

Vote Finance

APPROPRIATION MINISTER(S): Minister of Finance (M31), Minister for State Owned Enterprises (M65), Minister of Science and Innovation (M84), Minister supporting Greater Christchurch Regeneration (M85), Minister Responsible for HNZC (M90)

APPROPRIATION ADMINISTRATOR: The Treasury

RESPONSIBLE MINISTER FOR THE TREASURY: Minister of Finance

Overview of the Vote

The Minister of Finance is responsible for appropriations in Vote Finance for the 2016/17 financial year which cover the following:

- a total of nearly \$31 million for the provision of financial operations services and operational advice which support the performance of the State sector
- a total of nearly \$10 million for the administration of Crown borrowing, securities, derivative transactions, investments and guarantees
- a total of over \$31 million for the provision of advice (including assessing and providing contributions to policy advice led by other agencies) to support decision making
- a total of over \$14 million for the provision of shared services to other entities and agencies
- a total of over \$4 million for departmental capital expenditure
- a total of over \$3,448 million for the payment of interest and other costs relating to the Crown's debt
- a total of nearly \$591 million for superannuation costs, primarily the Government Superannuation Fund
- a total of nearly \$15 million for capital payments to International Financial Institutions and for the unwind of interest expense on liabilities
- a total of over \$5 million for inquiries and research into productivity-related matters paid to the Productivity Commission
- a total of over \$7 million for unclaimed money, meeting costs associated with the Landcorp Protected Land Agreement, managing the Crown's residual liabilities, provisions for meeting liabilities associated with Geothermal Wells, Unclaimed Money and for providing and administering grants and loans to Taitokerau Forests Limited
- a total of nearly \$17 million for costs of administering New Zealand House, London
- a total of nearly \$2 million for the review and reform of Local Government Infrastructure Arrangements
- a total of over \$8 million for the unwind of Crown Support Deed interest expense for Southern Response Earthquake Services Limited
- a total of \$200 million for a loan facility for Tamaki Redevelopment Company in a multi-year appropriation covering 31 March 2015 to 30 June 2018, and
- a total of nearly \$279 million for refinancing of Housing New Zealand Corporation and Housing New Zealand Limited Debt and Tamaki Regeneration.

The Minister of Finance is also responsible for Crown revenue and receipts in the Vote for the 2016/17 financial year which account for nearly \$3,769 million in non-tax revenue for return on investments, including capital charge, dividends, and interest on securities and deposits.

The Minister supporting Greater Christchurch Regeneration is responsible for annual appropriations in Vote Finance for 2016/17 financial year which cover nearly \$227 million for the continuation of Anchor Projects Programme and divestment of Crown-owned land to Ōtākaro Limited and for the multi-year

appropriation for the transfer of Anchor Project Assets to Ōtākaro Limited covering 1 April 2016 to 30 June 2020 of \$500 million.

The Minister Responsible for Housing New Zealand Corporation is responsible for the appropriation in Vote Finance for the 2016/17 financial year which covers over \$11 million for the Social Housing Reform Programme.

The Minister for State Owned Enterprise is responsible for the appropriation in Vote Finance for the 2016/17 financial year which covers nearly \$5 million for Crown company monitoring, governance, and ownership advice.

The Minister of Science and Innovation is responsible for the appropriation in Vote Finance for the 2016/17 financial year which covers over \$200,000 for Crown Research Institutes governance and ownership advice.

Details of these appropriations are set out in Parts 2-4.

Details of Appropriations and Capital Injections

Annual and Permanent Appropriations

| Titles and Scopes of Appropriations by Appropriation Type | 2015/16 | | 2016/17 |
|---|----------------------|------------------------|--------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Departmental Output Expenses | | | |
| Administration of Crown Borrowing, Securities, Derivative Transactions and Investment PLA (M31) This appropriation is limited to expenses incurred in connection with administering borrowing, securities, derivative transactions and investment by the Crown, as authorised by section 65ZH of the Public Finance Act 1989. | 9,297 | 8,997 | 9,249 |
| Administration of Guarantees and Indemnities Given by the Crown PLA (M31) 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. | 311 | 61 | 310 |
| Crown Company Monitoring Advice to the Minister for State-Owned Enterprises and Other Responsible Ministers (M65) This appropriation is limited to the provision of ownership, performance monitoring and governance advice to the Minister for State-Owned Enterprises and other responsible Ministers in respect of the Ministers' shareholding responsibilities or as responsible Ministers for the New Zealand Lotteries Commission and Public Trust. | 5,316 | 4,716 | 4,659 |
| Crown Company Monitoring Advice to the Minister of Science and Innovation and the Minister for Economic Development (M84) This appropriation is limited to the provision of ownership, performance monitoring, and governance advice to the Minister of Science and Innovation and other responsible Ministers in respect of the Ministers' shareholding responsibilities. | 265 | 201 | 216 |
| Policy Advice - Finance (M31) This appropriation is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to Finance. | 33,083 | 32,233 | 31,181 |
| Provision of Financial Operations Services and Operational Advice (M31) This appropriation is limited to the provision of services which support the performance of the State sector, including fiscal reporting, forecasting and monitoring; provision of Export Credit; and the management, administration and monitoring of Crown Guarantee Schemes, Crown Lending, Crown Investments and Crown Bank Accounts. | 30,709 | 29,809 | 30,950 |
| Shared Support Services (M31) This appropriation is limited to provision of support services to other agencies. | 13,221 | 12,021 | 14,313 |
| Total Departmental Output Expenses | 92,202 | 88,038 | 90,878 |
| Departmental Capital Expenditure | | | |
| The Treasury - Capital Expenditure PLA (M31) 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. | 6,274 | 6,274 | 4,240 |
| Total Departmental Capital Expenditure | 6,274 | 6,274 | 4,240 |
| Non-Departmental Output Expenses | | | |
| Management of Anchor Projects by Ōtākaro Limited (M85) This appropriation is limited to the Crown's contribution to Ōtākaro Limited's operating and financing expenses. | 7,467 | 7,467 | 23,000 |

| | 2015/16 | | 2016/17 |
|---|----------------------|------------------------|--------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Titles and Scopes of Appropriations by Appropriation Type | | | |
| Management of the Crown's Obligations for Geothermal Wells (M31) This appropriation is limited to the management and maintenance relating to geothermal wells and associated sites and structures for which the Crown accepts responsibility. | 467 | 150 | 151 |
| Management of the New Zealand Superannuation Fund (M31) This appropriation is limited to managing the New Zealand Superannuation Fund on behalf of the Crown. | 628 | 628 | 528 |
| Tamaki Regeneration (M31) This appropriation is limited to the housing demonstration projects and associated regeneration activity in the Tamaki area of Auckland. | - | - | 3,190 |
| Total Non-Departmental Output Expenses | 8,562 | 8,245 | 26,869 |
| Non-Departmental Borrowing Expenses | | | |
| Debt Servicing PLA (M31) 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. | 3,424,513 | 3,424,513 | 3,448,298 |
| Total Non-Departmental Borrowing Expenses | 3,424,513 | 3,424,513 | 3,448,298 |
| Non-Departmental Other Expenses | | | |
| Crown Residual Liabilities (M31) 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. | 86 | 15 | 60 |
| Geothermal Wells Fund (M31) This appropriation is limited to meeting the costs of one-off unforeseen events relating to those geothermal wells for which the Crown accepts responsibility. | 1,500 | - | 500 |
| Government Superannuation Appeals Board (M31) 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 |
| Government Superannuation Fund Authority - Crown's Share of Expenses PLA (M31) 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 Fund Act 1956. | 38,000 | 38,000 | 37,000 |
| Government Superannuation Fund Unfunded Liability PLA (M31) 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 Fund Act 1956. | 614,065 | 614,065 | 528,149 |
| National Provident Fund Schemes - Liability Under Crown Guarantee PLA (M31) 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. | 27,000 | 27,000 | 25,000 |
| Review and Reform of Local Government Infrastructure Arrangements (M31) This appropriation is limited to the review and reform of disaster funding for local government infrastructure, including contributions to expenses of the Local Government Risk Agency. | 1,625 | 1,625 | 1,605 |
| Unclaimed Money PLA (M31) This appropriation is limited to the repayment of money authorised by section 74(5) of the Public Finance Act 1989. | 250 | 40 | 250 |

| Titles and Scopes of Appropriations by Appropriation Type | 2015/16 | | 2016/17 |
|---|----------------------|------------------------|----------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Non-Departmental Other Expenses - cont'd | | | |
| Unclaimed Trust Money PLA (M31) This appropriation is limited to the repayment of money authorised by section 70(2) of the Public Finance Act 1989. | 250 | - | 250 |
| Unwind of Discount Rate Used in the Present Value Calculation of Payment for Shares in International Financial Institutions PLA (M31) This appropriation is limited to the expense incurred in unwinding the discount rate used in the present value calculation of the liability in respect of share subscriptions in International Financial Institutions as it nears settlement, as authorised by section 5(2) of the International Finance Agreements Act 1961. | 1,605 | 1,605 | 2,920 |
| Unwind of Discount Rate Used in the Present Value Calculation of Payment Under Crown Deed of Support with Southern Response Earthquake Services Ltd (M31) This appropriation is limited to the expense incurred in unwinding the discount rate used in the present value calculation of the liability as the liability nears settlement. | 16,370 | 16,370 | 8,088 |
| Auckland Council Loans: Loss on Early Repayment (M31) This appropriation is limited to the loss resulting from the early repayment of loans to Auckland Council. | 20,000 | 20,000 | - |
| Government Inquiry into Foreign Trust Disclosure Rules (M31) This appropriation is limited to the operation of the inquiry into foreign trust disclosure rules. | 150 | 50 | - |
| Impairment of Investment in Southern Response Earthquake Services Ltd (M31) This appropriation is limited to the impairment of equity investment in Southern Response Earthquake Services Ltd. | 417,000 | 167,000 | - |
| Solid Energy New Zealand Limited - Payments for Environmental Rehabilitation PLA (M31) This appropriation is limited to payments by the Crown under indemnity given to Solid Energy New Zealand Limited under section 65ZD of the Public Finance Act 1989, as authorised by section 65ZG of that Act. | 1,851 | 1,851 | - |
| Write-Off of Historical Investment in Solid Energy (M31) This appropriation is limited to a write-off of historical investment in Solid Energy New Zealand Limited. | 60,900 | 60,900 | - |
| Total Non-Departmental Other Expenses | 1,200,702 | 948,571 | 603,872 |
| Non-Departmental Capital Expenditure | | | |
| International Financial Institutions PLA (M31) 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. | 350,494 | 350,494 | 12,000 |
| Refinancing of Housing New Zealand Corporation and Housing New Zealand Limited Debt (M31) This appropriation is limited to refinancing existing Housing New Zealand Corporation and Housing New Zealand Limited Debt. | 142,362 | 142,362 | 275,778 |
| Crown Asset Management Limited - Acquisition of Residual Assets (M31) This appropriation is limited to the acquisition of residual assets from Crown Asset Management Limited. | 1,000 | - | - |
| Ōtākaro Limited Equity Injection (M85) This appropriation is limited to the provision of an equity injection in Ōtākaro Limited. | 6,100 | 6,100 | - |
| Southern Response Earthquake Services Ltd: Equity Investment (M31) This appropriation is limited to the investment in Southern Response Earthquake Services Ltd. | 417,000 | 167,000 | - |

| Titles and Scopes of Appropriations by Appropriation Type | 2015/16 | | 2016/17 |
|---|----------------------|------------------------|----------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Transfer of Housing New Zealand Corporation's Tamaki Housing Stock to Tamaki Redevelopment Company (M31) This appropriation is limited to the transfer of Housing New Zealand Corporation properties to Tamaki Redevelopment Company Limited. | 1,631,161 | 1,631,161 | - |
| Total Non-Departmental Capital Expenditure | 2,548,117 | 2,297,117 | 287,778 |
| Multi-Category Expenses and Capital Expenditure | | | |
| Greater Christchurch Anchor Projects MCA (M85) The single overarching purpose of this appropriation is to support the recovery of Christchurch by contributing operating and capital funding for anchor projects covered by the Christchurch Central Recovery Plan. | 440,417 | 65,521 | 203,887 |
| <i>Non-Departmental Other Expenses</i> | | | |
| <i>Christchurch Bus Interchange and Associated Transport Infrastructure - Operating</i> This category is limited to the Crown's contribution to the development, operations and divestment of the Christchurch Bus Interchange and associated transport infrastructure. | 41,788 | 12,078 | 31,329 |
| <i>Christchurch Convention Centre - Operating</i> This category is limited to the Crown's contribution to the development, operations and divestment of the Christchurch Convention Centre. | 8,016 | 8,016 | 1,500 |
| <i>Earthquake Memorial - Operating</i> This category is limited to the Crown's contribution to the development, operations and divestment of the Canterbury Earthquake Memorial. | 8 | - | 122 |
| <i>Metro Sports Facility - Operating</i> This category is limited to the Crown's contribution to the development, operations and divestment of Metro Sports Facility. | 9,389 | 2,912 | 2,043 |
| <i>Pre-Development Holding Costs - Operating</i> This category is limited to the Crown's contribution to the maintenance, operation and ownership of anchor project land and assets prior to commencement of developments. | 5,463 | - | 6,000 |
| <i>Public Space - Operating</i> This category is limited to the Crown's contribution to the development, operations and divestment of the Crown owned public space. | 105,217 | 11,262 | 49,281 |
| <i>Christchurch Bus Interchange and Associated Transport Infrastructure - contributions from third parties</i> This category is limited to the development, operations and divestment of the Christchurch Bus Interchange and associated transport infrastructure funded by contributions from parties other than the Crown. | 100 | - | - |
| <i>Christchurch Stadium - contributions from third parties</i> This category is limited to the development, operations and divestment of the Christchurch Stadium funded by contributions from parties other than the Crown. | 100 | - | - |
| <i>Christchurch Stadium - Operating</i> This category is limited to the Crown's contribution to the development, operations and divestment of the Christchurch Stadium. | 4,000 | - | - |
| <i>Financial Impact of Valuations</i> This category is limited to expenses incurred as a result of the Crown's decisions affecting valuations. | 2,831 | 2,831 | - |
| <i>Leasing Anchor Project Land</i> This category is limited to the financial impact of granting concessionary leases over anchor project land. | 6,000 | - | - |

