



2017 BUDGET

Capital at a Glance

Delivering for New Zealanders

Hon Steven Joyce
Minister of Finance

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New Zealand Government

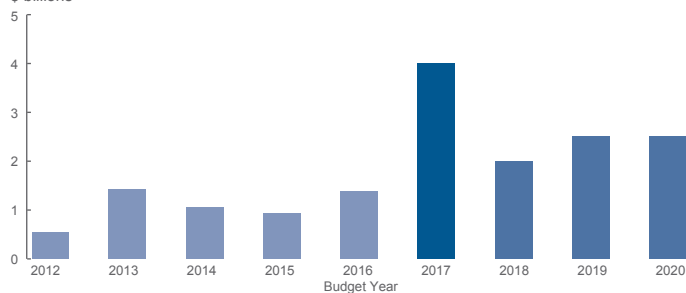
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Budget 2017 Investment

The Government is investing \$11 billion in new capital over Budgets 2017-2020 on top of already committed spending, which is the biggest increase in decades.

Capital Allowances

\$ billions



Source: The Treasury

Capital projects take a number of years to complete. As a result some of the \$11 billion in new capital will be spent outside the forecast horizon (2016/17-2020/21).

Budget 2017 invests a total of \$4 billion in new money, including in the following sectors:



Education
\$392 million



Transport
\$1.8 billion



Defence
\$576 million



Housing
\$120 million



Health
\$150 million

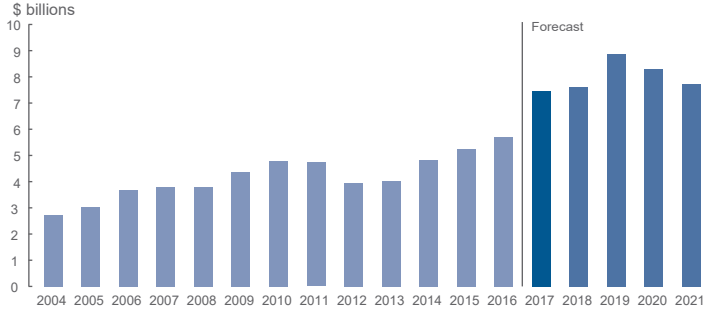


Justice sector
\$786 million

Investing in Infrastructure for a Growing Economy

Overall, the Crown is investing \$32.5 billion over the next four years in infrastructure.

Historical and Forecast Infrastructure Investment



Source: The Treasury

Crown Spending on Infrastructure – Four Year Total

Total Crown Spending on Infrastructure*	\$26.36b
Additions through Public Private Partnerships	\$1.65b
Housing Infrastructure Fund	\$0.58b
Future Capital Allowances	\$3.94b
Total Crown Investment	\$32.53b

*This excludes infrastructure investment by State-owned Enterprises and Mixed Ownership Companies, apart from KiwiRail, as this investment is not generally funded by the Crown.



Education

\$392 million investment for new schools and classrooms.

- Six new schools, including four in Auckland.
- Expanding two further schools to meet demand.
- 11 special education satellite units and rebuilding two new special education schools in Auckland.
- 305 new classrooms nationwide, with 170 in Auckland.
- Supported by \$26 million of land purchases and \$19 million of furniture and fittings.

Over the next four years, an investment of more than \$4.85 billion for Education, including:

- \$351 million in Christchurch, including the redevelopment of Linwood College, Hornby High School, Christchurch Boys' High School, and Ao Tawhiti Unlimited Discovery.
- \$630 million for major redevelopments around the country including, \$79 million for Western Springs College, \$39 million for Wellington East Girls' College and \$9 million for Cambridge High School.
- Additional funding for Public Private Partnerships to deliver 11 schools by 2021.

BUDGET 2017

TOTAL INVESTMENT OVER NEXT FOUR YEARS

\$392m

\$4.85b



Housing

\$120 million investment for Housing in Budget 2017.

- \$100 million for the Vacant or Underutilised Crown Land programme, to extend the current programme which is in the process of unlocking land for 1,500 houses in Auckland.
- \$20 million to support more people into Emergency Housing.

Over the next four years an investment of more than \$2.72 billion for Housing, this includes:

- The first phase of the Auckland Housing Programme. The full Crown Building Project will deliver 34,000 homes in Auckland over the next 10 years.

