

# *Vote Finance*

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MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister of Finance (M31), Minister for Infrastructure (M80), Minister for Regulatory Reform (M81)

ADMINISTERING DEPARTMENT: The Treasury

MINISTER RESPONSIBLE FOR THE TREASURY: Minister of Finance

## Overview of the Vote

The Minister of Finance is responsible for appropriations in Vote Finance for the 2009/10 financial year covering the following:

- A total of nearly \$39 million for policy advice on lifting New Zealand's overall economic performance and state sector performance.
- A total of nearly \$13 million for macroeconomic policy and management including fiscal management, macroeconomic, tax and fiscal forecasting; advice on fiscal policy and strategy; and fiscal reporting and departmental financial management controls including the development and application of generally accepted accounting practice to the Crown.
- A total of over \$2,162 million for the payment of interest and other costs relating to the Crown's debt.
- A total of nearly \$1,042 million in superannuation costs.
- A total of over \$13 million for capital investment in Landcorp Farming Limited.
- A total of over \$17 million for New Zealand House, London costs.
- A total of over \$3 million for Taitokerau Forests Limited.
- A total of over \$1 million for Treasury capital expenditure.
- A total of over \$1 million for unclaimed money and various Crown liabilities.

The Minister of Finance is also responsible for Crown revenue and receipts in the Vote for the 2009/10 financial year covering the following:

- A total forecast of over \$2,929 million in non-tax revenue.
- A total forecast of \$500,000 in capital receipts.

The Minister for Infrastructure is responsible for one appropriation in Vote Finance for the 2009/10 financial year covering the following:

- A total of nearly \$5 million for policy advice and co-ordination of the government's infrastructure activities.

The Minister for Regulatory Reform is responsible for one appropriation in Vote Finance for the 2009/10 financial year covering the following:

- A total of \$266,000 for the Regulatory Responsibility Taskforce.

Details of these appropriations are set out in Parts 2-6 for Vote Finance in the Information Supporting the Estimates of Appropriations.

# Details of Appropriations

## Details of Annual and Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2008/09		2009/10
	Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Departmental Output Expenses</b>			
<b>Administration of Crown Borrowing PLA (M31)</b> 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.	-	-	3,260
<b>Administration of Derivative Transactions PLA (M31)</b> 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.	-	-	3,893
<b>Administration of Investment of Public Money PLA (M31)</b> 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.	-	-	996
<b>Infrastructure Advice and Co-ordination (M80)</b> This appropriation is limited to the provision of advice to the government and to government agencies on infrastructure, ensuring co-ordination and implementation of the government's infrastructure activities, the formulation and implementation of the National Infrastructure Plan, monitoring of infrastructure investment and frameworks, and operation of the National Infrastructure Advisory Board.	-	-	4,942
<b>Macro Economic Policy Advice &amp; Management MCOA (M31)</b>	-	-	13,654
<i>Economic and Tax Forecasting</i> This output class is limited to the preparation of economic and tax forecasts, and monitoring of and reporting on economic and tax conditions.	-	-	2,677
<i>Fiscal Management</i> This output class is limited to the development of the Budget strategy and advice, and activities of the annual Budget process.	-	-	2,422
<i>Fiscal Reporting</i> This output class is limited to preparing fiscal forecasts, monitoring of and reporting on fiscal conditions, preparing the financial statements of the Government, providing advice on the application and development of generally accepted accounting practice as it applies to the Crown, and monitoring the adequacy of departmental financial management controls.	-	-	3,570
<i>Management of Crown Lending and Crown Bank Accounts</i> This output class is limited to the management of Crown lending and Crown and Departmental bank accounts.	-	-	906
<i>Policy Advice: Fiscal and Macroeconomic</i> This output class is limited to the provision of fiscal and macroeconomic policy advice.	-	-	4,079

