

The Treasury

Budget 2017 Information Release

Release Document July 2017

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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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[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.



Cabinet

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 2017: Vote State Services

On 18 April 2017, Cabinet:

- 1 **approved** the Budget initiatives for the above Vote for inclusion in the 2017 Budget package, as listed in the summary below and detailed in the attached initiative documents;

Summary of initiatives included in the attached initiative documents:

Operating Initiatives (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
10038	Social Investment Agency – Capability	-	6.450	6.450	6.450	6.450
10058	Transfer Designing and Implementing Social Investment Appropriation Funds for 2017/18 to new Social Investment Agency	-	0.420	-	-	-
10063	Utilisation of Capital to Operating for the Data Exchange project	-	0.126	-	-	-
Total Operating		-	6.996	6.450	6.450	6.450

Capital Initiatives (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
10058	Transfer Designing and Implementing Social Investment Appropriation Funds for 2017/18 to new Social Investment Agency	-	0.126	-	-	-
10063	Utilisation of Capital to Operating for the Data Exchange project	-	(0.126)	-	-	-
Total Capital		-	-	-	-	-

- 2 **agreed** to establish a new appropriation where required to implement to initiative “Social Investment Agency – Capability”, as described in the attached initiative document;

- 3 **approved** changes to appropriations and the capital injection to the administering department to implement the initiatives, as set out in the attached initiative documents;
- 4 **approved** the additional recommendations to give effect to the initiatives, as set out in the attached initiative documents;
- 6 **authorised** the Minister of Finance and the Appropriation Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2016/17 Supplementary Estimates, the 2017/18 Estimates and the fiscal forecasts;
- 7 **noted** that all communications relating to the 2017 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;

Social Investment Data Exchange Infrastructure – Implementation

- 8 **noted** that responsibility for implementing the Social Investment Data Exchange is transferring to the new Social Investment Agency, and that funding for future phases will be partially provided from the residual balance of the data and analytics contingency, with the remainder from the Budget allowances, as set out below;

Utilising Funding from the Budget 2016 Data and Analytics Contingency

- 9 **noted** that the data contingency established in Budget 2016 has a remaining unallocated balance of \$5.400 million in capital and \$6.714 million in operating;
- 10 **agreed** to transfer the remaining \$5.400 million in capital to operating with the following impact on net debt and the operating balance;

	Sm - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Operating Balance Impact	-	5.400	-	-	-
Debt Impact	-	(5.400)	-	-	-
Total	-	-	-	-	-

- 11 **agreed** to rephase the total operating contingency of \$12.114 million with no impact on the operating balance over the forecast period;

	Sm				
	2016/17	2017/18	2018/19	2019/20	Total
Remaining Contingency					
Operating	-	4.610	6.730	0.774	12.114

- 12 **agreed** that \$9.800 million across 2016/17 and 2017/18 from the remaining data and analytics contingency will be used to fund a tagged contingency for future phases of the Social Investment Data Exchange Infrastructure – Implementation as follows:

	\$m				
	2016/17	2017/18	2018/19	2019/20	Total
New Data Exchange Contingency	-	3.800	6.000	-	9.800
Remaining Unallocated	-	0.810	0.730	0.774	2.314

- 13 **agreed** to rephase the previously agreed 2016/17 and 2017/18 ring-fenced contingency for the Production 1 Phase of the Data Exchange [EGI-16-MIN-0253 refers] into 2017/18, with no impact on the operating balance or debt, to create the following profile;

	\$m				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Data and Analytics Contingency – Prod 1 Data Exchange Contingency					
Operating	-	0.930	-	-	-
Capital	-	0.382	-	-	-

- 14 **agreed** that the expiration of the remaining Data and Analytics contingency be extended until 28 February 2018;

Establishing a New Data Exchange Contingency

- 15 **agreed** that the total amount and profile for the operating and capital outlined in the following table be set aside as a tagged contingency for the Social Investment Data Exchange Infrastructure Implementation;

Operating Contingency

Initiative Name	\$m - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Social Investment Data Exchange Infrastructure - Implementation	-	6.000	6.000	-	-
Total Operating	-	6.000	6.000	-	-

