

The Treasury

Budget 2017 Information Release

Release Document July 2017

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[1]	to prevent prejudice to the security or defence of New Zealand or the international relations of the government	6(a)
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[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	

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.



Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Budget 2017: Vote Transport

On 18 April 2017, Cabinet:

- 1 **approved** the Budget initiatives for the above Vote for inclusion in the 2017 Budget package, as listed in the summary below and detailed in the attached initiative documents;

Summary of initiatives included in the attached initiative documents:

Operating Initiatives (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
9584	Auckland City Rail Link	-	1.000	1.000	1.000	1.000
9644	Civil Aviation Authority - Health and Safety at Work Act 2015	-	-	-	-	-
9608	Maritime New Zealand – Health and Safety at Work Act 2015	-	-	-	-	-
9790	Ministry of Transport - Capacity and Capability	-	1.500	3.700	4.000	4.000
Total Operating		-	2.500	4.700	5.000	5.000

Capital Initiatives (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2016/17	2017/18	2018/19	2019/20	2020/21
9584	Auckland City Rail Link	-	436.000	-	-	-
9582	KiwiRail – Additional Investment	-	220.000	230.000	-	-
9601	KiwiRail - Rollover of Existing Loans	-	-	-	-	-
9607	KiwiRail – Wellington Metro Rail Network	-	24.600	41.000	28.000	4.800
Total Capital		-	680.600	271.000	28.000	4.800

- 2 **agreed** to establish new appropriations where required to implement these initiatives, as described in the attached initiative documents;
- 3 **approved** changes to appropriations to implement the initiatives, as set out in the attached initiative documents;
- 4 **approved** the additional recommendations to give effect to the initiatives, as set out in the attached initiative documents;
- 5 **noted** that funding for initiative 9584 above is time limited up to 2023/24;
- 6 **authorised** the Minister of Finance and the Appropriation Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2016/17 Supplementary Estimates, the 2017/18 Estimates and the fiscal forecasts;
- 7 **authorised** the chief executives of departments that monitor Crown-controlled entities directly affected by decisions in this minute to inform the chair and chief executive of a Crown-controlled entity, on a budget-in-confidence-until-budget-day basis, of decisions that directly affect that Crown-controlled entity for the purpose of planning and preparation of their Statement of Intent;
- 8 **noted** that all communications relating to the 2017 Budget are co-ordinated by a Budget communications committee, and that any requests for early announcement will need to have both the written approval of the Minister of Finance and sign-off from the Prime Minister's office;

Michael Webster
Secretary of the Cabinet

***Secretary's note:** This minute has been reissued to incorporate amendments to Initiative 9584, Auckland City Rail Link, agreed to at Cabinet on 15 May 2017 [CAB-17-MIN-0243].*

Hard-copy distribution:

Prime Minister
Minister of Finance
Minister of Transport

Initiative No: 9584

Vote: Transport

Title: Auckland City Rail Link

Description: This funding will meet the Crown's 50 percent share of the cost of the Auckland City Rail Link (CRL). The CRL is an underground rail line from Britomart station to the existing western line at Mt Eden. The project will double the capacity of the Auckland Metro Rail network and provide significant travel time savings for commuters.

New Appropriation Approval

Name	Period	Type	Category Name	Scope
Auckland City Rail Link	Annual	Non-Departmental Capital Expenditure	N/A	This appropriation is limited to the Crown's share of the total project costs of the Auckland City Rail Link.

Appropriation Changes

	Sm - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21
Operating Balance Impact	-	1.000	1.000	1.000	1.000
Debt Impact	-	436.000	-	-	-
No Impact	-	-	-	-	-
Total	-	437.000	1.000	1.000	1.000

	Sm - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21
Non-Departmental Capital Expenditure:					
Auckland City Rail Link (MYA)	-	436.000	-	-	-
Multi-Category Expenses and Capital Expenditure					
Policy Advice and Related Outputs					
Departmental Output Expense:					
Policy Advice (funded by revenue Crown)	-	1.000	1.000	1.000	1.000
Total Operating	-	1.000	1.000	1.000	1.000
Total Capital	-	436.000	-	-	-

Additional Recommendations

- 9 **noted** that Cabinet has previously agreed to fund 50 percent of the total costs for the Auckland City Rail Link project [CAB-16-MIN-0462];
- 10 **agreed** to fund \$1.718 billion of the Crown's share of the total project costs for the Auckland City Rail Link project;
- 11 **authorised** the Minister of Finance and Minister of Transport, acting jointly, to make changes to the annual appropriation 'Auckland City Rail Link' as required by the timing of payments to the City Rail Link company;
- 12 **noted** that the funding provided in the annual appropriation 'Auckland City Rail Link' reflects only a portion of the Crown's commitment to fund \$1.718 billion of the Crown's share of the total project costs of the Auckland City Rail Link project, and therefore further funding will be required;
- 13 **agreed** to pre-commit the \$1.282 billion remainder of the Crown's share of the total costs of the Auckland City Rail Link project against Budgets 2018 to 2020;
- 14 **noted** that the Crown's share of the total costs for the Auckland City Rail Link project are subject to change until the Project Delivery and Sponsors' Agreements are finalised, which is expected to occur before 1 July 2017;
- 15 **invited** the Minister of Finance and Minister of Transport to report back to Cabinet seeking agreement to the key terms of the Project Delivery and Sponsors' Agreements and to the final amount of the Crown's contribution to the City Rail Link project;

Initiative No: 9644

Vote: Transport

Title: Civil Aviation Authority - Health and Safety at Work Act 2015

Description: This funding will allow the Civil Aviation Authority to deliver its delegated responsibility for health and safety at work functions for the civil aviation industry under the Health and Safety at Work Act 2015. This funding is provided from the Working Safer levy.

