



Cabinet

CAB Min (07) 12/5

Minute of Decision

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Minister of Finance
Minister of Transport

Copies to:

Prime Minister
Deputy Prime Minister
Hon Jim Anderton
Chief Executive, DPMC
Secretary to the Treasury
Secretary for Transport
Chief of Staff, Prime Minister's Office

Budget 2007: Funding for Rail Development

On April 19 2007, Cabinet:

Auckland rail

- 1 **agreed** to the electrification of the Auckland urban passenger rail system, subject to reaching a satisfactory agreement with the Auckland Regional Council (ARC) over funding;
- 2 **invited** the Minister of Finance to report to Cabinet once agreement with the ARC has been reached, and to seek Cabinet's approval to the release of funds for Auckland rail electrification;
- 3 **noted** that the availability of a Regional Fuel Tax would meet the ARC's requirements for an alternative and additional funding source for contributing to the costs of electrification;
- 4 **noted** that the current intention is that *[deleted - Crown commercial activities]* for the Auckland rail electrification will be raised via Infrastructure bonds;
- 5 **noted** that it is the intention to electrify the Auckland rail system as quickly as possible while following proper project processes, which is likely to mean a 2013 introduction date for electric trains;

Wellington rail

- 6 **agreed** to provide for improvements to the Wellington urban rail network infrastructure with *[deleted - Crown commercial activities]* funding between 2007/08 and 2010/11;
- 7 **agreed** that the release of funds for improvements to the Wellington urban rail network infrastructure be subject to the approval of ONTRACK's shareholding Ministers following the preparation and receipt of a satisfactory business case from the ONTRACK board;

National network

- 8 **agreed** to provide for improvements to the national rail track network after existing funding has been spent, with additional funding of \$25.0 million in 2008/09 and \$25.0 million in 2009/10;
- 9 **agreed** that the release of funds for upgrades to the national rail track network be subject to the approval of ONTRACK's shareholding Ministers upon receipt of a satisfactory business case from the ONTRACK board;

Financial implications: Auckland and Wellington

- 10 **agreed** to establish a new Other Expense to be incurred by the Crown "Urban Rail Development" as a five year multi-year appropriation in Vote Finance, with the scope shown in the Estimates to be "funding for electrification, upgrades and maintenance of the Auckland and Wellington metropolitan rail networks";
- 11 **approved** the following changes to appropriations to put into effect the decisions in paragraphs 1 and 6, with a corresponding impact on the operating balance:

	\$m – increase/(decrease)			
Vote Finance Minister of Finance	2006/07	2007/08 to 2011/12	2012/13	2013/14 & Outyears
Other Expense to be incurred by the Crown				
Urban Rail Development (funded by revenue Crown)	-	550	50	-

- 12 **noted** that the indicative spending profile for the multi-year appropriation above is as follows:

	\$m – increase/(decrease)						
Indicative annual spending profile	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Auckland electrification	-	<i>[information deleted in order to enable the Crown to carry out commercial activities without disadvantage or prejudice]</i>					
Wellington upgrades	-						

Financial implications: National network

- 13 **agreed** to establish a new Other Expense to be incurred by the Crown “National Rail Network Improvements” in Vote Finance, with the scope shown in the Estimates to be “funding provided to improvements to the national rail network”;
- 14 **approved** the following changes to appropriations to put into effect the decisions in paragraph 8, with a corresponding impact on the operating balance:

Vote Finance Minister of Finance	\$m – increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Other Expense to be incurred by the Crown:					
Urban Rail Development (funded by revenue Crown)	-	-	25	25	

Secretary of the Cabinet

Reference: CAB (07) 138