

# The Treasury

## Budget 2015 Information Release

### Release Document July 2015

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- [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
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- [12] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [13] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [14] Not in scope

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

Reference: T2015/70

SH-11-1-3



Date: 17 February 2015

To: Minister of Finance  
(Hon Bill English)

Associate Minister of Finance  
(Hon Steven Joyce)

BGA Export Ministers

Deadline: Export Ministers Meeting on 24 February 2015  
(if any)

## **Aide Memoire: Budget 2015 Initiatives in the BGA Exports Workstream**

### **Purpose**

The purpose of this note is to support a discussion amongst Export Ministers on the relative priority of Budget initiatives that relate to the Export Markets workstream of the Business Growth Agenda (BGA).

The following tables outline the relevant initiatives and the Treasury's advice on their value for money, links to BGA objectives, and the degree of pre-commitment or discretion over progressing the initiative.

The Treasury assessments focus on the merits of the initiatives as they stand. Once each of the BGA Ministerial groups has discussed the initiatives, Budget Ministers will consider options for prioritised packages across the BGA to fit into the available allowance. We are looking to develop packages of \$0-\$100 million in net terms.

### **Budget 2015 context**

- The emphasis of Budget 2015 is to target children in material deprivation as well as continued focus on results and improving public sector performance.
- There are a large number of initiatives that have been submitted in Budget 2015. In total, there is around \$1.8 billion to \$2.1 billion a year of operating pressures, of which \$215 million to \$265 million are BGA-related initiatives.
- Funding all initiatives would require active reprioritisation, significant savings and/or revenue increases.

- Within this workstream, there are around \$20 million per annum of operating pressures. To support a discussion on priorities we outline some suggested discussion points on options and key trade-offs below.

### **Suggested issues for discussion**

- **Managing increased cross-border people flows.** A higher number of people are travelling across New Zealand's borders, partly in response to government policy to encourage tourism, business travel and international education. With the current level of border resources, higher volumes are expected to both lengthen the time it will take to process passengers, as well as increase the potential that high-risk people may enter/leave the country.

[8]

*Given there is no 'ideal' level of service provision or risk management, do Ministers consider there are areas of high risk where additional funding should be prioritised towards?*

*Do Ministers wish to investigate the potential for further sharing of intelligence resources rather than funding it separately?*

- **Tourism, trade and promotion activities,** including cycle trails, convention centres and the NZ Story. These initiatives are broadly targeted at increasing visitor numbers or experiences. The Treasury considers that these initiatives are discretionary and their value for money is unclear as there is little information about their expected impact or pay-off.

*Within this set of initiatives, are there any that Ministers would prioritise given pressures on the Budget allowance?*

Key links to other BGA workstreams include the Christchurch convention centre which is part of the Canterbury rebuild initiatives being considered by Infrastructure Ministers. In addition the Natural Resources Ministers will consider a Ministry of Primary Industries initiative in relation to biosecurity management.

### **Other possible discussion points include:**

- Given Budget pressures, how critical are the initiatives for delivering on BGA goals and refresh priorities?
- What trade-offs would need to be made to progress initiatives within baselines?

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Vote	Initiative	Description	Opex sought (\$m)					Treasury assessment		
			2014/15	2015/16	2016/17	2017/18	2018/19	Value for money	Links to BGA	Degree of discretion
<b>Border initiatives</b>										
										[8]
Immigration	Managing our Borders: Immigration Risk	Funding is sought to increase staffing levels and invest in technology to manage gaps in New Zealand's border security.	-	4.121	4.135	4.133	4.755	<b>Support.</b> The initiative has a clear business case for increased resource on the basis of risk mitigation in light of increased visitor numbers. Capital component to be considered by investment Ministers.	Supports actions to increase value from tourism.	Discretionary, service level quality would decline over time if not funded.
										[8]
<b>Tourism and trade initiatives</b>										
Customs	Building Export Markets	Supporting trade to China and ASEAN by reducing the risk of trade disruption, increasing assurance over export supply chains, and providing targeted information to New Zealand exporters so they claim duty preference and reduce costs [\$15.3 million p.a. estimated as unclaimed in 2012 for China].	-	1.641	1.531	1.531	1.531	<b>Support.</b> Initiative expected to deliver trade benefits by reducing costs of duties and avoiding processing delays at international ports, and protect New Zealand's trade reputation through increased assurance of exports.	Assists with implementation of FTA agenda.	Discretionary. Can be deferred without service failure risk.
										[8]
Tourism	The Completion of the Alps2Ocean Cycle Trail.	To provide financial assistance for the completion, up to New Zealand cycleway standards, of the Alps2Ocean cycle trail.	-	0.935	-	-	-	<b>Defer.</b> Investment would improve attraction of trail but the value of the additionally spending is not clear. Work is underway to collect more data on trail usage which will help with this assessment.	Links to existing cycle trail BGA action.	Discretionary.
Tourism	The Completion of the Twin Coasts Cycle Trail.	To provide financial assistance for the completion, up to New Zealand cycleway standards, of the Twin Coasts cycle trail.	-	3.000	-	-	-	<b>Defer.</b> Work is underway to better cost this initiative, at which point funding could be considered.	Links to existing cycle trail BGA action.	Discretionary.
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