

The Treasury

Budget 2015 Information Release

Release Document July 2015

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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
- [3] 6(e)(iv) - to damage seriously the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the entering into of overseas trade agreements.
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- [6a] 9(2)(ba)(ii) - to protect information, where the making available of the information would be likely otherwise to damage the public interest
- [7] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [8] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [8a] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting the collective and individual ministerial responsibility
- [9] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [10] 9(2)(h) - to maintain legal professional privilege
- [11] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [12] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [13] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [14] Not in scope

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, a [4] appearing where information has been withheld in a release document refers to section 9(2)(a).

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.

2015 Budget Package: Vote Canterbury Earthquake Recovery

On 20 April 2015, Cabinet:

- 1 **approved** the Budget initiatives for the above Vote for inclusion in the 2015 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)				
		2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
8752	Departmental Costs after April 2016	-	9.000	-	-	-
8931	Disposal and Divestment Expenses	3.900	4.100	2.100	-	-
8864	Establishment of Anchor Project MCA	(0.437)	(42.663)	43.100	-	-
8863	Establishment of the new Residential Red Zone MCA	-	17.637	(17.637)	-	-
8929	Impairment of Improvements	43.400	13.500	-	-	-
8934	Ownership Expenses	0.400	2.400	2.100	2.100	2.100
8932	Purchase, Demolition, Holding Expenses	9.500	40.900	-	-	-
8982	Reprioritisation of Funding	(12.000)	6.000	6.000	-	-
8930	Vesting of Developments	-	19.500	-	-	-
8928	Vesting of Land and Concessionary Leases	10.600	8.000	2.000	-	-
Total Operating		55.363	78.374	37.663	2.100	2.100

- 2 **approved** changes to appropriations to implement the initiatives, as set out in the attached initiative documents;
- 3 **approved** the additional recommendations to give effect to the initiatives, as set out in the attached initiative documents;

- 4 **agreed** that the changes to appropriations for 2014/15 above be included in the 2014/15 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 5 **authorised** the Minister of Finance and the appropriation Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2014/15 Supplementary Estimates, the 2015/16 Estimates and the fiscal forecasts;
- 6 **noted** that all communications relating to the 2015 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;
- 7 **agreed** that the initiatives in the following table be set aside as contingency items, that corresponding funding for them be set aside in the between-Budget spending contingency, that they be submitted to joint Ministers for consideration at a later stage, and that they expire on 30 June 2016;

Operating Contingency

[8][11][12]

Secretary of the Cabinet

Reference: CAB (15) 173

Vote: Canterbury Earthquake Recovery

Title: Departmental Costs after April 2016

Description: To support the implementation of the recovery after April 2016.

Appropriation Changes

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Operating Balance Impact	-	9.000	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	9.000	-	-	-

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Departmental Output Expenses:					
Managing the Recovery (funded by revenue Crown)	-	6.600	-	-	-
Policy Advice (funded by revenue Crown)	-	2.400	-	-	-
Total Operating	-	9.000	-	-	-
Total Capital	-	-	-	-	-

Vote: Canterbury Earthquake Recovery

Title: Disposal and Divestment Expenses

Description: The disposal and divestment of Anchor Project land in the South Frame, Retail Precinct, Library and Justice Precinct.

Appropriation Changes

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Operating Balance Impact	3.900	4.100	2.100	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	3.900	4.100	2.100	-	-

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Multi-Category Expenses and Capital Expenditure					
Ownership and Divestment of Anchor Projects (MCA)					
Non-Departmental Other Expenses:					
Christchurch Bus Interchange and associated Transport Infrastructure	0.300	0.100	-	-	-
Christchurch Convention Centre	-	-	0.500	-	-
Metro Sports Facility	-	0.200	-	-	-
Public Space	2.900	3.400	1.600	-	-
Sale of Land	0.700	0.400	-	-	-
Total Operating	3.900	4.100	2.100	-	-
Total Capital	-	-	-	-	-

Vote: Canterbury Earthquake Recovery

Title: Establishment of Anchor Project Multi-Category Appropriations

Description: Fiscally neutral adjustments across the forecast period following the establishment of three multi-category appropriations for the development of Anchor Projects in the central city.