| Titles and Scopes of Appropriations by Appropriation Type | 2015/16 | | 2016/17 |
|---|----------------------|------------------------|--------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Multi-Category Expenses and Capital Expenditure - cont'd | | | |
| <i>Metro Sports Facility - contributions from third parties</i> This category is limited to the development, operations and divestment of the Metro Sports Facility funded by contributions from parties other than the Crown. | 100 | - | - |
| <i>Procurement of Land and Assets - Operating</i> This category is limited to the Crown's contribution to the purchase, acquisition and clearance of land and assets for anchor project development. | 75,514 | - | - |
| <i>Public Space - contributions from third parties</i> This category is limited to the development, operations and divestment of the Crown owned public space funded by contributions from parties other than the Crown. | 100 | - | - |
| <i>Sale of Land</i> This category is limited to the financial impact from the divestment of land and transaction costs incurred in the preparation for sale and the sale of land. | 2,684 | 2,684 | - |
| <i>The Square - contributions from third parties</i> This category is limited to the development, operations and divestment of the Square funded by contributions from parties other than the Crown. | 100 | - | - |
| <i>Non-Departmental Capital Expenditure</i> | | | |
| <i>Christchurch Convention Centre - Capital</i> This category is limited to the Crown's contribution to the capital development of the Christchurch Convention Centre and to providing equity or loan capital to Ōtākaro Limited for that purpose. | 24,500 | 16,000 | 95,400 |
| <i>Earthquake Memorial - Capital</i> This category is limited to the Crown's contribution to the capital development of the Canterbury Earthquake Memorial and to providing equity or loan capital to Ōtākaro Limited for that purpose. | 3,625 | - | 3,996 |
| <i>Public Space - Capital</i> This category is limited to the capital development of the Crown owned public space and to providing equity or loan capital to Ōtākaro Limited for that purpose. | 37,638 | 9,148 | 14,216 |
| <i>Christchurch Bus Interchange and Associated Transport Infrastructure - Capital</i> This category is limited to the Crown's contribution to the capital development of the Christchurch Bus Interchange and associated transport infrastructure and to providing equity or loan capital to Ōtākaro Limited for that purpose. | 7,860 | 590 | - |
| <i>Land and Asset Acquisition - Capital</i> This category is limited to the Crown's contribution to the cost of land and assets to be acquired for anchor project development and to providing equity or loan capital to Ōtākaro Limited for that purpose. | 104,384 | - | - |
| <i>Metro Sports Facility - Capital</i> This category is limited to the Crown's contribution to the capital development of Metro Sports Facility and to providing equity or loan capital to Ōtākaro Limited for that purpose. | 1,000 | - | - |
| Inquiries and Research into Productivity-Related Matters MCA (M31) The overarching purpose of this appropriation is to provide for inquiries into, and research and promotion of, productivity-related matters. | 5,030 | 5,030 | 5,030 |
| <i>Non-Departmental Output Expenses</i> | | | |
| <i>Inquiries into Productivity-Related Matters</i> This category is limited to inquiries undertaken by the New Zealand Productivity Commission in accordance with the New Zealand Productivity Commission Act 2010. | 4,401 | 4,401 | 4,401 |
| <i>Research into and Promotion of Productivity-Related Matters</i> This category 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. | 629 | 629 | 629 |

| Titles and Scopes of Appropriations by Appropriation Type | 2015/16 | | 2016/17 |
|--|----------------------|------------------------|--------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Management of Landcorp Protected Land Agreement MCA (M31) The overarching purpose of this appropriation is meeting the Crown's responsibilities under the Landcorp Protected Land Agreement. | 5,500 | 3,700 | 4,250 |
| <i>Non-Departmental Other Expenses</i> | | | |
| <i>Operating Costs</i> This category is limited to providing operating costs incurred under the Landcorp Protected Land Agreement. | 3,500 | 2,200 | 2,250 |
| <i>Non-Departmental Capital Expenditure</i> | | | |
| <i>Capital Investments</i> This category is limited to providing for capital investments incurred under the Landcorp Protected Land Agreement. | 2,000 | 1,500 | 2,000 |
| Management of New Zealand House, London MCA (M31) The overarching purpose of this appropriation is to ensure that New Zealand House, London is well managed. | 17,360 | 15,110 | 16,650 |
| <i>Non-Departmental Output Expenses</i> | | | |
| <i>Property Management</i> This category is limited to the property management services in respect of New Zealand House, London. | 800 | 800 | 1,000 |
| <i>Non-Departmental Other Expenses</i> | | | |
| <i>Operational Costs</i> This category is limited to the operational costs of New Zealand House, London. | 13,900 | 13,900 | 13,000 |
| <i>Renegotiation of Lease Arrangements</i> This category is limited to activities to re-gear the lease on New Zealand House, London (including The Royal Opera Arcade and Her Majesty's Theatre). | 410 | 410 | 1,900 |
| <i>Non-Departmental Capital Expenditure</i> | | | |
| <i>Capital Expenditure</i> This category is limited to capital expenditure in relation to New Zealand House, London. | 2,250 | - | 750 |
| Management of the Crown's Agreement with Taitokerau Forests Limited MCA (M31) The overarching purpose of this appropriation is meeting the Crown's responsibilities under its agreement with Taitokerau Forests Limited. | 7,364 | 6,664 | 1,830 |
| <i>Non-Departmental Other Expenses</i> | | | |
| <i>Grants</i> This category is limited to grants to Taitokerau Forests Limited for on-payment to forest owners, payable upon harvest of the forests. | 473 | 473 | 230 |
| <i>Impairment of Loans</i> This category is limited to the expense incurred on the impairment and write-down of loans to Taitokerau Forests Limited. | 5,791 | 5,791 | 1,100 |
| <i>Non-Departmental Capital Expenditure</i> | | | |
| <i>Loans</i> This category is limited to the provision of loans to Taitokerau Forests Limited for forest management and development. | 1,100 | 400 | 500 |

| Titles and Scopes of Appropriations by Appropriation Type | 2015/16 | | 2016/17 |
|--|----------------------|------------------------|------------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Multi-Category Expenses and Capital Expenditure - cont'd | | | |
| Social Housing Reform MCA (M90) | 17,825 | 16,644 | 11,460 |
| The overarching purpose of this appropriation is to improve the variety of social housing in New Zealand and grow the community housing sector, by making Housing New Zealand Corporation stock available to social housing providers. | | | |
| <i>Departmental Output Expenses</i> | | | |
| <i>Implementation of the Social Housing Reform Programme</i> | 10,925 | 9,744 | 7,860 |
| This category is limited to the policy, operational, and transactional work to implement the Government's reform of social housing. | | | |
| <i>Non-Departmental Output Expenses</i> | | | |
| <i>Direct Sale Costs for Implementing the Social Housing Reform Programme</i> | 6,900 | 6,900 | 3,600 |
| This category is limited to direct sales costs of implementing the Government's reform of social housing. | | | |
| Total Multi-Category Expenses and Capital Expenditure | 493,496 | 112,669 | 243,107 |
| Total Annual and Permanent Appropriations | 7,773,866 | 6,885,427 | 4,705,042 |

Multi-Year Appropriations

| Type, Title, Scope and Period of Appropriations | Appropriations, Adjustments and Use | \$000 |
|--|-------------------------------------|---------|
| Non-Departmental Other Expenses | | |
| Loyalty Bonus Scheme Related to Initial Public Offers (M31) | Original Appropriation | 40,000 |
| This appropriation is limited to expenses incurred by allocating shares under a loyalty bonus scheme to eligible investors in initial public offers. | Adjustments to 2014/15 | 6,812 |
| | Adjustments for 2015/16 | - |
| Commences: 01 March 2013 | Adjusted Appropriation | 46,812 |
| Expires: 30 June 2016 | Actual to 2014/15 Year End | 46,812 |
| | Estimated Actual for 2015/16 | - |
| | Estimated Actual for 2016/17 | - |
| | Estimated Appropriation Remaining | - |
| Non-Departmental Capital Expenditure | | |
| Loan Facility for Tamaki Redevelopment Company (M31) | Original Appropriation | 200,000 |
| This appropriation is limited to provision of a loan to Tamaki Redevelopment Company Limited. | Adjustments to 2014/15 | - |
| | Adjustments for 2015/16 | - |
| Commences: 31 March 2015 | Adjusted Appropriation | 200,000 |
| Expires: 30 June 2018 | Actual to 2014/15 Year End | - |
| | Estimated Actual for 2015/16 | 23,000 |
| | Estimated Actual for 2016/17 | 78,000 |
| | Estimated Appropriation Remaining | 99,000 |

| Type, Title, Scope and Period of Appropriations | Appropriations, Adjustments and Use | \$000 |
|---|-------------------------------------|---------|
| Transfer of Anchor Project Assets to Ōtākaro Limited (M85) This appropriation is limited to the transfer of Christchurch anchor project assets to Ōtākaro Limited. Commences: 01 April 2016 Expires: 30 June 2020 | Original Appropriation | 500,000 |
| | Adjustments to 2014/15 | - |
| | Adjustments for 2015/16 | - |
| | Adjusted Appropriation | 500,000 |
| | Actual to 2014/15 Year End | - |
| | Estimated Actual for 2015/16 | 300,000 |
| | Estimated Actual for 2016/17 | 200,000 |
| | Estimated Appropriation Remaining | - |

Total Annual, Permanent and Multi-Year Appropriations

| | 2015/16 | | 2016/17 |
|---|----------------------|------------------------|------------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Annual and Permanent Appropriations | 7,773,866 | 6,885,427 | 4,705,042 |
| Total MYA Non-Departmental Capital Expenditure Forecasts | 323,000 | 323,000 | 278,000 |
| Total Annual and Permanent Appropriations and Multi-Year Appropriation Forecasts | 8,096,866 | 7,208,427 | 4,983,042 |

Capital Injection Authorisations

| | 2015/16 | | 2016/17 |
|--|----------------------|------------------------|--------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| The Treasury - Capital Injection (M31) | 820 | - | 4,548 |

Supporting Information

Part 1 - Vote as a Whole

1.1 - New Policy Initiatives

| Policy Initiative | Appropriation | 2015/16 Final Budgeted \$000 | 2016/17 Budget \$000 | 2017/18 Estimated \$000 | 2018/19 Estimated \$000 | 2019/20 Estimated \$000 |
|--|--|---------------------------------------|----------------------------|-------------------------------|-------------------------------|-------------------------------|
| Share of costs for Budget 2015 whole-of-government initiatives | Provision of Financial Operations Services and Operational Advice Departmental Output Expense | (395) | (391) | (304) | (314) | (314) |
| Business Information Hub | Administration of Crown Borrowing, Securities, Derivative Transactions and Investment PLA Departmental Output Expense | 330 | 330 | 330 | 330 | 330 |
| | Departmental Capital Injection | 1,145 | - | - | - | - |
| Transfer of residual assets from Crown Asset Management Limited | Crown Asset Management Limited - Acquisition of Residual Assets Non-Departmental Capital Expenditure | 1,000 | - | - | - | - |
| Write-off of historical investment in Solid Energy New Zealand Limited | Write-off of Historical Investment in Solid Energy Non-Departmental Other Expense | 60,900 | - | - | - | - |
| Local Government Risk Agency | Review and Reform of Local Government Infrastructure Arrangements Non-Departmental Other Expense | 500 | 1,500 | - | - | - |
| | Management of Landcorp Protected Land Agreement, MCA • Operating Costs Non-Departmental Other Expense | - | (250) | (250) | (500) | - |
| | Management of Landcorp Protected Land Agreement, MCA • Capital Investments Non-Departmental Capital Expenditure | - | - | - | (500) | (500) |
| Management of Anchor Projects by Ōtākaro Limited | Management of Anchor Projects by Ōtākaro Limited Non-Departmental Output Expense | 7,467 | 23,000 | 23,200 | 23,300 | 21,600 |
| Ōtākaro Limited Equity Injection | Ōtākaro Limited Equity Injection Non-Departmental Capital Expenditure | 6,100 | - | - | - | - |
| Investment in Asian Infrastructure Investment Bank | International Financial Institutions PLA Non-Departmental Capital Expenditure | 135,814 | - | - | - | - |

| Policy Initiative | Appropriation | 2015/16 Final Budgeted \$000 | 2016/17 Budget \$000 | 2017/18 Estimated \$000 | 2018/19 Estimated \$000 | 2019/20 Estimated \$000 |
|---|--|---------------------------------------|----------------------------|-------------------------------|-------------------------------|-------------------------------|
| Southern Response Earthquake Services Limited | Southern Response Earthquake Services Limited: Equity Investment Non-Departmental Capital Expenditure | 250,000 | - | - | - | - |
| | Impairment of Investment in Southern Response Earthquake Services Ltd Non-Departmental Other Expense | 250,000 | - | - | - | - |
| Tamaki Redevelopment Company: Business Implementation Plan | Tamaki Regeneration Non-Departmental Output Expense | - | 3,190 | - | - | - |
| Delivery of Social Housing Reform Programme: Accelerating Redevelopment of Housing New Zealand Corporation's Auckland Portfolio | Social Housing Reform, MCA Implementation of the Social Housing Reform Programme Departmental Output Expense | - | 2,100 | 1,700 | - | - |
| Delivery of the Social Housing Reform Programme: Transfers, Projects and Policy | Social Housing Reform, MCA Implementation of the Social Housing Reform Programme Departmental Output Expense | - | 1,200 | 200 | 500 | 1,600 |
| | Social Housing Reform, MCA Direct Sale Costs for Implementing the Social Housing Reform Programme Non-Departmental Output Expense | - | - | - | 2,000 | 2,000 |
| Christchurch Convention Centre (see Note 1) | Vote Canterbury Earthquake Recovery Development of Central City Anchor Projects, MCA: Christchurch Convention Centre - Capital Non-Departmental Capital Expenditure | 23,500 | 95,400 | Withheld (note 2) | Withheld (note 2) | Withheld (note 2) |
| | Vote Canterbury Earthquake Recovery Development of Central City Anchor Projects, MCA: Christchurch Convention Centre - Operating Non-departmental Other Expense | 9,900 | 1,000 | Withheld (note 2) | Withheld (note 2) | Withheld (note 2) |
| Public Space (see Note 1) | Vote Canterbury Earthquake Recovery Procurement and Preparation of Land and Other Assets for the Development of Anchor Projects, MCA: Land and Asset Acquisition - Capital Non-Departmental Capital Expenditure | (10,600) | - | - | - | - |

| Policy Initiative | Appropriation | 2015/16 Final Budgeted \$000 | 2016/17 Budget \$000 | 2017/18 Estimated \$000 | 2018/19 Estimated \$000 | 2019/20 Estimated \$000 |
|---|---|---------------------------------------|----------------------------|-------------------------------|-------------------------------|-------------------------------|
| | Vote Canterbury Earthquake Recovery Ownership and Divestment of Anchor Projects, MCA: Public Space Non-Departmental Other Expense | 5,000 | 5,600 | - | - | - |
| Christchurch Bus Interchange and associated Transport Infrastructure (see Note 1) | Vote Canterbury Earthquake Recovery Procurement and Preparation of Land and Other Assets for the Development of Anchor Projects, MCA: Land and Asset Acquisition - Capital Non-Departmental Capital Expenditure | (2,800) | - | - | - | - |
| | Vote Canterbury Earthquake Recovery Ownership and Divestment of Anchor Projects, MCA: Christchurch Bus Interchange and associated Transport Infrastructure Non-Departmental Other Expense | 700 | 700 | 700 | 700 | - |
| Procurement of Land and Assets (see Note 1) | Vote Canterbury Earthquake Recovery Procurement and Preparation of Land and Other Assets for the Development of Anchor Projects, MCA: Land and Asset Acquisition - Capital Non-Departmental Capital Expenditure | (13,500) | - | - | - | - |
| | Vote Canterbury Earthquake Recovery Procurement and Preparation of Land and Other Assets for the Development of Anchor Projects, MCA: Procurement of Land and Assets - Operating Non-Departmental Other Expense | 12,000 | - | - | - | 1,500 |
| Metro Sports Facility (see Note 1) | Vote Canterbury Earthquake Recovery Development of Central City Anchor Projects, MCA: Metro Sports Facility - Operating Non-Departmental Other Expense | 6,000 | - | - | - | - |
| Transfer of Anchor Project Assets to Ōtākaro Limited | Transfer of Anchor Project Assets to Ōtākaro Limited, MYA Non-Departmental Capital Expenditure | 300,000 | 200,000 | - | - | - |

| Policy Initiative | Appropriation | 2015/16 Final Budgeted \$000 | 2016/17 Budget \$000 | 2017/18 Estimated \$000 | 2018/19 Estimated \$000 | 2019/20 Estimated \$000 |
|---|--|---------------------------------------|----------------------------|-------------------------------|-------------------------------|-------------------------------|
| Metro Sports Facility - contributions from third parties | Greater Christchurch Anchor Projects, MCA: Metro Sports Facility - contributions from third parties Non-Departmental Other Expenses | 100 | - | - | - | - |
| Christchurch Stadium - contributions from third parties | Greater Christchurch Anchor Projects, MCA: Christchurch Stadium - contributions from third parties Non-Departmental Other Expenses | 100 | - | - | - | - |
| Christchurch Bus Interchange and Associated Transport Infrastructure - contributions from third parties | Greater Christchurch Anchor Projects, MCA: Christchurch Bus Interchange and Associated Transport Infrastructure - contributions from third parties Non-Departmental Other Expenses | 100 | - | - | - | - |
| The Square - contributions from third parties | Greater Christchurch Anchor Projects, MCA: The Square - contributions from third parties Non-Departmental Other Expenses | 100 | - | - | - | - |
| Public Space - contributions from third parties | Greater Christchurch Anchor Projects, MCA: Public Space - contributions from third parties Non-Departmental Other Expenses | 100 | - | - | - | - |
| Auckland Council Loans: Loss on Early Repayment | Auckland Council Loans: Loss on Early Repayment Non-Departmental Other Expense | 20,000 | - | - | - | - |
| Government Inquiry into Foreign Trust Disclosure Rules | Government Inquiry into Foreign Trust Disclosure Rules Non-Departmental Other Expense | 150 | - | - | - | - |
| Total Initiatives | | 1,063,411 | 333,379 | 25,576 | 25,516 | 26,216 |

Note 1 - Vote Canterbury Earthquake Recovery will cease at 30 June 2016, therefore, new policy initiatives approved during 2015/16 impacting on Vote Canterbury Earthquake Recovery are reported in *The Estimates of Appropriations 2016/17* of the Vote that is inheriting the appropriations. From 1 April 2016 the Vote Canterbury Earthquake Recovery Non-departmental appropriations for the development and delivery of Christchurch Anchor Projects transferred to Vote Finance.

