

The Treasury

Budget 2012 Information Release

Release Document

June 2012

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- [1] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government
- [2] 6(c) - to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.



Date: 22 February 2012

To: Minister of Finance

Aide Memoire: Additional information on timeframe for costs relating to the establishment of the Advanced Technology Institute

Background

You expressed an interest in receiving more information from Treasury on what timing of costs for the ATI we think is realistic. Outlined below is MSI's updated ATI funding proposal, along with Treasury's preferred option.

At the Budget Ministers' meeting on Monday 20th February, Treasury noted it was unlikely MSI could spend the proposed amount for the ATI in the timeframe given. Particularly, we considered it unrealistic that any significant spending could occur in this financial year, or that spending in 2012/13 would be at the same level as outyears.

MSI's updated proposal

Subsequent to a meeting with Minister Joyce, MSI has proposed a new timeframe for costs related to the establishment of the ATI, which we think is more realistic. The new timeframe shifts all operational funding forward by a year, and reallocates the 2011/12 capital into future years. The Ministry is interested in putting this funding into a contingency, which would be drawn down on the basis of an indicative business case in April/May 2012.

Original MSI proposal for ATI funding

\$000	2011/12	2012/13	2013/14	2014/15	2015/16
Operating	15000	30000	30000	30000	30000
Capital	11900	15000	15600	18200	14500

Updated MSI proposal for ATI funding

\$000	2011/12	2012/13	2013/14	2014/15	2015/16
Operating	0	15000	30000	30000	30000
Capital	0	11900	20000	20600	23600

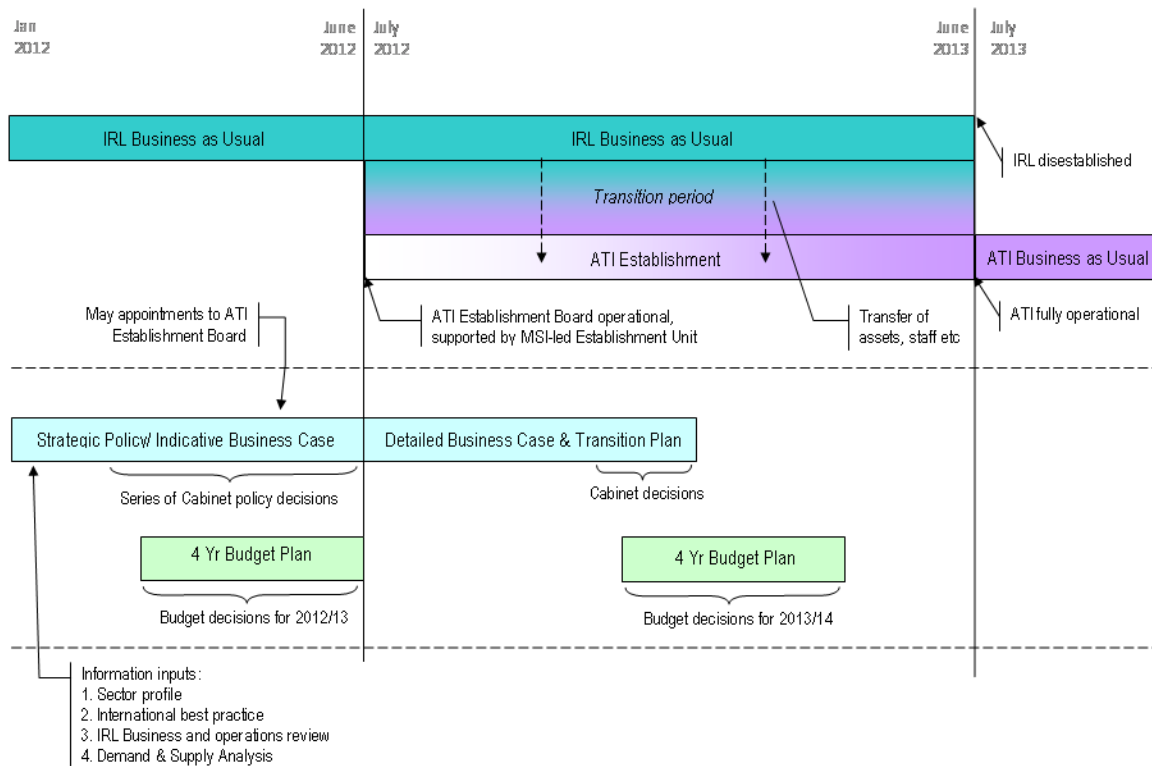
Treasury's views

We think there is scope to further reduce the operating funding levels in the short term, to allow for the establishment and uptake of the ATI.

[6]

The diagram from MSI below shows that the

establishment of the ATI is expected to continue throughout 2012/13, with the institute becoming fully operational in July 2013. A detailed business case and transition plan will be completed mid-way through 2012/13.



We expect that significant operating costs will start around halfway through 2012/13, after the new ATI staff are in place (following the detailed business case and transition plan). Once new staff are in place, costs are likely to slowly ramp up as the institute makes a place for itself and awareness from businesses grows.

Treasury therefore proposes that the operating funding for the ATI is increased more slowly than MSI's suggested timeframe. Our proposal assumes that the ATI will run at slightly more than half-capacity for the second half of 2012/13, and at 2/3 capacity in 2013/14. We have not yet discussed our proposed timeframe with MSI.

Treasury proposal for ATI funding

\$000	2011/12	2012/13	2013/14	2014/15	2015/16
Operating	0	10000	20000	30000	30000
Capital	0	11900	20000	20600	23600

[3]

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