

Vote Finance

MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister of Finance (M31)

ADMINISTERING DEPARTMENT: The Treasury

MINISTER RESPONSIBLE FOR THE TREASURY: Minister of Finance

Overview of the Vote

The Minister of Finance is responsible for appropriations in the Vote for the 2008/09 financial year covering the following:

- a total of nearly \$13 million for macroeconomic policy and management including Budget management, macroeconomic, tax and fiscal forecasting; advice on fiscal policy and strategy; and fiscal reporting and departmental financial management controls including the development and application of generally accepted accounting practice to the Crown
- a total of over \$36 million for policy advice on improving New Zealand's overall economic performance and state sector performance
- a total of over \$1,996 million for the payment of interest and other costs relating to the Crown's debt
- a total of over \$3,204 million in superannuation costs
- a total of over \$623 million for capital in the Reserve Bank of New Zealand, Landcorp Farming Limited, Industrial Research Limited and Hawke's Bay Airport company
- a total of nearly \$430 million for the development and maintenance of rail infrastructure
- a total of \$200 million for New Zealand's membership of the international financial institutions
- a total of over \$15 million for the purchase of Maui gas in accordance with the Crown's contractual obligations
- a total of over \$17 million for New Zealand House, London costs
- a total of nearly \$2 million for the purchase of Treasury departmental assets
- a total of nearly \$2 million for unclaimed money and various Crown liabilities.

Details of these appropriations are set out in Parts 2-6 for Vote Finance in the Information Supporting the Estimates of Appropriations.

Details of Appropriations

Details of Annual and Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2007/08		2008/09
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Departmental Output Expenses			
Debt and Related Financial Asset Management (M31) Operational management of the Crown's sovereign-issued debt portfolio, associated financial investments (including departmental cash management), and lending and derivatives transactions with government-related entities.	8,614	8,614	9,001
Policy Advice and Management: Macroeconomic (M31) Provision of Macroeconomic policy advice and management including budget management; macroeconomic, tax and fiscal forecasting; advice on fiscal policy and strategy; and fiscal reporting and departmental financial management controls including the development and application of generally accepted accounting practice to the Crown.	12,614	12,614	12,762
State Sector and Economic Performance Policy Advice and Management MCOA (M31)	32,625	32,625	36,216
<i>Management of Liabilities, Claims Against the Crown and Crown Properties</i> Management of contractual or Treaty of Waitangi related claims against the Crown and the management of New Zealand House, London.	2,398	2,398	5,786
<i>New Zealand Export Credit Office</i> Implementation of the Government's Export Credit Guarantees policy and operation of the New Zealand Export Credit Office.	1,574	1,574	1,594
<i>Policy Advice: Economic Performance</i> Policy advice on the Government's economic strategy and policy settings and their effect on New Zealand's economic growth.	15,447	15,447	15,458
<i>Policy Advice: State Sector Performance</i> Policy advice on the effective and efficient use of state resources including improved decision-making and performance management systems and the efficient management of Crown assets.	13,206	13,206	13,378
Total Departmental Output Expenses	53,853	53,853	57,979
Non-Departmental Output Expenses			
Management of New Zealand House, London (M31) This appropriation is limited to the property management services in respect of New Zealand House, London.	925	925	1,000
Management of the Crown's Obligations for Geothermal Wells (M31) This appropriation is limited to the management and maintenance relating to geothermal wells and associated sites and structures for which the Crown accepts responsibility.	351	351	151
Management of the New Zealand Superannuation Fund (M31) This appropriation is limited to managing the New Zealand Superannuation Fund on behalf of the Crown.	1,612	1,612	1,537
Total Non-Departmental Output Expenses	2,888	2,888	2,688

