

Vote Finance

MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister of Finance (M31), Minister for State Owned Enterprises (M65), 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 2012/13 financial year which cover the following:

- Over \$20 million for the provision of services which support the performance of the State sector including fiscal reporting, forecasting and monitoring, provision of Export Credit, managing, administering and monitoring Crown Guarantee Schemes, Crown Lending, Crown Investments, and Crown Bank accounts.
- Over \$35 million for the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to Finance.
- Nearly \$103 million for the implementation and direct costs associated with the Mixed Ownership Model in a Multi-Year appropriation covering the period 2011/12 to 2014/15.
- Over \$8 million for the provision of shared services to other entities and agencies.
- Nearly \$3,700 million for the payment of interest and other costs relating to the Crown's debt.
- Nearly \$720 million for superannuation costs, primarily The Government Superannuation Fund.
- \$220 million for capital payments to International Financial Institutions.
- Over \$17 million for costs for administering New Zealand House, London.
- Nearly \$2 million for providing and administering grants and loans to Taitokerau Forests Limited.
- Nearly \$2 million for Treasury departmental capital expenditure.
- Over \$3 million for unclaimed money, additional farm costs payable to Landcorp, managing the Crown's residual liabilities, and provisions for meeting liabilities associated with Geothermal Wells, and \$30 million for the unwind of the AMI discount rate expense.
- Over \$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 2012/13 financial year which accounts for over \$3,200 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 State Owned Enterprises is responsible for one appropriation in Vote Finance for the 2012/13 financial year which covers over \$4.600 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 2012/13 financial year which covers nearly \$800,000 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 | 2011/12 | | 2012/13 |
|---|-------------------|------------------------------|-----------------|
| | Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Departmental Output Expenses | | | |
| <i>Administration of Crown Borrowing PLA (M31)</i> | 4,374 | 4,374 | 5,010 |
| 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. | | | |
| <i>Administration of Derivative Transactions PLA (M31)</i> | 951 | 951 | 1,126 |
| 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. | | | |
| <i>Administration of Guarantees and Indemnities given by the Crown PLA (M31)</i> | 1,820 | 1,820 | 1,069 |
| 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. | | | |
| <i>Administration of Investment of Public Money PLA (M31)</i> | 609 | 609 | 772 |
| 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. | | | |
| <i>Crown Company Monitoring Advice to the Minister for State-Owned Enterprises and Other Responsible Ministers (M65)</i> | 4,131 | 3,931 | 4,617 |
| 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. | | | |
| <i>Crown Company Monitoring Advice to the Minister of Science and Innovation and the Minister for Economic Development (M84)</i> | 778 | 778 | 757 |
| 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. | | | |
| <i>Policy Advice - Finance (M31)</i> | 48,385 | 47,119 | 35,291 |
| This appropriation is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to Finance. | | | |
| <i>Provision of Financial Operations Services and Operational Advice (M31)</i> | 8,222 | 7,872 | 19,335 |
| This appropriation is limited to the provision of services which support the performance of the State sector, including fiscal reporting, forecasting and monitoring; provision of Export Credit; and the management, administration and monitoring of Crown Guarantee Schemes, Crown Lending, Crown Investments and Crown Bank Accounts. | | | |
| <i>Provision of Financial Services to the New Zealand Local Government Funding Agency RDA (M31)</i> | 250 | 250 | 465 |
| This appropriation is limited to expenses incurred in connection with the provision of financial services on a commercial basis to the New Zealand Local Government Funding Agency (LGFA). | | | |
| <i>Shared Support Services (M31)</i> | 3,000 | 3,000 | 8,000 |
| This appropriation is limited to provision of support services to other agencies. | | | |
| <i>Extending the Mixed Ownership Model (M31)</i> | 3,497 | 3,497 | - |
| This appropriation is limited to policy, operational, and transactional work to extend the Mixed Ownership Model. | | | |

