

Performance Information for Appropriations

Vote Finance

MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister of Finance (M31), Minister for State Owned Enterprises (M65), Minister of Science and Innovation (M84)

ADMINISTERING DEPARTMENT: The Treasury

MINISTER RESPONSIBLE FOR THE TREASURY: Minister of Finance

Part 1 - Summary of the Vote

Part 1.1 - Overview of the Vote

The Minister of Finance is responsible for appropriations in Vote Finance for the 2013/14 financial year which cover the following:

- a total of nearly \$31 million for the provision of services which support the performance of the State sector including fiscal reporting, forecasting and monitoring, provision of Export Credit, managing, administering and monitoring Crown Guarantee Schemes, Crown Lending, Crown Investments, and Crown Bank accounts
- a total of nearly \$35 million for the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to Finance
- a total of nearly \$143 million for the implementation and direct costs associated with the Mixed Ownership Model and Loyalty Bonus Shares related to Initial Public Offers in three multi-year appropriations covering the period 2011/12 to 2015/16
- a total of over \$8 million for the provision of shared services to other entities and agencies
- a total of nearly \$4 million for departmental capital expenditure
- a total of over \$3,492 million for the payment of interest and other costs relating to the Crown's debt
- a total of nearly \$687 million for superannuation costs, primarily the Government Superannuation Fund
- a total of \$212 million for capital payments to International Financial Institutions
- a total of nearly \$15 million for costs of administering New Zealand House, London
- a total of nearly \$2 million for providing and administering grants and loans to Taitokerau Forests Limited
- a total of over \$5 million for unclaimed money, managing the Crown's residual liabilities, meeting costs relating to the Landcorp Protected Land Agreement, and provisions for meeting liabilities associated with Geothermal Wells
- a total of over \$10 million for the unwind of Crown Support Deed interest expense, and
- a total of over \$5 million for inquiries and research into productivity-related matters.

The Minister of Finance is also responsible for Crown revenue and receipts in the Vote for the 2013/14 financial year which account for over \$3,395 million in non-tax revenue for return on investments, including capital charge, dividends, and interest on securities and deposits.

The Minister for State Owned Enterprises is responsible for one appropriation in Vote Finance for the 2013/14 financial year which covers over \$4 million for Crown company monitoring, governance, and ownership advice.

The Minister of Science and Innovation is responsible for one appropriation in Vote Finance for the 2013/14 financial year which covers over \$400,000 for Crown Research Institutes governance and ownership advice.

Details of these appropriations are set out in Parts 2-6 below.

Part 1.2 - High-Level Objectives of the Vote

Contribution of Appropriations to Government Priorities and Outcomes

Government Priorities	Government Outcomes	Appropriations
Build a more competitive and productive economy	<p>Improved economic performance</p> <p>Improving New Zealand's economic growth is crucial for a better standard of living and relies on smarter use of the country's financial, physical, human, social and natural capital. The Treasury will continue to provide advice on the wide range of policies affecting economic growth.</p> <ul style="list-style-type: none"> Improved domestic business environment. New Zealand has a more internationally competitive economy. Enhanced human capital and labour supply. 	<p>Department</p> <p>Policy Advice - Finance</p> <p>Provision of Financial Operations Services and Operational Advice</p> <p>Provision of Financial Services to the New Zealand Local Government Funding Agency RDA</p> <p>Shared Support Services</p> <p>Non-Department</p> <p>Inquiries and Research into Productivity Related Matters MCOA</p> <p>Inquiries into Productivity - Related Matters output class</p> <p>Research into and Promotion of Productivity - Related Matters output class</p>
	<p>A stable and sustainable macroeconomic environment</p> <p>The Treasury's focus is on the institutional frameworks that promote macro stability and the sound operation of fiscal policy. The aim is to reduce the NZ economy's vulnerability in order to provide a strong platform for growth.</p> <ul style="list-style-type: none"> A stable macroeconomic environment. Fiscal position returns to a sustainable footing. 	<p>Department</p> <p>Administration of Crown Borrowing PLA</p> <p>Administration of Derivative Transactions PLA</p> <p>Administration of Investment of Public Money PLA</p> <p>Policy Advice - Finance</p> <p>Provision of Financial Operations Services and Operational Advice</p> <p>Administration of Guarantees and Indemnities given by the Crown PLA</p> <p>Shared Support Services</p>
	<p>A higher performing State sector that New Zealanders trust, delivering outstanding results and value for money</p> <p>The quality of expenditure, regulation and other interventions by State sector agencies impacts both directly and indirectly on New Zealand's economic performance.</p> <p>The Treasury provides advice to ensure the State sector represents value for money in achieving the Government's aims and objectives. This includes advice on policy and regulatory settings, the public management system, and the management, and return on, the Crown's assets and liabilities.</p> <ul style="list-style-type: none"> State institutions deliver sustained improvement in results and capability. The Crown's balance sheet is managed efficiently and effectively. 	<p>Department</p> <p>Administration of Crown Borrowing PLA</p> <p>Administration of Derivative Transactions PLA</p> <p>Administration of Investment of Public Money PLA</p> <p>Crown Company Monitoring Advice to the Minister of Science and Innovation and the Minister for Economic Development</p> <p>Crown Company Monitoring Advice to the Minister for State-Owned Enterprises and Other Responsible Ministers</p> <p>Implementation of Mixed Ownership Model</p> <p>Policy Advice - Finance</p> <p>Provision of Financial Operations Services and Operational Advice</p> <p>Shared Support Services</p>

Government Priorities	Government Outcomes	Appropriations
<p>Deliver better public services to New Zealanders</p> <p>Responsibly manage the Government's finances</p>	<p>A higher performing State sector that New Zealanders trust, delivering outstanding results and value for money The Government has set a challenge for the State sector to make more progress on a number of key results and to deliver better services within lower allowances for new spending.</p> <p>The Treasury provides advice to ensure the State sector represents value for money in achieving the Government's aims and objectives. This includes advice on policy and regulatory settings, the public management system, and the management, and return on, the Crown's assets and liabilities.</p> <ul style="list-style-type: none"> • State institutions deliver sustained improvement in results and capability. • The Crown's balance sheet is managed efficiently and effectively. 	<p>Department</p> <p>Administration of Crown Borrowing PLA</p> <p>Administration of Derivative Transactions PLA</p> <p>Administration of Investment of Public Money PLA</p> <p>Crown Company Monitoring Advice to the Minister of Science and Innovation and the Minister for Economic Development</p> <p>Crown Company Monitoring Advice to the Minister for State-Owned Enterprises and Other Responsible Ministers</p> <p>Implementation of Mixed Ownership Model</p> <p>Policy Advice - Finance</p> <p>Provision of Financial Operations Services and Operational Advice</p> <p>Shared Support Services</p> <p>The Treasury - Capital Expenditure PLA</p> <p>Non-Department</p> <p>Crown Residual Liabilities</p> <p>Debt Servicing PLA</p> <p>Direct Sale costs for Implementing the Mixed Ownership Model</p> <p>Geothermal Wells Fund</p> <p>Government Superannuation Appeals Board</p> <p>Government Superannuation Fund Authority - Crown's Share of Expenses PLA</p> <p>Government Superannuation Fund Unfunded Liability PLA</p> <p>Impairment of Loans to Taitokerau Forest Limited</p> <p>International Financial Institutions PLA</p> <p>Landcorp Protected Land Agreement - Operating</p> <p>Landcorp Protected Land Agreement - Capital</p> <p>Management of the Crown's Obligations for Geothermal Wells</p> <p>Management of New Zealand House, London</p> <p>Management of the New Zealand Superannuation Fund</p> <p>National Provident Fund Schemes - Liability Under Crown Guarantee PLA</p> <p>New Zealand House, London</p> <p>New Zealand House, London, capital</p> <p>Taitokerau Forests Limited Grant</p> <p>Taitokerau Forests</p> <p>Unclaimed Money PLA</p> <p>Unclaimed Trust Money PLA</p> <p>Unwind of Discount Rate used in the Present Value Calculation of Payment under Crown Deed of Support with AMI</p>
	<p>A stable and sustainable macroeconomic environment</p> <p>The Government is committed to returning to surplus in 2014/15.</p> <p>The Treasury provides advice on fiscal policy, strategy and frameworks. It is responsible for Budget production and fiscal monitoring, reporting and forecasting.</p> <ul style="list-style-type: none"> • Fiscal position returns to a sustainable footing. 	<p>Department</p> <p>Administration of Crown Borrowing PLA</p> <p>Administration of Derivative Transactions PLA</p> <p>Administration of Investment of Public Money PLA</p> <p>Policy Advice - Finance</p> <p>Provision of Financial Operations Services and Operational Advice</p> <p>Shared Support Services</p>

