

The Treasury

Budget 2021 Information Release

August 2021

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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
- [26] 9(2)(ba)(i) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied
- [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
- [40] Not in scope
- [42] 18(d) - information is already publicly available or will be publicly available soon.

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).

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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
Minister for Racing



21 December 2020

Hon Michael Wood
Minister of Transport
Parliament Buildings

Dear Michael,

Thank you for your recent engagement on Budget 2021. As you will be aware, we have set a very high bar for the initiatives that will be invited for submission, limited to only the most critical cost pressures and urgent manifesto commitments.

I have considered the cost pressures and manifesto commitments that you outlined in your letter. To enable greater coordination between the Climate Ministers, I am inviting climate-related initiatives in a separate letter that will go to you and your colleagues.

I am inviting you to submit the following initiatives in your portfolio:

[33]

CAA liquidity

I expect that the funding sought will extend to 2021/22 only. Consistent with the expected July 2021 Cabinet report back by the Minister of Transport, I expect that the initiative will present options and pathways for striking a balance between:

- returning to market-led cost recovery models as soon as practicable,
- right-sizing of operations for the service levels, including workforce considerations, required by the 'new normal', and
- Crown funding, including scaling options based on levels of service delivery and regulatory functions.

While each border agency will need to present options consistent with its circumstances, I expect the Border Executive Board to play a role in ensuring that a broadly consistent approach is taken in the development of options and that any deviations in approach are justified.

MNZ liquidity

Noting that this initiative seeks agreement to rollover underspends in the existing liquidity facility, I expect that the funding sought will extend to 2021/22 only. Consistent with the expected July 2021 Cabinet report back by the Minister of Transport, I expect that the initiative will present options and pathways for striking a balance between:

- returning to market-led cost recovery models as soon as practicable,
- right-sizing of operations for the service levels, including workforce considerations, required by the 'new normal', and
- Crown funding, including scaling options based on levels of service delivery and regulatory functions.

As noted above, while each border agency will need to present options consistent with its circumstances, I expect the Border Executive Board to play a role in ensuring that a broadly consistent approach is taken in the development of options and that any deviations in approach are justified.

Capital for regulatory and aviation security infrastructure

I expect separate initiatives to be submitted for both infrastructure investments. I also expect updated business cases for both to be provided, including options for funding and financing.

I am also inviting you to submit the following initiatives to achieve the manifesto commitment to continue to invest in KiwiRail and to develop domestic rail workshops at places like Hillside and Woburn:

- ***Developing Domestic Rail Workshops***
- ***Future of Rail – Capital for Rolling Stock and Mechanical Depots***
- ***Future of Rail – Investment in improved resilience and reliability of core assets***
- ***Future of Rail – Crown contribution to the NLTF to fund the rail network investment programme***

[33]

Please note that while I have invited these initiatives to be submitted, this does not guarantee that they will receive funding. The Treasury will assess the value for money and relative priority of all initiatives, and this advice will help to inform the shape of the final Budget 2021 package to be decided by Budget Ministers. Therefore, I expect that all initiatives will be supported by a robust case for funding and a strong evidence base, as well as scaling and reprioritisation options.

The cost pressures and manifesto commitments that I have not invited you to submit on may be addressed through future Budgets or other levers such as reprioritisation of

baseline funding. As per the expectations that I have previously outlined around fiscal management, I will not support any out-of-cycle funding requests for these initiatives unless there is a compelling case for urgency.

However, I wish to emphasise that the other information that you have provided will help to lay the groundwork for future Budgets, and provides an important insight into the challenges and opportunities facing our Government this term. I will discuss options for funding these initiatives through Budgets 2022 or 2023 at a later stage.

Yours sincerely

Hon Grant Robertson
Minister of Finance