

The Treasury

Budget 2017 Information Release

Release Document July 2017

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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.

Treasury Report: Budget 2017 Coordination

Date:	2 February 2017	Report No:	T2017/54
		File Number:	BM-2

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Steven Joyce)	Agree that the date for Budget Day 2017 be set for Thursday 25 May 2017. Note the contents of this report.	Fiscal Issues, 3pm Tuesday 7 February.
Associate Minister of Finance (Hon Simon Bridges)	Note the contents of this report.	Fiscal Issues, 3pm Tuesday 7 February.
Associate Minister of Finance (Hon Amy Adams)	Note the contents of this report.	Fiscal Issues, 3pm Tuesday 7 February.

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
Lachlan Whelan	Analyst, Fiscal and State Sector Management	[39] (wk)	N/A (mob) ✓
Kamlesh Patel	Team Leader, Budget Coordination	[39] (wk)	N/A (mob)

Actions for the Minister's Office Staff (if required)

Return the signed report to Treasury.
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Note any feedback on the quality of the report

Enclosure: No

Treasury Report: Budget 2017 Coordination

Executive Summary

The Treasury recommends that a Budget date of **Thursday, 25 May 2017** be set. The supporting process is reflected in Table 1 below, with the key decision points being:

- Budget Ministers' meetings #2 and #3 on Tuesday 21 March and Monday 3 April, respectively.
- Treasury Report on Fiscal Strategy advice in light of preliminary BEFU forecasts to Finance Ministers on Friday 31 March, and
- Cabinet considering the significant Budget package Cabinet paper on 18 April (Tuesday after Easter).

The Budget date is traditionally announced at the Finance and Expenditure Committee session on the Budget Policy Statement, which is scheduled for Wednesday 8 February.

The Budget production phase will occur in parallel to these decisions and includes a series of products which will communicate the Budget and meet legislative requirements. The Treasury is planning to undertake a user survey based on the Budget products to inform changes in Budget 2018.

The key legislative requirements are outlined in the final section of this report and the Treasury will coordinate the drafting of the Budget legislation with the Parliamentary Counsel Office to support the Minister of Finance and meet the requirements under the Public Finance Act.

Recommended Action

We recommend that you:

- a **note** that the Budget date must be on a Thursday in accordance with Standing Order 333(1)
- b **note** that the Budget Day must by law be before 31 July, but has been in May or June over the last two decades
- c **agree** that the date for Budget Day 2017 be set for Thursday 25 May 2017

Agree/disagree

- d **note** that the Budget date has been announced at the Finance and Expenditure Committee meeting early in the year, which examines the Budget Policy Statement
- e **note** that the Finance and Expenditure Committee meeting is scheduled for Wednesday 8 February 2017
- f **note** the key dates for preliminary and finalised forecasts, and the associated Budget Ministers' meetings and Cabinet papers

- g **note** that you may wish to confirm which Ministers will make up the Budget Ministers' group
- h **note** the key Budget 2017 products and dates for communicating the Budget and meeting legislative requirements, and
- i **note** that the Treasury coordinates with the Parliamentary Counsel Office on the drafting of the Appropriation (2017/18 Estimates) Bill and the Appropriation (2016/17 Supplementary Estimates) Bill.

Kamlesh Patel
Team Leader, Budget Coordination

Steven Joyce
Minister of Finance

Treasury Report: Budget 2017 Coordination

Purpose of Report

1. The purpose of this report is to provide the Minister of Finance with information to inform a decision on the date for Budget Day and seek confirmation of the Budget Day products that support the communication and legislative requirements for Budget 2017.

