

**11 February 2009**

**To:** Katrina Bach, Belinda Clark, Geoff Dangerfield, Peter Hughes, Stephen McKernan, Iain Rennie, Brian Roche, Murray Sherwin, Maarten Wevers.

**Copies to:** Hon Bill English, Minister of Finance; Grant Johnston, Office of the Prime Minister; Chris White, Department of Prime Minister and Cabinet.

**From:** The Treasury

**Subject:** Savings and Emergency Pressures Submitted in Budget 2009

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## **Introduction**

This note summarises the submissions that have been received from Ministers on 5 February.

The Treasury will be taking these submissions and working with departments to put together advice to Budget Ministers on a proposed package for Budget 2009. The aims of this advice will be to set out the goals for the bilateral meetings in March so that:

- The Government's policy priorities can be met from within the allocations for new spending (\$1.75 billion operating, \$1.45 billion capital); and
- The emergency pressures across government can be met from within the savings that have been found.

As the Treasury develops this advice it will ask the Senior Executives' Group to test its judgements on which emergency pressures should be funded, and whether there are additional savings options that should be explored.

## **Submissions received**

So far the Treasury has received 245 submissions for Budget 2009 – 71 savings initiatives, 45 emergency pressures, and 109 policy priority initiatives. Net submissions (ie. spending minus savings) total \$6.7 billion across the forecast period in operating expenditure and \$1.8 billion in capital expenditure.

To put the submissions in context it is worth looking back at previous budgets. The table below sets out the substantial reduction in submissions compared to previous years. Net submissions in this Budget are less than a third of those in the previous two budgets, and total funding sought is approximately half that sought in previous budgets.

Further, total savings submissions are noteworthy – with some departments offering up savings that equate to more than 5 percent of their total output expenses.

## Historical context

Budget	Number	Operating					Capital	
		\$ million increase / (decrease)					Total	Total
		Year 1	Year 2	Year 3	Year 4	Year 5		
2007	734	(37)	2,607	3,192	3,444	3,628	12,834	3,053
2008	714	8	2,569	3,057	3,318	3,523	12,475	4,873
2009	245	33	1,510	1,675	1,761	1,794	6,773	1,779
Savings	71	(117)	(148)	(212)	(291)	(303)	(1,071)	(40)
Pressures	45	35	406	429	474	483	1,827	317
Priorities	109	115	1,231	1,444	1,558	1,592	5,939	1,499
Technical	20	1	21	14	19	22	79	2

While this is a substantial step forward in terms of fiscal restraint, it is also worth remembering that the spending allocation for this Budget is less than half the spending allocation for Budget 2008 (\$1.75 billion in 2009 versus \$7 billion in Budget 2008, \$2.1 billion spending and \$4.9 billion tax changes). In addition, the fiscal outlook has deteriorated markedly since Budget 2008.

### *The economic and fiscal outlook*

Largely as a result of the international financial and economic crisis, the government's fiscal outlook shows us facing permanent operating deficits of around four percent of gross domestic product, and gross debt rising rapidly above 70 percent of GDP by 2022/23. To put it into perspective, in the late 1990s, as a result of the Asian crisis and drought, we faced the prospect of four years of operating deficits peaking at around one and a half percent of GDP and debt, while rising in the short term, was still falling over the medium term.

### *Submissions received in 2009*

As can be seen below, pressures exceed savings by \$800m across the forecast period, and \$180m in the final year. Addressing this challenge will either involve hard reprioritisation across the emergency pressures submissions, or more substantial efforts on the savings front. On the Capital side the challenge is even more substantial, with emergency pressures submissions almost 8 times the amount of savings submitted.

### Emergency Pressures and Savings (\$m)

	Operating					Capital	
	2008/09	2009/10	2010/11	2011/12	2012/13	Total	Total
Emergency Pressure	35	406	429	474	483	1,827	317
Savings	(117)	(148)	(212)	(291)	(303)	(1,071)	(40)
<b>Total</b>	<b>(83)</b>	<b>258</b>	<b>217</b>	<b>183</b>	<b>180</b>	<b>756</b>	<b>278</b>

### Savings:

As a percentage of output expenses (excluding benefit and other demand driven expenditure) the most significant savings that have been submitted are in Votes Housing (12.7%), Foreign Affairs and

Trade (5%), [deleted – prejudice security], and Local Government (3.8%). In absolute terms, the largest savings have come from Education (\$641m), with the next nearest vote at \$81m – or 13 percent of the amount offered by Education.

