



Cabinet Environment, Energy and Climate Committee

Minute of Decision

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Funding Reallocation from the Northern Pathway to the Eastern Busway

Portfolio Finance / Transport

On 20 October 2022, the Cabinet Environment, Energy and Climate Committee:

Background

- 1 **noted** that in September 2021, Cabinet expressed support for the Eastern Busway project using funding available from the cancelled Northern Pathway project [CAB-21-MIN-0374.01];

Climate Implications of Policy Assessment

- 2 **noted** that Cabinet agreed that new projects / programmes that are funded from the reallocated Northern Pathway must have a full Climate Implications of Policy Assessment (CIPA) completed before tagged contingency can be drawn down;
- 3 **noted** that a CIPA for the Eastern Busway project has been completed;

Policy proposals

- 4 **noted** that Cabinet established a tagged capital contingency of up to the amount below in Vote Transport to provide additional funding for the New Zealand Upgrade Programme following baselining and re-prioritisation [CAB-21-MIN-0192 and CAB-21-MIN-0374.01]:

	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
New Zealand Upgrade Transport Projects – Tagged Capital Contingency	-	s 9(2)(i)	-	-	-

- 5 **noted** that the Minister of Finance and Minister of Transport subsequently approved \$1.500 million and \$2.500 million of the tagged capital contingency to be drawn for the Community Connect Pilot [OC210780] and the Ashburton Fairfield Freight Hub project [OC220102], respectively, meaning that the remaining tagged capital contingency is s 9(2)(i)

- 6 **noted** that Cabinet agreed to reprioritise funds allocated to the Northern Pathway within the tagged contingency referred to in paragraph 4 to suitable projects, such as the Eastern Busway [CAB-21-MIN-0374.01];
- 7 **noted** that the funding provided will not result in assets owned by the Crown, requiring a capital to operating swap, and given the magnitude of the swap and the size of the funding allocation, Cabinet approval is sought for the decision to provide funding for the Eastern Busway project;
- 8 **agreed** to provide funding of \$200 million from the *New Zealand Upgrade Projects – Tagged Capital Contingency* to address a deficit in the local share required to fund this project;
- 9 **noted** that providing this funding does not commit Crown to providing additional funding in the future;

Financial implications

- 10 **approved** the following changes to appropriations to provide for the decisions in paragraph 9 above, with corresponding impact on net core Crown debt:

\$m – increase/(decrease)					
Vote Transport Minister of Transport	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Non-departmental Capital Expenditure: Capital Investment Package – Funding for Crown Assets MYA	200.000	-	-	-	-
Total Capital	200.000	-	-	-	-

- 11 **agreed** that the capital expenditure incurred under paragraph 10 above be charged against the *New Zealand Upgrade Projects – Tagged Capital Contingency* described in paragraph 4 above;
- 12 **noted** that, following the adjustment detailed in paragraph 9 above as well as previous adjustments described in paragraph 5 above, the remaining balances and indicative phasing of the tagged capital contingency described in paragraph 4 above will be:

\$m – increase/(decrease)					
	2022/23	2023/24	2024/25	2025/26	2026/27
New Zealand Upgrade Transport Projects – Tagged Capital Contingency	s 9(2)(i)				

- 13 **noted** that the tagged capital contingency described in paragraph 4 above will expire on 1 February 2030;

14 **agreed** to establish the following new appropriation within Vote Transport:

Vote	Appropriation Minister	Title	Type	Scope
Transport	Minister of Transport	Eastern Busway Project	Non-Departmental Other Expense	This appropriation is limited to providing funding to Auckland Transport for the Eastern Busway Project, which will connect Botany, Pakuranga, and neighbouring suburbs to the rail network in Panmure.

15 **agreed** to a fiscally neutral capital to operating swap to provide for the Eastern Busway project, with the following impacts on the operating balance and net core Crown debt:

\$m – increase/(decrease)					
Vote Transport	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Operating Balance and Net Core Crown Debt Impact	200.000	-	-	-	-
Operating Balance Only Impact	-	-	-	-	-
Net Core Crown Debt Only Impact	(200.000)	-	-	-	-
No Impact	-	-	-	-	-
Total Operating	200.000	-	-	-	-
Total Capital	(200.000)	-	-	-	-

16 **approved** the following changes to appropriations to give effect to the swap in paragraph 10 above:

\$m – increase/(decrease)					
Vote Transport Minister of Transport	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Non-Departmental Other Expense: Eastern Busway Project	200.000	-	-	-	-
Non-departmental Capital Expenditure: Capital Investment Package – Roads, Walking and Cycling	(200.000)	-	-	-	-
Total Operating	200.000	-	-	-	-
Total Capital	(200.000)	-	-	-	-

- 17 **agreed** that the changes to appropriations for 2022/23 above be included in the 2022/23 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply.

Rebecca Davies
Committee Secretary

Present:

Hon Grant Robertson
Hon Kelvin Davis (Chair)
Hon Damien O'Connor
Hon Stuart Nash
Hon Phil Twyford
Hon James Shaw
Rino Tirikatene, MP

Officials present from:

Office of the Prime Minister
Officials Committee for ENV

PROACTIVELY RELEASED BY
TE MANATU WAKA MINISTRY OF TRANSPORT