

Reference: 20190651



9 October 2019



Thank you for your Official Information Act request, received on 11 September 2019. You requested:

1. *Aide Memoire T2019/1563: Reserve Bank Statement of Intent (2019-2022) – 6 June 2019*
2. *Aide Memoire T2019/1607: Commercial Performance State of Play as at 6 June 2019 – 6 June 2019*
3. *Treasury Report T2019/1549: Proactive release of fiscal strategy advice and draft lecture – 11 June 2019*
4. *Treasury Report T2019/1469: April 2019 Titles for Publication – 12 June 2019*
5. *Aide Memoire T2019/1718: Information on the Budget 2019 Capital Package – 13 June 2019*

Information being released

Please find enclosed the following documents:

| Item | Date | Document Description | Decision |
|------|--------------|---|-----------------|
| 1. | 6 June 2019 | Aide Memoire T2019/1563: Reserve Bank Statement of Intent (2019-2022) | Release in part |
| 2. | 6 June 2019 | Aide Memoire T2019/1607: Commercial Performance State of Play as at 6 June 2019 | Release in part |
| 3. | 11 June 2019 | Treasury Report T2019/1549: Proactive release of fiscal strategy advice and draft lecture – 11 June 2019 Attachment publicly available | Release in part |
| 4. | 12 June 2019 | Treasury Report T2019/1469: April 2019 Titles for Publication – 12 June 2019 | Release in part |

1 The Terrace
PO Box 3724
Wellington 6140
New Zealand
tel. +64-4-472-2733

<https://treasury.govt.nz>

| | | | |
|----|--------------|--|-----------------|
| 5. | 13 June 2019 | Aide Memoire T2019/1718: Information on the Budget 2019 Capital Package – 13 June 2019 | Release in part |
|----|--------------|--|-----------------|

I have decided to release the documents listed above, subject to information being withheld under one or more of the following sections of the Official Information Act, as applicable:

- personal contact details of officials, under section 9(2)(a) – to protect the privacy of natural persons, including that of deceased natural persons,
- advice still under consideration, section 9(2)(f)(iv) – to maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials,
- names and contact details of junior officials and certain sensitive advice, under section 9(2)(g)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions,
- commercially sensitive information, under section 9(2)(b)(ii) – to protect the commercial position of the person who supplied the information, or who is the subject of the information, and
- direct dial phone numbers of officials, under section 9(2)(k) – to prevent the disclosure of information for improper gain or improper advantage.

Direct dial phone numbers of officials have been redacted under section 9(2)(k) in order to reduce the possibility of staff being exposed to phishing and other scams. This is because information released under the OIA may end up in the public domain, for example, on websites including Treasury’s website.

Information publicly available

The following information is also covered by your request and is publicly available on the Treasury website:

| Item | Date | Document Description | Website Address |
|------|--------------|---|---|
| 6. | 8 April 2019 | Attachment document 3: Treasury Report 2019/66: Options for the fiscal strategy beyond 2021/22 | https://treasury.govt.nz/sites/default/files/2019-08/b19-4083590.pdf |

Accordingly, I have refused your request for the documents listed in the above table under section 18(d) of the Official Information Act:

- the information requested is or will soon be publicly available.

Some relevant information has been removed from documents listed in the above table and should continue to be withheld under the Official Information Act, on the grounds described in the documents.

In making my decision, I have considered the public interest considerations in section 9(1) of the Official Information Act.

Please note that this letter (with your personal details removed) and enclosed documents may be published on the Treasury website.

This reply addresses the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

David Hammond
Team Leader Ministerial Advisory

OIA 20190651

Information for Release

| | | |
|----|--|----|
| 1. | <u>Aide Memoire Reserve Bank Statement of Intent (2019-2022)</u> | 1 |
| 2. | <u>Aide Memoire Commercial Performance State of Play as at 6 June 2019</u> | 4 |
| 3. | <u>Treasury Report Proactive release of fiscal strategy advice</u> | 8 |
| 4. | <u>Treasury Report April 2019 Titles for Publication</u> | 11 |
| 5. | <u>Aide Memoire Information on the Budget 2019 Capital Package</u> | 18 |

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Reference: T2019/1563

MC-1-2

Date: Wednesday 5 June 2019

To: Minister of Finance (Hon Grant Robertson)

Deadline: Friday 14 June 2019

Aide Memoire: Reserve Bank Statement of Intent (2019-2022)

The Reserve Bank has provided you with its draft Statement of Intent (SOI) for comment, covering the financial years 2019/20 to 2021/22.

The Reserve Bank of New Zealand Act 1989 (the Act) requires the Bank to provide you with a draft SOI 30 days in advance of the financial year and consider any comments you have on the draft. The Bank has requested that you provide any comments within two weeks of receiving the draft.

The Treasury is supportive of the content and strategic direction of the SOI. The Board of the Reserve Bank has also indicated their support for the Bank's plans.

