

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).

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
- [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
Minister of Foreign Affairs
PARLIAMENT BUILDINGS

26 March 2024

Dear Deputy Prime Minister

VOTE FOREIGN AFFAIRS – BUDGET 2024

Thank you for meeting with me last week on 21 March to discuss the Budget 2024 initiatives you have put forward for Vote Foreign Affairs. This letter responds to these initiatives and sets out what I intend to recommend to Budget Ministers for Vote Foreign Affairs in the draft Budget package.

Vote Foreign Affairs savings proposals

When we agreed the Budget 2024 strategy and priorities in December last year, we also agreed to establish a multi-year programme of fiscal discipline with an emphasis on value for money across the public sector. Accordingly, in my letter to you on 21 December I requested that you identify options to meet the savings target for Vote Foreign Affairs of \$98.9 million per annum from 2024/25 (6.5% of your eligible base).

While your savings proposals fall short of meeting the expected savings target, I thank you for what you have put forward, and I set out my responses below.

Annual savings of \$15 million

You have identified the following ways to achieve \$15 million in annual savings at point 5 of your letter to the Prime Minister:

- reducing non-diplomatic and back-office Ministry of Foreign Affairs and Trade (**'the Ministry'**) head office spending,
- reducing back-office spending in the Pacific and Development Group,
- stopping the government's \$1 million annual contribution to the Pacific Cooperation Foundation,
- ensuring the Crown Entities that the Ministry monitors such as Asia NZ Foundation and Antarctica New Zealand deliver 6.5% savings,
- reducing contributions to non-priority specialised funds, and

- reducing the use of contractors and consultants.

I am willing to accept these proposals, but I would prefer that spending reductions in the Pacific and Development Group do not deprioritise any data collection and reporting functions which are important for ensuring external accountability of aid expenditure.

Instead, the Ministry could review its model for administering the aid programme in an effort to find efficiencies. Another option could be to increase the proportion of aid spending directed toward multi-lateral development banks ('MDBs'), such as the Asian Development Bank and World Bank.^[33]

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Future funding requests

[34]

I will be taking this into account when considering any future requests for additional funding, including in future Budgets. I will also have heightened expectations that the costs of new policies or investments will be met by reprioritising within existing baselines.

[33]

[33]

[33]

As I said in my letter to you in December, getting the Government's books back in order and effectively managing taxpayers' money is a responsibility we all jointly hold as Ministers. It is important that we work together to meet our fiscal and policy goals.

Yours sincerely,

Hon Nicola Willis
Minister of Finance

