

# *Vote Finance*

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MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister of Finance (M31), Minister for State Owned Enterprises (M65), Minister for Infrastructure (M80), Minister of Science and Innovation (M84)

ADMINISTERING DEPARTMENT: The Treasury

MINISTER RESPONSIBLE FOR THE TREASURY: Minister of Finance

## Overview of the Vote

The Minister of Finance is responsible for appropriations in Vote Finance for the 2011/12 financial year which covers the following:

- Over \$9 million for the operation of the New Zealand Export Credit Office, managing and administering Crown liabilities, Crown Guarantee Schemes, Crown Investments, Crown lending, Crown Bank accounts and providing advice to Government on these services.
- Over \$44 million for activities supporting the budget process, fiscal management and reporting and for policy advice and ministerial servicing on matters related to fiscal, macroeconomic, regulation, state sector performance, budget strategy, management of Crown liabilities, claims against the Crown and Crown properties.
- Nearly \$6 million for scoping activities related to initial policy and scoping work to extend the Mixed Ownership Model.
- Over \$3,600 million for the payment of interest and other costs relating to the Crown's debt.
- Over \$720 million for superannuation costs, primarily Government Superannuation Fund.
- \$220 million for capital payments to International Financial Institutions.
- Over \$17 million for administering New Zealand House, London costs.
- Nearly \$2 million for providing and administering grants and loans to Taitokerau Forests Limited.
- Over \$2 million for transfer of equity in Disputes Resolution Services Limited from ACC to the Crown.
- Over \$2 million for Treasury capital expenditure.
- Over \$1 million for unclaimed money, managing Crown's residual liabilities and provisions for meeting liabilities associated with Geothermal Wells.
- Nearly \$5 million for inquiries and research into productivity related matters.

The Minister of Finance is also responsible for Crown revenue and receipts in the Vote for the 2011/12 financial year, which covers over \$3,500 million in non-tax revenue for return on investments including capital charge, dividends from state-owned enterprises and interest on securities and deposits.

The Minister for Infrastructure is responsible for one appropriation in Vote Finance for the 2011/12 financial year which covers over \$4 million for policy advice and coordination of the Government's infrastructure activities.

The Minister for State Owned Enterprises is responsible for one appropriation in Vote Finance for the 2011/12 financial year which covers nearly \$4 million for Crown company monitoring, governance and ownership advice.

The Minister of Science and Innovation is responsible for one appropriation in Vote Finance for the 2011/12 financial year which covers over \$1 million for Crown Research Institutes governance and ownership advice.

Details of these appropriations are set out in Parts 2-6 for Vote Finance in the *Information Supporting the Estimates of Appropriations*.

# Details of Appropriations

## Details of Annual and Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2010/11		2011/12
	Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Departmental Output Expenses</b>			
<a href="#">Administration of Crown Borrowing PLA (M31)</a> This appropriation is limited to expenses incurred in connection with administering borrowing by the Crown, as authorised by section 61(1) of the Public Finance Act 1989.	5,231	5,231	5,276
<a href="#">Administration of Derivative Transactions PLA (M31)</a> This appropriation is limited to expenses incurred in connection with administering derivative transactions of the Crown, as authorised by section 65H(2) of the Public Finance Act 1989.	1,092	1,092	1,008
<a href="#">Administration of Guarantees and Indemnities given by the Crown PLA (M31)</a> 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.	6,551	4,582	1,820
<a href="#">Administration of Investment of Public Money PLA (M31)</a> This appropriation is limited to expenses incurred in connection with administering the investment of public money, as authorised by section 65J(1) of the Public Finance Act 1989.	803	803	820
<a href="#">Crown Company Monitoring Advice to the Minister for State-Owned Enterprises and Other Responsible Ministers (M65)</a> This appropriation is limited to the provision of ownership, performance monitoring and governance advice to the Minister for State Owned Enterprises and other responsible Ministers in respect of the Ministers' shareholding responsibilities or as responsible Ministers for the New Zealand Lotteries Commission and Public Trust.	-	-	3,948
<a href="#">Crown Company Monitoring Advice to the Minister of Science and Innovation and the Minister for Economic Development (M84)</a> This appropriation is limited to the provision of ownership, performance monitoring, and governance advice to the Minister of Science and Innovation and other responsible Ministers in respect of the Ministers' shareholding responsibilities.	-	-	1,074
<a href="#">Extending the Mixed Ownership Model (M31)</a> This appropriation is limited to policy, operational, and transactional work to extend the Mixed Ownership Model.	-	-	5,900
<a href="#">Infrastructure Advice and Coordination (M80)</a> This appropriation is limited to the provision of advice to the Government and to Government agencies on infrastructure, ensuring coordination and implementation of the Government's infrastructure activities, the formulation and implementation of the National Infrastructure Plan, monitoring of infrastructure investment and frameworks, and operation of the National Infrastructure Advisory Board.	4,824	4,808	4,580
<a href="#">Management and Administration of Financial Operations on behalf of the Crown (M31)</a> This appropriation is limited to the implementation of the Government's Export Guarantees policy, the operation of the New Zealand Export Credit Office, and the provision of advice on, and management of, Crown Guarantee Schemes, Crown lending, Crown Bank Accounts and Crown Investments.	-	-	7,522
<a href="#">Policy Advice - Finance (M31)</a> This appropriation is limited to activities supporting the budget process, fiscal management and reporting, the management of liabilities, claims against the Crown and Crown properties, and policy advice and ministerial services regarding fiscal, economic, tax and regulatory matters and state sector performance.	-	-	44,897