The SOI signals the Bank's intention to grow and review its approach in several areas. In our view, the most substantive developments in this year's SOI are:

- an increase in the intensity of supervision of financial institutions, in line with a new supervisory strategy;
- a significant increase in investment spending to update information technology systems which the Bank deems as outdated; and
- an intention to "increase the number of women in leadership positions each year through proactive recruitment strategies", reflecting your letter of expectations.

To fund these initiatives the Bank requires more resource. The Bank plans to increase its spending in 2019/20 to **\$79.9m**. This exceeds both the 2019/20 budget of **\$63.2m** agreed in the 2015-20 funding agreement, and the **\$71.3m** spent in 2018/19. The overspend in 2019/20 is to be funded by underspending incurred in the previous years of the 2015-20 funding agreement. Overall costs will remain within the agreed five-year funding envelope.

The increase in spending includes the hiring of 60 full-time equivalent staff in the next one to three years, a 24% increase from the Bank's current size. Based on discussions with the Bank, we expect the majority of the staff increase to be carried out in 2019/20.

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The Treasury supports the Bank's plans to uplift capability. However, some of these costs will likely persist into the years covered by the next funding agreement, leading to higher ongoing operating costs at the Bank. You will next have an opportunity to review the Bank's funding when the five-year funding agreement is renewed in 2020.

This SOI comes within the context of the on-going Phase 2 Review of the Reserve Bank Act (the Review) which will likely have significant effects on the Bank's future make-up and strategy. Legislation is expected to be introduced in mid-2020. The Bank is aware that its increase in resource should be done with the understanding that consultation and decisions from Phase 2 of the Review have yet to be finalised and the Bank has acknowledged this in the SOI. The Reserve Bank Act Review team has been consulted and is content with the SOI.

The Bank has noted in discussions with us that there is a risk it may spend more than the \$79.9m planned for 2019/20, and therefore the overall \$324.3m five-year funding envelope of the current funding agreement. If this occurs, we expect the Bank to seek a variation to the funding agreement. This will require your agreement and ratification by Parliament.

We believe there are also risks the Bank could underspend on its proposed budget. This is for two reasons. First, historically the Bank has underspent. Second, hiring significant numbers of highly skilled staff when the labour market is tight will be challenging.

The Bank's SOI outlines other initiatives that are worth noting:

- continued work on bank capital requirements;
- continued work with the Financial Markets Authority on bank & insurer conduct and culture;
- review of the Insurance Prudential Supervision Act;
- continuation of the Future of Cash programme;
- supporting the continued implementation of the Monetary Policy Committee, including work to expand employment data;
- plans to establish a premises strategy and grow its presence in Auckland; and
- plans to incorporate diversity into its strategy, with a focus on Te Ao Māori, the impacts of climate change, and the South Pacific region.

The Bank has requested that you respond with any comments by Friday 14 June. If there are no changes you would like to see made we recommend you simply respond to the Bank noting your comfort with the SOI.

Ken Tsang, Analyst, Macroeconomic and Fiscal Policy, s9(2)(k)

Renee Philip, Manager, Macroeconomic and Fiscal Policy, s9(2)(k)

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1. designing and building our future workforce and developing our culture and capability;
2. building internal frameworks and skills, enabling behaviours to assist a gradual transition to a new legislative, operating and governance environment;
3. developing premises and growth strategy (supported by our future workforce planning);
4. developing customer-focused tools and technology – communications, data and digital, with strategic investment in core systems;
5. supporting constructive stakeholder engagement (internal and external) throughout our business as a core competency/expectation of a Great Team, Best Central Bank;
6. contributing to and delivering a fit-for-purpose legislative, operational and policy settings and ensure we can deliver on our commitments;
7. incorporating diversity, financial inclusion and sustainability into our strategies: Te Ao Māori, climate risk, South Pacific region, and Future of Currency; and
8. enhancing the financial markets system – balance sheet road map and plan for optimisation.

Strategic priorities in current 2018/19 SOI;

1. strengthen the Bank's performance culture;
2. promote understanding and trust through enhanced dialogue with stakeholders (including best regulator-regulated relationship);
3. monetary policy;
4. prudential regulation;
5. establish the future custody and distribution model for currency;
6. roadmap for balance sheet optimisation and financial management systems;
7. technology capability transformation; and
8. complete the payments system review.

COMMERCIAL-IN-CONFIDENCE

Commercial Performance State of Play as at 6 June 2019

To: Minister for State Owned Enterprises (Rt Hon Winston Peters)

Minister of Finance (Hon Grant Robertson)

Associate Minister of Finance (Hon David Parker)

Associate Minister for State Owned Enterprises (Hon Shane Jones)

This report provides an update on current issues in relation to State Owned Enterprises, Airports, Air New Zealand and Mixed Ownership Model companies within your portfolio. Please tick a box if you would like more information on a topic.

