

# The Treasury

## Budget 2011 Information Release

### Release Document

June 2011

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- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people
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- [3] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
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- [6] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
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- [10] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [11] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice.

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



## 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.*

### Budget 2011: Vote Finance

On 11 April 2011, Cabinet:

- 1 **approved** the Budget initiatives for the above Vote for inclusion in the 2011 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)				
		2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
7000	Pre-implementation Work for the Mixed Ownership Model	-	4.000	-	-	-
<b>Total Operating</b>		-	4.000	-	-	-

##### Capital Initiatives (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
6850	Protected Land Agreement	9.700	-	-	-	-
6980	International Monetary Fund Capital Increase	-	-	180.000	-	-
<b>Total Capital</b>		<b>9.700</b>	-	<b>180.000</b>	-	-

- 2 **agreed** to establish new appropriations where required to implement these initiatives, as described in the attached initiative documents;
- 3 **approved** the changes to appropriations and/or projected balances of net assets of the administering department (where applicable) to implement the initiatives, as set out in the attached initiative documents;

- 4 **agreed** that the changes to appropriations and/or projected balances of net assets for 2010/11 above be included in the 2010/11 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 5 **authorised** the Minister of Finance and the Vote Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2010/11 Supplementary Estimates, the 2011/12 Estimates and the fiscal forecasts;
- 6 **authorised** the chief executives of departments that monitor Crown entities directly affected by decisions in this minute to inform the chair and/or chief executive of a Crown entity, on a budget-in-confidence-until-budget-day basis, of decisions that directly affect that Crown entity for the purpose of planning and preparation of their Statement of Intent;
- 7 **noted** that all communications relating to the 2011 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;

### Changes to structure of appropriations

- 8 **agreed** to establish the following new appropriations in Vote Finance with the following scopes to replace the following appropriations:

Appropriation type	Appropriation Title	Minister Responsible	Scope	Replaced appropriations
Departmental Output Expense	Policy Advice - Finance	Minister of Finance	This appropriation is limited to activities supporting the budget process, fiscal management and reporting, the management of liabilities, claims against the Crown and Crown properties, and policy advice and ministerial services regarding fiscal, economic, tax and regulatory matters and state sector performance.	<p>Macro Economic Policy Advice &amp; Management Multi-class Output Appropriation (MCOA):</p> <ul style="list-style-type: none"> <li>• Economic and Tax Forecasting</li> <li>• Fiscal Management</li> <li>• Fiscal Reporting</li> <li>• Policy Advice: Fiscal and Macroeconomic</li> </ul> <p>State Sector and Economic Performance Policy Advice and Management MCOA:</p> <ul style="list-style-type: none"> <li>• Management of Liabilities, Claims Against the Crown and Crown Properties</li> <li>• Policy Advice: Economic Performance</li> <li>• Policy Advice: State Sector Performance</li> </ul>

<b>Appropriation type</b>	<b>Appropriation Title</b>	<b>Minister Responsible</b>	<b>Scope</b>	<b>Replaced appropriations</b>
Departmental Output Expense	Crown Company Monitoring Advice to the Minister of Science and Innovation and the Minister for Economic Development	Minister of Science and Innovation	This appropriation is limited to the provision of ownership, performance monitoring, and governance advice to the Minister of Science and Innovation and other responsible Ministers in respect of the Ministers' shareholding responsibilities.	Vote Crown Research Institutes:  Departmental Output Expense:  Crown Company Monitoring Advice to the Minister of Science and Innovation and the Minister for Economic Development
Non Departmental Other Expense	Crown Residual Liabilities – Crown Research Institutes	Minister of Science and Innovation	This appropriation is limited to payments made in relation to indemnities provided by the Crown to CRIs when they were established, relating to settling legal claims against the former science departments, cleaning up contaminated sites, meeting various statutory requirements, and reimbursing CRIs for redundancy payments in relation to staff not retained.	Vote Crown Research Institutes:  Non Departmental Other Expense  Crown Residual Liabilities
Departmental Output Expense	Crown Company Monitoring Advice to the Minister for State-Owned Enterprises and Other Responsible Ministers	Minister for State Owned Enterprises	This appropriation is limited to the provision of ownership, performance monitoring and governance advice to the Minister for State Owned Enterprises and other responsible Ministers in respect of the Ministers' shareholding responsibilities or as responsible Ministers for the New Zealand Lotteries Commission and Public Trust.	Vote State-Owned Enterprises:  Departmental Output Expense  Crown Company Monitoring Advice to the Minister for State-Owned Enterprises and Other Responsible Ministers

9 **agreed** to the following fiscally neutral adjustments in order to give effect to paragraph 8:

