

2008 BUDGET PACKAGE – FINAL CHANGES APPROVED BY MINISTERS

Background

Cabinet considered the 2008 Budget Package on Monday 14 April. A number of changes were made to the package; these were noted by Cabinet on 21 April and have been reflected in relevant Cabinet minutes.

At its meeting on 14 April, Cabinet delegated authority to:

- i the Minister of Finance and the Minister of Foreign Affairs to approve changes to funding for Vote Official Development Assistance based on final *Budget Update* GNI forecasts;
- ii the Prime Minister, Minister of Finance, Associate Minister of Finance and Minister of Education to take decisions on a revised proposal for changes to programmes within Vote Education; and
- iii the Minister of Finance and the Prime Minister to approve changes to other initiatives where this proves necessary in finalising the 2008 Budget package.

This note sets out the final changes to initiatives approved by Ministers under these delegated authorities.

1. Changes to Funding for Vote Official Development Assistance

The Minister of Finance and the Minister of Foreign Affairs have approved the following additional operating funding for Vote Official Development Assistance, based on final *Budget Update* GNI forecasts:

\$ millions, GST exclusive	2007/08	2008/09	2009/10	2010/11	2011/12 & outyears
Funding for Vote Official Development Assistance	-	11.261	14.853	12.184	12.184

2. Changes to Funding for Programmes within Vote Education

The Prime Minister, Minister of Finance, Associate Minister of Finance and Minister of Education agreed to take operating savings from the following programmes:

- Student Management Systems
- Professional Development Pool
- Schooling Improvement – Full Service Education
- Extending High Standards Across Schools (EHSAS)
- ECE ICT Programme
- ECE Centres of Education
- Team Up/Te Mana
- One-off 2007/08 Savings

These savings are applied as follows:

\$ millions, GST exclusive	2007/08	2008/09	2009/10	2010/11	2011/12 & outyears
Vote Education Savings	(4.417)	(2.402)	(5.026)	(7.978)	(10.180)
Extra Therapy Support for Some High Needs Students	-	1.243	1.243	-	-
Literacy and Numeracy in Secondary Schools	-	2.068	4.462	3.150	0.756
Laptops for Teachers	-	2.250	-	-	-
Full-time Moderators for the National Certificate of Educational Achievement	-	2.720	-	-	-
Non-Enrolled Truancy Service (NETS)	-	3.340	-	-	-
Cost Increases for Non-GSE Providers	-	3.148	3.682	3.682	3.682
Increasing Staffing in the Vision Education Sector	-	1.181	1.648	1.648	1.648
TOTAL	(4.417)	13.548	6.009	0.502	(4.094)

3. Other Changes Agreed by Ministers

Payment of NZ Superannuation and Veterans' Pension Overseas

The Prime Minister and the Minister of Finance have agreed to the following operating funding in Votes Social Development and Veterans' Affairs – Social Development to pay NZ Superannuation overseas and to allow payment overseas of NZ Superannuation and Veterans' Pension to those travelling to more than one country for more than 30 weeks:

\$ millions, GST exclusive	2007/08	2008/09	2009/10	2010/11	2011/12 & outyears
Payment of NZ Superannuation and Veterans' Pension Overseas	-	2.044	1.503	1.556	1.604

Increase to Rates for Providers of ACC's Home Support Services

The Prime Minister and the Minister of Finance have agreed to the following operating funding in Vote ACC to increase rates for providers of ACC's home support services:

\$ millions, GST exclusive	2007/08	2008/09	2009/10	2010/11	2011/12 & outyears
Increase to Rates for Providers of ACC's Home Support Services	-	12.320	11.590	11.300	11.240
Offsetting Increase in Withholding Tax	-	(5.340)	(5.020)	(4.895)	(4.870)
Net operating balance impact	-	6.980	6.570	6.405	6.370

Building a National Library for the 21st Century

Ministers did not change the funding decisions taken by Cabinet on 14 April.

Funding for the Acquisition of Toll NZ Ltd

The Prime Minister and the Minister of Finance have agreed to the following capital funding in Vote Finance for the purchase of Toll NZ Ltd's rail business and associated costs:

\$ millions, GST exclusive	2007/08	2008/09	2009/10	2010/11	2011/12 & outyears
Purchase of Toll NZ Ltd's Rail Business and Associated Costs	690.000	-	-	-	-

Contestable Community Biodiversity Fund

The Prime Minister and the Minister of Finance have agreed to the following operating funding in Vote Conservation for the Contestable Community Biodiversity Fund, in addition to the funding noted by Cabinet on 21 April:

\$ millions, GST exclusive	2007/08	2008/09	2009/10	2010/11	2011/12 & outyears
Contestable Community Biodiversity Fund	-	1.000	1.000	-	-

Expanding the Community Organisation Grants Scheme

The Prime Minister and the Minister of Finance have agreed to transfer funding from Vote Social Development to fund an expansion of the Community Organisation Grants Scheme within Vote Community and Voluntary Sector:

\$ millions, GST exclusive	2007/08	2008/09	2009/10	2010/11	2011/12 & outyears
Expansion of the Community Organisation Grants Scheme	-	2.565	2.565	2.565	2.565

Expanding the Community Internship Programme

The Minister of Finance and the Minister for the Community and Voluntary Sector have agreed to fiscally neutral transfers within Vote Community and Voluntary Sector to expand the Community Internship Programme:

\$ millions, GST exclusive	2007/08	2008/09	2009/10	2010/11	2011/12 & outyears
Expanding the Community Internship Programme	(0.180)	0.643	0.463	0.463	0.463

Random Testing of Imported Foods

The Prime Minister and the Minister of Finance have agreed not to proceed with two operating initiatives, *[Information deleted in order to maintain the constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]*, and to instead proceed with the operating initiative *Random Testing of Imported Foods*:

\$ millions, GST exclusive	2007/08	2008/09	2009/10	2010/11	2011/12 & outyears
Vote Food Safety					
<i>Information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials</i>					
Random Testing of Imported Foods	-	0.825	0.725	0.425	0.425
Vote Health					
<i>Information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials</i>					
TOTAL	-	0.175	0.175	0.175	0.175

Energy Efficiency Contingency

The Prime Minister and the Minister of Finance have agreed that the following operating contingency be set aside for energy efficiency initiatives within Vote Energy:

\$ millions, GST exclusive	2007/08	2008/09	2009/10	2010/11	2011/12 & outyears
Energy Efficiency Initiatives Contingency	-	1.000	1.000	1.000	1.000

Initiatives to Proceed from Baselines

The Prime Minister and the Minister of Finance have agreed that the following operating initiatives will proceed from within existing baselines:

\$ millions, GST exclusive	2007/08	2008/09	2009/10	2010/11	2011/12 & outyears
Conservation					
Save the Whio	-	0.250	0.250	0.250	0.250
Education					
Centre for Peace and Conflict Studies	-	0.223	0.223	0.223	0.223
International Advocacy	-	0.100	0.100	0.100	0.100
Environment					
ERMA Reassessments: Methyl Bromide	-	0.300	-	-	-
Funding for Environment Centres	-	0.200	0.200	0.200	0.200
Foreign Affairs and Trade					
Peacemaking Feasibility Study	-	0.200	-	-	-
Immigration					
Increase in Refugee Re-establishment Grant	-	0.100	0.100	0.100	0.100
Refugee Migrant Service Regional Programmes	-	0.150	0.150	0.150	0.150
Research, Science and Technology					
Natural Heritage Seed Bank	-	0.050	0.050	0.050	0.050