

The Treasury

Housing Infrastructure Fund Information Release

Release Document

October 2016

Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

[1]	to prevent prejudice to the security or defence of New Zealand or the international relations of the government	6(a)
[4]	to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial	6(c)
[11]	to damage seriously the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the entering into of overseas trade agreements.	6(e)(vi)
[23]	to protect the privacy of natural persons, including deceased people	9(2)(a)
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[29]	to avoid prejudice to the substantial economic interests of New Zealand	9(2)(d)
[31]	to maintain the current constitutional conventions protecting collective and individual ministerial responsibility	9(2)(f)(ii)
[33]	to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials	9(2)(f)(iv)
[34]	to maintain the effective conduct of public affairs through the free and frank expression of opinions	9(2)(g)(i)
[36]	to maintain legal professional privilege	9(2)(h)
[37]	to enable the Crown to carry out commercial activities without disadvantages or prejudice	9(2)(i)
[38]	to enable the Crown to negotiate without disadvantage or prejudice	9(2)(j)
[39]	to prevent the disclosure of official information for improper gain or improper advantage	9(2)(k)
[40]	Not in scope	

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, a [23] appearing where information has been withheld in a release document refers to section 9(2)(a).

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) and section 18 of the Official Information Act.

[40]

From: Tracy Mears [TSY]
Sent: Tuesday, 14 June 2016 10:45 a.m.
To: 'Matt Burgess' <Matt.Burgess@parliament.govt.nz>; ^Parliament: David Kidson <David.Kidson@parliament.govt.nz>; ^Parliament: Cameron Burrows <Cameron.burrows@parliament.govt.nz>
Cc: Fiona Illingsworth [DPMC] <Fiona.Illingsworth@dpmc.govt.nz>; Mark Blackmore [DPMC] <Mark.Blackmore@dpmc.govt.nz>; Catherine Atkins [TSY] <Catherine.Atkins@treasury.govt.nz>; Tom Hall [TSY] <Tom.Hall@treasury.govt.nz>; Nick McNabb [TSY] <Nick.McNabb@treasury.govt.nz>
Subject: RE: Potential housing package 3 July

[SEEMAIL][SENSITIVE]

Hi Matt

As discussed at yesterday's meeting, these are not proposals by officials. These were ideas that were brainstormed and discussed in that light. We have not done sufficient analysis to be able to provide concrete advice on these ideas but I have included some comments below to aid discussion this morning. This is a preliminary view based on the information to hand.

Can you please give this to the Minister ahead of the 11:30 meeting.

Thanks
Tracy

From: Matt Burgess [<mailto:Matt.Burgess@parliament.govt.nz>]
Sent: Monday, 13 June 2016 8:55 p.m.
To: Rt. Hon. John Key <john.key@parliament.govt.nz>; Hon Bill English <bill.english@parliament.govt.nz>; Hon Steven Joyce <Steven.Joyce@parliament.govt.nz>; Hon Paula Bennett <Paula.Bennett@parliament.govt.nz>; Hon. Dr. Nick Smith <Nick.Smith@parliament.govt.nz>
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Subject: Potential housing package 3 July

Prime Minister and Ministers,

Ahead of a housing discussion at 11:30am on Tuesday, we have developed an indicative housing package of additional measures for announcement by the Prime Minister on 3 July. You have indicated the package should not target Auckland only, and any infrastructure funding must be repayable.

We propose you target high growth urban areas identified in the NPS: Auckland, Tauranga, Hamilton, Christchurch and Queenstown.

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2. Infrastructure funding boost available in high growth urban areas

Potentially a \$1 billion infrastructure package [33] _____ signalled through each of the two channels below. Auckland and other councils are close to their borrowing limits, and so credit ratings and interest on debt affected by breach. Financing constrains infrastructure supply. In Auckland, roads rather than bulk water is the constraint. No information on other high growth councils at this time.

Two potential channels to boost infrastructure are:

1. Using National Land Transport Fund to bring forward roads supply. Through this mechanism, NLTF funds up to 100% of the cost of new roading investments, funded by a loan to NLTF from Government, to bring forward investment. Councils fund a higher share of future roading as effective repayment. Financing in this way does not hit council balance sheets, and has been used previously. Announceable would be for funding, but not of any specific projects because each project is subject to board approval.
2. Crown Fibre financing mechanism: Crown or investors finance the construction of water or roads infrastructure, with councils purchasing infrastructure in line with connections made to it, shifting infrastructure demand risk off councils – a major barrier to greenfields expansion. Discussions with officials suggested no more than an indicative announcement on 3 July would be possible, given questions around how this could be made to work in an infrastructure context (legislation, council regulation risk). UDA could be appropriate provider of this financing mechanism.

Infrastructure fund

It is possible that the NZTA could provide accelerated support to Auckland within the limits of the National Land Transport Fund (NLTF) and without Crown financing, however depending on the eventual size of any support package there is a risk that other NLTF priorities may slip as a result. If Crown financing was desirable, the exact nature of the funding mechanism will determine whether it is capital or operating expenditure. Any NZTA transfer process could be operating or capital expenditure for the Crown depending on the nature of the project e.g. State highways capital, local roads operating. Current capital allowances are \$900 million per Budget or \$3 billion across the forecast period. Operating allowances are \$1.5 billion per Budget. Also be aware that any funding for the City Rail Link also needs to be funded – most likely out of the operating allowance.

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The last Cabinet meeting before the speech is on 27 June, so a paper will need to be submitted by the end of next week at the latest.

Matt

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