Update on the Housing Infrastructure Fund

- Applications by local councils for the Housing Infrastructure Fund are currently being considered and initial decisions will be made in the next two months.
- The Housing Infrastructure Fund is part of the Government's comprehensive plan to grow additional housing supply. To date we have been successful in more than doubling the house build rate from 15,000 to more than 30,000 a year.

BUDGET 2017

TOTAL INVESTMENT OVER NEXT FOUR YEARS

\$120m

\$2.72b



State Highways

Budget 2017 will invest:

- \$812 million to reinstate State Highway 1 between Picton and Christchurch following the Kaikōura earthquakes.

\$9.17 billion over the next four years to deliver key roading projects around the country.

Critical investment in the roading networks of our cities includes:

- The completion of Auckland's Western Ring Route.
- The Northern and Southern Corridor State Highway 1 improvements in Auckland.
- The East-West Link in Auckland.
- The Huntly and Hamilton sections of the Waikato Expressway.
- The State Highway 1 Peka Peka to Ōtaki Expressway.
- The Northern Arterial and the Southern Motorway Extension in Christchurch.
- The Transmission Gully and Pūhoi to Warkworth Public Private Partnerships.

Key regional projects include:

- The Whirokino trestle bridge replacement in Manawatu-Whanganui.
- The Mt Messenger-Awakino Gorge corridor in Taranaki.
- The Motu Bridge replacement in Gisborne.

BUDGET 2017

TOTAL INVESTMENT OVER NEXT FOUR YEARS

\$812m

\$9.17b

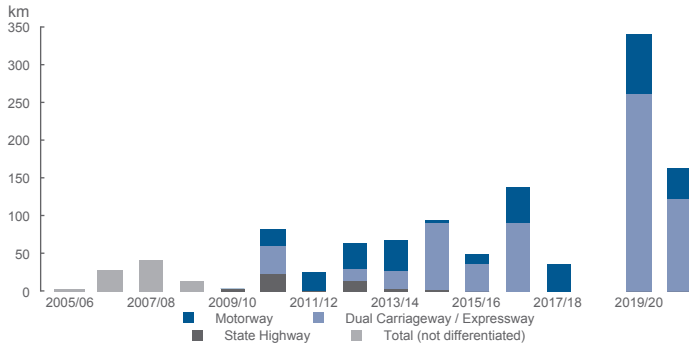


State Highways

540km

540 new lane kilometres of State Highways, Dual Carriageways and Motorways over the next four years.

Historical and Forecast Lane Kilometres



Source: New Zealand Transport Agency

Funding sources for investment in State Highways – Four Year Total

National Land Transport Fund	\$4.84b
Committed Crown Investment	\$1.00b
Public Private Partnerships	\$1.43b
NZTA Depreciation Funding and Other	\$1.90b
Total Transport	\$9.17b



Rail

\$984 million investment to support national and urban rail.

- \$450 million for the rail network around New Zealand through KiwiRail.
- \$98 million to upgrade the Wellington Metro Rail Network.
- \$436 million for the first part of the Crown's share for the Auckland City Rail Link project.

BUDGET 2017

TOTAL INVESTMENT OVER NEXT FOUR YEARS

\$984m

\$2.51b



Digital Infrastructure

Budget 2017 invests:

- \$175 million operating funding over four years and \$45 million capital investment in information technology initiatives.

IRD and ACC are going through major transformations and modernisation:

- \$1.87 billion over 10 years was approved in Budget 2016 for the Business Transformation in Inland Revenue.
- \$280 million for ACC's Transformation Programme.

The investment in both programmes reflects a mix of operating and capital spending.

Ultra-fast Broadband and Rural Broadband:

The Crown has also committed over \$2 billion in the new national broadband network.



Health

\$150 million additional investment for new health facilities to meet the needs of a growing population.

- Supports a number of investments in health facilities and helps district health boards to expand service capacity and replace ageing infrastructure.

\$2.39 billion investment in health facilities by the Crown and district health boards around the country.

- \$535 million for Christchurch Hospital's Outpatients and Acute Services buildings.
- \$77 million for the redevelopment of Grey Hospital.
- \$53 million to replace the acute mental health facility at Middlemore Hospital.
- \$22 million for urgent works in Dunedin, including replacing the intensive care unit/high dependency unit, endoscopy suite and an audiology facility.
- \$14 million for a new 15 bed unit at the Mason Clinic to support forensic mental health needs.

