

Information Supporting the Supplementary Estimates

Vote Finance

MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister of Finance (M31)

ADMINISTERING DEPARTMENT: The Treasury

MINISTER RESPONSIBLE FOR THE TREASURY: Minister of Finance

Part 1 - Summary of the Vote

Part 1.3 - Trends in the Vote

Summary of Financial Activity

	2008/09				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
Appropriations					
Output Expenses	60,667	1,541	89,316	90,857	151,524
Benefits and Other Unrequited Expenses	-	N/A	-	-	-
Borrowing Expenses	1,987,000	-	119,000	119,000	2,106,000
Other Expenses	1,343,519	-	553,327	553,327	1,896,846
Capital Expenditure	3,146,432	480	2,018,253	2,018,733	5,165,165
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Total Appropriations	6,537,618	2,021	2,779,896	2,781,917	9,319,535
Crown Revenue and Capital Receipts					
Tax Revenue	-	N/A	-	-	-
Non-Tax Revenue	3,067,979	N/A	(425,572)	(425,572)	2,642,407
Capital Receipts	229,457	N/A	203,186	203,186	432,643
Total Crown Revenue and Capital Receipts	3,297,436	N/A	(222,386)	(222,386)	3,075,050

Part 2 - Details and Expected Performance for Output Expenses

Part 2.1 - Departmental Output Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Outcome: Improved overall economic performance Impact: Maintaining a robust and efficient financial sector	Administration of Guarantees and Indemnities given by the Crown PLA
	Crown Deposit Guarantee Scheme
	Crown Wholesale Guarantee Facility

Administration of Guarantees and Indemnities given by the Crown PLA (M31)

Scope of Appropriation

This appropriation is limited to expenses incurred in connection with administering of guarantees and indemnities given by the Crown, as authorised by section 65ZG of the Public Finance Act 1989.

Expenses and Revenue

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	730	730
Revenue from Crown	-	730	730
Revenue from Other	-	-	-

Reasons for Change in Appropriation

This appropriation was required to administer the guarantee provided to entities under the Crown Retail Deposit Guarantee Scheme, including the management of Crown risk and administration expenses incurred in processing claims under the guarantee.

Output Performance Measures and Standards

Performance Measures	2008/09		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
All policy outputs comply with the Treasury's Quality Standards for Policy (refer to Conditions of use of Appropriation, below), as assessed by the Minister three times a year.	N/A	Rated as meeting and frequently exceeding expectations	Rated as meeting and frequently exceeding expectations
Treasury actively manages the Crown's interests in the event of a specific default.	N/A	Achieved	Achieved
No unnecessary delays in processes depositors claims.	N/A	Achieved	Achieved

Conditions on Use of Appropriation

Treasury quality standards for policy

Quality policy advice is fit for purpose

This Quality Standard for Policy Advice sets out the characteristics or dimensions of policy advice that will best enable it to promote well-informed high-quality decision making by Ministers. However, the quality dimensions below are not a checklist and not all dimensions will be equally important in every case - judgements are required at the outset about how to apply and balance the quality dimensions to ensure a particular piece of advice is fit for purpose in achieving the result sought.

When undertaking a piece of work, explicit consideration needs to be given to the following:

- What point are Ministers at in their decision-making process? Can Treasury add value? What are our opportunities to have an impact?
- What result are we seeking by providing a piece of advice?
- How should the quality dimensions below be applied and balanced to achieve this result?
- What is the relative priority of this piece of work?
- What level of investment is warranted?

Dimensions of quality policy advice

Analytically rigorous (Analysis)	Set in a wider strategic context (Applied analysis)	Customer focused and persuasive (Advice)
Relevant frameworks <ul style="list-style-type: none"> • Appropriate analytical frameworks are used, and: knowledge is up-to-date and informed by recent thinking and literature in the field. • Assumptions behind the frameworks used are explicit and consideration has been given to how they will be expected to play out in the real world (a world which includes information and transaction costs, market failure, government failure, etc). <p>Consideration has been given to less traditional frameworks and whether they would add innovative or useful perspectives.</p>	Strategic <ul style="list-style-type: none"> • Advice is set in the context of the Treasury's results and informed by a strategic view about what is important. • We are explicit about the relative importance and materiality of the issue, in fiscal, economic and strategic terms. • Connections across policy issues are made, ensuring that Ministers receive a whole-of-government perspective. • Advice considers the long-term implications of decisions and provides a perspective that goes beyond immediate impacts. <p>We frame issues and help set the agenda.</p>	Clear <ul style="list-style-type: none"> • Advice is compellingly presented. It is: brief and concise - key messages should be readily apparent to the reader. • Easy to read - has a clear and logical structure, avoids technical jargon and uses visual devices such as charts and tables where possible. • Pitched to suit the target audience - uses appropriate language, style and level of detail. • Framed in terms of how it fits with previous advice and communications with the Minister.
Robust reasoning and logic <p>Advice has a clear purpose, problem definition, evaluation of options against criteria, and assessment of risks and opportunities. We come to a conclusion and give action-oriented recommendations.</p>	Practical <p>Issues of implementation, technical feasibility, practicality and timing are considered and advice accurately identifies compliance, transitional, legislative, revenue and administrative implications and costs.</p>	Timely <p>Reports should meet Ministers' need for advice that helps in the decision-making process (even if it means, at times, that advice is not fully developed) and indicate when a decision is required.</p>
Evidence-based <ul style="list-style-type: none"> • Analysis is supported by relevant evidence: Empirical methods are sound, data gaps are identified and the level of confidence/certainty in our empirical base is explicit. • We draw on New Zealand experience of current and past policy interventions and, where relevant, the experience of other countries. <p>We give our best judgement despite data imperfections; we acknowledge information limitations and advise within them.</p>	Public sector consultation <ul style="list-style-type: none"> • Ministers receive advice that enables them to engage with their colleagues on a fully informed basis because: thorough and timely consultation with other government departments has occurred and points of difference, and the reasons for these, are set out. <p>Where possible, advice is developed in conjunction with relevant government agencies.</p>	Politically aware <ul style="list-style-type: none"> • Advice: demonstrates awareness of the wider environment and political situation. • Is based on a clear understanding of the desired outcomes of the Minister/Government. • Relates to the perspectives of Ministers, even if suggesting something that tests those perspectives. <p>Recognises choices and constraints Ministers face, and includes a range of options to address these.</p>