Part 1.3 - Trends in the Vote

Summary of Financial Activity

	2008/09	2009/10	2010/11	2011/12	2012/13		2013/14			2014/15	2015/16	2016/17
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budgeted \$000	Estimated Actual \$000	Departmental Transactions Budget \$000	Non- Departmental Transactions Budget \$000	Total Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
Appropriations												
Output Expenses	129,724	66,104	67,810	83,609	113,783	110,147	93,659	6,709	100,368	81,032	80,682	80,282
Benefits and Other Unrequited Expenses	-	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	2,087,220	2,284,955	3,040,302	3,441,282	3,614,299	3,614,299	-	3,492,841	3,492,841	3,731,938	3,639,158	3,991,384
Other Expenses	2,659,771	687,060	2,436,638	703,691	812,080	792,244	-	747,750	747,750	755,977	800,779	841,611
Capital Expenditure	4,468,886	306,508	943,443	264,849	510,328	132,140	3,788	215,550	219,338	32,685	29,885	29,885
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
Total Appropriations	9,345,601	3,344,627	6,488,193	4,493,431	5,050,490	4,648,830	97,447	4,462,850	4,560,297	4,601,632	4,550,504	4,943,162
Crown Revenue and Capital Receipts												
Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Non-Tax Revenue	2,656,939	3,679,686	3,527,438	3,552,646	3,312,649	3,312,812	N/A	3,353,844	3,353,844	3,404,072	3,396,502	3,726,650
Capital Receipts	433,361	22,667	176,205	947	122,922	122,922	N/A	41,561	41,561	10,080	-	198,602
Total Crown Revenue and Capital Receipts	3,090,300	3,702,353	3,703,643	3,553,593	3,435,571	3,435,734	N/A	3,395,405	3,395,405	3,414,152	3,396,502	3,925,252

New Policy Initiatives

Policy Initiative	Appropriation	2012/13 Budgeted \$000	2013/14 Budget \$000	2014/15 Estimated \$000	2015/16 Estimated \$000	2016/17 Estimated \$000
Monitoring Welfare Reform phase 2	Policy Advice - Finance	-	750	750	-	-
Optimise Finance	Provision of Financial Operations Services and Operational Advice	750	1,036	-	-	-
Replacement of Matriarch System	The Treasury - Capital Expenditure PLA	-	700	700	-	-
Monitoring of ACC and Housing NZ Corporation	Crown Company Monitoring Advice to the Minister for State-Owned Enterprises and Other Responsible Ministers	794	1,361	1,361	1,361	1,361
Solid Energy New Zealand Limited	Solid Energy New Zealand Limited Funding	50,000	-	-	-	-
EQC Apportioned and Unclaimed Damage Expense	EQC Apportioned and Unclaimed Damage Expense	16,600	-	-	-	-
Loyalty Bonus Scheme related to Mighty River Power Initial Public Offer	Loyalty Bonus Scheme Related to Initial Public Offers MYA	40,000	-	-	-	-

Analysis of Significant Trends

Total Vote: All Appropriations

The movements in Departmental and Non-Departmental appropriations in Vote Finance, which are detailed in the Summary of Financial Activity table above, are largely due to movements in capital expenditure and movements in the debt servicing costs.

Significant movements within each appropriation category are shown below.

Departmental Output Expenses

The forecasted reduction from 2014/15 reflects the completion of the Mixed Ownership Model programme.

Departmental output expenses decrease between 2012/13 and 2013/14 by \$13.101 million.

The most significant change in Departmental expenses has been the implementation of the Mixed Ownership Model funding, with a reduction of nearly \$9 million budgeted between 2012/13 and 2013/14 for this multi-year appropriation.

The Administration of Guarantee and Indemnities given by the Crown reduces by \$1.441 million. There are no remaining guaranteed entities, and all payouts under the Crown Retail Guarantees scheme have been completed.

One-off funding related to project delays was transferred from 2011/12 into 2012/13.

The increase between 2010/11 and 2011/12 was due to an increase in funding of nearly \$6 million for establishment of the Mixed Ownership Model programme and \$5 million transferred from Vote State Owned Enterprises and Vote Crown Research Institutes. These increases were partially offset by the decreased administration costs in relation to the Crown Deposit Guarantee Scheme of nearly \$5 million.

Departmental Capital Expenditure

There is an increase of \$700,000 in each of 2013/14 and 2014/15 for the replacement system for the operation of the debt funding and investment portfolio activities.

In 2011/12 departmental assets were transferred from the State Service Commission and the Department of Prime Minister and Cabinet with the introduction of shared services across the three agencies.

Non-Departmental Output Expenses

This appropriation category decreases by over \$300,000 due to one-off costs expected to be incurred for the Management of the Crown's Obligations for Geothermal Wells during 2012/13.

In 2011/12 the category increased by almost \$4 million, primarily due to the costs of the New Zealand Productivity Commission which was operating for its first full financial year in 2011/12.

Expenditure was higher in 2008/09 to fund the purchase of non-commercial rail services from New Zealand Railways Corporation. Rail-related appropriations were transferred to Vote Transport from 2009/10.

Non-Departmental Borrowing Expenses

Debt servicing costs trend upwards between 2008/09 and 2013/14. These costs are expected to increase due to the interest rates and amount of debt outstanding.

Non-Departmental Other Expenses

Expenditure is higher in 2012/13 compared to 2013/14 due to new appropriations which have been set up to cover the costs of Landcorp Protected Land Agreement operating expenditure of nearly \$18 million, Earthquake Commission Apportioned and Unclaimed Damage costs of nearly \$17 million and a new Multi-Year appropriation Loyalty Bonus Scheme Related to Initial Public Offers of \$40 million.

Expenditure decreases from a peak in 2008/09, largely owing to rail-related appropriations being transferred to Vote Transport from 2009/10. The 2010/11 year includes \$1,186 million for payments in respect of guarantees and indemnities, \$150 million for other costs associated with the Deposit Guarantee Scheme, \$335 million for impairment of Crown's interest in AML and nearly \$44 million for payments to the Earthquake Commission as a result of the September 2010 Canterbury Earthquake.

Non-Departmental Capital Expenditure

This appropriation category comprises purchases of debt and equity by the Crown in various Crown entities, and capital additions to the Crown's physical assets.

In 2008/09, capital expenditure was higher largely owing to the purchase of Toll NZ Limited's rail business and associated costs and a New Zealand Railways Corporation capital injection for the purchase of KiwiRail, a Reserve Bank equity injection of \$600 million, increased contributions to the International Monetary Fund, and an increased contribution to the New Zealand Superannuation Fund.

In 2009/10, there were no contributions to the International Monetary Fund and the contribution to the New Zealand Superannuation Fund fell considerably.

The 2010/11 estimates did not include a contribution to the New Zealand Superannuation Fund but did include a capital increase in the Asian Development Bank of \$65 million and contributions to the International Monetary Fund of \$148 million.

There is a one-off increase of \$500 million in 2011/12 for the establishment of Capital Asset Management Limited.

Contributions to the International Monetary Fund of \$220 million and \$180 million were included in 2011/12 and 2012/13 estimates, respectively.

Crown Revenue

Non-tax Crown Revenue largely comprises capital charge, interest from securities and deposits, and dividends from State-Owned Enterprises and Crown Entities, and is broadly stable. The increase since 2009/10 through to 2011/12 is a result of increased dividends from some of the Energy State-Owned Enterprises due to improved profits. Forecast dividends include those anticipated from entities considered for mixed ownership. These are removed when consolidated into the Financial Statements of Government.

Crown Capital Receipts

Variances in Crown Capital Receipts are largely due to International Monetary Fund capital returns, repayment of loans, and capital withdrawals from Crown companies.

Part 2 - Details and Expected Performance for Output Expenses

Part 2.1 - Departmental Output Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
<p>Improved economic performance Impacts:</p> <ul style="list-style-type: none"> Improved domestic business environment. New Zealand has a more internationally competitive economy. Enhanced human capital and labour supply. 	<p>Department Policy Advice - Finance Provision of Financial Operations Services and Operational Advice Provision of Financial Services to the New Zealand Local Government Funding Agency RDA Shared Support Services</p>
<p>A stable and sustainable macroeconomic environment Impacts:</p> <ul style="list-style-type: none"> A stable macroeconomic environment. Fiscal position returns to a sustainable footing. 	<p>Department Administration of Crown Borrowing PLA Administration of Derivative Transactions PLA Administration of Guarantees and Indemnities given by the Crown PLA Administration of Investment of Public Money PLA Policy Advice - Finance Provision of Financial Operations Services and Operational Advice</p>
<p>A higher performing State sector that New Zealanders trust, delivering outstanding results and value for money Impacts:</p> <ul style="list-style-type: none"> State institutions deliver sustained improvement in results and capability. The Crown's balance sheet is managed efficiently and effectively. 	<p>Department Administration of Crown Borrowing PLA Administration of Derivative Transactions PLA Administration of Investment of Public Money PLA Crown Company Monitoring Advice to the Minister of Science and Innovation and the Minister for Economic Development Crown Company Monitoring Advice to the Minister for State-Owned Enterprises and Other Responsible Ministers Implementation of Mixed Ownership Model Policy Advice - Finance Provision of Financial Operations Services and Operational Advice Shared Support Services</p>

For further information on the intended impacts, outcomes and objectives of the departmental output expense appropriations please see the Statement of Intent for the Treasury.

Administration of Crown Borrowing PLA (M31)

Scope of Appropriation

This appropriation is limited to expenses incurred in connection with administering borrowing by the Crown, as authorised by section 61(1) of the Public Finance Act 1989.