Titles and Scopes of Appropriations by Appropriation Type	2007/08		2008/09
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Non-Departmental Borrowing Expenses			
Debt Servicing PLA (M31)	2,152,000	2,152,000	1,987,000
This appropriation is limited to the payment of borrowing expenses for the Crown's New Zealand-dollar and foreign-currency debt, authorised by section 60(1)b of the Public Finance Act 1989.			
Total Non-Departmental Borrowing Expenses	2,152,000	2,152,000	1,987,000
Non-Departmental Other Expenses			
Crown Residual Liabilities (M31)	475	475	230
Residual obligations arising from administration of the Crown's sale and purchase agreements with SOEs and Crown entities and from the sale of Crown investments, and for the settlement of claims against the Crown arising from exposure to asbestos.			
Geothermal Wells Fund (M31)	500	500	500
This appropriation is limited to meeting the costs of one-off unforeseen events relating to those geothermal wells for which the Crown accepts responsibility.			
Government Superannuation Appeals Board (M31)	50	50	50
This appropriation is limited to the Government Superannuation Appeals Board members' fees and disbursements.			
Government Superannuation Fund Authority - Crown's Share of Expenses PLA (M31)	15,000	15,000	23,500
This appropriation is limited to the Crown's share of the expenses of the Government Superannuation Fund Authority relating to the management and administration of the Government Superannuation Fund and the schemes, authorised by sections 15E and 95 of the Government Superannuation Act 1956.			
Government Superannuation Fund Unfunded Liability PLA (M31)	1,003,617	1,003,617	936,699
This appropriation is limited to the net increase (excluding actuarial gains and losses) in the Crown's liability to the Government Superannuation Fund and the specified superannuation contribution withholding tax on employer contributions by the Crown, authorised by section 95AA of the Government Superannuation Act 1956.			
Maui Gas Contracts (M31)	42,873	42,873	15,365
This appropriation is limited to the Crown's purchase of gas from the Maui gas field and meeting the Crown's obligations arising from related contracts.			
National Rail Network Improvements (M31)	-	-	25,000
This appropriation is limited to the upgrade of the national rail network.			
New Zealand House, London (M31)	15,800	15,800	16,200
This appropriation is limited to the operational costs of New Zealand House, London.			
ONTRACK Operating and Maintenance Costs (M31)	12,800	12,800	28,000
This appropriation is limited to the national rail network operating and maintenance expenses incurred by ONTRACK that are not recoverable from the Rail Network operator through the National Rail Access Agreement.			
Unclaimed Money PLA (M31)	250	250	250
This appropriation is limited to the repayment of money authorised by section 74(5) of the Public Finance Act 1989.			
Unclaimed Trust Money PLA (M31)	250	250	250
This appropriation is limited to the repayment of money authorised by section 70(2) of the Public Finance Act 1989.			

Titles and Scopes of Appropriations by Appropriation Type	2007/08		2008/09
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Wellington Railway Station Expenses (M31) This appropriation is limited to maintenance and depreciation of the Wellington Railway Station building.	1,162	1,162	562
Crown Contribution to Atihau-Whanganui Incorporation Negotiation Costs (M31) An ex gratia payment to Atihau-Whanganui Incorporation to help meet its costs in negotiating a claim against the Crown, paid on the basis that it will be offset against the amount of any final settlement of the Incorporation's claim.	500	500	-
Government Superannuation Fund and National Provident Fund Cost of Living Indexation (M31) This appropriation is limited to the initial increase in the Crown's Government Superannuation Fund and National Provident Fund liabilities from providing an increased annual cost of living adjustment on all benefits paid from these funds, based on 100% of the Consumer Price Index.	33,200	33,200	-
Invercargill Airport Suspensory Loan Expense on Initial Recognition (M31) This appropriation is limited to the expense incurred on the initial recognition of Invercargill Airport suspensory loans.	300	300	-
Kaingaroa Forest Road Easements (M31) Expenditure to establish Kaingaroa Forest road easements to provide access to forest owners and their licensees.	400	225	-
Wellington Regional Council Suspensory Loan Expense on Initial Recognition (M31) This appropriation is limited to the expense incurred on the initial recognition of Wellington Regional Council suspensory loans.	14,050	14,050	-
Total Non-Departmental Other Expenses	1,141,227	1,141,052	1,046,606
Departmental Capital Expenditure			
The Treasury - Capital Expenditure PLA (M31) This appropriation is limited to the purchase or development of assets by and for the use of the The Treasury, as authorised by section 24(1) of the Public Finance Act 1989	1,816	1,816	1,527
Total Departmental Capital Expenditure	1,816	1,816	1,527
Non-Departmental Capital Expenditure			
Hawke's Bay Airport Equity Injection (M31) This appropriation is limited to the purchase of equity in a new Hawke's Bay airport company.	-	-	8,000
Industrial Research Limited Equity Injection (M31) This appropriation is limited to the purchase of equity in Industrial Research Limited to provide additional working capital.	8,000	8,000	4,500
International Financial Institutions PLA (M31) This appropriation is limited to capital expenditure for shares subscribed to by New Zealand as a member of International Financial Institutions, authorised by section 5 of the International Finance Agreements Act 1961.	1,000	1,000	200,000
Landcorp Protected Land Agreement (M31) Purchase (including by reinvesting cash dividends) of redeemable preference shares in Landcorp under the Protected Land Agreement.	65,408	65,408	11,000
NZ Superannuation Fund - Contributions (M31) This appropriation is limited to capital contributions to the New Zealand Superannuation Fund, for the present and future cost of New Zealand Superannuation.	2,103,000	2,103,000	2,242,000