#### Emergency Pressures:

The largest emergency pressures submissions as a percentage of output expenses are in Votes Finance (129%), Veterans' Affairs – Defence (17%), Ministerial Services (13%), Customs (10.4%), Justice (8.9%) and Attorney General (6.3%).

In terms of total expenditure, the largest emergency pressures submissions are in Vote Finance (\$391m mainly rail related) and the Justice Sector (\$790m across Justice, Corrections, Courts, Police and Attorney General).

#### *Treasury advice*

Over the next few weeks the Treasury will be prioritising bids for emergency pressures funding to inform its advice to Ministers on which pressures should be funded and which should not. It will also be analysing savings submissions to provide advice to Budget Ministers on whether the savings that have been submitted are reasonable and sufficient, and if not which other areas of spending may be explored in the short term.

This advice will be provided to the senior executives group, which will be asked to test Treasury's judgements and advice. If at the end of this process there is a difference in opinion between the senior executives' group and the Treasury, this will be reflected in Treasury's advice to Budget Ministers.

Longer term issues around value for money will be dealt with in parallel through the Expenditure Control Committee line by line review process.

#### **Notes:**

*In some instances this report may list a vote as not having submitted savings, when the Minister has in fact submitted savings as part of the line by line review. This is a limited issue and is due to some departments not having uploaded submissions correctly – this is being addressed by the Treasury.*

*Vote Health is not included in the central process for prioritisation of savings and emergency pressures in Budget 2009 but is included in tables in this report for the sake of completeness and accuracy. Any statement that health has not submitted savings only reflects that savings have not been submitted into the central process.*

## Savings

By 5pm Tuesday 10 February, 71 savings proposals had been submitted across 33 votes.

The table at annex one shows total savings submitted by vote, presented in order of greatest saving to least saving as a percentage of total output expenses.

	\$ million increase / (decrease)						
	Operating						Capital
	2008/09	2009/10	2010/11	2011/12	2012/13	Total	Total
Savings	(117)	(148)	(212)	(291)	(303)	(1,071)	(40)

The largest savings submitted are in Vote Education (\$640m across the forecast period with more than \$200m in the final year), and are made up of: not going ahead with planned ECE adult-child ratio changes (\$83m in outyears), unwinding new entrant class sizes (\$50m in outyears), introducing school transport co-payments (\$12m in outyears), reducing funding for adult and community education (\$22m in outyears), scaling back University tripartite funding (\$19m in outyears), phasing out or capping scholarships and fees for international tertiary students (\$12m in outyears), departmental savings (none in outyears, \$18.5m over forecast period), ceasing a number of programmes providing curriculum and other support to schools (\$25m in outyears). This is on top of proposed tertiary education savings of \$521m over the forecast period (\$465m of which is in Vote Education) to unwind the Innovation pre-commitment.

We understand that the Minister of Education will seek to offset some other pressures against these savings. We are aware of pressures of up to \$396m across the forecast period (\$93m in outyears). The most pressing of these are \$17.5m pa for wage increases for School Caretakers, Cleaners and Groundstaff (already agreed and will need to be met from school operational funding) and [deleted – negotiate without prejudice]. The remaining pressures relate to initiatives for which the sector has a high expectation of funding (eg annual cost adjuster for ECE), funding for programmes which is time limited and other assorted initiatives.

The most substantial of the remaining savings submitted were in the following votes:

- Foreign Affairs and Trade- \$81m across the forecast period or 5% of output expenses relating to scaling back and in some places stopping the step change programme as well as some departmental efficiency gains;
- Vote Social Development - \$65m across the forecast period with \$14m in the final year relating mainly to underspends in 2008/09, underspends in the Health and Disability Innovation Fund, and reducing subsidies for some community programmes
- Vote Housing - \$62m across the forecast period with \$7m in the final year largely due to reduced demand fo, and Ministerial decisions on, the housing innovation fund; welcome home loans;and the shared equity scheme.
- Vote Courts - \$49m across the forecast period with \$17m in the final year. This would be achieved by spending around \$3m p.a. to update fines collection technology and processes, leading to increased fines revenue of \$20.5m in outyears.