New Appropriation Approval

Name	Period	Type	Category Name	Scope
Health and Safety at Work Activities - Civil Aviation	Annual	Non-Departmental Output Expenses	N/A	This appropriation is limited to health and safety activities for the civil aviation sector, for which the Civil Aviation Authority has designated responsibility.

Appropriation Changes

	\$m - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	0.835	0.716	0.734	0.761
Total	-	0.835	0.716	0.734	0.761

	\$m - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Non-Departmental Output Expense:					
Health and Safety at Work Activities - Civil Aviation	-	1.275	1.156	1.174	1.201
Multi-Category Expenses and Capital Expenditure					
Policy Advice and Related Outputs - Civil Aviation					
Non-Departmental Output Expense:					
Health and Safety at Work Activities - Civil Aviation	-	(0.440)	(0.440)	(0.440)	(0.440)
Total Operating	-	0.835	0.716	0.734	0.761

Additional Recommendation

16 **noted** this initiative is a charge against the Working Safer Levy;

Initiative No: 9582

Vote: Transport

Title: KiwiRail – Additional Investment

Description: This funding will support approved capital expenditure by KiwiRail Holdings Limited for the New Zealand rail system.

Appropriation Changes

	Sm - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	220.000	230.000	-	-
No Impact	-	-	-	-	-
Total	-	220.000	230.000	-	-

	Sm - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Non-Departmental Capital Expenditure:					
Rail - KiwiRail Holdings Limited	-	220.000	230.000	-	-
Total Capital	-	220.000	230.000	-	-

Additional Recommendations

- 17 **authorised** the Minister of Finance and the Minister of Transport acting jointly, to make changes to the appropriation profile if required by the timing of KiwiRail Holding Limited's capital works programme;
- 18 **noted** that a review will be undertaken in 2017/18 of KiwiRail Holding Limited's structure and funding arrangements to inform funding decisions beyond 2018/19;

Initiative No: 9601

Vote: Transport

Title: KiwiRail - Rollover of Existing Loans

Description: This funding will allow existing Crown loans to KiwiRail that mature in 2017/18 and 2019/20 to be rolled over.

Appropriation Changes

	Sm - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	163.500	-	10.750	-
Total	-	163.500	-	10.750	-

	Sm - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Non-Departmental Capital Expenditure:					
Rail - KiwiRail Holdings Limited Loans	-	163.500	-	10.750	-
Total Capital	-	163.500	-	10.750	-

Additional Recommendations

- 19 **noted** the loans will be rolled over on a commercial basis and as such, have no impact on the Budget 2017 capital allowance;
- 20 **noted** that within the bounds of the existing loan agreement, the final terms and conditions of the loan will be negotiated between the New Zealand Debt Management Office and KiwiRail Holdings Limited;

Initiative No: 9607

Vote: Transport

Title: KiwiRail – Wellington Metro Rail Network

Description: This funding will enable necessary maintenance of the Wellington Metro Rail network to provide increased resilience and safety.

Appropriation Changes

	\$m - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 only
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	24.600	41.000	28.000	4.800
No Impact	-	-	-	-	-
Total	-	24.600	41.000	28.000	4.800

	\$m - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 only
Non-Departmental Capital Expenditure:					
Rail - Wellington Metro Rail Network Upgrade	-	24.600	41.000	28.000	4.800
Total Capital	-	24.600	41.000	28.000	4.800

Additional Recommendation

21 **authorised** the Minister of Finance and Minister of Transport, acting jointly, to make changes to the appropriation profile if required by construction progress;

Initiative No: 9608

Vote: Transport

Title: Maritime New Zealand – Health and Safety at Work Act 2015

Description: This funding will allow Maritime New Zealand to deliver its delegated responsibility to deliver health and safety at work functions for the maritime industry under the Health and Safety at Work Act 2015. This funding is provided from the Working Safer levy.

New Appropriation Approval

Name	Period	Type	Category Name	Scope
Health and Safety at Work Activities - Maritime	Annual	Non-Departmental Output Expenses	N/A	This appropriation is limited to health and safety activities for the maritime sector, for which Maritime New Zealand has designated responsibility.

Appropriation Changes

	\$m - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	5.361	5.237	5.237	-
Total	-	5.361	5.237	5.237	-

	\$m - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Non-Departmental Output Expense:					
Health and Safety at Work Activities - Maritime	-	6.315	6.191	6.191	0.954
Multi-Category Expenses and Capital Expenditure					
Policy Advice and Related Outputs - Maritime					
Non-Departmental Output Expense:					
Health and Safety at Work Activities - Maritime	-	(0.954)	(0.954)	(0.954)	(0.954)
Total Operating	-	5.361	5.237	5.237	-

Additional Recommendations

- 22 **noted** this initiative is a charge against the Working Safer Levy;
- 23 **noted** that a review of Maritime New Zealand's health and safety activities will be undertaken by the Ministry of Transport to inform ongoing funding decisions at Budget 2020;

Initiative No: 9790

Vote: Transport

Title: Ministry of Transport - Capacity and Capability

Description: This funding will increase the Ministry of Transport's capacity and capability to enable the Ministry to provide more robust and evidence-based policy advice.

Appropriation Changes

	Sm - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Operating Balance Impact	-	1.500	3.700	4.000	4.000
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	1.500	3.700	4.000	4.000

	Sm - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Multi-Category Expenses and Capital Expenditure					
Policy Advice and Related Outputs					
Departmental Output Expense:					
Policy Advice (funded by revenue Crown)	-	1.500	3.700	4.000	4.000
Total Operating	-	1.500	3.700	4.000	4.000