Titles and Scopes of Appropriations by Appropriation Type	2008/09		2009/10
	Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Departmental Output Expenses - cont'd</b>			
<b>State Sector and Economic Performance Policy Advice and Management MCOA (M31)</b>	36,691	36,691	<b>38,751</b>
<i>Crown Deposit Guarantee Scheme</i> This output class is limited to the implementation and operation of the Crown's deposit guarantee scheme excluding expenses incurred in connection with administering claims under a guarantee or indemnity given under the scheme.	1,661	1,661	3,720
<i>Crown Wholesale Guarantee Facility</i> This output class is limited to the implementation and operation of the Crown's wholesale guarantee facility.	1,878	1,878	1,540
<i>Management of Liabilities, Claims Against the Crown and Crown Properties</i> Management of contractual or Treaty of Waitangi related claims against the Crown and the management of New Zealand House, London.	2,740	2,740	2,093
<i>New Zealand Export Credit Office</i> Implementation of the Government's Export Credit Guarantees policy and operation of the New Zealand Export Credit Office.	2,277	2,277	1,871
<i>Policy Advice: Economic Performance</i> Policy advice on the Government's economic strategy and policy settings and their effect on New Zealand's economic growth.	15,978	15,978	15,465
<i>Policy Advice: State Sector Performance</i> Policy advice on the effective and efficient use of state resources including improved decision-making and performance management systems and the efficient management of Crown assets.	12,157	12,157	14,062
<b>Administration of Guarantees and Indemnities given by the Crown PLA (M31)</b> 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.	730	730	-
<b>Debt and Related Financial Asset Management (M31)</b> Operational management of the Crown's sovereign-issued debt portfolio, associated financial investments (including departmental cash management), and lending and derivatives transactions with government-related entities.	9,338	9,338	-
<b>Policy Advice and Management: Macroeconomic (M31)</b> Provision of Macroeconomic policy advice and management including budget management; macroeconomic, tax and fiscal forecasting; advice on fiscal policy and strategy; and fiscal reporting and departmental financial management controls including the development and application of generally accepted accounting practice to the Crown.	12,761	12,761	-
<b>Total Departmental Output Expenses</b>	<b>59,520</b>	<b>59,520</b>	<b>65,496</b>
<b>Non-Departmental Output Expenses</b>			
<b>Management of New Zealand House, London (M31)</b> This appropriation is limited to the property management services in respect of New Zealand House, London.	1,000	1,000	<b>1,000</b>
<b>Management of the Crown's Obligations for Geothermal Wells (M31)</b> This appropriation is limited to the management and maintenance relating to geothermal wells and associated sites and structures for which the Crown accepts responsibility.	351	351	<b>151</b>
<b>Management of the New Zealand Superannuation Fund (M31)</b> This appropriation is limited to managing the New Zealand Superannuation Fund on behalf of the Crown.	487	487	<b>504</b>

	2008/09		2009/10
	Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Titles and Scopes of Appropriations by Appropriation Type</b>			
<b>Regulatory Responsibility Taskforce (M81)</b> This appropriation is limited to the fees and expenses of members of the Taskforce appointed to carry forward work on a Regulatory Responsibility Bill, and to fees and expenses for any legal and other advice that the Taskforce may commission.	166	166	266
<b>New Zealand Railways Corporation Operating Support (M31)</b> This appropriation is limited to the purchase of non-commercial rail services from New Zealand Railways Corporation.	90,000	90,000	-
<b>Total Non-Departmental Output Expenses</b>	92,004	92,004	1,921
<b>Non-Departmental Borrowing Expenses</b>			
<b>Debt Servicing PLA (M31)</b> 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.	2,106,000	2,106,000	2,153,000
<b>Total Non-Departmental Borrowing Expenses</b>	2,106,000	2,106,000	2,153,000
<b>Non-Departmental Other Expenses</b>			
<b>Crown Residual Liabilities (M31)</b> 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.	674	674	230
<b>Geothermal Wells Fund (M31)</b> This appropriation is limited to meeting the costs of one-off unforeseen events relating to those geothermal wells for which the Crown accepts responsibility.	500	500	500
<b>Government Superannuation Appeals Board (M31)</b> This appropriation is limited to the expenses of the Government Superannuation Appeals Board in performing its functions under the Government Superannuation Fund Act 1956.	50	50	50
<b>Government Superannuation Fund Authority - Crown's Share of Expenses PLA (M31)</b> 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.	23,500	23,500	19,692
<b>Government Superannuation Fund Unfunded Liability PLA (M31)</b> 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.	968,610	968,610	676,025
<b>Impairment of Loans to Taitokerau Forest Limited (M31)</b> This appropriation is limited to the expense incurred on the impairment of new loans to Taitokerau Forests Limited.	1,700	1,700	1,400
<b>National Provident Fund - Crown liability for Scheme Deficiency PLA (M31)</b> This appropriation is limited to the Crown's liability for deficiency in the accounts of National Provident Fund schemes established pursuant to section 38A(6) of the National Provident Fund Act 1950, authorised by section 72 of the National Provident Fund Restructuring Act 1990.	33,200	33,200	33,400
<b>National Provident Fund Schemes - Liability Under Crown Guarantee PLA (M31)</b> 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.	71,000	71,000	62,000

