

The Treasury

Budget 2017 Information Release

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| [40] | Not in scope | |

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.



Reference: T2016/1542

SH-11-1

Date: 15 August 2016

To: Minister of Finance (Hon Bill English)
Associate Minister of Finance (Hon Steven Joyce)
Associate Minister of Finance (Hon Paula Bennett)

Deadline: Before the Fiscal Issues Meeting on 17th August 2016

Aide Memoire: Introduction of a BGA Investment Panel in Budget 2017

At Fiscal Issues meeting with Treasury officials on Wednesday 17th August you will be discussing the draft Cabinet paper on the Budget strategy, which includes references to a proposed Business Growth Agenda (BGA) Investment Panel (the Panel). This Aide Memoire provides you with an overview of the proposed role, objectives and terms of references for the BGA panel as part of Budget 2017.

Background

At recent fiscal issues meetings with Treasury officials on the strategy for Budget 2017, you have signalled your intention for increased rigour around the evidence and impacts for BGA initiatives in order to improve the analytical frameworks underpinning the BGA process for Budget 2017.

In order to increase rigour around the evidence and impacts of BGA initiatives, there are a number of measures to be applied to all BGA initiatives in Budget 2017. This will include the wider application of Treasury's CBAX investment tools for BGA initiatives where relevant and feasible.

In addition to the wider application of investment tools, we propose the greater use of independent expert panels. In Budgets 2014 and 2015, Treasury used a Capital Investment Panel made up of senior public sector officials to provide external expert opinion on capital proposals.

Budget 2016 expanded this approach to cover more expenditure proposals through the establishment of the social investment panel. This approach reflected higher expectations of evidence supporting a proposal and more focus on implementation and evaluation. Budget 2017 will seek to continue the use of these panels more broadly across all initiatives.

BGA Investment Panel and its role in Budget 2017

The Capital Investment Panel and Social Investment Panel have increased the rigour of the Budget process and are another channel of expert advice to Ministers.

The Treasury is proposing the establishment of a BGA Investment Panel. The panel is to provide independent, third party advice on BGA initiatives in Budget 2017. The Panel will consider selected new BGA spending initiatives, and reprioritisation initiatives in Budget 2017.

The Panel will also support the BGA Leadership Group, providing expert advice on specific issues or initiatives at the request of the Leadership Group to support its discussions and advice for the Budget 2017 package.

Fit with Budget 2017 Process

Following the submission of initiatives in December, the Panel will analyse initiatives based on the information provided by agencies, and presentations by agencies to the Panel in December/January 2016/17.

A final assessment of initiatives and reprioritisations will be completed in February 2017. The advice of the BGA Investment Panel will be shared with the BGA workstream Ministers, Budget Ministers and the BGA Leadership Group.

The advice by the Panel will include an assessment of the quality of evidence provided, the strategic alignment with the BGA vision, and the Return on Investment of all proposals considered. All findings and prioritisation advice will be given to the Treasury and shared with BGA and Budget Ministers.

Draft Terms of Reference

The Treasury intends to provide you with the final Terms of References for the BGA Investment Panel in early September. At this stage, we propose that the Panel will consider only selected new spending, discretionary BGA initiatives and reprioritisations in order to focus the Panel's resources on initiatives where it can make the biggest contribution to the overall advice.

The selection of BGA initiatives to be considered by the Panel will be based on the significance of the policy, links to Government priorities including the vision statement for the BGA, and fiscal impact. This approach is consistent with other panels.

In addition, the Panel will support the BGA Leadership Group in an ad hoc way, providing expert advice on particular issues and questions in regard to proposals on the request of the leadership group between December 2016 and February 2017.

Membership

Consistent with the Social Sector Investment Panel, the BGA Investment Panel seeks to bring together a range of expertise and operational experience from across the BGA. We have not yet finalised membership, but we propose for the Panel to be comprised of the following:

- *Treasury Senior Official, Panel Chair*
Senior Official from the Treasury will chair the panel.

- *Five to seven BGA representatives*
To ensure the panel has expertise from across the BGA, a selection of senior business and sector representatives should sit on the panel (e.g. ideally one would be from outside Wellington).
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Next steps

Following your decision on the BGA Investment panel, we can finalise the Terms of References and Membership, and report back to you in September 2017.

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Matthew Gilbert, Manager, Economic Performance & Strategy, Regulatory Quality, [34]
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