

Information Supporting the Supplementary Estimates

Vote Communications

MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister for Communications and Information Technology (M88)

ADMINISTERING DEPARTMENT: Ministry of Business, Innovation and Employment

MINISTER RESPONSIBLE FOR MINISTRY OF BUSINESS, INNOVATION AND EMPLOYMENT:
Minister for Economic Development

Part 1 - Summary of the Vote

Part 1.3 - Trends in the Vote

Summary of Financial Activity

| | 2012/13 | | | | |
|-----------------------------------------------------------------------|--------------------|---------------------------------------|-----------------------------------------------|--------------------------------|----------------|
| | Estimates \$000 | Supplementary Estimates | | | Total \$000 |
| | | Departmental Transactions \$000 | Non- Departmental Transactions \$000 | Total Transactions \$000 | |
| Appropriations | | | | | |
| Output Expenses | 29,398 | 461 | 5,380 | 5,841 | 35,239 |
| Benefits and Other Unrequited Expenses | - | N/A | - | - | - |
| Borrowing Expenses | - | - | - | - | - |
| Other Expenses | 97,370 | - | 47,065 | 47,065 | 144,435 |
| Capital Expenditure | 100,200 | - | 65,000 | 65,000 | 165,200 |
| Intelligence and Security Department Expenses and Capital Expenditure | - | - | N/A | - | - |
| Total Appropriations | 226,968 | 461 | 117,445 | 117,906 | 344,874 |
| Crown Revenue and Capital Receipts | | | | | |
| Tax Revenue | - | N/A | - | - | - |
| Non-Tax Revenue | 59,277 | N/A | - | - | 59,277 |
| Capital Receipts | 27,156 | N/A | (444) | (444) | 26,712 |
| Total Crown Revenue and Capital Receipts | 86,433 | N/A | (444) | (444) | 85,989 |

Part 2 - Details and Expected Performance for Output Expenses

Part 2.1 - Departmental Output Expenses

Management and Enforcement of the Radiocommunications Act 1989 (M88)

Scope of Appropriation

Management of the radio spectrum, including technical arrangements for the allocation of spectrum, representation of New Zealand's international radio spectrum interests, and management of spectrum sales including costs associated with financial assistance for transition of radio licences when a management right is created or spectrum is allocated to a different use.

Expenses and Revenue

| | 2012/13 | | |
|---------------------|--------------------|-------------------------------------|----------------|
| | Estimates \$000 | Supplementary Estimates \$000 | Total \$000 |
| Total Appropriation | 9,797 | 559 | 10,356 |
| Revenue from Crown | 320 | 559 | 879 |
| Revenue from Other | 7,041 | - | 7,041 |

Reasons for Change in Appropriation

This appropriation increased as a result of a \$500,000 approval by Cabinet for "Allocation of the Digital Dividend - Paper 2 - Economic and Technical Considerations" to fund the 700MHz digital dividend auction, and retention of underspend of \$59,000 from 2011/12.

Policy Advice - Communications (M88)

Scope of Appropriation

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.

Reasons for Change in Appropriation

The appropriation decreased from \$3.763 million to \$3.665 million as a result of retention of underspend of \$370,000 to 2013/14, partially offset by an expense transfer of \$272,000 from 2011/12.

Part 2.2 - Non-Departmental Output Expenses

Fibre Drop Costs (M88)

Scope of Appropriation

This appropriation is limited to the cost of fibre connections between schools and UFB and RBI providers' cable in the roadway or network operators' digital microwave radio towers.

Reasons for Change in Appropriation

This appropriation increased from \$7.970 million to \$13.350 million as a result of a \$10.380 million expense transfer from 2011/12 to reflect the roll-out timing of the Rural Broadband Initiative (RBI) and Ultra-fast Broadband (UFB) deployment. This was partially offset by an expense transfer of \$5 million to 2013/14 to accommodate the stage implementation of RBI and UFB to schools.

Part 5 - Details and Expected Results for Other Expenses

Part 5.2 - Non-Departmental Other Expenses

Telecommunications Development Levy Funded Procurement - Deaf Relay Service TSO (M88)

Scope of Appropriation

This appropriation is limited to the purchase of deaf relay services which is offset by the Telecommunications Development Levy.

Reasons for Change in Appropriation

This appropriation increased from \$2.400 million to \$2.465 million as a result of an expense transfer in 2011/12 to accommodate the delay in the availability of CapTel telephones.

Telecommunications Development Levy Funded Procurement - Non-Urban Infrastructure (M88)

Scope of Appropriation

This appropriation is limited to the payment of grants and investment for non-urban infrastructure offset by the Telecommunications Development Levy.

Reasons for Change in Appropriation

This appropriation increased from \$94 million to \$141 million as a result of the staged implementation of the RBI programme. Due to the staged implementation, an expense transfer of \$57 million was made from 2011/12 which was partially offset by an expense transfer of \$10 million to 2013/14 to accommodate the level of funding required.

Part 6 - Details and Expected Results for Capital Expenditure

Part 6.2 - Non-Departmental Capital Expenditure

Broadband Investment (Crown Fibre Holdings Capital Costs) (M88)

Scope of Appropriation and Capital Expenditure

| Type, Title, Scope and Period of Appropriations | Appropriations, Adjustments and Use | \$000 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-----------|
| <i>Broadband Investment (Crown Fibre Holdings Capital Costs) (M88)</i> | Original Appropriation | 408,000 |
| This appropriation is limited to the provision of ongoing investment funding for Crown Fibre Holdings to implement the Government's broadband investment commitment | Adjustments to 2011/12 | - |
| | Adjustments for 2012/13 | 774,500 |
| Commences: 22 August 2011 | Adjusted Appropriation | 1,182,500 |
| Expires: 30 June 2016 | Actual to 2011/12 Year End | - |
| | Estimated Actual for 2012/13 | 165,000 |
| | Estimated Actual for 2013/14 | 200,000 |
| | Estimated Appropriation Remaining | 817,500 |

Reasons for Change in Appropriation

The adjustment made in 2012/13 for \$774.500 million represents a fiscally neutral transfer from an associated annual non-departmental expense Broadband Investment (Crown Company Capital Costs) appropriation to the multi-year appropriation.