Note 2 - Estimated expenditure for 2017/18 to 2019/20 is withheld as publication is likely to unreasonably prejudice the commercial position of the Crown.

1.2 - Trends in the Vote

Summary of Financial Activity

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | | 2016/17 | | | 2017/18 | 2018/19 | 2019/20 |
|--|-----------------|-----------------|-----------------|-----------------|----------------------------|------------------------------|---|---|--------------------------|--------------------|--------------------|--------------------|
| | Actual \$000 | Actual \$000 | Actual \$000 | Actual \$000 | Final Budgeted \$000 | Estimated Actual \$000 | Departmental Transactions Budget \$000 | Non- Departmental Transactions Budget \$000 | Total Budget \$000 | Estimated \$000 | Estimated \$000 | Estimated \$000 |
| Appropriations | | | | | | | | | | | | |
| Output Expenses | 78,471 | 84,707 | 93,104 | 87,672 | 100,764 | 96,283 | 90,878 | 26,869 | 117,747 | 115,034 | 115,476 | 113,894 |
| Benefits or Related Expenses | - | - | - | - | - | - | N/A | - | - | - | - | - |
| Borrowing Expenses | 3,441,282 | 3,662,184 | 3,549,500 | 3,619,582 | 3,424,513 | 3,424,513 | - | 3,448,298 | 3,448,298 | 3,611,251 | 3,516,129 | 3,489,147 |
| Other Expenses | 691,860 | 717,897 | 794,050 | 1,220,709 | 1,200,702 | 948,571 | - | 603,872 | 603,872 | 606,564 | 618,583 | 631,621 |
| Capital Expenditure | 437,876 | 240,835 | 273,886 | 373,715 | 2,877,391 | 2,626,391 | 4,240 | 565,778 | 570,018 | 461,550 | 151,670 | 157,670 |
| Intelligence and Security Department Expenses and Capital Expenditure | - | - | - | - | - | - | - | N/A | - | - | - | - |
| Multi-Category Expenses and Capital Expenditure (MCA) | | | | | | | | | | | | |
| <i>Output Expenses</i> | 5,138 | 5,063 | 5,231 | 6,945 | 23,655 | 22,474 | 7,860 | 9,630 | 17,490 | 14,525 | 10,231 | 9,630 |
| <i>Other Expenses</i> | 11,831 | 28,021 | 13,071 | - | 285,484 | 62,557 | - | 108,755 | 108,755 | 21,977 | 22,500 | 26,500 |
| <i>Capital Expenditure</i> | 2,468 | 6,950 | 2,822 | - | 184,357 | 27,638 | N/A | 116,862 | 116,862 | 135,983 | 56,050 | 2,250 |
| Total Appropriations | 4,668,926 | 4,745,657 | 4,731,664 | 5,308,623 | 8,096,866 | 7,208,427 | 102,978 | 4,880,064 | 4,983,042 | 4,966,884 | 4,490,639 | 4,430,712 |
| Crown Revenue and Capital Receipts | | | | | | | | | | | | |
| Tax Revenue | - | - | - | - | - | - | N/A | - | - | - | - | - |
| Non-Tax Revenue | 3,552,646 | 3,318,217 | 3,174,365 | 3,069,945 | 3,622,343 | 3,621,843 | N/A | 3,491,459 | 3,491,459 | 3,452,158 | 3,543,455 | 3,720,172 |
| Capital Receipts | 947 | 130,941 | 78,597 | 67,797 | 622,892 | 622,892 | N/A | 277,376 | 277,376 | 338,463 | 130,797 | 256,738 |
| Total Crown Revenue and Capital Receipts | 3,553,593 | 3,449,158 | 3,252,962 | 3,137,742 | 4,245,235 | 4,244,735 | N/A | 3,768,835 | 3,768,835 | 3,790,621 | 3,674,252 | 3,976,910 |

Note - where restructuring of the vote has occurred then, to the extent practicable, prior years information has been restated as if the restructuring had occurred before the beginning of the period covered. In this instance Total Appropriations for the Budgeted and Estimated Actual year may not equal Total Appropriations in the Details of Appropriations and Capital Injections.

Adjustments to the Summary of Financial Activity Table Due to Vote Restructuring

There have been no restructuring adjustments to prior year information in the Summary of Financial Activity table. This year's Summary of Financial Activity table shows the amounts transferred from the former Vote Canterbury Earthquake Recovery for the last three months of 2015/16 and subsequent financial years only.

1.3 - Analysis of Significant Trends

Total Vote: All Appropriations

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

Significant movements within each appropriation category are shown below.

Departmental Output Expenses

2013/14 includes \$10 million associated with the final year of the Government Share Offer programme. This decrease was partially offset by a transfer of \$5.500 million into the Social Housing Reform Programme from the Ministry of Business, Innovation and Employment.

Shared Support Services to the Department of the Prime Minister and Cabinet (DPMC) have increased following the transfer of Emergency Management activities from the Department of Internal Affairs from April 2014 (\$4.300 million) and Canterbury Earthquake Recovery Authority activities from March 2016 (\$3 million).

2013/14 was also the first full year of operations of the Analysis for Outcomes programme (\$1.800 million), and the Gateway and Major Project Monitoring activities (\$2 million) that transferred from the State Services Commission (SSC) from 1 December 2013.

The output expenses for the Government Share Offer programme covered three financial years: \$6.600 million in 2011/12, \$10.300 million in 2012/13 and \$10 million in 2013/14.

Crown Company Monitoring Advice to the Minister for State-Owned Enterprises and Other Responsible Ministers appropriation increased by \$300,000 in 2015/16 and \$200,000 in 2016/17 for performance monitoring and governance advice of Ōtākaro Limited.

Non-departmental Output Expenses

The most significant increase was due to the establishment of a new appropriation during 2015/16, Management of Anchor Projects by Ōtākaro Limited, for the provision of operating costs to Ōtākaro Limited for managing the continuation of Anchor Projects and divestment of Crown-owned land in Christchurch. Funding of nearly \$7.500 million was approved for 2015/16 and \$23 million for 2016/17.

Tamaki Regeneration appropriation has been transferred into Vote Finance from Vote Building and Housing of slightly over \$3 million during 2015/16, with funding commencing in 2016/17.

2013/14 included over \$5 million of new funding for Inquiries and Research into Productivity-Related Matters. During 2014/15 this appropriation was restructured to a multi-category appropriation, and as a result the non-departmental output expenses significantly decreased in that year.

Non-Departmental Borrowing Expenses

Debt servicing costs fluctuated between 2011/12 and 2014/15. These costs are expected to decrease for 2015/16 and then continue to fluctuate from 2016/17 onwards due to movements in forecast interest rates and the amount of debt outstanding.

Non-Departmental Other Expenses

For the year 2016/17, the valuation of the Crown's unfunded liability under the Government Superannuation Scheme is expected to decrease by nearly \$86 million. The unwind of discount rate used in the present value calculation of payments under the Crown Support Deed with Southern Response Earthquake Services Limited is also expected to decrease by over \$8 million.

In 2015/16 the most significant changes were the write-off of historical investment in Solid Energy New Zealand Limited of \$60.900 million and the impairment of additional investment of \$250 million in Southern Response Earthquake Services Limited.

2014/15 included nearly \$108 million in respect of the indemnity provided to Solid Energy New Zealand Limited for the reimbursement of the rehabilitation costs associated with all existing mining operations. There was also \$684 million incurred for Crown's unfunded liability under the Government Superannuation Scheme and \$333 million for the impairment of the investment in Southern Response Earthquake Services Limited.

Significant items during 2013/14 included nearly \$614 million for the Crown's unfunded liability under the Government Superannuation Scheme, direct costs associated with the Mixed Ownership Model of nearly \$33 million, Loyalty Bonus Scheme related to Public Share Offer of slightly over \$22 million, the impairment of Redeemable Preference Shares in Solid Energy of \$25 million, and New Zealand Aluminium Smelters - Electricity Agreement Incentive payment of \$30 million.

Departmental Capital Expenditure

As part of the Wellington Accommodation Strategy, the Treasury is currently planning a full leasehold refit in December 2019.

The Departmental capital expenditure appropriation increased by over \$2 million in 2013/14 for central agencies shared services within the Treasury to support the transition of emergency management functions to DPMC from 1 April 2014. A capital injection was received as assets were transferred from the Department of Internal Affairs and information technology assets supporting the National Crisis Management Centre were replaced. In 2015/16 a capital injection reflects the transfer of funding from the SSC for information technology assets for the Auckland Policy Office and from DPMC for Greater Christchurch Group, which transferred funding from the Canterbury Earthquake Recovery Authority from 1 March 2016.

There is an increase of slightly over \$1 million in 2015/16 and \$700,000 in each of 2013/14 and 2014/15 for the Financial Operation's Business Information Hub, which is the replacement system for the operation of the debt funding and investment portfolio activities.

In 2011/12 departmental information technology assets were transferred from the SSC and the DPMC with the introduction of shared services across the three agencies.

Non-Departmental Capital Expenditure

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

Changes in non-departmental capital expenditure are principally owing to a combination of:

- transfer of Housing New Zealand Corporation stock to the Tamaki Redevelopment Company as part of the Social Housing Reform Programme at \$1,600 million
- additional investment in Southern Response Earthquake Services Limited of \$250 million for Christchurch earthquake claims settlement
- equity injection of \$6.100 million into Ōtākaro Limited, a Crown entity set up to manage and continue the Anchor Projects Programme and divestment of Crown-owned land in Christchurch, and
- \$142 million of refinancing associated with Housing New Zealand Corporation and Housing New Zealand Limited debt.

Multi-year appropriations also impact with forecasted expenditure for the Loan Facility for Tamaki Redevelopment Company of \$23 million in 2015/16, \$78 million in 2016/17 and \$99 million in 2017/18, and for the Transfer of Anchor Project Assets to Ōtākaro Limited of \$300 million in 2015/16 and \$200 million in 2016/17.

During 2014/15 there was funding of \$333 million provided to support Southern Response Earthquake Services Limited. Payments made in respect of International Financial Institutions' capital funding were slightly over \$34 million in 2014/15 compared to slightly over \$25 million in 2013/14. During 2013/14, \$25 million worth of Redeemable Preference Shares were issued to Solid Energy New Zealand Limited.

Multi-Category Expenses and Capital Expenditure

Changes in the Multi-Category expenses and capital expenditure are due to:

- transfer of funding from Vote Canterbury Earthquake Recovery for the operating and capital expenditure in respect of Anchor projects programme and divestment of Crown-owned land of over \$65 million in 2015/16 and nearly \$204 million in 2016/17
- continuation of the Social Housing Reform Programme during 2016/17 of over \$11 million for 2016/17 and nearly \$18 million for 2015/16
- continued funding of over \$5 million to Inquiries and Research into Productivity-Related Matters during 2016/17, and
- provision of continued funding to the Management of Landcorp Protected Land Agreement of over \$4 million, Management of New Zealand House of over \$16 million and Management of the Crown's Agreement with Taitokerau Forests Limited of nearly \$2 million.

Crown Revenue

Non-tax Crown Revenue largely comprises capital charge, interest from securities and deposits, and dividends from State-Owned Enterprises and Crown Entities, and each of these components is broadly stable.

Crown Capital Receipts

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

Part 2 - Details of Departmental Appropriations

2.1 - Departmental Output Expenses

Administration of Crown Borrowing, Securities, Derivative Transactions and Investment PLA (M31)

Scope of Appropriation

This appropriation is limited to expenses incurred in connection with administering borrowing, securities, derivative transactions and investment by the Crown, as authorised by section 65ZH of the Public Finance Act 1989.

Expenses and Revenue

| | 2015/16 | | 2016/17 |
|------------------------|-------------------------|---------------------------|-----------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 9,297 | 8,997 | 9,249 |
| Revenue from the Crown | 9,244 | 9,244 | 9,244 |
| Revenue from Others | 53 | 53 | 5 |

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the administration of the Crown's financing requirements so as to raise sufficient funds to finance the Crown's cash deficit while minimising the cost to the Crown of such borrowing.

How Performance will be Assessed and End of Year Reporting Requirements

| | 2015/16 | | 2016/17 |
|---|--|------------------|--|
| | Final Budgeted Standard | Estimated Actual | Budget Standard |
| Assessment of Performance | | | |
| Crown liquidity and funding risk and NZDMO market and credit risk are well managed within the Crown's risk appetite: As evidenced by compliance with the following NZDMO policies: Market Risk Policy, Credit Risk Policy, Liquidity Risk Policy and Funding Risk Policy. | No more than four breaches | No breaches | No more than four breaches |
| NZDMO operational risk is well managed within the Crown's risk appetite: As evidenced by the number of settlement errors and financial loss arising from settlement errors. | No more than six errors or \$10,000 cost | One error | No more than six errors or \$10,000 cost |

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Treasury in its 2016/17 Annual Report.

