

# The Treasury

## Budget 2023 Information Release

July 2023

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- [1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government
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- [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
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- [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
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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



4 November 2022

Hon David Parker  
Minister for the Environment  
Parliament Buildings

Dear David

Thank you for your engagement to-date on Budget 2023. As outlined in the strategy letter I sent to you in early September, Budget 2023 is taking place amidst challenging global economic conditions. As you will be aware, we have set a very high bar for the initiatives and cost pressures that will be invited for submission into the Budget 2023 process.

Further, my September letter highlighted the significant funding already provided to Clusters in Budget 2022 for the next three years. I did, however, agree that initiatives for areas outside the scope of the Cluster envelopes could be submitted, including capital and Crown Entities, as well as pre-agreed exceptions.

## **Budget 2023 Invitations for out-of-scope initiatives and agreed exceptions**

With this in mind, I have decided to invite into the Budget 2023 process the initiatives outlined in the attached Annex, with specific conditions where relevant. Additional guidance and initiative templates have been communicated to departments. Final Budget 2023 initiatives must be submitted to the Treasury by 16 December 2022. Initiatives related to select government priority areas will be required to complete deeper Value for Money analysis. If this is relevant to your portfolio, Minister Allan will be in touch shortly with further information.

Please note that while I have invited these initiatives this does not guarantee they will receive additional funding, particularly given the funding already provided to Clusters. I expect all initiatives to be supported by a robust case for funding and a strong evidence base, as well as a clear articulation of relative priorities. I am particularly conscious of capacity constraints across the system and expect initiatives to demonstrate they can be delivered efficiently and effectively.

## **Inflationary pressures**

In acknowledgment of the current economic and fiscal environment, Cluster agencies were given the opportunity to provide background information on their inflation-related cost pressures alongside other agencies in September. As noted in my September letter, I have reserved my decision on including these pressures for consideration in Budget 2023 until I have received your December report-backs to see how the agencies could meet these costs through reprioritisation.

Prior to receiving your report-backs, I want to reiterate that there is a high bar for Cluster agencies being considered for new cost pressure funding this Budget. I already consider Cluster agencies have a relative advantage both in terms of funding certainty and additional flexibility to manage their pressures relative to non-Cluster agencies. For further context, the total amount of cost pressures submitted across government exceed available funding by over 200 percent.

The report-backs should provide clear options for covering these costs within existing funding, including reprioritising any new spending initiatives included in the original Cluster envelopes. Further, any cost pressures will be considered against out-of-scope new spending requests for Budget 2023 given Clusters' relative advantage of funding certainty and demands across Government.

### **Next Steps**

I look forward to receiving your Budget 2023 initiative submissions in December. Following submission, the Treasury will assess the value for money and relative priority of submitted initiatives, and this advice will help to inform the shape of the final Budget 2023 package considered by Cabinet.

Following consideration of your December report-backs and Treasury's assessment of your Budget 2023 initiatives, I will arrange to meet with you to discuss your priorities for the Budget as well as how implementation of the Cluster pilot is progressing.

Thank you for your ongoing work and support in progressing Budget 2023.

Yours sincerely



Hon Grant Robertson  
**Minister of Finance**

cc: Vicky Robertson, Ministry for the Environment

## Annex: Environment Budget 2023 Invitations

Invitations and associated conditions for new spending and/or cost pressures are outlined below. Detailed guidance for submitting initiatives, due 16 December 2022, has been communicated to your department and are available on CFISnet.

### Cost Pressure Track

Table 1 outlines the cost pressure envelope for the Environmental Protection Agency which I am inviting for submission through the Cost Pressures Track in Budget 2023. These cost pressures relate to pre-agreed exceptions to cluster funding and out-of-scope initiatives. I may invite further inflation-related cost pressures for submission following the December report-back.

Average p.a. (\$m)	Total forecast period (\$m)	Additional conditions
8.2	33	-