

# The Treasury

## Budget 2018 Information Release

### Release Document August 2018

<https://treasury.govt.nz/publications/information-release/budget-2018-information-release>

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)
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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.

## Treasury Report: Outstanding issues and the Budget 2018 process up to 9 April 2018

<b>Date:</b>	26 March 2018	<b>Report No:</b>	T2018/822
		<b>File Number:</b>	BM-2-4-2018

### Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Grant Robertson)	<b>Respond</b> to the recommendations and comments in Annex One	5pm Tuesday 27 March
	<b>Agree</b> to the proposed approach for the Budget Ministers 4 slide pack, and provide feedback to the Treasury.	5pm Tuesday 27 March
	<b>Agree</b> to provide feedback on the Treasury's internal process for financial recommendations	5pm Tuesday 27 March
	<b>Agree</b> to provide feedback to Treasury officials on the Technical Budget Cabinet Paper	10am Wednesday 28 March
	<b>Agree</b> to provide feedback on Budget Ministers 4 slides	9 am Thursday 29 March

### Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
Rachelle Earwaker	Analyst, Budget Coordination	[39] (wk)	N/A (mob) ✓
Kamlesh Patel	Team Leader, Budget Coordination	[39] (wk)	N/A (mob)

### Actions for the Minister's Office Staff (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report

**Enclosure:** Yes (attached).

## Treasury Report: Outstanding issues and the Budget 2018 process up to 9 April 2018

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### Purpose of Report

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1. This report provides you with material and recommendations on matters that are still outstanding following the Budget Ministers 3 meeting on Monday 26 March to help finalise the Budget 2018 Package ahead of Budget Ministers 4.
2. It also outlines key timelines and processes for the two upcoming Budget Cabinet papers, and sets out a process for the Budget Ministers 4 slide pack for your consideration.

### Outstanding matters/initiatives

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3. There are a number of initiatives that are still outstanding following Budget Ministers 3 on Monday 26 March. There are also some initiatives that were not discussed at Budget Ministers 3 that we wish to raise. Both of these sets of initiatives are outlined in Annex one attached to this report, along with the Treasury's recommendations for each initiative.
4. Please respond to the recommendations and provide feedback to Treasury officials by 5pm Tuesday 27 March so that changes can be incorporated into the final package for Budget Ministers 4 on Tuesday 3 April.

### Budget Ministers 4

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5. The final Budget Ministers' meeting is scheduled for 5pm Tuesday 3 April. The purpose of this meeting is to confirm any outstanding decisions, and to discuss any themes for Budget 2018 ahead of the Cabinet paper being prepared. Cabinet will be agreeing on the Budget 2018 Cabinet paper on Monday 9 April. We will be lodging the paper on Friday 6 April.
6. The slide pack for Budget Ministers 4 is due to Budget Ministers on the afternoon of Thursday 29 March. We have provided a draft outline of what could be included in this slide pack:
  - a **A recap of key decisions made at Budget Ministers 3**
  - b **Outstanding decisions** still to be made with recommendations for each
    - i This will likely include the initiatives outlined in Annex one, along with any other outstanding issues you may wish to raise.
    - ii Please advise Treasury officials if you have any additional initiatives for inclusion in this section.