Analytically rigorous (Analysis)	Set in a wider strategic context (Applied analysis)	Customer focused and persuasive (Advice)
Free and frank Our advice is honest, impartial and politically neutral - we have a duty to alert Ministers to the possible consequences of following particular policies, whether or not such advice accords with Ministers' views. Good free and frank advice is offered with an understanding of its political context and the constraints within which the Minister is operating.	Perspectives of wider stakeholders We understand and advise Ministers on the perspective of groups outside the public sector, consult with key stakeholders, and provide advice on communications where appropriate.	Solution focused We are proactive, anticipating, as well as responding to, Ministers' needs. Advice suggests a clear way forward ("Here is what you can do" as well as "Here is a problem") and includes a range of practical options (first best advice, but also second and third).

Quality involves continuous improvement

At the end:

- Did we achieve the result we were seeking?
- Were our judgements about what would be fit for purpose correct?
- What would we do differently next time?
- How can we capture and share this learning?

Debt and Related Financial Asset Management (M31)

Scope of Appropriation

Operational management of the Crown's sovereign-issued debt portfolio, associated financial investments (including departmental cash management), and lending and derivatives transactions with government-related entities.

Expenses and Revenue

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	9,001	337	9,338
Revenue from Crown	8,850	327	9,177
Revenue from Other	151	10	161

Reasons for Change in Appropriation

The increase in appropriation was largely due to a higher demand for Kiwi bonds, resulting in a corresponding increase in commissions to agents. Increases in other operating expenses also contributed to the appropriation increase.

Policy Advice and Management: Macroeconomic (M31)

Scope of Appropriation

Provision of Macroeconomic policy advice and management including budget management; macroeconomic, tax and fiscal forecasting; advice on fiscal policy and strategy; and fiscal reporting and departmental financial management controls including the development and application of generally accepted accounting practice to the Crown.

Expenses and Revenue

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	12,762	(1)	12,761
Revenue from Crown	12,548	11	12,559
Revenue from Other	214	(12)	202

Reasons for Change in Appropriation

The change in appropriation was not material.

State Sector and Economic Performance Policy Advice and Management MCOA (M31)

Scope of Appropriation

Crown Deposit Guarantee Scheme

This output class is limited to the implementation and operation of the Crown's deposit guarantee scheme excluding expenses incurred in connection with administering claims under a guarantee or indemnity given under the scheme.

Crown Wholesale Guarantee Facility

This output class is limited to the implementation and operation of the Crown's wholesale guarantee facility.

Management of Liabilities, Claims Against the Crown and Crown Properties

Management of contractual or Treaty of Waitangi related claims against the Crown and the management of New Zealand House, London.

New Zealand Export Credit Office

Implementation of the Government's Export Credit Guarantees policy and operation of the New Zealand Export Credit Office.

Policy Advice: Economic Performance

Policy advice on the Government's economic strategy and policy settings and their effect on New Zealand's economic growth.

Policy Advice: State Sector Performance

Policy advice on the effective and efficient use of state resources including improved decision-making and performance management systems and the efficient management of Crown assets.

Explanation for Use of Multi-Class Output Expense Appropriation

These output classes all contribute to the outcomes of improving New Zealand's overall economic performance and improving state sector performance.