Current and Past Policy Initiatives

| Policy Initiative | Year of First Impact | 2015/16 Final Budgeted \$000 | 2016/17 Budget \$000 | 2017/18 Estimated \$000 | 2018/19 Estimated \$000 | 2019/20 Estimated \$000 |
|--|----------------------|------------------------------|----------------------|-------------------------|-------------------------|-------------------------|
| Business Information Hub operating costs | 2015/16 | 330 | 330 | 330 | 330 | 330 |

Conditions on Use of Appropriation

| Reference | Conditions |
|-------------------------|---|
| Section 65ZH of the PFA | <p>Any expenses incurred in connection with any of the following matters may be incurred without further appropriation, and must be paid without further authority, than this section:</p> <ul style="list-style-type: none"> (a) negotiating the borrowing of money by the Crown (b) undertaking, managing, servicing, converting, or repaying borrowing described in paragraph (a) (c) issuing a public security in respect of the Crown (d) executing, redeeming, or varying a public security described in paragraph (c) (e) negotiating a derivative transaction of the Crown (f) managing, servicing, or making payments under a derivative transaction described in paragraph (e) (g) negotiating an investment referred to in section 65I (h) placing, managing, servicing, or converting an investment referred to in section 65I. |

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

| | 2015/16 | | 2016/17 |
|------------------------|----------------------|------------------------|--------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 311 | 61 | 310 |
| Revenue from the Crown | 309 | 309 | 309 |
| Revenue from Others | 2 | 2 | 1 |

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve efficient and effective administration of the Crown's Guarantees and Indemnities, including the Wholesale and Retail Deposit Guarantee Schemes.

How Performance will be Assessed and End of Year Reporting Requirements

| | 2015/16 | | 2016/17 |
|--|-------------------------|------------------|-----------------|
| | Final Budgeted Standard | Estimated Actual | Budget Standard |
| Assessment of Performance | | | |
| Meet all legal obligations in relation to the specific rehabilitation indemnities granted by the Crown to Solid Energy New Zealand Limited in 1988 and 2014. | Achieved | Achieved | Achieved |
| Meet all legal obligations under the Retail Deposit Guarantee Scheme. | Achieved | Achieved | Achieved |

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Treasury in its 2016/17 Annual Report.

Current and Past Policy Initiatives

| Policy Initiative | Year of First Impact | 2015/16 Final Budgeted \$000 | 2016/17 Budget \$000 | 2017/18 Estimated \$000 | 2018/19 Estimated \$000 | 2019/20 Estimated \$000 |
|-------------------------------------|----------------------|------------------------------|----------------------|-------------------------|-------------------------|-------------------------|
| SSRSS and Kiwisaver funding removal | 2012/13 | (22) | (22) | (22) | (22) | (22) |
| Efficiency Savings | 2012/13 | (9) | (9) | (9) | (9) | (9) |

Conditions on Use of Appropriation

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

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

Scope of Appropriation

This appropriation is limited to the provision of ownership, performance monitoring and governance advice to the Minister for State-Owned Enterprises and other responsible Ministers in respect of the Ministers' shareholding responsibilities or as responsible Ministers for the New Zealand Lotteries Commission and Public Trust.

Expenses and Revenue

| | 2015/16 | | 2016/17 |
|------------------------|----------------------|------------------------|--------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 5,316 | 4,716 | 4,659 |
| Revenue from the Crown | 5,291 | 4,991 | 4,657 |
| Revenue from Others | 25 | 25 | 2 |

What is Intended to be Achieved with this Appropriation

This appropriation is intended to ensure appropriate financial and social returns, and long-term value is achieved from the State-Owned Enterprises (SOEs), Crown entity companies (CECs) and Crown entities monitored under this appropriation.

How Performance will be Assessed and End of Year Reporting Requirements

| Assessment of Performance | 2015/16 | | 2016/17 |
|--|-------------------------|------------------|-----------------|
| | Final Budgeted Standard | Estimated Actual | Budget Standard |
| Appointments completed for Directors of SOEs. | 30 | 42 | 51 |
| Appointments completed for Board members for CECs and Crown Entities that are monitored under this appropriation. | 64 | 91 | 48 |
| Provide advice in relation to ownership, performance monitoring and governance matters to the Minister for State Owned Enterprises and other responsible Ministers in respect of the Ministers' shareholding responsibilities or as responsible Ministers for the New Zealand Lotteries Commission and Public Trust. | Achieved | Achieved | Achieved |
| Provide services supporting the reporting and accountability obligations of entities that fall within the scope of the Owners Expectation Manual. | Achieved | Achieved | Achieved |

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Treasury in its 2016/17 Annual Report.

Current and Past Policy Initiatives

| Policy Initiative | Year of First Impact | 2015/16 Final Budgeted \$000 | 2016/17 Budget \$000 | 2017/18 Estimated \$000 | 2018/19 Estimated \$000 | 2019/20 Estimated \$000 |
|---|----------------------|------------------------------|----------------------|-------------------------|-------------------------|-------------------------|
| Monitoring of ACC and Housing New Zealand Corporation Limited | 2012/13 | 1,361 | 1,361 | 1,361 | 1,361 | 1,361 |
| SSRSS and KiwiSaver funding removal | 2012/13 | (34) | (34) | (34) | (34) | (34) |
| Efficiency Savings | 2012/13 | (46) | (46) | (46) | (46) | (46) |

Reasons for Change in Appropriation

The decrease in this appropriation for 2016/17 is mainly due to a transfer from 2014/15 of \$500,000 into 2015/16 related to the timing of strategic reviews within the commercial operations work programme and a decrease of \$100,000 in the funding transferred from Vote Prime Minister and Cabinet related to performance monitoring and governance advice of Ōtākaro Limited.

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

Scope of Appropriation

This appropriation is limited to the provision of ownership, performance monitoring, and governance advice to the Minister of Science and Innovation and other responsible Ministers in respect of the Ministers' shareholding responsibilities.

Expenses and Revenue

| | 2015/16 | | 2016/17 |
|------------------------|----------------------|------------------------|--------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 265 | 201 | 216 |
| Revenue from the Crown | 263 | 263 | 215 |
| Revenue from Others | 2 | 2 | 1 |

What is Intended to be Achieved with this Appropriation

This appropriation is intended to ensure appropriate financial and social returns, and long-term value is achieved from Crown research institutes and Crown entities monitored under this appropriation.

How Performance will be Assessed and End of Year Reporting Requirements

| | 2015/16 | | 2016/17 |
|--|-------------------------|------------------|-----------------|
| | Final Budgeted Standard | Estimated Actual | Budget Standard |
| Assessment of Performance | | | |
| Appointments completed for Directors of Crown Research Institutes and other entities. | 13 | 50 | 22 |
| Provide services in relation to ownership, performance monitoring and governance matters to the Minister for Science and Innovation and other responsible Ministers in respect of the Ministers' shareholding responsibilities of the Crown Research Institutes. | Achieved | Achieved | Achieved |

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Treasury in its 2016/17 Annual Report.

Current and Past Policy Initiatives

| Policy Initiative | Year of First Impact | 2015/16 Final Budgeted \$000 | 2016/17 Budget \$000 | 2017/18 Estimated \$000 | 2018/19 Estimated \$000 | 2019/20 Estimated \$000 |
|-----------------------------|----------------------|------------------------------|----------------------|-------------------------|-------------------------|-------------------------|
| SSRSS and KiwiSaver removal | 2012/13 | (11) | (11) | (11) | (11) | (11) |
| Efficiency Savings | 2012/13 | (9) | (9) | (9) | (9) | (9) |

Reasons for Change in Appropriation

The decrease in this appropriation for 2016/17 is mainly due to the reallocation of overhead costs.

Policy Advice - Finance (M31)

Scope of Appropriation

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

Expenses and Revenue

| | 2015/16 | | 2016/17 |
|------------------------|-------------------------|---------------------------|-----------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 33,083 | 32,233 | 31,181 |
| Revenue from the Crown | 32,712 | 32,862 | 31,133 |
| Revenue from Others | 371 | 271 | 48 |

What is Intended to be Achieved with this Appropriation

This appropriation is intended to enable and facilitate Ministerial decision-making that achieves for New Zealand improved economic performance, a high-performing State sector, and a stable and sustainable macroeconomic environment.

How Performance will be Assessed and End of Year Reporting Requirements

| | 2015/16 | | 2016/17 |
|--|-------------------------------|------------------|-------------------------------|
| | Final Budgeted Standard | Estimated Actual | Budget Standard |
| Assessment of Performance | | | |
| Assessment of the technical quality of policy advice papers through a review process that has a methodological robustness of at least 80% (see note on 'Methodological Robustness' below). | 70% | 75% | 75% |
| The satisfaction of the Minister of Finance with the policy advice service, as per the common satisfaction survey. | 70% | 75% | 75% |
| The total cost per hour of producing outputs. | \$203 | \$203 | \$203 |
| The welfare system operates further in line with the investment approach, based on the external valuation (see note on 'Welfare System' below). | Achieved | Achieved | Achieved |
| Budget decisions are in line with short-term fiscal intentions in the Budget Policy Statement (BPS). | Achieved | Achieved | Achieved |
| Significant Regulatory Impact Statements meet most or all of Regulatory Impact Analysis Requirements. | 90% | 75% | 90% |
| Tax revenue forecast error on one-year-ahead forecasts. | less than plus or minus 3% | Achieved | less than plus or minus 3% |
| Production of advice that provides options which allow the Government to deliver a credible fiscal strategy consistent with the fiscal prudence provisions of the Public Finance Act 1989. Where this advice is underpinned by modelling, results from major models are externally quality assured (periodically) and, where appropriate, assumptions are tested with suitably qualified external experts. | N/A | N/A | Achieved |

Methodological Robustness - The higher the robustness score, the stronger the methodological quality of the completed assessment. This is calculated using a standardised formula common to agencies and departments that participate in the policy measurement exercise.

Welfare System - Through its Vote role and role as the external monitor of Work and Income (a division of the Ministry of Social Development), the Treasury will help enable increased cross-agency collaboration to meet the expanded Better Public Services Result 1 target.

Quality Standards of Policy Advice

This Quality Standard for Policy Advice sets out the characteristics or dimensions of policy advice that will best enable it to promote well-informed, high-quality decision-making by Ministers. However, the quality dimensions below are not a checklist and not all dimensions will be equally important in every case - judgements are required at the outset about how to apply and balance the quality dimensions to ensure a particular piece of advice is fit for purpose in achieving the result sought.

When undertaking a piece of work, explicit consideration needs to be given to the following:

Dimensions of Policy Advice

| | | |
|---|--|---|
| Advice Analytically Rigorous (Analysis): | Set in a Wider Strategic Context (Applied Analysis): | Customer-focused and Persuasive (Advice): |
| Relevant Frameworks: | Strategic: | Clear and well-written |
| <ul style="list-style-type: none"> • Appropriate analytical frameworks are used. • Appropriate microeconomic, macroeconomic, mathematical and econometric tools are used. • Knowledge is up-to-date and informed by recent thinking and literature in the field. • Assumptions behind the frameworks used are explicit and consideration has been given to how they will be expected to play out in the real world (a world which includes information and transaction costs, bounded rationality, market failure, government failure, etc). • Consideration has been given to less traditional frameworks and whether they would add innovative or useful perspectives. | <ul style="list-style-type: none"> • Advice is set in the context of the Living Standards framework, the Treasury's outcomes and the Government's broader objectives. • Advice is explicit about the relative importance and materiality of the issue, in fiscal, economic and strategic terms. • Connections across policy issues are made, ensuring that Ministers receive a whole-of-government perspective. • Advice includes consideration of the long-term implications of decisions. • Advice frames issues and help set the agenda. | <p>Advice is compellingly presented. It is:</p> <ul style="list-style-type: none"> • brief and concise - key messages should be readily apparent to the reader • easy to read - has a clear and logical structure, avoids technical jargon and uses visual devices such as charts and tables where possible • pitched to suit the audience - uses appropriate language, style and level of detail • framed in terms of how it fits with previous advice and communications with the 'customer' (often this is the Minister), and • free from errors (including data errors). |

| | | |
|--|--|---|
| Robust reasoning and logic | Practical | Timely |
| <ul style="list-style-type: none"> Advice has a clear purpose, problem definition, evaluation of options against criteria, and assessment of risks and opportunities. Conclusion is provided with action-oriented recommendations. | <ul style="list-style-type: none"> Advice is strongly focused on achieving results. The results associated with achieving success are clearly articulated. A good understanding is conveyed of what will be required for policy success. Advice considers opportunities, risks, and management of uncertainty and change. Issues of implementation, technical feasibility, practicality and timing are considered. Advice accurately identifies compliance, transitional, legislative, revenue and administrative implications and costs. Advice identifies measurable indicators of success and sets out a plan for monitoring and evaluation where appropriate. | <ul style="list-style-type: none"> Advice is timed for when it can have the greatest influence and for when it best helps in the decision-making process (even if it means, at times, that advice is not fully developed). It should indicate when a decision is required (unless there is no deadline). |
| Evidence-based | Public sector consultation | Politically aware advice |
| <p>Analysis is supported by relevant evidence:</p> <ul style="list-style-type: none"> empirical methods are sound, data gaps are identified and the level of confidence/certainty in our empirical base is explicit analysis draws on New Zealand's experience of current and past policy interventions and, where relevant, the experience of other countries, and analysis draws on New Zealand's experience of current and past policy interventions and, where relevant, the experience of other countries, and analysis provides best judgement despite data imperfections; we acknowledge information limitations and advise within them. | <p>Ministers receive advice that enables them to engage with their colleagues on a fully informed basis because:</p> <ul style="list-style-type: none"> thorough and timely consultation with other government departments has occurred and points of difference, and the reasons for these, are set out, and where possible, advice is developed in conjunction with relevant government agencies. | <p>Advice:</p> <ul style="list-style-type: none"> demonstrates awareness of the wider environment and political situation relates to the perspectives of Ministers, even if suggesting something that tests those perspectives, and recognises choices and constraints Ministers face, and includes a range of options to address these. |
| Free and frank | Perspectives of wider stakeholders | Solution-focused |
| <ul style="list-style-type: none"> Advice is honest, impartial and politically neutral - we have a duty to alert Ministers to the possible consequences of following particular policies, whether or not such advice accords with Ministers' views. Good free and frank advice is offered with an understanding of its political context and the constraints within which the Minister is operating. | <ul style="list-style-type: none"> Where possible, policy advice should be informed by the practical experiences of key stakeholders and by understandings of sector performance. Advise Ministers on the perspective of groups outside the public sector, consult with key stakeholders, and provide advice on communications where appropriate. | <ul style="list-style-type: none"> Proactive, anticipating, as well as responding to, Ministers' needs. Advice is action-oriented and suggests a clear way forward ("Here is what you can do" as well as "Here is a problem") and includes a range of practical options (first best advice, but also second and third). |
| | | Effective communication |
| | | <p>Communication of advice is based on how to most effectively engage with the customer, including:</p> <ul style="list-style-type: none"> the mode of communication (ie, verbal or written), and the form of advice (eg, written paper or A3). |

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Treasury in its 2016/17 Annual Report.

Current and Past Policy Initiatives

| Policy Initiative | Year of First Impact | 2015/16 Final Budgeted \$000 | 2016/17 Budget \$000 | 2017/18 Estimated \$000 | 2018/19 Estimated \$000 | 2019/20 Estimated \$000 |
|--|----------------------|------------------------------|----------------------|-------------------------|-------------------------|-------------------------|
| Transfer of Work and Income External Monitoring Costs from Vote Social Development | 2015/16 | 750 | 750 | 750 | 750 | 750 |
| SSRSS and KiwiSaver funding removal | 2012/13 | (916) | (916) | (916) | (916) | (916) |
| Efficiency Savings | 2012/13 | (522) | (522) | (522) | (522) | (522) |

Reasons for Change in Appropriation

The decrease in this appropriation for 2016/17 is due to:

- \$1.329 million decrease related to the reallocation of overheads across departmental output expenses
- \$323,000 decrease in recoverable activities from 2015/16 to 2016/17, including recoverable secondments
- \$200,000 decrease from 2015/16 for the Central Agencies Shared Services development programme, and
- \$200,000 decrease from 2015/16 related to funding that was carried forward from 2012/13 to address cost pressures.