Titles and Scopes of Appropriations by Appropriation Type	2008/09		2009/10
	Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Non-Departmental Other Expenses - cont'd</b>			
<a href="#">New Zealand House, London (M31)</a> This appropriation is limited to the operational costs of New Zealand House, London.	16,200	16,200	16,200
<a href="#">Taitokerau Forests Limited Grant (M31)</a> This appropriation is limited to grants to Taitokerau Forests Limited for on-payment to forest owners, payable upon harvest of the forests.	-	-	300
<a href="#">Unclaimed Money PLA (M31)</a> This appropriation is limited to the repayment of money authorised by section 74(5) of the Public Finance Act 1989.	250	250	250
<a href="#">Unclaimed Trust Money PLA (M31)</a> This appropriation is limited to the repayment of money authorised by section 70(2) of the Public Finance Act 1989.	250	250	250
<a href="#">Invercargill Airport Suspensory Loan Expense on Initial Recognition (M31)</a> This appropriation is limited to the expense incurred on the initial recognition of Invercargill Airport suspensory loans.	300	300	-
<a href="#">Loss on Acquisition of Toll NZ Ltd (M31)</a> This appropriation is limited to the financial loss on acquisition of Toll NZ Ltd.	330,000	330,000	-
<a href="#">Maui Gas Contracts (M31)</a> This appropriation is limited to the Crown's purchase of gas from the Maui gas field and meeting the Crown's obligations arising from related contracts.	13,218	13,218	-
<a href="#">National Rail Network Improvements (M31)</a> This appropriation is limited to the upgrade of the national rail network.	6,250	6,250	-
<a href="#">New Zealand Railways Corporation Transaction Costs of Purchasing Toll NZ Limited (M31)</a> This appropriation is limited to reimbursing NZRC for the transaction costs of purchasing Toll NZ Limited.	5,000	5,000	-
<a href="#">ONTRACK Operating and Maintenance Costs (M31)</a> This appropriation is limited to the national rail network operating and maintenance expenses incurred by ONTRACK that are not recoverable from the Rail Network operator through the National Rail Access Agreement.	7,000	7,000	-
<a href="#">Payments in respect of Guarantees and Indemnities PLA (M31)</a> This appropriation is limited to payments by the Crown under a guarantee or indemnity given under section 65ZD of the Public Finance Act 1989, as authorised by section 65ZG of that Act.	69,335	69,335	-
<a href="#">Taitokerau Forests Limited Loan Write-Down (M31)</a> This appropriation is limited to the expense incurred on the write-down of existing loans to Taitokerau Forests Limited.	37,000	37,000	-
<a href="#">Wellington Regional Council Suspensory Loan Expense on Initial Recognition (M31)</a> This appropriation is limited to the expense incurred on the initial recognition of Wellington Regional Council suspensory loans.	8,202	8,202	-
<a href="#">Write-off of Capital Charge Receivable (M31)</a> This appropriation is limited to expenses incurred as a result of decisions to write off capital charge receivable.	18	18	-
<b>Total Non-Departmental Other Expenses</b>	<b>1,592,257</b>	<b>1,592,257</b>	<b>810,297</b>