- c **Potential themes** (such as rebuilding core public services, and priority areas) that could be used in the Cabinet paper and for announcement on Budget day.
    - i Please provide feedback to Treasury officials by 5pm Tuesday 27 March on these key themes so that we can include them in the slide pack for Budget Ministers 4 by midday Thursday 29 March.
  - d **Approach to inform portfolio Ministers of the outcomes for their initiatives** ahead of Cabinet on 9 April.
    - i We recommend providing an Aide Memoire to portfolio Ministers on Wednesday 4 April with the final package attached to inform them of what Budget Ministers will be taking to Cabinet. This would mean they wouldn't be seeing the entire package for the first time at Cabinet.
    - ii To date, portfolio Ministers have only seen their workstream packages. At workstream meetings, a number of portfolio Ministers were concerned that they weren't able to view the package as a whole, and this approach may assist with that ahead of Cabinet needing to agree on the package.
  - e **Approach to the Budget Cabinet paper and consultation** with your colleagues
    - i Please advise Treasury officials on your consultation plan for the Cabinet paper if you wish to include this in the slide pack.
  - f **An annex** with the final Budget 2018 Package.
    - i Please advise Treasury officials if you would like the final package to be attached to the Budget Ministers 4 slide pack.
  - g **Anything else** you may wish to raise with your colleagues.
7. Treasury officials will provide you and your office with a draft slide pack for your review on the afternoon of Wednesday 28 March, for comment by 9 am Thursday morning.

## Technical Budget Cabinet Paper

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- 8. The Budget Technical Paper is being discussed at Cabinet on Tuesday 4 April and is being lodged on Thursday 29 March.
- 9. The Cabinet Paper includes the Budget Technical Package which contains changes to baselines which require Cabinet approval, but do not impact on the Budget allowance or require significant policy considerations. Many of the changes this year are alterations to appropriation scope statements or fiscally neutral adjustments.
- 10. You will receive a Treasury Report, the Cabinet Paper and the financial recommendations for the Budget Technical Package on the afternoon of Tuesday 27 March.
- 11. As this is a short week due to the Easter break, any comments you have will need to be provided to Treasury by 10:00 am on Wednesday 28 March to be incorporated into a final version which will be printed at 3pm the same day.
- 12. The Technical Cabinet Paper will then be lodged with the Cabinet Office at 10:00 am on Thursday 29 March. You will also receive talking points for Cabinet on Thursday. Cabinet will consider the Paper on Tuesday 3 April.

## The Treasury's internal process for agreed initiatives

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13. Decisions made at Budget Ministers 3 on Monday 26 March have not yet been officially communicated to portfolio Ministers. However, in order to generate the financial recommendations required in time for the Budget Cabinet paper, agencies need to provide their financial recommendations to the Treasury (where possible) by Wednesday 28 March. This has involved the Treasury informing agencies' finance teams of the decisions made at Budget Ministers 3.
14. We have caveated these decisions as 'near final', but wanted you to be aware of the information that is being provided to agencies at this stage before you officially communicate decisions to portfolio Ministers.
15. Note that you may wish to discuss funding decisions for potentially sensitive issues with your colleagues ahead of the Treasury informing agencies <sup>[33]</sup>  
Please note that we have advised agencies that decisions are still outstanding on the following initiatives (along with all outstanding issues):
  - <sup>[33]</sup>
  - Kiwi Rail
  - Public Broadcasting
16. We recommend providing feedback to officials by 5pm Tuesday 27 March if you have any feedback on this process.

## Next Steps

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17. We have attached a timetable detailing the upcoming two weeks, and the key pieces of work and decision making points you need to be aware of for the Budget 2018 process up until Monday 9 April.
18. Please note that the **timeframes in the next two weeks are extremely tight.**

## Recommended Action

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We recommend that you:

- a **respond** to each of the outstanding issues identified in Annex One, and provide this feedback to Treasury officials by 5pm Tuesday 27 March.
- b **agree** to the proposed structure of the Budget Ministers 4 slide pack and provide Treasury officials with feedback if required by 5pm Tuesday 27 March.
- c **note** that Treasury officials will provide you and your office with a draft slide pack for your review on the afternoon of Wednesday 28 March, for comment by 9:00 am Thursday morning.
- d **note** that the Budget Technical Paper is being discussed at Cabinet on Tuesday 4 April and is being lodged on Thursday 29 March.
- e **note** that you will receive material for the Budget Technical Cabinet paper on the afternoon of Tuesday 27 March, and Treasury officials require your feedback by 10:00 am Wednesday 28 March.

