



Cabinet

CAB Min (07) 12/1(21)

Minute of Decision

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Minister of Finance

Copies to:

Prime Minister
Deputy Prime Minister
Minister of Finance
Hon Jim Anderton
Associate Minister of Finance
(Hon Trevor Mallard)
Controller and Auditor-General

2007 Budget Package: Vote Finance

On 19 April 2007, Cabinet:

1. **approved** the Budget initiatives for the above Vote for inclusion in the 2007 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)				
		2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
4393	ONTRACK Operating and Maintenance Costs	6.600	12.800	-	-	-
4394	Wellington Regional Council Loan	-	8.850	-	-	-
4403	Kaingaroa Forest Road Network Easements	-	-	-	-	-
4590	Overlander Support	-	-	-	-	-
4591	GSF Authority	-	-	-	-	-
Total Operating		6.600	21.650	-	-	-

Capital Initiatives (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
4392	ONTRACK Debt & Equity Funding	-	104.550	-	-	-
4394	Wellington Regional Council Loan	-	9.150	-	-	-
4559	AgResearch Equity Injection	-	0.195	-	-	-
4590	Overlander Support	-	-	-	-	-
Total Capital		-	113.895	-	-	-

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 (where applicable) 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 2006/07 above be included in the 2006/07 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 2006/07 Supplementary Estimates, the 2007/08 Estimates and the fiscal forecasts;
7. **noted** that all communications relating to the 2007 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.

Auckland Rail Development MYA Approved in Budget 2006

8. **noted** that in Budget 2006 the 2006/07-2009/10 Auckland Rail Development multi-year appropriation was established in Vote Finance with a scope of “this appropriation provides a total of \$575 million (GST exclusive) to provide funding to ONTRACK for renewals and upgrades of the Auckland Rail Network ‘below track’ infrastructure. It replaces an annual appropriation for the same purpose in 2005/06”;
9. **noted** that in the 2006 March Baseline Update joint Ministers agreed to a transfer of \$21.314 million into the 2006/07-2009/10 Auckland Rail Development multi-year appropriation, meaning the appropriation was no longer for \$575.000 million as stated in the legislated scope;
10. **noted** that the 2006/07-2009/10 Auckland Rail Development appropriation therefore needs to be repealed and a new multi-year appropriation with an appropriate scope statement created for the balance of the appropriation amount and term;

11. **agreed** that the current 2006/07-2009/10 Auckland Rail Development multi-year appropriation in Vote Finance should be repealed, with effect from 1 July 2007;
12. **agreed** to establish a new Other Expense to be Incurred by the Crown “Auckland Rail Development” as a three year multi-year appropriation in Vote Finance;
13. **agreed** that the scope of the new Other Expense to be Incurred by the Crown shown in the Estimates will be “renewals and upgrades of the Auckland rail network 'below track' infrastructure”;
14. **agreed** that the amount of the 2007/08-2009/10 Auckland Rail Development appropriation should be equal to any unspent portion of the original \$575.000 million 2006/07-2009 -10 Auckland Rail Development appropriation, plus the \$21.314 million referred to above;
15. **agreed** that, as the final amount spent under the 2006/07-2009/10 appropriation is not yet known, in the interim the 2007/08-2009/10 appropriation have an amount of \$400.000 million plus the \$21.314 million referred to above;
16. **approved** the following changes to appropriations, with no impact on the operating balance:

Vote Finance Minister of Finance	\$m – increase/(decrease)		
	2006/07	2007/08 to 2009/10	2010/11 & Outyears
Other Expense to be Incurred by the Crown: Auckland Rail Development (funded by revenue Crown)	-	421.314	-
	2006/07 to 2009/10		2010/11 & Outyears
Other Expense to be Incurred by the Crown: Auckland Rail Development (funded by revenue Crown)		(21.314)	-

17. **approved in principle** a maximum increase in the 2007/08 - 2010/11 Auckland Rail Development appropriation of up to the unspent portion of the original \$575.000 million 2006/07-2009/10 Auckland Rail Development appropriation less \$400.000 million, with no impact on the operating balance;
18. **agreed** that the Minister of Finance and the Associate Minister of Finance (Hon Trevor Mallard) be delegated authority to determine the final amount of the increase following the presentation of the 2006/07 audited financial statements.

Secretary of the Cabinet

Reference: CAB (07) 135, CAB (07) 135A

Vote: Finance

Title: ONTRACK Debt & Equity Funding

Description: To make Crown capital available to ONTRACK to meet the Crown's existing obligations under the Sale and Purchase Agreement and the National Rail Access Agreement between the Crown and Toll.

Theme: Economic Transformation

Theme Objective: Non-specific

Performance Information

Performance Text

Shareholding Ministers of ONTRACK have set a primary expectation that it will run the rail network "effectively, efficiently and safely". ONTRACK's business plan includes key performance indicators for the renewals programme. Capital for land release from Toll is a contractual requirement of the National Rail Access Agreement (NRAA). The expected performance is ONTRACK's compliance with the terms of the NRAA.

Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	104.550	-	-	-
No Impact	-	-	-	-	-
Total	-	104.550	-	-	-

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Capital Expenditure:					
Equity Injection to ONTRACK	-	18.550	-	-	-
Loans to ONTRACK	-	86.000	-	-	-
Total Operating	-	-	-	-	-
Total Capital	-	104.550	-	-	-

Vote: Finance

Title: ONTRACK Operating and Maintenance Costs

Description: Operating and maintenance cost of ONTRACK not recoverable through the National Rail Access Agreement. Negotiations currently in progress between the Crown, ONTRACK and Toll may result in a restructure of the funding proposed by this initiative

Theme: Economic Transformation

Theme Objective: Non-specific

Performance Information

Performance Text

Shareholding Ministers of ONTRACK have set a primary expectation that it will run the rail network "effectively, efficiently and safely". The funding in this initiative is required for ONTRACK to continue to operate the rail network, including complying with its obligations under the Health and Safety in Employment Act and the Railways Act. ONTRACK's business plan includes key performance indicators in relation to this.

Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
Operating Balance Impact	6.600	12.800	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	6.600	12.800	-	-	-

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
Other Expenses to be Incurred by the Crown:					
ONTRACK Operating and Maintenance Costs	6.600	12.800	-	-	-
Total Operating	6.600	12.800	-	-	-
Total Capital	-	-	-	-	-

Vote: Finance

Title: Wellington Regional Council Loan

Description: This Budget initiative would extend a previously approved loan facility for the Greater Wellington Regional Council to upgrade passenger rail services in the Wellington region

Theme: Economic Transformation

Theme Objective: Non-specific

Performance Information

Performance Table

	Unit of Measurement	Performance Specification				
		2006/07	2007/08	2008/09	2009/10	2010/11
Quantity						
Increased peaktime passenger capacity on the Wellington urban rail system.	Additional seats	0	500	900	900	900

Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Operating Balance Impact	-	8.850	-	-	-
Debt Impact	-	9.150	-	-	-
No Impact	-	8.850	-	-	-
Total	-	26.850	-	-	-

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Other Expenses to be Incurred by the Crown:					
Wellington Regional Council Loan	-	8.850	-	-	-
Capital Expenditure:					
Wellington Regional Council Loan	-	18.000	-	-	-
Total Operating	-	8.850	-	-	-
Total Capital	-	18.000	-	-	-

Vote: Finance

Title: Kaingaroa Forest Road Network Easements

Description: To fund the surveying of the Kaingaroa forest road, apply for any necessary consent from the Taupo District Council and register the easements to ensure ongoing reciprocal use of major Kaingaroa off-highway roads by forest owners and their licensees

Theme: Economic Transformation

Theme Objective: Non-specific

Performance Information

Performance Text

This funding will be used to obtain survey data, undertake a GPS survey of the road at 1.0km spacing, undertake a GPS survey to fix centreline of the roads, load surveys to Land Online, prepare and lodge survey plan with LINZ, lodge e-survey with LINZ, apply for necessary consents with Taupo District Council, and prepare and register easements with the Registrar General of Lands.

Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	-	-	-	-

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
Other Expenses to be Incurred by the Crown:					
Crown Overseas Properties	-	(0.400)	-	-	-
Kaingaroa Forest Road Easements	-	0.400	-	-	-
Total Operating	-	-	-	-	-
Total Capital	-	-	-	-	-

Vote: Finance**Title:** AgResearch Equity Injection**Description:** Equity injection to upgrade AgResearch facilities**Theme:** Other**Theme Objective:** Other**Performance Information****Performance Text**

Secret

New Appropriation Approvals

Type	Period	Name	MCOA Output Class	Scope
Capital Expenditure	Annual	AgResearch Equity Injection	N/A	Equity injection to upgrade AgResearch facilities

Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	0.195	-	-	-
No Impact	-	-	-	-	-
Total	-	0.195	-	-	-

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Capital Expenditure: AgResearch Equity Injection	-	0.195	-	-	-
Total Operating	-	-	-	-	-
Total Capital	-	0.195	-	-	-

Vote: Finance

Title: Overlander Support

Description: Subsidy to Toll for Overlander service

Theme: Other

Theme Objective: Other

Performance Information

Performance Text

To facilitate continued running of the Overlander service as agreed by Cabinet during the 2006 negotiation process. [CAB Min (06) 26/9].

Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	-	-	-	-

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Other Expenses to be Incurred by the Crown:					
Overlander Support	0.650	-	-	-	-
Capital Expenditure:					
Loans to ONTRACK	(0.650)	-	-	-	-
Total Operating	0.650	-	-	-	-
Total Capital	(0.650)	-	-	-	-

Initiative No: 4591

Vote: Finance**Title:** GSF Authority**Description:** Increase in current appropriation for administrative expenses in relation to IT feasibility study and investment advice on forthcoming tax changes**Theme:** Other**Theme Objective:** Other**Performance Information****Performance Text**

Increase in current appropriation to enable GSFA to perform an IT feasibility study and purchase investment advice on forthcoming tax changes.

Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	-	-	-	-

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Non-Departmental Output Expenses:					
GSF Authority	0.302	-	-	-	-
Other Expenses to be Incurred by the Crown:					
Crown Overseas Properties	(0.302)	-	-	-	-
Total Operating	-	-	-	-	-
Total Capital	-	-	-	-	-