Expenses and Revenue

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	36,216	475	36,691
Crown Deposit Guarantee Scheme	-	1,661	1,661
Crown Wholesale Guarantee Facility	-	1,878	1,878
Management of Liabilities, Claims Against the Crown and Crown Properties	5,786	(3,046)	2,740
New Zealand Export Credit Office	1,594	683	2,277
Policy Advice: Economic Performance	15,458	520	15,978
Policy Advice: State Sector Performance	13,378	(1,221)	12,157
Revenue from Crown	35,617	473	36,090
Crown Deposit Guarantee Scheme	-	1,642	1,642
Crown Wholesale Guarantee Facility	-	1,849	1,849
Management of Liabilities, Claims Against the Crown and Crown Properties	5,697	(3,027)	2,670
New Zealand Export Credit Office	1,568	674	2,242
Policy Advice: Economic Performance	15,199	527	15,726
Policy Advice: State Sector Performance	13,153	(1,192)	11,961
Revenue from Other	599	2	601
Crown Deposit Guarantee Scheme	-	19	19
Crown Wholesale Guarantee Facility	-	29	29
Management of Liabilities, Claims Against the Crown and Crown Properties	89	(19)	70
New Zealand Export Credit Office	26	9	35
Policy Advice: Economic Performance	259	(7)	252
Policy Advice: State Sector Performance	225	(29)	196

Reasons for Change in Appropriation

New funding was provided for the implementation and operation of the Crown Deposit Guarantee Scheme (\$4.780 million) and Crown Wholesale Guarantee Facility (\$1.740 million) during 2008/09 to maintain a robust and efficient financial sector. Subsequently \$3.325 million of this new funding was returned to the Crown as certain costs did not arise as initially forecast. The balance of the movement in these classes is due to fiscally neutral adjustments to reflect changes in overhead allocations.

Management of Liabilities, Claims Against the Crown and Crown Properties output class reduction was largely due to the return to the Crown of \$3.170 million for the management of litigation against the former Building Industry Authority, relating to the weathertightness of homes. This funding is unlikely to be required in the future.

Policy Advice: State Sector Performance output class decreased due to changes in forecast assumptions.

New funding of \$970,000 was provided in Policy Advice: Economic Performance output class for Treasury to perform the Regulatory Impact Analysis function and to take on strategic leadership of the regulatory quality assurance system. The baseline was subsequently reduced by \$166,000 to establish the Regulatory Responsibility Taskforce.

New funding of \$102,000 was provided for the New Zealand Export Credit Office to increase its range of services to exporters.

Output Performance Measures and Standards

Performance Measures	2008/09		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
All classes of outputs within the appropriation			
All policy advice comply with Treasury's Quality Standards for Policy (refer Conditions on Use of Appropriation), as assessed by the Minister three times during the year.	Rated as meeting and frequently exceeding expectations	Rated as meeting and frequently exceeding expectations	Rated as meeting and frequently exceeding expectations
Crown Deposit Guarantee Scheme and Crown Wholesale Guarantee Facility			
No unnecessary delays in processing applications.	N/A	Achieved	Achieved
Development and implementation of an overall plan for managing the Crown interests including default events.	N/A	Achieved	Achieved
Active monitoring of guaranteed institutions is undertaken to minimise Crown exposure.	N/A	Achieved	Achieved
Treasury actively manages the Crown interests in the event of a specific default.	N/A	Within 7 days of default	Within 7 days of default
Management of Liabilities, Claims Against the Crown and Crown Properties			
Management and resolution of liabilities and claims within parameters set by Ministers.	N/A	100%	Achieved
New Zealand Export Credit Office			
Value of short-term trade credit guarantees.	N/A	\$6.6 million	\$6.6 million
Policy Advice: Economic Performance			
Regulatory Impact Analysis: Number of significant Regulatory Impact Statements assessed.	N/A	12	12

Conditions on Use of Appropriation

Reference	Conditions
Quality Standards for Policy Advice	Refer to Administration of Guarantees and Indemnities given by the Crown.

Part 2.2 - Non-Departmental Output Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Objective: To ensure that non-commercial rail services provided by New Zealand Railways Corporation were maintained.	New Zealand Railways Corporation Operating Support
Government Objective: To make the New Zealand economy more productive. Specific Objective: To establish the Regulatory Responsibility Taskforce and commence review of the existing Regulatory Responsibility Bill.	Regulatory Responsibility Taskforce

Management of the Crown's Obligations for Geothermal Wells (M31)

Scope of Appropriation

This appropriation is limited to the management and maintenance relating to geothermal wells and associated sites and structures for which the Crown accepts responsibility.

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	151	200	351

Reasons for Change in Appropriation

An expense transfer was made to provide funding for remedial work on redundant geothermal assets at Wairaki as this work was not completed in 2007/08.

Management of the New Zealand Superannuation Fund (M31)

Scope of Appropriation

This appropriation is limited to managing the New Zealand Superannuation Fund on behalf of the Crown.

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	1,537	(1,050)	487

Reasons for Change in Appropriation

During the 2008/09 year a review of the Guardians of New Zealand Superannuation's expenses that require appropriation was undertaken by the Office of the Auditor General. This resulted in a decrease in appropriation and increase in expenses paid for directly from the fund.

New Zealand Railways Corporation Operating Support (M31)*Scope of Appropriation*

This appropriation is limited to the purchase of non-commercial rail services from New Zealand Railways Corporation.

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	90,000	90,000

Reasons for Change in Appropriation

New funding was approved for the purchase of non-commercial rail services from New Zealand Railways Corporation.