Expenses and Revenue

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	5,138	5,138	5,512
Revenue from Crown	5,137	5,137	5,511
Revenue from Other	1	1	1

Reasons for Change in Appropriation

The change in appropriation reflects the implementation of inflation indexed bonds and routine replacement of Debt Management Office information technology.

Output Performance Measures and Standards

Performance Measures	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Existing measure			
Cost of new core Crown borrowing is less than the long-term average cost of the New Zealand Government.	Cost of new borrowing is less than 5.5%	Cost of new borrowing is less than 3.5%	Expired measure
Replacement measure			
New core borrowing is achieved at an acceptable cost relative to a dynamic benchmark, as defined within the Portfolio Management Policy.	Replacement measure	Replacement measure	New core borrowing cost is less than 25 basis points over the benchmark
New measure			
Borrowing programme is spread across the year.	New measure	New measure	Cumulative borrowing volume YTD is within 10% of the projected timing profile
Existing measures			
Tender efficiency: Average domestic bond tender cover ratio.	Average tender cover ratio is greater than 2	Average tender cover ratio is greater than 2.5	Average tender cover ratio is greater than 2
Tender efficiency: Average range of successful bids in domestic bond tenders.	Average range of successful bids is less than 5 basis points	Average range of successful bids is 4 basis points	Average range of successful bids is less than 5 basis points
New Measure			
Tender efficiency: The tender process is successful.	New measure	New measure	Less than 10% of tenders result in an under allocation of volume, due to insufficient bids or unacceptable bid levels
Existing measures			
Funding risk: The nearest bond maturity will be at least 50% funded from the NZDMO's holdings of cash and short-term liquid assets within six months of maturity, and fully funded within three months.	Funding target met	Funding target met	Expired measure
Compliance with risk management policies and parameters for portfolio management and debt issuance.	No more than four breaches	Achieved	No more than four breaches
Losses incurred from the credit-related sale of securities, or from default by a counter-party have been auctioned in line with the operating guidelines prescribed by the Portfolio Management Policy.	No losses	No losses	No losses
Number of settlement errors, and financial value of losses arising from settlement errors.	No more than six errors; losses do not exceed \$10,000	Achieved	No more than six errors; losses do not exceed \$10,000

Notes

Performance targets: Administration of Crown Borrowing PLA, Administration of Derivative Transactions PLA and Administration of Investment of Public Money PLA

Performance targets have been specified as a total for activity across all three NZDMO PLA output classes, as it is more meaningful to aggregate the quantitative targets across these output classes. Measures have been cross-referenced in the three PLA output classes.

Conditions on Use of Appropriation

Reference	Conditions
Section 61(1) of the Public Finance Act 1989	Any expenses incurred in connection with any of the following matters may be incurred without further appropriation, and must be paid without further authority, than this section: (a) negotiating the borrowing of money by the Crown, or (b) undertaking the borrowing, or (c) managing the borrowing, or (d) servicing the borrowing, or (e) converting the borrowing, or (f) repaying the borrowing.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2012/13 Budgeted \$000	2013/14 Budget \$000	2014/15 Estimated \$000	2015/16 Estimated \$000	2016/17 Estimated \$000
SSRSS and KiwiSaver funding removal	2012/13	(97)	(97)	(97)	(97)	(97)
Efficiency savings	2012/13	(51)	(49)	(45)	(45)	(45)

Administration of Derivative Transactions PLA (M31)

Scope of Appropriation

This appropriation is limited to expenses incurred in connection with administering derivative transactions of the Crown, as authorised by section 65H(2) of the Public Finance Act 1989.

Expenses and Revenue

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	1,126	1,126	1,127
Revenue from Crown	1,124	1,124	1,125
Revenue from Other	2	2	2

Output Performance Measures and Standards

Performance Measures	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Other Performance measures for this Output expense are aggregated in the Administration of Crown Borrowing PLA.	Refer Budget Standard Administration of Crown Borrowing PLA	Refer Budget Standard Administration of Crown Borrowing PLA	Refer Budget Standard Administration of Crown Borrowing PLA

*Notes***Performance targets: Administration of Crown Borrowing PLA, Administration of Derivative Transactions PLA and Administration of Investment of Public Money PLA**

Performance targets have been specified as a total for activity across all three NZDMO PLA output classes, as it is more meaningful to aggregate the quantitative targets across these output classes. Measures have been cross-referenced in the three output classes. The full set of measures, including targets for 2012/13 and relevant notes are published in the Administration of Crown Borrowing PLA.

Conditions on Use of Appropriation

Reference	Conditions
Section 65H(2) of the Public Finance Act	Any expenses incurred in connection with any of the following matters may be incurred without further appropriation, and must be paid without further authority, than this section: (a) negotiating a derivative transaction, or (b) managing the derivative transaction, or (c) servicing the derivative transaction, or (d) making payments under the derivative transaction.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2012/13 Budgeted \$000	2013/14 Budget \$000	2014/15 Estimated \$000	2015/16 Estimated \$000	2016/17 Estimated \$000
SSRSS and KiwiSaver funding removal	2012/13	(20)	(20)	(20)	(20)	(20)
Efficiency savings	2012/13	(16)	(15)	(14)	(14)	(14)

Administration of Guarantees and Indemnities given by the Crown PLA (M31)*Scope of Appropriation*

This appropriation is limited to expenses incurred in connection with administering of guarantees and indemnities given by the Crown, as authorised by section 65ZG of the Public Finance Act 1989.

Expenses and Revenue

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	1,551	1,551	110
Revenue from Crown	1,551	1,551	110
Revenue from Other	-	-	-

Reasons for Change in Appropriation

The budget for 2012/13 is for the remaining Wholesale Guarantee Funding Facility combined with forecasting changes. There are no remaining guaranteed entities, and all payouts under the Crown Retail Guarantees scheme have been completed.

Output Performance Measures and Standards

Performance Measures	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
No unnecessary delays in processing applications.	N/A	-	-
Accuracy of payouts.	N/A	-	-
Non-complex claims processed within one month of receipt of the claim.	N/A	-	-

Conditions on Use of Appropriation

Reference	Conditions
Section 65ZG of the Public Finance Act	Any money paid by the Crown under a guarantee or indemnity given under section 65ZD and any expenses incurred by the Crown in relation to the guarantee or indemnity may be incurred without further appropriation, and must be paid without further authority, than this section.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2012/13 Budgeted \$000	2013/14 Budget \$000	2014/15 Estimated \$000	2015/16 Estimated \$000	2016/17 Estimated \$000
SSRSS and KiwiSaver funding removal	2012/13	(22)	(22)	(22)	(22)	(22)
Efficiency savings	2012/13	(9)	(8)	(8)	(8)	(8)

Administration of Investment of Public Money PLA (M31)

Scope of Appropriation

This appropriation is limited to expenses incurred in connection with administering the investment of public money, as authorised by section 65J(1) of the Public Finance Act 1989.

Expenses and Revenue

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	772	772	772
Revenue from Crown	772	772	772
Revenue from Other	-	-	-

Output Performance Measures and Standards

Performance Measures	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Other Performance measures for this Output expense are aggregated in the Administration of Crown Borrowing PLA.	Refer Budget Standard Administration of Crown Borrowing PLA	Refer Budget Standard Administration of Crown Borrowing PLA	Refer Budget Standard Administration of Crown Borrowing PLA

*Notes***Performance targets: Administration of Crown Borrowing PLA, Administration of Derivative Transactions PLA and Administration of Investment of Public Money PLA**

Performance targets have been specified as a total for activity across all three NZDMO PLA output classes, as it is more meaningful to aggregate the quantitative targets across these output classes. Measures have been cross-referenced in all three output classes. The full set of measures, including targets for 2012/13 and relevant notes, are published in the Administration of Crown Borrowing PLA.

Conditions on Use of Appropriation

Reference	Conditions
Section 65J of the Public Finance Act	Costs, charges and expenses incurred in connection with Section 65J(2).

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2012/13 Budgeted \$000	2013/14 Budget \$000	2014/15 Estimated \$000	2015/16 Estimated \$000	2016/17 Estimated \$000
SSRSS and KiwiSaver funding removal	2012/13	(4)	(4)	(4)	(4)	(4)
Efficiency savings	2012/13	(8)	(8)	(7)	(7)	(7)

Crown Company Monitoring Advice to the Minister for State-Owned Enterprises and Other Responsible Ministers (M65)*Scope of Appropriation*

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.

Expenses and Revenue

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	4,072	3,572	4,042
Revenue from Crown	4,072	3,572	4,042
Revenue from Other	-	-	-

Reasons for Change in Appropriation

A realignment of work priorities reduced resources in 2012/13. This is offset by an increase in funding for a full year monitoring of Accident Compensation Corporation and Housing New Zealand Corporation. These monitoring responsibilities moved to Treasury from 1 December 2012.

