The Treasury

Budget 2024 Information Release

September 2024

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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

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[31] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting collective and individual ministerial responsibility

[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] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment

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From: VERHOEVEN, Wayne (FIN) <Wayne.Verhoeven@mfat.govt.nz>
Sent: Thursday, 4 April 2024 4:35 pm
To: Hamish Coghill [TSY]
Cc: TAYLOR, Rob (DCE PO); raylene.liufalani; Ephraim Wilson [TSY]; Conor McBride [TSY]
Subject: RE: B24 MFAT

Hi Hamish

I have followed up with Rob and we have reconfirmed with MFA. In short "MFA took away from the meeting that how he intends to find / split the $15m is a matter for him to work out with MFAT, not the subject of negotiation between MFAT and Treasury. There was in fact no discussion / interrogation of the $15m at all [at the bilateral] - and MFA considers it entirely his prerogative in how to hit that."

This is very clear to us – we are following MFA's instructions. If confirmation is required at Minister's office level, we suggest that MOF office reach out to MFA's office.

Happy to discuss this tomorrow.

Wayne

From: VERHOEVEN, Wayne (FIN)
Sent: Thursday, 4 April 2024 8:38 am
To: 'Hamish Coghill [TSY]' <Hamish.Coghill@treasury.govt.nz>
Cc: TAYLOR, Rob (DCE PO) <Rob.Taylor@mfat.govt.nz>; LIUFALANI, Raylene (OCE) <Raylene.Liufalani@mfat.govt.nz>; COPPARD, Stephen (FIN) <Stephen.Coppard@mfat.govt.nz>; ROACH, Tom (FIN) <Tom.Roach@mfat.govt.nz>; Ephraim Wilson [TSY] <Ephraim.Wilson@treasury.govt.nz>; Conor McBride [TSY] <Conor.McBride@treasury.govt.nz>
Subject: RE: B24 MFAT

Hi Hamish

Thanks for the below. I would appreciate it if you could get CFIS unlocked so we can reduce the general initiative to $13.6m. The one thing I am sure of is that the total savings including PCF are $15m.

I'll have a chat to Rob on the other next steps – but I think on reflection – to Ministers offices as you suggest is correct – but I'll be in touch again a little later.

Wayne

From: Hamish Coghill [TSY] <Hamish.Coghill@treasury.govt.nz>
Sent: Wednesday, 3 April 2024 8:05 pm
To: VERHOEVEN, Wayne (FIN) <Wayne.Verhoeven@mfat.govt.nz>
Cc: TAYLOR, Rob (DCE PO) <Rob.Taylor@mfat.govt.nz>; LIUFALANI, Raylene (OCE) <Raylene.Liufalani@mfat.govt.nz>; COPPARD, Stephen (FIN) <Stephen.Coppard@mfat.govt.nz>; ROACH, Tom (FIN) <Tom.Roach@mfat.govt.nz>; Ephraim Wilson [TSY] <Ephraim.Wilson@treasury.govt.nz>; Conor McBride [TSY] <Conor.McBride@treasury.govt.nz>
Subject: Re: B24 MFAT

Thanks for this, Wayne

Our Minister's approach to the bilateral discussion was informed by the, in my view, clear and unambiguous statements in your Minister's letter to the Prime Minister about Budget and his priorities. Below I've screenshotted relevant sections of the letter and highlighted key points your Minister makes:

[31]

MoF (and our) key takeaways from the letter were that your Minister was not proposing any reductions in non-departmental aid programme expenditure (or the post network), and that he instead was proposing they come from MFAT's departmental and Crown entities (including PCF) 'back office' spending. At the bilateral meeting there was no discussion, clarification or update by your Minister deviating or resiling from the clear statements in the letter that savings should not be found through reductions in non-departmental aid programme expenditure. There was also no discussion of a $10m non-departmental / $5m departmental 'split'.

In terms of decisions about where the $15 million would come from, final decisions have not been made yet as far as I am aware (but are imminent), however at the moment your Minister's letter provide the basis for MoF and our understanding about what your Minister has proposed in terms of savings for Vote Foreign Affairs. Given the description of these options we would expect most of these savings would come from MFAT's departmental MCA.

