

23 March 2010

FUNDING FOR THE NZ 2011 OFFICE

Purpose

This report seeks Ministers' agreement on the phasing of \$5.0m over three financial years (2009/10 to 2011/12) for the operation of the NZ 2011 Office, as agreed in principle by Cabinet in June 2009.

Action Sought

	Action Sought	Deadline
Minister for Economic Development	Agree to the recommendations.	24 March 2010
Minister of Energy and Resources	Forward to the Minister of Finance for his consideration.	
Minister of Finance	Agree to the recommendations.	24 March 2010

Ministry Contacts

Name	Position and Unit	Telephone		1 ST Contact
		Work	After Hours	
Neville Harris	Deputy Secretary	[withheld under S9 (2) (a)]	[withheld under S9 (2) (a)]	✓
[withheld under S9 (2) (g) (i)]	Policy Analyst	[withheld under S9 (2) (a)]	[withheld under S9 (2) (a)]	

23 March 2010

Minister for Economic Development
Minister of Energy and Resources
Minister of Finance

FUNDING FOR THE NZ 2011 OFFICE

Executive Summary

In June 2009, EGI agreed in principle to provide up to \$5.0m for the operation of the NZ 2011 Office over the financial years 2009/10 to 2011/12 [EGI Min (09) 13/7 refers].¹ EGI also authorised the Finance, Economic Development, and Energy and Resources Ministers to finalise the amount and phasing of that expenditure in September 2009.

Officials seek Ministers' agreement to phase \$5.0m over the period 2009/10 through 2011/12 for the operation of the NZ 2011 Office. This funding is needed to enable the Office to operate at the level required to carry out the activities contained within the business plan that has recently been agreed with Rugby World Cup Ministers.

Recommended Action

It is recommended that Ministers:

- i **Note** that the reallocation of up to \$5.0m of under-expenditure from Vote Energy and Vote Economic Development for the operation of the NZ 2011 Office was approved by Cabinet in June 2009 [CAB Min (09) 23/7 refers];
- ii **Note** that the Finance, Economic Development and Energy and Resources Ministers were authorised to determine the final size of the allocation and its phasing over 2009/10 through 2011/12;
- iii **Agree** to allocate \$5.0m over three years for the operation of the NZ 2011 Office, to enable the Office to operate at the level required to carry out the activities contained in the business plan that was recently agreed with Rugby World Cup Ministers;

Agree / Disagree

¹ This funding comprised under-expenditure identified in Vote Economic Development and Vote Energy.

- iv **Approve** the following increase to the Vote Economic Development Policy Advice and Sector Leadership – Firm Capability, Sectoral and Regional Development appropriation, with an impact on the operating balance:

Vote Economic Development Minister for Economic Development	\$m – increase/(decrease)				
	2009/10	2010/11	2011/12	2012/13	2013/14 & Outyears
Departmental Output Expense:					
Policy Advice and Sectoral Leadership – Firm Capability, Sectoral and Regional Development	0.750	2.750	1.500	-	-

Approve / Disapprove

- v **Agree** that the Minister of Finance and Minister for Economic Development be delegated authority to transfer any under-expenditure in one year to the next financial year, should the actual timing or cost structure of Office operations differ from current projections, with the final amount to be confirmed as part of the October Baseline Update following the presentation of the Ministry of Economic Development audited financial statements.

Agree / Disagree

Neville Harris
Deputy Secretary

Hon Bill English
Minister of Finance

Hon Gerry Brownlee
Minister for Economic Development
Minister of Energy and Resources

FUNDING FOR THE NZ 2011 OFFICE

Purpose of Report

- 1 This report seeks Ministers' agreement on the phasing of \$5.0m over three financial years (2009/10 to 2011/12) for the operation of the NZ 2011 Office, as agreed in principle by Cabinet in June 2009.

Background

- 2 On 29 June 2009, Cabinet:
- a noted the estimated under-spends in Vote Economic Development and Vote Energy for 2008/09;
 - b agreed in principle to increase the departmental output expense Policy Advice and Sector Leadership – Firm Capability, Sectoral and Regional Development in Vote Economic Development by up to \$5.0m over three financial years (2009/10 to 2011/12) for the operation of an office responsible for co-ordinating the efforts around showcasing New Zealand both on and offshore (the NZ 2011 Office) in the lead up to the Rugby World Cup; and,
 - c authorised the Minister of Finance, the Minister for Economic Development, and the Minister of Energy and Resources to determine the size and split in funding between 2009/10, 2010/11 and 2011/12, with the final amounts to be confirmed in September 2009.

[CAB Min (09) 23/7, refers EGI Min (09) 13/7]

Amount and Phasing of Expenditure

- 3 The final audited under-expenditure in Vote Economic Development and Vote Energy for 2008/09 (adjusted for Expense Transfers In Principle) totals \$11.19m. This is sufficient to meet the agreed in-principle reallocation of \$5.0m for the operation of the New Zealand 2011 Office.
- 4 It is proposed that Ministers approve \$5.0m for the operation of the NZ 2011 Office over the three financial years (2009/10 to 2011/12), as agreed in principle. The proposed phasing of this expenditure is as follows:

	2009/10	2010/11	2011/12	Total
Departmental Output Expense:				
Policy Advice and Sectoral Leadership – Firm Capability, Sectoral and Regional Development	0.750	2.750	1.500	5.000

- 5 The phasing reflects the timing of activities contained in the business plan that has recently been agreed with Ministers. This will see the intensity of operations

increase throughout 2010/11 and in the period immediately before, and during, the tournament window.

Purpose of Expenditure

- 6 The funding is sought for the operation of the NZ 2011 Office as it gears up to deliver on the Government's leverage and legacy objectives for the Rugby World Cup. The NZ 2011 Office's work programme has recently been agreed with Rugby World Cup Ministers, and is reflected in its business plan.
- 7 In order to deliver the full complement of festival and business leveraging activities within the \$5.0m operating budget, the permanent Office staff (4 FTEs) is being complemented by secondees from several government agencies. Currently, 10 secondees are contributing to the operations of the Office. The contribution of secondees can change from month to month, depending on the number and complexity of activities at hand.
- 8 These factors, coupled with the short time since establishment of the Office (approximately six months), mean that the timing and precise phasing of the Office's operating budget over the next three years cannot be forecast with certainty. It is possible that further appropriation adjustments may be required to carry forward funding to future years where there is under-expenditure.

Timing

- 9 Should you agree, we propose to give effect to this decision through the Baseline Alignment Proposal process. This necessitates us having this paper agreed by both Ministers no later than 24 March 2010. Agreement by this date will enable us to update CFISnet to reflect the proposed changes by 5pm Thursday 25 March which is the deadline for changes as decided by Budget Ministers last week.