1. New and notable issues

| More info? | Entity / Issue | Update |
|--------------------------|---|--|
| s9(2)(b)(ii) | | |
| <input type="checkbox"/> | Airline industry profitability (Aaron Gill) | <p>On 2 June 2019 the International Air Transport Association announced a downgrade of its outlook for the global air transport industry to a US\$28 billion (NZD\$42b) profit - down from US\$35.5b billion forecast in December last year. The business environment for airlines has deteriorated with rising fuel prices and a substantial weakening of world trade.</p> <p>This year overall costs in the global airline industry are expected to grow by 7.4% outpacing a 6.5% rise in revenue. Profit per passenger will fall to \$6.12 (from \$6.85 in 2018). In the Asia-Pacific region net profit for each passenger was \$3.51, down nearly 30% on last year.</p> <p>By comparison for the year ending June 2018 Air New Zealand carried 17.0m passengers and made a net profit after tax of \$390m. This equates to an average profit per passenger of \$22.99, being 3.36 times the average profit per passenger worldwide in 2018 and 6.55 times the average in the Asia-Pacific region. 65% of Air NZ's passengers are domestic.</p> |
| <input type="checkbox"/> | Milk dryer / Landcorp (Emily Bolton) | <p>Landcorp has invested \$12.1m in a milk dryer being built at the Waikato Innovation Park to ensure access to drying facilities for their sheep milk farming business. Completion is currently expected in early April 2020 with handover at the same time. The total cost of the project has remained at \$54m since the last update from Landcorp in December 2018. The construction timetable is on track although there have been some delays recently s9(2)(b)(ii)</p> <p>s9(2)(b)(ii)</p> |

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Commercial Performance State of Play as at 6 June 2019

| More info? | Entity / Issue | Update |
|--------------------------|---|--|
| <input type="checkbox"/> | Gender stocktake across state sector boards <i>(Gael Webster)</i> | The Ministry for Women will be sending a Cabinet paper which reports on the 2018 current gender stocktake across state sector boards and reports improvement in female representation from 45.7% to 47.4%. The Ministry for Women is revising data collection methods to allow for multiple ethnicities against individual board members to improve ethnicity reporting. The paper reports that the State Owned Enterprises portfolio has improved from 35.3% to 39.0% women representation on boards. We would like to inform that, as at May 2019, the SOE boards (excluding listed companies) are now 44.3% female. |

2. Upcoming Reports/Cabinet Papers

| Company | Report No. | Subject | Date |
|---------------|------------|---|-----------------|
| SOE portfolio | T2019/1180 | SOEs 2019 Statements of Corporate Intent and Business Plans | 7 June 2019 |
| TVNZ | T2019/1645 | Meeting with TVNZ | 7 June 2019 |
| Airports | T2019/1472 | Airports - 2019/20 Statements of Intent | 12 June 2019 |
| MOM companies | T2019/1646 | Changes to the listed company constitutions | TBD / late June |

3. Upcoming Governance and Appointments Reports (SOEs portfolio only)

| Company | Report No. | Subject | Date | Minister |
|----------------|------------|----------------------------|-------------------------------|---|
| Quotable Value | TBD | Update after due diligence | Week of 11 th June | Minister of Finance Associate Minister for SOEs |
| NZ Post | TBD | Appointments update | Week of 18 th June | Minister of Finance Associate Minister for SOEs |
| SOE Portfolio | T2019/1447 | Update after due diligence | Late June/ Early July | Minister for SOEs Minister of Finance Associate Minister for SOEs |

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Commercial Performance State of Play as at 6 June 2019

4. Official Information Act (OIA) Requests under Action

There are no pending OIA requests due the following two weeks.

Maureena van der Lem
Manager, Commercial Performance

Rt Hon Winston Peters
Minister for State Owned Enterprises

Hon Grant Robertson
Minister of Finance

Hon David Parker
Associate Minister of Finance

Hon Shane Jones
Associate Minister for State Owned Enterprises

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Commercial Performance State of Play as at 6 June 2019

Annex: Entities covered by this SOP

| Entities | Shareholding Ministers |
|--|--|
| State Owned Enterprises | |
| Airways | Minister of Finance <i>delegated to Associate MoF (Parker)</i> |
| AsureQuality | |
| Electricity Corporation of New Zealand | Minister for State Owned Enterprises <i>delegated to Associate MfSOEs (except KiwiRail, NZ Railways Corporation and Orillion*)</i> |
| KiwiRail | |
| Kordia | |
| New Zealand Railways Corp | |
| Orillion (Animal Control Products)* | |
| Landcorp | |
| MetService | |
| New Zealand Post (NZ Post) | |
| Quotable Value (QV) | |
| Transpower | |
| Mixed Ownership Model Companies | |
| Air New Zealand | Minister of Finance |
| Genesis Energy | Minister of Finance and Minister for State Owned Enterprises <i>Delegation to Associate MfSOEs</i> |
| Mercury NZ | |
| Meridian Energy | |
| Airports | |
| Christchurch International Airport | Minister of Finance and Minister for State Owned Enterprises |
| Dunedin International Airport | |
| Hawkes Bay Airport | |

* Responsible Ministers for **Orillion** are the **Associate Minister of Finance** and the **Minister for Biosecurity**

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Treasury Report: Proactive release of fiscal strategy advice

| | | | |
|--------------|--------------|---------------------|------------|
| Date: | 11 June 2019 | Report No: | T2019/1549 |
| | | File Number: | MC-1-0-4 |