Output Performance Measures and Standards

	2008/09		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Performance Measures			
Non-commercial rail services are maintained	N/A	Achieved	Achieved

Regulatory Responsibility Taskforce (M31)*Scope of Appropriation*

This appropriation is limited to the fees and expenses of members of the Taskforce appointed to carry forward work on a Regulatory Responsibility Bill, and to fees and expenses for any legal and other advice that the Taskforce may commission.

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	166	166

Reasons for Change in Appropriation

New funding was approved for the establishment of a Regulatory Responsibility Taskforce.

Output Performance Measures and Standards

Performance Measures	2008/09		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Regulatory Responsibility Taskforce Established	N/A	Achieved	Achieved

Summary of Service Providers for Non-Departmental Outputs

Provider	2008/09			Reporting Mechanism	Expiry of Resourcing Commitment
	Estimates \$000	Supplementary Estimates \$000	Total \$000		
State-owned enterprise					
New Zealand Railways Corporation	-	90,000	90,000	Provider's annual report	June 2009
<ul style="list-style-type: none"> New Zealand railways Corporation Operating Support 					
Non-government organisation					
Regulatory Responsibility Taskforce	-	166	166	Not required	June 2010
<ul style="list-style-type: none"> Regulatory Responsibility Taskforce 					

The above table summarises funding to be allocated through Vote Finance to non-departmental providers, along with an indication of the mechanism to be used for reporting actual performance and (where determined) the length of the funding commitment.

Part 4 - Details for Borrowing Expenses

Part 4.2 - Non-Departmental Borrowing Expenses

Debt Servicing PLA (M31)

Scope of Appropriation

This appropriation is limited to the payment of borrowing expenses for the Crown's New Zealand-dollar and foreign-currency debt, authorised by section 60(1)b of the Public Finance Act 1989.

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	1,987,000	119,000	2,106,000

Reasons for Change in Appropriation

Debt servicing costs vary with interest rates and the amount of debt outstanding.

Part 5 - Details and Expected Results for Other Expenses

Part 5.2 - Non-Departmental Other Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Objective - To meet Crown liabilities and manage Crown assets efficiently.	Impairment of Loans to Taitokerau Forest Limited
	Invercargill Airport Suspensory Loan Expense on Initial Recognition
	Loss on Acquisition of Toll NZ Ltd
	National Provident Fund - Crown liability for Scheme Deficiency PLA
	National Provident Fund Schemes - Liability Under Crown Guarantee PLA
	New Zealand Railways Corporation Transaction Costs of Purchasing Toll NZ Limited
	New Zealand Railways Corporation Wiri Inland Port Rail Link MYA
	Payments in Respect of Guarantees and Indemnities PLA
	Taitokerau Forests Limited Loan Write-Down
	Wellington Regional Council Suspensory Loan Expense on Initial Recognition
	Write-off of Capital Charge Receivable

Auckland Rail Development (M31)

Scope of Appropriation and Expenses

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
Auckland Rail Development (M31) Renewals and upgrades of the Auckland rail network 'below track' infrastructure. Commences: 1 July 2007 Expires: 30 June 2009	Original Appropriation	421,314
	Adjustments to 2007/08	77,103
	Adjustments for 2008/09	(213,662)
	Adjusted Appropriation	284,755
	Actual to 2007/08 Year End	97,719
	Estimated Actual for 2008/09	187,036
	Estimated Actual for 2009/10	-
	Estimated Appropriation Remaining	-

Reasons for Change in Appropriation

The \$213.662 million Adjustments to 2008/09 balance reflects the transfer of the estimated unspent balance at 30 June 2009 to Vote Transport.

Crown Residual Liabilities (M31)

Scope of Appropriation

Residual obligations arising from administration of the Crown's sale and purchase agreements with SOEs and Crown entities and from the sale of Crown investments, and for the settlement of claims against the Crown arising from exposure to asbestos.

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	230	444	674

Reasons for Change in Appropriation

An expense transfer from 2007/08 was made to settle anticipated residual liabilities.

Government Superannuation Fund Unfunded Liability PLA (M31)

Scope of Appropriation

This appropriation is limited to the net increase (excluding actuarial gains and losses) in the Crown's liability to the Government Superannuation Fund and the specified superannuation contribution withholding tax on employer contributions by the Crown, authorised by section 95AA of the Government Superannuation Act 1956.

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	936,699	31,911	968,610

Reasons for Change in Appropriation

The increase reflects marginal changes to forecast assumptions, other than actuarial gains and losses.

Impairment of Loans to Taitokerau Forest Limited (M31)

Scope of Appropriation

This appropriation is limited to the expense incurred on the impairment of new loans to Taitokerau Forests Limited.

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	1,700	1,700

Reasons for Change in Appropriation

A new appropriation was established following renegotiation of new Crown loan funding.

	2008/09		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Impairment of loans to Taitokerau Forest Limited correctly recorded in the Financial Statements of the Government.	N/A	Unqualified audit opinion	Unqualified audit opinion

Invercargill Airport Suspensory Loan Expense on Initial Recognition (M31)*Scope of Appropriation*

This appropriation is limited to the expense incurred on the initial recognition of Invercargill Airport suspensory loans.

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	300	300

Reasons for Change in Appropriation

The Invercargill Airport suspensory loan was not drawn down in 2007/08 and therefore an expense transfer was required.