Titles and Scopes of Appropriations by Appropriation Type	2010/11		2011/12
	Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Departmental Output Expenses - cont'd</b>			
<b>Crown Guarantee Schemes (M31)</b> This appropriation is limited to the implementation and operation of the Crown's Deposit Guarantee Scheme and Crown's Wholesale Funding Guarantee Facility excluding expenses incurred in connection with administrating claims under a guarantee or indemnity given under the scheme.	2,739	1,814	-
<b>Establishment and Monitoring Crown Investment in AMI (M31)</b> This appropriation is limited to the negotiation and establishment of the Crown's investment in AMI and the ongoing monitoring of that investment.	1,650	770	-
<b>Establishment of the New Zealand Productivity Commission (M31)</b> This appropriation is limited to the establishment costs of the New Zealand Productivity Commission.	645	630	-
<b>Macro Economic Policy Advice &amp; Management MCOA (M31)</b>	13,850	13,747	-
<i>Economic and Tax Forecasting</i> This output class is limited to the preparation of economic and tax forecasts, and monitoring of and reporting on economic and tax conditions.	2,481	2,481	-
<i>Fiscal Management</i> This output class is limited to the development of the Budget strategy and advice, and activities of the annual Budget process.	2,328	2,328	-
<i>Fiscal Reporting</i> This output class is limited to preparing fiscal forecasts, monitoring of and reporting on fiscal conditions, preparing the financial statements of the Government, providing advice on the application and development of generally accepted accounting practice as it applies to the Crown, and monitoring the adequacy of departmental financial management controls.	3,082	3,082	-
<i>Management of Crown Lending and Crown Bank Accounts</i> This output class is limited to the management of Crown lending and Crown and Departmental bank accounts.	552	552	-
<i>Policy Advice: Fiscal and Macroeconomic</i> This output class is limited to the provision of fiscal and macroeconomic policy advice.	5,407	5,304	-
<b>State Sector and Economic Performance Policy Advice and Management MCOA (M31)</b>	33,401	32,748	-
<i>Management of Liabilities, Claims Against the Crown and Crown Properties</i> Management of contractual or Treaty of Waitangi related claims against the Crown and the management of New Zealand House, London.	653	653	-
<i>New Zealand Export Credit Office</i> Implementation of the Government's Export Credit Guarantees policy and operation of the New Zealand Export Credit Office.	3,255	2,925	-
<i>Policy Advice: Economic Performance</i> Policy advice on the Government's economic strategy and policy settings and their effect on New Zealand's economic growth.	15,845	15,782	-
<i>Policy Advice: State Sector Performance</i> 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.	13,648	13,388	-
<b>Total Departmental Output Expenses</b>	<b>70,786</b>	<b>66,225</b>	<b>76,845</b>