Action Sought

| | Action Sought | Deadline |
|---|--|-----------------------|
| Minister of Finance (Hon Grant Robertson) | Agree to proactive release of TR2019/661 on 14 June 2019 | Thursday 13 June 2019 |

Contact for Telephone Discussion (if required)

| Name | Position | Telephone | 1st Contact |
|---------------|---|-----------|-------------|
| Angus Hawkins | Senior Analyst, Macroeconomic and Fiscal Policy | s9(2)(k) | ✓ |
| Renee Philip | Manager, Macroeconomic and Fiscal Policy | s9(2)(a) | |

Actions for the Minister's Office Staff (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report

Enclosure: Yes (attached) attachment publicly available

IN-CONFIDENCE**Treasury Report: Proactive release of fiscal strategy advice**

1. Following your speech of 23 May 2019 announcing the Government's intention to maintain net core Crown debt between 15% and 25% of GDP after 2021/22, there has been media interest in the Treasury advice that supported this decision [TR2019/661]. This has included five requests for this and related advice under the Official Information Act (OIA), addressed to both your office and the Treasury.
2. You have previously discussed with the Secretary to the Treasury his intention to comment publically on the Treasury's reasoning behind this advice. He is expecting to do this by publishing some remarks he is due to give at an internal Treasury event on Friday 14 June.
3. In the Treasury's view, the release of the advice contained in TR2019/661 alongside these remarks is the most effective way to communicate the economic rationale behind the 15% to 25% range for net core Crown debt as a percentage of GDP.
4. This report seeks your agreement to release TR2019/661. We propose redacting only the phone numbers of officials, under sections 9 (2) (a), and 9 (2) (k), of the Official Information Act (privacy of natural persons and preventing disclosure of information for improper gain, respectively).
5. Given the release of this report will take place after the Budget, we believe there are limited grounds for any further redactions. The only other section of the report where there may be an on-balance case for redaction are the sections advising s9(2)(f)(iv), under section 9 (2) (f) (iv), of the Official Information Act (protecting the confidentiality of advice to Ministers).
6. To withhold information under section 9 (2) (f) (iv), we would need to demonstrate that:
 - a the advice was still under active consideration;
 - b disclosure would harm the orderly and effective conduct of the relevant decision making process; and
 - c the harm would not be outweighed by the public interest in the information.
7. In the Treasury's view, these grounds may apply if the Government were s9(2)(f)(iv) s9(2)(f)(iv). If you advise that this is the case, we will consider the case for further redactions. These redactions would likely only cover advice provided on these issues, and not any factual statements.
8. Some of the OIA requests referred to above will include other advice, in addition to the report we are proposing to proactively release. We will advise you on the approach to the release these documents in due course.

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Recommended Action

We recommend that you:

- a. **Agree** to proactively release the attached report with the proposed redactions on 14 June.

Agree/disagree.

Renee Philip
Manager, Macroeconomics and Fiscal Policy

Hon Grant Robertson
Minister of Finance

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TE TAI ŌHANGA
THE TREASURY**Treasury Report: April 2019 Titles for Publication on Treasury Website**

| | | | |
|--------------|--------------|---------------------|------------|
| Date: | 12 June 2019 | Report No: | T2019/1469 |
| | | File Number: | MS-9-1 |

Action Sought

| | Action Sought | Deadline |
|---|---|-----------------|
| Minister of Finance (Hon Grant Robertson) | Approve the attached list of titles proposed for proactive release on the Treasury website | 17 June 2019 |

Contact for Telephone Discussion (if required)

| Name | Position | Telephone | 1st Contact |
|-------------|---|------------------|--------------------|
| s9(2)(g)(i) | Ministerial Advisor, Ministerial Advisory Service | s9(2)(k) | N/A (mob) ✓ |
| Liam McCabe | Acting Team Leader Ministerial Advisory Service | | N/A (mob) |

Actions for the Minister's Office Staff (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report

Enclosure: Yes (attached)

IN-CONFIDENCE**Treasury Report: April 2019 Titles for Publication on Treasury Website**

In response to Treasury Report T2018/3426 your office agreed to the proactive publication on the Treasury website of the titles of reports you receive as Minister of Finance. This report concerns the fourth such proactive publication of documents.

The timeframe covered is documents received by your office between 1 April 2019 and 30 April 2019. As agreed with your office these titles are limited to documents you received as Minister of Finance from the Treasury, Reserve Bank of New Zealand and Inland Revenue.

Enclosed with this report is *Attachment 1 – A list of reports received by the Minister of Finance in April 2019 from the Treasury, Reserve Bank of New Zealand and Inland Revenue.*

We propose to publish the titles listed in the attachment on the Treasury website during the week beginning 17 June 2019.

The titles in the table below were also received by your office during this time; however, we propose that they are withheld from publication on the grounds outlined in the table.