Appropriation Changes

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Operating Balance Impact	(0.437)	(42.663)	43.100	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	(0.437)	(42.663)	43.100	-	-

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Non-Departmental Other Expenses:					
Anchor Project Development Costs for the City Frame (MYA)	(0.180)	(31.328)	-	-	-
Anchor Project Development Costs for the Convention Centre (MYA)	(3.223)	-	-	-	-
Anchor Project Development Costs for the Metro Sports Facility (MYA)	(0.764)	(5.369)	-	-	-
Holding Costs for Land Acquired for Anchor Projects (MYA)	(1.009)	-	-	-	-
Anchor Project Development Costs for Te Papa Otakaro / Avon River Precinct (MYA)	(20.603)	(55.709)	-	-	-
Anchor Project Development Costs for the Christchurch Stadium (MYA)	(1.410)	(2.590)	-	-	-
Canterbury Earthquake Memorial (MYA)	(0.806)	-	-	-	-
Implementation of transport solutions to deliver An Accessible City in Christchurch (MYA)	-	(67.519)	-	-	-
Anchor Project Land Acquisition Expenses (MYA)	-	(0.157)	-	-	-

Initiative No: 8864

Bad and Doubtful Debts (MYA)	0.300	0.200	-	-	-
Non-Departmental Capital Expenditure:					
Anchor Project Land Acquisitions	(186.347)	(2.770)	-	-	-
Christchurch Bus Interchange (MYA)	(16.644)	(1.400)	-	-	-
Canterbury Earthquake Memorial (MYA)	-	(8.770)	-	-	-
Christchurch Convention Centre (MYA)	-	(1.000)	-	-	-
Christchurch Metro Sports Facility (MYA)	-	(1.000)	-	-	-
Multi-Category Expenses and Capital Expenditure					
Development of Central City Anchor Projects (MCA)					
Non-Departmental Other Expenses:					
Christchurch Bus Interchange and associated Transport Infrastructure - Operating	2.684	34.235	30.600	-	-
Christchurch Convention Centre - Operating	3.223	-	-	-	-
Christchurch Stadium - Operating	-	4.000	-	-	-
Earthquake Memorial - Operating	0.806	-	-	-	-
Metro Sports Facility - Operating	2.133	4.000	-	-	-
Public Space - Operating	17.746	65.074	-	-	-
Ownership and Divestment of Anchor Projects (MCA)					
Non-Departmental Other Expense:					
Public Space (write off of capital)	-	12.500	12.500	-	-
Procurement and Preparation of Land and Other Assets for the Development of Anchor Projects (MCA)					
Non-Departmental Other Expenses:					
Pre-Development Holding Costs - Operating	0.509	-	-	-	-
Procurement of Land and Assets - Operating	0.157	-	-	-	-

Initiative No: 8864

Development of Central City Anchor Projects (MCA)					
Non-Departmental Capital Expenditure:					
Christchurch Bus Interchange and associated Transport Infrastructure - Capital	16.644	1.400	-	-	-
Christchurch Convention Centre - Capital	-	1.000	-	-	-
Earthquake Memorial - Capital	-	8.770	-	-	-
Metro Sports Facility - Capital	-	1.000	-	-	-
Public Space - Capital	-	12.500	12.500	-	-
Procurement and Preparation of Land and Other Assets for the Development of Anchor Projects (MCA)					
Non-Departmental Capital Expenditure:					
Land and Asset Acquisition - Capital	186.347	2.770	-	-	-
Total Operating	(0.437)	(42.663)	43.100	-	-
Total Capital (impact)	-	-	-	-	-

Additional Recommendations

- 8 **noted** that the Minister of Finance is to be advised on any change of more than \$10.000 million to any category within the three Christchurch Central Recovery Plan multi-category appropriations;
- 9 **noted** that the amounts shown in the appropriation change table for the Multi-Year Appropriations above are changes to the indicative spending profile;
- 10 **authorised** the Minister of Finance and the Minister for Canterbury Earthquake Recovery to make changes to the timing of expenditure across years within the forecast period for the Multi-Category Appropriations: Procurement and Preparation of Land and Other Assets for the Development of Anchor Projects, Development of Central City Anchor Projects and Ownership and Divestment of Anchor Projects;
- 11 **agreed** to vary all the Multi-Year Appropriations in vote Canterbury Earthquake Recovery (other than the Bad and Doubtful Debts Multi-Year Appropriation) so that they end on 30 June 2015;

