



Cabinet

CAB Min (08) 14/1(32)

Minute of Decision

Copy Number:

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2008 Budget Package: Vote Local Government

On 14 April 2008, Cabinet:

1. **approved** the Budget initiatives for the above Vote for inclusion in the 2008 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)				
		2007/08	2008/09	2009/10	2010/11	2011/12& Outyears
4620	Chatham Islands Council - Financial Assistance Programme	-	1.828	1.613	1.878	1.914
4624	Optimising Central Government Investment in Local Government	-	7.466	9.010	11.181	13.281
Total Operating		-	9.294	10.623	13.059	15.195

Capital Initiatives (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2007/08	2008/09	2009/10	2010/11	2011/12& Outyears
Total Capital		-	-	-	-	-

2. **agreed** to establish new appropriations where required to implement these initiatives, as described in the attached initiative documents;
3. **approved** the changes to appropriations and/or projected balances of net assets of the administering department (where applicable) 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. **agreed** that the proposed changes to appropriations and/or projected balances of net assets for 2007/08 above be included in the 2007/08 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;

6. **authorised** the Minister of Finance and the Vote Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2007/08 Supplementary Estimates, the 2008/09 Estimates and the fiscal forecasts;
7. **noted** that all communications relating to the 2008 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.

Secretary of the Cabinet

Reference: 2008 Budget package tabled
by the Minister of Finance

Distribution:

Prime Minister

Chief Executive, DPMC

Director PAG, DPMC

Minister of Finance

Secretary to the Treasury

Hon Jim Anderton

Associate Minister of Finance (Hon Trevor Mallard)

Minister of Local Government

Secretary for Internal Affairs (Local Government)

Controller and Auditor-General

Chief Parliamentary Counsel

Legislation Coordinator

Vote: Local Government

Title: Chatham Islands Council - Financial Assistance Programme

Description: Ongoing Government Financial Assistance Package to the Chatham Islands Council (CIC).

Theme: Other

Theme Objective: Other

Performance Information

Performance Text

The CIC must:

- fulfil its statutory regional and territorial local government responsibilities within required timeframes;
- comply with all local authority statutory requirements within the required timeframes;
- not be in financial deficit in any financial year; and
- meet all reporting requirements of the Department of Internal Affairs to allow continuing evaluation of the financial assistance package.

Appropriation Changes

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12& Outyears
Operating Balance Impact	-	1.828	1.613	1.878	1.914
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	1.828	1.613	1.878	1.914

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12& Outyears
Other Expenses to be Incurred by the Crown:					
Chatham Islands Council	-	1.828	1.613	1.878	1.914
Total Operating	-	1.828	1.613	1.878	1.914
Total Capital	-	-	-	-	-

Initiative No: 4624

Vote: Local Government

Title: Optimising Central Government Investment in Local Government

Description: This initiative seeks to strengthen the effectiveness of local government through a series of strategic and operational interventions designed to optimise the way in which central government invests in local government.

Theme: Other

Theme Objective: Other

Appropriation Changes

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12& Outyears
Operating Balance Impact	-	7.466	9.010	11.181	13.281
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	7.466	9.010	11.181	13.281

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12& Outyears
Departmental Output Expenses (General): Services for Local Government					
Information, Support and Regulatory Services - Local Government (funded by Revenue Crown)	-	1.030	0.800	0.230	0.230
Policy Advice - Local Government (funded by Revenue Crown)	-	0.521	-	-	-
Benefits and Other Unrequited Expenses: Rates Rebate Scheme	-	5.915	8.210	10.951	13.051
Total Operating	-	7.466	9.010	11.181	13.281
Total Capital	-	-	-	-	-

Rates Rebate Scheme

agreed to increase the income abatement threshold to the Rates Rebate Scheme from 1 July 2008 to \$21,180, to reflect movement in the All Groups index of the New Zealand Consumers Price Index in the period since the income abatement threshold was last adjusted on 1 July 2006;

agreed that the income abatement threshold be increased on 1 July 2009, and on every following 1 July, by Order in Council by an amount that reflects the upward movement in the All Groups index of the New Zealand Consumers Price Index for the calendar year ending the previous 31 December;

agreed to increase the maximum rebate from 1 July 2008 to \$530, to reflect movement in the All Groups index of the New Zealand Consumers Price Index in the period since the maximum rebate was last adjusted on 1 July 2006;

agreed that the maximum rebate be increased on 1 July 2009, and on every following 1 July, by Order in Council by an amount that reflects the upward movement in the All Groups index of the New Zealand Consumers Price Index for the calendar year ending the previous 31 December;

agreed, accordingly, to make the necessary amendments to the Rates Rebate Act 1973;

invited the Minister of Local Government to issue drafting instructions to the Parliamentary Counsel Office to draft amendments to the Rates Rebate Act 1973 and Orders in Council under this Act, including necessary consequential, savings and transitional provisions, to implement the above paragraphs;

noted that an early public announcement of the agreed changes to the Rates Rebate Scheme is required in order to allow local government sufficient time to prepare before changes become effective from 1 July 2008;

authorised the Minister of Local Government to make a public announcement prior to Budget day 2008 of the agreed changes to the Rates Rebate Scheme, following consultation with the Minister of Finance, the Prime Minister's Office, the Minister for Social Development and Employment and the Minister for Senior Citizens.