Titles and Scopes of Appropriations by Appropriation Type	2010/11		2011/12
	Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Non-Departmental Output Expenses</b>			
<b>Inquiries and Research into Productivity Related Matters MCOA (M31)</b>	1,210	1,210	4,691
<i>Inquiries into Productivity - Related Matters</i>	1,160	1,160	4,222
This output class is limited to inquiries undertaken by the New Zealand Productivity Commission in accordance with the New Zealand Productivity Commission Act 2010.			
<i>Research into and Promotion of Productivity - Related Matters</i>	50	50	469
This output class is limited to the New Zealand Productivity Commission undertaking research into and promoting public understanding of productivity related matters in accordance with the New Zealand Productivity Commission Act 2010.			
<b>Management of New Zealand House, London (M31)</b>	600	600	1,000
This appropriation is limited to the property management services in respect of New Zealand House, London.			
<b>Management of the Crown's Obligations for Geothermal Wells (M31)</b>	211	211	151
This appropriation is limited to the management and maintenance relating to geothermal wells and associated sites and structures for which the Crown accepts responsibility.			
<b>Management of the New Zealand Superannuation Fund (M31)</b>	350	320	528
This appropriation is limited to managing the New Zealand Superannuation Fund on behalf of the Crown.			
<b>2025 Productivity Taskforce (M31)</b>	148	148	-
This appropriation is limited to the fees and expenses of members of the Taskforce appointed to carry forward work on the productivity gap with Australia, and the fees and expenses for any other advice that the Taskforce may commission.			
<b>Total Non-Departmental Output Expenses</b>	2,519	2,489	6,370
<b>Non-Departmental Borrowing Expenses</b>			
<b>Debt Servicing PLA (M31)</b>	3,031,738	3,031,738	3,651,689
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.			
<b>Total Non-Departmental Borrowing Expenses</b>	3,031,738	3,031,738	3,651,689
<b>Non-Departmental Other Expenses</b>			
<b>Crown Residual Liabilities (M31)</b>	230	47	230
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.			
<b>Geothermal Wells Fund (M31)</b>	500	-	500
This appropriation is limited to meeting the costs of one-off unforeseen events relating to those geothermal wells for which the Crown accepts responsibility.			
<b>Government Superannuation Appeals Board (M31)</b>	50	10	50
This appropriation is limited to the expenses of the Government Superannuation Appeals Board in performing its functions under the Government Superannuation Fund Act 1956.			
<b>Government Superannuation Fund Authority - Crown's Share of Expenses PLA (M31)</b>	24,760	24,760	24,760
This appropriation is limited to the Crown's share of the expenses of the Government Superannuation Fund Authority relating to the management and administration of the Government Superannuation Fund and the schemes, authorised by sections 15E and 95 of the Government Superannuation Act 1956.			

Titles and Scopes of Appropriations by Appropriation Type	2010/11		2011/12
	Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Non-Departmental Other Expenses - cont'd</b>			
<b>Government Superannuation Fund Unfunded Liability PLA (M31)</b> 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.	629,128	629,128	636,155
<b>Impairment of Loans to Taitokerau Forest Limited (M31)</b> This appropriation is limited to the expense incurred on the impairment of new loans to Taitokerau Forests Limited.	1,500	800	<b>800</b>
<b>National Provident Fund Schemes - Liability Under Crown Guarantee PLA (M31)</b> 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.	58,700	58,700	59,000
<b>New Zealand House, London (M31)</b> This appropriation is limited to the operational costs of New Zealand House, London.	14,700	14,700	<b>16,200</b>
<b>Taitokerau Forests Limited Grant (M31)</b> This appropriation is limited to grants to Taitokerau Forests Limited for on-payment to forest owners, payable upon harvest of the forests.	469	120	<b>300</b>
<b>Unclaimed Money PLA (M31)</b> This appropriation is limited to the repayment of money authorised by section 74(5) of the Public Finance Act 1989.	250	250	250
<b>Unclaimed Trust Money PLA (M31)</b> This appropriation is limited to the repayment of money authorised by section 70(2) of the Public Finance Act 1989.	250	250	250
<b>Additional Payments to Facilitate Full Payout under the Crown Retail Deposit Guarantee Scheme. (M31)</b> This appropriation is limited to payments under the Crown Retail Deposit Guarantee Scheme additional to those covered by the PLA required to facilitate full payout. This includes payments to ineligible investors in entities which default under the Deed of Guarantee up to 12 October 2010 plus a contingency to ensure that payments to the Trustee cover the full costs of paying out all debenture holders.	150,000	150,000	-
<b>Earthquake Commission (M31)</b> This appropriation is limited to the remediation of residential land that was damaged in the 2010 Canterbury earthquake to a higher standard than required by the Earthquake Commission Act.	141,100	141,100	-
<b>Earthquake Commission - Land Insurance Payments (M31)</b> This appropriation is limited to insurance payments to the owners of damaged land in the Canterbury region where the cost of land remediation is greater than the insured value of the land.	5,000	5,000	-
<b>GST Compensation for Government Superannuation Fund and National Provident Fund recipients (M31)</b> This appropriation is limited to compensation for recipients of the Government Superannuation Fund and the National Provident Fund due to increases in GST between 1 October 2010 and 27 April 2011.	10,000	10,000	-
<b>Impairment of Crown's interest in AMI (M31)</b> This appropriation is limited to the impairment of equity investment in AMI.	500,000	500,000	-

