

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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Treasury Report: Findings from the Independent Rapid Reviews

Date:	Friday 5 April 2024	Report No:	T2024/824
		File Number:	BM-2-15-3-7-7

Action sought

	Action sought	Deadline
Hon Nicola Willis Minister of Finance	<p>Indicate if you want to make any changes to your Budget 2024 package to reflect Reviewers recommendations</p> <p>Refer this report to Budget Ministers</p> <p>Discuss the Budget 2024 implications of this report with portfolio Ministers</p> <p>Refer the relevant Review to the agency Minister.</p>	Monday 8 April 2024

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Laura Browne	Senior Analyst	[39]	[35]
Awhi Fleming	Manager, Spending Review		✓

Minister's Office actions (if required)

Return this signed report to Treasury.

Refer this report to Budget Ministers and the relevant Reviews to each agency Minister (per the ToR)

[33]

Note any feedback on the quality of the report

Enclosure: Yes

[Final IRR Report for Police](#) - #4,940,067

[Final IRR Report for MfE](#) - #4,940,065

[Final IRR Report for MSD](#) - #4,940,066

[Final IRR Report for MBIE](#) - #4,940,087

[Final IRR Report for MoE](#) - #4,940,097

Treasury Report: Findings from the Independent Rapid Reviews

Executive Summary

Budget Ministers commissioned Independent Rapid Reviews (the Reviews) of five agencies as part of the Budget 2024 assurance process.

In general, the Reviewers were supportive of the savings packages proposed by agencies and identified limited additional savings that could be progressed through Budget 2024.

- Reviewers for the Ministries of Education (MoE) and Social Development (MSD) and New Zealand Police did not recommend further Budget 2024 savings.

[33]

The Reviewers have also identified a range of improvements and recommendations for action post Budget 2024. We provide you initial advice here about how to take these forward.

Treasury Report: Findings on Independent Rapid Reviews

Purpose of Report

1. This report appends the final reports from the five Independent Rapid Reviews (the Reviews) commissioned by Budget Ministers. It provides you with our advice on the options relating to Budget 2024 and how to progress further recommendations post Budget 2024.

Context

2. Budget Ministers commissioned the Treasury to establish Reviews for five agencies as part of the Budget 2024 assurance process. The objective of the Reviews was to identify realisable savings over the forecast period and to support value for money in public spending.
3. Reviews were completed for the agencies outlined in **Table 1** below. These agencies were selected by Budget Ministers taking into consideration the Initial Baseline Exercise submissions, potential to find additional savings, and growth in headcount since 2017. Treasury appointed the Reviewers for each agency in consultation with Ministers.

Table 1: List of agencies and Reviewers

Agency	Reviewer
Ministry of Business, Innovation and Employment (MBIE)	[23]
Ministry for the Environment (MfE)	
Ministry of Social Development (MSD) (excluding Whaikaha)	
New Zealand Police – head office function (Police)	
Ministry of Education (MoE)	

4. The Reviews were rapid, taking place over a maximum period of three weeks. This limited the coverage of the Reviews. Each Reviewer had discretion as to the approach they took, guided by a Terms of Reference (ToR) agreed by you and the relevant agency Minister.
5. The ToR provided guidance on where Reviewers should consider further scope for savings. This could include changes that may be needed to the operating model of the department over the medium-term, or further work to ensure its financial sustainability and ability to deliver on Government priorities. Additionally, Ministers requested specific areas for review.
6. Two reviewers had Conflict of Interest disclosures that were relevant to the agencies they reviewed:
 - a. [23]

 - b.
7. While we consider it is important to ensure Ministers are aware of these conflicts, our assessment is that they were appropriately managed and had no adverse impact on the reviewer’s findings.

Section 1: Review findings that require decisions for Budget 2024

8. This section provides an overview of the review findings which have direct implications for Budget 2024. Reviewers were supportive of the savings packages proposed by agencies and identified limited additional savings that could be progressed through Budget 2024. Where Reviewers proposed additional savings, we have highlighted these proposals and recommended whether or not to include this in the Budget 2024 package.

Ministry of Business, Innovation and Employment

9. The Reviewer identified a range of savings options for MBIE. Some of these options have already been included in the package or you are taking concurrent decisions ^[33]

We have not discussed those options in this report.

[33]

Ministry for the Environment

15. The Reviewer identified two recommendations relating to MfE and one risk.

[33]

Additional savings options identified, but not recommended, by Reviewers

28. The Police, MSD and MfE Reviewers all identified possible savings options for Budget 2024 which they did not recommend be progressed at this time.