- Vote Defence Force - \$40m in 2008/09 only. Operating and depreciation savings have been identified by NZDF in 2008/09 arising largely from delays in the receipt of Project Protector ships. The savings identified within this initiative are proposed as a means of contributing to the cost pressures of the Operationally Deployed Forces. These pressures are the subject of a separate emergency pressures bid.
- Vote Fisheries - \$17m across the forecast period with \$4m in the final year from reduced corporate and support services, a reduction in the environmental certification programme, and reduced funding for operations, compliance and science.
- Vote Energy - \$15m across the forecast period with \$2.5m in the final year. Savings result from Electricity Commission decisions to not proceed with purchasing EnergyWise programmes from EECA and reprioritising existing programmes. The EnergyWise programmes did not meet the Commission's funding criteria.

Of the small agencies, the most notable savings were offered up by [deleted – prejudice security ].

There were no savings submitted into the crown financial information system network for the following votes:

ACC; Arts, Culture and Heritage; Attorney-General; Audit; Commerce; Communications; Conservation; Consumer Affairs; Crown Research Institutes; Defence; Economic Development; Employment; Health; Immigration; Labour; National Archives; Official Development Assistance; Ombudsmen; Pacific Island Affairs; Parliamentary Commissioner for the Environment; Parliamentary Counsel; Parliamentary Service; Police; Prime Minister and Cabinet; Research, Science and Technology; Revenue; Senior Citizens; Serious Fraud; Sport and Recreation; State Services; State-Owned Enterprises; Tourism; Transport; Treaty Negotiations; Veterans' Affairs - Social Development; Youth Development

## Emergency Pressures

By 5pm Tuesday 10 February, 45 emergency pressures proposals had been submitted across 24 Votes.

As can be seen below, the biggest challenge with the emergency pressures will be prioritising them to fit within the total funding available – operating emergency pressures currently exceed savings by \$756m across the forecast period and \$180m in the final year, with capital exceeding available funding by \$278m.

The table at annex two shows total emergency pressures submissions by vote, ordered by submissions as a percentage of output expenses from highest to lowest.

	\$ million increase / (decrease)						
	Operating						Capital
	2008/09	2009/10	2010/11	2011/12	2012/13	Total	Total
Emergency Pressures	35	406	429	474	483	1,827	317

The most substantial operating emergency is in Vote Finance (\$391m across the forecast period and \$98m in the final year). This pressure is almost completely operating support for New Zealand Rail. The remaining cost is a \$7 million per year policy advice initiative from the Treasury

The remaining significant cost pressures are in the following Votes:

- Police (\$322m across the forecast period operating with \$99m in the final year and \$33m capital). The major element of this bid is [deleted – commercial position] in the final year. This figure includes [deleted – commercial position]. Other components of the bid are ongoing expenditure on Police ICT infrastructure (\$26m and \$30m capital), operating costs inflation (\$16m) and depreciation cost pressures resulting from asset revaluations (\$9m).
- Corrections (\$235m across the forecast period with operating of \$69m in the final year and \$28m capital). This bid includes [deleted – commercial position] in the final year, funding for increased provision of pre-sentencing reports, and the management of offenders serving sentences in the community (\$35m and \$19m capital), expected cost increases for prisoner escort services in Northland/Auckland (\$3m) and funding for the refurbishment of prisoner escort vehicles (\$1.3m and \$6m capital)
- Justice (\$122m across the forecast period operating with \$31m in the final year and \$3m capital). The [deleted – commercial position]. Other elements of the bid are cost pressures in the Public Trust (\$9m), Law Commission (\$2m operating and \$1m capital), Independent Police Conduct Authority (\$1m), Electoral commission (\$1m), and the Legal Services Agency (\$1m operating and \$2m capital)
- Courts (\$92m across the forecast period operating with \$24m in the final year and \$2m capital). This bid includes [deleted – commercial position] and several other mostly small cost and demand pressures. The largest of these is related to addressing increased workload in courts and implementing the new Criminal Procedure legislation (\$12m and \$2m capital)

