

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
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Reference: T2024/470

Date: 27 February 2024

To: Minister of Finance (Hon Nicola Willis)

Deadline: As soon as possible
(if any)

Aide Memoire: Independent Rapid Reviews to Inform Budget 24

Following the Budget Ministers meeting on 26 February, we outline below an approach to deliver rapid independent reviews for Budget 2024 (B24).

Scope of reviews

At Budget Ministers 1, and following subsequent feedback, we understand that Budget Ministers are interested in rapid reviews identify further savings for B24.

In considering which agencies would benefit from rapid reviews, we have considered the size and growth in the Vote and personnel, agencies for which more savings may be possible or which did not deliver on their savings target, and agencies proposed by Budget Ministers. This has resulted in the following list of six potential agencies for rapid review:

- **Ministry of Education:** In reviewing the Ministry of Education, we are aware that Minister Stanford has recently announced a Ministerial Inquiry to address problems with the school property system. We consider there are sufficient areas within the ECE, schooling and tertiary sectors, as well as the Ministry of Education's own functions for the independent rapid review to be of benefit.
- **Housing and Urban Development (HUD):** The Independent Review of Kainga Ora is underway and Ministry of Housing and Urban Development and the Treasury are working on further savings to bring forward. Despite this, there may be benefit in scrutinising the Ministry of Housing and Urban Development further.
- **Ministry of Business, Innovation and Employment:** As lead Minister for the MBIE Initial Baseline Exercise, Minister Seymour noted that there were likely further savings that could be sought from MBIE. An independent rapid review can bring forward further information.
- **Ministry of Social Development:** As well as identifying potential savings, a rapid review of the Ministry of Social Development would help position the Government for a stronger social investment approach.
- **Ministry for the Environment**
- **Ministry for Primary Industries**

Given timing, we recommend that a maximum of four independent rapid reviews are undertaken for Budget 24. In addition to these rapid reviews, you may wish to announce a programme of further reviews on Budget day. This aligns well with phase 2 of the Fiscal Sustainability Programme.

Commissioning of reviews

There are two viable options for who commissions the reviews – Ministers or the Treasury. We recommend Minister-commissioned reviews, because they are likely to send the necessary signals of importance and urgency to agencies about this process. However, if this proves logistically difficult, we can look at Treasury-commissioned reviews – while still ensuring strong Ministerial direction.

Delivery of reviews

We recommend having one reviewer per agency, and for the reviewer to be supported by Treasury (and PSC if it has capacity).

In terms of the potential candidates, we have considered people who have the credibility and authority to lead a fast-paced and challenging review and who have knowledge of government and fiscal matters. For this reason, we have reached out to the PSC about the reviewers they engaged for capability reviews (formally known as Performance Improvement Framework reviews). Our initial list of potential reviewers is attached as Annex One.

We expect that any funding necessary for the independent rapid review is met by the agency. We will need your and the portfolio Minister's support to give effect to this. The Treasury will provide secretariat support for the independent reviewers, and coordinate the review programme, from within its baseline.

We will consolidate the results of these independent rapid reviews for you to take to Budget Ministers for consideration. You will also be able to engage directly with the independent reviewer.

Content for reviews

To enable realisable savings as part of Budget 24 decision-making, the reviews will need to be tightly scoped and focused.

The key goal of the reviews is to identify realisable savings over the forecast period (and ideally from 2024/25). This is likely to require the reviewers to consider material already put forward by agencies in their submissions, and to focus their attention on areas to challenge further or where there has not been sufficient exploration demonstrated.

Further, we consider there are a few general areas that the reviewers could consider, including:

- Contestable funds and grants
- FTE and contractor and consultant growth
- Other areas identified in the guidance for the Initial Baseline Exercise, including low-value programmes and programmes not aligned to the Government's priorities.

Independent reviewers will have discretion as to where to focus their efforts. We will keep in close contact with them to provide support and align efforts where needed.

Timing for reviews

To inform Budget 24, any findings and recommendations from these independent rapid reviews will need to be presented to the Budget Ministers 4 meeting on Monday, 8 April. This means independent reviewers will need to complete their independent rapid reviews by Wednesday, 3 April. We will need Ministerial support to ensure that this timing can be achieved. Our suggested timetable is below:

Date	Action
27 February	Treasury provides draft plan (this Aide Memoire) for B24 reviews to Minister of Finance for feedback
1 March	Treasury provides revised version of plan, incorporating MoF's feedback. MoF shares with Budget Ministers for approval over the weekend or at Budget Ministers meeting on Monday.
4 - 5 March	Decisions on the reviews, including reviewers. Reviewers commissioned. Letters from Minister of Finance to responsible Minister.
5 March – 3 April	Regular check-ins
3 April	Reviewers send the Minister of Finance and Treasury their final 'reports'
4 April	Treasury attaches the reports to the draft BM4 material to MoF
8 April	BM4: Budget Ministers consider and make decisions on findings from the 'reports'
10 April	BM5 – final decisions on budget package ahead of Cabinet
26 April	Cabinet paper with final package lodged

The above timetable provides more time for the reviewers to complete their work, by having a report back date of 3 April. This, however, limits the time for Treasury to incorporate their recommendations into the Budget Minister 4 meeting material, and the flow-on implications for Ministerial decision-making. The alternative is to ask reviewers to report back by 27 March.

Next steps

To discuss the contents of this aide memoire at the Budget Matters meeting tomorrow (28 February). Following your feedback, we will provide a draft terms of reference for the reviews to you for consideration.

Jon Cable, Principal Advisor, Spending Reviews, ^[39]
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Annex One – potential independent reviewers

[23]

We can provide additional names, including other PIF reviewers.