

The Treasury

Budget 2015 Information Release

Release Document July 2015

www.treasury.govt.nz/publications/informationreleases/budget/2015

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] 6(e)(iv) - to damage seriously the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the entering into of overseas trade agreements.
- [4] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [5] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [6] 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.
- [6a] 9(2)(ba)(ii) - to protect information, where the making available of the information would be likely otherwise to damage the public interest
- [7] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [8] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [8a] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting the collective and individual ministerial responsibility
- [9] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [10] 9(2)(h) - to maintain legal professional privilege
- [11] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [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

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, a [4] appearing where information has been withheld in a release document refers to section 9(2)(a).

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

Reference: T2015/555

SH-15-2

Date: 20 March 2015

To: Minister of Finance (Hon Bill English)

Deadline: 25 March 2015

Aide Memoire: Regional Museums - Establishing a multi-year appropriation in Budget 2015

At Budget 2015, we are recommending that the Ministry for Culture and Heritage submit a technical initiative that replaces their annual appropriation for Regional Museums with a four year multi-year appropriation (MYA) for 2015/16 to 2018/19. This aide memoire provides you with the background on this issue and our rationale for recommending this change.

Regional Museums is an annual appropriation in Vote Arts, Culture and Heritage that provides \$6.667 million per annum to regional museums for capital construction projects. The contestable funding enables government to assist regional museums and art galleries housing collections of national significance with capital constructions, including earthquake strengthening. Recent recipients have included Auckland Art Gallery, Auckland War Memorial Museum, Toitū Otago Settlers' Museum, Museum of Wellington City and Sea, Suter Art Gallery (Nelson) and the Len Lye Centre (New Plymouth).

At the 2014 March Baseline Update the Minister for Arts, Culture and Heritage sought an expense transfer of \$6.292 million from 2013/14 to 2014/15 to provide for a delay in the Sarjeant Gallery capital construction project. Treasury did not support this transfer as increased scrutiny was applied to all transfers and the Minister's request did not strictly meet the criteria set out in CO (11) 06. Our view was that, [8]

it is not necessarily the case that if one project is delayed there is another project behind it in the queue that can accept the funding.

Our view is that the current vehicle of annual appropriations and expense transfers does not provide sufficient flexibility to manage government assistance for regional museums. This lack of flexibility has the potential to incentivise suboptimal use of resource (e.g. by encouraging funding of 'lower value' projects, so as not to 'lose' funding in any one year).

Establishing a four year MYA would allow the Minister to prioritise projects across the forecast period that align best with the Regional Museums Policy [refer POL Min (01) 12/1]. This will also allow the Minister to manage \$26.668 million of funding across the forecast period – enabling more flexibility around the size of contributions provided in any one year.

This approach is in line with other MYAs which provide grants to third parties, like the Screen Production Grants or Research and Development Growth Grants MYAs.

The risk with an MYA is that the Ministry for Culture and Heritage could poorly forecast uptake of the grant, front load the appropriation and then return to the centre in year three or four seeking new funding. Should this occur, we would not recommend any new funding, or support the establishment of a subsequent MYA (after the expiry of the current proposed MYA for 2015/16 to 2018/19 funding reverts to an annual appropriation in 2019/20 and outyears). In our view, the risk of a Regional Museums MYA being mismanaged is low; the Ministry has a number of other MYAs in their Vote – such as the Cultural Diplomacy International Programme MYA – and this has not been an issue for them to date.

[8]

[4]

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