

The Treasury

Budget 2022 Information Release

August 2022

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Key to sections of the Act under which information has been withheld:

- [1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government
- [23] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [27] 9(2)(ba)(ii) - 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
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;
- [36] 9(2)(h) - to maintain legal professional privilege
- [37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [40] Out of Scope
- [41] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment
- [42] 18(d) - information is already publicly available or will be publicly available soon

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Hon Grant Robertson

MP for Wellington Central

Deputy Prime Minister

Minister of Finance

Minister for Infrastructure

Minister for Sport and Recreation

Minister for Racing



31 August 2021

[23]

Parliament Buildings
Wellington

Dear [23]

On Monday 30 August 2021, Cabinet agreed to the Budget 2022 strategy. A copy of the minute recording Cabinet's decisions is attached to this letter for your information.

Context

Budget 2022 provides a key opportunity to ensure that we continue to make progress against our Government's goals for this term, with a particular focus at Budget 2022 on addressing future issues such as climate change. These goals are:

- keeping New Zealanders safe from COVID-19
- accelerating the recovery and rebuild from the impacts of COVID-19, and
- laying the foundations for the future, including addressing key issues such as climate change, housing affordability and child poverty.

Budget 2022 will be our fourth Wellbeing Budget and I have strong ambitions for what we can achieve. Alongside making progress on our goals for this term we also have an important opportunity to implement a set of reforms that address long-term challenges facing New Zealanders.

Strategy and Process

The proposed design of Budget 2022 can be broken down into three streams:

- **Core Budget process:** manifesto commitments and cost pressures.
- **Addressing long-term challenges through multi-year funding:** Climate Emergency Response Fund and Health reforms.
- **Public Finance System Modernisation:** Natural Resources and Justice cluster pilots.

As for Budget 2021, initiatives for Budget 2022 are to be submitted only on the invitation of the Minister of Finance. The only exception to this will be the cluster process.

I ask that you write to me by Thursday 23 September 2021 outlining any manifesto commitments and cost pressures in your portfolio(s) that you believe should be considered for Budget 2022.

In this same letter, I ask that you identify any climate-related initiatives in your portfolio(s) that may be considered as candidates for the Climate Emergency Response Fund, and which meet the criteria agreed in paragraph 23 of the attached Cabinet minute.

The information you provide in your response letter should include a table that outlines the following for each initiative you would like to submit:

- a title that clearly outlines the intent of the initiative (or, if the title does not do this, a concise supplementary statement that does)
- current estimated costs for the initiative, and
- the stream with which you consider the initiative most closely aligns.

To help me reach my decisions, I expect your department(s) to have loaded all initiatives seeking consideration as part of Budget 2022 to CFISnet by when you send this letter to me. Information loaded to CFISnet should include each initiative's title, description and funding sought (based on current estimated costs), mirroring that which is outlined in your response letter to me.

In October, I will respond to you outlining which of your initiatives should be formally submitted to the Treasury for consideration as part of Budget 2022. By Friday 10 December 2021, your department(s) will be expected to have updated the indicative initiative information submitted to CFISnet in September and completed the requirements of initiatives set out in the Budget 2022 guidance. Budget 2022 guidance will be issued in late September.

Value for Money in Budget 2022

For Budget 2022 I will be placing a continued focus on value for money and I will be prioritising those initiatives that can demonstrate they represent the best value for money while being delivered efficiently and effectively. Value for money is about understanding and achieving value from a uniquely Aotearoa New Zealand perspective. It has three components:

- **Value** – including the application of the Living Standards Framework, He Ara Waiora and distributional analysis
- **Alignment** – alignment to Government priorities and strategies, and
- **Delivery** – assurance of effective and efficient delivery.

This approach builds on previous Budgets but provides a more systematic basis for the prioritisation of initiatives, with wellbeing becoming a core part of value for money, rather than a separate consideration.

To maximise the value that we deliver through this Budget, the funding of major capital investments will need to be shaped by both the confidence we have in their achievability and then the attractiveness of the promised benefits. Unless there are exceptional reasons to accelerate the process, I expect that for capital initiatives seeking an invitation into the Budget process, sufficient planning and prioritisation through the business case process will have been undertaken, the appropriate assurance obtained from across the Investment Management System, and there to be suitable collaboration across agencies.

Public Finance System Modernisation

Budget 2022 will also pilot a step change in how the Government invests to address long-term challenges through the establishment of Justice and Natural Resources clusters on a non-statutory basis to inform Budget decisions. As part of this pilot, cluster departments and Ministers will work together to develop multi-year proposals (informed by spending reviews) to seek funding for cost pressures and new policy initiatives, and propose any reprioritisation of existing baselines, to cover Budgets 2022 to 2024.

Cluster Ministers have been provided guidance separately and I look forward to reporting back to Cabinet in due course on the progress of Public Finance System Modernisation reforms.

COVID-19 Response and Recovery

Funding from the COVID-19 Response and Recovery Fund (CRRF) has played a key role in supporting New Zealand's response to, and recovery from, the COVID-19 pandemic. While applications for funding from the CRRF are still to be considered as and when the need should arise, I expect all new CRRF requests to meet the refined criteria set out in the attached Cabinet minute. Moreover, I expect that any new CRRF funding will be provided on a strictly time-limited basis, and agencies should demonstrate that costs cannot be met through the reprioritisation of existing baseline funding. In the context of the current resurgence, I note there is likely to be greater scope for agencies to manage costs within baselines given that we are still early in the financial year.

Specifically, all new initiatives funded from the CRRF must relate to:

- core economic response measures to deal with a resurgence, including the Wage Subsidy Scheme, Resurgence Support Payment, Short-term Absence Payment and Leave Support Scheme
- targeted policy responses to the immediate impacts of resurgence-related restrictions on particular demographic groups
- urgent cost pressures that government agencies are facing as part of responding to a COVID-19 resurgence (with a focus on key response agencies), and
- essential public health measures which reduce the risk of resurgences.

Before you submit any initiative to me that seeks new funding through Budget 2022, or through the CRRF, I ask that you consider all levers available to you, including:

- ensuring that your existing baseline expenditure is aligned to our priorities and is delivering value for money
- delivering on the significant investments we have already made as a Government, ensuring that these are delivered on time and within budget, and
- progressing non-spending initiatives, such as regulatory reforms, where these align with our priorities.

Thank you for your continued support in achieving our fiscal and wellbeing objectives. With your help, I look forward to delivering a successful Budget 2022.

Yours sincerely

Hon Grant Robertson
Minister of Finance

Cc: [23]