

Information Supporting the Supplementary Estimates

Vote Finance

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

ADMINISTERING DEPARTMENT: The Treasury

MINISTER RESPONSIBLE FOR THE TREASURY: Minister of Finance

Part 1 - Summary of the Vote

Part 1.3 - Trends in the Vote

Summary of Financial Activity

	2010/11				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
Appropriations					
Output Expenses	72,844	345	116	461	73,305
Benefits and Other Unrequited Expenses	-	N/A	-	-	-
Borrowing Expenses	3,058,421	-	(26,683)	(26,683)	3,031,738
Other Expenses	796,357	-	2,287,598	2,287,598	3,083,955
Capital Expenditure	91,022	82	827,525	827,607	918,629
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Total Appropriations	4,018,644	427	3,088,556	3,088,983	7,107,627
Crown Revenue and Capital Receipts					
Tax Revenue	-	N/A	-	-	-
Non-Tax Revenue	3,265,494	N/A	447,730	447,730	3,713,224
Capital Receipts	746	N/A	176,616	176,616	177,362
Total Crown Revenue and Capital Receipts	3,266,240	N/A	624,346	624,346	3,890,586

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>Outcome: A high performing state sector that supports New Zealand's international competitiveness.</p> <p>Impact: Improved business environment; New Zealand is more integrated and connected into the global economy.</p>	Establishment and Monitoring Crown Investment in AMI

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

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	5,526	(295)	5,231
Revenue from Crown	5,428	(290)	5,138
Revenue from Other	98	(5)	93

Reasons for Change in Appropriation

This reduction is due to lower costs of administering Crown borrowing due to the strong New Zealand dollar in 2010 and lower legal fees for foreign debt instruments.

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

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	1,258	(166)	1,092
Revenue from Crown	1,236	(163)	1,073
Revenue from Other	22	(3)	19

Reasons for Change in Appropriation

This reduction is primarily due to lower costs of administering derivative transactions because of the strong New Zealand dollar in 2010.

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

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	4,440	2,111	6,551
Revenue from Crown	4,418	2,057	6,475
Revenue from Other	22	54	76

Reasons for Change in Appropriation

This appropriation is required to administer the guarantee provided to entities under the Crown Retail Deposit Guarantee Scheme, including the management of Crown risks and administration expenses incurred in processing claims under the guarantee. The costs have increased primarily due to the complexities of managing the Crown's risks arising from the failures of nine entities.

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

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	320	483	803
Revenue from Crown	316	475	791
Revenue from Other	4	8	12

Reasons for Change in Appropriation

Due to the increase in government borrowing requirements, the assets under management by NZDMO increased during 2009/10 by \$2 billion. The management of these assets has required increased resource to be applied during 2010/11 to the Administration of Investment of Public Money.

Crown Guarantee Schemes (M31)

Scope of Appropriation

This appropriation is limited to the implementation and operation of the Crown's Deposit Guarantee Scheme and Crown's Wholesale Funding Guarantee Facility excluding expenses incurred in connection with administering claims under a guarantee or indemnity given under the scheme.

Expenses and Revenue

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	3,717	(978)	2,739
Revenue from Crown	3,674	(958)	2,716
Revenue from Other	43	(20)	23

Reasons for Change in Appropriation

This appropriation has been reduced because of litigation costs that were not required.

Establishment and Monitoring Crown Investment in AMI (M31)

Scope of Appropriation

This appropriation is limited to the negotiation and establishment of the Crown's investment in AMI and the ongoing monitoring of that investment.

Expenses and Revenue

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	1,650	1,650
Revenue from Crown	-	1,650	1,650
Revenue from Other	-	-	-

Reasons for Change in Appropriation

This is a new appropriation of \$1.650 million in relation to the Crown's investment in AMI.

Output Performance Measures and Standards

Performance Measures	2010/11		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Policy advice complies with Treasury's Quality Standards for Policy (refer Conditions on Use of Appropriations - Policy Advice - Finance)	N/A	N/A	Achieved

Establishment of the New Zealand Productivity Commission (M31)

Scope of Appropriation

This appropriation is limited to the establishment costs of the New Zealand Productivity Commission.

Expenses and Revenue

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	1,200	(555)	645
Revenue from Crown	1,200	(572)	628
Revenue from Other	-	17	17

Reasons for Change in Appropriation

The unspent balance of the New Zealand Productivity Commission establishment appropriation has been transferred to the Non-Departmental Inquiries and Research into Productivity Related Matters output expense where it will be used to develop the systems and processes necessary to support inquiries, and fund the engagement of consultants/associate commissioners to work on inquiries and related work streams.

