

The Treasury

Budget 2016 Information Release

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[1]	to prevent prejudice to the security or defence of New Zealand or the international relations of the government	6(a)
[4]	to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial	6(c)
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[s18(c)(i)]	that the making available of the information requested would be contrary to the provisions of a specified enactment	
[40]	Not in scope	

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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) and section 18 of the Official Information Act.



Cabinet

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.

2016 Budget Technical Financial Recommendations: Vote Primary Industries and Food Safety

On 11 April 2016, Cabinet:

- 1 **approved** the Budget initiatives for the above Vote for inclusion in the 2016 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)				
		2015/16	2016/17	2017/18	2018/19	2019/20 & Outyears
9420	Maori Aquaculture Settlements Expense Transfer	(33.000)	33.000	-	-	-
9380	Food Act 2014 Implementation	-	(2.500)	-	-	-
9376	Transfer to fund New Zealand Story Activity in 2016/17	-	(0.383)	-	-	-
Total Operating		(33.000)	30.117	-	-	-

Capital Initiatives (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2015/16	2016/17	2017/18	2018/19	2019/20 & Outyears
9380	Food Act 2014 Implementation	-	2.500	-	-	-
Total Capital		-	2.500	-	-	-

- 2 **approved** changes to appropriations and the capital injections to the administering department 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 proposed changes to appropriations for 2015/16 above be included in the 2015/16 Supplementary Estimates;
- 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 2015/16 Supplementary Estimates, the 2016/17 Estimates and the fiscal forecasts;
- 6 **noted** that all communications relating to the 2016 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.

Michael Webster
Secretary of the Cabinet

Vote: Primary Industries and Food Safety

Title: Maori Aquaculture Settlements Expense Transfer

Description: An expense transfer of \$33.000 million from 2015/16 to 2016/17 in relation to the Crown's legislative obligations under the Maori Commercial Aquaculture Claims Act 2004 to settle pre-commencement and new space obligations to iwi.

Appropriation Changes

	Sm - increase/(decrease)				
	2015/16	2016/17	2017/18	2018/19	2019/20 & Outyears
Operating Balance Impact	(33.000)	33.000	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	(33.000)	33.000	-	-	-

	Sm - increase/(decrease)				
	2015/16	2016/17	2017/18	2018/19	2019/20 & Outyears
Non-Departmental Other Expense:					
Aquaculture Settlements	(33.000)	33.000	-	-	-
Total Operating	(33.000)	33.000	-	-	-

Vote: Primary Industries and Food Safety

Title: Increase in Volumes of Cost Recovered Activities

Description: Increasing demand for the Ministry for Primary Industries' cost-recovered services are driving cost pressures which will be addressed through fees paid for services.

Appropriation Changes

	\$m - increase/(decrease)				
	2015/16	2016/17	2017/18	2018/19	2019/20 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	-	-	-	-
No Impact	3.905	8.789	12.820	16.191	19.717
Total	3.905	8.789	12.820	16.191	19.717

	\$m - increase/(decrease)				
	2015/16	2016/17	2017/18	2018/19	2019/20 & Outyears
Multi-Category Expenses and Capital Expenditure					
Food Safety					
Departmental Output Expenses:					
Assurance (funded by revenue Other)	2.000	3.587	4.888	5.857	6.864
Response (funded by revenue Other)	-	0.348	0.348	0.348	0.348
Standards (funded by revenue Other)	1.905	2.171	2.396	2.563	2.737
Border and Domestic Biosecurity Risk Management					
Departmental Output Expenses:					
Border Biosecurity Monitoring and Clearance (funded by revenue Other)	-	2.535	4.915	7.057	9.305
Border Biosecurity Systems Development and Maintenance (funded by revenue Other)	-	0.148	0.273	0.366	0.463
Total Operating	3.905	8.789	12.820	16.191	19.717

Additional recommendation

- 7 **noted** that this initiative is fiscally neutral as the increases in appropriations are offset by increased revenue Other received through third party fees;

Vote: Primary Industries and Food Safety

Title: Realignment of Food Safety Activities

Description: Adjustment to realign funding to meet resource requirements and demand for Crown-funded activities.

Appropriation Changes

	Sm - increase/(decrease)				
	2015/16	2016/17	2017/18	2018/19	2019/20 & Outyears
Multi-Category Expenses and Capital Expenditure					
Development and Implementation of Food Safety Policy Advice					
Departmental Output Expense:					
Implementation of Policy Advice (funded by revenue Crown)	(0.300)	-	-	-	-
Food Safety					
Departmental Output Expense:					
Standards (funded by revenue Crown)	0.300	-	-	-	-
Total Operating	-	-	-	-	-

Initiative No: 9382

Vote: Primary Industries and Food Safety

Title: Implementing the Agricultural Cooperation Commitments under the New Zealand-Korea Free Trade Agreement

Description: Providing some of the agriculture, forestry and fisheries cooperation activities as part of the negotiations on the New Zealand-Korea Food Trading Agreement.

