

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



22 October 2021

Hon Michael Wood
Minister of Transport
Parliament Buildings
Wellington

Dear Michael

Overview

Thank you for your recent engagement on Budget 2022. As you will be aware, we have set a very high bar for the initiatives that will be invited for submission.

Over 560 initiatives were submitted through the Budget 2022 invitation process. Indicative funding sought totals \$64 billion operating and \$9.2 billion capital across the forecast period. As will be obvious to you, that is far beyond the funding available and has required me to make early decisions to allow for an effective Budget process.

Even having done this, I still need your assistance to support the Budget process. In that light, I have had to carefully reduce the number of potential Budget 2022 initiatives through the invitation process, to reduce wasted effort and to ensure that the Budget decision-making stage is as strategic and targeted as possible, supported by robust value-for-money analysis and confidence of delivery.

I expect the number of initiatives submitted in December across all portfolios to be less than the number invited. Similarly, I expect total funding sought to be less than the indicative funding of invited initiatives. I ask that you play your part in this focusing of Budget priorities and submit only those invited initiatives in your portfolio that are the highest priority, represent strong value for money, and are implementation ready.

When initiatives are submitted in December, I expect these to be accompanied by a clear articulation of relative priorities. This may include a ranking of submitted initiatives within your portfolio, identifying those that are less discretionary and higher priority.

When prioritising, I expect you to focus on the implementation readiness of initiatives and delivery risk. I will be supporting only initiatives that are implementation ready, unless there is clearly articulated reasoning for why an exception to this rule should be considered.

Budget 2022 Invitations

With this in mind, I have considered the proposals that you outlined in your letter for your Transport portfolio, and the initiatives detailed in Annex 1 are invited for consideration through Budget 2022.

You and other Ministers seeking funding from the Climate Emergency Response Fund (CERF) will receive a separate letter that addresses invitations for CERF initiatives.

All Budget 2022 initiatives are expected to complete all value-for-money information and analysis requirements outlined in the initiative submission template due 10 December, except for the cost pressure initiatives identified with an asterisk in Annex 1. As these initiatives are considered to be low-risk and involve a small quantum of funding, these initiatives are only required to complete delivery aspects of the value-for-money information and analysis.

Initiative submission templates and guidance were communicated to your department on 30 September and are available on CFISnet.

Please note that while I have invited these initiatives to be submitted for consideration, this does not guarantee that they will receive funding. The Treasury will assess the value-for-money and relative priority of all initiatives, and this advice will help to inform the shape of the final Budget 2022 package considered by Cabinet. Therefore, I expect that all initiatives will be supported by a robust case for funding and a strong evidence base, as well as realistic scaling and reprioritisation options.

Consolidation of the Transport Budget Package

Across the Climate Emergency Response Fund and the main Budget process, I have invited 36 initiatives in the Transport portfolio. However, I expect you to submit substantively fewer initiatives in the next stage and would encourage you to aim for fewer than 20 initiatives in total (i.e. total across both the Climate Emergency Response Fund and the main Budget process). You should focus on only submitting your highest priority initiatives, which represent the best value for money and cannot be deferred. Where appropriate, this may include consolidating multiple related initiatives into a single initiative for a reduced total quantum of funding.

Delivery of Budget 2022 Initiatives

The Treasury has advised me of potential early-stage delivery risk associated with three of the initiatives I have invited, the details of which are included in Annex 1.

Ahead of initiative submission, please ensure your agency works closely with the Treasury to work on a plan to mitigate delivery risk where possible.

If delivery risk cannot be mitigated, I expect you to consider deferring initiative(s) to a future Budget, at which point I would expect this risk to be mitigated. If initiative(s) cannot be deferred, I expect you to outline a clear rationale in December for why funding is required through Budget 2022 despite any delivery concerns.