Setting a date for Budget 2017

2. The Budget date must be on a Thursday in accordance with Standing Order 333(1):
“The main Appropriation Bill may be introduced only after the announcement of the introduction of bills on a Thursday on a day previously notified to the House by the Government.”
3. Budget Day must by law be before 31 July, but has been in May or June over the last two decades, which ensures time for parliamentary scrutiny and for agencies ahead of the start of the next fiscal year. Budgets after an election year tend to be later, partly to allow time to incorporate any changes to priorities or policies.
4. A typical Budget Day over the last decade has been around 22 May, with all of the last 16 Budgets falling within a week of this. A summary of the preceding Budget dates is captured in Table 4 of the Annex. The main options, which correspond with the House sitting programme are:
 - a **25 May 2017 [recommended]**: this would be the closest to the traditional date as it is the fourth Thursday in May and allows enough time for the range of processes likely to be involved in Budget 2017.
 - b **11 May 2017**: this would be the earliest Budget since the change in 1989 to a July-June financial year. However, it would be feasible only with good planning, early Budget decisions and the absence of significant issues. This would be the same date as the Official Cash Rate announcement and Reserve Bank Monetary Policy Statement.
 - c **1 June 2017**: this would be the latest realistic date but may be too close to Queen’s Birthday on 5 June, (though this was not an issue in 2009 when it was 28 May). The later Budget Day is, the closer the Budget Economic and Fiscal Update forecasts will be to the PREFU forecasts¹.
5. The Treasury recommends that the date for Budget day be set as **Thursday 25 May 2017**. Locking down a Budget Day will help planning for Budget 2017, particularly if an earlier date is chosen.
6. Traditionally the Budget date has been announced at the Finance and Expenditure Committee meeting early in the year, which examines the Budget Policy Statement; this is scheduled for Wednesday 8 February 2017. You may wish to inform Cabinet and/or the Prime Minister before announcing the date.

¹ Given the Prime Minister’s recent announcement that the general election is to be held on Saturday 23 September, with the House to rise on Thursday 17 August, the Public Finance Act requires a pre-election economic and fiscal update (PREFU) to be published no earlier than Monday 14 August and no later than Monday 28 August.

Decision Process for Budget 2017

7. The key dates for preliminary and finalised forecasts, and the associated Budget Ministers' meetings and Cabinet papers to deliver the Budget on 25 May 2017 are set out in Table 1 below. Economic data and other events in the lead up to May are set out in Table 5 of the Annex to this report.
8. You may wish to confirm which Ministers will make up the Budget Ministers' group, as previously the roles of Deputy Prime Minister and Minister of Finance have been held by the same person.

Table 1 – Forecast dates and Budget 2017 decision points

Date	Item	Purpose
Tuesday 14 February	Budget Ministers' #1	Discuss the first cut of the Budget packages and confirm major parameters (such as allowance treatments) and the process.
Friday 3 March	Treasury Report on Preliminary Economic and Tax Forecasts	Based on economic data and other information received since November (including September quarter GDP data), this provides a preliminary update to the HYEPU 2016 forecasts. Based on preliminary macroeconomic forecasts and latest tax data, this provides a preliminary update to the HYEPU 2016 tax forecasts.
Tuesday 21 March	Budget Ministers' #2	Decisions on initiatives within each of the Budget packages. Update on Preliminary Economic and Tax forecasts.
Thursday 23 March	Preliminary Fiscal Forecasts	Preliminary picture of the Crown's consolidated fiscal forecast for key fiscal indicators. Based on individual reporting entities preliminary fiscal forecasts. Incorporates the preliminary macroeconomic and tax forecasts, which have been updated since HYEPU 2016 for current conditions.
Friday 31 March	Treasury Report on Fiscal Strategy advice in light of preliminary BEFU forecasts	This report to Budget Ministers provides Treasury's overall recommendations on fiscal strategy and budget allowances. It is informed by the preliminary economic, and fiscal forecasts and medium-term fiscal projections.
Monday 3 April	Budget Ministers' #3	Final decisions on Budget initiatives. Informed by the report on Fiscal Strategy advice in light of preliminary BEFU forecasts. Allowance settings for BEFU.
Monday 10 April	Budget Ministers' #4	Budget Ministers confirm the Budget 2017 package to be taken to Cabinet (Tuesday 18 April). Allowance settings for BEFU.
Monday 10 April	Technical Budget Cabinet paper	Cabinet considers the technical Budget package Cabinet paper.
Tuesday 18 April	Final Economic Forecasts	Preliminary forecasts updated based on economic data and other information received since February, Treasury discussions with businesses, and known Budget decisions (e.g. changes to operating allowances). Finalised for BEFU 2017. The Treasury report on the Final Economic and Tax Forecasts will be <u>received on 27 April</u> .