- section 9(2)(b)(ii) – to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information,
- section 9(2)(f)(ii) – to maintain the current constitutional conventions protecting collective and individual ministerial responsibility,
- section 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials,
- section 9(2)(j) – to enable the Crown to negotiate without disadvantage or prejudice,
- section 9(2)(g)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions, and
- section 18(d) - the information requested is or will soon be publicly available.

| Date | Title | Withholding Grounds |
|--------------|--|---------------------|
| 1 April 2019 | Funding Options for the Housing and Urban Development Package in Budget 2019 | 18(d) |
| s9(2)(f)(iv) | | |
| 2 April 2019 | Material for ministerial workshop on RBNZ Act Review Phase 9 April 2019 | 18(d) |
| s9(2)(f)(iv) | | |

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| s9(2)(f)(iv) | | |
| 8 April 2019 | Options for the fiscal strategy beyond 2021/22 | s18(d) |
| s9(2)(b)(ii) | | |
| s9(2)(g)(i) | | |
| s9(2)(j) | | |
| s9(2)(g)(i) | | |
| s9(2)(f)(iv) | | |
| s9(2)(j) | | |
| s9(2)(f)(iv) | | |
| s9(2)(f)(ii) | | |
| 17 April 2019 | Embedding wellbeing in the Public Finance Act | Withdrawn |
| s9(2)(b)(ii) | | |
| s9(2)(f)(iv) | | |
| 17 April 2019 | Summary table: Options for extending taxation on capital gains | 18(d) |
| s9(2)(f)(iv) | | |
| s9(2)(h) | | |
| s9(2)(f)(iv) | | |

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| 24 April 2019 | Cabinet Oral Item: Fiscal targets | s18(d) |
| s9(2)(f)(iv) | | |
| 26 April 2019 | 2019 Tax Expenditure Statement | 18(d) |
| s9(2)(j) | | |
| s9(2)(f)(iv) | | |

Recommended Action

We recommend that you:

- **agree** to the publication of the titles listed in Attachment One

Agree/disagree.

Liam McCabe
Acting Team Leader, Ministerial Advisory Services

Hon Grant Robertson
Minister of Finance

Attachment 1 – A list of reports received by the Minister of Finance in April 2019 from the Treasury, Reserve Bank of New Zealand and Inland Revenue

| Date | Title | Agency |
|--------------|--|----------------|
| 1 April 2019 | Briefing for Social Wellbeing Committee Meeting Wednesday, 3 April 2019 | The Treasury |
| 1 April 2019 | Public Trust Board: New Appointments and Special Fees (at APH Committee 20 March 2019) | The Treasury |
| 1 April 2019 | Briefing for Cabinet Economic Development Committee 3 April 2019 | The Treasury |
| 1 April 2019 | Speaking Points for Cabinet Legislation Committee, 2 April 2019 | The Treasury |
| 1 April 2019 | Costs Related to the Government's Response to the Christchurch Terror Attacks | The Treasury |
| 1 April 2019 | New Zealand Railways Corporation: Appointment | The Treasury |
| 1 April 2019 | Howard Estate & Smedley Station - Land Purchase Approval | The Treasury |
| 2 April 2019 | Education Payroll Ltd and Network For Learning Ltd Boards: Commencement of Appointment Process and Short-listing | The Treasury |
| 3 April 2019 | Housing and Urban Development Authority | The Treasury |
| 3 April 2019 | OECD Economic Survey: New Zealand Update Note | The Treasury |
| 3 April 2019 | New Zealand Infrastructure Commission/Te Waihanga Bill: Definition of infrastructure | The Treasury |
| 3 April 2019 | JOINT Aide Memoire: Talking Points for Dev: Global Settlement Update | The Treasury |
| 3 April 2019 | February 2019 Titles for Publication | The Treasury |
| 3 April 2019 | Transformation status update: March 2019 | Inland Revenue |
| 4 April 2019 | Briefing for Cabinet Māori Crown Relations - Te Arawhiti Committee Tuesday 2 April 2019 | The Treasury |
| 4 April 2019 | Mercury NZ: information for your meeting with the board on Monday 8 April | The Treasury |
| 4 April 2019 | Meeting on He Ara Waiora / A Pathway Towards Wellbeing | The Treasury |
| 4 April 2019 | NZ Green Investment Finance Ltd: Incorporation and Appropriations | The Treasury |
| 4 April 2019 | Civil Aviation Bill Cabinet Paper Consultation | The Treasury |
| 4 April 2019 | Christchurch Global Settlement: Timing and Accounting Approach | The Treasury |
| 4 April 2019 | New Zealand Infrastructure Commission/Te Waihanga Bill - Notes for Cabinet, 8 April 2019 | The Treasury |
| 4 April 2019 | Update on Historic EQC Ministerial Directions | The Treasury |
| 4 April 2019 | Weekly Status Report - 4 April 2019 | The Treasury |
| 4 April 2019 | Meeting with BNZ | The Treasury |
| 4 April 2019 | Australian Budget 2019 | The Treasury |
| 4 April 2019 | Tax changes in the Australian and Canadian 2019-20 Budgets | Inland Revenue |
| 5 April 2019 | Independent Fiscal Institution Cabinet Paper – Final Changes | The Treasury |
| 5 April 2019 | Statistics New Zealand's child poverty statistics release | The Treasury |
| 5 April 2019 | City Rail Link: Funding and Early Works Contract | The Treasury |
| 5 April 2019 | Meeting with Kordia Chair and CEO | The Treasury |
| 5 April 2019 | Financial Systems Report | Reserve Bank |
| 8 April 2019 | Publication of Infrastructure Pipeline | The Treasury |
| 8 April 2019 | Letter to the Chair of Air New Zealand | The Treasury |
| 8 April 2019 | Briefing for Social Wellbeing Committee Meeting Wednesday 10 April 2019 | The Treasury |
| 8 April 2019 | Project ABBA Cabinet Paper and Process Issues | The Treasury |
| 8 April 2019 | Finance Portfolio: Documentation to Confirm Reappointments | The Treasury |