Provision of Financial Operations Services and Operational Advice (M31)

Scope of Appropriation

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

Expenses and Revenue

| | 2015/16 | | 2016/17 |
|------------------------|----------------------|------------------------|--------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 30,709 | 29,809 | 30,950 |
| Revenue from the Crown | 26,688 | 26,688 | 27,325 |
| Revenue from Others | 4,021 | 3,621 | 3,625 |

What is Intended to be Achieved with this Appropriation

This appropriation is intended to improve economic performance and financial stewardship across the State Sector and export and financial markets, through provision of relevant and timely operational support, services and advice.

How Performance will be Assessed and End of Year Reporting Requirements

| Assessment of Performance | 2015/16 | | 2016/17 |
|--|-------------------------|------------------|-----------------|
| | Final Budgeted Standard | Estimated Actual | Budget Standard |
| All submitted Budget initiatives were accompanied by a cost benefit analysis, where required. | N/A | N/A | Achieved |
| Audit opinion issued by the Controller and Auditor-General on the Financial Statements of Government. | Unqualified | Unqualified | Unqualified |
| Required Economic and Fiscal Updates efficiently produced with key judgements and uncertainties clearly articulated and key assumptions have been appropriately tested. | N/A | N/A | Achieved |
| Monthly Financial Statements of Government produced in accordance with the PFA requirements and free from material errors. | Achieved | Achieved | Achieved |
| Management of liabilities and investigation of mechanisms to discharge the Crown's obligations in a timely manner ensuring any costs from the materialisation of liabilities are contained (see note on 'Management of Liabilities' below). | Achieved | Achieved | Achieved |
| Compliance with risk management policies and parameters for management of Crown lending and Crown bank accounts. | No breaches | No breaches | No breaches |
| Percentage of Four-year Plans submitted by agencies that meet the criteria expected of a credible medium term strategic plan. | 75% | 60% | 75% |
| Investment Management and Asset Performance | | | |
| All Tier 1 and Tier 2 investment intensive agencies have baseline asset performance measures defined in their annual reports. | N/A | N/A | 100% |
| All Tier 1 and Tier 2 investment intensive agencies have baseline measures for benefits realisation on projects and programmes. | N/A | N/A | 90% |
| All Tier 1 and Tier 2 investment intensive agencies have long term investment plans (LTIPs) covering a minimum of 10 years. | N/A | N/A | 100% |
| Tier 1 and Tier 2 investment intensive agencies comply with Cabinet's investment management rules and standards. | 100% | 65% | 100% |
| Key agency stakeholders with a project monitored through the Gateway programme agree with the statement: "Project monitoring advice provides me with valuable information on the status of my major projects". | 85% | 85% | 85% |
| Senior Responsible Owners of major projects reviewed in the Gateway program agree that the "review was beneficial and will impact positively on the outcome of the programme/project" and "Report's recommendations will enable me to achieve improvements in the project's outcomes". | 85% | 85% | 85% |

| Assessment of Performance | 2015/16 | | 2016/17 |
|--|-------------------------|---------------------------|-----------------|
| | Final Budgeted Standard | Estimated Actual | Budget Standard |
| New Zealand Export Credit Office | | | |
| Number of new export credit policies underwritten. | 70 | 60 | 70 |
| Value of new exports supported. | \$320 million | Not met (est. \$300m) | \$320 million |
| Value of new exposure of export credit policies. | \$120 million | Met (est. \$120m) | \$120 million |
| Forecast total external engagements. | 420 | Met (est. 450) | 420 |
| Compliance with International Guidelines (OECD and WTO) and Delegated Mandate. | 100% | 100% | 100% |
| Five-year Expense Ratio (Operating Expenses / Premium Earned). | Lower than 60% | Met (est. lower than 50%) | Lower than 60% |
| Five-year Loss Ratio (Claims Paid and Reserved / Premium Earned). | lower than 35% | Not met (est. 160%) | Lower than 40% |

Management of Liabilities - This output class covers the management and resolution of contingent or actual liabilities associated with various Crown commitments and assets - for instance, gas and geothermal reserves, Treaty settlements and New Zealand House. In some cases, the Treasury is a provider of second-opinion advice rather than a lead agency on these matters.

Cost Benefit Analysis - This analysis should cover: problem definition, intervention logic, options analysis, evaluation of the initiative's contribution to the agency's/sector's outcomes and result areas, how the new initiative will be implemented and evaluated, and options for scaling the initiative.

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Treasury in its 2016/17 Annual Report.

Current and Past Policy Initiatives

| Policy Initiative | Year of First Impact | 2015/16 Final Budgeted \$000 | 2016/17 Budget \$000 | 2017/18 Estimated \$000 | 2018/19 Estimated \$000 | 2019/20 Estimated \$000 |
|---|----------------------|------------------------------|----------------------|-------------------------|-------------------------|-------------------------|
| Share of costs for Budget 2015 whole-of-government initiatives | 2015/16 | (395) | (391) | (304) | (314) | (314) |
| Transfer to Vote Foreign Affairs for a Contribution to Global Infrastructure Hub | 2014/15 | (125) | (125) | (125) | - | - |
| Improving Investment Management System Performance and Capital Asset Management | 2014/15 | 300 | 300 | 370 | - | - |
| Transfer Gateway and Major Project Monitoring Activities from Vote State Services | 2013/14 | 2,389 | 2,389 | 2,389 | 2,389 | 2,389 |
| Analysis for Outcomes: Better use of the data to Improve Outcomes | 2013/14 | 2,380 | 2,303 | 2,319 | 2,319 | 2,319 |
| SSRSS and KiwiSaver funding removal | 2012/13 | (123) | (123) | (123) | (123) | (123) |
| Efficiency Savings | 2012/13 | (33) | (33) | (33) | (33) | (33) |

Reasons for Change in Appropriation

The increase in this appropriation for 2016/17 is mainly due to:

- \$1.744 million increase related to the reallocation of overhead costs relating to the Policy Advice-Finance appropriation and Social Housing Reform multi-category appropriation, and
- \$160,000 increase related to the transfer from 2015/16 to 2016/17 of quality review of regulatory impact statement assessments.

This increase is partly offset by:

- \$619,000 reduction in funding transferred to 2015/16 from previous years to support ongoing cost pressures and social housing reform programme
- \$400,000 reduction from 2015/16 related to the one-off costs for the Information Strategy project
- \$396,000 reduction from 2015/16 cost-recoverable activities including secondments, and
- \$200,000 reduction from 2015/16 in the Central Agencies Shared Services development programme.

Shared Support Services (M31)

Scope of Appropriation

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

Expenses and Revenue

| | 2015/16 | | 2016/17 |
|------------------------|----------------------|------------------------|--------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 13,221 | 12,021 | 14,313 |
| Revenue from the Crown | - | - | - |
| Revenue from Others | 13,221 | 12,721 | 14,313 |

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve quality, efficient support services for other agencies.

How Performance will be Assessed and End of Year Reporting Requirements

| | 2015/16 | | 2016/17 |
|--|-------------------------|------------------|-----------------|
| | Final Budgeted Standard | Estimated Actual | Budget Standard |
| Assessment of Performance | | | |
| Services meet the standards and timeframes agreed with the three central agencies. | Achieved | Achieved | Achieved |

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Treasury in its 2016/17 Annual Report.

Reasons for Change in Appropriation

The increase in this appropriation for 2016/17 is mainly due to the full-year impact on shared support services associated with the transition of activities from the Canterbury Earthquake Recovery Authority to the Department of the Prime Minister and Cabinet from 1 March 2016.

2.3 - Departmental Capital Expenditure and Capital Injections

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

| | 2015/16 | | 2016/17 |
|-------------------------------|-------------------------|---------------------------|-----------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Forests/Agricultural | - | - | - |
| Land | - | - | - |
| Property, Plant and Equipment | 3,197 | 3,197 | 1,865 |
| Intangibles | 3,077 | 3,077 | 2,375 |
| Other | - | - | - |
| Total Appropriation | 6,274 | 6,274 | 4,240 |

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the renewal and replacement of life-expired assets in support of the delivery of Treasury services.

How Performance will be Assessed and End of Year Reporting Requirements

Expenditure is in accordance with the Treasury capital asset management plan.

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Treasury in its 2016/17 Annual Report.

Reasons for Change in Appropriation

The decrease in this appropriation for 2016/17 is mainly due to completion of the business information hub project and one-off information technology expenditure to support the transfer of Canterbury Earthquake Recovery Authority functions to the Department of the Prime Minister and Cabinet.

Capital Injections and Movements in Departmental Net Assets

The Treasury

| Details of Net Asset Schedule | 2015/16 Estimated Actual \$000 | 2016/17 Projected \$000 | Explanation of Projected Movements in 2016/17 |
|---|---|-------------------------------|---|
| Opening Balance | 14,049 | 14,049 | |
| Capital Injections | - | 4,548 | Transfer of \$1.145 million for the Business Information Hub project into 2016/17 and \$3.403 million transfer from State Services Commission and Department of Prime Minister and Cabinet for accumulated depreciation reserves to provide for replacement of information technology assets which have transferred to the Treasury Central Agencies Shared Services. |
| Capital Withdrawals | - | - | |
| Surplus to be Retained (Deficit Incurred) | - | - | |
| Other Movements | - | - | |
| Closing Balance | 14,049 | 18,597 | |

Part 3 - Details of Non-Departmental Appropriations

3.1 - Non-Departmental Output Expenses

Management of Anchor Projects by Ōtākaro Limited (M85)

Scope of Appropriation

This appropriation is limited to the Crown's contribution to Ōtākaro Limited's operating and financing expenses.

Expenses

| | 2015/16 | | 2016/17 |
|---------------------|-------------------------|---------------------------|-----------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 7,467 | 7,467 | 23,000 |

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve continuation of Christchurch earthquake recovery of the Anchor Projects Programme and divestment of Crown-owned land in Christchurch.

How Performance will be Assessed and End of Year Reporting Requirements

| | 2015/16 | | 2016/17 |
|--|----------------------------|------------------|--------------------|
| | Final Budgeted Standard | Estimated Actual | Budget Standard |
| Assessment of Performance | | | |
| Ōtākaro Limited will manage and administer the Anchor Projects Programme and divestment of Crown-owned land in Christchurch in accordance with the company's purpose as set out in its Constitution and its Statement of Intent. | Achieved | Achieved | Achieved |

End of Year Performance Reporting

Performance information for this appropriation will be reported by Ōtākaro Limited in its 2016/17 Annual Report.

Current and Past Policy Initiatives

| Policy Initiative | Year of First Impact | 2015/16 Final Budgeted \$000 | 2016/17 Budget \$000 | 2017/18 Estimated \$000 | 2018/19 Estimated \$000 | 2019/20 Estimated \$000 |
|----------------------------------|----------------------------|---------------------------------------|----------------------------|-------------------------------|-------------------------------|-------------------------------|
| Establishment of Ōtākaro Limited | 2015/16 | 7,467 | 23,000 | 23,200 | 23,300 | 21,600 |

Reasons for Change in Appropriation

The increase in this appropriation for 2016/17 is due to full-year funding for 2016/17 (as opposed to part-year funding for 2015/16) to enable the continuation of Greater Christchurch Earthquake Recovery Anchor Projects Programme and divestment of Crown-owned land in Christchurch.

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

| | 2015/16 | | 2016/17 |
|---------------------|-------------------------|---------------------------|-----------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 467 | 150 | 151 |

What is Intended to be Achieved with this Appropriation

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

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under s15D(2)(b)(iii) of the PFA as the amount of this annual appropriation for non-departmental output expense is less than \$5 million.

Service Providers

Services will be provided by Aurecon Limited, MB Century and other providers if and when required.

Reasons for Change in Appropriation

The decrease in this appropriation for 2016/17 is due to the cessation of a short-term increase in 2015/16 by way of an expense transfer from 2014/15 for remedial work on redundant geothermal assets at Wairakei.

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

| | 2015/16 | | 2016/17 |
|---------------------|-------------------------|---------------------------|-----------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 628 | 628 | 528 |

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the management and administration of the Guardians of New Zealand Superannuation Fund.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under s15D(2)(b)(iii) of the PFA as the amount of this annual appropriation for non-departmental output expense is less than \$5 million.

Service Providers

Services will be provided by Guardians of New Zealand Super Fund.

Reason for Change in Appropriation

The decrease in this appropriation for 2016/17 is due to a fiscally neutral transfer of \$100,000 from the Management of New Zealand House, London, multi-category appropriation, Operational Costs for 2015/16, in order to cover the New Zealand Superannuation Fund's increase in Board fees.

Tamaki Regeneration (M31)

Scope of Appropriation

This appropriation is limited to the housing demonstration projects and associated regeneration activity in the Tamaki area of Auckland.

Expenses

| | 2015/16 | | 2016/17 |
|---------------------|-------------------------|---------------------------|-----------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | - | - | 3,190 |

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the delivery of housing regeneration projects for Tamaki region managed by Tamaki Redevelopment Company Limited.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under s15D(2)(b)(iii) of the Public Finance Act as the amount of this annual appropriation for a non-departmental output expense is less than \$5 million.

Service Providers

Services will be provided by Tamaki Redevelopment Company.

Current and Past Policy Initiatives

| Policy Initiative | Year of First Impact | 2015/16 Final Budgeted \$000 | 2016/17 Budget \$000 | 2017/18 Estimated \$000 | 2018/19 Estimated \$000 | 2019/20 Estimated \$000 |
|--|----------------------|------------------------------|----------------------|-------------------------|-------------------------|-------------------------|
| Tamaki Redevelopment Company: Business Implementation Plan | 2016/17 | - | 3,190 | - | - | - |

Reasons for Change in Appropriation

This appropriation has been transferred to Vote Finance from Vote Building and Housing to enable delivery of Tamaki housing regeneration projects to align with the Crown's shareholding in Tamaki Redevelopment Company Limited.

Conditions on Use of Appropriation

| Reference | Conditions |
|-------------------|---|
| Cabinet decisions | Funding and delivery as per the Tamaki Redevelopment Company Statement of Performance Expectations. |

3.3 - 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

| | 2015/16 | | 2016/17 |
|---------------------|----------------------|------------------------|--------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 3,424,513 | 3,424,513 | 3,448,298 |

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the payment of borrowing expenses for the Crown's New Zealand-dollar and foreign-currency debt, authorised by s60(1)(b) of the PFA.

End of Year Performance Reporting

This borrowing expense appropriation is exempt from end of year performance reporting under s15A(4)(b) of the PFA.

Reasons for Change in Appropriation

The increase in this appropriation for 2016/17 is due to movements in forecast interest rates and the amount of debt outstanding.

3.4 - Non-Departmental Other Expenses

Crown Residual Liabilities (M31)*Scope of Appropriation*

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

Expenses

| | 2015/16 | | 2016/17 |
|---------------------|-------------------------|---------------------------|-----------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 86 | 15 | 60 |

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the administration of residual obligations arising from 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.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under s15D(2)(b)(iii) of the PFA as the amount of this annual appropriation for non-departmental other expense is less than \$5 million.

Current and Past Policy Initiatives

| Policy Initiative | Year of First Impact | 2015/16 Final Budgeted \$000 | 2016/17 Budget \$000 | 2017/18 Estimated \$000 | 2018/19 Estimated \$000 | 2019/20 Estimated \$000 |
|---|----------------------------|---------------------------------------|----------------------------|-------------------------------|-------------------------------|-------------------------------|
| Establishment of Local Government Risk Agency | 2014/15 | (170) | (170) | (170) | (170) | - |

Geothermal Wells Fund (M31)

Scope of Appropriation

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

Expenses

| | 2015/16 | | 2016/17 |
|---------------------|-------------------------|---------------------------|-----------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 1,500 | - | 500 |

What is Intended to be Achieved with this Appropriation

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

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under s15D(2)(b)(iii) of the PFA as the amount of this annual appropriation for non-departmental other expense is less than \$5 million.