Vote	Appropriations	\$m - increase/(decrease)				
		2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Finance	<b>Departmental Output Expenses:</b> Crown Guarantee Schemes	-	(2.401)	(0.225)	(0.225)	(0.225)
Finance	<b>Departmental Output Expenses:</b> Macro Economic Policy Advice & Management MCOA: Management of Crown Lending and Crown Bank Accounts	-	(0.540)	(0.540)	(0.540)	(0.540)
Finance	<b>Departmental Output Expenses:</b> New Zealand Export Credit Office	-	(3.631)	(3.631)	(3.631)	(1.067)
Finance	<b>Departmental Output Expenses:</b> Macro Economic Policy Advice & Management MCOA: Economic and Tax Forecasting	-	(2.647)	(2.647)	(2.647)	(2.647)
Finance	<b>Departmental Output Expenses:</b> Macro Economic Policy Advice & Management MCOA: Fiscal Management.	-	(2.632)	(2.632)	(2.632)	(2.632)
Finance	<b>Departmental Output Expenses:</b> Macro Economic Policy Advice & Management MCOA: Fiscal Reporting.	-	(3.230)	(3.230)	(3.230)	(3.230)
Finance	<b>Departmental Output Expenses:</b> Macro Economic Policy Advice & Management MCOA: Policy Advice: Fiscal and Macroeconomic.	-	(5.401)	(5.401)	(5.401)	(5.401)
Finance	<b>Departmental Output Expenses:</b> State Sector and Economic Performance Policy Advice and Management MCOA: Management of Liabilities Claims Against the Crown and Crown Properties.	-	(0.697)	(0.697)	(0.697)	(0.697)
Finance	<b>Departmental Output Expenses:</b> State Sector and Economic Performance Policy Advice and Management MCOA: Policy Advice: Economic Performance.	-	(16.197)	(16.519)	(16.519)	(16.519)
Finance	<b>Departmental Output Expenses:</b> State Sector and Economic Performance Policy Advice and Management MCOA: Policy Advice: State Sector Performance.	-	(14.093)	(14.115)	(14.115)	(14.115)
Finance	<b>Departmental Output Expenses:</b> Management and Administration of Financial Operations on behalf of the Crown.	-	6.572	4.396	4.396	1.832

Finance	<b>Departmental Output Expenses:</b> Policy Advice – Finance.	-	44.897	45.241	45.241	45.241
Finance	<b>Departmental Output Expenses:</b> Crown company monitoring advice to the Minister for SOEs and other responsible Ministers.	-	2.048	3.982	3.982	3.982
Finance	<b>Departmental Output Expenses:</b> Crown company monitoring advice to the Minister of Science and Innovation and Minister for Economic Development.	-	1.074	1.074	1.074	1.074
State Owned Enterprises	<b>Departmental Output Expenses:</b> Crown company monitoring advice to the Minister for SOEs and other responsible Ministers.	-	(2.048)	(3.982)	(3.982)	(3.982)
Crown Research Institutes	<b>Departmental Output Expenses:</b> Crown company monitoring advice to the Minister of Science and Innovation and Minister for Economic Development.	-	(1.074)	(1.074)	(1.074)	(1.074)
<b>Total operating</b>		-	-	-	-	-
<b>Total capital</b>		-	-	-	-	-

Secretary of the Cabinet

Reference: CAB (11) 187; CAB (11) 190

## Initiative No: 6850

**Vote:** Finance

**Title:** Protected Land Agreement

**Description:** Meeting accumulated capital costs, interest and losses on properties held under the Protected Land Agreement by Landcorp Farming Limited.

### Appropriation Changes

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	9.700	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	<b>9.700</b>	-	-	-	-

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
<b>Non-Departmental Capital Expenditure:</b>					
Landcorp Protected Land Agreement	9.700	-	-	-	-
<b>Total Operating</b>	-	-	-	-	-
<b>Total Capital</b>	<b>9.700</b>	-	-	-	-

## Initiative No: 6980

**Vote:** Finance

**Title:** International Monetary Fund Capital Increase

**Description:** To double the quota resources available at the International Monetary Fund (IMF). The package of reforms was agreed by the IMF Governors in December 2010 and is likely to come into effect in 2012/13.

### Appropriation Changes

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	-	180.000	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	-	<b>180.000</b>	-	-

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
<b>Non-Departmental Capital Expenditure:</b>					
International Financial Institutions (PLA)	-	-	180.000	-	-
<b>Total Operating</b>	-	-	-	-	-
<b>Total Capital</b>	-	-	<b>180.000</b>	-	-



**Initiative No: 7000****Vote:** Finance**Title:** Pre-implementation Work for the Mixed Ownership Model**Description:** This initiative provides funding to enable the Treasury to provide pre-implementation work on the Mixed Ownership Model.**New Appropriation Approval**

Type	Period	Name	MCOA Output Class	Scope
Departmental Output Expenses	Annual	Extending the Mixed Ownership Model	N/A	This appropriation is limited to policy, operational, and transactional work to extend the Mixed Ownership Model.

**Appropriation Changes**

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
Operating Balance Impact	-	4.000	-	-	-
Debt Impact	-	-	-	-	-
No Impact	(1.251)	1.900	-	-	-
<b>Total</b>	<b>(1.251)</b>	<b>5.900</b>	-	-	-

	\$m - increase/(decrease)				
	2010/11	2011/12	2012/13	2013/14	2014/15 & Outyears
<b>Departmental Output Expenses:</b>					
State Sector and Economic Performance Policy Advice and Management (MCOA)					
Policy Advice: Economic Performance (funded by revenue Crown)	(0.251)	-	-	-	-
Policy Advice: State Sector Performance (funded by revenue Crown)	(0.689)	-	-	-	-
Macro Economic Policy Advice & Management (MCOA)					
Policy Advice: Fiscal and Macroeconomic (funded by revenue Crown)	(0.274)	-	-	-	-

**Initiative No: 7000**

Extending the Mixed Ownership Model (funded by revenue Crown)	-	5.900	-	-	-
Infrastructure Advice and Co-ordination (funded by revenue Crown)	(0.037)	-	-	-	-
<b>Total Operating</b>	<b>(1.251)</b>	<b>5.900</b>	-	-	-
<b>Total Capital</b>	-	-	-	-	-

**Additional recommendation**

- 10 **noted** that the net impact on the operating balance of this initiative is \$4 million as there are additional transfers from Vote Crown Research Institutes and Vote State-Owned Enterprises in 2010/11 totalling \$649,000.