Loss on Acquisition of Toll NZ Ltd (M31)*Scope of Appropriation*

This appropriation is limited to the financial loss on acquisition of Toll NZ Ltd.

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	330,000	330,000

Reasons for Change in Appropriation

A new appropriation was required for the financial loss on acquisition of Toll NZ Limited.

Expected Results

	2008/09		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Financial loss on acquisition of Toll NZ Ltd correctly recorded in the Financial Statements of the Government.	N/A	Unqualified audit opinion	Unqualified audit opinion

Maui Gas Contracts (M31)*Scope of Appropriation*

This appropriation is limited to the Crown's purchase of gas from the Maui gas field and meeting the Crown's obligations arising from related contracts.

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	15,365	(2,147)	13,218

Reasons for Change in Appropriation

The appropriation was decreased due to reduced demand for gas.

National Provident Fund - Crown liability for Scheme Deficiency PLA (M31)

Scope of Appropriation

This appropriation is limited to the Crown's liability for deficiency in the accounts of National Provident Fund schemes established pursuant to section 38A(6) of the National Provident Fund Act 1950, authorised by section 72 of the National Provident Fund Restructuring Act 1990.

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	33,200	33,200

Reasons for Change in Appropriation

The Crown is liable for deficiencies in specified superannuation schemes of the National Provident Fund which arose during the year due to reduced returns on investments.

Expected Results

	2008/09		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
The Crown's liability to the National Provident Fund will be correctly recorded in the Financial Statements of the Government.	N/A	Unqualified audit opinion	Unqualified audit opinion

National Provident Fund Schemes - Liability Under Crown Guarantee PLA (M31)

Scope of Appropriation

This appropriation is limited to the net increase (excluding actuarial gains and losses) in the Crown's liability for benefits payable to members of National Provident Fund schemes under the Crown guarantee in section 60 of the National Provident Fund Restructuring Act 1990. This appropriation is authorised by section 66 of the National Provident Fund Restructuring Act 1990.

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	71,000	71,000

Reasons for Change in Appropriation

Any movement in the provision for payment by the Crown under section 60 of the National Provident Fund Restructuring Act is now either accounted as an expense requiring appropriation (being the interest cost on unwinding of the discount rate) or a remeasurement (for actuarial gains and losses).

Expected Results

	2008/09		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
The Crown's liability for benefits payable to members of the National Provident schemes will be correctly recorded in the Financial Statements of the Government.	N/A	Unqualified audit opinion	Unqualified audit opinion

National Rail Network Improvements (M31)*Scope of Appropriation*

This appropriation is limited to the upgrade of the national rail network.

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	25,000	(18,750)	6,250

Reasons for Change in Appropriation

During the year, rail appropriations were restructured resulting in this appropriation being reduced to help give effect to the establishment of a new appropriation - Rail Transport Upgrade and Growth Projects.

New Zealand Railways Corporation Transaction Costs of Purchasing Toll NZ Limited (M31)*Scope of Appropriation*

This appropriation is limited to reimbursing NZRC for the transaction costs of purchasing Toll NZ Limited.

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	5,000	5,000

Reasons for Change in Appropriation

A new appropriation was required for reimbursing New Zealand Railways Corporation for the transaction costs of purchasing Toll NZ Limited.

Expected Results

	2008/09		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Payment to New Zealand Railways Corporation made in accordance with the actual transaction costs incurred by the Corporation.	N/A	Achieved	Achieved

New Zealand Railways Corporation Wiri Inland Port Rail Link (M31)

Scope of Appropriation and Expenses

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$'000
New Zealand Railways Corporation Wiri Inland Port Rail Link (M31) This appropriation is limited to the construction by the New Zealand Railways Corporation of a rail siding and associated works at the Wiri Inland Port. Commences: 3 November 2008 Expires: 30 June 2009	Original Appropriation	6,000
	Adjustments to 2007/08	-
	Adjustments for 2008/09	-
	Adjusted Appropriation	6,000
	Actual to 2007/08 Year End	-
	Estimated Actual for 2008/09	6,000
	Estimated Actual for 2009/10	-
	Estimated Appropriation Remaining	-

Reasons for Change in Appropriation

This is a new appropriation established during 2008/09 to fund the construction of the Wiri Inland Port Rail Link.

Expected Results

	2008/09		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Payments are made in accordance with the agreed project plan.	N/A	Achieved	Achieved

ONTRACK Operating and Maintenance Costs (M31)*Scope of Appropriation*

This appropriation is limited to the national rail network operating and maintenance expenses incurred by ONTRACK that are not recoverable from the Rail Network operator through the National Rail Access Agreement.

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	28,000	(21,000)	7,000

Reasons for Change in Appropriation

This appropriation was no longer required following the New Zealand Railway's Corporation's purchase of KiwiRail from the Crown.

Payments in respect of Guarantees and Indemnities PLA (M31)*Scope of Appropriation*

This appropriation is limited to payments by the Crown under a guarantee or indemnity given under section 65ZD of the Public Finance Act 1989, as authorised by section 65ZG of that Act.