Infrastructure Advice and Co-ordination (M80)*Scope of Appropriation*

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.

Expenses and Revenue

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	4,799	25	4,824
Revenue from Crown	4,720	27	4,747
Revenue from Other	79	(2)	77

Reasons for Change in Appropriation

This increase is due to additional personnel being used to provide infrastructure advice.

Macro Economic Policy Advice & Management MCOA (M31)*Scope of Appropriation***Economic and Tax Forecasting**

This output class is limited to the preparation of economic and tax forecasts, and monitoring of and reporting on economic and tax conditions.

Fiscal Management

This output class is limited to the development of the Budget strategy and advice, and activities of the annual Budget process.

Fiscal Reporting

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.

Management of Crown Lending and Crown Bank Accounts

This output class is limited to the management of Crown lending and Crown and Departmental bank accounts.

Policy Advice: Fiscal and Macroeconomic

This output class is limited to the provision of fiscal and macroeconomic policy advice.

Explanation for Use of Multi-Class Output Expense Appropriation

These output classes all contribute to the outcome of a stable and sustainable macroeconomic environment in New Zealand.

Expenses and Revenue

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	14,910	(1,060)	13,850
Economic and Tax Forecasting	2,691	(210)	2,481
Fiscal Management	3,290	(962)	2,328
Fiscal Reporting	3,588	(506)	3,082
Management of Crown Lending and Crown Bank Accounts	540	12	552
Policy Advice: Fiscal and Macroeconomic	4,801	606	5,407
Revenue from Crown	14,674	(1,043)	13,631
Economic and Tax Forecasting	2,641	(201)	2,440
Fiscal Management	3,240	(943)	2,297
Fiscal Reporting	3,530	(494)	3,036
Management of Crown Lending and Crown Bank Accounts	534	9	543
Policy Advice: Fiscal and Macroeconomic	4,729	586	5,315
Revenue from Other	236	(17)	219
Economic and Tax Forecasting	50	(9)	41
Fiscal Management	50	(19)	31
Fiscal Reporting	58	(12)	46
Management of Crown Lending and Crown Bank Accounts	6	3	9
Policy Advice: Fiscal and Macroeconomic	72	20	92

Reasons for Change in Appropriation

This multi-class output expense appropriation has decreased due to:

- efficiency savings of \$274,000 in 2010/11 to transfer into 2011/12 to address emerging cost pressures for crown balance sheet work, and
- a reclassification of current activity. The reduction in Fiscal Management recognises a reclassification of Vote Analyst work during the Budget process from Fiscal Management into the other Policy Advice output classes. Efficiencies have also been made in the Budget production process. The increase in Policy Advice: Fiscal and Macroeconomic relates to Crown Balance Sheet advice which, given its advisory nature and focus on ownership mix was reclassified from the Management of Liabilities, Claims Against the Crown and Crown Properties output class.

State Sector and Economic Performance Policy Advice and Management MCOA (M31)

Scope of Appropriation

Crown Deposit Guarantee Scheme

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.

Crown Wholesale Guarantee Facility

This output class is limited to the implementation and operation of the Crown's wholesale guarantee facility.

Management of Liabilities, Claims Against the Crown and Crown Properties

Management of contractual or Treaty of Waitangi related claims against the Crown and the management of New Zealand House, London.

New Zealand Export Credit Office

Implementation of the Government's Export Credit Guarantees policy and operation of the New Zealand Export Credit Office.

Policy Advice: Economic Performance

Policy advice on the Government's economic strategy and policy settings and their effect on New Zealand's economic growth.

Policy Advice: State Sector Performance

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.

Explanation for Use of Multi-Class Output Expense Appropriation

These output classes all contribute to the outcomes of improving New Zealand's overall economic performance and improving state sector performance.

