

The Treasury

Budget 2011 Information Release

Release Document

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Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

- [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
- [4] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [5] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [6] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [7] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government
- [8] 9(2)(h) - to maintain legal professional privilege
- [9] 6(c) - to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
- [10] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
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Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, an [8] appearing where information has been withheld in a release document refers to section 9(2)(h).

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

ANNEX TO LAND INFORMATION NEW ZEALAND'S FOUR YEAR BUDGET PLAN

Capital Injection

In part 4 of section 2 of the main paper, LINZ discusses funding pressures arising from the effect of decreased property market activity on our third-party revenue, and that we may need to seek a capital injection. A deficit of \$9m is now forecast for 2010/11.

We have now determined, after a thorough review of our forecast assumptions and discussions with Treasury, that a capital injection should be sought to cover the 2010/11 and 2011/12 forecast shortfalls as a result of the property market correction and until medium-term actions are in place to mitigate this risk.

Survey and title revenues are tracked using a memorandum account. These are designed to allow departments to manage deficits by drawing down upon accumulated surpluses from prior years. However, this option is not available for LINZ as the survey and title memorandum account was \$26m in deficit as at 30/6/2010, and will be \$36m in deficit by the end of 2010/11.

Cabinet has agreed a process for departments facing reductions in third-party revenues resulting from the economic downturn (EGI Min (09) 17/2 refers). Departments must follow the steps outlined in that paper when wishing to seek a capital injection. Firstly, we need to demonstrate that services are being provided in the most cost-effective way possible; then, over what time period the revenue downturn is expected; and whether fees were set at cost-recovery prior to the downturn.

Part 6 of section 2 of the main paper discusses the steps LINZ will undertake in the balance of 2010/11 to ensure cost-effectiveness of business delivery. In part 4 of section 2, we outline the expected trends in the property market. Fees were set at cost-recovery (but with higher assumed volumes) to take effect from 1 July 2010.

Therefore, a capital contribution is sought for up to \$12m in 2010/11, [2]

[4]

Report back on sustainable model for the medium/long term

The steps outlined in part 6 of section 2 will form the basis of a report back to Cabinet on a sustainable business model for the longer term. This report back will be ready by 30 June 2011.