- Customs (\$64m across the forecast period operating with \$29m in the final year and \$94m capital) for the CUSMOD border management system – there are also operating costs in Vote Biosecurity, and capital costs in Vote Agriculture and Forestry for this project.
- Revenue (\$41m across the forecast period operating with \$9m in the final year and \$7m capital) for miscellaneous cost increases the department is unable to absorb including [deleted – confidentiality of advice] and pursuing corporate tax cases. There is a further \$18 million of emergency pressures which are also sought which have not yet been correctly entered in the system.
- Ministerial Services (\$25m across the forecast period operating with \$5m in the final year) for increases to budgets for support to Ministers, increases in Ministerial travel budgets, and increases in budgets for official visits.
- Attorney General [deleted – commercial position]

The following votes had no emergency pressures submitted into the crown financial information system network:

ACC; Audit; Climate Change; Commerce; Communications; Community and Voluntary Sector; Conservation; Consumer Affairs; Crown Research Institutes; Economic Development; Education Review Office; Emergency Management; Employment; Energy; Environment; Fisheries; Health; Immigration; Lands; Local Government; Maori Affairs; National Archives; National Library; Office of the Clerk; Official Development Assistance; Ombudsmen; Pacific Island Affairs; Parliamentary Commissioner for the Environment; Parliamentary Counsel; Prime Minister and Cabinet; Racing; Research, Science and Technology; Security Intelligence; Senior Citizens; Serious Fraud; Social Development; Sport and Recreation; State Services; State-Owned Enterprises; Tourism; Transport; Treaty Negotiations; Veterans' Affairs - Social Development; Women's Affairs; Youth Development.

### ***Net positions***

The balance of savings to emergency pressures differs across the submissions: 23 votes have submitted more savings than pressures, 29 have submitted a net zero position, and 17 have submitted more pressures than savings.

The table at annex three shows the net positions across all votes, listed in order of greatest savings as a percentage of output expenses to greatest cost as a percentage of output expenses.

#### *More savings than pressures*

Of the submissions received, there are 23 votes where savings exceed emergency pressures:

Housing; Racing; Foreign Affairs and Trade; Security Intelligence; Local Government; Fisheries; Education; Lands; Communications Security and Intelligence; Environment; Emergency Management; Education Review Office; Energy; Women's Affairs; Climate Change; Food Safety; Agriculture and Forestry; Social Development; Internal Affairs; National Library; Community and Voluntary Sector; Office of the Clerk and Maori Affairs.

#### *Net zero position*

There are 29 votes where the net position is zero (in most cases because neither savings nor emergency pressures have been submitted):

ACC; Audit; Commerce; Communications; Conservation; Consumer Affairs; Crown Research Institutes; Economic Development; Employment; Health; Immigration; National Archives; Official Development Assistance; Ombudsmen; Pacific Island Affairs; Parliamentary Commissioner for the Environment; Parliamentary Counsel; Prime Minister and Cabinet; Research, Science and Technology; Senior Citizens; Serious Fraud; Sport and Recreation; State Services; State-Owned Enterprises; Tourism; Transport; Treaty Negotiations; Veterans' Affairs - Social Development; and Youth Development.

#### *More pressures than savings*

Finally there are 17 votes where emergency pressures exceed savings:

Arts, Culture and Heritage; Revenue; Statistics; Labour; Biosecurity; Courts; Defence Force; Defence; Corrections; Police; Parliamentary Service; Attorney-General; Justice; Customs; Ministerial Services; Veterans' Affairs - Defence Force; and Finance.

The table at Annex 3 shows net positions by vote.



Annex 1: Savings by Vote – listed in order of decreases as a percentage of output expenses. All figures \$ million increase / (decrease)