Expenses and Revenue

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	34,271	(870)	33,401
Crown Deposit Guarantee Scheme	-	-	-
Crown Wholesale Guarantee Facility	-	-	-
Management of Liabilities, Claims Against the Crown and Crown Properties	1,922	(1,269)	653
New Zealand Export Credit Office	3,631	(376)	3,255
Total Appropriation - cont'd			
Policy Advice: Economic Performance	14,875	970	15,845
Policy Advice: State Sector Performance	13,843	(195)	13,648

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Revenue from Crown	33,664	(1,285)	32,379
Crown Deposit Guarantee Scheme	-	-	-
Crown Wholesale Guarantee Facility	-	-	-
Management of Liabilities, Claims Against the Crown and Crown Properties	1,898	(1,253)	645
New Zealand Export Credit Office	3,580	(408)	3,172
Policy Advice: Economic Performance	14,623	959	15,582
Policy Advice: State Sector Performance	13,563	(583)	12,980
Revenue from Other	607	415	1,022
Crown Deposit Guarantee Scheme	-	-	-
Crown Wholesale Guarantee Facility	-	-	-
Management of Liabilities, Claims Against the Crown and Crown Properties	24	(16)	8
New Zealand Export Credit Office	51	32	83
Policy Advice: Economic Performance	252	11	263
Policy Advice: State Sector Performance	280	388	668

Reasons for Change in Appropriation

This multi-class expense appropriation has decreased overall due to range of decreases greater than the increases during the year.

Increases are due to:

- new funding of \$440,000 was provided in Policy Advice: State Sector Performance for Phase two of the Better Administration and Support Services project. This was funded through recoveries from other agencies, and
- a reallocation of resources to reflect Ministerial priorities in 2010/11 output plan. Policy Advice: Economic Performance was given a higher level of resource to deliver on additional work eg, Savings Working Group, and other priority areas including Regulation, Tax Strategy and Highly Skilled Workforce. State Sector Performance was increased to fund priority projects and fiscal risks around State sector reform work.

Decreases are due to:

- identified efficiency savings of \$940,000 in 2010/11 to transfer into 2011/12 to address emerging cost pressures in crown balance sheet work
- funds being returned to the Crown from New Zealand Export Credit Office. This resulted from slower than expected deal flow giving rise to less third-party costs, such as legal and surety bond fees associated with these deals, and
- reclassification of activities. The Crown Balance Sheet work on Vote Finance entities was previously funded from Management of Liabilities, Claims Against the Crown and Crown Properties. This work was reclassified into Policy Advice: Fiscal and Macroeconomic.

Part 2.2 - Non-Departmental Output Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Funding of the New Zealand Productivity Commission in accordance with the New Zealand Productivity Commission Act 2010.	Inquiries into Productivity - Related Matters
	Research into and Promotion of Productivity - Related Matters

2025 Productivity Taskforce (M31)

Scope of Appropriation

This appropriation is limited to the fees and expenses of members of the Taskforce appointed to carry forward work on the productivity gap with Australia, and the fees and expenses for any other advice that the Taskforce may commission.

Expenses

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	81	67	148

Reasons for Change in Appropriation

The outstanding balance of the appropriation in 2009/10 was carried forward to 2010/11 to address the ongoing work programme of the Taskforce.

Output Performance Measures and Standards

Performance Measures	2010/11		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Second taskforce report providing further analysis and recommendations and assessing progress delivered by 31 October 2010.	Achieved	Achieved	Achieved

Enquiries, Reviews and Research Into Productivity Matters (M31)

Scope of Appropriation

This appropriation is limited to enquiries, reviews and research into productivity related activities.

Expenses

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	655	(655)	-

Reasons for Change in Appropriation

A new Multi-class Output Appropriation (MCOA) has been established in Vote Finance for the activities of the New Zealand Productivity Commission. This will allow for a higher level of oversight and best reflects the segregation of outputs being purchased. The funding from this original appropriation has been transferred to the new MCOA and the output performance measures and standards have been reported there.

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

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	1,210	1,210
Inquiries into Productivity - Related Matters	-	1,160	1,160
Research into and Promotion of Productivity - Related Matters	-	50	50

Reasons for Change in Appropriation

This new Multi-class Output Appropriation (MCOA) has been established in Vote Finance for the activities of the New Zealand Productivity Commission. This will allow for a higher level of oversight and best reflects the segregation of outputs that the Minister is purchasing. Funding has been transferred in 2010/11 to these output classes from the original Non-Departmental Output class (Enquiries, Reviews and Research Into Productivity Matters) and from the unspent portion of the Departmental Output Class (Establishment of the New Zealand Productivity Commission).

Output Performance Measures and Standards

Performance Measures	2010/11		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Work on the first inquiry referred to the Commission is underway within one month of the Commission becoming operational on 1 April 2011.	N/A	Achieved	Achieved

Conditions on Use of Appropriation

New Zealand Productivity Commission will complete a Statement of Intent for the period 1 April 2011 to 30 June 2012 by 30 June 2011. This document will set out the measures and standards against which the New Zealand Productivity Commission will be assessed during the period to 30 June 2012.

