

# The Treasury

## Budget 2017 Information Release

### Release Document July 2017

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[40]	Not in scope	

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.



Reference: T2017/657

BM-2

Date: 17 March 2017

To: Minister of Finance  
(Hon Steven Joyce)

Associate Minister of Finance  
(Hon Simon Bridges)

Associate Minister of Finance  
(Hon Amy Adams)

Deadline: None  
(if any)

## Aide Memoire: Updated Capital Package

The purpose of this briefing is to update Finance Ministers on the draft Capital package following the Investment Ministers' meeting on Monday 13 March.

It reflects the updated position of the package and offers scenarios for Ministers' consideration. Both of these are prepared with the aim of remaining within the \$2 billion available and assume that the fiscal implications of the *Reinstating Southern Corridor* initiative will be managed in addition to the current capital allowance.

### Stocktake from Investment Ministers

The Investment Ministers proposed agreement to the following initiatives by Budget Ministers:

Table 1 – Capital initiatives proposed for agreement

Vote/Initiatives (\$m)	Total Sought	Recommended	Comment
<b>Foreign Affairs:</b> Establish NZ High Commission - Colombo, Sri Lanka	6.236	<b>6.236</b>	Reflecting decision for launch of the Trade Agenda 2030.
<b>Foreign Affairs:</b> Establish NZ Embassy - Dublin, Ireland	4.781	<b>4.781</b>	Reflecting decision for launch of the Trade Agenda 2030.
<b>Foreign Affairs:</b> "Our Place in Antarctica"	4.000	<b>4.000</b>	Design work to inform requirements for Scott Base replacement.
<b>Transport:</b> Auckland City Rail Link	[33]	<b>436.000</b>	Reflects treatment at 2016 HYEPU.
<b>Transport:</b> Wellington Metro Rail Upgrades	98.400	<b>98.400</b>	Investment to replace health & safety infrastructure.
<b>Parliamentary Services:</b> Parliamentary Accommodation	[33]	-	[37]

[33]

The **Primary Industries: Investment in Irrigation Schemes** [33] initiative has been removed as the amount proposed for investment needs to be confirmed with Investment Ministers; the Treasury will provide further advice to inform this discussion. *Table 2* reflects the changes to the draft Capital package as discussed at Investment Ministers and additional costs from some initiatives outlined in *Table 1* above. This excludes increasing the Schools Growth Package initiative.

Table 2 – Updated capital initiatives from Investment Ministers to reflect marginal increases/(decreases)

Vote/Initiatives (\$m)	Total Sought	Comment
<b>Draft Capital Package Total</b>	[33]	Trade-offs and implications outlined in T2017/387.
<b>Conservation:</b> Tourism Growth Initiative	[33]	This funding totals [33] investment in new products. Funding for facilities/services to meet critical needs at high-use tourism sites totals \$13.380 million.
<b>Primary Industries:</b> Investment in Irrigation Schemes	[33]	[37]
<b>Serious Fraud:</b> Case and Evidence Management	0.840	
<b>Justice:</b> Anti-Money Laundering and Countering the Finance of Terrorism	2.090	Policy decisions have been taken, subject to funding through Budget. Bill expected to be passed in 2017.
<b>Defence:</b> Estate Regeneration	[33]	[33]
<b>Updated Capital Package Total</b>	[33]	

These initiatives have been reflected in the updated capital package attached to this aide memoire.

Investment Ministers also discussed the following initiatives, which if included will increase the size of the capital package:

- **Education:** *Schools Growth Package* (currently [33] included). Further advice will be provided to Investment Ministers for Monday 27 March.
- **Internal Affairs:** *Digital Identity – Transition to a Digital Marketplace and Maintaining RealMe Services* [33]. SEC will review RealMe on Wednesday 22 March.

- **Internal Affairs: *Preserving the Nation's Memory*** [33] Further advice will be provided to Investment Ministers for Monday 27 March.

In addition to the initiatives included in *Table 2*, the following items or risks may need to be incorporated:

- **Transport: *KiwiRail – Ongoing Support of the Rail Freight Business***. Indications are that investment could be increased to [33] Adding [33] to the totals above would exceed the remaining capital allowance.
- **Transport: *Reinstating the Southern Corridors***. Funding (\$1.7 – 2.2 billion) has not been included in the Capital package. The Treasury has provided advice on increasing the allowances (T2017/385 refers). The Cabinet paper is expected to be lodged 28 March for EGI on 5 April [37]
- **Housing Infrastructure Fund**: The 2016 Half Year Economic and Fiscal Update treated the Housing Infrastructure Fund as fiscally neutral for allowances purposes, as the funds were assumed to be repaid within 10 years. The associated concessionary charge is currently reflected in the Business Growth Agenda package and will count against the Budget 2017 operating allowance.

[33]

## Next Steps

The Treasury will follow up on the actions discussed at this week's Investment Ministers meeting and will provide further advice for Investment Ministers on Wednesday 21 March, to consider at the next meeting (Monday 27 March). In addition to this, you will receive advice on KiwiRail on Friday 23 March for Investment Ministers.

This will support Ministers to make decisions at Budget Ministers' #3 on Monday 3 April.

Lachlan Whelan, Senior Analyst, Fiscal and State Sector Management, [39]  
 Kamlesh Patel, Team Leader, Budget Coordination, Fiscal and State Sector Management, [39]