We don't have a detailed written read out of the bilateral discussion we are able to share with you, unfortunately. I am working from my memory of the conversation and the handwritten notes I made, and I don't think we are position to share the action points we had from our Minister after the meeting.

This is the current state as we see it, and as we expect MoF sees it to, based on the letter and bilateral discussion. If your Minister has come away with a different understanding or wishes to clarify or update his savings proposal, then this is really something your Minister's Office needs to raise with ours. The conversation to resolve this should be happening at that level rather than between officials, in my view.

Happy to discuss any of this tomorrow - appreciate this is a difficult issue in a time pressured situation. Also happy to arrange an unlock so that CFISnet can be updated to reduce the amount to reflect PCF is included part of the savings package (or alternatively, what about withdrawing the PCF savings initiative and leaving the general $15m initiative?).

Thanks again,

Hamish

From: VERHOEVEN, Wayne (FIN) <Wayne.Verhoeven@mfat.govt.nz>
Sent: Wednesday, April 3, 2024 12:54 PM
To: Hamish Coghill [TSY] <Hamish.Coghill@treasury.govt.nz>
Cc: TAYLOR, Rob (DCE PO) <Rob.Taylor@mfat.govt.nz>; raylene.liufalani <raylene.liufalani@mfat.govt.nz>; COPPARD, Stephen (FIN) <Stephen.Coppard@mfat.govt.nz>; ^MFAT: Tom Roach <Tom.Roach@mfat.govt.nz>; Ephraim Wilson [TSY] <Ephraim.Wilson@treasury.govt.nz>; Conor McBride [TSY] <Conor.McBride@treasury.govt.nz>
Subject: RE: B24 MFAT

Thanks Hamish,

My follow up action from our meeting on Thursday was to get clarity on the split of the $15m from our Minister's perspective – noting the point you made below about what was discussed at the Budget bilateral. So, we sought clarification from the Minister's office (with the person who was at the bilateral) and what I have set out below in Thursday's email is what MFA and his office believe was agreed at the meeting. The reason I called after the bilateral was to confirm what you heard at the meeting was what our Minister's office heard (which was a total of $15m with $10m from non-departmental) – so there was no misunderstanding later. Clearly, I didn't do a good job – but it may be because I went into our conversation with the understanding of the $15m total and how it was split – and that's what I heard.

It seems to me in MFA's mind he isn't changing what he discussed at the bilateral so going back to MOF's office to register a change won't make any sense to him or his office.

I need to discuss this with Rob, but before I do – can I check 2 things:

1. What do you think was agreed at the bilateral on where the $15m would be found from – or was the discussion just at the level of $15m of savings in total with no discussion about how it would be allocated?
2. I'm assuming there is no formal record of what was agreed at the bilateral – but do you have any written feedback from MOF or her office on how she thinks the $15m was to be allocated following the bilateral discussion?

1 more thing – we want to update the value of the general initiative to $13.6m – on the basis that the PCF saving is part of the $15m. Stephen asked Eph to unlock the initiative to allow this editing – we'd like to get that done – its independent of the question of the spilt of the $15m. If you guys could get your budget team to action that we'd appreciate it.

Thanks for your help sorting this.

Wayne

From: Hamish Coghill [TSY] <Hamish.Coghill@treasury.govt.nz>
Sent: Wednesday, 3 April 2024 11:21 am
To: VERHOEVEN, Wayne (FIN) <Wayne.Verhoeven@mfat.govt.nz>
Cc: TAYLOR, Rob (DCE PO) <Rob.Taylor@mfat.govt.nz>; LIUFALANI, Raylene (OCE) <Raylene.Liufalani@mfat.govt.nz>; COPPARD, Stephen (FIN) <Stephen.Coppard@mfat.govt.nz>; ROACH, Tom (FIN) <Tom.Roach@mfat.govt.nz>; Ephraim Wilson [TSY] <Ephraim.Wilson@treasury.govt.nz>; Conor McBride [TSY] <Conor.McBride@treasury.govt.nz>
Subject: Re: B24 MFAT

Hi Wayne

Thanks for sending this further detail through last week.

As we discussed last Thursday, this does not reflect what your Minister set out in his letter to the Prime Minister, nor the subsequent discussion at the Budget bilateral meeting he had with our Minister. If your Minister wishes to change what he originally proposed, then he will need to raise this with our Minister's Office.

Thanks,