



Cabinet Economic Development Committee

Minute of Decision

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Re-entry, Recovery and Examination of the Pike River Mine Drift: Further Progress Report

Portfolio **Pike River Re-entry**

On 4 March 2020, the Cabinet Economic Development Committee:

- 1 **noted** that Te Kāhui Whakamana Rua Tekau mā Iwa – the Pike River Recovery Agency (the Agency) has now moved through the 170 metre barrier in the Pike River Mine drift, and that progress is being made up the drift beyond that;
- 2 **noted** that there has been significant and ongoing cumulative pressure on project costs and timelines;
- 3 **noted** that the Agency now expects to:
 - 3.1 continue moving up the drift extending services (including communications, monitoring and ventilation equipment), carrying out re-support work and forensic examination work, and removing the existing conveyor belt and support structure as they go;
 - 3.2 secure the forensically significant Pit Bottom in Stone area near the end of the drift for detailed examination – most likely by the end of April 2020;
 - 3.3 complete recovery/examination operations down to the end of the drift, and withdraw and seal the drift – most likely by July/August 2020;
 - 3.4 complete remediation work and handover to the Department of Conservation – most likely by November 2020;
 - 3.5 wind down and disestablish the Agency – most likely by February 2021;

Financial implications

- 4 **noted** that the best available estimate available now suggests that an additional \$15 million will be required to complete the re-entry project safely and successfully;
- 5 **noted** that this is a complex operation, and that there are still important ‘unknowns’ that could affect the actual rate of progress and the final actual cost of the project;
- 6 **agreed** to increase funding for Pike River re-entry and recovery by a further \$15 million;

7 **approved** the following changes to appropriations to give effect to paragraph 6 above, with a corresponding impact on the operating balance and net core Crown debt:

Vote Pike River Re-entry Minister for Pike River Re-entry	\$m – increase/(decrease)			
	2019/20 to 2020/21	2021/22	2022/23	2023/24 & Outyears
Departmental Output Expenses: Pike River Recovery (funded by revenue crown)	15.000	-	-	-

8 **noted** the following changes in the indicative spending profile of the multi-year appropriation, resulting from the appropriation changes in paragraph 7 above:

Indicative annual spending profile	\$m – increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
	8.800	6.200	-	-	-

9 **agreed** that the expenses incurred under paragraph 7 above be charged against the between budget contingency established as part of Budget 2019;

10 **approved** the following changes to appropriations, with no impact on the operating balance or net core Crown debt, to account for the employment costs of the Chief Executive of the Agency:

Vote State Services Minister of State Services	\$million – increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2022/23 & Outyears
Non-Departmental Other Expense: Remuneration and Related Employment Costs of Chief Executives	-	0.266	-	-	-
Total Operating	-	0.266	-	-	-

11 **noted** the following changes, with no impact on the operating balance or net core Crown debt, to account for the employment costs of the Chief Executive of the Agency:

	\$million – increase/(decrease)				
Vote State Services Minister of State Services	2019/20	2020/21	2021/22	2022/23	2022/23 & Outyears
Non-Tax Revenue					
Chief Executives Remuneration	-	0.266	-	-	-
Total Operating	-	(0.266)	-	-	-

12 **agreed** that the changes to appropriations above will be included in the 2019/20 Supplementary Estimates and that, in the interim, the increase will be met from Imprest Supply;

13 **noted** that given the investment of time and money required to complete the re-entry, recovery and examination of the drift, the Minister Responsible for Pike River Re-entry does not intend to bring any proposal to Cabinet to move beyond the roof fall at the end of the drift and explore the main mine workings;

14 **noted** that if any additional funding is required to meet the costs of independent advice to the Minister Responsible for Pike River Re-entry, this will be provided by a fiscally neutral transfer from the Multi-Year Appropriation for Departmental Output Expenses for Pike River Recovery (M99) in Vote Pike River Re-entry;

15 **noted** that any such transfer will require the approval of the Minister Responsible for Pike River Re-entry and the Minister of Finance.

Janine Harvey
Committee Secretary

Present:

Hon Kelvin Davis
Hon Phil Twyford
Hon Dr Megan Woods (Chair)
Hon Andrew Little
Hon David Parker
Hon Nanaia Mahuta
Hon Stuart Nash
Hon Iain Lees-Galloway
Hon Jenny Salesa
Hon Damien O'Connor
Hon Kris Faafoi
Hon Willie Jackson
Hon James Shaw
Hon Eugenie Sage

Officials present from:

Office of the Prime Minister
Officials Committee for DEV

Hard-copy distribution:

Minister Responsible for Pike River Re-entry