Output Performance Measures and Standards

Performance Measures	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Existing measures			
Board appointments completed for State-Owned Enterprises' directors and directors for other entities.	41 State-Owned Enterprises' directors and 40 directors for other entities	53 State-Owned Enterprises' directors and 52 directors/board members for other entities	53 State-Owned Enterprises' directors and 52 directors/board members for other entities
Operational advice to Government regarding ownership, performance monitoring and governance complies with the same quality standards agreed for Treasury policy advice (see Conditions of Use in the Policy Advice - Finance appropriation).	Achieved	Achieved	Expired measure
Replacement measure			
Technical quality of operational advice papers regarding ownership, performance monitoring and governance as assessed through the general Treasury policy advice quality assessment process.	Replacement measure	Replacement measure	At least an average of 70%
Existing measure			
2012 Annual Portfolio Report produced, which enables assessment of Crown company and Crown Financial Institution performance.	Achieved	Achieved	Expired measure
Replacement measure			
Annual Portfolio Report produced, which enables assessment of Crown company and Crown Financial Institution performance.	Replacement measure	Replacement measure	Achieved

Conditions on Use of Appropriation

Reference	Conditions
Operational advice to Government	The Treasury applies a random sampling approach to assess the technical quality of operational and policy advice. This process will ensure that at least one stream of operational advice from the Crown Ownership Monitoring Unit is selected.

Statement of Estimated and Forecast Net Worth of Entities Owned

The Minister for State Owned Enterprises is the responsible Minister for the Government's ownership interests in SOEs (the Minister of Finance is the other shareholding Minister). Other Ministers are responsible for the Government's ownership interest in Crown Entity Companies (CECs) and Crown entities (in most cases the Minister of Finance is the other shareholding Minister). The estimated net worth (total assets less total liabilities) of SOEs, CECs and Crown entities that are monitored under this appropriation are listed in the table below.

Changes in net worth result from the net effects of profit (after tax), dividends paid, and capital injections or withdrawals. The data for these organisations are based on forecasts provided for inclusion in the 2013 Budget.

The figures below are the best available at present.

State Owned Enterprises	Balance Date	2012 Actual Net Worth \$000	2013 Estimated Net Worth \$000	2014 Estimated Net Worth \$000
Airways Corporation of New Zealand Ltd	30 June	46,857	46,857	46,857
Animal Control Products Ltd	30 June	5,581	5,581	5,581
AsureQuality Ltd	30 June	34,962	34,962	34,962
Genesis Power Ltd	30 June	1,800,409	1,883,983	1,871,554
Kordia Group Ltd	30 June	91,738	93,397	98,551
Landcorp Farming Ltd	30 June	1,331,969	1,309,625	1,285,048
Learning Media Ltd	30 June	4,640	4,640	4,640
Meridian Energy Ltd	30 June	4,825,680	4,972,925	4,983,020
Meteorological Service of New Zealand Ltd	30 June	14,691	14,691	14,691
Mighty River Power Ltd	30 June	3,014,162	3,066,608	3,046,610
New Zealand Post Ltd	30 June	813,614	929,114	1,011,414
New Zealand Railways Corporation Ltd (KiwiRail Group)	30 June	3,949,289	4,518,811	4,411,367
Quotable Value New Zealand Ltd	30 June	23,603	23,603	23,603
Solid Energy New Zealand Ltd	30 June	423,392	66,422	65,329
Transpower New Zealand Ltd	30 June	1,536,143	1,435,604	1,375,195
Crown Entity Companies:				
Southern Response Earthquake Services Limited	30 June	(47,258)	(14,390)	79,402
Crown Asset Management Limited	30 June	102,237	76,335	39,489
Radio New Zealand Ltd	30 June	49,320	49,320	49,320
Television New Zealand Ltd	30 June	182,465	185,157	192,577
Crown Entities:				
Accident Compensation Corporation	30 June	(7,182,336)	(3,281,150)	(1,433,907)
Housing New Zealand Corporation	30 June	11,978,510	12,034,359	12,144,600
New Zealand Lotteries Commission	30 June	28,113	28,113	28,113
Public Trust	30 June	28,828	27,317	27,970
Crown's share of the Crown Companies reported at value calculated by the equity method:				
Christchurch International Airport Ltd (25% share)	30 June	154,491	149,913	152,309
Invercargill Airport Ltd (45% share as at 30 June 2012 and 2.82% share thereon)	30 June	2,835	369	510
Dunedin International Airport Ltd (50% share)	30 June	21,052	21,502	22,130
Hawkes Bay Airport Ltd (50% share)	30 June	7,951	8,280	8,530

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2012/13 Budgeted \$000	2013/14 Budget \$000	2014/15 Estimated \$000	2015/16 Estimated \$000	2016/17 Estimated \$000
Monitoring of ACC and Housing NZ Corporation	2012/13	794	1,361	1,361	1,361	1,361
SSRSS and KiwiSaver funding removal	2012/13	(34)	(34)	(34)	(34)	(34)
Efficiency savings	2012/13	(52)	(50)	(46)	(46)	(46)

Crown Company Monitoring Advice to the Minister of Science and Innovation and the Minister for Economic Development (M84)

Scope of Appropriation

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.

Expenses and Revenue

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	436	436	436
Revenue from Crown	436	436	436
Revenue from Other	-	-	-

Output Performance Measures and Standards

Performance Measures	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Existing measures			
Board appointments completed for Crown Research Institutes and other entities.	23 directors	23 directors	23 directors
Operational advice to Government regarding ownership, performance monitoring and governance complies with the same quality standards agreed for Treasury policy advice (See Conditions of Use in the Policy Advice - Finance appropriation).	Achieved	Achieved	Expired measure
Replacement measure			
Technical quality of operational advice papers regarding ownership, performance monitoring and governance as assessed through the general Treasury policy advice quality assessment process.	Replacement measure	Replacement measure	At least an average of 70%

Conditions on Use of Appropriation

Reference	Conditions
Operational advice to Government	The Treasury applies a random sampling approach to assess the technical quality of operational and policy advice. This process will ensure that at least one stream of operational advice from the Crown Ownership Monitoring Unit is selected.

Statement of Estimated and Forecast Net Worth of Entities Owned

The Minister for Science and Innovation and the Minister for Economic Development are responsible Ministers for the Government's ownership interests in CRIs and some Crown Entities (the Minister of Finance is the other shareholding Minister). The estimated net worth (total assets less total liabilities) for CRIs and the larger Crown Entities, which are monitored under this appropriation, are listed in the table below.

Changes in net worth result from the net effects of profit (after tax), dividends paid, and capital injections or withdrawals. The data for these organisations are based on forecasts provided for inclusion in the 2013 Budget.

	Balance date	2012 Actual Net Worth \$000	2013 Estimated Net Worth \$000	2014 Forecasted Net Worth \$000
Crown Research Institutes:				
AgResearch Ltd	30 June	201,676	208,120	213,496
Institute for Environmental Science & Research Ltd	30 June	37,858	37,858	37,858
Institute of Geological & Nuclear Sciences Ltd	30 June	26,854	26,854	26,854
Industrial Research Ltd	30 June	40,090	40,090	40,090
Landcare Research New Zealand Ltd	30 June	27,192	27,192	27,192
National Institute of Water & Atmospheric Research Ltd	30 June	95,759	95,759	95,759
New Zealand Forest Research Institute Ltd	30 June	27,560	27,560	27,560
The New Zealand Institute for Plant & Food Research Ltd	30 June	69,555	69,555	69,555
Crown Entities:				
New Zealand Venture Investment Fund Ltd	30 June	21,685	21,685	21,685

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2012/13 Budgeted \$000	2013/14 Budget \$000	2014/15 Estimated \$000	2015/16 Estimated \$000	2016/17 Estimated \$000
SSRSS and KiwiSaver funding removal	2012/13	(11)	(11)	(11)	(11)	(11)
Efficiency savings	2012/13	(10)	(10)	(9)	(9)	(9)

Implementation of Mixed Ownership Model (M31)

Scope of Appropriation and Expenses

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
Implementation of Mixed Ownership Model (M31)		
This appropriation is limited to the policy, operational, and transactional work to implement the Mixed Ownership Model. Commences: 15 December 2011 Expires: 30 June 2015	Original Appropriation	46,802
	Adjustments to 2011/12	-
	Adjustments for 2012/13	-
	Adjusted Appropriation	46,802
	Actual to 2011/12 Year End	6,639
	Estimated Actual for 2012/13	23,850
	Estimated Actual for 2013/14	15,313
	Estimated Appropriation Remaining	1,000

Revenue

	Budget \$000
Revenue from the Crown to end of 2013/14	45,628
Revenue from Others to end of 2013/14	174
Total Revenue	45,802

Reasons for Change in Appropriation

The Implementation of the Mixed Ownership Model has been subjected to a delay by a legal challenge lodged in the Supreme Court. The multi-year appropriation has now been realigned to reflect this delay.

Output Performance Measures and Standards

Performance Measures	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Existing measure			
Advice to Government regarding the implementation of the mixed ownership model complies with the same quality standards agreed for Treasury policy advice (refer Conditions of Use in the Policy Advice - Finance appropriation).	Achieved	Achieved	Expired measure
Replacement measure			
Technical quality of operational advice papers regarding ownership, performance monitoring and governance as assessed through the general Treasury policy advice quality assessment process.	Replacement measure	Replacement measure	At least an average of 70%
Existing measure			
Sufficient domestic demand is created such that 85 - 90% of shares are held by New Zealanders.	Achieved	Achieved	Achieved
The process for each Initial Public Offering exceeds an agreed reserve value.	Achieved	Achieved	Achieved
The costs of the sale programme do not exceed 2% of the sale proceeds.	Achieved	Achieved	Achieved

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2012/13 Budgeted \$000	2013/14 Budget \$000	2014/15 Estimated \$000	2015/16 Estimated \$000	2016/17 Estimated \$000
Setting up the Implementation of Mixed Ownership Model	2011/12	23,850	15,313	1,000	-	-

Policy Advice - Finance (M31)

Scope of Appropriation

This appropriation is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to Finance.

