

The Treasury

Budget 2011 Information Release

Release Document

June 2011

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

Vote Sport and Recreation

Four-year Budget Plan

Version 1

1 December 2010

Submitted by:

Ministry for Culture and Heritage

Section 1: New Baseline and Summary of Changes

Direction of Change

The major priorities for this Vote are:

1. Completing the transformation of New Zealand's high performance sport system through investment in world-class infrastructure and establishment of a streamlined body for delivery of high performance sport services.
2. Getting more Kiwi kids involved in organised sport by strengthening the focus of regional sport trusts, schools and clubs on delivery of sport.
3. Ensuring that back-office costs are minimised and more of the Vote is directed to front-line services and to the sport and recreation sector.

Overall Impact

Operating	Impact (\$000s)				
	2010/11	2011/12	2012/13	2013/14	2014/15
Current Baseline	74,147	79,199	84,199	84,199	84,199
Cost of new/increased activities	-	-	-	-	-
Amount reprioritised	-	-	-	-	-
New baseline	74,147	79,199	84,199	84,199	84,199

Capital	Impact (\$000s)				
	2010/11	2011/12	2012/13	2013/14	2014/15
Capital proposals seeking new funding in Budget 2011.	-	-	-	-	-
Capital proposals seeking decisions in Budget 2011 funded within baselines.	-	-	-	-	-
Total capital intentions	-	-	-	-	-

Section 2: Vote Priorities and Pressures

Over the next four years, the priorities in Vote Sport and Recreation are as follows:

- Implement improvements to New Zealand's high performance system as agreed by Cabinet in May 2010. These improvements include developing more world-class infrastructure and delivering some significant changes to the structure of our high performance system.
- Getting more Kiwi kids involved in organised sport through the KiwiSport fund and by strengthening the focus of regional sport trusts, schools and clubs on delivery of sport to young people.
- Ensuring that back-office costs are minimised and more of the Vote is directed to front-line services and to the sport and recreation sector.

The above priorities were announced as election commitments in 2009. Cabinet has subsequently affirmed these priorities.

The major pressures facing the Vote are as follows:

- In May 2010, Cabinet committed to funding a programme of infrastructure development to create world-class sports facilities. In order to deliver on this commitment, I am managing inflationary and cost pressures by contracting a specialist purchase advisor to ensure that SPARC delivers on the government's infrastructure commitments on time and within budget.
- Sport and recreation organisations are being squeezed by the economic climate, declining sponsorship and reduced gaming funding. In order to increase the performance of sport and recreation organisations from within current baselines, SPARC is managing its investments more tightly and driving for greater efficiency in the sector.

Section 3: Proposed Changes for Budget 2011 (Reprioritisation)

Review the cost structures and back office functions of SPARC to further increase efficiency and reduce overheads. Any funding available through reprioritisation, will be reapplied within the Vote.

Vote Arts, Culture and Heritage

Four-year Budget Plan

Version 1

1 December 2010

Submitted by:

Ministry for Culture and Heritage

Section 1: New Baseline and Summary of Changes

Direction of Change

The Government's goal is to lift the long term performance of the economy.

It is the Government's conviction that culture is important, not only because of its intrinsic value, but because it can be a force for innovative development, economic growth and for social improvement. Culture benefits New Zealand and New Zealanders both directly and indirectly. These benefits in turn motivate New Zealanders' continued participation in their culture, and reinforce the development of a thriving cultural sector. Further, the more New Zealanders value their culture, the more they will participate as producers and consumers.

Current appropriations are largely aligned to Government priorities. However, to effectively and efficiently deliver on the priorities for 2010/11 and the next four financial years the following fiscally neutral changes to appropriations are necessary:

- A Te Papa capital to operating appropriation swap
- Reduce TVNZ funding for the maintenance of non-commercial transmission sites from 2013/14
- Apply additional funds to support the community outreach and communication programmes for the digital switchover project
- Establish a World War One commemorations office

Overall Impact

Operating	Impact (\$000s)				
	2010/11	2011/12	2012/13	2013/14	2014/15
Current Baseline	301,908	272,086	269,820	244,993	237,864
Cost of new/increased activities ¹	-	-	-	-	-
Amount reprioritised	(569)	6,569	7,725	5,425	4,850
New baseline	301,339	278,655	277,545	250,418	242,714

Capital	Impact (\$000s)				
	2010/11	2011/12	2012/13	2013/14	2014/15
Capital proposals seeking new funding in Budget 2011.	-	-	-	-	-

¹ Funded from a vote transfer from Māori Affairs.

Capital proposals seeking decisions in Budget 2011 funded within baselines.	-	(6,000)	(6,000)	(6,000)	(6,000)
Total capital intentions	-	(6,000)	(6,000)	(6,000)	(6,000)

Section 2: Vote Priorities and Pressures

The Vote Arts, Culture and Heritage (ACH) priorities and objectives supporting the Government's key policy drivers are:

Policy driver - regulatory environment

- Priorities - broadcasting:
 - Management of a smooth transition to Digital Switchover by 2013
 - Advance options for public service television broadcasting post 2012
 - Update and rationalise the administration of media standards

Objective: an efficient, competitive and stable broadcasting environment delivering high quality content to more audiences.

