

The Treasury

Budget 2023 Information Release

July 2023

This document has been proactively released and is available on:

- The Budget website from July 2023 to May 2024 only at: <https://budget.govt.nz/information-release/2023>, and on
- the Treasury website from later in 2023 at: <https://treasury.govt.nz/publications/information-release/budget-2023-information-release>

Information Withheld

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act).

Where this is the case, the relevant sections of the Act that would apply have been identified.

Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

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
- [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

Where information has been withheld, a numbered reference to the applicable section of the Act has been made, as listed above. For example, a [23] appearing where information has been withheld in a release document refers to section 9(2)(a).

Copyright and Licensing

Cabinet material and advice to Ministers from the Treasury and other public service departments are © **Crown copyright** but are licensed for re-use under **Creative Commons Attribution 4.0 International (CC BY 4.0)** [<https://creativecommons.org/licenses/by/4.0/>].

For material created by other parties, copyright is held by them and they must be consulted on the licensing terms that they apply to their material.

Accessibility

The Treasury can provide an alternate HTML version of this material if requested. Please cite this document's title or PDF file name when you email a request to information@treasury.govt.nz.

Hon Grant Robertson

MP for Wellington Central

Deputy Prime Minister

Minister of Finance

Minister for Infrastructure

Minister for Sport and Recreation



6 September 2022

Hon Jan Tinetti
Minister of Internal Affairs

Dear Minister

On 25 July 2022 I outlined to Cabinet that I have directed Treasury to run a tightly focused out-of-budget-cycle process to assess significant and urgent cost escalations across the Government's capital investment portfolio. My focus will be on investments that are experiencing key deliverability risks if cost escalations are not addressed ahead of Budget 23.

Given the scale of cost escalations we are seeing, I am taking a co-ordinated approach to how we consider any possible requests for additional funding, which will include consideration of both market and fiscal capacity, as well as non-funding options.

The Treasury has provided me with a list of investments in delivery for which agencies have demonstrated relevant cost escalations through the quarterly investment reporting process. I have agreed to invite the following investment to be reviewed through the Centralised Cost Escalation Claims process:

1. Department of Internal Affairs – Te Ara Manaaki Phase II

I am sending you this invite in advance of my Budget 2023 strategy letter as I am running this process ahead of the wider Budget process. For clarity, the above investment will be excluded from any cost pressure process related to Budget 2023.

This process will support any required future Cabinet decisions on what action we need to take to address these escalations and support successful delivery.

How Treasury will assess cost escalations for investments

The Treasury will assess the claim based on the severity and timing of the resulting deliverability risk and the confidence in the ability to manage the investment going forward given the materialised cost escalations.

To address any ongoing deliverability risks, I have asked Treasury to provide non-funding options alongside, or instead, of any funding that may be required, which may include scope changes or sequencing options to better match market capacity.

Claims will also be reviewed in collaboration with system leaders - Te Waihanga, Government Chief Digital Officer, Government Chief Data Steward, Government Chief Information Security Officer and New Zealand Government Procurement and Property.

Information to provide in the claim

Your agency will need to demonstrate through their claims:

- the materiality and accuracy of the cost escalation,
- the key deliverability risks if cost escalations are not addressed ahead of Budget 23, and
- what actions have been taken to manage cost pressures.

I also expect that agency Chief Executives will approve all claims.

To reduce burden on agencies, I encourage agencies to use information that is readily available. Your agency will be able to submit existing project documentation as evidence to support claims.

The Treasury will be in contact with your agency to outline the specific information sought and to provide guidance and support for the process.

Timeframes for the process

The deadline for submission of your claims to Treasury is 14 October 2022.

Treasury will provide me with a report in late October with recommendations for each claim, with any required Cabinet decisions being sought after this process.

Thank you for your support as we work through the process.

Yours sincerely



Hon Grant Robertson
Minister of Finance

Copy to: Paul James, Secretary for Internal Affairs