

# 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
- [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
- [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

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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

Rt Hon Jacinda Ardern  
Prime Minister  
Minister Responsible for Ministerial Services  
Parliament Buildings

Hon Nanaia Mahuta  
Minister of Local Government  
Parliament Buildings

Hon Jan Tinetti  
Minister of Internal Affairs  
Parliament Buildings

Hon Dr David Clark  
Minister for Digital Economy and Communications  
Parliament Buildings

Hon Priyanca Radhakrishnan  
Minister for the Community and Voluntary Sector  
Minister for Diversity, Inclusion and Ethnic  
Communities  
Parliament Buildings

Hon Kieran McAnulty  
Minister for Racing  
Parliament Buildings

Dear Ministers

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.

I am aware of the pressures the current economic environment will be having on core government services, however, we also have a number of remaining manifesto commitments and other key Government priorities to progress this Budget. Given the fiscal and economic constraints facing New Zealand, we will have to make challenging choices to develop our Budget 2023 package. This requires a tight focus on our collective priorities, and using all the levers we have, such as reprioritisation, to create additional space to support the delivery of these collective priorities.

When looking at cost pressure submissions identified by departments, in total these exceed available funding for Budget 2023 by over 200 percent. This is before we factor in any priority new spending initiatives. 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 and focused Budget process.

## **Budget 2023 Invitations**

With this in mind, I have decided to invite you to submit a prioritised package of Vote Internal Affairs cost pressure initiatives into the Budget 2023 process. My general expectations regarding Budget 2023 initiatives and specific expectations for the Department of Internal Affairs are outlined below.

Where I am inviting a new spending initiative or initiatives within your portfolio(s), this will be communicated to you in a separate letter.

Additional guidance and initiative templates have been communicated to departments. Final Budget 2023 initiatives must be submitted by 16 December 2022.

## **Expectations**

In Budget 2023 I am focused on prioritising between existing agency baseline activities and new initiatives. As such, I expect that the development of the Vote Internal Affairs cost pressure package will surface cross-agency choices and trade-offs. I have asked Minister Tinetti to co-ordinate the development of the package to ensure effective prioritisation.

The Annex to this letter outlines the assumptions used by the Treasury in developing the recommended envelope that I have chosen to invite. While these assumptions provide a useful indication of where funding should be directed, I expect the final submitted package to reflect your assessment of the highest priorities across the agency.

Any submitted cost pressure initiatives must meet the critical cost pressure definition and any conditions outlined in the Annex. I also expect you to only submit new spending initiatives per the Annex.

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.

I also expect you to closely scrutinise your agency's baseline funding to identify any opportunities for reprioritisation. Initiatives which do not present a compelling case for why they cannot be funded through the reprioritisation of existing resources will not be supported in Budget 2023.

## **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.

As per the expectations that I have outlined above, I will not support any out-of-cycle funding requests for initiatives that I have not invited into Budget 2023, except in exceptional circumstances. If such a request is sought, I expect you to engage with my Office prior to the formal Cabinet paper consultation process.

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

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: Internal Affairs

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

### Cost Pressure Track

Budget 2023 marks a departure from recent Budgets where I asked you to write back to me on potential initiatives for submission. Instead, I asked you to submit background information on existing spend, including delivery, as well as cost drivers to the Treasury by 27 September.

I have made decisions on the packages of cost-pressure initiatives to invite based on the background information submitted. These decisions have been informed by top-down fiscal analysis and considerations regarding affordability within existing allowances. The resultant packages of operating and capital funding reflect the Government's Budget 2023 priorities and identify opportunities for reprioritisation within existing resources.

Table 1 outlines the overall Internal Affairs envelope which I am inviting for submission through the Cost Pressures Track in Budget 2023.

Average operating p.a. (\$m)	Total forecast period (\$m)	Total capital (\$m)	Additional conditions
26	105	13	I expect that your initiative submissions will only seek funding for initiatives that meet the strict definition of a cost-pressure - i.e., focus on the aspects linked to inflation, and volume pressures relating to pre-existing policy settings. For this reason, I have declined to invite the initiative  [33]