

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

Deputy Prime Minister
Minister of Foreign Affairs
Minister for Racing



19 March 2024

Rt Hon Christopher Luxon
Prime Minister
PARLIAMENT BUILDINGS

Dear Prime Minister

This letter follows an earlier one, dated 26 January 2024, setting out my priorities for the Foreign Affairs Portfolio for the next three years, and our subsequent meeting in your office on 19 February 2024.

[1] and [31]

[1] and [31]

At the same time, we recognise that our predecessors' profligate spending has left the Coalition Government in the invidious position of having to bring greater discipline to public spending while protecting vitally needed public services. It is in this spirit that we, with extreme reluctance, and ahead of my Budget Bilateral with the Minister of Finance on Thursday 21 March, present the following ideas which (taken together) offer up more than the \$98 million per year in requested savings across the Parliamentary term.

Please understand that these ideas are offered as an absolute last resort for how to move forward with respect to Vote Foreign Affairs & Trade and Vote Official Development Assistance

(ODA) if you and the Minister of Finance insist on proceeding with applying a savings target to the Ministry of Foreign Affairs and Trade.

In this context of reluctance, we would propose the following objectives and actions with respect to the Foreign Affairs & Trade and ODA Votes for Budget 2024:

Objectives

1. Protect the overall level of New Zealand diplomatic capability & development spend, so it can underpin Coalition Government's push for a more active, energetic foreign policy.
2. Reprioritise diplomatic and development resources to better align with the Coalition Government's foreign policy reset, meaning: a) increased spending on geographic areas of focus – especially South & South East Asia; and b) reduced spending on low priority components of our predecessors' legacy – e.g. gender identity issues and indigenous foreign policy .^[1]
3. Contribute to the Coalition Government's efforts to find "back office" efficiencies.

Actions

1. ^[1]
2. ^[33]
3. ^[33]
4. ^[37] and ^[38]
5. Achieve \$15 million in annual savings in Votes Foreign Affairs & Trade and Official Development Assistance, including by:
 - reducing non-diplomatic and back office MFAT head office strength, including areas such as Asset Management Division, Commercial Division,

Communications Division, Executive Services Division, Facilities and Business Services, Information Management Division, Māori Policy Unit, People Division, and Portfolio and Delivery Services Division;

- reducing the spending in the Pacific and Development Group on functions not directly related to the delivery of development programme, such as back office operations, including communication, data collection and reporting;
- Stopping the Government's \$1m annual contribution to the Pacific Cooperation Foundation;
- Ensuring the Crown Entities that the Ministry monitors, such as Asia NZ Foundation & Antarctic NZ, deliver to the 6.5 percent savings target;
- Reducing contributions to non-priority specialised funds; and
- Reducing use of contractors and consultants.

While we consider making such savings to be seriously unwise, for the reasons stated above, we offer this last resort proposal in the interests of finding a resolution to our Budget 2024 discussions.

My hope is that, by reluctantly agreeing to this dual approach of upfront back office savings as well as reviews leading to significant reprioritisation, the Coalition Government can safeguard its international agenda and reputation – and the domestic economic objectives that rely on it – while delivering significant reprioritisation within the Ministry of Foreign Affairs and Trade, thereby ensuring that the taxpayer money directed at our diplomatic and development efforts is targeted at the right regions and on the right issues.

We would welcome a further discussion with you on the approach set out in this letter.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Winston Peters', written in a cursive style.

Rt Hon Winston Peters
Minister of Foreign Affairs