Initiative No: 8864

- 12 **authorised** the Minister of Finance and the Minister for Canterbury Earthquake Recovery jointly to finalise the expense transfer of unspent balances in the following annual and multi-year appropriations as at 30 June 2015 to the relevant multi-category appropriations following confirmation by Audit New Zealand:

Non-Departmental Other Expenses:

Anchor Project Development Costs for the City Frame (MYA)

Anchor Project Development Costs for the Convention Centre (MYA)

Anchor Project Development Costs for the Metro Sports Facility (MYA)

Holding Costs for Land Acquired for Anchor Projects (MYA)

Anchor Project Development Costs for Te Papa Ōtākaro / Avon River Precinct (MYA)

Anchor Project Development Costs for the Christchurch Stadium (MYA)

Canterbury Earthquake Memorial (MYA)

Non-Departmental Capital Expenditure:

Anchor Project Land Acquisitions

Christchurch Bus Interchange (MYA)

Initiative No: 8863

Vote: Canterbury Earthquake Recovery

Title: Establishment of the New Residential Red Zone Multi-Category Appropriation

Description: Fiscally neutral adjustment of appropriations across the forecast period following the establishment of a new multi-category appropriation for the Residential Red Zone Programme.

Appropriation Changes

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Operating Balance Impact	-	17.637	(17.637)	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	17.637	(17.637)	-	-

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Departmental Output Expense:					
Red Zone Property Acquisition Costs (funded by revenue Crown)	(1.069)	(0.400)	-	-	-
Non-Departmental Other Expenses:					
Acquisition of Canterbury Red Zone properties	(38.496)	(10.000)	-	-	-
Contributions towards legal fees	(1.566)	(0.400)	-	-	-
Red Zone Property Management Costs (MYA)	(1.068)	(22.040)	(60.637)	-	-
Residential Red Zone Property Demolition (MYA)	(13.755)	(7.220)	-	-	-
Mitigation of landslide hazards in the Port Hills	(6.956)	(1.500)	-	-	-
Multi-Category Expenses and Capital Expenditure					
Canterbury Earthquake Recovery Land Ownership and Management (MCA)					
Departmental Output Expense:					
Acquisition and Disposal Expenses (funded by revenue Crown)	0.569	0.900	-	-	-

Initiative No: 8863

Non-Departmental Other Expenses:					
Demolition of Built Structures	13.885	17.090	-	-	-
Management and Clearance of Land	8.445	22.300	43.000	-	-
Mass Movement of Land	0.949	7.507	-	-	-
Purchase of Land and Buildings - Operating	38.496	10.000	-	-	-
Vendor Legal Fees	0.566	1.400	-	-	-
Total Operating	-	17.637	(17.637)	-	-
Total Capital	-	-	-	-	-

Additional Recommendations

- 14 **noted** that the Minister of Finance is to be advised of any changes of more than \$10.000 million to any category with the Canterbury Earthquake Recovery Land Ownership and Management MCA;
- 15 **noted** that the amounts shown in the appropriation change table for the Multi-Year Appropriations above are changes to the indicative spending profile;
- 16 **authorised** the Minister of Finance and Minister for Canterbury Earthquake Recovery to make changes to the timing of expenditure across years within the forecast period for the Multi-Category Appropriation - Canterbury Earthquake Recovery Land Ownership and Management;
- 17 **authorised** the Minister of Finance and Minister for Canterbury Earthquake Recovery jointly to finalise the expense transfer of unspent balances in the following annual and multi-year appropriations as at 30 June 2015 to the relevant multi-category appropriations following confirmation by Audit New Zealand:

Departmental Output Expense:

Red Zone Property Acquisition Costs

Non-Departmental Other Expenses:

Acquisition of Canterbury Red Zone properties

Contributions towards legal fees

Red Zone Property Management Costs (MYA)

Residential Red Zone Property Demolition (MYA)

Mitigation of landslide hazards in the Port Hills

Vote: Canterbury Earthquake Recovery

Title: Impairment of Improvements

Description: To recognise that the Crown is demolishing buildings to allow for the redevelopment of the land for Anchor Projects.