29. Given the proximity to Budget 2024 we agree, noting that in all cases either the Reviewers identified Budget 2025 as the mechanism to monitor/access these savings or they had already been considered in Budget 2024.

a. [33]

b.

c.

Section 2: Review findings for medium term

30. The final reports from each of the Reviewers are attached. This section provides our summary of the recommendations that **do not relate to Budget 2024**.

31. There are some general themes that emerged from the IRRs.

- a. **Cross agency policy issues** - Agencies have difficulty making resourcing decisions on issues with cross agency accountabilities – for example mental health (Police) and climate change (MfE). This is not a new matter, but Reviewers recommended a more thorough consideration of agency roles and functions, suggesting the need for more machinery of government thinking.
- b. **Performance focus** - There is a lack of performance and expenditure information to provide confidence that new expenditure will yield returns, or conversely to understand the impact of savings. Some Reviewers suggested this is due to agencies not adequately investing in core corporate functions.

32. There are also considerations for Treasury arising from the reviews – in particular, whether the Treasury can provide more support to agencies when it comes to providing tools such as Cost Benefit Analysis (CBA) and costing tools.

Ministry of Social Development

33. [33]

34.

New Zealand Police

35. [33]

36.

37.

Ministry of Education

38. [33]

39.

40.

Ministry of Business, Innovation and Employment (MBIE)

41. [33]

42.

43.

Ministry for the Environment

44. [33]

45.

46.

[33]

Next Steps

Budget 2024

47. We are asking you to indicate whether you want any of the options proposed in this report incorporated in the Budget package. The only change we are recommending is the inclusion of the additional MfE savings proposal.
48. If you want to progress additional savings from MBIE contestable funds for Budget 2024, this will need to be progressed urgently by Minister Seymour as the specific quantum of savings per fund will need to be confirmed by **Tuesday 9 April**.

Mechanism to consider Review recommendations after Budget 2024

49. The ToR requires the Reviews be shared with the Minister of Finance and the relevant Ministers (responsible Ministers and Minister Seymour in respect of MBIE). We recommend that you refer the reviews attached to this report at your earliest convenience.
50. The recommendations identified by Reviewers provide helpful insights for possible future savings, as well as improving efficiency and effectiveness of agencies. Treasury can also provide you with more fulsome advice on the Review recommendations in the wider context of phase two of the Fiscal Sustainability Programme.
51. We recommend seeking a response and implementation plan from relevant Ministers covering recommendations agreed to take forward. We will provide you advice on this, including how to incorporate it within phase 2 of the Fiscal Sustainability Programme tools to avoid duplicate streams of activity. Some of the recommendations are more immediately actionable than others, and we expect some response plans will need to outline a timetable for future report backs.
52. There is an opportunity to meet with the Reviewers to discuss their findings. This could be in conjunction with the relevant Ministers.

Recommended Action

We recommend that you:

- a **note** that Reviewers were supportive of the savings packages proposed by agencies and identified limited additional savings that could be progressed through Budget 2024;

[33]

Next steps – update at Budget Ministers 4

p **refer** this report to Budget Ministers;

refer/ not referred

q **note** your draft material for Budget Ministers 4 includes an update on these reviews and we will be separately providing you with talking points (T2024/933 refers);

Next steps – recommendations for beyond Budget 2024

r **note** the ToR required the final reviews to be provided to the Minister of Finance and the relevant agency Ministers (responsible Ministers and Minister Seymour in respect of MBIE);

s **refer** each Review to the relevant Ministers at your earliest convenience; and

refer/ not referred

t indicate if you would like to meet with Reviewers.

yes /no

Awahi Fleming
Manager, Spending Review

Hon Nicola Willis
Minister of Finance

_____/_____/_____

Appendix One: Additional details of savings proposals identified by Reviewers

				Operating \$m					MYCA \$m			
ID	Agency: Portfolio	Initiative Title	Initiative description and Reviewer comment	2023/24	2024/25	2025/26	2026/27	2027/28	Total OPEX	Average per annum	Total CAPEX	Vote team comment
[33]												

				Operating \$m					MYCA \$m			
ID	Agency: Portfolio	Initiative Title	Initiative description and Reviewer comment	2023/24	2024/25	2025/26	2026/27	2027/28	Total OPEX	Average per annum	Total CAPEX	Vote team comment
[33]												

				Operating \$m					MYCA \$m			
ID	Agency: Portfolio	Initiative Title	Initiative description and Reviewer comment	2023/24	2024/25	2025/26	2026/27	2027/28	Total OPEX	Average per annum	Total CAPEX	Vote team comment

[33]