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

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	1,000	(400)	600

Reasons for Change in Appropriation

The appropriation has been reduced by \$400,000, partially due to the change in exchange rates during the year and has been returned to the Crown. Rental revenue has been revised down by the same amount, making this change fiscally neutral.

Output Performance Measures and Standards

Performance Measures	2010/11		
	Estimates Standard	Supplementary Estimates Standard	Total 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

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	151	60	211

Reasons for Change in Appropriation

An expense transfer from 2009/10 was made to provide funding for remedial work on redundant geothermal assets at Wairakei as this work was not completed during that year.

Output Performance Measures and Standards

Performance Measures	2010/11		
	Estimates Standard	Supplementary Estimates Standard	Total 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

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	516	(166)	350

Reasons for Change in Appropriation

The payments expected to be made to Guardians of the New Zealand Superannuation Fund are now forecast to be \$166,000 lower than appropriation and are being returned to the Crown.

Output Performance Measures and Standards

Performance Measures	2010/11		
	Estimates Standard	Supplementary Estimates Standard	Total 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	2010/11			Reporting Mechanism	Expiry of Resourcing Commitment
	Estimates \$000	Supplementary Estimates \$000	Total \$000		
Independent Crown Entity					
New Zealand Productivity Commission					
<ul style="list-style-type: none"> Inquiries and Research into Productivity Related Matters MCOA (funding transfer) 	-	1210	1,210	Providers annual report (exempted for 30 June 2011)	Ongoing

Funding has been transferred in 2010/11 to Inquiries and Research into Productivity Related Matters MCOA from the original Non-Departmental Output class (Enquiries, Reviews and Research Into Productivity Matters) and from the unspent portion of the Departmental Output Class (Establishment of the New Zealand Productivity Commission).

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

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

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	3,058,421	(26,683)	3,031,738

Reasons for Change in Appropriation

The change reflects 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 high performing state sector that supports New Zealand's international competitiveness.</p> <p>Impact: The Crown's balance sheet is managed efficiently and effectively.</p>	Additional Payments to Facilitate Full Payout under the Crown Retail Deposit Guarantee Scheme
	Costs in respect of Guarantees and Indemnities PLA
	Earthquake Commission
	Earthquake Commission - Land Insurance Payments
	Impairment of Crown's interest in AMI
	Impairment of Loans to Taitokerau Forest Limited
	National Provident Fund - Crown liability for Scheme Deficiency PLA
	Payment in Respect of New Zealand Export Credit Office Guarantee and Indemnities PLA

Additional Payments to Facilitate Full Payout under the Crown Retail Deposit Guarantee Scheme. (M31)

Scope of Appropriation

This appropriation is limited to payments under the Crown Retail Deposit Guarantee Scheme additional to those covered by the PLA required to facilitate full payout. This includes payments to ineligible investors in entities which default under the Deed of Guarantee up to 12 October 2010 plus a contingency to ensure that payments to the Trustee cover the full costs of paying out all debenture holders.

Expenses

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	150,000	150,000

Reasons for Change in Appropriation

This appropriation was utilised to provide contingency funding to the Trustee of South Canterbury Finance. This has subsequently been fully repaid back to the Crown by the Trustee.

Expected Results

	2010/11		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Timely payout to Trustee of South Canterbury Finance.	N/A	Achieved	Achieved
Recovery within agreed timeframes from Trustee.	N/A	Achieved	Achieved

Costs in respect of Guarantees and Indemnities PLA (M31)*Scope of Appropriation*

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.

Expenses

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	1,547,116	1,547,116

Reasons for Change in Appropriation

This appropriation is required for the gross payment of guaranteed depositors of defaulting entities, guaranteed under the Crown Retail Deposit Guarantee Scheme. On payment, the Crown assumes the rights of the depositors and recognises the recoveries from these entities as non-tax revenue. In addition this appropriation also reflects adjustments to the expected recoveries from the nine entities which have defaulted under the scheme.

Expected Results

	2010/11		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
The Crown's liability to guaranteed depositors of defaulting entities is correctly recorded in the Financial Statements of the Government.	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion
Payments are made in accordance with the requirements of the Public Finance Act.	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion

Earthquake Commission (M31)

Scope of Appropriation

This appropriation is limited to the remediation of residential land that was damaged in the 2010 Canterbury earthquake to a higher standard than required by the Earthquake Commission Act.

