



Cabinet

CAB Min (09) 13/7

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Minute of Decision

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2009 Budget Package

Portfolio: Finance

On 20 April 2009 Cabinet:

- 1 **agreed** that the 2009 Budget focus on:
 - 1.1 helping New Zealanders through the current crisis;
 - 1.2 putting in place longer-term initiatives to lift productivity, improve competitiveness and sharpen New Zealand's future economic performance;
 - 1.3 taking the first steps towards fiscal consolidation and implementing changes in policy to ensure that the growth in government debt is minimised;
- 2 **noted** that the 2009 Budget Policy Statement set an operating allowance of \$1.75 billion operating per year and \$1.45 billion capital in total;
- 3 **noted** that the current fiscal impulse is large and will help sustain the economy through the current crisis;
- 4 **noted** that economic and fiscal forecasts show a resumption in economic growth but a significant and prolonged impact on the government's accounts;
- 5 **agreed** to new spending parameters of \$1.45 billion operating per year and \$1.45 billion capital in total;

- 6 **noted** the impacts of the 2009 Budget Package as set out in the table below (including the impact of Cabinet decisions already taken):

	\$million increase/(decrease)						
	Operating						Capital
	2008/09	2009/10	2010/11	2011/12	2012/13	Total	Total
New spending	223	1,801	1,427	1,808	1,839	7,099	1,392
Savings	(173)	(272)	(486)	(562)	(544)	(2,036)	(90)
Net increase in spending	51	1,528	941	1,246	1,295	5,063	1,301
Allowance	-	1,450	1,450	1,450	1,450	5,800	1,450
<i>Possible contingency</i>	<i>(51)</i>	<i>(78)</i>	<i>509</i>	<i>204</i>	<i>155</i>	<i>737</i>	<i>149</i>

- 7 **agreed** to the initiatives for Budget 2009 as set out in the financial recommendations in the accompanying submission under CAB (09) 176, **subject** to any changes and additional initiatives agreed to by Cabinet in relation to specific Votes [CAB Min (09) 13/8(1-62)];
- 8 **authorised** the Prime Minister and the Minister of Finance to approve changes to other initiatives where this proves necessary in finalising the 2009 Budget package;
- 9 **noted** that the Minister of Finance intends to set aside a reasonable between-Budget contingency to enable the government to respond rapidly to events as they unfold:

	\$million increase/(decrease)						
	Operating						Capital
	2008/09	2009/10	2010/11	2011/12	2012/13	Total	Total
Between Budget Spending Contingency	-	182	182	182	111	657	160

- 10 **agreed** that Ministers:
- 10.1 should only seek funding from the general between-Budget contingency for urgent issues that cannot be deferred to Budget 2010;
- 10.2 will be expected to demonstrate that they have considered opportunities to fund pressures from existing baselines before seeking funding from the contingency;
- 11 **agreed** that no papers with fiscal and/or appropriation implications should be submitted for agreement by Cabinet between now and 28 May 2009, to ensure that Budget Day documentation is accurate;

- 12 **noted** that all communications relating to the 2009 Budget are co-ordinated by a Budget communications committee, and that any requests for early announcement will need to have both the written approval of the Minister of Finance and sign-off from the Prime Minister's office;
- 13 **agreed** that until the Appropriation (2009/10 Estimates) Bill is enacted, expenses or capital expenditure against appropriations set out in the 2009/10 Estimates and being sought in that Bill may be met from Imprest Supply.

Secretary of the Cabinet

Reference: CAB (09) 173; CAB (09) 176

Secretary's notes:

- 1. The financial table in paragraph 6 has been updated by the Treasury to reflect the decisions by Cabinet on 20 April 2009.*
- 2. Separate minutes have been issued for the 2009 Budget initiatives for each Vote. See CAB Min (09) 13/8(1-62).*
- 3. Paragraphs 10-12 above have been issued as a separate minute for the information of all Ministers and Chief Executives [CAB Min (09) 13/7A].*