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	69,335	69,335

Reasons for Change in Appropriation

This appropriation was required for the payment of guaranteed deposits in Mascot Finance Limited and Strata Finance Limited, that had been guaranteed under the Crown Retail Deposit Guarantee Scheme. The Crown takes over the rights of the depositors and recognises the recovery of any funds from these companies as non-tax revenue.

Expected Results

	2008/09		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
The Crown's liability to guaranteed depositors is correctly recorded in the Financial Statements of The Government.	N/A	Unqualified audit opinion	Unqualified audit opinion

Rail Transport Upgrade and Growth Projects (M31)

Scope of Appropriation and Expenses

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
Rail Transport Upgrade and Growth Projects (M31) This appropriation is limited to increasing transport growth on the rail network through the upgrade, renewal and maintenance of its fleet, terminals, systems and infrastructure. Commences: 22 September 2008 Expires: 30 June 2009	Original Appropriation	33,475
	Adjustments to 2007/08	-
	Adjustments for 2008/09	-
	Adjusted Appropriation	33,475
	Actual to 2007/08 Year End	-
	Estimated Actual for 2008/09	33,475
	Estimated Actual for 2009/10	-
	Estimated Appropriation Remaining	-

Reasons for Change in Appropriation

This appropriation was established during 2008/09 but is repealed from 30 June 2009 following the restructuring and transfer of rail appropriations to Vote Transport from 1 July 2009.

Expected Results

	2008/09		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Payments are made in accordance with the agreed project plan	N/A	Achieved	Achieved

Taitokerau Forests Limited Loan Write-Down (M31)

Scope of Appropriation

This appropriation is limited to the expense incurred on the write-down of existing loans to Taitokerau Forests Limited.

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	37,000	37,000

Reasons for Change in Appropriation

The Crown's loan to Taitokerau Forests Limited was written-down following renegotiation of the loan.

Expected Results

	2008/09		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
The loan write-down was correctly recorded in the Financial Statements of the Crown.	N/A	Unqualified audit opinion	Unqualified audit opinion

Urban Rail Development (M31)*Scope of Appropriation and Expenses*

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
Urban Rail Development (M31)	Original Appropriation	550,000
Funding for electrification, upgrades and maintenance of the Auckland and Wellington metropolitan rail networks.	Adjustments to 2007/08	25,000
	Adjustments for 2008/09	(491,691)
Commences: 1 July 2007	Adjusted Appropriation	83,309
Expires: 30 June 2009	Actual to 2007/08 Year End	5,231
	Estimated Actual for 2008/09	78,078
	Estimated Actual for 2009/10	-
	Estimated Appropriation Remaining	-

Reasons for Change in Appropriation

The reduction of \$491.691 million in the Adjustments for 2008/09 balance is due to the repeal of this appropriation on 30 June 2009 following the restructure and transfer of rail appropriations to Vote Transport from 1 July 2009.

Wellington Railway Station Expenses (M31)*Scope of Appropriation*

This appropriation is limited to maintenance and depreciation of the Wellington Railway Station building.

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	562	(562)	-

Reasons for Change in Appropriation

Ownership of the Wellington Railway Station transferred from the Crown to New Zealand Railways Corporation on 30 June 2008 and therefore this appropriation was not required in 2008/09.

Wellington Regional Council Suspensory Loan Expense on Initial Recognition (M31)

Scope of Appropriation

This appropriation is limited to the expense incurred on the initial recognition of Wellington Regional Council suspensory loans.

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	8,202	8,202

Reasons for Change in Appropriation

The undrawn amount of the Wellington Regional Council suspensory loan was transferred from 2007/08 to 2008/09 and therefore an expense transfer was required for the associated expense incurred on initial recognition of the suspensory loans.

Expected Results

	2008/09		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
The expense on initial recognition of the suspensory loan will be correct recorded in the Financial Statements of the Government.	N/A	Unqualified audit opinion	Unqualified audit opinion

Write-off of Capital Charge Receivable (M31)

Scope of Appropriation

This appropriation is limited to expenses incurred as a result of decisions to write off capital charge receivable.

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	18	18

Reasons for Change in Appropriation

Government Shared Network capital charge owing to the Crown was written off following the write-down of the capital investment in the network.

Expected Results

	2008/09		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Capital charge receivable correctly recorded in the Financial Statements of the Government.	-	Unqualified audit opinion	Unqualified audit opinion

Reporting Mechanisms

Appropriation	Reporting Mechanism
Impairment of Loans to Taitokerau Forest Limited	Not reported
Invercargill Airport Suspensory Loan Expense on Initial Recognition	Not reported
Loss on Acquisition of Toll NZ Ltd	Not reported
National Provident Fund - Crown Liability for Scheme Deficiency PLA	Not reported
National Provident Fund Schemes - Liability Under Crown Guarantee PLA	Not reported
New Zealand Railways Corporation Transaction Costs of Purchasing Toll NZ Limited	Annual report of KiwiRail (New Zealand Railways Corporation)
New Zealand Railways Corporation Wiri Inland Port Rail Link MYA	Annual report of KiwiRail (New Zealand Railways Corporation)
Payments in respect of Guarantees and Indemnities PLA	Not reported
Taitokerau Forests Limited Loan Write-Down	Not reported
Wellington Regional Council Suspensory Loan Expense on Initial Recognition	Not reported
Write-off of Capital Charge Receivable	Not reported

The above table indicates the mechanisms to be used for reporting actual performance for each non-departmental other expenses appropriation.