| Titles and Scopes of Appropriations by Appropriation Type | 2011/12 | | 2012/13 |
|---|-------------------|------------------------------|-----------------|
| | Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Departmental Output Expenses - cont'd | | | |
| <i>Infrastructure Advice and Coordination (M31)</i> | 4,325 | 4,225 | - |
| 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. | | | |
| Total Departmental Output Expenses | 80,342 | 78,426 | 76,442 |
| Non-Departmental Output Expenses | | | |
| <i>Inquiries and Research into Productivity Related Matters MCOA (M31)</i> | 4,691 | 4,691 | 5,028 |
| <i>Inquiries into Productivity - Related Matters</i> | 4,222 | 4,222 | 4,525 |
| 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> | 469 | 469 | 503 |
| 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. | | | |
| <i>Management of New Zealand House, London (M31)</i> | 1,000 | 1,000 | 1,000 |
| This appropriation is limited to the property management services in respect of New Zealand House, London. | | | |
| <i>Management of the Crown's Obligations for Geothermal Wells (M31)</i> | 216 | 216 | 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. | | | |
| <i>Management of the New Zealand Superannuation Fund (M31)</i> | 348 | 348 | 528 |
| This appropriation is limited to managing the New Zealand Superannuation Fund on behalf of the Crown. | | | |
| Total Non-Departmental Output Expenses | 6,255 | 6,255 | 6,707 |
| Non-Departmental Borrowing Expenses | | | |
| <i>Debt Servicing PLA (M31)</i> | 3,457,514 | 3,457,514 | 3,689,533 |
| 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. | | | |
| Total Non-Departmental Borrowing Expenses | 3,457,514 | 3,457,514 | 3,689,533 |
| Non-Departmental Other Expenses | | | |
| <i>Crown Residual Liabilities (M31)</i> | 230 | 230 | 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. | | | |
| <i>Geothermal Wells Fund (M31)</i> | 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. | | | |
| <i>Government Superannuation Appeals Board (M31)</i> | 50 | 50 | 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. | | | |

| Titles and Scopes of Appropriations by Appropriation Type | 2011/12 | | 2012/13 |
|--|-------------------|------------------------------|-----------------|
| | Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| <i>Government Superannuation Fund Authority - Crown's Share of Expenses PLA (M31)</i> 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. | 24,760 | 24,760 | 24,599 |
| <i>Government Superannuation Fund Unfunded Liability PLA (M31)</i> 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. | 515,291 | 515,291 | 673,284 |
| <i>Impairment of Loans to Taitokerau Forest Limited (M31)</i> This appropriation is limited to the expense incurred on the impairment of new loans to Taitokerau Forests Limited. | 1,500 | 250 | 800 |
| <i>National Provident Fund Schemes - Liability Under Crown Guarantee PLA (M31)</i> 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. | 29,000 | 29,000 | 37,000 |
| <i>New Zealand House, London (M31)</i> This appropriation is limited to the operational costs of New Zealand House, London. | 16,200 | 16,200 | 15,450 |
| <i>Taitokerau Forests Limited Grant (M31)</i> This appropriation is limited to grants to Taitokerau Forests Limited for on-payment to forest owners, payable upon harvest of the forests. | 683 | 51 | 200 |
| <i>Unclaimed Money PLA (M31)</i> This appropriation is limited to the repayment of money authorised by section 74(5) of the Public Finance Act 1989. | 250 | 250 | 250 |
| <i>Unclaimed Trust Money PLA (M31)</i> This appropriation is limited to the repayment of money authorised by section 70(2) of the Public Finance Act 1989. | 250 | 250 | 250 |
| <i>Unwind of Discount Rate used in the Present Value Calculation of Payment under Crown Deed of Support with AMI (M31)</i> This appropriation is limited to the expense incurred in unwinding the discount rate used in the present value calculation of the liability as the liability nears settlement. | 7,000 | 7,000 | 30,000 |
| <i>Crown Residual Liabilities - Crown Research Institutes (M84)</i> Payments made in relation to indemnities provided by the Crown to CRIs when they were established, relating to settling legal claims against the former science departments, cleaning up contaminated sites, meeting various statutory requirements, and reimbursing CRIs for redundancy payments in relation to staff not retained. | 752 | - | - |
| <i>National Provident Fund - Crown liability for Scheme Deficiency PLA (M31)</i> 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. | 2,500 | 2,500 | - |
| <i>Payments in respect of Guarantees and Indemnities PLA (M31)</i> 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. | 121 | 121 | - |