Tuesday 18 April (after Easter Monday)	Significant Budget Cabinet paper	Cabinet considers the significant Budget package Cabinet paper. This paper will be lodged on 12 April.
Friday 21 April	Final Tax Forecasts	Preliminary forecasts updated based on final macroeconomic forecasts, latest tax data and known Budget decisions (e.g. tax policy changes). Finalised for BEFU 2017. The Treasury report on the Final Economic and Tax Forecasts will be received on 27 April.
Wednesday 3 May	Final Fiscal Forecasts	Preliminary forecasts updated for final Budget decisions, fiscal impacts from the final macroeconomic forecast (e.g. tax and benefit forecasts) and any other significant matters that have occurred since the preliminary forecasts. This is then published as the forecast financial statements which form part of the BEFU 2017 document.

Key Budget 2017 Documents

9. Early confirmation of the products which will communicate the Budget and meet legislative requirements will enable the Treasury to support the Minister of Finance to factor any changes into the production phase of the Budget process.
10. As part of the Government's commitment to the Open Government Partnership, the Treasury is planning to undertake a user survey based on the Budget products to inform changes in Budget 2018. Generally these products have been well received in the past, particularly the introduction of the *Summary of Initiatives* document.
11. In addition to the key production deadlines in Tables 2 and 3 below, most final versions of these documents are provided to the printers **on Thursday 18 May**; any substantive changes after this date adds additional risk to the consistency of the documents.
12. Final versions of the 2017/18 Estimates and 2016/17 Supplementary Estimates are provided to the printer earlier, as the Parliamentary Counsel Office require these before finalising the drafting of the Appropriation Bills.

Table 2 – Key Budget 2017 documents

Budget Product	Description	Key Deadlines
Budget Speech Prepared by the Minister of Finance's Office in consultation with the Prime Minister's Office.	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. The Budget day lock-up presentation (and associated speech) are also prepared by the Minister of Finance's Office, in coordination with the Prime Minister's Office.	Tuesday 16 May: Final proofing Thursday 18 May: Finalised and Printed
Budget-at-a-glance Prepared by the Treasury.	Budget-at-a-glance is the overview of key Budget information and contains the main points for the media and public. This summarises the Government's spending decisions and key issues raised in the Budget Speech, the Fiscal Strategy Report, and the Budget Economic and Fiscal Update	Tuesday 16 May: Final proofing Thursday 18 May: Finalised and Printed
Summary of Initiatives in Budget 2017 Prepared by the Treasury.	Summary of Initiatives in Budget 2017 document presents the new initiatives contained in the Budget in a number of different ways - by Budget package, by area of spending and by Vote. The titles and descriptions of the initiatives for this product are agreed with the Minister of Finance's office.	Tuesday 16 May: Final proofing Thursday 18 May: Finalised and Printed