	Operating							Capital					
	2008/09	2009/10	2010/11	2011/12	2012/13	Total	%	2008/09	2009/10	2010/11	2011/12	2012/13	Total
Housing	(29.5)	(9.6)	(9.1)	(6.7)	(6.7)	(61.6)	-12.7%	(14.5)	(14.1)	-	-	-	(28.6)
Racing	(0.1)	-	-	-	-	(0.1)	-5.5%	-	-	-	-	-	-
Foreign Affairs and Trade	(10.0)	(6.5)	(14.4)	(20.8)	(29.7)	(81.4)	-5.0%	-	-	-	-	-	-
Communications Security and Intelligence													
Security Intelligence													
Local Government	-	(0.6)	(0.6)	(0.6)	(0.6)	(2.4)	-3.8%	-	-	-	-	-	-
Fisheries	-	(4.3)	(4.3)	(4.3)	(4.3)	(17.3)	-3.6%	-	-	-	-	-	-
Education	-	(88.5)	(140.3)	(209.6)	(202.4)	(640.8)	-3.3%	-	-	-	-	-	-
Lands	(1.2)	(3.7)	(3.7)	(3.7)	(3.7)	(15.8)	-2.6%	(0.3)	-	-	-	-	(0.3)
Courts	-	2.4	(16.4)	(17.2)	(17.3)	(48.5)	-2.4%	-	3.0	0.2	-	-	3.2
Food Safety	-	(2.7)	(2.3)	(2.3)	(2.1)	(9.4)	-2.0%	(1.1)	-	-	-	-	(1.1)
Finance	(5.2)	(0.7)	(0.2)	-	-	(6.1)	-2.0%	(0.6)	-	-	-	-	(0.6)
Environment	-	(6.6)	-	-	-	(6.6)	-1.9%	-	-	-	-	-	-
Emergency Management	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(1.0)	-1.8%	-	-	-	-	-	-
Education Review Office	-	(0.6)	(0.6)	(0.6)	(0.6)	(2.5)	-1.8%	-	-	-	-	-	-
Energy	(5.0)	(2.5)	(2.5)	(2.5)	(2.5)	(15.0)	-1.6%	-	-	-	-	-	-
Women's Affairs	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.3)	-1.4%	-	-	-	-	-	-
Agriculture and Forestry	(3.6)	(2.1)	(2.6)	(1.4)	(1.2)	(10.9)	-1.3%	-	-	-	-	-	-
Internal Affairs	(6.3)	(0.5)	(0.5)	(0.5)	(0.5)	(8.3)	-1.2%	-	-	-	-	-	-
Climate Change	-	(1.8)	-	-	-	(1.8)	-1.1%	-	-	-	-	-	-
Social Development	(13.0)	(10.6)	(13.0)	(14.3)	(14.3)	(65.3)	-0.9%	-	(5.0)	-	-	-	(5.0)
Veterans' Affairs - Defence Force	(0.3)	-	-	-	-	(0.3)	-0.9%	-	-	-	-	-	-
Statistics	-	(3.9)	-	-	-	(3.9)	-0.8%	-	-	-	-	-	-
National Library	(0.8)	(0.1)	(0.4)	(0.6)	(0.6)	(2.5)	-0.7%	-	-	-	-	-	-
Customs	-	(2.9)	(0.8)	-	-	(3.7)	-0.6%	-	-	-	-	-	-
Community and Voluntary Sector	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.6)	-0.5%	-	-	-	-	-	-
Office of the Clerk	-	(0.2)	(0.1)	(0.1)	(0.1)	(0.5)	-0.5%	-	-	-	-	-	-

	Operating							Capital					
	2008/09	2009/10	2010/11	2011/12	2012/13	Total	%	2008/09	2009/10	2010/11	2011/12	2012/13	Total
Defence Force	(40.0)	-	-	-	-	(40.0)	-0.4%	-	-	-	-	-	-
Biosecurity	-	(1.2)	(0.7)	(0.5)	(0.4)	(2.7)	-0.3%	-	-	-	-	-	-
Ministerial Services	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)	-0.3%	-	-	-	-	-	-
Corrections	-	-	5.0	-	(11.0)	(6.0)	-0.1%	-	-	-	-	-	-
Justice	-	0.0	0.1	(0.5)	(0.4)	(0.7)	-0.1%	-	0.9	-	-	-	0.9
ACC	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Arts, Culture and Heritage	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Attorney-General	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Audit	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Commerce	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Communications	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Conservation	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Consumer Affairs	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Crown Research Institutes	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Defence	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Employment	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Health	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Immigration	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Labour	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
National Archives	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Official Development Assistance	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Ombudsmen	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Pacific Island Affairs	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Parliamentary Commissioner for the Environment	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Parliamentary Counsel	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Parliamentary Service	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Police	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Prime Minister and Cabinet	-	-	-	-	-	-	0.0%	-	-	-	-	-	-

