

The Treasury

Budget 2024 Information Release

September 2024

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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
- [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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25 January 2024

Hon Mark Mitchell
Minister of Police
Parliament Buildings

Dear Mark

CAPITAL PROCESS FOR BUDGET 2024

Further to my letter to you on 21 December 2023 regarding Budget 2024 and my expectations for delivering on our fiscal objectives across the term, I am now writing to outline the process for capital initiatives in Budget 2024 across three areas:

1. Review of investments to identify reprioritisation options (Capital Pipeline Review).
2. Cost pressures for investments in delivery.
3. New capital initiatives.

Please note that this letter covers Vote Serious Fraud. You will receive a separate letter for Vote Police.

Capital expenditure is a key factor in the delivery of the Coalition Government's objectives for a growing economy and high-quality public services. We are committed to improving infrastructure investment by addressing challenges in the planning, funding, consenting and delivery of infrastructure and other capital public investment. The current capital investment pipeline is larger than agencies and the market can deliver, leading to cost increases and delivery delays. It is important that we begin to address this challenge in Budget 2024.

Capital Pipeline Review

Prior to Christmas, Cabinet agreed that Budget 2024 will include a review of funded capital investments to ensure they are aligned with the Coalition Government's priorities, have a strong focus on value for money and better match fiscal, agency and market capacity. Building a more structured long-term pipeline of investments will help to improve deliverability and better manage pressures.

Cabinet agreed all funded medium and high-risk investments in planning and delivery will be within scope of the Capital Pipeline Review with the following exclusions:

1. Investments that are included within the Government's coalition agreements.
2. Investments that have entered into main contracts.
3. Investments with an approved Implementation Business Case that relate to maintaining existing levels of service.

Your agency does not have any investments that meet these criteria and therefore you do not have any investments within scope of the Capital Pipeline Review. It is still important, however, that you look

at reprioritisation within your capital programme on an ongoing basis as a way to manage fiscal pressures.

Cost Pressures for Investments in Delivery

I am aware there may be an urgent need in some agencies for funding for cost pressures to mitigate delivery risk.

I am therefore inviting Ministers and agencies to submit cost pressures for investments in delivery in their portfolios. However, there is a high bar to be considered for new funding. I expect agencies to provide the following information to support assessment of cost pressure submissions and the case for new funding:

1. How the agency has mitigated cost pressures and associated risks to date, and the proposed approach to reduce further cost pressure risks.
2. An outline of options to mitigate cost pressures if no new funding is provided.
3. How reprioritisation options your agency proposes can cover any cost pressures.

New Capital Initiatives

I also recognise there may be new initiatives where there is a need for funding to support the Government's investment priorities.

I am inviting you to submit new capital initiatives that meet the following requirements:

1. Must be critical to delivery of core public services or to meeting commitments made in our Coalition Agreements.
2. Must have been indicated as seeking Budget 2024 funding through Treasury's December 2023 Quarterly Investment Report.
3. Must have a Cabinet approved business case (for example an Indicative Business Case or a Detailed Business Case).

My expectation is that reprioritisation is considered before agencies seek new funding.

Assessment Process

The Treasury and the Investment Panel (the Panel) will work with agencies to assess these submissions. The Panel assessments will form part of the advice that I will consider for the Budget 2024 package.

The Panel is convened by the Treasury to evaluate investments invited to Budget and provide system-wide insights to support Cabinet decision-making.

The Panel is comprised of senior representatives from system and functional leaders covering:

- infrastructure (Infrastructure Commission)
- digital (Government Chief Digital Officer, Department of Internal Affairs)
- data (Government Chief Data Steward, Statistics New Zealand)
- cyber security (Government Chief Information Security Officer, Government Communications Security Bureau)

- procurement (NZ Government Procurement, Ministry of Business, Innovation and Employment)
- service transformation (Inland Revenue Department)
- environment (Ministry for the Environment).

Decisions on reprioritisation options, cost pressures and new initiatives will be made as part of the Budget 2024 decision-making process.

Next Steps

All Budget submissions are due on Friday 16 February. This includes the above submissions on investments invited into the Capital Pipeline Review, capital cost pressures and new capital initiatives. Please ask your agency to contact the Treasury if this timeframe will not be possible.

I have asked Treasury officials to engage with your agency throughout the process and to regularly report to me on risks and opportunities surfaced through these engagements.

I look forward to working with you throughout Budget 2024 to meet our fiscal and policy goals as a Government.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Hon Willis', with a stylized flourish.

Hon Nicola Willis

Minister of Finance

cc. Hon Casey Costello, Associate Minister of Police

Karen Chang, Serious Fraud Office