

The Treasury

Budget 2012 Information Release

Release Document

June 2012

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Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

- [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
- [3] 9(2)(a) - to protect the privacy of natural persons, including deceased people
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- [5] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [6] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [7] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [8] 9(2)(h) - to maintain legal professional privilege
- [9] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [10] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [11] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [12] 9(2)(ba)(i) - to prevent prejudice to the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied.

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, an [4] appearing where information has been withheld in a release document refers to section 9(2)(b)(ii).

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.



Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Budget 2012: Vote Energy

On 23 April 2012, Cabinet:

- 1 **approved** the Budget initiatives for the above Vote for inclusion in the 2012 Budget package, as listed in the summary below and detailed in the attached initiative documents;

Summary of initiatives included in the attached initiative documents:

Operating Initiatives (Impact on Operating Balance)

| Initiative ID | Initiative Name | \$m - increase/(decrease) | | | | |
|------------------------|--|---------------------------|--------------|--------------|--------------|--------------------|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 & Outyears |
| 7350 | New Zealand's Oil Stock Reserve Requirements | - | 2.160 | - | - | - |
| 7351 | Whirinaki Fuel Storage Costs | - | 0.600 | - | - | - |
| 7359 | Biodiesel Programme Savings | (7.000) | - | - | - | - |
| 7432 | Efficiency Savings Technical Adjustment | - | 0.177 | 0.177 | 0.177 | 0.177 |
| Total Operating | | (7.000) | 2.937 | 0.177 | 0.177 | 0.177 |

- 2 **approved** the changes to appropriations to implement the initiatives, as set out in the attached initiative documents;
- 3 **agreed** that the changes to appropriations for 2011/12 above be included in the 2011/12 Supplementary Estimates;
- 4 **authorised** the Minister of Finance and the Vote Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2011/12 Supplementary Estimates, the 2012/13 Estimates and the fiscal forecasts;
- 5 **authorised** the chief executives of departments that monitor Crown entities directly affected by decisions in this minute to inform the chair and/or chief executive of a Crown entity, on a budget-in-confidence-until-budget-day basis, of decisions that directly affect that Crown entity for the purpose of planning and preparation of their Statement of Intent;

- 6 **noted** that all communications relating to the 2012 Budget are co-ordinated by a Budget communications committee, and that any requests for early announcement will need to have both the written approval of the Minister of Finance and sign-off from the Prime Minister's office.

Secretary of the Cabinet

References: CAB (12) 154; CAB (12) 155

Initiative No: 7350

Vote: Energy

Title: New Zealand's Oil Stock Reserve Requirements

Description: To meet the International Energy Agency oil stock reserve requirement for the 2012/13 financial year.

Appropriation Changes

| | \$m - increase/(decrease) | | | | |
|--------------------------|---------------------------|--------------|---------|---------|--------------------|
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 & Outyears |
| Operating Balance Impact | - | 2.160 | - | - | - |
| Debt Impact | - | - | - | - | - |
| No Impact | - | - | - | - | - |
| Total | - | 2.160 | - | - | - |

| | \$m - increase/(decrease) | | | | |
|---|---------------------------|--------------|---------|---------|--------------------|
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 & Outyears |
| Non-Departmental Output Expense: | | | | | |
| Management of IEA Oil Stocks | - | 2.160 | - | - | - |
| Total Operating | - | 2.160 | - | - | - |
| Total Capital | - | - | - | - | - |

Initiative No: 7351

Vote: Energy

Title: Whirinaki Fuel Storage Costs

Description: To provide for the storage of surplus fuel from the sale of the Whirinaki power plant until the fuel is disposed of.

Appropriation Changes

| | \$m - increase/(decrease) | | | | |
|--------------------------|---------------------------|--------------|---------|---------|--------------------|
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 & Outyears |
| Operating Balance Impact | - | 0.600 | - | - | - |
| Debt Impact | - | - | - | - | - |
| No Impact | - | - | - | - | - |
| Total | - | 0.600 | - | - | - |

| | \$m - increase/(decrease) | | | | |
|---|---------------------------|--------------|---------|---------|--------------------|
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 & Outyears |
| Non-Departmental Output Expense: | | | | | |
| Maintenance and Operation of Whirinaki | - | 0.600 | - | - | - |
| Total Operating | - | 0.600 | - | - | - |
| Total Capital | - | - | - | - | - |

Initiative No: 7359

Vote: Energy

Title: Biodiesel Programme Savings

Description: \$7.000 million from the Biodiesel Grants Scheme (2011/12) is to be returned to the Crown as savings.

Appropriation Changes

| | \$m - increase/(decrease) | | | | |
|--------------------------|---------------------------|---------|---------|---------|--------------------|
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 & Outyears |
| Operating Balance Impact | (7.000) | - | - | - | - |
| Debt Impact | - | - | - | - | - |
| No Impact | - | - | - | - | - |
| Total | (7.000) | - | - | - | - |

| | \$m - increase/(decrease) | | | | |
|---|---------------------------|---------|---------|---------|--------------------|
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 & Outyears |
| Non-Departmental Other Expenses: | | | | | |
| Biodiesel Grants | (7.000) | - | - | - | - |
| Total Operating | (7.000) | - | - | - | - |
| Total Capital | - | - | - | - | - |

Initiative No: 7383

Vote: Energy

Title: Market for Financial Transmission Rights

Description: To establish a market for Financial Transmission Rights, as required by the Electricity Industry Act 2010.

Appropriation Changes

| | \$m - increase/(decrease) | | | | |
|--------------------------|---------------------------|---------|---------|---------|--------------------|
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 & Outyears |
| Operating Balance Impact | - | - | - | - | - |
| Debt Impact | - | - | - | - | - |
| No Impact | - | 0.692 | 0.960 | 0.960 | 0.960 |
| Total | - | - | - | - | - |

| | \$m - increase/(decrease) | | | | |
|---|---------------------------|---------|---------|---------|--------------------|
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 & Outyears |
| Non-Tax Revenue: | | | | | |
| Levy on Electricity Industry | - | 0.692 | 0.960 | 0.960 | 0.960 |
| Non-Departmental Output Expense: | | | | | |
| Electricity Industry Governance and Market Operations | - | 0.692 | 0.960 | 0.960 | 0.960 |
| Total Operating | - | - | - | - | - |
| Total Capital | - | - | - | - | - |

Initiative No: 7432

Vote: Energy

Title: Efficiency Savings Technical Adjustment

Description: To return the efficiency savings to the 3 per cent target of the revised baseline, taking into account the transfer of Emissions Trading Scheme functions to the Environmental Protection Authority.

Appropriation Changes

| | \$m - increase/(decrease) | | | | |
|--------------------------|---------------------------|--------------|--------------|--------------|--------------------|
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 & Outyears |
| Operating Balance Impact | - | 0.177 | 0.177 | 0.177 | 0.177 |
| Debt Impact | - | - | - | - | - |
| No Impact | - | - | - | - | - |
| Total | - | 0.177 | 0.177 | 0.177 | 0.177 |

| | \$m - increase/(decrease) | | | | |
|---|---------------------------|--------------|--------------|--------------|--------------------|
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 & Outyears |
| Departmental Output Expense: | | | | | |
| Policy Advice – Energy and Resource Issues (funded by revenue Crown) | - | 0.177 | 0.177 | 0.177 | 0.177 |
| Total Operating | - | 0.177 | 0.177 | 0.177 | 0.177 |
| Total Capital | - | - | - | - | - |