	2008/09		2009/10
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Titles and Scopes of Appropriations by Appropriation Type			
<b>Departmental Capital Expenditure</b>			
<b>The Treasury - Capital Expenditure PLA (M31)</b>	2,007	2,007	1,183
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.			
<b>Total Departmental Capital Expenditure</b>	2,007	2,007	1,183
<b>Non-Departmental Capital Expenditure</b>			
<b>Landcorp Protected Land Agreement (M31)</b>	26,208	26,208	13,000
Purchase (including by reinvesting cash dividends) of redeemable preference shares in Landcorp under the Protected Land Agreement.			
<b>NZ Superannuation Fund - Contributions (M31)</b>	2,242,000	2,242,000	250,000
This appropriation is limited to capital contributions to the New Zealand Superannuation Fund, for the present and future cost of New Zealand Superannuation.			
<b>Taitokerau Forests (M31)</b>	1,700	1,700	1,400
This appropriation is limited to the provision of loans to Taitokerau Forests Ltd for forest management and development.			
<b>Crown Rail Operator Loans (M31)</b>	140,000	140,000	-
This appropriation is limited to loans to the Crown rail operator for the purposes of refinancing debt and providing short term capital.			
<b>Hawke's Bay Airport Equity Injection (M31)</b>	8,000	8,000	-
This appropriation is limited to the purchase of equity in a new Hawke's Bay airport company.			
<b>Industrial Research Limited Equity Injection (M31)</b>	4,500	4,500	-
This appropriation is limited to the purchase of equity in Industrial Research Limited to provide additional working capital.			
<b>International Financial Institutions PLA (M31)</b>	645,000	645,000	-
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.			
<b>Invercargill Airport Suspensory Loan (M31)</b>	1,500	1,500	-
This appropriation is limited to the provision of loans to Invercargill Airport for border security equipment.			
<b>New Zealand Railways Corporation Increase in Capital for the Purchase of the Crown Rail Operator (M31)</b>	690,000	376,000	-
This appropriation is limited to increasing the capital of the New Zealand Railways Corporation for the purposes of providing capital for the purchase from the Crown of the Crown Rail Operator.			
<b>New Zealand Railways Corporation Loans (M31)</b>	55,000	55,000	-
This appropriation is limited to loans to the New Zealand Railways Corporation to fund rail capital projects and provide working capital.			
<b>Port Nicholson Block Settlement Trust Loan (M31)</b>	15,268	15,268	-
This appropriation is limited to a loan to the Port Nicholson Block Settlement Trust for the purchase of properties at Shelly Bay, Wellington.			
<b>Public Trust Capital Injection (M31)</b>	20,000	20,000	-
This appropriation is limited to providing a capital injection to the Public Trust.			
<b>Purchase of Toll NZ Ltd's Rail Business and Associated Costs (M31)</b>	690,000	690,000	-
This appropriation provides for the purchase of Toll NZ Ltd's rail and related business, and associated costs.			

Titles and Scopes of Appropriations by Appropriation Type	2008/09		2009/10
	Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Non-Departmental Capital Expenditure - cont'd</b>			
<b>Reserve Bank of New Zealand Equity Injection (M31)</b> This appropriation is limited to the purchase of equity in the Reserve Bank of New Zealand.	600,000	600,000	-
<b>Timberlands West Coast Equity Injection (M31)</b> This appropriation is limited to the purchase of equity in Timberlands West Coast to provide additional working capital.	3,800	3,800	-
<b>Wellington Regional Council Suspensory Loan (M31)</b> This appropriation is limited to the provision of loans to Wellington Regional Council to purchase, lease and upgrade passenger rail units, carriages and locomotives.	13,408	13,408	-
<b>Total Non-Departmental Capital Expenditure</b>	5,156,384	4,842,384	264,400
<b>Total Annual and Permanent Appropriations</b>	9,008,172	8,694,172	3,296,297