Next steps

The proposals that I have not invited you to submit as Budget 2022 initiatives may be addressed through future Budgets or other levers such as reprioritisation of baseline funding. In particular, I note that I would prefer initiative 13938 – Closing Critical Gaps in New Zealand’s Maritime Security System to be deferred for consideration through the Budget 2023 process if at all possible. If it is absolutely critical that this initiative not be deferred, then you may submit it at your discretion, but note that I will consider this as part of the total funding envelope for Transport with the same expectations for a consolidated Transport Budget Package as outlined above.

As per the expectations that I have previously outlined, I will not support any out-of-cycle funding requests for these initiatives unless there is a compelling case for urgency.

I wish to emphasise that the other information that you have provided will help to lay the groundwork for future Budgets and this information provides an important insight into the challenges and opportunities facing our Government this term.

I look forward to discussing options for funding initiatives through Budget 2023 at a later stage.

Thank you for your ongoing work.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Grant Robertson', written in a cursive style.

Hon Grant Robertson
Minister of Finance

Annex 1: Budget 2022 Invitations

Title	Comment and/or condition	Delivery risk
13833 – Mode shift: Completing the renewal of KiwiRail’s locomotive and wagon fleet as part of the New Zealand Rail Plan	This initiative should be submitted as a manifesto commitment rather than through the CERF.	
13845 – Auckland Light Rail: Progressing the next phase of project delivery		Ensuring strong and fit for purpose governance is put in place will be critical for delivery.
13846 – Rail Network Investment Programme: Providing infrastructure pipeline certainty to enable resilient and reliable rail		
[33]		

<p>13854 – Extension of the Essential Transport Connectivity (ETC) Scheme</p>	<p>I understand that funding for the 2021/22 Financial Year may be sought through an out-of-cycle paper if needed, depending on timing.</p> <p>This initiative has also been noted in my letter to the Minister for COVID-19 Response.</p>	
<p>13859 – Extension of the Maintaining International Air Connectivity (MIAC) Scheme</p>	<p>The initiative submitted should be for funding in the 2022/23 Financial Year. I understand that funding for the 2021/22 Financial Year will be sought through an out-of-cycle paper.</p> <p>This initiative has also been noted in my letter to the Minister for COVID-19 Response.</p>	<p>[34]</p> <p>Any further funding should be accompanied by a clear plan for off-ramping the scheme to mitigate fiscal risk.</p>
<p>13918 – Equitable access to driver licence support for disadvantaged communities to improve employment and wellbeing</p>	<p>This initiative overlaps with a corresponding initiative in Vote Social Development. A single joint initiative should be submitted for equitable access to driver licence support; this should be led by the Ministry of Social Development.</p>	
<p>[33]</p>		

13928 – Completing a safe minimum operating network (MON) of Ground-based navigations aids (GBNAs) *		
13929 – Implementing a Rescue and Firefighting Service at Whangarei Airport *		
13930 – Implementing MARPOL obligations to reduce pollution from ships *		
[33]		

13940 – Ensuring continued access to affordable public transport for older New Zealanders *		
[33]		
13943 – Maritime NZ – Meeting Health & Safety at Work obligations - cost pressures	I expect you to submit a scaled version of this initiative, focused on the highest priority elements for investment.	
13944 – Delivering effective transport system responses and advice (policy, investment, and strategy) on the COVID-19 pandemic	<p>The initiative submitted should be for funding in the 2022/23 Financial Year. I understand that funding for the 2021/22 Financial Year will be sought through the Omnibus process.</p> <p>This initiative has also been noted in my letter to the Minister for COVID-19 Response.</p>	

13945 – Extending Government support to the CAA to deliver core aviation safety and security obligations	This initiative has also been noted in my letter to the Minister for COVID-19 Response.	
13948 – Extending Government support to Maritime NZ to deliver core regulatory functions	This initiative has also been noted in my letter to the Minister for COVID-19 Response.	
13958 – COVID-19 impact on Waka Kotahi Regulatory activities	This initiative has also been noted in my letter to the Minister for COVID-19 Response.	
13959 – Mode shift: Investigating port sector opportunities to support decarbonisation, resilience and regional development	This initiative should be submitted as a manifesto commitment rather than through the CERF.	
[37] and [38]		