Expenses

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	141,100	141,100

Reasons for Change in Appropriation

This is a new appropriation in 2010/11 of \$141.100 million approved as a result of the Canterbury Earthquake on 4 September 2010 to provide funding to Canterbury local councils for remedial work.

Expected Results

	2010/11		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Negotiate an MOU with Councils.	N/A	Achieved	Achieved
Complete a Concept Design Report that details the engineering requirements and informs the work programme and spend.	N/A	Achieved	Achieved

Earthquake Commission - Land Insurance Payments (M31)

Scope of Appropriation

This appropriation is limited to insurance payments to the owners of damaged land in the Canterbury region where the cost of land remediation is greater than the insured value of the land.

Expenses

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	5,000	5,000

Reasons for Change in Appropriation

This is a new appropriation in 2010/11 of \$5 million approved as the result of the Canterbury earthquake on 4 September 2010.

Expected Results

	2010/11		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Timely advice provided on properties.	N/A	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

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	23,760	1,000	24,760

Reasons for Change in Appropriation

This increase is a result of changes in custodial, investment and administration costs due to an increase in assets under fund management.

Expected Results

	2010/11		
	Estimates Standard	Supplementary Estimates Standard	Total 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

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	684,117	(54,989)	629,128

Reasons for Change in Appropriation

This decrease reflects marginal changes to forecast assumptions, other than actuarial losses and gains.

Expected Results

	2010/11		
	Estimates Standard	Supplementary Estimates Standard	Total 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

Impairment of Crown's interest in AMI (M31)*Scope of Appropriation*

This appropriation is limited to the impairment of equity investment in AMI.

Expenses

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	500,000	500,000

Reasons for Change in Appropriation

This is a new appropriation of \$500 million for potential impairment of the Crown's investment in AMI. The fair value of AMI is still uncertain, subject to the final level of claims received for the Christchurch earthquake. The appropriation is set at the maximum exposure to the Crown being the total amount of equity invested.

Expected Results

	2010/11		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Impairment of Crown's investment in AMI correctly recorded in the Financial Statements of the Government.	N/A	Achieved	Achieved

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

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	800	700	1,500

Reasons for Change in Appropriation

The timing of drawdowns of Taitokerau Forests Limited loan facility is uncertain. In 2009/10, the actual drawdown of the loan was \$700,000 less than appropriated for that year resulting in a carry forward of this amount into 2010/11. The impairment takes place when the loan is drawn down.

Expected Results

	2010/11		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Impairment of loans to Taitokerau Forest Limited correctly recorded in the Financial Statements of the Government.	Achieved	Achieved	Achieved

National Provident Fund - Crown liability for Scheme Deficiency PLA (M31)

Scope of Appropriation

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.

Expenses

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	16	16

Reasons for Change in Appropriation

The Crown is liable for deficiencies in specified superannuation schemes of the National Provident Fund. The current forecast for the year is \$16,000.

Expected Results

	2010/11		
	Estimates Standard	Supplementary Estimates Standard	Total 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

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

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	60,000	(1,300)	58,700

Reasons for Change in Appropriation

The decrease in the appropriation relates to the GST rate increase during the year which was separately appropriated in the 2010/11 Estimates but not deducted from the liability.

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

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

Expenses

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	16,200	(1,500)	14,700

Reasons for Change in Appropriation

The operational costs of New Zealand House have been revised down by \$1.500 million primarily due to the fall in the exchange rate and occupancy rates during the year. Rental revenue has been revised down by the same amount, making this change fiscally neutral.

Expected Results

	2010/11		
	Estimates Standard	Supplementary Estimates Standard	Total 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

Payment in respect of Export Credit Office Guarantees and Indemnities PLA (M31)*Scope of Appropriation*

This appropriation is limited to payments by the Crown under export credit guarantees or indemnities given under Section 65ZD of the Public Finance Act 1989, as authorised by section 65ZG of that Act.

Expenses

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	186	186

Reasons for Change in Appropriation

This relates to two claims under the export credit guarantee paid out during the year.

Expected Results

	2010/11		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Claims are reported and paid in a timely and accurate manner.	N/A	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

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	200	269	469

Reasons for Change in Appropriation

Grants payable to Taitokerau Forest Limited for on-payment to forest owners, are payable upon harvest of the forests. Timing of the harvest is uncertain and hence an expense transfer from 2009/10 of \$269,000 was approved into 2010/11 for services not completed.