<p>Press Releases</p> <p>Coordinated by the Minister of Finance's Office.</p>	<p>The Press Releases communicate the key policy details of the Budget initiatives and the associated new funding in Budget 2017.</p> <p>The press releases are coordinated and approved by the Minister of Finance's office. These are prepared by each Ministers' office and the Treasury reviews these for accuracy.</p>	<p>13 – 14 May: Final proofing</p> <p>Thursday 18 May: Finalised and Printed</p>
<p>Budget Website</p> <p>Prepared by the Treasury.</p>	<p>The Budget Website (http://www.budget.govt.nz/index.htm) includes all documents published on Budget Day and is designed by the Treasury. This underwent significant redevelopment for Budget 2016.</p>	<p>15 – 19 May: Final proofing</p> <p>Monday 22 May: Finalised</p>
<p>Budget Economic and Fiscal Update</p> <p>Prepared by the Treasury.</p>	<p>The Budget Economic and Fiscal Update (BEFU) is required by the Public Finance Act (PFA) and includes the Treasury's economic forecasts and the forecast financial statements of the Government incorporating the financial implications of Government decisions and other information relevant to the fiscal and economic outlook. The BEFU also outlines the key risks to the economic and fiscal forecasts.</p> <p>This is prepared by the Treasury and authorised by the Secretary of the Treasury and signed by the Minister of Finance.</p>	<p>8 – 11 May: Final proofing</p> <p>Wednesday 17 May: Approval by Minister of Finance and Secretary of the Treasury</p> <p>Thursday 18 May: Finalised and Printed</p>
<p>Fiscal Strategy Report</p> <p>Prepared by the Minister of Finance's office in consultation with the Prime Minister's office.</p>	<p>The Fiscal Strategy Report (FSR) is a requirement of the PFA, designed to ensure transparency about the government's fiscal strategy. The FSR is the Minister of Finance's document, which:</p> <ul style="list-style-type: none"> • sets out the Government's long-term fiscal strategy and state long-term fiscal objectives; • explains how the objectives accord with the principles of responsible fiscal management in the PFA; • provides projections for at least 10 years that illustrate likely progress towards achieving the long-term fiscal objectives; and • states short-term intentions (three or more years) and their consistency with long-term objectives and the <i>Economic and Fiscal Update (EFU)</i>. 	<p>Tuesday 16 May: Final proofing</p> <p>Thursday 18 May: Finalised and Printed</p>
<p>2017/18 Estimates and 2016/17 Supplementary Estimates</p> <p>Prepared by the Treasury.</p>	<p>The Estimates, also required by the PFA, outline for the financial year about to start (the Budget year) expenses and capital expenditure the Government plans to incur on specified areas within each Vote, and capital injections it plans to make to individual departments.</p> <p>The Supplementary Estimates, also required by the PFA, outlines the additional expenses and capital expenditure required for the financial year about to end.</p>	<p>Thursday 6 April: Tranche 1 to Minister of Finance's Office</p> <p>Wednesday 12 April: Tranche 2 to Minister of Finance's Office</p> <p>Tuesday 2 May: Tranche 3 to Minister of Finance's Office</p> <p>Monday 8 (Tranche 1) to Tuesday 16 May (Tranche 3): Finalised and Printed</p>

Appropriation and Imprest Supply Bills

13. The Treasury coordinates with the Parliamentary Counsel Office on the drafting of the Appropriation (2017/18 Estimates) Bill and the Appropriation (2016/17 Supplementary Estimates) Bill to support the Minister of Finance and meet the requirements under the Public Finance Act.
14. These Bills ensure that all Government expenditure is lawfully incurred through an appropriation authorised by an Act of Parliament; the requirements for these Bills are outlined below. These two Bills are finalised for printing early in the week of Budget Day.

Table 3 – Legislative requirements under the Public Finance Act

Legislation	Timeline
<p>Appropriation (2016/17 Supplementary Estimates) Bill</p> <p>This Bill seeks parliamentary approval for changes to appropriations the Government has decided on since the Appropriation (2016/17 Estimates) Act was passed.</p>	<p>Policy approvals obtained from Cabinet: Throughout 2016/17 up to 18 April 2017.</p> <p>Introduction: Budget Day.</p> <p>First reading: Early June.</p> <p>Supplementary Estimates reported back from Select Committee: Mid-June at the latest.</p> <p>Enactment: Before 30 June 2017.</p> <p>Commencement: Before 30 June 2017.</p>
<p>Appropriation (2017/18 Estimates) Bill</p> <p>This Bill seeks parliamentary authorisation of the individual appropriations contained in The Estimates of Appropriations for the Government.</p>	<p>Policy approvals obtained from Cabinet: 18 April 2017.</p> <p>Introduction: Budget Day.</p> <p>First reading: Budget Day prior to delivery of Budget statement.</p> <p>Estimates reported back from Select Committees: Within 2 months of the delivery of the 2017 Budget (as required by Standing Order 338). This will be in July 2017.</p> <p>Enactment: Within three months of the delivery of the 2017 Budget (as required by Standing Order 340). This will be in August 2017.</p> <p>Commencement: Day after it receives Royal assent.</p>
<p>Imprest Supply (First for 2017/18) Bill</p> <p>This Imprest Supply Bill provides the sole financial authority from the start of the financial year until the Appropriation (2017/18 Estimates) Bill is passed (about 2 months).</p>	<p>Introduction: June 2017.</p> <p>First reading: June 2017. All stages may be taken on one day (Standing Order 331). Second reading debate normally combined with debate on second reading of Appropriation (2016/17 Supplementary Estimates) Bill (Standing Order 342(2)).</p> <p>Enactment: Before June 30 (beginning of new financial year).</p> <p>Commencement: Day after it receives Royal assent.</p>
<p>Imprest Supply (Second for 2017/18) Bill</p> <p>This Imprest Supply Bill provides the financial authority required to ensure the Government has sufficient supply until 30 June for decisions taken to increase appropriations, after the Appropriation (2017/18 Estimates) Bill is finalised.</p>	<p>Introduction: On the day in August of the third reading of the Appropriation (2017/18 Estimates) Bill, being within three months of the delivery of the Budget (approximately August). All stages may be taken on one day (Standing Order 331).</p> <p>First reading: Immediately prior to the combined debate on its second reading and the third reading of the Appropriation (2017/18 Estimates) Bill (Standing Order 340(3)).</p> <p>Enactment: Immediately after enactment of the Appropriation (2017/18 Estimates) Bill, being within three months of the delivery of the Budget.</p> <p>Commencement: Day after it receives Royal assent.</p>

