



Summary

Managing the Provincial Growth Fund

In December 2017, the Government announced that it was setting up the Provincial Growth Fund (the Fund) to increase growth and development in regional New Zealand. The Fund was launched in February 2018 with \$3 billion to invest over a three-year period.

There has been a high level of public interest in the Fund. It was established at pace and included a range of different types of funding arrangements. Therefore, as well as completing additional annual audit work on the departments administering the Fund, we decided to do a more in-depth review of the systems and processes for managing, monitoring, and evaluating the Fund.

Despite the significant pressures the departments were under to achieve the Fund's objectives, they have responded positively to our recommendations, and there have been many improvements to the way the Fund operates. This report brings together the results of all of our work to date on the Fund.

Cabinet saw the Fund as a single investment fund and set objectives for it as a whole. In our view, there are improvements that can be made to enable Parliament and the public to see more clearly how the Fund works, where money from it is being invested, and what it is achieving, regionally and nationally.

Despite recent enhancements to reporting, there still needs to be full and relevant reporting about the nature and purpose of the full range of the Fund's investments and the impact of those investments against the objectives set for the Fund when it was established.

Evaluation is also critical, given the Fund's ambition, size, and profile. The public is entitled to know how well the Fund has met its objectives and what benefits have been achieved for the public money spent. Cabinet asked officials to evaluate the Fund in 2020. The evaluation was expected to focus on the operation of the Fund to date, and assess the early impacts of projects, where these are available. A plan to do this is being finalised. We have recommended that it should be finalised and published as quickly as possible.

The basis on which public money is allocated and spent, and what value is obtained from that expenditure, should be transparent to the public whose taxes are being spent.

The next phase of our multi-year work on the Fund will focus on how the three departments manage the Fund after a decision to redirect up to \$600 million from the Fund to the Covid-19 response package. We then intend to examine how officials evaluate the Fund's overall effectiveness and the results of that evaluation.



CONTROLLER AND AUDITOR-GENERAL

Tumuaki o te Mana Arotake