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|---------------|--|----------------|
| 8 April 2019 | Appointment of a new World Bank President | The Treasury |
| 8 April 2019 | Meeting with ANZ Group Chief Economist | The Treasury |
| 9 April 2019 | Briefing for Cabinet Economic Development Committee 10 April 2019 | The Treasury |
| 9 April 2019 | Updated FOW Ministers meeting 8 April | The Treasury |
| 9 April 2019 | City Rail Link - Further Points | The Treasury |
| 10 April 2019 | Proactive Release of Letters of Expectation 2019/20 | The Treasury |
| 10 April 2019 | Meeting with David Prentice, Chair of the Interim Climate Change Committee | The Treasury |
| 10 April 2019 | Quotable Value Ltd: Appointments Update | The Treasury |
| 10 April 2019 | The Appointment of the New Zealand Infrastructure Commission Board, Te Waihangā | The Treasury |
| 11 April 2019 | Briefing for Cabinet Government Administration and Expenditure Review Committee 11 April 2019 | The Treasury |
| 11 April 2019 | Public Broadcasting Observations | The Treasury |
| 11 April 2019 | Fitch Rating Agency ESG Relevance Scores | The Treasury |
| 11 April 2019 | Earthquake Insurance Update: April 2019 | The Treasury |
| 11 April 2019 | KiwiRail - Replying To Their Recent Correspondence | The Treasury |
| 11 April 2019 | New Zealand Infrastructure Commission/Te Waihangā Bill - First reading material | The Treasury |
| 11 April 2019 | Talking Points Meeting - Chris Roberts Tourism Industry Aotearoa | The Treasury |
| 11 April 2019 | Weekly Status Report - 11 April 2019 | The Treasury |
| 12 April 2019 | Speech at the New Zealand Association for Cooperative Education Annual Conference | The Treasury |
| 12 April 2019 | Meeting with RNZ on 15 April 2019 | The Treasury |
| 15 April 2019 | Briefing for Cabinet Business Committee, 15 April 2019 | The Treasury |
| 15 April 2019 | Cabinet Paper: Government Response to the Tax Working Group - final version for lodgement | The Treasury |
| 15 April 2019 | Officials' report to the Finance and Expenditure Committee on the Taxation (Annual Rates for 2019–20, GST Offshore Supplier Registration, and Remedial Matters) Bill | Inland Revenue |
| 15 April 2019 | CBL Insurance | Reserve Bank |
| 16 April 2019 | Centrepoint | The Treasury |
| 17 April 2019 | Use of Corporate Treasury Services across the Crown | The Treasury |
| 17 April 2019 | New approach to strategic planning and reporting | The Treasury |
| 17 April 2019 | Future of Work Forum: 2 May 2019 | The Treasury |
| 17 April 2019 | Aide Memoire: Commercial Performance State of Play as at 11 April 2019 | The Treasury |
| 17 April 2019 | Framework for policy intervention for climate change | The Treasury |
| 17 April 2019 | Australian 20 March 2019 DST announcement | The Treasury |
| 18 April 2019 | Publication of Infrastructure Pipeline | The Treasury |
| 18 April 2019 | KiwiRail - Exchange Of Land In Ōtaki | The Treasury |
| 18 April 2019 | Proactive Release of Consultation Summary: Independent Infrastructure Body | The Treasury |
| 23 April 2019 | DEV Briefing - Establishing an Independent Fiscal Institution | The Treasury |
| 23 April 2019 | 2019/20 Letter of Expectations for Ōtākaro Limited | The Treasury |
| 23 April 2019 | Vote Finance 2018/19 Supplementary Estimates and 2019/20 Estimates for the Minister of Finance | The Treasury |
| 23 April 2019 | Vote Finance 2018/19 Supplementary Estimates and 2019/20 Estimates for the Minister for Climate Change | The Treasury |

