

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
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
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- [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
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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 Oceans and Fisheries

Hon Damien O'Connor
Minister of Agriculture
Minister for Biosecurity

Hon Stuart Nash
Minister of Forestry

Hon Meka Whaitiri
Minister for Food Safety

Parliament Buildings

Dear David, Damien, Stuart and Meka

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 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

With this in mind, I have decided to invite you to submit a package of Cluster exception initiatives for the Ministry for Primary Industries into the Budget 2023 process. These are 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.

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

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. 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 Ministry for Primary Industries cost pressure package will surface cross-agency choices and trade-offs. I have asked Minister O'Connor to co-ordinate the development of the package to ensure effective prioritisation.

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: Ray Smith, Ministry for Primary Industries

Annex: Ministry for Primary Industries 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

The maximum funding I am inviting Ministers to submit for pre-agreed exceptions to cluster funding and out-of-scope initiatives is outlined below. I may invite further inflation-related cost pressures for submission following the December report-back.

Operating per annum (\$m)	Total Operating (\$m)	Total Capital (\$m)	Additional conditions
[33]		-	<p>Only the following four initiatives have been invited into the cost pressures process and should be accounted for in this envelope:</p> <ul style="list-style-type: none"> • Future Crown Aquaculture Settlement Obligations (cluster exception) • Implementing the Mycoplasma Bovis national pest management plan (cluster exception) • SPCA Animal Welfare Inspectorate Operations under the Animal Welfare Act (external entity funding: cost pressure) • Walking Access Commission (Crown agency cost pressure) <p>Given Future Crown Aquaculture Settlement Obligations are a legal requirement for the Crown, I expect this initiative to receive priority within the prospective funding envelope relative to the other initiatives. This includes also working with Treasury to identify actual cash costs and likely settlement timeframes.</p> <p>I note that new funding for Mycoplasma Bovis is conditional on Cabinet approval of the transition to a National Pest Management Plan. Any new funding should be offset by programme underspends.</p> <p>As part of the initiative submission in December 2022, I expect the Ministry to complete a financial due diligence assessment of the SPCA to verify the need for further Crown funding to support the</p>

Operating per annum (\$m)	Total Operating (\$m)	Total Capital (\$m)	Additional conditions
			<p>Animal Welfare Inspectorate, and the amount of funding that may be required.</p> <p>I have also invited submission of the Agri-tech Industry Transformation Plan initiative submitted by the Minister for Economic and Regional Development. Please discuss the conditions of this initiative with Minister Nash.</p>