Appropriation Changes

	\$m - increase/(decrease)				
	2015/16	2016/17	2017/18	2018/19	2019/20 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	0.500	0.500	0.500	-
Total	-	0.500	0.500	0.500	-

	\$m - increase/(decrease)				
	2015/16	2016/17	2017/18	2018/19	2019/20 & Outyears
Multi-Category Expenses and Capital Expenditure					
Development and Implementation of Primary Industries Policy Advice					
Departmental Output Expense:					
Agriculture and Forestry Policy Advice (funded by revenue Dept)	-	0.500	0.500	0.500	-
Total Operating	-	0.500	0.500	0.500	-

Vote: Primary Industries and Food Safety

Title: Food Act 2014 Implementation

Description: The Food Act 2014 is intended to protect consumers in New Zealand and overseas by enhancing a new, risk-based regulatory regime for food produced in or imported into New Zealand. This initiative provides \$10m of operating and \$2.5m of capital over the next 4 years to support the Ministry for Primary Industries, working closely with territorial authorities and businesses, to carefully but rapidly support all parties to transition to the new regime.

Appropriation Changes

	Sm - increase/(decrease)				
	2015/16	2016/17	2017/18	2018/19	2019/20 & Outyears
Operating Balance Impact	-	(2.500)	-	-	-
Debt Impact	-	2.500	-	-	-
No Impact	-	-	-	-	-
Total	-	-	-	-	-

	Sm - increase/(decrease)				
	2015/16	2016/17	2017/18	2018/19	2019/20 & Outyears
Non-Departmental Other Expenses:					
Primary Growth Partnership (MYA)	-	(5.000)	-	-	-
Primary Growth Partnership	-	-	(2.500)	(2.500)	(2.500)
Multi-Category Expenses and Capital Expenditure					
Development and Implementation of Food Safety Policy Advice					
Departmental Output Expense:					
Implementation of Policy Advice (funded by revenue Crown)	-	2.500	2.500	2.500	2.500
Capital Injection:					
Ministry for Primary Industries - Capital Injection	-	2.500	-	-	-
Total Operating	-	(2.500)	-	-	-
Total Capital	-	2.500	-	-	-

Vote: Primary Industries and Food Safety

Title: Transfer to Fund New Zealand Story Activity in 2016/17

Description: To improve visibility of spending on the New Zealand Story, the funding for 2016/17 will be through transfers from appropriations of funding agencies into the Support the Growth and Development of New Zealand Firms, Sectors and Regions multi-category appropriation - Collaborative Activity and Special Events category.

Appropriation Changes

	Sm - increase/(decrease)				
	2015/16	2016/17	2017/18	2018/19	2019/20 & Outyears
Operating Balance Impact	-	(0.383)	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	(0.383)	-	-	-

	Sm - increase/(decrease)				
	2015/16	2016/17	2017/18	2018/19	2019/20 & Outyears
Multi-Category Expenses and Capital Expenditure					
Development and Implementation of Primary Industries Policy Advice					
Departmental Output Expense:					
Implementation of Agriculture and Forestry Policy Advice (funded by revenue Crown)	-	(0.383)	-	-	-
Total Operating	-	(0.383)	-	-	-

Additional recommendation

8 **noted** this initiative is offset by initiative 9369 in Vote Business, Science and Innovation, and so overall this transaction is fiscally neutral.

Initiative No: 9375

- Vote:** Primary Industries and Food Safety
- Title:** Water Storage and Irrigation Investment Proposals Multi-Year Appropriation
- Description:** A fiscally neutral transfer to the Irrigation Acceleration Fund (IAF), to support the potential for irrigated agriculture to contribute to sustainable economic growth throughout New Zealand.

New Appropriation Approval

Name	Period	Type	Category Name	Scope
Water Storage and Irrigation Investment Proposals	Multi-Year Appropriation Start: 1/07/2016 Finish: 30/06/2021 Amount (\$m): 25.000	Non-Departmental Other Expenses	N/A	This appropriation is limited to preparation of proposals for irrigation schemes to an investment ready stage.

Appropriation Changes

	\$m - increase/(decrease)				
	2015/16	2016/17	2017/18	2018/19	2019/20 & Outyears
Non-Departmental Other Expenses:					
Water Storage and Irrigation Investment Proposals	-	(5.000)	(5.000)	(5.000)	(5.000)
Water Storage and Irrigation Investment Proposals (MYA)	-	5.000	5.000	5.000	5.000
Total Operating	-	-	-	-	-
Total Capital	-	-	-	-	-

Additional recommendations

- 9 **noted** the multi-year appropriation "Water Storage and Irrigation Investment Proposals" is established at \$20.000 million;
- 10 **noted** that amounts shown in the appropriations changes table for the multi-year appropriation "Water Storage and Irrigation Investment Proposals" represent the indicative annual spending profile.