Expenses and Revenue

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	33,794	33,318	34,933
Revenue from Crown	33,782	33,306	34,921
Revenue from Other	12	12	12

Reasons for Change in Appropriation

The increase is due to a realignment of work priorities resulting in adjustments between output classes, a one-off contribution of \$700,000 made to the Department of the Prime Minister and Cabinet for costs for corporate services in 2012/13, and retention of underspends to 2013/14, partially offset by transfers from 2011/12.

Output Performance Measures and Standards

Performance Measures	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Existing measure			
Performance Improvement Framework (PIF) reviews show an increasing proportion of the agencies reviewed as "well placed" or "strong" in the critical areas of sector contribution; collaboration and partnerships with stakeholders.	The percentage of agencies who receive "strong" or "well-placed" PIF ratings is 40% for sector contribution and 60% for collaboration and partnerships with stakeholders	The percentage of agencies who receive 'strong' or 'well-placed' PIF ratings is 40% for sector contribution and 60% for collaboration and partnerships with stakeholders	Expired measure
Replacement measure			
The percentage of agencies who receive "strong" or "well-placed" PIF ratings for Working for Others.	Replacement measure	Replacement measure	55%

Performance Measures	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Existing measures			
Reports provided to the Minister will be subject to an internal quality assurance process and signed off by a person with delegated authority as meeting Treasury's quality of policy advice standard.	100%	100%	Expired measure
Changes to the Public Finance Act (1989) are made which enable greater collaboration around results and system leadership.	Achieved	Achieved	Expired measure
Replacement measures			
Technical quality of policy advice papers assessed by a survey with a methodical robustness of 90% (see Note 1).	Replacement measure	Replacement measure	At least an average of 70%
The satisfaction of the Minister of Finance with the policy advice service, as per the common satisfaction survey.	Replacement measure	Replacement measure	At least 70%
The total cost per hour of producing outputs.	Replacement measure	Replacement measure	\$159
Existing Measure			
Welfare Reform is delivered on time and to budget, and achieves the desired result of a reduction in long-term benefit receipt.	Achieved	Achieved	Expired measure
Replacement Measure			
The welfare system operates further in line with the investment approach, based on the external valuation (see Note 2).	Replacement measure	Replacement measure	Achieved
Existing Measures			
The operating and capital funding models used within the schooling sector are sustainable and consistent with the Government's fiscal objectives.	Achieved	Partially achieved - Funding pressures are manageable in the short term; however, competing priorities within the schooling sector have meant that resources have been dedicated to addressing immediate pressures rather than fundamentally improving the sustainability of funding models.	Expired measure
The long-term fiscal statement (published in July 2013) is credible and robust.	Achieved	Not achieved - Publication of the long-term fiscal statement has been delayed until July 2013. The delay will enable an external review of the statement and incorporation of the <i>Budget Economic and Fiscal Update (BEFU) 2013</i> projections.	Achieved
Treasury remains amongst the top two forecasters of the New Zealand economy in forecasting GDP and CPI over a rolling 10-year period.	Achieved	Achieved	Achieved
Budget decisions are in line with short-term fiscal intentions in the Budget Policy Statement (BPS).	Achieved	Achieved	Achieved

	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Performance Measures			
Existing Measure			
Regulatory Impact Statements meet most or all of Regulatory Impact Analysis Requirements.	85%	79%	Expired measure
Replacement Measure			
Significant Regulatory Impact Statements meet most or all of Regulatory Impact Analysis Requirements.	Replacement measure	Replacement measure	90%
Existing Measures			
Tax revenue forecast error on one-year-ahead forecasts.	Less than +/- 3%	Achieved	Less than +/- 3%
Production of advice that provides options which allow the Government to deliver a credible fiscal strategy consistent with the fiscal prudence provisions of the Public Finance Act 1989. Where this advice is underpinned by modelling, major models are externally Quality Assured and, where appropriate, assumptions are tested with suitably qualified external experts.	Achieved	Achieved	Achieved

Note 1 - The higher the robustness score, the stronger the methodological quality of the completed assessment.

Note 2 - Through its Vote role and role as the external monitor of Work and Income (a division of the Ministry of Social Development), the Treasury will help to ensure:

- a plan for implementing the Investment Approach has been fully developed
- ongoing valuations of the benefit system are completed, and
- progress is made on providing the Ministry of Social Development with flexibility over funding to enable it to allocate resource in accordance with the valuation.

Conditions on Use of Appropriation

Reference	Conditions
Quality standards for Policy Advice.	<p>This Quality Standard for Policy Advice sets out the characteristics or dimensions of policy advice that will best enable it to promote well-informed, high-quality decision-making by Ministers. However, the quality dimensions below are not a checklist and not all dimensions will be equally important in every case - judgements are required at the outset about how to apply and balance the quality dimensions to ensure a particular piece of advice is fit for purpose in achieving the result sought.</p> <p>When undertaking a piece of work, explicit consideration needs to be given to the following:</p> <ul style="list-style-type: none"> • What point are Ministers at in their decision-making process? • Can Treasury add value? • What are our opportunities to have an impact? • What result are we seeking by providing a piece of advice? • How should the quality dimensions below be applied and balanced to achieve this result? • What is the relative priority of this piece of work? • What level of investment is warranted?

Dimensions of Policy Advice

Analytically Rigorous (Analysis)	Set in a Wider Strategic Context (Applied Analysis)	Customer-focused and Persuasive (Advice)
<p>Relevant Frameworks</p> <p>Appropriate analytical frameworks are used, and: knowledge is up-to-date and informed by recent thinking and literature in the field.</p> <p>Assumptions behind the frameworks used are explicit and consideration has been given to how they will be expected to play out in the real world (a world which includes information and transaction costs, market failure, government failure, etc.).</p> <p>Consideration has been given to less traditional frameworks and whether they would add innovative or useful perspectives.</p>	<p>Strategic</p> <p>Advice is set in the context of the Treasury's results and informed by a strategic view about what is important.</p> <p>We are explicit about the relative importance and materiality of the issue in fiscal, economic and strategic terms.</p> <p>Connections across policy issues are made, ensuring that Ministers receive a whole-of-government perspective.</p> <p>Advice considers the long-term implications of decisions and provides a perspective that goes beyond immediate impacts.</p> <p>We frame issues and help set the agenda.</p>	<p>Clear</p> <p>Advice is compellingly presented.</p> <p>It is brief and concise - key messages should be readily apparent to the reader.</p> <p>Easy to read - has a clear and logical structure, avoids technical jargon and uses visual devices such as charts and tables where possible.</p> <p>Pitched to suit the target audience - uses appropriate language, style and level of detail.</p> <p>Framed in terms of how it fits with previous advice and communications with the Minister.</p>
<p>Robust Reasoning and Logic</p> <p>Advice has a clear purpose, problem definition, evaluation of options against criteria, and assessment of risks and opportunities.</p> <p>We come to a conclusion and give action-oriented recommendations.</p>	<p>Practical</p> <p>Issues of implementation, technical feasibility, practicality and timing are considered and advice accurately identifies compliance, transitional, legislative, revenue and administrative implications and costs.</p>	<p>Timely</p> <p>Reports should meet Ministers' need for advice that helps in the decision-making process (even if it means, at times, that advice is not fully developed) and indicate when a decision is required.</p>
<p>Evidence-based</p> <p>Analysis is supported by relevant evidence: Empirical methods are sound, data gaps are identified and the level of confidence/certainty in our empirical base is explicit.</p> <p>We draw on New Zealand experience of current and past policy interventions and, where relevant, the experience of other countries.</p> <p>We give our best judgement despite data imperfections; we acknowledge information limitations and advise within them.</p>	<p>Public Sector Consultation</p> <p>Ministers receive advice that enables them to engage with their colleagues on a fully informed basis because: thorough and timely consultation with other government departments has occurred and points of difference, and the reasons for these, are set out.</p> <p>Where possible, advice is developed in conjunction with relevant government agencies.</p>	<p>Politically Aware Advice</p> <p>Demonstrates awareness of the wider environment and political situation.</p> <p>Is based on a clear understanding of the desired outcomes of the Minister/Government.</p> <p>Relates to the perspectives of Ministers, even if suggesting something that tests those perspectives.</p> <p>Recognises choices and constraints Ministers face, and includes a range of options to address these.</p>

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2012/13 Budgeted \$000	2013/14 Budget \$000	2014/15 Estimated \$000	2015/16 Estimated \$000	2016/17 Estimated \$000
Monitoring of Phase 2 of Welfare Reforms	2013/14	-	750	750	-	-
SSRSS and KiwiSaver funding removal	2012/13	(855)	(916)	(916)	(916)	(916)
Efficiency savings	2012/13	(667)	(585)	(522)	(522)	(512)

Provision of Financial Operations Services and Operational Advice (M31)

Scope of Appropriation

This appropriation is limited to the provision of services which support the performance of the State sector, including fiscal reporting, forecasting and monitoring; provision of Export Credit; and the management, administration and monitoring of Crown Guarantee Schemes, Crown Lending, Crown Investments and Crown Bank Accounts.