Reasons for Change in Appropriation

The decrease in this appropriation for 2016/17 is due to an expense transfer from 2014/15 to 2015/16 relating to continuation of remedial work on redundant geothermal assets at Wairakei.

Government Superannuation Appeals Board (M31)

Scope of Appropriation

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

Expenses

| | 2015/16 | | 2016/17 |
|---------------------|-------------------------|---------------------------|-----------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 50 | 50 | 50 |

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the on-going operations of the Government Superannuation Appeals Board.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under s15D(2)(b)(ii) of the PFA, as additional information is unlikely to be informative because this appropriation is solely for payments of board fees, disbursements and allowances. Performance information relating to the administration of the payment is provided under the Provision of Financial Operations Services and Operational Advice appropriation.

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 Fund Act 1956.

Expenses

| | 2015/16 | | 2016/17 |
|---------------------|-------------------------|---------------------------|-----------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 38,000 | 38,000 | 37,000 |

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the management and administration of the Government Superannuation Fund and the schemes, authorised by s15E and s95 of the Government Superannuation Act 1956 through payment of the Crown's share of the expenses of the Government Superannuation Fund Authority.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under s15D(2)(b)(ii) of the PFA, as additional performance information is unlikely to be informative as this appropriation is solely for payments of the Crown's share of expenses relating to the management and administration of the Government Superannuation Fund and the schemes authorised by s15E and s95 of the Government Superannuation Fund Act 1956.

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 Fund Act 1956.

Expenses

| | 2015/16 | | 2016/17 |
|---------------------|-------------------------|---------------------------|-----------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 614,065 | 614,065 | 528,149 |

What is Intended to be Achieved with this Appropriation

This appropriation is intended to recognise the Crown's liability to the Government Superannuation Fund and the specified superannuation contribution withholding tax on employer contributions by the Crown as authorised by s95AA of the Government Superannuation Fund Act 1956 in accordance with generally accepted accounting practice.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under s15D(2)(b)(ii) of the PFA, as additional information is unlikely to be informative because this appropriation is solely for technical accounting treatment of the Crown's liability.

Reasons for Change in Appropriation

The decrease in this appropriation for 2016/17 is due to a fall in the valuation of the Government Superannuation Fund liability as at 31 January 2016.

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

| | 2015/16 | | 2016/17 |
|---------------------|-------------------------|---------------------------|-----------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 27,000 | 27,000 | 25,000 |

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the recognition of 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 s60 of the National Provident Fund Restructuring Act 1990. This appropriation is authorised by s66 of the National Provident Fund Restructuring Act 1990.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under s15D(2)(b)(ii) of the PFA, as additional information is unlikely to be informative because this appropriation is solely for costs payable to the National Provident Fund Scheme. Further information about the performance of the Scheme can be found in the National Provident Fund's Annual Report.

Reasons for Change in Appropriation

The decrease reflects a revised forecast for the expected interest cost movements in relation to the National Provident Fund liability.

Review and Reform of Local Government Infrastructure Arrangements (M31)

Scope of Appropriation

This appropriation is limited to the review and reform of disaster funding for local government infrastructure, including contributions to expenses of the Local Government Risk Agency.

Expenses

| | 2015/16 | | 2016/17 |
|---------------------|-------------------------|---------------------------|-----------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 1,625 | 1,625 | 1,605 |

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve a review of, and develop reform options for the Crown's natural disaster funding arrangements for, local government infrastructure. This appropriation will also contribute to assessing the financial viability of the proposed Local Government Risk Agency (LGRA).

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under s15(2)(b)(iii) of the PFA as the amount of this annual appropriation for non-departmental other expense is less than \$5 million.

Service Providers

Services will be provided by the Local Government Risk Agency.

Current and Past Policy Initiatives

| Policy Initiative | Year of First Impact | 2015/16 Final Budgeted \$000 | 2016/17 Budget \$000 | 2017/18 Estimated \$000 | 2018/19 Estimated \$000 | 2019/20 Estimated \$000 |
|---|----------------------|------------------------------|----------------------|-------------------------|-------------------------|-------------------------|
| Establishment of the Review and Reform of Local Government Infrastructure | 2014/15 | 1,000 | - | - | - | - |
| Additional funding for the Review and Reform of Local Government Infrastructure | 2015/16 | 500 | 1,500 | - | - | - |

Unclaimed Money PLA (M31)

Scope of Appropriation

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

Expenses

| | 2015/16 | | 2016/17 |
|---------------------|-------------------------|---------------------------|-----------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 250 | 40 | 250 |

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the repayment of unclaimed money authorised by s74(5) of the PFA.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under s15D(2)(b)(ii) of the PFA, as additional information is unlikely to be informative because this appropriation is solely for the repayment of unclaimed money to claimants and repayments are made in accordance with s74(5) of the PFA.

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

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

Expenses

| | 2015/16 | | 2016/17 |
|---------------------|-------------------------|---------------------------|-----------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 250 | - | 250 |

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the repayment of money authorised by s70(2) of the PFA.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under s15D(2)(b)(ii) of the PFA, as additional information is unlikely to be informative because this appropriation is solely for the repayment of unclaimed money to claimants and repayments are made in accordance with s70(2) of the PFA.

Unwind of Discount Rate Used in the Present Value Calculation of Payment for Shares in International Financial Institutions PLA (M31)

Scope of Appropriation

This appropriation is limited to the expense incurred in unwinding the discount rate used in the present value calculation of the liability in respect of share subscriptions in International Financial Institutions as it nears settlement, as authorised by section 5(2) of the International Finance Agreements Act 1961.

Expenses

| | 2015/16 | | 2016/17 |
|---------------------|-------------------------|---------------------------|-----------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 1,605 | 1,605 | 2,920 |

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the recognition of interest unwind for Crown's liability to International Financial Institutions.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under s15D(2)(b)(ii) of the PFA, as additional information is unlikely to be informative because this appropriation is solely for the interest unwind in respect of Crown's liability with International Financial Institutions.

Reasons for Change in Appropriation

The increase in this appropriation for 2016/17 is due to interest expense being recognised for the full year in 2016/17 compared to six months in 2015/16.

Unwind of Discount Rate Used in the Present Value Calculation of Payment Under Crown Deed of Support with Southern Response Earthquake Services Ltd (M31)

Scope of Appropriation

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

Expenses

| | 2015/16 | | 2016/17 |
|---------------------|-------------------------|---------------------------|-----------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 16,370 | 16,370 | 8,088 |

What is Intended to be Achieved with this Appropriation

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

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under s15D(2)(b)(ii) of the PFA, as additional information is unlikely to be informative because this appropriation is solely for technical accounting treatment under the Crown Deed of Support with Southern Response Earthquake Services Limited.

Reasons for Change in Appropriation

The decrease in this appropriation for 2016/17 is due to a revised forecast for the expected unwind of the discount rate in relation to the Crown Support Deed and the Uncalled Capital facility as the liability nears settlement.

3.5 - Non-Departmental Capital Expenditure

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

| | 2015/16 | | 2016/17 |
|---------------------|-------------------------|---------------------------|-----------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 350,494 | 350,494 | 12,000 |

What is Intended to be Achieved with this Appropriation

This appropriation is intended to provide for the capital expenditure by New Zealand as a member of International Financial Institutions, as authorised by s5 of the International Finance Agreements Act 1961.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under s15D(2)(b)(ii) of the PFA, as additional information is unlikely to be informative because this appropriation is solely for payments made by New Zealand as a member of International Financial Institutions. Performance information relating to the administration of the payment is provided under the Policy Advice - Finance appropriation.

Current and Past Policy Initiatives

| Policy Initiative | Year of First Impact | 2015/16 Final Budgeted \$000 | 2016/17 Budget \$000 | 2017/18 Estimated \$000 | 2018/19 Estimated \$000 | 2019/20 Estimated \$000 |
|---|----------------------|------------------------------|----------------------|-------------------------|-------------------------|-------------------------|
| Investment in Asian Infrastructure Investment Bank | 2015/16 | 135,814 | - | - | - | - |
| Increase subscription in International Bank of Reconstruction and Development | 2014/15 | 18,500 | - | - | - | - |

Reasons for Change in Appropriation

The decrease in this appropriation for 2016/17 is due to the policy initiative to fund the investment in Asian Infrastructure Investment Bank of \$135.814 million in 2015/16 and a forecast decrease in capital and debt funding to International Financial Institutions for 2016/17.

Loan Facility for Tamaki Redevelopment Company (M31)

Scope of Appropriation and Expenses

| Type, Title, Scope and Period of Appropriations | Appropriations, Adjustments and Use | \$000 |
|---|-------------------------------------|---------|
| Loan Facility for Tamaki Redevelopment Company (M31) This appropriation is limited to provision of a loan to Tamaki Redevelopment Company Limited. Commences: 31 March 2015 Expires: 30 June 2018 | Original Appropriation | 200,000 |
| | Adjustments to 2014/15 | - |
| | Adjustments for 2015/16 | - |
| | Adjusted Appropriation | 200,000 |
| | Actual to 2014/15 Year End | - |
| | Estimated Actual for 2015/16 | 23,000 |
| | Estimated Actual for 2016/17 | 78,000 |
| | Estimated Appropriation Remaining | 99,000 |

What is Intended to be Achieved with this Appropriation

This appropriation is intended to enable Tamaki Redevelopment Company Limited to accelerate regeneration action.

How Performance will be Assessed and End of Year Reporting Requirements

| Assessment of Performance | 2015/16 | | 2016/17 |
|--|-------------------------|------------------|-----------------|
| | Final Budgeted Standard | Estimated Actual | Budget Standard |
| Payments are made consistent with the terms and conditions of the loan facility. | Achieved | Achieved | Achieved |

End of Year Performance Reporting

Performance information for this appropriation will be reported by Tamaki Redevelopment Company Limited in its 2016/17 Annual Report.

Current and Past Policy Initiatives

| Policy Initiative | Year of First Impact | 2015/16 Final Budgeted \$000 | 2016/17 Budget \$000 | 2017/18 Estimated \$000 | 2018/19 Estimated \$000 | 2019/20 Estimated \$000 |
|---|----------------------|------------------------------|----------------------|-------------------------|-------------------------|-------------------------|
| Loan Facility to Facilitate the Regeneration of the Tamaki Region | 2014/15 | 100,000 | 50,000 | - | - | - |

Refinancing of Housing New Zealand Corporation and Housing New Zealand Limited Debt (M31)

Scope of Appropriation

This appropriation is limited to refinancing existing Housing New Zealand Corporation and Housing New Zealand Limited Debt.

Capital Expenditure

| | 2015/16 | | 2016/17 |
|---------------------|----------------------|------------------------|--------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 142,362 | 142,362 | 275,778 |

What is Intended to be Achieved with this Appropriation

This appropriation is required when Housing New Zealand Corporation and Housing New Zealand Limited refinance their loans and is intended to enable the Treasury to monitor and administer the expenditure on refinancing.

How Performance will be Assessed and End of Year Reporting Requirements

| | 2015/16 | | 2016/17 |
|--|-------------------------|------------------|-----------------|
| | Final Budgeted Standard | Estimated Actual | Budget Standard |
| Assessment of Performance | | | |
| Refinancing will be undertaken in accordance with the agreed policy. | 100% | 100% | Achieved |

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Minister of Finance in a report appended to the Treasury's Annual Report for 2016/17.

Current and Past Policy Initiatives

| Policy Initiative | Year of First Impact | 2015/16 Final Budgeted \$000 | 2016/17 Budget \$000 | 2017/18 Estimated \$000 | 2018/19 Estimated \$000 | 2019/20 Estimated \$000 |
|---|----------------------|------------------------------|----------------------|-------------------------|-------------------------|-------------------------|
| Refinancing of Housing New Zealand Corporation and Housing New Zealand Debt | 2015/16 | 142,362 | 275,778 | 337,002 | 127,185 | - |

Reasons for Change in Appropriation

The increase in this appropriation for 2016/17 is due to the alignment of the appropriation with Housing New Zealand Corporation and Housing New Zealand Limited debt refinancing.

Transfer of Anchor Project Assets to Ōtākaro Limited (M85)

Scope of Appropriation and Expenses

| Type, Title, Scope and Period of Appropriations | Appropriations, Adjustments and Use | \$000 |
|---|-------------------------------------|---------|
| Transfer of Anchor Project Assets to Ōtākaro Limited (M85) | Original Appropriation | 500,000 |
| This appropriation is limited to the transfer of Christchurch anchor project assets to Ōtākaro Limited. | Adjustments to 2014/15 | - |
| | Adjustments for 2015/16 | - |
| Commences: 01 April 2016 | Adjusted Appropriation | 500,000 |
| Expires: 30 June 2020 | Actual to 2014/15 Year End | - |
| | Estimated Actual for 2015/16 | 300,000 |
| | Estimated Actual for 2016/17 | 200,000 |
| | Estimated Appropriation Remaining | - |

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve a transfer of Christchurch anchor project assets to Ōtākaro Limited.

How Performance will be Assessed and End of Year Reporting Requirements

An exemption was granted under s15D(2)(b)(ii) of the PFA, as additional information is unlikely to be informative because this appropriation is solely to give effect to the technical transfer of Christchurch anchor project assets to Ōtākaro Limited.

Reasons for Change in Appropriation

The decrease in the estimated expenditure for this appropriation reflects the timing of the transfer of assets to Ōtākaro Limited to enable it manage the Christchurch Anchor Project Assets and programme of work and that the total multi-year appropriation funding was established at a higher level than current asset values to provide for potential valuation increases.

Part 4 - Details of Multi-Category Expenses and Capital Expenditure

Multi-Category Expenses and Capital Expenditure

Greater Christchurch Anchor Projects (M85)

Overarching Purpose Statement

The single overarching purpose of this appropriation is to support the recovery of Christchurch by contributing operating and capital funding for anchor projects covered by the Christchurch Central Recovery Plan.

Scope of Appropriation

Non-Departmental Other Expenses

Christchurch Bus Interchange and Associated Transport Infrastructure - contributions from third parties

This category is limited to the development, operations and divestment of the Christchurch Bus Interchange and associated transport infrastructure funded by contributions from parties other than the Crown.

Christchurch Bus Interchange and Associated Transport Infrastructure - Operating

This category is limited to the Crown's contribution to the development, operations and divestment of the Christchurch Bus Interchange and associated transport infrastructure.

Christchurch Convention Centre - Operating

This category is limited to the Crown's contribution to the development, operations and divestment of the Christchurch Convention Centre.

Christchurch Stadium - contributions from third parties

This category is limited to the development, operations and divestment of the Christchurch Stadium funded by contributions from parties other than the Crown.

Christchurch Stadium - Operating

This category is limited to the Crown's contribution to the development, operations and divestment of the Christchurch Stadium.

Earthquake Memorial - Operating

This category is limited to the Crown's contribution to the development, operations and divestment of the Canterbury Earthquake Memorial.

Financial Impact of Valuations

This category is limited to expenses incurred as a result of the Crown's decisions affecting valuations.

Leasing Anchor Project Land

This category is limited to the financial impact of granting concessionary leases over anchor project land.