- f **note** that in order for the financial recommendations to be completed in time for the Significant Budget Cabinet Paper, the Treasury has had to provide agencies with the decisions made at Budget Ministers 3.
- g **note** that the Treasury has caveated these decisions as 'near-final', and has not included the decisions for any outstanding issues or 'sensitive' initiatives that you may wish to discuss with your colleagues first, as outlined in paragraph 15.
- h **agree** to provide Treasury officials with feedback on the decisions in recommendations f and g above by 5pm Tuesday 27 March.
- i **note** that we have included a timeline of the next two weeks for your reference, and that the timeframes are extremely tight.

Kamlesh Patel  
**Team Leader, Budget Coordination**

Hon Grant Robertson  
**Minister of Finance**

**Annex One: Outstanding matters/initiatives**

Please provide feedback on, or agree to our recommended approach before 5pm Tuesday 27 March.

Initiative	Treasury comment or description of issue	Recommendation/Comment
<b>Christchurch Insurance Tribunal</b>	<p>The Ministry of Justice has advised that while it is possible to fund the Christchurch Earthquake Insurance Tribunal for one year, it is not recommended on that basis that it could lead a rush of claimants coming forward within the year and would likely require front loading of funding above the \$6.516 million in operating and \$1.470 million in capital funding currently being sought in 2018/19.</p> <p>Additionally, the Ministry of Justice has advised that there are risks around the feasibility of implementing and operating the tribunal in full within a single year. The key risk being the Ministry of Justice's ability to recruit the number of personnel required to operate the tribunal at a level where it can bring the majority of claims to resolution within a single year. Should the claims entering the tribunal process not reach resolution within the year, it is likely that more funding would be required to bring these claims to resolution. The other potential risk Justice identified with the one year option is that not enough people would seek the tribunal's services to get a positive return on investment.</p> <p>An alternative option could be to look at funding the mediation component of the initiative only. However, this option has not been looked at by the Ministry of Justice in detail as it didn't fulfil the commitment to establishing a new tribunal as outlined in Labour's broader policy manifesto. The Ministry of Justice has advised that this work would need to be progressed through MBIE, as the policy lead in this area.</p>	<p>Agree to fund this initiative in full (recommended),</p> <p><b>Agree/Disagree</b></p> <p>or</p> <p>Agree to fund 2018/19 costs only, with further funding considered through Budget 2019.</p> <p><b>Agree/Disagree</b></p>
<b>Elective Surgeries</b>	<p>This initiative is currently not in the package. The Ministry of Health scaled their initiative up from \$31.5 million per annum to <sup>[33]</sup> per annum, however the Treasury Vote team have not received any information to support this increase. The Vote team think it's reasonable to scale back to the original numbers. This can be broken down as follows:</p> <ul style="list-style-type: none"> <li>• \$2.5 million reinstating time limited funding for bariatric surgeries (high value)</li> <li>• \$7.0 