Titles and Scopes of Appropriations by Appropriation Type	2007/08		2008/09
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Non-Departmental Capital Expenditure - cont'd			
ONTRACK Equity Injection (M31) This appropriation is limited to the purchase of equity in ONTRACK to provide additional working capital.	42,750	42,750	16,400
ONTRACK Loans (M31) This appropriation is limited to loans to ONTRACK, to fund a range of rail infrastructure capital projects.	110,000	110,000	63,005
Reserve Bank of New Zealand Equity Injection (M31) This appropriation is limited to the purchase of equity in the Reserve Bank of New Zealand.	-	-	600,000
AgResearch Equity Injection (M31) This appropriation is limited to the purchase of equity in AgResearch to upgrade its facilities.	195	195	-
Invercargill Airport Suspensory Loan (M31) This appropriation is limited to the provision of loans to Invercargill Airport for border security equipment.	1,500	1,500	-
Purchase of Toll NZ Ltd's Rail Business and Associated Costs (M31) This appropriation provides for the purchase of Toll NZ Ltd's rail and related business, and associated costs.	690,000	690,000	-
Taitokerau Forests (M31) This appropriation is limited to the provision of loans to Taitokerau Forests Ltd for forest management and development.	1,360	1,360	-
Timberlands West Coast Equity Injection (M31) This appropriation is limited to the purchase of equity in Timberlands West Coast to provide additional working capital.	2,000	2,000	-
Wellington Railway Station Upgrade (M31) Costs of upgrading Wellington Railway Station. In 2005/06, this appropriation was called "Track Co - Purchase of Wellington Railway Station".	1,003	1,003	-
Wellington Regional Council Suspensory Loan (M31) This appropriation is limited to the provision of loans to Wellington Regional Council to purchase, lease and upgrade passenger rail units, carriages and locomotives.	24,742	24,742	-
Total Non-Departmental Capital Expenditure	3,050,958	3,050,958	3,144,905
Total Annual and Permanent Appropriations	6,402,742	6,402,567	6,240,705

Multi-Year Appropriations

Type, Title, Scope and Period of Appropriations	Appropriation	\$000
Non-Departmental Other Expenses		
Auckland Rail Development (M31) Renewals and upgrades of the Auckland rail network 'below track' infrastructure. Commences: 1 July 2007 Expires: 30 June 2010	Original Appropriation	421,314
	Adjustments to 2006/07	-
	Adjustments for 2007/08	77,103
	Adjusted Appropriation	498,417
	Actual to 2006/07 Year End	-
	Estimated Actual for 2007/08	77,290
	Estimated Actual for 2008/09	212,169
	Estimated Appropriation Remaining	208,958
Upgrade of Rail Network (M31) This appropriation provides a total of \$200 million to be spent on upgrading the national rail network, in accordance with a commitment made when the Crown purchased the network in June 2004. This appropriation was made in the Appropriation (2004/05 Supplementary Estimates) Act 2005, and operates on a GST-inclusive basis. The figures here include GST. Commences: 1 July 2004 Expires: 30 June 2008	Original Appropriation	200,000
	Adjustments to 2006/07	-
	Adjustments for 2007/08	-
	Adjusted Appropriation	200,000
	Actual to 2006/07 Year End	141,320
	Estimated Actual for 2007/08	58,680
	Estimated Actual for 2008/09	-
	Estimated Appropriation Remaining	-
Urban Rail Development (M31) Funding for electrification, upgrades and maintenance of the Auckland and Wellington metropolitan rail networks. Commences: 1 July 2007 Expires: 30 June 2012	Original Appropriation	550,000
	Adjustments to 2006/07	-
	Adjustments for 2007/08	25,000
	Adjusted Appropriation	575,000
	Actual to 2006/07 Year End	-
	Estimated Actual for 2007/08	6,390
	Estimated Actual for 2008/09	84,744
	Estimated Appropriation Remaining	483,866

Details of Projected Movements in Departmental Net Assets

The Treasury

Details of Net Asset Schedule	Estimated Actual 2007/08 \$000	Projected 2008/09 \$000	Explanation of Projected Movements in 2008/09
Opening Balance	7,840	7,240	
Capital Injections	-	-	
Capital Withdrawals	(600)	(600)	Capital provided for the Treasury's accommodation project in 2003 - 2005 is being repaid to the Crown.
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
Closing Balance	7,240	6,640	