

Reference: 20140258



**THE TREASURY**

Kaitohutohu Kaupapa Rawa

19 November 2014

Phil Taylor  
Senior Writer  
NZ Herald  
phil.taylor@nzherald.co.nz

Dear Mr Taylor

Thank you for your request under the Official Information Act 1982, received on 20 October 2014. You requested the following:

*"copies of the advice (in any form) given by Treasury about any of the New Zealand syndicate campaigns that contested the America's Cup and Louis Vuitton events and received Government funding. My request covers any advice given dating back to January 2008."*

On 27 October, the scope of the request was amended to:

*"copies of substantive advice (in the form of Aide Memoires and Reports) given by Treasury to Ministers about any of the New Zealand syndicate campaigns that contested the America's Cup and Louis Vuitton events and received Government funding. My request covers any substantive advice given dating back to January 2013."*

### Information Being Released

Please find enclosed the following documents:

Item	Date	Document Description	Decision
1.	17 October 2013	Email: re Cabinet Paper	Release in part, withhold under s9(2)(b)(ii) and s9(2)(g)(i)
2.	17 October 2013	Email: Heads up on an Aide Memoire for America's Cup	Release in part, withhold information not related and under s9(2)(g)(i)
3.	17 October 2013	Aide Memoire: America's Cup - further Government support (attached to the above)	Release in part, withhold under s9(2)(b)(ii) and s9(2)(g)(i)

1 The Terrace  
PO Box 3724  
Wellington 6140  
New Zealand  
tel. 64-4-472 2733  
fax. 64-4-473 0982  
www.treasury.govt.nz

4.	10 March 2014	Aide Memoire: Budget initiatives in the Export Markets workstream	Release in part, withhold information not related and under s9(2)(b)(ii) and s9(2)(g)(i)
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I have decided to release the relevant parts of the documents listed above, subject to information being withheld under one or more of the following sections of the Official Information Act, as applicable:

- commercially sensitive information, under section 9(2)(b)(ii) – to protect the commercial position of the person who supplied the information, or who is the subject of the information, and
- names and contact details of junior officials and certain sensitive advice, under section 9(2)(g)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions.

In making my decision, I have considered the public interest considerations in section 9(1) of the Official Information Act.

Please note that this reply letter and documents provided to you as part of your request may be published on the Treasury website.

This fully covers the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely



Matthew Gilbert  
**Team Leader, Economic Performance & Strategy**

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## OIA 20140258

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**From:** [Withheld under s9(2)(g)(i)]  
**Sent:** Thursday, 17 October 2013 13:49  
**To:** Nick McNabb [TSY]  
**Cc:** [Withheld under s9(2)(g)(i)] Christopher Nees [TSY]; Dasha Leonova [TSY]  
**Attachments:** Major\_Events\_Americas\_Cup\_Interim\_Investment\_Cabinet\_Paper\_October\_2013.pdf

Title	Description and analysis	Fiscal implications	Treasury recommendation
<b>Interim Investment in Team New Zealand's Potential 35th America's Cup Challenge</b>	<p>This paper seeks Cabinet agreement to provide an initial investment of \$5 million to Team New Zealand to retain key personnel as they prepare a potential challenge for the 35<sup>th</sup> America's Cup.</p>	<p>\$5 million in 2013/14 to be met from either the Prime Minister's Contingency Fund or from within Vote Economic Development baselines.</p> <p>If an interim investment is agreed, we recommend it is met from within the Major Events Development Fund appropriation. This appropriation was underspent by \$8 million in 2012/13 and part of this underspend can be used to make the interim investment.</p> <p>[Withheld under s9(2)(b)(ii)]</p>	<p>Treasury does not support the proposal to provide financial support to Team New Zealand for two reasons:</p> <ol style="list-style-type: none"> <li><b>1. Team New Zealand should seek private support to enter the competition</b>, given that there is private sector interest in sponsorship.</li> <li><b>2. The extent of any positive economic impacts from a Government contribution have not been established.</b> It is not clear whether Government support is necessary to achieve many of the expected benefits.</li> </ol> <p>If a contribution is to be made, <b>Support</b> the alternative Treasury recommendation that the \$5 million should be met from underspends in the Major Events Development Fund appropriation.</p>

Hi Nick,

Please see above and attached Cab Paper.

Our advice to MoF and Joyce here:

[Aide Memoire: America's Cup- further Government support \(Treasury:2763308v1\)](#)

Kind regards,

[Withheld under s9(2)(g)(i)]



**From:** [Withheld under s9(2)(g)(i)]  
**Sent:** Thursday, 17 October 2013 17:27  
**To:** ^Parliament: Cameron Burrows  
**Cc:** Dasha Leonova [TSY]; Christopher Nees [TSY]; [Withheld under s9(2)(g)(i)] Aide Memoires [TSY]  
**Subject:** Heads up on an Aide Memoire on America's Cup and [Withheld - Not Relevant to Request]  
**Attachments:** Aide Memoire America's Cup- further Government support.doc

Hi Cam,

**Purpose**

This email is to give you a heads up on two items:

1. **America's Cup Aide Memoire** – this briefs MoF and Minister Joyce on a proposal to provide an initial investment of \$5 million to Team New Zealand. We have proposed that the \$5 million should be met from an underspend in the Major Events Development Fund appropriation. MBIE have recommended that this should be met from the Prime Minister's Contingency Fund.