Capital Contingency

Initiative Name	\$m - increase/(decrease)					
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22 & Outyears
Social Investment Data Exchange Infrastructure - Implementation	-	1.230	1.308	1.176	1.044	-
Total Capital	-	1.230	1.308	1.176	1.044	-

- 16 **agreed** that the expiry date for both the operating and capital tagged contingencies is 28 February 2018;

Summary and Next Steps

17 **noted** that the Social Investment Data Exchange Contingency is partially funded from the remaining Data and Analytics contingency as agreed in recommendation 13 as follows;

	\$m - increase/(decrease)	
	Operating	Capital
Funded from Data and Analytics Contingency	9.800	-
Funded from Budget Allowance	2.200	4.758
Total	12.000	4.758

18 **authorised** the Minister of Finance and the Minister Responsible for Social Investment to draw down from the tagged contingency once a review of the Production Phase 1 is carried out, and a new business case for further phases is provided that includes an explanation and justification of the benefits, costs, and wider system interactions of the Data Exchange.

Michael Webster
Secretary of the Cabinet

Hard-copy distribution:

Prime Minister
Minister of Finance
Minister of State Services
Minister for Social Investment

Initiative No: 10038

Vote: State Services

Title: Social Investment Agency – Capability

Description: This funding will provide capability for the Social Investment Agency to deliver social investment tools, analysis and advice to support the on-going implementation of the social investment approach.

New Appropriation Approval

Name	Period	Type	Category Name	Scope
Designing and Implementing Social Investment	Annual	Departmental Output Expenses	N/A	This appropriation is limited to identifying where and how to implement a social investment approach, assessing how well a social investment approach is being delivered in these areas, and providing tools and support to agencies to assist them in implementing a social investment approach.

Appropriation Changes

	\$m - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Operating Balance Impact	-	6.450	6.450	6.450	6.450
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	6.450	6.450	6.450	6.450

	\$m - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Departmental Output Expense:					
Designing and Implementing Social Investment (funded by revenue Crown)	-	6.450	6.450	6.450	6.450
Total Operating	-	6.450	6.450	6.450	6.450

Initiative No: 10058

Vote: State Services

Title: Transfer Designing and Implementing Social Investment Appropriation Funds for 2017/18 to the new Social Investment Agency

Description: A transfer from Vote Social Development to Vote State Services in 2017/18 of funding appropriated for the Social Investment Data Exchange project, for use by the Social Investment Agency within the State Services Commission from 1 July 2017.

Appropriation Changes

	Sm - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Operating Balance Impact	-	0.420	-	-	-
Debt Impact	-	0.126	-	-	-
No Impact	-	-	-	-	-
Total	-	0.546	-	-	-

	Sm - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Departmental Output Expense:					
Designing and Implementing Social Investment (funded by revenue Crown)	-	0.420	-	-	-
Capital Injection:					
State Services Commission - Capital Injection	-	0.126	-	-	-
Total Operating	-	0.420	-	-	-
Total Capital	-	0.126	-	-	-

Additional Recommendation

- 19 **noted** that this fiscally neutral adjustment is offset in Vote Social Development, Initiative 10043;
- 20 **noted** that an in principle transfer of unused 2016/17 funds in Vote Social Development, and assets created for the Data Exchange project, will be transferred to Vote State Services as part of the October Baseline Update process;

Initiative No: 10063

Vote: State Services

Title: Utilisation of Capital to Operating for the Data Exchange project

Description: Transfer of capital to operating funds within Designing and Implementing the Social Investment appropriation for the Social Investment Data Exchange project.

Appropriation Changes

	Sm - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Operating Balance Impact	-	0.126	-	-	-
Debt Impact	-	(0.126)	-	-	-
No Impact	-	-	-	-	-
Total	-	-	-	-	-

	Sm - increase/(decrease)				
	2016/17	2017/18	2018/19	2019/20	2020/21 & Outyears
Departmental Output Expense:					
Designing and Implementing Social Investment (funded by revenue Crown)	-	0.126	-	-	-
Capital Injection:					
State Services Commission - Capital Injection	-	(0.126)	-	-	-
Total Operating	-	0.126	-	-	-
Total Capital	-	(0.126)	-	-	-

Additional Recommendation

21 **noted** that the utilisation of capital funds to operational relates to the transfer of Social Investment appropriation funds for 2017/18 to the new Social Investment Agency, Initiative 10058.