million for additional orthopaedics and general surgery initiative</li> <li>• \$6.0 million to cover funding that was reprioritised last year in order to meet the electives target</li> <li>• \$16.0 million cost pressures (last year cost pressures were only \$2m)</li> </ul> <p>The Ministry have stated that scaling could reduce the per capita number of surgeries, which implies that the cost pressure portion of the bid could be scaled as required. The Vote team would recommend funding the components in the order set out above.</p>	<p><b>Agree to scale back the elective surgeries initiative to the original numbers below:</b></p> <ul style="list-style-type: none"> <li>• \$2.5 million reinstating time limited funding for bariatric surgeries (high value)</li> <li>• \$7.0 million for additional orthopaedics and general surgery initiative</li> <li>• \$6.0 million to cover funding that was reprioritised last year in order to meet the electives target</li> <li>• \$16.0 million cost pressures (last year cost pressures were only \$2m)</li> </ul> <p><b>Agree/Disagree</b></p>
<b>Teacher aide funding</b>	<p>The Ministry of Education estimates average teacher aide wages at around \$20 per hour, which is well above the minimum wage. Schools are the employers of teacher aides, not the Ministry of Education. This funding would increase the rate at which the Ministry of Education funds schools to employ teacher aides. Currently, the Ministry funds schools for teacher aides at \$16 per hour, and schools make up the difference between this funding rate and actual teacher aide wages from their operational grant. A 1.6% increase to the operations grant is already included in the near final Budget package. This is in line with inflation.</p> <p>The Treasury scaled option (\$14.83 million operating per annum) reflects phasing of funding rates to \$20 per hour in the final year of the forecast period.</p>	<p><b>Agree</b> to include the Treasury scaled option for Teacher aide funding (\$14.83 million operating per annum) in the final package</p> <p><b>Agree/Disagree</b></p>
<b>Additional public housing</b>	<p>We have asked the Treasury Vote team to work with the Ministry of Social Development (MSD) on verifying the costs of the 1,500 additional public housing option. MSD will require some time to work through the assumptions and modelling undertaken by the Treasury and the revised costings will be reflected in the material for Budget Ministers 4.</p>	<p>Please <b>advise officials</b> if you require anything further on the additional public housing package</p>
<b>Te Kawa Matakura</b>	<p>Te Kawa Matakura is deferrable and there are no risks associated with not funding it this year. However, we consider the scaled investment of \$2.82 million over four years (\$0.705 million per annum) to be of high value. It is not currently included in the near final package for Budget Ministers 3. The funding will allow for a co-design project with iwi to support those showing excellence in Maori language to extend their knowledge and leadership in tea ao Māori (for example, through a dedicated qualification). The scaled funding supports co-design with 3 iwi as a pilot to inform further development of this work.</p>	<p><b>Agree</b> to include the Treasury scaled option for Te Kawa Matakura (\$0.705 million operating per annum) in the final package</p> <p><b>Agree/Disagree</b></p>

