due diligence, negotiations, funding arrangements, establishment of investment objectives, and appropriate risk-sharing arrangements;
 - 18.2 procuring projects directly where necessary;
 - 18.3 administering the funding to those entities directly procuring projects (such as local government authorities);
 - 18.4 monitoring projects until their completion;
- 19 **directed** the shareholding Ministers of CIP (the Minister for State Owned Enterprises and the Minister of Finance) to direct CIP under the company constitution to carry out the role referred to in paragraphs 17 and 18 above;

[37]

Programme governance and monitoring

- 23 **noted** that IRG Ministers propose to establish a monitoring approach to track the progress of these projects similar to the approach to the New Zealand Upgrade Programme (NZUP), incorporating lessons from other successful approaches such as Stronger Christchurch Infrastructure Rebuild Team (SCIRT);
- 24 **noted** that this monitoring approach could also have an Oversight Group to provide the IRG Ministers with rigorous, independent and integrated advice on the risks and delivery performance of the selected projects;
- 25 **invited** IRG Ministers to report back to Cabinet on the programme governance and monitoring arrangements after final decisions on projects have been made;

Project announcements

26 **noted** that:

26.1 IRG Ministers plan to make announcements on projects from the week commencing 29 June 2020;

26.2 all early announcements will be in-principle, and will require negotiations and funding agreements to be put in place following announcement (similar to how Provincial Growth Fund announcements are made);

27 **noted** that IRG Ministers will seek additional information from CIP and PDU where necessary ahead of announcements, which will be coordinated by IRG Ministers' offices and the Prime Minister's Office.

Janine Harvey
Committee Secretary

Present:

Rt Hon Winston Peters
Hon Kelvin Davis
Hon Grant Robertson (Chair)
Hon Phil Twyford
Hon David Parker
Hon Nanaia Mahuta
Hon Iain Lees-Galloway
Hon Jenny Salesa
Hon Damien O'Connor
Hon Kris Faafoi
Hon Ron Mark
Hon Shane Jones
Hon James Shaw
Hon Eugenie Sage

Officials present from:

Office of the Prime Minister
Officials Committee for DEV

Hard-copy distribution:

Minister of Finance
Minister for Infrastructure