BUDGET 2017

TOTAL INVESTMENT OVER NEXT FOUR YEARS

\$150m

\$2.39b



Defence

\$576 million investment for new capabilities and modernisation.

- \$302 million for the Littoral Operations Support Ship and the Frigate Communications Upgrade.
- \$110 million for modernising the delivery of Defence Force logistics.
- \$100 million for the Defence Estate regeneration.
- \$36 million for Underwater Intelligence, Surveillance and Reconnaissance.
- \$28 million for the Counter Explosive Hazards Project.

BUDGET 2017

TOTAL INVESTMENT OVER NEXT FOUR YEARS

\$576m

\$2.21b



Justice sector

\$786 million investment for the Justice sector.

- \$763 million for additional prison capacity to provide greater resilience in response to the rising prison population.
- \$19 million to support the increase in police numbers.
- In addition, around \$600 million is invested through Public Private Partnerships between 2015 to 2021.

BUDGET 2017

TOTAL INVESTMENT OVER NEXT FOUR YEARS

\$786m

\$1.99b



Canterbury Rebuild

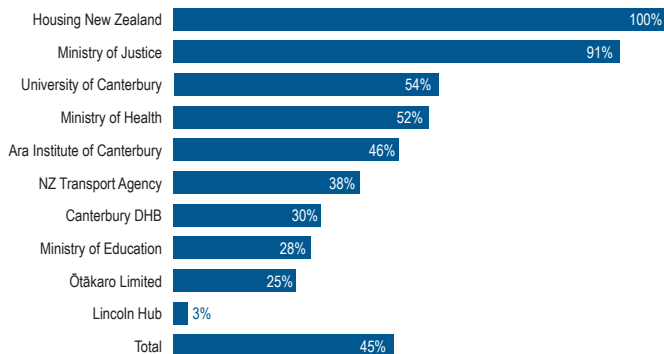
The Government’s capital investment is estimated to be \$4.7 billion across Health, Education, Social Housing and more.

Recent achievements include:

- Housing New Zealand has completed its programme of new house builds and repairs.
- Construction workers numbers are at a peak on key project sites including the Justice and Emergency Services Precinct, the Christchurch Hospital Acute Services Building, and the Engineering and Science projects at the University of Canterbury.
- The Christchurch Schools Rebuild programme has completed 11 schools and a further 27 under construction or out to tender. This includes the opening of Rolleston College and Haeata Community Campus.
- Lincoln Hub has appointed Southbase Construction to provide input into the design of its new facilities.

Expenditure Progress

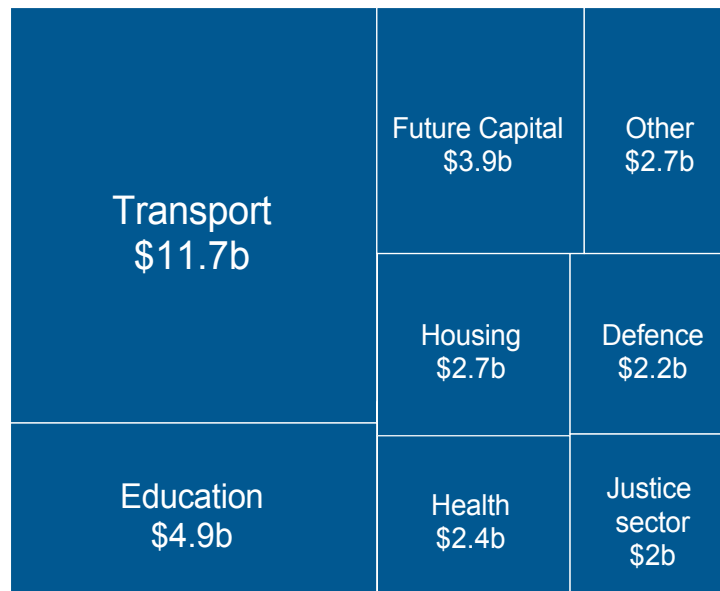
Percentage of project expenditure completed by agency



Source: Ministry of Business, Innovation and Employment

Investment by Sectors

The overall Crown spending on infrastructure investment of \$32.5 billion over the next four years is spread over the following sectors.



Source: The Treasury

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