

# The Treasury

## Budget 2017 Information Release

### Release Document July 2017

[www.treasury.govt.nz/publications/informationreleases/budget/2017](http://www.treasury.govt.nz/publications/informationreleases/budget/2017)

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]	to prevent prejudice to the security or defence of New Zealand or the international relations of the government	6(a)
[4]	to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial	6(c)
[11]	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.	6(e)(vi)
[23]	to protect the privacy of natural persons, including deceased people	9(2)(a)
[25]	to protect the commercial position of the person who supplied the information or who is the subject of the information	9(2)(b)(ii)
[26]	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	9(2)(ba)(i)
[27]	to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information - would be likely otherwise to damage the public interest	9(2)(ba)(ii)
[29]	to avoid prejudice to the substantial economic interests of New Zealand	9(2)(d)
[31]	to maintain the current constitutional conventions protecting collective and individual ministerial responsibility	9(2)(f)(ii)
[33]	to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials	9(2)(f)(iv)
[34]	to maintain the effective conduct of public affairs through the free and frank expression of opinions	9(2)(g)(i)
[36]	to maintain legal professional privilege	9(2)(h)
[37]	to enable the Crown to carry out commercial activities without disadvantages or prejudice	9(2)(i)
[38]	to enable the Crown to negotiate without disadvantage or prejudice	9(2)(j)
[39]	to prevent the disclosure of official information for improper gain or improper advantage	9(2)(k)
[40]	Not in scope	

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) and section 18 of the Official Information Act.

Reference: T2017/109 TY-2-3-1

Date: 2 February 2017

To: Minister of Finance (Hon Steven Joyce)  
Associate Minister of Finance (Hon Simon Bridges)  
Associate Minister of Finance (Hon Amy Adams)

Deadline: For discussion at Fiscal Issues meeting on 7 February

## **Aide Memoire: Earthquake Recovery and Resilience Discussion at Fiscal Issues on 7 February**

### **Purpose**

At the Fiscal Issues meeting on 7 February, the Earthquake Recovery Strategy team will seek your feedback on the following areas relating to Budget 2017:

- Process for earthquake and resilience initiatives
- Wellington resilience initiatives
- High level assessment of initiatives received so far
- Emerging risks

A summary of key issues and points for discussion (in blue boxes) follows.

Fiscal impacts and Budget implications are outlined in the Treasury Report for Fiscal Issues (T2017/116 refers), and economic and forecasting implications are outlined at a high level in T2017/120, also for Fiscal Issues.

### **Process for earthquake and resilience initiatives**

We see value in bringing as many initiatives as possible through the Budget 2017 process. Doing so helps Ministers to get a clear sense of where they are investing money and the relative trade-offs. The following slightly extended timetable has been provided to agencies and to affected local Councils:



Guidance to agencies has been clear that initiatives should include as much information as possible, but recognises that information gaps will likely remain.

**Q: Do you have any comments or suggestions on the process for earthquake and resilience initiatives in Budget 2017?**

## Wellington resilience initiatives

Following the Kaikōura earthquake sequence and its impact on Wellington, DPMC was asked to lead a project to assess the key risks to Wellington's resilience in the face of a major earthquake. A co-ordinated package of high priority 'no regrets' initiatives from across government is being developed in association with local government and lifeline utilities. This is currently due to be submitted through the Budget 2017 process. DPMC have also initiated a longer programme of analysis over the next six to twelve months to address more complex and costly decisions associated with how to value resilience both in Wellington and nationally.

DPMC is likely meeting with the Prime Minister to discuss Wellington resilience in the week of 6 February, and will likely be seeking a subsequent meeting of Earthquake Recovery Ministers on this issue. We are aware that there is some pressure for the high priority initiatives to be funded immediately outside of the Budget process – possibly through a Cabinet paper in early March.

If a Cabinet paper is prepared seeking immediate funding we will provide advice at that stage on whether it is appropriate, but our initial view is that it would be beneficial for these initiatives to progress as part of Budget 2017. Budget timing would not significantly delay the initiatives and it would allow for adequate consideration of the initiatives alongside other earthquake initiatives, and other spending proposals.

**Q: To what extent are you comfortable with our preferred option for considering Wellington resilience initiatives as part of Budget 2017?**

### Summary of initiatives received so far

We have received 13 initiatives so far, seeking a total operating cost of [33] and a total capital cost of [33] over the forecast period (2016/17-2020/21). We are aware of at least one initiative related to the Wellington resilience package which has not yet been entered in to CFISnet with a total of approximately [33] capital and [33] ongoing operating cost.

The largest initiative is the funding sought for the reinstatement of State Highway 1 and the railway line, with \$1,850 million being sought (although this figure is yet to be confirmed). You separately received a Treasury Report and draft Cabinet paper this week [37], [38]

Other initiatives include:

- Funding for three waters<sup>1</sup>, enhanced council statutory tasks and responsibilities, Kaikōura Harbour [33]
- Wellington resilience initiatives including [33], water, [33]
- Other initiatives including the Recovery Programme (well-being) support for affected schools [33]

### Emerging risks

Across both the earthquake and Wellington resilience initiatives, a number of the bids are for *projects that local government has existing responsibility for funding, but for a variety of reasons is not in a position to do so.* [34]

**Q: To what extent are you willing to consider concessional loans to local government, as opposed to grants, for either resilience projects or to cover upfront costs before they receive insurance?**

*Councils involved have put forward some proposals for funding which seek not only reinstatement of assets, but future-proofing or other options which improve the assets over and above their pre-earthquake state.* [33]

**Q: To what extent are you comfortable considering proposals for local government asset betterment as opposed to proposals for reinstatement?**

*Kaikōura District Council is seeking funding for several initiatives for regional economic development.* This includes things like Harbour expansion, [33]

These do not relate directly to earthquake damage, but contribute to Kaikōura's economic recovery and resilience.

**Q: Do you have any comments which we should take in to account in considering Kaikōura regional economic development initiatives?**

**Julia Pearce**, Senior Analyst, Earthquake Recovery Strategy, [39]

**Simon McLoughlin**, Manager, Earthquake Recovery Strategy

---

<sup>1</sup> A permanent legislative authority exists for central government contributions towards three waters. [33]