

The Treasury

Budget 2022 Information Release

August 2022

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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
- [27] 9(2)(ba)(ii) - 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 otherwise to damage the public interest
- [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] Out of Scope
- [41] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment
- [42] 18(d) - information is already publicly available or will be publicly available soon

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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



22 October 2021

Hon Dr Megan Woods
Minister of Housing
Parliament Buildings
Wellington

Dear Megan

Overview

Thank you for your recent engagement on Budget 2022. As you will be aware, we have set a very high bar for the initiatives that will be invited for submission.

Over 560 initiatives were submitted through the Budget 2022 invitation process. Indicative funding sought totals \$64 billion operating and \$9.2 billion capital across the forecast period. 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 Budget process.

Even having done this, I still need your assistance to support the Budget process. In that light, I have had to carefully reduce the number of potential Budget 2022 initiatives through the invitation process, to reduce wasted effort and to ensure that the Budget decision-making stage is as strategic and targeted as possible, supported by robust value-for-money analysis and confidence of delivery.

I expect the number of initiatives submitted in December across all portfolios to be less than the number invited. Similarly, I expect total funding sought to be less than the indicative funding of invited initiatives. I ask that you play your part in this focusing of Budget priorities and only submit those invited initiatives in your portfolios that are the highest priority, represent strong value for money, and are implementation ready.

When initiatives are submitted in December, I expect these to be accompanied by a clear articulation of relative priorities. This may include a ranking of submitted initiatives within your portfolio, identifying those that are less discretionary and higher priority.

When prioritising, I expect you to focus on the implementation readiness of initiatives and delivery risk. I will only be supporting initiatives that are implementation ready, unless there is clearly articulated reasoning for why an exception to this rule should be considered.

Budget 2022 Invitations

With this in mind, I have considered the proposals that you outlined in your letter for your Housing portfolio, and the initiatives detailed in Annex 1 are invited for consideration through Budget 2022.

All of your Budget 2022 initiatives are expected to complete all value-for-money information and analysis requirements outlined in the initiative submission template due 10 December. There are currently no Housing cost pressure initiatives that meet the exemption criteria.

I also note that select Housing initiatives have been chosen to take part in the Exemplar Process, which is designed to support your agency in applying He Ara Waiora and the Living Standards Framework in greater detail than in previous years. When considering those initiatives I will take into account the improved quality of evidence that your agencies will provide. I hope that this will provide a model for the broader application of these frameworks in future Budget rounds and I appreciate your participation in this process.

Initiative submission templates and guidance were communicated to your department on 30 September and are available on CFISnet.

Please note that while I have invited these initiatives to be submitted for consideration, 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 2022 package considered by Cabinet. Therefore, I expect that all initiatives will be supported by a robust case for funding and a strong evidence base, as well as realistic scaling and reprioritisation options.

Delivery of Budget 2022 Initiatives

The Treasury has advised me of potential early-stage delivery risks associated with a number of the initiatives I have invited, the details of which are included in Annex 1.

Ahead of initiative submission, please ensure your agency works closely with the Treasury to work on a plan to mitigate delivery risk where possible.

If delivery risk cannot be mitigated, I expect you to consider deferring these initiatives to a future Budget, at which point I would expect this risk to be mitigated. If these initiatives cannot be deferred, I expect you to outline a clear rationale in December for why funding is required through Budget 2022 despite these concerns.

I have also invited two housing-related initiatives to be submitted under different portfolios. These are:

- Pacific Housing (14029), to be submitted under the Pacific Peoples portfolio. I expect Ministry of Housing and Urban Development officials to engage constructively in supporting the development of this initiative.
- Improving MSD's Housing Support Products to Better Support Homeless, Housing Insecure, and Low-income New Zealanders (13732). This is a joint Ministry of Housing and Urban Development and Ministry of Social Development initiative, which will be led by the Ministry of Social Development and submitted by the Minister of Social Development and Employment.

Next steps

The proposals that I have not invited you to submit as Budget 2022 initiatives 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.

I wish to emphasise that the other information that you have provided will help to lay the groundwork for future Budgets and this information provides an important insight into the challenges and opportunities facing our Government this term.

I look forward to discussing options for funding initiatives through Budget 2023 at a later stage.

Thank you for your ongoing work.

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 1: Budget 2022 Invitations

Title	Comment and/or condition	Delivery risk
13569 – Public and Transitional Housing	This initiative should seek funding for the shortfall across the current public and transitional housing delivery only. ^[33]	The delivery of public and transitional housing places funded through Budget 2018 and Budget 2020 is behind schedule. This initiative is also the subject of review by the Implementation Unit and my expectation is that the findings of the review are implemented to ensure delivery of our Government’s intended outcomes. Further information on the barriers to delivery, and how they will be addressed, will be needed to support any future initiatives.
13570 – Contracted Emergency Housing (Rotorua Response)	<p>This initiative is invited subject to further information being provided as to the accuracy of costings for Rotorua so far.</p> <p>If you consider that additional funding is needed for the proposed changes to emergency housing in ^[33] and to implement any proposals stemming from the wider review of emergency housing, you are invited to seek that funding through separate Budget initiatives. I do not expect to see out-of-cycle funding requests for these proposals.</p>	<p>There is a risk that costings may underrepresent actual costs, and a risk of scope creep to other locations.</p> <p>In developing this initiative, please consider the risk that the availability of motels for emergency housing may be limited.</p>

[33]

13575 – Homelessness Action Plan	I expect a scaled version of this initiative that focuses on the highest priority and best value for money components to be submitted. I have asked Treasury officials to examine these proposals carefully for delivery risks and to assess investment-readiness.	
13577 – First Home Grants and First Home Loans house price cap review	This initiative is invited subject to Ministers approving the upcoming Cabinet paper containing the policy decisions related to this initiative. You will also need to consider how this initiative is prioritised against initiatives that represent better value for money or are likely to have a more effective impact on housing affordability.	There is a risk that increasing house price caps could further inflate house prices and direct support away from the demographics who are most in need.
[33]		
13693 – Unit Titles Amendment and Education		

13695 – Ensuring the provision of temporary accommodation for people displaced by disasters in New Zealand	This initiative is invited on the condition that its primary focus is on addressing the funding shortfall for emergency accommodation itself (opex and capex). I do not expect to see any increase in FTE as a result of this initiative.	
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