

The Treasury

Budget 2024 Information Release

September 2024

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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

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21 December 2023

Rt Hon Gerry Brownlee
Speaker of the House of Representatives
Chairperson, Officers of Parliament Committee
Parliament Buildings

Dear Mr Speaker

2024 BUDGET PROCESS FOR THE OFFICERS OF PARLIAMENT

I am writing to inform you about decisions made by Cabinet on 11 December 2023 in relation to the Budget 2024 strategy as well as the Government's overall fiscal sustainability programme and the effect this may have on the Votes administered by the Officers of Parliament Committee (OPC).

Process for Determining Budgets for the Officers of Parliament

As you may be aware, Section 26E of the Public Finance Act 1989 requires that Votes administered by an Office of Parliament be determined by the House, rather than by the Executive. This is substantially different from the process for other Votes, reflecting the role Officers of Parliament play in holding the government of the day to account.

In practice, OPC determines the budgets for these Votes – namely, Audit, Ombudsmen, and Parliamentary Commissioner for the Environment.

In the past OPC has sought advice from the Treasury before making decisions on budget proposals submitted by each Officer of Parliament. Unless I hear from you otherwise, I expect that this practice will continue. Having reached its decisions, OPC makes recommendations to the House. The House subsequently commends the recommended budgets in an address to the Governor-General.

Fiscal sustainability programme

High inflation and interest rates are creating significant cost of living issues for New Zealanders and slowing economic growth. This is resulting in lower-than-expected revenue and substantial cost pressures for the Government, which has been in deficit since 2019/2020.

The Coalition Government is committed to getting Government expenditure under control after several years of significant growth across the public sector without corresponding improvement in outcomes. We will demonstrate strict fiscal management to get the books back in order, deliver tax relief, and ensure our resources are directed towards the highest value investments to achieve our priorities as a Coalition Government. In doing this, we are looking for better value for money.

Cabinet has agreed to establish a multi-year programme aimed at embedding a culture of expenditure restraint and fiscal discipline across the public sector. This programme will focus on generating sufficient reprioritisation, savings and revenue (or cost recovery where appropriate) to fund our priorities and deliver enduring improvements in the operating balance before gains and losses (OBEGAL) position. The programme will also strengthen the public finance system, embedding a culture of continuously improving value for money.

Budget 2024 Expectations

Budget 2024 will be the next step across a series of Budgets to embed principles of fiscal sustainability and a focus on value for money. Cabinet has agreed to the following priorities for Budget 2024:

- *Addressing the rising cost of living*: deliver meaningful tax relief to working New Zealanders through changes to the tax system and cancellations of existing and planned taxes
- *Delivering effective and fiscally sustainable public services*: introduce measures to improve value for money by focussing on results (in particular, in the areas of health, education, and law and order), and responsibly manage public finances
- *Building for growth and enabling private enterprise*: deliver more housing, infrastructure and renewable energy through carefully prioritised investment, regulatory change that creates the conditions for investment, and developing a long-term pipeline of investments; also improve regulatory settings to encourage skills growth, innovation, competition, and to attract investment and boost exports.

With these priorities in mind and recognising the strain that the Government's finances are currently under, Budget 2024 will be a savings focused, strictly top-down invitation process for agencies. Most agencies will be expected to generate savings proposals to meet a target agreed by Cabinet.

Next Steps

While the above processes are not formally applicable to Offices of Parliament, I would like to request that the Officers of Parliament and OPC take the above context around fiscal restraint and savings into consideration regarding Budget 2024 proposals and baseline updates. The Treasury will also provide advice to OPC on any Budget 2024 initiatives with this context in mind. To this end you may wish to send a copy of this letter to the Officers of Parliament.

In terms of process, I suggest that you invite the Officers of Parliament to forward to you their Budget 2024 proposals and baseline updates by 16 February 2024 (this being in line with the date that departments' submissions are due for submission to the Treasury). OPC would then subsequently meet to consider these proposals in March 2024, in time for their incorporation into the rest of the Budget process.

Yours sincerely



Hon Nicola Willis

Minister of Finance