Metro Sports Facility - contributions from third parties

This category is limited to the development, operations and divestment of the Metro Sports Facility funded by contributions from parties other than the Crown.

Metro Sports Facility - Operating

This category is limited to the Crown's contribution to the development, operations and divestment of Metro Sports Facility.

Pre-Development Holding Costs - Operating

This category is limited to the Crown's contribution to the maintenance, operation and ownership of anchor project land and assets prior to commencement of developments.

Procurement of Land and Assets - Operating

This category is limited to the Crown's contribution to the purchase, acquisition and clearance of land and assets for anchor project development.

Public Space - contributions from third parties

This category is limited to the development, operations and divestment of the Crown owned public space funded by contributions from parties other than the Crown.

Public Space - Operating

This category is limited to the Crown's contribution to the development, operations and divestment of the Crown owned public space.

Sale of Land

This category is limited to the financial impact from the divestment of land and transaction costs incurred in the preparation for sale and the sale of land.

The Square - contributions from third parties

This category is limited to the development, operations and divestment of the Square funded by contributions from parties other than the Crown.

Non-Departmental Capital Expenditure*Christchurch Bus Interchange and Associated Transport Infrastructure - Capital*

This category is limited to the Crown's contribution to the capital development of the Christchurch Bus Interchange and associated transport infrastructure and to providing equity or loan capital to Ōtākaro Limited for that purpose.

Christchurch Convention Centre - Capital

This category is limited to the Crown's contribution to the capital development of the Christchurch Convention Centre and to providing equity or loan capital to Ōtākaro Limited for that purpose.

Earthquake Memorial - Capital

This category is limited to the Crown's contribution to the capital development of the Canterbury Earthquake Memorial and to providing equity or loan capital to Ōtākaro Limited for that purpose.

Land and Asset Acquisition - Capital

This category is limited to the Crown's contribution to the cost of land and assets to be acquired for anchor project development and to providing equity or loan capital to Ōtākaro Limited for that purpose.

Metro Sports Facility - Capital

This category is limited to the Crown's contribution to the capital development of Metro Sports Facility and to providing equity or loan capital to Ōtākaro Limited for that purpose.

Public Space - Capital

This category is limited to the capital development of the Crown owned public space and to providing equity or loan capital to Ōtākaro Limited for that purpose.

Expenses, Revenue and Capital Expenditure

| | 2015/16 | | 2016/17 |
|---|-------------------------|---------------------------|-----------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 440,417 | 65,521 | 203,887 |
| Non-Departmental Other Expenses | | | |
| Christchurch Bus Interchange and Associated Transport Infrastructure - contributions from third parties | 100 | - | - |
| Christchurch Bus Interchange and Associated Transport Infrastructure - Operating | 41,788 | 12,078 | 31,329 |
| Christchurch Convention Centre - Operating | 8,016 | 8,016 | 1,500 |
| Christchurch Stadium - contributions from third parties | 100 | - | - |
| Christchurch Stadium - Operating | 4,000 | - | - |
| Earthquake Memorial - Operating | 8 | - | 122 |
| Financial Impact of Valuations | 2,831 | 2,831 | - |
| Leasing Anchor Project Land | 6,000 | - | - |
| Metro Sports Facility - contributions from third parties | 100 | - | - |
| Metro Sports Facility - Operating | 9,389 | 2,912 | 2,043 |
| Pre-Development Holding Costs - Operating | 5,463 | - | 6,000 |
| Procurement of Land and Assets - Operating | 75,514 | - | - |
| Public Space - contributions from third parties | 100 | - | - |
| Public Space - Operating | 105,217 | 11,262 | 49,281 |
| Sale of Land | 2,684 | 2,684 | - |
| The Square - contributions from third parties | 100 | - | - |
| Non-Departmental Capital Expenditure | | | |
| Christchurch Bus Interchange and Associated Transport Infrastructure - Capital | 7,860 | 590 | - |
| Christchurch Convention Centre - Capital | 24,500 | 16,000 | 95,400 |
| Earthquake Memorial - Capital | 3,625 | - | 3,996 |
| Land and Asset Acquisition - Capital | 104,384 | - | - |
| Metro Sports Facility - Capital | 1,000 | - | - |
| Public Space - Capital | 37,638 | 9,148 | 14,216 |

Comparators for Restructured Appropriation

| Vote, Type and Title of Appropriation | 2015/16 | | 2016/17 |
|---|-------------------------|---------------------------|-----------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Vote Canterbury Earthquake Recovery, Multi-Category Expenses and Capital Expenditure, Development of Central City Anchor Projects MCA | 37,509 | 37,509 | - |
| Vote Canterbury Earthquake Recovery, Multi-Category Expenses and Capital Expenditure, Ownership and Divestment of Anchor Projects MCA | 30,366 | 30,366 | - |
| Vote Canterbury Earthquake Recovery, Multi-Category Expenses and Capital Expenditure, Procurement and Preparation of Land and Other Assets for the Development of Anchor Projects MCA | 27,982 | 27,982 | - |
| Vote Finance, Multi-Category Expenses and Capital Expenditure, Greater Christchurch Anchor Projects MCA | 440,417 | 65,521 | 203,887 |
| Total | 536,274 | 161,378 | 203,887 |

Note that all the categories in the three multi-category appropriations in Vote Canterbury Earthquake Recovery for 2015/16 shown in this table correspond to categories in the multi-category appropriation in Vote Finance for 2016/17.

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the management of Anchor Projects and divestment of Crown owned land in Christchurch.

How Performance will be Assessed for this Appropriation

| Assessment of Performance | 2015/16 | | 2016/17 |
|--|----------------------------|---------------------|--------------------|
| | Final Budgeted Standard | Estimated Actual | Budget Standard |
| Payments made in respect of Greater Christchurch Anchor Projects are made in accordance with the terms and conditions of the relevant funding agreements and agreed timelines. | Achieved | Achieved | Achieved |

What is Intended to be Achieved with each Category and How Performance will be Assessed

| Assessment of Performance | 2015/16 | | 2016/17 |
|--|----------------------------|---------------------|--------------------|
| | Final Budgeted Standard | Estimated Actual | Budget Standard |
| Non-Departmental Other Expenses | | | |
| Christchurch Bus Interchange and Associated Transport Infrastructure - contributions from third parties | | | |
| This category is intended to support the development, operations and divestment of the Christchurch Bus Interchange. | | | |
| An exemption was granted under s15D(2)(b)(ii) of the PFA, as additional performance information is unlikely to be informative as this appropriation is solely for the payments funded by contributions from third parties. | Exempt | Exempt | Exempt |

| Assessment of Performance | 2015/16 | | 2016/17 |
|---|-------------------------|------------------|-----------------|
| | Final Budgeted Standard | Estimated Actual | Budget Standard |
| Christchurch Bus Interchange and Associated Transport Infrastructure - Operating | | | |
| This category is intended to ensure the ongoing operation and eventual divestment of the Christchurch Bus Interchange. | | | |
| Payments are made in line with the terms and conditions of the funding agreement. | Achieved | Achieved | Achieved |
| Christchurch Convention Centre - Operating | | | |
| This category is intended to advance the Convention Centre project in line with Government decisions. | | | |
| The project will be progressed in line with Government decisions and agreed project timelines. | Achieved | Achieved | Achieved |
| Christchurch Stadium - contributions from third parties | | | |
| This category is intended to support the development, operations and divestment of the Christchurch Stadium. | | | |
| An exemption was granted under s15D(2)(b)(ii) of the PFA, as additional performance information is unlikely to be informative as this appropriation is solely for the payments funded by contributions from third parties. | Exempt | Exempt | Exempt |
| Christchurch Stadium - Operating | | | |
| This category is intended to take forward the Crown's position on the Stadium project. | | | |
| The project will be progressed in line with Government decisions and agreed project timelines. | Achieved | Achieved | Achieved |
| Earthquake Memorial - Operating | | | |
| This category is intended to support the construction and divestment of the Canterbury Earthquake Memorial. | | | |
| The project will be progressed in line with the agreed project timelines. | Achieved | Achieved | Achieved |
| Financial Impact of Valuations | | | |
| This category is intended to record expenses resulting from valuation movements. | | | |
| An exemption was granted under s15D(2)(b)(ii) of the PFA, as additional information is unlikely to be informative because this appropriation is solely for technical accounting treatment to record expenses resulting from valuation movements. | Exempt | Exempt | Exempt |
| Leasing Anchor Project Land | | | |
| This category is intended to record expenses resulting from the granting of concessionary leases. | | | |
| An exemption was granted under s15D(2)(b)(ii) of the PFA, as additional information is unlikely to be informative because this appropriation is solely for technical accounting treatment to record expenses resulting from the granting of concessionary leases. | Exempt | Exempt | Exempt |

| | 2015/16 | | 2016/17 |
|--|-------------------------|------------------|-----------------|
| | Final Budgeted Standard | Estimated Actual | Budget Standard |
| Assessment of Performance | | | |
| Metro Sports Facility - contributions from third parties | | | |
| This category is intended to support the construction of Metro Sports Facility. | | | |
| An exemption was granted under s15D(2)(b)(ii) of the PFA, as additional performance information is unlikely to be informative as this appropriation is solely for the payments funded by contributions from third parties. | Exempt | Exempt | Exempt |
| Metro Sports Facility - Operating | | | |
| This category is intended to support the construction and divestment of Metro Sports Facility. | | | |
| The project will be progressed in line with the agreed project timelines. | Achieved | Achieved | Achieved |
| Pre-Development Holding Costs - Operating | | | |
| This category is intended to achieve the efficient management of Anchor project land prior to construction. | | | |
| Land is managed in accordance with Crown's commercial and regeneration interests. | Achieved | Achieved | Achieved |
| Procurement of Land and Assets - Operating | | | |
| This category is intended to support the acquisition and clearance of land for the Anchor projects. | | | |
| Land and assets are acquired and made ready in accordance with project outcomes and timelines. | Achieved | Achieved | Achieved |
| Public Space - contributions from third parties | | | |
| This category is intended to support the development, operations and divestment of the Crown owned public space. | | | |
| An exemption was granted under s15D(2)(b)(ii) of the PFA, as additional performance information is unlikely to be informative as this appropriation is solely for the payments funded by contributions from third parties. | Exempt | Exempt | Exempt |
| Public Space - Operating | | | |
| This category is intended to support the construction and divestment of Crown-owned public space in Christchurch. | | | |
| Projects are progressed in line with the agreed project agreed timelines. | Achieved | Achieved | Achieved |
| Sale of Land | | | |
| This category is intended to record the financial impact of land sales. | | | |
| An exemption was granted under s15D(2)(b)(ii) of the PFA, as additional information is unlikely to be informative because this appropriation is solely for recording the financial impact of land sales. | Exempt | Exempt | Exempt |
| The Square - contributions from third parties | | | |
| This category is intended to support the development, operations and divestment of the Square. | | | |
| An exemption was granted under s15D(2)(b)(ii) of the PFA, as additional performance information is unlikely to be informative as this appropriation is solely for the payments funded by contributions from third parties. | Exempt | Exempt | Exempt |

| Assessment of Performance | 2015/16 | | 2016/17 |
|--|-------------------------|------------------|-----------------|
| | Final Budgeted Standard | Estimated Actual | Budget Standard |
| Non-Departmental Capital Expenditure | | | |
| Christchurch Bus Interchange and Associated Transport Infrastructure - Capital | | | |
| This category is intended to ensure the ongoing operation and eventual divestment of the Christchurch Bus Interchange. | | | |
| Expenditure is in line with the agreed project timelines. | Achieved | Achieved | Achieved |
| Christchurch Convention Centre - Capital | | | |
| This category is intended to advance the Convention Centre project in line with Government decisions. | | | |
| Payments to Ōtākaro for capital expenditure are made in line with the terms and conditions of the funding agreement. | Achieved | Achieved | Achieved |
| Earthquake Memorial - Capital | | | |
| This category is intended to support the construction and divestment of the Canterbury Earthquake Memorial. | | | |
| Expenditure is in line with the agreed project timelines. | Achieved | Achieved | Achieved |
| Land and Asset Acquisition - Capital | | | |
| This category is intended to support the acquisition of land for the Anchor projects. | | | |
| Payments to Ōtākaro for capital expenditure are made in line with the terms and conditions of the funding agreement. | Achieved | Achieved | Achieved |
| Metro Sports Facility - Capital | | | |
| This category is intended to support the construction of Metro Sports Facility. | | | |
| Payments to Ōtākaro for capital expenditure are made in line with the terms and conditions of the funding agreement. | Achieved | Achieved | Achieved |
| Public Space - Capital | | | |
| This category is intended to support the construction and divestment of Crown-owned public space in Christchurch. | | | |
| Expenditure is in line with the agreed project timelines. | Achieved | Achieved | Achieved |

Service Providers for the Multi-Category Appropriation

Delivery of Greater Christchurch Anchor Projects will be undertaken by Ōtākaro Limited.

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Treasury in a report appended to its 2016/17 Annual Report.

Current and Past Policy Initiatives

| Policy Initiative | Year of First Impact | 2015/16 Final Budgeted \$000 | 2016/17 Budget \$000 | 2017/18 Estimated \$000 | 2018/19 Estimated \$000 | 2019/20 Estimated \$000 |
|---|----------------------|------------------------------|----------------------|-------------------------|-------------------------|-------------------------|
| Christchurch Convention Centre - Capital | 2015/16 | 23,500 | 94,500 | Withheld (note 1) | Withheld (note 1) | Withheld (note 1) |
| Christchurch Convention Centre - Operating | 2015/16 | 9,900 | 1,000 | Withheld (note 1) | Withheld (note 1) | Withheld (note 1) |
| Public Space - Operating | 2015/16 | 5,000 | 5,600 | - | - | - |
| Land and Assets Acquisition - Capital | 2015/16 | (26,900) | - | - | - | - |
| Christchurch Bus Interchange and associated Transport Infrastructure - Operating | 2015/16 | 700 | 700 | 700 | 700 | - |
| Procurement of Land and Assets - Operating | 2015/16 | 12,000 | - | - | - | 1,500 |
| Metro Sports Facility - Operating | 2015/16 | 6,000 | - | - | - | - |
| Metro Sports Facility - contributions from third parties | 2015/16 | 100 | - | - | - | - |
| Christchurch Stadium - contributions from third parties | 2015/16 | 100 | - | - | - | - |
| Christchurch Bus Interchange and Associated Transport Infrastructure - contributions from third parties | 2015/16 | 100 | - | - | - | - |
| The Square - contributions from third parties | 2015/16 | 100 | - | - | - | - |
| Public Space - contributions from third parties | 2015/16 | 100 | - | - | - | - |

Note 1 - Estimated expenditure for 2017/18 to 2019/20 is withheld as publication is likely to unreasonably prejudice the commercial position of the Crown.

Reasons for Change in Appropriation

Funding was transferred over from Vote Canterbury Earthquake Recovery from 1 April 2016, for the continuation of Anchor Projects and divestment of Crown owned land in Christchurch. The decrease in this appropriation is in line with the decline in activities.

Inquiries and Research into Productivity-Related Matters (M31)

Overarching Purpose Statement

The overarching purpose of this appropriation is to provide for inquiries into, and research and promotion of, productivity-related matters.

Scope of Appropriation

Non-Departmental Output Expenses

Inquiries into Productivity-Related Matters

This category 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 category 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.

