

The Treasury

Budget 2017 Information Release

Release Document July 2017

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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)
[4]	to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial	6(c)
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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)
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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	

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: T2016/1846

BM-2-1-2017

Date: 23 September 2016

To: Minister of Finance
(Hon Bill English)

Associated Minister of Finance
(Hon Steven Joyce)

Associate Minister of Finance
(Hon Paula Bennett)

Deadline: 26 September 2016

Aide Memoire: Between-Budget Proposals ^[33]

The purpose of this note is to give you an overview of the potential pre-commitments that have been signalled against the Budget 2017 allowances and indicated upcoming drawdowns against the between-Budget Contingency (BBC).

The Budget Strategy paper has been lodged for consideration by Cabinet on Monday 26 September. This presents an opportunity for you to deliver some key messages to your Cabinet colleagues regarding between-Budget proposals.

[33]

Key messages for your Cabinet colleagues

- The between Budget proposals are significant and will put pressure on the operating and capital allowances for Budget 2017 or available headroom for the Government to achieve its net debt target [T2016/1683 refers].
- Prior to requesting any funding ahead of the Budget process, Ministers should consider whether agencies can reprioritise or absorb costs in the first instance.
- If initiatives cannot be met through existing baselines they should be submitted through the Budget 2017 process for consideration. Using the Budget process allows for better prioritisation.
- There is a higher bar for initiatives being funded ahead of Budget through the BBC or precommitments. Proposals:

- must be for urgent issues only and Ministers will need to clearly set out why it cannot wait until Budget 2017,
- will now be assessed using the same criteria as Budget initiatives and will require a cost benefit analysis (including the use of CBAX where applicable) [CAB-16-MIN-0307].
- The BBC is the first buffer for any between-Budget spending proposals. The Treasury will be discouraging pre-commitments and advising that these proposals are considered by Cabinet through the Budget process.

We will be providing you with further advice as part of the Road Check report ahead of the *Budget Policy Statement*.

Signalled pre-commitments and between-Budget Contingency requests

A detailed list of each initiative, the funding requested and indicative timing is provided in the annex. In summary:

- Drawdowns against the BBC: [33]
- Pre-commitments against Budget 2017: [33]

The above not include the costs associated with the Government's contributions towards City Rail Link, which is likely to be in the range of \$1.5 - 1.7 billion, [33]

While there are no direct fiscal implications arising immediately from the proposals associated with the new Ministry for Vulnerable Children Oranga Tamariki, making some of these decisions (for example, raising the Youth Justice age or creating new entitlements) will effectively commit future funding. As service design is still to occur, cost estimates are still uncertain, and will be driven by options and choices such as determining target populations or service levels. Some of these decisions may be considered at Budget 2017, but it is likely that the more significant decisions will be taken at Budget 2018 or beyond.

Treasury continues to work with the Investing in Children Transformation Programme to identify the fiscal path for these reforms. We are meeting with you on 28 September to discuss this.

¹ Note this includes costs associated with implementing family violence reforms (\$132 million) which has just recently been approved by Cabinet.

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Megan Taylor, Acting Team Leader, Budget Coordination, [39]

ANNEX

[33]

Potential Pre-commitments against **Budget 2017 Operating and Capital allowances**

Sector	Initiative	Indicative amount over forecast period (\$m) <i>2016/17- 2020/21</i>	Timing for Cabinet
Housing	Emergency Housing	Operating – 183.700 Capital – 20.000	Cabinet on Monday 26 September
	[33]		
[33]			
Justice ¹	[33]		
	Family Violence Reforms	Operating – 132.100	Approved

[33]