

# The Treasury

## Budget 2024 Information Release

### September 2024

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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).

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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

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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# Rt Hon Winston Peters

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**Deputy Prime Minister**

Minister of Foreign Affairs

Minister for Racing



15 February 2024

Hon Nicola Willis  
Minister of Finance  
Parliament Buildings  
WELLINGTON

Dear Minister

## **BUDGET 2024 – Capital Initiatives**

Thank you for your letter of 25 January 2024 concerning your expectations as they relate to capital initiatives in Budget 2024. In response, the following sets out two bids as they relate to cost pressures and new capital initiatives within the Ministry of Foreign Affairs portfolio. These bids are included in the attached capital proposal templates.

[33]

(which can't be funded through reprioritisation) have therefore been submitted into the Budget 2024 process.

**2. Pacific Property Programme (cost pressure).<sup>[33]</sup> capital plus  
associated operating expenditure**

The Ministry received additional funding through Budget 2020 (\$47.8 million capital and \$14.7 million operating funding), albeit less than half the total funding bid for, to implement a programme of major property and infrastructure refurbishments and replacements to lift the standard, performance, and health safety and compliance of the Ministry's properties across the Pacific.

These are now in delivery or advanced planning and the Ministry is incurring significant cost pressures for these projects. Projects within the programme have also been brought forward to take advantage of mobilised New Zealand contractors and resources and to mitigate future cost pressures.

**Scott Base**

Your letter also referenced work under way to reassess the funding pathway as it relates to the redevelopment of Scott Base. Treasury and MFAT officials have been working with Antarctic New Zealand and will submit a separate bid as part of the Capital Pipeline Review for consideration.

**Funding constraints**

In submitting these bids I would note that the Ministry of Foreign Affairs and Trade is currently unable to reprioritise capital expenditure to fund these costs. Capital funding is constrained already largely because of the way the Ministry (like all Government agencies) is funded for capital, with the primary funding source being depreciation. This is very significant for MFAT because the majority of their assets are property.

Factors such as cost escalation and the all of government instruction to move to *as-a-Service* for information technology solutions (specifically the accounting implications of that change and the capital funding impact of that) exacerbate the problem.

MFAT has also been required to fund significant new property assets (Abu Dhabi, Guangzhou, Yangon, Bridgetown and Honolulu) and significant replacement assets (Beijing, Canberra and Riyadh) from existing funding. Notably, this was also the case for their new head office fit for which funding was sought but not provided.

Yours sincerely

  
Rt Hon Winston Peters  
**Minister of Foreign Affairs**