Policy driver - public sector

- Priorities (ACH structural review and reform):
 - Implementation of legislative changes to the Arts Council of New Zealand Toi Aotearoa (Creative New Zealand) Act, Historic Places Acts
 - Introduce proposed reforms to the New Zealand Film Commission arising from the recent review of the Commission
 - Review of the Large Budget Screen production Fund and the Screen Production Incentive Funds
 - Advancing work on options for improved structural arrangements in the cultural sector.

Objectives: improve the viability, service delivery and effectiveness of government funded agencies and ACH funding programmes; enhance the delivery of Government policies, initiatives and services to the cultural sector.

- Priorities (sector leadership):
 - Expanding the Ministry's sector, policy and business focused leadership in its strategy, governance, funding and monitoring activities
 - Departmental collaboration and coordination through projects such as the 2011 Rugby World Cup
 - Promoting a coordinated government approach to commemorations
 - Completion of memorial park as a visible and tangible focus for significant commemorations.

Objectives: improving the efficient and joined-up delivery of policies and services; improving the public visibility of the ACH sector's activities and contribution to New Zealand's identity and economic performance.

- Priority (Māori): implementing a Māori engagement strategy in the Ministry and ensuring continued Māori involvement in the governance of funded agencies.

Objective: expanding the involvement and visibility of Māori and Māori culture in the work of the Ministry.

Policy driver - infrastructure

- Priority: implementation of the work of the Philanthropic Taskforce.

Objective: growing private investment in the sector.

Policy driver - skills and education

- Priority: Production of quality digital resources to the public and schools provided through NZ History online and Te Ara - the Encyclopedia of New Zealand.

Objective: Increase New Zealanders' understanding of their country, its history, cultures, heritage and society.

The key pressures facing the Vote are:

- Managing a \$57.2 million (19%) decrease in operating baseline over the next 4 years, whilst also continuing to reprioritise to fund new key strategic projects in their early stages of development e.g. Memorial Park development, World War One commemorations projects.
- Ensuring the survival and effectiveness of ACH organisations operating with static Vote revenue.

Pressures are being managed within the Vote through the following mechanisms:

- Prioritisation and the careful management of costs of services
- Development of a service focused culture
- Implementing performance and productivity improvements to make the best use of current baselines and find new ways of achieving more for less
- Where possible, funding of essential new projects from existing baselines
- Increasing the focus on joined-up development and delivery of policies and initiatives across the Government and cultural sector.

The pressures outlined above create the following risks:

- Increased risk of failure of one or more cultural organisations
- Impact of policies and programmes, and the effectiveness of service delivery, is constrained
- Ministry and Government funded agencies are constrained in their ability to provide new products and services.

Section 3: Proposed Changes for Budget 2011 (Reprioritisation)

Current appropriations are largely aligned to Government priorities, with the Ministry and funded agencies' continuing to reprioritise budgets to ensure high quality services can continue to be delivered for the same or less government funding. However, to effectively and efficiently deliver on the priorities for 2010/11 and the next four financial years some fiscally neutral changes to appropriations are necessary:

Te Papa capital to operating appropriation swap

Te Papa does not receive annual operating funding for depreciation costs but instead receives an annual capital appropriation. A fiscally neutral capital operating swap is proposed to increase flexibility when making future expenditure decisions on maintenance and renewal of assets, including exhibitions.

TVNZ funding for the maintenance of non-commercial transmission sites to reduce from 2013/14

To re-prioritise funding currently used to support analogue television transmission to remote areas. Funding of \$0.575 million is available in 2013/14, with the full appropriation of \$1.150 million per annum for out-years.

Additional funds are required to support the community outreach and communication programmes for the digital switchover project

Funds freed up by the cessation of maintenance of non-commercial transmission sites will be used to support the community outreach and communication programmes.

Establishment of a World War One commemorations office

Funding is required over 5 years to establish and operate an office to co-ordinate New Zealand's World War One Commemorations, including the management of a number of projects. The Commonwealth War Graves Commission appropriation will be \$569,000 under spent for 2010/11 so it is proposed that this appropriation be reprioritised to partially fund the office.

In addition to the above Vote Arts, Culture and Heritage reprioritisation, two Vote transfers are in the process of being finalised with Te Puni Kōkiri and will be finalised during the March Baseline Update:

NZ Film Archive funding consolidation

The NZ Film Archive currently receives central government funding from both Vote Māori Affairs and Vote Arts, Culture and Heritage. To reduce administration and compliance costs and streamline monitoring activities it is proposed the funding streams are consolidated.

Taonga Tuturu conservation cost pressures

The small annual appropriation of \$79,000 pa is insufficient to meet the current costs of conservation. TPK have agreed in-principle to provide an additional \$75,000 pa to assist with these activities, making the baseline increase fiscally neutral.