

The Treasury

Budget 2011 Information Release

Release Document

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- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [2] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [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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Vote Racing

Four-year Budget Plan

Version 1.1

1 December 2010

Submitted by:

Department of Internal Affairs

MA

Section 1: New Baseline and Summary of Changes

Direction of Change

The overarching priorities for Vote Racing for 2011 are similar to 2010, but have been refreshed to reflect a change in focus as progress has been made in some areas. The priorities are to:

- Support the New Zealand Racing Board and key industry organisations as they develop an efficient and cost-effective racing industry
- Support the New Zealand Racing Board and the racing code bodies as they establish a Racing Integrity Unit
- Encourage the racing industry to support racing clubs' on-course infrastructure

Overall Impact

The Department of Internal Affairs, which administers Vote Racing, is expected to manage these priorities within baselines.

The Vote has additional financial pressures arising from the integration of the Department of Internal Affairs, the National Library of New Zealand and Archives New Zealand. Cabinet agreed to additional one-off expenditure in 2010/11 to cover the immediate integration expenses, but has also set the new Department savings targets for the following four financial years. These targets represent the financial savings expected to flow from the integration, for example from the rationalisation of support functions across the new Department.

For Vote Racing, the indicative savings targets are \$0.003 million per annum over the next four years. Additional one-off costs of integration and outyear baseline reductions for the ongoing savings that will be realised from integration were included in the October Baseline Update, with the spread being across all Votes in the affected agencies.

| Operating | Impact (\$000s) | | | | |
|----------------------------------|-----------------|---------|---------|---------|---------|
| | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
| Current Baseline | 4,360 | 1,221 | 1,221 | 1,221 | 1,221 |
| Cost of new/increased activities | - | - | - | - | - |
| Amount reprioritised | - | - | - | - | - |
| New baseline | 4,360 | 1,221 | 1,221 | 1,221 | 1,221 |

| Capital | Impact (\$000s) | | | | |
|--|-----------------|---------|---------|---------|---------|
| | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
| Capital proposals seeking new funding in Budget 2011. | - | - | - | - | - |
| Capital proposals seeking decisions in Budget 2011 funded within baselines | - | - | - | - | - |
| Total capital intentions | - | - | - | - | - |

Section 2: Vote Priorities and Pressures

As outlined in Section One, the priorities for Vote Racing are:

Support the New Zealand Racing Board and key industry organisations as they develop an efficient and cost-effective racing industry

This priority continues to support industry organisations as racing endeavours to become more efficient by eliminating costs, and streamlining decision-making.

Racing organisations have reached agreement on exploring shared services. A working group of racing chief executives will be examining increased sharing of IT services. They will also explore sharing Human Resources services. Finally, the racing codes will be discussing training synergies. This work has the potential to eliminate costs, and is ongoing.

Support the New Zealand Racing Board and the racing code bodies as they establish a Racing Integrity Unit

The industry wishes to substantially improve integrity services through the formation of a Racing Integrity Unit (RIU). The overriding objective is to improve the integrity of racing by separating the responsibility for making the rules of racing from the responsibility for policing those rules. This would remove potential for conflicts of interest.

The NZRB and three racing codes are working to establish the RIU within the current regulatory framework. It is proposed that the codes would delegate their powers for enforcing the rules of racing to the RIU. There is some risk that one or two codes might withdraw their support for establishing the RIU. There is a moderate risk that the RIU could not be established within the current regulatory framework. The alternative would be to amend the Racing Act to establish a fully independent RIU as a statutory board.

Encourage the racing industry to support racing clubs' on-course infrastructure.

The Racing Safety Development Fund (RSDF) is a Crown fund of \$1 million per annum that supports racing club projects that improve safety at racecourses. It was established to encourage the industry to address years of deferred maintenance and chronic safety issues at the nation's racecourses.

Section 3: Proposed Changes for Budget 2011 (Reprioritisation)

There will be no change to baseline.

Note: time-limited funding of \$3.000 million per year for Non-departmental Other Expense – Racing Promotion and Sponsorship Scheme ceases at the end of the 2010/11 financial year.

Section 4: Summary of Financial Movements

Four-Year Budget Plan - Financial Summary Report (Operating - Including Operating Associated with Capital Initiatives 2011)

| Vote: Racing | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|--|--------------|--------------|--------------|--------------|--------------|
| | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) |
| Share Allocation | 0 | 0 | 0 | 0 | 0 |
| Operating | | | | | |
| Baseline (2010/11 OBU) | 4,360 | 1,221 | 1,221 | 1,221 | 1,221 |
| Changes: | | | | | |
| Centralised Saving | | | | | |
| Total Centralised Saving | 0 | 0 | 0 | 0 | 0 |
| Reprioritisation | | | | | |
| Total Reprioritisation | 0 | 0 | 0 | 0 | 0 |
| Transfers Outside Vote | | | | | |
| Total Transfers Outside Vote | 0 | 0 | 0 | 0 | 0 |
| Total Changes | 0 | 0 | 0 | 0 | 0 |
| Total Proposed Operating Baseline | 4,360 | 1,221 | 1,221 | 1,221 | 1,221 |

Four-Year Budget Plan - Financial Summary Report (Capital 2011)

| Vote: | Racing | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|---|--------|----------|----------|----------|----------|----------|
| | | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) |
| Capital | | | | | | |
| Baseline (2010/11 OBU) | | 0 | 0 | 0 | 0 | 0 |
| Proposals for new Capital Funding | | | | | | |
| Refurbish/Replace | | | | | | |
| Total Refurbish/Replace | | 0 | 0 | 0 | 0 | 0 |
| Improve Functionality | | | | | | |
| Total Improve Functionality | | 0 | 0 | 0 | 0 | 0 |
| Meet Demand | | | | | | |
| Total Meet Demand | | 0 | 0 | 0 | 0 | 0 |
| Capital Associated with Operating Initiatives | | | | | | |
| Total Capital Associated with Operating Initiatives | | 0 | 0 | 0 | 0 | 0 |
| Total Capital Proposals | | 0 | 0 | 0 | 0 | 0 |
| Total Proposed Capital Baseline | | 0 | 0 | 0 | 0 | 0 |