Expenses and Revenue

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	27,856	26,196	23,249
Revenue from Crown	25,113	23,453	23,248
Revenue from Other	2,743	2,743	1

Reasons for Change in Appropriation

The reduction in appropriation in 2013/14 is attributable to \$2.742 million from one-off cost recoverable activities in 2012/13 and transfers of funding from 2011/12 to 2012/13.

	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Performance Measures			
Existing measures			
Management of liabilities and investigation of mechanisms to discharge the Crown's obligations in a timely manner ensuring any costs from the materialisation of liabilities are contained (see Conditions of Use).	Achieved	Achieved	Achieved
Departments meet all their statutory requirements for the PFA (see Conditions of Use).	Achieved	Mostly achieved	Expired measure
Agencies' Four-year Budget Plans outline a credible medium-term plan for living within baselines and delivering the Government's priorities.	100%	56%	Expired measure
Replacement measure			
Agencies' or Sectors' Four-year Plans outline a credible medium-term plan for living within baselines and delivering the Government's priorities.	Replacement measure	Replacement measure	100%
Existing measure			
Capital business cases requiring Cabinet consideration are prepared in accordance with the Better Business Cases standard.	100%	90%	Expired measure
Replacement measure			
Agencies comply with Cabinet's capital approval requirements and the Better Business Cases standard.	Replacement measure	Replacement measure	100%

Performance Measures	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Existing measures			
All new significant operating expenditure proposals received during the budget process are subject to cost benefit analysis (or similar) (see Conditions of Use).	100%	60%	100%
Improvement in Better Administrative and Support Services effectiveness and efficiency indicators.	Achieved	Achieved	Achieved
Audit opinion issued by the Controller and Auditor-General on the Financial Statements of Government.	Unqualified	Unqualified	Unqualified
Two Economic and Fiscal Updates produced, clearly explained and with conclusions tested with external panels.	Achieved	Achieved	Achieved
Monthly Financial Statements of Government produced in accordance with the PFA requirements and free from material errors.	Achieved	Achieved	Achieved
Infrastructure State of the Nation report produced by 30 June.	Achieved	Achieved	Achieved
Asset performance indicators developed for key social assets.	Indicators agreed, collection automated, and low-compliance analytical tools for use developed	Initial indicators identified for social assets, and low-compliance analytical tools for use developed	Key indicators agreed, collected, and used in analysis
Compliance with risk management policies and parameters for management of Crown lending and Crown bank accounts.	No breaches	No breaches	No breaches
New export credit policies underwritten.	75	83	82
New exports supported.	\$305 million	\$323 million	\$305 million
New Exposure of export credit policies.	\$165 million	\$100 million	\$125 million
Operating Expense/Earned Premium plus Application Fees ratio.	Maintained or declining	Increased Lower than forecast number of larger, short-term deals and the provisioning of a large export credit policy in 2011/12 has resulted in lower level of premium earned during 2012/13	Maintained or declining
Compliance with International Guidelines (OECD and WTO) and Delegated Mandate.	100%	100%	100%
Complaints received regarding delivery of services or complaints are due to issues outside of NZECO's mandate.	None	None	None
Claims and Provisions are maintained within year to date profit.	Achieved	Achieved	Expired measure
Claims and Provisions/Total exposure and undrawn commitments ratio.	Lower than or comparable to other ECA long-run ratios of between 4% - 9%	Achieved	Lower than or comparable to other ECA long-run ratios of between 4% - 9%
Forecast total external engagements.	420	380	370

Conditions on Use of Appropriation

Reference	Conditions
Management of liabilities and investigation of mechanisms to discharge the Crown's obligations in a timely manner ensuring any costs from the materialisation of liabilities are contained.	The output class covers the management and resolution of contingent or actual liabilities associated with various Crown commitments and assets - for instance, gas and geothermal reserves, Treaty settlements and New Zealand House. In some cases, Treasury is a provider of second-opinion advice rather than a lead agency on these matters.
Departments meet all their statutory requirements for the PFA.	Individual PFA failures are the responsibility of the agency involved but the Treasury is responsible for the overall system. The focus of this performance measure is the integrity of the system.
All new significant operating expenditure proposals are subject to cost benefit analysis (or similar).	The analysis should cover: <ul style="list-style-type: none"> • problem definition • intervention logic • options analysis • evaluation of the initiative's contribution to your agency's/sector's outcomes and result areas • how the new initiative will be implemented and evaluated, and • options for scaling the initiative.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2012/13 Budgeted \$000	2013/14 Budget \$000	2014/15 Estimated \$000	2015/16 Estimated \$000	2016/17 Estimated \$000
Optimise Finance initiative	2012/13	750	1,036	-	-	-
SSRSS and KiwiSaver funding removal	2012/13	(123)	(123)	(123)	(123)	(123)
Efficiency Savings	2012/13	(38)	(36)	(33)	(33)	(33)
Better Services for Less - Pipeline funding	2011/12	3,000	-	-	-	-

Provision of Financial Services to the New Zealand Local Government Funding Agency RDA (M31)

Scope of Appropriation

This appropriation is limited to expenses incurred in connection with the provision of financial services on a commercial basis to the New Zealand Local Government Funding Agency (LGFA).

Expenses and Revenue

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	165	165	165
Revenue from Crown	-	-	-
Revenue from Other	165	165	165

Output Performance Measures and Standards

	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Performance Measures			
Agreed service level standards are met.	Achieved	Achieved	Achieved

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2012/13 Budgeted \$000	2013/14 Budget \$000	2014/15 Estimated \$000	2015/16 Estimated \$000	2016/17 Estimated \$000
Provision of Financial Services to the New Zealand Local Government Funding Agency	2011/12	465	465	465	465	465

Shared Support Services (M31)*Scope of Appropriation*

This appropriation is limited to provision of support services to other agencies.

Expenses and Revenue

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	8,000	7,000	8,000
Revenue from Crown	-	-	-
Revenue from Other	8,000	7,000	8,000

Output Performance Measures and Standards

	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Performance Measures			
Service level standards are met to the standards and timeframes agreed with the three central agencies.	Achieved	Achieved	Achieved

Part 2.2 - Non-Departmental Output Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
<p>Outcome: A higher performing State sector that New Zealander trust, delivering outstanding results and value for money.</p> <p>Impact: The Crown's balance sheet is managed efficiently and effectively.</p>	<p>Management of New Zealand House, London</p> <p>Management of the Crown's Obligations for Geothermal Wells</p> <p>Management of the New Zealand Superannuation Fund</p>
<p>Outcome: Improved economic performance.</p> <p>Impact: Improved domestic business environment.</p>	<p>Inquiries and Research into Productivity Related Matters MCOA</p> <p>Inquiries into Productivity - Related Matters</p> <p>Research into and Promotion of Productivity - Related Matters</p>

Inquiries and Research into Productivity Related Matters MCOA (M31)

Scope of Appropriation

Inquiries into Productivity - Related Matters
This output class is limited to inquiries undertaken by the New Zealand Productivity Commission in accordance with the New Zealand Productivity Commission Act 2010.
Research into and Promotion of Productivity - Related Matters
This output class is limited to the New Zealand Productivity Commission undertaking research into and promoting public understanding of productivity related matters in accordance with the New Zealand Productivity Commission Act 2010.

Explanation for Use of Multi-Class Output Expense Appropriation

The two output classes are limited to inquiries, research and promotion of productivity related matters.

Expenses

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	5,028	5,028	5,030
Inquiries into Productivity - Related Matters	4,525	4,525	4,527
Research into and Promotion of Productivity - Related Matters	503	503	503

Output Performance Measures and Standards

Performance Measures	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
The Board of the New Zealand Productivity Commission manage and administer in accordance with their Statement of Intent.	Achieved	Achieved	Achieved

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2012/13 Budgeted \$000	2013/14 Budget \$000	2014/15 Estimated \$000	2015/16 Estimated \$000	2016/17 Estimated \$000
Inquiries , Reviews and Research into Productivity - Related Matters	2010/11	4,691	5,028	5,030	-	-

Management of New Zealand House, London (M31)*Scope of Appropriation*

This appropriation is limited to the property management services in respect of New Zealand House, London.

Expenses

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	1,000	1,000	1,000

Output Performance Measures and Standards

Performance Measures	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Optimise New Zealand House rental revenue.	Achieved	Achieved	Achieved
Occupancy rates maximised.	Achieved	Achieved	Achieved
Maintain the property to support the achievement of revenue and occupancy objectives.	Achieved	Achieved	Achieved

Management of the Crown's Obligations for Geothermal Wells (M31)*Scope of Appropriation*

This appropriation is limited to the management and maintenance relating to geothermal wells and associated sites and structures for which the Crown accepts responsibility.

