

The Treasury

Budget 2017 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)
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[33]	to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials	9(2)(f)(iv)
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[39]	to prevent the disclosure of official information for improper gain or improper advantage	9(2)(k)
[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: T2017/865

BM-2-4-2017-10-2



Date: 30 March 2017

To: Minister of Finance (Hon Steven Joyce)

Aide Memoire: Defence and Kaikoura earthquake initiatives

We understand you may be having a conversation with Minister Brownlee over the next couple of days on Budget matters. This briefing provides information on what is in the Budget packages for Defence, Kaikōura earthquakes and the potential issues that the Minister might raise with you.

Kaikōura Initiatives in Budget 2017

Table 1: Kaikōura initiatives in Budget 2017, \$ million

(\$ million)		Funding sought		Current Budget 2017 funding	
No.	Initiative Name	4YT	Avg.	4YT	Avg.
9836	Kaikōura District Council - Loan to support restoration of three waters network post November 2016 earthquake	2.400	0.600	2.400	0.600
9837	Earthquake recovery - Supporting councils' enhanced statutory tasks and activities	2.500	0.625	2.500	0.625
9883	Kaikōura Harbour – Contribution to enhancement [33]	[33]			
9843	[33]	[33]		-	-
Total		[33]		[33]	

Issues Minister Brownlee may raise include:

- Whether funding for Kaikōura Harbour ^[33] can be supported. The Treasury's assessment highlights:
 - that these initiatives are not seen as investment ready or as higher priority compared to other initiatives at this stage by the Treasury.
 - \$5 million has already been provided to fund initial reinstatement of the Harbour to former operating levels. The initiative seeks funding for betterment of current facilities.
 - Both the Harbour ^[33] could be progressed after Budget 2017, if required.

[33]

Defence Initiatives in Budget 2017¹

Table 2 below sets out the operating initiatives being sought by the Minister of Defence. ^[33]

[33]

[33]

Table 2: Minister of Defence Operating Initiatives

(\$ million)		Funding sought		Current other package		Advice
No.	Initiative Name	4 year total	Average	4 year total	Average	
9760	Defence White Paper 2016	382.272	95.568	379.611	94.903	Scaled by \$2.6m in 20/21 to correct for error (supported by NZDF)
[33]						
9765	Defence White Paper 2016 – Contingent operating funding for supporting the introduction of new capabilities	26.691	6.673	26.691	6.673	Support in full
[33]						

Table 3 below sets out the capital initiatives being sought by the Minister of Defence. The Minister is likely to push for further consideration of contingent funding for the [33] and query the scaling of the Defence Estate Regeneration.

[33]

[33]

[33]

[33]

Defence Estate Regeneration – scaled to \$100 million:

- We recently provided advice to Investment Ministers on the rationale and impact of the scaling (copy attached).
- The Minister of Defence is likely to raise that Tranche 1 was agreed in-principle, and that, in the Defence Force’s view, the full funding is needed to avoid further deterioration in the Estate and provide planning certainty to engage with industry on the Estate Regeneration Programme.

Table 3: Minister of Defence Capital Initiatives

(\$ million)		Funding sought	Current capital package	Advice
No.	Initiative Name	4 year total	4 year total	
9766	Defence White Paper 2016 (DWP 2016) – Contingent Capital funding (components broken down below)			
	ANZAC Frigates Communications Upgrade	[33]		Support in full
	Littoral operations Support Capability (LOSC)	[33]		Support in full
	[33]			
9851	Defence Estate Regeneration Programme Plan Tranche One – Capital funding	[33]	100.000	Scaled to provide sufficient funding for health/safety and other priority projects
Total			[33]	

[34]

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