[Withheld - Not Relevant to Request]

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OFFICIAL INFORMATION ACT

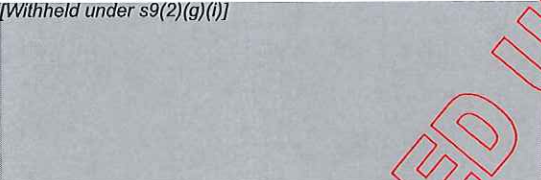
[Withheld - Not Relevant to Request]



Happy to discuss.

Kind regards,

[Withheld under s9(2)(g)(i)]



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THE TREASURY  
Kaitohutohu Kaupapa Rawa

Reference: T2013/2646

SH-11-1

Date: 17 October 2013

To: Minister of Finance  
(Hon Bill English)

Associate Minister of Finance  
(Hon Steven Joyce)

Deadline: 21 October 2013

**Aide Memoire: America's Cup- further Government support**

**Purpose**

This aide memoire briefs you on a proposal to provide financial assistance to Team New Zealand (TNZ) for the next America's Cup Challenge. On 21 October, Hon Joyce will seek Cabinet agreement to provide an initial contribution of \$5 million to TNZ.

**Proposal**

TNZ is seeking a <sup>[Withheld under s9(2)(b)(ii)]</sup> contribution from the Government for the next America's Cup Challenge. \$5 million is sought immediately to meet the salary costs of key personnel and address concerns that staff will be recruited to other syndicates. <sup>[Withheld under s9(2)(b)(ii)]</sup>

The initial contribution will be provided to TNZ with a number of conditions, including:

- a. that the interim investment does not guarantee any further investment by Government
- b. that the interim investment is used solely to retain key staff
- c. that no further contribution will be considered until TNZ confirms entry into the next regatta, a business case has been prepared, and an evaluation of the Government's investment in the 2013 challenge is completed, and
- d. that the contribution is provided in monthly instalments, dependent on satisfactory monthly reporting and the achievement of mutually agreed KPIs.

<sup>[Withheld under s9(2)(b)(ii)]</sup>

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[Withheld under s9(2)(b)(ii)]

**Risks**

Providing financial assistance to TNZ comes with a number of risks:

- An initial contribution is likely to be seen as a sign of support and commitment to a future challenge. It will therefore be difficult for Government to turn down the requests for the remainder of the [Withheld under s9(2)(b)(ii)] being sought by TNZ.
- In the event TNZ does not enter the next Challenge, the \$5 million will not be recoverable.
- Auckland City may be asked to host a leg of the next America's Cup World series as occurred in the last challenge (the Louis Vuitton Trophy series). During the last challenge, Government provided \$3.5 million to host an Auckland regatta and assist TNZ to participate in the series, and a similar request may be made again.

**Treasury view**

We do not support Government funding for TNZ for two key reasons:

**As a private event, TNZ should seek private sector funding for a campaign** and it is not clear that TNZ have exhausted private sector funding options. We understand that TNZ has already attracted some private sector funding to meet overhead costs and this could be explored further.

**The economic benefits of a government contribution have not been established.**

The economic impact analysis of the Government's contribution to the last America's Cup Challenge has not yet been completed. It is expected that a draft of the evaluation will be received by February 2014 and a business case will be submitted by TNZ in March 2014.

A number of benefits from government support are often claimed, including increased economic activity, tax revenue, employment and an opportunity to promote New Zealand industry and tourism. However it is likely that many of these benefits would be achieved if TNZ were to enter without Government support.

It is possible that many of the indirect benefits from promoting New Zealand could be achieved without further Government investment in TNZ. For example, NZTE and related Government agencies spent around \$4 million to run promotional activities in San Francisco during the 34<sup>th</sup> America's Cup. If TNZ were to enter a future challenge with private support, Government could run a similar campaign without a large investment in TNZ.



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**Funding options**

If Cabinet agrees to make a contribution to TNZ, we recommend meeting this cost from within the Major Events Development Fund appropriation in Vote Economic Development. Overall, this appropriation was underspent by \$8 million in 2012/13. If Cabinet agrees to the reprioritisation, funds can be transferred through the October Baseline Update Process. We have inserted alternative recommendations in the Cabinet paper to this effect.

The Ministry of Business Innovation and Employment recommend meeting the \$5 million from the Prime Minister's Contingency Fund instead of from baselines.

