

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

Hon Nanaia Mahuta
Minister of Local Government
Parliament Buildings

Dear Nanaia

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 need to balance addressing these pressures with meeting a number of remaining manifesto commitments and other key Government priorities 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 into the Budget 2023 process as outlined in the attached Annex, with specific conditions where relevant. My general expectations regarding Budget 2023 initiatives are outlined below.

I may write further to you on arrangements for initiatives invited to the Climate Emergency Response Fund after conversations with the Prime Minister.

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

Expectations

Please note that while I have invited this initiative to be submitted for consideration in Budget 2023, this does not guarantee that it will receive additional funding. 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 (including availability of staffing) across the system and expect initiatives to demonstrate they can be delivered efficiently and effectively.

I also expect you to closely scrutinise your portfolio'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.

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.

If there are other new spending initiatives that have not been invited, these can only be progressed further if they are offset fully by reprioritisation or other savings you identify. Any such initiatives will not be considered for additional Budget funding.

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



Hon Grant Robertson
Minister of Finance

cc: Paul James, Department of Internal Affairs

Annex: Local Government 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 is available on CFISnet.

New Spending

The table below outlines the new spending initiatives I am inviting to be submitted for consideration through Budget 2023.

Initiative type	Title	Additional conditions
Climate Emergency Response Fund	[33]	
Climate Emergency Response Fund	Westport Flood Resilience	-
Climate Emergency Response Fund	Rural drinking water	-

Cost Pressure Track

I have sent a separate letter outlining the package of Department of Internal Affairs initiatives I am inviting for submission through the Cost Pressures Track in Budget 2023.