| Titles and Scopes of Appropriations by Appropriation Type | 2011/12 | | 2012/13 |
|--|-------------------|------------------------------|-----------------|
| | Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Non-Departmental Other Expenses - cont'd | | | |
| <i>Rugby World Cup 2011 - Crown share PLA (M31)</i> This appropriation is limited to providing for the Crown share of the payment obligation under the Shareholders Agreement in relation to Rugby World Cup 2011, as authorised by section 65ZG of the Public Finance Act 1989. | 108,112 | 108,112 | - |
| Total Non-Departmental Other Expenses | 707,199 | 704,065 | 782,613 |
| Departmental Capital Expenditure | | | |
| <i>The Treasury - Capital Expenditure PLA (M31)</i> 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. | 3,391 | 3,393 | 1,900 |
| Total Departmental Capital Expenditure | 3,391 | 3,393 | 1,900 |
| Non-Departmental Capital Expenditure | | | |
| <i>International Financial Institutions PLA (M31)</i> 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. | 175,000 | 175,000 | 220,000 |
| <i>Landcorp Protected Land Agreement (M31)</i> Purchase (including by reinvesting cash dividends) of redeemable preference shares in Landcorp under the Protected Land Agreement. | 11,700 | 2,000 | 2,000 |
| <i>New Zealand House, London, capital (M31)</i> This appropriation is limited to capital expenditure in relation to New Zealand House, London. | - | - | 750 |
| <i>Taitokerau Forests (M31)</i> This appropriation is limited to the provision of loans to Taitokerau Forests Ltd for forest management and development. | 1,500 | 250 | 800 |
| <i>Crown Asset Management Limited (CAML) Equity Injection (M31)</i> This appropriation is limited to the capital injection for CAML to purchase and manage assets of receiverships under the Deposit Guarantee Scheme and other residual Crown assets. | 500,000 | 500,000 | - |
| Total Non-Departmental Capital Expenditure | 688,200 | 677,250 | 223,550 |
| Total Annual and Permanent Appropriations | 4,942,901 | 4,926,903 | 4,780,745 |

Details of Multi-Year Appropriations

| Type, Title, Scope and Period of Appropriations | Appropriations, Adjustments and Use | \$000 |
|--|--|---|
| Departmental Output Expenses | | |
| <i>Implementation of Mixed Ownership Model (M31)</i> This appropriation is limited to the policy, operational, and transactional work to implement the Mixed Ownership Model. Commences: 15 December 2011 Expires: 30 June 2015 | Original Appropriation Adjustments to 2010/11 Adjustments for 2011/12 Adjusted Appropriation Actual to 2010/11 Year End Estimated Actual for 2011/12 Estimated Actual for 2012/13 Estimated Appropriation Remaining | 46,802 - - 46,802 - 26,802 15,000 5,000 |
| Non-Departmental Other Expenses | | |
| <i>Direct Sale costs for Implementing the Mixed Ownership Model (M31)</i> This appropriation is limited to the direct sales costs of implementing the Mixed Ownership Model. Commences: 15 December 2011 Expires: 30 June 2015 | Original Appropriation Adjustments to 2010/11 Adjustments for 2011/12 Adjusted Appropriation Actual to 2010/11 Year End Estimated Actual for 2011/12 Estimated Actual for 2012/13 Estimated Appropriation Remaining | 56,000 - - 56,000 - 20,000 26,000 10,000 |

Details of Projected Movements in Departmental Net Assets

The Treasury

| Details of Net Asset Schedule | 2011/12 Estimated Actual \$000 | 2012/13 Projected \$000 | Explanation of Projected Movements in 2012/13 |
|---|---|-------------------------------|---|
| Opening Balance | 5,742 | 8,957 | |
| Capital Injections | 3,315 | - | |
| Capital Withdrawals | (100) | - | |
| Surplus to be Retained (Deficit Incurred) | - | - | |
| Other Movements | - | - | |
| Closing Balance | 8,957 | 8,957 | |