**Additional information: History of government contributions to TNZ**

Year	Direct investment in TNZ	Additional spending for New Zealand marketing and promotional activities
2000	-	-
2003	\$8.6 million	Approx. \$4,500,000 (Event leverage in New Zealand)
2007	\$33.75 million	Approx. \$3,528,000 (Cross-agency hosting, marketing and promotional activity in Valencia)
2013	\$36 million	\$3,932,000 (Cross-agency hosting, marketing and promotional activity in San Francisco)

Source: Ministry of Business Innovation and Employment

[Withheld under s9(2)(g)(i)]

Dasha Leonova, Team Leader, Economic Performance & Strategy, 04 890 7288

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Reference: T2014/420

TY-2



THE TREASURY

Kaitohutohu Kaupapa Rawa

Date: 10 March 2014

To: Minister of Finance  
(Hon Bill English)

Associate Minister of Finance  
(Hon Steven Joyce)

Deadline: None

### **Aide Memoire: Budget initiatives in the Export Markets workstream**

The attached A3 sets out Budget 2014 operating initiatives that fit within the Export Markets workstream of the Business Growth Agenda (BGA) and an assessment of their value by the Treasury. This information is intended to support a discussion amongst Ministers on priorities for Budget 2014. The aim is for Ministers to discuss whether there are some clear priorities for new funding, if there are initiatives that can be progressed within current departmental baselines, or that do not align with priorities in the workstream.

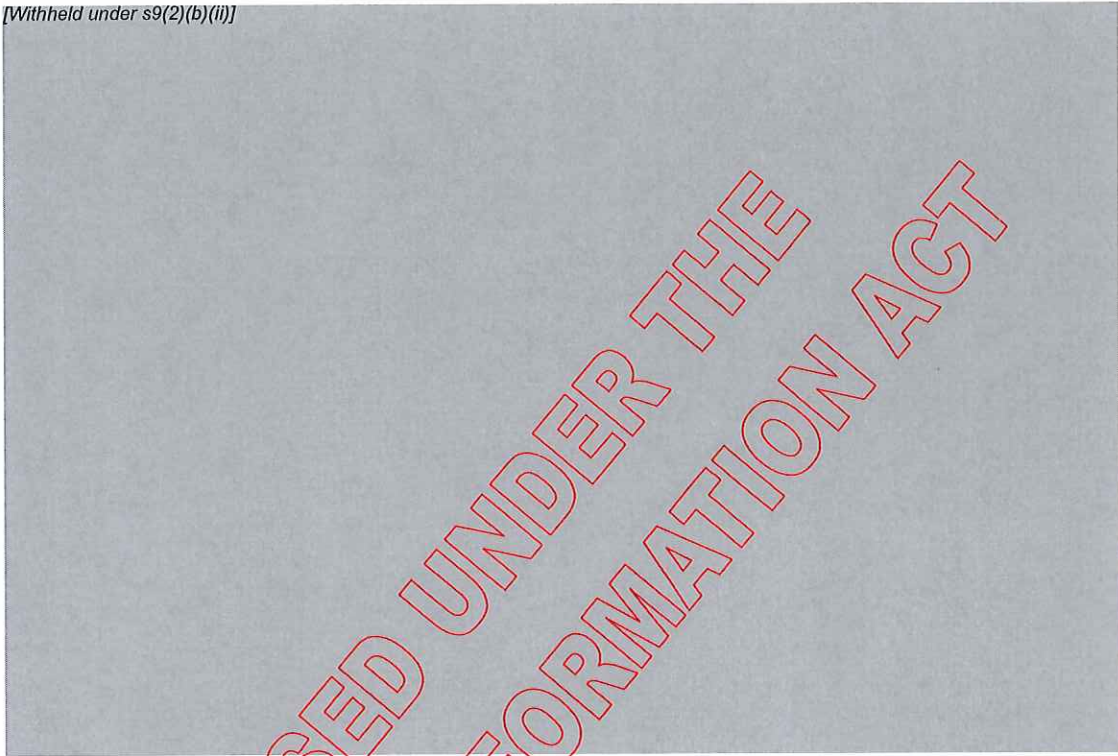
The results of the discussion will be used to inform prioritisation decisions taken by Budget Ministers and Cabinet.

#### **Context and overview**

The Treasury has allocated Budget 2014 initiatives to the most closely related BGA workstream. This allocation excludes initiatives that will be considered in the Social Sector Ministers process, most notably votes Education and Social Development which have strong BGA links. The chart below summarises the funding sought across each workstream totalling around <sup>[Withheld under s9(2)(b)(i)]</sup> over four years.

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[Withheld under s9(2)(b)(ii)]



We suggest that Ministers discuss the following issues:

- Are there low priority initiatives that can be taken off the table at this point (eg, funded through other means)?
- Are Ministers comfortable with the overall categorisation of the initiatives?
- Which initiatives do Ministers consider are highest priority to contribute to achieving stated BGA objectives?

**Chris Nees**, Senior Analyst, Economic Performance & Strategy, 04 917 6019

[Withheld under s9(2)(g)(i)]

**Simon McLoughlin**, Team Leader, Fiscal and State Sector Management, 04 917 6011