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|---------------|--|----------------|
| 23 April 2019 | Vote Finance 2018/19 Supplementary Estimates and 2019/20 Estimates for the Minister of Research, Science and Innovation | The Treasury |
| 23 April 2019 | Vote Finance 2018/19 Supplementary Estimates and 2019/20 Estimates for the Minister for Infrastructure | The Treasury |
| 24 April 2019 | Weekly Status Report - 24 April 2019 | The Treasury |
| 24 April 2019 | New Zealand Green Investment Finance: Due Diligence Meetings Outcomes | The Treasury |
| 24 April 2019 | Tax monitoring report: March 2019 | Inland Revenue |
| 24 April 2019 | Tax Policy Report: Cabinet Paper - Options for Taxing the Digital Economy | The Treasury |
| 26 April 2019 | Meeting with Kiwifruit Industry Representatives on 29 April 2019 | The Treasury |
| 26 April 2019 | Briefing for Cabinet Economic Development Committee 1 May 2019 | The Treasury |
| 26 April 2019 | Embedding wellbeing in the Public Finance Act | The Treasury |
| 26 April 2019 | Re-drafted Pre-Budget Economic Speech | The Treasury |
| 26 April 2019 | Briefing for Cabinet Social Wellbeing Committee | The Treasury |
| 29 April 2019 | Christchurch Global Settlement: Follow-up to discussion on Fiscal Forecasts | The Treasury |
| 29 April 2019 | Budget 2019 Production: Outstanding Issues | The Treasury |
| 29 April 2019 | New Zealand Productivity Commission: Appointments (at APH Committee 1 May 2019) | The Treasury |
| 30 April 2019 | Financial Statements for the Government of New Zealand for the nine months ended 31 March 2019 | The Treasury |
| 30 April 2019 | New Zealand's nominations to the ICSID Panels of Arbitrators and Conciliators | The Treasury |
| 30 April 2019 | Letter to Productivity Commission: Change to terms of reference of local government inquiry in response to Tax Working Group | The Treasury |
| | | |

RELEASED UNDER OFFICIAL INFORMATION ACT

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Reference: T2019/1718

BM-2-9-1-2019

Date: 13 June 2019

To: Associate Minister of Finance (Hon Shane Jones)

Cc: Minister of Finance (Hon Grant Robertson)

Deadline: None

Aide Memoire: Information on the Budget 2019 Capital Package

We understand that you have requested information on the Budget 2019 Capital Package. This aide memoire provides an overview of the Budget 2019 Capital Package, including the size of the multi-year capital allowance (MYCA), how this compares to what was signalled through the Budget Policy Statement, and implications for Budget 2020.

Shift to an MYCA Approach

The 2019 Budget Policy Statement (BPS) signalled a move away from single-year capital allowances to a rolling MYCA. This new approach:

- provides flexibility to meet medium-term investment objectives
- is consistent with the near-term fiscal strategy
- improves the ability to take a longer-term view of capital commitments, and
- increases transparency, by tracking and reporting more clearly the cash impact of initiatives over time.

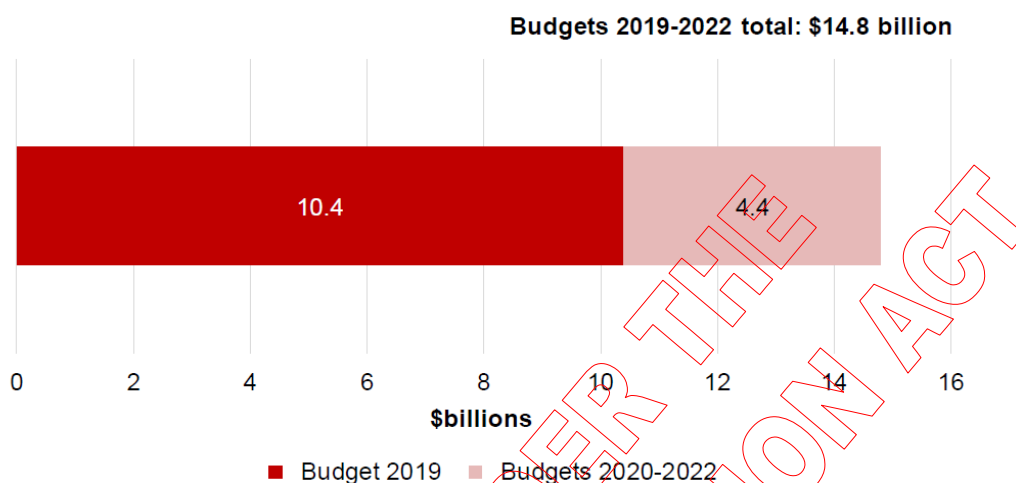
Size of the MYCA

At the 2019 BPS, the MYCA was set at \$13.1 billion, covering Budgets 2019–2022. Budget 2019 committed \$10.4 billion of that funding. This would have left only \$2.7 billion remaining for the next three Budgets. Accordingly, Cabinet agreed to increase the MYCA by \$1.7 billion, to \$14.8 billion, to ensure it remains at a credible level to deliver on priorities for future Budgets. There is \$4.4 billion remaining for Budgets 2020-22.

Figure 1 shows the capital funding allocated in Budget 2019 and the remainder of the multi-year allowance.

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Figure 1 – Budgets 2019-2022 capital allowance



Because the MYCA is a rolling four Budget allowance, each year an additional amount is added to ‘top up’ the allowance. The Government announces the total MYCA annually through the BPS. For example, the 2020 BPS will confirm the MYCA amount for Budget 2020, covering Budgets 2020-2023.

