

The Treasury

Budget 2024 Information Release

September 2024

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- [1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government
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- [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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Reference: T2024/181 BM-2-4-2024

Date: 26 January 2024

To: Minister of Finance (Hon Nicola Willis)

Deadline: None

Aide Memoire: Late Budget 2024 initiatives

This aide memoire provides you with a list of potential initiatives where the Treasury is aware portfolio Ministers may seek a late invitation into the Budget 2024 process, as of 26 January.

Background

On 11 December, Cabinet agreed that Budget 2024 will be a strictly top-down invitation process [CAB-23-MIN-0490]. A limited number of initiatives have been invited into the Budget process covering:

- urgent cost pressures where agencies cannot meet the costs within baselines without significant trade-offs across critical services, and
- new spending initiatives focused on meeting Government policy commitments and extending critical programmes that have time limited funding coming to an end.

Agencies have been asked to highlight how they intend to manage uninvited and unfunded cost pressures within their existing and/or reduced baselines in the Budget 2024 summary template. The Treasury will provide you with advice on where there may be a case for inviting these cost pressures into the process in limited circumstances.

Late initiatives

The Treasury is aware of several agencies and Ministers wanting to seek a late invitation into the Budget process (see Annex A). Late invitations have typically been required through Budget processes as more information becomes available on top of information that the Treasury collected in the pre-Budget period. We have advised agencies that if their Minister intends to seek a late invitation this needs to be sought via a letter to you outlining what the funding is for, why it is urgent for Budget 2024 and what options have been considered to meet the costs from within baselines. We have also confirmed that these initiatives will need to be submitted on 16 February alongside already invited initiatives and savings proposals.

You have choices about whether to invite these initiatives into the process and also if you want to pre-emptively advise Ministers that you do not want to receive a late invitation request for a particular initiative outlined in Annex A. In some instances, there may be a genuine case where there has been an unforeseen event or Ministers want greater visibility of an initiative that will require significant trade-offs. However, in other instances, it will be important to reinforce expectations that funding is met within baselines or deferred to a future Budget.

The Treasury can provide further advice on the initiatives below, either ahead of or alongside Ministers writing to you to seek an invitation.

Emily Fulford, Senior Analyst, Budget, ^[39]
Stephen Bond, Manager, Budget, ^[39]

Annex A: Potential late initiatives seeking invitation into Budget 2024

Vote	Title of proposed invitation	Description of proposed invitation	Indicative cost (total over the forecast period)
[38]			
Te Arawhiti	Wakatū litigation: request for further funding to support court case	<p>The Wakatū litigation is a private law breach of trust case against the Crown, relating to an 1839 agreement for the Crown (following the sale of land by Māori landowners) to set aside 15,100 acres of land as reserve. This agreement was not upheld, and the claimants are now seeking compensation in the range of \$4.6 billion to \$5.9 billion.</p> <p>Te Arawhiti had a multi-year appropriation (MYA) to fund legal costs relating to this litigation. However, this MYA expires at the end of 2023/24 and there is no ongoing funding. Further costs are expected in 2024/25, depending on the outcome of the pending judgement (due mid-2024) and whether either party appeals the judgement. Te Arawhiti have approximately \$0.100 million in their current MYA to address immediate post-judgement costs. However, this will not be sufficient to cover litigation costs if an appeal takes place. Litigation-related costs in the past two years have been approximately \$3 million.</p> <p>The Treasury will be providing further advice to you.</p>	Approximately \$3 million operating (based on previous costs)
Education	Partnership schools	<p>Minister Seymour (in his capacity as Associate Minister for Education – Partnership Schools) is potentially planning to seek funding for this initiative in Budget 2024. We understand the intent is to agree the policy and legislation to enable partnership schools to open, or for existing state schools to be converted to partnership schools.</p> <p>As part of the Budget 2024 invitation process you agreed for this initiative to be deferred to Budget 2025.</p>	Unknown
Tertiary Education	Increase to the tertiary tuition fees	<p>This funding would help manage cost pressures and maintain quality, accessibility and capability across the Tertiary Education system by allowing providers to increase fees by 4% [33]</p> <p>There is also a flow-on impact to student loans, which may have additional operating costs. These costs still need to be confirmed.</p>	4% increase = \$27.1 million operating and \$145.5 million capital [33]

Vote	Title of proposed invitation	Description of proposed invitation	Indicative cost (total over the forecast period)
Parliamentary Service	Payroll system	The Speaker may request an invite to cover cost escalations for a planned replacement of Parliamentary Service’s payroll system. The replacement system has already faced delays due to inherent complexity as it needs to cover five separate agencies and comply with multiple sets of employment terms and conditions and legislation.	[33]
Health	COVID-19 public health response and immunisation programme	<p>Currently, only COVID-19 vaccine and therapeutic purchasing through Pharmac is invited into the Budget 2024 process. The COVID-19 public health response and immunisation programme wasn’t invited for submission into the process, including funding for COVID-19 vaccines and therapeutics delivery and administration costs, PPE and RAT purchasing, PCR testing and public health surveillance.</p> <p>We understand that the Minister of Health is due to receive a paper on COVID-19 public health response options shortly, which could be referred to you.</p>	Unknown.
Defence Force	NZ Defence Force other cost pressures (beyond remuneration)	<p>The Minister of Defence intends to submit a funding request for the remainder of NZDF’s cost pressures. We expect these pressures to be composed of the following:</p> <ul style="list-style-type: none"> • Approx. [33] for other personnel related initiatives • [33] for maintenance related initiatives • [33] for fuel • [33] for ammunition • [33] for digital enablers • [33] for other price related pressures • \$127.6 million for depreciation resulting from building revaluation 	[33]
Justice	Ministry of Justice – Asset Revaluation Cost Pressure	The Ministry has not been funded for asset revaluation of its property portfolio since 2022. If the cost is not funded the Ministry will need to find further savings to meet the costs. It also means the Ministry is likely to have less funding in its balance sheet depreciation reserve to fund upgrades to its courthouses, which are generally in a poor state and require significant investment. This could result in a need for increased capital injections to fund the required investment.	[33]