Part 6 - Details and Expected Results for Capital Expenditure

Part 6.1 - Departmental Capital Expenditure

The Treasury - Capital Expenditure PLA (M31)

Scope of Appropriation

This appropriation is limited to the purchase or development of assets by and for the use of the The Treasury, as authorised by section 24(1) of the Public Finance Act 1989.

Capital Expenditure

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	983	445	1,428
Intangibles	544	35	579
Other	-	-	-
Total Appropriation	1,527	480	2,007

Reasons for Change in Appropriation

The increase is due to earlier than forecast replacement of PC computers with mobile tablets and the purchase of additional IT equipment and furniture for the establishment of the Crown Retail Deposit Guarantee Scheme and Wholesale Funding Guarantee Facility.

Part 6.2 - Non-Departmental Capital Expenditure

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Purchase of equity to provide additional working capital for the upgrade and purchase of assets.	Crown Rail Operator Equity Injection MYA
Loan to KiwiRail to refinance its debt with Toll Finance (NZ) Limited.	Crown Rail Operator Loans
Suspensory loan to Invercargill Airport for border security equipment.	Invercargill Airport Suspensory Loan
Provision of capital to New Zealand Railways Corporation to allow it to purchase KiwiRail from the Crown.	New Zealand Railways Corporation Increase in Capital for the Purchase of the Crown Rail Operator
Debt facility to enable KiwiRail to refinance its debt with Toll Finance (NZ) Limited.	New Zealand Railways Corporation Loans
Loan to the Port Nicholson Block Settlement Trust to purchase Shelly Bay properties from the Crown in accordance with the Deed of Settlement.	Port Nicholson Block Settlement Trust Loan
Capital injection to restore Public Trust's capital adequacy to the guideline level and maintain public confidence in Public Trust.	Public Trust Capital Injection
Crown's purchase of Toll NZ Ltd's rail and related business, and associated costs.	Purchase of Toll NZ Ltd's Rail Business and Associated Costs
Loan facility to keep Taitokerau Forests Limited trading, thereby protecting the objectives of the original agreement between the Crown and participating Māori trusts and incorporations.	Taitokerau Forests
Equity injection to provide Timberlands West Coast with working capital.	Timberlands West Coast Equity Injection
Suspensory loans to Wellington Regional Council to improve Wellington urban passenger services.	Wellington Regional Council Suspensory Loan

Crown Rail Operator Equity Injection (M31)

Scope of Appropriation and Expenditure

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
Crown Rail Operator Equity Injection (M31)	Original Appropriation	6,774
This appropriation is limited to the purchase of equity in the Crown rail operator to provide additional working capital for the upgrade and purchase of assets.	Adjustments to 2007/08	-
	Adjustments for 2008/09	-
Commences: 14 July 2008	Adjusted Appropriation	6,774
Expires: 30 June 2009	Actual to 2007/08 Year End	-
	Estimated Actual for 2008/09	6,774
	Estimated Actual for 2009/10	-
	Estimated Appropriation Remaining	-

Reasons for Change in Appropriation

This appropriation was established during 2008/09 but will expire on 30 June 2009 following the restructuring and transfer of rail appropriations to Vote Transport from 1 July 2009.

Crown Rail Operator Loans (M31)

Scope of Appropriation

This appropriation is limited to loans to the Crown rail operator for the purposes of refinancing debt and providing short term capital.

Capital Expenditure

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	140,000	140,000

Reasons for Change in Appropriation

A debt facility was provided to KiwiRail to refinance its debt with Toll Finance (NZ) Limited.

International Financial Institutions PLA (M31)

Scope of Appropriation

This appropriation is limited to capital expenditure for shares subscribed to by New Zealand as a member of International Financial Institutions, authorised by section 5 of the International Finance Agreements Act 1961.

Capital Expenditure

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	200,000	445,000	645,000

Reasons for Change in Appropriation

The increase is due to additional contributions to the International Monetary Fund (IMF) as a result of higher demand for IMF led lending programmes to countries impacted by the global financial crisis.

Invercargill Airport Suspensory Loan (M31)

Scope of Appropriation

This appropriation is limited to the provision of loans to Invercargill Airport for border security equipment.

Capital Expenditure

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	1,500	1,500

Reasons for Change in Appropriation

The loan was not required in 2007/08 and therefore it was transferred to 2008/09.

Landcorp Protected Land Agreement (M31)

Scope of Appropriation

Purchase (including by reinvesting cash dividends) of redeemable preference shares in Landcorp under the Protected Land Agreement.

Capital Expenditure

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	11,000	15,208	26,208

Reasons for Change in Appropriation

During 2008/09 the Crown purchased redeemable preference shares in Landcorp equivalent to dividend payments made of \$13 million, as further payment for land transferred under the Protected Land Agreement during 2007/08. In addition, a cash payment of \$13.208 million was made to Landcorp following the transfer of additional land under the Protected Land Agreement.