<p>Appropriation (2016/17 Confirmation and Validation) Bill</p> <p>This Bill will confirm and validate financial matters and other unappropriated expenses for the year ending 30 June 2017.</p>	<p>Introduction: December 2017 or early 2018.</p> <p>First reading: December 2017 or early 2018.</p> <p>Enactment: Standing Order 347(5) requires that the Annual Review Debate takes place before 31 March.</p> <p>Commencement: Day after it receives Royal assent.</p>
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15. As part of final Budget decisions, Cabinet may decide that other legislation needs to be introduced and passed or introduced and referred to select committee under urgency on Budget Day. Further advice on process will be provided if it is desired to have such legislation.

Annex to T2017/54 – Budget Coordination

Table 4 sets out the Budget dates since 1991.

Thursday 26 May 2016	Thursday, 22 May 2008	Thursday, 20 May 1999
Thursday, 21 May 2015	Thursday, 17 May 2007	Thursday, 14 May 1998
Thursday, 15 May 2014	Thursday, 18 May 2006	Thursday, 26 June 1997
Thursday, 16 May 2013	Thursday, 19 May 2005	Thursday, 23 May 1996
Thursday, 24 May 2012	Thursday, 27 May 2004	Thursday, 1 June 1995
Thursday, 19 May 2011	Thursday, 15 May 2003	Thursday, 30 June 1994
Thursday, 20 May 2010	Thursday, 23 May 2002	Thursday, 1 July 1993
Thursday, 28 May 2009	Thursday, 24 May 2001	Thursday, 2 July 1992
	Thursday, 15 June 2000	Tuesday, 30 July 1991

Table 5 sets out the Economic data and other events between April and June 2017.

Date	Event
13 April – 30 April	School Holidays (first day back 1 May)
14 April – 17 April	Easter weekend
18 April (US time)	GDT auction
20 April	Consumers Price Index for March 2017 quarter
21 April – 23 April	Economic pulse check in the USA & the IMF/World Bank Spring Meeting (Washington D.C)
21 April – 30 April	World Masters Games (Auckland)
23 April	France: Presidential elections (first round)
25 April	ANZAC Day Public Holiday (no Cabinet on 24 April)
2 May (US time)	GDT auction
3 May	Household Labour Force Survey for March 2017 quarter: this release contains official estimates of employment and the unemployment rate
4 May – 7 May	Asian Development Bank (ADB) Annual Meeting (Japan)
7 May	France: Presidential elections (final round)
9 May	Australian Federal Budget 2016/17: likely date (it has been the second Tuesday in May since 1994)
11 May	Official Cash Rate announcement and Reserve Bank Monetary Policy Statement
16 May (US time)	GDT auction
19 May	International Travel and Migration data: April 2017
31 May	Reserve Bank Financial Stability Report
2 June (US time)	GDT auction
5 June	Queen's Birthday Public Holiday
14 June	Balance of Payments and International Investment Position: March 2017 quarter
15 June	Gross Domestic Product: March 2017 quarter
16 June – 18 June	Asian Infrastructure Investment Bank (AIIB) Annual Meeting (Republic of Korea)
17 June – 2 July	America's Cup (Bermuda)
20 June (US time)	GDT auction
22 June	Official Cash Rate announcement and International Travel and Migration data: May 2017
22 June	International Visitor Arrivals to New Zealand: May 2017 – report