



Cabinet

CAB Min (08) 14/1(8)

Minute of Decision

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2008 Budget Package: Vote Communications

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
4651	Digital Strategy Refresh	-	0.500	-	-	-
4654	Accelerating Investment in Broadband Infrastructure	-	65.000	65.000	65.000	65.000
4655	Radio Spectrum Sales Appropriation	0.500	-	-	-	-
Total Operating		0.500	65.500	65.000	65.000	65.000

Capital Initiatives (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2007/08	2008/09	2009/10	2010/11	2011/12& Outyears
4654	Accelerating Investment in Broadband Infrastructure	-	15.000	-	-	-
Total Capital		-	15.000	-	-	-

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, Department of the Prime Minister and Cabinet

Director PAG, DPMC

Minister of Finance

Secretary to the Treasury

Hon Jim Anderton

Minister for Communications and Information Technology

Chief Executive, MED (Communications and IT)

Associate Minister of Finance (Hon Trevor Mallard)

Controller and Auditor-General

Initiative No: 4651

Vote: Communications**Title:** Digital Strategy Refresh**Description:** The Digital Strategy is currently being refreshed and a number of initiatives are expected to result from that exercise.**Theme:** Economic Transformation**Theme Objective:** World class infrastructure: other action**Performance Information****Performance Text**

The refreshed Strategy will provide a framework to guide and monitor government action focused on the necessary enablers, such as Broadband, and encouraging the effective use of digital technologies to improve productivity, community and environmental sustainability outcomes. Vote Communications will have a particular focus on encouraging the widespread availability of fast and affordable Broadband, and encouraging the smart use of Information and Communications Technology as an important economic development tool.

Appropriation Changes

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12& Outyears
Operating Balance Impact	-	0.500	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	0.500	-	-	-

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12& Outyears
Departmental Output Expenses (General):					
Policy Advice - Communications (funded by Revenue Crown)	-	0.500	-	-	-
Total Operating	-	0.500	-	-	-
Total Capital	-	-	-	-	-

Initiative No: 4654

Vote: Communications**Title:** Accelerating Investment in Broadband Infrastructure**Description:** Development and implementation of mechanisms designed to accelerate investment in Broadband infrastructure.**Theme:** Economic Transformation**Theme Objective:**World class infrastructure:
broadband investment**Performance Information****Performance Text**

Broadband infrastructure in New Zealand is raised to the standard of our OECD peers. Rural Broadband will be more widely available and urban Broadband will be faster. Bottlenecks in existing networks will be eliminated. The bottlenecks that have been identified are high speed services to business, rural Broadband and international connectivity.

New Appropriation Approvals

Type	Period	Name	MCOA Output Class	Scope
Capital Expenditure	Annual	Accelerating Broadband	N/A	Development and implementation of mechanisms designed to accelerate investment in broadband infrastructure.
Non-Departmental Output Expenses	Annual	Accelerating Broadband	N/A	Development and implementation of mechanisms designed to accelerate investment in broadband infrastructure.

Appropriation Changes

	\$m - increase/(decrease)						
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14 & Outyears
Operating Balance Impact	-	65.000	65.000	65.000	65.000	65.000	-
Debt Impact	-	15.000	-	-	-	-	-
No Impact	-	-	-	-	-	-	-
Total	-	80.000	65.000	65.000	65.000	65.000	-

	\$m - increase/(decrease)						
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14 & Outyears
Non-Departmental Output Expenses: Accelerating Broadband	-	65.000	65.000	65.000	65.000	65.000	-
Capital Expenditure: Accelerating Broadband	-	15.000	-	-	-	-	-
Total Operating	-	65.000	65.000	65.000	65.000	65.000	-
Total Capital	-	15.000	-	-	-	-	-

Additional Recommendations

directed the Ministry of Economic Development, in consultation with the Treasury, to report to the appropriate Cabinet committee on the details of the proposed mechanisms prior to any funding being allocated;

noted that Kordia may require an additional capital injection but this will be subject to Ministerial approval of a business case and subsequent Cabinet approval of additional funding;

noted that the level of pre-existing government spend on Broadband is being determined and may be announced as part of Budget 2008.

Initiative No: 4655

Vote: Communications

Title: Radio Spectrum Sales Appropriation

Description: Increase in the quantity and scope of spectrum sales activities, including the sales of spectrum for Broadband services. Financial assistance for transition of radio licences when a management right is created.

Theme: Economic Transformation

Theme Objective: World class infrastructure:
other action

Performance Information

Performance Text

Effective and timely delivery of radio spectrum sales processes, in accordance with the government's spectrum allocation programme.

Appropriation Changes

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
Operating Balance Impact	0.500	-	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	0.500	-	-	-	-

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
Departmental Output Expenses (General): Management and Enforcement of the Radiocommunications Act 1989 (funded by Revenue Crown)	0.500	-	-	-	-
Total Operating	0.500	-	-	-	-
Total Capital	-	-	-	-	-

Initiative No: 4655

Additional Recommendations

noted that the additional costs will be offset by capital receipts resulting from radio spectrum auctions;

directed the Ministry of Economic Development to report to the appropriate Cabinet committee in 2008/09 on a mechanism for meeting resource needs from additional spectrum sales work that cannot be met from baselines, the offsetting of additional costs, and the incorporation of spectrum revenues within forecast.