	2010/11		2011/12
	Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Titles and Scopes of Appropriations by Appropriation Type</b>			
<b>National Provident Fund - Crown liability for Scheme Deficiency PLA (M31)</b> 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.	16	16	-
<b>Payment in respect of Export Credit Office Guarantees and Indemnities PLA (M31)</b> This appropriation is limited to payments by the Crown under export credit guarantees or indemnities given under Section 65ZD of the Public Finance Act 1989, as authorised by section 65ZG of that Act.	186	186	-
<b>Payments in respect of Guarantees and Indemnities PLA (M31)</b> 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.	1,547,116	1,547,116	-
<b>Total Non-Departmental Other Expenses</b>	3,083,955	3,082,183	738,495
<b>Departmental Capital Expenditure</b>			
<b>The Treasury - Capital Expenditure PLA (M31)</b> This appropriation is limited to the purchase or development of assets by and for the use of the Treasury, as authorised by section 24(1) of the Public Finance Act 1989.	1,457	1,397	2,218
<b>Total Departmental Capital Expenditure</b>	1,457	1,397	2,218
<b>Non-Departmental Capital Expenditure</b>			
<b>Dispute Resolution Services Limited Equity Transfer (M31)</b> This appropriation is limited to the transfer of equity of Dispute Resolution Services Limited from ACC to the Crown with shareholding Ministers being the Minister of Finance and Minister for ACC.	-	-	2,050
<b>International Financial Institutions PLA (M31)</b> 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.	148,000	148,000	220,000
<b>Taitokerau Forests (M31)</b> This appropriation is limited to the provision of loans to Taitokerau Forests Ltd for forest management and development.	1,500	800	800
<b>AMI Equity Injection (M31)</b> This appropriation is limited to the purchase of equity in AMI.	500,000	500,000	-
<b>Asian Development Bank PLA (M31)</b> This appropriation is limited to capital expenditure by New Zealand as a member of the Asian Development Bank Agreement, authorised by section 3 of the International Finance Agreements Amendment Act 1966.	65,125	65,125	-
<b>Landcorp Protected Land Agreement (M31)</b> Purchase (including by reinvesting cash dividends) of redeemable preference shares in Landcorp under the Protected Land Agreement.	27,047	19,047	-
<b>Loan in Respect to Guarantees and Indemnities for the Crown Retail Deposit Guarantee Scheme (M31)</b> This appropriation is limited to a loan in respect of guarantees and indemnities for the Crown Retail Deposit Guarantee Scheme in Vote Finance.	175,000	175,000	-
<b>New Zealand Productivity Commission Capital (M31)</b> This appropriation is limited to providing a capital injection to the New Zealand Productivity Commission.	500	500	-
<b>Total Non-Departmental Capital Expenditure</b>	917,172	908,472	222,850
<b>Total Annual and Permanent Appropriations</b>	7,107,627	7,092,504	4,698,467

# Details of Projected Movements in Departmental Net Assets

## The Treasury

Details of Net Asset Schedule	2010/11 Estimated Actual \$000	2011/12 Projected \$000	Explanation of Projected Movements in 2011/12
Opening Balance	6,342	5,742	
Capital Injections	-	-	
Capital Withdrawals	(600)	(100)	Capital provided for the Treasury's accommodation project in 2003-2005 is being repaid to the Crown.
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
<b>Closing Balance</b>	<b>5,742</b>	<b>5,642</b>	