



Cabinet

CAB Min (08) 14/1

Minute of Decision

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2008 Budget Package

Portfolio: Finance

On 14 April 2008, Cabinet:

- 1 **noted** that decisions on Budget 2008 are being taken in an environment where the economy faces a number of challenges and a great deal of uncertainty arising from the global economic situation;
- 2 **agreed** to a 2008 Budget package with the following fiscal impacts:

Funding (\$ millions)	2007/08	2008/09	2009/10	2010/11	2011/12	Total
Budget 2008 operating allowance	50	3,015	3,071	3,083	3,122	12,342
Pre-commitments:						
Business Tax Reform	-	1,056	1,135	1,130	1,130	4,451
MFAT	-	25	58	79	94	256
Defence Funding Package	-	69	69	69	69	276
Budget 2007 Contingency Overspend	43	11	5	3	3	65
Proposed packages:						
Families - Young and Old	(32)	381	458	510	544	1,860
Economic Transformation (Innovation)	(3)	193	181	180	179	731
Economic Transformation (Other)	(3)	146	118	102	92	455
National Identity	(62)	104	24	25	25	115
Other	216	130	102	107	116	671
Health	-	750	750	750	750	3,000
Revenue policy changes	2	32	43	48	45	171
Post Budget 2008 general contingency	-	200	150	150	150	650
Under/(Overspend)	(111)	(82)	(24)	(69)	(74)	(359)
Budget 2008 capital allowance	48	992	330	200	230	1,800
Proposed package	124	1,115	447	186	63	1,934
Post Budget 2008 general contingency	-	50	50	-	-	100
Under/(Overspend)	(76)	(173)	(167)	14	167	(234)
Total Under/(Overspend)	(186)	(255)	(190)	(54)	93	(593)

- 3 **agreed** to the initiatives for Budget 2008 as set out in the Annex to this minute and in the financial recommendations tabled at Cabinet [CAB Min (08) 14/1(1-52);

- 4 **agreed** to delegate authority to the Minister of Finance and the Minister of Foreign Affairs to approve changes to funding for Vote Official Development Assistance based on final *Budget Update* GNI forecasts;
- 5 **agreed** to delegate authority to the Minister of Finance and the Prime Minister to approve changes to other initiatives where this proves necessary in finalising the 2008 Budget package;
- 6 **noted** that a range of initiatives in Votes ACC, Community and Voluntary Sector, Education, Food Safety, Health, National Library, Social Development and Veterans' Affairs were still under consideration and would be determined in accordance with the authority delegated to the Prime Minister and Minister of Finance in paragraph 5;
- 7 **noted** that personal tax reform proposals have been separately considered by Cabinet [CAB Min (08) 14/9];

Between-Budget funding

- 8 **noted** that tagged contingency funding has been set aside for specific initiatives, access to which may be sought from Cabinet between budgets;
- 9 **agreed** that Ministers should only seek funding from the general between-budget contingency for urgent issues that cannot be deferred to Budget 2009, and will be expected to demonstrate that they have considered opportunities to fund pressures from existing baselines before seeking funding from the contingency;
- 10 **agreed** that no papers with fiscal and/or appropriation implications should be submitted for agreement by Cabinet between now and 22 May 2008, to ensure that Budget Day documentation is accurate;

Future Budgets

- 11 **agreed** to the following allowances for future Budgets:

Operating allowances (\$ millions)	2009/10	2010/11	2011/12	2012/13 & outyears
Budget 2009	1,800	1,800	1,800	1,800
Budget 2010	-	1,836	1,836	1,836
Budget 2011	-	-	1,873	1,873

Capital allowances (\$ millions)	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	Total
Budget 2009	20	480	250	150	-	-	900
Budget 2010	-	20	480	250	150	-	900
Budget 2011	-	-	20	480	250	150	900

- 12 **noted** the following pre-commitments against Budget 2009:

Pre-commitments against Budget 2009 and operating allowance (\$ millions)	2009/10	2010/11	2011/12	2012/13 & outyears
Defence Funding Package	86	86	86	86
Economic Transformation: Innovation	93	100	100	100
Health	-	2	16	14
Foreign Affairs	8	8	8	8
TOTAL	187	196	210	207

- 13 **agreed** to delegate authority to the Prime Minister and the Minister of Finance to set final allowances for future Budgets based on final *Budget Update* forecasts;

Technical changes from the March Baseline Update

- 14 **noted** that three technical changes proposed through the March Baseline Update, which do not impact on 2008 Budget funding allowances, require Cabinet approval, which is sought in paragraphs 14 to 18 below;

Transforming Employer Information and Payments – Stage One

- 15 **approved** the following changes to appropriations to use a leasehold improvements capital surplus to fund the *Transforming Employer Information and Payments* stage one business case, with a corresponding impact on the operating balance and debt:

Vote Revenue Minister of Revenue	\$ million – increase / (decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
Departmental Output Expense: Service to process obligations and entitlements (funded by revenue Crown)	1.037	-	-	-	-
Net asset schedule of Inland Revenue: Capital Withdrawal	(1.037)	-	-	-	-

Review of the Maori Trustee - Transitional Funding

- 16 **noted** that the paper *Review of the Māori Trustee*, which was considered by Cabinet Business Committee in October 2007 [CBC Min (07) 23/10 refers], omitted recommendations to fully provision for transitional funding for services to the Māori Trustee;

- 17 **approved** the following changes to appropriations to recognise the increase in the provision for Māori Trustee debt to the Crown, with a corresponding impact on the operating balance:

Vote Māori Affairs Minister of Māori Affairs	\$ million – increase / (decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
Other Expenses to be Incurred by the Crown: Provision for Māori Trustee debt	2.027	-	-	-	-

Neighbour Support NZ

- 18 **approved** the following changes to appropriations to provide additional funding for Neighbour Support NZ, with no impact on the operating balance or debt:

Vote Justice Minister of Justice	\$ million – increase / (decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
Departmental Output Expense: Sector Leadership and Support (funded by revenue Crown)	-	(0.050)	-	-	-
Non-Departmental Output Expense: Crime Prevention and Community Safety	-	0.050	-	-	-

- 19 **agreed** that the proposed changes to appropriations and projected balances of net assets for 2007/08 above be included in the 2007/08 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply.

Secretary of the Cabinet

Reference: Papers tabled at Cabinet by the Minister of Finance entitled “2008 Budget Package” and “2008 Financial Recommendations”

Secretary’s notes:

1. Separate minutes have been issued on the 2008 Budget initiatives for each Vote. See CAB Min (07) 14/1(1-52).
2. The table in paragraph 1 and the Annex attached to this minute have been updated by Treasury to reflect amendments to Budget initiatives agreed at Cabinet on 14 April 2008 and other changes arising from the meeting that were subsequently noted at Cabinet on 21 April 2008.

Distribution:

Prime Minister
Minister of Finance
Secretary to the Treasury
Hon Jim Anderton
Associate Minister of Finance (Hon Trevor Mallard)