Expected Results

	2010/11		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Grant payment is made in accordance with the Taitokerau Forests Limited agreement.	Achieved	Achieved	Achieved

Reporting Mechanisms

Appropriation	Reporting Mechanism
Additional Payments to Facilitate Full Payout under the Crown Retail Deposit Guarantee Scheme	Financial Statements of the Government
Costs in respect of Guarantees and Indemnities PLA	Financial Statements of the Government
Earthquake Commission	Annual report of EQC
Earthquake Commission - Land Insurance Payments	Annual report of EQC
Impairment of Crown's interest in AMI	Financial Statements of the Government
National Provident Fund - Crown liability for Scheme Deficiency PLA	Financial Statements of the Government
Payment in Respect of Export Credit Office Guarantees and Indemnities PLA	Financial Statements of the Government

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

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

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	851	586	1,437
Intangibles	524	(504)	20
Other	-	-	-
Total Appropriation	1,375	82	1,457

Reasons for Change in Appropriation

The increase in the departmental capital expenditure of \$82,000 mainly relates to:

- a delay in the redevelopment of the Treasury's human resource and financial systems with the financial system replacement now expected in 2011/12 and timing is still unconfirmed for the human resource system replacement, and
- delay in the development of the NZDMO systems.

This is offset by expected improvements to the security systems and fitout alterations in Treasury to accommodate the scoping work on the mixed ownership model.

Expected Results

Part 6.2 - Non-Departmental Capital Expenditure

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Outcome: A high performing state sector that supports New Zealand's international competitiveness. Impact: The Crown's balance sheet is managed efficiently and effectively.	AMI Equity Injection
	International Financial Institutions PLA
	Loan in Respect to Guarantees and Indemnities for the Crown Retail Deposit Guarantee Scheme

AMI Equity Injection (M31)*Scope of Appropriation*

This appropriation is limited to the purchase of equity in AMI.

Capital Expenditure

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	500,000	500,000

Reasons for Change in Appropriation

This is a new appropriation of \$500 million for the purchase of equity in AMI.

Expected Results

	2010/11		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Crown's investment in AMI correctly recorded in the Financial Statements of the Government.	N/A	Achieved	Achieved

Asian Development Bank PLA (M31)*Scope of Appropriation*

This appropriation is limited to capital expenditure by New Zealand as a member of the Asian Development Bank Agreement, authorised by section 3 of the International Finance Agreements Amendment Act 1966.

Capital Expenditure

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	71,000	(5,875)	65,125

Reasons for Change in Appropriation

The 5th General Capital Increase has been made to the Asian Development Bank. The final payment was \$65.125 million compared to the forecast of \$71 million due to changes in exchange rates and a discount offered.

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

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	148,000	148,000

Reasons for Change in Appropriation

This increase is to incorporate possible contributions to the International Monetary Fund (IMF) in 2010/11. Forecasts of contributions were unknown when the Estimates were prepared.

Expected Results

Landcorp Protected Land Agreement (M31)

Scope of Appropriation

Purchase (including by reinvesting cash dividends) of redeemable preference shares in Landcorp under the Protected Land Agreement.

Capital Expenditure

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	17,347	9,700	27,047

Reasons for Change in Appropriation

This increase is to provide for the additional capital incurred in maintaining the properties held under the Protected Land Agreement by Landcorp Farming Limited, for the net losses/(profits) of those properties and for interest charged while dividends were diverted to pay off the initial investment.

Loan in Respect to Guarantees and Indemnities for the Crown Retail Deposit Guarantee Scheme (M31)

Scope of Appropriation

This appropriation is limited to a loan in respect of guarantees and indemnities for the Crown Retail Deposit Guarantee Scheme in Vote Finance.

Capital Expenditure

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	175,000	175,000

Reasons for Change in Appropriation

This is a new appropriation for 2010/11 for a \$175 million loan to the receivers of South Canterbury Finance to remove prior charge holders. The loan was subsequently repaid in full.

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

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	800	700	1,500

Reasons for Change in Appropriation

The timing of drawdowns of Taitokerau Forests Limited loan facility is uncertain. In 2009/10, the actual drawdown of the loan was \$700,000 less than that appropriated for that year resulting in a carry forward of this amount into 2010/11.

Reporting Mechanisms

Appropriation	Reporting Mechanism
AMI Equity Injection	Financial Statements of Government
International Financial Institutions PLA	Financial Statements of Government
Loan in Respect to Guarantees and Indemnities for the Crown Retail Deposit Guarantee Scheme	Financial Statements of Government

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