Expenses

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	467	467	151

Reasons for Change in Appropriation

A one-off expense of \$185,000 was budgeted for in 2012/13 to perform maintenance and valuation of the geothermal well for leasing. There has also been an in-principle transfer of \$116,000 from 2011/12 to 2012/13.

Output Performance Measures and Standards

Performance Measures	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Monitor and maintain wells through regular inspections and completion of standard maintenance actions.	Achieved	Achieved	Achieved

Management of the New Zealand Superannuation Fund (M31)*Scope of Appropriation*

This appropriation is limited to managing the New Zealand Superannuation Fund on behalf of the Crown.

Expenses

Total Appropriation	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
	528	528	528

Output Performance Measures and Standards

Performance Measures	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
The Guardians of New Zealand Superannuation manage and administer the Fund in accordance with their Statement of Intent.	Achieved	Achieved	Achieved

Summary of Service Providers for Non-Departmental Outputs

Provider	2012/13 Budgeted \$000	2012/13 Estimated Actual \$000	2013/14 Budget \$000	Reporting Mechanism	Expiry of Funding Commitment
Crown Entities					
The Guardians of New Zealand Superannuation <ul style="list-style-type: none"> Management of the New Zealand Superannuation Fund 	528	528	528	Providers annual report	Ongoing
The New Zealand Productivity Commission <ul style="list-style-type: none"> MCOA: Inquiries and Research into Productivity Related Matters 	4,525	4,525	4,525	Providers annual report	Ongoing
Non-Government Organisations					
King Sturge International Property Consultants, London <ul style="list-style-type: none"> Management of New Zealand House, London 	1,000	1,000	1,000	Not required	Ongoing
Aurecon Limited and other providers <ul style="list-style-type: none"> Management of the Crown's Obligations for Geothermal Wells 	467	151	151	Not required	Ongoing

The above table summarises funding to be allocated through Vote Finance to non-departmental providers, along with an indication of the mechanism to be used for reporting actual performance and (where determined) the length of the funding commitment.

Part 4 - Details for Borrowing Expenses

Part 4.2 - Non-Departmental Borrowing Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
<p>Outcome: A higher performing State sector that New Zealanders trust, delivering outstanding results and value for money.</p> <p>Impact: The Crown's balance sheet is managed efficiently and effectively.</p>	Debt Servicing PLA

Debt Servicing PLA (M31)

Scope of Appropriation

This appropriation is limited to the payment of borrowing expenses for the Crown's New Zealand-dollar and foreign-currency debt, authorised by section 60(1)b of the Public Finance Act 1989.

Expenses

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	3,614,299	3,614,299	3,492,841

Reasons for Change in Appropriation

The change reflects forecast interest rate movements and the amount of debt outstanding.

Part 5 - Details and Expected Results for Other Expenses

Part 5.2 - Non-Departmental Other Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
<p>Outcome: A higher performing State sector that New Zealanders trust, delivering outstanding results and value for money.</p> <p>Impact: The Crown's balance sheet is managed efficiently and effectively.</p>	Crown Residual Liabilities Direct Sale costs for Implementing the Mixed Ownership Model Geothermal Wells Fund Government Superannuation Appeals Board Government Superannuation Fund Authority - Crown's Share of Expenses PLA Government Superannuation Fund Unfunded Liability PLA Impairment of Loans to Taitokerau Forest Limited Landcorp Protected Land Agreement - Operating Loyalty Bonus Scheme Related to Initial Public Offers National Provident Fund Schemes - Liability Under Crown Guarantee PLA New Zealand House, London Taitokerau Forests Limited Grant Unclaimed Money PLA Unclaimed Trust Money PLA Unwind of Discount Rate used in the Present Value Calculation of Payment Under Crown Deed of Support with AMI

Crown Residual Liabilities (M31)

Scope of Appropriation

Residual obligations arising from administration of the Crown's sale and purchase agreements with SOEs and Crown entities and from the sale of Crown investments, and for the settlement of claims against the Crown arising from exposure to asbestos.

Expenses

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	230	230	230

Expected Results

	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Settlements are within limits agreed by the Minister.	Achieved	Achieved	Achieved

Direct Sale costs for Implementing the Mixed Ownership Model (M31)

Scope of Appropriation and Expenses

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
<i>Direct Sale costs for Implementing the Mixed Ownership Model (M31)</i>	Original Appropriation	56,000
This appropriation is limited to the direct sales costs of implementing the Mixed Ownership Model.	Adjustments to 2011/12	-
	Adjustments for 2012/13	-
Commences: 15 December 2011	Adjusted Appropriation	56,000
Expires: 30 June 2015	Actual to 2011/12 Year End	-
	Estimated Actual for 2012/13	18,150
	Estimated Actual for 2013/14	33,850
	Estimated Appropriation Remaining	4,000

Reasons for Change in Appropriation

Direct Sale costs of Implementing Mixed Ownership Model will increase to align with the timing of partial asset sales.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2012/13 Budgeted \$000	2013/14 Budget \$000	2014/15 Estimated \$000	2015/16 Estimated \$000	2016/17 Estimated \$000
Direct Sale cost for Implementing the Mixed Ownership Model	2011/2012	35,000	6,000	4,000	-	-

Geothermal Wells Fund (M31)

Scope of Appropriation

This appropriation is limited to meeting the costs of one-off unforeseen events relating to those geothermal wells for which the Crown accepts responsibility.

Expenses

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	300	-	500

Reasons for Change in Appropriation

Fiscally neutral transfer of \$200,000 was made in 2012/13 to cover additional costs incurred for the Management of the Crown's Obligations for Geothermal Wells.

Expected Results

	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Damages are made good within agreed timeframes and budgets.	Achieve for all such events (no more than one expected in a year)	Achieve for all such events (no more than one expected in a year)	Achieve for all such events (no more than one expected in a year)

Government Superannuation Appeals Board (M31)*Scope of Appropriation*

This appropriation is limited to the expenses of the Government Superannuation Appeals Board in performing its functions under the Government Superannuation Fund Act 1956.

Expenses

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	50	50	50

Expected Results

	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Board members' fees and disbursements are consistent with Cabinet Office Guidelines.	Achieved	Achieved	Achieved

Government Superannuation Fund Authority - Crown's Share of Expenses PLA (M31)*Scope of Appropriation*

This appropriation is limited to the Crown's share of the expenses of the Government Superannuation Fund Authority relating to the management and administration of the Government Superannuation Fund and the schemes, authorised by sections 15E and 95 of the Government Superannuation Act 1956.

Expenses

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	24,599	24,599	24,599

Expected Results

	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
The Crown's share of management and administration fees is paid in accordance with the Government Superannuation Fund's determination and certification of the Government Actuary.	Achieved	Achieved	Achieved

Government Superannuation Fund Unfunded Liability PLA (M31)*Scope of Appropriation*

This appropriation is limited to the net increase (excluding actuarial gains and losses) in the Crown's liability to the Government Superannuation Fund and the specified superannuation contribution withholding tax on employer contributions by the Crown, authorised by section 95AA of the Government Superannuation Act 1956.

Expenses

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	639,505	639,505	635,803

Reasons for Change in Appropriation

The Government Superannuation Fund Unfunded Liability is expected to decrease by \$3.700 million in 2013/14 reflecting improvements in the expected return on scheme assets and reduction in current service costs. This is offset with an increase in discount rates, contributions from members and the Employer Superannuation Contribution Tax.

Expected Results

	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Recognition of the Crown's GSF obligations in the Financial Statements of the Government.	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion
Tax payments are accurate and paid within deadlines.	Met	Met	Met

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2012/13 Budgeted \$000	2013/14 Budget \$000	2014/15 Estimated \$000	2015/16 Estimated \$000	2016/17 Estimated \$000
Budget 2010 Tax Package	2011/12	17,000	17,000	-	-	-

Impairment of Loans to Taitokerau Forest Limited (M31)

Scope of Appropriation

This appropriation is limited to the expense incurred on the impairment of new loans to Taitokerau Forests Limited.

Expenses

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	800	800	800

Expected Results

	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Impairment of loans to Taitokerau Forest Limited correctly recorded in the Financial Statements of the Government.	Achieved	Achieved	Achieved

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2012/13 Budgeted \$000	2013/14 Budget \$000	2014/15 Estimated \$000	2015/16 Estimated \$000	2016/17 Estimated \$000
Renegotiation of Crown Loan to Taitokerau Forests Limited.	2008/09	800	-	-	-	-

Landcorp Protected Land Agreement - Operating (M31)

Scope of Appropriation

This appropriation is limited to providing for operating costs incurred under the Landcorp Protected Land Agreement.

Expenses

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	20,464	17,528	2,000

Reasons for Change in Appropriation

This new appropriation was set up to settle operating expenditure obligations under the Landcorp Protected Land Agreement. Recognition and settlement of operating costs includes interest, management fees and accumulated losses.

