



## Racing Briefing

Hon John Carter  
Minister for Racing

**Title:** Budget 2009 Line-by-Line Review – Vote Racing

**Date:** 4 February 2009

### Key issues

As input for Budget 2009, by 1pm on Thursday 5 February 2009 you are required to provide a submission to the Minister of Finance with the outcome of a Line-by-Line Review of Vote Racing and present any Budget initiatives.

Action sought	Timeframe
<b>Note</b> the contents of this briefing.	
<b>Sign and forward</b> the attached submission for Vote Racing to the Minister of Finance.	1pm, 5 February 2009

### Contact for telephone discussion (if required)

Name	Position	Telephone		Suggested first contact
		direct line	after hours	
Brendan Boyle	Chief Executive	<i>[information deleted in order to protect the privacy of natural persons, including deceased people]</i>		
Shirley Smith	Chief Financial Officer			

Return to: *[deleted – privacy]*

DMS file reference: DIA/Corporate 600852DB

Ministerial database reference: BSB2009000015

**Purpose of briefing**

1. In your role as Minister for Racing you are required to provide a submission to the Minister of Finance with the outcome of a Line-by-Line Review of Vote Racing and present any Budget initiatives for consideration as part of Budget 2009.

**Background**

2. The Minister of Finance in a letter dated 17 December 2008 briefed you on the priorities and process for the 2009 Budget and the beginning of a value for money review process. In preparation for Budget 2009, Departmental Chief Executives were asked to complete line-by-line reviews of expenditure by 5 February 2009.
3. The Department has already completed a review of budget issues for 2009-12 and is actively working to control costs, make savings and demonstrate value for money in the services we provide. Our aim is to respond in a professional way to the recession, which impacts on all New Zealanders, and meet the expectations of the Prime Minister as outlined at his 3 December 2008 meeting with Departmental Chief Executives. Our focus is to control costs and make savings so that services to Ministers and the public are not compromised and the Department delivers improved value for money within existing baselines.
4. This briefing provides you with financial information for the Vote.
5. Vote Racing is one of six votes administered by the Department of Internal Affairs, with a total Vote of \$5.005 million representing 1.4% of total Vote expenditure managed through the Department and 0.008% of all government expenditure.

	Budget 2008/09 \$million	% of Category
Departmental output expenses	0.370	0.2%
Non-departmental expenses	4.635	3.2%
<b>Total Vote</b>	<b>5.005</b>	<b>1.4%</b>

The scope and trends for the Vote are outlined in Appendix 1.

**Election Commitments**

6. The Minister of Finance has asked if there are any election commitments specific to this Vote, with the expectation that there will not be bids for the funding of initiatives which were not election campaign commitments. We are not aware of any election commitments for Vote Racing. However the National Party racing policy committed to continuing the current funding schemes.

**Previous Government's Unfunded Commitments**

7. The Minister of Finance has asked you to consider the steps necessary to reverse any specific pre-commitments of the previous government which were announced but were to be to be paid out of future Budgets.
8. There were no tagged contingencies in Budget 2008 for this Vote.

9. The Pre-election Economic and Fiscal Update (PREFU) included a list of fiscal risks arising from policy choices which Ministers in the previous government were considering. There were no risks published in the PREFU for this Vote.

### Summary of Vote Expenditure

10. The Departmental Output Expense Policy Advice – Racing has the following outputs:
- i. Racing Policy Advice
  - ii. Ministerial Correspondence and Questions and
  - iii. Administration of Crown Funding in relation to racing.
11. There are two Non-departmental Other Expenses within Vote Racing, namely:
- i. Racing Promotion and Sponsorship Scheme
  - ii. Racing Safety Development Fund.
12. Each expense category is described in Appendix 2. A breakdown of Departmental expenditure by inputs is included in Appendix 3.

### 2008/09 Forecast Outturn

13. There is forecast under expenditure for departmental expenditure in 2008/09 that could be offered as savings for re-prioritisation.

#### Departmental

	Budget \$million	Forecast Outturn \$million	Variance \$million	MBU <sup>1</sup> Changes \$million	Balance \$million	Comments
Policy Advice - Racing	0.370	0.270	0.100	-	0.100	Permanent savings due to delays in administration work
<b>Total Departmental Expenditure</b>	<b>0.370</b>	<b>0.270</b>	<b>0.100</b>	<b>-</b>	<b>0.100</b>	

This is a one-off saving, due to the delayed start of Racing Promotion and Sponsorship Scheme.

#### Non-Departmental

14. There is no forecast under expenditure for non-departmental expenditure in 2008/09 that could be offered as savings for re-prioritisation.

	Budget \$million	Forecast Outturn \$million	Variance \$million
Racing Safety Development Fund	1.635	1.635	-
Racing Promotion and Sponsorship Scheme	3.000	3.000	-
<b>Total Non-Departmental Expenditure</b>	<b>4.635</b>	<b>4.635</b>	<b>-</b>

<sup>1</sup> March Baseline Update

## Reviewing priorities

15. The Department has reported to you separately on the review of key initiatives in the 2008/09 Output Plan for Vote Racing for the balance of the year, and agreed any changes to better align the priorities with those of the Government. This briefing also sought your views on draft three year work priorities looking out to 2012 that will be used by the Department to shape the Estimates of Appropriation and Statement of Intent for 2009-12. This document was also designed to enable you to select your top priorities to be able to inform the Prime Minister by 5 February 2009 of your choices.

