

The Treasury

Budget 2018 Information Release

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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) |
| [2] | to avoid prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by the Government of any other country or any agency of such a Government | 6(b)(i) |
| [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) |
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| [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 | |
| [41] | that the making available of the information requested would be contrary to the provisions of a specified enactment | 18(c)(i) |
| [42] | information is already publicly available or will be publicly available soon | 18(d) |

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.



THE TREASURY

Kaitohutohu Kaupapa Rawa

Reference: T2018/737 BM-2-1-2018

Date: 20 March 2018

To: Minister of Corrections (Hon Kelvin Davis)
Minister of Finance (Hon Grant Robertson)
Minister of Transport (Hon Phil Twyford)
Minister for Greater Christchurch Regeneration (Hon Dr Megan Woods)
Minister of Education (Hon Chris Hipkins)
Associate Minister of Finance (Hon Dr David Clark)
Minister of Police (Hon Stuart Nash)
Minister for Building and Construction (Hon Jenny Salesa)
Minister of Broadcasting, Communications and Digital Media (Hon Clare Curran)
Minister of Defence (Hon Ron Mark)
Minister for Infrastructure (Hon Shane Jones)

Deadline: Wednesday 21 March 4.45pm
(if any)

Aide Memoire: Material to support the second Infrastructure workstream meeting

The purpose of this aide memoire is to support the Infrastructure workstream meeting on Wednesday 21 March 4.45pm. This meeting will be chaired by the Associate Minister of Finance, Hon Dr David Clark.

Attached to this note is the current Infrastructure workstream package to assist you in the discussion at the meeting (Annex One).

Purpose of the meeting

The purpose of the meeting is to consult with Infrastructure workstream Ministers on the Infrastructure Budget package considered at the second Budget Ministers meeting on the evening of Monday 19 March.

This workstream meeting is an opportunity to ensure that Infrastructure workstream Ministers are comfortable with the proposed package before the Budget package is finalised at the third Budget Ministers meeting on Monday 26 March.

Given the tight timeframes of Budget 2018, you should use this opportunity to raise any concerns you may have about the current package, ahead of final decisions being made on Monday 26 March.

The current package for Budget 2018

In order to develop the package, the Treasury has incorporated your priorities that were identified at the first workstream meetings in February and early March, alongside cost pressure initiatives that have high risks associated with not funding, and new initiatives that align with Government priorities and are investment ready for 2018/19.

Key trade-offs have been required across all workstreams in order to fit within the operating and capital allowances, and not all initiatives have been included in the package, even if they were identified as a Minister priority or supported at the Treasury Vote team stage of the process.

The current package has the following profile:

| Operating and capital packages \$millions | Total operating funding per annum | Total capital funding |
|--|--|------------------------------|
| Social Wellbeing | 1898 | 209 |
| Infrastructure | 112 | 1598 |
| Natural Resources | 73 | 189 |
| Economic Development | 665 | 661 |
| Other | 123 | 84 |
| Savings | -195 | - |
| Reprioritisation | -120 | -3 |
| Pre-commitments | 67 | 902 |
| Between Budget Contingency | 50 | - |
| Total | 2673 | 3640 |

As outlined above, the Infrastructure workstream currently makes up \$112 million per annum of the \$2.67 billion operating package and \$1.598 billion of the \$3.6 billion capital package. In addition to the above initiatives, the total pre-commitments for the Infrastructure workstream total \$812.300 million of capital funding. Both the operating and capital packages are slightly higher than the allowances signalled in the Budget Policy Statement, which reflects the significant cost pressures and the difficult trade-offs that the Government is faced with in this Budget.

The main initiatives driving the Infrastructure package are:

- **District Health Boards Capital Investment**, with a total of \$750 million capital
- **Schools Growth Package**, with a total \$332 million capital and a four year total of ^[33] million operating (^[33] million operating per annum).
- **Waikeria prison development**, ^[38]
- **Prisoner volumes – responding to growth**, with a total of \$198 million capital and a four year total of \$303.744 million operating (\$76 million operating per annum).
- **Dunedin Hospital**, ^[38]

If a portfolio Minister disagrees with the proposed Infrastructure workstream package, the workstream Ministers will be asked to make trade-offs from other initiatives to meet the change.

Next steps

These proposals will be considered by Budget Ministers on Monday 26 March, when final decisions are taken on the Budget 2018 package. Any outstanding matters will be considered at a final Budget Ministers meeting on Tuesday 3 April.

Following this, a Cabinet paper will be prepared to agree to the final Budget 2018 package at Cabinet on 9 April.

Nathan Spence, Analyst, Fiscal and State Sector Management, ^[39]

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