New Zealand Railways Corporation Increase in Capital for the Purchase of the Crown Rail Operator (M31)

Scope of Appropriation

This appropriation is limited to increasing the capital of the New Zealand Railways Corporation for the purposes of providing capital for the purchase from the Crown of the Crown Rail Operator.

Capital Expenditure

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	690,000	690,000

Reasons for Change in Appropriation

Capital was provided to New Zealand Railways Corporation to allow it to purchase KiwiRail from the Crown.

New Zealand Railways Corporation Loans (M31)

Scope of Appropriation

This appropriation is limited to loans to the New Zealand Railways Corporation to fund rail capital projects and provide working capital.

Capital Expenditure

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	55,000	55,000

Reasons for Change in Appropriation

New debt funding was provided to New Zealand Railways Corporation for new locomotives, working capital and a servicing contract buy-out obligation.

ONTRACK Equity Injection (M31)*Scope of Appropriation*

This appropriation is limited to the purchase of equity in ONTRACK to provide additional working capital.

Capital Expenditure

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	16,400	(16,400)	-

Reasons for Change in Appropriation

This appropriation was cancelled following a restructuring of rail appropriations during 2008/09, as funding was no longer required to pay for land release costs subsequent to the Crown's sale to NZRC.

ONTRACK Loans (M31)*Scope of Appropriation*

This appropriation is limited to loans to ONTRACK, to fund a range of rail infrastructure capital projects.

Capital Expenditure

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	63,005	(63,005)	-

Reasons for Change in Appropriation

This appropriation was cancelled following a restructuring of rail appropriations during 2008/09.

Port Nicholson Block Settlement Trust Loan (M31)

Scope of Appropriation

This appropriation is limited to a loan to the Port Nicholson Block Settlement Trust for the purchase of properties at Shelly Bay, Wellington.

Capital Expenditure

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	15,268	15,268

Reasons for Change in Appropriation

A loan was provided to the Port Nicholson Block Settlement Trust to purchase Shelly Bay properties from the Crown in accordance with the Deed of Settlement. This transaction will be fiscally neutral.

Public Trust Capital Injection (M31)

Scope of Appropriation

This appropriation is limited to providing a capital injection to the Public Trust.

Capital Expenditure

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	20,000	20,000

Reasons for Change in Appropriation

A capital injection was made to restore Public Trust's capital adequacy to the guideline level and maintain public confidence in Public Trust.

Purchase of Toll NZ Ltd's Rail Business and Associated Costs (M31)

Scope of Appropriation

This appropriation provides for the purchase of Toll NZ Ltd's rail and related business, and associated costs.

Capital Expenditure

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	690,000	690,000

Reasons for Change in Appropriation

A capital injection to New Zealand Railways Corporation was required to provide it with the capital to purchase KiwiRail from the Crown. This transaction will be fiscally neutral.

Taitokerau Forests (M31)

Scope of Appropriation

This appropriation is limited to the provision of loans to Taitokerau Forests Ltd for forest management and development.

Capital Expenditure

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	1,700	1,700

Reasons for Change in Appropriation

A loan facility was provided to keep Taitokerau Forests Limited trading, thereby protecting the objectives of the original agreement between the Crown and participating Māori trusts and incorporations.

Timberlands West Coast Equity Injection (M31)

Scope of Appropriation

This appropriation is limited to the purchase of equity in Timberlands West Coast to provide additional working capital.

Capital Expenditure

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	3,800	3,800

Reasons for Change in Appropriation

An equity injection was provided to Timberlands West Coast to increase its working capital.

Wellington Regional Council Suspensory Loan (M31)

Scope of Appropriation

This appropriation is limited to the provision of loans to Wellington Regional Council to purchase, lease and upgrade passenger rail units, carriages and locomotives.

Capital Expenditure

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	13,408	13,408

Reasons for Change in Appropriation

The undrawn portion of this loan appropriation was transferred from 2007/08 to 2008/09.

Reporting Mechanisms

Appropriation	Reporting Mechanism
Crown Rail Operator Equity Injection	Annual report of New Zealand Railways Corporation (KiwiRail Group)
Crown Rail Operator Loans	Annual report of New Zealand Railways Corporation (KiwiRail Group)
Invercargill Airport Suspensory Loan	Not reported
New Zealand Railways Corporation Increase in Capital for the Purchase of the Crown Rail Operator	Annual Report of New Zealand Railways Corporation (KiwiRail Group)
New Zealand Railways Corporation Loans	Annual Report of New Zealand Railways Corporation (KiwiRail Group)
Port Nicholson Block Settlement Trust Loan	Not reported
Public Trust Capital Injection	Annual report of the Public Trust
Purchase of Toll NZ Ltd's Rail Business and Associated Costs	Not reported
Taitokerau Forests	Not reported
Timberlands West Coast Equity Injection	Annual report of Timberlands West Coast (ceased trading 31 December 2008)
Wellington Regional Council Suspensory Loan	Not reported

The above table indicates the mechanisms to be used for reporting actual results for each non-departmental capital expenditure appropriation.