

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 Steven Joyce
Parliament Buildings
WELLINGTON

Dear Minister Joyce

Thank you for your Four Year Budget Plan and recent March Baseline Update submission covering Vote Science and Innovation.

Four Year Budget Plan

The Four Year Budget Plan for Vote Science and Innovation is of sufficient quality for Budget 2012. However, as the Ministry will be merged with other agencies to form the Ministry of Business, Innovation and Employment we consider it will be necessary to resubmit another Four Year Budget Plan before Budget 2013.

When the Four Budget Plan is next submitted I consider that the Budget Plan could be enhanced by the following improvements:

- Greater detail on how the Ministry will meet longer-term cost pressures.
- More in-depth analysis of the relative importance and effectiveness of the Ministry's activities.
- Consideration of potential changes to the mix of services and outputs produced by the Ministry.

Budget initiatives

Budget Ministers have considered the following budget initiatives and have reached the following decisions.

The following initiatives are supported in full:

- National Science Challenges – non departmental (7274)
- National Science Challenges – departmental (7276)
- Advanced Technology Institute – non departmental (7273)
- Advanced Technology Institute – departmental (7277)
- Australian Synchrotron (7355)
- High Value Manufacturing and Services Capability Funding (7440)

The following initiatives are not supported:

- Replacement of PGP Contract Management Fees (7414).
- Intervention Logic – departmental (7278)

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 have identified a number of issues with the baseline updates proposed for Vote Science and Innovation, as described in the appendices below.

All other aspects of your baseline update are agreed.

Yours sincerely



Hon Bill English
Minister of Finance

Appendix One: Vote Science and Innovation

Technology Transfer Vouchers

The baseline update proposes an in principle expense transfer of \$3.191 million to match the demand profile of the Technology Transfer Vouchers (TTV). This proposal does not appear to be consistent with the expense transfer criteria in CO(11)06. It is not clear that lower than expected demand constitutes a delay in a specific and discrete project, or that the costs cannot be met from the baseline in next financial year.

Therefore, I invite you to submit a revised proposal for this in principle transfer to the Minister of Finance by 13 June 2012. The revised proposal should make it clear how this transfer meets the criteria for expense transfers in CO(11)06.

Appendix Two: Vote Science and Innovation

National Network of Commercialisation Centres

The baseline update proposes an in principle expense transfer of \$4.272 million due to delays in the negotiation process. It is not clear that the delays in establishing the Commercialisation Centres mean that costs cannot be met from next year's baseline. The \$4.272 million requested is significantly more than the \$3 million which was allocated to the Commercialisation Centres in 2011/12.

Therefore, I invite you to submit a revised proposal for this in principle transfer to the Minister of Finance by 13 June 2012. This proposal should make it clear how the transfer meets the criteria for expense transfers in CO(11)06, and why the baseline for next financial year will be insufficient.