<b>MSD Resilience risk assessment</b>	<p>The Ministry of Social Development's (MSD) current IT environment has a primary data centre located in Upper Hutt and if a major outage to that site, MSD's critical business systems and digital channels would be out of action for up to 20 days before returning to 70 percent capacity. The impact of a major outage would impact on the 1.1 million existing MSD clients across the whole of New Zealand. It is important to note that such an outage would also impact Oranga Tamariki's ability to access its Case Management system.</p> <p>It is difficult to predict the likelihood of such an outage, but the most likely event would be a major earthquake in or around Wellington. Other potential scenarios would be a major flood or fire at the site. The scenario modelled for an outage caused by an earthquake of a magnitude of 7 or greater (but did not take into account the types of seismic waves, duration, depth and time of the day the earthquake occurred, all of which contribute to the level of destruction). The updated probabilities from GNS for central New Zealand estimate that within the next 10 years, there is a 10% to 60% chance (best estimate is 30%, unlikely) of a magnitude 7 or higher earthquake occurring. The range of probabilities show the experts' uncertainty around what we can expect.</p> <p>This initiative would see a shift to an All of Government Cloud Service in Auckland for critical systems and a secondary (passive) site as a backup in another location (likely to be Hamilton). In selecting the solution, MSD has tested the solution with DIA/GCDO and sought market intelligence from other agencies and organisations who have made similar shifts to inform the solution design.</p>	Please <b>advise officials</b> if you require anything further on the MSD resilience initiative.
<b>Funding Three Waters instead of</b> <sup>[33]</sup>	<sup>[33]</sup>	Please <b>advise officials</b> if you require anything further on this swap, or if you would like to make any changes to the final package.
<b>Operating defence spending comparison</b>	<p>As discussed at Budget Ministers 3, Defence will be receiving \$27.5 million operating per annum less in Budget 2018 than in Budget 2017. This excludes Minister Mark's initiative <i>Expanding the Limited Service Volunteer Programme</i> (\$6.7 million operating per annum).</p> <p>There are a three key reasons for this difference as set out below:</p> <ul style="list-style-type: none"> <li>• <sup>[33]</sup></li> <li>• Changes in the timing of capital projects can have a big impact on the level of new funding required for depreciation and capital charge. For Budget 2018 Defence reduced the amount of funding sought due to delays in some projects.</li> <li>• <sup>[33]</sup></li> </ul> <p>It is important to note that NZDF is getting <u>all</u> the funding it needs in 2018/19 to meet its cost pressures in relation to the Defence White Paper.</p>	Please <b>advise officials</b> if you require anything further on defence spending, or if you would like to make any changes to the final package.
<b>Maori development</b>	<p>On Friday 23 March we provided you with advice on funding arrangements for Vote Māori Development in Budget 2018 (T2018/777 refers). This report sought your agreement to:</p> <ul style="list-style-type: none"> <li>• establish a tagged contingency of \$8 million for Passport to Life;</li> <li>• establish a tagged contingency of \$2.304 million for Māori Whenua reforms</li> <li>• reprioritise \$12.247 million from Vote Māori Development to offset other Government priorities.</li> </ul> <p>If you agree to the three recommendations above, funding for Vote Māori Development through Budget 2018 (including both contingencies) would be \$1.832 million more than what the Vote received through <u>Budget 2017</u>.</p> <p>However, due to a number of funding injections <i>after</i> Budget 2017 (including the drawdown of a contingency for the previous administration's Māori Land Service Programme and a one-off return of \$4.35 million of Whanau Ora funding), funding for Vote Māori Development through Budget 2018 would be \$17.9 million less than what Vote Māori Development received in the <u>2017/18 financial year</u>.</p>	<p><b>Agree to:</b></p> <ul style="list-style-type: none"> <li>• establish a tagged contingency of \$8 million for Passport to Life;</li> </ul> <p><b>Agree/Disagree</b></p> <ul style="list-style-type: none"> <li>• establish a tagged contingency of \$2.304 million for Māori Whenua reforms</li> </ul> <p><b>Agree/Disagree</b></p> <ul style="list-style-type: none"> <li>• reprioritise \$12.247 million from Vote Māori Development to offset other Government priorities.</li> </ul> <p><b>Agree/Disagree</b></p>