Loyalty Bonus Scheme Related to Initial Public Offers (M31)

Scope of Appropriation and Expenses

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
<i>Loyalty Bonus Scheme Related to Initial Public Offers (M31)</i>	Original Appropriation	40,000
This appropriation is limited to expenses incurred by allocating shares under a loyalty bonus scheme to eligible investors in initial public offers.	Adjustments to 2011/12	-
	Adjustments for 2012/13	-
Commences: 1 March 2013	Adjusted Appropriation	40,000
Expires: 30 June 2016	Actual to 2011/12 Year End	-
	Estimated Actual for 2012/13	40,000
	Estimated Actual for 2013/14	-
	Estimated Appropriation Remaining	-

Reasons for Change in Appropriation

This new appropriation was established to cover the costs of running a Loyalty Bonus Share Issue from the Mighty River Power Initial Public Offer.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2012/13 Budgeted \$000	2013/14 Budget \$000	2014/15 Estimated \$000	2015/16 Estimated \$000	2016/17 Estimated \$000
Loyalty Bonus Scheme Related to Initial Public Offers	2012/13	40,000	-	-	-	-

National Provident Fund Schemes - Liability Under Crown Guarantee PLA (M31)

Scope of Appropriation

This appropriation is limited to the net increase (excluding actuarial gains and losses) in the Crown's liability for benefits payable to members of National Provident Fund schemes under the Crown guarantee in section 60 of the National Provident Fund Restructuring Act 1990. This appropriation is authorised by section 66 of the National Provident Fund Restructuring Act 1990.

Expenses

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	24,000	24,000	26,000

Reasons for Change in Appropriation

The increase reflects a revised forecast for the expected interest costs in relation to the National Provident Fund liability.

Expected Results

	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
The Crown's liability for benefits payable to members of National Provident Fund schemes is correctly recorded in the Financial Statements of the Government.	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion

New Zealand House, London (M31)*Scope of Appropriation*

This appropriation is limited to the operational costs of New Zealand House, London.

Expenses

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	13,000	13,000	13,000

Expected Results

	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Net rental from commercial space is optimised.	Achieved	Achieved	Achieved
New Zealand House is maintained to provide office accommodation of a suitable standard for New Zealand Government entities in London.	Achieved	Achieved	Achieved

Taitokerau Forests Limited Grant (M31)*Scope of Appropriation*

This appropriation is limited to grants to Taitokerau Forests Limited for on-payment to forest owners, payable upon harvest of the forests.

Expenses

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	200	200	200

Expected Results

	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Grant payment is made in accordance with Taitokerau Forests Limited agreement	Achieved	Achieved	Achieved

Unclaimed Money PLA (M31)*Scope of Appropriation*

This appropriation is limited to the repayment of money authorised by section 74(5) of the Public Finance Act 1989.

Expenses

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	250	250	250

Expected Results

	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Repayment of unclaimed money to claimants is performed in accordance with section 74(5) of the Public Finance Act 1989.	Achieved	Achieved	Achieved

Unclaimed Trust Money PLA (M31)*Scope of Appropriation*

This appropriation is limited to the repayment of money authorised by section 70(2) of the Public Finance Act 1989.

Expenses

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	250	250	250

Expected Results

	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Repayment of unclaimed money to claimants is performed in accordance with section 70(2) of the Public Finance Act 1989.	Achieved	Achieved	Achieved

Unwind of Discount Rate used in the Present Value Calculation of Payment under Crown Deed of Support with AMI (M31)

Scope of Appropriation

This appropriation is limited to the expense incurred in unwinding the discount rate used in the present value calculation of the liability as the liability nears settlement.

Expenses

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	13,678	13,678	10,218

Reasons for Change in Appropriation

The movement reflects a revised forecast for the expected unwind of the discount rate in relation to the Crown Support Deed.

Reporting Mechanisms

Appropriation	Reporting Mechanism
Crown Residual Liabilities	Not required
Direct Sale costs for Implementing Mixed Ownership Model	Annual Report of the Treasury
Geothermal Wells Fund	Not required
Government Superannuation Appeals Board	Not required
Government Superannuation Fund Authority - Crown's Share of Expenses PLA	Annual report of the Government Superannuation Fund Authority
Government Superannuation Fund Unfunded Liability PLA	Not required
Impairment of Loans to Taitokerau Forests Limited	Not required
Landcorp Protected Land Agreement - Operating	Annual report of Landcorp Farming Limited
Loyalty Bonus Scheme Related to Initial Public Offers	Annual Report of the Treasury
National Provident Fund Schemes - Liability Under Crown Guarantee PLA	Not required
New Zealand House, London	Annual report of the New Zealand Government Property Corporation
Taitokerau Forests Limited Grant	Not required
Unclaimed Money PLA	Not required
Unclaimed Trust Money PLA	Not required
Unwind of Discount Rate used in the Present Value Calculation of Payment under Crown Deed of Support with AMI	Annual report of Southern Earthquake Response Services

The above table indicates the mechanisms to be used for reporting actual performance for each non-departmental other expenses appropriation.

Part 6 - Details and Expected Results for Capital Expenditure

Part 6.1 - Departmental Capital Expenditure

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
<p>Outcome: A higher performing State sector that New Zealanders trust, delivering outstanding results and value for money.</p> <p>Impact: State institutions deliver sustained improvement in results and capability.</p>	The Treasury - Capital Expenditure PLA

The Treasury - Capital Expenditure PLA (M31)

Scope of Appropriation

This appropriation is limited to the purchase or development of assets by and for the use of the Treasury, as authorised by section 24(1) of the Public Finance Act 1989.

Capital Expenditure

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	2,608	2,608	1,238
Intangibles	2,046	2,046	2,550
Other	-	-	-
Total Appropriation	4,654	4,654	3,788

Reasons for Change in Appropriation

Capital expenditure in 2013/14 is currently expected to be \$866,000 lower than in 2012/13. Expenditure was higher in 2012/13 due to the establishment of a common central agencies platform across the three central agencies. In 2013/14 there is additional funding of \$700,000 towards the replacement information system for the operation of the debt funding and investment portfolio activities.

Expected Results

The forecast capital expenditure will support the efficient delivery of services as set out in the Treasury's Statement of Intent. A strategic capital plan for all central agencies is being developed by the new Central Agencies Shared Services. This may result in subsequent revisions to the 2013/14 capital expenditure budget.

Part 6.2 - Non-Departmental Capital Expenditure

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
<p>Outcome: A higher performing State sector that New Zealanders trust, delivering outstanding results and value for money.</p> <p>Impact: The Crown's balance sheet is managed efficiently and effectively.</p>	International Financial Institutions PLA New Zealand House, London Capital Taitokerau Forests

International Financial Institutions PLA (M31)

Scope of Appropriation

This appropriation is limited to capital expenditure for shares subscribed to by New Zealand as a member of International Financial Institutions, authorised by section 5 of the International Finance Agreements Act 1961.

Capital Expenditure

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	47,433	47,433	212,000

Reasons for Change in Appropriation

Forecasts have been aligned to latest information provided by International Financial Institutions on anticipated requests for additional capital.

Expected Results

	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Payments of agreed subscriptions are made by due date.	Achieved	Achieved	Achieved
Payments made to countries through the IMF Financial Transactions Plan are made by due date.	Achieved	Achieved	Achieved

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2012/13 Budgeted \$000	2013/14 Budget \$000	2014/15 Estimated \$000	2015/16 Estimated \$000	2016/17 Estimated \$000
Budget 2011: Increase in Capital in IMF	2012/13	180,000	-	-	-	-
Budget 2012: New arrangements to borrow	2012/13	100,000	-	-	-	-

Landcorp Protected Land Agreement - Capital (M31)

Scope of Appropriation

This appropriation is limited to providing for capital investments incurred under the Landcorp Protected Land Agreement.

Capital Expenditure

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	8,000	5,544	2,000

Reasons for Change in Appropriation

This new appropriation was set up to settle capital expenditure incurred under the Landcorp Protected Land Agreement.

New Zealand House, London, capital (M31)

Scope of Appropriation

This appropriation is limited to capital expenditure in relation to New Zealand House, London.

Capital Expenditure

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	750	-	750

Reasons for Change in Appropriation

Forecasts have been aligned with information provided on New Zealand House anticipated capital spending.

Expected Results

	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
New Zealand House is maintained to provide office accommodation of a suitable standard for New Zealand Government entities in London.	Achieved	N/A	Achieved

Taitokerau Forests (M31)

Scope of Appropriation

This appropriation is limited to the provision of loans to Taitokerau Forests Ltd for forest management and development.

Capital Expenditure

	2012/13		2013/14
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	1,550	700	800

Reasons for Change in Appropriation

The change in appropriation reflects the uncertainty in the timing of draw-downs of the Taitokerau Forests Limited loan facility.

Expected Results

	2012/13		2013/14
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Loans will be provided in accordance with the terms of the loan agreement.	Achieved	Achieved	Achieved

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2012/13 Budgeted \$000	2013/14 Budget \$000	2014/15 Estimated \$000	2015/16 Estimated \$000	2016/17 Estimated \$000
Renegotiation of Crown Loan to Taitokerau Forests Limited.	2008/09	800	-	-	-	-

Reporting Mechanisms

Appropriation	Reporting Mechanism
International Financial Institutions PLA	Not required
Landcorp Protected Land Agreement - Capital	Annual report of Landcorp Farming Limited
New Zealand House, London, capital	Annual report of the New Zealand Government Property Corporation
Taitokerau Forests	Not required

The above table indicates the mechanisms to be used for reporting actual results for each non-departmental capital expenditure appropriation.