## Budget 2009 and Savings Identified

Title	Description	\$ millions					
		2008/09	2009/10	2010/11	2011/12	2012/13	Outyears
Policy Advice Racing	Permanent savings due to delays in administration work for 2008/09 only	0.100	-	-	-	-	-
		0.100	0.000	0.000	0.000	0.000	0.000

16. This is a one-off saving, due to the delayed start of Racing Promotion and Sponsorship Scheme.

## Emergency Pressures

17. There are no Budget initiatives for this Vote.

## Future Focus Opportunities

18. No future focus opportunities have been identified.

## Consequential Impacts and Long-term Risks

*[Information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*

## Recommendations

19. The recommendations are that you:

- a) **Note** the contents of this briefing.
- b) **Sign and forward** the attached submission for Vote Racing to the **Yes/No** Minister of Finance by 1pm, 5 February 2009.

Brendan Boyle  
Chief Executive

Hon John Carter  
Minister for Racing

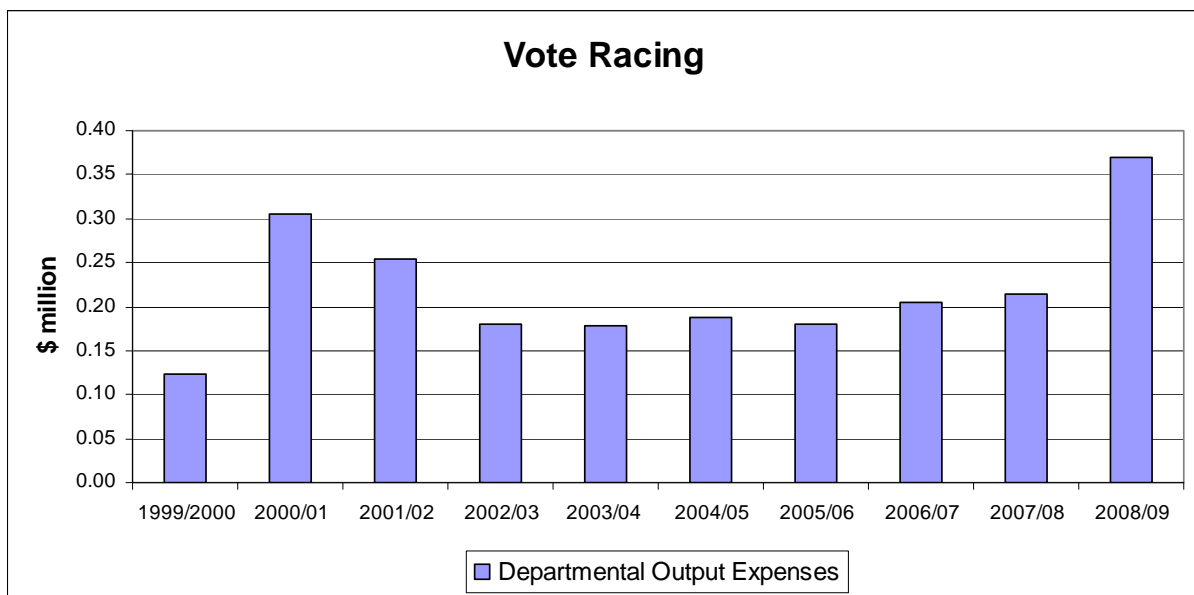
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## Appendix 1

### Scope and Trends for the Vote

#### Departmental Expenditure

Departmental output expenditure for this Vote has varied between \$123,000 in 1999/2000, peaked at \$305,000 in 2000/01 and decreased to \$178,000 in 2003/04. The increases in 2000/01 and 2001/02 were for a review of racing industry structures. Expenditure was relatively stable until 2008/09 when it increased due the establishment of the Racing Promotion and Sponsorship Scheme, and increased administrative costs for the Racing Safety Development Fund.



#### Non-Departmental Expenditure

There was no non-departmental expenditure until 2007/08 when the Racing Safety Development Fund, with an annual appropriation of \$1.000 million, was established. From 2008/09 to 2010/11 expenditure increased due to the establishment of the Racing Promotion and Sponsorship Scheme, which has an annual appropriation of \$3.000 million.

## Appendix 2

### Expense Categories

#### Departmental Expenditure

**Policy Advice – Racing** has the following outputs:

- Racing Policy Advice  
This output involves the provision of policy advice on matters relating to racing and sports betting and the racing industry generally.
- Ministerial Correspondence and Questions  
This output covers draft replies to ministerial correspondence, Official Information Act 1982 requests, Ombudsman's inquiries and parliamentary questions.
- Administration of Crown Funding in relation to racing  
This output covers the administration of Crown funds in relation to the Racing Promotion and Sponsorship Scheme and the Racing Safety Development Fund.

#### Non-Departmental Expenditure

##### Non-Departmental Other Expenses

- Racing Promotion and Sponsorship Scheme  
This appropriation is limited to funding to match racing industry contributions towards promoting feature horse and greyhound racing carnivals and to bolster stake money in feature races.
- Racing Safety Development Fund  
A contestable fund to match racing industry contributions towards enhancing workplace safety and raising the quality of facilities at racecourses.

## Appendix 3

### Breakdown of Departmental Expenditure for the Vote by Area of Input

1. Departmental expenditure in each of the output areas of Vote Racing falls across a range of inputs. The type of expenditure reductions undertaken will be guided in part by the ability to vary expenditure across the different inputs. The chart below provides a breakdown of the input costs for the Vote.
2. Personnel costs account for \$0.146 million of total expenditure and represent an area where reductions are difficult to implement in the short-term without a restructuring of the organisation.
3. Operating costs represent \$0.161 million of total expenditure. A reduction in this area is possible in the short term but with consequential implications for outputs delivered.
4. Shared Services charges are \$0.063 million of total expenditure and are incurred for support such as Human Resources, Information Technology, Finance, Planning and Performance, Property and Procurement Services.