Expenses, Revenue and Capital Expenditure

| | 2015/16 | | 2016/17 |
|---|-------------------------|---------------------------|-----------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 5,030 | 5,030 | 5,030 |
| Non-Departmental Output Expenses | | | |
| Inquiries into Productivity-Related Matters | 4,401 | 4,401 | 4,401 |
| Research into and Promotion of Productivity-Related Matters | 629 | 629 | 629 |

What is Intended to be Achieved with this Appropriation

The appropriation is intended to achieve:

- inquires in accordance with the New Zealand Productivity Commission Act 2010, and
- research in accordance with the New Zealand Productivity Commission Act 2010.

How Performance will be Assessed for this Appropriation

| | 2015/16 | | 2016/17 |
|---|----------------------------|---------------------|--------------------|
| | Final Budgeted Standard | Estimated Actual | Budget Standard |
| Assessment of Performance | | | |
| The Board of the New Zealand Productivity Commission will meet to manage and administer in accordance with their Statement of Intent. | Achieved | Achieved | Achieved |

What is Intended to be Achieved with each Category and How Performance will be Assessed

| | 2015/16 | | 2016/17 |
|---|----------------------------|---------------------|--------------------|
| | Final Budgeted Standard | Estimated Actual | Budget Standard |
| Assessment of Performance | | | |
| Non-Departmental Output Expenses | | | |
| Inquiries into Productivity-Related Matters | | | |
| This category is intended to achieve improved productivity analysis and advice in New Zealand. | | | |
| The Commission's recommendations are agreed and implemented - as a result of their recommendations (typically through inquiry work), better decisions are made that lead to improved productivity. | Achieved | Achieved | Achieved |
| Improved productivity analysis and advice in New Zealand - scarce resources for productivity work are better coordinated, leading to more influential and effective research outcomes. | Achieved | Achieved | Achieved |
| Improved public understanding of productivity issues - people and organisations gain a better understanding of what productivity is and why it is important, increasing the likelihood that productivity improvements are made. | Achieved | Achieved | Achieved |

| | 2015/16 | | 2016/17 |
|---|-------------------------|------------------|-----------------|
| | Final Budgeted Standard | Estimated Actual | Budget Standard |
| Assessment of Performance | | | |
| Research into and Promotion of Productivity-Related Matters | | | |
| This category is intended to achieve the promotion of productivity-related matters. | | | |
| Define and undertake research on, and promote understanding of, productivity-related matters. The Commission will publish research papers and further the development of collaborative research partnerships. As part of their collaboration, they will work with other government agencies and the wider research community through chairing the 'Productivity Hub'. | Achieved | Achieved | Achieved |

Service Providers for the Multi-Category Appropriation

Services will be delivered by New Zealand Productivity Commission.

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Treasury in a report appended to its 2016/17 Annual Report.

Management of Landcorp Protected Land Agreement (M31)

Overarching Purpose Statement

The overarching purpose of this appropriation is meeting the Crown's responsibilities under the Landcorp Protected Land Agreement.

Scope of Appropriation

Non-Departmental Other Expenses

Operating Costs

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

Non-Departmental Capital Expenditure

Capital Investments

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

Expenses, Revenue and Capital Expenditure

| | 2015/16 | | 2016/17 |
|--|----------------------|------------------------|--------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 5,500 | 3,700 | 4,250 |
| Non-Departmental Other Expenses | | | |
| Operating Costs | 3,500 | 2,200 | 2,250 |

| | 2015/16 | | 2016/17 |
|---|-------------------------|---------------------------|-----------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Non-Departmental Capital Expenditure | | | |
| Capital Investments | 2,000 | 1,500 | 2,000 |

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the Crown's responsibilities under the Protected Land Agreement.

How Performance will be Assessed for this Appropriation

| | 2015/16 | | 2016/17 |
|--|----------------------------|---------------------|--------------------|
| | Final Budgeted Standard | Estimated Actual | Budget Standard |
| Assessment of Performance | | | |
| Management of Protected Land Agreement | | | |
| This appropriation is intended to achieve the Crown's responsibilities under the Protected Land Agreement. | Exempt | Exempt | Exempt |

What is Intended to be Achieved with each Category and How Performance will be Assessed

| | 2015/16 | | 2016/17 |
|---|----------------------------|---------------------|--------------------|
| | Final Budgeted Standard | Estimated Actual | Budget Standard |
| Assessment of Performance | | | |
| Non-Departmental Other Expenses | | | |
| Operating Costs | | | |
| This category is intended to achieve the provision for operating costs incurred under the Landcorp Protected Land Agreement. | | | |
| An exemption was granted under s15D(2)(b)(iii) of the PFA as annual expenditure under this category is less than \$5 million. | Exempt | Exempt | Exempt |
| Non-Departmental Capital Expenditure | | | |
| Capital Investments | | | |
| This category is intended to achieve the provision of capital investments incurred under the Landcorp Protected Land Agreement. | | | |
| An exemption was granted under s15D(2)(b)(iii) of the PFA as annual expenditure under this category is less than \$15 million. | Exempt | Exempt | Exempt |

Current and Past Policy Initiatives

| Policy Initiative | Year of First Impact | 2015/16 Final Budgeted \$000 | 2016/17 Budget \$000 | 2017/18 Estimated \$000 | 2018/19 Estimated \$000 | 2019/20 Estimated \$000 |
|--|----------------------------|---------------------------------------|----------------------------|-------------------------------|-------------------------------|-------------------------------|
| Landcorp under expenditure reprioritised and applied to Local Government Risk Agency | 2015/16 | - | (250) | (250) | (1,000) | (500) |

Reasons for Change in Appropriation

The decrease in this appropriation for 2016/17 is due to an expense transfer from 2014/15 to 2015/16 relating to the operating costs incurred in the management of protected land.

Management of New Zealand House, London (M31)*Overarching Purpose Statement*

The overarching purpose of this appropriation is to ensure that New Zealand House, London is well managed.

*Scope of Appropriation***Non-Departmental Output Expenses***Property Management*

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

Non-Departmental Other Expenses*Operational Costs*

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

Renegotiation of Lease Arrangements

This category is limited to activities to re-gear the lease on New Zealand House, London (including The Royal Opera Arcade and Her Majesty's Theatre).

Non-Departmental Capital Expenditure*Capital Expenditure*

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

Expenses, Revenue and Capital Expenditure

| | 2015/16 | | 2016/17 |
|---|-------------------------|---------------------------|-----------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 17,360 | 15,110 | 16,650 |
| Non-Departmental Output Expenses | | | |
| Property Management | 800 | 800 | 1,000 |
| Non-Departmental Other Expenses | | | |
| Operational Costs | 13,900 | 13,900 | 13,000 |
| Renegotiation of Lease Arrangements | 410 | 410 | 1,900 |
| Non-Departmental Capital Expenditure | | | |
| Capital Expenditure | 2,250 | - | 750 |

What is Intended to be Achieved with this Appropriation

This appropriation is intended to ensure that New Zealand House, London is well managed.

How Performance will be Assessed for this Appropriation

| Assessment of Performance | 2015/16 | | 2016/17 |
|--|-------------------------|------------------|-----------------|
| | Final Budgeted Standard | Estimated Actual | Budget Standard |
| Management of New Zealand House, London | | | |
| New Zealand House, London is well managed. | Exempt | Exempt | Exempt |

What is Intended to be Achieved with each Category and How Performance will be Assessed

| Assessment of Performance | 2015/16 | | 2016/17 |
|---|-------------------------|------------------|-----------------|
| | Final Budgeted Standard | Estimated Actual | Budget Standard |
| Non-Departmental Output Expenses | | | |
| Property Management | | | |
| This category is intended to achieve the provision of management of New Zealand House property in London. | | | |
| An exemption was granted under s15D(2)(b)(iii) of the PFA as the annual expenditure under this category is less than \$5 million. | Exempt | Exempt | Exempt |
| Non-Departmental Other Expenses | | | |
| Operational Costs | | | |
| This category is intended to achieve the provision of operational costs of New Zealand House in London. | | | |
| An exemption was granted under s15D(2)(b)(ii) of the PFA as this category is solely for costs payable to the New Zealand Government Property Corporation to fund the operations of New Zealand House in London. | Exempt | Exempt | Exempt |
| Renegotiation of Lease Arrangements | | | |
| This category is intended to achieve the renegotiation of the lease arrangements for New Zealand House, London | | | |
| An exemption was granted under s15D(2)(b)(iii) of the PFA as the annual expenditure under this category is less than \$5 million. | Exempt | Exempt | Exempt |
| Non-Departmental Capital Expenditure | | | |
| Capital Expenditure | | | |
| This category is intended to achieve the provision of capital expenditure on New Zealand House property in London. | | | |
| An exemption was granted under s15D(2)(b)(iii) of the PFA as the annual expenditure under this category is less than \$15 million. | Exempt | Exempt | Exempt |

Service Providers

Services are provided through Jones Lang LaSalle International Property Consultants, London.

Reasons for Change in Appropriation

The decrease in appropriation in 2016/17 is due to an expense transfer from 2014/15 to 2015/16 to provide for reactive maintenance on the property.

Management of the Crown's Agreement with Taitokerau Forests Limited (M31)

Overarching Purpose Statement

The overarching purpose of this appropriation is meeting the Crown's responsibilities under its agreement with Taitokerau Forests Limited.

Scope of Appropriation

Non-Departmental Other Expenses

Grants

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

Impairment of Loans

This category is limited to the expense incurred on the impairment and write-down of loans to Taitokerau Forests Limited.

Non-Departmental Capital Expenditure

Loans

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

Expenses, Revenue and Capital Expenditure

| | 2015/16 | | 2016/17 |
|---|-------------------------|---------------------------|-----------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 7,364 | 6,664 | 1,830 |
| Non-Departmental Other Expenses | | | |
| Grants | 473 | 473 | 230 |
| Impairment of Loans | 5,791 | 5,791 | 1,100 |
| Non-Departmental Capital Expenditure | | | |
| Loans | 1,100 | 400 | 500 |

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve meeting the Crown's responsibilities under its agreement with Taitokerau Forests Limited.

How Performance will be Assessed for this Appropriation

| Assessment of Performance | 2015/16 | | 2016/17 |
|--|-------------------------|------------------|-----------------|
| | Final Budgeted Standard | Estimated Actual | Budget Standard |
| Management of the Crown's Agreement with Taitokerau Forests Limited | | | |
| The agreement with Taitokerau Forests Limited will be managed ensuring delivery of the Crown's responsibilities. | Exempt | Exempt | Exempt |

What is Intended to be Achieved with each Category and How Performance will be Assessed

| Assessment of Performance | 2015/16 | | 2016/17 |
|---|-------------------------|------------------|-----------------|
| | Final Budgeted Standard | Estimated Actual | Budget Standard |
| Non-Departmental Other Expenses | | | |
| Grants | | | |
| This category is intended to achieve the provision of a grant to Taitokerau Forests Limited for on-payment to forest owners, payable upon harvest of the forests. | | | |
| An exemption was granted under s15D(2)(b)(iii) of the PFA as the amount of this annual category for non-departmental other expenses is less than \$5 million. | Exempt | Exempt | Exempt |
| Impairment of Loans | | | |
| This category is intended to achieve the provision for expenses incurred on the impairment and write-down of loans to Taitokerau Forests Limited. | | | |
| An exemption was granted under s15D(2)(b)(ii) of the PFA as performance information is unlikely to be informative as this category is solely for the technical accounting treatment under the loan agreement with Taitokerau Forests Limited. | Exempt | Exempt | Exempt |
| Non-Departmental Capital Expenditure | | | |
| Loans | | | |
| This category is intended to achieve provision of loans to Taitokerau Forests Limited for forest management and development. | | | |
| An exemption was granted under s15D(2)(b)(iii) of the PFA as the amount of this category is less than \$15 million. | Exempt | Exempt | Exempt |

Reasons for Change in Appropriation

The decrease in this appropriation for 2016/17 is due to an expense transfer of \$7.994 million from 2014/15 to 2015/16 and \$1.630 million from 2015/16 to 2016/17. In addition, the expenditure profile was amended in Budget 2015 that moved forward funding from outyears into 2014/15 and 2015/16 in order to incentivise Taitokerau Forestry blocks landowners to exit the Crown arrangement through a provision of modest concessions and for the Crown to continue to fulfil its responsibilities in respect of arrangements with Taitokerau Forests Limited. This funding profile for 2015/16, after removing for the expense transfer into 2016/17, was \$830,000 higher.

Social Housing Reform (M90)

Overarching Purpose Statement

The overarching purpose of this appropriation is to improve the variety of social housing in New Zealand and grow the community housing sector, by making Housing New Zealand Corporation stock available to social housing providers.

Scope of Appropriation

Departmental Output Expenses

Implementation of the Social Housing Reform Programme

This category is limited to the policy, operational, and transactional work to implement the Government's reform of social housing.

Non-Departmental Output Expenses

Direct Sale Costs for Implementing the Social Housing Reform Programme

This category is limited to direct sales costs of implementing the Government's reform of social housing.

Expenses, Revenue and Capital Expenditure

| | 2015/16 | | 2016/17 |
|--|-------------------------|---------------------------|-----------------|
| | Final Budgeted \$000 | Estimated Actual \$000 | Budget \$000 |
| Total Appropriation | 17,825 | 16,644 | 11,460 |
| Departmental Output Expenses | | | |
| Implementation of the Social Housing Reform Programme | 10,925 | 9,744 | 7,860 |
| Non-Departmental Output Expenses | | | |
| Direct Sale Costs for Implementing the Social Housing Reform Programme | 6,900 | 6,900 | 3,600 |
| Funding for Departmental Output Expenses | | | |
| Revenue from the Crown | 10,875 | 10,875 | 7,858 |
| Implementation of the Social Housing Reform Programme | 10,875 | 10,875 | 7,858 |
| Revenue from Others | 50 | 50 | 2 |
| Implementation of the Social Housing Reform Programme | 50 | 50 | 2 |

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the development of a variety of social housing in New Zealand and grow the community housing sector by making the Housing New Zealand Corporation stock available to social providers.

How Performance will be Assessed for this Appropriation

| | 2015/16 | | 2016/17 |
|---|-------------------------|------------------|-----------------|
| | Final Budgeted Standard | Estimated Actual | Budget Standard |
| Assessment of Performance | | | |
| Social Housing Reform | | | |
| The social housing reform programme is developed to allow the progress of transactions. | Achieved | Achieved | Achieved |

What is Intended to be Achieved with each Category and How Performance will be Assessed

| | 2015/16 | | 2016/17 |
|--|-------------------------|------------------|-----------------|
| | Final Budgeted Standard | Estimated Actual | Budget Standard |
| Assessment of Performance | | | |
| Departmental Output Expenses | | | |
| Implementation of the Social Housing Reform Programme | | | |
| This category is intended to achieve policy development and operational support for the Government's reform of social housing. | | | |
| Develop policies and prepare legal documentation in light of progress with the social housing reform programme, including initial transactions. | Achieved | Achieved | Achieved |
| Develop policies, commercial structures and standard form contractual documentation to support the social housing reform programme and the development of the community housing sector through transactions. | N/A | N/A | Achieved |
| Non-Departmental Output Expenses | | | |
| Direct Sale Costs for Implementing the Social Housing Reform Programme | | | |
| This category is intended to achieve the Cabinet-mandated transactions under the Government's reform of social housing. | | | |
| Progress Cabinet-mandated transactions as scheduled. | Achieved | Achieved | Achieved |
| Reach contractual close of the transactions in Tauranga and Invercargill in 2016/17. | N/A | N/A | Achieved |

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Treasury in its 2016/17 Annual Report.

Reasons for Change in Appropriation

The decrease in this appropriation for 2016/17 is due to one-off policy set-up and establishment costs in 2015/16.