



Minister's Executive Summary

Speech

Fiscal Strategy Report

Economic *and* Fiscal Update

Hon Bill English, Minister of Finance

19 May 2011

Guide to the Budget Documents

A number of documents are released on Budget day. The purpose of these documents is to provide information about the wider fiscal and economic picture and the Government's spending intentions for the year ahead. The Budget documents are as follows:

Executive Summary

The *Executive Summary* is the overview of all the Budget information and contains the main points for the media and general public. This section summarises the Government's spending decisions and main issues raised in the *Budget Speech*, the *Fiscal Strategy Report*, the *Supplement to the 2010 Investment Statement* and the *Budget Economic and Fiscal Update*.

Budget Speech

The *Budget Speech* is the Minister of Finance's speech delivering the Budget Statement at the start of Parliament's Budget debate. The Budget Statement generally focuses on the overall fiscal and economic position, the Government's policy priorities and how those priorities will be funded.

Fiscal Strategy Report

The *Fiscal Strategy Report* sets out the Government's fiscal strategy and measures how the Government is going against its overall goals in areas such as the balance between operating revenues and expenses, and achieving debt objectives. The 2011 report includes fiscal trends covering at least the next 10 years and the Government's long-term fiscal objectives.

The Government must explain changes in, and/or inconsistencies between, the *Fiscal Strategy Report*, the *Budget Policy Statement* and the previous year's *Fiscal Strategy Report*.

Supplement to the 2010 Investment Statement of the Government of New Zealand

The *Supplement* updates the *2010 Investment Statement of the Government of New Zealand* which provides an overview of the significant assets and liabilities on the Crown's balance sheet, how they have changed over time and how what the Crown owns and owes is forecast to change over the next five years. The *Supplement* explains ways in which new Crown investment can be funded, gives greater clarity around medium-term investment priorities and signposts how the Government is working to improve asset management.

Budget Economic and Fiscal Update

The *Update* includes the Treasury's overall economic forecasts and the forecast financial statements of the Government, along with the implications of government financial decisions and other information relevant to the fiscal and economic position.

The Estimates of Appropriations

The *Estimates* outline expenses and capital expenditure the Government plans to incur on specified areas within each Vote for the financial year about to start (the Budget year).

Information Supporting the Estimates of Appropriations

Information Supporting the Estimates is organised on the basis of sectors, with each Vote and its administering department allocated to one sector (a small number of departments are in more than one sector). The *Information Supporting the Estimates* comprises sector overview information, together with statements of responsibility; performance information for appropriations in Votes covered by the sector; and statements of forecast service performance and forecast financial statements of departments included in the sector. *Statements of Intent* of departments included in the sector form part of the supporting information.

The Supplementary Estimates of Appropriations and Supporting Information

The *Supplementary Estimates* outlines the additional expenses and capital expenditure required for the financial year about to end. The *Supporting Information* provides reasons for the changes to appropriations during the year, related changes in performance information and certain additional performance information for new appropriations.

Internet

These documents will be made available on the New Zealand Treasury's Internet site at <http://www.treasury.govt.nz>

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Other Information

On the Treasury's website is a series of other information that provides users of the Fiscal Strategy Report and the Budget Economic and Fiscal Update with further detail. This other information should be read in conjunction with the published document. This information includes:

Information supporting the Fiscal Strategy Report

- Fiscal strategy model
- New Zealand Superannuation (NZS) Fund model
- NZS Fund contribution holiday information

Information supporting the Budget Economic and Fiscal Update

- Additional budget update information
 - Detailed economic forecast tables
 - Tax revenue and receipts tables – comparison of Treasury and IRD forecasts
 - Additional fiscal indicators – estimates of the cyclically-adjusted balance and fiscal impulse
 - Government Finance Statistics for central government
 - Accounting policies – outline of the specific Crown accounting policies
- Estimates of revenue effects of small tax rate and tax base changes

This other information can be accessed at:

<http://www.treasury.govt.nz/budget/2011>



Economic *and* Fiscal Update

19 May 2011

Statement of Responsibility

On the basis of the economic and fiscal information available to it, the Treasury has used its best professional judgement in supplying the Minister of Finance with this Economic and Fiscal Update. The Update incorporates the fiscal and economic implications both of Government decisions and circumstances as at 2 May 2011 that were communicated to me, and of other economic and fiscal information available to the Treasury in accordance with the provisions of the Public Finance Act 1989.



John Whitehead
Secretary to the Treasury

9 May 2011

This Economic and Fiscal Update has been prepared in accordance with the Public Finance Act 1989. I accept overall responsibility for the integrity of the disclosures contained in this Update, and the consistency and completeness of the Update information in accordance with the requirements of the Public Finance Act 1989.

To enable the Treasury to prepare this Update, I have ensured that the Secretary to the Treasury has been advised of all Government decisions and other circumstances as at 2 May 2011 of which I was aware and that had material economic or fiscal implications.



Hon Bill English
Minister of Finance

9 May 2011