

The Treasury

Budget 2012 Information Release

Release Document

June 2012

www.treasury.govt.nz/publications/informationreleases/budget/2012

Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

- [1] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government
- [2] 6(c) - to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
- [3] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [4] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [5] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [6] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [7] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [8] 9(2)(h) - to maintain legal professional privilege
- [9] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [10] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [11] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [12] 9(2)(ba)(i) - to prevent prejudice to the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied.

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, an [4] appearing where information has been withheld in a release document refers to section 9(2)(b)(ii).

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

Hon Nathan Guy
Parliament Buildings
WELLINGTON

Dear Minister

Thank you for your Four Year Budget Plan and recent March Baseline Update submission covering Vote Veterans' Affairs – Defence Force, and Vote Racing.

Four Year Budget Plan

For Vote Veterans' Affairs – Defence Force, I consider that the Four Year Budget Plan [6] is acceptable. Another Four Year Budget Plan should, however, be submitted in advance of Budget 2013 to allow for further analysis in relation to cost pressures and areas of work priority. When the Four Year Budget Plan is next submitted, I consider that the Budget Plan could be enhanced by:

- greater analysis of wage inflation pressures, including sensitivity analysis; and
- recommending prioritisation of resources based on performance measures.

I consider that the Four Year Budget Plan prepared by Department of Internal Affairs for Vote Racing is of sufficient quality that it will not be necessary for another Budget Plan to be submitted until before Budget 2015, unless there are any significant changes arising from the internal change programmes within the Department of Internal Affairs or you determine another Four Year Budget Plan should be resubmitted.

Budget initiatives

Budget Ministers have considered the following Budget initiative[6]

The following initiative is supported in full:

- War Pension Coverage for Additional Deployments (7450)

[6]

Final Budget decisions

Final decisions on Budget initiatives, as well as possible expenditure savings, will be made by Cabinet on 23 April 2012. Please note also that acceptance of all Four Year Budget Plans is subject to the Government making satisfactory progress towards its priority of returning to surplus by 2014/15. If economic circumstances put the surplus target at risk, Cabinet may need to reconsider its fiscal track and some or all Budget Plans.

March Baseline Update

I have examined your submission and approve your updated baselines for Vote Veterans' Affairs – Defence Force. I note that the Benefits and Other Unrequited Expenses forecasts have been updated subsequent to your letter being sent. I acknowledge that this is caused by the later reporting timelines for forecasting departments and so I also accept these subsequent Benefits and Other Unrequited Expenses forecasting changes.

I have identified two issues with the baseline updates proposed for Vote Racing, as described in the appendix below.

All other aspects of your baseline update are agreed.

Yours sincerely



Hon Bill English
Minister of Finance

Appendix One: *Vote Racing*

In-principle expense transfer to position the Department of Internal Affairs for efficiency savings from 1 July 2012

The proposal in the baseline update seeking an agreement in principle to transfer \$0.006 million from 2011/12 to 2012/13 in Vote Racing to position the Department of Internal Affairs for efficiency savings from 1 July 2012 requires the reason for the delay in the expenditure pursuant to Cabinet Office Circular CO (11) 6.

Therefore, I would invite you to seek agreement to the in-principle expense transfer by providing more detailed information on the delays, the timing and quantum of expected expenditure before the deadline specified in the annual Budget guidance (13 June). I would expect that you will have further information of these in-principle expense transfers closer to the year end, and will reconsider these requests at that time.

In-principle expense transfers to position the Department of Internal Affairs for the new appropriation structure from 1 July 2012

The officials have agreed that in order for the baselines in the current appropriation structure to transfer over into the new appropriation structure under a single Vote Internal Affairs, which take effect from 1 July 2012, an agreement in principle to transfer expenses is required.

Therefore, I would invite you to seek agreement to the in-principle expense transfer before the deadline specified in the annual Budget guidance (13 June).