Overview of Key Spending Areas in Budget 2019

About \$9.1 billion (88%) of the \$10.4 billion Budget 2019 Capital Package has been invested in four key spending areas:

Transport and Provincial Growth - \$3.0 billion

- \$1.4 billion for Auckland City Rail Link costs, re-scoping and cost pressures.
- \$855 million has been allocated to the Provincial Growth Fund from the MYCA.
- \$741 million for KiwiRail rolling stock, ferries and business-as-usual capital needs. In addition, \$300 million of the \$855 million for the Provincial Growth Fund above has been earmarked for regional rail investments.

Health - \$3.2 billion

- s9(2)(b)(ii) and s9(2)(f)(iv)
- \$1.7 billion for the building and redevelopment of hospitals.
- \$190 million for DHB deficit support.

Education - \$1.2 billion

- \$1.2 billion for the 10-year school property programme to take a longer-term approach to school property.

Defence - \$1.7 billion

- \$1.7 billion to purchase Boeing P-8A Poseidon Maritime Patrol Aircraft.

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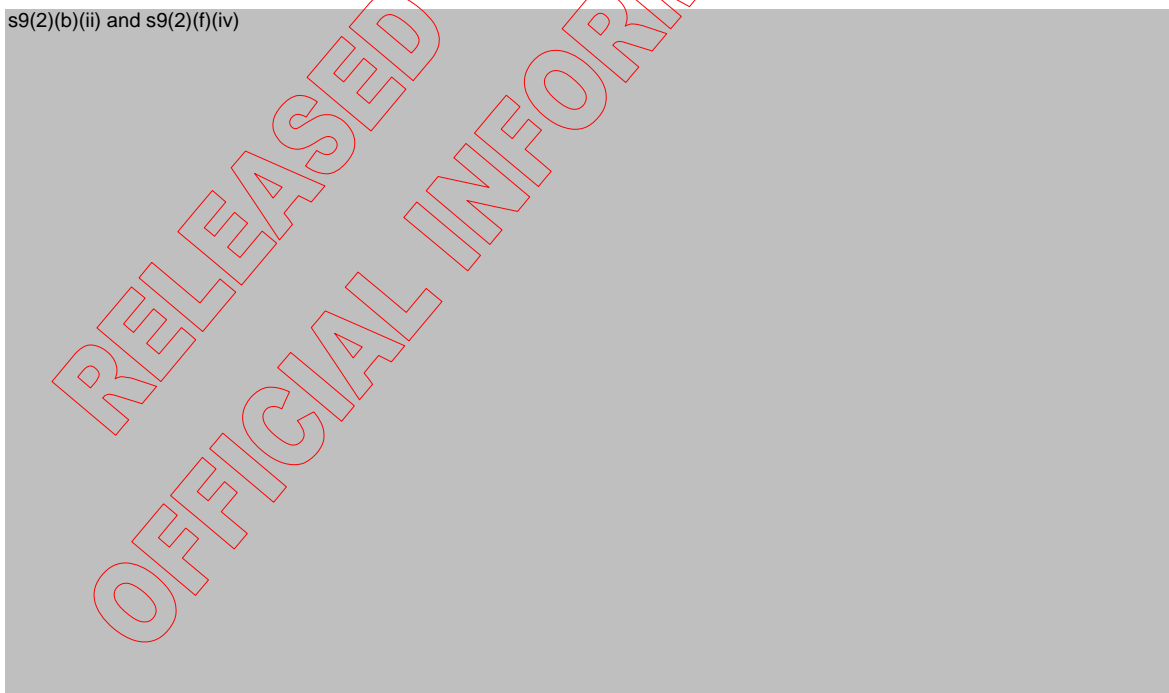
Detail on all of the capital initiatives funded through Budget 2019 can be found in the document “Summary of Initiatives in Budget 2019”, a copy of which is attached to this aide memoire for your reference. Table 2 on page 5 provides a summary of capital expenditure across Budget priorities. Table 4 starting on page 8 provides a list of all initiatives by portfolio – capital funding is shown in the far right hand column.

Looking ahead to Budget 2020

Work is underway to further develop the functionality of the MYCA, including how to best build a sustainable project pipeline. At this stage, it is unclear what areas will seek investment through Budget 2020. However the most recent investment pipeline data from agencies (from October 2018) gives us some indication of what to expect.

The capital investment pipeline data shows that more than [redacted] could be sought by agencies in Budgets 2020-2022, [redacted] [redacted] [redacted]. This pipeline does not include initiatives funded through Budget 2019; nor does it include unsuccessful Budget 2019 initiatives, which may be resubmitted through future Budgets.

A representation of the pipeline is provided below, including a split of investments over \$200 million in the four largest sectors (Transport, Health, Education and Defence).



In coming months work will be undertaken to understand the initiatives that are likely to be submitted in Budget 2020 and options to manage these within available funding.

Ashley Holleaux, Analyst, Budget Management, [redacted]
Alex Harrington, Manager, Budget Management, [redacted]