

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

9 April 2024

Dear Deputy Prime Minister

VOTE FOREIGN AFFAIRS – BUDGET 2024

Thank you for meeting with me 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

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).

Thank you for engaging with this process and for identifying 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 accept these proposals. Could you please respond to this letter confirming the final composition of the \$15 million annual savings package.

Scott Base Redevelopment Project

[25],[27] and [33]

Pacific Property Strategy cost pressure initiative

You have sought ^[33] capital funding and ^[33] total operating funding across the forecast period to address cost pressures associated with the Pacific Property Strategy (**'the Strategy'**), which involves the construction of new chanceries, infrastructure upgrades, and staff housing upgrades across New Zealand's Pacific post network.

I appreciate the difficulties of delivering capital projects in the Pacific. I also acknowledge that the overall Strategy aligns with the Coalition Government's aim to demonstrate New Zealand's long-term commitment to the Pacific.

I understand from Treasury that the Ministry has not finalised business cases for all of the component projects in the Strategy yet. Treasury has advised me that this means that it cannot accurately assess urgency, the accuracy of cost estimates, or the degree to which less critical aspects can be scaled, delayed, or stopped.

In this context, I will recommend to Budget Ministers that a contribution to meeting the cost pressures of \$43.470 million capital and \$15.110 million total operating across the forecast period be included in the Budget package. This amounts to approximately ^[33] of the cost escalation, ^[33]

I will propose that the funding be set aside in tagged operating and capital contingencies with draw down subject to approval of the individual completed business cases, in accordance with CO (23) 9.

There will be an opportunity to consider what more funding may be required as part of the Budget 2025 process.

[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. Thank you for working with me to take a fiscally responsible approach to Budget 2024.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Nicola Willis', with a large, stylized flourish at the end.

Hon Nicola Willis
Minister of Finance