

The Treasury

Budget 2017 Information Release

Release Document July 2017

www.treasury.govt.nz/publications/informationreleases/budget/2017

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]	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)
[11]	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.	6(e)(vi)
[23]	to protect the privacy of natural persons, including deceased people	9(2)(a)
[25]	to protect the commercial position of the person who supplied the information or who is the subject of the information	9(2)(b)(ii)
[26]	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	9(2)(ba)(i)
[27]	to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information - would be likely otherwise to damage the public interest	9(2)(ba)(ii)
[29]	to avoid prejudice to the substantial economic interests of New Zealand	9(2)(d)
[31]	to maintain the current constitutional conventions protecting collective and individual ministerial responsibility	9(2)(f)(ii)
[33]	to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials	9(2)(f)(iv)
[34]	to maintain the effective conduct of public affairs through the free and frank expression of opinions	9(2)(g)(i)
[36]	to maintain legal professional privilege	9(2)(h)
[37]	to enable the Crown to carry out commercial activities without disadvantages or prejudice	9(2)(i)
[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: T2017/663

BM-2-1-2017



Date: 17 March 2017

To: Minister of Finance
(Hon Steven Joyce)

Aide Memoire: Current Position of the Budget 2017 Packages

This briefing explains the difference between the Budget packages in the *Budget Ministers' 20 March* slides and the current position of the Budget packages based on a number of ministerial discussions you have had over the past week.

Table 1 – Budget package totals in Budget Ministers' slides and current position of the Budget packages
[33]

Social Sector

In the Budget Ministers' slides the Social Sector draft net package stands at an
[33] . Reflecting the Ministerial discussions you have had
over the past week [33]

Education

You met with the Minister of Education and Associate Minister of Education on Wednesday 15 March. The Ministers pushed for a number of initiatives which were not included in the draft package, of these, two initiatives were added back in:

- *Operational Grant Funding Increase for Schools* [33]
- *In-class Support for Students with High Learning Needs – Increasing Access*
[33]

Based on this, the Education draft package would increase to [33]

There were a number of follow up actions, which the Treasury will confirm with the Ministry of Education and provide further advice in the week of 20 March.

Health

You met with the Minister of Health on Thursday 16 March to discuss the proposed draft package for Vote Health. The Minister pushed for additional funding in a number of areas (including for some initiatives that the Treasury had scaled or excluded). He did take a number of items off the table, but increased the amount bid for DHB cost pressures. The current draft package allocation for Health is [33] per annum. At the meeting you agreed to fully fund the Emergency Ambulance Services initiative from the scaled amount proposed by the Treasury. This will slightly increase the allocation to [33]. The package tabled by the Minister of Health at the meeting adds up to [33] (excluding mental health)

Some outstanding issues that will require consideration ahead of finalising the Budget package are:

- **Funding for DHB cost pressures:** the Minister of Health pitched for [33] per annum on the basis that without a big increase DHB deficits will continue to rise in future years. This will be [33] more than what is currently in the draft package. A general funding increase for DHBs is not a well targeted mechanism for reducing DHB deficits, which are mainly concentrated in a few large DHBs and can be managed more cheaply using deficit support (albeit with some moral hazard).
- **Bowel screening:** there was agreement with the Minister of Health that a further discussion at SEC is required on this. The draft package currently includes funding for only 5 DHBs. This debate is mainly about programme readiness and timing, rather than whether a national rollout will be funded.
- **Funding for Pharmac:** the amount of funding provided for Pharmac is discretionary but reflects high value expenditure. The Minister of Health agreed to come back with some scenarios to inform decisions about scaling. [34]
- **Mental health:** you will be receiving advice on funding options for mental health for discussion at Fiscal Issues on Tuesday 21 March (TR2017/626).

BGA

In the Budget Ministers' slides the BGA draft package stands at an average of [33] million per annum. This is made up of the low discretionary package which stands at an average of [33] per annum and the Ministerial priorities package which totals [33] per annum.

The BGA package in the Budget Ministers' slides reflects the discussion between Finance Ministers on Wednesday 15 March.

The current BGA package total of [33] per annum assumes:

- [33]
-
- The initiative *Ministry of Transport – Capacity and capability* [33]

The BGA Leadership Group is currently preparing advice to support Ministers for a stronger, strategy-aligned BGA Budget 2017 package. You will receive this advice and a Treasury briefing that answers the questions that arose at the discussion on Wednesday 15 March in the week of 20 March.

Capital

Investment Ministers considered the draft Capital package on Monday 13 March. The package has been updated to reflect these decisions and has been included in the Fiscal Issues pack (T2017/657 refers). The follow up actions will be addressed and included in advice for Investment Ministers on Wednesday 21 March, to consider at the next meeting (Monday 27 March).

Other

In the Budget Ministers' slides the "Other" draft package stands at an average of [33] million per annum. Treasury has identified an additional [33] per annum of initiatives that could be considered (T2017/544 refers). Including these initiatives would bring the "Other" package total to [33] per annum.

The "Other" package in the Budget Ministers' slides does not reflect the discussion between Finance Ministers' at Fiscal Issues on Monday 13 March. This discussion focused on the additional [33] per annum of initiatives that could be considered. Table 2 reflects our understanding of the conversation.

Table 2 – Reflecting the discussion at Fiscal Issues on additional initiatives to consider in the “Other” package

Vote	Initiative	Amount in draft package	Proposed amount	Difference	Outcome from Finance Ministers discussion on Monday 13 March
		Ave. p/a	Ave. p/a	Ave. p/a	
Treaty Negotiations	9506 Broadening the Reach of Historical Treaty of Waitangi Settlements	0.000	3.045	3.045	Fund proposed amount
Revenue	9666 Tax cuts and working for families tax credit changes	[33]			
Internal Affairs	9711 Transition to Digital Identity Marketplace and Maintaining RealMe Services				
	9776 Preserving the Nation’s memory				
	9643 Local Government Commission – Ongoing Funding				
Pacific Peoples	9862 Increasing Capability and Capacity				
Parliament Services	9553 Parliamentary Accommodation				

Including the Vote Treaty Negotiations initiative ‘*Broadening the Reach of Historical Treaty of Waitangi Settlements*’ would bring the “**Other**” package total to [33] million per annum. This package only includes [33] of funding for Maori Development initiatives.

Fiscal Issues on Tuesday 28 of March provides an opportunity to confirm the “Other” package ahead of Budget Ministers 3 on Monday 3 April.

[34]

Analyst, Fiscal and State Sector Management, [39]
 Kamlesh Patel, Team Leader, Budget Coordination, Fiscal and State Sector Management, [39]