Appropriation Changes

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Operating Balance Impact	43.400	13.500	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	43.400	13.500	-	-	-

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Multi-Category Expenses and Capital Expenditure					
Procurement and Preparation of Land and Other Assets for the Development of Anchor Projects (MCA)					
Non-Departmental Other Expense:					
Procurement of Land and Assets - Operating	43.400	13.500	-	-	-
Total Operating	43.400	13.500	-	-	-
Total Capital	-	-	-	-	-

Initiative No: 8934

Vote: Canterbury Earthquake Recovery

Title: Ownership Expenses

Description: Expenses incurred while owning land and operating assets in the Christchurch central city.

Appropriation Changes

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Operating Balance Impact	0.400	2.400	2.100	2.100	2.100
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	0.400	2.400	2.100	2.100	2.100

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Multi-Category Expenses and Capital Expenditure					
Ownership and Divestment of Anchor Projects (MCA)					
Non-Departmental Other Expense:					
Christchurch Bus Interchange and associated Transport Infrastructure	-	2.300	2.000	2.000	2.000
Public Space	0.400	0.100	0.100	0.100	0.100
Total Operating	0.400	2.400	2.100	2.100	2.100
Total Capital	-	-	-	-	-

Initiative No: 8932**Vote:** Canterbury Earthquake Recovery**Title:** Purchase, Demolition, Holding Expenses**Description:** Expenses incurred in the purchase, preparation for development and holding of Anchor Project land before the start of a physical development.**Appropriation Changes**

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Operating Balance Impact	9.500	40.900	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	9.500	40.900	-	-	-

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Multi-Category Expenses and Capital Expenditure					
Procurement and Preparation of Land and Other Assets for the Development of Anchor Projects (MCA)					
Non-Departmental Other Expense:					
Procurement of Land and Assets - Operating	9.500	40.900	-	-	-
Total Operating	9.500	40.900	-	-	-
Total Capital	-	-	-	-	-

Vote: Canterbury Earthquake Recovery
Title: Reprioritisation of Funding
Description: Reprioritisation within the existing baseline.

Appropriation Changes

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Operating Balance Impact	(12.000)	6.000	6.000	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	(12.000)	6.000	6.000	-	-

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Multi-Category Expenses and Capital Expenditure					
Ownership and Divestment of Anchor Projects (MCA)					
Non-Departmental Other Expenses:					
Christchurch Bus Interchange and associated Transport Infrastructure	(1.000)	-	-	-	-
Public Space	(5.000)		-	-	-
Sale of Land	(2.000)	-	-	-	-
Procurement and Preparation of Land and Other Assets for the Development of Anchor Projects (MCA)					
Non-Departmental Other Expenses:					
Pre-Development Holding Costs - Operating	2.000	6.000	6.000	-	-
Procurement of Land and Assets - Operating	(6.000)	-	-	-	-
Total Operating	(12.000)	6.000	6.000	-	-
Total Capital	-	-	-	-	-

Initiative No: 8930

Vote: Canterbury Earthquake Recovery**Title:** Vesting of Developments**Description:** Financial Impact of Vesting of Completed Anchor Project Developments including Earthquake Memorial, Avon River Playground and East and North Frame.**Appropriation Changes**

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Operating Balance Impact	-	19.500	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	19.500	-	-	-

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Multi-Category Expenses and Capital Expenditure					
Ownership and Divestment of Anchor Projects (MCA)					
Non-Departmental Other Expense:					
Public Space	-	19.500	-	-	-
Total Operating	-	19.500	-	-	-
Total Capital	-	-	-	-	-

Vote: Canterbury Earthquake Recovery

Title: Vesting of Land and Concessionary Leases

Description: Financial Impact of Vesting of Land in the Public Space, Bus Interchange, the Library and Metro Sports Facility and recognition of Concessionary Leases of Performing Arts Precinct in Christchurch.

Appropriation Changes

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Operating Balance Impact	10.600	8.000	2.000	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	10.600	8.000	2.000	-	-

	\$m - increase/(decrease)				
	2014/15	2015/16	2016/17	2017/18	2018/19 & Outyears
Multi-Category Expenses and Capital Expenditure					
Ownership and Divestment of Anchor Projects (MCA)					
Non-Departmental Other Expenses:					
Christchurch Bus Interchange and associated Transport Infrastructure	1.200	-	-	-	-
Leasing Anchor Project Land	4.000	2.000	-	-	-
Metro Sports Facility	2.000	-	-	-	-
Public Space	-	6.000	2.000	-	-
Sale of Land	3.400	-	-	-	-
Total Operating	10.600	8.000	2.000	-	-
Total Capital	-	-	-	-	-