

The Treasury

Budget 2015 Information Release

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Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

- [1] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government
- [2] 6(c) - to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
- [3] 6(e)(iv) - to damage seriously the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the entering into of overseas trade agreements.
- [4] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [5] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [6] 9(2)(ba)(i) - to prevent prejudice to the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied.
- [6a] 9(2)(ba)(ii) - to protect information, where the making available of the information would be likely otherwise to damage the public interest
- [7] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [8] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [8a] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting the collective and individual ministerial responsibility
- [9] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [10] 9(2)(h) - to maintain legal professional privilege
- [11] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [12] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [13] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [14] Not in scope

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, a [4] appearing where information has been withheld in a release document refers to section 9(2)(a).

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



Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Budget 2015

Portfolio: Finance

On 20 April 2015, Cabinet:

Background

- 1 **noted** that on 13 April 2015, Cabinet agreed to the technical Budget initiatives for Budget 2015 [CAB Min (15) 11/11];
- 2 **noted** that the economy is experiencing sustainable growth, with a small 2015/16 forecast surplus expected on Budget Day;
- 3 **noted** that Budget 2015 will continue to help achieve the government's top four priorities:
 - 3.1 responsibly managing the government's finances;
 - 3.2 building a more productive and competitive economy;
 - 3.3 better public services;
 - 3.4 rebuilding Christchurch;
- 4 **noted** that a particular focus of Budget 2015 is the package of initiatives for children living in material hardship, which Cabinet agreed to on 13 April 2015 [CAB Min (15) 11/12];

Fiscal strategy beyond Budget 2015

- 5 **noted** that there are two key criteria for setting operating allowances:
 - 5.1 ensuring that the government remains on track to achieve its target of reducing core Crown net debt to 20 per cent of GDP by 2020;
 - 5.2 ensuring that there is no material adverse impact on interest rates as a result of any change to allowances;
- 6 **noted** that on 1 December 2014, Cabinet agreed to phase the timing of operating allowances over the Parliamentary term at \$1 billion in Budgets 2015 and 2016, and \$2.5 billion in Budget 2017 [CAB Min (14) 38/7];

- 7 **noted** that an operating allowance of \$2.5 billion in Budget 2017 will allow room for the government to consider tax reductions or additional debt repayment, subject to economic and fiscal conditions at the time;
- 8 **noted** that the Budget Policy Statement 2015 signalled the intent to develop performance targets to better support the management of the Crown's balance sheet;
- 9 **noted** that the developments in the government's balance sheet management strategy will continue to bring greater transparency to Crown balance sheet performance, and may result in additional performance targets in the future;
- 10 **agreed** to signal in the Fiscal Strategy Report 2015 that capital allowances in the period post-Future Investment Fund to Budget 2020 will be up to \$3.7 billion in total, which will be partially funded from capital savings;

Budget 2015 package

- 11 **noted** that new operating spending proposals in Budget 2015 have been partially offset by savings and revenue initiatives, resulting in a net increase in spending of approximately \$1.0 billion a year on average over the forecast period;
- 12 **noted** that the fourth tranche of spending from the Future Investment Fund to be announced at Budget 2015 totals \$939 million, including \$137 million previously agreed by Cabinet;
- 13 **agreed** to the initiatives for Budget 2015, as set out in the financial recommendations accompanying the paper under CAB (15) 173, and as amended by the additional initiatives and other changes agreed at Cabinet;
- 14 **agreed** that expenses or capital expenditure against appropriations and capital injection authorisations set out in the 2015/16 Estimates and being sought in the Appropriation (2015/16 Estimates) Bill may be met from Imprest Supply until that Bill is enacted;
- 15 **authorised** the Minister of Finance and relevant Vote Ministers to approve changes to initiatives and appropriations where this proves necessary to finalise the 2015 Budget package;

[8]

- 17 **noted** that funding for initiatives agreed as tagged contingencies will expire on 1 February 2016;
- 18 **agreed** to remove the KiwiSaver kick-start contribution paid to all new KiwiSaver members with effect from an announcement and Bill on 21 May 2015 [Initiative 8876];

System package

- 19 **agreed** that:
- 19.1 the funding for the system package of initiatives will be recovered through baseline contributions returned to the Crown from all departments, excluding Parliamentary agencies;
- 19.2 the funding for the system package be capped at \$18 million per annum;

- 20 **agreed** that half of the funding for the Growing Up in New Zealand initiative will be recovered through baseline contributions returned to the Crown from user departments, with the other half funded by Crown revenue;
- 21 **noted** that the Treasury is still finalising the distribution of baseline contributions across agencies, and that an illustrative example is attached in the Annex to the paper under CAB (15) 173;
- 22 [8]
- 23 **invited** the Minister of Finance to report back to Cabinet with the final departmental baseline contributions returned to the Crown, following Treasury discussions with departments and Crown entities;

General matters

- 24 **agreed** that:
- 24.1 proposals for funding from the between-Budget contingency must be for urgent issues that cannot be deferred to Budget 2016;
 - 24.2 Ministers will be expected to demonstrate that they have exhausted their search for opportunities to fund the initiative through reprioritisation of lower value activities;
- 25 **agreed** that no papers with fiscal and/or appropriation implications for agreement by Cabinet or Cabinet committees be submitted between 20 April 2015 and 21 May 2015, so that Budget documentation is accurate;
- 26 **noted** that all communications relating to Budget 2015 are coordinated 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.

Secretary of the Cabinet

Reference: CAB (15) 173

Secretary's note: Separate minutes have been issued for the Budget 2015 initiatives for each Vote. See CAB Min (15) 12/2 (1-31).