		Please <b>advise officials</b> if you require anything further on the Maori Development initiatives.																																																
<b>Prisoner volumes</b>	<p>The prisoner volumes initiative includes funding to proceed with the construction of 600 prison beds in modular unit form on existing sites. In December last year, Cabinet agreed to Corrections undertaking design and feasibility work for this capacity (CBC 17 Min 0079 refers). As this feasibility work had not yet been completed when Budget initiatives were originally submitted, the additional capital funding likely to be sought (\$180 million) and associated asset-related operating costs was a best estimate at the time. Following completion of the feasibility work, Corrections produced updated cost estimates for the units, and advised us of the new costs on 9 March. These estimates were higher, reflecting a more detailed assessment of the site works required to support adding modular units on existing sites. The new estimates implied that \$198.4 million in capital funding and associated operating funding would be required, <sup>[38]</sup></p> <p>The revised estimates based on the feasibility work were provided to us <sup>[33]</sup> and have not changed since. However, Corrections initially estimated the marginal impact on the prisoner volumes initiative (of which this forms one part) inaccurately. In particular, for the capital element, Corrections did not include the <sup>[38]</sup></p> <p>We asked Corrections to correct this error, which has resulted in the funding sought increasing.</p> <p>The costs have been estimated based on the costs of the prior tranche of modular units already being produced, and initial quantity surveyor (QS) estimates of the costs of associated site works. We have not verified the QS estimates independently but would expect this to provide a reasonable basis for costs at this point in the process. As Corrections completes negotiations with contractors, cost certainty should increase further. We have requested future report backs to the Ministers of Corrections and Finance ahead of contracts being awarded to ensure visibility of costs.</p>	Please <b>advise officials</b> if you have any further questions.																																																
<b>One Billion Trees</b>	<p>At your meeting with the Minister for Regional Economic Development on Thursday 22 March, you agreed that the following components of the One Billion Trees initiative could be funded through the Provincial Growth Fund (PGF) allocation within the Budget process:</p> <ul style="list-style-type: none"> <li>· Crown Forestry requirements (which cover the costs of joint venture and lease arrangements related to the Crown directly planting trees)</li> <li>· Hill country erosion programme</li> <li>· Afforestation grants scheme</li> <li>· Securing native seedlings contingency</li> </ul> <p>You agreed that it was not intended that the PGF fund the following, but that the below initiatives would be funded through the Budget process.</p> <ul style="list-style-type: none"> <li>· An expanded Forestry New Zealand service (Forestry NZ)</li> <li>· Funding for MPI policy development staff in the lead up to Te Uru Rakau (Forestry NZ) being established (establishing a work programme)</li> <li>· Ministerial advisory group on Forestry</li> </ul> <p>Currently in the draft package, there is only funded allocated to a scaled portion of the policy development component <sup>[33]</sup>, and <b>there is no funding allocated to the Forestry Service or the Ministerial advisory group.</b> We are currently not supporting the Forestry Service component in the draft package as costings and decisions are not yet finalised. We are also not supporting the Ministerial advisory group as it is unclear why this funding is required. If you were to fund all three components in full through Budget 2018, you would need to include an additional <sup>[33]</sup> of operating funding and <sup>[33]</sup> capital funding. The following table outlines the breakdown of this funding:</p> <table border="1" data-bbox="439 1591 1905 1845"> <thead> <tr> <th rowspan="2">Initiative component</th> <th colspan="3">Sought</th> <th colspan="3">VA assessment</th> </tr> <tr> <th>Avg p/a</th> <th>Total opex</th> <th>Total capex</th> <th>Avg p/a</th> <th>Total opex</th> <th>Total capex</th> </tr> </thead> <tbody> <tr> <td>Policy development/Work programme</td> <td><sup>[33]</sup></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Establishing a forestry service</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ministerial advisory group</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td><b>TOTAL</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td><b>TOTAL not currently funded</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Initiative component	Sought			VA assessment			Avg p/a	Total opex	Total capex	Avg p/a	Total opex	Total capex	Policy development/Work programme	<sup>[33]</sup>						Establishing a forestry service							Ministerial advisory group							<b>TOTAL</b>							<b>TOTAL not currently funded</b>							<p><b>The Treasury Vote team recommends deferring the remaining One Billion Trees components</b> (Forestry Service, Ministerial advisory group and remaining work programme funding) to Budget 2019, as decisions and costings are still not complete.</p> <p>Please <b>advise officials</b> if you would like to take a different approach to the One Billion Trees initiative.</p>