## Details of Multi-Year Appropriations

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
<b>Non-Departmental Other Expenses</b>		
<b>Auckland Rail Development (M31)</b>	Original Appropriation	421,314
Renewals and upgrades of the Auckland rail network 'below track' infrastructure.	Adjustments to 2007/08	77,103
	Adjustments for 2008/09	(213,662)
Commences: 1 July 2007	Adjusted Appropriation	284,755
	Actual to 2007/08 Year End	97,719
Expires: 30 June 2009	Estimated Actual for 2008/09	187,036
	Estimated Actual for 2009/10	-
	Estimated Appropriation Remaining	-
<b>New Zealand Railways Corporation Wiri Inland Port Rail Link (M31)</b>	Original Appropriation	6,000
This appropriation is limited to the construction by the New Zealand Railways Corporation of a rail siding and associated works at the Wiri Inland Port.	Adjustments to 2007/08	-
	Adjustments for 2008/09	-
Commences: 3 November 2008	Adjusted Appropriation	6,000
	Actual to 2007/08 Year End	-
Expires: 30 June 2009	Estimated Actual for 2008/09	6,000
	Estimated Actual for 2009/10	-
	Estimated Appropriation Remaining	-
<b>Rail Transport Upgrade and Growth Projects (M31)</b>	Original Appropriation	33,475
This appropriation is limited to increasing transport growth on the rail network through the upgrade, renewal and maintenance of its fleet, terminals, systems and infrastructure.	Adjustments to 2007/08	-
	Adjustments for 2008/09	-
Commences: 22 September 2008	Adjusted Appropriation	33,475
	Actual to 2007/08 Year End	-
Expires: 30 June 2009	Estimated Actual for 2008/09	33,475
	Estimated Actual for 2009/10	-
	Estimated Appropriation Remaining	-
<b>Urban Rail Development (M31)</b>	Original Appropriation	550,000
Funding for electrification, upgrades and maintenance of the Auckland and Wellington metropolitan rail networks.	Adjustments to 2007/08	25,000
	Adjustments for 2008/09	(491,691)
Commences: 1 July 2007	Adjusted Appropriation	83,309
	Actual to 2007/08 Year End	5,231
Expires: 30 June 2009	Estimated Actual for 2008/09	78,078
	Estimated Actual for 2009/10	-
	Estimated Appropriation Remaining	-

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
<b>Non-Departmental Capital Expenditure</b>		
<b>Crown Rail Operator Equity Injection (M31)</b>	Original Appropriation	6,774
This appropriation is limited to the purchase of equity in the Crown rail operator to provide additional working capital for the upgrade and purchase of assets.	Adjustments to 2007/08	-
	Adjustments for 2008/09	-
Commences: 14 July 2008	Adjusted Appropriation	6,774
Expires: 30 June 2009	Actual to 2007/08 Year End	-
	Estimated Actual for 2008/09	6,774
	Estimated Actual for 2009/10	-
	Estimated Appropriation Remaining	-

## Details of Projected Movements in Departmental Net Assets

### The Treasury

Details of Net Asset Schedule	2008/09 Estimated Actual \$000	2009/10 Projected \$000	Explanation of Projected Movements in 2009/10
Opening Balance	7,240	6,948	
Capital Injections	308	(6)	In 2008/09 capital injections were required for the establishment of the Crown Deposit Guarantee Scheme (\$200,000) and the Regulatory Impact Assessment Unit (\$108,000). In 2009/10 a capital reduction of \$86,000 will be made to provide capital to the Identity Verification Service, which is partly offset by a capital contribution of \$80,000 to provide office equipment and furniture for additional staff providing advice on Government priorities.
Capital Withdrawals	(600)	(600)	Capital provided for the Treasury's accommodation project in 2003-2005 is being repaid to the Crown.
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
<b>Closing Balance</b>	<b>6,948</b>	<b>6,342</b>	