	Operating							Capital					
	2008/09	2009/10	2010/11	2011/12	2012/13	Total	%	2008/09	2009/10	2010/11	2011/12	2012/13	Total
Research, Science and Technology	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Revenue	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Senior Citizens	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Serious Fraud	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Sport and Recreation	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
State Services	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
State-Owned Enterprises	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Tourism	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Transport	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Treaty Negotiations	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Veterans' Affairs - Social	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Development	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Youth Development	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Maori Affairs	-	3.4	-	-	-	3.4	0.4%	(0.5)	(1.9)	(1.9)	(1.9)	(1.9)	(8.2)
<b>Total</b>	<b>(117)</b>	<b>(148)</b>	<b>(212)</b>	<b>(291)</b>	<b>(303)</b>	<b>(1,071)</b>	<b>-0.7%</b>	<b>(17)</b>	<b>(17)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>(40)</b>

Annex 2: Emergency Pressures by Vote – listed in order of increase as a percentage of output expenses. All figures \$ million increase / (decrease)

	Operating							Capital					
	2008/09	2009/10	2010/11	2011/12	2012/13	Total	%	2008/09	2009/10	2010/11	2011/12	2012/13	Total
Finance	-	97.1	97.2	98.4	98.4	391.1	128.9%	-	0.1	-	-	-	0.1
Veterans' Affairs - Defence Force	0.3	1.2	1.3	1.4	1.5	5.7	17.0%	-	-	-	-	-	-
Ministerial Services	5.4	3.4	3.7	7.5	4.6	24.7	13.0%	-	-	-	-	-	-
Customs	-	1.0	13.4	20.6	29.3	64.3	10.4%	-	3.3	33.9	30.6	25.6	93.5
Justice	-	30.8	29.8	30.4	31.3	122.3	8.9%	-	1.0	1.7	-	-	2.7
Attorney-General	1.1	4.8	4.8	4.8	4.8	20.1	6.3%	-	-	-	-	-	-
Parliamentary Service	2.8	2.9	3.3	3.9	4.3	17.2	5.4%	-	-	-	-	-	-
Police	-	49.5	74.0	99.2	99.3	322.1	4.9%	-	13.0	9.9	9.9	-	32.7
Corrections	-	43.8	56.4	65.2	69.2	234.6	4.9%	-	18.1	5.2	1.5	2.9	27.7
Courts	-	21.4	22.7	23.9	23.7	91.7	4.6%	-	1.1	0.7	0.6	-	2.4
Defence	0.4	0.4	0.4	0.4	0.4	2.0	4.2%	-	-	-	-	-	-
Housing	-	6.4	4.5	4.3	3.6	18.8	3.9%	-	-	-	-	-	-
Defence Force	24.5	117.7	85.7	85.7	85.7	399.3	3.8%	-	40.0	-	-	-	40.0
Communications Security and Intelligence					[deleted – prejudice security]						[deleted – prejudice security]		
Biosecurity	-	2.3	5.3	5.8	6.7	20.2	2.2%	-	-	-	-	-	-
Statistics	-	0.7	6.7	3.0	-	10.4	2.1%	-	-	-	-	-	-
Labour	-	1.1	2.2	2.2	2.2	7.7	1.8%	-	-	-	-	-	-
Revenue	-	14.9	8.7	8.8	8.8	41.3	1.3%	-	-	-	3.4	3.1	6.5
Food Safety	-	1.1	1.0	1.1	1.1	4.4	0.9%	-	-	-	-	-	-
Arts, Culture and Heritage	-	2.6	2.6	2.6	2.6	10.5	0.8%	-	-	-	-	-	-
Foreign Affairs and Trade	-	0.5	2.5	2.5	2.5	7.8	0.5%	-	-	-	-	-	-
Internal Affairs	-	0.6	0.6	0.6	0.6	2.4	0.4%	-	-	-	-	-	-
Agriculture and Forestry	-	0.6	0.6	0.6	0.6	2.4	0.3%	-	-	2.0	0.8	0.8	3.6
Education	-	0.2	0.1	0.1	-	0.3	0.0%	-	33.0	33.0	32.9	-	98.9
ACC	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Audit	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Climate Change	-	-	-	-	-	-	0.0%	-	-	-	-	-	-