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<b>Late initiatives</b>	<p>Two late initiatives were submitted in the Natural Resources workstream:</p> <ul style="list-style-type: none"> <li>• All of Government Response to PFAS</li> <li>• Climate Directorate Capability</li> </ul> <p>These initiatives are currently included in the draft package, scaled.</p> <p>You recently asked why the Climate Directorate initiative was submitted – The Ministry for Environment is currently having to move resources away from water and urban planning, which are also Government priorities to fund the Directorate. Not providing this funding would put delivering on the Government's environmental ambitions in all three areas at risk.</p>	<b>Agree</b> to the scaled options currently supported in the draft package.																																															
<b>Foreign Affairs</b>	We understand that you are still working on reaching agreement on the Foreign Affairs portfolio.	Please <b>advise officials</b> if this has progressed since Budget Ministers 3 to inform the final package for Budget Ministers 4.																																															
<b>Conservation</b>	<p>We understand that there are still ongoing discussions to be had on the Conservation portfolio. The current package includes the following breakdown.</p> <table border="1" data-bbox="433 789 1724 999"> <thead> <tr> <th colspan="7">Final package for BM3 (\$m)</th> </tr> <tr> <th></th> <th>2018/19</th> <th>2019/20</th> <th>2020/21</th> <th>2021/22</th> <th>TOTAL</th> <th>Avg p/a</th> <th>Change from (BM2)</th> </tr> </thead> <tbody> <tr> <td>Conservation initiatives</td> <td>9.480</td> <td>37.050</td> <td>30.050</td> <td>29.070</td> <td>105.650</td> <td>26.413</td> <td>[33]</td> </tr> <tr> <td>Tagged contingency</td> <td>7.600</td> <td>15.200</td> <td>22.040</td> <td>31.160</td> <td>76.000</td> <td>19.000</td> <td></td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>17.080</b></td> <td><b>52.250</b></td> <td><b>52.090</b></td> <td><b>60.230</b></td> <td><b>181.650</b></td> <td><b>45.413</b></td> <td></td> </tr> <tr> <td>% of baseline increase</td> <td></td> <td></td> <td></td> <td>13.09%</td> <td>-</td> <td>9.87%</td> <td></td> </tr> </tbody> </table>	Final package for BM3 (\$m)								2018/19	2019/20	2020/21	2021/22	TOTAL	Avg p/a	Change from (BM2)	Conservation initiatives	9.480	37.050	30.050	29.070	105.650	26.413	[33]	Tagged contingency	7.600	15.200	22.040	31.160	76.000	19.000		<b>TOTAL</b>	<b>17.080</b>	<b>52.250</b>	<b>52.090</b>	<b>60.230</b>	<b>181.650</b>	<b>45.413</b>		% of baseline increase				13.09%	-	9.87%		Please <b>advise officials</b> if you require anything further on the Conservation package
Final package for BM3 (\$m)																																																	
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Conservation initiatives	9.480	37.050	30.050	29.070	105.650	26.413	[33]																																										
Tagged contingency	7.600	15.200	22.040	31.160	76.000	19.000																																											
<b>TOTAL</b>	<b>17.080</b>	<b>52.250</b>	<b>52.090</b>	<b>60.230</b>	<b>181.650</b>	<b>45.413</b>																																											
% of baseline increase				13.09%	-	9.87%																																											
<b>Regulatory options</b>	We have previously provided you with some material on regulatory options to announce at Budget 2018. We understand that you and the Prime Minister were to discuss this further.	Please <b>advise officials</b> if you would like to progress this further.																																															
<b>KiwiRail capital requirements</b>	<p>[33]</p> <p style="text-align: center;">The near-final Budget package includes \$185 million for this initiative.</p> <p>[33]</p>	<p><b>Agree</b> that \$185 million in capital is the correct funding level for the final Budget 2018 package.</p> <p style="text-align: center;"><b>Agree/Disagree</b></p>																																															
<b>Reprioritisation</b>	<p>There is still one reprioritisation issue outstanding which requires your decision (raised in T2018/697). The reprioritisation total includes \$19.3 million submitted by the Minister of Justice, but which the Minister for Children has requested be retained for services to reduce youth offending.</p> <p>We are seeking your agreement to either decline the Minister for Children's request, or remove the \$19.3 million from reprioritisation and place it in a tagged contingency for Vote Children.</p>	<p><b>Agree to:</b></p> <p><b>Decline</b> the Minister for Children's request to retain \$19.3 million for services to reduce youth offending</p> <p style="text-align: center;"><b>Agree/Disagree</b></p> <p><b>Or</b></p> <p><b>Accept</b> the Minister for Children's request to retain \$19.3 million for services to reduce youth offending, and place the funding in a tagged contingency for Vote Children.</p> <p style="text-align: center;"><b>Agree/Disagree</b></p>																																															

