

The Treasury

Budget 2018 Information Release

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[1]	to prevent prejudice to the security or defence of New Zealand or the international relations of the government	6(a)
[2]	to avoid prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by the Government of any other country or any agency of such a Government	6(b)(i)
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[33]	to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials	9(2)(f)(iv)
[34]	to maintain the effective conduct of public affairs through the free and frank expression of opinions	9(2)(g)(i)
[36]	to maintain legal professional privilege	9(2)(h)
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[38]	to enable the Crown to negotiate without disadvantage or prejudice	9(2)(j)
[39]	to prevent the disclosure of official information for improper gain or improper advantage	9(2)(k)
[40]	not in scope	
[41]	that the making available of the information requested would be contrary to the provisions of a specified enactment	18(c)(i)
[42]	information is already publicly available or will be publicly available soon	18(d)

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) and section 18 of the Official Information Act.

Treasury Report: Remaining issues for Budget 2018 reprioritisation

Date:	21 March 2018	Report No:	T2018/697
		File Number:	BM-2-4-2018-12

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Grant Robertson)	Agree to approaches for remaining reprioritisation issues	22 March 2018
Associate Minister of Finance (Hon Dr David Clark)	Discuss with Minister of Finance	22 March 2018

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
William Busfield	Analyst	[39] (wk)	N/A (mob) ✓
John Marney	Team Leader, Budget & Financial Design	[39] (wk)	N/A (mob)

Actions for the Minister's Office Staff (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report

Enclosure: No

Treasury Report: Remaining issues for Budget 2018 reprioritisation

Purpose

1. This report outlines outstanding issues for Budget 2018 reprioritisation and recommends options for resolving those issues.

Summary of Phase One reprioritisation submissions

2. From the Ministerial reprioritisation submissions, \$587.5 million over the forecast period (an annual average of \$146.9 million) has been accepted for reprioritisation through Budget 2018. A breakdown of this funding for reprioritisation is provided by portfolio in **Appendix 1**. In addition, you should note that the Treasury did not support a few reprioritisation submissions from the Civil Defence, Health and Greater Christchurch Regeneration portfolios due to associated risks and doubts over their achievability.
3. There may be further funding which could be reprioritised which is not currently included for Budget 2018 due to outstanding policy decisions (e.g. Irrigation). Any further potential reprioritisation which is not able to be included in Budget 2018 can be assessed through business-as-usual sectoral policy processes post-budget.
4. Last week we provided you with advice on the potential for further reprioritisation in the Maori Development portfolio [T2018/607 refers]. Any additional funding to be reprioritised resulting from your decisions on the recommendations made by that paper will be in addition to the accepted reprioritisation totals in this report.

Outstanding issues

There is a further \$30.0 million over the forecast period which could be reprioritised from the Education portfolio

5. There is a further \$30.0 million in current year underspends over the forecast period (an annual average of \$7.5 million) in Vote Tertiary Education which the Treasury recommends be reprioritised to the centre.
6. The Minister of Education is seeking to retain this funding to offset the costs of a [33], [34], [37]
7. In any case, the Treasury recommends that the full \$30.0 million be reprioritised to the centre through the Budget 2018 Cabinet Paper. If Budget Ministers agree, [33], [34], [37] (funded from the centre with Cabinet scrutiny rather than internally reprioritised within Education by Joint Ministers, as sought by the Minister of Education).

The Minister for Children has requested that \$19.3 million, currently included for reprioritisation from the Minister for Justice, be retained

8. The Minister of Justice has submitted \$19.3 million across the forecast period (an annual average of \$4.8 million) for reprioritisation. This reprioritised funding is included in the \$587.5 million total.
9. This funding was appropriated to the Ministry of Justice for a cross-agency initiative to be led by Oranga Tamariki. The Minister for Children has written to the Associate Minister of Finance (Hon Dr David Clark) requesting this funding be retained for services to reduce youth reoffending. The Treasury accepts that these services may deliver value-for-money as they are supported by a strong international evidence base.
10. When this funding was appropriated to Vote Justice, access by Oranga Tamariki was subject to the submission of an evaluation plan to be approved by the Treasury against criteria set by Cabinet. This was to ensure we could assess the benefits of applying these service models in the New Zealand context. Draft evaluation plans received by us so far have not met these criteria. In line with this, we recommend that you **decline** the Minister for Children's request.
11. If you consider that these services align with the Government's priorities, another option would be to tag the \$19.3 million in contingency for appropriating to Vote Children, subject to the Treasury being provided a satisfactory evaluation plan.

Next Steps

12. We will liaise with your office to support communicating decisions on the recommendations made by the report to the respective Ministers and departments.

Recommended Actions

We recommend that you:

- a **note** that you have received advice and recommendations for further potential reprioritisation from the Maori Development portfolio [T2018/607 refers].

Tertiary Education

- b **note** that the Minister of Education is seeking to retain \$30 million identified in Vote Tertiary Education projected underspends to offset a Budget bid for [33], [34]
- c **agree** that the Budget 2018 Cabinet Paper recommend reprioritising the \$30 million in Vote Tertiary Education to the centre.

Agree/disagree.

Justice and Children

- d **note** that the Minister for Children has written to you requesting retention of \$19.3 million for services to reduce youth reoffending which has been accepted for reprioritisation from the Minister for Justice's submission.

Either:

- e **agree** to **decline** the Minister for Children's request as outlined in **recommendation (d)** above (Treasury preferred);

Agree/disagree.

or

- f **agree** that \$19.3 million be tagged in contingency for appropriating to Vote Children once the Treasury has received a satisfactory evaluation plan.

Agree/disagree.

John Marney
Team Leader, Budget & Financial Design

Hon Grant Robertson
Minister of Finance

Hon Dr David Clark
Associate Minister of Finance

Appendix 1: Accepted reprioritisation submissions for Budget 2018 as at 20 March 2018

Portfolio	Total over forecast period (\$m)	Annual average (\$m)
ACC	(2.0)	(0.5)
Agriculture	(87.6)	(21.9)
Economic Development	(17.6)	(4.4)
Education	(196.6)	(49.2)
Energy and Resources	(3.4)	(0.9)
Health	(195.0)	(48.8)
Housing and Urban Development	(1.0)	(0.3)
Internal Affairs	(4.0)	(1.0)
Justice	(19.3)	(4.8)
Maori Development	(1.5)	(0.4)
Social Development	(29.7)	(7.4)
Statistics	(3.5)	(0.9)
Tourism	(26.4)	(6.6)
Total	(587.5)	(146.9)