	Operating							Capital					
	2008/09	2009/10	2010/11	2011/12	2012/13	Total	%	2008/09	2009/10	2010/11	2011/12	2012/13	Total
Commerce	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Communications	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Community and Voluntary Sector	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Conservation	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Consumer Affairs	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Crown Research Institutes	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Education Review Office	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Emergency Management	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Employment	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Energy	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Environment	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Fisheries	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Health	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Immigration	-	-	-	-	-	-	0.0%	-	4.0	-	-	-	4.0
Lands	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Local Government	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Maori Affairs	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
National Archives	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
National Library	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Office of the Clerk	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Official Development Assistance	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Ombudsmen	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Pacific Island Affairs	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Parliamentary Commissioner for the Environment	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Parliamentary Counsel	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Prime Minister and Cabinet	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Racing	-	-	-	-	-	-	0.0%	-	-	-	-	-	-

	Operating							Capital					
	2008/09	2009/10	2010/11	2011/12	2012/13	Total	%	2008/09	2009/10	2010/11	2011/12	2012/13	Total
Research, Science and Technology	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Security Intelligence													
Senior Citizens	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Serious Fraud	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Social Development	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Sport and Recreation	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
State Services	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
State-Owned Enterprises	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Tourism	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Transport	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Treaty Negotiations	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Veterans' Affairs - Social Development	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Women's Affairs	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Youth Development	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
<b>Total</b>	<b>35</b>	<b>406</b>	<b>429</b>	<b>474</b>	<b>483</b>	<b>1,827</b>	<b>1.2%</b>	-	<b>119</b>	<b>86</b>	<b>80</b>	<b>32</b>	<b>317</b>

Annex 3: Net positions by vote: From greatest savings to highest cost as a percentage of output expenses. All figures \$ million increase / (decrease)

	Operating							Capital					
	2008/09	2009/10	2010/11	2011/12	2012/13	Total	%	2008/09	2009/10	2010/11	2011/12	2012/13	Total
Housing	(29.5)	(3.3)	(4.5)	(2.4)	(3.0)	(42.7)	-8.8%	(14.5)	(14.1)	-	-	-	(28.6)
Racing	(0.1)	-	-	-	-	(0.1)	-5.5%	-	-	-	-	-	-
Foreign Affairs and Trade	(10.0)	(6.0)	(11.9)	(18.3)	(27.2)	(73.6)	-4.5%	-	-	-	-	-	-
Security Intelligence													
Local Government	-	(0.6)	(0.6)	(0.6)	(0.6)	(2.4)	-3.8%	-	-	-	-	-	-
Fisheries	-	(4.3)	(4.3)	(4.3)	(4.3)	(17.3)	-3.6%	-	-	-	-	-	-
Education	-	(88.3)	(140.2)	(209.5)	(202.4)	(640.5)	-3.3%	-	33.0	33.0	32.9	-	98.9
Lands	(1.2)	(3.7)	(3.7)	(3.7)	(3.7)	(15.8)	-2.6%	(0.3)	-	-	-	-	(0.3)
Communications Security and Intelligence													
Environment	-	(6.6)	-	-	-	(6.6)	-1.9%	-	-	-	-	-	-
Emergency Management	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(1.0)	-1.8%	-	-	-	-	-	-
Education Review Office	-	(0.6)	(0.6)	(0.6)	(0.6)	(2.5)	-1.8%	-	-	-	-	-	-
Energy	(5.0)	(2.5)	(2.5)	(2.5)	(2.5)	(15.0)	-1.6%	-	-	-	-	-	-
Women's Affairs	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.3)	-1.4%	-	-	-	-	-	-
Climate Change	-	(1.8)	-	-	-	(1.8)	-1.1%	-	-	-	-	-	-
Food Safety	-	(1.6)	(1.2)	(1.2)	(1.0)	(5.0)	-1.1%	(1.1)	-	-	-	-	(1.1)
Agriculture and Forestry	(3.6)	(1.5)	(2.0)	(0.8)	(0.6)	(8.5)	-1.0%	-	-	2.0	0.8	0.8	3.6
Social Development	(13.0)	(10.6)	(13.0)	(14.3)	(14.3)	(65.3)	-0.9%	-	(5.0)	-	-	-	(5.0)
Internal Affairs	(6.3)	0.1	0.1	0.1	0.1	(5.9)	-0.9%	-	-	-	-	-	-
National Library	(0.8)	(0.1)	(0.4)	(0.6)	(0.6)	(2.5)	-0.7%	-	-	-	-	-	-
Community and Voluntary Sector	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.6)	-0.5%	-	-	-	-	-	-
Office of the Clerk	-	(0.2)	(0.1)	(0.1)	(0.1)	(0.5)	-0.5%	-	-	-	-	-	-
ACC	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Audit	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Commerce	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Communications	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Conservation	-	-	-	-	-	-	0.0%	-	-	-	-	-	-

	Operating							Capital					
	2008/09	2009/10	2010/11	2011/12	2012/13	Total	%	2008/09	2009/10	2010/11	2011/12	2012/13	Total
Consumer Affairs	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Crown Research Institutes	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Employment	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Health	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Immigration	-	-	-	-	-	-	0.0%	-	4.0	-	-	-	4.0
National Archives	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Official Development Assistance	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Ombudsmen	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Pacific Island Affairs	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Parliamentary Commissioner for the Environment	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Parliamentary Counsel	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Prime Minister and Cabinet	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Research, Science and Technology	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Senior Citizens	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Serious Fraud	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Sport and Recreation	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
State Services	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
State-Owned Enterprises	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Tourism	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Transport	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Treaty Negotiations	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Veterans' Affairs - Social Development	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Youth Development	-	-	-	-	-	-	0.0%	-	-	-	-	-	-
Maori Affairs	-	3.4	-	-	-	3.4	0.4%	(0.5)	(1.9)	(1.9)	(1.9)	(1.9)	(8.2)
Arts, Culture and Heritage	-	2.6	2.6	2.6	2.6	10.5	0.8%	-	-	-	-	-	-
Revenue	-	14.9	8.7	8.8	8.8	41.3	1.3%	-	-	-	3.4	3.1	6.5
Statistics	-	(3.2)	6.7	3.0	-	6.5	1.3%	-	-	-	-	-	-



	Operating							Capital					
	2008/09	2009/10	2010/11	2011/12	2012/13	Total	%	2008/09	2009/10	2010/11	2011/12	2012/13	Total
Labour	-	1.1	2.2	2.2	2.2	7.7	1.8%	-	-	-	-	-	-
Biosecurity	-	1.1	4.7	5.3	6.3	17.4	1.9%	-	-	-	-	-	-
Courts	-	23.8	6.3	6.7	6.5	43.2	2.2%	-	4.1	0.9	0.6	-	5.6
Defence Force	(15.5)	117.7	85.7	85.7	85.7	359.3	3.4%	-	40.0	-	-	-	40.0
Defence	0.4	0.4	0.4	0.4	0.4	2.0	4.2%	-	-	-	-	-	-
Corrections	-	43.8	61.4	65.2	58.2	228.6	4.7%	-	18.1	5.2	1.5	2.9	27.7
Police	-	49.5	74.0	99.2	99.3	322.1	4.9%	-	13.0	9.9	9.9	-	32.7
Parliamentary Service	2.8	2.9	3.3	3.9	4.3	17.2	5.4%	-	-	-	-	-	-
Attorney-General	1.1	4.8	4.8	4.8	4.8	20.1	6.3%	-	-	-	-	-	-
Justice	-	30.8	29.9	30.0	30.8	121.5	8.9%	-	1.9	1.7	-	-	3.7
Customs	-	(1.8)	12.6	20.6	29.3	60.7	9.8%	-	3.3	33.9	30.6	25.6	93.5
Ministerial Services	5.4	3.3	3.6	7.3	4.5	24.2	12.7%	-	-	-	-	-	-
Veterans' Affairs - Defence Force	-	1.2	1.3	1.4	1.5	5.4	16.1%	-	-	-	-	-	-
Finance	(5.2)	96.4	97.0	98.4	98.4	385.0	126.9%	(0.6)	0.1	-	-	-	(0.5)
<b>Total</b>	<b>(83)</b>	<b>258</b>	<b>217</b>	<b>183</b>	<b>180</b>	<b>756</b>	<b>0.5%</b>	<b>(17)</b>	<b>102</b>	<b>85</b>	<b>78</b>	<b>30</b>	<b>278</b>